

Dear Sir

I run a small, independent podcast in a part of the market with a strong BBC competitor.

I believe that the BBC podcast business is fundamentally uncompetitive.

1. **The BBC maintain a closed market at home.** They do not allow non BBC podcasts to be on BBC Sounds. This deprives alternative shows of opportunities for distribution and this damages not just their discovery and trial, but also their total consumption in other non BBC podcast libraries.

In our experience, distribution in different podcast libraries is key to growth. The podcast libraries all use slightly different algorithms to promote their podcasts. However, it is quite a normal customer journey for someone to be exposed to a podcast in one library that one is browsing in, and then to become a regular listener in another library. This explains why your existing research shows great fluidity in where people listen to podcasts. There is a process of podcast discovery and then a process of podcast consumption. People discover and trial podcasts in multiple places but then usually have a favourite consumption place.

The BBC walled garden does not allow competitors that opportunity for discovery and trial within BBC Sounds. You might well say that why should the BBC allow rivals on to what is effectively a channel – it would be akin to the BBC airing Coronation Street on BBC1. However, as can be seen below, the BBC take exactly this approach in reverse.

2. **The BBC take full advantage of the open market.** They freely post their podcasts in non walled gardens like Spotify and Apple, directly competing with other podcasts, while restricting that activity at home. It is as if the BBC air East Enders on BBC1 and on ITV but will not allow Coronation Street on BBC1. In trade terms, it is the equivalent of a country demanding free trade abroad for their exports, while imposing tariff barriers at home. I believe that a competition regulator like Ofcom should find this a fundamentally unfair approach.
3. **The consequence of the BBCs presence in other podcast libraries, combined with its walled garden trial vehicle of BBC Sounds is considerable for competitors.** While there is an unlimited list of podcasts, there is only a limited amount of space to be showcased by the various podcast libraries. It is extremely difficult to promote the podcast if you are not high up in the key algorithmically generated lists.

For example, there are 20 shows which are in each Apple show category library. This is generated by the number of recent subscribers. Effectively the BBC model is to use BBC sounds and their huge marketing budget to push discovery of and trial of their podcasts. Those people then consume the podcast in their favoured library – for example, Apple. The user then presses the subscribe or follow button to enable it. This then appears to Apple as if the podcast has been discovered on Apple and so Apple promote it by placing that podcast on their top 20 list for that category. This then bumps out other shows below the 20 show threshold. This increases the number of subscribers on non BBC sounds platforms and the podcast's position is reinforced. The BBC podcast then get more visibility and so get more subscribers. The non BBC show had to compete without the trial and discovery benefit of

the walled garden library (or the enormous marketing resources) of the BBC.

4. **The BBC podcasts are directly competing for advertising revenue with non BBC podcasts.** It is important to note that the BBC / or their associated production company are taking advertising for their podcasts outside of the BBC environment. While they are not generally taking advertising baked into the show itself they are taking advertising. For example, if you go to the Castbox player you will see that the BBC take visual advertising which shows while the podcast is playing. They have been able to build this audience through their uncompetitive set up.
5. **It seems to me that the BBC are trying to have their cake and eat it.** They want to rampage around the open market, using their elephant sized operations to drive huge presence with algorithms which reward scale. Yet they maintain a rigorous closed market at home with BBC Sounds kept off limits to non BBC productions.
6. **It seems a fair compromise would be for one of two measures to occur:**
 - The BBC should allow non BBC shows into the BBC Sounds environment with a level playing field on promotion of those shows.
 - The BBC should not be allowed to place their shows in other platforms while they continue to operate a walled garden at home and do not allow non BBC podcasts onto BBC Sounds.

Either of these represents a fair competitive landscape – you can either be protectionist or a free trader. But protectionism at home while demanding free trade abroad is neither fair nor competitive.