




Your response


Question	Your response
Question 1: Please provide us with evidence and information in relation to the impact of BBC Sounds on the UK market. We also welcome stakeholder views, and any supporting analysis, related to the future development of BBC Sounds and the impact that this may have on the wider market.	Confidential? Section 1 only


1. BACKGROUND AND CONTEXT OF


1.1 


1.2 

1.3 

1.4 

1.5 

1.6 

1.7 

2. THE ROLE OF THE BBC IN AUDIO

2.1 As a significant supplier to the BBC, we recognise and celebrate the important part the BBC plays in the culture of the UK and the undoubtable support it gives to the audio creative sector. We are strong supporters of the need for the BBC to develop its audio offering to reflect how audio is being consumed today and in the future, and therefore the need for a mobile and online offering that can reach audiences through smart speakers, mobile devices and online listening. We believe BBC Sounds is a positive addition to the UK audio landscape.

2.2 We recognise that the BBC has made significant progress over the past four years, to radically increase the amount of independent radio productions it commissions, through its Compete and Compare programme. This is the Charter requirement that the BBC makes a minimum of 60% of eligible hours open to competition from external producers by the end of 2022. This has led to greater competition between in-house and external providers to create programmes across all national networks. The result of this competition has been

higher level of creativity and through competitive tendering, better value for money for license fee payers.

- 2.3 The BBC's national and local radio stations continue to be a crucial element of UK broadcasting and we believe it is right that the BBC should have the ability to offer these radio services through BBC Sounds, as well as linear broadcast.
- 2.4 We also support the ability of the BBC to offer individual programmes from its radio services, such as *Desert Island Discs* or *Radio 1 Breakfast Best Bits* on BBC Sounds and as podcasts on non BBC platforms.
- 2.5 Our response is focused on the emerging podcast market beyond the BBC Sounds platform and what we see as BBC Sound's role within it as a platform and as a commissioner of content.

3. THE EMERGING PODCAST MARKET

- 3.1 The development of podcasting, and the ability in the UK for any producer, of any size, to release and monetise a podcast has meant that for the first time in audio, UK producers have a choice for how they sell their ideas. For some producers this may mean a commissioned route where the BBC, Audible, Spotify or others, fund the production. For other producers, this may mean a self-funded and therefore advertiser supported route. Some of the UK's most commercially successful podcasts such as *Table Manners*, *Off Menu* or *Today in Focus* are self-funded and advertiser supported shows. Key is that producers have a choice in how they wish to exploit and monetise their ideas.
- 3.2 Alongside the consumption of the podcasts themselves, the podcast market has also seen podcasts able to create additional value through the exploitation of their intellectual property. These have included live, ticketed shows, merchandise, foreign language translations and the optioning of podcasts for TV and film production. When radio was the only main outlet for audio, it was extremely rare for a radio show to have any additional commercial value beyond its broadcast. Podcasting has opened up these commercial possibilities in a significant and fast growing way and our company has been able to create revenues in all these mentioned areas.
- 3.3 This commercial opportunity is a significant departure from the traditional audio world of radio. When radio was the only significant outlet for speech content, the BBC dominated the commissioning of ideas and thus the type of ideas and voices heard. The democratisation that podcasting has allowed has meant that producers are no longer reliant on the BBC supporting an idea for it to be produced.
- 3.4 The rise of podcasting has seen new platforms and commissioners, such as Audible, Spotify, Apple, Luminary, iHeartRadio and many others also looking to buy ideas from independent producers. These commissioners are not just based in the UK but are in the US and Australia too. Therefore, for the first time, UK producers have a global stage on which to sell their ideas. Our company has benefited from this new market, selling ideas across all these territories.
- 3.5 This is an exciting moment and means for the first time, audio ideas have a value they have never had before. It also means for the first time, any producer can create an idea and if it is strong enough, make money by running advertising in their podcast or selling their idea to a platform or commissioner. The role of the BBC within this fledgling market is therefore crucial in helping it to flourish.

3.6 The UK podcast advertising market is at an early and quickly evolving stage. UK advertising is estimated to be worth £33m in 2020, almost double its value in 2018. By 2024 it is predicted to be worth £74m (Statista - <https://www.statista.com/forecasts/1147738/podcast-ad-spend-uk>). Whilst this is small in comparison to other mediums, it is an indication of how the market is at an early stage and also the fast-growing popularity of podcasting for advertisers.

3.7 The place of BBC Sounds needs to be seen within the context of this emerging market. As a publicly funded broadcaster, the BBC has the ability to support and help grow the sector to ensure that UK audio production becomes a world class industry and a major contributor to the global success of the British creative industries. Conversely, should the BBC have too dominant a podcast market position, it could run the risk of limiting the growth of this industry, just at the moment that it is beginning to flourish.

