

Media nations: UK 2022



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Overview

This is Ofcom's fifth annual Media Nations report, a research report for industry, policymakers, academics and consumers. The main objectives of the report are to review key trends in the media sector and set out how audiences are served in the UK. We adopt a cross-platform perspective, including broadcast TV and radio, as well as digital delivery including online video and audio streaming.

As in previous years, this report is accompanied by an [interactive report](#) containing an extensive range of data. We also publish separate reports for [Northern Ireland](#), [Scotland](#) and [Wales](#) covering specific themes and issues relevant to those nations.

Rapid change continues to characterise the TV and online video sectors and the radio and audio sectors. We focus on evolving consumer behaviour, and the key industry trends and dynamics shaping this, drawing on a range of relevant evidence.

Another central focus of this year's report is public service broadcasting (PSB). This follows the conclusion last year of Ofcom's [Small Screen: Big Debate](#) review of the sector, which made recommendations to Government for new legislation, and the publication in April of the Government's [Broadcasting White Paper](#). In our dedicated chapter on PSB, we provide data and commentary on public service broadcasters' performance and strategies to continue to inform the debate about the future of the sector.

Ofcom's Media Nations report addresses the requirement to undertake and make public our consumer research (as set out in Sections 14 and 15 of the Communications Act 2003). It also meets the requirements on Ofcom under Section 358 of the Communications Act 2003 to publish an annual factual and statistical report on the TV and radio sector.

What we have found, in brief

Overall viewing of TV and video has fallen from its pandemic peak, with broadcasters losing share despite improved performance for their on-demand services

- The average amount of time people spent watching TV and video content in 2021, across all devices, was 5 hours 16 minutes per person per day, down 25 minutes on 2020, which was more heavily influenced by Covid-19 restrictions, but up on 2019.
- Time spent watching TV from broadcasters – across linear channels, recordings and on-demand – fell by 9% compared to 2020 and 4% compared to 2019, illustrating that the long-term trend of decline in overall viewing of broadcasters' content, seen over the past decade, has resumed. Broadcasters' viewing share fell to 59% in 2021, down from 61% in 2020 and 67% in 2019.
- Broadcaster video-on-demand (BVoD) bucked the trend of post-pandemic declines in viewing time, with time spent watching services such as BBC iPlayer, ITV Hub and All 4 increasing by an average of three minutes per person per day to 15 minutes, partially offsetting the declines for other forms of broadcast TV viewing.
- Subscription video-on-demand (SVoD) services like Netflix and Disney+ were used by 67% of UK households by Q2 2022, declining from a peak of 68% in Q1. Collectively, these services have broadly retained their share of viewing after achieving a surge in take-up in 2020, accounting for 18% of total TV viewing in 2021 (19% in 2020), or an average of 58 minutes viewing per person per day.
- YouTube and Facebook remain the largest social video platforms in the UK, respectively reaching 92% and 95% of UK internet users aged 15+ in Q1 2022. TikTok continues to grow, reaching 35% of adult internet users and 66% of online 15-24-year-olds.

A resurgent TV advertising market helped commercial public service broadcasters achieve their highest revenues in five years in 2021

- Total audio-visual revenues increased to £19bn in 2021, up 16.9% on 2020. This significant rise reflected a return to growth for some sectors of the industry, but also a surge in online video advertising and SVoD revenue, which together accounted for 58% of the £2.7bn increase.
- Commercial broadcast revenues, which were adversely affected by the impact of Covid-19 in 2020, rebounded strongly in 2021, rising by 10.6% to £11.3bn, which was also 4.5% higher than the 2019 total.
- Despite a 13% decline in live TV viewing in 2021, TV advertising returned to growth after six consecutive years of contraction, with revenue rising to £4.7bn in the year, boosted by the return of major live sporting events like Euro 2020. This helped the commercial public service broadcasters (PSBs) ITV, Channel 4 and Channel 5 to collectively generate their highest revenues since 2016, at £2.4bn. However, an anticipated economic slowdown could restrict future growth.

The SVoD market is maturing, with providers evolving their business models as they seek to maintain revenue growth

- A combination of price rises and increases in subscriber numbers drove strong revenue growth for the SVoD sector in 2021, with the 27% year-on-year increase, to £2.7bn, almost matching the bumper 28% growth in 2020.

- However, the number of households yet to try SVoD is becoming smaller and harder to convert, resulting in slower subscriber growth; meanwhile, the cost-of-living crisis is making customer retention more challenging. Less-established services such as Apple TV+, Discovery+ and Paramount+ face strong competition to be one of several services used in households that already take one or more of Netflix, Amazon Prime Video or Disney+.
- In anticipation of slower subscriber growth, most SVoD providers are incorporating advertising into their offerings, typically as part of lower-cost tiers, although Amazon's Freevee is free to use.
- Streaming services with hybrid business models may become more common, with SVoD players' tiered offerings representing competition to BVoD services such as ITV's planned ITVX, a streaming revamp that will combine ITV Hub, ITV Hub+ and BritBox into a single service.

There is broad satisfaction with public service broadcasting among those who watch it, as PSBs evolve in a bid to arrest declining viewing

- In line with the long-term decline in viewing of broadcast TV, PSBs have seen both audiences and levels of viewing continue to fall. The weekly reach of PSB channels fell to 76% of all individuals in 2021, down from 80% in 2019, with less than half (47%) of 16-24-year-olds watching at least 15 consecutive minutes of the PSB channels in an average week.
- The remaining audiences are broadly satisfied with PSB, with two-thirds (67%) of those watching PSB channels in the past six months saying so, and only 12% saying that they are dissatisfied, figures that are broadly consistent across age groups. Trusted and accurate UK news is considered by audiences to be one of the most important attributes of PSB.
- Following production challenges at the height of the pandemic, PSB spend on first-run UK originated content returned to growth in 2021 and reached its highest level since 2017, at £2.6bn. Such investment, along with that from multichannel broadcasters and international SVoD providers, looks set to continue boosting the production sector, with the number of high-end TV productions (big-budget programmes) made in the UK in 2021 reaching a historic high of 211.

The ways in which people access and listen to radio and audio content continue to evolve, as radio broadcasters recover from the pandemic to varying degrees

- The proportion of audio listening time accounted for by live radio has fallen from 75% in 2017 to 63% in 2022, while the share of music streaming services such as Spotify or Apple Music has more than doubled, from 8% to 20%.
- About nine in ten adults listen to live radio each week, with commercial radio attracting more listeners than BBC radio. Radio sets (including both DAB and analogue) continue to be the main way to listen to the radio, accounting for 73% of listening hours in Q1 2022, while 10% were via smart speakers, 12% were via other online means and a further 5% were through digital TV.
- For young adults (aged 15-34), listening to online music via a streaming service accounted for the greatest amount of time spent listening to audio in Q1 2022, at 47% of weekly audio listening, representing a substantial increase from 22% in 2017.
- Radio revenues totalled £638m in 2021, up 20% year on year, and 4% higher than 2019, with growth driven by national advertising revenues. While advertising, sponsorship and other revenue increased across the sector as a whole, the strength and nature of the recovery since 2020 has varied across stations and broadcasters, with some continuing to note difficult trading conditions.

TV and video consumption trends

Introduction: audiences continue to shift their viewing from linear TV to on-demand

Following 2020, when TV and video viewing habits were significantly impacted by Covid-19-related restrictions, trends in 2021 and early 2022 have pointed both to the resumption of long-term, pre-pandemic trends, and to the lasting impact of the long periods of lockdown. While most types of viewing have fallen from the unprecedented levels of 2020, people are spending an increasing proportion of their viewing time watching on-demand content, including on services provided on a subscription basis (e.g. Netflix) and free-to-view from broadcasters (e.g. BBC iPlayer) and social video platforms (e.g. YouTube).

This chapter draws on data from audience-measurement and ratings agencies, as well as consumer surveys, to evidence and provide commentary on continuing shifts in audiences' TV and video viewing habits and preferences.

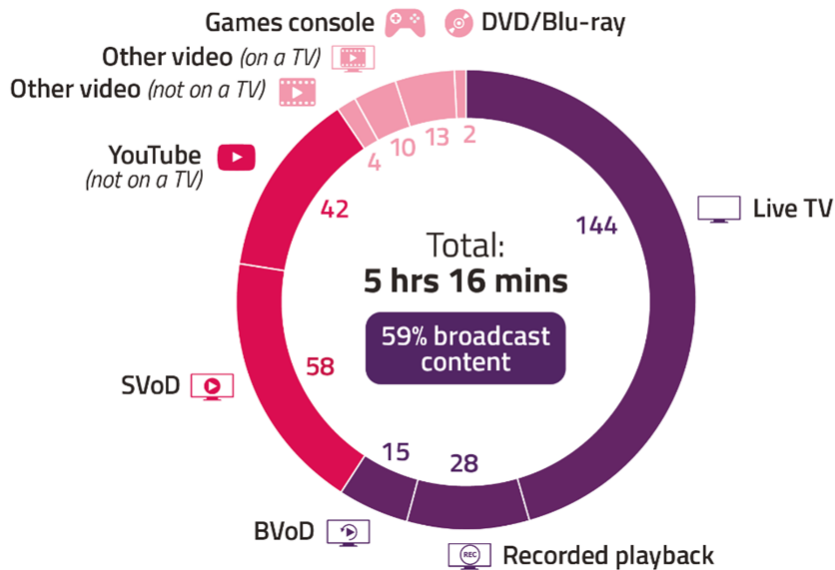
Total video viewing

Viewing time trends

Overall viewing of TV and video has fallen from its pandemic peak

The average amount of time people spent watching TV and video content across all devices in 2021 was 5 hours 16 minutes per person per day, 25 minutes less than in 2020 (which was more heavily influenced by Covid-19 restrictions than 2021, with longer periods of lockdown) but up on 2019.

Figure 1: Average minutes of viewing per day, all individuals, all devices: 2021



Source: Ofcom estimates of total video viewing. Modelled from BARB, Comscore and TouchPoints.

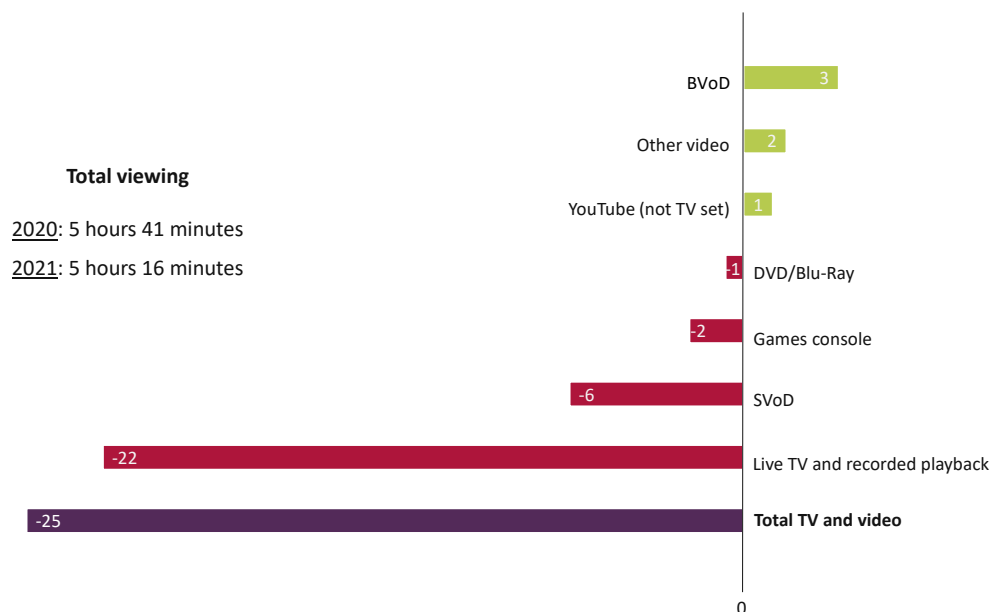
Many forms of viewing decreased in 2021, but BVoD has continued to grow

Viewing of SVoD services was inflated in 2020 due to people being at home more because of pandemic-related restrictions. In 2021, SVoD viewing time across all devices decreased by 6%, to 58 minutes a day on average. However, this only slightly decreased the SVoD share of all video viewing, from 19% to 18%.

The average amount of time spent watching content from TV broadcasters in 2021 – across live TV, recordings, and on-demand, on all devices – was 3 hours 7 minutes per person per day. This was down by 19 minutes (9%) on 2020, which had, like SVoD, experienced a pandemic-related increase. It was also lower than in 2019, showing that the long-term trend of declines in overall broadcaster TV viewing, seen over the past decade, has resumed.

This decline in broadcaster viewing was driven by people watching less live and recorded broadcast TV, although viewing on BVoD services did not follow this trend; it increased by an average of three minutes per person per day compared to 2020. This resulted in BVoD’s share of overall viewing increasing by 2 percentage points to 8%. But this only partially compensated for the decline in other forms of broadcast TV viewing; broadcasters’ overall viewing share fell to 59%, down from 61% in 2020.

Figure 2: Change in average daily viewing minutes from annual average, all individuals, all devices: 2020-2021



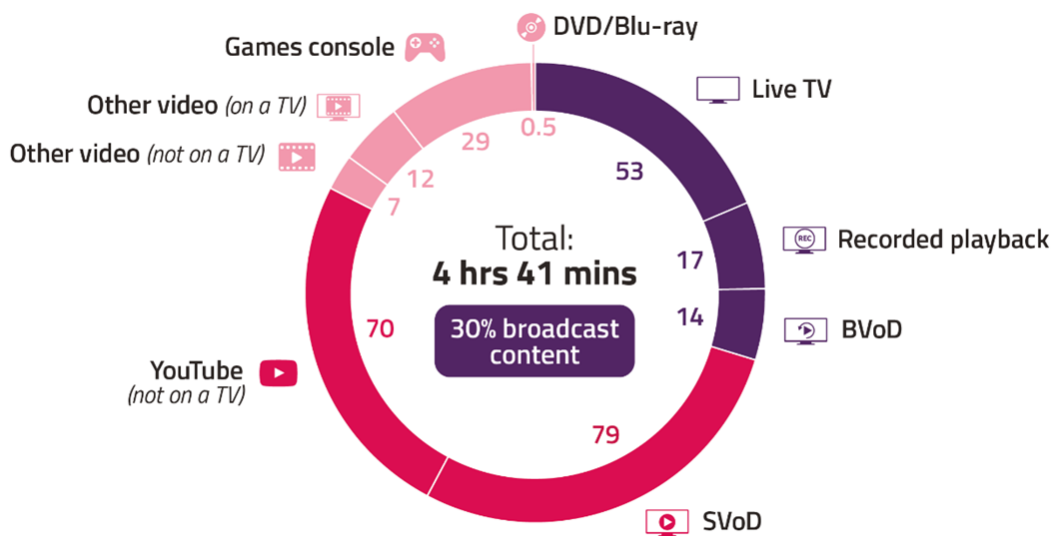
Source: Ofcom estimates of total video viewing. Modelled from BARB, Comscore and TouchPoints. Note: Slight changes in methodology since the publication of Media Nations 2021 have resulted in the re-calculation of figures for 2020.

SVoD and YouTube together accounted for more than half of young people's viewing

Young adults aged 16-34 reduced their viewing of video content by more than half an hour a day on average between 2020 and 2021, as they spent less time under Covid-related restrictions. Most forms of video were subject to this decline, following the trends observed for all viewers, outlined above. In fact, for 16-34s, 2021 was the first year since 2017 in which their viewing on SVoD and YouTube reduced. Their SVoD viewing decreased by 11 minutes a day on average (a small reduction in share of video viewing, from 29% to 28%), perhaps reflecting the limited scope for growth via new subscriptions, compared to older cohorts. Viewing of YouTube (not on a TV set) also declined slightly, by two minutes. Despite the decline in viewing minutes since 2020, SVoD and YouTube together accounted for just over half (53%) of all viewing among 16-34s in 2021, as it did in 2020 (51%).

The main exception to the general reduction in viewing time was BVoD, viewing of which increased by an average of three minutes per day. However, this only partially mitigated the 21-minute decline in live and recorded viewing, and consequently broadcasters' overall viewing share declined from 32% in 2020 to 30% in 2021.

Figure 3: Average minutes of viewing per day, all aged 16-34, all devices: 2021



Source: Ofcom estimates of total video viewing. Modelled from BARB, Comscore and TouchPoints.

Most-watched TV programmes and events

Strong performances for the men’s and women’s England football teams attracted large audiences

High-profile sporting events topped the list of most-watched programmes on broadcast TV channels and services in 2021. The final of Euro 2020 between England and Italy had a combined audience of more than 22 million on BBC One (18 million) and ITV (4.4 million), while the semi-final between England and Denmark drew the highest audience for any single channel, with 18.4 million tuning in on ITV. The most-watched scripted programme of the year (third overall) was the finale of BBC police drama *Line of Duty*, which attracted 16.5 million viewers, while Oprah Winfrey’s interview with the Duke and Duchess of Sussex was the fourth-most watched programme in 2021 (14.9 million viewers).

Figure 4: Top programmes by channel: 2021

Rank	Title	Channel	Date	Share (%)*	Average audience (millions)*
1	<i>EURO 2020 – England vs Denmark</i>	ITV	07/07/2021	69.5	18.4
2	<i>UEFA European Football Championship Final – England vs Italy</i>	BBC One	11/07/2021	64.0	18.0
3	<i>Line of Duty</i>	BBC One	02/05/2021	60.2	16.5
4	<i>Oprah with Meghan and Harry</i>	ITV	08/03/2021	55.6	14.9
5	<i>Prime Ministerial Statement</i>	BBC One	04/01/2021	43.1	14.3
6	<i>Vigil</i>	BBC One	29/08/2021	43.8	12.7
7	<i>Strictly Come Dancing</i>	BBC One	18/12/2021	55.2	12.3
8	<i>Time</i>	BBC One	06/06/2021	46.9	11.3
9	<i>I'm a Celebrity... Get Me Out of Here!</i>	ITV	21/11/2021	47.7	11.1
10	<i>BBC News Special</i>	BBC One	04/01/2021	37.1	11.1

Source: BARB. TV and online consolidated up to 28 days and including pre-broadcast. Channels include +1 channels where applicable. *All individuals aged 4+.

The final of Women's Euro 2022 between England and Germany was one of the most-watched TV programmes in the first seven months of 2022, attracting an average audience of 11.2 million on BBC One's broadcast TV channel¹ and a further 5.9 million programme requests on BBC iPlayer and the BBC Sport website and app.² More sporting events are likely to feature in the top ten programmes for full-year 2022, with scheduled events in the second half of the year including the FIFA World Cup 2022, due to take place in November and December.

The most-watched programmes in the first six months of 2022 were mainly dramas, with the genre accounting for eight of the top ten. BBC One's *The Tourist* was the most popular, watched by 11.4 million people. Other drama programmes high in the top ten included ITV's crime thriller *Trigger Point* and BBC One's *The Responder*. BBC One had the most programmes in the top ten (six), while the remaining four programmes all aired on ITV. The single most-watched event in the first half of the year was BBC One's coverage of *The Queen's Platinum Jubilee*, which drew 13.2 million viewers.

¹ BARB, viewing consolidated up to 8 August 2022.

² BBC Sport, [Euro 2022: England win over Germany watched by record television audience of 17.4m](#), 1 August 2022.

Figure 5: Top programmes by channel: H1 2022

Rank	Title	Channel	Date	Share (%)*	Average audience (millions)*
1	<i>The Queen's Platinum Jubilee</i>	BBC One	04/06/2022	66	13.2
2	<i>The Tourist</i>	BBC One	01/01/2022	42	11.4
3	<i>Trigger Point</i>	ITV	23/01/2022	44	10.9
4	<i>The Thief, his Wife and the Canoe</i>	ITV	17/04/2022	42	10.1
5	<i>The Responder</i>	BBC One	24/01/2022	40	9.5
6	<i>Eurovision Song Contest</i>	BBC One	14/05/2022	51	9.4
7	<i>Death in Paradise</i>	BBC One	07/01/2022	43	9.1
8	<i>Britain's got Talent</i>	ITV	16/04/2022	47	8.9
9	<i>Call the Midwife</i>	BBC One	09/01/2022	34	8.7
10	<i>Sherwood</i>	BBC One	13/06/2022	36	8.6

Source: BARB. TV and online consolidated up to 28 days and including pre-broadcast. Channels include +1 channels where applicable. *All individuals aged 4+.

SVoD audiences are drawn to UK-produced titles, the most-popular of which are on Netflix

Viewing habits on SVoD services suggest a strong appetite for new and original UK-produced programming. The top nine most-watched titles on Netflix were all commissioned by, or exclusively available on, the SVoD service, and half of the top ten were produced in the UK. These included the series *Stay Close*, *After Life* and *Bridgerton*, and the documentary *The Tinder Swindler*. In addition, an increasing proportion of time on UK Netflix is being spent watching originals and exclusives³ – in Q1 2022, an average UK account streamed 45 minutes of content first available on Netflix per day, an increase of nine minutes compared to Q1 2021 (36 minutes).⁴

The second season of *Bridgerton* saw even more binge-watching behaviour than the first. At its release on 25 March 2022, 876,000 UK Netflix accounts binged all eight episodes on the show's opening weekend, 570,000 more than for season one's opening weekend (306,000). By the end of May 2022, 6.9 million households had watched the second season in full, giving it the fourth highest UK reach of any title on Netflix in the first five months of the year. Mini-series *Stay Close* achieved similar levels of viewing and bingeing, reaching 6.9 million households in Q1 2022, with 835,000 UK Netflix accounts watching all eight episodes in the show's opening weekend and 2.1 million bingeing on it across the opening week.

More recently, the first seven episodes of season four of *Stranger Things*, released on 27 May 2022, were binged by 1.2 million UK households in its opening weekend (Friday to Sunday), with 2.2

³ Originals are programmes produced or commissioned by an SVoD provider for their service; exclusives are programmes licensed on an exclusive basis (having not been produced or commissioned specifically for the service).

⁴ Digital-i UK. Netflix UK account holders aged 18-64. Based on at least two minutes viewing of content.

million UK households watching them within five days of release. By the end of June 2022, the new season had been watched on almost half (49%) of UK Netflix accounts, or 7.6 million accounts.⁵

Figure 6: Top ten titles on Netflix, by reach to UK Netflix households: Q1 2022

Rank	Title	Type	Country of origin	Netflix account reach (million)	UK Netflix household reach	Total streams (million)
1	<i>Stay Close</i>	Series 1	UK	6.9	46%	61.9
2	<i>The Tinder Swindler</i>	Movie	UK	6.6	44%	8.8
3	<i>The Adam Project</i>	Movie	USA	6.1	40%	7.9
4	<i>Inventing Anna</i>	Series 1	USA	5.3	36%	41.4
5	<i>After Life</i>	Series 3	UK	5.1	34%	42.0
6	<i>The Woman in the House</i>	Series 1	USA	4.6	31%	33.1
7	<i>Pieces of Her</i>	Series 1	USA	4.1	27%	26.0
8	<i>Don't Look Up</i>	Movie	USA	4.1	27%	6.4
9	<i>Bridgerton</i>	Series 2	UK	3.8	25%	22.5
10	<i>The Gentlemen</i>	Movie	UK	3.2	22%	4.7

Source: Digital-i UK. Netflix UK account holders aged 18-64. Based on at least two minutes of viewing of content.

Findings from Ofcom's VoD Survey of online adults and teens aged 13+ indicate a stronger preference among UK audiences for programmes made in the UK over those made in the US – 38% stated this preference, while only 8% said they preferred US-made programmes. Older people were more likely to say they preferred UK-made content (55% of over-64s said this, compared to only 17% of 13-17-year-olds), while younger adults were more likely to say they preferred US-made content (18% of 13-17-year-olds said this, compared to 2% of over-64s). However, just over half (52%) of adults and teens said they liked UK- and US-made programme equally.⁶

⁵ Digital-i UK. Netflix UK account holders aged 18-64. Based on at least two minutes viewing of content.

⁶ Ofcom VoD Survey 2022.

Figure 7: Preference for UK vs USA programmes



Source: Ofcom VoD Survey 2022. Online adults/teens aged 13+. Question: Q4. Now, thinking about the type of programmes you like to watch, do you prefer UK or USA made programmes/series? Base: 2,123. Fieldwork conducted 22-28 February 2022. 'Don't know' not shown.

Genre preferences differed by age. Netflix UK account holders aged 18-24 had a wider range of genres in their top ten most-watched programmes, ranging from adult animation (*Rick and Morty*, reaching 35% of Netflix accounts), foreign-language drama (*All of Us are Dead*, 31%) and fantasy/drama (*The Witcher*, 29%). Those aged 25-34 had more of a non-fiction focus, with *The Tinder Swindler* (popular among all age groups) the most-watched title, and true crime documentary *Worst Roommate Ever* (32%) and reality show *Love is Blind* (30%) also in the top ten for the age group.⁷

Viewing figures for the most popular titles on Amazon Prime Video and Disney+ are also in the millions, but lower than Netflix's top programmes

The most-watched programmes on Amazon Prime Video and Disney+ rank below Netflix's top titles, largely explained by the platforms' lower subscriber bases (see video-on-demand section below), but they still attract significant audiences. Like-for-like data, ranking Netflix and Amazon Prime Video titles in H1 2022, puts Amazon's most-watched programme in 27th place: the thriller series *Reacher* was watched in 3.3 million UK households.⁸

Disney+ had success with series in the Star Wars and Marvel franchises. Its *Book of Boba Fett* (series one, episode two, released on 5 January) was the SVoD provider's most-watched programme in the first quarter of 2022, with an aggregated average audience of 3.6 million across the period. In second place was Marvel Studio's *Moon Knight* (series 1, episode 1, released 30 March) with 1.2 million viewers, while stand-alone limited series *Pam and Tommy* (series 1 episode 1, released 2 February) was third, with 1.1 million.⁹

⁷ Digital-i UK, Q1 2022. Netflix UK account holders aged 18-64. Based on at least two minutes of viewing of content.

⁸ Digital-i UK, H1 2022. Netflix and Amazon Prime Video UK account holders aged 18-64. Based on at least two minutes of viewing of content.

⁹ BARB. Highest occurring episode. The average figures are from when the programme was first released until the end of the Q1 2022 – this means that each programme had been available to watch for a different amount of time.

Broadcast TV and catch-up viewing

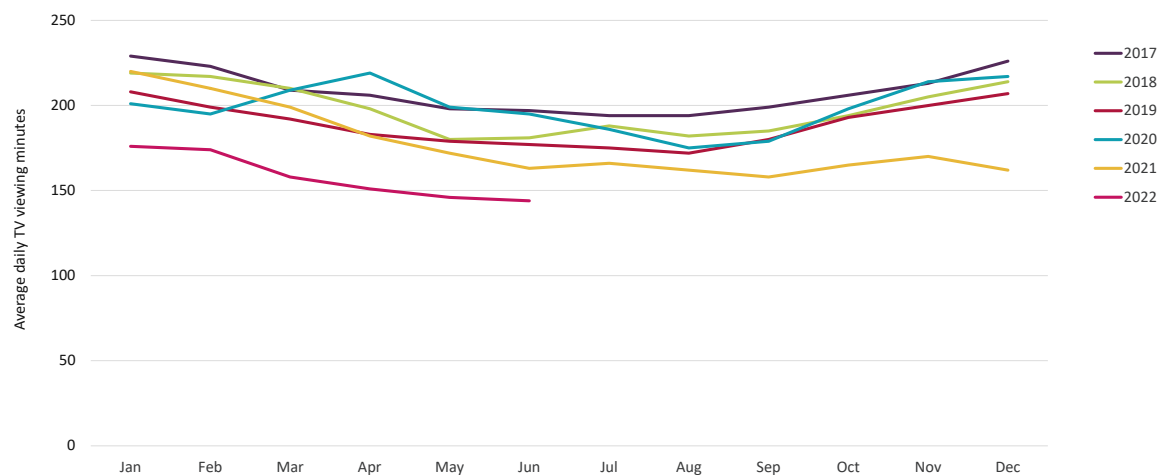
The decline in TV viewing has accelerated since mid-2021

This section sets out trends for broadcast TV viewing in 2021 and early 2022, in the context of longer-term trends across age demographics. More detailed analysis of public service broadcasters' viewing performance can be found in the public service broadcasting chapter.

The average amount of time spent watching broadcast TV on the TV set (including catch-up, on-demand and recorded viewing up to 28 days after live broadcast) was 2 hours 59 minutes per person per day in 2021. This was 20 minutes (11%) lower than in 2020 and 10 minutes (5%) lower than 2019, illustrating the resumption of the long-term trend of decline following the pandemic-driven boost. This trend re-established in April 2021 (following the conclusion of the third national lockdown), when the average amount of time spent viewing broadcast TV started to decline below 2019 levels. Since then, each month has consistently been lower than in previous years.

There are also signs that the decline in viewing has begun to accelerate. Contrary to the typical trend in previous years, in 2021 there was no uptick in viewing after the summer, with a decline of four minutes a day on average between August and September (compared to 2019, for example, which increased by eight minutes). So far, 2022 has had notably lower levels of viewing – over the first six months of the year, average daily viewing in each month fell by an average of 33 minutes compared to the same month in 2021.

Figure 8: Average daily TV viewing minutes, by month: 2017-2022



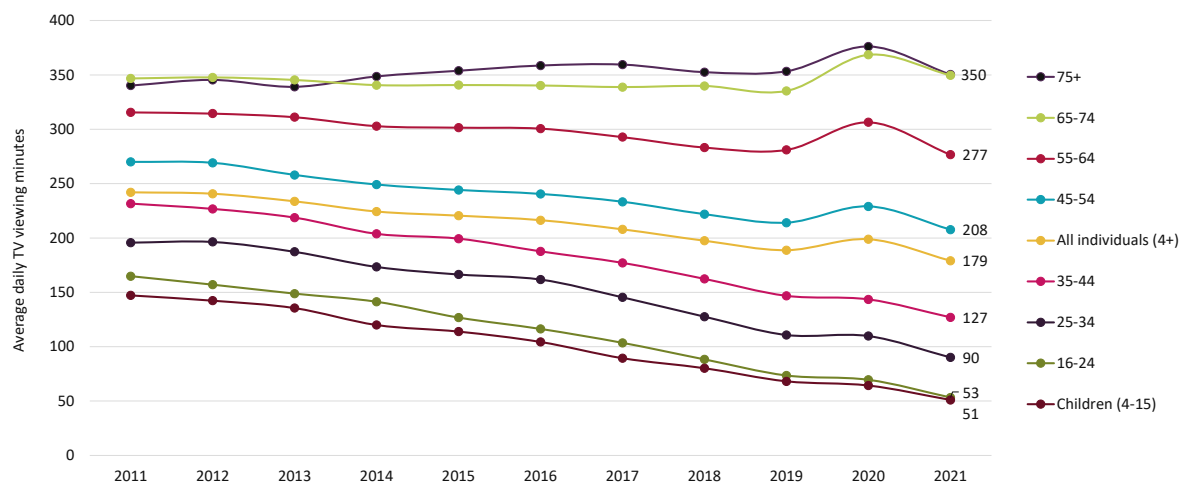
Source: BARB. Total TV, all individuals aged 4+, consolidated up to 28 days.

People aged 65 and over watch, on average, nearly seven times as much broadcast TV as children and young adults

TV viewing decreased across all age groups in 2021 compared to 2020, with every cohort seeing a drop in the number of minutes watched, ranging from 5% (65-74-year-olds) to 23% (16-24s). However, 65-74-year-olds continued to watch more TV on average than they had done before the

pandemic: 5 hours 50 minutes in 2021, compared to 5 hours 35 minutes in 2019. For this group, the figure was higher than in 2011.

Figure 9: Average minutes of TV watched, by age group: 2011-2021



Source: BARB. Total TV, consolidated up to 28 days.

Looking at longer-term trends, TV viewing has declined much faster for younger people than for older people, with changes ranging from slight growth among the oldest cohorts to successively greater declines for each younger cohort. For example, since 2011, 16-24-year-olds have watched 1 hour 52 minutes less (68%) on average, while 55-64-year-olds have watched only 39 minutes less (12%).

But recent figures from the first half of 2022, have shown signs of a switch in this long-term trend; average year-on-year declines in monthly broadcast TV viewing minutes for younger demographics have been exceeded by the declines among older viewers – a 27-minute drop for 16-34-year-olds, compared to 35 minutes for 35-54s and 43 minutes for over-54s.¹⁰

This is partly because the levels of viewing among older people have come down from higher levels during the initial peaks of Covid-19. But it could also be a sign that the use of streaming services, particularly SVoD, is starting to affect older people’s viewing habits in similar ways to younger people. For 16-34-year-olds, meanwhile, the 2022 indicators suggest that broadcast TV viewing declines may be beginning to level out. Average daily viewing in this age demographic fell to below an hour a day in March 2022 and, so far, has continued to be lower than this – this reduces the scope for further significant declines if young people continue to retain at least some level of reliance on broadcast TV, for genres such as news and current affairs, and popular entertainment/reality programming like *Love Island*.

¹⁰ BARB consolidated up to 28 days. H1 2022 compared to H1 2021.

Video on demand

Take-up and subscription habits

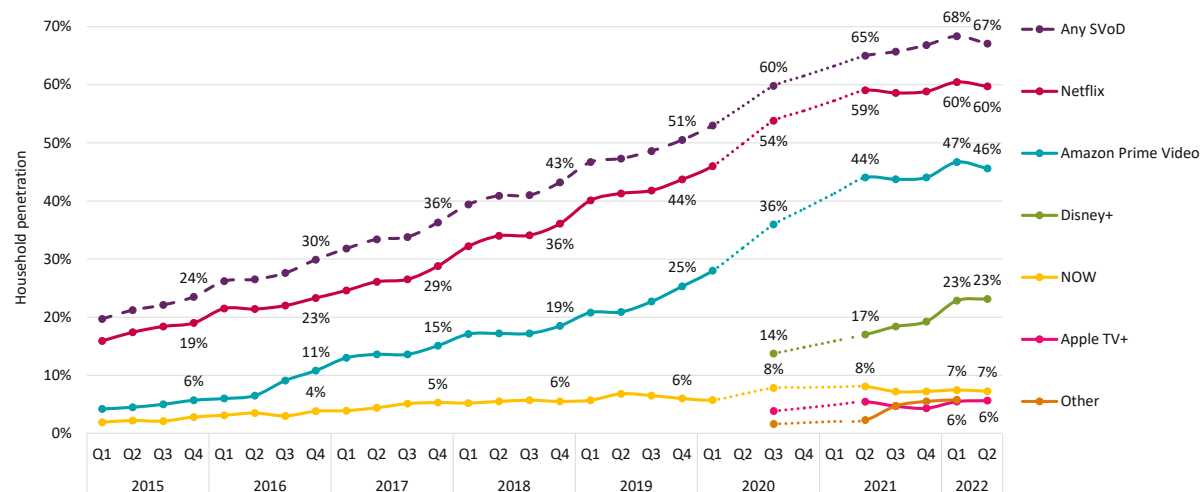
Growth in SVoD households slowed following a surge in 2020, and there was a decline in Q2 2022

After years of strong growth in the number of households using SVoD services, take-up began to slow in 2021, before declining in Q2 2022, as the rising cost of living put pressure on consumer spend. The proportion of households subscribing to at least one SVoD service fell to 67%, or 19.2 million households, down one percentage point compared to Q1 2022, a drop of more than 350,000 households.¹¹ Over the preceding nine months, SVoD penetration had increased by three percentage points to a peak of 68%, or 19.5 million households. This was a smaller increase than in the corresponding nine-month period in previous years, including before the initial Covid-19 period, which boosted consumer demand for SVoD during lockdowns.

Netflix remains the largest SVoD provider in the UK, with 17.1 million households (60%) subscribing, followed by Amazon Prime Video (46%) and Disney+ (23%). Netflix and Amazon Prime Video both saw their base of subscribing households decline in Q2 2022 – Netflix by around 210,000 and Amazon Prime Video by around 590,000 – though each still had more subscribers than they did in Q2 2021. Although the market slowdown affected third-placed Disney+, it still added subscribers in Q2 2022, but at a much slower pace than in previous quarters – its subscriber base increased by 1.8 million (to 6.6 million) in the 12 months to Q2 2022, with Q2 accounting for just 5% (around 90,000) of these. Sky's NOW, which has consistently struggled to achieve growth as a flanker brand to Sky TV, saw its subscriber base decline over the 12-month period, falling by around 220,000 to 2.1 million, or 7% household penetration. Apple TV+ was in 6% of homes in Q2 2022, having seen its subscriber base decline in the second half of 2021 and then return to growth in the first half of 2022.

¹¹ BARB Establishment Survey.

Figure 10: SVoD penetration of UK households, by provider: Q1 2015 – Q2 2022



Source: BARB Establishment Survey / Ofcom estimates. Includes paid-for subscriptions and free trials. Estimates are represented by dotted lines for periods when fieldwork for the survey was not conducted due to Covid-19 restrictions. 'Other' includes Hayu, Discovery+ and BritBox. Data for 'Other' for Q2 2022 was not available at the time of publication.

Netflix customers most commonly subscribe to the Standard tier of the service, with 39% taking it in February 2022, according to Ofcom's VoD Survey. This compares to 25% for the Premium tier and 32% for the Basic tier, which is the most popular tier among older subscribers (those aged 45 and above). Upgrades between tiers were more common than downgrades in the 12 months to February 2022, with 17% of subscribers switching to a higher-priced plan over this period, compared to 7% switching down.¹² However, this was before Netflix implemented another round of price rises in March 2022, when the monthly cost of each tier increased by £1, taking the price of the Standard tier to £10.99 and the Premium tier to £15.99.

Take-up of multiple subscriptions within SVoD households has become increasingly common

The launch of several new SVoD services over the past few years – and the successful roll-out of Disney+, in particular – has resulted in more households using multiple SVoD services. The average number of SVoD subscriptions per SVoD home increased to two in Q1 2022, compared to 1.6 two years earlier, before the Covid-19-related lockdowns.¹³ This figure does not include free trials and account sharing, which if accounted for would increase the average.

