

Final report

**BBC**

Rationale for on-air promotional  
activities

March 2005

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<b>1</b>	<b>Introduction</b>	<b>1</b>
<b>2</b>	<b>BBC's public purposes</b>	<b>3</b>
2.1	Building Public Value	3
2.2	Supporting the Government's and Ofcom's purposes	4
2.3	Supporting wider public policy purposes	5
<b>3</b>	<b>The role of on-air promotion</b>	<b>6</b>
3.1	General rationale for on-air promotion	6
3.2	Specific objectives of on-air promotional activities	6
<b>4</b>	<b>BBC's approach to on-air promotion</b>	<b>9</b>
4.1	Historic approach	9
4.2	Changing media market landscape	9
4.3	Evolving nature of on-air promotion	13
<b>5</b>	<b>BBC's on-air promotional activities in context</b>	<b>18</b>
5.1	Main arguments against the BBC's on-air promotional activities	18
5.2	Responses to arguments	18
<b>6</b>	<b>Conclusion</b>	<b>27</b>
	<b>Contact information</b>	<b>28</b>

## 1 Introduction

As part of the current Charter Review process, the Government is carrying out a detailed assessment of all aspects of the BBC's operations, from its core purposes and service delivery to its governance, regulation, and its funding arrangements. The Green Paper on the future of the BBC, published in early March 2005, sets out the Government's thinking to date and identifies a range of issues for further consultation.

One of the issues raised in the Green Paper, reflecting some of the debate leading up to its publication, is the BBC's approach to its promotional activities across television, radio, and online.<sup>1</sup> The BBC has, therefore, commissioned Spectrum Strategy Consultants to provide an independent assessment of its promotional activities, within the context of this debate. This report sets out our views.

Specifically, our assessment focuses on the BBC's "**on-air**" (i.e. on television, radio, and online) promotional activities across its public services<sup>2</sup> – and does not consider the BBC's approach to the promotion of its commercial services (in particular, BBC Worldwide's various products and services).

We have addressed the following questions in our assessment:

- What, in summary, are the stated public purposes that the BBC should be aiming to serve? (section 2)
- Given these purposes, what is the general rationale for and specific objectives of the BBC's on-air public service promotional activities? (section 3)
- What has been the BBC's historic approach to the on-air promotion of its content and services, how has this evolved and how does it need to evolve, in light of developments in technology and changing patterns of consumption? (section 4)
- Do the various charges made by third parties against the BBC's approach to its on-air promotional activities raise legitimate concerns? (section 5)

The scope of our analysis covers the BBC's promotion across its various public services of:

- Content (e.g. programmes or web content) on the same service (e.g. the promotion on BBC One of another programme on BBC One)
- Content on a different service, but in the same medium (e.g. the promotion on BBC One of a programme on BBC Three)
- Content on a different medium (e.g. the promotion on BBC One of a programme on Radio 2, or a content area of bbc.co.uk)

This paper does not assess whether the BBC's services effectively serve its wider public purposes. Defining the purposes, scope, and focus of the BBC's public services is part of a vital, but separate, debate, properly being carried out within the wider Charter Review process. In this paper, we briefly outline the BBC's public purposes (as currently stated) and, therefore, what ends all of its activities – from content creation through to distribution and promotion – should be serving.

We believe that this document provides a fair and balanced evaluation of the BBC's approach to the on-air promotion of its public services, taking its core public purposes and obligations as 'givens', and taking into

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<sup>1</sup> See especially DCMS, *Review of the BBC's Royal Charter – A strong BBC, independent of government*, p. 98, section 8.47. The BBC's approach to its promotional activities was also discussed at a number of the seminars run by Lord Burns and his panel of experts, in particular at the seminar on the BBC's radio services

<sup>2</sup> i.e. its PSB channel and service portfolio across TV, radio, and online. For the sake of simplicity and clarity, we refer to services for the remainder of this report, although, in the case of TV and radio, the words channels or stations may be more appropriate

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account the wider context of media market developments and the evolving strategies and behaviour of other market players.

## 2 BBC's public purposes

This section briefly introduces the main stated public purposes that the BBC is trying to serve, through its content and services, and maps them against the Government's and Ofcom's views on PSB and the nature of the BBC's public purposes. In the light of these purposes, the role of and approach to on-air promotion can better be assessed.

### 2.1 Building Public Value

Audiences for the BBC's services are not simply 'consumers', but members of a wider society – everybody who pays the licence fee (including their children). Precisely because the BBC is funded by a hypothecated charge, it has certain clear responsibilities to these audiences. These include:

- Informing and educating, as well as entertaining;
- Enabling and ensuring the awareness and engagement of audiences across its content and services, across media;
- Serving some wider public purposes (e.g. building Digital Britain).

The BBC's public purposes must be fulfilled through these responsibilities. *Building Public Value*, published in June 2004, can be seen as the BBC's manifesto. It lays out the five ways in which the BBC builds public value, by delivering its "principal public purposes"<sup>3</sup>. These are:

- **Democratic value:** underpinning informed citizenship, helping citizens to make sense of the world and encouraging them to engage with it.
- **Cultural value:** enriching the creative and cultural life of the UK, broadening the national conversation.
- **Educational value:** extending horizons (e.g. by introducing users to new and innovative content), helping to build a society strong in knowledge and skills.
- **Social and community value:** connecting communities (e.g. by drawing users into shared experiences), building social cohesion.
- **Global value:** supporting the UK's global role by being a trusted provider of information and showcasing the best of British culture.

The BBC has identified four "main drivers of public value"<sup>4</sup>, namely:

- **Reach and usage**
- **Quality and distinctiveness**
- **Impact**
- **Value for money**

If the BBC is to maximise its public value, then its services and content must deliver against all four of these criteria.

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<sup>3</sup> BBC, *Building Public Value*, p.15

<sup>4</sup> BBC, *Building Public Value*, p.87

## 2.2 Supporting the Government's and Ofcom's purposes

The BBC's stated public purposes and drivers of public value map closely onto the Government's view of the purposes and characteristics of the BBC's services, and onto Ofcom's stated purposes and characteristics for PSB (see exhibit below).

### Exhibit 1: Alignment with the Government's and Ofcom's purposes and characteristics<sup>5</sup>

#### BBC's public purposes

- Democratic: underpin informed citizenship
- Cultural: enrich the creative and cultural life of the UK
- Educational: extend horizons
- Social and community: connect communities
- Global: support the UK's global role

#### Government's purposes for BBC services

- Sustaining citizenship and civil society
- Promoting education and learning
- Stimulating creativity and cultural excellence
- Representing the UK, its Nations, regions and communities
- Bringing the UK to the world and the world to the UK

#### Ofcom's purposes of PSB

- Inform ourselves and others, increase our understanding of the world
- Reflect and strengthen cultural identity
- Stimulate interest and knowledge
- Make us aware of different cultures and viewpoints

#### Drivers of public value

- Reach and usage
- Quality and distinctiveness
- Impact
- Value for money

#### Government's characteristics of BBC services

- "Excellent, distinctive and entertaining", i.e.
  - of high quality
  - challenging
  - original
  - innovative
  - engaging

#### Ofcom's characteristics of PSB

- Widely available
- High quality
- Original
- Innovative
- Challenging
- Engaging

The need for the BBC to have reach and impact, in particular, is brought out explicitly in both the Green Paper and the PSB Review. The Green Paper states that "*The BBC should provide a wide range of content, across*

<sup>5</sup> Ofcom review of public service television broadcasting: Phase 2 – Meeting the digital challenge, p.7; Phase 3 – Competition for quality. p.7/8; DCMS, Review of the BBC's Royal Charter – A strong BBC, independent of government, p. 8/9

every genre, trying to reach the greatest possible range of audiences<sup>6</sup> and Ofcom states that “A publicly funded BBC needs to retain scale and viewer impact<sup>7</sup>”. These views closely tie in with the BBC’s identified drivers of reach, usage and impact.

## 2.3 Supporting wider public policy purposes

In addition, some wider public policy objectives are supported by the BBC’s vision for *Building Public Value*, including building ‘digital Britain’ (driving digital switchover and broadband uptake) and media literacy.

### Digital Britain

The Government’s Green Paper on the BBC lays out an explicit “sixth public purpose” for the BBC – building digital Britain. Actions for the BBC include: developing and promoting new technology (especially DAB) and taking a leading role in the organisation and funding of digital switchover.

### Digital switchover

The Government plans to switch off the analogue TV signal on a region-by-region basis, over the period 2008 to 2012. As Ofcom says, “*The BBC should take a leading role in the UK plans for digital switchover*”<sup>8</sup>. This role is more explicitly identified in the Green Paper: “*One of the conditions of the new licence fee settlement will be that the BBC should play a leading role in the process of switching Britain over fully from analogue to digital television*”<sup>9</sup>.

### Broadband objectives

The Government has set a target for the UK to have the most extensive and competitive broadband market within the G7 by 2005 (i.e. this year). Future priorities include providing all communities with access to a new generation of services.

