**RADIOCENTRE RESPONSE TO BBC TRUST
REVIEW OF BBC ONLINE AND RED BUTTON SERVICE LICENCES**

1. Overview

1.1 <u>**BBC Online, iPlayer and Red Button services should be used more effectively and extensively to link to commercial content.**</u> The BBC has a public purpose to work with all other key stakeholder organisations to expand the benefits of digital technologies. Pluralism of content is what makes the internet such a unique and valuable medium. The BBC should embrace the medium by becoming more 'proactively porous', by linking out to content of public service value (particularly from commercial broadcasters).

1.2 **The BBC should be the first stop on a road of wider online discovery.** Whilst BBC Online exists primarily to support broadcast, the structure of the site has been designed as a portal for content. This should be an open portal. BBC Online should be a 'trusted guide'[1] of the internet which leads licence-fee payers to all relevant public service content, whether or not it originated from within the BBC The BBC's internet offering should be a starting point from which licence fee payers are guided through the new media environment.

1.3 **The BBC's online role should first and foremost be as an enhancement and extension to its on-air role.**   Any further extension of BBC Online and Red Button should be treated with caution. The current BBC domination of the audio archive market is an example of when the BBC moved too quickly into an expanding digital area without consideration of the commercial impact.

1.4 **The BBC online offering is increasingly venturing into commercial areas.** The introduction of BBC iPlayer Radio as a multiplatform brand was an unnecessary and aggressive addition to the digital listening market, and a Connected Red Button through IPTV threatens to have a similar impact on audio-visual offerings. BBC Radio also over promotes external social media sites on air, and prioritises international commercial social media sites such as YouTube and Facebook.

1.5 **The governance of digital formats requires radical review.** BBC Online and digital teams appear to be generating content at a different rate to the rest of BBC output. Whilst RadioCentre admires the forward thinking attitude of BBC developers, advancement needs to be in line with budgetary and service licence remits set by the BBC Trust. Service licences have little purpose if BBC Management continues to expand services in directions beyond that prescribed within their editorial guidelines.

2. Executive Summary

2.1 **The BBC has a public purpose responsibility to promote emerging communications, and BBC Online is the UK leader in that field.** There is no other site in the UK which gives such a complete range of information, news, sport and entertainment. It is important that the BBC is credited for providing such a comprehensive service which accurately reflects and complements the full range of BBC broadcast services as well as many of the BBC's public purposes.

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[1] BBC Trust, *bbc.co.uk Service Review*, May 2008, p. 51.

2.2   We recognise that the BBC Trust's service licence review process seeks to answer the following issues about BBC Online and the Red Button:

- How well are these services performing against the terms of their service licence?
- What is the future strategic direction for these services?
- Should the service licences for these services be changed?

2.3   The previous review of bbc.co.uk was in 2008. Whilst this examined a very different service to the multiscreen offering which exists in the modern digital environment, there are issues remaining from 2008 which RadioCentre does not believe have been sufficiently remedied. We have concentrated upon a number of these issues within this response.

2.4   It is becoming more apparent that audiences are moving towards digital platforms. Spotify, for example, has acquired 20m users globally in 3 years since it launched and has doubled its user base in the last year. BBC iPlayer requests tripled in the 2012 Christmas period in comparison to the 2011 equivalent[2]. The BBC has appropriately strived to be at the head of this curve, and has used its superior funding capabilities to achieve hitherto unprecedented reach amongst licence-fee payers and international audiences.

2.5   **The stature and scale of BBC Online means it now has a responsibility to both the licence-fee payer and the wider media market.**   As the reach of BBC Online has no equal in the UK Online content market, it should be more *proactively porous* with the way it shares this audience with commercial partners. By this we mean that deliberate steps should be taken to use these services as effectively as possible to provide audiences with access to a full range of relevant public service content (irrespective of the source), primarily via increased linking out to other content providers.

2.6   A more proactively porous BBC Online will enable the BBC to contribute more to its role as a promoter of growth in the UK creative economy. For more detailed examples of how to do this, RadioCentre has asked our members what the BBC being more proactively porous with online resources could mean in practice for broadcasters. Some of their answers are provided in an appendix to this response.

3.   Background

3.1   Since the BBC began radio broadcasting in 1922 and launched the world's first regular television service in 1936 the Corporation has always looked to be the UK leader on every new platform available. The BBC's internet offering has been no different.

