Quality and television: Considerations from the market perspective[1]

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This article analyzes the issue of quality in television from the financial and business points of view. Because television is considered to be a service provider, the concept of quality *is firstly defined according to a basic criterion, i.e., viewers' opinions. This starting point raises the following questions: the convergence (or lack of convergence) between advertisers' and viewers' interests, quality as a strategic television option and level of viewer satisfaction. These reflections lead us again to the issue of viewers' opinions and an analysis of the economic dynamics of the television market, with which certain market "failures" can be identified. We can therefore conclude that public television services have an important role to play in ensuring a quality television supply that meets the interests of society.*

1. Introduction

In November 1990, experts from Canada, the United States, Japan, the United Kingdom and Sweden met at the Press Center Hall in Tokyo to discuss the topic "Quality and Television". The meeting was one of the first phases of developing a research project promoted by the NHK Broadcasting Culture Research Institute, carried out between 1990 and 1993. S. Ishikawa (a member of the team responsible for the project) said the meeting confirmed their suspicions that the topic of the research work was "largely unexplored" and that there had been little work done on the matter. A few years later, although recognizing that the issue still had to be studied more fully, Ishikawa felt that the work done up until that point made it possible to make a significant change to the initial diagnosis of the state of the matter, in that the work carried out "indicated certain important and interesting possibilities" for future development (Ishikawa, 1996: vii-viii).

The purpose of this article is to tackle the issue of "Quality and Television" from the point of view of the economy and business management. It has been structured according to the following four sections:

- Television quality and viewers' opinions (part 1).
- Quality as a strategic option of television companies.
- Television viewer satisfaction.
- Television quality and viewers' opinions (part 2).

2. Television quality and viewers' opinions (part 1)

The first advances made in defining and using corporate quality strategies (Baró, 1994: 2-3) occurred in the 1960s as part of the industrial activities of the producers of manufactured goods ("tangible" products). This process began with a theory on quality that centered on "quality control", i.e., the inspection of products in order to discard those that failed to meet certain admissibility standards. In the 1970s, this became "quality assurance", based on the establishment of criteria and mechanisms to prevent production errors. Later, so-called "total-quality" strategies were progressively introduced, which consisted of implementing a series of methods (standardized protocols) to promote and get commitments from organizations on an overall level (corporate, administrative, etc.) to work continually towards improving activities.

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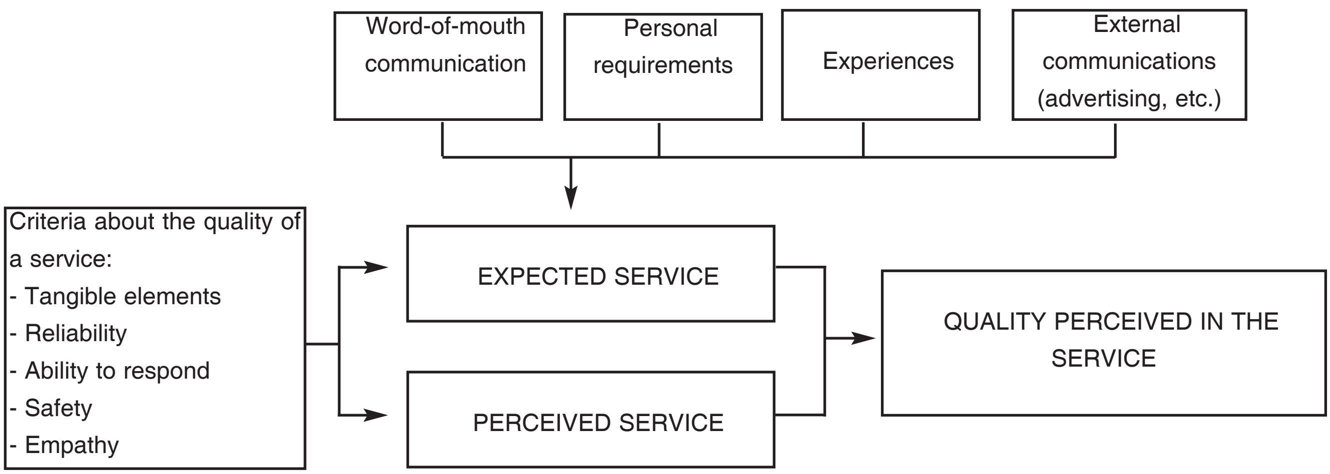
It is important to point out that this process of developing strategies and techniques to improve the quality of companies began in the field of industrial activities. In these sectors, the quality of manufactured goods traditionally consisted of determining technical specifications for the production of material goods. Meanwhile, in the field of services, no good consensus on a theoretical model, or methodological approach that could be applied, was developed until the late 1980s or early 1990s. The reason for this "delay" was mainly due to the different nature of these types of products. It is obviously easier to define and measure quality in activities that produce material goods (automobiles, household appliances, etc.) than in the field of services (teaching, tourism, health, the finance sector, etc.). Services are products that constitute "more or less intangible processes experienced in a fairly subjective manner, where the activities of production and consumption are performed simultaneously" (Grönroos, 1994: 37).