### Media literacy

In an age of greater media and technology choice, the Government has identified a growing need for ‘media literacy’ in both adults and children – “*the ability to access, understand and create communications in a variety of contexts*”.<sup>10</sup> The promotion of media literacy is one of Ofcom’s duties, arising from Section 11 of the Communications Act 2003.

It is widely agreed that the BBC’s contribution to the transition to a fully digital Britain will continue to increase in importance in the second half of the decade. As *Building Public Value* noted: “*Because of the appeal of BBC content and the trust the public have in the BBC brand, the BBC can play a particularly powerful role in enabling the less affluent and digitally adept to make the most of new technologies, ensuring no-one gets left behind.*”<sup>11</sup> *Building Public Value* also makes specific commitments to investment in infrastructure, content, services and promotion to serve this aim.<sup>12</sup>

The BBC has stated that it will take a lead in developing media literacy (e.g. through online content targeted at the over 60s) and safety on the internet (e.g. through *BBC KidsSafe*, with tools and initiatives designed to make the internet safer for children).<sup>13</sup>

This brief overview has identified the BBC’s core public purposes. In the next section, we examine the role of on-air promotion in supporting the delivery of these purposes.

<sup>6</sup> DCMS, *Review of the BBC’s Royal Charter – A strong BBC, independent of government*, p. 8/9

<sup>7</sup> Ofcom review of public service television broadcasting: Phase 1 – *Is television special?* p.3

<sup>8</sup> Ofcom review of public service television broadcasting: Phase 2 – *Meeting the digital challenge*, p.9

<sup>9</sup> DCMS, *Review of the BBC’s Royal Charter – A strong BBC, independent of government*, p. 5

<sup>10</sup> Ofcom strategy and priorities for the promotion of media literacy: a statement (November 2004)

<sup>11</sup> BBC, *Building Public Value*, p.11

<sup>12</sup> BBC, *Building Public Value*, p.61ff. Commitments include: digital infrastructure (e.g. extending the DTT transmission network and the DAB network; rolling out a free digital satellite service); content (e.g. launching a broadband “Creative Archive” – providing free access to BBC content); services (e.g. IMP (Interactive Media Player) – offering a “catch-up” facility online where TV and radio programmes can be downloaded); promotion (e.g. continuing to invest in marketing of digital TV and radio services)

<sup>13</sup> BBC, *Building Public Value*, p.13, p.62

## 3 The role of on-air promotion

This section assesses the role that on-air promotional activities play in enabling the BBC to deliver against its core purposes.

### 3.1 General rationale for on-air promotion

As highlighted in the previous section, the BBC is charged with delivering content and services that serve a defined set of public purposes. The BBC's effective delivery against these purposes critically depends upon producing content and services which are both distinctive and which achieve reach and impact.

Services must strive to be distinctive from those produced by the commercial marketplace, if they are to deliver incremental public (consumer and citizen) value; this distinctiveness underpins the rationale for public intervention in the marketplace. They must also have meaningful reach to and impact on users, if they are to maximise the public value delivered; a service which is not watched or used by anyone is unlikely to deliver any kind of public value, however distinctive it is. Achieving the optimal balance between distinctiveness, on the one hand, and reach and impact, on the other, is one of the central challenges facing the BBC and the wider PSB sector – and, over time, is likely always to be a delicate and continually evolving balancing act.

The function of on-air promotion, within this balancing act, is clear: it is to help to achieve audience reach and impact for the BBC's suite of services; this objective of promoting and maintaining reach and impact is unlikely to change (regardless of whether the means of achieving this objective need to change). Promotional activities do not influence the distinctiveness of the BBC's services; this must be ensured through the BBC's governance and strategy-setting processes, and the content commissioning and creation capabilities of its editorial staff. The BBC's promotional activities are central, however, to ensuring that as many people as possible are aware of and use its services, thus deriving value from them.

Effective on-air promotion can and does drive the public value delivered both at an individual consumer and a citizen level. Ensuring that the greatest number of people use and, therefore, value the BBC's services drives the consumer value delivered. Making more people aware of the full range of services provided by the BBC, and the purposes and audiences it serves, can also deliver citizen value: in other words, people may place a value on a service (sometimes primarily intended for a targeted audience) being available, even if they do not use it themselves. Indeed, research has shown that people place a higher value on BBC services as citizens than they do as consumers.<sup>14</sup>

On-air promotion, therefore, has a vital role to play in ensuring that the BBC delivers effectively against its public purposes – and maximises the public value of its services.

### 3.2 Specific objectives of on-air promotional activities

On-air promotion operates at a number of different levels, each of which can bring a deeper level of audience engagement with BBC's content and services:

- **Building awareness** of the range of its services (i.e. ensuring 'credit'); giving audiences clear information about the services available

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<sup>14</sup> Human Capital, July 2004. Individual service value of, for example, Cbeebies, is 80p per month for a person as citizen, and 66p for a person as consumer. Services analysed: BBC One, BBC Two, BBC Three, BBC Four, CBBC, Cbeebies, BBC News 24, BBC Parliament, Radio One, Radio Two, Radio Three, Radio Four, Radio Five Live.

- **Guiding users** through the increasingly complex world of media services: helping audiences to navigate their way around the full breadth of services available from the BBC and the wider market
- **Driving the impact** of those services (i.e. ensuring 'consumption'); helping people to experience and appreciate the full breadth and depth of services available

### **Building awareness**

On-air promotion is an important means of building awareness of both BBC content and services across multiple media and of wider media sector developments and services. For example, during the televised Proms season, Radio 3 is promoted on BBC Four; and the launch of digital radio (DAB) services is promoted on TV and on the radio site of [bbc.co.uk](http://bbc.co.uk). Building awareness is about gaining public 'mindshare' and 'credit' for those services that are available.

Moreover, precisely because the BBC is funded by a universal hypothecated charge, it has a clear obligation to inform audiences of its range of output. Hence, although a BBC Four viewer may not become a Radio 3 listener, the BBC still has a responsibility to inform that viewer of the choice available on Radio 3, a service funded by the licence fee.

Building awareness also helps to serve the broader public policy goal of educating people about the digital media world, helping Britain to progress towards digital switchover and wide-scale broadband take-up. For example, as a result of the BBC's 2003 trials for its new digital channels, nearly one in three people in analogue homes said that they were more likely to get digital television in the future.<sup>15</sup>

### **Guiding users**

On-air promotions can also help to guide users around the breadth of content and services available from the BBC and, indeed, across the wider media market. In this respect, promotion can become a tool for navigating around TV, radio, and online content and services, which users might not otherwise locate. In other words, it helps to make content and services accessible to new audiences, a goal explicitly encouraged by the Government in its recent Green Paper.<sup>16</sup>

Much of the BBC's promotion focuses on pointing existing audiences in the direction of content and services that they might find of interest, given the content and services they have already used. Obvious examples of how the BBC can direct users to similar or relevant content include the promotion of 'Newsnight' after the 'BBC News' at 10 o'clock, and the promotion of 'Five Live' after 'Match of the Day'.

In the context of an increasingly crowded digital marketplace, on-air promotion has a growing role to play in helping users to find their way to new, and potentially challenging and unfamiliar, content and services, which they might otherwise find hard to locate (or might not even attempt to locate). Online navigation (via [bbc.co.uk](http://bbc.co.uk)), in particular, can be seen as an example of the way in which promotion may evolve in ways more suited to the digital media environment. As identified at the BBC Charter Review Seminar on Culture, the BBC should increasingly strive to provide a "route map", akin to Amazon.com's recommendation service, helping people to find links between similar or related types of content.<sup>17</sup> This type of on-air promotion also bolsters the wider public policy objective of driving media literacy, by making users familiar with new platforms and multimedia content.

<sup>15</sup> BBC Pan-BBC Tracking Survey 2003, quoted in BBC, *Building Public Value*, p.63

<sup>16</sup> DCMS, *Review of the BBC's Royal Charter – A strong BBC, independent of government*, p. 8

<sup>17</sup> See comments by David Ferguson, 26<sup>th</sup> November 2004 seminar

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### ***Driving impact***

Ultimately, on-air promotion is focused on ensuring that as many people as possible use and truly appreciate the BBC's range of services. The distinguishing characteristic of driving impact, then, is ensuring consumption (rather than building awareness and serving as a guide).

In pursuing greater impact for its services, the BBC can adopt a number of approaches:

- It can promote content by focusing on a particular audience – for example, through promoting audience-targeted services (e.g. BBC Asian Network, CBeebies) or special-interest services (e.g. BBC 7), after broader appeal – but related – programming on more mainstream services, such as BBC One.
- It can focus promotions on the richness and functionality of specific services – say, on their multi-media components – for example, “Who Do You Think You Are?” with its educational focus on family histories.
- It can use promotional activities, across different media, to generate shared national experiences, centred around its own content and services – for example, *Restoration* and *The Big Read* – and around global or national events – for example, coverage of the Olympics or Ellen MacArthur's recent sailing world record.

