

ACS submission to Ofcom's "Call for Evidence on the Market Position of BBC Sounds" (November 2020)

'The Advisory Committee for Scotland advises Ofcom about the interests and opinions, in relation to communications matters, of persons living in Scotland.'

The response from the ACS to this call for evidence draws on the knowledge and expertise of ACS members and is informed by our individual experience and through discussion at our meetings. It does not represent the views of Ofcom or its staff.

1. "Transparency of the BBC's proposals for developing and expanding BBC Sounds and the lack of opportunities to engage the BBC"

Since the launch of BBC Sounds in 2018, stakeholders in the commercial radio sector have raised concerns with the ACS 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, the ACS has no substantive evidence from from stakeholders about this impact.

The ACS understands that the BBC initially invited the larger commercial stations to feature on their BBC Sounds App but that the responses to this invitation varied, with some declining immediately and others making what the BBC considered to be unacceptable demands about the shape & style of the service as well as terms. The desired joint approach failed to materialise, leading to the BBC pressing ahead on its own. The ACS believes that it is entirely up to each commercial radio organisation to make their own decisions, which we appreciate must make commercial sense. However, the ACS considers that coming to an agreed position with the BBC, which benefited all radio stations, regardless of size, would have ultimately benefited listeners and, more broadly, public service broadcasting

It is for Ofcom to decide if they believe that the BBC followed all the guidelines, drawn up in their Royal Charter Agreement, throughout this process. In terms of 'transparency', the BBC

did make it clear in their 2018/19 Annual Report that they had to counter the new global competitors, such as Netflix, Amazon Prime, Apple and Spotify:

“First amongst these is our goal of reinventing public service broadcasting for a new generation responding, in particular, to the challenge presented by well-resourced competitors such as Netflix and Spotify, who are changing the way audiences watch video and consume audio. This means modernising our services for the digital age – a key focus for the Board this year.

We are acutely aware, for example, that it is through our online services that audiences increasingly expect to receive value for their licence fee. That is why this year saw the launch of BBC Sounds as a single product bringing together all our radio, music, and podcasts in one place.” **BBC Chairman, David Clementi:**¹

The ACS recognises the importance of local radio to listeners in Scotland. We are of the opinion that, in order to protect and benefit all UK radio stations, both commercial and the BBC against the global threats of Spotify or Apple Music, increased collaboration & partnership working would appear to be the most sensible way to secure both their futures. We understand that later this year BBC Sounds is launching a Podcast aggregation arm to the BBC Sounds app, which will include a host of commercial stations’ podcasts. We hope that this represents the beginning of a more co-operative approach from both sides.

2. **“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”**

The ACS recognises the concern that the commercial radio stations have about the BBC expanding its range of content, becoming more appealing to a wider (younger) cross-section of listeners and potentially taking more listeners away from commercial stations. This is further exacerbated by the BBC’s ability to cross-promote across all of its platforms, potentially allowing it an unfair advantage over its commercial competitors.

¹ <https://downloads.bbc.co.uk/aboutthebbc/reports/annualreport/2018-19.pdf>

However, we must also consider the benefits of a new, improved service to listeners in Scotland. The BBC Sounds app has proven to be a great success with listeners, especially younger adults. This comes at a time when the BBC is under extreme pressure to justify the cost of its Licence Fee and the criticism it has received for not creating enough content for 16-34 year olds. As an example of addressing this, the BBC has launched the new Radio 1 Dance Station but this has drawn criticism from the commercial sector, who perceive this to be direct competition to Kiss FM. BBC Sounds has also allowed the development of more Scotland specific content eg. The new popular "Podlitical" podcast covers a range of views on Scottish politics, both at Holyrood & Westminster.

In conclusion, the ACS believe that it is up to Ofcom to decide whether the BBC has followed the correct level of engagement with their commercial counterparts. BBC Radio, Sounds as well as the commercial stations deliver valued entertainment for their listeners in Scotland and the ACS considers that a mixed market delivers the best for listeners. With that in mind, we hope that the BBC and commercial stations can look to work together for the benefit of the listeners and can fend off the competition for audiences from the new global entrants.