

## Market position of BBC Sounds – Ofcom call for evidence Wireless response – November 2020

### Summary

1. The BBC occupies a uniquely privileged position in the UK audio market. BBC Sounds represents a major new investment and intervention by the BBC in this market, extending the BBC's existing market position. BBC Sounds has now operated for more than two years without receiving specific regulatory scrutiny or oversight, making Ofcom's decision to review its market position and appropriate regulatory responses both necessary and overdue.
2. A combination of its existing market position, technology investment and content resources have enabled the BBC to create, in BBC Sounds, an audio product which is highly challenging for independent providers to compete against. In Wireless' view, BBC Sounds is exacerbating distortions and perpetuating an unequal playing field in UK audio production, broadcasting and distribution. BBC Sounds has become an effective walled garden for UK listeners, giving rise to deficits in diversity, choice and competition across the UK audio ecosystem.
3. In summary this submission presents evidence that:
  - The BBC holds a unique position in UK audio – enjoying benefits that create a de facto likelihood of market impact, particularly in relation to new digital services;
  - BBC Sounds is now one of the most used audio products in the UK – with a sizeable lead over other UK broadcaster and audio publisher apps;
  - The BBC has poured substantial development resources into BBC Sounds, implementing user features, device interoperability and data usage practices that are beyond the capability of independent providers;
  - The scale of the BBC's podcast output and commissioning resources have resulted in significant market imbalances, contributing to the growth of BBC Sounds, but impeding the development of the independent podcast sector;
  - UK commercial speech radio and podcast companies are not generating profits and inward investment on a par with other international markets such as the US – suggesting that BBC Sounds is not positively stimulating the commercial market;
  - The BBC's development of linear streaming services via its online platforms lacks distinctiveness, public service value and awareness of market impact; and
  - The failure of BBC efforts to integrate independent radio services within BBC Sounds highlights shortcomings in its engagement with the commercial radio industry.
4. Wireless believes that there is an urgent imperative for the BBC to mitigate the harm being caused by its current position and activities in the audio market. By taking a more responsible approach, which is also more aligned with its Royal Charter and Framework Agreement duties, the BBC can help the wider UK audio market to realise its potential in terms of diversity and commercial vibrancy. The primary beneficiaries of this will be listeners and licence fee payers.
5. We would welcome the opportunity to engage further on appropriate mitigation measures as Ofcom progresses its review of BBC Sounds. However, our initial proposals are as follows:

- i. Disclosure of sunk capital costs, and historic and ongoing technology development spend on BBC Sounds to ensure accountability, competitive benchmarking and appropriate value for money.
  - ii. Annual reporting of commissioning spend on BBC Sounds and on other podcast output across the BBC to enable cost benchmarking and improved transparency.
  - iii. Creation of specific Operating Licence conditions to define the scope and remit of BBC Sounds and to ensure that the BBC radio and audio content listed within BBC Sounds is distinctive.
  - iv. Accelerating efforts to agree the inclusion of both commercial radio services and independent podcasts to BBC Sounds in a way which supports value creation on behalf of independent content creators.
  - v. Using the full range of BBC media and editorial platforms in order to signpost third party radio and audio content published outside of BBC Sounds – thereby mitigating the ‘walled garden’ effect.
  - vi. Addressing the position of UK broadcasting on global tech platforms by engaging with industry on a joint policy response.
6. Without mitigations similar to these, the efficiencies and benefits of a more balanced and competitive audio market will remain out of reach to UK consumers. Diversity, innovation and plurality will all suffer. Over time, the cumulative consequences of a market that is not functioning to its potential may make the BBC’s market position increasingly untenable, requiring more significant structural interventions to be deployed to level the playing field.
7. Whilst outside the scope of this review of BBC Sounds, such interventions could include: accelerated FM switch-off of BBC services; a rationalisation of the BBC’s national service line-up; a migration of BBC services to DAB+ to open up capacity on the BBC’s DAB network for independent broadcasters; introduction of contestable access to licence fee funds; and a general realignment of BBC budgetary resources.

## Part 1: Evidence of BBC Sounds' market position and impact

### Evidence – The BBC holds a unique position in UK audio – enjoying benefits that create a de facto likelihood of market impact, particularly in relation to new digital services

8. In justifying its digital product and technology investments, the BBC typically invokes the global technology landscape. For example, in its most recent Annual Plan, the BBC states: “*To compete in a global tech-dominated marketplace, BBC Sounds must find a distinct space in the lives of our listeners*”<sup>1</sup>. At the 2020 Radio Festival, the Controller of BBC Sounds described the service’s main competitors as Spotify, Apple and Amazon Music<sup>2</sup>.
9. Wireless believes that this focus on global tech platforms has prompted the BBC to pay insufficient attention to its scale as a UK broadcaster and content publisher. We address the impact of global platforms in a later section of this response; however we consider the BBC’s position with respect to other UK audio providers to be of much greater significance to this call for evidence. In our view, the BBC’s preoccupation with global competitors has led it to neglect to develop an appropriate engagement with its role within the domestic market.
10. As the UK’s largest provider of radio and podcast content, the BBC occupies a unique position in UK audio. Its impacts touch everything from the digital products accessed and used by listeners, to the size of audiences available to independent services, to consumer expectations in relation to advertising, to the market price of key production inputs (such as producers, music licences, presenters and sports rights).
11. As Ofcom notes in its call for evidence, BBC Sounds is core to the BBC’s audio proposition and sits at the heart of its strategy. It represents a key strategic output of a BBC Charter period in which the BBC has been formally tasked with embracing distinctiveness, within an Ofcom-led regulatory framework that was established to “secure the provision of more distinctive output and services”<sup>3</sup>. This emphasis on distinctiveness followed directly from an understanding that the BBC constitutes a major intervention in the UK broadcasting market, with potential for harmful impacts if not focused appropriately.
12. Wireless’ immediate interest in the BBC’s services is on its speech radio and podcast activities, to which BBC Sounds is now central. This interest results from our operation of talkSPORT, talkSPORT 2 and talkRADIO, as well as the recent launch of Times Radio in partnership with Times Newspapers. To summarise some key aspects of the BBC’s wider UK market position:
  - a. The BBC is the largest radio broadcaster in the UK, with a 49.8% share of UK radio listening, and an annual radio content budget of £477m. This enables it to include the UK’s most popular radio networks in BBC Sounds, and also affording it the ability to run extensive promotion for BBC Sounds to its 34m weekly listeners<sup>4</sup>.
  - b. Within the speech radio market, its share of listening increases to 76% - or 84% within the news category<sup>5</sup>.
  - c. The BBC benefits from a revenue model which does not require the insertion of advertising interruptions – both removing a potential consideration barrier for listeners and also conditioning audiences to expect ad-free content.