Such promotional activity can drive the ‘consumption’ of the BBC's public services, encouraging licence fee payers to experience and engage with a rich range of BBC content and services, because they appeal to and are relevant to audiences in a multiplicity of different ways.

In summary, the BBC's on-air promotional activities can build audience awareness of the full range of services offered by the BBC, guide users around these services, and increase their impact. Through these activities, on-air promotion can increase the overall value derived from the BBC's services.

## 4 BBC's approach to on-air promotion

In this section, we examine the BBC's approach to on-air promotion. We look at how on-air promotion has evolved, what trends are driving the evolution, and how on-air promotion may need to continue to evolve in future.

### 4.1 Historic approach

Reach and impact, historically, have been achieved by broadcasters in a number of ways. Common methods include core listings services (e.g. TV Times) and targeted publicity, and a systematic and planned approach to scheduling, as well as on-air promotion. We briefly discuss these three historical approaches below:

- **Core listings services and targeted publicity** play a key role for all broadcasters in promoting and guiding audiences to their content and services. Across all age groups, weekly TV listings magazines remain the most popular form of TV navigation.<sup>18</sup> In addition, targeted publicity (e.g. press articles) spreads awareness and reach of programming.
- Traditionally, simple **scheduling** has been a core means of leading audiences to new and different content. Scheduling 'Neighbours' directly before 'BBC News' at 6 o'clock, or 'Hollyoaks' directly before 'Channel 4 News' at 7, are classic examples of this approach. Much of the 'Neighbours' / 'Hollyoaks' audience may not be the natural target for news services; a proportion of those audiences, however, tends to stay with the channel and, therefore, becomes part of the audience for the news, because of its adjacent position in the schedule, thus extending the reach of the news. This is often referred to as the '**inheritance effect**'.
- **On-air promotion** has always been focused on promoting content/programming on the same service (e.g. a BBC One programme on BBC One) – i.e. "intra-channel" promotion. 67% of BBC's current on-air promotion on TV, and 83% on radio, falls into this category.<sup>19</sup> The remainder is either "cross-channel" promotion (promoting content on different TV or radio services, e.g. a BBC Two programme on BBC One) or "cross-media" promotion (promoting content on different media, e.g. promoting a content area of [bbc.co.uk](http://bbc.co.uk) on Radio 2).

The core *objective* of promotion – to promote and maintain the reach and impact of the BBC's distinctive output and, thereby, to maximise (citizen and consumer) public value – has not changed, and is unlikely to change over time. In the evolving media market landscape, however, the *means* of achieving this objective needs continually to develop, in order to maintain its effectiveness.

### 4.2 Changing media market landscape

The appropriate nature and form of promotion is, to a large extent, dependent on the characteristics of the media marketplace at any given point in time. In the pre-digital market, when there were fewer platforms and services available and a greater concentration of audiences around mainstream services, on-air promotion was a simpler undertaking. Audiences could be reached in larger numbers at the same time, and it was easier for users to navigate around a less cluttered landscape. In this environment, audience behaviour was easier for broadcasters to predict.

Since the 1980s, the media marketplace has evolved significantly and so the nature and form of promotion has had to evolve in order to remain effective – building awareness, guiding users and driving impact in new

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<sup>18</sup> 30% of 15-24 year olds and 25% of 25-54 year olds cite core listings services as their preferred method of navigation (BBC Marketing, *Media navigation by age*)

<sup>19</sup> Notes: on-air promotion on BBC One and BBC Two is used here as a proxy for total on-air promotion on BBC TV services. The measures are derived from TVR (Television Ratings) for TV, and GRP (Gross Ratings Points) for radio. Both are standard measures of the audience impact of programming during a particular timeslot. Source: BBC Broadcast

and innovative ways. We, first, assess the changing media marketplace by considering it from two perspectives – the delivery side (i.e. technologies, platforms, services) and the consumer side (i.e. audience behaviour) (4.2.1 and 4.2.2, respectively). We, then, look at how the means of achieving promotion's objectives are evolving in line with the changing media marketplace (4.3).

### 4.2.1 *Media delivery landscape*

The increase in the number and capability of media technologies has led to an environment characterised by greater choice and multiplicity of products and services, including multi-media and cross-media content, and an increase in niche offerings.

In the 1980s, media consumers had far fewer choices to make than they do today. There was no World Wide Web, no multichannel TV offering – the bulk of media was delivered through print, and a limited number of analogue TV and radio stations. Today, we live in an increasingly digital age, with interactive multimedia content at our fingertips, accessed via the web and mobile devices, as well as a multitude of TV and radio stations delivered in a variety of different ways:

- There are over 8 billion pages on the world wide web;
- 56% of individuals now receive multichannel TV – many of them with access to approaching four hundred channels (on digital satellite); twenty five years ago, the UK population, typically, had access to only three TV channels;
- In addition to the rapid development of multimedia content, the print sector has continued to grow – there are 60% more magazine titles in the UK market today than in 1988, during which time the Saturday 'Times', for example, has grown from an average of 80 pages to over 300 pages.<sup>20</sup>

Key drivers of change have been the increase in capacity of media delivery platforms, and the decrease in the cost of access for consumers:

- The increase in bandwidth that broadband brings compared to narrowband internet, and 3G over 2G mobile technology, are prime examples of capacity increases;
- The costs of consumer access are decreasing, as technologies become cheaper and competition more effective. The entry level prices, for example, of BT's residential broadband service have halved in less than 3 years, as has the cost of 1MB of GPRS data from Vodafone.

Unsurprisingly, the number of media services has grown at a rate consistent with the increase in the capacity, and decrease in consumer cost, of delivery platforms; this growth in the number of available channels and services seems bound to continue. These trends will increase the ability and desire of consumers to access content that meets their interests, tastes, and needs, at times and in ways that they find most convenient.

### 4.2.2 *Changing consumer behaviour*

Consumer behaviour shapes and is shaped by changes in the media delivery landscape. As delivery platforms increase in number and capacity and as a greater amount of content is offered across more media, audiences fragment and consumers become less attached to particular services as providers of the majority of their media needs. In this new environment, building awareness, guiding users and driving impact of content and services through on-air promotion is harder to achieve using only historic methods.

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<sup>20</sup> Sources: Zenith Media Factbook 2004, Ofcom, Google, PPA Marketing, BRAD 2005, The Henley Centre

Mainstream TV services are, consequently, losing reach. Between 1996 and 2003, the 15 minute reach of the BBC's television services has declined by 5% amongst all individuals, and by 11% amongst 16-24 year olds; over the same period, ITV1's reach has declined by 12% amongst all individuals, and by 20% amongst 16-24 year olds.<sup>21</sup>









Shifting consumer behaviour can be observed in the rapid uptake of digital media platforms, the change in time spent using these platforms, and the changing consumption habits of consumers (especially amongst a younger demographic). We analyse these trends, in turn, below.

## a) Rapid uptake of digital media platforms

Demand for digital media platforms will continue to increase. Internet, digital TV and multimedia phone penetration is already over 50% in the UK and growing – within three years, for example, penetration of multimedia phones is likely to be approaching 90% amongst mobile subscribers. Though penetration of digital radio and PVR technology is relatively low (below 4% at the end of 2004), uptake of these platforms is already rising rapidly – the Digital Radio Development Bureau forecasts around 30% digital radio penetration, and Merrill Lynch predicts PVR penetration of over 11%, by 2008.<sup>22</sup> As a result, the modern consumer has access to a growing range of multiple platforms for the delivery of content.

Taking the example of news content, the exhibit below illustrates how far the average consumer's interaction with media has changed, from a platform perspective, since the 1980s.

