



Consultation: Market position of BBC Sounds

BBC Response

July 2021

Executive summary

The BBC welcomes the opportunity to respond to Ofcom's consultation on the market position of BBC Sounds.

Section 1 of this response discusses the role of BBC Sounds in delivering value to listeners and its position in the wider audio market. We set out the ways that we seek to develop BBC Sounds to provide content in ways which different audience groups find intuitive, before discussing the BBC's ongoing commitment to engaging transparently with stakeholders about our plans. We then consider the market position and performance of BBC Sounds, setting out our agreement with Ofcom's provisional conclusion that there are not reasonable grounds to believe BBC Sounds is having a significant adverse impact on fair and effective competition.

In Section 2, we restate the BBC's strategic and creative plans for BBC Sounds which were published in our Annual Plan 2021/22 in March this year.

Section 3 sets out the BBC's assessment of its delivery against its strategy for BBC Sounds during 2020/21, analysis which was first published in the BBC's Annual Report and Accounts (ARA) in July 2021.

1. BBC Sounds: audiences and the wider audio market

BBC Sounds is our vehicle to deliver audio services for all generations

As we set out in our response to Ofcom's call for evidence on the market position of BBC Sounds, the UK's radio and audio sector is undergoing a period of rapid change. The largest contributor to this is the growth of music and podcast streaming services such as global players Spotify and Apple Music. The success of commercial radio, supported by consolidation and deregulation over recent years, has also contributed to this period of change, as has the impact of the Covid-19 pandemic by depressing both radio listening and advertising markets.

Since 2017 the BBC has consistently stated that a personalised on-demand audio product is at the heart of the BBC's audio strategy. We continue to evolve BBC Sounds' user experience and curation to make it easier to discover content of interest to an individual listener. Given the audio market's rapid evolution, an iterative approach to the continued development of BBC Sounds ensures that the product is developed in the most efficient way to meet changing audience expectations.

Younger audiences' audio listening habits are evolving particularly swiftly. We know it is essential that the BBC offers compelling audio content in the range of formats and destinations that listeners find intuitive. Adaptability is key to the ability of the BBC to deliver audio services for all generations.

The recent development of the Radio 1 Dance and Radio 1 Relax streams on BBC Sounds was designed with the delivery of public value in centre stage. The focus of these streams on a specific genre or mood enables listeners to enjoy and further explore what BBC Sounds has to offer on the topics and music they love. The streams are also aimed at younger audiences who are most at risk of exiting the radio market entirely. In doing so we are providing better value for the licence fee.

We consider that delivering strong BBC audio content and services strengthens the UK radio and on-demand sector in the face of global online streaming competition.

The BBC's ongoing commitment to information-sharing

Ofcom's consultation sets out its expectation of transparency and engagement by the BBC within the market about its plans and future strategy to enable the BBC to understand how our proposals could impact on competition, so that we can take this into account during development.

In our response to Ofcom's call for evidence on the market position of BBC Sounds, we expressed that we consider that BBC Sounds has been developed openly and transparently and fully in accordance with the relevant regulatory requirements.

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The third section of that previous response set out in considerable detail the public and transparent process the BBC has followed in developing BBC Sounds.

The BBC has acted transparently in recent developments of BBC Sounds. We engaged with the industry prior to the launch of the Radio 1 Dance stream in October 2020. The BBC also carried out a materiality assessment of the proposed introduction of the Radio 1 Relax stream on BBC Sounds delivering wellbeing content aimed at 16-24s. Similarly to the Dance stream, this was not a new UK Public Service (i.e. it was a feature of BBC Sounds, which itself is part of the larger BBC Online UK Public Service). The stream was intended to largely curate existing types of well-being content within the limits set out in the first BBC Sounds materiality assessment, i.e. previously or simultaneously broadcast radio programmes and off-schedule music mixes and podcasts. It was also proposed that it would have some specially commissioned content, including soundscapes and some music/speech blended content to help with motivation and stress management. As such it was clearly not a material change to BBC Sounds in the meaning of the Charter and Agreement. Our decision was set out on p.134 of the BBC's annual report and accounts for 2020/21.

The Radio 1 Relax stream was launched on BBC Sounds on 22 April 2021. This followed extensive correspondence commercial radio (through Radiocentre) over an extended period which included the sharing of detailed information about the proposal. It also followed the BBC sending a materiality assessment of the Radio 1 Relax stream to Ofcom on 16 March 2021. While it has not formally expressed a view on our materiality assessment, when Ofcom wrote to the BBC on 21 April it confirmed that it was for the BBC to decide whether to proceed with a change, and that Ofcom would only intervene if it decided that the change was material.