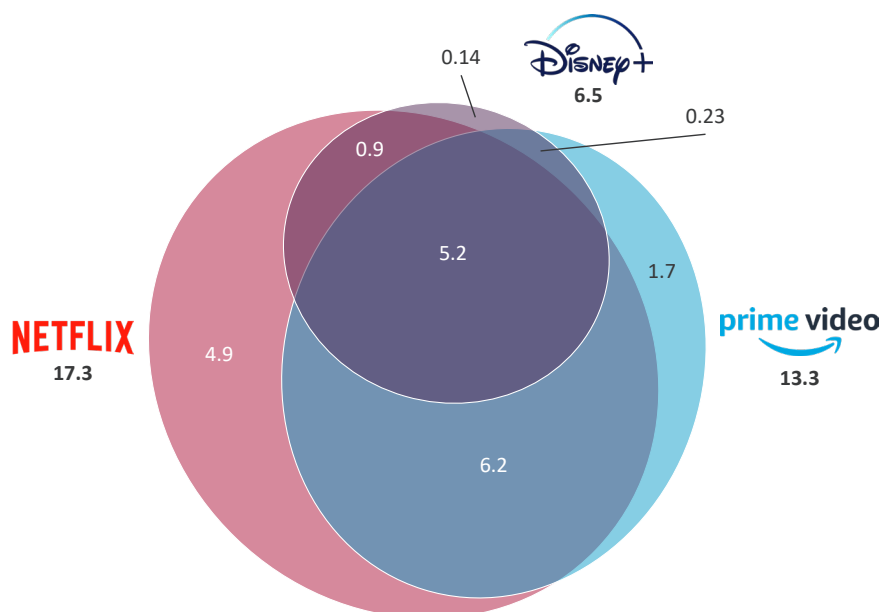
The proportion of households accessing two or more services was 46% in Q1 2022, or 13.2 million households.¹⁴ Overlap between the three most popular services (Netflix, Amazon Prime Video and Disney+) is significant, with 5.2 million households subscribing to all three. The majority of Disney+ subscribers (80%) take the service in combination with both Netflix and Amazon Prime Video, with only 2% taking it without either of those two services.

¹² Ofcom VoD Survey 2022.

¹³ Ampere Analysis Markets.

¹⁴ BARB Establishment Survey.

Figure 11: Households subscribing to one or more of Netflix, Amazon Prime Video and Disney+, and overlaps between them (millions): Q1 2022



Source: BARB Establishment Survey.

Cost is a key driver of SVoD cancellations, but most of those dropping services thought they would probably resubscribe in the future

Among those using subscription services in the three months leading up to our VoD Survey, 2% of Netflix users had cancelled their subscription in the past three months, while 4% of Amazon Prime Video users had cancelled, as had 4% of Disney+ users. Other SVoD services saw cancellation rates ranging between 2% and 16%, although data for these smaller services is based on smaller sample sizes and is therefore less precise as an indicator of broader subscriber trends within these customer bases.¹⁵

According to Ofcom’s PSM Tracker, cost featured in people’s reasons not using an SVoD service. Among those who had not used specific services in the past six months,¹⁶ a quarter (26%) cited *not wanting to pay / it was too expensive* as reasons for not using online streaming services. About one in ten (9%) mentioned *not wanting to pay for more services than they already had or preferring another paid service*. Apart from cost, respondents mentioned the content as the key reason why they did not subscribe to certain streaming services.

¹⁵ Ofcom VoD Survey 2022.

¹⁶ Ofcom PSM Tracker 2021.

People said:

“We had to cancel our Netflix subscription because we could not afford to keep it going.”

Man, 55-64

“Waste of money, plenty of channels to watch free.” **Woman, 25-34**

“I had a subscription to Amazon Prime but had this solely for free delivery on Amazon orders. I found it extremely difficult to find out when live sports games were on Amazon and have never renewed it.” **Man, 75+**

Among those cancelling services, their reasons for doing so did not necessarily represent barriers to taking them again in the future – our VoD Survey found that almost three-quarters (73%) of people who cancelled in the three months prior thought they would resubscribe. This reflects the flexibility of the SVoD consumer proposition; some customers pick up and drop subscriptions depending on specific content availability and/or periodic changes in needs and circumstances.¹⁷

There is evidence of SVoD account sharing, although most users subscribe by paying the provider directly

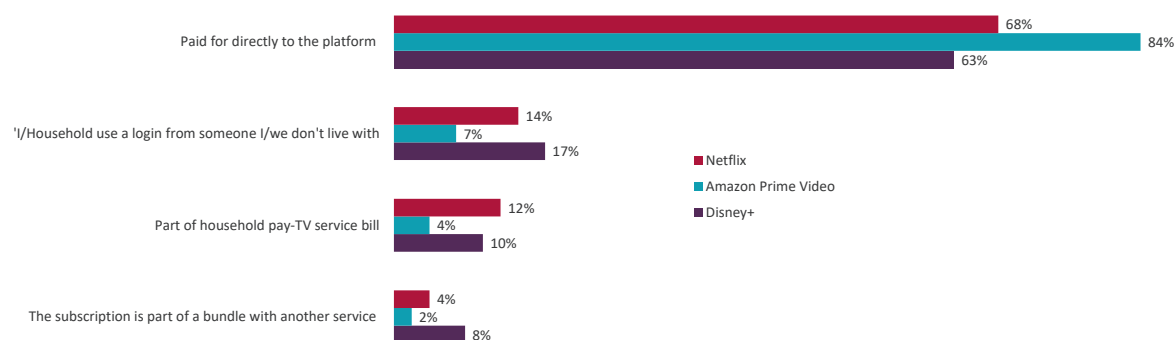
According to our VoD Survey, most users of the three leading SVoD services (Netflix, Amazon Prime Video and Disney+) paid subscriptions directly to the provider, with Amazon Prime Video (84%) having the highest proportion of direct subscribers. However, there is some level of account sharing among SVoD users. Disney+ users were most likely to share a login from someone who they did not live with (17%).¹⁸ Relaxed policies on account sharing have helped SVoD services grow in popularity, but with subscriber growth set to slow for the larger services, curbing this behaviour and better monetising all users is becoming more of a priority for some – certainly for Netflix (see next chapter for further analysis).

Amazon Prime Video users are most likely to have their own subscription rather than share someone else’s account, partly because a high proportion of users (48%)¹⁹ take up Amazon Prime for the unlimited express shipping of retail purchases, which makes tying a subscription to a home address necessary. Amazon also has few subscriber management agreements with its distribution partners, preferring to own the billing relationship itself. This means that users on platforms such as Sky and Virgin Media cannot pay for the Amazon service as part of their pay-TV bill, as they can for Netflix.

¹⁷ Ofcom VoD Survey 2022.

¹⁸ Ofcom VoD Survey 2022.

¹⁹ Of all adult respondents who had used Amazon Prime Video in the past three months.

Figure 12: How the top three SVoD services in the UK are subscribed to / accessed by households

Source: Ofcom VoD Survey 2022. Online adults. Question 11a/12a/13a: Now thinking specifically about Netflix/Amazon Prime Video/Disney+, how is this service paid for in your household? Base: all adult respondents who have used specific service in the past three months. Fieldwork conducted 22-28 February 2022. 'Don't know' not shown.

BVoD has comparable levels of reach to SVoD, with most consumers using multiple streaming services

High levels of take-up for SVoD services are matched by use of BVoD services, although the levels of viewing are not comparable, as discussed above. According to Ofcom's VoD Survey, more than nine in ten online adults and teens (93%) used a free-to-view service (any streaming service not behind a paywall, including YouTube). The proportion of total respondents who said they used at least one SVoD service (83%) was roughly equal to the proportion (82%) who said they used a public service broadcaster's VoD service (such as BBC iPlayer or ITV Hub). This illustrates the high levels of overlap between these services; more than half (52%) of online adults and teens said they used both BBC iPlayer and Netflix, for example.²⁰

Beyond the most popular SVoD services, there are a number of small services in the UK that collectively have significant reach. This includes services such as ITV's paid tier, ITV Hub+, and genre specialist services Hayu (reality) and Crunchyroll (anime).

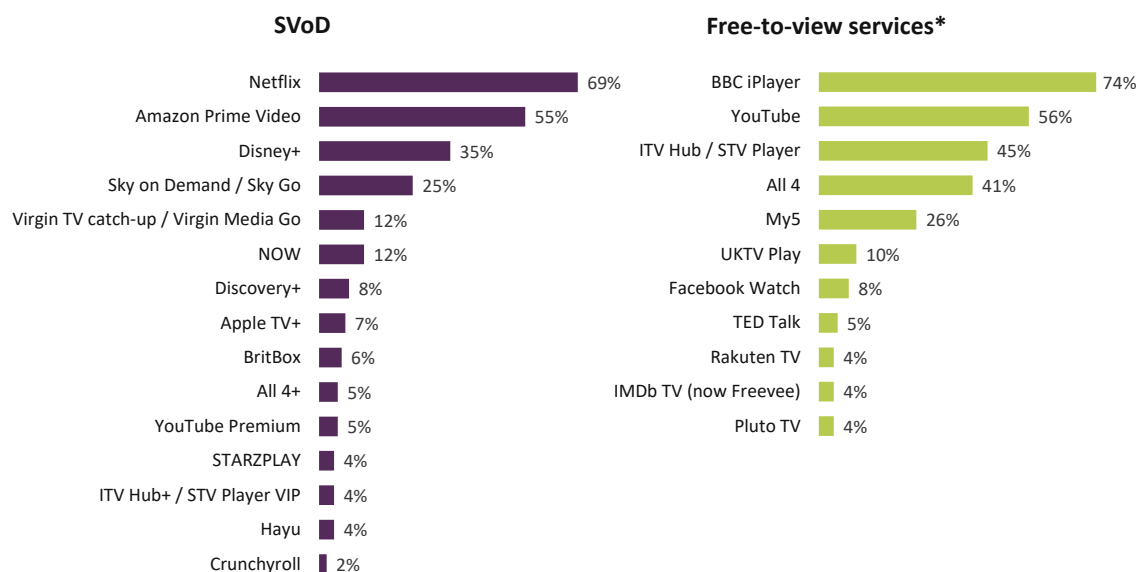
Among all the streaming services, our VoD Survey found that BBC iPlayer was the most popular for watching "programmes, films and other video" – used by 74% of online adults and teens – ahead of both Netflix and YouTube. YouTube's lower reach in this context may be explained by its large volume of short-form content and creator videos, which survey respondents may not have considered²¹ – higher proportions of users said they used it to watch short-form video (see social video section below). The four PSBs' BVoD services along with YouTube were the top five free streaming services; the others were used by 10% or less of online adults and teens.²²

²⁰ Ofcom VoD Survey 2022.

²¹ In September 2021, YouTube reached 92% of online adults in the UK (Ipsos iris Online Audience Measurement service, see Ofcom [Online Nation 2022](#) (p32).

²² Ofcom VoD Survey 2022.

Figure 13: VoD services used to watch programmes, films or other video content



Source: Ofcom VoD Survey 2022. Online adults/teens aged 13+. Services used in the past three months: Fieldwork conducted 22-28 February 2022. Question: Q1a. Can you tell us which of the following services you have personally used to watch programmes, films or other video content in the past three months? Base: 2,123. Data shown for platforms where 50+ respondents selected platform. *Payment of licence fee required to use BBC iPlayer. NOW includes NOW Entertainment, NOW Cinema and NOW Sports.

Among children, the major SVoD services achieved notable increases in reach

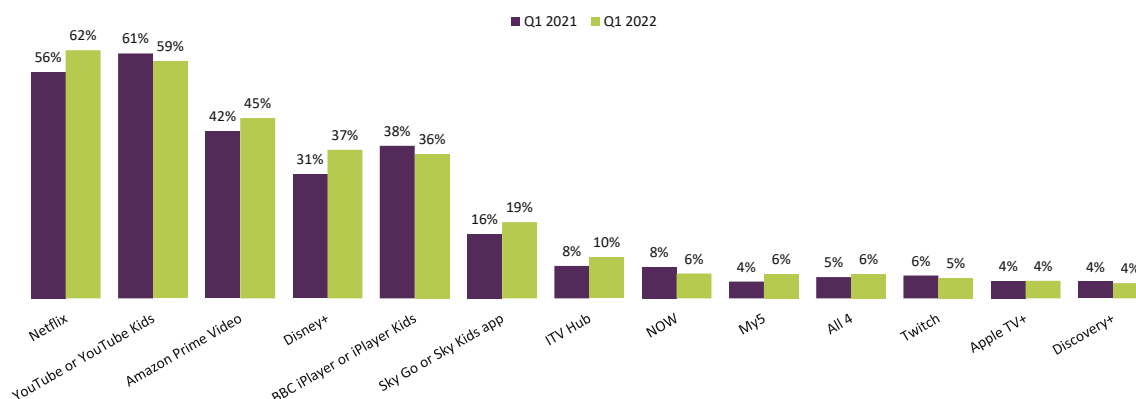
Among children aged 3-12, the leading SVoD platforms saw strong user growth in Q1 2022. Netflix increased its reach by 5 percentage points year on year, to 62%, becoming the most popular service by overtaking YouTube / YouTube Kids, whose reach declined from 61% to 59%. But in terms of levels of use, 47% of 3-12-year-olds said they watched more YouTube than other platforms in general.²³

The loss of Disney children's content on Netflix over the years since Disney's own SVoD service launch does not appear to have slowed Netflix's popularity among children. But Disney+ is gaining momentum quickly, achieving the biggest increase of any service over the year, up from 31% of 3-12-year-olds in Q1 2021 to 37% in Q1 2022, beating BBC iPlayer to fourth place in popularity. While BBC iPlayer's reach declined slightly, there were gains for the other PSB BVoD services (All 4, ITV Hub and My5), although they all still have relatively small user bases among children, at 10% reach (ITV Hub) or less.²⁴

²³ The Insights Family UK. Question: What have you watched more of this week? Answers to choose from: Netflix, YouTube, Amazon Prime Video or normal TV. Age 3-12. Q1 2022: 1,721.

²⁴ The Insights Family UK. Age 3-12.

Figure 14: Proportion of 3-12-year-olds who use selected online video services



Source: The Insights Family UK. Age 3-12. Multi-choice question: Which of these TV platforms do you use? Q1 Base: 2022: 1,721; 2021: 1,670.

Viewing habits and audience satisfaction

People are increasingly likely to turn to SVoD rather than TV channels when looking for something to watch

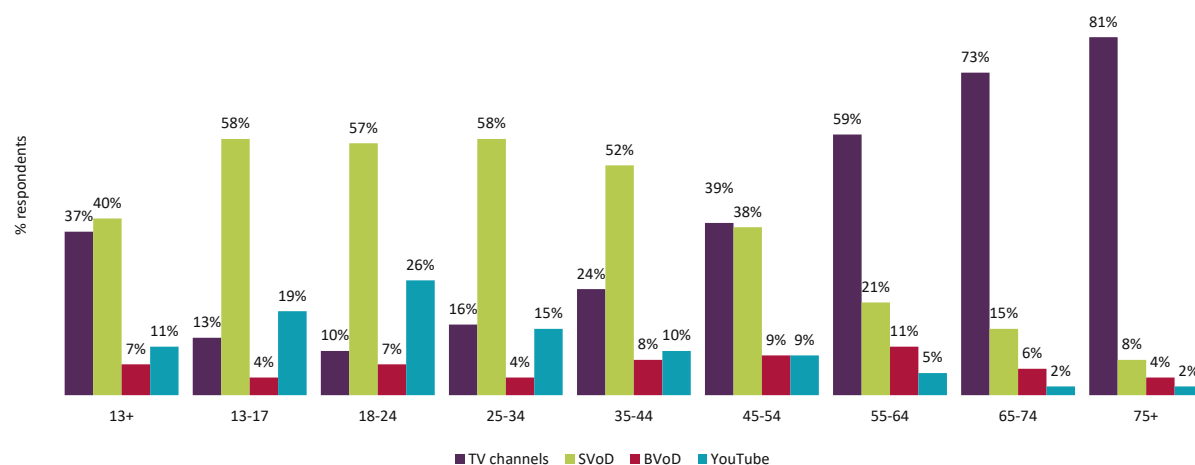
SVoD has dramatically changed how viewers find something to watch. Forty per cent of online adults and teens say they normally go to SVoD first when looking for something to watch but do not have a specific programme in mind, compared to 37% who say they try TV channels first. Only 7% choose BVoD, less than those turning to YouTube first (11%).²⁵

Younger viewers’ limited reliance on TV channels is even more stark, with nine in ten 18-24-year-old online adults bypassing TV channels when looking for something to watch. More than half of internet users aged between 13 and 44 turn to SVoD first, with Netflix the most common destination (ranging between 44% and 46% for 13-17s, 18-24s and 25-34s). Conversely, older adults were most likely to turn to TV channels first – 59% of 55-64-year-olds and 76% of those aged 65+. BVoD’s popularity in this context also peaked among older users, with 11% of 55-64-year-olds turning to it first.²⁶

²⁵ Ofcom VoD Survey 2022.

²⁶ Ofcom VoD Survey 2022.

Figure 15: First place people normally go to watch something when they do not have a specific programme in mind



Source: Ofcom VoD Survey 2022. Online adults/teens aged 13+. Base: 2,123. Fieldwork conducted 22-28 February 2022. BVoD includes BBC iPlayer, ITV Hub / STV Player, All 4, My5 and UKTV Play.

The leading SVoD services have high rates of satisfaction

When asked an open question on what they liked about the specific streaming services they had used in the past six months, respondents to our PSM Tracker survey mentioned the variety and range of programmes, the quality of the content, or specific genres they liked on different services. In addition to commenting on content, a much smaller proportion of respondents mentioned the services’ ease of use, watching when convenient, or the lack of ad breaks.

People said:

“Vast array of films and series on Netflix. YouTube is brilliant for videos that allow me to follow my hobbies, i.e. model railways.” Man, 75+

“They have a range of shows I like watching and they’re easy to use and navigate.” Woman, 16-24

“They have a good range of films and [TV] programmes not available on the main channels.” Woman, 45-54

When asked about individual services, 86% of UK adults who had used the service in the past six months said they were satisfied with Netflix, while 81% said the same of Amazon Prime Video and Disney+. Three-quarters said they were satisfied with BritBox (74%), while seven in ten (71%) said the same of NOW.

Figure 16: Audience satisfaction with selected VoD/streaming services

Source: Ofcom PSM Tracker 2021. Question 39. Satisfied summary – Overall, how satisfied or dissatisfied are you with these TV catch-up, on-demand or streaming services? Base: all those who have watched platform in last six months.

Netflix and Disney+ were seen as easy to use and wide-ranging in their content. Netflix was seen to be delivering well on attributes such as ‘provides services that are easy to find my way around’ (82%) and ‘easy to find something I want to watch’ (80%) by those who had watched it in the past six months. It also delivered well on ‘appeals to a wide range of different audiences’ (82%) and ‘programmes that are relevant to me’ (75%). For Disney+, attributes related to ease of use received high scores among those who had used it in the past six months: ‘provides service that are easy to find my way around’ (78%) and ‘easy to find something I want to watch’ (74%). It also performed well on ‘appeals to a wide range of different audiences’ (73%) and ‘programmes that I can watch and talk about with people I know’ (70%).

BritBox was seen to be delivering well in offering relatable, distinctive UK content, among other areas. Seven in ten (72%) thought it delivered ‘programmes made for UK audiences’ well, and two-thirds (65%) said it delivered well on ‘programmes that feature people like me’. In addition, it was seen to be delivering well on distinctive content, with two-thirds (67%) saying it did well on ‘programmes that are different in their approach to other providers’.

Sport, traditionally a genre more likely to be watched on linear broadcast channels, is increasingly being streamed by viewers

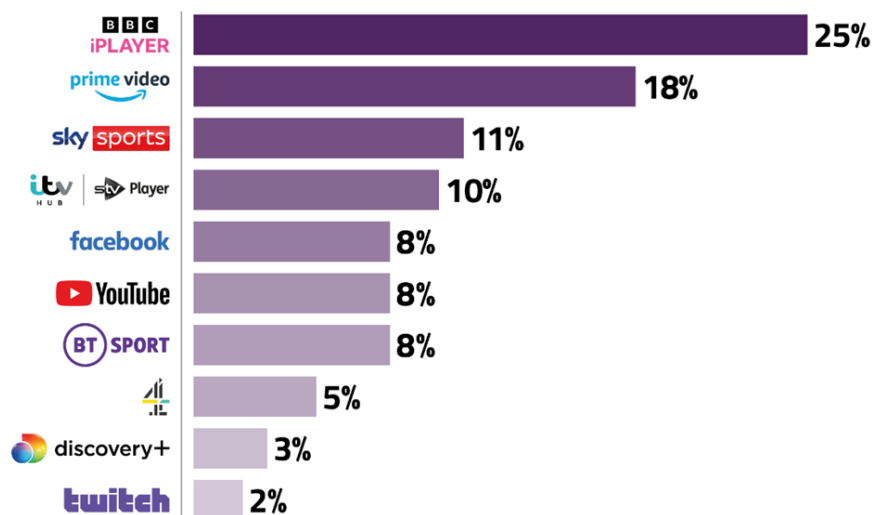
BBC iPlayer is the most popular online video service, by some margin, for watching live or catch-up sports content; it is used by 25% of online adults and teens for this purpose. Amazon Prime Video comes second, at 18%.²⁷ Netflix and Disney+’s sports programming on their respective UK platforms is currently limited to documentaries as opposed to live or catch-up events, explaining their absence from the list. However, Netflix has expressed interest in acquiring premium sports content, reportedly failing in a bid to acquire live rights to Formula 1 racing in the US.²⁸

²⁷ Ofcom VoD Survey 2022.

²⁸ What’s On Netflix, [Netflix Reportedly Bids for Formula 1 Rights But Loses to Disney’s ESPN](#), 27 June 2022.

SVoD services, including those from tech companies (e.g. Amazon Prime Video, Apple TV+) and those from traditional media companies (Discovery+), are increasingly focusing on sport as part of their streaming offerings, something that we analyse in greater detail in the next chapter.

Figure 17: Top ten online video services used by UK adults and teenagers who watch live or catch-up sports



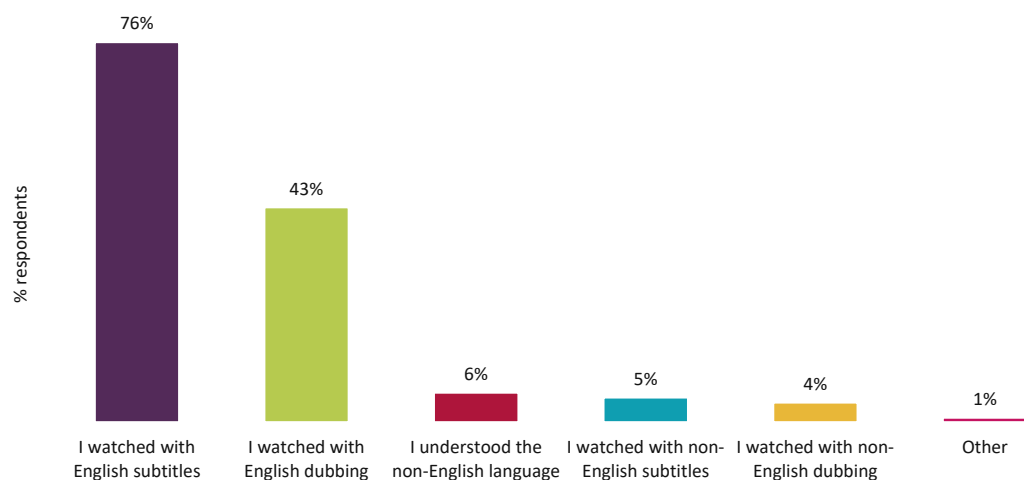
Source: Ofcom VoD Survey 2022. Online adults/teens aged 13+. Watched in the past three months: fieldwork conducted 22-28 February 2022. Base: 2,123.

Foreign-language programming on VoD services is widely watched by UK viewers

Alongside UK audiences' appetite for UK productions and drama, there is significant interest in non-English language content on VoD services. According to our VoD Survey, 42% of online adults and teens had watched this type of content in the past year, with 18-24-year-olds the most likely to have watched it (66%), and those aged 75+ least likely (18%). Internet users from a minority ethnic group were more likely than white audiences to watch foreign-language content on VoD (60% versus 40%), with Black teens and adults most likely (67%) compared to Asian (58%) and mixed ethnicity (58%). Most viewers of non-English-language content on VoD used English subtitles, although dubbing was also popular.²⁹

²⁹ Ofcom VoD Survey 2022.

Figure 18: Method(s) used to view non-English language content on VoD services by UK adults and teenagers



Source: Ofcom VoD Survey 2022. Online adults/teens aged 13+. Question: How did you watch the films/programmes? Base: all respondents who have watched non-English language films/programmes in the last 12 months, 939. Fieldwork conducted 22-28 February 2022.

Netflix, in particular, is driving the push for programming produced around the world that is intended to reach international audiences. It achieved new global viewing records in 2021 with Korean series *Squid Game*, which was watched (at least in part) in 142 million households in 94 countries in the first month of release. The dystopian drama was also Netflix's most popular title among UK subscribers, watched by more than 10 million households (69% of Netflix homes) in 2021.³⁰ French detective drama *Lupin* was the second most-watched non-English-language programme on Netflix, with a reach of 5 million households (33%), followed by Spanish thriller *Money Heist*, watched by 3.7 million households (25%).

Social video

A third of online adults in Britain watch short-form content daily

Short-form video was watched by a third (32%) of online adults in Great Britain³¹ aged 15+ daily in Q1 2022, with viewing skewing more to younger audiences; 69% of 15-17-year-olds and 65% of 18-24-year-olds watched short-form videos daily, compared to 12% of those aged 65+.³²

YouTube remains the most popular social video platform in Britain for watching videos of less than ten minutes, used by 70% of internet users aged 15+ for this purpose, followed by Facebook (47%)

³⁰ Digital-i UK, 2021. Netflix UK account holders aged 18-64. Based on at least two minutes of viewing content.

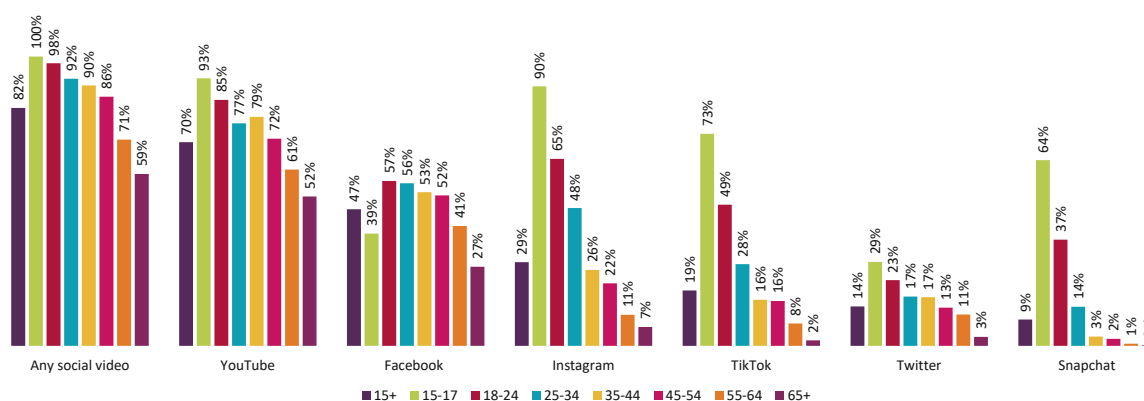
³¹ The use of a mixture of data sources in this section mean that some survey samples are from Great Britain only (England, Scotland and Wales) while other are for the UK as a whole (all four nations, including Northern Ireland).

³² TouchPoints wave 1 (January – March) 2022, GB adults 15+. Question: How often do you watch short video or online content of less than ten minutes on any device? Note that this does not include full-length TV programmes or films but could be content from TV players, YouTube, Facebook or other social media and messaging or news sites, etc. Base: all adults aged 15+ who have been online in past 12 months. See [interactive report](#) for data by age group.

and Instagram (29%). The popularity of some services skews heavily towards younger viewers. Instagram was the second-most popular platform among 15-17-year-olds (90%) followed by TikTok (73%) and Snapchat (64%).³³

The growth of social video service TikTok has diversified consumers' viewing habits. As discussed in our [Online Nation report](#), TikTok is continuing to grow, reaching 36% of adult internet users in the UK in March 2022. It is particularly popular among younger adult users, with 67% of UK online 15–24-year-olds visiting the platform.³⁴

Figure 19: Proportion of British online adults who watch short videos on selected social media platforms, by age: January – March 2022



Source: TouchPoints 2022 (wave 1 – January to March). Question: Which platforms or social media / news / messaging sites do you use to watch short video or online content of less than ten minutes on any device? Note this does not include full-length TV programmes or films. Any social media includes YouTube, Facebook, Instagram, TikTok, Snapchat or Twitter. Base: all adults (15+) who have gone online in last 12 months.

Each age cohort had different tastes in the genres of short-form content they liked to watch. Videos uploaded by friends/family (94%) and videos/vlogs by social media influencers (92%) were the most popular genres among the 15-17-year-olds in Britain who watch short online video content monthly. Among 18-24-year-olds, videos uploaded by the general public were most popular (74%), while ‘how to’ videos were most popular for 25-34-year-olds (69%) and for 35-44s (64%).³⁵ Among all adults, how-to videos (64%) and videos uploaded by the general public (60%) overtook news (59%) as the most popular genres to watch in 2022, with news losing the increase it had gained as a result of interest in Covid-related news and information. Clips of TV content were also widely viewed, with 45% saying they liked to watch clips from comedy programmes, 39% entertainment and 34% chat shows.³⁶

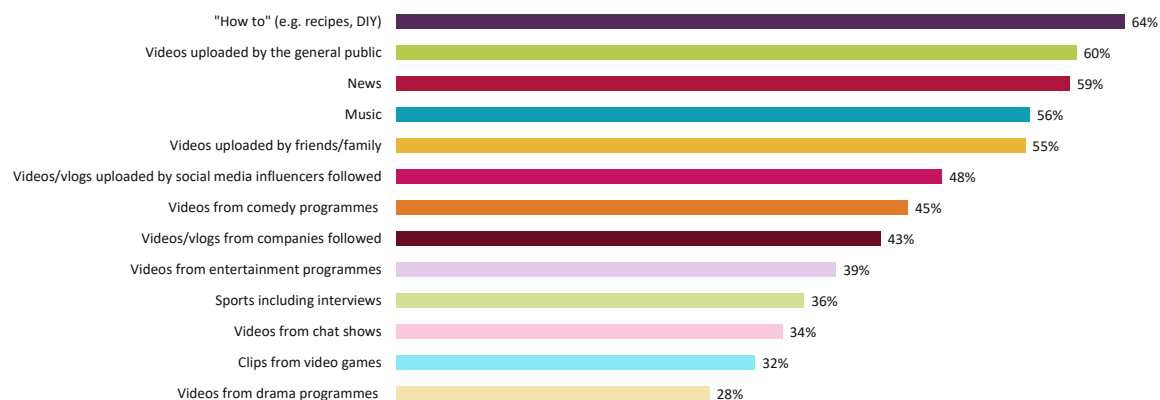
³³ TouchPoints wave 1 (January – March) 2022, GB adults 15+. Base: all adults aged 15+ who have been online in past 12 months. See [interactive report](#) for data by age group.

³⁴ © Ipsos, Ipsos iris Online Audience Measurement Service, (BG) TikTok, 1 March – 31 March 2022, adults aged 15+, UK. Note: TV set and smart display use not included.

³⁵ TouchPoints wave 1 (January – March) 2022, GB adults aged 15+. Base: all adults who watch short video or online content of less than ten minutes on any device at least monthly.

³⁶ TouchPoints wave 1 (January – March) 2022, GB adults aged 15+. Base: all adults (15+) who have been online in past 12 months. See [interactive report](#) for data by age group.

Figure 20: Genres viewed at least monthly by British adults who watch short video content online monthly: January – March 2022



Source: TouchPoints 2022 (wave 1 – January to March) GB adults 15+. Question: How often do you watch these different types of short video / online content / clips (on any device). Base: all adults who watch short video or online content of less than ten minutes on any device at least monthly.

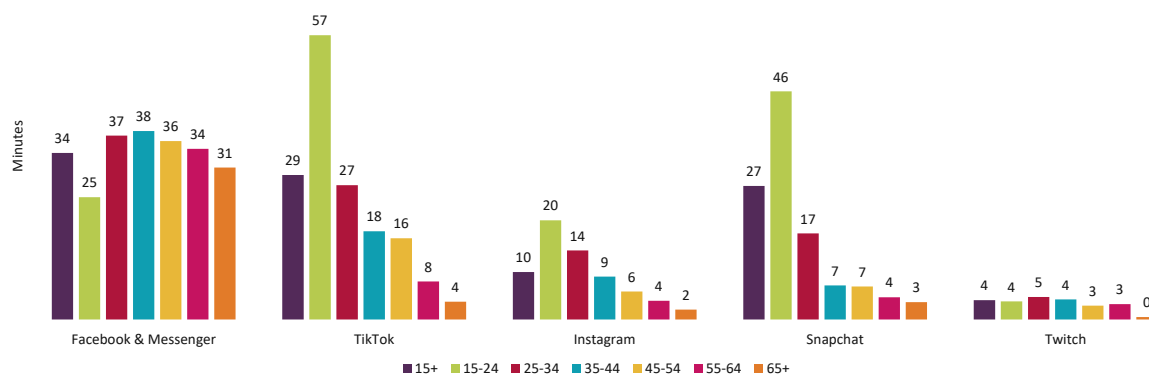
Young adults spend almost an hour on TikTok per day

UK adult TikTok visitors spent an average of about 29 minutes per day on the platform in March 2022, almost as much as Facebook and Messenger visitors spent on those apps (about 34 minutes). There were clear demographic differences in the time spent on social video platforms – older adult visitors to Facebook and Messenger spent more time than 15-24-year-olds on the platform, while 15-24-year-old visitors to TikTok, Instagram and Snapchat spent more time on these platforms than older visitors. In March 2022, nearly 5 million UK 15-24-year-old TikTok visitors spent an average of about 57 minutes on TikTok per day, while the 5 million 15-24-year-old Snapchat visitors spent 46 minutes per day. By comparison, 15-24-year-old visitors to Facebook (including Messenger) and Instagram spent 25 and 20 minutes per day respectively.³⁷ In July 2021, TikTok increased the maximum video length from one minute to three minutes, and by October the average video length was two minutes, which may be contributing to the increased time spent on TikTok.³⁸

³⁷ © Ipsos, Ipsos iris Online Audience Measurement Service, 1 March – 31 March 2022, UK adults aged 15+. Note: TV set and smart display use not included.

³⁸ TikTok newsroom, [Discover more ways to create, connect and be entertained with longer videos on TikTok](#), October 2021.

Figure 21: Time (minutes) spent per day by UK online adult visitors to selected social-video-capable platforms, by age: March 2022



Source: © Ipsos, Ipsos iris Online Audience Measurement Service, 1 March – 31 March 2022, adults aged 15+, UK. TV set and smart display use not included. Custom-defined list by Ofcom. Time spent can include viewing video, communicating, scrolling or any other activity on the platform. At present, YouTube time spent is not measurable using Ipsos iris.

TikTok's boom prompted a rush to bring rival short-form video features to market

In 2020 the popularity of TikTok prompted social-video-capable platforms to introduce similar short-form orientated features – Instagram with Reels and YouTube with Shorts. As discussed in our [Online Nation report](#), Instagram and Facebook's parent company Meta (previously known as Facebook) said in its Q1 2022 earnings calls that Reels would be core to its business strategy and future growth. The company highlighted that 20% of the time spent on Instagram globally was spent on Reels, and that video overall makes up 50% of the time that people spend on Facebook.³⁹ Meanwhile, YouTube announced in June 2022 that 1.5 billion global users log into YouTube Shorts monthly.⁴⁰ Alphabet, the parent company of YouTube, announced in its Q1 2022 earnings call that YouTube Shorts was averaging over 30 billion daily views – four times as many as a year earlier.⁴¹ Twitter is set to follow this trend in 2022, preparing to roll out a new test feature that invites users to post video reactions to tweets.

Other popular social video platforms are continuing to adapt their business models. TikTok introduced Live Subscription in May 2022, a monthly subscription for creators of live TikTok content. TikTok intends this new initiative to further diversify creator monetisation opportunities. A feature of the subscription is that it offers Subscriber-Only Chat, where creators can chat directly with one another.⁴² Snap is also developing its service through investing in UK originals. It plans to release two series, one featuring Rapper Aitch titled *What the Aitch*, and another featuring diver Tom Daley titled *Secret Superpowers with Tom Daley*. The company has released more than 150 Snap Original

³⁹ [Meta](#), 27 April 2022.

⁴⁰ Variety, [YouTube Shorts Has More Than 1.5 Billion Monthly Video Viewers, Google Claims](#), 15 June 2022.

⁴¹ Alphabet, [Earnings call transcript, Q1 2022](#), 26 April 2022.

⁴² TikTok newsroom, [Exploring new ways for creators to build their community and be rewarded with LIVE Subscription](#), 23 May 2022.

series to date, created with more than 70 partners – however, only 4% of teenagers aged 13-17 said that they watched Snap Originals.⁴³

⁴³ Ofcom VoD Survey 2022.

TV industry trends and dynamics

Introduction: a significant financial bounce-back for broadcasters following pandemic challenges

The shock to the TV industry caused by Covid-19 in 2020 was followed in 2021 by a significant recovery for those worst affected, with commercial broadcasters benefiting from renewed interest and investment in TV advertising. For providers of online TV and video services relying on either advertising (e.g. YouTube) or subscription revenue (e.g. Netflix), the pandemic did not halt revenue growth in 2020, and 2021 brought significant increases that outstripped those achieved by commercial broadcasters and pay-TV platforms.

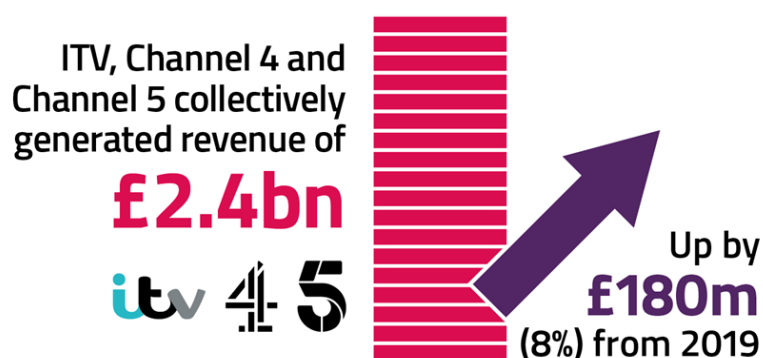
This chapter quantifies the revenue generated across different sectors of the TV and online video market, and examines some of the underlying industry trends, across advertising, SVoD and pay TV. It also provides a summary of current dynamics in the TV production sector.

Industry revenue overview

TV and online video see record growth

Commercial TV and online video revenues grew by 18% in 2021 to £16.6bn, a rise that far exceeded any year-on-year change over the past ten years. Online video's surge brought it to a total value of £5bn in 2021; this was driven by an 80% year-on-year increase in online video advertising revenue, to £2.3bn, while SVoD revenue increased by 27% to £2.7bn. Looking at the longer-term trend, online video advertising and SVoD subscription revenue are the two sectors which are seeing long-term growth over and above the 2021 recovery; compared to 2019, they grew by 107% and 62% respectively.