**Exhibit 2: Consumption of news content – 1985 vs. 2005**

Time of day	Early morning	Journey to/ from work	At work	Evening
<b>Activities 1985</b>	 <ul style="list-style-type: none"> <li>Scheduled news bulletins on radio and television</li> </ul>	 <ul style="list-style-type: none"> <li>Scheduled news bulletins on car radio</li> <li>Newspaper</li> </ul>	 <ul style="list-style-type: none"> <li>News blackout throughout the working day – no access to TV or radio</li> </ul>	 <ul style="list-style-type: none"> <li>Scheduled news bulletins radio and television</li> </ul>
<b>Activities 2005</b>	 <ul style="list-style-type: none"> <li>Scheduled news bulletins on digital radio and digital interactive TV</li> <li>Rolling news on News 24</li> </ul>	 <ul style="list-style-type: none"> <li>Scheduled news bulletins on car radio</li> <li>Bulletins cached on PDAs and 3G mobiles overnight</li> <li>Radio and online via mobile</li> <li>Newspaper</li> </ul>	 <ul style="list-style-type: none"> <li>Scheduled and rolling news, throughout the day, via a variety of platforms including:                             <ul style="list-style-type: none"> <li>online</li> <li>radio via the internet</li> <li>radio via mobile</li> <li>text updates to mobiles and other portable devices</li> </ul> </li> </ul>	 <ul style="list-style-type: none"> <li>Scheduled news bulletins on digital radio and digital interactive TV</li> <li>Rolling news on News 24</li> <li>Stored news content on PVR</li> <li>Anytime updates online</li> </ul>

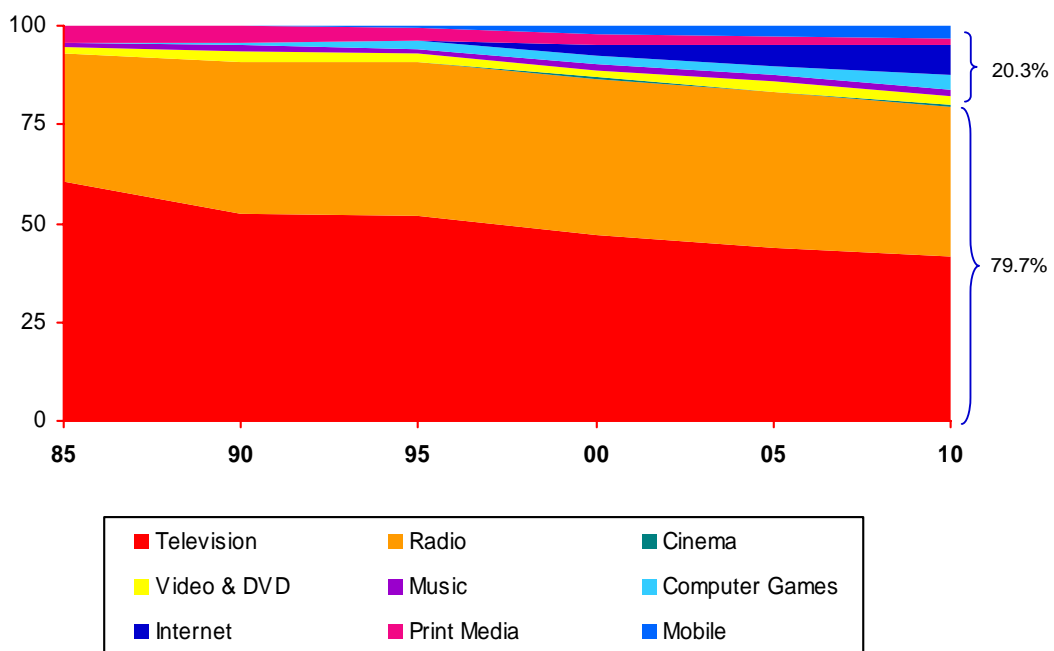
<sup>21</sup> BARB (15 minute reach)

<sup>22</sup> Merrill Lynch "Personal Video Recorders" 22/10/04; Informa (Digital TV subscriber database, broadband subscriber database); Jupiter; Digital Radio Development Bureau

b) Change in usage time

In the past twenty years, the number of activities occupying consumer leisure time has increased dramatically; the share of time spent on non-radio and non-TV activities continues to increase. According to Screen Digest, in 1995, TV and radio consumption accounted for 91% of all leisure time; this has now fallen to 83%, and will continue to fall, as shown in exhibit 3.

Exhibit 3: Share of leisure time by activity, 1985 – 2010 (%)<sup>23</sup>



c) Change in consumption habits

In place of consuming content on a scheduled basis, relying on established content providers for the selection and bundling of content, people are increasingly using a greater number of services, finding new means of accessing content, new approaches to consumption and new ways of controlling content:

- **A greater number of services and channels are being consumed.** The average number of channels viewed in an evening has increased from 4 in 1997 to 6 in 2004 for all adults. Amongst 25 to 34 year olds, the increase is from 5 to 7.<sup>24</sup> Audiences are becoming less loyal to services (e.g. TV channels), and more to particular forms of content.<sup>25</sup>
- Consumers are **accessing content in new ways** – for example, through the use of search tools and sharing files on a peer-to-peer basis. Furthermore, consumers are increasingly accessing content through multiple platforms – e.g. radio through mobile phones (15% of mobile handsets sold worldwide have an embedded radio tuner<sup>26</sup>) and games on digital TV.

<sup>23</sup> Screen Digest Mediaphile 2010

<sup>24</sup> BARB

<sup>25</sup> This can be seen, for example, by looking at the audience make-up before and after Parkinson switched from BBC One to ITV1 – audience size and mix remained virtually identical (source: BARB)

<sup>26</sup> Source: Financial Times, 14<sup>th</sup> January 2005

- **New approaches to consuming content** are emerging: for example, ‘multi-tasking’ (simultaneously consuming different media, e.g. listening to the radio, whilst surfing the internet<sup>27</sup>) and ‘snacking’ (consuming media in short bursts)<sup>28</sup> - the average number of “sessions” (defined as the period of time for which the TV is switched on) per week has increased by 13% for all adults, and by 22% amongst 25 to 34 year olds.<sup>29</sup>
- Consumers are adopting **new methods of controlling content**. Personal storage and playback devices (such as PVRs or MP3 players) pass greater control to the individual, allowing the recording and storing of content according to personal preferences, and the time-shifting of content consumption.

These trends in media delivery and in consumer behaviour amount to a radical shift in the media landscape. In this new, more cluttered environment, audiences are exposed to a far greater volume of ‘noise’ – i.e. more content, more providers, more choices. Audiences certainly have the ability to access richer experiences, but, at the same time, many can suffer confusion in making informed choices about what to consume, as much of the content and many of the providers are new and unfamiliar.

The BBC’s means of achieving reach and impact for its content and services – traditionally, fairly straightforward in a world with a small number of analogue channels and a predictable audience base – have become more complex in a multi-platform world, where audiences are more demanding, harder to predict, and (often) in need of a ‘trusted voice’ to guide them through the ‘noise’. In this world, promotion needs to work harder to achieve its objective of driving reach and impact, especially when that content is new, challenging or unfamiliar to audiences.

### 4.3 Evolving nature of on-air promotion

In the modern environment, the BBC’s approach to its on-air promotional activities has needed to evolve. Below, we consider its current, and potential future, on-air promotional activities.

#### 4.3.1 Current activities

The historic approach to on-air promotion, outlined in section 4.1 above, has evolved in four fundamental ways:

1. More explicit approaches to generating ‘inheritance’;
2. An increasing proportion of on-air promotion is “cross-channel” (i.e. content on different services) and “cross-media” (i.e. content and services on different media);
3. More effective navigation, or sign-posting, to provide ‘route maps’ to content and services for audiences; and,
4. The development of a stronger brand.

#### a) Inheritance effect

As already noted, audiences tend to switch between content and services more readily in today’s media marketplace, and are less loyal to particular channels and services. Hence, the ‘inheritance effect’ is harder to achieve.

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<sup>27</sup> In a recent survey by EIAA and Millward Brown, 44% of internet users claimed to listen to the radio whilst surfing the web

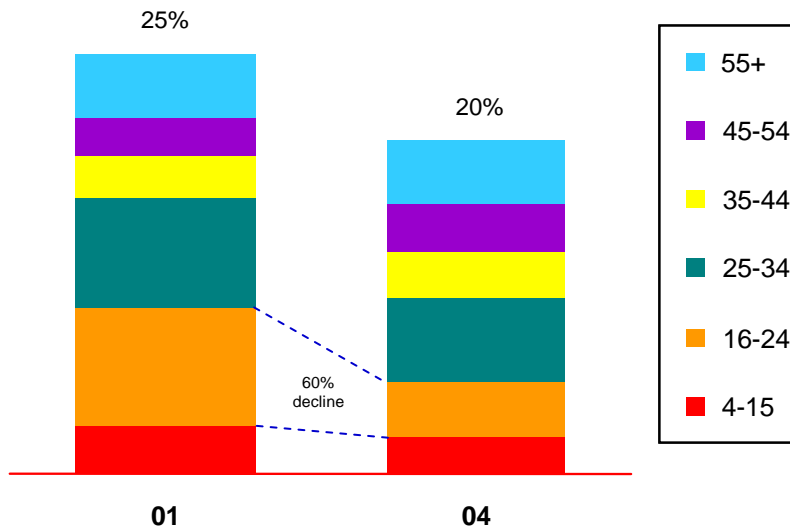
<sup>28</sup> The average time spent watching a music channel is 4 minutes (source: Spectrum analysis)

<sup>29</sup> BARB

Two stark examples of this are:

- In 2004, 20% of the ‘Hollyoaks’ audience, on average, went on to watch ‘Channel 4 News’ at 7 – this figure was down from 25% in 2001. The number of 16 and 24 year olds in this inherited audience has declined by 60% over the same period, as illustrated in the exhibit below.