3.8 The rise of podcasting and the aggressive audience growth it is seeing is not only a UK phenomenon but one being replicated all over the world. This risk of limiting growth of the UK market would not only be an issue for UK audio producers within the UK but would run the risk of having an impact on the size and success of the UK audio industry in the global podcast market place.

4. THE ROLE OF BBC SOUNDS WITHIN THE PODCAST MARKET

4.1 The creation of BBC Sounds as a platform is to be welcomed as an additional means for audiences to discover on-demand audio content. In an audio world exhibiting fast changing consumption habits (as per previously published OFCOM research) it is a positive step that the BBC has created a new way for listeners to engage with BBC content.

4.2 Alongside its role as a platform, BBC Sounds is operating as a commissioner of content. It commissions programmes as BBC Sounds and also as BBC Sounds in liaison with all BBC national radio networks. BBC Sounds commissions podcasts that are not, or rarely heard on BBC radio. Shows that are commissioned by BBC Sounds in liaison with national radio networks are sometimes exclusively for podcast and sometimes also broadcast as radio shows.

4.3 The BBC and BBC Sounds is now publishing an unspecified and wide range of podcasts. These can be classified as on-demand versions of radio shows (such as *In Our Time*), spin offs of BBC properties (*Strictly Come Dancing: The Official Podcast*) or original podcast content (*Scarlett Moffat Wants to Believe*).

5. BBC SOUNDS AS A PLATFORM AND PUBLISHER

5.1 BBC content, whether as on-demand versions of BBC Radio shows or original podcast content is also heard in the UK and globally on non BBC platforms such as Spotify, Apple, Pocketcasts, Amazon Music Podcasts and many others. Conversely, non BBC content is not available on BBC Sounds.

5.2 Within this landscape, Apple continues to dominate as the main significant platform for listening. For the self-funded podcasts we create, those funded by Sony or clients such as Netflix, we see listening using Apple in the 55%-75% range of total audience. Spotify is normally the second biggest platform in the 5%-15% range. As such Apple and to a lesser degree, Spotify are crucially important to winning a large audience for any podcast that rely on advertising revenue for its income.

5.3 Therefore the need for shows reliant on advertising to be in a prominent position on the home pages or the featured sections of Apple and Spotify is crucial to the commercial

success of a show. Furthermore, the audience size of a show has a direct impact on the ability of the show to monetise beyond its podcast. Smaller audiences mean less likelihood of being able to create successful live, ticketed shows or merchandise ranges. A lack of prominence also reduces the opportunity for TV or film producers to notice a podcast and therefore show interest re the rights for that show.

5.4 BBC Sound's ability to publish wherever it chooses has a direct impact on the podcast market and the ability of non BBC podcasts to monetise. However, the ability of the BBC to feature its wide range of shows on Apple and other platforms reduces the amount of non BBC shows that can be featured and enjoy the resultant and commercially crucial audience exposure that this brings. This would not be an issue were it not for the huge quantity of podcasts that the BBC is now publishing.

5.5 As an example, on 9th November 2020, 25 of the Apple Top 200 podcasts were BBC shows. A search on some of the most popular Apple categories for that day showed: Society and Culture: 28 BBC shows in Top 200, History: 32 in Top 200, Science: 22 in Top 200, Sport: 18 in Top 200. The example of 9th November is a typical example and means, on this week that the BBC are occupying 10-15% of the available prominent space in these key categories. This is a much more significant amount than any other podcast producer or publisher.

5.6 The sheer scale of the amount of shows that the BBC publishes on the BBC Sounds platform and beyond ensures by a long way, it is the most dominant UK podcast publisher and producer. A rudimentary search on Spotify on 9 November showed over 600 BBC podcast titles currently available for listening.

6. BBC SOUNDS AS A COMMISSIONER AND PRODUCER

6.1 BBC Sounds and the other BBC brands that publish in the podcast space, also operate as a commissioner of original content. This is content that is not the on-demand version of an existing BBC Radio Show (such as 5 live's *The Monday Night Club*) but is commissioned predominantly for podcast listening. These shows are not only made available on BBC Sounds, but are also published on all other available podcast platforms such as Apple or Spotify.

6.2 There can be little doubt that the BBC has a strong role to play in podcast content when it comes to areas of public broadcasting such as news or sport and shows such as *Brexitcast/NewsCast* or *Football Daily* have proven there can be new audiences for well produced shows. These shows feature the BBC's top journalists and are clearly evidence of a podcast only the BBC could produce.

6.3 Alongside these shows though, BBC Sounds is also a significant backer of podcasts where it is less easy to justify BBC involvement and where it could be argued these are shows that could easily have been produced with commercial backing. Examples would be *The Joe Wicks Podcast*, *James Acaster's Perfect Sounds* and *The Yungblud Podcast*.

