

Keeping The Customer Satisfied

In school, we had a chemistry teacher who put the fear of God into us with his experiments. It was not that he caused explosions or conjured up foul smelling compounds more often than anyone else. He simply lacked confidence that any of his experiments would succeed.

You get the same feeling reading the government's white paper on broadcasting. Coming in the middle of a confident third term, there's a peculiar air of uncertainty about it. In the first chapter we're told that 'there *need* be no contradiction between the desire to increase competition and widen choice, and concern that programme standards... are maintained'; and in case we haven't got the message, the government assures us that it 'understands and values the rich heritage of British broadcasting: although its proposals are radical they preserve strong elements of continuity'.

But if there are fears about the volatility of this experiment there is no doubt about the underlying principle. It is the government's alchemical belief in the free market: 'As new services emerge and subscription develops, viewer choice, rather than regulatory imposition, can and should increasingly be relied on to secure programmes which viewers want.'

When I joined ITV I naively thought that the economics of the industry were straightforward. We produced programmes which were delivered via the television set to the viewers. But an older and wiser friend put me straight. What we actually produced were *viewers* who were delivered via *programmes* to *advertisers*. TV has two sets of customers.

It's clear from the white paper that advertisers are going to be even bigger con-

sumers of television in the future. Channel 3 (a reformed version of the current ITV network), Channel 4, Channel 5, all the satellite services and Channel 6, if it emerges, will be funded at least in part by advertisers. But even the white paper is sceptical that the new competition in selling advertising will bring huge financial benefits to advertisers. The problem lies in the way the other set of customers – the viewers – consume their tv.

The magazine market is highly segmented. Those who buy *Marxism Today* by and large do not buy *Country Homes and Interiors*. But in television, the audiences for *Panorama*, *Brookside*, the *South Bank Show* and *Gardeners' World* are by and large made up of the same sort of people. The size of the audience may vary a lot but, with a few exceptions, the composition (by sex, class etc.) varies only by a few percentage points between programmes. At its worst, in the new commercial world, advertisers could find themselves placing several different ads to reach the audience they currently reach with one.

More channels will *fragment* the audience rather than *segment* it. If advertisers cannot get commercial advantage from the composition of the audience, then they will demand numbers. Revenue will therefore depend directly on ratings and a concentration on ratings will inevitably lead to a narrowing of programme range.

The Peacock Committee were unconvinced that providing more advertiser-funded channels was the way to extend consumer choice. They argued for subscription or, more radically, pay-per-view as the way forward. And in the white paper, the government has floated sub-



scription as a possible replacement for the licence fee.

But will it work? It seems likely that direct broadcast satellite channels providing first-run movies on subscription – if they can survive the high start-up costs – might well succeed; as may a narrow range of other services.

But whether subscription could provide the funding for all the programmes which make up the whole range of current BBC output is a more dubious proposition. There is some evidence that audiences would be prepared to pay for more choice but there are difficulties. Nobody knows how much they would be willing to pay or how many could be persuaded to part with the cash. And nobody knows what they would be willing to pay for.

Real consumer concerns – viewers' concerns – are

curiously absent from the white paper. For example, we know that what irritates viewers most about television today is repeats, but one of the few things we can confidently predict about the deregulated television of the future is that it will carry many, many more repeats.

The real problem is that – in spite of the rhetoric – very little in the white paper addresses the interests of the viewer as consumer. The government's approach, enshrined in the title of the white paper – *Competition, Choice and Quality* – is actually an act of faith, an experiment which could go disastrously wrong.

And yet, there is no need for us to take chances with the future of television. The pent-up demand for subscription and for advertising could help to fund the new services which any sane per-



Illustration: Beverley Levy

Yugo In Reverse

For the past six months, the Yugoslav crisis – economic, ethnic and constitutional – has escalated, one moment seemingly out of control, the next subsiding as if for fear of the consequences. Inflation rampant at more than 250%, plummeting wages, the rising jobless rate and fierce inter-communal rivalries have come to a head, causing workers to cross the thin line between apathy and anger and sparking a campaign of street protest that has panicked the ruling bureaucracy into reaching for its own vision of *perestroika*.

Step forward Slobodan Milosevic, the controversial and charismatic Serbian party chief who has exploited the mass unrest – some say shrewdly, others say cynically – to increase his power base and seek some redress of long pent-up Serbian grievances over territorial demands.