**Exhibit 4: Hollyoaks audience inherited by Channel 4 News at 7<sup>30</sup>**



- On 25<sup>th</sup> April 2002, the BBC attempted to generate a large audience for its midweek Panorama Special by placing it after Eastenders; in fact, 72% of the Eastenders audience was lost within five minutes of the programme ending, and the resulting Panorama audience was 13% lower than Panorama’s 2001 Sunday night average.<sup>31</sup>

As Ofcom’s PSB Review notes: *“The potential for schedules to provide any of the so-called ‘serendipity effect’ [inheritance effect] will be negligible in future if viewers simply turn away from PSB programmes they have not actively chosen to watch. The challenge for PSB channels in future will be to find better ways of exploiting audiences’ loyalty to popular programmes – through cleverer scheduling and cross-promotion of more serious content”*<sup>32</sup>

The BBC has begun to use more explicit ways of generating inheritance. New ‘intermediate’ techniques are being tested and employed, e.g. scheduling, together with ‘end credit squeezes’ (where credits of preceding programmes given 50% of screen space, and the remaining space is used to trail an upcoming programme), and ‘in-programme pointers’ (where a message appears on the screen during a programme, informing the viewer of an upcoming programme), are both being used to retain increasingly promiscuous audiences.

## b) More promotion of cross-channel and cross-media content and services

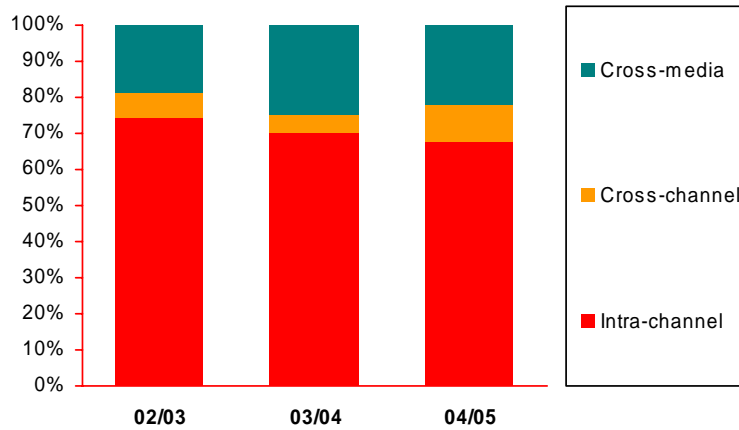
Within the overall mix of on-air promotion, promotion of intra-channel content is decreasing, albeit slightly, in favour of cross-channel and cross-media promotions, as can be seen in exhibits 5 and 6.

<sup>30</sup> BARB

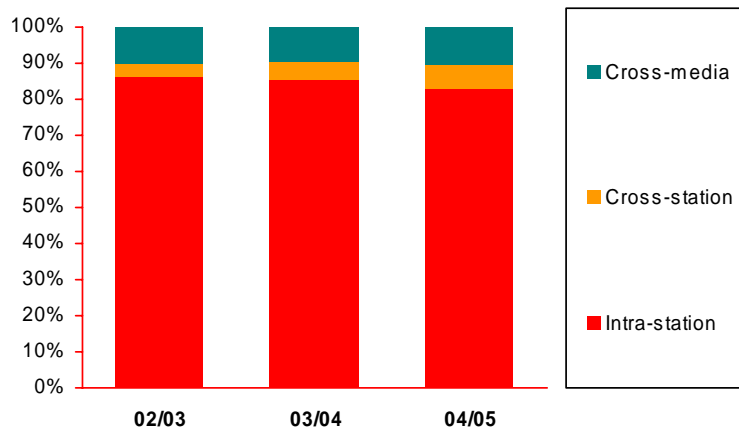
<sup>31</sup> BARB – Panorama (Damilola Taylor Special) audience was 2.7m, as opposed to 3.1m Sunday night average (2001)

<sup>32</sup> Ofcom review of public service television broadcasting: Phase 2 – Meeting the digital challenge, p.117

**Exhibit 5: On-air promotion on BBC One and BBC Two<sup>33</sup>**



**Exhibit 6: On-air promotion on BBC's 5 main terrestrial stations**



These shifts in on-air promotional activity reflect some of the ways in which the BBC's approach has already evolved in response to the changing behaviour of contemporary audiences. They also reflect the increase in the proportion of content which is 'multiple-media' in nature; there have been several events, in recent years, spanning TV, radio, online and interactive services (e.g. branded events such as *The Big Read*, which we profile in the exhibit below, and *Restoration*, begun in 2003) which have required the engagement of audiences across media promotion in order to be appreciated fully.

The BBC's role in promoting both media literacy and the uptake of digital services has also driven more cross-channel and cross-media promotional activity.

<sup>33</sup> BBC Broadcast

## Exhibit 7: Case study – The Big Read

- “Multiple media series”
- Television and radio programmes used to drive audiences towards new media resources
- Heavily interactive, with voting via phone, text, digital television, and the internet
- Audiences connected with external partners, such as reading groups, schools, local libraries, The National Literacy Trust, The Reading Agency, and Learn Direct
- Part of a wider shift in UK programming
  - *Restoration* used the same model as *The Big Read*
  - Channel 4’s *Big Brother* was one of the first truly multiple media series, using E4, a website and interactivity with viewers via phone, text and the internet

## c) Navigation

Being an effective and trusted guide for today’s audiences now requires the provision of better navigational tools, given the evolving nature both of content and of consumer interaction with that content. In its most basic form, this can involve providing more explicit forms of on on-screen promotion, as illustrated in exhibit 8.

## Exhibit 8: On screen navigation menu



Given the growth in the number of delivery platforms and the changing patterns of consumer behaviour, navigation increasingly needs to involve the provision of ‘route maps’ leading users to content not necessarily on the same platform or service. Users may, for example, after a particular TV programme, be guided to an online site by a promotion and, once online, be presented with navigational tools (e.g. menus and suggested links) to enable them to experience a variety and / or a depth of content, which they would not have experienced on TV alone. Navigation, therefore, can help both to guide users to and drive the impact of content and services.

In *Building Public Value*, the BBC has committed itself to developing new means of navigation through its content and services: “we will enable people to find the content they want by developing, with others, easy-to-use, consistent navigational tools based on open standards.”<sup>34</sup>

<sup>34</sup> BBC, *Building Public Value*, p 11

### d) Stronger brand awareness

Developing and maintaining a strong brand awareness, within and beyond traditional BBC services, is becoming increasingly important for the BBC. As the loyalty of consumers decreases and the media environment becomes more cluttered, retaining appreciation and trust amongst licence fee payers in the BBC brand will be vital; this is especially the case when content and services are unfamiliar and challenging to audiences, as with certain cross-media initiatives.

A stronger and more consistent BBC brand has been developed, particularly around some of the BBC's cross-channel and cross-media activities and initiatives (e.g. through the Digital Curriculum). Specific examples include:

- The branding of BBC News 24 and BBC News services on BBC One has been more closely aligned – to provide a common environment for audiences accessing news in a number of different ways;
- Brand presence at key information gateways, e.g. the more overt branding of BBC TV channels and the [bbc.co.uk](http://bbc.co.uk) homepage;
- More publicised branded activity in, for example, the education sector, through Digital Curriculum, and the sports sector, through Sport Relief.

### 4.3.2 Future activities

The trends, assessed in this section, affecting both delivery technologies and consumer behaviour, will continue to shape the changing media landscape. As a result, audiences will continue to find themselves with a greater range of choices – of what content and services to consume, and how to consume them. One consequence will be that the BBC's enduring 'reach' objective will become ever harder to achieve and the character of on-air promotion will, therefore, have to evolve further over time.

The BBC must remain committed to choosing and shaping its promotions so that they serve the core objective of delivering reach and impact for its distinctive content and services. Promotional campaigns will have an ever-harder task in 'breaking through' in a more crowded environment and promotions will, therefore, need to employ the best communication tools and devices – such as positioning, messaging, "look and feel", ease of use – across media.

In a more crowded media environment, ensuring reach and impact may require the maintenance and, perhaps, strengthening of the BBC's consistent brand, especially at key information gateways. As methods of accessing content evolve, so may the appropriate type of branding – e.g. the increasing use of EPGs as means of accessing content might mean that the BBC should consider branding its own EPG.

The crucial challenge for the BBC, as it develops its promotional campaigns and maintains and enhances awareness, will be to ensure that all of its promotional activity remains firmly rooted in serving its core values and purposes. Focusing promotion on its content and services (rather than on the corporate brand) will most often be the best way of passing this test.

## 5 BBC's on-air promotional activities in context

In this section, we summarise the main arguments made against the BBC's on-air public service promotional activities, highlighting the underlying charges against the BBC. We, then, in turn, address these charges in light of our analysis of the BBC's rationale and strategy for on-air promotion, as outlined in sections 3 and 4.

We note that criticism from some quarters is directed primarily at the BBC's promotion, on its public services, of its commercial activities (in particular, BBC Worldwide's various products and services), which has recently been curtailed. This paper does not aim to analyse or respond to this category of criticism.

In 5.1, we state the main arguments; then, in 5.2, we elucidate each charge and present a response.