Although there are certain differences that can have a greater or lesser importance when it comes to defining quality in services, there is a broad consensus that considers that the concept has to be based on the "perceived quality" of consumers. Quality in services is defined according to the judgment users make about the level of excellence of a product: more specifically, "the perception of the quality of a service is established according to how the provider supplies it, assessed in contrast with the expectations the customer had with respect to what he or she expected the provider to do," (Zeithaml, Parasuraman, Berry, 1993: 18).

To measure service quality in these terms, it was necessary to develop evaluation models such as the SERVQUAL model proposed by V. A. Zeithaml, A. Parasuraman and L. L. Berry, a methodology which, for the purposes of this article, makes it possible to illustrate the content of the types of measuring instruments (see Diagram 1). According to this model, the quality of a service is defined as "the difference or discrepancy that exists between users' expectations and perceptions" and two fundamental issues should be taken into consideration when measuring it. The first issue is to identify "the key factors that determine customer expectations", i.e., word-of-mouth communication, personal requirements, experiences and external communications. The second issue is to determine "the assessment criteria customers use to assess the quality of a service", i.e., tangible elements, reliability, ability to respond, safety, empathy (Zeithaml, Parasuraman, Berry, 1993). This is how we can break down "the word 'quality' into manageable parts", which is the only way to define "the quality niches in which to compete" (Garvin, 1987: 104).

Based on this preliminary concept of quality in services,

Diagram 1. SERVQUAL model for customer assessment of the quality of a service



Source: Zeithaml, V.A., Parasuraman, A., Berry, L. L. (1993).

television quality can be defined as viewers' judgments of television programming. The television industry has commissioned different works aimed at achieving greater "qualitative" knowledge about viewers' opinions with regard to the supply of services in the marketplace. There is a certain "diversity of ways in which different television stations have asked audiences to evaluate their programs, not always directly in terms of quality, but at least in terms of the attributes that could be applied in their qualitative evaluations," (Greenberg, Albers, Busselle, La Rose and Litman, 1991).

TV program quality has been analyzed using viewers' evaluation of certain quality attributes, i.e., whether they were thought programs were entertaining/boring, regular/exceptional, modern/old-fashioned, imaginative/non-imaginative, informative/not informative, etc. One example is the research work led by Bradley S. Greenberg and Rick Busselle (1996) which aimed to precisely identify a TV program's quality attributes, a fundamental aspect in obtaining a correct measurement. Based on an initial list of 44 attributes to assess the quality of situation comedies and action programs, they reached the following conclusion: There are 5 dimensions or key factors that help determine viewers' perceived quality in relation to situation comedies and 3 with respect to action programs. The factors are realism, humor, originality, fairness and modernity (these last two attributes only applied to situation comedies).[2]

Viewers have also been asked about the services they "expect" from a television supply and their evaluation of the overall programming schedule of television stations. These perceptions include the presence of high quality programs over the evolution of quality in television supply over time (improving/getting worse), the quality of one station compared to its competitors (better/worse), etc.

However, most TV stations (especially commercial ones) tend to put most of their research effort into learning about "audience size, which is still the key criterion for determining programming decisions," (Greenberg, Albers, Busselle, La Rose and Litman, 1991). It appears that the criterion of maximizing market share is the determining factor in defining television company strategies. It is therefore important to establish the extent to which the very nature of television services conditions the ultimate aim of their social and financial functions: should they be to satisfy viewer preferences, broadcast programs to the maximum number of viewers or both things at the same time?

More than thirty years ago, following the publication of the Pilkington Report on the Future of Television in the United Kingdom[3], Nobel prize-winning economist Ronald H. Coase (1966) raised the question of whether a television service should define its programming to "give the public what it wants". The report had said that it should, adding that it was hard to apply to the case of television because, in practice, "not everyone wants the same things". Coase said that considering the fact that people had different tastes and consumption preferences to be a peculiarity of television came as a surprise to him because "this is a general problem that economic systems have to solve in relation to all products and services. In a market economy, this problem is solved with the help of a pricing system". Another economist, Alan Peacock, said (1986), "The market, like the media, is a channel for revealing [consumer] preferences".

