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# Market position of BBC Sounds

## Call for evidence

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[Market position of BBC Sounds](#) – Welsh overview

### **CONSULTATION:**

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# 1. Overview

**We are seeking evidence and information in relation to the market position and impact of BBC Sounds.**

- 1.1 BBC Sounds is a streaming media and audio download service from the BBC that includes live radio, audio on demand, and podcasts. It is available on a wide range of devices, including mobile phones and tablets, personal computers, car audio systems and smart TVs.
- 1.2 The service is a core element of the BBC's audio proposition, as explained in the BBC's most recent annual report. At the same time, we are conscious that stakeholders in the commercial radio sector have raised concerns about the development of BBC Sounds.
- 1.3 This document sets out how BBC Sounds has evolved since its launch in 2018, the concerns which have been raised with us in relation to the impact of BBC Sounds on the market, the role of the BBC and Ofcom, and the evidence and information we are seeking.
- 1.4 We welcome responses by 11 November 2020.
- 1.5 We plan to publish the responses to this call for evidence and decide on next steps before the end of this year.

## Why are we calling for evidence?

- **The radio and audio sector is undergoing a period of rapid change due to the evolution of streaming services**, including the entry of global players such as Spotify and Apple Music.
- **Audience expectations are also changing**; increasingly they want to listen to the content of their choice, when and where they want to, and there is a tendency for younger audiences, in particular, to listen online.
- **The BBC has responded to these audience changes and competition by developing and expanding BBC Sounds**. Given the incremental changes that the BBC has made to BBC Sounds, we consider that now is the appropriate time to take stock of its market position and assess whether there are any issues that need to be addressed, via regulatory action or other means.
- **Competitors in the commercial radio sector have raised concerns about the market position of BBC Sounds**. This is an opportunity to understand their views and the evidence behind them.
- **We are therefore seeking evidence from stakeholders about the impact of BBC Sounds on the market**, including information about the market context in which BBC Sounds sits.
- **Finally, we are also keen to understand the BBC's strategy for BBC Sounds**, the role it expects the service to play in fulfilling its Mission and Public Purposes, and how this may impact on competition.

## 2. Call for evidence

### Introduction

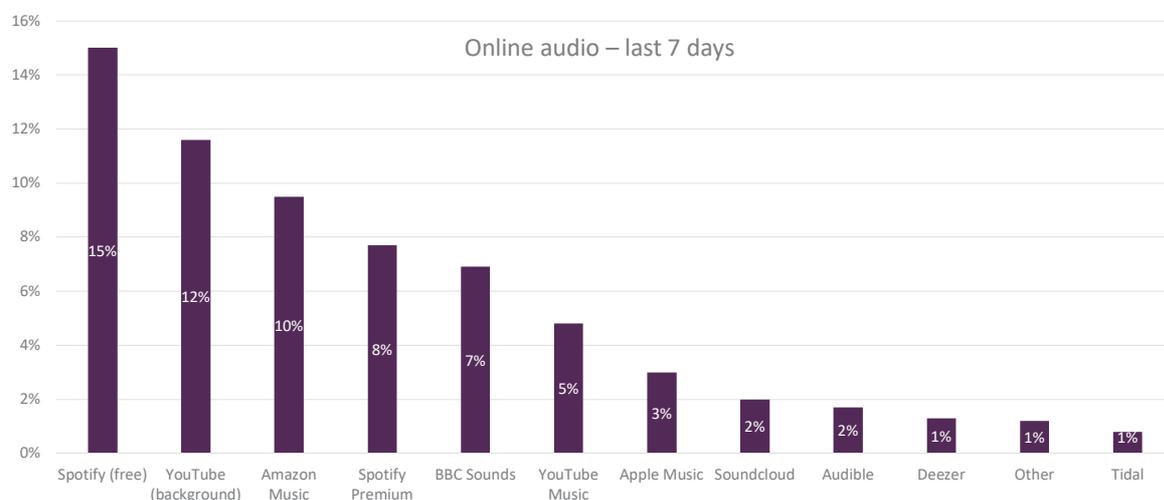
- 2.1 This section sets out at a high level the following:
- the relevant market context against which to consider the position of BBC Sounds;
  - how BBC Sounds has evolved since its launch in 2018;
  - concerns that have been raised with us by stakeholders in the commercial radio sector; and
  - the role of the BBC and Ofcom in relation to competition.
- 2.2 We seek evidence and information from stakeholders related to the impact of BBC Sounds on the wider market. We are also keen to understand the BBC's strategy in relation to the development of BBC Sounds and how future development of the service might impact on competition in the UK.

