

PSB Thinking and Market Reality

Tbilisi, 11.11.14

Ivars Belte

1991

- *Following the collapse of the USSR, came the time, when nobody was interested in audience size, share of viewing time.*
- ***PSB was uncontestably the central media outlet in its country.***



PSB had clear aims and positioning:
“The post-office, the bridge and the telegraph”
Corner-stone of state and political independence
Symbol and safeguard of the statehood

2014: the time for changes

- *No shooting in Bastejs Boulevard, and the audience has access to **50 and more TV channels**, **new media** have appeared, the **broadband Internet**, the available field of information has increased immeasurably, unfortunately, the **competition** for the viewer's time has also increased several times. The viewer is spoilt, in accordance with all technical possibilities in the new multi-media environment, and the public broadcaster has **a new agenda, new objectives**.*

***PSB looks very confused, there is nothing to fight for any more
PSB is no longer the first violin, many strong competitors in the private sector
Impact lost, and aims have not been defined***

It is time to:

Define goals

Learn and experiment

Make use of the new possibilities, surprise

Smile, give place to emotions on the TV screen

Review values

Giuseppe Tomasi di Lampedusa:

“If we want things to stay as they are, things will
have to change.”

What does the public expect from PSB, with 50 channels on the remote?

- Serving its interests
- Diversity of opinion
- Watchdog of democracy, public administration
- High quality journalism
- Being independent, not subject to influence
- To brave the bullets
- **More analytical programs please!**
- **But I don't watch this bla- bla-bla channel**



What do the private media expect from PSB?

- It should not address 15-49 age group, should remain loyal to its retirement-age audience
- Contest for public remit
- PSB moving out of the advertising market
- Exclusive rights to national level events
- Newspapers expect no competition with PSB multimedia platforms
- **PSB should compete neither in the field of content, nor advertising**



Post –Soviet PSB assets

- Huge, poorly insulated building
- Pre-retirement age employees
- Management, which is used to living like on a mine-field
- Budget, which is uncompetitive in the market and uncompetitive with regard to the objective
- *Private TVs, which see to it that there is even less money*
- Supervisory organisation, very keen to “improve” the content or suggest hiring some people
- A brand, which is in no way connected to public perception of PSCB
- Journalists, who are constantly threatened by various institutions and expensive law firms



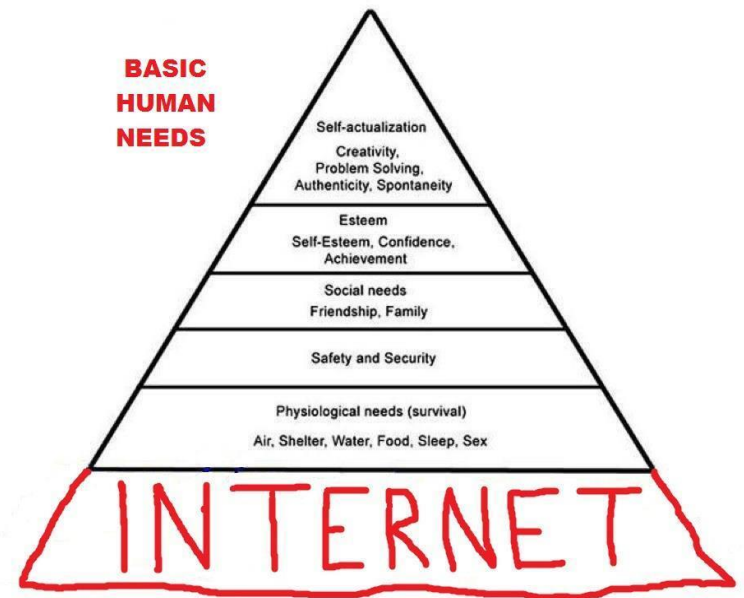
What PSB itself wants

- Robust legislation
 - Adequate and sustainable funding
 - Professional governance
 - Editorial independence
-
- **Everyone knows how one should play football and manage PSB 😊**



Editorial independence

- **Impossible without financial independence**
- Salary, to do without side-jobs
- Security – legal, physical
- Brand affiliation
- Time, development
- Competition

