



Market position of BBC Sounds - consultation

The Community Media Association (CMA) is a non-profit making organisation founded in 1983 to support community radio. The CMA represents the UK's network of more than 300 Ofcom-licensed community radio stations to Government, industry and regulatory bodies.

Our membership brings together established organisations, aspirant groups and individuals within the sector. The CMA provides a range of advice, information and consultancy, offering support to anyone with an interest in the sector.

Much of the CMA's work has a strategic emphasis and the organisation intensively liaises on behalf of the community broadcasting sector with Government, the BBC, the regulator Ofcom and other relevant stakeholders regarding actual or proposed legislation and initiatives that may affect the sector.

The CMA believes in a sufficiently funded BBC, independent of changes of Government, that contributes not only to nurturing and building an audience for audio but makes a valuable contribution to the talent pipeline and the next generation of content creators. With that in mind, we see that BBC Sounds has the strategic potential to be a destination beyond BBC commissioned programming and to be the platform through which listeners can discover the best of public service audio including community radio and the new generation of podcasters and independent programme makers.

Question 1: Do you agree with our provisional view of the market? Please provide evidence in support of your answer.

The CMA welcomes this provisional overview as a well observed and evidenced snapshot of a very fast changing market. It is striking how rapidly global technology giants and emerging international platforms have advanced in the UK digital audio and music space in a relatively short time.

In setting out the context of their consultation, Ofcom refers to The Institute of Practitioners in Advertising (IPA) TouchPoints survey 2020 of all audio media consumed indicates that 40% of UK adults aged 15-34 are listening to streaming services like YouTube or Spotify, 40% (up from 12% in 2015) vs 32% to broadcast radio. Around two-thirds of online adults listen to audio content via a streaming service on a weekly basis - the most popular being YouTube followed by Spotify.

But the trend towards increased online consumption of audio is not necessarily reflected in larger audiences for radio. It appears that listeners are not switching to listening to radio

online but are turning to other online content instead - such as podcasts and the streaming services. This trend is more pronounced for young people and likely to accelerate with the increased use of connected smart speakers and cars.

Notwithstanding shifts in listener behaviour, since the start of the Covid-19 pandemic, community radio, in common with [commercial radio](#), the BBC, as well as insurgent streaming platforms, have all experienced increased audience figures (evidenced by studio interaction and online statistics) as listeners have been working from home and have turned to the radio for companionship and better access to local news and stories. More audio is being consumed than ever. With more people opting to work from home in future, it is expected that to some extent listening habits established during the pandemic may also endure.

In that context, the CMA welcomes the BBC's Annual Plan 2021/22 published in March 2021 which sets out the following in 'Public Purpose 3':

"BBC Sounds will be an experience with live radio at its heart: with new collaborative approaches to commissioning that deliver exclusive content, standout events and regular listening moments joined up across linear and on-demand.

A creative engine for the UK: renewing the offer from our amazing radio stations to deliver value to all audiences, developing new diverse talent through the Sounds Lab scheme, exploring new ways of partnering with community radio, and showcasing the best new and growing British podcasts."

The CMA looks forward to partnering with the BBC, using Sounds and the Sounds Lab, to showcase the best of community radio and to develop the next generation of content creators coming up from the grassroots - that are essential to the future of radio and audio in the UK. With this in mind, we broadly agree with Ofcom's provisional view of the market.

Question 2: Do you agree with our analysis and provisional conclusions on BBC Sounds crowding out the commercial sector? Please provide evidence in support of your answer.

Ofcom sees no evidence to support the claim from the commercial radio sector that they are being adversely impacted by BBC Sounds. All the available evidence suggests that despite its scale and resources, the Corporation has not succeeded in building its share of the collective connected ear and is in fact being outperformed by commercial radio.

The last available figures from RAJAR show that the BBC's share of online radio listening is lower than that of commercial radio and the BBC audience has an older demographic profile (RAJAR Q1 2020):

"The evidence available suggests that commercial radio has been more successful than BBC Sounds at gaining listeners online, particularly among younger age groups. While overall radio listening hours are relatively evenly split between the BBC and commercial radio (50% vs. 48% in Q1 of 2020), commercial radio accounts for 54% of all online radio listening hours compared to 41% for the BBC".

Ofcom provides additional evidence to support the argument that commercial radio has been more successful than BBC Sounds at winning online listeners with which the CMA agrees. We concur with Ofcom's analysis and provisional conclusions that BBC Sounds is not 'crowding out' the commercial radio sector.

Question 3: Do you agree with our analysis and provisional conclusions about cross-promotion of BBC Sounds? Please give evidence to support your views.