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<sup>1</sup> BBC Annual Plan 2020/21, May 2020, <http://downloads.bbc.co.uk/aboutthebbc/reports/annualplan/annual-plan-2020-21.pdf>

<sup>2</sup> Radio Academy, Radio Festival, November 2020

<sup>3</sup> DCMS, ‘A BBC for the future: a broadcaster of distinction’, May 2016; BBC Framework Agreement, December 2016

<sup>4</sup> RAJAR Q3 2020 / BBC Annual Plan 2020/21

<sup>5</sup> RAJAR Q3 2020 / BBC Annual Plan 2020/21

- d. The BBC's share of television viewership is 31%<sup>6</sup>, whilst its website is the most widely accessed UK media website in the UK, which coupled with the absence of a requirement to incorporate advertising, gives it an unrivalled cross-promotional platform for its radio and audio products – such as BBC Sounds.
  - e. The BBC has an unrivalled network of domestic and international news bureaux, providing it with news audio material that it can incorporate into new audio content products.
  - f. Complementing its online distribution via BBC Sounds, the BBC enjoys the widest broadcast distribution of any UK radio broadcaster, with its national radio services all reaching 97% of the UK population via DAB, compared with 92% and 83% for services delivered via the two commercial DAB multiplexes.
13. These factual aspects of the BBC's market position highlight the extent to which it benefits from pre-existing resource and structural advantages that create a de facto likelihood of market impact from new services, if these are not appropriately designed. The potential for disproportionate harm is particularly great in new digital growth sectors, such as connected listening and on-demand audio.
  14. Wireless agrees that the growth of global technology platforms poses significant strategic and policy questions for all broadcasters. However, we do not believe that this justifies harmful BBC behaviour. It also does not negate the BBC's responsibilities to forge partnerships with independent broadcasters and to ensure that all of its services exhibit distinctiveness. As we set out in paragraphs 96 to 98, the BBC has the opportunity to help safeguard the future of UK radio and audio production by collaborating on the UK's regulatory and policy response to these technology platforms.

## **Evidence – BBC Sounds is now one of the most used audio products in the UK – with a sizeable lead over other UK broadcaster and audio publisher apps**

15. The BBC's own published metrics demonstrate the extent to which BBC Sounds has become one of the most used audio products in the UK. According to BBC published metrics:
  - a. BBC Sounds had a Q2 2020 average audience of 3.4 million weekly signed in listeners across its app, website and voice activated devices. The equivalent figure for Wireless' leading audio app product *[REDACTED]*.
  - b. BBC Sounds had 136 million plays of on-demand radio programmes and podcasts in Q2 2020. *[REDACTED]*.
  - c. BBC Sounds had 2.7 million plays of music mixes, which it reported as a 1.4m increase and over double the previous quarter. *[REDACTED]*.
  - d. The BBC reports that 55% of overall plays and 65% of all listening hours on BBC Sounds were for live radio content in Q2. Wireless' equivalent figure for live radio listening *[REDACTED]*.
16. ComScore data also highlights the disparity in audiences for UK radio broadcaster mobile app products. Figure 1 presents comparative data for selected audio apps in the UK. This shows that BBC Sounds is now the UK's most popular radio focused audio app, with an audience three times larger than that of the nearest competitor – TuneIn, and significantly larger than any equivalent UK radio products (highlighted in bold). According to ComScore BBC Sounds' monthly audience is now approaching the scale

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<sup>6</sup> Source: BARB, four week share Total BBC (week of 26 Oct – 1 Nov 2020)

of the most popular podcast app in the UK – Apple Podcasts (an app which accounts for 60-70% of all listening to Wireless podcasts).

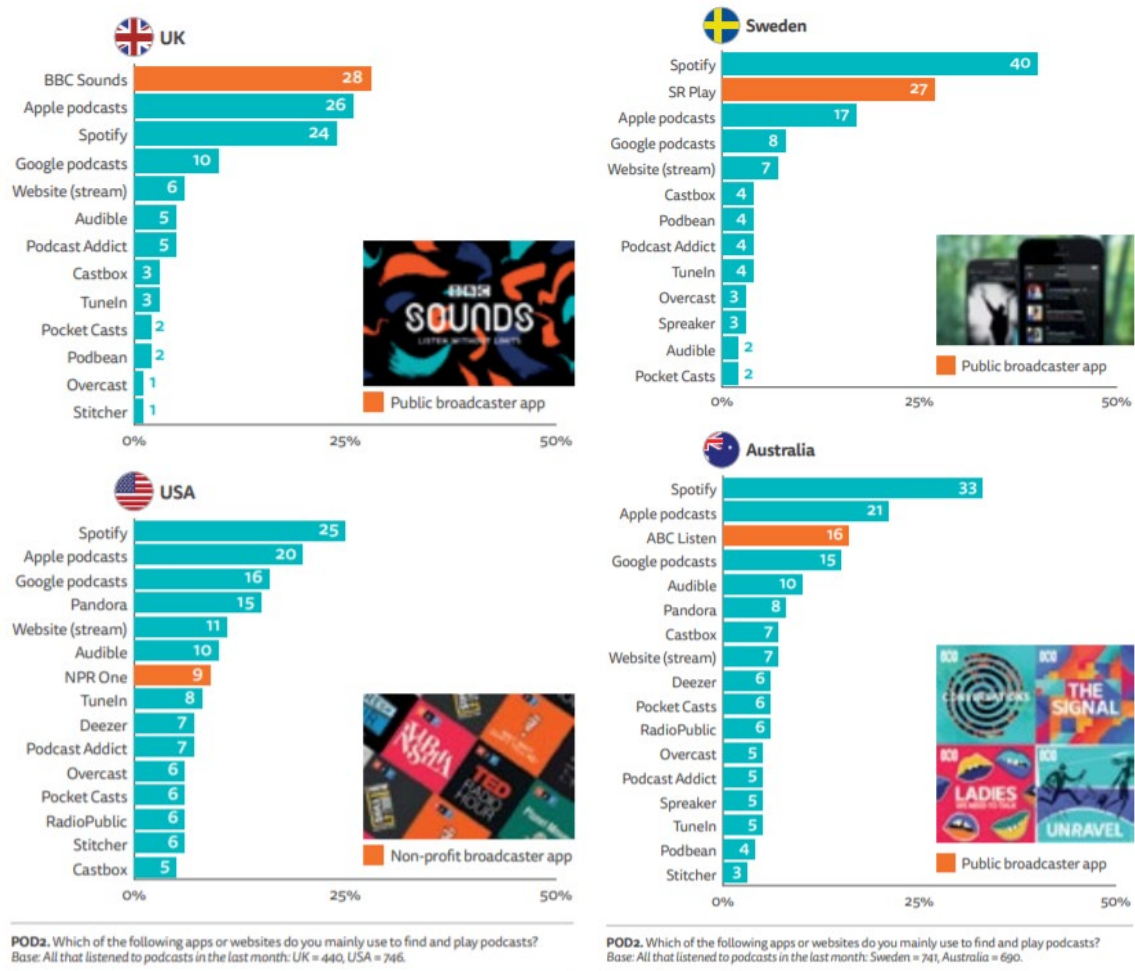
**Figure 1. Monthly unique visitors to audio apps in the UK (September 2020)**