Coase said the question referred to "the discussion of an economic problem" (which was often treated "without the help of the economy") and thus in a market economy "the broadcasting of television programs is determined by the economy of the industry. In short, the programs that are broadcast are the ones that [overall] generate the most profit for the television company. (...) In the case of commercial television, the person who pays for a program to be broadcast is the advertiser. This means that the programs broadcast are the ones that maximize the profits that can be obtained from advertising". Consequently, the television market is characterized by the "exclusion" of the consumer in decisions relating to the supply of television content, i.e., "what the consumer would pay for does not impact programming decisions. The result is that some sectors of the public feel they are not being attended".

This diagnosis, a consequence of the existence of what has been called the dual television market (audience and advertising), makes it necessary to more carefully approach the question of whether or not a convergence of interests between advertisers and consumers exists. This convergence is often questioned by suggesting that advertisers "manipulate" consumers' tastes, as they are particularly susceptible to the influence of advertising. A. Peacock (1986) has argued skeptically against this, preferring to say, "advertisers are primarily interested in the number of viewers a program gets rather than the satisfaction a consumer obtains from watching the program. The commercial viability of a television system funded by advertisements means that each program has to generate a big enough audience to encourage advertisers to pay enough to meet the cost of broadcasting the program. However, the level of customer satisfaction with a program is not defined simply by the number of people who watch it, but also the intensity of the consumers' preferences".

The television market that Coase (1966) and Peacock (1986) analyzed was characterized by the fact that supply was free and there were not many stations. They were therefore able to propose solving the above-mentioned problems by applying measures at two basic levels. On one level, by introducing some form of television paid for directly by consumers, as "they are the best judges of their satisfaction"[4] and, on the other level, by guaranteeing the existence of a competitive marketplace without choice restrictions on the number of stations, to encourage advertisers and make it possible for them "to support programs that could create the diversity needed," (Peacock, 1986).

Today's television market shows a clear trend towards the progressive development of pay-TV (in different forms) and a growing diversification in the available supply of channels (thanks to technological progress). Certainly general, free-to-air television (i.e., television mainly funded by advertisements) is still a leader in the marketplace, but in an environment where the conditions of competition have changed. It is therefore important to determine if an improvement in the quality of the service according to viewers' perceptions could provide television companies with a competitive edge and thus improve their financial profitability.

3. Quality as a strategic option of television companies

Reaching maximum market shares has traditionally "been a key component in business strategies" for maximizing corporate profit (Fornell, 1992). This option, like all options aimed at capturing new customers for a company, clearly responds to an "offensive" approach to corporate policy.

However, although very important, this is not necessarily the only way for a company to achieve higher profits. Apart from "offensive" strategic options, there are ones of a "defensive" nature, mainly aimed at conserving and consolidating a company's customer base. Both "offensive" and "defensive" strategies can maximize business profit, even if they follow different (and even contrasting) paths. .

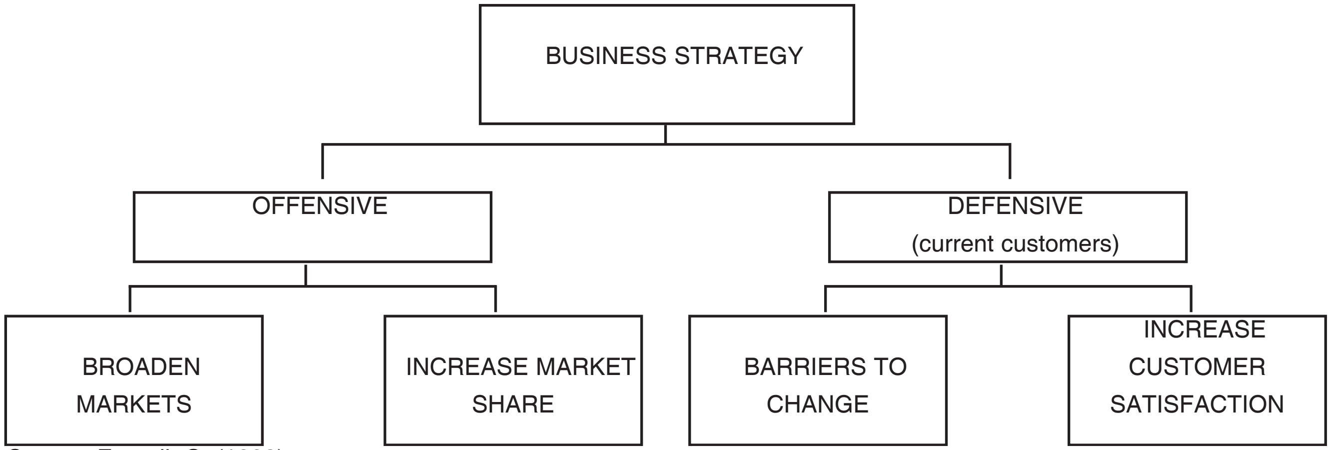
Diagram 2 summarizes the features of the two strategic options.