The market position and performance of BBC Sounds

We agree with Ofcom's provisional conclusion that there are not reasonable grounds to believe BBC Sounds is having a significant adverse impact on fair and effective competition. We agree that evidence suggests that commercial radio has been successful at attracting online listeners; listeners to BBC Sounds use multiple platforms to a greater degree; and that the UK podcast sector has a wide range of non-BBC content while producers are able to generate revenue.

The BBC also agrees with Ofcom's provisional conclusions relating to the three theories of harm that it explores, as well as its provisional view that the test for opening a BBC Competition Review in relation to BBC Sounds is not met. Finally, we agree with the Ofcom's view that changes to functionality and addition of small amounts of content are less likely to raise concerns than the addition of new types of content or of content pertaining to a new or embryonic market area. However, we

would also note that the BBC has frequently been at the forefront of developing and popularising new technologies, such as podcasts, online and on-demand services, the development of new standards, etc. Indeed technological innovation is one of the BBC's duties under its Charter.¹ The value of such 'market shaping' activities is described in our recent report with UCL's Institute for Innovation and Public Purpose.²

We note that Ofcom set out its expectation for the BBC to adopt a more systematic approach to measuring the performance of BBC Sounds and to publish more information on how listeners are using BBC Sounds. Published in parallel with the submission of this consultation response, the BBC's Annual Report and Accounts (ARA) 2021 sets out the strategic progress we made during 2020/21 within BBC Sounds. The ARA also contains data which gives a deeper insight into the performance of BBC Sounds. This is outlined in greater detail in Section 3 of this response. We also note that the BBC's response to Ofcom's call for evidence on the market position of BBC Sounds set out regular reporting on the performance of BBC Sounds both to Ofcom and commercial stakeholders.

¹ [Royal Charter](#), articles 6(3) and 15

² [Creating and measuring dynamic public value at the BBC: A scoping report](#), UCL IIPP and BBC, December 2020.

2. Plans for BBC Sounds 2021/22

The BBC's Annual Plan 2021/22 published in March 2021 set out our strategic and creative plans for BBC Sounds, as well as the wider audio offering, over the following 12 months.

Strategic plans for BBC Sounds

We confirmed that we would continue to evolve BBC Sounds to deliver more value to all audiences. Key to this is the greater focus of our spend on fewer, bigger impact programmes and ensure more content is available on BBC Sounds. As part of this, we are bringing together commissioning for network and on-demand speech audio content, commissioning programmes that work across both broadcast radio and on BBC Sounds, such as *Culture Wars* with Jon Ronson (R4 and Sounds) and *Fresh Starts* with Stacey Dooley (5L and Sounds).

Secondly, we outlined planned improvements to BBC Sounds to meet the changing expectations of listeners. Greater focus will be given to commissioning exclusive content, standout events and regular listening moments. Curation will remain a key focus for development, and it will be easier to discover content from the Nations and English regions.

We also set out that we would develop further playlists to aid curation and launch a new stream of content to help young audiences manage their wellbeing through music and speech content (see Radio 1 Relax above). Sounds Lab will be a new initiative to help develop talent from a diverse range of backgrounds to ensure more voices from across the UK are part of the audio sector. We also confirmed that we'd explore new ways of partnering with community radio, and we would begin to showcase the best British podcasts.

Creative plans for BBC Sounds

Our core creative plan for this year is to deliver audio content across BBC Radio and BBC Sounds that will continue to entertain our listeners, provide companionship and escapism, and help them stay informed.

Specifically on the creative plans for BBC Sounds, we will use the new BBC Sounds Lab to support budding audio creators to turn a great idea of theirs into a podcast and will target the areas where we have the most work to do in terms of representation – including ethnicity, disability and socio-economic background.

A raft of new podcasts will be available to listeners of BBC Sounds, who will also continue to enjoy the company of hugely popular podcast hosts such as Peter Crouch, Fi and Jane, Gemma Collins and George the Poet. We also outlined that we will have more sports-based podcasts from 5Live, and, after a record-breaking year

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with our BBC Sounds music mixes, we will have more on-demand content curated by UK artists, DJs and our expert music teams.