| Application name            | Categories of audio content            | Total Mobile Unique Visitors Sept 2020 (millions) |
|-----------------------------|--|---|
| YouTube                     | Video, music videos, podcasts          | 31.86   |
| Spotify                     | Music, playlists, podcasts             | 12.14   |
| Apple Music                 | Music, playlists, radio                | 6.29  |
| Amazon Music                | Music, playlists, podcasts             | 3.38  |
| Google Play Music           | Music, playlists                       | 3.07  |
| Apple Podcasts              | Podcasts                               | 2.10  |
| SoundCloud                  | Music mixes, podcasts                  | 1.92  |
| Audible                     | Audiobooks                             | 1.66  |
| <b>BBC Sounds</b>           | <b>Radio, music mixes, podcasts</b>    | <b>1.46</b>                                       |
| TuneIn Radio                | Radio, podcasts                        | 0.45  |
| Deezer                      | Music, playlists, audiobooks, podcasts | 0.39  |
| <b>Heart</b>                | <b>Radio, podcasts</b>                 | <b>0.25</b>                                       |
| <b>Radioplayer UK</b>       | <b>Radio, podcasts</b>                 | <b>0.20</b>                                       |
| Simple Radio by Streema     | Radio                                  | 0.20  |
| <b>LBC</b>                  | <b>Radio, podcasts</b>                 | <b>0.17</b>                                       |
| <b>talkSPORT</b>            | <b>Radio, podcasts</b>                 | <b>0.16</b>                                       |
| <b>Absolute Radio</b>       | <b>Radio, podcasts</b>                 | <b>0.14</b>                                       |
| <b>Capital FM</b>           | <b>Radio, podcasts</b>                 | <b>0.13</b>                                       |
| Radio Stations UK - Live FM | Radio                                  | 0.13  |
| <b>Classic FM</b>           | <b>Radio, podcasts</b>                 | <b>0.12</b>                                       |
| Motorola FM Radio           | Radio                                  | 0.11  |
| <b>BBC iPlayer Radio</b>    | <b>Radio, podcasts</b>                 | <b>0.10</b>                                       |
| TIDAL                       | Music, playlists, music mixes          | 0.06  |
| <b>KISS KUBE</b>            | <b>Radio, music mixes, podcasts</b>    | <b>0.06</b>                                       |
| TuneIn Radio Pro            | Radio, podcasts                        | 0.05  |
| Podcast Addict              | Podcasts                               | 0.04  |
| <b>Radio Clyde</b>          | <b>Radio, podcasts</b>                 | <b>0.04</b>                                       |
| <b>Gold</b>                 | <b>Radio, podcasts</b>                 | <b>0.04</b>                                       |
| <b>Radio X</b>              | <b>Radio, podcasts</b>                 | <b>0.04</b>                                       |
| <b>Global Player</b>        | <b>Radio, podcasts</b>                 | <b>0.03</b>                                       |

Source: ComScore Mobile Metrix, September 2020

- Building on this analysis, Figure 2 draws on separate research by the Reuters Institute of Journalism which indicates that amongst public broadcasters, the BBC is in an enviable position in enjoying comparable levels of engagement to Apple Podcasts and Spotify amongst podcast listeners. BBC Sounds' 28% reach amongst monthly podcast listeners compares with 9% for NPR One in the US and 16% for ABC Listen in Australia.

Figure 2. Proportion of podcast listeners that use each platform – selected countries



Source: Reuters Institute for the Study of Journalism, Digital News Report 2020

18. We turn now to some of the factors that have contributed to this disproportionate lead over other UK audio publishers and broadcasters.

**Evidence –The BBC has poured substantial development resources into BBC Sounds, implementing user features, device interoperability and data usage practices that are beyond the capability of independent providers**

19. BBC Sounds has been the beneficiary of significant BBC management attention and technology resources since its launch in 2018. We understand that it had a dedicated team of around 45 engineers, designers, project managers and developers in the period leading up to and directly following its launch; and its continued development indicates significant ongoing resourcing. Based on our own experience, we estimate that BBC Sounds has consumed a cumulative eight figure technology investment to-date, and is likely to benefit from an ongoing £multi-million technology operating budget.

20. The resources devoted to BBC Sounds are evident in its extensive functionality and user experience. Figure 3 incorporates findings of user functionality benchmarking [REDACTED]. As shown, BBC Sounds has only limited feature absences – specifically it lacks the ability to see recently played songs, the track coming up next, along with an

ability to contact the show. These missing features are of marginal importance when compared against the features which are offered in BBC Sounds.

21. Uniquely amongst leading apps for UK radio, BBC Sounds features a car friendly user interface, offline features, catch-up, favourite shows, rewind live shows, aided discovery, podcasts and music mixes. [REDACTED].

**Figure 3. UK radio app feature benchmarking analysis**

|                    | Virgin Radio    | Bauer | Global | BBC Sounds | TuneIn            | UK Radio Player   |
|--------------------|-----------------|-------|--------|------------|-------------------|-------------------|
| User profiling     | No              | No    | Yes    | Yes        | Yes               | Yes               |
| Now playing        | Yes             | Yes   | Yes    | Yes        | No                | No                |
| Played recently    | Yes             | No    | Yes    | No         | No                | No                |
| Up next            | No              | No    | Yes    | No         | No                | No                |
| Car friendly UI    | No              | Yes   | No     | Yes        | Yes               | Yes               |
| Offline features   | No              | Yes   | Yes    | Yes        | Yes               | No                |
| Catch-up           | Highlights only | Yes   | Yes    | Yes        | Yes               | No                |
| Favourite shows    | No              | No    | Yes    | Yes        | Yes               | No                |
| Bookmarked content | No              | Yes   | Yes    | Yes        | Yes               | No                |
| Rewind live shows  | No              | No    | No     | Yes        | Did not work      | No                |
| Aided discovery    | No              | No    | No     | Yes        | Yes               | No                |
| Editorial curation | No              | No    | No     | Yes        | Yes               | No                |
| Podcasts           | No              | No    | Yes    | Yes        | Yes               | No                |
| Music mixes        | No              | No    | Yes    | Yes        | No                | No                |
| Contact show       | Yes             | Yes   | No     | No         | No                | No                |
| HLS streaming      | No              | No    | No     | Yes        | Station dependent | Station dependent |

22. The BBC’s annual plan indicates that its Sounds development team has already earmarked further feature development, on top of its existing industry-leading feature set. This includes the planned addition of more podcasts and music streams, as well as the inclusion of themed playlists (“*scheduled online streams that make it easy to find and listen to throughout the day, through curated streams of wellbeing, companionship, comedy and music.*”).
23. The BBC has also promised that: “*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.*”<sup>7</sup>
24. Another key area of audio app development by radio broadcasters relates to device compatibility. This is another area where the BBC’s technology resources and investment have paid dividends. As set out below, BBC Sounds works on nearly all connected devices which are used by UK listeners to access radio and other audio content. The range of operating systems that are involved in securing this accessibility is very extensive, with significant backend engineering and user experience optimisation entailed in ensuring full interoperability.

