

CIRCIT MELBOURNE

Centre for International Research on Communication
and Information Technologies

RESEARCH ON THE GLOBAL INFORMATION ECONOMY

Salary A\$20 - 64,000, plus benefits and allowances

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The Centre is located near central Melbourne and will be directed by Professor William Melody. It opens in July 1989 and is building a core research team of about 12, plus 6-8 visiting positions for 3-24 month periods. Applications are invited at both senior and junior levels. Applicants should have education, training or experience at an advanced level in one of the social sciences and demonstrated competence in the field. Interdisciplinary qualifications will be an asset.

Applications containing a detailed curriculum vitae, a sample of past work, and a brief statement of the contribution that the applicant can bring to the work of the Centre should be sent to:

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AUSTRALIA

The language of advantage: satellite television in Western Europe

Richard Collins
POLYTECHNIC OF CENTRAL LONDON

'Television is in colour, in stereo and in English'
Robert Nador at
'Independent Directions' Trade Forum,
1988 Toronto Festival of Festivals.

The integration of the world economy into a single market and the consequential redefinition of communities shaped by a shared culture and information pool is firmly established as what Norman Mailer called a 'factoid'. New distribution technologies threaten, or promise, to re-stratify international information markets. Communication satellites abolish the relationship between cost and distance in communication and have made usable (for both point-to-point communication — telecoms — and point-to-multi-point communication — broadcasting) radio frequencies that have hitherto been useless. They therefore offer a potential to extend choice and intensify competition in existing communication markets and to create new 'communication spheres' binding together markets and communities that have hitherto been distinct.

Information itself has become a product produced and traded in increasing quantities internationally. Governments attempt to foster the development of their state as an 'information society' and improve their balance of trade by exporting information. Not all societies can have a positive trade balance in information and

some are particularly advantaged as international information producers and traders.

English-language publishing accounts for more than half the total world market (*Financial Times [FT]*, 4 January 1989, p. 18). In the important sector of television programmes the OECD estimates that of a world traded volume (1980) of \$400 million, \$350 million is accounted for by the United States and \$22 million by the UK, which is the world's second largest exporter. The importance of information trades for the UK is captured emblematically by the headline 'Arts are earning more than vehicles' (*FT*, 11 October 1988, p. 10) over a report that in 1984 UK overseas earnings from the arts were £4 billion and from vehicles £3.8 billion and the arts accounted for 3 percent of UK exports — sales to overseas customers accounted for 34 percent of arts turnover (see BIEC, 1988; Myerscough, 1988).

For the United States, too, information is an important sector. Jack Valenti, President of the Motion Picture Association of America, stated to the US Congress that in one important information sector, film and television programmes, the USA had in 1987 a positive trade balance of \$1 billion (Valenti, 1988) and the surplus for the US entertainment industries as a whole was estimated at \$4.9 billion in 1986 (Brummer, 1987 cited in Hoskins and Mirus, 1988).

Such positive trade flows for Anglophone states are perceived elsewhere to be profoundly threatening. An important motif of Jack Lang's periods of office as Minister of Culture in France has been an attempt to foster a Latin 'audio-visual space' to counter perceived Anglo-Saxon domination. A marked motif of the international symposium on European cultural identity sponsored by the government of France (see SIICE, 1988) was a demand for action to remedy the perceived threat to Europe from Anglophone producers of information. André Fontaine (Director of *Le Monde*) stated: 'je me trouvais plus en Europe, à la limite, à Buenos Aires qu'à Paris, parce qu'à Buenos Aires, il n'y a pas des enseignes en anglais' (SIICE, 1988: 96). A curious comment, implying both that there are no Anglophone European states and that Europe is anything but a geographical expression.

But Anglophone states also resist international information flows and loss of 'communication sovereignty'. The UK government committed substantial resources to an attempted suppression of Peter Wright's book *Spycatcher* which was published in

Australia, Ireland and the United States and read (in English on transmissions directed to listeners outside Denmark including the UK) aloud on Danish radio. The impotence of the UK government to suppress the circulation of *Spycatcher* through print and electronic media inside and outside the UK testifies to the limits of governments' 'communication sovereignty'. Political authorities then may have a schizophrenic attitude to international information flows — promoting them as part of an 'information economy' industrial strategy but resisting them when they are deemed to be damaging to the intellectual, cultural or political health of the governed.