### Market context and the development of BBC Sounds

- 2.3 The radio set (DAB or FM/AM) is still the preferred means of radio listening. However, although online listening accounts for just 14% of total radio hours, it currently has the most consistent and rapid growth, with RAJAR data showing that it has increased by almost 50% in the past two years. Before the suspension of research fieldwork due to lockdown, RAJAR indicated that a third of 15-24-year-olds listen to the radio online, an increase of five percentage points since the previous year.
- 2.4 Over the past few years, the radio and audio market in the UK has changed significantly with the increasing availability and take-up of other audio services. This is particularly pronounced among younger people, with radio accounting for just 28% of audio listening time for 15-24s at the start of 2020 according to the IPA's annual TouchPoints survey. Online streaming music services account for 51% of audio listening for this age group.
- 2.5 BBC Sounds was designed to bring together existing content and functionality of BBC iPlayer Radio and BBC Music and to carry additional 'off-schedule' content including podcasts and music mixes. It was developed to allow for greater personalisation and make navigation easier, and was designed to appeal to younger listeners in particular.
- 2.6 BBC Sounds was launched in 2018 and BBC Radio iPlayer was closed the following year. BBC Sounds allows the listener to access the BBC's radio stations online, and provides a catch-up service for the BBC's audio output, including some off-schedule content. The off-schedule content includes podcasts (such as *That Peter Crouch Podcast*), themed music mixes (such as the *Mindful Mix*) and some classic audiobooks.
- 2.7 While BBC Sounds has a relatively strong position in terms of online radio listening accounting for 41% of all online listening across the sector, it lags behind the global players Spotify and YouTube in online listening more broadly. As part of Media Nations we commissioned a survey in July 2020 to understand media behaviour – for audio. As shown in Figure 1, the findings indicate that around 7% of online adults had listened to Sounds in

the previous week – compared to 15% who had listened to Spotify’s free product and 12% who had used YouTube for background music.

**Figure 1: Audio-streaming services listened to in the UK**



Source: TRP Covid-19 Media Behaviour (fieldwork 04/07/2020-05/07/2020).

## BBC strategy

2.8 The BBC has stated, in its annual plan 2020/21,<sup>1</sup> that BBC Sounds is at the heart of its audio strategy. It recognises that it needs to evolve BBC Sounds in order to continue to reach listeners in a changing and increasingly global market and there is more detail about this within their annual plan. The BBC plans include making the service easier to use and continuing to improve personalisation alongside new listening formats and the inclusion of third-party content.

## Stakeholder concerns about BBC Sounds

- 2.9 Since the launch of BBC Sounds in 2018, stakeholders in the commercial radio sector have raised concerns with us about the impact it may have on competition.
- 2.10 Stakeholders have had particular concerns about the transparency of the BBC’s proposals for developing and expanding BBC Sounds and the lack of opportunities to engage the BBC.
- 2.11 Alongside this, stakeholders have raised concerns about the impact that BBC Sounds is having on the market given its expanding range of content, the increased functionality of the service and the lack of transparency regarding its performance. However, there has been limited detail from stakeholders about this impact. This call for evidence provides stakeholders with the opportunity to provide us with evidence so that we can better understand the impact BBC Sounds is having on the market.

<sup>1</sup> [BBC annual plan 2020/21](#), May 2020, pages 25 and 26.