<sup>7</sup> BBC Annual Plan 2020/21, May 2020, <http://downloads.bbc.co.uk/aboutthebbc/reports/annualplan/annual-plan-2020-21.pdf>

Figure 4. Analysis of BBC Sounds and Wireless app device compatibility

|  | BBC Sounds  | Wireless apps |
|--|---|---------------|
| Mobile app                                   | iOS, Android  | [REDACTED]    |
| Website with equivalent functionality to app | Yes – supports PC, tablet and mobile formats  | [REDACTED]    |
| Connected car interoperability               | Apple Carplay, Android Auto   | [REDACTED]    |
| Smart speaker interoperability               | Amazon Alexa integration with account linking   | [REDACTED]    |
| Mirroring on a streaming device              | Airplay, Chromecast   | [REDACTED]    |
| Connected TV interoperability                | List of integrations at <a href="https://www.bbc.co.uk/sounds/help/questions/supported-devices/connected-tv">https://www.bbc.co.uk/sounds/help/questions/supported-devices/connected-tv</a> | [REDACTED]    |

- Another crucial aspect of the BBC’s development of BBC Sounds is the BBC’s ability to integrate “BBC ID” user account data across its suite of digital products. This integration of user data across products such as BBC Sounds, iPlayer and the BBC website facilitates a level of user profiling, content performance insights, personalisation and promotional activity which is unavailable to rival broadcasters.
- The example below is an excerpt of a BBC dedicated email, which included promotion for specific audio content on BBC Sounds, and explains that the recommendation was based on BBC held data on the user’s previous viewing, listening and web browsing habits.

### Are we getting this right?

Are we getting this right? We’ve sent you this dedicated ‘Sport’ email based on what you’ve already watched, read or listened to from across the BBC. Let us know if you’re happy to continue receiving “Sport” emails by using the thumb icons.



[Send more Sport emails](#)



[Stop sending Sport emails](#)

- A further important impact of the BBC’s technology spend on BBC Sounds is the imperative it has created for commercial competitors to initiate or maintain parallel investment in their own digital audio product platforms. [REDACTED] importance of ensuring an appropriate presence on connected device platforms, and in securing feature and functionality parity to other UK broadcasters.
- [REDACTED].



**Evidence – The scale of the BBC’s podcast output and commissioning resources have resulted in significant market imbalances, contributing to the growth of BBC Sounds, but impeding the development of the independent podcast sector**

29. The unrivalled feature set and device compatibility enjoyed by BBC Sounds is complemented by its access to the most extensive podcast library of any broadcaster and publisher in the UK – and indeed one of the largest in the world. As set out in the recent BBC Annual Plan, the BBC is a “globally pre-eminent producer of speech audio”.
30. Focusing on the UK market – the primary focus in considering the market position of BBC Sounds – it is clear that the BBC is by some distance the UK’s largest podcast publisher. It has 167 titles currently listed on the BBC Sounds website and achieved 240 million global plays of its podcasts in Q2<sup>8</sup>. This size of listenership is underpinned by access to the combined audio output of the BBC’s national and local radio networks, along with the BBC World Service, as well as a separate dedicated podcast commissioning budget.
31. The 240 million global plays generated by the BBC’s podcasts in Q2 puts BBC Sounds comfortably within the top 10 of global podcast publishers – with only leading US providers such as iHeartMedia, NPR, New York Times, ESPN/ABC, and PRX likely to be able to claim comparable figures<sup>9</sup>.
32. Within the UK market, we estimate that no other broadcaster or publisher comes remotely close to rivalling this volume of listenership, [REDACTED]<sup>10</sup>.
33. The BBC’s Annual Plan claims that the BBC has “*set a new bar for the quality and the timely relevance audiences now expect from speech audio*” and points to continued direction of financial resources for podcast commissioning: “*We will focus our commissioning spend to ensure we are delivering bigger, world-leading podcasts as well as long-running commissions that will become favourites for years to come.*”<sup>11</sup>
34. The consequence of commissioning spend is that the BBC is able to offer popular podcast content spanning every content vertical, as shown in Figure 5.

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<sup>8</sup> <https://www.bbc.co.uk/mediacentre/latestnews/2020/sounds-q2>

<sup>9</sup> Wireless analysis based on US Podtrac publisher rankings data and other sources

<sup>10</sup> Source: Acast Insights

<sup>11</sup> BBC Annual Plan 2020/21, May 2020, <http://downloads.bbc.co.uk/aboutthebbc/reports/annualplan/annual-plan-2020-21.pdf>

Figure 5. Examples of BBC podcast output by genre / category

| Podcast category              | BBC examples   |
|-------------------------------|--|
| <b>News</b>                   | Newscast, Beyond Today, BBC Minute   |
| <b>Documentaries</b>          | The Frost Tapes, Tunnel 19, End of Days  |
| <b>True crime</b>             | The Doorstep Murder, Death in Ice Valley, The Missing Cryptoqueen  |
| <b>Politics</b>               | Political Thinking with Nick Robinson, Americast, Week in Westminster  |
| <b>Business</b>               | Money Box, Wake Up To Money, Ask Martin Lewis Podcast  |
| <b>Science and Technology</b> | The Infinite Monkey Cage, The Curious Cases of Rutherford & Fry, 13 Minutes to the Moon, Crowd Science   |
| <b>Sport</b>                  | Football Daily, Match of the Day, Test Match Special, Tailenders   |
| <b>Entertainment</b>          | Strictly Come Dancing Podcast, Elis James and John Robins  |
| <b>Comedy</b>                 | Friday Night Comedy, Rhod Gilbert's Bulging Barrel of Laughs, Mae Martin, Tez Ilyas, Sarah Millican and Twayna Mayne   |
| <b>Drama</b>                  | The Piper, The Archers, Fake Heiress   |
| <b>Audiobooks</b>             | 'The Testaments' by Margaret Atwood, 'Life On Earth' by David Attenborough, Jon Ronson's 'So You've Been Publicly Shamed', 'The Mirror And The Light' by Hilary Mantel and 'Queenie' by Candice Carty-Williams |
| <b>Arts</b>                   | Desert Island Discs, Kermode and Mayo's Film Review  |
| <b>Music</b>                  | PopMaster, James Acaster's Perfect Sounds, Classical Fix, Little Mix The Search  |
| <b>History</b>                | You're Dead to Me, In Our Time   |
| <b>Family</b>                 | The Likely Dads, CBeebies Radio, 500 Words' Bedtime Stories, Homeschool History  |
| <b>Health and fitness</b>     | The Joe Wicks Podcast, 10 Today, How do you Cope   |
| <b>Food</b>                   | The Food Programme, The Kitchen Cabinet  |

35. In addition to its comprehensiveness, the BBC's podcast offering is of consistently high quality, in terms of production values and individual show budgets. This has led Wireless to identify significant imbalances in typical production spend between the BBC and other UK podcast publishers. The BBC's typical production budgets for 'pop' podcasts range from £2-£4k per episode excluding talent fees<sup>12</sup>, whilst recent Radio 4 podcast commissioning briefs have provided guide prices of £3.5k-£5k per episode including talent fees.