Some linguistic and cultural markets offer producers significant advantages over comparable producers in other markets. The size and wealth of the primary (home) market is an important determinant of the level of investment in information products that is compatible with expectation of a positive return. Hoskins and Mirus (1988) convincingly demonstrate the advantages that accrue to US producers from the large US domestic market. And this undoubtedly contributes to the United States' dominance in international audio-visual trades. But their analysis does not explain the success of UK (and Australian) producers in international information trades. Hoskins and Mirus rightly stress, as advantages of US producers, market size, the comprehensive orientation of the US entertainment industry to business goals and the composition of the US domestic market as a closer approximation to the diversity of the world market than is any other single national market. But they do not comment on the importance of language as a constituent of markets and a factor in determining what they usefully name 'cultural discount'. That is the depreciation in value that information undergoes when exported from its home market.

Wildman and Siwek (1987) have identified the twelve largest language groups in market economies (the two main language groups excluded by such a criterion are Chinese and Russian native speakers who number populations of circa 760 million and 135 million respectively) and the wealth of each language community. They demonstrate that not only is English overwhelmingly the largest language community in market economies (exceeded in size only by the community of Chinese native speakers whose aggregate wealth is less than that of Anglophones), but substantially the richest. The linguistic unity of Anglophones significantly

advantages Anglophone producers who are able to count the world's richest market as a home market. They enjoy a classic comparative economic advantage vis-a-vis competitors such as that Ricardo identified as attaching to agricultural producers endowed with longer growing seasons and more fertile soils than were their competitors.

TABLE 1
A comparison of linguistic markets

Language	Native speakers (millions)	1981 GNP* (millions US\$)
English	409	4,230,375
Hindi/Urdu	352	209,023
Spanish	265	653,958
Arabic	163	328,547
Bengali	160	12,692
Portuguese	157	303,465
Malay/Indonesian	122	237,715
Japanese	121	1,185,861
French	110	812,179
German	101	1,017,528
Punjabi	69	29,575
Italian	62	502,306

Source: World Bank 1985 World Almanac and World Tables, Vol. 1, 3rd edn, p. 29. Cited in Wildman and Siwek (1987).

It is the advantages enjoyed by Anglophone producers within the richest and (of market economies) largest of world language communities that has made their productions the basis of a slowly developing global 'culture'. They are also advantaged by the related status of English as the world's most important second language. Not only are Anglophone works thereby available for consumption by a larger population of non-native speakers than exists for any other language but English is the preferred medium for sub-titling, dubbing and translation into the native language of second markets.

A lower 'cultural discount' attaches to work in English in Anglophone markets than to works in other languages, and this low cultural discount also attaches to works in English in non-Anglophone markets. In non-English-speaking markets works in the dominant language (e.g. German in Austria) will have the lowest cultural discount but works in English will have the next

lowest cultural discount. For example a work in English will be preferred (all other things being equal) in Spain to a work in German. But the advantage of Anglophone producers is comparative, not absolute and not all Anglophone works will succeed in all markets at all times. Though language has been, and will continue to be, an important factor favouring Anglophone producers of tradable information in international markets.

Non-Anglophones' concern at the less favourable prospects for their information economies (and at the anticipated adverse effects of the Anglicization of international information flows on established cultural, linguistic and national identities) has been amplified by technological change and in particular the establishment of communication satellites.

Satellite communication weakens the ability of political institutions, states, to protect their 'information spheres' from exogenous influences. For the 'footprints' of satellite transmissions cross political boundaries, and the abolition of the relationship between cost and distance of transmission of information that characterizes satellite communications threatens, or promises, to integrate world information markets on an unprecedented scale.

The experience of satellite television in Western Europe offers an interesting case in which (among other things) the importance of the comparative advantage of Anglophone producers of information can be assessed. How significant is their comparative advantage? Is it sufficient to justify the alarm voiced by Jack Lang about 'coca cola satellites' or, at the SIICE symposium in January 1988, at the threat of 'la déferlante americaine'?

Satellite television in Western Europe

The experience of satellite television in Western Europe during the 1980s has been sufficiently extensive to warrant a retrospective survey to assess the extent to which the threats and promises of satellite television have been realized. This is an appropriate moment to do so, for the satellite television regime is about to change radically. The current generation of 'telecommunication' satellites, transmitting weak signals that require final consumers either to access them via cable or through a large and expensive individual TVRO (Television Receive Only antenna), is about to

'heavy' or 'DBS' (Direct Broadcast Satellites) transmitting a more powerful signal accessible to individual viewers through relatively small and cheap receivers.

