

Background information – Huw Marshall is a media consultant and digital strategist, he has almost 30 years of experience in the Welsh and UK media space. Between November 2012 and September 2016 he was responsible for leading S4C's digital activities, creating and implementing the channels first digital strategy. You can read more about his current work and articles that are relevant to this consultation by visiting www.marshall.wales

Context – The broadcast landscape

1 Back in 1982 when S4C was launched creating a TV channel that offered Welsh language programming in peak hours made perfect sense, audiences were happy to receive quality content within a bilingual channel, it carried Channel 4 content which wasn't available to viewers in Wales.

2 At that time only 4 channels existed and ownership of VCR's were low, only 10% of households had access to one. Live viewing in the home was the only option.

3 Today 35 years later the broadcast landscape in Wales has changed beyond all expectation. There are now hundreds of channels to view and comparatively new services such as Netflix, Amazon and YouTube mean that countless hours of content are now available to view on a number of platforms. Today there are over 8 billion daily video views on Facebook. Social networks are rapidly becoming broadcast platforms. Between August and December 2016 S4C saw a 300% increase to over 2,200,000 video views of its content in a single month, the majority on Facebook.

4 Considering S4C's future and in responding to the 5 main areas of consideration as requested in the consultation it's vital we recognise the sea change in the broadcast landscape but also more importantly two significant changes here in Wales, firstly the change in audience viewing habits, how they receive and share content. Secondly the change in the demography of Welsh speakers, their ages and physical location.

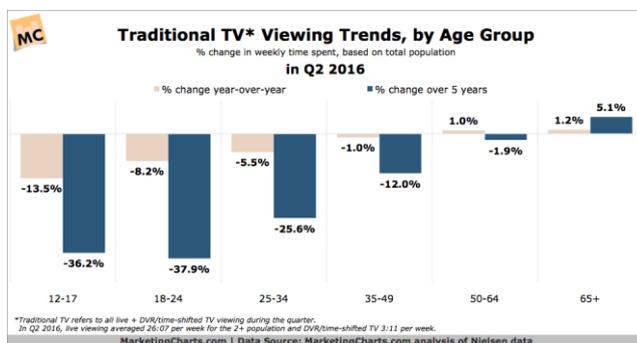
5 Before offering responses we need to consider who the S4C audience is today. What kind of content they wish to view and where they wish to view it.

6 We need to ask the fundamental question is the model of a TV channel the correct way forward for S4C? If the answer is no, either partially or fully, what should come in its place? Research and data suggests that Millennials, the main proportion of Welsh speakers today, are moving away from traditional broadcast towards new platforms and content.

7 I'm sure there will be plenty of submissions that look at the 5 points for discussion, funding, remit, governance, the relationship with the BBC and visibility for S4C on EPG's based on S4C current model as a broadcast TV channel that operates on the periphery of the digital world.

8 I therefore wish to submit an alternative, whilst still responding to the 5 points.

9 The future of "Broadcast"



10 This data from Nielsen demonstrates the change in viewing habits amongst audiences in the USA. Note the drop amongst younger viewers. The same is happening here in Wales.

11 54.6% of Welsh speakers (according to the 2011 census) are millennials, and the likelihood, six years later is that this number has increased. Considering the majority of S4C's linear viewing is made by audiences 65+, 16.1% of Welsh speakers, a need for a new solution to broadcast and the distribution of content in Wales is clear.

12 Traditionally younger viewers would return to traditional broadcast viewing and habits as they matured, it appears this is no longer the case.

13 Sufficient funding.

14 S4C currently receives a budget of £84 million, around 81% of this funding, £68.5 million, goes on content. This spending can be split in to three key areas:

15 Talent – Production Staff, production and technical, actors, presenters, writers, musicians etc.

16 Facilities – Technical costs, studios, camera equipment, sound and editing etc.

17 Administration – Admin Staff, production expenses and insurance

18 Under the current model responsibility for this spend is passed by S4C to the production companies. S4C business affairs staff oversee the spending.

19 The other main area in spend, 14% around £12 million, goes on the distribution of content and any relevant work that is attached to this.

20 The rest, 4% around £3.5 million, goes on administration, commissioning staff and the relevant business affairs departments, legal, finance as well as the insight, marketing and corporate departments.

21 Is the current level of funding adequate? Does the £84 million offer value for money? Budgets of £40, £80 or £120 million, the current level of funding in real terms prior to the 40% cuts over the last few years, would deliver three very different services.

22 So let's consider the genres. Currently S4C's spending breaks down as follows.

23 Drama £17.4million (including payments to the BBC for additional episodes of Pobol y Cwm) – Factual and Current Affairs £16.5million – Entertainment, Music and Arts £13million – Sport £9.7million – Children's £6.7million.

24 Close on £4 million is spent on acquisitions and repeats.

25 Is one genre more important than another? Would Welsh speakers be at a loss without Welsh language sports commentaries? Does it make sense

to spend close on £10 million more on drama than on children's content, the audience of the future?

26 We have to ask the fundamental question, what kind of service and provision is required for Welsh speaking audiences? What kind of service will be relevant from 2020 on? How can the provision of Welsh language content help Welsh Government reach the desired goal of 1,000,000 Welsh speakers by 2050?

27 Back in 1982 providing one channel that catered for everyone from pre-school kids to grans and grandads, families and teens, learners and non-Welsh speakers was the correct model. This was the same model employed by BBC 1 and ITV at that time. Today the BBC offers nine channels with the majority of their back catalogue available to view through channels like Dave, Gold and Alibi on UKTV, ITV has seven channels today, including specific homes to re show their content. The BBC and ITV have 3 dedicated children's channels between them. Both, via the BBC iPlayer and ITV's Hub, offer digital platforms for distributing their content on an array of platforms and devices. More on that in a bit.