36. Comparable Wireless podcast production costs [REDACTED].

<sup>12</sup> BBC Radio Commissioning Brief No.: 111009 – 'Pop Podcasts Formats'  
[http://downloads.bbc.co.uk/radio/commissioning/BBC\\_Pop\\_Podcasts\\_Formats\\_Q4.pdf](http://downloads.bbc.co.uk/radio/commissioning/BBC_Pop_Podcasts_Formats_Q4.pdf)

**Figure 6. Comparative example of Wireless podcast budget**

**Presenter fee:** [REDACTED]

**Producer fee:** [REDACTED]

**Studio hire:** [REDACTED]

**Music licences:** [REDACTED]

**Guest fees:** [REDACTED]

**Per episode cost:** [REDACTED]

**Per episode revenue:** [REDACTED]

37. Another aspect of podcast production where BBC Sounds is able to leverage advantages associated with the BBC's existing market position relates to music rights. Here, the BBC's rights agreements with the music industry enable it to use commercially available music in their podcasts, with its 'Pop Podcasts Format' commissioning document noting "*We can include up to 30 seconds of any commercial music track in our podcasts if that podcast is broadcast on a linear network*".
38. Whilst many popular BBC podcasts are unique and provide a clear public service, such as its YUNGBLUD series, other shows like The Gemma Collins Podcast are pure entertainment, presented by a personality discovered and groomed for stardom by an independent production company. Another example of a BBC podcast which we consider as being derivative and generic in nature is its Constantly Evolving podcast in which the US rapper Eve interviews celebrities about their lives.
39. The BBC's current commissioning documents indicate that further similar ideas are planned - with 'pop culture unpicked' and 'tell it like it is' both constituting ideas that are well served by the independent podcast market. BBC expansion in these areas pose further competitive threads to independent producers seeking to generate commercial opportunities in these areas of the market.
40. The BBC has argued previously that its extensive range of podcast commissioning activity is helping to grow overall podcast audiences for the benefit of the wider market. Wireless sees no evidence that UK audio market growth is ahead of other markets, i.e. implying that there has been a halo benefit from the BBC's activities. Instead, Wireless believes that given the BBC's already considerable market share and unrivalled funding, the BBC's podcast activities are constraining opportunities for independent providers by flooding the market with ad-free content.
41. In parallel, the breadth and depth of BBC podcast output, coupled with the convenience for users of limiting their audio consumption to a limited number of apps, are reducing incentives for listeners to explore audio content beyond the BBC Sounds walled garden.
42. In addition, in terms of wider market development, the BBC is naturally incapable of stimulating increased interest in podcasts amongst advertisers. Instead, its approach to podcasting through BBC Sounds engrains consumer expectations that podcasts will not include commercial messaging, offering a uniquely advertising free environment that makes it more difficult for independent providers to secure customer acceptance for their commercially funded podcasts and audio apps.

**Evidence – UK commercial speech radio and podcast companies are not generating profits and inward investment on a par with other international markets such as the US – suggesting that BBC Sounds is not positively stimulating the commercial market**

43. The UK audio market has access to a rich pool of creative talent, strong brands, and in the English language, an obvious attribute in creating globally successful audio propositions. Despite this, key data indicates that the UK audio market has yet to realise its potential, in comparison to other international markets. Indeed, the evidence is of significant challenges for commercial providers in generating profits. Unlike the US market, which is achieving revenue scale and experiencing significant corporate investment activity, the UK digital audio market remains nascent and under-developed.
44. Globally, ad-funded digital audio was estimated by PWC in 2019 as a \$5bn market. This is roughly split between online radio (\$2bn), podcasting (\$1bn) and ad-funded music streaming (\$2bn). North America was estimated to account for around 70% of current spend (compared with a circa 3% from the UK)<sup>13</sup>.
45. In recent years, US focused investment in audio start-ups and podcast companies is estimated by Wireless to have exceeded \$1.3bn (see Figure 7). During this period, there has not been equivalent investment activity focused on the UK. This offers clear evidence that the BBC’s market position and activities have not contributed to a financially vibrant UK market for digital audio advertising and spoken word content.

**Figure 7. Recent acquisitions of podcast and audio companies**

| Target        | Acquired by | Date           | Reported value             |
|---------------|-------------|----------------|----------------------------|
| Midroll       | EW Scripps  | July 2015      | \$50m+                     |
| Stitcher      | EW Scripps  | June 2016      | \$4.5m                     |
| Stuff Media   | iHeartMedia | September 2018 | \$55m                      |
|               |             |                |                            |
| Anchor        | Spotify     | February 2019  | \$150m + \$22m (incentive) |
| Gimlet        | Spotify     | February 2019  | \$189m + \$44m (incentive) |
| Parcast       | Spotify     | April 2019     | \$54m + \$47m (incentive)  |
| Cadence13     | Entercom    | August 2019    | \$50m                      |
| Pineapple St  | Entercom    | August 2019    | \$18m                      |
| The Ringer    | Spotify     | February 2020  | Up to \$195m (+incentives) |
| Stitcher      | SiriusXM    | July 2020      | \$265m + \$60m (incentive) |
| Voxnest       | iHeartMedia | October 2020   | \$50m                      |
| Megaphone     | Spotify     | Pending        | \$235m                     |
| <b>TOTAL:</b> |             |                | <b>\$1.3bn+</b>            |

Sources: Podnews / TechCrunch / CNBC

46. In relation to speech radio – which comprises a significant component of the BBC Sounds offering – an instructive example of the challenges faced by commercial

<sup>13</sup> PWC Media and Entertainment Outlook, 2019

providers is to be found in Wireless' own stable. Wireless has launched a number of new digital radio services in recent years - including speech services talkSPORT 2 and talkRADIO in March 2016 and Times Radio in June 2020.

47. By the end of 30 June 2020, Wireless expects that the cumulative operating losses since launch of talkSPORT 2 will be [REDACTED]. (see Figure 8) and talkRADIO [REDACTED] (Figure 9). [REDACTED].

**Figure 8. talkSPORT 2: Summary P&L**

[REDACTED]

**Figure 9. talkRADIO: Summary P&L**

[REDACTED]

*Notes on Figures 8 and 9:*

*Revenue includes digital and social media revenue but excludes News UK internal advertising  
Costs reflect current internal allocation policies and may differ from prior disclosures to Ofcom.*

48. In relation to podcasting, a leading UK podcasting company is AudioBoom. Despite significant press and media attention on the growth of the podcast sector, this company remains loss-making and was recently reported by Sky News as having terminated a prospective sale process having not identified suitable buyer interest<sup>14</sup>.