Services cluster on the four important satellites:

Eutelsat IFI at 13E is the 'hottest bird' relaying the two most important channels for German-language speakers SatEins and RTL Plus, the most important film Channel Filmnet, and the two English-language channels Sky Channel and SuperChannel which attempted to establish a transnational audience and which have achieved access to the highest number of European cable households.

Intelsat VAF11 at 27.5W is the main carrier of English-language services including Cable News Network, one of two services imported from outside Europe.

Intelsat VAF12 60E is the main carrier of German-language services. (But not SatEins or RTL Plus).

Telecom IF2 5W carries the majority of French-language satellite services.

Because reception of signals from more than one satellite requires either a steerable (and expensive) antenna or more than one antenna there is a tendency for services directed at the same (usually defined by language) market to cluster on the same satellite.

It is clear that language is an important factor that shapes the linking of programme offer — the channel — to delivery system — the satellite — and thus to audiences. There is, if not a stratification of audiences on national lines (or more exactly lines of political citizenship drawn by states) a strong tendency for audiences to be stratified on linguistic lines with the main satellite for Francophones being Telecom IC, for Anglophones Intelsat VAF11, and for German-speakers Intelsat VAF12. The fourth satellite, Eutelsat IFI carries the only channels which have attempted to build a transnational or, more precisely, mixed language audience: Sky Channel and SuperChannel.

Access

Satellite television is principally accessed via cable rather than directly through a TVRO. And because cable penetration varies

satellite television. Cable penetration (1984) was Belgium 81 percent, Netherlands 74 percent, Switzerland 47 percent, Ireland 25 percent, Norway 14 percent, Denmark 10 percent. In all other West European states penetration was below 10 percent. Growth in cable subscriptions has been lower than anticipated in the 'undercabled' West European states such as the UK and France.

In the UK (1988) 254,000 homes are cabled though only 32,000 of these are on broadband systems (*New Media Markets [NMM] 1987* (5.23): 11). But few homes (only 18.7 percent) passed by cable whether broad or narrow band have subscribed to cable services (*Cablegram*, February 1988: 8).

In March 1988 the satellite television channel with highest availability on cable, Sky Channel, estimated its potential viewership as 30.5 million across Western Europe (including Hungary and Yugoslavia).

TABLE 2
Access to Sky Channel 1988

Sky Channel penetration as percentage of TV households	Country	Networks (Cable & SMATV)	Households
63	Netherlands	508	3,379,650
11	W. Germany	1039	3,135,040
52	Switzerland	209	1,396,920
31	Belgium	58	1,103,322
11	Sweden	302	420,677
31	Denmark	275	390,669
17	Finland	168	361,471
20	Norway	256	338,789
11	Austria	155	325,661
32	Ireland	22	314,177
1	UK	111	263,341
	Hungary	23	104,694
71	Luxembourg	25	85,713
	France	68	78,960
	Spain	348	72,843
	Portugal	72	28,072
	Greece	5	1017
	Iceland	21	690
	Yugoslavia	1	420
		3666	11,802,126 (30.5 million potential viewers)

Access to satellite television is a precondition of consumption, and Table 2 clearly shows that there is a wide spectrum of differential access to satellite television in Western Europe, shaped principally by the penetration of cable networks in different European states.

The best evidence of actual viewing behaviour by audiences for satellite television comes from the studies of PETAR (Pan European Advertising Research). The result of its Spring 1987 diary survey (2651 respondents) is shown in Table 3.

TABLE 3
1987: station share of viewing by country: 4-week averages
Universe: all cable homes

	Scandinavia	Belgium	Switzerland	Netherlands	Germany	Total
Total hours per week of all TV viewing:	13.4	21.3	12.8	16.9	18.2	17.2
<i>% share by station</i>						
RAI	—	2	4	—	—	1
Sky Channel	20	1	2	6	2	5
SuperChannel	7	—	1	2	1	2
SAT 1	—	—	—	—	14	4
RTL Plus	—	—	—	—	13	4
All satellite	27	3	7	8	30	16

Source: PETAR (Pan European Advertising Research) Spring 1987 diary survey.

Whilst satellite television (in particular Sky Channel) achieves reasonable reach (that is attracting viewing at *some* time), within the universe of cable homes what is most striking is how *little* satellite television is watched. And how consumption varies between markets. There does not appear to be a consistent international relationship between access to satellite TV and consumption of satellite television.

Satellite television is watched more in Scandinavia (and West Germany) than it is in other West European localities, though other West European markets (such as the Netherlands) have greater access to satellite television, because more heavily cabled, than do Scandinavia and West Germany.