Figure 22: Commercial PSB revenue growth, 2021 vs 2019



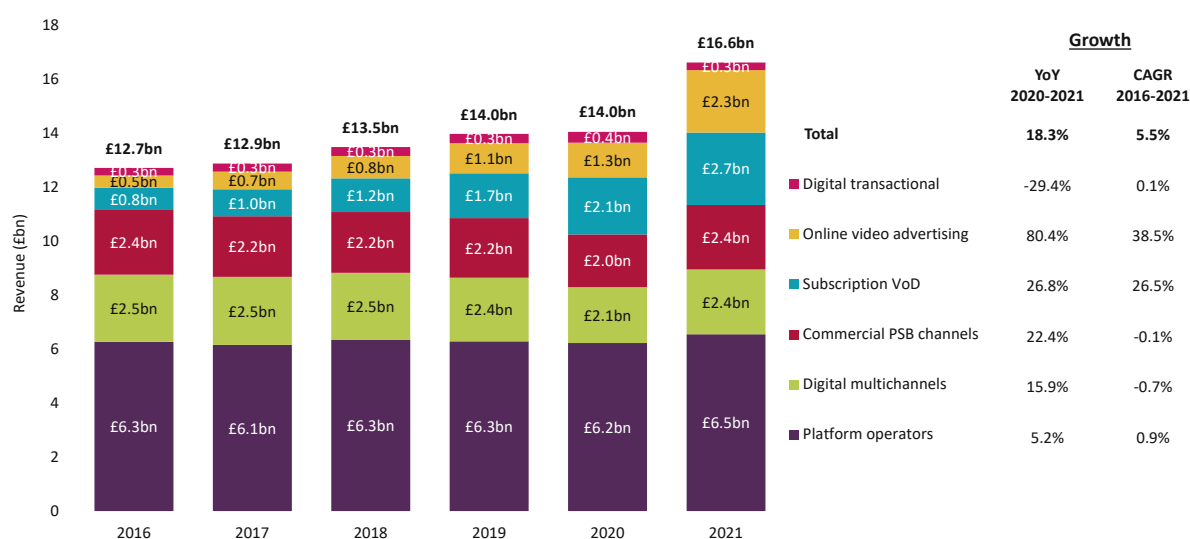
Source: Ofcom/broadcasters.

For some broadcasters, 2021 represented a recovery from the declines of 2020, with improved performances compared to recent pre-Covid-19 years. For instance, commercial PSB channel groups ITV, Channel 4 and Channel 5 collectively generated revenue of £2.4bn, their highest total since

2016, about £180m (8%) more than what they generated in 2019. Digital multichannel groups such as Discovery Networks and UKTV, meanwhile, recovered to £2.4bn, 2% more than in 2019. These sectors had been in decline, or flat, for several years, and the improvement was driven by advertisers’ renewed investment in TV as part of the economic recovery from the pandemic. Further analysis of the PSBs’ financial performance in both commercial and publicly-funded channels can be found in the next chapter.

Pay-TV platform operators such as Sky, Virgin Media and BT, which make up the largest single sector, recovered to generate £6.5bn in revenue. Like the PSBs and digital multichannels, this was an increase on 2019 (of 4%).

Figure 23: Commercial TV broadcast and online revenue: 2016-2021



Source: Ofcom/broadcasters (broadcast data), Ampere Analysis/IAB UK and PwC Digital Adspend Study (online data). Figures are presented in nominal terms and replace previous Ofcom revenue data for the TV and online video industry, owing to restatements and improvements in methodologies. Values for ‘Platform operators’ include Ofcom’s estimates of pay-TV revenues. This does not include NOW, which is within subscription VoD. Platform operators’ data prior to 2019 is not comparable to subsequent years, owing to a change in methodology in Sky reporting coinciding with its change in ownership to Comcast. ‘Digital multichannels’ includes non-PSB channels and commercial PSB portfolio channels. ‘Commercial PSB channels’ comprise the following: ITV, STV, UTV, ITV Breakfast, Channel 4, Channel 5 and S4C. Online video advertising does not include ‘outstream’ video advertising delivered on non-video services. Totals may not equal the sum of the components due to rounding.

How we present financial data

Financial data quoted in this report is presented in nominal terms, meaning that historical data has not been adjusted to account for inflation. In our [interactive report](#), users can view financial data in either nominal or 'real' (CPI-adjusted) terms, with users able to easily switch between the two.

Our use of nominal data in the written reports provides a straightforward view of the market in terms commonly used. For those who wish to analyse how inflation has historically affected the value of the industry, the CPI-adjusted series in our [interactive report](#) provide an indicative measure.

Advertising market trends

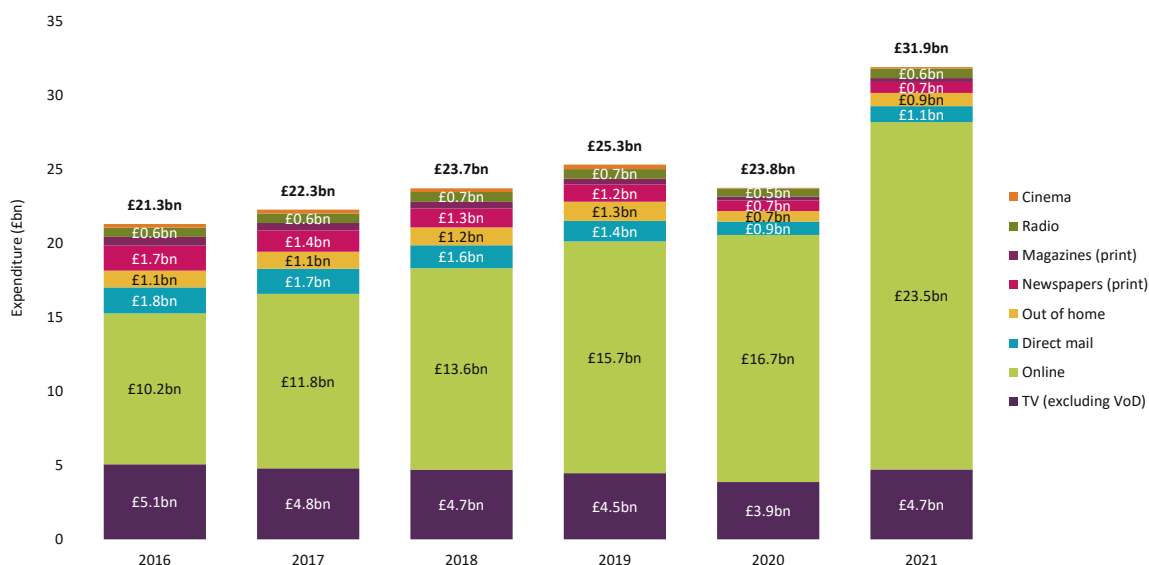
Advertising spend rebounded in 2021, with strong TV and online sectors

A broad recovery in the advertising market in 2021 saw expenditure increase to £31.9bn, a year-on-year increase of 34%. The contraction in 2020, the first since 2012, hit cinema and out-of-home advertising hardest, with drops of 82% and 46% respectively. Cinemas were closed for much of 2020 due to lockdowns, and stay-at-home restrictions meant the market for outdoor advertising was much affected. Linear TV advertising spend also suffered, falling 13%.⁴⁴

The 2021 recovery picture was mixed: some sectors rebounded fully, with higher spend even than 2019; others appear to have a longer road to recovery. Cinema spend rose but was still significantly less than in 2019 (£103m compared to £299m); similarly, the badly affected out-of-home sector was worth £901m in 2021 compared to £1.3bn in 2019. The numbers reflect the continued Covid-19-related restrictions during the first half of 2021, with people less able or less inclined to go out for entertainment and leisure purposes.

⁴⁴ This excludes BVoD services like ITV Hub and All 4, but includes spots (advertising in commercial breaks), sponsorship, product placement and ad-funded content.

Figure 24: UK advertising expenditure: 2016-2021

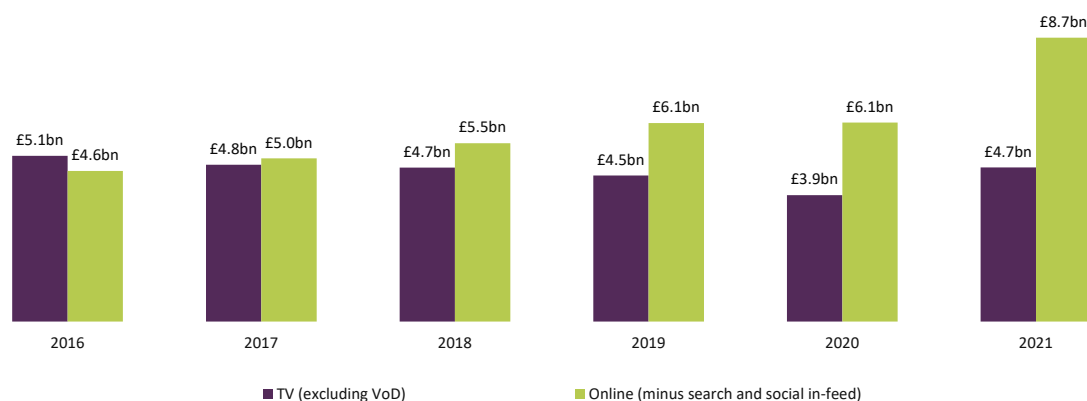


Source: AA/WARC Advertising Expenditure report for TV, newspapers, magazines, radio, out of home, cinema and direct mail; IAB UK for online advertising (search, display excluding video, video and other). Figures are presented in nominal terms. All digital ad expenditure (e.g. broadcaster video advertising and publisher display and classifieds) has been removed from TV, newspapers and magazines to avoid double-counting between these categories and online. TV includes spot advertising, sponsorship, and placement.

Only two of the eight advertising sectors are healthier than they were in 2019: TV and online. Online proved the most resilient in 2020, with expenditure rising by 7%. In 2021, it grew 41% to £23.5bn, driving the rise in overall advertising spend across all sectors and accounting for 83% of the total market growth. Excluding search and social in-feed advertising,⁴⁵ online expenditure amounted to £8.7bn in 2021, 40% higher in 2020. TV ad spend, at £4.7bn, also increased significantly from 2020’s £3.9bn, up by 22%. But TV’s share of the overall advertising market continues to decline, reducing to 15% in 2021 compared to 16% in 2020 and 26% in 2011. Spot advertising (commercial breaks between TV programmes) is the largest component of TV spend and drove this recovery.

⁴⁵ Social in-feed advertising is advertising that sits outside a stream of video content, including on news websites and on social video services such as TikTok or Instagram.

Figure 25: UK advertising expenditure for selected segments: 2016-2021



Source: WARC/IAB. Figures are presented in nominal terms.

The growth in TV advertising was partly the result of advertisers being prepared to spend more to target hard-to-reach younger audiences. As linear TV viewing has declined for this demographic, the remaining advertising inventory which can deliver younger audiences has inflated in cost, with the price of CPMs (cost per 1,000 views) for younger viewers increasing steeply. It remains to be seen whether CPMs could become prohibitively expensive for advertisers, particularly those targeting younger audiences, or if, because TV's reach is still the highest available on any platform, even higher CPMs are viable.

Additional uncertainty for TV advertising comes with the prospect of a potential economic slowdown or recession in late 2022 or 2023, which would leave commercial broadcasters vulnerable to reductions in ad spend, in turn putting revenue growth at risk.⁴⁶

Advertising spend on BVoD has continued to rise. Although still relatively small compared to advertising for TV, BVoD advertising, such as that on ITV Hub and All 4, has grown consistently, even throughout the pandemic, reaching £733m in 2021. As a result, it is growing in importance for the TV advertising market. However, it is also operating in a competitive environment – BVoD providers are seeking to attract viewers who are also likely to be users of SVoD services like Netflix and ad-supported social video services like YouTube. This competition will soon intensify further; several SVoD services are moving into ad-supported tiers (see Figure 27 in the next section), meaning that advertisers will have even more options for reaching TV and video audiences.

The significant growth in online advertising spend in 2021 was largely driven by growth for social in-feed video, spend on which increased by 45% to £3.2bn. Meanwhile, spend on in-stream video (advertising within video, such as the skippable advertising before YouTube content) grew by 75% to £2.2bn. The growth for both in-stream and in-feed video reflects the still-increasing popularity of social video, but also the increasing unit price of advertising on these services. Advertisers have reported soaring CPMs on services such as Facebook and particularly TikTok, whose newness on the

⁴⁶ BBC News, [Bank of England warns the UK will fall into recession this year](#), 5 August 2022. Prior to the Bank of England's warning, respective notes by investment banks Berenberg and Morgan Stanley released in July 2022 each highlighted the prospect of a recession in 2023 and note the potential negative impacts on commercial broadcasters.

market and boom in use during the pandemic has led to significant fluctuations in advertising prices.⁴⁷

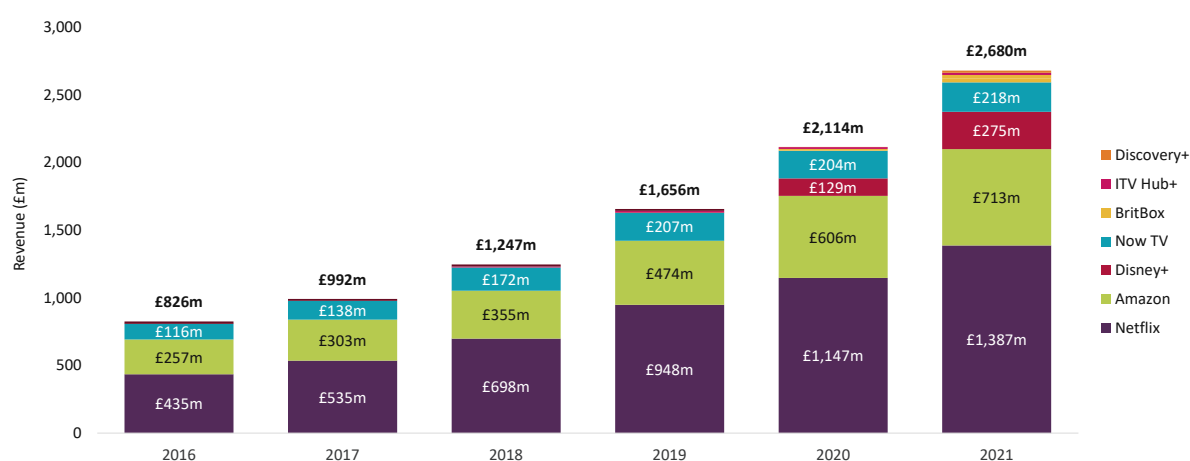
Subscription TV and video

Subscription video on-demand strategies and business models

Another strong year of revenue growth for SVoD

Following a bumper 2020, the SVoD sector sustained strong revenue growth in 2021, generating an estimated £2.7bn in the year, with year-on-year growth of 27% only marginally lower than in 2020 (28%). The top three services – Netflix, Amazon Prime Video and Disney+ – had a market share of 89% and accounted for 87% of the £566m increase in the year. Market leader Netflix, which raised prices in January 2021, increased its revenue by 21% to £1.4bn, about double the amount Amazon Prime Video was estimated to have generated (£713m). Third-placed Disney+, which also raised its prices in early 2021, generated £277m in revenue in its second year of operation, compared to a little less than half that figure in just over nine months of operation in 2020.⁴⁸ Sky's NOW saw more modest growth of 2%, to £214m.

Figure 26: UK SVoD revenues, by service: 2016-2021



Source: Ampere Analysis. Figures are presented in nominal terms. Amazon Prime Video revenue is estimated based on users of the service – revenue is not ascribed to Amazon Prime customers who do not use Prime Video (e.g. only subscribe for the unlimited express shipping).

Although revenue growth has been healthy, achieving subscriber growth is becoming increasingly challenging, putting pressure on providers to maximise the value of their users

Increasing numbers of subscribers, as well as price rises, drove SVoD revenue growth in 2021. However, as discussed in the previous chapter, SVoD household growth slowed in 2021 and there was a decline in Q2 2022, signalling a maturation of the market that was compounded by sharp increases in the cost of living. Netflix reported two consecutive quarters of customer losses in its

⁴⁷ Business Insider, [Here's exactly what it costs to advertise on Google, Facebook, Amazon and TikTok](#), 16 May 2022.

⁴⁸ Disney+ launched in the UK on 24 March 2020.

global subscriber base in the first half of 2022 – down by 1.2 million over the period, to 220.7 million. This was in part a result of Netflix’s exit from Russia, following Russia’s invasion of Ukraine, resulting in the loss of about 700,000 subscribers in Q1 and an overall decline of 203,000; but the decline of 969,000 in Q2 was the result of slow customer acquisition and the impact of price changes, as well as some typical seasonality. The company forecasted a return to growth in Q3 2022.⁴⁹

In the UK, as the number of households yet to try SVoD becomes smaller and harder to convert, a slowdown in growth is natural, particularly for Netflix, which has already achieved significant penetration. Newer entrants seeking subscription growth in what is a highly competitive market are primarily relying on appealing to households that already use other SVoD services. Disney+ has been the most successful, firmly establishing itself in a significant number of homes that subscribe to Netflix and/or Amazon Prime Video. The likes of Apple TV+, Discovery+ and now Paramount+, which launched in the UK in June 2022 with original series including *Star Trek*, *Yellowstone* and *Halo*, are also vying to be one of several services used in SVoD households. Bundling has been a key strategy for achieving scale quickly for these services,⁵⁰ with Paramount+ following the trend by launching in partnership with Sky and making its £6.99-a-month service available to Sky Cinema customers at no extra cost.

In a bid to drive continued revenue growth in the face of fewer subscriber additions and growing competition, one strategy has been to raise prices. In April 2022, Netflix increased the monthly price of its Basic and Standard tiers each by £1 (to £6.99 and £10.99, respectively) and its Premium tier by £2 (to £15.99). Amazon, meanwhile, announced in July 2022 that it would raise the monthly price of Prime (the service that includes a Prime Video subscription) by £1 to £8.99 in September 2022, having implemented an increase in the US (of \$2, or about £1.65) earlier in the year. Sky raised the price of its NOW Boost add-on⁵¹ by £2 in July 2021. Price increases run the risk of increasing customer churn, particularly as the cost of living increases and household spend becomes tighter – but such customer losses may be more than offset by the increased revenue from those who continue to subscribe, as indicated by Netflix’s increase in global revenue in both Q1 and Q2 2022 despite reduced subscriber numbers.⁵²

Advertising is set to become a key component of SVoD services, as business models shift from pure subscription

The maturing market has prompted SVoD providers to look at new ways of generating revenue. In a significant step-change from the original ad-free SVoD proposition, an increasing number of services are starting to incorporate advertising into their offerings. Meanwhile, one of the major advertising-led services, ITV Hub, is being integrated with ITV’s subscription services ITV Hub+ and BritBox to form a new service, ITVX. The result of these developments is an increasing number of streaming providers adopting hybrid business models for either ‘freemium’ or tiered propositions.

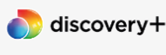




⁴⁹ Netflix Q2 2022 Quarterly Earnings, [Letter to Shareholders](#).

⁵⁰ Discovery partnered with Sky to offer Sky Q customers 12 months’ free access to Discovery+; Apple TV+ trials (initially 12 months in length, reduced to three month in July 2021) are offered to customers purchasing eligible Apple devices.

⁵¹ NOW Boost is effectively an ad-free subscription tier that also enables enhanced picture and audio quality.

⁵² Netflix Q2 2022 Quarterly Earnings, [Letter to Shareholders](#).

Figure 27: Selected streaming services’ new/planned advertising-supported services/tiers

Warner Bros. Discovery	Amazon	ITV	Netflix	Disney
				
Cheaper 'Ad-Lite' subscription tier (£3.99/month) added in March 2022	Free ad-supported service launched (originally as IMDb TV) in September 2021	Hybrid ad-supported and subscription streaming service consolidating ITV Hub, ITV Hub+, and BritBox – due late 2022	Lower-priced, ad-supported subscription tier planned following subscriber losses in Q1 – due early 2023	Ad-supported subscription tier due for launch in the US in late 2022; set for international rollout in 2023

Ad ■ 1:07 ⓘ
Skip ad ▶

Source: Ofcom.

Gaming, release-schedule experimentation, and account-sharing crackdowns are focus areas

In other revenue diversification moves, mobile games are providing an expansion opportunity for tech companies operating in adjacent sectors. Gaming rose in popularity during the pandemic and sustained this into 2021, with 60% of UK adults aged 16+ and 91% of 3-15-year-olds stating that they played games on consoles, desktops or smartphone devices, either on or offline.⁵³ In November 2021, Netflix became the largest gaming subscription service when it made several mobile games accessible to all customers at no extra cost. This model differs to Apple’s direct monetisation of its (more comprehensive) Apple Arcade subscription service, launched in 2019.

⁵³ Ofcom, Adults’ Media Literacy Tracker 2021: Online Behaviours and Attitudes survey and Children’s and Parents’ Media Literacy Tracker 2021: Online Behaviours and Attitudes survey. For further exploration of gaming’s increased popularity, see Ofcom’s [Online Nation 2022](#) report.

Figure 28: Mobile video games produced by Netflix



Source: Netflix.

Netflix's gaming expansion has been supported by its acquisition of three small gaming studios,⁵⁴ and by August 2022 it had produced 26 mobile games, with a target of a total of 50 games to be available by the end of 2022. Some titles are intended as tie-ins with popular Netflix series – *Stranger Things: 1984*, for example, is one of two games made for the franchise, and features the series' characters in a nostalgic design reminiscent of vintage arcade games. *Exploding Kittens*, based on a popular card game, was released in April 2022, and a TV series will follow. Netflix has also made standalone casual games *Card Blast* and *Teeter Up*.

Ofcom's VoD Survey, conducted in February 2022, found that 54% of people aged 13+ who had used Netflix in the past three months were aware that Netflix offers games, while 8% had played a Netflix game, and 5% said they had played one of the *Stranger Things* games.⁵⁵ While use of these games is low, the awareness of Netflix's entry into casual games, among more than half of Netflix users, indicates that the company has achieved some success in promoting them, and this could lead to more users playing them.

Experimenting with release schedules as a customer retention strategy has become a feature of several streaming services. Disney+ now releases new original series in the manner of a linear broadcaster, with weekly episodes, rather than making all of them available at once. Amazon has announced that its marquee, big-budget series *Lord of the Rings: Rings of Power* will also be released episode-by-episode, following its use of the same strategy for dark superhero-themed original series *The Boys*.

Netflix, the founder of the 'binge watch' release model, has also experimented with this format. Original programmes with weekly releases included feature film series *Fear St* and season four of

⁵⁴ Washington Post, [Amid losses, Netflix bets on a bold strategy around video games](#), 22 April 2022.

⁵⁵ Ofcom VoD Survey 2022.

reality show *The Circle*, while marquee original series *Ozark* (season four) and *Stranger Things* (season four) were released in two parts (*Ozark* three months apart and *Stranger Things* five weeks apart). Netflix has also been varying the day of release for its most anticipated films, from the usual Friday (just as a film would be released in cinemas) to Wednesdays. Originated feature films such as *Enola Holmes*, *The Boys In The Band* and *Operation Mincemeat* all had midweek releases.

As highlighted in the previous chapter, some users of the three most popular SVoD services access them through logins belonging to someone they do not live with, representing a potential source of untapped revenue. Netflix is seeking to address this, claiming that there are more than 100 million households worldwide that are using its service but not paying directly for it. It has been experimenting with solutions in some of its Latin America markets – ‘add an extra member’,⁵⁶ ‘add a home’,⁵⁷ and ‘transfer profile to a new account’ – all with additional fees. According to our VoD Survey, 14% of households using Netflix in the UK access the service via an account registered at a different address (see previous chapter for additional commentary on SVoD account sharing).⁵⁸ If all these users were converted to paying members, that could equate to a UK subscriber increase of more than two million – but a proportion of these users would probably choose to lose access rather than start paying to keep using Netflix.

Originals are more important than ever, but require significant and potentially risky levels of investment

There are other knock-on effects of the maturing SVoD market that could affect broadcasters and producers. As commissioners, there is pressure on SVoD providers to be more creative and innovative than ever, striving for must-see originals that drive customers to keep subscribing. The volume of originals and exclusives available on major SVoD services has continued to rise, up 22% in the year to April 2022 to a total of 22,685 hours. Netflix, by far the largest contributor to originated hours, increased its volume of originations by 33% (or 2,613 hours) over this period, with every other major platform also increasing their originals output. People in the UK tend to prefer watching UK originals, as shown by these programmes’ prevalence in the top-ten most-watched lists.⁵⁹ SVoD providers continue to cater to this, with the volume of UK-produced original series and films on the service rising to 1,398 hours in April 2022, a 20% year-on-year increase.⁶⁰

⁵⁶ Netflix, [Paying to Share Netflix Outside Your Household](#), 16 March 2022.

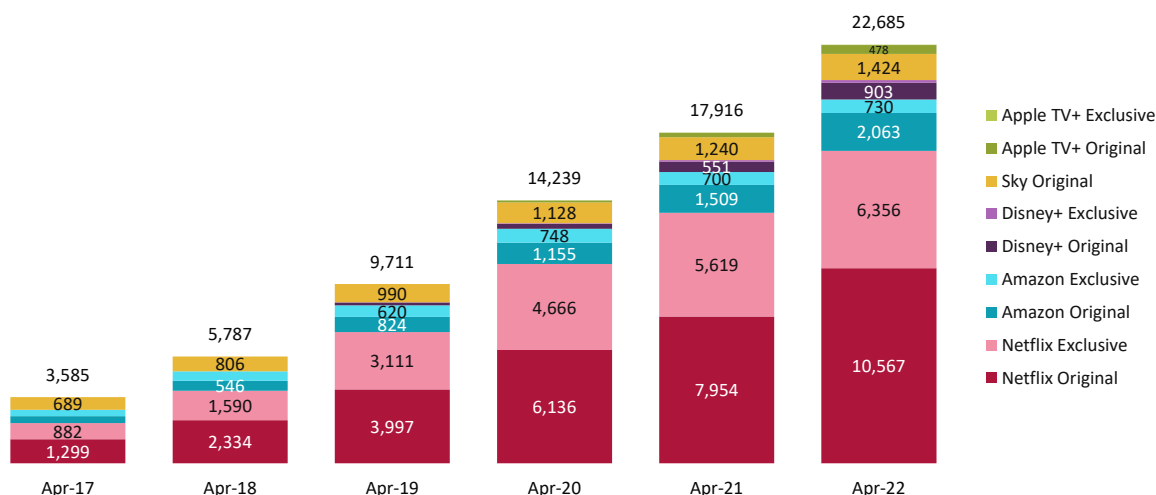
⁵⁷ Netflix, [An Update to Paid Sharing](#), 18 July 2022.

⁵⁸ Ofcom VoD Survey 2022.

⁵⁹ For the full top ten, see the section on most-watched programmes in the previous chapter.

⁶⁰ Ampere Analysis Analytics – SVoD.

Figure 29: Selected SVoD originals and exclusives content hours: April 2017 – April 2022



Source: Ampere Analysis.

Ramping up production will need to come with tightly-controlled costs if services are to be profitable in a more competitive market. Netflix has said that the rate of growth in its content spend will reduce in the years to come.⁶¹ Investor concern over high levels of content spend is becoming more evident and was seen as a driver for Paramount Global's recent stock price slide.⁶² Pressure on budgets also has the potential to hit production firms commissioned to make originals.

The role of licensed content in SVoD providers' catalogues has the potential to change. Desirable acquisitions are becoming less available, as studios/broadcasters reclaim exclusivity of their intellectual property for their own services (e.g. Disney+ and Paramount+). Licensed content – particularly non-exclusive acquisitions that are carried on multiple SVoD services – could also be less appealing, given the increasing focus on originals, which are the primary focus of budgets. There are some indications of diminishing volumes of licensed content in SVoD providers' catalogues; following years of growth, the size of Amazon Prime Video's catalogue fell from 47,000 hours to 30,000 between April 2021 and April 2022, while Netflix's total hours has fallen slightly (down 2% year on year). Despite increases for some other services (including Disney+, NOW and BritBox), overall content hours available across the seven leading services⁶³ fell from 130,000 to 119,000 over the period.

⁶¹ Hollywood Reporter, [Despite Netflix's Stumble, Hollywood's Streaming Content Spend May Increase in Near-Term](#), 28 April 2022.

⁶² Variety, [Paramount Stock Slides on Stepped-Up Streaming Plans, Analyst Downgrade](#), 16 February 2022.

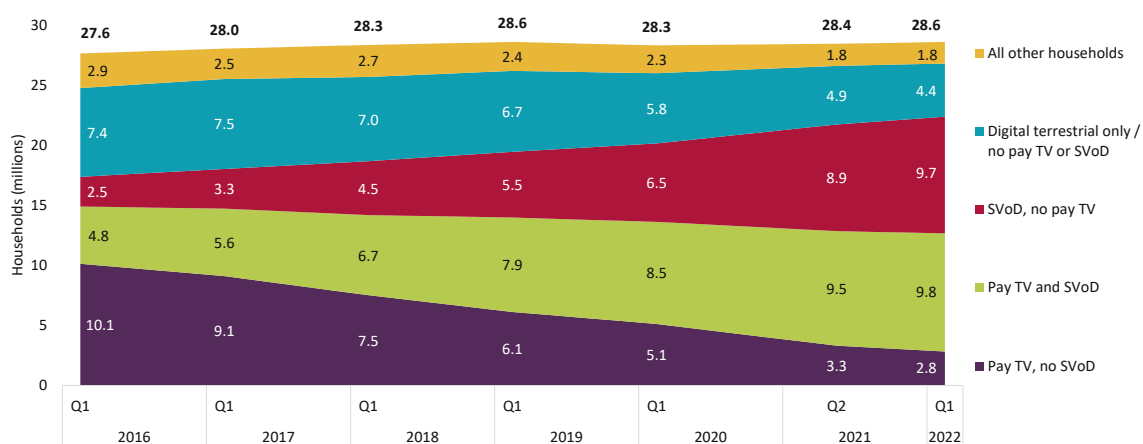
⁶³ Ampere Analysis Analytics – SVoD. Services included are Netflix, Amazon Prime Video, Disney+, NOW, Apple TV+, BritBox and Discovery+.

Pay TV and connected TV

Pay-TV operators are advancing their content aggregation strategies with new connected-TV products

Despite a good recovery following 2020's revenue declines, growth in traditional pay-TV revenue has been relatively flat for the past five years (see Figure 23 above). The sector continues to come under pressure from the rise of SVoD services, available on a flexible basis: pay-TV households fell to just under 12.7 million in Q1 2022, having declined by 2.2 million since 2016. More than three-quarters (78%) of pay-TV homes also have a subscription to at least one SVoD service, with this significant overlap prompting operators to integrate SVoD services into their offerings in a bid to preserve their traditional position as aggregators of all the most popular content and services.

Figure 30: UK subscription TV and free-to-air households (millions): Q1 2016 – Q1 2022



Source: BARB Establishment Survey. 'Digital terrestrial only' refers to homes that receive TV through an aerial only and not through an internet connection. 'All other households' refers to those using other free TV platforms/services (e.g. Freesat or through an internet connection) without pay TV or SVoD, as well as households with no TV reception and no SVoD. Fieldwork for the BARB Establishment Survey was not conducted in Q1 2021 due to Covid-19 restrictions, which is why Q2 2021 data has been used instead.

The most recent evidence of this is the launch of new connected-TV products by Sky and Virgin Media, both designed to better integrate pay-TV channels with on-demand programming from both SVoD providers and broadcasters.

Sky, building on an SVoD aggregation model that has seen it secure carriage of all the major streaming services,⁶⁴ launched its own smart TV set, Sky Glass, in October 2021. Positioned as a 'no fuss' option for premium TV, it provides access to almost the full Sky TV offering over IP, alongside SVoD and BVoD content, without the need for a satellite dish, set-top box or long-term service contract. To appeal to those who do not want to buy a new TV set, Sky is also planning to sell standalone versions of its Sky Stream 'pucks' – small streaming boxes initially sold as part of a Sky

⁶⁴ Netflix, Amazon Prime Video, Disney+, Discovery+, Apple TV+, Peacock (the branded on-demand library of Sky sister company NBCUniversal) and Paramount+ are all available on Sky TV.

Glass setup for use on secondary TV sets – that will allow users to access the Sky Glass interface on other TVs.⁶⁵

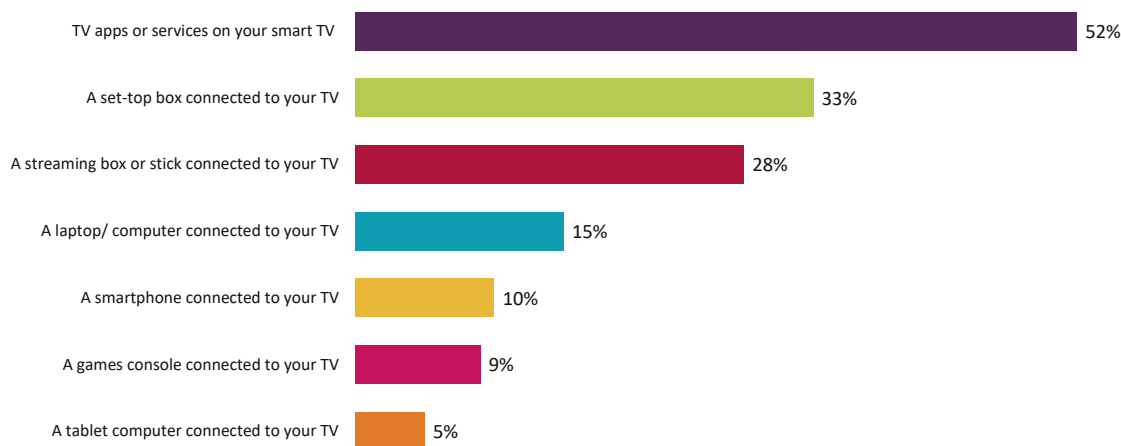
Virgin Media, meanwhile, launched its own new streaming box, Stream, in April 2022. Available to Virgin Media broadband customers, the device provides flexible, integrated access to pay-TV, SVoD and BVoD content, with discounts on SVoD subscriptions offered in the form of 10% credit back.

By seeking to reassert themselves as one-stop shops for pay and free linear and on-demand content that can be accessed in intuitive ways and via a single bill, the operators may improve their prospects of creating a virtuous circle of customer satisfaction, strong relationships and advantageous carriage deals with third-party apps, and better user interfaces with ever-growing options.

The use of connected-TV devices is commonplace, creating opportunities for other companies seeking to play the role of content aggregator

Pay-TV operators’ pursuit of connected-TV strategies comes against the backdrop of widespread consumer use of devices other than their set-top boxes to watch online content on TV sets. More than half of adults (52%) surveyed in February 2022 said that they used apps or services on a smart TV for this purpose, while 28% said they used a streaming box. This compares to a third (33%) who said they used a set-top box.⁶⁶ Among streaming box or stick users, Amazon Fire TV was the most popular product, used by 68%. This was followed by Google Chromecast, used by 17%.⁶⁷

Figure 31: Proportion of UK adults who use their TV set to watch online content, by means



Source: Ofcom VoD Survey 2022. Online adults. Question: 21. Which of these ways, if any, do you use to watch online content on your TV set(s)? Base: all adult respondents. Fieldwork conducted 22-28 February 2022. ‘Other’ and ‘Don’t know’ not shown.

Smart TVs and streaming devices, and the major tech and consumer-electronics companies behind them, represent intensifying competition for the TV user interface, with the likes of Samsung,

⁶⁵ TechRadar, [Sky to launch standalone streaming puck that does \(almost\) everything Sky Glass does](#), 12 April 2022.

⁶⁶ Ofcom VoD Survey 2022.

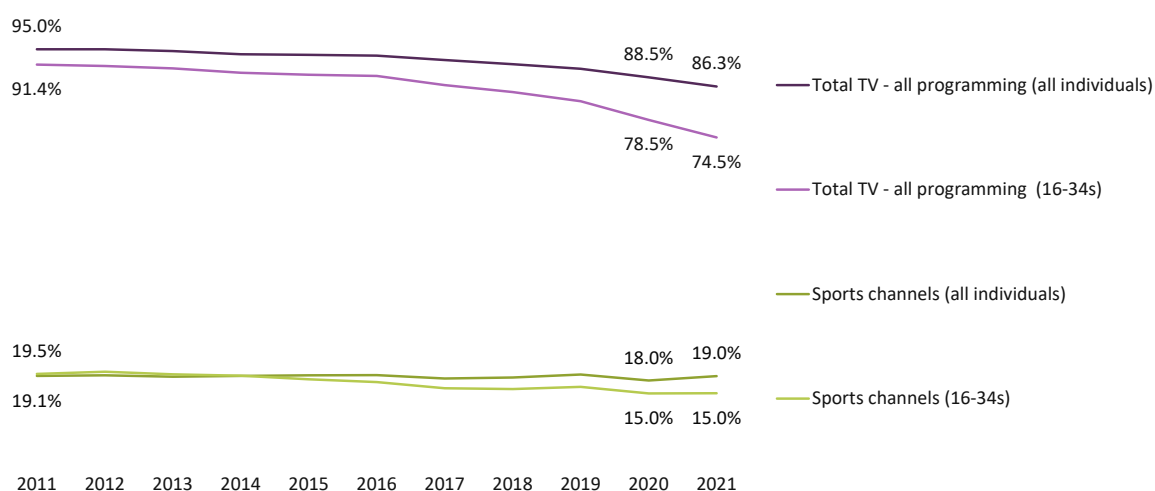
⁶⁷ Ofcom VoD Survey 2022.

Amazon and Google – which provides its Android TV software to many smart TV manufacturers – well-placed to compete with pay-TV operators to play the role of content aggregators themselves. If they can succeed in this, they will be better-placed to forge direct customer relationships with TV viewers, thereby supporting adjacent businesses such as subscription services or advertising.

Premium sport remains a cornerstone of pay-TV offerings

The rise of SVoD has, as discussed, put pressure on both linear TV viewing and pay-TV subscriptions. Dedicated sports channels, which have long been a key component of pay-TV, have proved more resilient than TV overall to declines in audiences. Between 2011 and 2021, average reach for total broadcast TV declined from 95% to 86%, while sports channels' reach stayed flat, at 19%. But among 16-34-year-olds, who are abandoning broadcast TV faster than average, sports channels' reach fell from 20% to 15% over the ten-year period.

Figure 32: Average weekly reach (%) of total broadcast TV and dedicated sports TV channels: 2011-2021



Source: BARB, Seven-day consolidated. Reach criteria: 3+ consecutive minutes.