Twenty years of consolidation has resulted in UK commercial radio effectively controlled by two dynamic multimedia companies. The historic advantage that the BBC may have held over independent 'local' radio is now over. The commercial radio sector's share of online listening hours in adults aged 15-34 is more than twice that of the BBC (RAJAR, Q1 2020). From RAJAR's figures, the share of commercial radio's audience has steadily grown year-on-year for almost the last 15 years.

In putting forward the argument that the BBC's cross-promotion of Sounds is adversely affecting the commercial radio sector, Radiocentre may have overestimated the commercial value of cross-promoting Sounds by monitoring these activities for only one week and then extrapolating that figure to a period of one year. Statistically, such a methodology would probably be unsound.

As discussed above, the number of online listeners has been growing faster for commercial radio than the BBC, and the BBC has been unable to significantly increase its share of online audience time. If the promotion of BBC Sounds was detrimental to other radio audiences then this would be reflected in the available statistics (RAJAR Q1 2020 / Ofcom Audio Survey, March 2021)

However, the CMA is not unsympathetic to the claim by Wireless Group that BBC Sounds "has become an effective walled garden for UK listeners". The fact that BBC Sounds currently only carries content of BBC origin means that it is not an accessible medium for community radio and other broadcasters. The CMA therefore calls for Sounds to be opened up as a platform to not only surface BBC radio and audio material but also as an inclusive platform that can be used to showcase content that has originated from community radio stations and a new generation of podcasters and independent programme makers.

The CMA agrees with the regulator's analysis and provisional conclusions that the BBC's cross-promotion of Sounds is not harming the ability of commercial radio to compete. However, we suggest that much greater value is yet to be realised by widening access to the BBC Sounds platform.

Question 4: Do you agree with our analysis and provisional conclusions about the impact of BBC Sounds on podcast publishers' ability to generate revenue? Please give evidence to support your views.

With its broadcast legacy and unmatched scale and production resource, the BBC is a significant player in the production of UK originated podcasts - a sector that generated approximately £24m last year with an exponential growth forecast over the next five years. However, BBC Sounds is just one of several major distribution platforms for podcasts - and,

indeed, for Sounds to remain relevant, it has to address lagging behind YouTube, Spotify and other platforms as the ninth most popular audio app (Wireless Group, ComScore Mobile Metrix, September 2020).

From the evidence presented by Ofcom, it would not appear that BBC Sounds presents a large quantity of ad-free on-demand content making it difficult for other podcast publishers to monetise their output. Radiocentre's own figures suggest that more than 96% of BBC Sounds listeners did not reduce their listening to podcasts on alternative platforms.

But, in order to be of greater value to the wider UK creative economy, the CMA calls for BBC Sounds to be opened up more extensively to the community radio sector, new independent podcasters and programme makers. It is of course essential that full production credit and monetisation through sponsorship and programmatic advertising is achieved through this proposed partnership.

Question 5: Do you agree with our provisional view that the test for opening a BCR in relation to BBC Sounds is not met?

As Ofcom has evidenced that BBC Sounds neither crowds out commercial competition nor has undue cross promotion through the corporation's television and radio channels and web presence, it would not be unreasonable to say that the threshold for a BBC Competition Review (BCR) has not been met at this time. However, the market for digital audio is changing so rapidly that this question does need to be reviewed again by the regulator - and the CMA would recommend at least every two years.

Question 6: Do you agree with our view above on when changes to BBC Sounds might raise competition issues?

As the dominant publicly-funded broadcaster the BBC has the potential to adversely impact other public service and community broadcasters, a sector with which the corporation BBC should seek to collaborate and nurture rather than stifle grassroots talent.

The obvious interface between the BBC and community radio is at the local and regional level and there are many examples of productive synergy between BBC Local Radio services and their community radio counterparts.

In 2020 the BBC updated its Memorandum of Understanding with the CMA to allow CMA member stations to rebroadcast selected BBC local radio content during the coronavirus pandemic. BBC Local Radio has made its local news bulletins available to CMA radio station partners; shared its 'Make A Difference' information and stories with CMA radio station partners; made available key public service drop-ins and interviews to CMA radio station partners; and made some locally made programmes (e.g. Breakfast) available to CMA radio station partners. The BBC Local Radio Content scheme is a laudable initiative and an exemplary demonstration of a successful partnership between the BBC and the community radio sector.

However, in 2020/21 the BBC has rolled out new temporary radio services in Bradford, Sunderland, and Wolverhampton - three cities in which there are several long-established

and successful community radio stations. The new BBC radio stations will provide more localised news and information to people living in those cities between 6am and 2pm.