Sweden combines *low* access to satellite television, 8 percent of homes (Sveriges Radio estimate, 1988), 11 percent of TV homes (Sky Channel estimate, 1988) with *high* consumption of satellite

television by viewers with access to it: 30 percent share of viewing (Sveriges Radio estimate, 1988), 27 percent share of viewing (Sky Channel estimate, 1988). But Swedish viewers use television very little (average 13.76 hours per week: Sveriges Radio estimate, 1988; 13.4 hours per week: Sky Channel estimate, 1988) though satellite TV viewers watch more (16.2 hours per week) than do other viewers.

TABLE 4
Percentage share of viewing all individuals aged 2+ in all UK cable homes

ITV	36.7
BBC1	25.1
Premiere	8.8
Sky	7.0
Channel 4	4.8
BBC2	4.4
Children's Channel	4.2
ScreenSport	2.5
MTV	2.4
SuperChannel	1.5
Lifestyle	1.2
TV5	0.4
RAI 1	0.2
Arts Channel	0.2
CNN	0.1
All Terrestrial	71.0
All Satellite	28.5
Non-satellite cable	1.5 (does not add to 100%)

Source: NMM (6 April 1988): 7. Based on two-week diaries of 770 respondents for first two weeks December 1987.

Sweden's low overall consumption of television and high consumption of satellite television suggests dissatisfaction with terrestrial television, and that satellite television provides a welcome additional service. But the Swedish experience is not replicated in other West European markets. The Netherlands and the UK present different pictures.

The Netherlands combines *high* access to satellite television (Bekkers [1987] estimate 50 percent, Sky estimate 63 percent) with *low* consumption of satellite television (1988 Sky Channel estimate 8 percent, Nederlands Oemrep Stichting estimate [1986] 6 percent) by viewers with access to satellite television. Dutch viewers use television 16.9 hours per week (Sky Channel estimate) and the

consumption of satellite television by those with access to it *declined* between 1985 and 1986 (Dutch terrestrial services [1985] 78 percent, 1986 84 percent; Satellite TV [1985] 10 percent, 1986 7 percent; Source: Bekkers, 1987).

The UK exhibits *low access* to satellite television and *low consumption*. Homes passed by cable were 1.36 million and homes connected 254,508, a penetration of 18.7 percent of homes passed and 1.2 percent of TV households (*Cablegram*, February 1988: 8).

Sky Channel achieved 7.0 percent share of viewing in UK homes with access to it (the universe of UK Sky Channel homes is virtually synonymous with cable homes) and SuperChannel 1.5 percent in its universe.

All satellite TV channels in all cable homes achieved a 28.5 percent viewing share (see Table 4).

Though satellite television achieved an impressive share of viewing in UK cable homes (and both the subscription film channels Premiere and Sky Channel achieved higher shares than Channel 4 or BBC2) these achievements should be relativized by recognizing that cable homes are likely to be those favourably disposed towards consumption of satellite television. A locality is cabled *because* entrepreneurs regard it as likely to yield more active cable subscribers than other localities. And subscribers to cable are likely to be more receptive to cable/satellite services than are their neighbours who are passed by, but do not subscribe to, cable. Of homes passed by cable, 81.3 percent did not subscribe. Therefore only one in five households in areas judged most likely to be receptive to the cable/satellite programme offer actually found the service worth paying for. Even within this population of a quarter of a million TV households (many of which will only be able to receive one satellite TV channel) consumption of cable and satellite television is less than 30 percent of viewing and has declined from the 46 percent for cable and satellite channels within the same universe in 1986 (Saatchi & Saatchi Compton, 1987: 6).

Programming

The technological potentiality for alternatives to national terrestrial television and for new transnational forms of television now exists but successful establishment of such services is conditional on delivery of programming attractive to the final consumer. The

attractiveness of programming is not an absolute, but related to the available alternatives and to the needs and desires of audiences.

West European satellite television has attempted two kinds of programming, thematic and mixed. Channels, whether offering mixed or thematic programme streams, have essayed two marketing strategies: addressing a transnational or a single linguistic/national market. Sky Channel and SuperChannel offered mixed programming to a transnational audience. RTL Plus and SatEins mixed programming to a national (strictly unilingual) audience. Thematic channels such as W.H. Smith's Lifestyle and Screensport have been marketed to national audiences, and the theme channel MTV to a transnational audience.