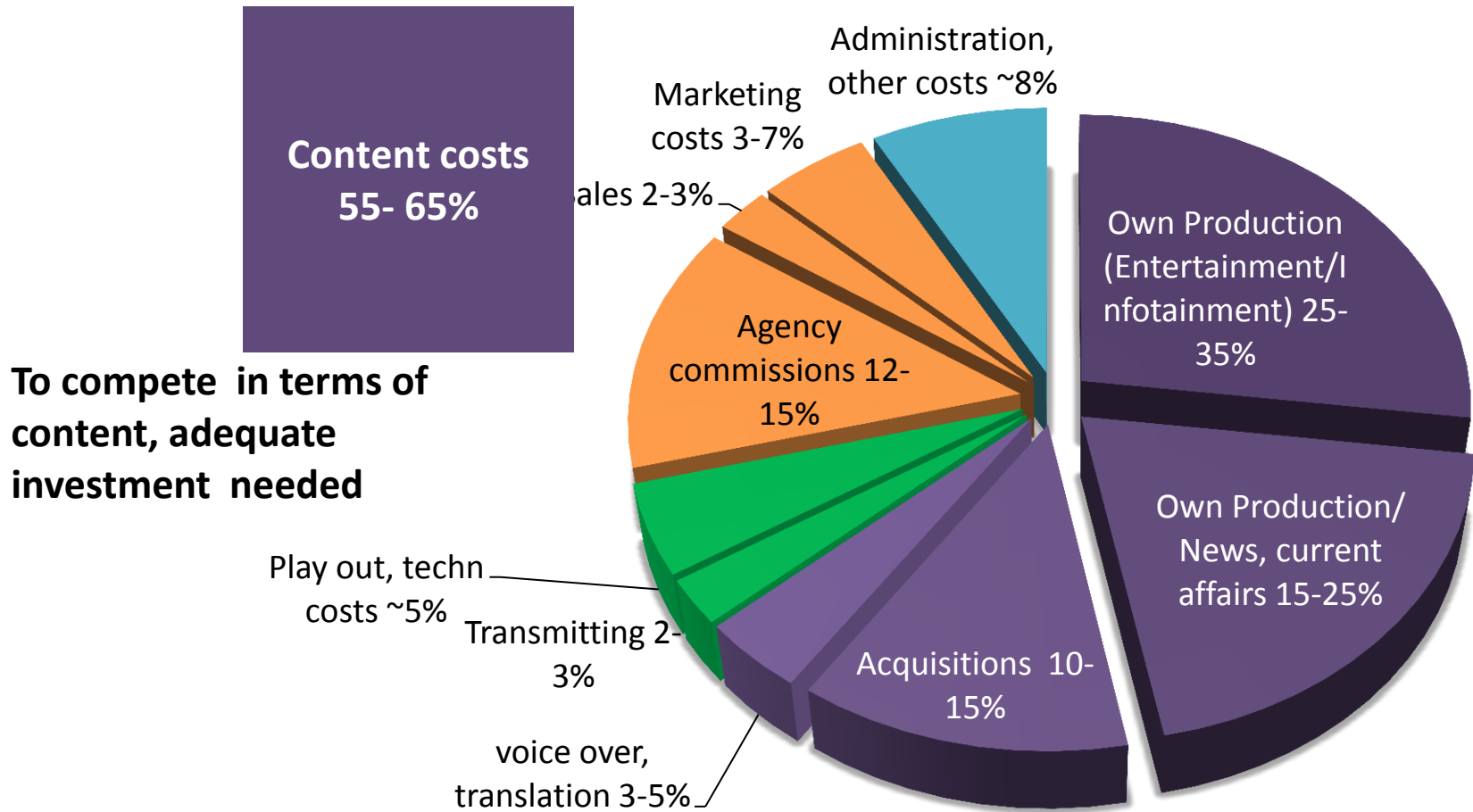


PSB content

- **Think like PSB, act like Private TV**
- **To make the good popular, and the popular – good (Sir Weldon, BBC, 1954)**
- **Public Remit discussion**
- Content, which is not watched, is not needed. Even if it complies with PSB needs and public remit
- How to assess content
 - Audience reached
 - Quality
 - Credibility and independence
 - Financial effectiveness