Unfortunately, the implementation of the new BBC radio services in those three localities was undertaken with little to no consultation with the incumbent community radio stations nor with the Community Media Association. During the pandemic, the community radio sector has faced significant challenges and while it is recognised that the BBC, as a dynamic media organisation, needs to evolve and develop in order to fulfil its Mission and deliver its Public Purposes, the BBC, the Corporation ought to have considered and through consultation, mitigated the risks of disturbing the existing delicately-balanced ecosystem of radio provision in those cities.

Ofcom should vigorously pursue its role to provide robust, fair, and independent regulation of the BBC in order to facilitate the Corporation in fulfilling its Mission and promoting its Public Purposes - and to be mindful that those Public Purposes include supporting the diverse communities that make up the UK's nations and regions. Those diverse communities include small community radio broadcasters and a new generation of podcasters and independent programme makers.

Question 7: What further detail, if any, would you expect to see in the BBC's Annual Plans and public announcements to enable stakeholders to meaningfully comment on its plans for BBC Sounds?

The CMA calls for greater transparency with regard to how BBC Sounds meets the key performance indicators that are set out in its Annual Plan. In blogging about the Annual Plan 2019/20, James Purnell (former Director, Radio & Education) [said](#):

"Our aim is to support the British creative industries, as well as champion new, niche, innovative UK podcasts that may struggle to achieve prominence on global platforms. We would like to make Sounds a platform that serves British audiences and British creativity."

Additionally, the Annual Plan 2021/22 [states](#):

"We will launch Sounds Lab – a new initiative to help develop new talent from a more diverse background ensuring more voices from across the UK are part of the audio sector. We will explore new ways of partnering with community radio, and we will begin to showcase the best British podcasts".

The CMA would like to see metrics; the facts, figures and tangible outcomes that BBC Sounds contributes to the stated commitment to support the UK creative industries, champion new audio, work with diverse talent, and establish meaningful partnerships with community radio.

The BBC is required to fulfill its Mission and meet its Public Purposes in the delivery of its UK Public Services. The CMA calls on Ofcom, in its Annual Report on the BBC, to benchmark and subsequently evaluate the performance of Sounds set against the BBC's overall Mission as defined by its Royal Charter and also against the Corporation's Public Purposes.

Question 8: Do you agree that further collaboration between the BBC and other players could bring benefits to the UK radio and audio sector

In its Annual Plan 2020/21, the BBC [said](#) the following:

“To compete in a global tech-dominated marketplace, BBC Sounds must find a distinct space in the lives of our listeners. We believe it can do that by combining the best on-demand audio content with world class live listening. Over the next two years we will evolve the user experience in Sounds to make it easier to use and more personally relevant to each user, innovate around new listening formats within Sounds, develop new exciting content, and in a significant new step incorporate discovery of the best third-party content.”

James Purnell (former Director, Radio & Education) [said](#) that “Our aim is to support the British creative industries, as well as champion new, niche, innovative UK podcasts that may struggle to achieve prominence on global platforms. We would like to make Sounds a platform that serves British audiences and British creativity”. However, the BBC later decided not to proceed with its plans for the aggregation of third-party radio stations on BBC Sounds.

And in the most recent Annual Plan 2021/22 published in March 2021, the BBC set out its strategic plans for audio, including BBC Sounds. The BBC is required to fulfill its Mission and promote its Public Purposes when delivering its UK Public Services. With regard to the community radio sector, the most relevant Public Purposes are as follows:

- **Public Purpose 3:** *to show the most creative, highest quality and distinctive output and services.*
- **Public Purpose 4:** *to reflect, represent and serve the diverse communities of all of the UK’s nations and regions, and in doing so, support the creative economy across the UK.*
- **Public Purpose 5:** *to reflect the United Kingdom, its culture and its values to the world.*

In Annex 2 of the 2021/22 Annual Plan, the BBC states how it intends to promote the Public Purposes across all its services and below is an extract that relates to BBC Sounds and Public Purpose 3:

Public Purpose 3

BBC Sounds will be an experience with live radio at its heart: with new collaborative approaches to commissioning that deliver exclusive content, standout events and regular listening moments joined up across linear and on-demand.

A creative engine for the UK: renewing the offer from our amazing radio stations to deliver value to all audiences, developing new diverse talent through the Sounds Lab scheme, exploring new ways of partnering with community radio, and showcasing the best new and growing British podcasts.

More local than ever: making it easier to discover Nations and local content on its own or as part of curated experiences.