Francis Baron (Managing Director of W.H. Smith Television) sees internationalization of television coming not through delivery of a unified programme stream to a transnational audience but through tailoring services drawing on common programming for individual national markets. Accordingly W.H. Smith's services are being offered in different languages for:

I have serious reservations about whether pan-European services such as Sky Channel or MTV can ever work financially. We have to accept Europe for what it is — a landmass of different languages and cultures — and work within that framework. (F. Baron quoted in *Daily Telegraph* (14 August 1988): 4).

Baron is not alone in his scepticism about an integrated European television market. Helmut Thoma, the managing director of RTL Plus, echoes Baron's analysis (though discussing advertising rather than programming): 'I have never believed in pan-European advertising. Language will always be a problem'. (H. Thoma, *Cable and Satellite Europe* (December 1987): 33).

In spite of the bullish predictions of Saatchi & Saatchi Compton that by 1995: 'new powerful satellites will have become established with, we estimate, around 35 percent penetration of UK television households', and that: 'satellite broadcasting across national frontiers — Pan European services . . . will predominate and be a key dynamic in our business' (Saatchi & Saatchi Compton, 1987: 1), — predictions which were based on straight-line projections of (notoriously optimistic) Cable Authority estimates of cable penetration and the assumption that TVRO penetration will replicate that of VCRs — the difficulties of establishing trans-European advertising is more striking than its success.

For there are few transnational brands, particularly in the

product ranges advertised on television, although a UK industry source (interviewed May 1988) estimated that the transnational European satellite advertising market had grown in five years from zero to £20 million per annum. But the mainstays of transnational TV advertising are the very few well established international products such as Coca-Cola and Pepsi-Cola, and similarly scarce international brands such as Canon, Nikon, Philips and Ford.

There is neither a single European market for advertising (the main funding source for satellite television) nor an integrated audience sharing a taste for similar programming. PETAR (Pan European Television and Audience Research) found that different European satellite television markets favoured different programmes. For example though both Scandinavia and the Netherlands found *The Benny Hill Show* the most attractive of SuperChannel's programmes, their preferences were not echoed by West German, Swiss or Belgian viewers (PETAR survey, Spring 1987).

The United Kingdom and the West European satellite television market

The UK is not only the location from which services (such as Premiere and Lifestyle) addressing UK audiences and the Anglophone transnational services Sky and SuperChannel originate; it is also the point of origin for foreign-language services. Why should channels such as Scansat, marketed to Scandinavian audiences, and Canal 10, a Spanish channel, be located in London rather than in their home markets? There are a plurality of reasons. London is the main European centre (and rivals New York and Los Angeles as a world centre), for trade in television programmes rights, facilities, finance and artistic talent. The UK is also the only location in Western Europe where satellite television operators have a choice of telecommunication service providers — Mercury and British Telecom — for uplinking their signal to the satellite. And though satellite television does not fall under the regulatory authority of either the IBA or the Cable Authority, voluntary adherence to their requirements is an important competitive advantage for UK-based satellite television companies. Adherence to the regulatory requirements of a Council of Europe and EEC member, though not guaranteeing access to other European markets, has made other European governments

and regulators very cautious about challenging the access of UK-based satellite channels to non-UK markets for fear of reference to a transnational European court. (Though adherence to the requirements of UK regulators has not made UK-based satellite television companies completely fireproof in other markets — the Dutch Media Law has proved troublesome.) UK television advertising regulations are among the most permissive in Europe, allowing interruption of programmes by advertising, and more advertising time per hour than do other regulators. The UK has in such factors important *competitive* advantages as a location for satellite television enterprises, as well as the *comparative* advantage of its Anglophone status. And the strength of the UK terrestrial television industry generated profits such that the ITV companies, blessed with a monopoly of selling television advertising (the 'licence to print money' that one of the company owners was indiscreet enough to name), were able to attempt diversification into a new medium which promised to deliver a new, European, market for their services.

The UK-based Sky Channel and SuperChannel, the vehicle of the ITV companies in their attempt to capture a European audience, are the two most striking attempts to establish satellite television in Western Europe on a transnational basis. It is they that have achieved the highest level of accessibility in various European markets, have sold advertising on the basis of delivering a transnational audience and have attempted to construct their programme offer to attract and retain a transnational audience. But neither channel has achieved profitability following this strategy. Sky Channel is reorientating its service (maintaining its present programme mix but marketed in the future as one of a 'bundle' of linked programme streams) to UK and Irish audiences following its location on the Astra satellite, which will permit direct to home reception. SuperChannel has an uncertain future under new ownership, which took over an essentially bankrupt enterprise.