3. Delivering on our strategy for BBC Sounds in 2020/21

In the BBC's Annual Report and Accounts (ARA) published in July 2021, we outlined the strategic progress we had made during 2020/21 across the organisation, including within BBC Sounds.³

Consistent with our duties for transparency and position as a public service media organisation, the BBC has published significantly more performance data for BBC Sounds than any other online audio service. The ARA contains data giving a deep insight into the performance of BBC Sounds in terms of listeners' experiences and perceptions. Some key statistics for 2020/21:

- 3.5m average weekly accounts used BBC Sounds (2019/20: 2.9m)
- 572k average weekly accounts (aged 16-34) used BBC Sounds (2019/20: 500k)
- In the six months up to March 2021, 900,000 more 16-34 accounts used BBC Sounds for the first time
- 10.9m average weekly hours were streamed through BBC Sounds (2019/20: 8.9m)
- Weekly users' rating of BBC Sounds was 8/10 (2019/20: 8/10)
- Of 1.26 billion plays on BBC Sounds in 2020/21, 56% were live and 44% on-demand
- BBC Sounds is available on >16,000 types of devices overall (including 2,000 types of TV device, across 23 brands)

We will also continue to release our Sounds performance packs on a quarterly basis.⁴

Assessment of strategic progress on BBC Sounds

A key pillar of last year's strategy was to extract more value from online. We noted that coming to the BBC online should be a world-class experience. We already have great products, which includes BBC Sounds, and are proud of our long track-record of innovation. Critically, though, we must continue move quickly in developing and improving our services to keep up with market developments and audience expectations. Our online offer needs to be joined up across everything we do. It needs to feel indispensable. We succeeded in driving more value from our offer on BBC Sounds this year by:

- accelerating work to improve search, recommendations and access for audiences;

³ [BBC Annual Report and Accounts 2020/21](#)

⁴ [BBC Sounds performance pack – Quarter 1 2021](#)

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- serving close to 1.3 billion plays of radio, music and podcasts on BBC Sounds in 2020/21; and
- in the six months up to March 2021, 900k more 16-34 accounts used BBC Sounds for the first time.

BBC Sounds' delivery of our creative remit

The BBC's ARA also set out considerable detail on the role that BBC Sounds has played in delivering the BBC's creative remit through Public Purpose 3: to show the most creative, highest quality and distinctive output and services.

Over the last year, we've innovated with commissions and curation and made BBC Sounds available in more places, reaching record weekly audiences and a total of 1.26 billion plays of content, up from 760 million the previous year. 56% of these total plays were live, signalling that our radio stations remain at the heard of BBC Sounds as people choose to spend a lot of their time on the app and website listening to Greg James and the *Today* programme; and many coming to it for the latest news as well as music and sports from our networks.

We've upped our creative ambition with our podcasts and backed brilliant British talent giving listeners the company of people like Louis Theroux and Yungblud. We've commissioned podcasts that particularly appeal to younger and underserved audiences, such as *Money Moves with Toni Tone*, *Press X to Continue*, *Wheel of Misfortune* and *6 Degrees from Jamie and Spencer*. We also launched the first title in a new collaboration with Warner Music Group, *Songs to Live By*, hosted by Vick Hope celebrating black voices, and helped fans indulge in their favourite BBC TV dramas with podcast companions for hits like *Normal People* and *I May Destroy You*. We backed podcasts which bring immersive storytelling and important investigations the BBC is renowned for to a new audience, such as *Fight of the Century* and *I'm Not A Monster*, which was our first podcast from *Panorama*. Meanwhile, *Newscast* became the most listened-to podcast on BBC Sounds.

Our distinctive, highly curated music content reached records with 27 million plays in 2020/21. Mood-led mixes such as *Mindful Mix*, *Focus Beats*, and *The Happy Hour* helped listeners with different needs; shows like *6 Music Artist in Residence* and *Tearjerker* with Jorja Smith have been popular; and *Radio 1 Dance* was launched as one way to help listeners enjoy more of what they like from the BBC by bringing together dance content from across the BBC into one clearly labelled destination. There were around 40,000 content requests on BBC Sounds for BBC Music Introducing Live, a partnership event with the music industry to inspire young people about career opportunities.

BBC Sounds also played an important role in supporting the nation through the pandemic. Our live stations and daily *Newscast* podcast gave listeners detailed

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information about what was happening; our daily Bitesize podcasts for primary and secondary school children helped learning at home; and *10 Today* helped older listeners keep active. We also brought back some classic comedies and audiobooks to entertain and help listeners find some escapism, as well as new podcasts like *MOTD: Top 10* for those in need of a sports fix and *The Isolation Tapes* with Elis James and John Robins finding humour amidst what was happening in the world. And when people couldn't enjoy live music in person, BBC Sounds helped them hold festivals at home with new live sets for Radio 1's Big Weekend and both new and archive performances from Glastonbury.

We enhanced the curation on BBC Sounds to make it more relevant to each user. We launched the BBC Sounds TV app on more devices and platforms, and made it even easier for listeners to find their favourite programmes with improved search functionality, as well as launching a My Sounds section on the TV app experience.