3.2   The first BBC web pages were developed in 1994. In December 1997 bbc.co.uk was officially launched as a news website. It is still recognised in the service licence that the 'provision of impartial, accurate and independent news and analysis should be at the heart of BBC Online'[3], and news rightly remains at the core of the BBC offering. Throughout the lifespan of BBC Online news stories have continued to drive site growth[4]. On a major news day over 8

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[2] The Next Web, 'BBC iPlayer celebrates its 5th birthday with 77 million program requests over Christmas 2012', 2 January 2013.
[3] BBC Trust, BBC *Online Service licence*, November 2012, p. 2
[4] BBC News, 'The ups, downs and ups of BBC News online', 12 December 2012.

million unique UK browsers visit the BBC News site; its traffic is typically at least double that of the commercial news providers[5].

3.3 By 2012 BBC Online averaged 22.7m visitors per week, reaching a record 43 million average weekly unique browsers in February. The BBC Homepage is now third most popular Homepage in the UK behind Yahoo and MSN, and notably the only page in the top four without an email provider[6]. The BBC Sport website is the most popular Sport site in the UK, attracting an average of 11.5 million browsers a week[7].

3.4 Last year's exclusive Olympic Games rights brought an 80% increase in traffic for the first week of the games, with up to 34.7 million global unique users (24.5 million UK users), from the previous record of 20.3 million (15.4 million UK). Mobile accounted for 33% of browsing of the BBC Sport site over the seven day period, peaking with 2.3 million unique users. As Trustee Suzanna Taverne identified recently, "the Olympic Games was just the beginning, and the BBC's online and Red Button services will become even more important in future."[8]

3.5 In preparation for the first truly digital Games BBC Online was given a complete site re-launch in the early part of last year. As well as new designs for the Homepage and Sport, all BBC Radio networks online were switched to a common look and feel which echoed the portal style of the BBC homepage. The site design has a synergy with BBC iPlayer Radio, which was launched in October[9].

3.6 **Radio is considered one of ten products which make-up the BBC digital offering**, but is a major contributor to total BBC Online visits[10]. BBC radio sites attract an average of 5 million unique visitors per week and there are over 40 million content catch-up requests per month from the thousands of archived audio options on the BBC site[11]. This echoes the 5.9m online listeners per week recorded by RAJAR.[12]

3.7 The increasing appeal of BBC Online has been accompanied by the funding made available to the service. Since, 2006/07 the service licence budget for BBC Online has increased by from £72.0 million to £109.1m for 2012/13 (51 per cent)[13]. £14m is currently allocated specifically for Audio and Music services. Whilst this remains a fraction of the overall licence-fee (5 per cent), it is a substantial amount for a broadcaster website. Deloitte have recently estimated total Online production spend in the UK is around £800m[14].

3.8 **Spending on BBC Online is not being effectively controlled or accounted for.** Whilst the £100m+ annual BBC Online budget appears inflated to many online operators, actual spend is much higher. In 2011/12 spend on Online was £186.6m[15]. This was down 3.81 per cent

[5] *Cited by* Dan Sabbagh, 'BBC digital: Just because Auntie says so, it doesn't mean it's true', *Guardian*, 13 January 2013.

[6] Neilsen Reach ranking, *cited in* Sharp, 'New carousel for the BBC Homepage'.

[7] Cait O'Riordan, 'Launching the new BBC Sport website', *BBC Internet Blog*, 1 February 2012.

[8] BBC News, 'BBC Trust to review online and Red Button services', 24 October 2012.

[9] BBC Media Centre, 'BBC launches iPlayer Radio: a new home for BBC Radio across PC, mobile and tablet', 8 October 2012.

[10] Ralph Rivera, 'BBC Online Industry Briefing: Keynote', *BBC Internet Blog*, 22 June 2011.

[11] *Sourced from* BBC Site usage *and* iPlayer Radio page.

[12] RAJAR, Q3 2012.

[13] BBC Trust, *BBC Online Service licence*, December 2006, p. 1 and *Online Service licence*, p. 1.

[14] 2010 Deloitte Review, *cited in* BBC, *Executive Response to the Trust Review of Online Supply* 2012/13, p. 2.

[15] Simon Rodgers, 'BBC spending: where does the licence fee go?' *Guardian*, 17 July 2012.

yoy, but £66.6m more than the Trust had prescribed in the service licence. In 2010 we the Trust recommended a reduction in BBC Online's budget of 25 per cent by 2013-14. It is estimated that Online spend will therefore be £117.8m[16]. We encourage the Trust to ensure the BBC remains within these remits.