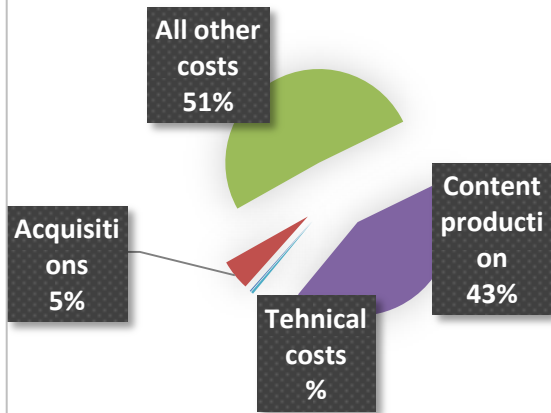


Expenditure of Private TVs



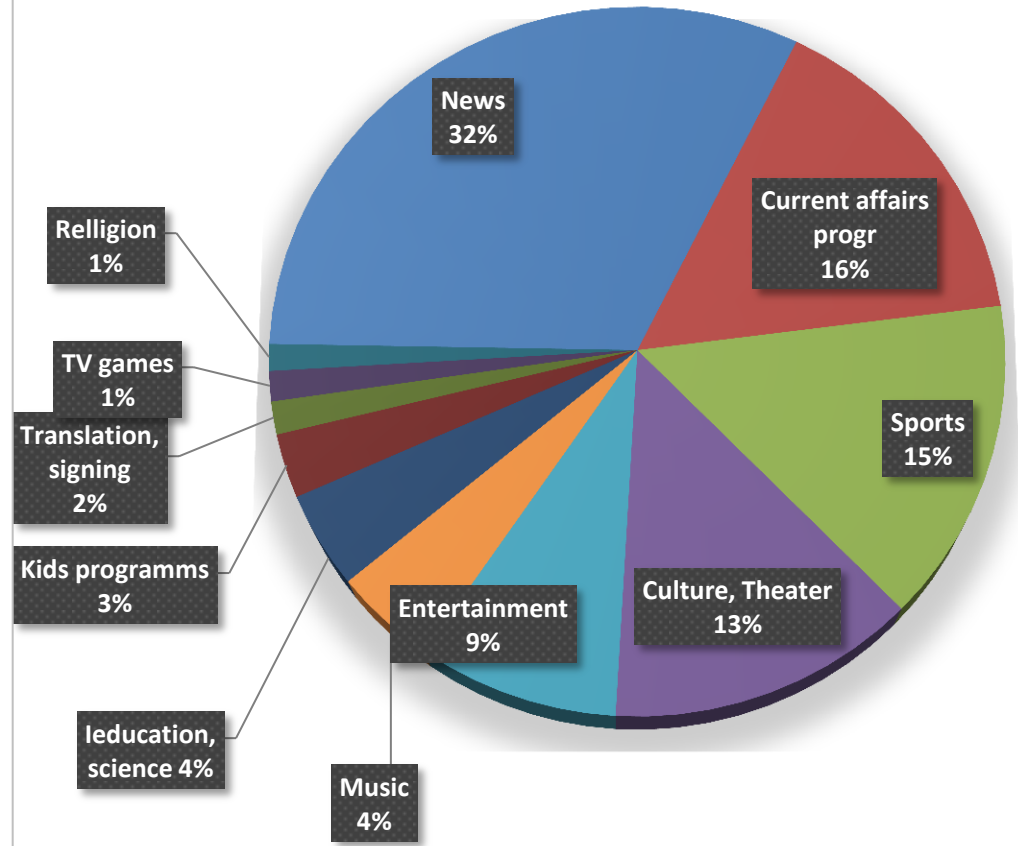
PSB costs structure

Costs, Latvian TV



- Investment into content by K10- 15% less
- Less investment into entertainment
- Good competitiveness in the field of news and current affairs

Content costs PSB (Latvian TV)