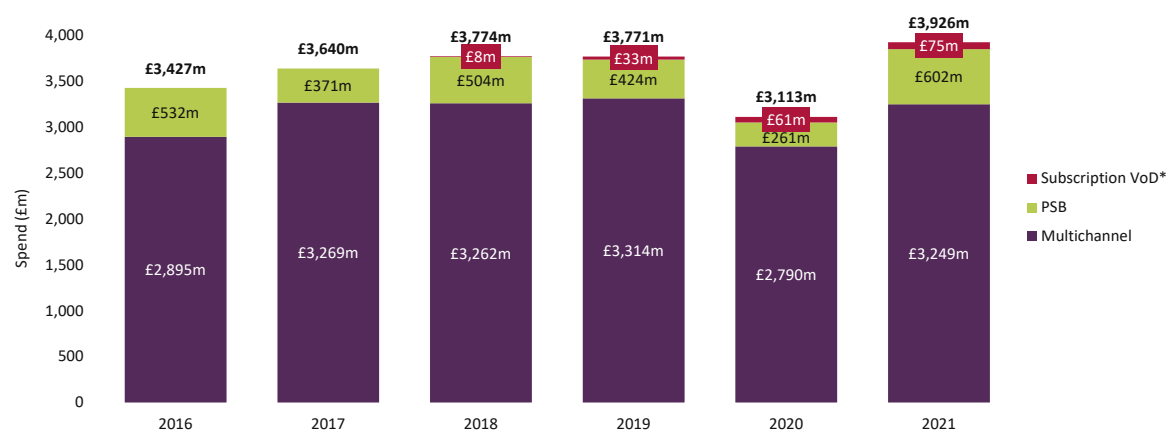
But for many audiences, marquee sporting events are still appointment viewing. Sky Sports recorded its highest-ever daily viewing figures on a day in October 2021 when it aired Premier League football (Manchester United vs Liverpool), Formula One motor racing (the USA Grand Prix) and T20 World Cup cricket (India vs Pakistan). It had an average of 1.2 million viewers across the day, peaking at 4.5 million, with overall reach exceeding 8 million.⁶⁸

Sports rights, therefore, remain highly valuable, particularly to pay-TV providers, which have retained the majority of the most desirable rights in the face of emerging competition from the likes of Amazon and DAZN. Although still expensive following an escalation in the cost of rights when BT entered the sports broadcasting market in 2012, programming costs have stayed broadly static for

⁶⁸ Sky Sports, [Sky Sports records highest-ever day of viewing thanks to Premier League, Formula One and ICC Men's T20 World Cup](#), 26 October 2021.

the past few years. Although spending dropped steeply in 2020 (-17%), caused by the widespread shutdown of sporting events and live broadcasts, it recovered (by 26%) in 2021. Spend on the single most valuable sports commodity, FA Premier League rights, will remain flat for three years from the 2022-23 season, following an agreement between the Premier League and its existing rights holders, Sky, BT and Amazon, to roll over the preceding £4.7bn rights deal. The move, which required approval by the Government, was made amid uncertainty caused by Covid-19 and to ensure stable funding from rights for football clubs suffering financially as a result of the pandemic.

Figure 33: UK sports programming spend by service/channel type: 2016-2021



Source: Ofcom/broadcasters (multichannel and PSB); Ampere Analysis (subscription VoD). *Subscription VoD data excludes production costs and represents only rights costs, which account for the majority of sports programming spend; multichannel and PSB data does include production costs. Figures are presented in nominal terms.

BT Sport and Eurosport have combined for a renewed premium sports push

Sustaining heavy investment in sports broadcasting can be challenging for operators. BT, seeking a renewed growth strategy for BT Sport, began speaking to companies interested in the asset in 2021. In May 2022, these discussions resulted in the formation of a strategic partnership with Warner Bros. Discovery, owner of Eurosport, to create a 50:50 joint venture combining the two companies' respective sports businesses.⁶⁹ Retaining their separate brands initially, BT Sport and Eurosport will ultimately be brought together under a single brand. In the meantime, BT Sport subscribers will gain access to streaming service Discovery+, which includes access to Eurosport and its coverage of events including the Olympic Games, Grand Slam tennis (Australian Open and French Open) and cycling Grand Tours. Subscribers to the joint offering will also have access to most live Champions League football matches until at least 2027, with BT securing a new rights deal in July 2022.⁷⁰

The joint venture generates revenue for BT – an initial £93m from Warner Bros. Discovery and up to approximately £540m if performance targets are met – while spreading future rights and production

⁶⁹ BT Newsroom, [BT Group and Warner Bros. Discovery agree to form new premium sports joint venture for the UK and Ireland](#), 12 May 2022.

⁷⁰ BT, [BT remains home of UEFA Champions League, Europa League and Europa Conference League until 2027](#), 1 July 2022.

costs. The deal was investigated by CMA, which considered whether it would create a “substantial lessening of competition”, but cleared it for completion in July 2022.

The partnership between BT and Warner Bros. Discovery serves to strengthen the two companies’ market position, as streaming players emerge as new competitors for sports rights. SVoD spending on UK sports rights remains small, at £75m in 2021 (2% of total UK sports-rights spend), but various streaming players are increasing their foothold in sports. For instance, Amazon Prime Video has a presence in the market with a small amount of Premier League football rights, which it has held since 2019, as well as regular tennis coverage, including rights to the US Open. It will also, in a significant expansion of its football offering, begin airing weekly Champions League football, having secured a share of the rights for the 2024-27 period.⁷¹

Meanwhile, sports specialist SVoD service DAZN, which has acquired mainstream sports rights in some major international markets but currently offers a niche, boxing-led service in the UK, had been one of the potential buyers for BT Sport, before talks broke down and BT entered into exclusive negotiations with Warner Bros. Discovery. The acquisition would have supported DAZN’s ambitions to become a significant player in the UK sports landscape. Elsewhere, Apple TV+ has made significant inroads into US sports with Major League Baseball Friday night matches and a global deal to show Major League Soccer. While these sports are less popular in the UK, the move signals the ambition and capability of another streaming service to compete for sports rights.

Another new player is set to enter the sports streaming market in late 2022; Viaplay is preparing to launch in the UK, having boosted its prospects with the acquisition of Premier Sports in July 2022.⁷²

Multichannel spending rebounded from 2020, but remains lower than pre-pandemic

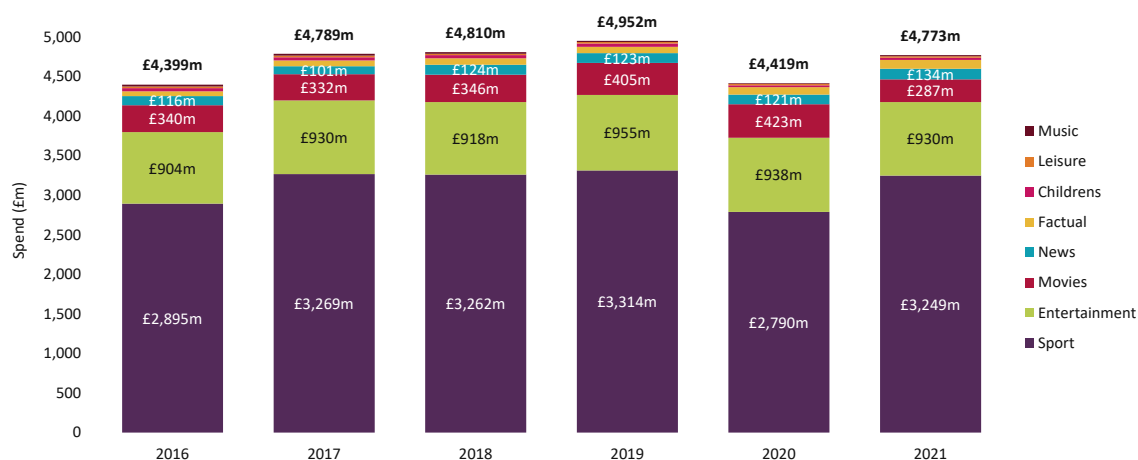
Overall multichannel spending on sports and other genres recovered in 2021 compared to 2020, rising 8% to £4.8bn. However, spending was still down compared to 2019, at 4% less than that year’s total (just under £5bn). The three highest-spend genres all reduced over the two-year period; sports and entertainment fell by 2% and 3% respectively, while the larger drop in films spend was in part due to Disney ending its supply deal with Sky Cinema as part of the switch to the Disney+ SVoD strategy.

Only factual and news programming saw growth in 2021 compared to 2019. Factual spend is now at its highest level in ten years, at £112m, partially due to new Sky channel launches (Sky Documentaries and Sky Nature). Factual programming, with its lower per-hour cost compared to entertainment and its fast turnaround to air, may be becoming a more viable option for multichannel schedules as they continue to recover from pandemic losses.

⁷¹ Deadline, [Amazon Prime Video Scores Rights To UK Champions League Football From 2024, Shared With BT](#), 1 July 2022.

⁷² Viaplay Group, [Viaplay Group acquires Premier Sports and accelerates entry into UK](#), 21 July 2022.

Figure 34: Multichannel programming spend by genre: 2016-2021



Source: Ofcom/broadcasters. Figures are presented in nominal terms.

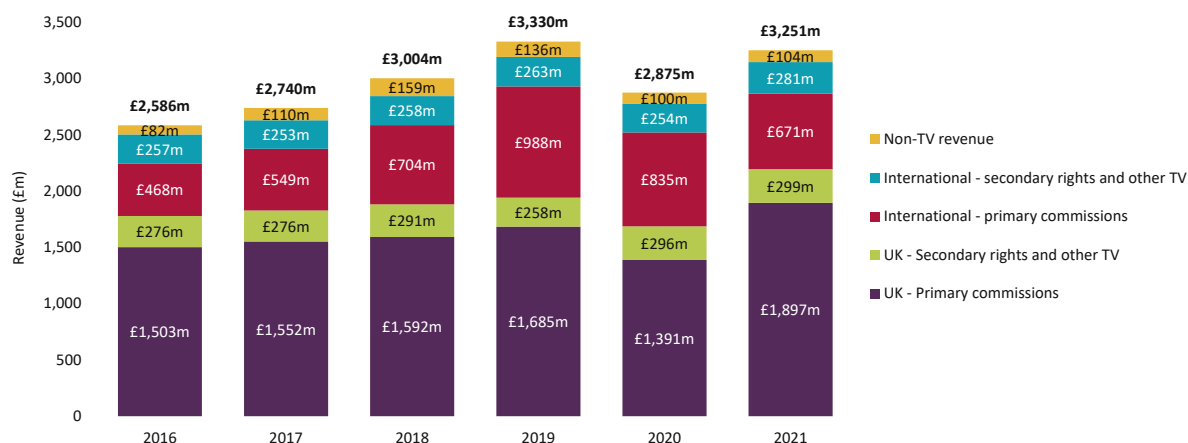
Production sector trends

Financial challenges amid production boom

The independent production sector has shown signs of recovery from the disruption caused by the pandemic. According to producers' association Pact, producer revenues rose to £3.25bn in 2021; this was close to 2019 levels, when revenues totalled £3.33bn, and represents 7% growth compared to 2020.

The sector appears to be recovering at a slightly slower pace than, for instance, the advertising market (as discussed above), and there are signs of a slowdown in some of its composite parts. For instance, there was a further decline in international TV revenue, a segment that covers commissions to UK production companies by foreign broadcasters and streaming services as well as licensing of finished programmes. This segment had been growing steadily since 2011, but its value declined by 13% in 2021, to £952m. Production has stayed slow as the Covid-19 recovery continues, and the conclusion or absence of some major UK productions, such as Netflix's big-budget series *The Crown* (which took an extended filming break after season four) has also been a factor. Meanwhile, UK TV revenues, i.e. commissions and sales from UK broadcasters, rebounded by 30% to a record £2.2bn.

Figure 35: Total production sector revenues by income source: 2016-2021



Source: *Pact Census 2021*. Figures are presented in nominal terms.

The broader production sector is facing a series of challenges. Although business from UK broadcasters is booming, there are still cost pressures. *Broadcast's 2022 Indie Survey* respondents continued to find that their production budgets were being affected by Covid-19; 92% of indies reported that their costs were higher, by between 10% and 25% of their pre-pandemic levels, even though restrictions on filming had been relaxed by the end of 2021. Close to half of respondents reported that their production costs were higher than in 2020.⁷³

National price inflation, Covid-19 prevention measures and a shortage of skilled crew pose significant challenges. Inflation is likely to lead to real-term price increases in everything from camera hire to catering. Hiring skilled crew has been a major issue since the pandemic, as freelancers have left the industry and there is a slower pipeline of skilled new starters.⁷⁴ Covid-19 management, including safety measures and increased backup should talent or crew fall ill, is also a significant cost. Having formerly been supported by the Government's Film & TV Production Restart Scheme,⁷⁵ more of these costs will now be shouldered by broadcasters and production companies.

The result is additional price pressures on production companies, which could result in significant financial challenges for the smallest and most vulnerable of them. As well as potentially reducing the number of small companies in existence, this could accelerate the trend towards production company consolidation, with conglomerates of production companies or large broadcaster-content producers buying up struggling firms.

Foreign and domestic investment boost production in the high-end TV sector

More than two years since the beginning of the Covid-19 pandemic, the high-end TV⁷⁶ production sector is more active than ever. A strong Q3 and Q4 bounce-back in 2020 led to a historic high across

⁷³ Broadcast, [Indie Survey 2022](#).

⁷⁴ The Guardian, [Acute skills shortage threatens British film studios' production boom](#), 19 February 2022.

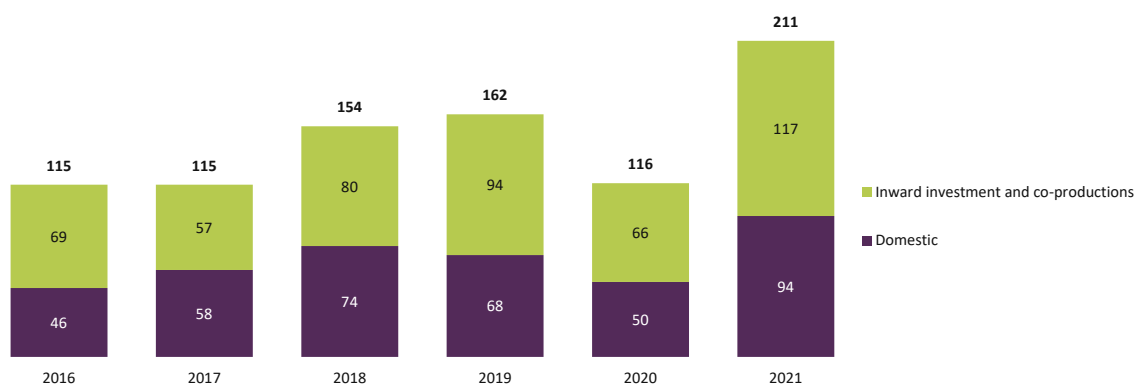
⁷⁵ GOV.UK, [Film & TV Production Restart Scheme](#).

⁷⁶ The BFI defines high-end TV as a drama, comedy or documentary programme, with episodes over 30 minutes in length and a budget over £1m per episode.

all types of high-end TV production in 2021. There were 211 productions, up from 116 in 2020 and the highest number since the high-end TV tax credit was introduced in 2013. Domestic productions were up to 94 (from 50): these included *Derry Girls* season three and *Worzel Gummidge* season 2. Inward (i.e. foreign) investment was an even bigger driver of growth, rising to 117 productions from 66 the previous year: these included programmes such as *Good Omens* season 2 and *Outlander* season 6. The strong international numbers for high-end TV content, which identify the content at the early point of production rather than at the point of revenue accounting, may predict a future boost to these producer revenues, which as shown in Figure 35 above, declined in 2021.

In addition, 2021 was a strong year for film-length, long-form SVoD productions,⁷⁷ which rose from 19 to 36. Some of the record increases over the past year can be attributed to productions delayed from 2020, but the five-year trend shows that high-end TV is still growing, and long-form productions increased even during the pandemic, rising by three in 2020 and by 17 in 2021.

Figure 36: Number of high-end TV programmes produced in the UK: 2016-2021



Source: BFI. Production numbers reflect programming starting principal photography during 2021, and are updated in each successive BFI report to reflect new films, changed budgets, postponements and cancellations. Data for 2017-22 was published in 2021. Data for 2016 was published in 2020.

Consolidation continues with new mergers and acquisitions

The UK production sector has been a busy space for mergers and acquisitions for many years. In 2021 and early 2022, this pattern continued, including deals for producers specialising in both scripted and unscripted programming.

In June 2022, ITV spent £104m to acquire a majority stake in major unscripted producer Plimsoll Pictures, which produces natural history programming such as *Tiny World* for AppleTV+ and *Night on Earth* for Netflix. The move indicates that this kind of premium unscripted programming is a draw for audiences in an SVoD marketplace crowded with options. It is also versatile, as it can be easily adapted for international markets with the narration in different languages.

⁷⁷ These are 'SVoD films', made for streaming services such as Netflix and Amazon Prime Video which apply for certification through the high-end TV tax relief scheme as 'single episode' productions.

Several scripted production companies also received investments from other larger producers and broadcasters, reflecting the TV production market's continued interest in drama and the executives who can bring it to the screen. Some examples featuring UK talent included Sony Pictures Television's acquisition of a majority stake in UK drama brand Bad Wolf; BBC Studios' investment in House Productions, the maker of *Sherwood*; and Fremantle's acquisition of a controlling stake in *The Responder* producer Dancing Ledge.

Public service broadcasting

Introduction: legislative reforms are proposed to safeguard the future of public service broadcasting in the UK

In July 2021, Ofcom made recommendations to Government on the future of the public service media (PSM) system for the next decade. The recommendations marked the conclusion of Ofcom's [Small Screen: Big Debate](#), an in-depth review of the future of PSM.

The Government recently set out its [vision for the broadcasting sector](#) in a White Paper ahead of a Media Bill. Among other things, the White Paper explained the Government's intention to implement some of the key recommendations of our Small Screen: Big Debate review. These include a simplified PSB remit, a new prominence regime for PSB online services on the major connected TV platforms, and greater flexibility for PSBs in how they deliver their obligations, including through their online services.

This chapter provides an update on key data relating to PSM, including trends in audience viewing, changes in the amount of revenue generated by the PSBs, and data on programme output and investment. It also provides an overview of the findings from Ofcom's proprietary PSM Tracker, examining audience perceptions of, and satisfaction with, public service media.

What is public service broadcasting?

Public service broadcasting (PSB) is an intervention, designed by Parliament, to ensure that UK audiences can enjoy a wide range of high-quality TV programmes that meet people's needs and interests as citizens and individuals. The public service broadcasters are the BBC, S4C, the providers of the Channel 3 services (ITV, and STV in Scotland), Channel 4 Corporation ('C4C') and the provider of Channel 5 (owned by Paramount).

Under the current framework, specified PSB channels must collectively fulfil certain statutory purposes and individually meet a set of service-specific requirements.⁷⁸ When describing the public service channels taken together, the term public service broadcasting (PSB) is used. The term 'public service media' is a broader term which was used in Ofcom's review, [Small Screen: Big Debate](#), to reflect the fact that audiences are no longer limited to 'broadcast' channels and may watch content from the public service broadcasters on a range of broadcast and online services.⁷⁹

Under the current legislative framework, the PSB channels are: all the BBC's public broadcast TV services, each Channel 3 service (ITV's main channel⁸⁰ in England, Wales and Northern Ireland and

⁷⁸ See [Annex 8. PSB regulatory framework](#) regarding the PSB regulatory Framework, including the PSB remits and the service-specific requirements for the individual PSB providers.

⁷⁹ During our [Small Screen: Big Debate](#) review, several respondents questioned the concept and scope of public service media and suggested it should be clearly defined in legislation. We agreed with the need for clarity and considered 'PSM' as the best way to describe public service content delivered through a range of platforms including broadcast TV and online services.

⁸⁰ This includes regional variations and UTV in Northern Ireland. UTV is operated by ITV plc and is part of the ITV network.

STV in Scotland), Channel 4, Channel 5 and S4C. The PSB channels are all for public benefit, so are available to all and are free at the point of delivery, without subscription or contract.

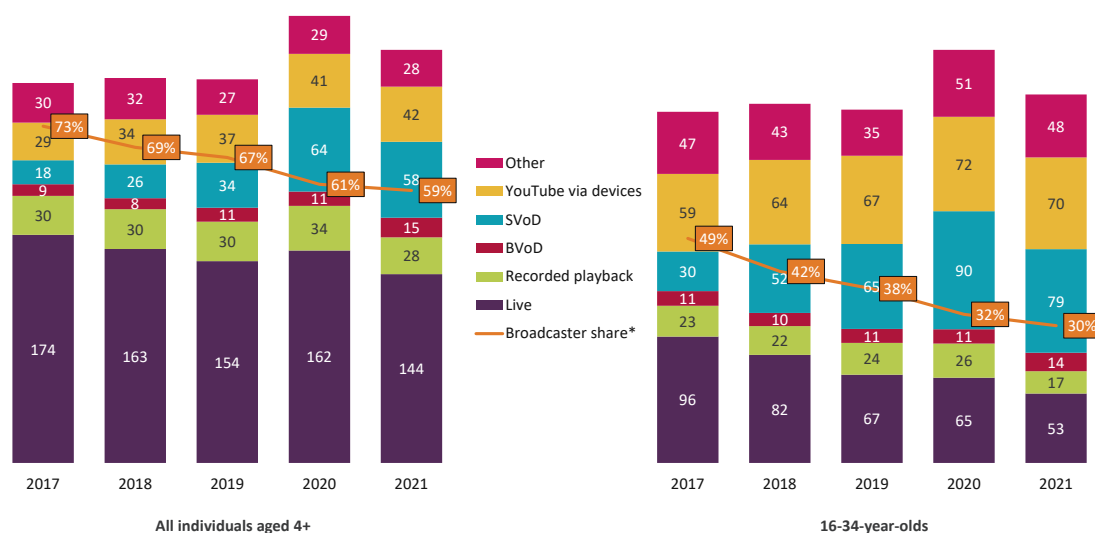
The BBC is currently primarily funded by the licence fee. A standard licence fee, currently costing £159 per year, is required to watch live programmes on any broadcast channel, as well as to download or watch any BBC programmes on BBC iPlayer. The other PSB channels are primarily funded through advertising, and all PSB channels receive regulatory benefits in the form of privileged access to spectrum and a prominent position within electronic programme guides (EPGs).

PSB viewing trends

Growth in viewing of PSB on-demand services has not been enough to fully offset the larger decline in viewing of linear broadcast PSB channels

As outlined in the first chapter of this report, the average amount of time spent watching TV from broadcasters has been in steady decline over the last decade, as audiences have increasingly chosen to subscribe to streaming services like Netflix and Amazon Prime Video, as well as spend more time on social video platforms, in particular YouTube. The trends seen in general consumption of broadcast TV over the last decade have been broadly reflected in audience viewing of PSB channels and services. Although PSBs have managed to increase viewing on their BVoD services (e.g. BBC iPlayer, ITV Hub and All 4), this has not been enough to compensate for the larger decline in viewing of their linear TV channels.

Figure 37: Average minutes of viewing per day on all devices, by type: 2017-2021



Source: Ofcom estimates of total audio-video viewing. Modelled from BARB, Comscore and TouchPoints data.

*Broadcaster share includes live, recorded playback and BVoD. Slight changes in methodology since the publication of Media Nations 2021 have resulted in the recalculation of figures for 2020. Our modelling approach has also been amended continuously over time due to changes in the measurement of VoD and restatement for previous years has not always been possible.

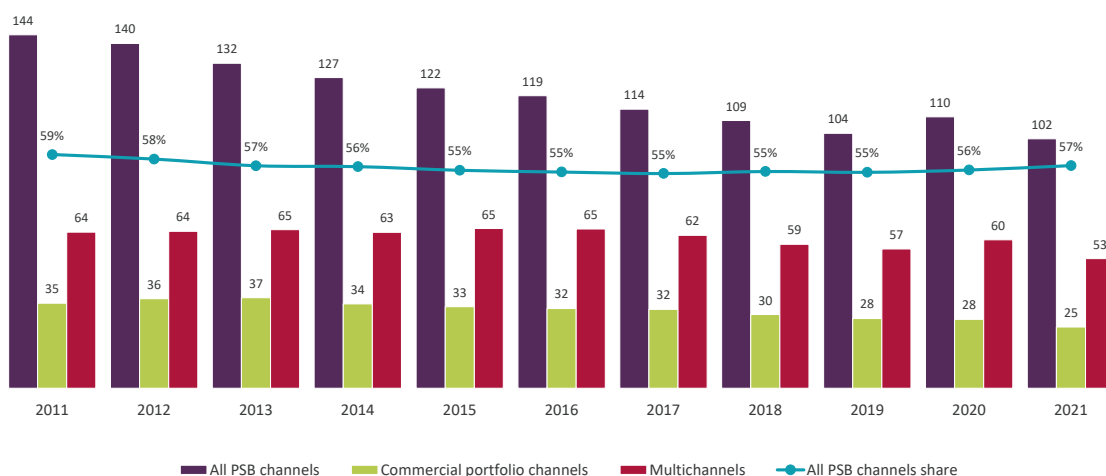
The increase in viewing of PSB channels during the pandemic has not been sustained, falling below pre-pandemic levels in 2021

In 2020, PSB channels bucked the overall downward trend in linear TV viewing seen in recent years, with the average amount of time spent watching PSB channels increasing by seven minutes per day, driven mainly by an increase in viewing of news programming during the Covid-19 pandemic.

However, the main five PSB channels saw either a drop or no change in their average minutes of daily viewing in 2021, and the long-term decline, interrupted by the anomalous 2020, resumed. Collectively, viewing of PSB channels such as BBC One and ITV fell to 1 hour 42 minutes per person per day, down two minutes compared to 2019, while the associated commercial portfolio channels (such as ITV2 and E4) together declined to 25 minutes (down by three minutes). Viewing of multichannels (such as Sky-branded channels, UKTV and Discovery) collectively reduced to 53 daily minutes (down by four minutes).

Despite the general decline in viewing over the last decade, PSB channels continue to represent the majority of daily viewing of broadcast TV, at 57% in 2021, a proportion that has remained relatively stable, ranging between 59% and 55% since 2011.

Figure 38: Average minutes of daily viewing of broadcast TV, by channel group and PSB share: 2011-2021



Source: BARB. Total TV, all individuals (4+), consolidated up to 28 days. PSB +1 channels are included in their portfolio groups. All PSB channels includes the main five (excluding +1s) and all BBC channels.

The decline in viewing of PSB channels has been across all age groups, but is most pronounced among younger audiences

Following the increase in 2020, viewing of PSB channels decreased across all age groups in 2021, with every cohort seeing a drop in the average number of minutes watched per day.

The trend of declining viewing of PSB channels is particularly prominent among younger audiences. For 16-24-year-olds, there was a 52-minute decline in daily TV viewing between 2011 and 2021 (to

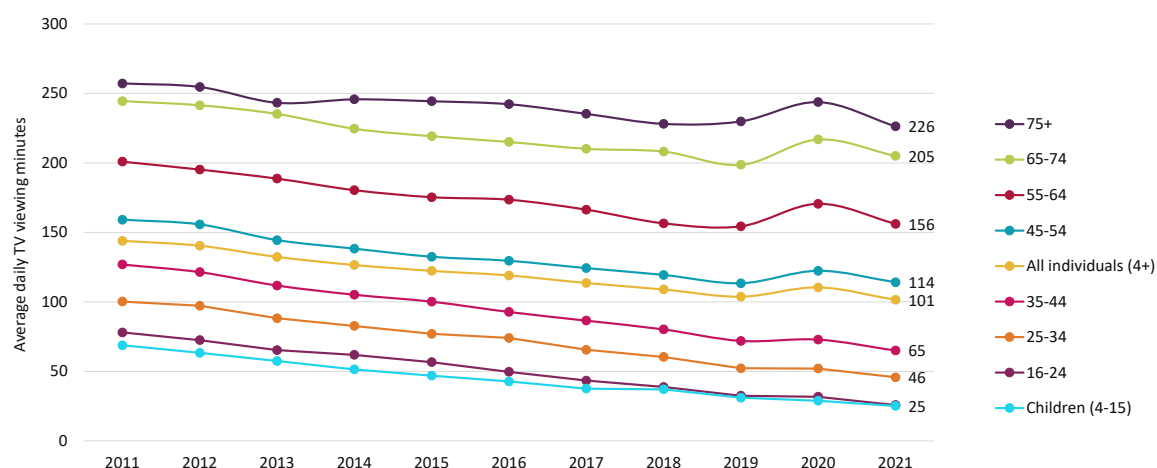
just 26 minutes a day), while for 25-34-year-olds there was a 54-minute decline over the same period (to 46 minutes a day).

PSBs have been attempting to attract younger audiences through various initiatives, with BVoD services central to their future strategies. Recent moves and announcements in this area, such as ITV’s planned launch of ITVX, its revamped on-demand and streaming offering, are discussed later in this chapter.

On broadcast TV, the BBC re-launched BBC Three as a linear channel in February 2022. The youth-orientated channel was, as a cost-saving measure, closed in March 2016 and made available only online via BBC iPlayer. An assessment of the impact of the re-launched BBC Three linear channel will be included in Ofcom’s next annual report on the BBC in autumn 2022.

Among children aged 4-15, viewing of PSB channels also declined further in 2021, with this cohort watching 25 minutes per day, compared to 31 minutes in 2019 (before the pandemic) and 1 hour 9 minutes in 2011. In May 2022, the BBC announced proposals to stop airing CBBC, as well as BBC Four, as a linear broadcast channel within three years, and to make it available online only via BBC iPlayer, which the BBC has sought to make appealing and user-friendly to children, with features such as child profiles that tailor the experience based on the age of the child user.

Figure 39: Average daily minutes of PSB channels viewing per person, by age: 2011-2021



Source: BARB. The PSB channels include the main five PSB channels (excluding commercial +1 channels) and the BBC portfolio channels. Data consolidated up to 28 days.

Weekly reach of PSB channels among 16-24s has fallen below 50% for the first time

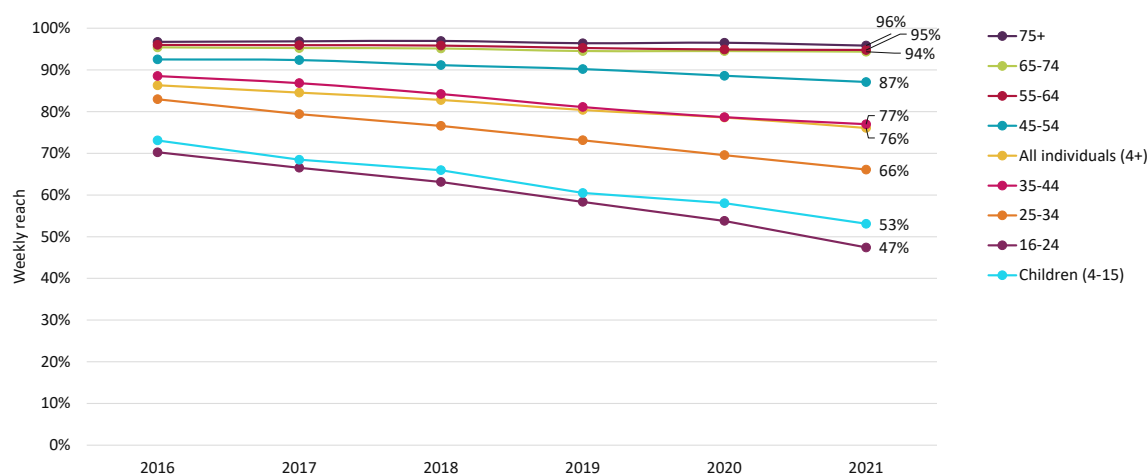
While the pandemic drove an increase in daily viewing of the PSB channels in 2020, there was no corresponding uplift in weekly reach.⁸¹ Among all individuals, weekly reach of the PSB channels declined from 80% in 2019 to 79% in 2020, with a further decline to 76% in 2021.

⁸¹ Defined as watching at least 15 consecutive minutes of the PSB channels in a week.

As with daily viewing, the decline in weekly reach of the PSB channels has been most apparent among younger audiences. Among 16-24-year-olds it declined further in 2021 and now stands at less than half (47%) of this age group for the first time. Similarly, only about half (53%) of children aged 4-15 now watch at least 15 consecutive minutes of the PSB channels in an average week.

The decline in weekly reach of the PSB channels is not limited to younger audiences; weekly reach among people aged 35-44 and 45-54 has been declining more gradually over the last three years. Audiences aged 55 and older (a growing segment among the population in general) are the only cohort where there has not been a significant decline in weekly reach, both year on year and over a longer period.

Figure 40: Average weekly reach (%) of combined PSB channels, by age: 2016-2021

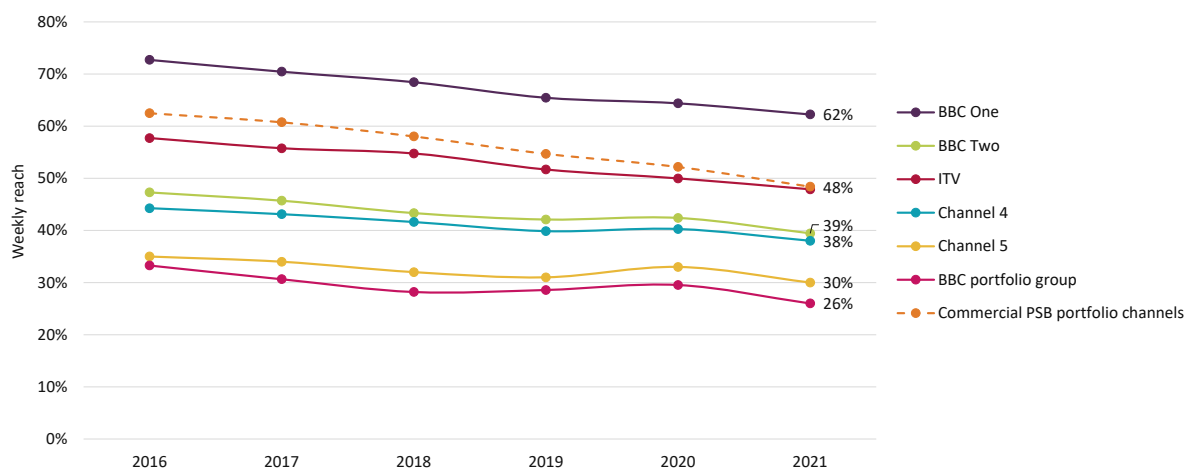


Source: BARB. The PSB channels include the main five PSB channels (excluding commercial +1 channels) and the BBC portfolio channels. Weekly reach defined as % of all individuals aged 4+ watching 15 consecutive minutes or more in an average week. Data consolidated up to 28 days.

There has been a decline in weekly reach for all the individual PSB channels

All the individual PSB channels have been affected by the general decline in viewing of linear TV, although to varying degrees. BBC One and ITV have had the largest falls in weekly reach, both declining ten percentage points since 2012 to 62% and 48% respectively in 2021. BBC Two and Channel 4 have seen their weekly reach decline by eight and six percentage points respectively over the same period, to 39% and 38%. Although Channel 5 has also had a decline in weekly reach since 2012 – down five percentage points to 30% – its reach has been more stable than the other PSB channels. This may be due in part to an increase in investment in original content following the acquisition of Channel 5 by Paramount (formerly ViacomCBS) in 2014.

Weekly reach of the commercial PSB portfolio channels (e.g. ITV2 and E4) – which are not ‘PSB channels’ but are included here for comparison – was 48% in 2021, down 14 percentage points since 2016.

Figure 41: Average weekly reach of individual PSB channels (%): 2016-2021

Source: BARB. The PSB channels include the main five PSB channels (excluding commercial +1 channels) and the BBC portfolio channels. Weekly reach defined as % of all individuals aged 4+ watching 15 consecutive minutes or more in an average week.

Entertainment, factual and news programming are the most-watched genres on PSB channels

Figure 42 below illustrates how viewing of the PSB channels was split between different programme genres in 2021, with a comparison of all individuals and 16-24s-year-olds. Among all individuals, entertainment (24.9% of viewing time) was the most-watched genre as a proportion of total viewing minutes, followed by general factual (16.7%), news and current affairs programming (13.7%) and sports (10.5%).

Among 16-24s, the top four genres watched on PSB are the same as among all individuals, although the extent to which each genre is watched is different. For example, while 13.7% of the time spent viewing PSB channels, among all individuals, is to news and current affairs programming, this falls to 8.3% among 16-24s. This is probably because younger audiences are increasingly getting a higher proportion of their news content from online platforms such as Facebook, Twitter and YouTube, as well as news websites and apps, rather than via broadcast TV news.⁸² Younger audiences also spend a higher proportion of their viewing time (28.9%) watching entertainment programmes on PSB channels, as well as sport (15.8%), compared to all individuals. Smaller genres – such as education, religion and arts programming – each account for less than 1% of total viewing among all individuals and younger audiences.

⁸² Ofcom, [News consumption in the UK: 2022](#).

Figure 42: Proportion of total minutes viewed per person on the PSB channels, by genre (%): 2021



Source: BARB. Data consolidated up to 28 days. Main five PSB channels including their +1 channels.

