

# Getting the measure of BBC3

It has been 12 months since BBC3 began, its on-air birth delayed by a government-imposed rethink transforming it from a youth-oriented proposition eager to bloody E4's nose, to a niche offering with a narrow target audience and a lot of restraints. Questions are now being raised about its value, both in terms of public service fulfilment, and ratings and programming investment. Of the BBC's six digital channels, BBC News 24 and BBC Parliament have a clear public service remit while the children's channels, CBBC and CBeebies, arguably fulfil a need for children's television without commercials (whether this requires two channels is a different question). The spotlight has instead been on the channels that could be deemed to overlap subsets of the core channels' viewers, but in particular on BBC3, which exists to connect the corporation with 25 to 34-year-old viewers. One year – and much criticism – on from its launch we look at BBC3's performance to date and ask how we should measure its success or failure.

Pity the controllers of BBC digital channels, who are damned if they make programmes that lots of non-digital viewers might want to watch (such as *The Alan Clark Diaries*, screened on BBC4 amid criticism that such a highly marketed series was not first available on a core channel), and damned if they don't (for failing to rate more highly). BBC3 has been under particular attack for its perceived lack of ratings success in spite of an annual programming budget of £97m – rich by multichannel standards – and for its reliance on BBC1 previews, catch-up shows and spin-off programming around which it schedules often creatively innovative, but undeniably less popular, original programming.

It must be said that the BBC has only itself to blame for the market's focus on

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*Authors: Rosemary Collins and Julian Dickens*

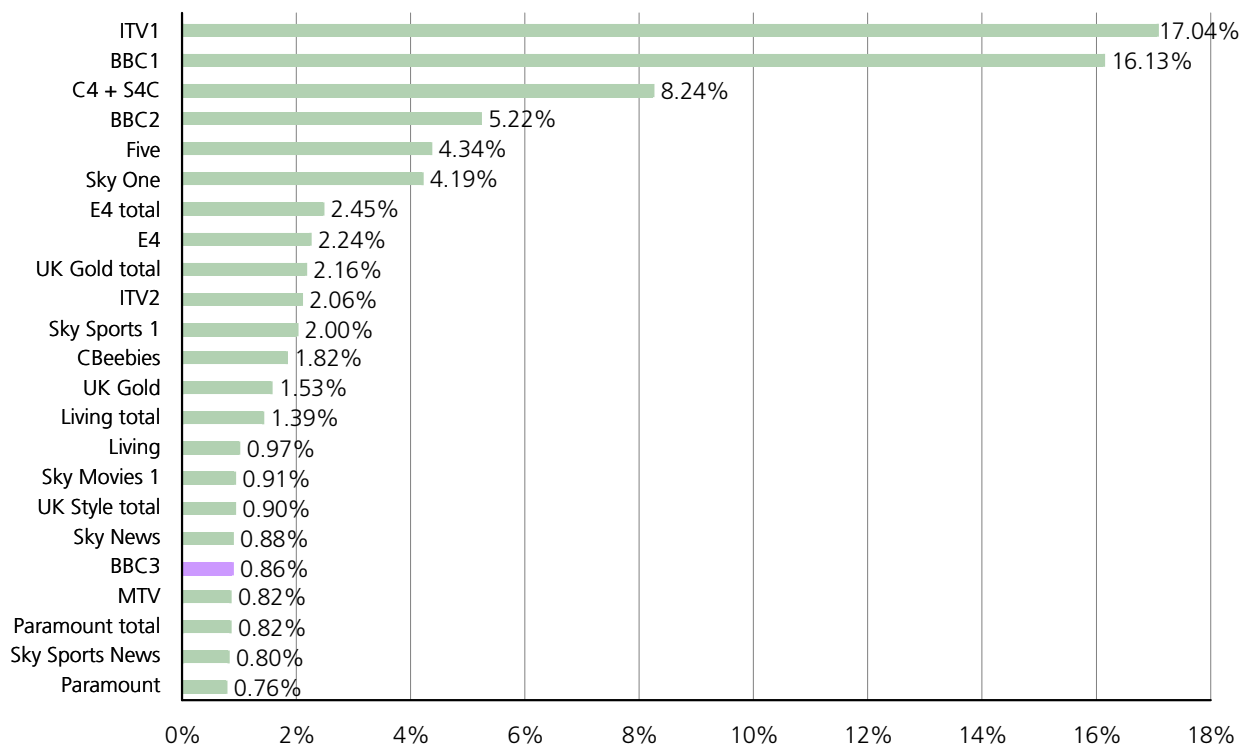
ratings, given its eagerness to invoke ratings as a benchmark of popular success on BBC1 and 2 when it suits the public service argument. To complain, as it did in a succession of first anniversary articles, when the same criteria are applied to its digital offspring might seem disingenuous. But this overlooks the facts of multi-channel life in one important respect: are ratings the right measure of success for BBC3 and its niche sister channel BBC4?