28 One channel to service everyone isn't pertinent any more. There is a need for a service that allows audiences to discover content that appeals, there is a need for a body of quality content, there is a need to offer relevant content portals. There is a real need to offer Welsh language content beyond the traditional broadcast space, content that has been created for new platforms, I refer here specifically to social media in the main.

29 New production and distribution models – Make less better.

30 I was fortunate enough to visit EITB the Basque State broadcaster in Bilbao in 2015. Their production model has great relevance to us here in Wales. They supply TV and Radio services in Basque and Spanish from one building in the heart of Bilbao, the staff work across both languages and disciplines, EITB own their own studio facilities and share them with the production sector which means the costs of facilities are not passed on to the production companies.

31 The production model has led to a different emphasis for production, there are a lot of discussion shows where the audience can participate,

public service broadcasting in its purest form. This difference of emphasis offers low per hour production costs. But they do spend substantially on their flagship shows that dominate the schedule, entertainment similar to I'm a Celebrity, soap operas and sport from the Basque country.

32 Today the costs of facilities and broadcast equipment has fallen to a point where the man or woman on the street can afford access to them where a mortgage would have been required ten years ago.

33 Closer cooperation between Radio, TV and the digital sectors in Welsh offers opportunities to develop new, exciting and relevant content whilst delivering substantial cost savings.

34 S4C's fundamental issue in relation to their current level of funding is the linear broadcast schedule that needs filling, around 16/17 hours a day, 365 days a year. I have already referenced the issue of repeats, currently around 57% of the schedule, I have also referenced the fact that the BBC and ITV have additional outlets in order to repeat their content. The development of the iPlayer by the BBC and the content platforms offered by other channels means the practice of viewing again is second nature to today's audiences. S4C have not, thus far, had a willingness to invest sufficiently on creating their own distribution platform beyond the "Clic" online service and via an App for mobile devices, in fact the cost of developing their own platform would be prohibitive due to their current infrastructure. S4C content is available to view via the BBC iPlayer, but the channel and its content isn't given the same prominence as BBC content which makes discovery more of a challenge.

35 The biggest change in the "broadcast" space has come from a completely different direction, Netflix and Amazon, companies who distribute their content via the internet to TV sets and mobile devices. With the availability of superfast broadband reaching virtually every household by the end of 2017 in Wales, the ability of these companies to eat further in to S4C's share of the audience, particularly amongst millennials will increase. We should also throw in to the mix the explosion in viewing video content via social media. The statistics released by S4C in January are testament to this, the level of viewing on digital platforms, Facebook, YouTube and Twitter increased from 700,000 monthly views in August 2016 to 2,200,000

in the month of December 2016, an increase of 300%, and S4C should be applauded for this.

36 Although linear viewing remains static and will decline as the 65+ audience grows older, the potential for reaching younger audiences is clear, with the right content on the right platform.

37 What attracts audiences to Netflix and other streaming services? What is the most popular content on iPlayer? Quality content and expensive dramas.

38 The cost of producing two series of House of Cards by Netflix, 26 hour long episodes, was equivalent to S4C's annual budget in its entirety, around £82 million.

39 The age of selecting content on the basis of its language has long gone, we are now all part of an international audience. To compete in this market we need to ensure content of a high standard that has pertinence to the Welsh language. We need to ensure that Welsh language content is available to view online within wider rights windows, years instead of 35 days. There will be a cost implication to this.

40 So to answer the 5 points.

41 Sufficient Funding – It depends completely on the most pertinent and relevant service for the age we live in today. By starting from scratch and by developing a new business model a new, innovative and high-quality service could be delivered for £84 million. The idea of funding the service out of the licence fee is fair and sensible, and if the S4C of the future can supply educational content in both languages as a natural part of its workflow this could attract additional funding.

42 We need to, as a nation and a creative sector be more ambitious in trying to create additional revenues from the content we create. We need to have the attitude that a large proportion of the content we create here, in the Welsh language, can have a commercial value and relevance in the international market.

43 The creation of a Welsh Publishing Body that has responsibility for overseeing a new content portal similar to a Netflix in Welsh would ensure

that the welsh language leads the way in developing a new model of a Public Service Distributor instead of the current Public Service Broadcast model. Bringing together the current outputs of S4C, the BBC and relevant content partners such as the Arts Council of Wales and the Welsh Books Council.

44 Statutory Remit – Again this depends entirely on the model that is developed for the future, without knowing this it's difficult to offer an opinion. However, the remit needs to reflect the age we are living in today and be fit for purpose considering the changes in technology which are afoot. We need to ensure that a truly multiplatform Welsh language news and children's Service are included within any new statutory remit.

45 Governance – Wales should have the maturity today to take responsibility for its own media, this governance needs to extend beyond the traditional “broadcast” space to include content on social media platforms and online publishing platforms, be they news websites or “television channels”.

46 Relationship with the BBC – I strongly recommend that the committee arrange a visit to EITB in the Basque Country to see how a PSB within a nation with a high level of devolution operates in two languages and in more than one medium.

47 The formation of a new Welsh Publishing Body can offer a solution to all five areas that this consultation has focused on. The creation of new content centres in numerous Welsh locations would ensure a physical national presence and visibility in each corner of Wales instead of two locations off the M4 corridor. By doing this we would ensure that Welsh language and culture is seen as a living community language.

48 S4C Visibility – What is the EPG's shelf life? What is necessary is that Welsh language content is discoverable in an increasingly digital world. Pressing buttons on a remote will soon be a thing of the past, discovery by voice is the future, this is a great threat to the welsh language. We need to invest to ensure that voice recognition technology exist in welsh as standard. Ensuring visibility within modern platforms such as Apple TV, YouTube and Facebook should be the priority.