### 5.1 Main arguments against the BBC's on-air promotional activities

The main arguments against on-air promotion of public services are:

1. "It's not right for the BBC to carry any form of advertising"
2. "Spending money on promotion is a waste of the licence fee"
3. "Promotion of the BBC brand by the BBC is self-aggrandising"
4. "At times, the BBC's on-air promotional activities are overly 'commercial' in tone"
5. "The commercial market suffers when the BBC uses its unmatched scale and scope to promote its own services"

### 5.2 Responses to arguments

Below, we address each of the above arguments separately, although there is inevitably some overlap between them and in the issues they raise. In particular, the last of the five charges is the broadest in scope – and, in response, therefore, we have provided a more in-depth analysis.

#### 5.2.1 "It's not right for the BBC to carry any form of advertising"

*Charge:*

On-air promotion on the BBC is the equivalent of 'advertising'. The BBC should not carry any form of advertising. Indeed, the BBC is not permitted to carry advertising or sponsorship on its public services, which is intended to keep it independent of commercial interests and to ensure that it can be focused exclusively on serving the 'public interest'. Anything close to advertising, like on-air promotion, jeopardises this goal.

*Response:*

Given its remit and funding, the BBC has an obligation to seek reach and impact across all licence fee payers for its distinctive content and services – an obligation most recently reconfirmed by the Government's Green Paper on the BBC, by the commitments proposed in *Building Public Value*, and by Ofcom in its PSB Review (and, in particular, in its proposed criteria for the purposes and characteristics of PSB). On-air promotion has a critical role in achieving reach and impact. In addition, public opinion seems to be in favour of the BBC's public service promotional activities – in a 2003 survey, carried out by Hall and Partners, 76% of people agreed that it is important for the BBC to remind people what it offers.

Without on-air promotion (i.e. the 'advertising' of the charge), the reach and impact of the BBC's content and services would, inevitably, be lower. If the BBC could not promote on its own services, it would have to

consider a higher level of promotion on other non-BBC, commercial services, which would both cost more and would, almost certainly, allow less editorial control and flexibility over its promotional strategy.

Advertising and promotion can be similar, in that they are both designed to convey information to target audiences and, through this, to drive reach of particular products or services. There are, however, two key differences between on-air promotion of the BBC's public services and advertising or sponsorship. First, in the transmission of the BBC's on-air promotions, there is no commercial arrangement with any advertising party, as there would be in carrying advertising. Second, on-air promotion does not result in any commercial pressures shaping programme and schedule priorities, as commercial advertising inevitably can.

In summary, we conclude that the BBC's on-air promotion of its public services are legitimate in character and do not constitute 'advertising'.

### 5.2.2 **"Spending money on promotion is a waste of the Licence Fee"**

#### *Charge:*

Money spent on promotional activities is money not spent on content and services. The public funds the BBC on the understanding that it will use the Licence Fee on the creation and delivery of high quality and distinctive programming. The BBC currently spends too much on its own promotion.

#### *Response:*

In responding to this charge, we need to consider:

1. whether or not on-air promotion of the BBC's public services decreases the value for money offered by those services; and
2. whether or not the BBC's spending on this promotion is disproportionately large.

In assessing the first of these issues, we need to consider whether, by supporting the pursuit of reach and impact, on-air promotion enables the BBC to deliver *greater* value for money through its public services, so long as distinctiveness is not sacrificed.

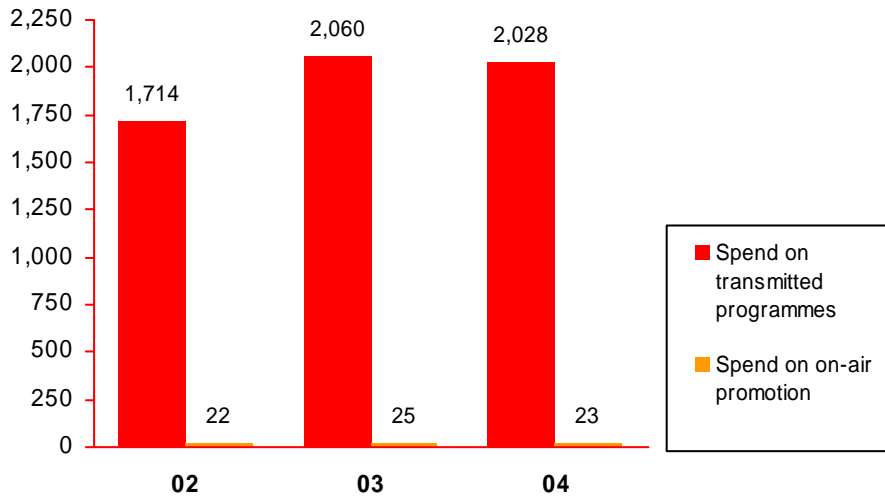
Without on-air promotion, there is a danger that the BBC's services would not be able to achieve a satisfactory balance between distinctiveness and reach. The alternative, in a world without BBC on-air promotion, could be BBC services which might be distinctive without achieving reach. This, in turn, could run the risk of forcing BBC services to become more 'commercial' or 'ratings-focused' in order to achieve reach by other means. This would run contrary to the BBC's remit and obligations.

If, therefore, the money spent on on-air promotion was instead directed towards content and services, those services might, in fact, deliver lower public value, as they would probably not achieve the same level of reach and impact. Moreover, without on-air promotion, audiences may simply miss content and services that they, through the licence fee, have paid for, and which they might enjoy.

Turning now to the second consideration, having argued that licence fee spending on on-air promotion of BBC public services is justifiable, in principle, we must assess whether actual spend is proportionate or not.

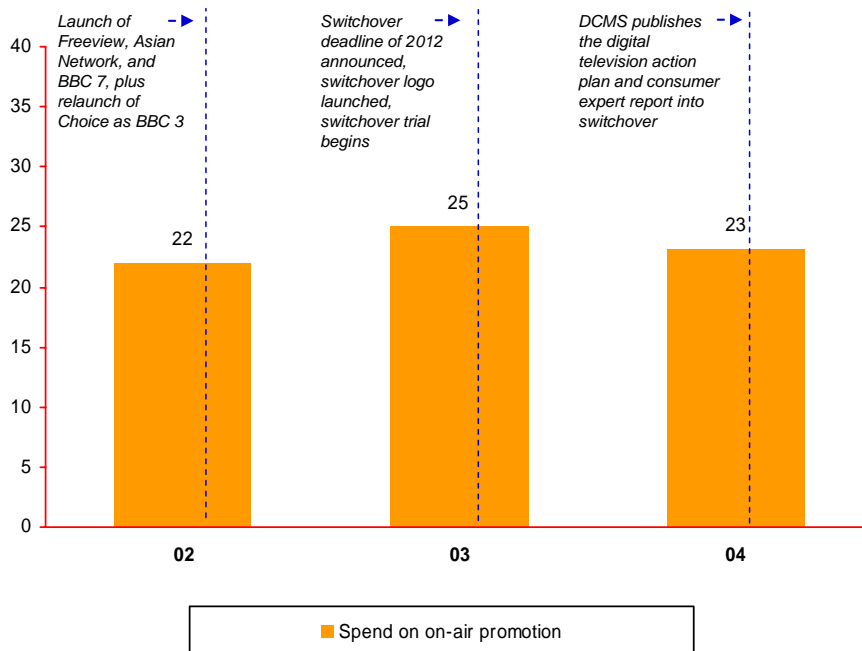
An analysis of BBC spend shows that the vast majority of on-air licence fee spending is on TV, radio and online content. Spend on on-air promotions equates, on average, to around 1% of annual spend on transmitted programmes, as illustrated in the exhibit below.

**Exhibit 9: BBC spend on transmitted programmes and on-air promotions 2001-2004 (£m)<sup>35</sup>**



This data also shows that, in recent years, the amount of money spent on on-air promotion has remained broadly constant, despite real increases in the licence fee (i.e. it represents a declining percentage of the licence fee), an increase in the number of services, and a broadening of policy objectives that the BBC is expected to support, as illustrated in the exhibit below.

**Exhibit 10: BBC spend on on-air promotion in relation to the number of services (£m)<sup>36</sup>**



<sup>35</sup> Note: transmitted programme spend includes programming on all BBC television channels, radio stations and BBC Online; source: BBC Annual Reports 2000/2001 – 2003/2004

<sup>36</sup> BBC Annual Reports, BBC Online

In addition, if the BBC sought to promote its services on non-BBC channels (e.g. on commercial TV networks), buying media space in order to do so, the cost would be considerably greater than the current system of on-air promotion. At present, the cost of production is the only actual cost borne by BBC's on-air promotions.

In summary, getting the right balance between spending on content and spending on promotion is clearly critical. On-air promotional spending is, however, a vital driver of the value delivered by the BBC's services and is proportionate, both over time and relative to spending on content. To reduce (drastically) the spending and resources allocated to promotion, having spent the vast majority of the Licence Fee on content, would almost certainly lower the value delivered by that content.