Customer satisfaction is clearly a defensive strategic option. "A loyal customer may not necessarily be satisfied, but a satisfied customer tends to be loyal", even though retaining a customer can be conditioned by other factors, such as barriers to change. In the case of television, although the cost of subscribing to a pay service could be an obstacle to sales, once the subscription has been made it will become a barrier to change for the customer.

In the Spanish television market of the 1990s, although increasing market shares was a main target in the competition among the stations, we can also see that customer-satisfaction strategies were fundamental to the action taken by television companies. With respect to the situation of the television supply in Spain in the mid-1990s, Medina Laveron (1997) said: "It is not necessary to be the audience leader to obtain profits. For example, we could take the case of Canal + which, with an audience share of 2%, has been making a profit since 1993", while the other private stations were losing money (see Table 1). In this case, "the pay channel's strategic target was promoting customer satisfaction, and its programming criteria were based more on the tastes and interests of the audience than the other television stations' were. (...) Pay-for-view television makes it necessary to serve customers with quality and efficiency" and, at the same time (as we have said), constitutes a barrier to change for consumers which, together with increased satisfaction, is a 'defensive' business strategy (see Diagram 2).

However, the situation changed in the second half of the 1990s. On the one hand, Canal +'s annual financial result became negative, with the station registering losses from 1997 through 2000. This reflects the impact of the effort Sogecable made to get Canal Satélite Digital under way. The next few years will provide the time perspective needed to assess the financial result of this process of increasing

Diagram 2:Sources of financial profit



Source: Fornell, C. (1992).

the supply of pay-TV stations in Spain. Furthermore, all the indications are that the customer-satisfaction and loyalty strategies employed by Canal + may have favorably affected Canal Satélite Digital, which until now has recorded higher subscription figures than its competitor, Vía Digital.[5]

We can also see that as of 1995 the other two private television networks in Spain (Antena 3 and Tele 5) began to overcome their establishment phase and enter a period of positive financial results. However, it is important to emphasize that during the early years, Tele 5 turned an average annual profit slightly above that of Antena 3, even though it had a slightly lower market share. It is therefore important to consider the point to which Tele 5's success in defining clear and precise targets that attracted customers and promoted customer loyalty were factors which could be used, together with the others, to explain this situation.

In short, given that television markets are set to become more segmented, as consumers develop a greater diversity

Table 1. Profits and audience shares of the private television stations in Spain (1993-2000)

	Share			Results (in millions ▯) [1]		
	Antena 3	**Telecinco**	**Canal +**	**Antena 3**	**Telecinco**	**Canal +** [2]
1993	21,1	21,4	1,9	-28,02	-0,17	15,41
1994	25,7	19,0	1,9	-23,99	-14,40	37,91
1995	26,0	18,5	2,3	33,33	1,97	62,77
1996	25,0	20,2	2,2	47,74	7,54	49,78
1997	22,7	21,5	2,5	-30,29	73,25	-39,92
1998	22,8	20,4	2,4	96,43	92,15	-35,84
1999	22,8	21,0	2,4	141,69	124,42	-0,04
2000	21,5	22,3	2,1	178,01	175,46	-4,10
Annual average (1993-2000)	**23,5**	**20,5**	**2,2**	**51,86**	**57,53**	**10,75**

Notes: [1] Before tax profits/losses.

[2] From 1996 on, the figures for Canal + correspond to Sogecable and include, among others, the results of Canal Satélite Digital.

Sources: For 1993 to 1998, Díaz Nosty, B. (2000) and for 1999 to 2000, Gabinete de Estudios de Comunicación Audiovisual (2002).

of values and lifestyles, it appears that "the media have to adopt and learn to adjust to these new products of personalized communication" (Willis and Willis, 1993: 156). In this situation, everything indicates that customer-satisfaction strategies will become more important and, in the words of Claes Fornell (1992), "given that customer satisfaction has a direct impact on the primary source of future earnings that most companies will have", measuring it could be "an important complement to traditional measures of economic activity [such as market share], providing useful information for the companies themselves and their shareholders, investors, governments and purchasers".

4. Television viewer satisfaction

Having defined the concept of quality television according to viewers' judgments and having argued that customer satisfaction is a strategic option that television companies could consider with a view to maximizing profit, we will now look at studying the level of viewer satisfaction. In particular, this involves analyzing the extent to which the television supply in the marketplace satisfies consumers' needs and expectations in order to better understand the behavior of the television market (beyond the usual quantitative measurement of audience shares for each TV station).