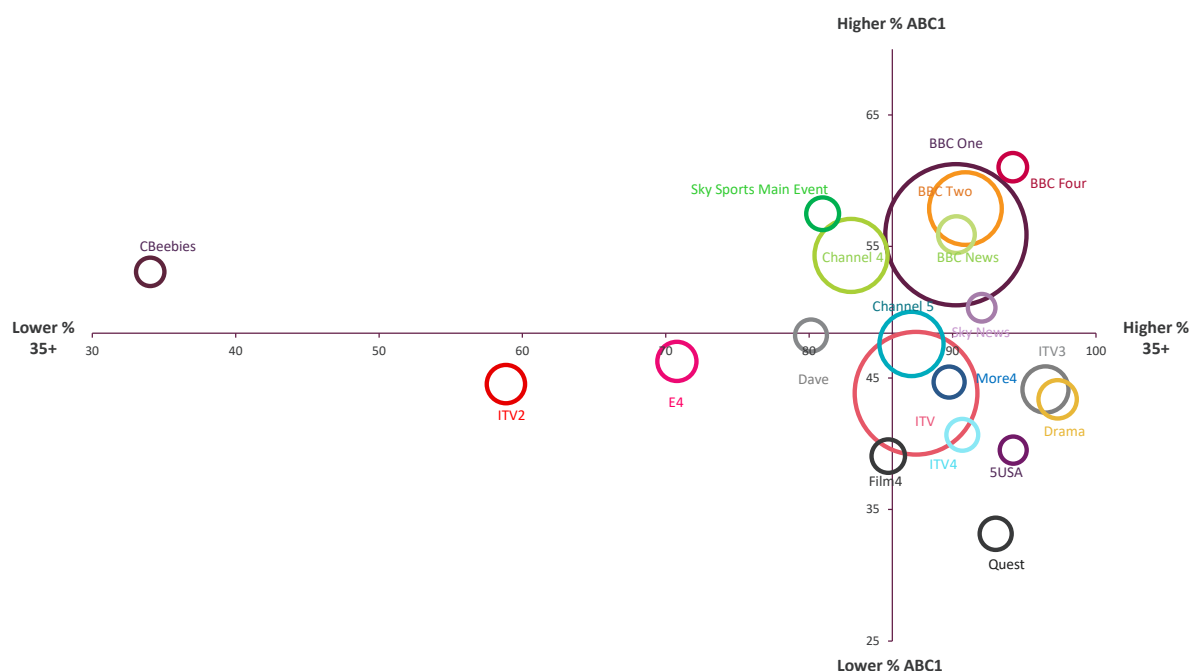
Compared to ITV, the BBC tends to have a higher proportion of its audience over 34 and in a higher socio-economic group

Figure 43 below illustrates the viewing profile of the top 20 most-viewed channels based on age and socio-economic grouping.⁸³ Of the main five PSB channels, Channel 5 has the profile most similar to total TV, which in general skews higher towards those aged 35 and over. The BBC channels have a larger profile of those in the ABC1 socio-economic group and those aged 35+; in contrast, ITV skews towards those with a lower socio-economic profile. Channel 4’s profile skews more towards the younger demographic than the other PSB channels.

Excluding CBBC and CBeebies, ITV2 and E4 have the youngest viewing profile of the top 20 most-watched channels. BBC Three is excluded from our analysis as it was only available online via BBC iPlayer in 2021.

⁸³ The socio-economic groups we refer to in our research are ‘ABC1’ and ‘C2DE’ households: ABC1 refers to those in higher socio-economic groups (occupations such as doctor or teacher), while C2DE refers to those in lower socio-economic groups (occupations such as mechanic or cook).

Figure 43: Age and socio-economic audience profile of the 20 most-viewed channels: 2021



Source: BARB. Individuals 4+. Based on the top 20 channels ranked by share. Size of bubble relates to share among individuals 4+. Profile based on age: % 35+, SEG: % ABC1 (those in higher socio-economic groups, e.g. occupations such as doctor or teacher). Axes cross at the average age/SEG profile of total TV. Includes HD and +1 variants channel where applicable.

VoD services are central to the PSBs' strategies and are critical to driving future viewing and revenue

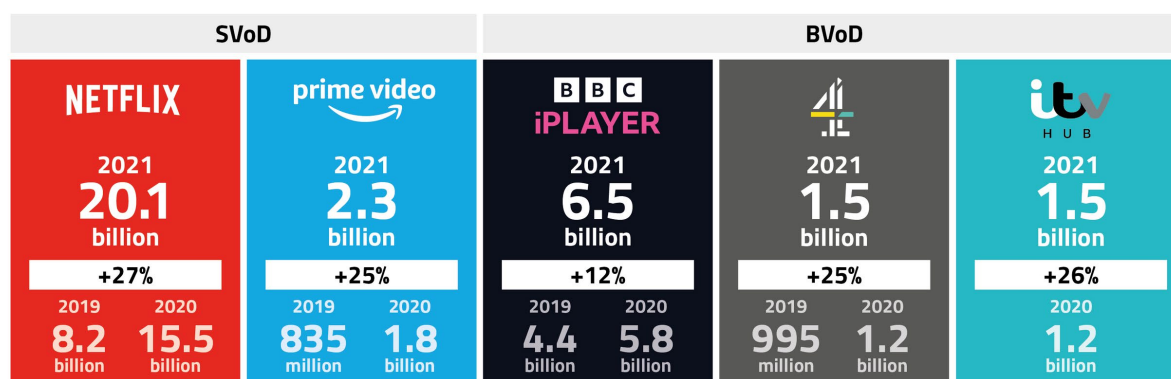
On-demand streaming services now form an integral part of the PSBs' strategies. To make their services more competitive and appealing to audiences, PSBs have been including more 'box sets', thereby extending the window (or period of time) when content is available, as well as improving the functionality of these services. Consequently, there has been significant growth in viewing of the PSBs' BVoD services. Among all VoD services,⁸⁴ BBC iPlayer was the second largest by streams⁸⁵ in 2021, and again broke its Q1 record with 1.83 billion streams in Q1 2022 – an increase of 100 million compared to Q1 2021 (1.7 billion).⁸⁶ This puts it well ahead of other PSB BVoD services, as well as Amazon Prime Video, although its volume of streams and rate of growth in recent years are well behind Netflix. The SVoD market leader delivered 20.1 billion streams in 2021, including a quarterly high of 5.6 billion in Q1 of that year (compared to 4.9 billion in Q1 2022).

⁸⁴ YouTube is excluded from this definition as it includes a high proportion of short-form, user-generated content.

⁸⁵ The use of different sources means streams data for different services is not directly comparable, with the exception of Netflix and Amazon Prime Video, data for which comes from the same source, Digital-i UK.

⁸⁶ BBC Media Centre, [The Tourist, The Responder and Peaky Blinders help BBC iPlayer achieve its strongest ever quarter](#), 29 April 2022.

Figure 44: Number of UK streams/views for selected VoD services: 2019-2021



Source: Netflix and Amazon Prime Video data is from Digital-i UK, for UK account holders aged 18-64, based on at least two minutes of viewing of content excluding live sport. BBC iPlayer data is from BBC Media Centre press releases ([29 March 2021](#)) and ([29 April 2022](#)). All 4 views data is from [Channel 4 Annual Reports](#). ITV Hub data is from [ITV Press Centre](#). Note: Data from different sources not directly comparable.

Despite the popularity of PSB BVoD, the increase in viewing on these services has not been enough to fully compensate for the decline in linear viewing, and PSBs are continuing to invest in VoD services as they attempt to maintain revenues and compete for audiences with online streaming platforms.

As part of its current strategic vision,⁸⁷ ITV has made streaming one of its three critical priorities, with the objective of doubling digital revenues to at least £750m by 2026. Part of this strategy includes the launch of ITVX⁸⁸ – a new service that will consolidate and enhance ITV’s existing VoD services: ITV Hub, ITV Hub+, and BritBox, the UK version of which is now fully owned by ITV, after it bought out the BBC’s minority stake in the joint-venture.⁸⁹ Due to launch in late 2022, ITVX will use a ‘freemium’ model, with free and subscription tiers offered in a single service. And in a departure from its traditional approach, ITV plans to adopt a digital-first content strategy where much of its new content will be shown first on ITVX, before being broadcast, potentially months later, on ITV linear broadcast channels. The revamped service will also benefit from higher content spend, more premieres and exclusives, and a bigger library of box-sets and films.

PSBs are also seeking to reach audiences with VoD content distributed on alternative platforms, including social media/video services. In May 2022, Channel 4 announced an extension to its strategic partnership with YouTube.⁹⁰ The deal will enable 1,000 hours of full episodes of Channel 4 (and E4) content to be available on YouTube, and will allow Channel 4 to sell its own advertising around these shows. The partnership is part of Channel 4’s strategy to accelerate digital growth, develop new revenue streams and reach younger audiences on the platforms they use.⁹¹

⁸⁷ ITV, [Our Strategy](#).

⁸⁸ ITV, [Introducing ITVX - Britain's freshest new free streaming service launching later this year](#), 3 March 2022.

⁸⁹ Variety, [ITV Buys Out BBC's Share of BritBox U.K.](#), 3 March 2022. The BBC remains a joint-venture partner in BritBox International.

⁹⁰ Channel 4, [Channel 4 and YouTube strike pioneering content and commercial partnership](#), 11 May 2022.

⁹¹ Channel 4, [Future4](#).

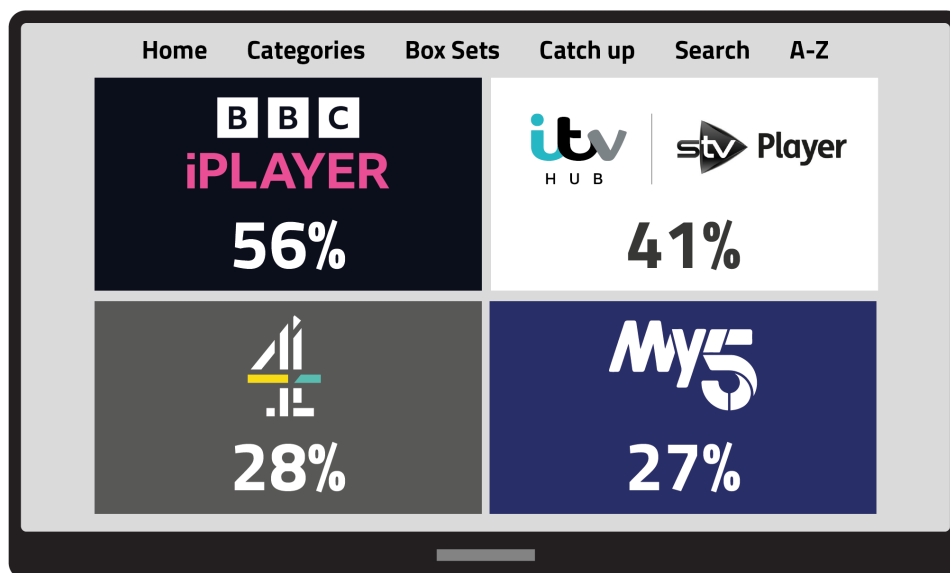
ITV, meanwhile, announced content partnership deals with both Twitter and Snapchat in the first half of 2022. These will enable highlights from sporting events (to which ITV holds the broadcasting rights) such as the FIFA World Cup and Rugby World Cup 2022, to be made available on the social media platforms.⁹² In addition, short-form content made specially for mobile, from ITV programmes including *I'm a Celebrity...* and *Love Island*, will be created as part of the content deal with Snapchat.

PSBs are also working to improve the functionality of their on-demand services. For example, in its 2022/23 annual plan, the BBC states that continuing to improve the user-experience of BBC iPlayer is a top priority for the year ahead.⁹³ It will focus on increased personalisation and improved content discovery, among other improvements to the BBC iPlayer interface.

More than half of online adults have used PSB BVoD services to watch TV programmes live at the time of broadcast

While the PSBs' streaming services are typically used to watch programmes on demand, users can also stream channels and events live. The vast majority (82%) of online teens and adults are aware that they can use services such as BBC iPlayer and ITV Hub in this way, with 59% of PSB BVoD service users using them to watch channels or programmes live at the time they are broadcast. BBC iPlayer is the most popular BVoD platform for watching live TV at the time of broadcast, with 56% of online adults claiming to do this.⁹⁴

Figure 45: Proportion of online adults and teens who watch channels or programmes at the time of broadcast on BVoD services



Source: Ofcom VoD Survey 2022. Online adults/teens aged 13+. Base: all respondents who used service in past three months and are aware that they can watch channels or programmes live at the time of broadcast online. Fieldwork conducted 22-28 February 2022.

⁹² ITV, [ITV and Twitter sign multi-year partnership with expanded content offering for UK audiences](#), 31 May 2022.

⁹³ [BBC Annual Plan 2022/23](#).

⁹⁴ Ofcom VoD Survey 2022.

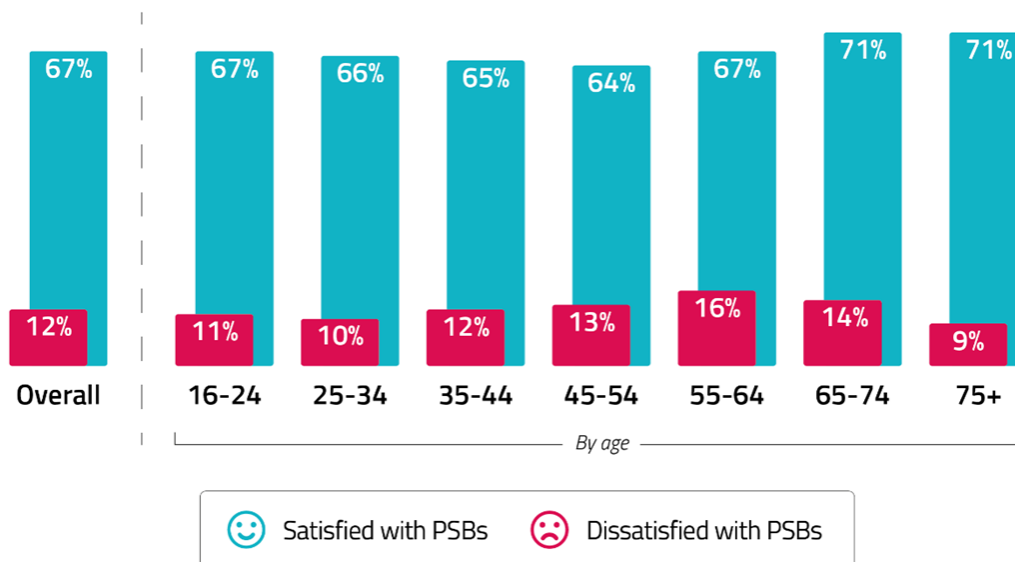
Audience attitudes and sentiment

Overall, audiences are broadly satisfied with public service broadcasting

Ofcom’s Public Service Media Tracker is an ongoing research programme that measures audiences’ satisfaction with PSB and how well they think broadcasters are delivering on numerous different attributes.

When asked to think about PSB channels overall, two-thirds (67%) of those who said they had viewed PSB services in the past six months said they were satisfied with it; only 12% said they were dissatisfied. Men were more likely than women to be dissatisfied with PSBs (15% vs 10%). Despite the differences in consumption habits, levels of satisfaction were broadly consistent across age groups, although those aged 16-34 were significantly more likely to describe themselves as very satisfied with PSBs overall (28% vs 23% overall).

Figure 46: Satisfaction with PSBs overall and by age



Source: Ofcom PSM Tracker 2021. Question 28: And now, if you think about ALL the public service broadcaster channels combined, how satisfied are you that combined they provide the different elements asked about in the previous question? Base: all who have watched any PSB channel/service in last six months: Total (2,917), 16-24 (359), 25-34 (451), 35-44 (463), 45-54 (493), 55-64 (449), 65-74 (392), 75+ (310).

News programming is considered one of the most important elements of PSB

When respondents were asked to consider what are the most important elements of PSB to society,⁹⁵ trusted and accurate UK news was chosen as the most important (15%), followed by

⁹⁵ Our methodology used a MaxDiff approach, whereby consumers were asked to indicate the ‘most important’ and ‘least important’ options in each of a series of 16 randomly generated sets of five options. By using a ‘trade-off’ approach, we can determine relative importance scores for each attribute, adding up to 100 overall. This question was asked of all respondents who completed the survey online, excluding those who completed over the telephone.

'programmes that help me understand what is going on in the world' (11%) and *'a wide range of different types of programmes, such as drama, comedy, entertainment or sport'* (11%). Elements of PSB relating to quality and range, and news and current affairs, made up over half of the most important elements.

There was significant variation by demographics when looking at the importance to audiences of different PSB attributes. Older audiences found trusted and accurate UK news more important than did younger audiences, while younger audiences were more likely to place value on elements related to relatability and diversity such as *'programmes that feature people like me'* and *'programmes which feature people from different backgrounds'*.

PSBs are highly valued for delivering a wide range of programming made for UK audiences

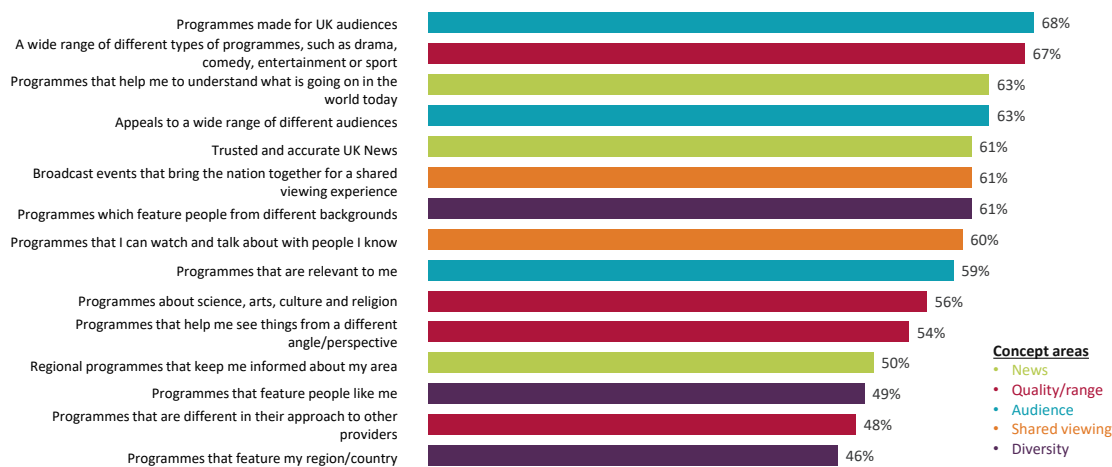
For PSBs overall, audiences generally considered most of the PSB attributes as being delivered well.⁹⁶ Among those who had used a PSB service in the past six months, PSBs were seen as delivering particularly well on *'programmes made for UK audiences'*, *'a wide range of different types of programmes'*, *'programmes that help me understand what is going on in the world today'*, and *'appeal[ing] to a wide range of different audiences'*. Given that *'programmes made for UK audiences'* is also one of the top-rated statements at the individual broadcaster level, it is clear that this is considered to be an important and well-delivered element of PSB for UK viewers.

Across several statements, younger viewers were more likely than older viewers to say that PSBs are delivering well. For example, *'programmes that feature people like me'* (56% of 16-34-year-olds rated 7-10 vs 42% of 55+-year-olds), *'programmes made for UK audiences'* (72% vs 65%) and *'programmes that are different in their approach to other providers'* (53% vs 44%).

We also observed differences between socio-economic groups, with those in ABC1 households more positive than those in C2DE households across several statements, including *'programmes that are relevant to me'* (62% vs 56%), *'programmes that help me understand what is going on in the world today'* (67% vs 59%) and *'programmes made for UK audiences'* (72% vs 64%).

⁹⁶ This is defined as a high proportion of respondents in our PSM Tracker research rating the delivery of different attributes of PSB seven, eight, nine or ten out of ten.

Figure 47: Rating of the delivery of different attributes of PSB



Source: Ofcom PSM Tracker 2021. Question 26: Well (7-10) summary – How well or badly would you say they provide ...? Base: all who watched channel in past six months (2,917).

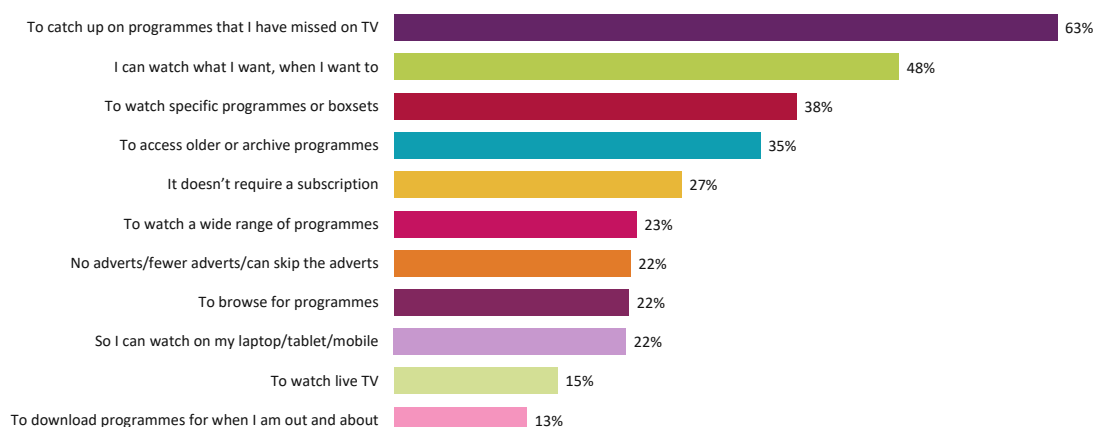
Looking at individual broadcasters, there were differences in views about the delivery of the various PSB attributes. The top attributes on which BBC TV channels were seen as delivering well were providing ‘programmes made for UK audiences’, ‘programmes that help people to understand what is going on in the world today’, and ‘a wide range of different programmes’. ITV channels⁹⁷ also did well on providing ‘programmes made for UK audiences’ and ‘appeal[ing] to a wide range of audiences’, as well as providing ‘a wide range of different types of programmes, such as drama, comedy, entertainment or sport’. Channel 4 TV channels delivered well on distinctiveness, with elements such as ‘providing programmes different in their approach to other providers’, and ‘programmes that help me see things from a different angle/perspective’ rated well.

Satisfaction with PSB BVoD services is high, especially among younger audiences

Provision of PSB BVoD services was seen as important to audiences: three-quarters (73%) of UK adults said it was important to them, with only 7% seeing it as unimportant. The most popular reason for using PSB BVoD services is to ‘catch up on programmes missed on live TV’ (63%); this is more likely among older than younger respondents. Other popular reasons include ‘being able to watch what I want, when I want’; ‘to watch specific programmes or box-sets’; and ‘to access older or archive programmes’.

⁹⁷ Among respondents in Scotland this was ‘STV and ITV channels’ and for respondents in Northern Ireland ‘UTV and ITV channels’.

Figure 48: Reasons for using PSB BVoD services



Source: Ofcom PSM Tracker 2021. Question 33: Why do you use these services? Base: all who watched at least one BVoD service in past six months (2,509).

BBC iPlayer has a high level of satisfaction, with over four in five (81%) of those who had used it in the past six months saying they were satisfied. Across age groups, satisfaction is relatively consistent, starting at 76% for 16-24s and increasing to 86% for 65-74s, before dropping to 78% for those aged 75+. Around seven in ten say that BBC iPlayer does well at 'providing services that are easy to find my way around' (71%) and that it is 'easy to find something I want to watch' (also 71%). About the same proportion also think it delivers well on 'providing a wide range of different types of programmes, such as drama, comedy, entertainment or sport (73%)', 'appeal[ing] to a wide range of different audiences' (70%) and 'programmes made for UK audiences' (70%).

About three-quarters (73%) of those who had watched All 4 in the last six months were satisfied with it. Satisfaction was significantly higher among younger age groups, with 80% of 16-34-year-olds saying they were satisfied, compared with 71% of 35-54s and 69% of those aged 55+. All 4 delivers well on providing 'programmes which feature people from different backgrounds' (63%), providing services that are 'easy to find my way around' (63%) and 'appeal[ing] to a wide range of audiences' (65%). And All 4 performs well in relation to Channel 4's remit to provide distinctive programming; over half say it performs relatively well on providing 'programmes that are different in their approach to other providers' (56%) and 'programmes that help me see things from a different angle/perspective' (58%).

Figure 49: Satisfaction with PSB BVoD services



Source: Ofcom PSM Tracker 2021: Question 39: Satisfied summary – Overall, how satisfied or dissatisfied are you with these TV catch-up, on-demand or streaming services? Base: all who have watched service in last six months.

A lack of interest in the available content is the main reason people do not watch PSB channels or use PSB BVoD services

Among those who had not watched specific PSB channels in the past six months, there was some variation in the reasons given for each channel, but in general the reasons most likely to be cited were related to the available programmes not being of interest. Other reasons given related to viewers not watching live TV and preferring other channels/services.

People said:

“Doesn’t have anything I want to watch.” Woman, 55-64 (BBC)

“A lot of Channel 4 programmes are on Netflix, so I watch them on there.” Woman, 25-34 (Channel 4)

“I’m not really aware of their content, and my perception is that I’m not massively interested in it.” Man, 35-44 (Channel 5)

“Not many appealing programmes, I would rather wait to see if they turn up on Netflix/Amazon Prime.” Woman, 25-34 (ITV)

Similarly, for PSB BVoD services, about two in five (38%) of those who had not watched these services (38%) said that the available programmes did not interest them. This was more likely to be said by 35-54-year-olds than by those aged 65+, with these older non-users more likely to say that they had difficulty registering or using the service (8% of those aged 75+ said this) or that they preferred to watch live programming (6% of those aged 75+).

People said:

“Nothing relevant I want to watch on there – better options out there.” Woman, 16-24

“I’d only use them to watch specific programmes such as Love Island.” Woman, 25-34

“I see everything on normal [TV] channels... I just don’t need a catch up.” Man, 35-44

“Doesn’t have anything I want to watch.” Woman, 55-64

Financial performance and funding

The resurgent advertising market fuelled a return to revenue growth for the commercial PSBs in 2021

Commercial PSBs and digital multichannels both had unprecedented declines in revenue in 2020 as a result of the Covid-19 pandemic. Commercial PSBs’ revenue was impacted significantly by the sharp downturn in TV advertising, as many advertisers either cancelled or postponed their campaigns. However, the commercial PSBs benefited from a resurgence in the TV advertising market in 2021, which drove a £438m increase in their revenues, to £2.4bn.

Despite the overall decline in audience viewing, advertisers continue to consider linear broadcast TV the best way to reach a mass audience. ITV reported that June 2021 generated the largest monthly ad revenue in the company’s history. In addition to pent-up demand from advertisers following the initial peak of the Covid-19 pandemic, ITV’s June record was driven by the significant ad revenue generated during the Euro 2020 football tournament (which was postponed to 2021). The semi-final between England and Denmark was watched by 24 million people, with ITV reportedly charging up to £500,000 for a single 30-second advertising spot.

Channel 4 recovered strongly from the pandemic in 2021, generating £1.16bn in revenue in the year. This was the first time the broadcaster had exceeded £1bn annually; it was up 25% year on year, and up 18% on 2019. While Channel 4 is still heavily reliant on linear TV advertising as its main source of income, its digital revenues have been growing steadily over the past few years in line with its Future 4 strategy,⁹⁸ which prioritises growth of digital audiences and digital revenues. Compared with 2019, Channel 4’s spot advertising revenue grew by 8% to £835m, while digital advertising revenue increased by 37% to £224m.⁹⁹

Following a [consultation](#) in 2021, the Government has set out its view that Channel 4’s current public ownership model is constraining its ability to respond to the challenges and opportunities of the changing broadcast landscape. The White Paper confirmed its intention to legislate for a change of ownership for Channel 4.

Although the BBC is not subject to the same financial vulnerabilities as advertising-funded broadcasters, pressure on licence fee income is posing funding challenges for the broadcaster. It has been impacted by the Government’s decision to pass responsibility for TV licences for the over-75s

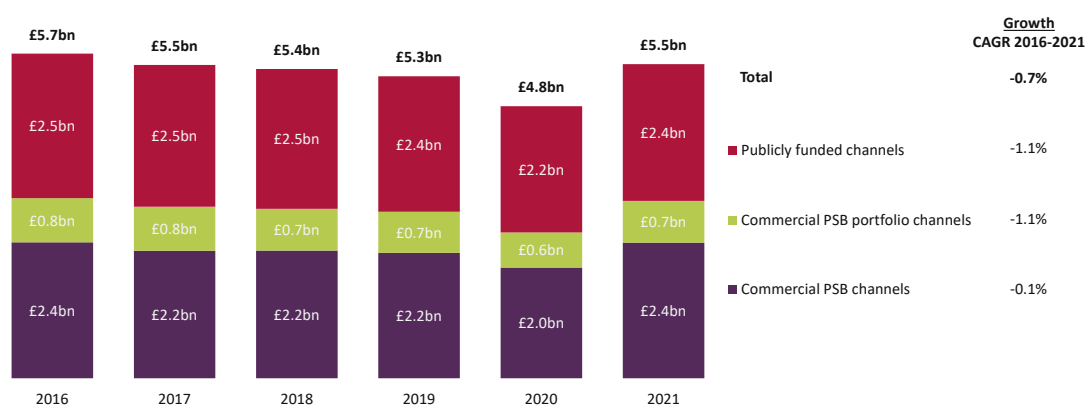
⁹⁸ Channel 4, [Future4](#).

⁹⁹ Channel 4, [Channel 4 Annual Report 2021: A financial record-breaking year](#), 15 July 2022.

to the BBC, with a proportion of them now funded by the BBC directly. The number of TV licences sold (including to over-75s) has also decreased by 5.1% since 2017/18, from 26.2 million to 24.9 million.¹⁰⁰ In April 2020, the BBC announced that it would need to make savings of up to £125m as a result of the uncertainty created by the pandemic, as well as the ongoing pressures on the licence fee. It implemented several cost-saving measures, including a pay freeze for all employees and a pause on all recruitment for non-business-critical roles.

In January 2022, the Government announced that the TV licence fee would be frozen at £159 until 2024, before rising in line with inflation for the following four years.¹⁰¹ As a result, the BBC has estimated that it will need to make £285m in annual savings as of 2027/28.¹⁰² In May 2022, it announced £200m of cost saving measures, including the proposed closure of CBBC and BBC Four as broadcast channels within three years, although the content for these channels will continue to be produced and made available online via BBC iPlayer. The BBC's two news channels (one for UK audiences and one for international audiences) will be merged into a single channel, while Radio 4 Extra will move online-only via BBC Sounds.

Figure 50: PSB TV broadcast revenues: 2016-2021



Source: Ofcom/broadcasters. Figures are presented in nominal terms.

Since 2016, digital advertising revenue has grown faster than traditional linear ad revenue

Despite the resurgence in advertising revenue in 2021, linear TV advertising continues to face pressures, including the possibility of advertisers cutting back on TV ad spend in the event of a downturn in the UK economy in late 2022 and 2023;¹⁰³ further declines in audience viewing of commercial linear TV; and increased competition from online video advertising, including via hybrid subscription and advertising-funded streaming services, as discussed in the previous chapter.

¹⁰⁰ [BBC Group Annual Report and Accounts 2021/22](#), p.55 (regarding TV licences for over-75s) and p.224 (total licences in force).

¹⁰¹ GOV.UK, [TV licence fee frozen for two years](#).

¹⁰² Ofcom, [Consultation: Modernising the BBC's Operating Licence](#).

¹⁰³ Berenberg analysis quoted by Digital TV Europe, [Media companies face hit as advertising recession looms](#), 11 July 2022.

YouTube has significantly increased the amount of advertising minutage on its platform, following the decision to change its monetisation rules and place video ads around all content, not just content from creators in the YouTube partner programme. However, while YouTube has a higher reach, especially among younger audiences, the amount of attention given by viewers to a YouTube ad is significantly lower than a traditional linear TV advert, especially as many ads on YouTube are skippable.

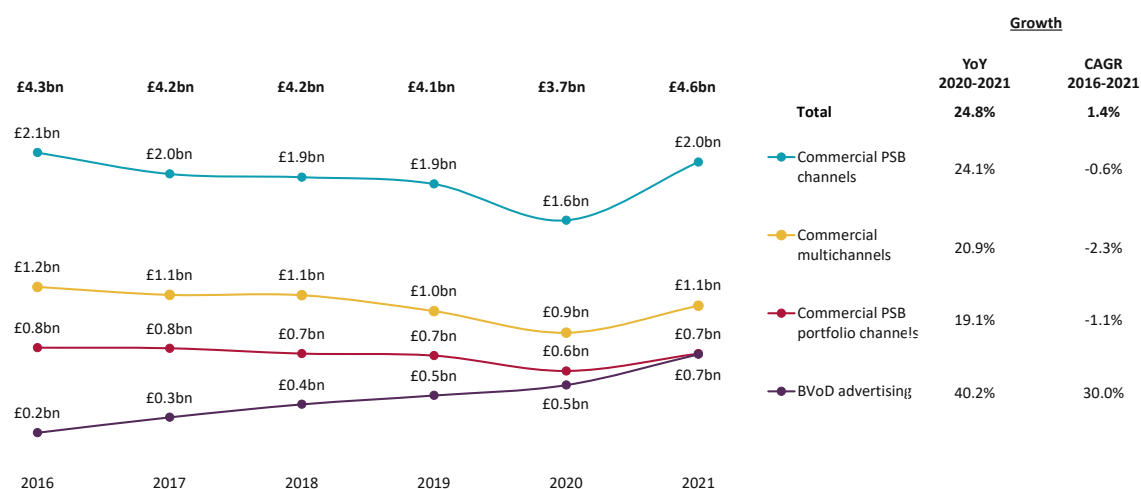
Commercial PSBs have also successfully managed to capitalise on the growth in digital advertising, increasing ad revenues from BVoD services since 2016. In that year, BVoD services generated £197m in revenue, which increased to £733m in 2021, a compound annual growth rate of 30%. However, the growth in BVoD advertising has not been enough to fully compensate for the decline in traditional linear ad revenue over the same period.

BVoD advertising now accounts for 14% of TV advertising (excluding revenues from sponsorship and product placement) and is likely to grow.¹⁰⁴ To this end, commercial PSBs have been working hard to accelerate growth in BVoD advertising and attract more advertisers to their services. This includes improved cross-media measurement to better understand the incremental reach of BVoD advertising (for example, via the C Flight joint initiative between ITV, Channel 4 and Sky) and investing in new technologies to enable advertisers to purchase BVoD ad space on an automated basis, as well as improving the targeting of adverts via addressable advertising.

In addition, the Incorporated Society of British Advertisers (ISBA) has been working with the World Federation of Advertisers (WFA) on a new, advertiser-led, cross-media planning tool called Project Origin. The initiative aims to incorporate TV, BVoD and online video advertising into a single measurement tool to help advertisers better plan and evaluate campaigns across the different platforms. The initiative is supported by many of the UK's largest advertisers, as well as leading internet platforms including Google, Facebook, Amazon and TikTok.

¹⁰⁴ AA/WARC Advertising Expenditure report.

Figure 51: TV net advertising and BVoD advertising revenues, by source: 2016-2021



Source: Ofcom/broadcasters (TV), AA/WARC Advertising Expenditure report (BVoD). Figures are presented in nominal terms.

Programming output and spend

PSB channels

Investment in first-run UK-originated content by the PSBs increased in 2021, as the pressures of the pandemic on the production sector eased

Spend on first-run originations by PSBs has been in steady decline over the last two decades, although spend levels had been relatively stable in the few years before the pandemic. In 2020, however, PSB spend on first-run originations dropped sharply, due mainly to difficulties in creating new content during the pandemic.

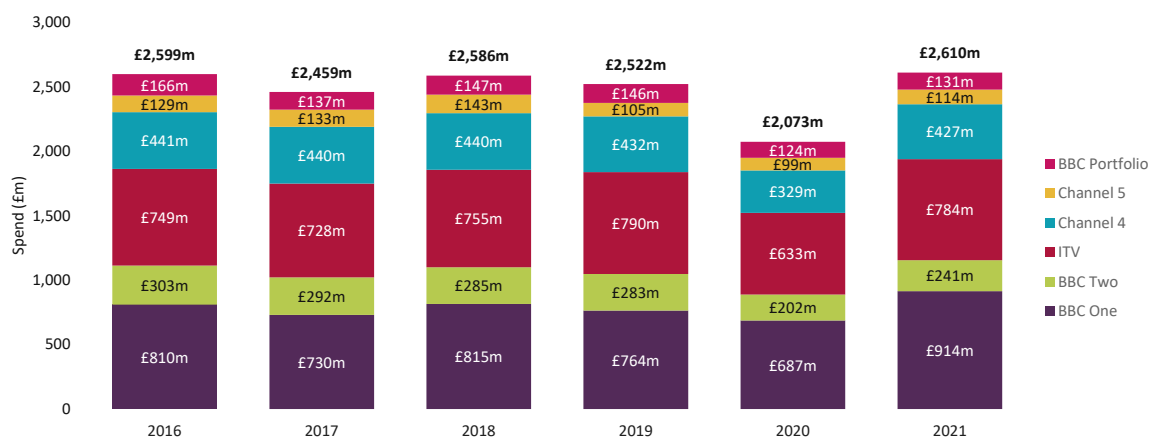
Reduced or shorter periods of Covid-19-related restrictions in 2021, and the easing of pressures on the production sector, resulted in a rebound in first-run UK originated content spend for PSBs, increasing by 25.9% to £2.6bn, its highest level since 2016. This was helped by the Government's Film and TV Restart Scheme – a £500m fund introduced in July 2020 which made direct compensation available to producers who incurred costs when productions were abandoned or delayed as a result of Covid-19.¹⁰⁵ However, there were some genres in which spend did not return to pre-pandemic levels, such as drama, where some titles continued to be subject to production lags due to Covid-19, and specialist factual, which continued to be susceptible to restrictions in travel.

All five main PSB channels increased their first-run origination spend in 2021 compared to 2020, with BBC One seeing the biggest recovery – its spend increased to £914m, up 33% compared to 2020 and 19.6% compared to 2019. Among the main commercial PSB channels, Channel 4's spend increased the most in percentage terms in 2021, rising by 29.7% to £427m, followed by ITV (up 23.9% to £784m). Despite this increase, 2021 spend for each of the two channels was still slightly lower than

¹⁰⁵ GOV.UK, [Film & TV Production Restart Scheme](#).

in 2019. Channel 5 was the only commercial PSB channel which had higher spend in 2021 compared to both 2020 and 2019 (up 14.8% and 8.1%, respectively).

Figure 52: PSB first-run UK-originated spend, by channel: 2016-2021

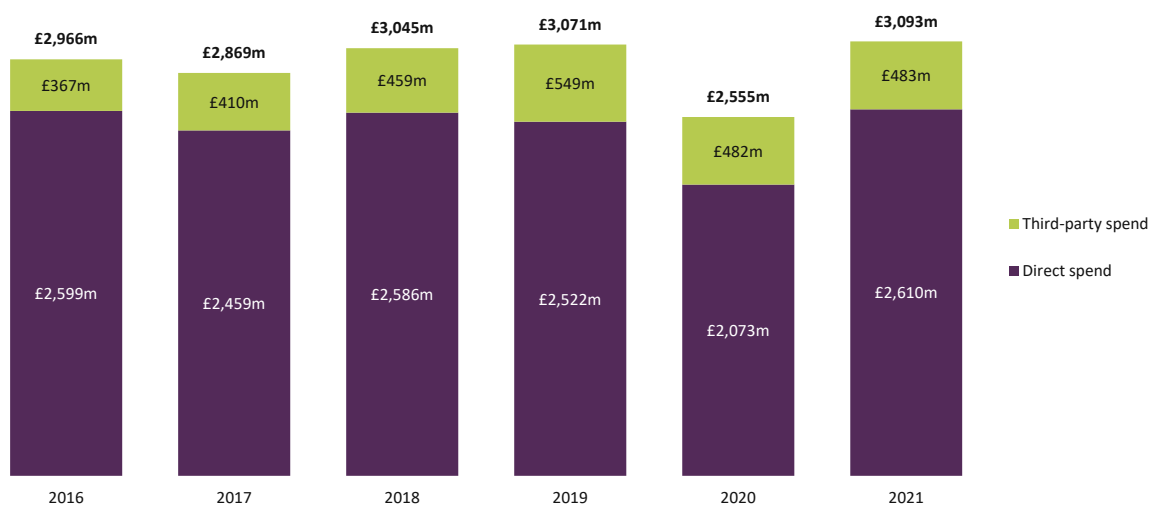


Source: Ofcom/broadcasters. Figures are presented in nominal terms, and exclude BBC ALBA and programming for the nations and regions.