3.9   Better systems and processes for collecting and reporting online spend need to be developed. In the 2008 review of bbc.co.uk a 'lack of financial accountability' was identified, and attributed to misallocations between cost centres[17]. RadioCentre understands that Online teams work adjacent to, yet not with, the radio teams at the BBC. There is a clear synergy, as proven by most other commercial operators. These online responsibilities should be incorporated into radio teams to better account for service costs.

4.   Links

4.1   RadioCentre's response to the review of bbc.co.uk in 2008 examined a very different service to the current multiplatform offering. Nevertheless a concern which has remained from that review is that users entering BBC Online are still being locked into BBC-specific content because of a lack of obligation for the BBC to provide links out to commercial broadcasters.

4.2   **BBC Online should be used primarily as a portal for wider content discovery.** The internet's open character has been a key driver of innovation. It has led to spectacular levels of development in online applications, content and services. The sharing economy works because companies share audiences in this way. Commercial providers support a BBC which reaches the widest amount of licence-fee payers, on the understanding that the BBC provides distinctive content and points users to other relevant content.

4.3   **The BBC is failing to link out sufficiently to commercial broadcasters.** It was acknowledged in 2008 by the Trust that 'linking to external sites [on BBC Online] needs to be more effective'[18] because attempting to make a walled-garden is not in the interests of the licence-fee payer. Since 2008 headlines from independent journalism titles have been credited and links provided to sport and news content, as well as on BBC local portals. Commercial broadcasters still do not benefit from such an arrangement.

4.4   Live events or sports coverage available on commercial radio features no link or credit on BBC Online. Capital FM have informed us that the nationally famous 'Summertime' and 'Jingle Bell' Balls have not been featured as news stories since 2010, and are not part of the artist news pages on bbc.co.uk/music. On the BBC Sport site, a football match which may be available exclusively and live via Absolute Radio is only listed as available via Match of the Day and text updates via the BBC website despite the live content only being a click away.

4.5   **Commercial radio content is not accessible via BBC iPlayer.** This situation should be remedied. The current terms for non-BBC content state that 'all OFCOM regulated broadcasters that offer video on-demand services in the UK are invited to have their services listed in BBC iPlayer'[19]. In practice, this only applies to commercial television broadcasters, as no commercial radio player has been invited – or linked to – on BBC iPlayer and Red

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[16] BBC Trust, *Delivering Quality First: Final Conclusions*, May 2012, p. 9.
[17] *bbc.co.uk Service review*, p. 14.
[18] Ibid, p. 13.
[19] BBC iPlayer, *'Non-BBC programmes and content'*. [Accessed 21/01/13]

Button services. This includes the industry wide 'Radioplayer' console which is discussed in more detail in section 6.4.

4.6   Commercial radio stations spend large amount of resource on events and licensing in order to attract audiences. Instead of viewing this content purely as competition, the BBC should help to promote it as part of its role working in partnership with other key stakeholders to deliver broadcasting content that meets the diverse needs of UK licence fee payers[20].

4.7   In addition, whilst the service licence condition that the 'BBC should aim to double the volume of click-throughs to external sites from all parts of the service by 2013/14'[21] is welcome, this condition requires more detail so that it is broken down to define what content types are being linked to[22]. Specifically provision should also be made so that a percentage of audio links within BBC Online and iPlayer are to UK commercial radio.

4.8   **It is important that the service licence encourages BBC Online to link to sites which have public service value for the licence-fee payer and are in line with BBC guidelines.** Since the review of bbc.co.uk in 2008, RadioCentre has twice identified that BBC stations were using their online resources to inappropriately guide licence-fee payers toward content which breach Editorial Guidelines.

4.9   In 2009 Radio 1's promotion of Coldplay's tour, which included a website with direct links to the websites of ticket agents, breached both the BBC's Editorial Guidelines and Online Services Guidelines. A year later the U2 album, 'No Line on the Horizon', received undue prominence on bbc.co.uk via a U2=BBC feature and accompanying logo. Both matters required Trust resolution.

Service licence amendments:

- BBC websites should contain information about commercial radio scheduling so that users are informed of sporting or live music events being broadcast.

- BBC Online should contain links and listings to relevant commercial radio content.

- BBC iPlayer should link out to commercial stations when users search for commercial content.

- There should be a definitive amount of minimum click-throughs defined in the BBC Online service licence. (For example, 25% of all audio links should be to commercial providers.)