### **5.2.3 “Promotion of the BBC brand by the BBC is self-aggrandising”**

#### *Charge:*

As a privileged and protected public service institution, the BBC does not need to market and promote its brand – whether through the promotion of its corporate brand or promotion of specific content and services – in the same way or to the same degree as commercial organisations. Much of the BBC's promotional activity is self-aggrandising and a diversion from its core purposes.

#### *Response:*

Any promotional activity must be undertaken in ways which are consistent with and tied to BBC values and purposes, if it is not to be seen as self-aggrandising. As this paper has highlighted, BBC values and purposes are expressed and delivered primarily through its content and services. When these content and services are the primary subject of promotion, that promotion is more obviously tied to BBC values and purposes, than when the corporate brand is the primary subject of promotion. Without due care and attention, therefore, this latter type of promotion can lead to a perception of self-aggrandisement.

In fact, standalone promotion of the brand is very rare: corporate brand promotion was last undertaken in early 2000, through the “Comedy” campaign. Since then, the BBC's on-air promotions have been exclusively focused on the promotion of specific content and services. So, the primary driver of the BBC's brand has been, and continues to be, promotion of the BBC's content and services.

Maintaining and strengthening the brand of the BBC remains vital when it comes, for example, to introducing new content to audiences, to assuming the role of a trusted guide in a cluttered media world, and to pursuing some of the BBC's wider public purposes, e.g. as they relate to digital take-up and media literacy. Indeed, only if its trusted brand is maintained and enhanced in a way consistent with its values, can the BBC hope to be an effective deliverer of PSB in the digital age.

In summary, we consider that promotion of the BBC brand, as long as it remains consistent with and supportive of BBC values and purposes, and is focused on its content and services, is legitimate.

### **5.2.4 “At times, the BBC's on-air promotional activities are overly ‘commercial’ in tone”**

#### *Charge:*

The BBC should only be allowed to promote its own content and services in a way which is rigorously focused on its distinctive public service content; it should not adopt a sensationalist style inconsistent with the content being promoted. In many of its promotional activities, the BBC uses commercial advertising tactics (such as high production values and heavily branded campaigns) and, in doing so, adopts an inappropriate tone.

#### *Response:*

As described earlier in this paper, in the modern media marketplace, audiences are harder to reach via promotions and, therefore, impact is achieved less easily. Consumers are exposed, on a daily basis, to a plethora of messages, promotions and campaigns from a huge variety of different sources. The number of messages of all kinds, to which an individual is subject, has increased rapidly in recent years – the average Briton is now exposed to over 1,500 advertising messages per day.<sup>37</sup> Effective promotion, therefore, has to find a way of “breaking through” this noise, by being accessible and attractive to audiences.

Broadcasters and others have responded to this challenge by devising more targeted promotional strategies, often with higher production values, to catch the attention of audiences. The BBC is beginning to focus on a more limited number of what it calls ‘priority campaigns’, falling into one of four categories:

- Launches / channels, e.g. CBeebies
- Events, e.g. FA Cup Final
- Programmes, e.g. The Apprentice
- Informational / educational services, e.g. Bitesize

These campaigns, at the planning stages, are assessed against the criteria set out in *Building Public Value* (e.g. quality, reach, impact and value for money) and are, we understand, tied explicitly to the objectives of the BBC’s programme strategy.

In focusing on fewer, higher impact campaigns, the actual number of promotional campaigns has fallen: in 2002/3, for example, BBC Radio had ten priority campaigns; in 2004/5, there will have been only 6.<sup>38</sup>

The result of this more co-ordinated approach has been that some of the BBC’s on-air promotional activities have become more prominent – i.e. more attractive to audiences, employing higher production values – in order to maintain their effectiveness. The unfavourable comparison with ‘commercial’ promotion arises, in part, perhaps, because the commercial sector also tries to reach increasingly hard-to-reach audiences through its promotional activity in order to achieve its objectives.

In summary, whilst acknowledging that there is a fine line between attractive and accessible promotion and promotion that is overly ‘commercial’ in tone, we consider that it is proper for the BBC to do its best to make its promotional activities effective in the modern media environment. It must always, however, be careful to ensure that the tone of its promotional activity remains distinctive, as well as consistent with its brand and values.

### **5.2.5 “The commercial market suffers when the BBC uses its unmatched scale and scope to promote its own services”**

*Charge:*

The BBC has a huge advantage over commercial TV, radio, and online operators when it exploits its scale and scope within and across television, radio, and online. It uses its clout to cross-promote content across its multiple services and from one platform to another; this is especially effective when TV is used as the promotional vehicle. The commercial radio market, in particular, suffers from this activity, as the BBC is able to use its scale and scope to maintain its leadership in the market.

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<sup>37</sup> CIM (Chartered Institute of Marketing), January 2004

<sup>38</sup> BBC Marketing

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*Response:*

The BBC, with its scale and scope, unquestionably has opportunities for promoting its services which others do not have. Furthermore, the delivery of its services unquestionably has an impact on the commercial sector. The key question to be answered, in responding to this charge, is whether the BBC's approach to on-air promotion disproportionately exaggerates this impact.

In order to answer this question, we need to consider whether the BBC's on-air promotional activity is (a) focused on its public purposes, and, (b) proportionate in level. We take, in turn, each of these issues.

### a) Public purposes-focused

The BBC's on-air promotional activity supports the delivery of its public purposes by helping to achieve the reach and impact of approved services.

As already stated, the provision of these services inevitably has an impact on the commercial sector, a factor which should be central to the process of setting and appraising the remit for the BBC's services.

There is, however, evidence that some on-air promotion has a positive impact on the overall market. Most obviously, the BBC's on-air promotion of new digital channels and services helps to grow new markets and increase consumer understanding, from which commercial players, including the radio sector,<sup>39</sup> can directly benefit. As Tim Gardam noted in his Review of the BBC's Digital Radio Services, "*The BBC uses its unrivalled powers of cross-promotion, in television, radio and online, to promote its services and thereby the digital platform. The success of this platform should eventually enhance the competitive position of commercial radio at the expense of the BBC.*"<sup>40</sup>

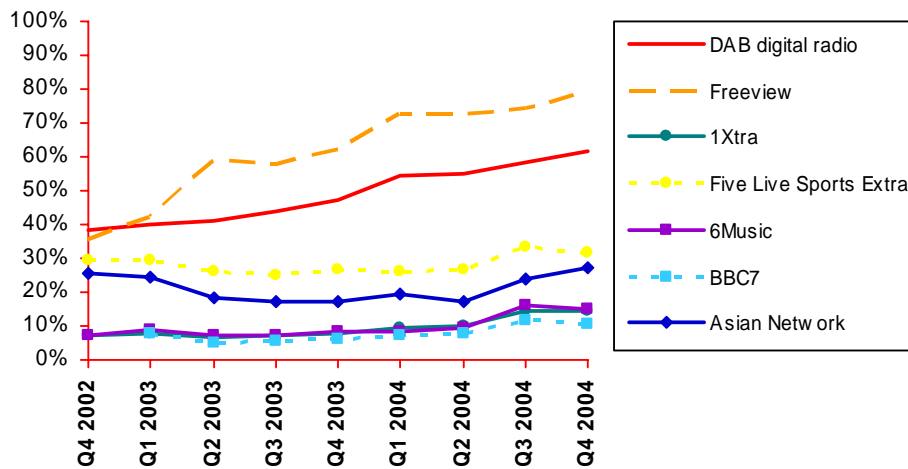
The exhibit below demonstrates that the awareness of DAB (and DTT) services, as a whole, is significantly higher than that of specific BBC services; this suggests that the primary impact of the BBC's promotional activity, in this area, has been to promote the profile of the overall industry, rather than just the BBC's own services.

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<sup>39</sup> Ralph Bernard, Chairman of the Digital Radio Development Bureau, in a letter to MediaGuardian on 21<sup>st</sup> Feb 2005: "The BBC is a strong investor in digital radio and offers an excellent range of new services... Research by the Digital Radio Development Bureau, which is supported by commercial radio and the BBC, tells us that that receiving new stations is the first reason why 73% buy a DAB digital radio. And once they tune in, more than 90% rate their satisfaction with their new services as 'good to excellent'".