The *American Customer Satisfaction Index* (ACSI) has been made each year since 1994 to measure the quality of the output of economic production according to the experience of consumers. Considering that the competitiveness of a country and its economic health depend not only on the "productivity" of its economic resources but also the "quality" of the products generated by using these resources, the ACSI contributes to a more comprehensive view of the economy.[6]

The ACSI covers a wide range of economic activities, including television services (see Table 2, section F, "Transport/Communication/Utilities"). The information it provides can be considered a general reference framework for knowing customers' level of satisfaction with television compared to other products in the US marketplace. In particular, the ACSI differentiates between general television and cable and satellite television. The figures relating to general programming have been drawn up since 1994 according to the evaluation provided by consumers polled with respect to the following network news programs: *Capital Cities, Inc./ABC, CBS, Inc., NBC and Turner Broadcasting System* (NQRC, 1995). The figures relating to cable and satellite television were obtained beginning in 2001 from the evaluation given on the following TV services: *Direct TV, Inc., EchoStar Communication Corp., AOL Time Warner Inc., AT&T Corp. Comcast Corp., Charter Communications* and others.

In general, according to the ACSI, the level of customer satisfaction with television in the United States was slightly lower than for most economic activities analyzed. Both general and pay TV (cable and satellite), together with airline services and Internet portals (years 2000 and 2001), were the sectors that obtained the lowest values in this index in recent years. The ACSI value for television ranged from 60 to 65 (from 1997 on), when the figure for this indicator for the US economy overall came in at around 72. Commenting on these figures would require considering the case of general and cable and satellite TV separately.

The low level of customer satisfaction with regard to general stations was reflected for the years 1989-1991 in the *Customer Satisfaction Barometer* (CSB) in Sweden, which has similar features to the ACSI (and predates it). The results obtained by the CSB were the object of two comments by Claes Fornell (1992). He said that in the case of television, "consumer preferences vary considerably, and (until recently) most of the population of Sweden has not been able to access more than 2 State channels. Consequently, alternatives for choosing programming are very limited. To reach higher levels of customer satisfaction there would probably have to be a more specialized supply of programs for the different segments of the viewing population. With the entry of cable television and the increase in TV channels in Sweden, it would appear to be possible for the TV industry to get better results in the CSB".

CSB figures also provide an indication of the level of customer loyalty with respect to television services. Studies generally indicate that sectors with higher levels of customer satisfaction also have greater customer loyalty to provider companies. However, the CSB shows that the case of television is a clear exception to this general principle on the convergence between customer satisfaction and loyalty

Table 2, American Customer Satisfaction Index (ACSI). 1994-2001

	Year 1994	1995	1996	1997	1998	1999	2000	2001
A) Manufacturing – non-durable	**81.6**	**81.2**	**79.0**	**78.5**	**78.8**	**80.0**	**80.8**	**80.3**
Food processing	84	84	83	81	81	81	81	82
Beverages - beer	83	81	79	81	82	79	82	80
Beverages - soft drinks	86	86	86	83	83	84	86	82
Tobacco and cigarettes	81	82	77	77	75	76	76	76
Apparel	82	81	78	77	79	79	79	79
Athletic shoes	79	79	77	74	74	76	79	76
Personal care products	84	84	80	82	82	81	84	83
Pet foods	-	-	-	83	81	82	83	82
B) Manufacturing - durables	**79.2**	**79.8**	**78.8**	**78.4**	**77.9**	**77.3**	**79.4**	**78.7**
Personal computers	78	75	73	70	71	72	74	71
Household appliances	85	82	82	80	83	82	85	82
Consumer electronics	83	81	81	80	79	83	83	81
Automobiles	79	80	79	79	79	78	80	80
C) Retail	**73.6**	**74.6**	**73.2**	**70.8**	**74.7**	**73.3**	**72.9**	**74.8**
Department and discount stores	74	75	74	72	73	72	72	75
Supermarkets	74	75	74	73	73	74	73	75
Restaurants / fast food / pizzas and carry out 70	70	66	68	69	69	70	71	
Service stations	80	77	78	78	79	76	75	77
D) E-commerce	**-**	**-**	**-**	**-**	**-**	**-**	**73.2**	**72.9**
Portals	-	-	-	-	-	-	63	65
Retail	-	-	-	-	-	-	78	77
Auctions (auction/reverse auction)	-	-	-	-	-	-	72	74
Financial services	-	-	-	-	-	-	72	69
E) Finance/insurance	**74.8**	**74.1**	**74.5**	**74.6**	**74.4**	**73.9**	**74.4**	**75.9**
Commercial banks	74	74	72	71	70	68	70	72
Insurance/life	75	74	75	76	77	76	75	78
Insurance/casual, property, homeowner's automobile	76	75	77	77	77	79	79	79
F) Transport/Communication/ Utilities	**75.5**	**75.1**	**75.5**	**71.6**	**71.2**	**70.3**	**70.6**	**68.4**
Courier/express mail	81	81	85	80	78	79	81	78
US Postal Service 61	69	74	69	71	71	72	70	
Airlines	72	69	69	67	65	63	63	61
Telecommunications (total)	-	-	-	75	74	73	72	70
Telecommunications (long distance)	82	82	81	-	-	-	-	-
Telecommunications (local) 79	78	77	-	-	-	-	-	
Television [(1)]	77	76	70	62	65	62	64	62
Cable and satellite TV [(2)]	-	-	-	-	-	-	-	64
Energy utilities	75	74	75	73	73	74	75	69
Publications/Newspapers	72	68	69	69	66	69	68	68
G) Services	**74.4**	**74.2**	**71.2**	**67.7**	**72.2**	**70.4**	**69.4**	**68.8**
Hotels	75	73	72	71	71	72	72	71
Hospitals 74	74	71	67	72	70	69	68	
Motion pictures	77	77	74	71	76	71	68	71
TOTAL ECONOMY	**74.2**	**73.7**	**72.0**	**70.8**	**72.6**	**72.8**	**72.6**	**72.6**