Funding from other sources has flattened out compared to growth over previous years

In addition to the £2.6bn spent directly by PSBs on the production of original content, some PSBs continue to make use of funding from third-party sources, such as co-productions, tax incentives and distribution secondary rights revenue. While this type of funding was trending upwards before 2020, it has since levelled out, with the total amount in 2021 being broadly unchanged from 2020, at £483m, and £66m lower than in 2019. Last year was also the first year in which third-party spend as a proportion of total investment in PSB first-run network originations declined – from 19% in 2020 to 16% in 2021. While an element of this is the result of the reverberating effects of Covid 19’s impact on productions, it may also indicate the finite nature of outside financing opportunities – with SVoD providers, for example, focusing more on their own original productions than co-productions – and reflect changes in wider economic conditions.

Figure 53: PSB spend on first-run originations, by direct spend and third-party contributions: 2016-2021

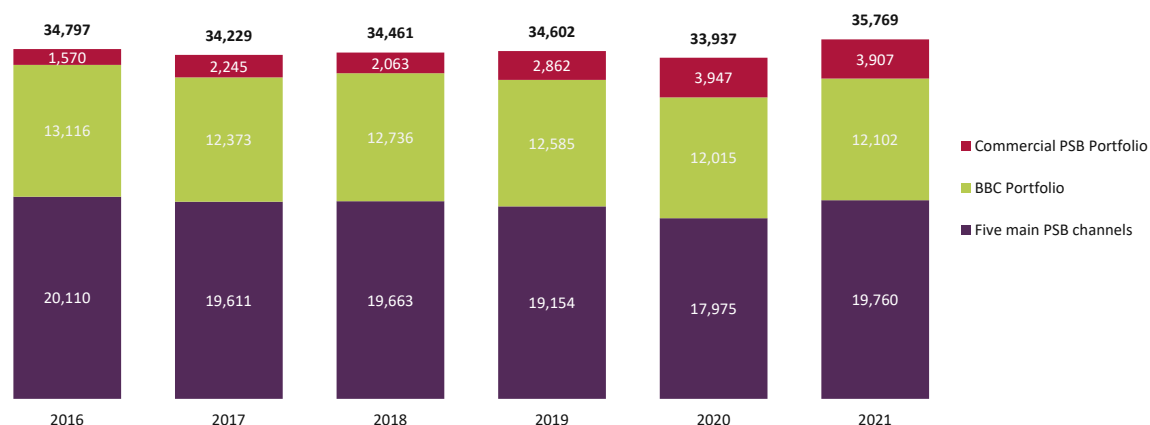


Source: Ofcom/broadcasters. Third-party spend includes funding from sources such as co-productions, high-end TV tax credit, and distributor advances. Figures are presented in nominal terms. Spend figures exclude BBC ALBA and programming for the nations and regions.

Hours of first-run UK originations increased in 2021 in line with higher investment following the peak-pandemic production challenges

As with spend, the pandemic interrupted what was a broadly stable trend in PSBs’ first-run originated output. Although there were still some lasting effects on the delivery of some productions in 2021, the overall output of new original programmes on PSB channels was similar to the pre-pandemic level. Hours of first-run UK-originated content from linear PSB channels stood at 35,769 in 2021, up 5.4% on 2020, driven by an increase in originated hours on the main five PSB channels.

Figure 54: Hours of first-run UK originations across PSBs: 2016-2021

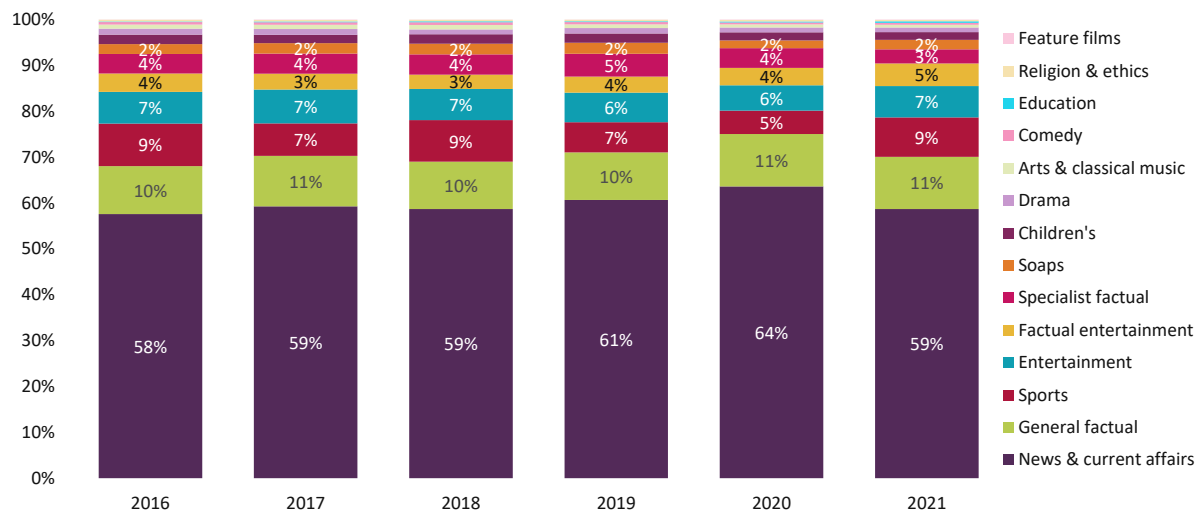


Source: Ofcom/broadcasters. Portfolio figures include a small number of online-only originations. Data from 2020 onwards includes originations from Box Plus Network channels, fully acquired by Channel 4 in 2019. PSB figures exclude BBC ALBA and programming for the nations and regions.

PSBs first-run originated programming continues to span a wide range of genres

The range of first-run originated content provided by PSBs has remained consistently broad in recent years, with no major changes seen in genre breakdown in 2021. The main changes in genre provision in 2021 reflected the return of major sporting events, including the UEFA Euro 2020 football tournament and the Tokyo Olympic Games. There were also subtle movements within factual programming, with a slight shift towards general factual and factual entertainment programming rather than specialist factual content. However, this is partly due to the lingering effects of the pandemic, as noted above. There was also a small uptick in the hours of education provided on PSB channels in 2021, from 57 hours in 2020 to 114 hours in 2021, which can largely be explained by the first-run programming broadcast on CBBC and BBC Two to support home learning while schools were closed during the early 2021 lockdown.

Figure 55: Genre mix of PSB first-run originated hours: 2016-2021



Source: Ofcom/broadcasters. Figures include first-run UK-originated hours for BBC One, BBC Two, ITV, Channel 4, Channel 5, and the BBC Portfolio channels. Figures exclude BBC ALBA and programming for the nations and regions.

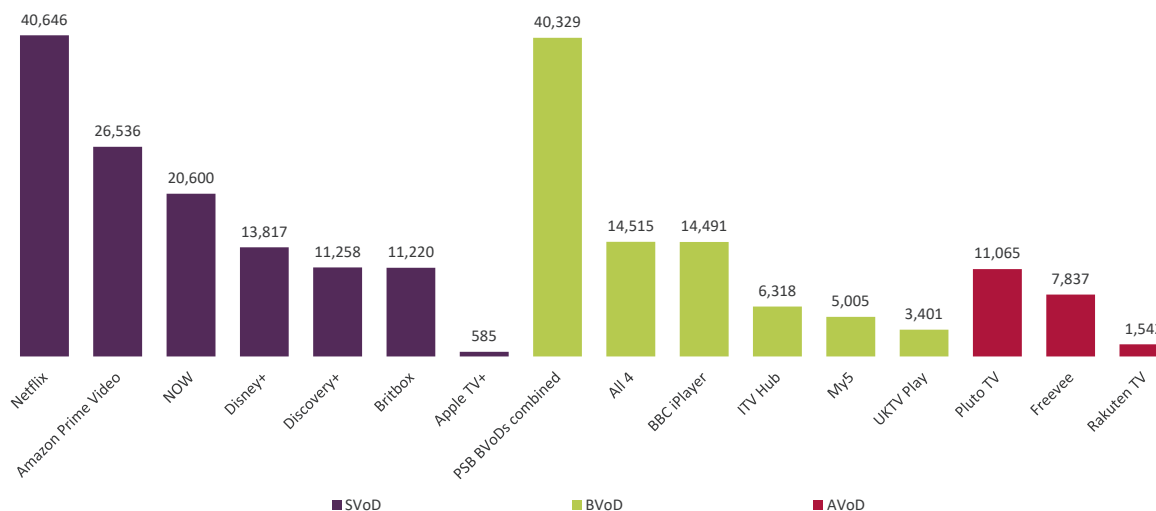
PSB video-on-demand

PSB BVoD services have increased the number of hours of programming available on their platforms

The ability to watch content on demand is seen as important to audiences, and satisfaction with PSB BVoD services is high. This section provides analysis of the PSBs' BVoD catalogues, including comparisons with rival VoD services.

In recent years, PSBs have been making more of their back catalogues available to audiences, as well as releasing entire series of new programmes on BVoD, and the total number of hours of content available on the PSB BVoD services exceeded 40,000 in April 2022. This was roughly equivalent to the total number of hours available on Netflix (also around 40,000), which, unlike the PSBs, serves a global subscriber base.

Figure 56: Selected online video services' total content hours: April 2022

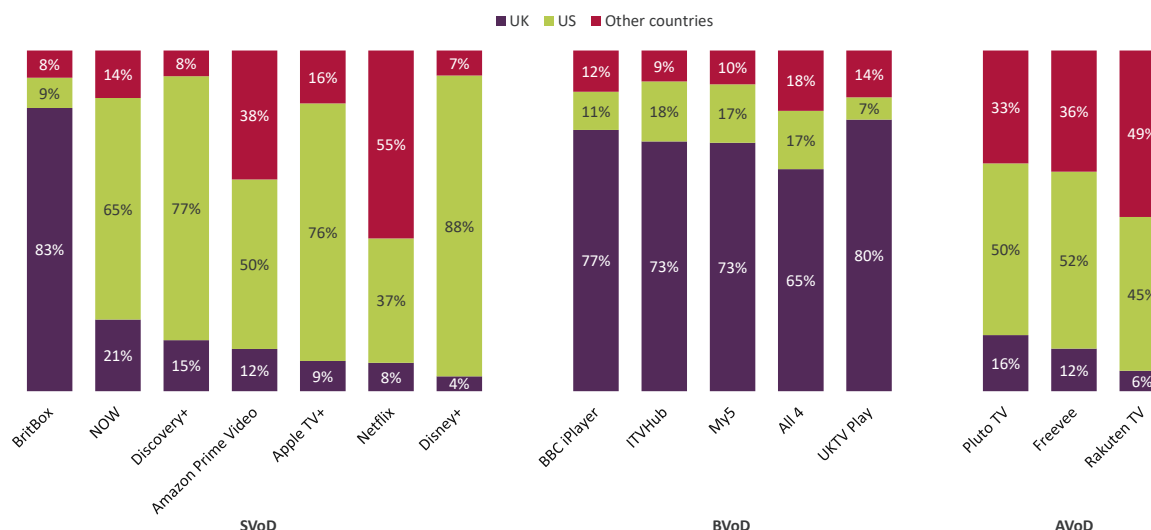


Source: Ampere Analysis.

A higher proportion of PSB BVoD content is made in the UK

Although SVoD services such as Netflix have considerably more hours of content available overall than individual PSB BVoD services, only a small proportion (8%) of these hours are programmes made in the UK. UK-made programming makes up 77% of hours on BBC iPlayer, 73% on both ITV Hub and My5, and 65% on All 4. BritBox, which is due to be folded into ITVX when the new service launches in late 2022, has the highest proportion of UK-made content (83%).

Figure 57: Selected online video services' proportion of content hours, by production country: April 2022

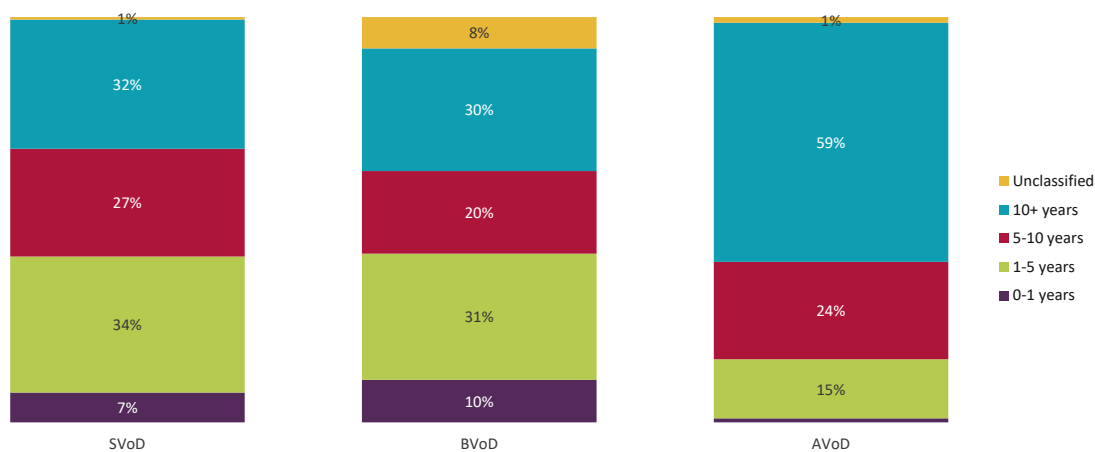


Source: Ampere Analysis.

In addition to having a higher proportion of their total catalogue hours made in the UK, PSB BVoD services tend to have a higher proportion of content that is less than a year old (10%, compared to

7% for SVoD). Both PSB BVoD and SVoD have approximately the same proportion of content hours that are more than ten years old (30% vs 32%), while AVoD services such as Pluto TV and Rakuten TV tend to feature a much higher proportion of archive content more than ten years old (59%).

Figure 58: PSB BVoD and AVoD services' catalogue hours, by age of content (%): April 2022

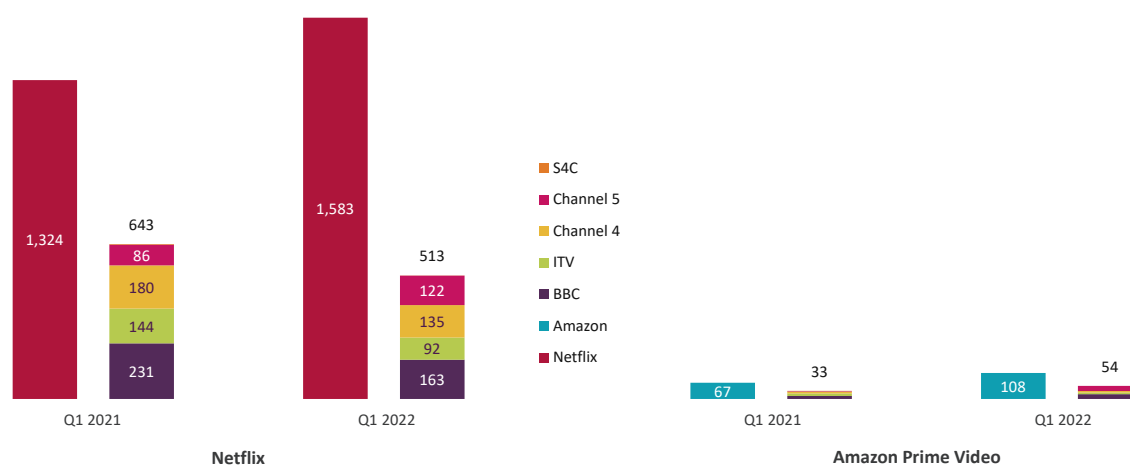


Source: Ampere Analysis. Services covered: SVoD: Netflix, Amazon Prime Video, Disney+, NOW, Apple TV+, BritBox, Discovery+; BVoD: BBC iPlayer, ITV Hub, All 4, My5; AVoD: Rakuten, Freevee, Pluto TV.

On Netflix and Amazon Prime Video, content debuting on the respective services (i.e. their original or first-time exclusive titles) attract the highest number of streams. However, programmes originally broadcast by individual PSBs and their portfolio channels also attract large audiences. In Q1 2022, 510 million streams on Netflix were to programmes first broadcast by PSBs, 133 million fewer than in Q1 2021 (643 million). Over the same period, an average UK Netflix account streamed 11 minutes of PSB-originated programming per day, with programming from the BBC accounting for four minutes, ITV two minutes, Channel 4 three minutes and Channel 5 two minutes. This compares to 45 minutes per day for content first available on Netflix.¹⁰⁶

¹⁰⁶ Digital-i UK, Q1 2021 and Q1 2022. Netflix and Amazon Prime Video UK account holders aged 18-64. Based on at least two minutes of viewing of content. Original network for BBC includes BBC, BBC America, BBC Four, BBC HD, BBC One, BBC Scotland, BBC Three, BBC Two, BBC iPlayer, CBBC and CBeebies. ITV includes ITV, ITV 1, ITV 2, ITV 3, ITV 4, ITVBe, ITV Encore and CITV. Channel 4 includes E4.

Figure 59: Number of streams on UK Netflix and Amazon Prime Video accounts, by original network distributor (millions): Q1 2021 vs Q1 2022



Source: Digital-i UK, Q1 2021 and Q1 2022. UK account holders aged 18-64. BBC, ITV and Channel 4 include content that was originally broadcast on the respective portfolio channels. Based on at least two minutes of viewing of content. Original network for BBC includes BBC, BBC America, BBC Four, BBC HD, BBC One, BBC Scotland, BBC Three, BBC Two, BBC iPlayer, CBBC and CBeebies. ITV includes ITV, ITV2, ITV3, ITV4, ITVBe, ITV Encore and CITV. Channel 4 includes E4.

Figure 60: Top ten titles on Netflix by PSB network distributor (including portfolio channels), by reach to UK Netflix households: Q1 2022

Rank	Title Name	Original network distributor	UK Netflix account reach (000s)	UK Netflix household reach
1	<i>Peppa Pig</i>	Channel 5 (UK)	1,798	12%
2	<i>Peaky Blinders</i>	BBC iPlayer	1,725	12%
3	<i>Taboo</i>	BBC One	1,570	10%
4	<i>Cocomelon</i>	CBBC	1,568	10%
5	<i>Mr. Bean: The Animated Series</i>	CITV	1,006	7%
6	<i>Benidorm</i>	ITV	894	6%
7	<i>Derek</i>	Channel 4	834	6%
8	<i>Horrid Henry</i>	ITV	791	5%
9	<i>Kill Thy Neighbour</i>	5Star	775	5%
10	<i>The IT Crowd</i>	Channel 4	741	5%

Source: Digital-i UK. UK account holders aged 18-64. Based on at least two minutes of viewing of content.

The wider UK media market's contribution to public service objectives

Some providers of TV and video services in the wider media landscape choose to produce content that aligns with the statutory public service objectives.¹⁰⁷ For instance, multichannel broadcasters, SVoD providers and social video platforms invest in content that may also fulfil some of these objectives, across a wide range of genres. However, these groups can have very different approaches to content creation, formats, monetisation and distribution, and often work to different strategic aims. As a result, it can be difficult to consistently measure them, or directly compare them with PSBs, although each can contribute programming that is informative, culturally relevant, wide-ranging and appealing to different audiences.

The multichannel sector contributes content across a broad spectrum, from premium entertainment and sports to arts and religious programming

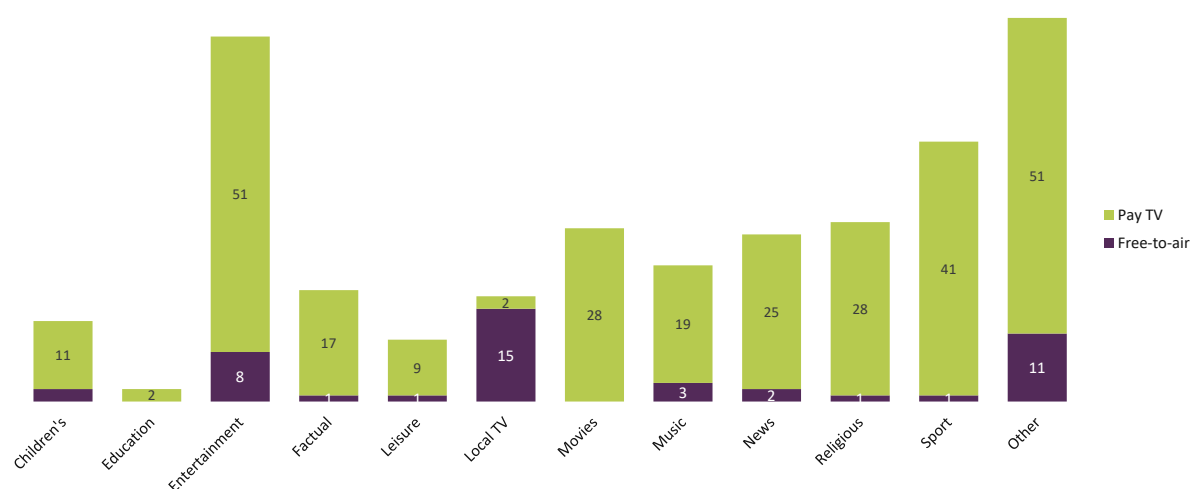
'Multichannel' refers to broadcast TV channels that are not PSBs or their associated commercial portfolio channels, and includes pay-TV channels like Sky Atlantic and free-to-air channels like UKTV's Dave. They are typically thematic, i.e. genre-specific; some multichannels target specific religious and ethnic groups, for example, while Sky operates a dedicated arts channel, Sky Arts. There were 29 religious channels, 27 news, 18 factual and 13 children's channels available in the UK in 2021, all featuring content that aligns with PSB objectives. General entertainment channels like Sky Showcase and Dave show a mix of content that can include, for instance, comedy and specialist factual programming. While multichannels do provide original content, many contain a higher proportion of repeats and content bought from other providers, and/or US and other overseas content.

Many multichannels have a strong entertainment and sports focus – which is currently where channel groups concentrate the vast majority of their content spend. There are many premium entertainment channels (58 in 2021) as well as dedicated channels for sports (42) and films (29). The majority of these are exclusively available on a paid-for basis and therefore not available to all audiences – especially the sports channels featuring competitions such as Premier League football or Formula 1 racing, 41 of which are on pay platforms only. The multichannel sector also contributes a significant amount to drama spend in the UK, with Sky in particular increasing its output in 2021.¹⁰⁸

¹⁰⁷ Under sections 264A(4) and 264(6) of the Communications Act 2003, the public service objectives are that broadcasting should: b) reflect and support cultural activity in the UK, such as drama, comedy and music; c) facilitate civic understanding and fair and well-informed debate on news and current affairs; d) satisfy a wide range of different sporting and other leisure interests; e) include a suitable quantity and range of educational programmes and programmes dealing with science, religion and other beliefs, social issues, matters of international significance or interest and matters of specialist interest; f) include a suitable quantity and range of high-quality and original programmes for children and young people; and g) reflect the lives and concerns of different communities and cultural interests and traditions within the United Kingdom, and locally in different parts of the United Kingdom; and include programmes made outside the M25.

¹⁰⁸ Sky, [Sky announces biggest ever line-up of new and exclusive original TV shows & films in 2021](#), 25 January 2021.

Figure 61: Number of commercial multichannels: 2021

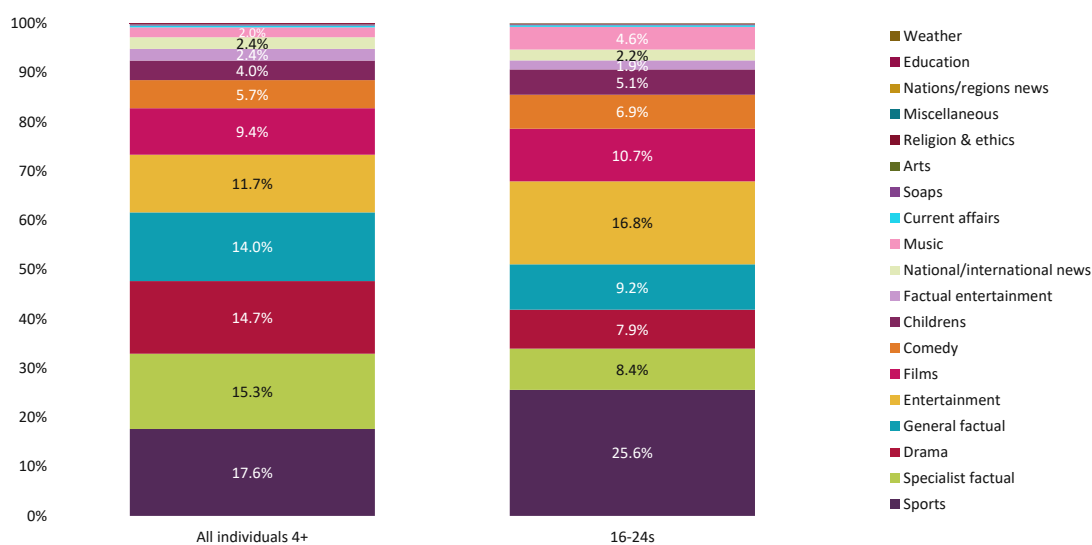


Source: Ofcom. Based on the number of channels broadcasting in the UK during 2021, including pop-up channels and channels that ceased broadcasting before the end of the year, which in turn is based on broadcast hours submitted by Ofcom-licensed broadcasters. Free-to-air channels are defined as channels available on Freeview and Freesat. 'Other' includes adult, arts, games, and shopping channels, as well as 'general' channels with no distinct genre. Channel counts exclude +1 and HD channel variants, and do not include BBC portfolio channels.

Sports, entertainment and films drew most (94%) of multichannel spend in 2021, at £4.5bn combined, as illustrated in Figure 34 in the previous chapter. These key genres also receive a high proportion of viewing. Sports is the largest category, drawing 17.6% of multichannel viewing among all individuals and an even higher proportion among younger audiences (25.6% for 16-24-year-olds). Films also rank highly, accounting for 9.4% of all individuals' viewing.

Multichannel spend on genres such as news, which drew £134m spend, and factual, which drew £112m, is relatively small in the context of overall multichannel spend. Although these spend figures are dwarfed by sports, films and entertainment, these genres are appreciated by audiences. Specialist factual, which includes channels like Yesterday, Discovery Channel and Sky Documentaries, was the second-largest category for viewing, with a 15.3% multichannel share. Other high-performing genres included comedy, with 5.7% share, and this genre was particularly viewed by 16-24-year-olds (6.9% share).

Figure 62: Proportion of total minutes watched on multichannels, by genre: 2021



Source: BARB. Total minutes per person, data consolidated up to 28 days. Multichannel group.

SVoD services contribute significant programming spend, mostly in scripted content

Like pay-TV providers, SVoD services often have their own content specialisms, some of which contribute to public service objectives. But as with pay-TV providers, this content may be behind a paywall and therefore not available to all audiences. Major international SVoD services typically specialise in scripted TV, although there has recently been diversification into genres such as sports, documentaries and reality programming, with large investments in UK originations by Netflix and Amazon Prime Video.

The volume of originals and exclusives by major streaming companies continues to rise quickly, increasing by 22% in the year to April 2022 to a total of 22,685 hours (see Figure 29 in the previous chapter). In terms of drama spending, SVoD services have led the market in high-profile originations with all-at-once releases, and this extends to UK-made series such as *Sex Education*, *Good Omens* and *Bridgerton*. SVoD services have invested significantly in UK productions – Netflix by around \$1bn across all genres in 2021,¹⁰⁹ and Amazon by a similar amount across five years.¹¹⁰ Yet overall, this spend represents a relatively small output – Netflix offered 675 hours of UK-originated programming in April 2022, while Amazon Prime Video offered 156. PSBs remain by far the most significant provider, by content hours, of original UK programming, with 36,000 hours of first-run originals in 2021, as shown in Figure 54 above.

¹⁰⁹ TBI, [Netflix hikes UK prices to cover '\\$1bn investment in local content'](#), 7 January 2021.

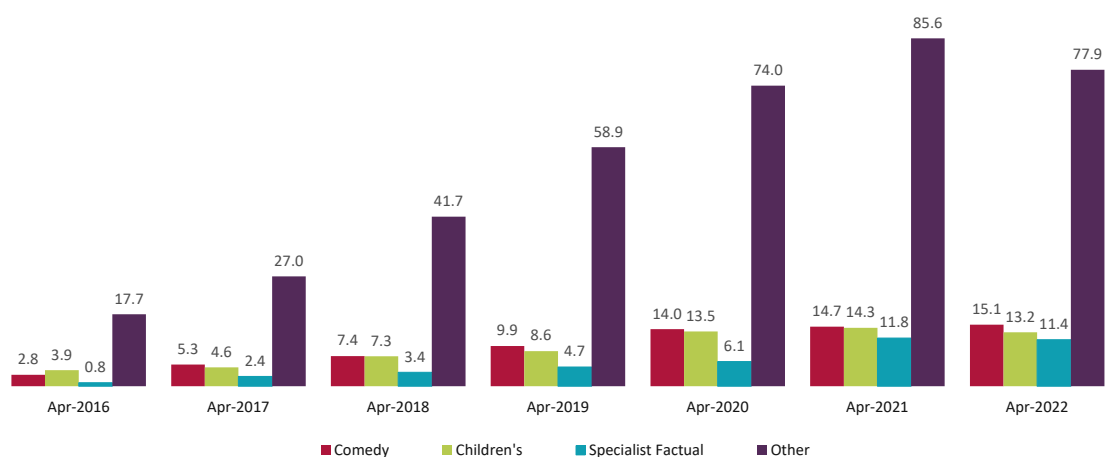
¹¹⁰ Variety, [Amazon Prime Video Has Invested \\$1.2 Billion in U.K. TV, Movies, Live Sport](#), 19 May 2022.

There is a growing amount of content on SVoD services in genres that can be more commercially challenging

SVoD services also provide content in genres that can be underprovided, such as comedy, specialist factual and children's. These genres can have limited audiences on domestic and ad-supported services, making global services, with subscription funding, more viable places to produce and distribute them. In line with the growth of the overall size of SVoD catalogues, the availability of these genres has increased in recent years. For example, across the top seven SVoD services, programming aimed at children, which focuses on animation, increased in volume from 3,900 hours to 13,200 between 2016 and 2022.¹¹¹ Children's content is key for several SVoD services, including Disney+ and Netflix, and an increasing amount of what they offer in this genre is original. New and original programmes include spin-off short series from established franchises like *Toy Story*, *Frozen* and *Lilo and Stitch* on Disney+, and *A Series of Unfortunate Events* on Netflix, which is in its third season.

Comedy also remains a focus for SVoD, continuing in importance despite plateauing in terms of volume of catalogue hours; comedy hours reached 15,100 across the top seven SVoD services in April 2022, with catalogue expansions led by BritBox and Disney+. Specialist factual catalogues have followed a similar growth trend.

Figure 63: Selected SVoD services' cumulative content hours in selected genres (000s): April 2022



Source: Ampere Analysis. Children's, comedy and specialist categories exclude films, which are counted under 'other'. SVoD services counted: Netflix, Amazon Prime Video, Disney+, NOW, Apple TV+, BritBox, Discovery+.

Social video services are a source of news, children's, factual and educational content, among other genres

Social video services like YouTube and TikTok provide a vast amount of content hours, often in the form of short clips which range in quality and type. Many professional content makers bring their productions to the services. Although user-generated and content-creator video is at the core of social video's offering, there is evidence that these services are being used as a source for news,

¹¹¹ Netflix, Amazon Prime Video, Disney+, NOW, Apple TV+, BritBox, Discovery+.

particularly among young people. According to Ofcom's latest report on news consumption in the UK, TikTok and YouTube and were the second and third most-used sources for any kind for news by 12-15 year-olds, with 28% of this age group using TikTok and a further 28% using YouTube. A smaller but fast-growing proportion of adults were using TikTok for news consumption – 7% in 2022, compared to 1% in 2020.¹¹²

Other genres that have succeeded on social video services include children's content; there is a whole subsection of YouTube for children with its own website version and app. YouTube, including YouTube Kids, is popular among 3-12-year-olds, of whom 59% use it, putting it in second place overall for places to watch content (Netflix was first, with 62%).¹¹³ Factual how-to videos have also become very popular among adults, watched at least monthly by 64% of adults who watch short videos online, making these the most commonly watched type of video.¹¹⁴ When asked open questions for Ofcom's 2021 PSM Tracker about their viewing, some respondents pointed particularly to the specificity and uniqueness of some of the content available on YouTube, including how-to videos.

People said:

“Mainly use YouTube – niche interests are available on YouTube that I would never expect BBC to pick up. I can watch really specific video tutorials for art / vlogs for cycling / tips for techniques etc which are not available on terrestrial [TV] and don't need to be.” Woman, 25-34

“...YouTube in particular provides information you can't find on other [TV-]type sources.”
Man, 35-44

“...YouTube is used to find out something like how to open a specific watch in order to change the battery, etc.” Man, 75+

Educational content has been a focus for some social video services. Early in the pandemic, TikTok pledged to invest \$50m in educational content globally, including US partnerships with “800 public figures, media publishers, educational institutions, and real-world professional experts” to create more professional learning content.¹¹⁵ The hashtag #learnontiktok has become very popular, with 327 billion global views – in comparison, #music and #workout have 244 billion and 86 billion views respectively, although #comedy has more, with 1,635 billion. While this figure is significant, some of the content using the hashtag does not necessarily reflect learning or education – videos uploaded with the hashtag cover everything from typical specialist factual topics (e.g. biology, history) to lifestyle (e.g. money tips, cooking, makeup) to less relevant miscellaneous meme content (e.g. prank and reaction videos), which use the hashtag to boost views.

¹¹² Ofcom, [News consumption in the UK: 2022](#).

¹¹³ The Insights Family UK. Full data is shown in chapter 1: TV and video consumption trends.

¹¹⁴ TouchPoints 2021. Full data is shown in chapter 1: TV and video consumption trends.

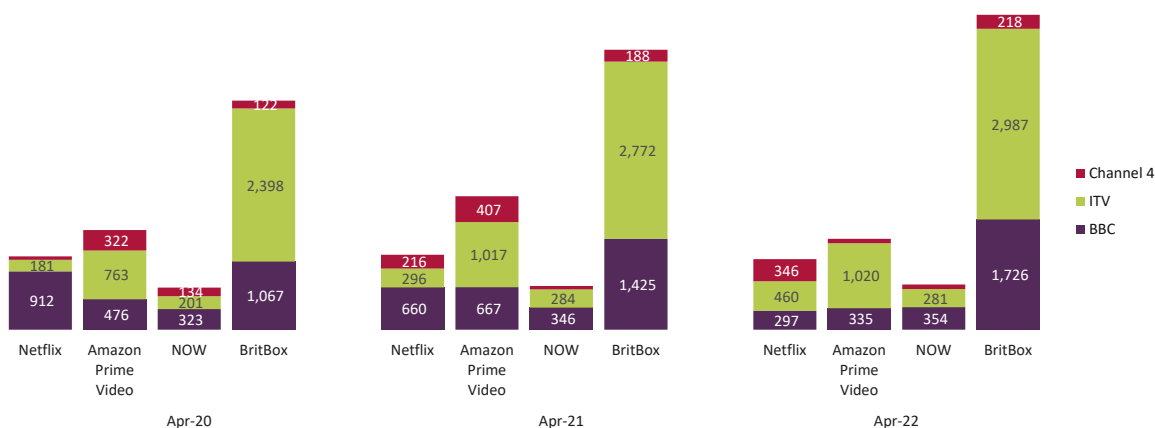
¹¹⁵ TikTok newsroom, [Investing to help our community #LearnOnTikTok](#), 28 May 2022.

SVoD and social video services carry content from PSBs in different windows or different formats

Some SVoD services’ acquired content – which complements their original programmes – includes licensed back-catalogue programming originally shown on PSB channels. Netflix had 1,100 hours of programming from the BBC, ITV and Channel 4¹¹⁶ in April 2022, while Amazon Prime Video had 1,300. As detailed in the first chapter of this report, SVoD services have significant reach – particularly Netflix and Amazon Prime Video – and users typically find them easy to use,¹¹⁷ meaning that global SVoD services may have a role in introducing people to programmes they might otherwise not discover.

However, there has been a decrease in SVoD catalogues in the volume of programming originally shown on a PSB channel. This trend was led by a notable drop in BBC content on both Netflix and Amazon Prime Video. The SVoD service with the largest volume of PSB archive content is ITV-run BritBox; its library has been growing for the past two years, and in April 2022 reached nearly 5,000 hours of programmes previously shown on BBC, ITV and Channel 4. The composition of this library may change in the future, as ITV’s new ITVX service absorbs BritBox.

Figure 64: Selected SVoD services’ hours of content originally shown on the BBC, ITV or Channel 4: April 2020 – April 2022



Source: Ampere Analysis. Where content is co-produced, the content is recognised only by the primary production company. Note: Channel 5 hours are recognised under Paramount and have therefore been excluded from the analysis.

As with SVoD, people also see PSB brands on social video services. According to Ofcom’s PSM Tracker, three in ten (31%) of those who had used YouTube in the past six months said they had watched a PSB YouTube channel. BBC YouTube channels were the most likely (24%), followed by any ITV YouTube channel and any Channel 4 YouTube channel (14% each). Younger YouTube viewers are more likely than older ones to use these channels; for example, almost half (47%) of 16-34-year-olds

¹¹⁶ Channel 5 hours are not broken out separately from total Paramount hours and have therefore been excluded from this analysis.

¹¹⁷ According to Ofcom’s PSM Tracker survey, high proportions of people who had used SVoD in the last six months agreed that the services were easy to find their way around – 82% that had used Netflix said so, followed by 78% for Disney+ and 72% for Amazon Prime Video.