To Serbs he assumes messianic proportions with his straight-talking support for the workers and his pledge to gain control of Albanian-dominated Kosovo, one of two provinces within Serbia which retain a high degree of autonomy over their affairs.

To much of the country outside Serbia, Milosevic is a dangerous demagogue seeking Serbian hegemony over the rest of the federation. And to the Albanians of Kosovo, he is a figure of terror.

It does not take long for the visitor to Pristina, the Kosovo capital, to be made aware of the gravity of the region's ethnic and economic impasse.

The two communities – Serbian and Albanian, the latter enjoying a seven to one majority – are more or less totally segregated culturally, socially and educationally. While evidence of the alleged nationalist Albanian 'counter-revolution' is extremely thin on the ground, most Serbs will reel

off a litany of complaints alleging rape, violence, intimidation and discrimination against them by the majority Albanians. The divide appears unbridgeable.

Both sides have perfectly valid claims. The Albanians, who are the country's poorest ethnic group, have nowhere else to go. Of the federation's six republics, none is Albanian, despite the fact that in population terms they are the most rapidly expanding group on the continent and outstrip several of the other nationalities enjoying republican status.

The Serbs, for their part, refuse to abandon Kosovo as it is the historical heartland of Serbdom. They also feel under-represented in the national leadership. Serbia is by far the biggest of the six republics. Its population of 8m constitutes one third of the country's. But because of the voting allocation, the Serbs can find themselves outvoted by their two autonomous provinces at the federal party politburo.

And it is not only Serbs and Albanians who are at each other's throats. The Slovenes in the north west have been the most vocal in their opposition to Milosevic. The Slovenian capital, Ljubljana, under the reformist leadership of Milan Kucan and with the clout that comes from being the federation's economic powerhouse, has put up strong resistance to Belgrade on matters such as increased funding for the army, seen as a Serb-dominated force for centralisation, and constitutional changes aimed at letting Milosevic have his way over Kosovo.

But if it is the ethnic conflicts that currently appear the most explosive, the more deep-seated cause for discontent is the economy. Arguably, the economic misery and falling living standards have been translated into the more emotive issue of nationalist hostility.

The proposed remedy for the inflation, \$23 billion foreign debt and jobless rate is to introduce constitutional changes aimed at deregulating the economy, inviting

high levels of foreign investment and invoking the panacea of the market. But as Gorbachev is also painfully aware, the economics of *perestroika* take a long time to percolate through, if at all, to the breadwinners. Meanwhile, Prime Minister Branko Mikulic insists he will soldier on with May's IMF-endorsed austerity package which sent prices soaring and left wages frozen.

As shortages multiply and fuel prices rocket, it looks like a long, cold and troublesome winter.

Politically, it is more appropriate to describe Yugoslavia's current travails not as *perestroika*, but, on the contrary, as deconstruction. It is essentially Tito's legacy – his 1974 constitution – that is being abandoned as the first real post-

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Tito generation of political leaders emerges from the national hero's shadow.

Enterprise self-management is to give way to a greater reliance on market forces. The devolved political system devised by Tito as a bulwark against the over-concentration of power may, as federal party chief Stipe Suvar has hinted, give way to longer terms of office for the political leadership.

This would signal an end to, or at least a brake on, the corruption and perks coupled with avoiding of responsibility that has been the effective consequences of rotating political office. There is also to be a greater reliance on managerial talent rather than party apparatchiks.

But all this is for the future and hinges on whether the Milosevic-Kucan-Suvar troika can heal their differences and forge a common path. Will the population wait? ●

Ian Traynor

son would like to see introduced: 24-hour news, specialist business, sports and arts channels and first-run movies.

But for there to be an increase in the public good, public service television must continue to be underwritten and regulated in such a way that the viewers – who, in the distorted television market, will never have the power of advertisers – are permitted to exert real consumer choice.

There is still enough genuine uncertainty in the white paper to permit a real debate. But it won't be very long before the laboratory door slams shut and the experiment begins. ●

Alex Graham

Comments on the government's broadcasting proposals can be sent, by February 28, 1989, to Under-Secretary of State, Room 669, Home Office, 50 Queen Anne's Gate, London SW1.