[(1)] The television figures were drawn up according to the evaluation provided by consumers polled with respect to the following network news programs: Capital Cities, Inc./ABC, CBS, Inc., NBC and Turner Broadcasting System (NQRC, 1995).)
[(2)] The figures relating to cable and satellite television were obtained from the evaluation given on the following TV services: Direct TV, Inc., EchoStar Communication Corp., AOL Time Warner Inc., AT&T Corp. Comcast Corp., Charter Communications and others.
" – " = not measured
Source: American Customer Satisfaction Index (http://www.theacsi.asq.org)

(Fornell, 1992): "With one exception (television), industries that appear to be "reasonably structured", i.e., highly sensitive to customer satisfaction, have high results in the CSB study on loyalty".

Returning to the case of the United States, where the current television system provides a greater diversity of supply, the ACSI figures appear to indicate that the big stations with a greater market share (i.e., which fit the profile of the general stations included in the ACSI), tend to "still" give low customer satisfaction. Although there is a greater diversity of programming in the US marketplace, stations continue to provide a highly standardized supply of content in a marketplace with a "highly heterogeneous" demand. This reflects the fact that there is a part of the general TV audience which "remains loyal" to consuming a particular type of programming even though it fails to give them a high level of satisfaction.

In relation to cable and satellite TV, we can also see that there is not (contrary to what we could expect) a high level of viewer satisfaction (at least with respect to general channels, as the channels with specialist content can devise programming schedules that more closely meet consumer preferences and thus provide a higher level of satisfaction). The ACSI found that this segment of the US market, which had around 100 million subscribers, "has not reached high levels of customer satisfaction."[7]

Fornell's explanation for this situation is that "it appears that consumers have been largely forgotten in companies' determination to not be left behind with regard to new technologies, and in the storm of acquisitions and attempted acquisitions" to win market shares. He says consumers "have the perception that prices are high and quality is low". Given this, we could expect these companies to improve their customer service over time, as consumers' opinions will be decisive.

However, the situation described by the ACSI figures still leaves a number of important questions to be answered, especially if we take into account that all the arguments set forth until now have been given from the supply point of view. We have looked at justifying the existence of a low level of customer satisfaction because of the restriction on the number of channels that existed in the past, or because of the difficulty in starting up new digital platforms while providing adequate customer service (as companies have mainly focused on developing technology and increasing market share, etc).

We should therefore return to the issue of television quality and viewers` opinions in order to analyze the conditions needed so that viewers can begin to choose the programming that gives them with maximum satisfaction in meeting their expectations, especially from the demand point of view, both in markets where television supply is becoming progressively more fragmented and specialized (cable and satellite TV) and in general television markets (there is a very significant part of the population which, although they do not obtain a high level of satisfaction, continue to devote an important part of their time to consuming general TV programs).

5. Television quality and viewers' opinions (part 2)[8]

In 1930, in his essay entitled "Economic Possibilities for Our Grandchildren"[9], the economist John Maynard Keynes said that, with the progressive satisfaction of our basic needs, "...for the first time since his creation, Man will be faced with his real, his permanent problem - how to use his freedom from pressing economic cares, how to occupy the leisure, which science and compound interest will have won for him, to live wisely and agreeably and well. (…) There is no country and no people (...) who can look forward to the age of leisure and abundance without a dread, because we have been prepared for too long to struggle and not to enjoy".