**Evidence – The BBC's development of linear streaming services via its online platforms lacks distinctiveness, public service value and awareness of market impact**

49. Ofcom's publication of its call for evidence about the market position of BBC Sounds was accompanied by news that the BBC could proceed with its planned launch of a new linear audio service – Radio 1 Dance. We note that Ofcom concluded that a public interest test was not necessary, because the new channel repurposed existing content and was therefore not a material change to existing services.
50. Wireless is not an active participant in the UK dance market. However we are concerned at the potentially precedential implications of this determination to the BBC's ability to develop other new live, linear audio services, as well as expanding its existing live radio services.
51. In particular, Wireless is concerned at the prospect of further expansion by the BBC in relation to linear speech radio services. The BBC's existing 76% share of UK speech radio listening ought to naturally rule out further BBC expansion in this sector. However over recent years there have been persistent industry rumours that the BBC may seek to develop new linear news and sports channels on BBC Sounds. Such proposals would inevitably cause significant harm to independent provision, undermining commercial investment in channels such as Times Radio, talkSPORT 2 and talkRADIO.
52. Outside of theoretical future changes, an existing example of the BBC making harmful incremental expansions to its linear audio service line-up relates to its expansion of 5 live sports extra and provision of a new online cricket content.
53. During 2018 and 2019, the BBC made significant moves in relation to coverage of cricket on radio. This occurred in apparent response to talkSPORT's acquisition of overseas England cricket tour rights. These cricket tours received significant Wireless editorial, marketing and sales focus, but despite favourite press and audience feedback,

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<sup>14</sup> Sky News, October 2020, <https://news.sky.com/story/podcaster-audioboom-hits-right-note-with-singapore-investor-12103426>

[REDACTED]. In each case, coverage was predominantly carried on talkSPORT 2, [REDACTED].

54. The BBC's response to the challenge from talkSPORT 2 was to acquire the radio rights to the Indian Premier League previously held by talkSPORT 2, and upgrade its existing non-exclusive rights to the 2019 Cricket World Cup to exclusive rights, thereby effecting a clean sweep of cricket coverage on national radio stretching from March to December 2019. In addition, the BBC launched a new online live audio service, "The Cricket Social", which acted as an effective 'spoiler' for talkSPORT 2's official coverage of the overseas tours that bookended this period during the winters of 2018/19 and 2019/20.
55. The Cricket Social was a live audio stream providing live discussion related to the cricket tours to which talkSPORT had held exclusive rights. It was distributed on the BBC Sport website and app, and featured "the stars of Test Match Special". It benefited from significant exposure on the BBC's broadcast channels, through the BBC Sports website and mobile apps, and via BBC official social media accounts, including endorsement by BBC presenters.<sup>15</sup> Given the BBC's lack of official rights and the availability of official, free-to-air coverage on talkSPORT 2 featuring similar presenter talent, it provided limited obvious public value to licence fee payers.
56. In parallel to launching The Cricket Social, the BBC has continued with its efforts to expand the scope of 5 live sports extra, as well as initiating a practice of acquiring audio rights for BBC Sport's online platforms. We are also concerned that this activity could pave the way for future efforts to acquire rights for BBC Sounds.
57. A key example of the BBC's efforts to expand the scope of 5 live sports extra is the acquisition of Indian Premier League cricket rights (which talkSPORT 2 had innovated in bringing to UK radio following its launch in 2016). A response received by Wireless from the BBC's Executive Complaints Unit in October 2019 effectively confirmed that these rights were acquired for use by 5 live sports extra and BBC online – with insufficient use by 5 live as would ordinarily justify a new acquisition. The press announcement for the IPL rights acquisition also exclusively referred to these two services<sup>16</sup>.
58. In relation to 5 live sports extra, these acquisitions therefore directly contravene historic regulatory restrictions which we have summarised later in paragraph 81.
59. In relation to BBC online, the ECU Response stated that the IPL rights were acquired "*in line with BBC Sport's strategy of providing live coverage across a range of services, including online*". However, Wireless is not aware of any operating or regulatory mandate for the BBC's online services to acquire their own audio rights. The established mechanism for the BBC's online platforms to carry audio sports coverage is to simulcast the BBC's public radio services – with acquisitions led by the relevant BBC service.
60. The ECU Response also disclosed other rights acquisitions by 5 live sports extra and BBC online without approval to a change in operating remit. A claimed justification was that these are for "*generally lower profile sports*" (although 'low profile' is not a description that could credibly be applied to cricket). The ECU's response indicated that these acquisitions followed the transition from BBC Trust to Ofcom regulation that took place between 2016 – 2017, as well as post-dating regulatory decisions to decline requested changes in 5 live sports extra's remit in 2011 and 2015.
61. There is no indication that the BBC has assessed the materiality of these rights acquisitions. Nor has it consulted on them, set out proposed scope and parameters, undertaken an assessment of market impact or sought to weigh the public value justification. In relation to materiality, the ECU Response included evidence of a

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<sup>15</sup> See <https://www.bbc.co.uk/sport/cricket/45725890>

<sup>16</sup> BBC Website, 'IPL 2019: BBC to broadcast ball-by-ball commentary', March 2019 <https://www.bbc.co.uk/sport/cricket/47668026>

significant increase in 5 live sports extra broadcast hours, with IPL and Cricket World Cup coverage contributing to 5 live sports extra broadcasting 868 hours of output in Q1 of 2019/20. This would extrapolate to 3,472 hours on an annual basis – materially higher than the annual total in each of the previous three years.

62. In August 2019, Wireless referred related concerns about BBC cricket rights acquisition practices to the BBC's Executive Complaints Unit. The ECU's response contained substantive flaws which in Wireless' view resulted in the ECU reaching incorrect conclusions. It also revealed glaring absences of transparency concerning relevant practices designed to minimise the potential for the BBC's activities to have undue negative competitive impacts.
63. These failings have left us with a prevailing impression of both the BBC's inability to grasp or to seek independent, objective advice on the market impact of its live radio operations, and also an unwillingness to submit voluntarily to appropriate regulatory oversight. Unfortunately, in seeking to escalate our concerns based on these manifest failings, we came up against the complexity of the BBC regulatory framework, coupled with an absence of relevant precedents.
64. Wireless maintains that the effect of the BBC's actions has been to stifle innovation, cause commercial harm to Wireless and impair an opportunity for listeners to benefit from the additional choice delivered via talkSPORT 2, a digital channel which does not enjoy the same levels of awareness and cross-promotional support across TV, radio and online as the BBC's outlets.
65. These issues highlight important and unresolved issues for Wireless. Their significance to this call for evidence comes in the context of comments by the BBC that:

*"we want Sounds to have the best radio listening experience online. We will put radio and, in particular, live radio at the heart of BBC Sounds, amplifying live moments by promoting them from the front page and supporting them with on-demand content. Over a longer time-frame we intend to innovate around online listening, giving audiences more control and enabling them to go from live experiences deeper into the content they love. And we will explore the opportunity to bring together existing content on Sounds in scheduled online streams that make it easy to find and listen to throughout the day, through curated streams of wellbeing, companionship, comedy and music."*<sup>17</sup>
66. The linear audio plans alluded to in these comments are vague and not clearly defined. Wireless requests that Ofcom arranges disclosure of the BBC's specific proposals for live and linear audio services on BBC Sounds, and that it acts from a starting assumption that they are likely to be material in view of the BBC's existing unique scale and market position. These proposals should therefore be subject to rigorous assessment, to establish properly their market impact and extent of any public service justification.