Three things that are not discussed by PSB

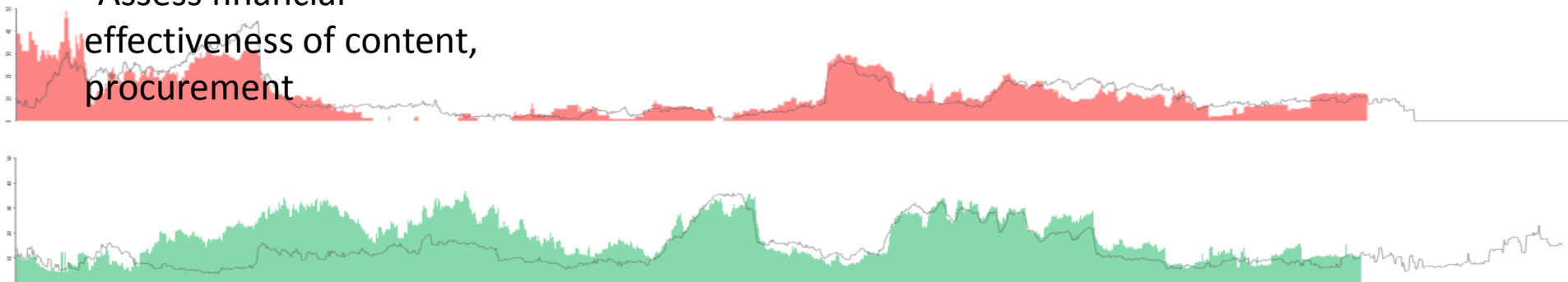
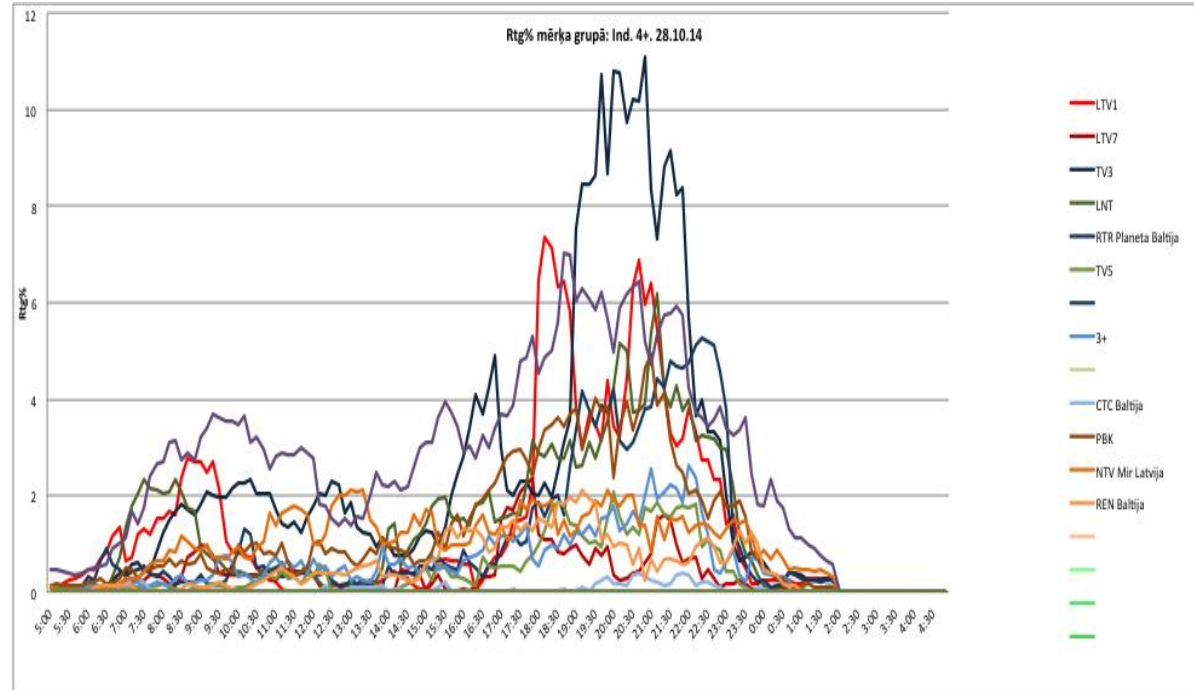
Data and measurements

Marketing and branding

Advertising sales

TV data

- Data is the basis for TV - even if we don't want to believe data, even if we dislike them
- Data are not intended only for advertisers
- Data provide massive amount of information about audience
- To understand, improve the quality of content
- Assess financial effectiveness of content, procurement



Source: GfK Brand research Latvia, LTV data

TV Marketing

- The myth: PSB does not need marketing
- Marketing is the first to go when cuts begin at a time of crisis
... spending tax-payers money!

When the content fails, marketing is blamed, when it succeeds – editorial departments are praised!



How much advertising is necessary?