Certainly throughout the course of the 20th century there was a considerable increase in the free time available to people which, together with technological development, led to the appearance of new forms of consumption and new consumer habits. In this situation, analyses of consumer behavior have changed considerably over time. Given the uncritical acceptance of the traditional principle of "consumer sovereignty", according to which an individual's freedom to choose automatically leads to his or her happiness (as only they know what their interests are at any time), new models are emerging based particularly on the most modern contributions of social psychology, sociology, anthropology and semiotics. The field of consuming leisure goods and services to fill in free time is therefore one of the areas where the most profound changes in approach have occurred.

One plausible explanation for the "dissatisfaction of television viewers", which refers to the "dread" Keynes expressed about people's lack of preparation to "enjoy" free time, was provided by the economist Tibor Scitovsky (1986), who said the more advanced capitalist societies have been able to refocus the way of efficiently producing goods and services to satisfy people's basic consumer needs. Furthermore, the direction of this consumption has tended mainly to respond to the need for "commodities" rather than to enjoying "stimuli". That is, we have managed to largely reduce one of the sources of our dissatisfaction, i.e., the excess of uncomfortable or "painful" stimuli, understood to be the set of basic needs that are not satisfied (e.g., those relating to safety, mobility, environmental comfort, etc.). Meanwhile, the second source of customer dissatisfaction, i.e., too low a level of stimulation, or "boredom", which refers to people's unsatisfied pleasure needs (e.g., those relating to people's free time, etc.), has yet to be resolved.

Scitovsky says: "In freeing up more and more time devoted to work, technical progress increases the demand for stimulation [to prevent against boredom]. The economy has responded to this process by increasing our forms of access to sources of stimulation but has not been able to increase the content of stimuli". One example, which has been mentioned previously in this article, is that the supply of increasingly diversified television services has increased and at a higher market scale, but it does not appear that the problem of viewer "boredom" (or dissatisfaction) has been resolved.

Scitovsky's explanation for this lies in the fact that any enjoyment of a stimulus is based on "consumption skills", i.e., requires a number of skills that should be "learnt" or "cultivated". "Culture is knowledge: it is the part of this knowledge that provides the redundancy needed so that the stimulus can be enjoyed. Culture, in this sense, is the preliminary information we have to have to be able to enjoy processing new information". Furthermore, it is important to bear in mind that consumption skills are not homogenous, but differ in two basic areas. The first way they differ is in the difficulty of acquiring them (the cost of learning), i.e., any enjoyment of stimuli demands learning, but at a different cost. For example, playing football or watching a match on TV requires training (knowing the rules of the game, the names of the players, the position of the teams on the league table, etc.) which is largely provided by the television programming itself (and other media). Enjoying activities such as art or literature also demands training, but in this case the cost of learning is clearly greater than that required for football. The second way they differ is in the amount of pleasure their consumption provides. According to Scitovsky, activities like art or literature, which can provide a greater amount of enjoyment, require greater consumption skills.

In conclusion, consumers with a significant stock of "human capital" (in particular, training) "will become more efficient in how they produce 'cultural pleasure', as the cost associated with their practice diminishes" (Benhamou, 1996: 14). Therefore, people are unequally positioned to be able to choose from among different television programming options and enjoy their consumption (a fact which could go a long way to explaining the level of dissatisfaction among television consumers that was observed in the previous section of this article).

Scitovsky concludes that the remedy for "dissatisfaction" or "boredom" is culture. "We have to acquire consumption skills that allow us to access all the novelties that society has accumulated in the past, which will allow us to complement at our will, and almost without limit, the flow of current novelties as a source of stimulation," (Scitovsky, 1986).

Another interesting point of view comes from the economists R.H. Frank and P.J. Cook (1995), in their analysis of so-called "winner-take-all" markets. The name 'winner-take-all' is justified because "the value obtained from production in these markets often depends on the effort of only a small number of top performers, who are paid accordingly". The feature of these markets is that they are governed by "very different" rules of supply and demand from the traditional markets "that economists have normally studied".

These types of markets are "the norm in the fields of entertainment, sports and the arts". The television market therefore presents certain peculiarities in the way it works that are very relevant and which characterize it as a winner-take-all market. There are two laws of economics that significantly impact the financial dynamics of these activities: the possibility of generating large economies of scale in broadcasting, and the existence of network effects in the way the television market works.