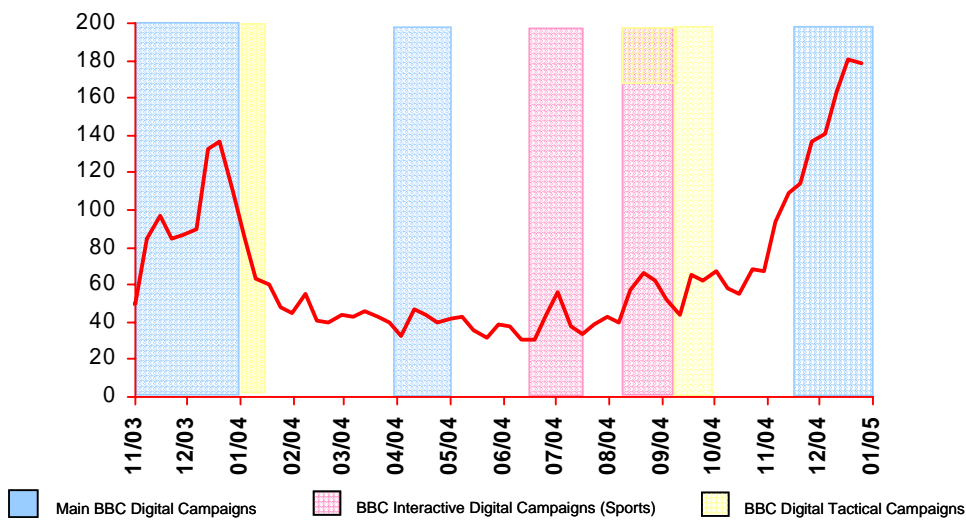
<sup>40</sup> Independent Review of the BBC's Digital Radio Services, p.29

Exhibit 11: Public awareness of digital platforms and BBC digital radio services<sup>41</sup>



The BBC’s role as a key driver of DTT can be shown by analysing weekly DTT iDTV and set top box sales and BBC promotional activity (especially during major BBC digital campaigns around Christmas); this shows that DTT uptake has increased in line with BBC promotional activity, as illustrated in exhibit 12.

Exhibit 12: Weekly DTT iDTV and set top box sales, and BBC digital TV promotional activity (000s)<sup>42</sup>



As long as the BBC’s on-air promotions continue to be targeted at supporting its approved services, then it is, we believe, legitimate activity – as long as the scale of any activity is also proportionate.

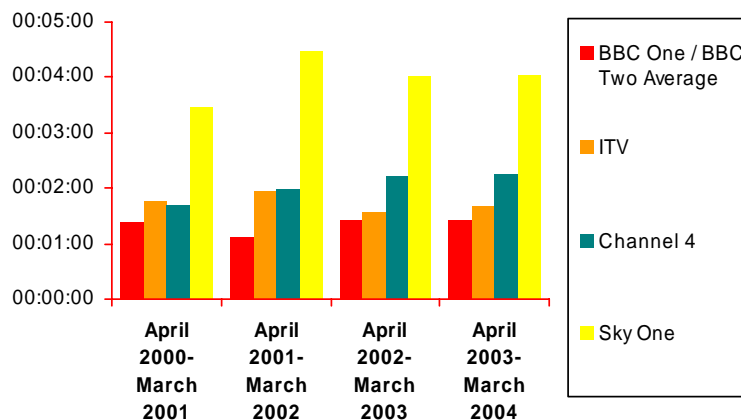
b) Proportionality

We have already argued, in section 5.2.2, that BBC’s on-air promotional activity is proportionate in terms of spend. Over time, the volume of BBC on-air promotion on TV has also remained broadly constant, and at a

<sup>41</sup> Pan-BBC Tracking Survey / Brand Tracker  
<sup>42</sup> GfK Leftrak

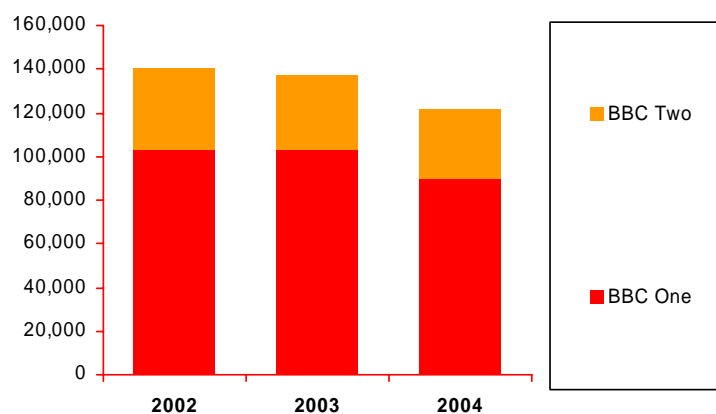
lower level than that of other players. Even at peak times, during the period April 2003 to March 2004, the average time devoted by the BBC to on-air promotion of its own channels and services was significantly less than on other television channels – for example, 1 minute 26 seconds per hour in 2003/4, on average, compared to 1 minute 40 seconds per hour for ITV, 2 minutes 16 seconds for Channel 4, and 4 minutes 2 seconds for Sky (exhibit 13).

**Exhibit 13: On-air promotion of own content and services – minutes per hour (peak)<sup>43</sup>**



In terms of total TVRs (a widely used measure of audience impact), on-air promotion on BBC One and BBC Two has, over the past two years, declined by 13%, as audiences continue to fragment across the whole TV market (exhibit 14); this demonstrates that the number of effective ‘eyeballs’, reached by the BBC’s promotional activity, is in decline.

**Exhibit 14: Total TVRs on BBC One and BBC Two<sup>44</sup>**



More specifically, in 2002/3 and 2003/4, on-air promotion of radio services on BBC One and BBC Two represented over 6% of total promotional TVRs; in 2004/5, this figure was 5%.<sup>45</sup>

<sup>43</sup> Based on airtime 17:59 – 22:59; source: BBC Marketing and Communications

<sup>44</sup> BBC Broadcast

<sup>45</sup> BBC Broadcast

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Given that the BBC promotes its own content and services less than other key broadcasters, and that on-air promotional TVRs are in decline, it is hard to sustain a case that the BBC is promoting itself disproportionately. Audience opinion, on balance, also appears to support the view that the BBC's promotional activity is proportionate – in the 2003 Hall and Partners survey, 65% of respondents disagreed with the argument that the BBC “does far too much marketing and advertising”.

The commercial radio sector, in particular, sometimes argues that the BBC's promotion of its radio services on TV is inappropriate and / or disproportionate. Certainly, by driving reach and impact of the BBC's radio services, listeners are drawn to the BBC's services rather than to commercial services. Conversely, when commercial sector promotion is effective in driving reach of commercial services, some listeners forsake BBC services for commercial ones.

As a cross-media player, the BBC does possess significant opportunities for promotion on TV unavailable to commercial operators. The underlying objective of the BBC's on-air promotion – to drive the reach and impact of its distinctive services – remains. To fulfil this objective properly, the BBC should use its cross-media presence, adapting to changing delivery technologies and consumer behaviour, as discussed in section 4.

In summary, we believe that the BBC's on-air promotional activities drive the public value of its content and services and that, whilst those content and services undoubtedly affect the commercial sector, the BBC's approach to on-air promotion is focused on its public purposes, and proportionate. In addition, much of its promotional activity is focused on building Digital Britain, which can directly benefit the commercial sector.

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## 6 Conclusion

In this paper, we have presented an evaluation of the role of on-air promotion in relation to the BBC's delivery of its services, within the wider context of the BBC's public purposes and PSB remit. Specifically, we have assessed the policy rationale for on-air promotion of the BBC's services, the market environment within which its promotional activities take place, and the nature, scope, and scale of those activities.

The BBC is tasked with delivering distinctive content and services that serve specific public purposes and that continue to achieve, as Ofcom puts it, "*viewer impact*." The value created by the BBC's services is, in this respect, a function of the distinctiveness of those services and the breadth and depth of their audience reach and impact. The BBC should continually strive to achieve the right balance between these objectives: services which are not clearly distinct from those provided by the commercial sector are unlikely to maximise public value, however wide their reach. Equally, the provision of services which have low audience reach and impact are of limited public value, however distinctive their content; PBS in the USA is a case in point.

The BBC should always aim to ensure that its services are truly distinctive (and individual service remits should reflect this ambition) – but it should, then, seek to promote these services as effectively as possible, if it is to maximise the public value, at the individual and the citizen level, delivered by these services. From a policy point of view, on-air promotion is not only a legitimate activity, but an absolutely vital one in ensuring the BBC's effective delivery against its purposes.

The form of the BBC's promotional activities must, to some extent, be shaped by the market conditions within which they take place, if they are to continue, over time, to be effective. In an age when the evening schedule of one channel rarely shapes the viewing of the majority of users, basic information about "what's on next" on a given channel is no longer a sufficient or effective form of navigation. Rather, the BBC must ensure that the viewer is aware of the full range of services available, across different channels and media, and where those services can be found. In this respect, on-air promotion is in part a form of navigation better tailored to evolving and increasingly sophisticated consumption patterns.

The BBC's promotional activities should, of course, be fully focused on its public purposes (in other words, on maximising the audience impact and value of its distinctive PSB services) and should always reflect its own brand and values. The BBC should also constantly review the scale and scope of its activities, in order to ensure that they are proportionate and tailored to the content and services being promoted.

In the light of this analysis, and bearing in mind the conditions highlighted above, we conclude that on-air promotion is a vital component of the BBC's wider activities and its ability effectively to fulfil its remit. On-air promotion is the means by which the BBC drives the awareness, usage, and appreciation of its services, thereby maximising their public value, and will continue to play a central role in the BBC's PSB provision.

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