### **Evidence – The failure of BBC efforts to integrate independent radio services within BBC Sounds highlights shortcomings in its engagement with the commercial radio industry**

67. At the time of launch, the BBC set out that *"Growing the market for everyone is one of the roles of our new app - BBC Sounds"*. In March 2019, the BBC confirmed that it was in discussions with "key UK stakeholders" on how listeners could enjoy live linear radio and podcasts from third party providers. The BBC's Director of Radio wrote *"Our aim is*

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<sup>17</sup> BBC Annual Plan 2020/21, May 2020, <http://downloads.bbc.co.uk/aboutthebbc/reports/annualplan/annual-plan-2020-21.pdf>

*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.”<sup>18</sup>*

68. Wireless spent five months during the middle of 2019 in engaging with this opportunity to list its radio services in BBC Sounds. With the authority of its board, Wireless formally accepted the BBC’s invitation to join the platform in September 2019. Our acceptance was on the basis of [REDACTED].
69. [REDACTED].
70. Unfortunately, Wireless’ acceptance of the BBC’s invitation was subsequently withdrawn by the BBC on the grounds of insufficient similar third party interest. Wireless has sympathy for commercial music broadcasters feeling ambivalent towards participation in BBC Sounds. Ultimately Wireless was successfully persuaded that integration of our services would have beneficial impacts, including in relation to our unique speech services, so we are disappointed that the BBC was unable to develop proposals that engendered similar confidence amongst other commercial broadcasters.
71. [REDACTED].
72. Currently, Wireless understands that the BBC has no active plans to advance any form of collaboration of this kind with Wireless, as we were informed that BBC resources are finite and will be focused elsewhere. We consider this to constitute a missed opportunity for the BBC to have engaged positively with the independent audio sector. As set out in the following section of this submission (dealing with potential mitigation measures), we believe that these conversations should be revisited.

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<sup>18</sup> Blog by James Purnell, March 2019 <https://www.bbc.co.uk/blogs/aboutthebbc/entries/d1624a77-bd3d-48c3-ad42-301f19263364>



## **Part 2: Opportunities to mitigate the potentially harmful impact of BBC Sounds and to enhance its public value on behalf of UK listeners**

### **Mitigation opportunity – Disclosure of sunk capital costs, and historic and ongoing technology development spend on BBC Sounds**

73. As set out in paragraph 19 and elsewhere in this submission, BBC Sounds has benefited from significant BBC technology investment. We encourage Ofcom to arrange disclosure by the BBC of detailed information on its investment and ongoing expenditure on BBC Sounds.
74. Such disclosure will provide for improved accountability, enable competitive benchmarking to ensure that the investment allocation is not creating wider distortions within the market, as well as allowing Ofcom to assess value for money.

### **Mitigation opportunity – Annual reporting of commissioning spend on BBC Sounds and on other podcast output across the BBC**

75. This submission has highlighted the scale of audio content offering that BBC Sounds benefits from. In parallel with disclosing technology expenditure, we encourage Ofcom to arrange disclosure of the ongoing content spend on BBC Sounds, and on BBC podcast output across all services.
76. As with publication of technology expenditure, disclosure of content spend will provide for improved accountability, enable competitive benchmarking to ensure that the investment allocation is not creating wider distortions within the market, and allow Ofcom to assess value for money.

### **Mitigation opportunity – Creation of specific Operating Licence conditions to define the scope and remit of BBC Sounds and to ensure that the BBC radio and audio content listed within BBC Sounds is distinctive**

77. As set out at the outset of this submission, BBC Sounds has now operated for more than two years without receiving specific regulatory scrutiny or oversight. Its operating parameters are not publicly defined and it is not subject to any specific regulatory conditions to ensure delivery of public value.
78. The current BBC Charter and Framework Agreement sought to pave the way for enhanced distinctiveness commitments for BBC services. Part 2 of Schedule 2 of the Framework Agreement states:

*"In imposing the regulatory conditions in the first Operating Licence, Ofcom must seek to increase the current requirements on the BBC as a whole to secure the provision of more distinctive output and services. In particular, Ofcom must-*

- *have a presumption against removing any of the current requirements which would result the provision of less distinctive output and services;*
- *consider the case for increasing the current requirements in areas where the BBC has exceeded those requirements or where this would support the provision of distinctive output and services;*
- *consider the case for setting requirements in areas where an improvement in performance would secure the provision of distinctive output and services;*

- *consider the need for the BBC to reflect, represent and serve audiences taking into account the needs of the diverse communities of the United Kingdom's nations and regions."*
79. Despite this directive for enhanced distinctiveness conditions, the finalised BBC Operating Licence developed by Ofcom reduced the overall number of regulatory conditions on BBC services. In our view, this has opened a door to the BBC reducing the public service value of its radio services, duplicating independent provision and withdrawing from pre-existing commitments that secured delivery of content of clear public value. By extension this has influenced the distinctiveness of the radio services distributed via BBC Sounds.
80. For example, the following requirements historically applied to BBC Radio 5 live and were not replicated in the Operating Licence, making their delivery less certain than under the pre-existing regulatory regime:
- "[5 live] should be BBC Radio's main outlet for breaking news by bringing its audience major news stories as they happen"
  - "The service should give a broader perspective on current affairs through original and investigative journalism"
  - "The weekday peak hours at breakfast and evening drivetime should comprise high-quality news programming covering the main news agenda of the day"
  - "All 5 live news programmes should clearly reflect the BBC's mission to provide the best journalism in the world"
  - "When major international stories break, BBC Radio 5 live should present live from the scene if possible with access to a network of BBC radio news reporters and producers"<sup>19</sup>
81. In relation to 5 live sports extra and the BBC's online platforms, the BBC was previously subject to clear prohibitions on acquiring sports rights for these services:
- The historic BBC Trust service licence for 5 live sports extra stated that the channel *"should exploit sports rights owned by the BBC that cannot be accommodated by BBC Radio 5 live or Radio 4 Long Wave. However, it should not provide an additional outlet for which the BBC would bid for rights against commercial broadcasters."*<sup>20</sup>
  - This maintained a statutory condition imposed at the establishment of 5 live sports extra, based on distinctiveness and market impact considerations. Specifically, the Secretary of State's 2001 approval notice stated *"In particular, the service must be used solely as an overflow for rights that have been obtained for broadcasting on Radio Five Live and Radio 4 Long Wave and must not provide an additional outlet for which the BBC will bid against commercial broadcasters"*<sup>21</sup>.
82. The lack of continuing reference to these requirements in the Operating Licence has given rise to ambiguities as to the current operating parameters for BBC services. In a response from the BBC's Executive Complaints Unit received by Wireless in August 2019, the BBC acknowledged that *"the previous BBC Trust service licence provisions can be viewed as setting an expectation of the operating parameters of a service and established normal operating parameters within the BBC for the period the Trust existed, and therefore may be relevant to understanding whether a change to a service*

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<sup>19</sup> BBC Trust, 5 live service licence, April 2016

<sup>20</sup> BBC Trust, 5 live sports extra service licence, April 2016

<sup>21</sup> Secretary of State for Culture, Media and Sport, 'Conditions and Approvals of the BBC's proposals for five new digital radio stations: 1Xtra, BBC 6 Music, BBC 7, BBC Asian Network and Five Live Sports Extra', September 2001

*has occurred.” A relevant precedent was also cited, namely “Ofcom’s decision to set the new iPlayer baseline for all BBC inclusive of all previous BBC Trust regulatory permissions for the BBC”<sup>22</sup>.*