Ensure PSB advertising's share of voice against competitors

To be on top of the mind

Communicate no less than the competitors

LTV1 Brand Study

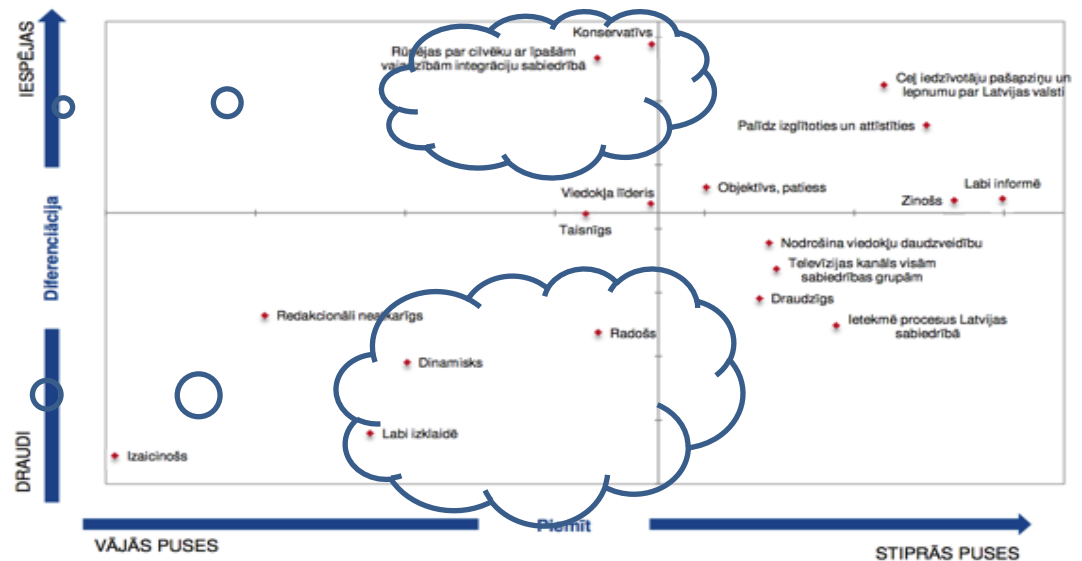
Unpleasant personal experience

We think that we are dynamic and creative!

The viewer thinks that we are a conservative channel and a channel for people with special needs!

SWOT analīze: LTV1

Respondenti, kuri SKATĀS LTV1 vismaz 1x nedēļā



© GfK | VSIA „Latvijas Televīzija” un VSIA „Latvijas Radio” zīmolu, raidījumu un auditorijas pētījums | 2014.gada jūlijs

36

Communicating PSB values will be a major challenge. It will take some time before someone says that LTV1 is friendly, opinion-leader, the one that sets the agenda of public life.

Advertising sales

- Advertising revenue is a good indicator of a media outlet's influence, helps to keep its muscle tone
- PSB has insufficient knowledge about sales currencies and organisation
- PSB attitude towards advertising should change
- Advertising is a significant tool in cases of unstable funding
 - Cooperation with independent producers
 - Advertising barter deals



Adequate and sustainable funding

- How big PSB budget should be?
 - Use Sales Power Index form
 - **channel's share of advertising market / CSHOV= 1**
- PSB media format is more expensive to produce
 - Translation, translation for hearing impaired
 - Showing national events, etc.
 - Reach above 50% is very expensive