## The role of the BBC and Ofcom

- 2.12 The BBC needs to evolve to deliver its Mission and Public Purposes, particularly in the light of sector developments. In doing so, it needs to consider the public value of its activities and seek to avoid unnecessary negative impacts on competition in the UK. It also needs to think about how it can promote positive impacts on the wider market.<sup>2</sup>
- 2.13 As a large publicly funded organisation which operates across the television, radio and online sectors in the UK, the BBC inevitably has an impact on competition in the media sector. This impact may be positive and stimulate demand or encourage innovation. But in fulfilling its objectives, the BBC may also harm the ability of others to compete effectively. It is important that developments in the BBC's offering do not stifle competition in a way that is against the interests of audiences.
- 2.14 Ofcom's role is to provide robust, fair and independent regulation in relation to the BBC, having regard to the object of the BBC to fulfil its Mission and promote its Public Purposes, as well as the desirability of protecting fair and effective competition.<sup>3</sup> Amongst other things, Ofcom must set requirements in the BBC's Operating Framework to protect fair and effective competition in the UK<sup>4</sup> and may conduct a BBC competition review ("BCR") in order to consider whether an ongoing BBC public service activity is having a significant adverse effect on competition which might produce poor outcomes for audiences.<sup>5</sup>

## Request for evidence and next steps

- 2.15 We invite stakeholders to provide us with evidence and information in relation to the impact of BBC Sounds on the UK market.<sup>6</sup> We also welcome stakeholder views, and any supporting analysis, related to the future development of BBC Sounds and the impact that this may have on the wider market.
- 2.16 We invite the BBC to provide us with further information on its future strategy for the development of BBC Sounds. This may include information on the future development of the BBC Sounds' content offering. We would also welcome the BBC's views as to how it expects delivery of its Mission and Public Purposes to impact the wider market.
- 2.17 We intend to assess the information we receive in order to consider whether there are any issues that need to be addressed, whether in the context of our regulatory functions in relation to the BBC or through other mechanisms.
- 2.18 Later this year, we plan to publish the responses to this call for evidence and will outline next steps.

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<sup>2</sup> Article 11 of the [Royal Charter for the continuance of the British Broadcasting Corporation](#) ("the Charter").

<sup>3</sup> Article 45 of the Charter.

<sup>4</sup> Article 46(5)(b) of the Charter.

<sup>5</sup> See Clause 12 of the [Agreement between the Secretary of State for Culture, Media and Sport, and the BBC](#). Our published guidance, [Assessing the impact of the BBC's public service activities](#) sets out the procedures we follow in determining whether or not to launch a BCR.

<sup>6</sup> Where possible, it would be helpful if stakeholders could separate out the impact of BBC Sounds from the impact caused by other changes in the market e.g. the move to more online listening, changes in the advertising market etc.

# A1. Responding to this call for evidence

## How to respond

- A1.1 Ofcom would like to receive views and information on the issues raised in this document, by 5pm on Wednesday 11 November 2020.
- A1.2 You can download a response form from <https://www.ofcom.org.uk/consultations-and-statements/category-3/bbc-sounds-market-position>. You can return this by email to the address provided in the response form.
- A1.3 If your response is a large file, or has supporting charts, tables or other data, please email it to [bbcsoundscfe@ofcom.org.uk](mailto:bbcsoundscfe@ofcom.org.uk), as an attachment in Microsoft Word format, together with the [cover sheet](#). This email address is for this consultation only, and will not be valid after 6 March 2021.
- A1.4 We welcome responses in formats other than print, for example an audio recording or a British Sign Language video. To respond in BSL:
- Send us a recording of you signing your response. This should be no longer than 5 minutes. Suitable file formats are DVDs, wmv or QuickTime files. Or
  - Upload a video of you signing your response directly to YouTube (or another hosting site) and send us the link.
- A1.5 We will publish a transcript of any audio or video responses we receive (unless your response is confidential)
- A1.6 We do not need a paper copy of your response as well as an electronic version. We will acknowledge receipt if your response is submitted via the online web form, but not otherwise.
- A1.7 If you want to discuss the issues raised in this consultation, please contact Hazel Noton on 020 7783 4702, or by email to [hazel.noton@ofcom.org.uk](mailto:hazel.noton@ofcom.org.uk).