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5.   **Social Media**

5.1   RadioCentre does not consider links to social media sites as adding public value for the licence-fee payer. Social media is not content, but part of the infrastructure which contributes to content. Twitter and Facebook offer much of the same functionality currently available in the comment sections and forums that exist on BBC Online, and formerly BBC's *606* pages.

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[20] BBC, 'Public purposes: Delivering to the public the benefit of emerging communications technologies and services'. [Accessed 21/01/13]
[21] *Online Service licence*, p. 5.
[22] Commercial children's radio, for example, is currently particularly underserved. Since July when the Beta of the new Radio and Music launched, referrals from bbc.co.uk to funkidslive.com have halved.

5.2   As the first medium to accomplish sharing information, opinions, and observations; radio can be considered as the forerunner to modern social media. Today this culture has continued; BBC radio networks receive over half a million SMS/texts a month, there are over 100,000 posts just to the message boards for Radio 4, and tens of thousands of replies to Twitter accounts and Facebook pages every day[23].

5.3   It is understandable that the BBC digital offering should reflect the tastes and habits of the wider population and engage audiences where they reside. However, it appears unnecessary for a division of the BBC with £186m funding per annum to use external social media sites, which are not subject to BBC Editorial Guidelines, so extensively in order to manage discussions. Unlike any other site in the UK, BBC sites have the resource and capability to host similar discussions[24] and – unlike Facebook and Twitter – these forums are ad free.

5.4   **RadioCentre believes that BBC Radio stations currently over promote external social media platforms.** Facebook, Twitter and YouTube are recognised tools which stations can use to market their brands for free online, but brand promotion of social media sites on BBC Radio gives these multinationals free marketing across a national public service broadcaster. Fellow European Broadcasting Union (EBU) members in France came to the same conclusions, banning the naming of specific sites on air in 2011[25], and the BBC should consider following suit.

5.5   From RadioCentre monitoring, mentions of Facebook and Twitter have reduced substantially on BBC Radio recently, but YouTube references have increased. Despite a site renovation only a year ago, and capability to host videos on its homepage, Radio 1 remains preoccupied with directing users to the video sharing site. The station has its own YouTube channel, and directs listeners to YouTube above its own site on air and via other social media routes.

BBC Radio1 Breakfast @R1Breakfast
and if the Radio 1 website doesn't work for you, here it is on
YouTube: youtube.com/watch?v=RPY7vF… #BreakfastClique

Radio 1 Press Office @BBCRadio1PR
Check out @jameelajamil's first link on yesterday's #OfficialChart - youtu.be/DoxUAyZ1tPc
 View media

5.6   **Promoting YouTube on BBC Radio stations is promoting a commercial third-party platform**, and should stop. Whilst we note that the BBC has an arrangement with YouTube that no external advertisers can run ads on BBC YouTube channels, the BBC YouTube feed contained a Morrison's Supermarket billboard ad next to the video screen before Christmas 2012[26], which would be in breach of editorial guidelines if the videos were hosted on BBC Online.

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[23] Jem Stone, 'Interacting with listeners at BBC Audio & Music', *BBC Internet Blog*, 30 December 2010.

[24] *As highlighted by* Cait O'Riordan, 'Launching the new BBC Sport website', 1 February 2012.

[25] CBC News, ''Facebook' and 'Twitter' banned on French airwaves', 7 June 2011.

[26] http://www.youtube.com/user/BBC [Accessed 16/12/12]

5.7   In 2008 the Trust commented they were 'not convinced that BBC management's ambition to be 'part of' the web rather than 'on it' by embedding BBC content in other sites (such as YouTube) plays any role in acting as a 'trusted guide' to the wider web.'[27] We continue to believe it is not in the interest of licence-fee payers for BBC content to continue to be hosted on commercial sites. We ask the Trust to revisit this conclusion in the current review.

Service licence amendments:

- BBC Radio stations should reduce mentions of social media brands on-air, and resist directing listeners to external social media sites above BBC Online.

- BBC content should be removed from YouTube and similar commercial websites.

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6.   Apps

6.1   BBC iPlayer video and the BBC podcast audio offering both began online in 2007 as a means to catch-up on broadcast content. From the beginning the iPlayer was 'designated as part of the key characteristics of BBC Online'[28], it now has an even bigger role than the Online service licence portrays.

6.2   As part of a multi-device world, the iPlayer has expanded onto on-demand satellite TV services, tablets, consoles and mobile phones. It is widely recognised as the most successful digital innovation the BBC has undertaken, and has been sold in 16 markets internationally since July 2011[29]. In the UK iPlayer has partner services with ITV, Channel 4 and Five; linking to their players where appropriate. No such link exists with commercial radio.