SuperChannel began as the music channel 'Music Box' under the ownership of two major ITV companies, Granada and Yorkshire Television (and the UK music and leisure company Virgin). In 1986 it changed its orientation and became a general programme channel, simultaneously expanding its ownership base to include shareholdings from the other ITV companies (with the exception of TVam and the largest, Thames Television, the

Managing Director of which, presciently, referred in evidence to the House of Commons Home Affairs Committee on 'The Future of Broadcasting' to satellite television programme services as 'a dubious enterprise' (House of Commons, 1988: 113). SuperChannel was launched as a 'best of British' programme stream, intended to draw on the programming archives of its owners (in particular the ITV companies) and the BBC. In the event the requirement to pay high residuals to actors and programme makers forced a shift away from the 'best of British' strategy, and the continuing losses sustained by the channel led to changes in ownership and programming. At the time of writing, the future of SuperChannel is unclear. It is reported to be losing £1 million per month (New Media Markets reported revenues of £7 million and expenditure of £19 million in 1986-7 [NMM, 5 July: 8]) and ownership has now passed to Virgin and Italian interests, Beta-television, who propose a further format change to relaunch the channel as a music and news service.

SuperChannel's failure demonstrated not only that there was insufficient advertising revenue to sustain transnational satellite television (a problem shared by the loss-making Sky Channel) but also that its programming strategy was unsuccessful. There was insufficient communality of taste in the potential audience for SuperChannel to attract significant audiences in different national markets for a common programme stream, (what was most liked in one location was not most liked in others). Nor was the 'best of British' programming strategy successful in attracting and retaining minorities in different locations that aggregated together would constitute a viable audience.

Language proved a more resistant 'cultural screen' than SuperChannel had hoped. The practice in UK programming of separation of sound and vision tracks, characters not speaking to camera in dramas and documentaries carrying a soundtrack that was not 'motivated' by the images on screen made such programmes hard to interpret by non-native English-speakers. UK television dramas were unfavourably compared to US dramas for their emphasis on dialogue rather than action. Paradoxically UK dramas were also found to be 'too violent' and 'too realistic'. Police series such as *Taggart* were anathematized and compared unfavourably to US dramas such as *The A Team*; although the amount of violence in *The A Team* is quantitatively and qualitatively (shootings rather than punches and kicks) higher than in UK programmes (such as

Taggart), UK programmes show violence more realistically. UK TV News was similarly regarded as unacceptably violent by West European TV viewers. And UK television drama was disliked for its studio- rather than location-based settings (Interview with PETAR source, May 1988).

SuperChannel presented its programme mix as one that recognized the distinctive nature of a transnational audience: 'SuperChannel takes into account that most viewers are not native English speakers. Presenters speak clearly, comedies and documentaries are selected for their visual content while music and sports programmes have a universal appeal' (SuperChannel Press Pack, 1988). But audience research was to show that few programmes approached a 'universal appeal' and that on the contrary there was little in SuperChannel's repertoire of programmes that appealed widely to distinct European audiences. Rather, audiences in different countries valued different programmes and there was no shared West European public taste addressed in SuperChannel's 'best of British' programme mix.

The least unsuccessful of transnational satellite television channels has been Sky Channel. It was the first European satellite TV channel and began transmission from the UK on Orbital Test Satellite 2 (OTS2) in April 1982. The company was established as Satellite Television plc by Brian Haynes (a former employee of Thames TV) backed by Guinness Mahon, Barclays, Ladbroke's, D.C. Thompson and others. In 1983 News International purchased 65 percent of Satellite Television. News's stake in Satellite TV (renamed Sky in 1984) is now (1988) 82 percent. In the year to June 1987 Sky's losses were variously reported as £14.6 million and £10.2 million (1985-6, £5.69 million). In 1987 Sky raised £22.63 million in a rights issue (in addition to previous rights issues of £5.29 million). Sky's growing losses are attributed to: 'increased competition in a developing marketplace and continued difficulties in obtaining entry and exercising Sky's full market potential, in some key European territories' (CSE, November 1987: 5).

Sky has also incurred costs in increasing the proportion of original programming in its schedules (purchased programming decreased from 59 percent in 1985-6 to 56 percent in 1986-7) and in 'buying' its entry to Dutch and Belgian cable systems. Sky pays 'carriage fees' in kind by agreeing either to purchase an agreed value of programming (£240,000) to gain access to Walloon cable nets) or by establishing production units (Nederlands Instituut

voor Lokale Omroep NILO approx. £800,000 CSE, November 1987: 30).