83. Given the privileged market position enjoyed by BBC Sounds, it is all the more important that this ‘new’ service – together with the radio services distributed within it – demonstrates exemplary standards of distinctiveness. Wireless also believes that the right moment has arrived for a full interim review of the Operating Licence, and reconsideration of the appropriate regulatory conditions to secure distinctive BBC audio services and clarify current operating requirements under Ofcom.
84. Therefore, alongside reviewing the conditions attached to existing BBC radio services, we suggest the introduction of new Operating Licence commitments relating to BBC Sounds such as:
  - A requirement for every BBC podcast to exhibit distinctiveness and clear alignment with the BBC’s public purposes;
  - Requirements for the BBC to focus on specific examples of editorial genres which are more challenging for commercial providers to fulfil;
  - Quantitative limitations on the overall volume of podcast content capable of being published by the BBC – to ensure that it is not crowding out independent providers;
  - Clear operating parameters around the BBC’s ability to offer additional live audio output on BBC Sounds, including the acquisition of related programming inputs and rights, in order to address the issues highlighted in paragraphs 49 to 66 of this submission;
  - Conditions defining arrangements for listing and signposting third party audio content within BBC Sounds.

**Mitigation opportunity – Accelerating efforts to agree the inclusion of both commercial radio services and independent podcasts to BBC Sounds in a way which supports value creation on behalf of independent content creators**

85. Rather than catering to all areas of UK content interest, digital fragmentation of audience taste and consumption necessarily precludes the BBC from catering to every audience niche. However this in fact presents significant opportunities for UK listeners, since areas of the market that the BBC is unable to cater to directly will inevitably become areas of innovation and creative focus for independent providers. Times Radio is an example of this occurring in practice.
86. Wireless believes that the BBC can embrace diversity and plurality in audio content delivery by redoubling its efforts to find appropriate ways to list third party audio on BBC Sounds. Crucially, this should encompass not just third party podcasts – as the BBC has already proposed – but also live commercial radio services such as those operated by Wireless. In other words, revisiting the aborted discussions recounted in this submission.
87. If limited only to podcast output, this mitigation measure will only be partially effective, since it would engrain the ‘walled garden’ effect described in this submission in relation to independent speech (and music) radio.
88. However, if structured appropriately and including all forms of audio, the listing of third party content on BBC Sounds could usher in a welcome and revised approach by the BBC to the independent audio market. It would stand in contrast to the BBC’s hitherto

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<sup>22</sup> BBC Executive Complaints Unit, Response to Wireless complaint, October 2019

response to Wireless' investment in new speech radio services and create undoubted value for licence fee payers, with services such as talkSPORT 2 and Times Radio having obvious potential to enrich the BBC Sounds offering.

89. Should such proposals be taken forward, Wireless would welcome the opportunity to provide further input, drawing on our experience of discussions with the BBC during 2019.

### **Mitigation opportunity – Using the full range of BBC media and editorial platforms in order to signpost third party radio and audio content published outside of BBC Sounds thereby mitigating the ‘walled garden’ effect**

90. In tandem with listing third party audio content in BBC Sounds, Wireless believes that the BBC should initiate a programme of systematically highlighting relevant independent radio and podcast content to users of BBC services. As demonstrated previously in this submission, the BBC enjoys unrivalled multi-platform reach, which creates an opportunity for the BBC to realise additional public value through the appropriate signposting of independent free-to-air content. If properly and systematically pursued, this strategy could help to mitigate the ‘walled garden’ effect described in this submission.
91. This is an area which has received historic regulatory attention. For instance, the BBC Trust’s 2013 online service review identified a need for “more consistency” in this area<sup>23</sup>. In addition, as the image below shows, the BBC has previously been content to signpost independent TV coverage of World Cup matches via its sport website (in this case including the channel operated by talkSPORT’s then parent company UTV); however it has drawn the line at signposting independent radio coverage.



92. Signposting independent audio content would also serve to meet audience needs identified in Ofcom’s own distinctiveness research. One of the participants in a 2017 research study quoted interest in the availability on national radio of Indian Premier League cricket (IPL) – which at that time was already carried on talkSPORT 2. This evidence of BBC users being unaware of the availability of relevant independent free-to-

<sup>23</sup> BBC Trust, BBC Online Service Licence, April 2016

air audio coverage clearly supports the BBC signposting the availability of such content<sup>24</sup>.

93. The current COVID-19 pandemic has added further public service justification for signposting the availability of free-to-air coverage of sporting events via independent radio, given the lack of access to stadia. [REDACTED].
94. More generally, the pandemic has created significant financial headwinds for many commercial audio providers, whilst also reducing their ability to invest in external promotion. A responsible programme of BBC cross-promotion would help to guard against the possibility of existing market imbalances being compounded as a result of the BBC's insulation from advertising downturns.
95. These proposed signposting measures also have particular importance in advance of the implementation of our proposal for direct listings for third party radio content within BBC Sounds. We believe that should also continue and accompany any third party content listings – with the inclusion of the relevant content within BBC Sounds also lending itself to natural editorial integrations from other BBC online services such as the BBC News and BBC Sport websites and mobile applications.

#### **Mitigation opportunity – Addressing the position of UK broadcasting on global tech platforms by engaging with industry on a joint policy response**

96. The BBC's Annual Plan states that "*To compete in a global tech-dominated marketplace, BBC Sounds must find a distinct space in the lives of our listeners.*"<sup>25</sup> Wireless agrees that global technology platforms present a challenge to domestic UK broadcasters, however we believe that the BBC should seek to address this challenge collaboratively with the wider UK radio and audio sector.
97. Rather than broadcasters developing their own proprietary engagement with technology platforms, as the BBC has done with BBC Sounds (which is specifically an application for accessing BBC audio content on consumer technology platforms), we would like to see the BBC working to secure protections for all content providers on these platforms.
98. Suggestions of some key principles that we would like to see adopted cooperatively by all UK broadcasters and audio publishers are as follows:
  - a. **Obligation to refrain from doing harm to broadcaster commercial business models** through the business practices adopted by these technology platforms.
  - b. **An emphasis on connecting users directly with broadcasters** rather than disintermediating these relationships and commoditising content creation.
  - c. **Recognition that atomisation of content has harmful effects**, whereas context allows radio listeners to make informed judgement and to assess authenticity, reliability, and bias.
  - d. **Adherence to standards of journalistic integrity in relation to the display and ranking of broadcasting services** – i.e. regardless of whether this is done by a human or an algorithm, radio content should be presented in a manner that recognises the public service role that radio services play in civic society.
  - e. **A transparent and ethical approach to data collection** which puts broadcasters in control over the data that relates to consumption of their services.

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<sup>24</sup> Ipsos Mori, 'BBC Distinctiveness: Research Prepared for Ofcom', June 2017

<sup>25</sup> BBC Annual Plan 2020/21, May 2020, <http://downloads.bbc.co.uk/aboutthebbc/reports/annualplan/annual-plan-2020-21.pdf>

- f. **Inability to alter, remove, manipulate, or use content without explicit permission from broadcasters.**
- g. **Joint development of open standards** relating to the integration and presentation of radio services and other audio content.

ENDS