6.3   Radio became part of iPlayer in 2008, in order to make it easier for audiences to navigate from TV. Yet by 2011 the majority of online radio listening still came through radio station web sites rather than iPlayer[30]. This gap in online listening was one of the reasons why the Radioplayer – a cross industry application – was launched by the BBC and commercial radio.

6.4   Radioplayer allows listeners to discover and listen to live and on demand radio from any Ofcom licensed UK radio station. It now attracts an average of 7 million listeners each month, and launched an iPhone app in October which has already been downloaded by more than 100,000 users[31]. It is currently developing a range of apps for the growing tablet market. The common data and interface model that Radioplayer employs could also be hugely valuable for radio providers to develop connected technology in cars and move forward with internet hybrid radio.

6.5   **The success of Radioplayer shows the important role the BBC has in supporting the wider UK creative economy.** Radioplayer allows listeners to discover new radio brands, as well as their trusted favourites. It is an example of how collaborations on technology between the BBC and UK commercial partners can provide more compelling functionality for licence-fee payers for mutually beneficial results.

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[27] *bbc.co.uk Service review*, p. 52.

[28] *Online Service licence*, p. 7.

[29] Philip Hunter, *'BBC worries that its iPlayer may be too successful'*, *Broadcast Engineering*, 23 March 2012.

[30] Daniel Danker, *'Delivering Quality First: plans for online radio'*, *BBC Internet Blog*, 25 January 2011.

[31] Alex Farber, *'Radioplayer launches mobile app'*, 5 October 2012.

6.6   In a recent report[32], the BBC has further identified the importance of Radioplayer as one of its key examples of supporting wider 'public space' partnerships with other commercial bodies. The BBC believes partnerships like this are the future of UK media; the existence of commercial radio stations on Radioplayer provides critical mass for the platform.

6.7   **RadioCentre was confused by the announcement of a new BBC iPlayer Radio app**, which was launched a week after the Radioplayer equivalent. The app was developed and marketed with resources multiple times that at Radioplayer's disposal, and more than any other comparative commercial apps in the market, such as TuneIn. The on-air publicity and branding afforded to the app means it now has been downloaded more than a million times, (10 times more than Radioplayer)[33].

6.8   iPlayer Radio (seemingly launched in direct competition with Radioplayer) is now the overarching BBC Radio brand. It showcases all live and catch-up offerings by the BBC in one place, and its design is echoed by the BBC Radio online website. At no point within the app, when accessing through a smartphone or via website, does iPlayer Radio link to commercial radio, or Radioplayer. In contrast the iPlayer for TV links to content on ITV, C4 and Five.

6.9   **Smartphones are crucial to radio's future.** This is where the audience will increasingly reside. Nearly 15% of the population currently listen to the radio via their mobile phones each week[34]. With broadband expansion and the planned introduction of 4G bandwidth combined with higher digital take-up in youth markets, this trend is only likely to increase. Already 58% of phones currently in circulation are now smartphones with access to apps, whilst one in five in the UK (19%) has a tablet computer.[35]

6.10 **BBC iPlayer Radio is an unnecessary and unwelcome addition to the BBC portfolio, given the investment in Radioplayer.**   The BBC has entered a congested emerging market, invested time and resource into developing an app that offers access to its radio services in the same way as one which already existed (and developed in partnership with commercial operators). This application has therefore severely damaged the impact of a commercially backed innovation.

6.11 **iPlayer Radio should partner link to commercial stations in the same way iPlayer video does to commercial TV.** Using metadata from application programming interfaces (APIs) Radioplayer has the capability to recommend other radio stations users may enjoy based on trends from previous user journeys. As the BBC is a partner in Radioplayer, we ask the Trust that it fully commits to this partnership by using Radioplayer data to recommend possible commercial alternatives on BBC iPlayer radio pages online and via the mobile app.

Service licence amendments:

- The BBC Trust should examine the possibility of creating a separate service licence for iPlayer TV and Radio applications which equates to their status.

- BBC iPlayer should link to Radioplayer, and use Radioplayer APIs where appropriate in order to recommend commercial stations users may also enjoy.

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[32] BBC, *The Economic Value of the BBC: 2011/12*, January 2013.
[33] BBC Media Centre, 'Over one million downloads for BBC iPlayer Radio app', 13 December 2012.
[34] RAJAR, Data Release Quarter 3, 2012.
[35] Ofcom, *Communications Market Report 2012*, 18 July 2012.