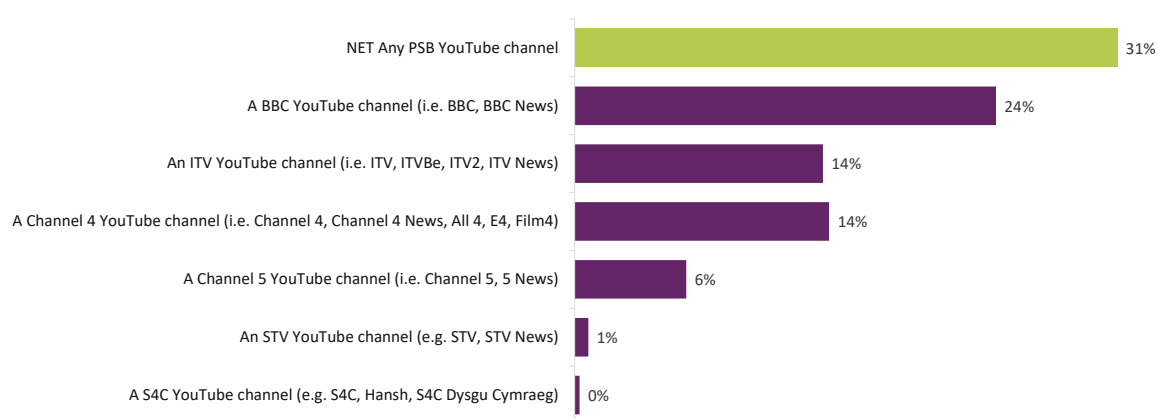
said they had used a PSB YouTube channel in the last six months, compared to 17% of those aged 55+. Those in London were significantly more likely than the total to say they had used PSB YouTube channels (51% vs 31%).

People said:

“I have watched clips from BBC news on social media on YouTube as they cut out the filler in the news.” Man, 16-24

“Channel 4 content can be viewed on YouTube or on streaming services such as Netflix.” Man, 16-24

Figure 65: PSB YouTube channels used by those who watched YouTube in the past six months



Source: Ofcom PSM Tracker 2021. Question 20: YouTube – How often in the past 12 months have you watched programmes or films using these services? Question 21: When watching YouTube in the past six months, have you watched content from the following channels? Base: all respondents (3,115) / all respondents who used YouTube at least once in last six months (2,353).

Radio and audio

Introduction: 100 years of radio stations broadcasting in the UK

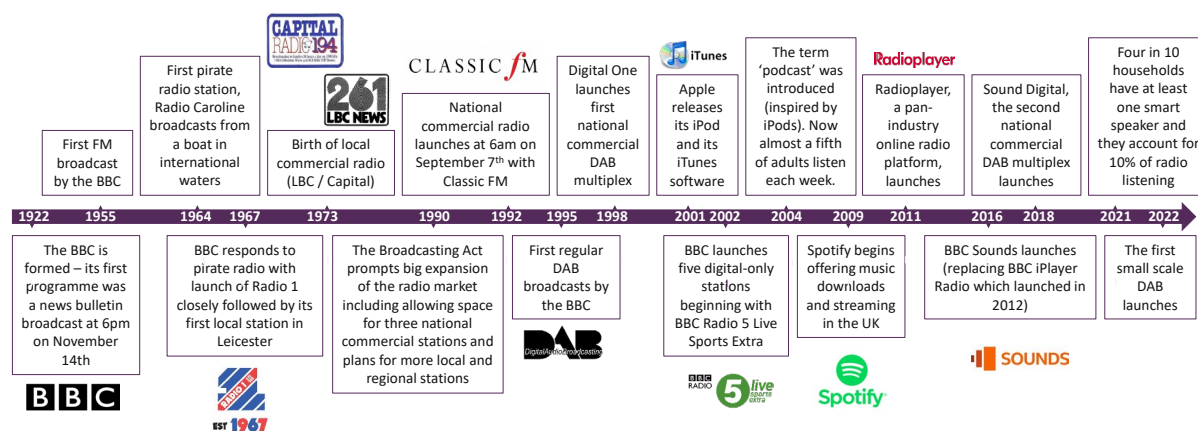
A century of innovation

The first experimental radio broadcasts took place in the UK in 1920, but it was not until 1922 that the Marconi Company made the first recognisable radio stations with regular broadcasts and programme content. Its 2MT radio station started broadcasting from outside Chelmsford in February 1922, followed by London station 2LO a few months later.

The last century has seen an expansion in the number and types of radio service accessible to UK listeners. The UK radio sector has also innovated in its use of new technologies and platforms to reach audiences. Improvements in sound quality and choice of services came with the introduction of FM broadcasting in the 1950s, then with the introduction of DAB and online streaming from the mid-1990s and the roll-out of some radio services on digital TV platforms from the late 1990s.

As we discuss in more detail below, innovation and evolution will continue this year with the launch of the first small-scale DAB multiplexes and the ongoing switch-off of analogue AM medium wave (MW) services, which use the same fundamental broadcasting technology as 2MT back in 1922.

Figure 66: Milestones in UK broadcast radio and online audio services: 1922-2022



Source: Ofcom analysis.

Work continues to support the radio sector in delivering for its listeners over the coming decades

Data in this and previous Media Nations reports show that the ways in which people access and listen to radio and audio content continue to evolve. Listening on digital platforms has grown over time, but the proportion of audio listening time accounted for by live radio has fallen. This reflects in part the growth of music streaming services, which more than doubled their share of time spent listening to audio from 8% in 2017 to 20% by 2022.¹¹⁸

¹¹⁸ IPA TouchPoints 2017 and 2022 (wave 1).

In the light of these and other changes in audience behaviour, and related industry developments, DCMS commissioned the [Digital Radio and Audio Review](#), which included input from radio broadcasters and their trade bodies, as well as device and car manufacturers. The Review published its findings in October 2021 and set out a total of 42 recommendations. One recommendation was that FM radio would be needed in the UK until at least 2030; although online listening continues to grow, FM remains an important part of radio listening. While suggesting that no formal date for AM switch-off should be mandated, the Review recommended that industry should plan for migration away from the platform for national services from around the middle of this decade. The review also made recommendations concerning access to radio content on connected devices, funding of content, the availability of digital radio in vehicles, and net zero.

The Government published its response to the review in April 2022. In particular, it said:

- The Government and industry will carry out a review in 2026 to look at a potential timescale for the switch-off of analogue radio in the UK
- It would seek to update the regulation of commercial radio when legislative time is available
- It agreed that the argument had been made for new regulation to protect radio's long-term position in the context of smart speakers and other connected devices, but that given the complexity of the issue, further work and research would be necessary in this area
- It has asked Ofcom to undertake a review of DAB+ to help determine whether it would be appropriate to allow a faster migration from the DAB to DAB+ broadcasting standard. (Ofcom has started to undertake this work.)

The remainder of this chapter discusses recent industry developments and audience trends, sets out key statistics and commentary on the sector, and provides context to the recommendations above.

Industry revenues

Radio revenues returned to growth in 2021, as the advertising market started to recover

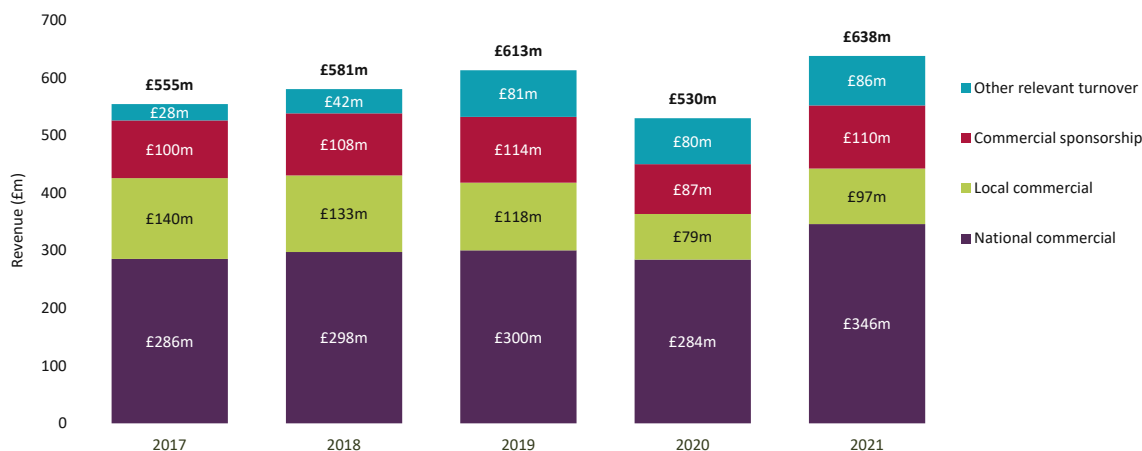
Radio revenues grew by 20% in 2021 to £638m. This was driven by growth in national advertising revenues, which increased by 22% to £346m.¹¹⁹ In contrast, other relevant turnover (which includes items such as premium-rate SMS revenues from competitions) grew by 8% year on year.

Although advertising, sponsorship and other relevant turnover was up across the sector as a whole, our analysis suggests that the strength and nature of the recovery since 2020 has varied across stations and broadcasters, with some continuing to note difficult trading conditions into 2021 and beyond. This may reflect differences in underlying business models and broadcaster scale, as well as the characteristics of local advertising markets between the nations and regions of the UK, with broadcasters noting differences in the strength of recovery in different parts of the country.¹²⁰

¹¹⁹ Note: this national spot advertising figure includes revenues from advertising sold via agencies from bases outside London in centres such as Manchester and Edinburgh, in addition to London-based agency offices.

¹²⁰ For example, some broadcasters told us that local advertising, from some businesses, e.g. restaurants and hospitality, had continued to be affected in 2021 due to Covid-19 restrictions around business openings and gatherings.

Figure 67: Commercial radio revenues: 2017-2021

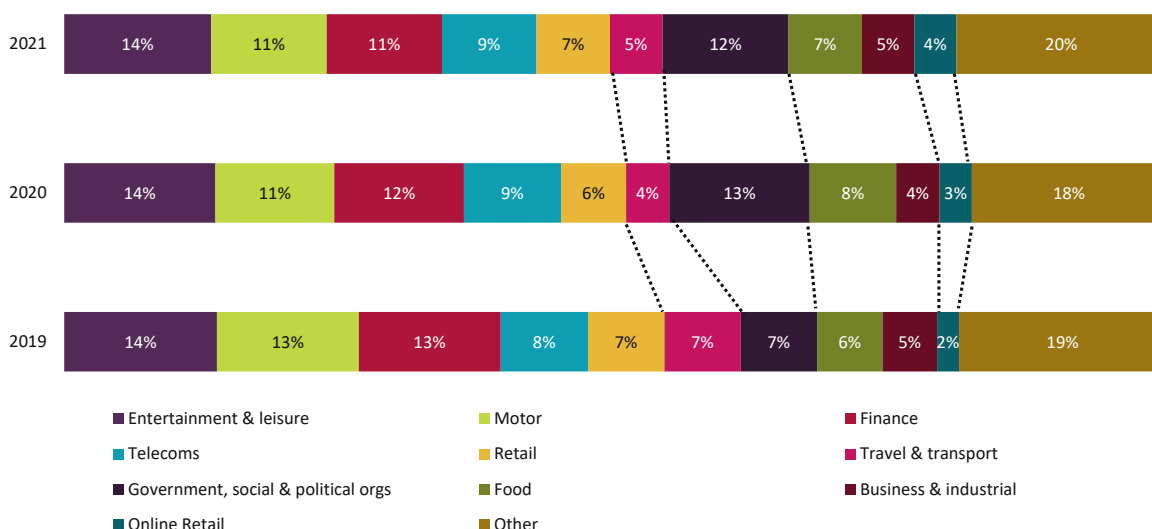


Source: Ofcom/broadcaster returns. Figures are presented in nominal terms.

The pandemic brought changes in the types of companies wishing to advertise on radio. In 2021, Government, social and political organisations’ share of radio advertising continued to be significantly higher than in 2019. Online retailers’ share of radio advertising doubled between 2019 and 2021, accounting for 4% of expenditure in 2021 compared to 2% two years earlier.

As in 2020, the largest single advertiser on UK commercial radio in 2021 was the Government. Second place in 2021 was McDonald’s Restaurant Limited, which had the third largest expenditure in 2020 (Camelot Group Limited was second place in 2020).¹²¹

Figure 68: Radio advertising expenditure, by advertiser sector: 2019-2021



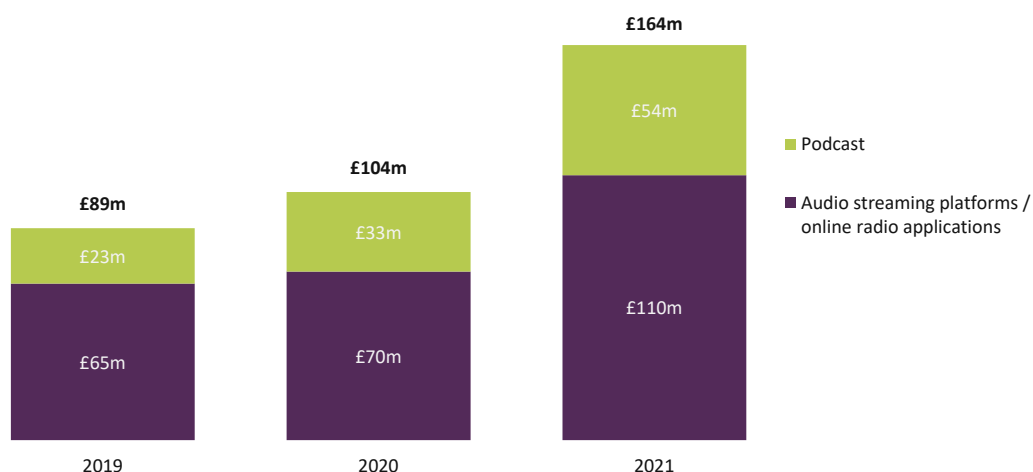
Source: Nielsen; Ofcom analysis.

¹²¹ Radiocentre, [Top Radio Spenders Archive](#).

Total expenditure on digital audio advertising grew by 58% in 2021 to reach £164m

At £110m in 2021, expenditure on audio advertising on streaming platforms and online radio apps was greater than the total expenditure on digital audio in the previous year, with expenditure up by a reported 56% year on year. Advertising expenditure on podcasts grew by even more in proportional terms, increasing by a reported 61% to reach £54m.

Figure 69: Expenditure on digital audio advertising: 2019-2021



Source: IAB UK / PwC 2021 Digital Adspend Study.

Although it does not break out UK advertising revenues, Spotify reported growth of 62% in its global ad-supported revenues between 2020 and 2021, to €1.21bn (£1.04bn), driven by increases in advertising impressions as well as an uplift in advertising price.¹²²

Subscriptions continued to increase their share of growing consumer expenditure on recorded music

Overall consumer expenditure on recorded music grew by 10% in 2021 to reach £1.7bn. Consumer spend on music subscription services grew by 13% to reach almost £1.4bn, meaning that subscriptions now account for 79% of total consumer expenditure on music, compared to less than half in 2017. Spotify's UK revenues (including both premium and advertising-supported accounts) grew by 19% year on year, reaching €994m (£854m) in 2021.

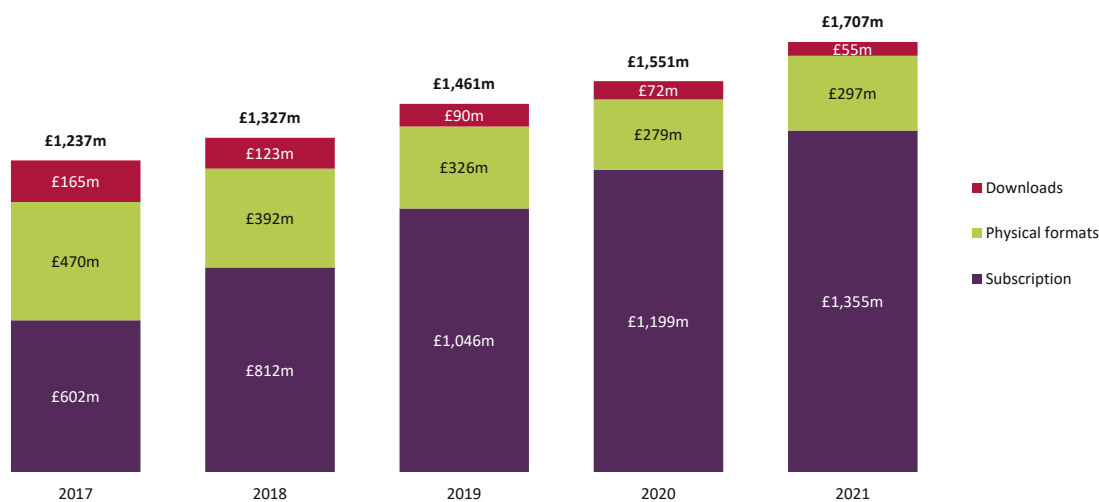
In contrast to the trend seen in previous years, expenditure on physical formats grew between 2020 and 2021, driven by a 23% year-on-year increase in vinyl LP sales, which totalled £135m. Expenditure on CDs continued to decline. The number of cassettes sold in the UK grew by 18.5% to reach 185,000, the highest since 2003.¹²³ Sales of LPs, cassettes and other retro physical formats are often

¹²² Spotify Technology S.A. [Form 20-F for fiscal year ending December 31 2021](#), p.48.

¹²³ Official Charts Company in BPI, [All About the Music 2022](#).

marketed more as collectables or for nostalgia than for everyday listening, but they may have a disproportionate impact on expenditure due to their relatively high selling price compared to CDs.¹²⁴

Figure 70: Consumer expenditure on recorded music: 2017-2021



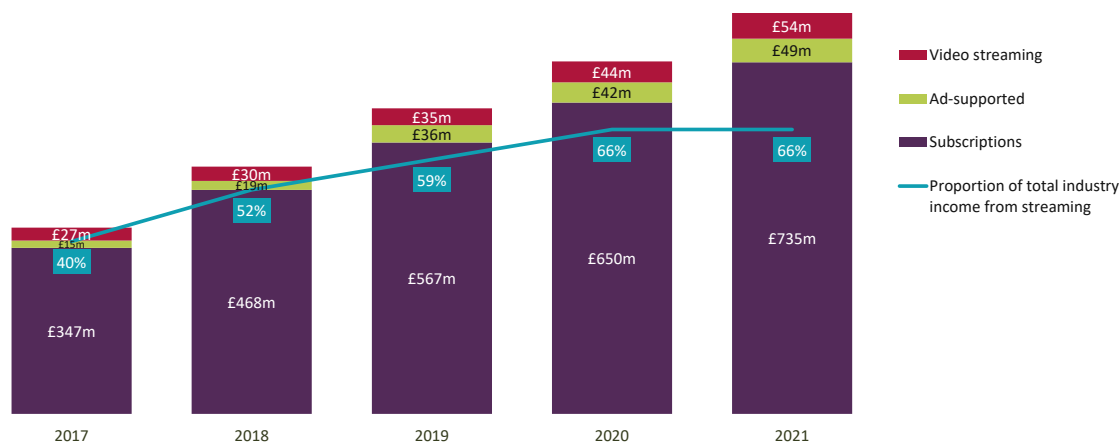
Source: Official Charts Company and ERA estimates, BPI ‘All About The Music 2022’.

Advertising and subscription funding models are increasingly important revenue sources for the UK recorded music industry

Music streaming services accounted for 66% of the sector’s revenues in 2021, up from 40% in 2017. At 88% of overall streaming revenues, revenues from subscription streaming accounted for 58% of total recorded industry revenues in 2021.

¹²⁴ For example, on 21 July 2022, HMV’s online store in the UK was charging £6.99 for the CD version of Abba’s *Voyage* Album, and £27.99 for the coloured vinyl LP version. A more extreme example of music being released on retro formats is the release of recordings on wax cylinders (a technology dating back to the late 19th century) in 2021. See [A Sound Education](#).

Figure 71: UK recorded music industry revenues from streaming services, by type: 2017-2021



Source: BPI Surveys, 'All About The Music 2022'. Values are at wholesale and do not include VAT.

Radio sector trends

The number of AM MW radio services in the UK continues to decline

There has been a further decline in the number of AM medium wave (MW) services available, with the BBC switching off MW broadcasts for ten of its local and nations stations in May and June 2021, while reducing MW coverage of BBC Radio Gloucestershire and BBC Radio Ulster.¹²⁵ The continued availability of MW AM services is a distinctive feature of the UK radio market, given that in many European countries these services have ceased,¹²⁶ with the Czech Radio switching off AM MW and LW broadcasts at the end of 2021.¹²⁷

Figure 72: Number of analogue radio services at March 2022

	AM MW	FM	AM/FM total
Local commercial	39	236	275
UK-wide commercial	2	1	3
BBC UK-wide networks	1	4	5
BBC local and nations	9	46	46
Community radio stations	24	295	319

Source: Ofcom, BBC. NB: BBC also broadcasts R4 on LW AM (not included in chart above).

¹²⁵ BBC, [Next phase of changes to some local BBC radio Medium Wave services](#), 14 April 2021.

¹²⁶ This is in contrast to markets such as the US and Australia, where AM MW stations may provide greater coverage in rural areas than FM.

¹²⁷

Czech Radio, [Czech Radio stopping long, medium wave broadcasting at midnight](#), 31 December 2021.

In late February 2022, three national services¹²⁸ owned by Jack Media National ceased broadcasting on the Sound Digital national DAB multiplex, with Jack Media National Limited entering administration in early March. Three slots on the multiplex were advertised. Throughout the past year, services have continued to launch on local multiplexes, with others ceasing to broadcast.

Figure 73: Radio services on DAB at March 2022

	BBC UK-wide	UK commercial 92% coverage (Digital One)	UK commercial 83% coverage (Sound Digital)	Local commercial services
Number of multiplexes	1	1	1	58
Number of services	11	23	19	606

Source: Ofcom, BBC.

Coverage of local DAB services increased in 2021 following the launch of new multiplexes in North-West England and the Channel Islands

Coverage of national DAB multiplexes has remained constant in recent years. However, UK local DAB multiplex coverage grew between March 2021 and March 2022 following the launch of local multiplexes in England covering North and West Cumbria and Morecambe Bay, meaning that 92% of UK homes have local DAB coverage, an increase of one percentage point. A local multiplex for the Channel Islands also launched. As noted above, the launch of these multiplexes has finally enabled all BBC local stations to be available on DAB. In addition to simulcasting the existing local analogue stations, the multiplex in the Channel Islands has enabled additional local stations to launch, as well as UK national commercial services such as Capital, talkSPORT and Virgin Radio, accessible on the islands for the first time on DAB.

¹²⁸ Union JACK, Union JACK Dance and Union JACK Rock. Note that Jack-branded local services in Oxfordshire continue to broadcast as the licensee for these has not entered administration.

Figure 74: DAB multiplex coverage at March 2022

		BBC UK-wide		Commercial	
			Digital One	Sound Digital	Local DAB
UK	Homes	97.4%	91.7%	82.6%	92.0%
	Major roads	87.4%	80.2%	72.6%	76.8%
England	Homes	98.4%	94.8%	86.7%	93.4%
	Major roads	94.5%	93.9%	89.8%	87.4%
Scotland	Homes	95.3%	81.7%	69.0%	85.4%
	Major roads	69.1%	45.5%	33.6%	45.6%
Wales	Homes	92.2%	67.5%	56.9%	82.6%
	Major roads	78.1%	53.3%	37.7%	60.9%
Northern Ireland	Homes	87.3%	85.4%	56.8%	87.5%
	Major roads	79.3%	86.9%	55.0%	87.8%

Source: Arqiva, BBC, Ofcom.

The first small-scale DAB multiplexes have now launched, with others expected to follow later in 2022

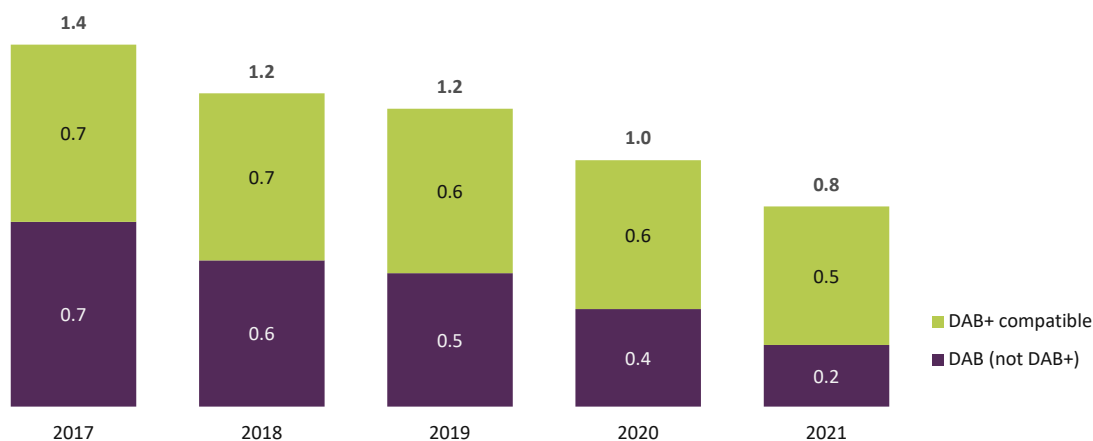
The first non-trial small-scale DAB multiplex launched on 10 December 2021, covering a population of around 400,000 people in North-East England (Tynemouth and South Shields) and carrying 14 DAB+ services, which had increased to 18 by August 2022. Three of these are Community-Digital Sound Programme (C-DSP) services that, like analogue community radio services, are required to be run for social gain and on a not-for-profit basis. By August 2022, a further half-dozen small-scale multiplexes had launched in locations around England and Scotland, and successful applicants around the UK continue to prepare to launch services. Ofcom has continued to advertise and license small-scale DAB multiplexes, and opened the fourth round of licensing in July 2022, with a deadline for applications in October. In the July announcement we also set out the areas in London and South-East England that we expect to advertise in the fifth round of licensing, scheduled for 2023.

DAB+ radios account for an increasing proportion of DAB radios sold

The first DAB+ services in the UK launched on the Sound Digital national multiplex in 2016. Since then, the number of services using this more efficient standard has increased, and includes services on the Digital One multiplex and some local multiplexes. All services on small-scale multiplexes are broadcast using the DAB+ standard. DAB+ is backwards-compatible with DAB, meaning that all DAB+-capable devices can receive standard DAB broadcasts, but DAB radios without DAB+ functionality are unable to receive services broadcast using DAB+. By 2021, 69% of DAB radios sold in the UK were compatible with DAB+, up from 49% in 2017, although overall DAB+ device sales declined in absolute terms during this period. Due to the number of analogue-only radios continuing to be sold, sales of DAB+-compatible sets accounted for only 38% of total radio sales in 2021.

In the Government's [Digital Radio and Audio Review](#), it was recommended that Ofcom should undertake a market study to assess the current status of DAB+ device penetration and use by listeners.¹²⁹ Ofcom has recently commissioned a quantitative survey which will be used to estimate the extent of DAB+ device ownership and use, both in-home and in-car. The findings of this research will be published alongside our call for inputs on the issues relating to the future use of DAB+.

Figure 75: DAB device sales (units, millions): 2017-2021



Source: GfK Panelmarket. Excludes mini-Bluetooth speakers and in-car radios.

M&A activity continues to extend the reach of broadcasters into new geographies and markets

Although the past year has not seen the large-scale mergers-and-acquisitions activity of certain previous years, Global and Bauer have both acquired licences or businesses which they have used to extend the reach of their services on analogue. In August 2021 Global acquired Quidem Media, the owner of six stations in the Midlands that since 2019 had been Capital franchisees. In the same month, Bauer completed its acquisition of Imagine FM licences, allowing it to expand the FM coverage of its Greatest Hits network into parts of Greater Manchester, Cheshire and the Peak District. Outside the UK, in May 2022, Bauer acquired the radio assets of Portuguese media group Media Capital Group, following its expansion into the Irish market in 2021.¹³⁰

In March 2022, Nation Broadcasting acquired a 10% stake in Podcast Radio as part of a funding round that will be used to support Podcast Radio's expansion into the North American and Australian markets.¹³¹ Nation Broadcasting announced in July 2022 that, following the end of its licensing agreement with Bauer, it would rebrand stations using Bauer's The Hits and Greatest Hits brand with Nation Radio and Easy Radio.¹³²

¹²⁹ [Digital Radio and Audio Review](#), paragraphs 6.47 to 6.57 and Recommendation R41.

¹³⁰ Bauer Media Group, [Bauer Media Audio completes acquisition of Portugal's Media Capital Radios](#), 31 May 2022.

¹³¹ Radio Today, [Nation Broadcasting becomes partner investor in Podcast Radio](#), 9 March 2022.

¹³² Nation Player, [The Big Switch](#).

In March 2022, IRN and Sky News signed a new multi-year agreement under which Sky will continue to provide news for the IRN service.

The BBC will increasingly focus on digital radio and audio platforms

In May 2022 Tim Davie, the Director-General of the BBC, set out the BBC's digital-first strategy,¹³³ designed to shift the BBC's focus (and expenditure) more towards digital platforms, which account for an increasing proportion of consumption of the BBC's content. As a result, the BBC is proposing to reduce spend on live linear broadcasts. Concerning radio in particular, the BBC is proposing to: stop broadcasting BBC Radio 4 Extra; end specific programming for BBC Radio 4 on AM long wave ahead of the closure of long wave broadcasting;¹³⁴ and to cease broadcasting BBC Radio 5 Live on AM MW no later than December 2027, as part of the withdraw of national AM medium wave services. As we note in our discussion about the number and availability of radio services in the UK, the BBC has been reducing the number and coverage of its AM medium wave services for some years, and these announcements continue this trend.

Audience trends

This section provides data and commentary on some of the latest audience trends across radio, online, and in-car audio habits. Analysis of consumer trends relating to music streaming, podcasts and smart speakers can be found later in this chapter.

Radio in context

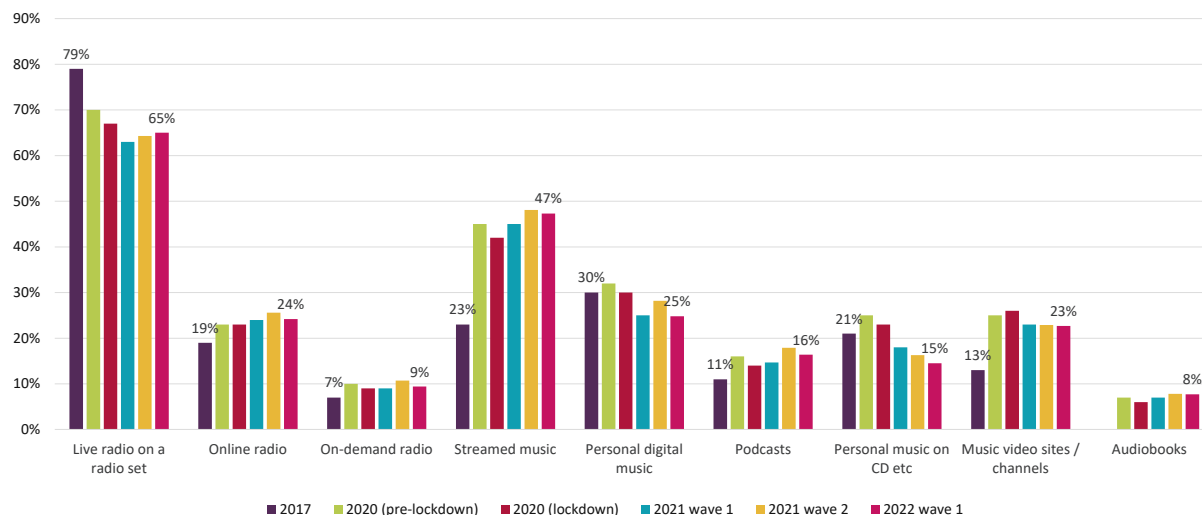
Live radio listening on a radio set was the audio activity with the greatest reach each week in Q1 2022, although the competition from streamed music intensified

Listening to live radio on a radio set continues to be the most popular audio activity, with almost two-thirds of adults doing this each week. While radio maintained a high reach, the proportion of adults listening to the radio this way has continued to decline each year as more listeners turn to online audio activities, especially online streamed music. Listening to online radio and podcasts has seen a slow but steady increase in the past five years, but overall reach remains relatively low compared to that of streamed music. Streamed music services were used by nearly half of all adults at the beginning of 2022, and over three-quarters of those aged 15-34. We take a closer look at these changes in music streaming in the section below.

¹³³ BBC, [A digital-first BBC](#), 26 May 2022.

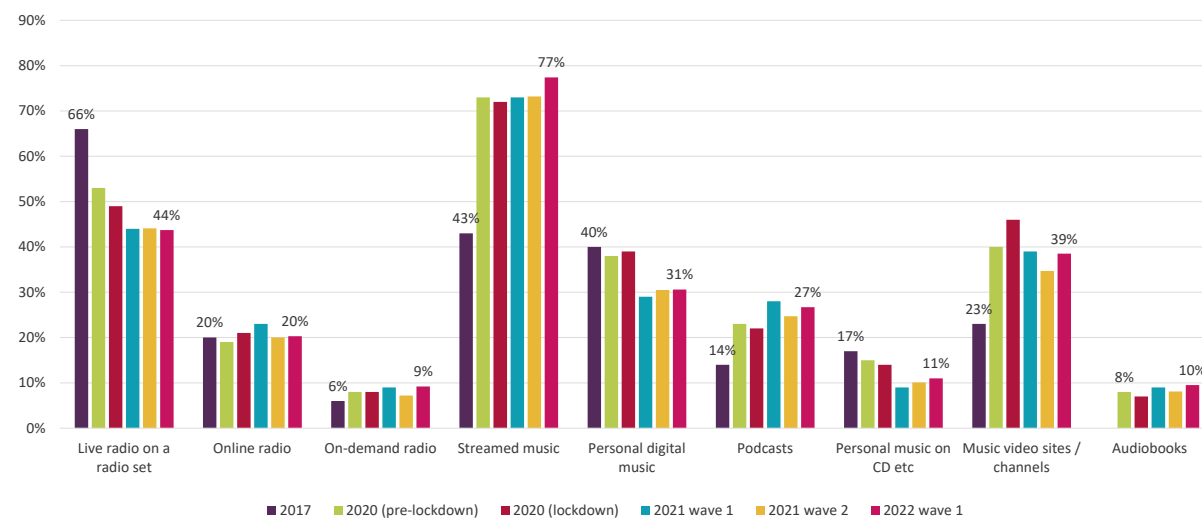
¹³⁴ BBC Radio 4 is the only UK service broadcast using long wave spectrum (although BBC World Service is also available on the same frequency for a limited number of hours per day).

Figure 76: Weekly reach (%) of different audio types, all adults aged 15+: 2017-2022



Source: IPA TouchPoints. GB adults aged 15+. 2017 fieldwork was January – April; 2020 (pre-lockdown) fieldwork was January – 23 March; 2020 (lockdown 1) fieldwork was 24 March – 16 April 2020; 2021 wave 1 fieldwork was January – March 2021; 2021 wave 2 fieldwork was June – September; 2022 wave 1 fieldwork was January – March 2022.

Figure 77: Weekly reach (%) of different audio types, adults aged 15-34: 2017-2022

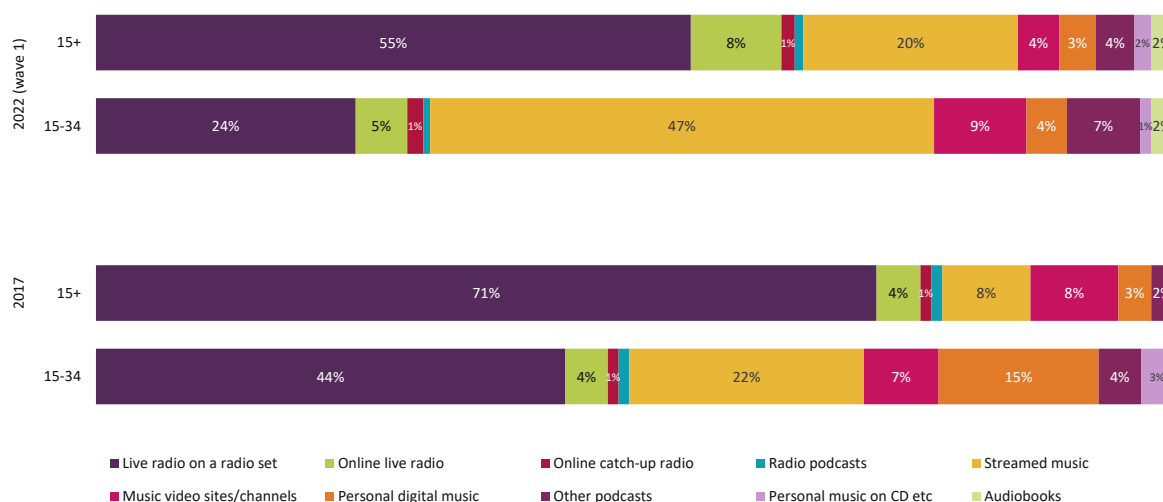


Source: IPA TouchPoints. GB adults aged 15-34. 2017 fieldwork was January – April; 2020 (pre-lockdown) fieldwork was January – 23 March; 2020 (lockdown 1) fieldwork was 24 March – 16 April 2020; 2021 wave 1 fieldwork was January – March 2021; 2021 wave 2 fieldwork was June – September; 2022 wave 1 fieldwork was January – March 2022.

Listening to live radio on a radio set continues to account for the largest share of time spent listening, at over half (55%) of all listening time. However, this is down from 71% five years ago. Over the same period, streamed music’s share has increased from 8% in 2017 to 20% at the start of 2022. Online radio has doubled its share of time spent listening in the last five years, from 4% in 2017 to 8% in 2022.

How young adults aged 15-34 spend their time listening is quite different to the behaviour of the overall population. Listening to online music via a streaming service accounted for 47% of their total listening time in Q1 2022 – more than double the 22% in 2017. For this age group, live radio on a radio set’s share of listening was around a quarter of total time, a considerable decline from 44% in 2017.

Figure 78: Share of time spent each week on any audio, adults aged 15+ vs 15-34s: 2022 vs 2017

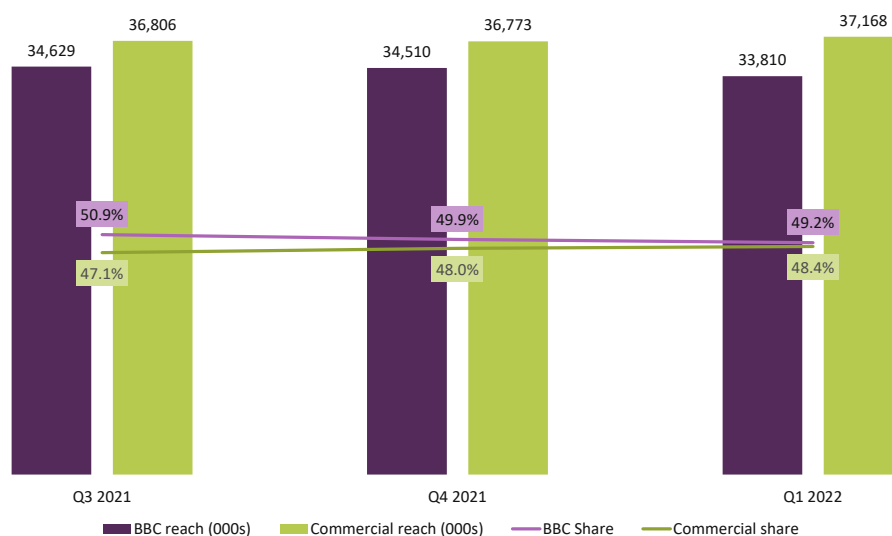


Source: IPA TouchPoints, GB adults aged 15+. 2017 fieldwork was January – April; 2022 wave 1 fieldwork was January – March 2022.