From the supply point of view, television content is provided at a very low reproduction cost, a fact that generates important economies of scale for production companies. This explains why, as we have seen earlier, television companies tend to give priority to commercial strategies aimed at increasing audience shares (a trend that, as we have already indicated, also occurs in the case of the digital cable and satellite TV platforms both in the United States and Spain).

From the demand point of view, we can see that there are strong network economies, by which the value of a product is determined according to the number of consumers who choose it. At the same time, these products are said to enjoy external, or network, effects. This leads to TV viewers making the same decisions as other viewers, who tend to imitate the choices the majority makes. Given that demand for a TV program can be increased by the fact that other people are already consuming it, the success and popularity of television products is largely determined by the consequences of network effects. For example, the fame of program-makers or actors contributes decisively to consumers' decisions (and to producers' decisions, who also tend to be influenced by famous names).

The extraordinary impact of the logics of economies of scale and especially of network economies on the way the television market works explains why many programs are successful in the marketplace (as a result of the sum of individual interests) without this commercial result coinciding with the interests of society as a whole. This is the case, for example, of the commercial success of television programming with violent or sexual content or, conversely, the failure of many "high quality" programs or programs of "cultural interest".

In economic terms, these cases are clear examples of situations with a presence of external factors, i.e., they deal with markets where profit or loss is generated for third parties, without there being a financial compensation for their use. "Activities relating to our preferences have effects on the well-being of others, such as activities that generate pollution have effects on the well-being of others". As such, "nobody is really independent of the cultural context in a broad sense (...) and the types of people who we are becoming in turn affects what the providers of popular culture offer us, and so on in a never-ending circle. The more concerned we are about the lives of stars, the more necessary it will be to know these details if we want to participate in a quotidian social exchange," (Frank, Cook, 1995: 202).

"In the same way that market forces are not thought to lead to an optimal level of social pollution, neither is it supposed that market forces will determine that consumer preferences develop in a socially beneficial manner" (Frank, Cook, 1995: 202). It could therefore be said that, in free market conditions, we cannot necessarily ensure a television consumption that fully satisfies all consumers and which, as a consequence of the economic forces at play, easily produces situations of discrepancy between collective and individual interests.

The importance of public television for correcting these "market failures" is therefore justified. Determining criteria that can help define a quality public television constitutes an important collective goal. This goal could be reached by determining clear and precise "cultural" targets of public television policies (beyond guaranteeing informational democracy), e.g., establishing programming that fosters the learning of consumption skills that make it possible to improve the quality of people's free time, with television content that responds to the collective interest, etc., and by defining a number of management and assessment methodologies for the quality of public broadcasting.

There is no doubt that this is a complex question, but one which is also a challenge with a great long-term social impact, especially if we take into account "the evidence that, beginning in childhood and throughout our lives, the things we see and read profoundly change the type of people we become," (Frank, Cook, 1995).

Notes

1 This text is a revision and update of the article with the same name prepared within the framework of research into “Quality and Television” carried out by the Pompeu Fabra University and promoted by the Catalonia Broadcasting Council Research Center. The author would also like to thank Ezequiel Baró and Xavier Castañer for their comments on the first version of the text.

2 For budgetary reasons, the survey that corresponded to this study was carried out with university students at Michigan State University, something that should be taken into account when its results are read.

3 A report the British Government charged to Sir Harry Pilkington in 1960 and which was published in 1962.

4 This question is discussed further in section 5 of this article.

5 Subscription figures for Canal Satélite Digital stood at 1,176,539 (June 2001) while the figures for Vía Digital came to 700,000 (May 2001). (See *Gabinete de Estudios de Comunicación Audiovisual*, 2002). With regard to the financial viability of the pay-TV system in Spain, where more than one platform could co-exist, it is important to bear in mind that this possibility is conditioned to a great extent by the size of the domestic market (as this is a factor that limits the possibilities of generating economies of scale). This would explain the proposal to merge the two platforms to resolve the crisis the sector is going through in Spain, or a hypothetical strategy for developing a pay-TV system at a Europe-wide level (with more than one platform).

6 The ACSI is an initiative from the National Quality Research Center of the University of Michigan Business School, the American Society for Quality and the CFI Group.

7 *Commentary by Professor Claes Fornell (see http://www.theacsi.asq.org).* It is important to point out that the ACSI results indicate that the level of customer satisfaction with regard to satellite TV is higher than that obtained with regard to cable TV.

8 See Baró, E., Cubeles, X. (2001), p. 22-28, for more detail on a good part of the content of this section.

9 Keynes, J. M. “Economic Possibilities for Our Grandchildren”. In: *Essays in Persuasion, Collected Writing of J.M.K.*, Cambridge: The Royal Economic Society; Macmillan, IX, 1930

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