

RadioCentre

SHAPING COMMERCIAL RADIO'S FUTURE

Alison Gold
Chief Advisor, Performance
BBC Trust
180 Great Portland Street
London W1W 5QZ

22 March 2010

Dear Alison,

BBC TRUST REVIEW OF BBC ON-DEMAND OFFERINGS

Please find below RadioCentre's response to the BBC Trust consultation on the BBC on-demand offering. Many thanks for granting us an extension to the consultation's deadline.

Background to RadioCentre's response

We welcome the BBC Trust's consultation on elements of the BBC's on-demand offering, recognising that, as media consumption habits continue to shift and evolve, these are increasingly important aspects of the BBC's output.

However, RadioCentre's response to this consultation is brief, for a number of reasons:

Firstly, this reflects the restrictions of the consultation itself. The remit of this review means that it is limited to considering the performance of those on-demand offerings approved by the Trust in 2007. As a result the only audio services that RadioCentre is able to provide comment upon are restricted to non-digital rights management audio downloads from BBC radio stations. The consultation does not consider audio catch-up via the iPlayer, nor does it ask respondents to comment on market impact or consider future developments (such as the launch of BBC smartphone applications).

Secondly, whilst we recognise that on-demand listening and podcast consumption continue to grow in importance and popularity¹, they continue to represent only a small percentage of overall listening patterns and do not appear to be substituting live radio listening habits². Indeed, we understand from the BBC Strategy Review that only 0.4% of BBC radio listening is not live³. Whilst on-demand consumption of audio will increase significantly over the next few years, one of radio's continuing strengths is its immediacy and time-specific content; linear listening is therefore likely to be the main manner in which audio is consumed for some time – whether delivered via analogue, digital or online.

Of course, the ability to listen to audio on-demand is critical to ensuring radio remains relevant and an integral part of the lives of all sectors of the population. Radio is evolving to reflect similarly evolving consumer expectation and tastes; hence the production of digital radios which allow listeners to pause, rewind and record, and the development of the pan-industry UK Radio Player⁴. The fact that the consumption of audio via on-demand platforms is in addition to (rather than a replacement for) linear listening is to be welcomed, and we would hope that the UK radio industry continues to innovate to take advantage of what is an opportunity for radio to extend its reach and popularity.

¹ Rajar, *Measurement of Internet Delivered Audio Services (MIDAS 4)*, July 2009.

² Rajar, *MIDAS 4*: 70% of those Listen Again listeners said the service has no impact on the amount of live radio to which they listen and 76% of podcast users said that listening to podcasts had no impact on their live radio listening habits.

³ *BBC Strategy Review*, February 2010, p. 23.

⁴ <http://www.guardian.co.uk/media/2009/nov/19/bbc-internet-radio-player-commercial>

Whilst acknowledging the relatively narrow terms of this review, we would urge the Trust to remain vigilant given this broader context and the potential for undue market impact by the BBC as on-demand listening grows. We would particularly highlight the competitive advantage that the BBC enjoys in access to non-linear music rights for audio catch-up, which are not available currently to the commercial sector. The Trust must ensure that such rights are used responsibly and not to the detriment of other radio services, particularly once all such services are available on a unified online platform through the UK Radio Player.

The regulation of BBC audio downloads (podcasts)

We believe that the BBC should be able to re-package select output from its portfolio of radio stations and make it available for download for a limited period of time. This ensures that licence fee payers are able to access the best of BBC audio content in the manner most suited to them, and enhances value for money.

However, we believe that an insufficient regulatory framework governs BBC audio downloads.

The regulation of audio downloads

We are concerned that there appears to be little guidance as to how and which BBC audio content should be re-packaged for download. Certainly no such guidance is contained within the service licences of the individual radio services or the BBC Online service licence. To ensure that the market impact of BBC audio downloads does not exceed their public value we believe it is critical that the appropriate regulatory documents are revised to reflect the following restrictions:

- All content contained within BBC audio downloads must already have been broadcast on a BBC radio station. No BBC audio download should contain any amount of content specifically created solely for that download.
- A download should contain material sourced from a single BBC programme (made available for no more than 7 days after broadcast). Audio content from different BBC radio (or indeed TV) programmes should not be packaged together to create a download. For example, should a high-profile band appear on a number of BBC radio stations, audio from each of these appearances should not be gathered into one download.

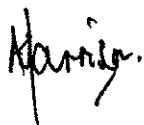
We understand that the vast majority of BBC podcasts currently abide by these requirements. However, we cannot be sure of this and we would be extremely concerned were this to change over time. We believe it is especially important that the Trust ensures that BBC audio downloads are governed by an appropriate regulatory framework, given that BBC content is so dominant in this area. Indeed we would suggest that as the market for podcasts continues to grow and develop in the coming years, that the Trust conducts a more detailed assessment of market impact and the extent that this may be stifling opportunities for commercial services.

Restrictions imposed in 2007

We continue to agree with the restrictions that were placed on audio downloads when the Trust approved the BBC Executive's on-demand proposals; namely that classical music and book readings should be excluded.

Should you have any questions, please do not hesitate to contact me.

Yours sincerely



Andrew Harrison
Chief Executive, RadioCentre