About nine in ten adults listened to live radio each week in Q1 2022, with commercial radio attracting more listeners than BBC radio

RAJAR, the body that measures radio listening for the industry, suspended its research in March 2020 as a consequence of the Covid-19 pandemic, so RAJAR data could not be included in last year’s Media Nations report. However, fieldwork resumed last year, resulting in quarterly data from Q3 2021. These figures show that overall reach of BBC and commercial stations held steady over this period. The latest figures, from Q1 2022, show that 89% of adults listened to live radio for at least five minutes each week, and on average, listeners tuned in for about 20 hours across the week. BBC radio accounted for just under half of all live radio listening hours, driven by listening to its ten national services (but especially BBC Radio 2 and BBC Radio 4), and its share of listening has increased slightly since Q3 2021. Two-thirds of UK adults tuned into commercial radio stations each week, slightly more than those who listened to BBC radio stations.

Figure 79: Weekly reach and share of BBC and commercial radio: Q3 2021 – Q1 2022



Source: RAJAR. Figures shown are since RAJAR resumed its fieldwork with a revised methodology compared to pre-Covid-19.

There are some differences in radio listening across the different parts of the UK. Figure 80 shows the top three stations based on market share in each of the BBC local areas.¹³⁵ Across the UK as a whole, BBC Radio 2 was the most-listened-to station, followed by BBC Radio 4, then Global's Heart network of stations. In fact, BBC Radio 2 was the number one station in most markets, apart from seven of the areas shown, where it holds the number two slot, and in Northern Ireland where it is fourth behind BBC Radio Ulster and Bauer local stations.

BBC nations/local stations featured in the top three positions in eight of the markets shown, holding the number-one spot in Northern Ireland and in Cornwall. Bauer's Greatest Hits Network, including some stations which have retained their heritage names, such as Metro Radio in the BBC Radio Newcastle area, featured in the top three in many areas across the north of England as well as in Scotland and Northern Ireland. Global's Heart Network appeared in the top three stations for most areas but particularly in the south of the UK, with Smooth Network performing better in the north. Tindle Radio, one of the smaller UK commercial groups, dominated listening in the Channel Islands – Tindle's stations were the only commercial stations to broadcast in the Channel Islands until the recent arrival of the DAB multiplex.

¹³⁵ We have used BBC nations/local radio total survey areas (TSAs) for this analysis as they are non-overlapping areas. A TSA is the defined area RAJAR uses to measure listening and ensures robust sample sizes in those areas. Market share for a particular station can vary if measured within different TSAs.

Figure 80: Top three stations based on market share in each BBC local radio area: Q1 2022

Area /BBC region	#1 station	#2 station	#3 station
UK	BBC Radio 2	BBC Radio 4	Heart
BBC Coventry & Warks	BBC Radio 2	BBC Radio 4	BBC Radio 1
BBC Essex	BBC Radio 2	BBC Radio 4	Heart
BBC Hereford & Worcester	BBC Radio 2	BBC Radio 4	BBC Radio 1
BBC Radio Berkshire	BBC Radio 2	Heart	BBC Radio 4
BBC Radio Bristol	BBC Radio 4	BBC Radio 2	Heart
BBC Radio Cambridgeshire	BBC Radio 2	BBC Radio 4	BBC Radio Cambs
BBC Radio Cornwall	BBC Radio Cornwall	BBC Radio 2	BBC Radio 4
BBC Radio Cumbria	BBC Radio 2	BBC Radio 4	CFM
BBC Radio Derby	BBC Radio 2	BBC Radio Derby	BBC Radio 4
BBC Radio Devon	BBC Radio 2	BBC Radio 4	Heart
BBC Radio Gloucestershire	BBC Radio 2	BBC Radio 4	BBC Radio 1
BBC Radio Guernsey	Island FM 104.7	BBC Radio 2	BBC Radio Guernsey
BBC Radio Humberside	BBC Radio 2	BBC Radio 4	Viking FM
BBC Radio Jersey	Channel 103 FM	BBC Radio 2	BBC Radio 1
BBC Radio Kent	BBC Radio 2	Heart	BBC Radio 4
BBC Radio Lancashire	BBC Radio 2	BBC Radio 4	Heart
BBC Radio Leeds	BBC Radio 2	BBC Radio 4	Greatest Hits Radio
BBC Radio Leicester	BBC Radio 4	BBC Radio 2	BBC Radio Leicester
BBC Radio Lincolnshire	BBC Radio 2	Lincs FM	BBC Radio 1
BBC Radio London	BBC Radio 4	BBC Radio 2	LBC
BBC Radio Manchester	BBC Radio 2	Smooth Radio	BBC Radio 4
BBC Radio Merseyside	BBC Radio 2	BBC Radio 4	Greatest Hits Radio
BBC Radio Newcastle	BBC Radio 2	Smooth Radio	Metro Radio
BBC Radio Norfolk	BBC Radio 2	BBC Radio 4	Heart
BBC Radio Northampton	BBC Radio 2	Heart	BBC Radio 4
BBC Radio Nottingham	BBC Radio 2	BBC Radio 4	Capital
BBC Radio Oxford	BBC Radio 2	BBC Radio 4	Heart
BBC Radio Scotland	BBC Radio 2	BBC Radio 4	Clyde 1

BBC Radio Sheffield	BBC Radio 2	Hallam FM	BBC Radio 4
BBC Radio Shropshire	BBC Radio 2	BBC Radio 4	BBC Radio Shrops
BBC Somerset	BBC Radio 2	BBC Radio 4	Heart
BBC Radio Stoke	BBC Radio 2	BBC Radio 4	BBC Radio Stoke
BBC Radio Suffolk	BBC Radio 2	BBC Radio 4	Classic FM
BBC Sussex / BBC Surrey	BBC Radio 4	BBC Radio 2	Heart
BBC Radio Tees	BBC Radio 2	Smooth Radio	Heart
BBC Three Counties Radio	BBC Radio 2	BBC Radio 4	BBC Radio 1
BBC Radio Ulster	BBC Radio Ulster	Cool FM	Downtown Radio
BBC Radio Wales	BBC Radio 2	BBC Radio 4	Heart
BBC Radio Wilts/Swindon	BBC Radio 2	BBC Radio 4	BBC Radio 1
BBC WM 95.6	BBC Radio 2	BBC Radio 4	Smooth Radio
BBC Radio York	BBC Radio 2	BBC Radio 4	BBC Radio 1

Key

BBC Radio 1	BBC Radio 2	BBC Radio 4	BBC Local Radio	Global	Bauer	Tindle Radio
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Source: RAJAR Q1 2022, based on market share in the BBC local radio total survey areas; six-month weighting.

Online radio

Industry trends

As we have noted in previous reports, broadcasters, including the BBC, the commercial and the community radio sectors, have developed their online radio services, both on and off their platforms and websites, offering both live streaming and catch-up services. Distribution via large third-party platforms potentially offers broadcasters global reach but may reduce their ability to control the user experience and to capture and analyse data on use and audiences. RadioPlayer, first launched by the BBC and UK commercial radio sector as a broadcaster-owned-and-controlled platform for radio stations, has continued to expand, with services now available in 14 countries.

Cross-industry partnerships such as this may become increasingly important to broadcasters, as car manufacturers increasingly adopt hybrid or online-only radios in new cars. Given their scale, car manufacturers may be unwilling to deal directly with individual broadcasters seeking to ensure that their services are available in cars, while an industry-wide approach allows for standardisation of metadata and guidelines around the listener experience.

Broadcasters – especially those creating speech content such as LBC and talkRADIO/TalkTV – continue to use their YouTube channels and social media accounts to distribute catch-up clips of

their shows. This broadens the reach of their content (helping to raise awareness of their broadcast stations) while also providing an additional advertising revenue stream. GB News and TalkTV simulcast their TV output as an audio-only stream online and on DAB. The BBC, which also makes video clips of some of its radio output available on YouTube, and some full shows on BBC iPlayer, announced in July 2022 that it plans to broadcast the BBC Radio 5 Live Nicky Campbell weekday programme on BBC Two as well as on a new BBC news channel.¹³⁶

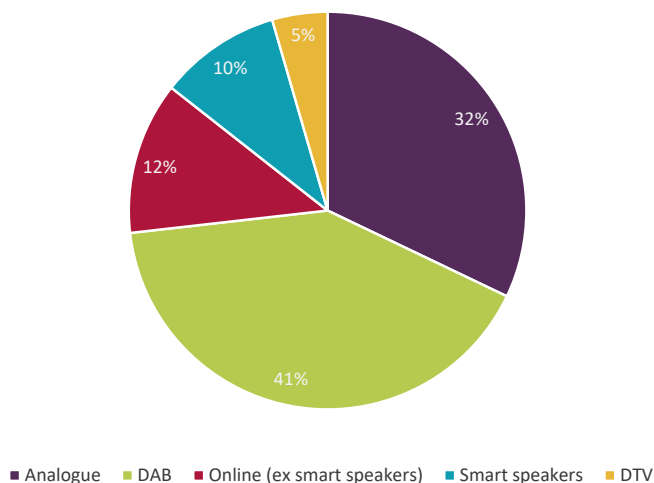
Audience trends

Radio listening on smart speakers accounted for 10% of all hours in Q1 2022

While reach and time spent listening to radio have both decreased steadily over the past few years, *how* people listen to radio has also changed considerably. Time spent listening to radio online accounted for over a fifth of listening during January to March 2022, with smart speakers contributing to almost half of this (the first time RAJAR has measured radio listening on smart speakers). Among those who own them, smart speaker use accounted for 20% of their time spent listening to the radio. We go into more detail about how listeners use their smart speaker for radio, as well as other activities, in the dedicated section below.

As noted above, radio sets continue to be the main way to listen to the radio, with over 70% of listening hours accounted for by a DAB or analogue radio set. The overall share of listening that is digital (online, DAB, digital TV) has increased over the last two quarters (67.9%, up from 64.5% in Q4 2021 and 65.8% in Q3 2021), as a result of the increase in the proportion of online listening hours.

Figure 81: Share of time spent each week listening to radio, by platform: Q1 2022



Source: RAJAR.

¹³⁶ BBC, [BBC sets out plans for new TV news channel to launch in 2023](#), 14 July 2022.

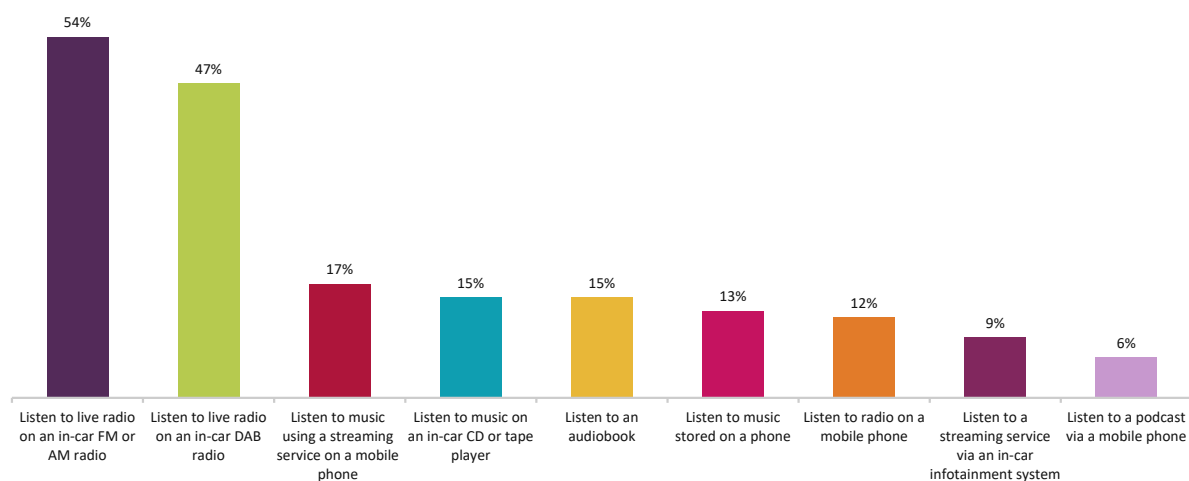
In-car audio habits

Listening to live radio on an AM/FM radio was the most common in-car audio activity in 2022

RAJAR data indicates that about a fifth of listening each week took place in cars in Q1 2022. Ofcom's Technology Tracker showed that listening to live radio on an AM/FM radio was the most common audio activity in cars in 2022, with 54% of drivers/passengers saying they listened this way, closely followed by 47% who listened via an in-car DAB radio.

Passengers and drivers of cars also listen to audio content via a range of online means. About a fifth listened to music using a streaming service on a mobile phone and a further 9% listened to a streaming service via an in-car infotainment system. Both activities are more likely for younger listeners – 38% of 16-24-year-olds listened to a streaming service via a mobile phone, and 19% listened via the in-car infotainment system. In terms of time spent listening to the radio in a car, RAJAR indicates that this was relatively evenly split between analogue (46%) and DAB (47%), and that online listening accounted for 7% in Q1 2022.

Figure 82: Proportion of people who listen to in-car audio, by activity



Source: Ofcom Technology Tracker 2022.

Music streaming

Industry overview

Firms active in the music streaming space are seeking to diversify their revenues

As noted above, music streaming retail and wholesale revenues have continued to grow in recent years. However, there is some evidence to suggest that growth in subscriptions may slow or even decline in 2022 as households seek to reduce expenditure.¹³⁷

¹³⁷ BBC News, [Cost of living: Music subscriptions cancelled to save money](#), 16 June 2022.

While the core streaming business has grown, platforms have been seeking ways to differentiate themselves and offer new services to their users. In October 2021, Apple launched its Apple Music Voice plan, offering a discount on a standard Apple Music subscription,¹³⁸ with the proviso that the music can only be accessed via Siri (for example, on a HomePod smart speaker) rather than via a range of interfaces and devices.

Firms in the online music sector have rolled out other services related to music streaming, while platforms in other media sectors are also looking at music distribution platforms to supplement their existing offerings. For example, in March 2022, Bytedance, the parent company of TikTok, launched a music marketing and distribution platform called SoundOn, which manages the uploading of music content to TikTok and ByteDance's Resso music streaming platform, in addition to Spotify, Apple Music, Pandora and other platforms.¹³⁹ The same month, Epic Games, publisher of *Fortnite*, acquired the independent music-focused download platform Bandcamp.¹⁴⁰ Having previously hosted live virtual concerts in *Fortnite*, this acquisition may suggest that virtual events and music will play more of a role on the *Fortnite* platform.

The streaming sector has come under increased scrutiny

As the scale and scope of the content hosted on music streaming services has increased, some platforms, notably Spotify, have been subject to criticism for their approaches to content moderation. In early 2022, several music artists including Neil Young and Joni Mitchell requested that their music be pulled from the platform in protest at Spotify continuing its exclusivity deal with *The Joe Rogan Experience* podcast, following concerns about Covid-19 misinformation on the podcast.¹⁴¹ Spotify published its Platform Rules,¹⁴² establishing policies around music and podcasts hosted on its platform, in January 2022, and in June announced the creation of the Spotify Safety Advisory Board to advise in areas related to audience protection and content moderation.

The past year has also seen business models in the music sector, including streaming, come under particular scrutiny following the DCMS Select Committee's report into the [Economics of Music Streaming](#) in July 2021. The report highlighted concerns about the competitive position of some players in the market, with copyright advantages due to their roots as user-generated platforms, in addition to the relative bargaining position of authors and artists as opposed to publishers and distribution platforms.

In response, in January 2022, the Competition and Markets Authority (CMA) formally launched a [Market Study](#) into music and streaming services, with a particular focus on the recorded music element of the value chain. In July 2022 the CMA [published an update](#): its initial analysis indicates that the market is delivering good outcomes for consumers. However, the CMA also said it would be concerned if the market changed in ways that might harm consumer interests. Its final report will be published in January 2023.

¹³⁸ £4.99 a month in the UK vs £9.99 a month for an Apple Music individual plan.

¹³⁹ TechCrunch, [TikTok launches a music distribution platform, SoundOn](#), 9 March 2022.

¹⁴⁰ Bandcamp, [Bandcamp is Joining Epic Games](#), 2 March 2022.

¹⁴¹ BBC News, [Joni Mitchell wants songs off Spotify in Covid row](#), 29 January 2022.

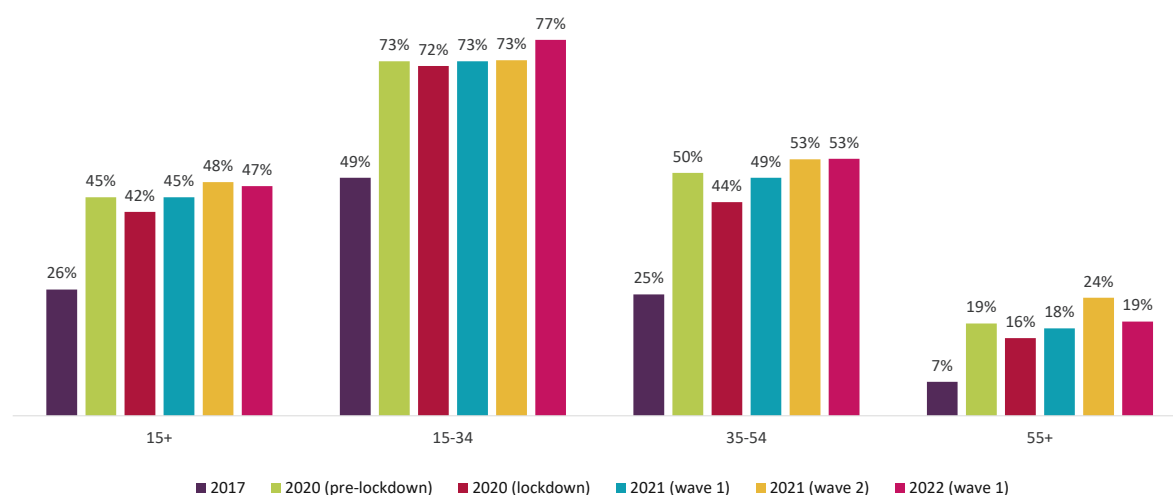
¹⁴² [Spotify Platform Rules](#), 30 January 2022.

Audience trends

The weekly reach of music streaming services seems to be plateauing, although there is still room for growth, particularly among older listeners

The weekly reach of streamed music to all adults has nearly doubled in the past five years, but since 2020 has remained relatively stable across all age groups. Younger people still stream music the most, with nearly eight in ten 15-34-year-olds streaming music on a weekly basis in 2022. This was also the only age group to see an increase in reach in 2022, while those aged 35+ either streamed as much or less than in summer 2021. This slight drop in average reach could be due to changes in working patterns and behaviour, as Covid-19-related lockdowns eased at the start of 2022 and more people resumed commuting and in-car radio listening.

Figure 83: Weekly reach of streamed music, by age group: 2017-2022

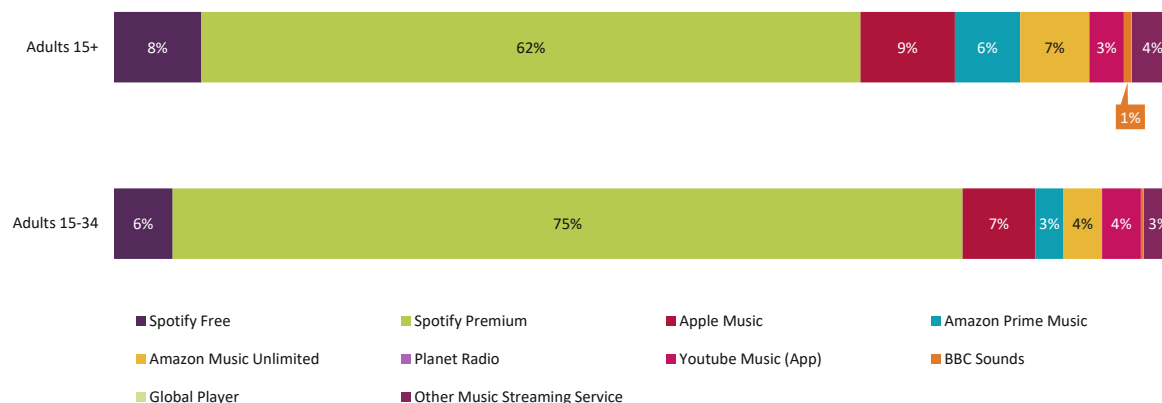


Source: IPA TouchPoints. 2017 fieldwork was January – April; 2020 (pre-lockdown) fieldwork was January – 23 March; 2020 (lockdown 1) fieldwork was 24 March – 16 April 2020; 2021 wave 1 fieldwork was January – March 2021; 2021 wave 2 fieldwork was June – September; 2022 wave 1 fieldwork was January – March 2022.

Spotify accounted for the majority of time spent streaming music in Q1 2022, with Amazon and Apple Music a distant second and third

In terms of the platforms people are using, most of the time spent streaming music in the period January to March 2022 was on Spotify. Together, the free and paid-for (Premium) subscription tiers accounted for more than two-thirds of adults' time spent streaming music, and this was even higher for those aged 15-34, at 81%. Young adults were also more likely to use Spotify Premium, but less likely to use other paid-for services, including Apple Music, Amazon Prime Music, and Amazon Music Unlimited. This may be linked to a number of factors, including the popularity of Spotify's Premium Student, a discounted subscription tier for people in higher education, introduced in 2014.

Figure 84: Share of time spent streaming music, by platform, GB adults aged 15+ vs 15-34s: January – March 2022



Source: IPA TouchPoints 2022 wave 1 (January – March).

Podcasts

Industry overview

Companies in the sector are using M&A to acquire new podcast content or tools for monetisation

Platforms and broadcasters continue to use acquisitions to increase their access to podcast content or technology, to aid the monetisation of this and other spoken-word content. For example, in December 2021, Global acquired Sheffield-based Captivate, a podcast hosting and monetisation platform,¹⁴³ two months after acquiring US-based Remixd, whose platform automates the creation of natural-voice audio output from written content.

Spotify has also made acquisitions to develop its portfolio of spoken-word digital audio content and services, acquiring audiobook platform Findaway in November 2021 and both Chartable (an advert measurement and attribution tool) and Podsights (a tool for podcast analytics) in February 2022. It also acquired Heardle, a game in which players name songs being played based on short excerpts, in July 2022. Spotify believes the game can also be a music discovery tool, as at the end of the game, the player is given the option to listen to the full song on Spotify.¹⁴⁴

In May 2022, Sirius XM announced that it had acquired US comedian Conan O’Brien’s production company Team Coco, which produces a range of podcasts and other content formats. As part of the deal, O’Brien will stay with the company for five years.¹⁴⁵ The acquisition gives Sirius XM ownership of the podcasts and expands its production capability while also allowing it to sell advertising across Team Coco’s content.

¹⁴³ Radio Today, [Podcast hosting platform Captivate acquired by Global](#), 20 December 2021.

¹⁴⁴ TechCrunch, [Spotify acquired Heardle, the Wordle-inspired music guessing game](#), 12 July 2022.

¹⁴⁵ The Verge, [Conan O’Brien makes a \\$150 million podcast deal](#), 24 May 2022.

However, the past year has seen at least one example of a shift away from podcasts and other forms of spoken-word content, with Facebook closing some of its audio services and its Audio Hub, removing services launched in the previous year.¹⁴⁶ From May 2022, publishers were no longer able to add podcasts to Facebook, and its short-form audio product Soundbites has also been shuttered. The functionality of Facebook Live Audio Rooms is being rolled into the Facebook Live product rather than continuing as a separate product.

Publishers (including broadcasters) and platforms have continued to see value in attracting established podcasts and talent to their services. Examples of this in 2022 include Emily Maitlis and Jon Sopel, presenters of the BBC's *Americast* podcast, moving to Global, where they will launch a new podcast scheduled for September 2022.¹⁴⁷ Following the end of their BBC show and podcast in April 2022, Mark Kermode and Simon Mayo launched a new film and TV review podcast with Sony Music the following month.

Audience trends

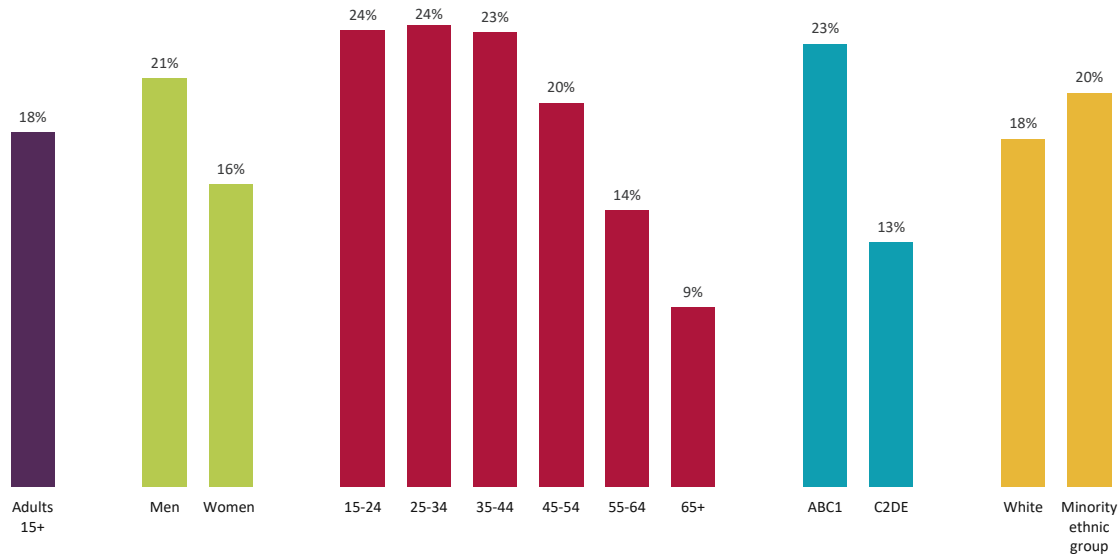
About one in five adults listen to a podcast at least once a week

RAJAR indicates that just under a fifth of adults listened to podcasts at least once a week (18%) in Q1 2022. This varies by demographic, with podcast listeners more likely to be men, aged under 45 and in the ABC1 socio-economic group. While people from a minority ethnic background were less likely than the white population to listen to the radio each week (75% vs 92%), they were slightly more likely to listen to podcasts. This is likely to be driven by the sheer range of content available through podcasts, covering many different interests.

¹⁴⁶ Bloomberg, [Facebook Pulls the Plug on Podcast Business After a Year](#), 2 May 2022.

¹⁴⁷ PressGazette, [Jon Sopel and Emily Maitlis hit out at BBC 'bulls**t' and 'false equivalence' as they join Global](#), 27 May 2022.

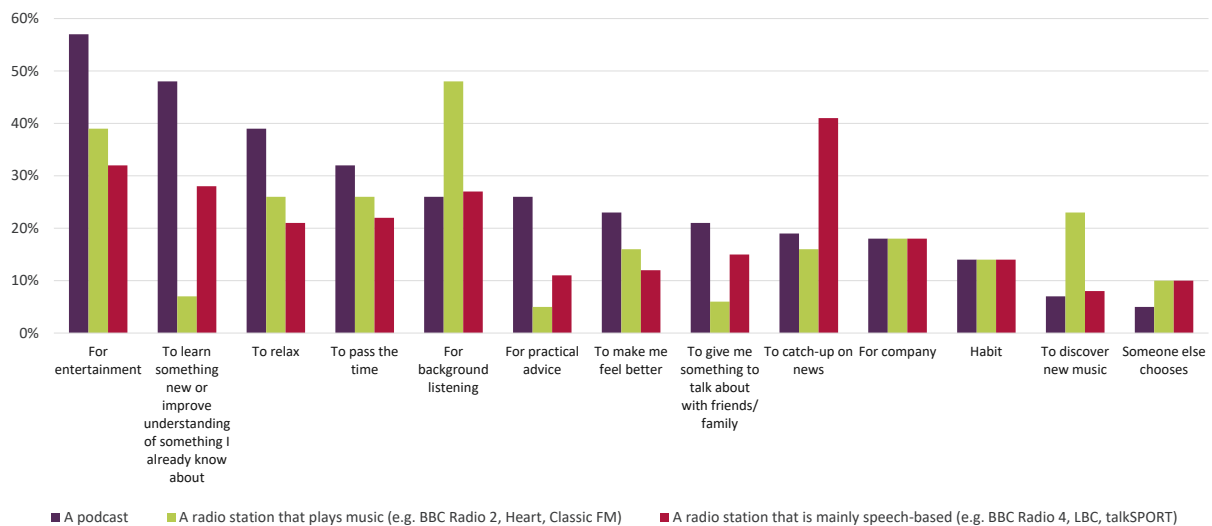
Figure 85: Weekly reach of podcasts, by demographics: Q1 2022



Source: RAJAR.

According to data from Ofcom’s latest Podcast Survey, the most popular reasons for listening to podcasts were entertainment, to learn something new or improve knowledge of something, and to relax. In comparison, the most popular reasons for listening to music radio were background listening, entertainment and discovering new music, while speech radio was mainly for catching up on news. The same proportion of people reported listening to podcasts and radio for company and out of habit, perhaps indicating that listeners are building podcasts into their routines in a similar way to traditional radio listening.

Figure 86: Reasons for listening to podcasts, music radio and speech radio

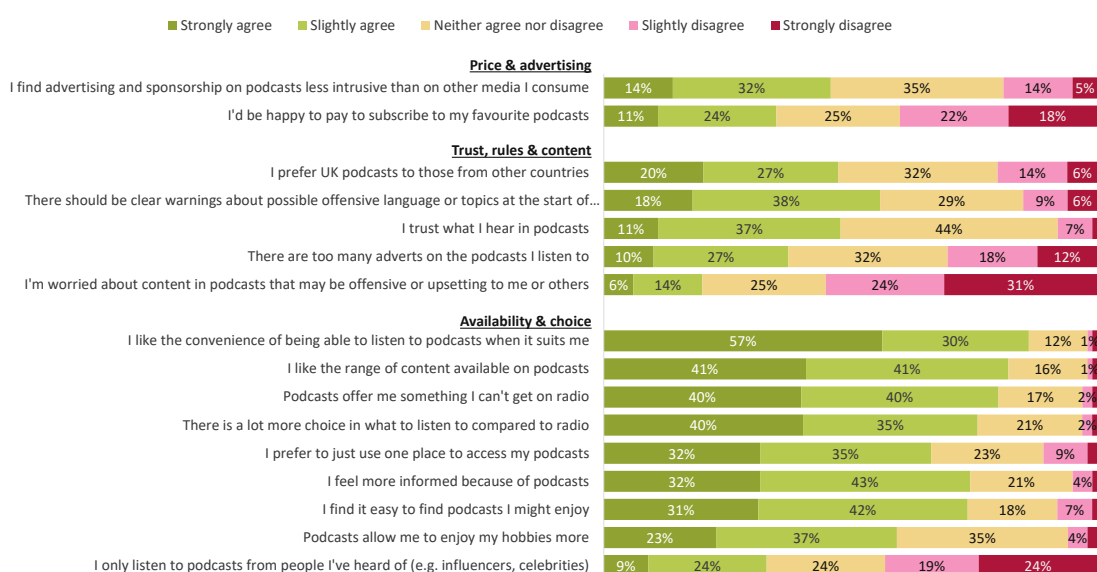


Source: Ofcom Podcast Survey 2022. Q8. Why would you say you listen to each of these? Base: all respondents who listen to each at least once a month ('A radio station that plays music (e.g. BBC Radio 2, Heart, Classic FM)' unweighted base 825, weighted base 393; 'A radio station that is mainly speech-based (e.g. BBC Radio 4, LBC, talkSPORT)' unweighted base 691 weighted base 329; 'A podcast' unweighted base 1,003 weighted base 477).

Podcast listeners said they had a wide choice of content and that listening helped to inform them

Almost nine in ten people who listened to podcasts regularly in 2022 said that they liked the convenience of being able to listen to podcasts when it suited them. Listeners were also likely to agree that podcasts offered a wide range of content, including content not available on radio. Three-quarters of people who listened to podcasts regularly in 2022 said they felt more informed as a result, although only 48% of regular listeners said that they trusted what they heard in podcasts. The majority of listeners (56%) agreed that there should be clear warnings about possible offensive language or topics at the start of podcasts, but a similar proportion (55%) were not worried about content being potentially offensive or upsetting, either to themselves or others.

Figure 87: Attitudes to podcasts



Source: Ofcom Podcast Survey 2022. Q23. How strongly would you say you agree or disagree with the following? Base: all regular podcast listeners (unweighted base 1,003, weighted base 477).

Digging deeper into how these attitudes vary across demographics, we see that women, people from minority ethnic backgrounds and those with children in the household were more likely than the overall average to agree that there should be clear warnings about possible offensive language or topics at the start of podcasts (64%, 72% and 67% compared to the average of 56%). Those from minority ethnic backgrounds were also more likely to worry about content in podcasts being potentially upsetting to themselves or others (39% vs 20% among all respondents). They were also more likely to listen to podcasts only from people they had heard of, and to trust what they hear in podcasts, compared to both the white population and the overall average.

Smart speakers

Industry developments

Voice assistants are being launched as new platforms and are being integrated into other apps

The relationship between devices such as smart speakers and voice assistants is complex, reflecting the range of devices through which a voice assistant may be accessed, and the range of purposes for which the voice assistant is designed. Some platforms such as Amazon Alexa, Google Assistant and Apple Homeplay work across a range of devices developed by the platforms themselves, as well as third parties, and are designed with a wide range of purposes in mind, including controlling devices, content discovery and acting as a general voice interface for online services. In contrast, other voice assistant platforms are designed for more specialist uses; for example, controlling the functionality of particular devices, or for use in cars.

In June 2022, Sonos, whose smart speakers support a range of other platforms, launched its own voice assistant platform, Sonos Voice Control.¹⁴⁸ In contrast to Alexa and Google Assistant, Sonos's platform is focused on controlling devices and accessing music. The platform launched in the US and will expand to France later this year. Alexa can be used with devices with Sonos Voice Control (for example, for smart home control or online searching), although Google Assistant cannot. In contrast to some other voice assistant platforms that use the cloud rather than local processing to process and transcribe speech, Sonos Voice Control uses devices that process the speech locally.¹⁴⁹

In a shift away from standalone voice apps, in 2023 Google will cease supporting Google Assistant Conversational Actions for its voice platform on Android devices. Instead, developers will be encouraged to develop voice-enabled Android apps for mobile, wearables, TV and cars, which integrate with Google Assistant.¹⁵⁰

Take-up and consumer trends

Take-up of smart speakers has increased since 2020

Ofcom's Technology Tracker found that about four in ten (39%) people in the UK aged 16+ had a smart speaker in their household in 2022, up from just 22% in 2020. There was little variation in household ownership of the device in terms of age, although the 35-54 age group were the most likely to say they had one in their home. Most people who had a smart speaker in their household personally used it – only 10% of those who had the device did not personally use it. Households with a smart speaker own an average of 1.7 devices.

In terms of the type of device people use, 39% of those who had a smart speaker in their household had a device with a smart display.¹⁵¹ However, only 4% of smart speaker owners used their device for watching video. Amazon Echo was by far the most common type of smart speaker owned, with

¹⁴⁸ The Verge, [Sonos Voice Control review: a speedy, private, music-focused assistant](#), 14 June 2022.

¹⁴⁹ Sonos, [Voice Control, But Make It Sonos](#).

¹⁵⁰ Google Developers Blog, [Helping Developers Create Meaningful Voice Interactions with Android](#), 13 June 2022.

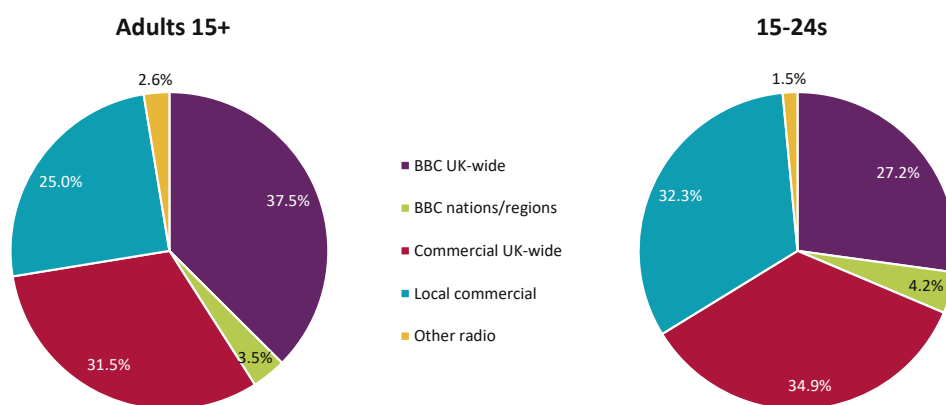
¹⁵¹ Ofcom Technology Tracker 2022. Note that 2022 Technology Tracker data should not be compared to 2021 data due to a temporary change in methodology as a result of the Covid-19 pandemic.

80% saying they had one. Google Home/Google Nest was the second most popular, with 15% of people having one, followed by Sonos at just 3%, and all other brands were at 2% or less.

Although using smart speakers to listen to audio from video content was a relatively less popular activity, listening to music via a streaming service (61%) and live radio (59%) were more common. These were followed by getting weather reports (37%) and searching for information online (35%). Using the smart speaker as an alarm or personal reminder (32%) or for news reports (27%) was also common.

We noted above that total online radio hours increased in Q1 2022 compared to the previous quarter. While the share of listening to BBC radio stations overall was the same on smart speakers as on other online devices (41%), the share of all commercial radio stations was slightly higher on smart speakers (56% vs 54%) and was even higher for 15-24-year-olds.

Figure 88: Share of radio listening through smart speakers by sector, adults 15+ vs 15-24-year-olds: Q1 2022



Source: RAJAR.

Ofcom has recently commissioned a piece of qualitative research to further understand the impact of smart speakers on daily life and how use of the devices may affect listening behaviour. We plan to publish the findings of this research later this year.