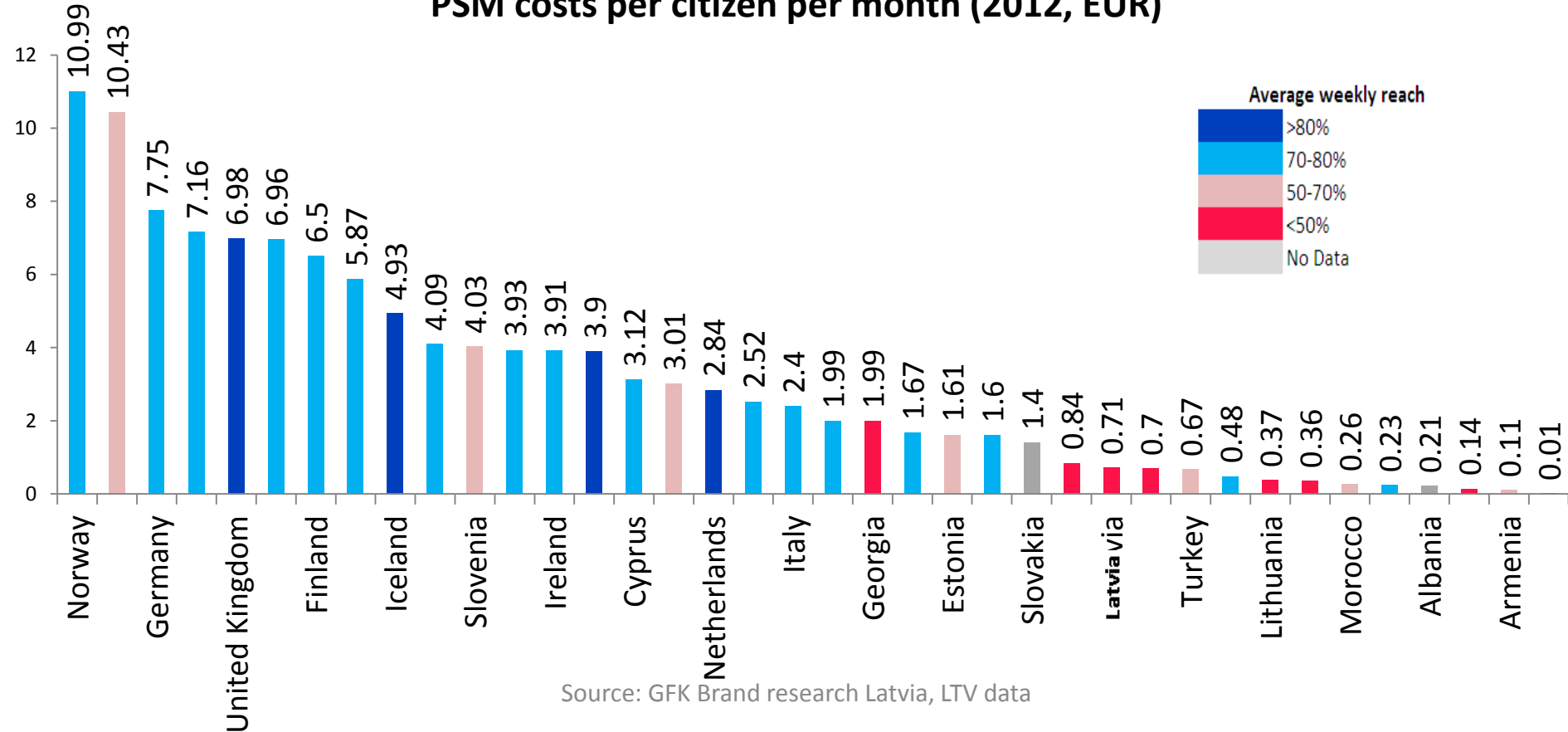
The funder, irrespectively of the mode, should ensure development of the company



What is the funding in the EU?

Miracles usually do not happen: Small investment allows creating a small PSB with a comparatively small reach.

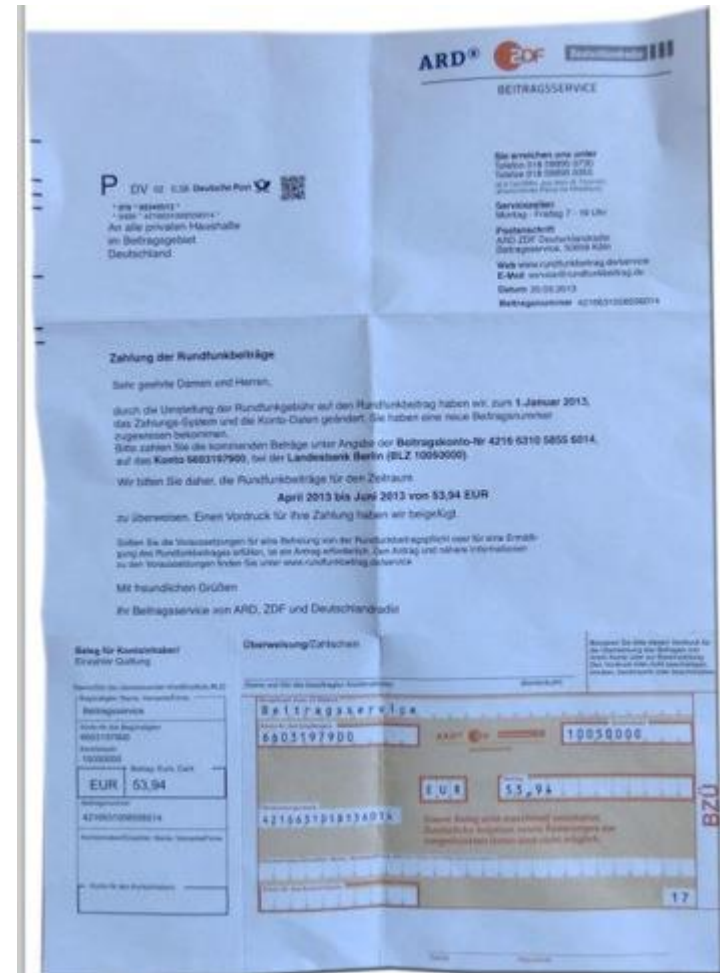
PSM costs per citizen per month (2012, EUR)