Sky's *Pop Formule* music show (7.35–8.35 a.m., Mondays) is made with the Dutch broadcasting society TROS, and its weekday morning *D. J. Kat Show* is produced by John de Mol Productions in Loosdrecht. Sky has also concluded local production agreements in Paris and West Berlin and claims that the majority of its programming is of EEC origin, with both the UK and the Netherlands contributing at least seven hours per week of original programming to Sky's schedule (Interview, Sky Channel, 13 May 1988).

Sky advertising revenues in 1986–7 were £9 million (£7.5 million in 1985–6). As well as conventional spot advertising (limited to IBA seven minutes per clock hour standards) Sky also has sponsored programmes including the Uniroyal weather report, golf sponsored by the Spanish tourist board, and a morning home shopping show.

Sky is now carried on nearly all European cable networks and is close to achieving maximum possible availability for a satellite TV channel with 11 million homes and a 10 million weekly viewer reach (with a 13.7 million viewer reach over four weeks). But wide accessibility of Sky has guaranteed neither audiences nor advertisers, and Sky Channel's current business strategy is to retreat from Europe and, using a higher-powered satellite, attempt to establish a UK audience.

There are potent instabilities in West-European satellite television, not least the unprofitability of all current services. These instabilities occasion changes in the satellite television environment on, almost, a day-to-day basis. Predictions and firm conclusions are correspondingly hard to make. But some provisional observations can be ventured.

First, there is a marked characteristic for services to be addressed to a single-language community, and those that have essayed creation of a transnational audience have not fared well. Second, the configuration of individual services and clusters of services is shaped by the still dominant force of terrestrial television in all markets. Third, the development of a multi-channel environment, 'external pluralism', leads to a decline in 'internal pluralism', of what was known in the BBC as 'mixed programming', as channels develop a strong identity that differentiates them from rival products. This 'branding' can take the form either

of specialization in programme type (film channel, 24-hour news, children's programmes) or, in channels such as Sky Channel or RTL Plus, an overall style and mode of address across the channel's output. Scheduling also tends to change so that programme junctions become regular (on the hour and half hour) and schedules recur cyclically (every Thursday at 7 p.m.) in order to reduce viewers' search time.

The only channels that seem to approach profitability (and such judgements must be highly tentative because of the sensitivity of such data and the consequential difficulties of collecting it) are those addressing a single-language community. Notably RTL Plus and SatEins which enjoy competition from West German terrestrial broadcasters offering neither a satisfactory medium to advertisers nor an entertaining programme mix to audiences.

The major international channels Sky and SuperChannel are loss-makers. What differentiates these two channels is (prior to the October 1988 Virgin/Betatelevision buyout of ITV shareholders) the diversity of ownership of SuperChannel and reluctance of some of its owners to continue to capitalize its losses, the absence of a clear programming strategy and 'brand' image for SuperChannel, and the presence in Sky Channel of a capable management and vigorous pursuit of advertising revenue (including opening a Japanese office from where a third of its advertising revenue now originates).

A new period of satellite television is about to open. Higher-powered satellites will, it is believed, increase audiences for satellite television as viewers unable to access satellite television by cable (and unwilling to pursue TVROs of the size and cost necessary to receive signals from existing telecommunication satellites) find the cost of access to satellite television lowered. The anticipated consequential growth of audience size will, it is threatened or promised, make satellite television a viable medium in markets where its presence has hitherto been invisible (notably the UK). Larger audiences will attract advertisers and will thus permit the funding of attractive programming, which will in turn promote growth in audience size and initiate a self-sustaining enterprise. Proposed services on the new generation of satellites suggest that there has been a significant retreat from earlier notions of transnational European programme services. Sky Channel now looks to the UK (and Ireland) for its audiences; its Executive Chairman, Andrew Neil, stated: 'We see Sky as a

British popular entertainment channel.' Sky has closed its European sales offices (*FT*, 6 January 1989: 5). SuperChannel proposes similarly to reorientate itself to national rather than international viewing; and to delivery of news and music to Italy (circumventing the established monopoly of television news now enjoyed by RAI).

DBS (Direct Broadcasting Satellites) in Western Europe

The difficulties in establishing direct to home service by high-powered television satellites should not be underestimated. The 'telecommunications' satellites currently transmitting television signals in Western Europe are relatively low-powered (Intelsat VAF11 and VAF12, 10 watts, Telecom IC, 20 watts, Eutelsat IFI, 20 watts). True DBS transmit at much higher powers. The two states, Japan and West Germany, that have launched DBS have experienced difficulties in making the satellites work. The problems centre on the Travelling Wave Tubes (TWTs) which are key components in signal transmission. In all satellites the power output from the TWTs tends to decline as components age, but the Japanese and West German DBS are both thought to have experienced problems of component reliability in TWTs designed to transmit at more than 100 watts.