## Confidentiality

- A1.8 Consultations are more effective if we publish the responses before the consultation period closes. In particular, this can help people and organisations with limited resources or familiarity with the issues to respond in a more informed way. So, in the interests of transparency and good regulatory practice, and because we believe it is important that everyone who is interested in an issue can see other respondents' views, we usually publish all responses on [the Ofcom website](#) as soon as we receive them.
- A1.9 If you think your response should be kept confidential, please specify which part(s) this applies to, and explain why. Please send any confidential sections as a separate annex. If you want your name, address, other contact details or job title to remain confidential, please provide them only in the cover sheet, so that we don't have to edit your response.

- A1.10 If someone asks us to keep part or all of a response confidential, we will treat this request seriously and try to respect it. But sometimes we will need to publish all responses, including those that are marked as confidential, in order to meet legal obligations.
- A1.11 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use. Ofcom's intellectual property rights are explained further in our [Terms of Use](#).

## Next steps

- A1.12 Following this consultation period, Ofcom plans to publish the responses to this call for evidence and will outline next steps later this year.
- A1.13 If you wish, you can [register to receive mail updates](#) alerting you to new Ofcom publications.

## Ofcom's consultation processes

- A1.14 Ofcom aims to make responding to a call for evidence as easy as possible. For more information, please see our consultation principles (which apply to this call for evidence) in Annex 2.
- A1.15 If you have any comments or suggestions on how we manage our consultations, please email us at [consult@ofcom.org.uk](mailto:consult@ofcom.org.uk). We particularly welcome ideas on how Ofcom could more effectively seek the views of groups or individuals, such as small businesses and residential consumers, who are less likely to give their opinions through a formal consultation.
- A1.16 If you would like to discuss these issues, or Ofcom's consultation processes more generally, please contact the corporation secretary:  
Email: [corporationsecretary@ofcom.org.uk](mailto:corporationsecretary@ofcom.org.uk)

## A2. Ofcom's consultation principles

### Ofcom has seven principles that it follows for every public written consultation:

#### Before the consultation

- A2.1 Wherever possible, we will hold informal talks with people and organisations before announcing a big consultation, to find out whether we are thinking along the right lines. If we do not have enough time to do this, we will hold an open meeting to explain our proposals, shortly after announcing the consultation.

#### During the consultation

- A2.2 We will be clear about whom we are consulting, why, on what questions and for how long.
- A2.3 We will make the consultation document as short and simple as possible, with a summary of no more than two pages. We will try to make it as easy as possible for people to give us a written response. If the consultation is complicated, we may provide a short Plain English / Cymraeg Clir guide, to help smaller organisations or individuals who would not otherwise be able to spare the time to share their views.
- A2.4 We will consult for up to ten weeks, depending on the potential impact of our proposals.
- A2.5 A person within Ofcom will be in charge of making sure we follow our own guidelines and aim to reach the largest possible number of people and organisations who may be interested in the outcome of our decisions. Ofcom's Consultation Champion is the main person to contact if you have views on the way we run our consultations.
- A2.6 If we are not able to follow any of these seven principles, we will explain why.

#### After the consultation

- A2.7 We think it is important that everyone who is interested in an issue can see other people's views, so we usually publish all the responses on our website as soon as we receive them. After the consultation we will make our decisions and publish a statement explaining what we are going to do, and why, showing how respondents' views helped to shape these decisions.

## A3. Consultation coversheet

### BASIC DETAILS

Consultation title:

To (Ofcom contact):

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

### CONFIDENTIALITY

Please tick below what part of your response you consider is confidential, giving your reasons why

Nothing

Name/contact details/job title

Whole response

Organisation

Part of the response

If there is no separate annex, which parts? \_\_\_\_\_

\_\_\_\_\_

If you want part of your response, your name or your organisation not to be published, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

### DECLARATION

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that Ofcom can publish. However, in supplying this response, I understand that Ofcom may need to publish all responses, including those which are marked as confidential, in order to meet legal obligations. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom seeks to publish responses on receipt. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

Name

Signed (if hard copy)