Source: GFK Brand research Latvia, LTV data

Main source of income

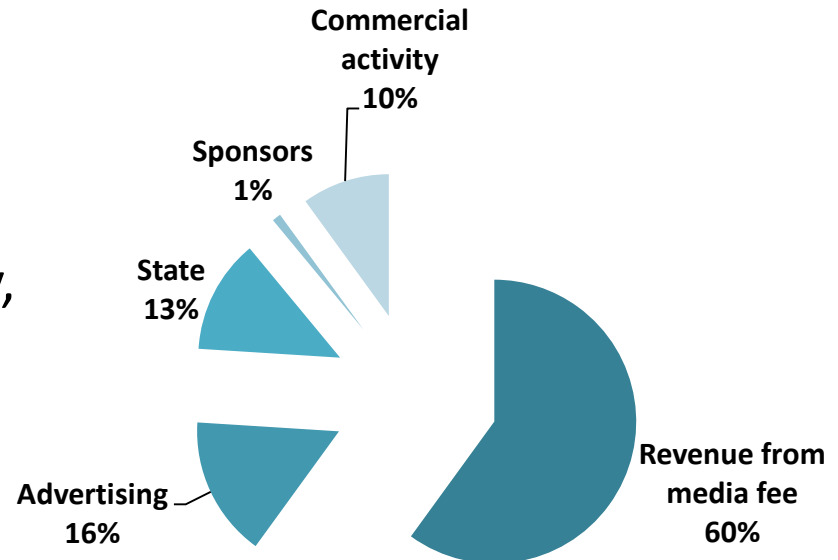
- **Household fee**
- **Licence fee**
- **Tax**
- **Advertising**
- **PSM own subsidiary** (Germany, Italy, Austria, Croatia, Norway, Sweden, Slovakia, Slovenia)
- **Postal services** (Czech Rep, Ireland) Electricity company (Portugal, Romania, Turkey, Serbia, Albania, Greece)
- **Telecom company** (B&H) Regulatory Authority (Switzerland, Poland)
- **Tax Authority** (France, Spain, Finland, Netherlands, Serbia, Russia, Belgium...)



Funding sources

- **License fee/household fee only** (United Kingdom, Denmark, Finland, Norway, Sweden, Czech Republic)
- **License fee/household fee and advertisement** (France, Germany, Rai, Poland, Turkey, Austria, Portugal, Switzerland, Serbia, Croatia, Albania, Slovenia...),
- **Tax only** (Spain, Vatican, Estonia)
- **Tax and advertisement** (Netherlands, Belgium, Georgia, Iceland, Hungary, Bulgaria, Ukraine, Moldova, Belarus, Russia, Armenia)

Europe funding sources



The Issue of Funding

- Funding should be adequate to ensure the planned reach
- Funding should be adequate to allow the company to develop
 - New platforms, new channels – this is development

Note: Society will not be willing to pay for bad content

Note: Advertising revenue can amortize funding cuts and shows how “fit” a media company is.

Summary

- In some countries PSB feel confused in the new age, time to define goals
- Content is the king - produce, what is worth watching. Evaluate and improve!
- Content is the priority, the way it is for private channels!
- Strengthen the brand of the channel, use measurements – TV is people, ideas and statistics
- Ensure security to journalists, possibilities to fulfil their potential
- Insist on a stable funding model, if not sure – do not give up advertising
- Explain the values, meaning of PSB. Everyone knows how to play football and manage PSB. Everyone in the country knows.

Thank you!

Ivars Belte

Ivars.belte@ltv.lv