6.4 Podcasting is also an outlet for less structured, conversational podcasts. There are many examples of hugely successful commercial podcasts such as *The Receipts Podcast*, *The Adam Buxton Podcast* or *Happy Place*. This is an area well served but the BBC has flooded podcasting with a huge amount of conversational shows such as *The Reality Tea* (a podcast about reality shows), *Fit and Fearless* (wellbeing), *Bad People* (crime), *Unexpected Fluids* (sex) and many, many others.

6.5 The result is that a fledgling commercial market is faced with a publicly funded body releasing a huge quantity of shows that is not matched by any other publisher or producer in

the UK. As a result, at a time when for the first time in the UK there is a market for strong audio ideas, there is a risk of that market being limited by the sheer size, scale and ambition of the BBC to dominate the space.

6.6 However, it is worth noting that we are not arguing for BBC Sounds to be restricted to areas of market failure. We support the BBC creating mainstream shows. But our view is that the BBC is trying to do everything and that such a widespread and unregulated approach runs the danger of damaging the nascent podcast market.

7. USE OF BBC PLATFORMS FOR MARKETING AND PROMOTION

7.1 Marketing for podcasts is a crucial means by which to ensure a hit. The ability of platforms such as Spotify or Apple to personalise recommendation is still not at the level that consumers enjoy on SVOD platforms such as Netflix and Amazon Prime. As a result, marketing is crucial for trying to propel a show high in the charts, which in turn significantly helps discovery and in turn ensures larger audiences.

7.2 The ability of the BBC to use its radio and TV stations to promote its podcasts is significant. It is quite right that the BBC should be able to do this for the podcasts of existing BBC radio shows. In other words, to make the audience aware that there is an alternative way to listen to shows they know from linear radio. However, since the launch of BBC Sounds, we have seen significant use of these platforms and especially BBC TV to promote original podcasts. The *Gemma Collins Podcast* is a good example of a show that benefited from a significant spend, creating an advert that ran for many days in prime time BBC 1. The prominence this gave the show, ensured it got to number 1 on the Apple chart. Ostensibly, the use of this marketing is to promote BBC Sounds. But, as all BBC podcasts are available on the much more widely used Apple podcasts and Spotify, the result is that this marketing helps propel BBC podcasts on platforms that are crucial for the commercial success of British podcasting.

8. BBC SOUNDS STRATEGY AND GLOBAL ROLE

8.1 We are aware of the BBC's aspirations to make BBC Sounds a global platform, featuring its own in-house produced shows and shows produced by independent producers. The current position of BBC Sounds is that for all podcasts it commissions it should retain global ownership and commercial rights and that, unlike the independent TV market, producers should not have the ability to sell their commercial or IP rights outside of the UK (with a proportion of those revenues returning to the BBC), if they so choose. We are concerned that this will have the effect of limiting the entrepreneurialism of UK audio producers at the exact moment when a global market is developing.

8.2 We believe there are strong parallels with the development of the British independent television sector in the 1990s. At that time, the BBC played a crucial part in using public money to back ideas and help grow the sector. Producers were then able to, independent of the BBC, sell their rights and commercial activity for their shows outside the UK. This has led to the UK TV production sector being amongst the strongest in the world.

8.3 There is the potential for the same opportunity to exist for UK audio producers. For the first time ever, UK audio companies are being approached by US TV studios and agents, are touring their shows globally and are developing many commercial opportunities that would have been unheard of only a few years ago.

8.4 BBC Sounds has not yet been clear how its global aspirations will ensure protection for UK audio producers around IP and commercial activity and the ability for producers to decide whether they do this independently from the BBC for ideas that the BBC commissions in the UK. This lack of clarity runs the risk of allowing BBC Sounds to use its dominant UK podcast position (in terms of amount of shows produced) to then squash commercial potential for independent producers beyond the UK as well as forcing producers to accept a “one size fits all” agreement for the production of podcasts.

8.5 The BBC is supposed to commission shows with the UK license fee payer in mind. If the focus switches to an aspiration to create a global audio platform with globally focused programmes then what does that mean for UK listeners and UK producers?

9. AUDIOUK

9.1 The views expressed here are our own, however [✎] is also a member of AudioUK and part of the motivation for this submission is to support their calls for:

- Further consultation on BBC Sounds once the BBC has made its draft strategy for the platform available to Ofcom and stakeholders
- Reference to BBC Sounds needs to be added to the BBC-Ofcom Operating Licence, with clear remit and requirements
- There should be a regular review of BBC Sounds every two years both in how it operates as a platform and how it commissions content.

10. NEXT STEPS

10.1 In addition to our support for AudioUK we also would suggest the following considerations

- 10.1.1 Clarity on genres or subject areas or amounts of original podcasts the BBC can create with reference to an allowance for the growth of this nascent market.
- 10.1.2 Clarity on the BBC's approach to releasing BBC shows on all free podcast platforms but limiting non BBC shows in access to releasing on BBC Sounds.
- 10.1.3 Clarity on the global strategy for BBC Sounds in how it relates to independent producers.