

Extract from DCMS' consultation report 'What You Said About The BBC': Chapter 8: Commercial services

8 Commercial services

"Should the BBC run commercial services?"

Key findings

- There is widespread support for the idea that the BBC should make money on behalf of the licence fee payer out of assets paid for by the licence fee payer- 90% of people surveyed agreed that 'the BBC should raise as much money as it can from selling its programmes and other products'.
- But concerns were raised in a number of areas, including:
- whether or not the current arrangements deliver the best value for money
- whether or not the BBC' s commercial activities should be more closely aligned to its publicly funded services
- fairness and transparency
- and how the money should be used whether it should just be spent on better programmes (50% of participants), only used to reduce the licence fee (30%) or both (20%)

Making money on behalf of the licence fee payer seems to be a good idea...

- 8.1 Although a minority of respondents to consultation thought that running commercial ventures runs counter to the fundamental purpose of the BBC, the overwhelming view from consultation, and the conclusion of our survey research was that most people believe that the BBC should make money commercially from assets – like programmes and characters – developed using licence fee money, to the benefit of licence fee payers. 92% of participants in our quantitative research thought that the BBC should continue to sell programmes, and 93% said it should continue to sell other products like books, DVDs and magazines.

"As long as the product is good in the first place I have no problem with them bringing in more revenue to re-invest."

Participant in qualitative research, 16-30, female, disabled, London/SE

- 8.2 However, public consultation and the qualitative elements of our survey research make clear some constraints the public thought should be in place. According to views expressed to us, the public feel that the BBC's commercial activities:
- -should not risk licence fee money
 - -should not risk the integrity and independence of the BBC
 - -should not compromise the core business of programming and content generation
 - -should not take unfair advantage of the commercial market
 - -should reinvest all revenue generated back into the BBC, either as an investment in better programming, used just to pay for reductions in the licence fee, or both

- 8.3 There was a minority view in public consultation that the BBC's commercial services should be sold and the proceeds put back into programming or used to reduce the licence fee.

"Yes of course, if the result is an increase in the money going into the BBC for better programmes, then it is acceptable. If however the additional money is used to pay Marketing Executives who want more and more self promotion to the annoyance of many of your viewers, then NO!"

R Lee, consultation respondent

...but there are issues of concern, like scale and scope...

8.4 There is a firm view, expressed particularly by industry respondents in certain sectors, particularly publishing, that the BBC's commercial services should be more closely related to, and reflect, the Corporation's publicly-funded services and remit.

...fairness...

8.5 We received strong representations from some industry respondents who were of the view that the BBC does not compete on a genuinely level playing field – for example in the use of the BBC's airtime to promote its own commercial products – and that this should be rectified if the BBC is to continue with any form of commercial activity. They also called for more rigorous arrangements for governance and regulation (see section 11).

...whether they deliver the maximum bang for the licence fee buck...

8.6 Respondents from certain industry sectors made representations about what they saw as BBC Worldwide's 'right of first refusal' to undertake any commercial activity on behalf of the BBC (BBC Worldwide is the main commercial arm of the BBC). We received calls for the removal of this special status to improve competition and deliver better value for money for the licence fee payer. One other option raised during consultation that went even further was for the BBC to cease to run its own businesses and act instead as a 'rights agent', selling to others the rights to, for example, make magazines to support BBC programmes.

"If you make a good programme the least you can do is put it round the world and make some money from it. There's nothing wrong with that."

Participant in qualitative research, AB, 31-45, light TV watcher, Northern England

...and how the proceeds should be used.

- 8.7 At present, revenue generated by the BBC's commercial activities is ploughed back into programmes and services. However, although opinion was reasonably balanced, some people thought that the extra money raised by the BBC's commercial services should not be spent on programmes, but only used to deliver real reductions in the cost of the licence fee.