- The BBC should redirect some of the marketing and research budget currently spent on BBC iPlayer Radio into further developing Radioplayer.

7.   Downloads

7.1   The ability to listen to audio on-demand is critical to ensuring radio remains a relevant and an integral part of the lives of all sectors of the population. The radio industry continues to evolve to meet consumer expectation and tastes; hence the increased production of digital radios which allow listeners to pause, rewind and record, and the development of Radioplayer.

7.2   Whilst podcasts are only a small percentage of overall listening patterns and do not appear to substitute live radio listening habits[36], they do create brand recall and help build RAJAR figures. RadioCentre understands that windowing matters and the current market impact of downloadable audio content are out of scope of this review. However, we do not believe that any further decisions to alter the download market should be made without a Public Value Test.

7.3   **BBC podcasts dominate the UK market.** The high availability of BBC podcasts – ad-free and at no purchase cost to the listener – has created a market where listeners expect content for free and has created an opportunity cost where creative commercial companies do not attempt to produce new and innovative alternatives because of the BBC's dominance. It is a market dominance which should serve as a cautionary tale of what happens when the BBC expands too quickly in the digital space.

7.4   We understand that over time the overall aim is to make available a greater volume of archived content. The reported development of a *Playlister* service is one way that the BBC is considering doing this, by selling clips to consumers in the same way as iTunes[37]. Whilst we welcome the release of BBC archives to help BBC Worldwide income internationally, Playlister should not follow the pattern of podcasts and become a monopoly venture that will further distort the UK on-demand audio market.

7.5   **BBC Online should, at all times, balance the potential for creating public value against the risk of negative market impact**. Instead of flooding the market with new audio, archived material should be made available to commercial companies with music rights to distribute as they wish. The development of further BBC services in this area could further encroach into the territory currently being explored by commercial operators and should therefore be subject to detailed public consultation.

Recommendations:

- Any release of archived audio should be undertaken via third-party commercial companies with music rights, not directly through a Playlister service.
- Future audio archive projects should be subject to a Public Value Test.

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[36] BBC radio is mostly consumed live online (74% is live, rather than the 13% of TV viewing). *Cited in* Dan Maynard, 'BBC iPlayer Monthly Performance Pack', December 2010', p. 15.

[37] 'BBC is working in partnership with the independent sector to develop a new permanent download to own window for content.' *Economic Value of BBC*, p. 36.

8.   Red Button

8.1   Red Button has been offered by the BBC for more than 13 years, and brings extra detail to events such as Glastonbury, Wimbledon and Formula 1 races. More recently Red Button was an intrinsic part of the Radio 1 Hackney Weekend, and footage from the event still remains on the service on-demand.

8.2   BBC Red Button now attracts an audience of 20 million per month, which peaked during this summer's Olympic Games at 24.2 million viewers watching up to 24 live streams of content. This is only the beginning of what is predicted as the next major emerging media market. By the end of 2016 there are predictions that there will be almost 22 million connectable TVs installed in the UK, and that over 50 per cent of UK TV households will have a connectable primary set[38].

8.3   Connected Red Button will take iPlayer and similar services to the next level of consumer interaction. The BBC is already a front end product due to dozens of TV and console models on the market now coming with iPlayer pre-installed. The launch of YouView, combined with the announcement that Connected Red Button will be added to 1.2 million Virgin Media TiVo homes, is the beginning of a new market for content creators. With new functionality and features added to the service over time, Connected Red Button will redefine how audiences watch, engage and interact with BBC content on their televisions.

8.4   Whilst RadioCentre believes the current level of Audio and Music content on Red Button is an acceptable way to provide value to licence-fee payers, the advent of IP Red Button will allow the BBC considerable expansion of channels: akin to the service provided for the Olympics, but on a permanent basis. If partnership is now the default model for the BBC on almost any new large-scale issue[39], further expansion of BBC Red Button should be alongside external partners to develop innovative and distinctive new content and applications.

8.5   The BBC should explore ways of linking to traditional media from new media outlets, both as a means of supporting UK industry and as an easy way to better fulfil the ever more diverse needs of licence-fee payers. This means that as well as linking to commercial radio through iPlayer and YouView as previously mentioned, users of BBC content should be directed to similar commercial audio-visual offerings[40]. We would also expect the BBC to similarly make its audio technology available to commercial developers.