The West German DBS launched in November 1987 was written off ostensibly because its power arrays did not deploy properly, but industry gossip also suggests that the TWTs, with a designed output of 230 watts, greatly scaled up from those on 'telecommunication' satellites, also failed. The Japanese Yuri DBS series has also experienced recurrent TWT failures. DBS are also, of course, subject to the same risks of aborted launches and losses in establishing satellites in orbit that apply to lower-powered satellites (in January 1988 the French PTT's Telecom IB went out of control and was written off, launcher failures have occasioned a rise in insurance rates to premiums of around 30 percent of insured value, and insurers refuse to underwrite more than \$100 million per launch).

France launched a DBS in 1988 and the UK plans to launch its DBS in 1989. Luxembourg has launched its medium-powered Astra satellite (1988) which, though not a true DBS, will, nonetheless, offer direct-to-home reception with relatively small and cheap

TVROs. The French TDFI is nearly identical to the failed West German TV Sat (though with TWTs of even higher-designed power) whereas the UK BSB (manufactured by Hughes in the USA) has a 'modest' designed output of 100 watts. Luxembourg's Astra has a designed power output of 47 watts and though industry sources see this scaling up of TWTs to be less risky than those of TV Sat, TDFI and BSB, Astra has no back-up satellite or launcher and, though technically more conservative than the true DBSs, is therefore vulnerable to technical failure.

However, although the difficulties of establishing a working DBS in geostationary orbit are not negligible, a working DBS will not be sufficient to establish a viable satellite television channel. DBS, whether BSB, Astra or TDFI, offer viewers the possibility of television reception with smaller and cheaper TVROs than has been necessary for existing services. UK manufacturers (Cambridge and Amstrad) are retailing receiving equipment at prices of below £200. The hope of service providers is that the decline in cost of reception will provoke sufficient growth in numbers of viewers to make possible establishment of profitable new services.

It is beyond the scope of this paper to speculate on the financial viability of the proposed DBS services, but whether financed by advertising or subscription their success will depend on the attractiveness of their programme offer relative to competitive services (in particular those delivered by terrestrial television) and the cost of service.

At the time of writing programming on France's TDFI is limited to a high-culture channel, La Sept.

The Anglophone services on Astra and proposed on BSB are firmly orientated to UK audiences. All operators have recognized that hopes of profitability on a multinational audience — whether for thematic or mixed-programme channels — are currently unrealizable.

The future success or failure of Direct Broadcast Satellite television in Western Europe will depend on the balance of costs and benefits to audiences offered by satellite television and competing services. The prognosis for DBS varies from national (linguistic) market to market; for the strength of the competition offered by established terrestrial services differs from market to market.

Satellite television has undoubtedly provoked changes in viewing behaviour, but these are best understood within the terms of

national or, strictly, linguistic, markets. The transnationalization of television, dissolution of national identities, and loss of the power of states and para-statal bodies (such as the public broadcasters) anticipated as a consequence of technological change have yet to be realized.

The future of satellite television is conditional on the nature of national (or unilingual) markets rather than a transnational European market. The success of satellite television will depend on the nature of the terrestrial television regime in various national markets and the degree to which costs of service can be amortized by revenues won in competition with terrestrial broadcasters advantaged by a more favourable cost structure than satellite broadcasters. Since neither the costs nor the revenues of Direct Broadcast Satellite television are known, predictions are dangerous.

The first generation of European satellite television has convincingly demonstrated that neither the threats nor the promises of the transnationalization of European television are likely to be realized in the proximate future. But the powerful comparative advantage enjoyed by Anglophone producers, and the competitive advantages of London as a location both for production and distribution, will continue to influence the development of broadcasting in Western Europe.

Language (and culture) is a very important factor in the shaping of television markets; some producers are significantly advantaged and others disadvantaged by language. But the ability to create an integrated television market in Western Europe is not one of the undoubted peculiarities of English. The dismal failure of SuperChannel's 'best of British' strategy eloquently testifies to the imperfect permeability of the cultural and linguistic membranes that separate satellite television viewers in Western Europe.

For good or ill, television in Western Europe is not, nor is it likely to be, as Nador quipped, 'in English'.

This article draws on research conducted at the Centre for Communication and Information Studies, Polytechnic of Central London.

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