These are very encouraging words and the CMA agrees that BBC Sounds is uniquely resourced and placed to connect the wider UK radio ecosystem with distribution fit for the 21st century.

The CMA highlights the long-standing Memorandum of Understanding between the BBC and the CMA, updated last year to strengthen links between the BBC and more than 300 community radio stations, and the words of David Holdsworth, the former Controller, BBC English Regions:

“The BBC is keen to work more closely with community radio stations and this agreement provides a framework to further develop local relationships. I hope the benefits will continue to flow both ways. From a BBC perspective we see great potential in working more closely with radio stations that reach out into communities, and together I believe we can help develop the next generation of radio talent. I am delighted we are renewing this memorandum of understanding”

The CMA proposes that the BBC enters into a dialogue with the community radio and independent production sectors to discuss the means by which high-quality audio content can be surfaced on BBC Sounds.

A key stage in developing potential partnerships between the BBC and a wide range of third party programme makers is the CMA’s involvement in establishing the UK **RadioExchange**: a not-for-profit web-based platform for the digital distribution, review, and licensing of radio programmes, features and programme elements - inspired by the American Public Radio Exchange (PRX). The project will enable community radio stations and independent producers to publish pre-produced ‘on-demand’ radio as well as ‘capturing’ live output - for distribution across a wide range of listening platforms - potentially including BBC Sounds.

Beyond sharing programmes with UK broadcasters, RadioExchange will facilitate podcast distribution and, subject to licensing, distribution into third party platforms which currently include YouTube and Mixcloud - with further integrations to follow. The alpha release has been seed-funded by Ofcom’s Community Radio Fund and developed in Brighton by the community radio station, [Platform B](#). RadioExchange will have a subscription model, bundled with membership of the Community Media Association (CMA) and other industry bodies. When fully launched, it will provide tools to manage and monitor transactions, rights, metrics and micro payments.

Problems solved by RadioExchange

- A one stop catalogue and archive for the 'long tail' of exceptional public service broadcasts made by community radio and the burgeoning independent production and podcast sector.
- An ecosystem for collaboration between diverse radio makers and organisations of all scales.
- Upload once and syndicate to many platforms.
- An alignment of standards across BBC, community radio and independent producers: file formats and the metadata that facilitates distribution, discovery, audit and remuneration.
- A virtuous circle that nurtures the next generation of programme makers and develops new audiences.
- Exceptional work will no longer be lost collecting virtual dust in an obsolete format on a random hard drive or dropbox.

Developing the existing BBC / CMA Memorandum of Understanding including a partnership in RadioExchange - plus a commissioning role for BBC Sounds - would join the dots for public service radio and audio, creating more opportunities for diverse, outstanding and important programming to reach a wider audience. Commissions pre-cleared for first broadcast on community radio through the Audio Content Fund could be a natural place to start the process - as a threshold for editorial and technical compliance is already in place.

Involving the BBC's world-leading software development team with the 'heavy lifting' and a public launch of RadioExchange would benefit the wider public service broadcasting ecosystem and position the BBC as an agent that helps 'all PSB ships rise'.

To conclude, we quote the following from the current BBC Royal Charter:

13. *Partnership*

1. *The BBC must work collaboratively and seek to enter into partnerships with other organisations, particularly in the creative economy, where to do so would be in the public interest.*

14. *Diversity*

1. *The BBC must ensure it reflects the diverse communities of the whole of the United Kingdom in the content of its output, the means by which its output and services are delivered (including where its activities are carried out and by whom) and in the organisation and management of the BBC.*

15. *Technology*

- (1) *The BBC must promote technological innovation, and maintain a leading role in research and development, that supports the effective fulfilment of its Mission and the promotion of the Public Purposes.*

The CMA calls on the BBC to act on the commitments made in the Annual Plans of 2020/21 and 2021/22 to fulfil the terms of its Royal Charter and foster new partnerships with community radio by showcasing the best of British radio and audio production through BBC Sounds.

Wider issues to be considered by other Ofcom projects

The CMA agrees with an earlier submission from AudioUK that Ofcom should consult again when the BBC has made its Draft Strategy available for BBC Sounds. This will enable the CMA and other industry stakeholders to consider and give feedback on the future plans for Sounds and its potential impact on the wider radio and audio sector.

The CMA calls for BBC Sounds to be incorporated into the Ofcom-BBC Operating Licence. Such a licence will make clear the scope and remit of BBC Sounds and will help to reduce the risk of adverse impact upon the viability of community radio broadcasters and independent programme makers.

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