8.6   **BBC-developed technology should be open source so that other broadcasters and content publishers can use it to deliver their own content.** RadioCentre understands that the BBC is planning to make the TV Application Layer available to content providers, so that commercial parties can produce content for iPlayer and similar user interfaces[41]. RadioCentre welcomes these plans, and the BBC's efforts to develop a defined and accepted technical industry standard for browsers on TVs.

8.7   The BBC has a public purpose remit to work with commercial media in this country to bring new communications technology to audiences. It is essential for the future of wider radio industry in the UK that the BBC also makes these new technologies available to commercial

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[38] BBC Media Centre, 'BBC launches Connected Red Button', 4 December 2012.
[39] See *Economic Value of BBC*, p. 4.
[40] *Such as Absolute Radio's Smart TV App.*
[41] Roux Joubert, 'Building Connected TV Apps', *BBC Internet Blog*, 28 September 2012.

content providers for development. New platforms bring access to new audiences and new areas to monetise.

8.8 **The BBC should be cognisant of the impact IPTV expansion may have on already established commercial media.** Whilst previous work in visualising radio with images has complemented programmes with additional information – such as the network branding – further expansion of independent video could overly blur the lines of two mediums and impact on current music video commercial services.

8.9 BBC Management should outline to the Trust whether they are intending to expand BBC Radio services onto the Red Button in a more permanent form. BBC Radio services already produce a large amount of content for Online. As Radio 1 has a service licence obligation to experiment with new technologies relevant to new audiences, it is rightly a leader in this field; both the Radio 1 Chart Show and Dan and Phil are now totally visible online from a dedicated television enabled studio at Broadcasting House.

8.10 **The Trust must guard against the creation of a BBC Radio TV channel through the back door.** Technological expansion on Red Button and Online should be encouraged to add content and context to the licence-fee payer experience, not to create and launch new BBC services without the full and proper market evaluation provided by the Trust through a Public Value Test (PVT) or equivalent.

Recommendations:

- Any further expansion of BBC Red Button should be alongside external partners to develop innovative and distinctive new content and applications.

- BBC-developed technology should be open source so that other broadcasters and content publishers can use it to deliver their own content.

- The next modifications to BBC Red Button should be within the parameters outlined in the service licence and require the explicit public approval of the Trust.

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9.   Public Value Test

9.1 **RadioCentre believes that any further expansion of Red Button services would require a Public Value Test.** For example, a Radio 1 Red Button service or similar radio visualisation (which might echo current Freeview music video service offerings) would raise serious questions of market impact and competition, so require a PVT.

9.2 As part of the conclusions in the Trust's previous review on bbc.co.uk, BBC Management were encouraged to continue to develop to meet changing customer needs online. However, the Trust was clear that no such investments should be approved until it had considered the public value case. Nor was it felt that BBC digital services had the appropriate editorial and managerial oversight to conduct such a change. The Trust believed then, as we do now, that 'a cautious approach to approving new investment plans is in the best interests of licence fee payers'[42].

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[42] *bbc.co.uk Service Review*, p. 15.

9.3   More recently, RadioCentre noted that the Trust did not subject service changes to the similar level of rigour when evaluating their value and impact. When BBC 7 was rebranded as Radio 4 Extra RadioCentre stated that changing the name and editorial policy of a station would directly impact upon station listenership and therefore the wider market. As we highlighted at the time, we felt that ignoring a PVT during the 4 Extra rebrand set a worrying precedent.

9.4   **It appears to external observers that there has been a culture shift at the Trust regarding the evaluation of editorial and service changes.** Incremental service expansions are now not subjected to an appropriate level of public consultation and analysis, with the PVT reserved solely for the launch or closure of a service. This may be because new technologies are a moving too quickly for the service licence process to acceptably manage.

9.5   **Service licences have little purpose if BBC Management continues to expand services in directions which are not prescribed within the editorial guideline.** The iPlayer Radio app is the most recent example of incremental mission creep that is common in BBC services. It has been formulated and launched without a service licence, or an appropriate market analysis. We anticipate that IP Red Button will be the next major service change, and would encourage the Trust to give its long-term impact on the wider market greater consideration than it did for iPlayer Radio.

9.6   This does not mean that the Trust has no power in these areas. Rather the Trust needs to better adapt service licences to suit the modern multimedia age. If the Trust believes a PVT too unwieldy to evaluate a constantly transforming modern multimedia BBC, RadioCentre recommends a new measurement test is introduced to better examine the rapid changes occurring in BBC output; specifically with regards to BBC Online and Red Button services.

9.7   **We do not believe that the current Online and Red Button Service Licences in their current states offer adequate accountability for Management**. A lack of appetite for a PVT, or any similar examination of service changes, is allowing BBC services to expand into content areas not prescribed by the Trust; whilst a lack of individual service licences for iPlayer and iPlayer Radio, means that they are not been given the same level of scrutiny as broadcast services which have a smaller reach amongst licence-fee payers.

Recommendations:

- The Trust should seek to develop more adaptable governance techniques to better manage digital services.

- The Trust should re-evaluate the appropriateness of Public Value Tests, and outline proposals for an alternative public value and market impact measurement for digital technologies.

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10.   About RadioCentre

10.1   RadioCentre is the industry body for UK commercial radio. It exists to maintain and build a strong and successful commercial radio industry, and to help promote the value and diversity of commercial radio.

10.2   Founded in 2006 after the merger of the Radio Advertising Bureau (RAB) and the Commercial Radio Companies Association (CRCA), RadioCentre represents radio groups and

stations from rural, small scale ventures, to household names serving major metropolitan areas. Its member stations together represent 90 per cent of commercial radio listening.

10.3   Working with a range of stakeholders, RadioCentre works for the greater benefit of commercial radio, from lobbying on the industry's behalf with government, Ofcom and policy makers, to raising the profile of commercial radio with advertisers and their agencies, and of course, working with radio stations themselves, helping them maximise the potential of their businesses.

1 February 2013.

ANNEX: **How a more proactively porous BBC would help commercial radio broadcasters.**

"Enabling the BBC to link out to commercial radio services and content – including that provided by Absolute Radio – would really drive discovery as well as providing consumers with a stronger offering than is currently being delivered. The BBC has an unparalleled ability to reach the widest range of audiences possible, utilising its services including BBC Online. This in turn means that it has the ability to promote a strong radio industry, which independent radio groups cannot possibly achieve on their own. The development of Radioplayer and its subsequent uptake demonstrates how working with partners in the commercial sector can deliver a joined up offering, benefiting the public as a whole."

Adam Bowie (Absolute Radio)

"The Radioplayer project improved how users accessed streaming radio and the Radioplayer app gives people an easy way to access all of our content. Unfortunately the BBC's own iPlayer Radio iOS app, never linking to commercial radio in the iPlayer Radio web platform (and in the future Connected Red Button) means the BBC seems to no longer supports industry-wide collaboration and, more importantly, providing simplicity and a great universal 'radio' product for licence fee payers - indeed, it just adds more confusion. The worry (and precedent) with the iOS app, the Radio product and the walled garden approach of Connected Red Button means that once again radio becomes balkanised and our listeners don't get the benefit of all of our radio content."

For our children's radio station, Fun Kids, we see Radioplayer listeners who were previously listening to BBC stations searching for more children's content and flicking to us. We also see our listeners switching away from us to CBeebies Radio content. Rather than seeing this as competition, we actually like this. We think it's great that people who want to hear children's radio can get it from us, or from the BBC – it encourages them to listen more radio and surely that can only be a good thing?"

Matt Deegan (Folder Media)

"Orion already benefit from the BBC website occasionally linking through to our website. If for example there is a significant local news story, the BBC local site will link to our website and we will see traffic shoot up. This linking is done by an algorithm and can however be somewhat hit and miss. Orion would be in favour of this linking being strengthened for national sites and our content coming to the surface of the BBC portal more consistently."

Jonathan Dean (Orion Media)

"We share an expectation that the BBC should link out to content provided by commercial radio more frequently and consistently. We believe our sites offer enough content and structure to justify deep-linking from subjects on the BBC website to their equivalents on our sites, notably content about music, artists, composers and lifestyle. Increased traffic stimulated by the BBC would improve our business case for investing further in quality on-line content and will increase plurality. To provide a specific example, the Capital FM website contains over 400 items of content about the artist Cheryl Cole, who features on BBC Radio 1 and BBC Radio 2."

Similarly, we expect that the BBC's players - be that desktop iPlayer, the iPlayer Radio app or presences on IPTV platforms - should offer equitable linking out opportunities as those afforded to television, and we see no justification editorially or technically not to provide that on a short time scale. Allowing UK radio listeners to move to alternative offerings, most of which contain more local content and news than the BBC's networks, supports the commercial climate for our individual local services."

Nick Piggott (Global Radio)