Before the launch of the more populist BBC3, both ITV and Channel 4 complained that its success could take viewing share from other youth-skewed multichannels that did not have a guaranteed licence fee income. The same critics now argue that the channel's perceived lack of success means that its programming spend, funded from public money, cannot be justified. In this environment it's hard to win: BBC3 is criticised if it gains ratings, and criticised if it does not.

*BBC3 is criticised if it gets ratings, and criticised if it doesn't*

At first glance (see Exhibit 1), BARB's much-quoted viewing share data appears to confirm that BBC3 has failed to attract the youth audience in significant numbers (albeit in a broader age category than its specified 25 to 34-year-old target demographic).

**Exhibit 1: Percentage share of viewing among 16 to 34-year-old viewers in multichannel homes (January to November 2003)**



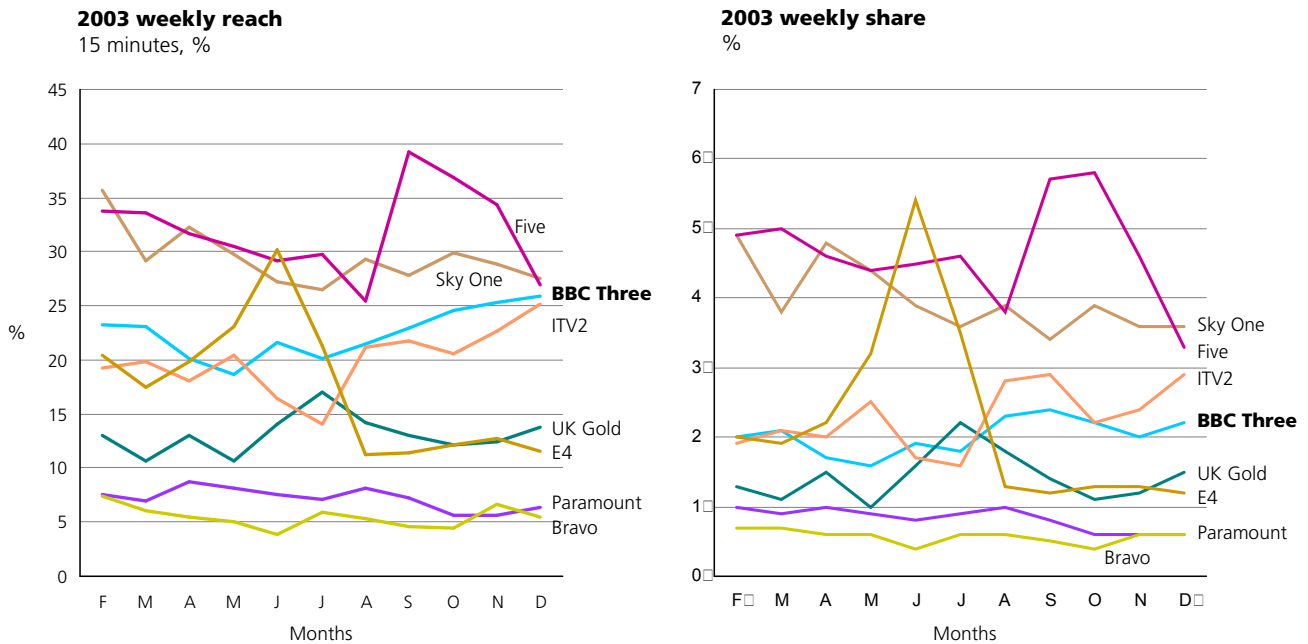
Source: BARB, Jan-Nov 2003

Note: Viewing share based on 24-hour transmission, seven days a week

However a closer and more accurate look at the channel's target audience reach and viewing share during its transmission hours (as opposed to a 24-hour day) suggests that while BBC3 cannot be described as a runaway success by this measure, neither can it be branded a ratings failure in spite of recent headlines over

technically “unwatched” programmes on multichannels. Within the demographic category of 25 to 34-year-olds that is defined as the channel’s target audience, BBC3 enjoyed a respectable average viewing share of 2% from February to December 2003 during transmission hours (see Exhibit 2).

**Exhibit 2: 2003 reach and viewing share by channel among BBC3’s target audience of 25 to 34-year-old viewers in digital homes (adjusted for transmission hours)**



Source: BARB digital homes Feb-Dec 2003; BBC

Note: BARB data adjusted for transmission hours 1900 to 2600. E4 is not in Freeview homes

Although BBC3 can claim to be ahead of E4 in weekly viewing share from August through to the end of 2003 when the data is adjusted for its transmission hours, this argument is somewhat self-serving. E4 is not available on Freeview, an advantage that the BBC digital channels have so prominently in these less competitive multichannel homes. And the picture is very different around E4’s highly successful summer Big Brother season, as the spike on the chart shows.

*Is ratings a real measure of success, or just a distraction from the real question?*

What does all this mean, and how does it help us to measure the success or otherwise of BBC3? On audience alone, although the channel has not performed as well as some other commercial multichannels, nor has it done as badly as some commentators would have us think. But more importantly, is ratings a real measure of success, or only a distraction from the real question? We would argue that BBC3 can only be deemed to have “failed” if:

- High ratings is the only correct measure of success for the channel;
- The quest for ratings is compatible with its defined remit from government; and
- Budgetary spend can be directly linked to, and justified by, reference to ratings success (implying that BBC3 may be spending its high programming budget badly at present).

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*BBC3's conditions of operation are the toughest ever imposed on a new channel*

On examination none of these points appears true, and the reason lies in the conditions set by the Culture Secretary, Tessa Jowell, when she approved the creation of BBC3 in September 2002. Unlike commercial digital channels – in fact unlike any other digital channel anywhere in the world – BBC3 has an explicit and stringent remit by which to operate, acknowledged at the time as the toughest ever imposed on a new channel. The conditions include the following:

- A full 90% of programme hours must originate in the EU for UK first showing;
- 80% of programming hours must be genuinely original and specially commissioned by the channel as part of its commitment to develop “untried talent on- or off-screen”;
- Programming is also required to be consistently “innovative and risk-taking”;
- The service must stimulate, support and reflect the diversity of the UK;
- 25% of the output in hours must be commissioned from the independent sector without reducing the contribution of other BBC channels to the overall BBC 25% indie production quota. BBC3 is committed to spending 33% of its programming budget outside the M25;
- The channel may not compete for well-established shows; any acquired programming must introduce genuinely new material and talent;
- It must deliver a full spectrum of programming genre to include drama, entertainment, news, current affairs, education and the arts, with prescribed hours of science, religion/ethics and business. A “normal evening” on BBC3, including peak, should reflect this mixed schedule;
- BBC3's mixed schedule, as defined above, must not be met at the expense of programming catering for 25 to 34-year-olds on the core BBC channels. BBC3 programming must be made available to BBC1 and 2;
- The channel must contribute to the BBC's campaign to drive the uptake of digital across all platforms (TV, radio, internet);
- BBC3 is required to maintain high general standards in all respects – a qualitative catch-all by which almost any channel may be vulnerable to attack, depending on who is doing the measuring;
- BBC3 will be reviewed after two years to ensure it is operating within its remit.

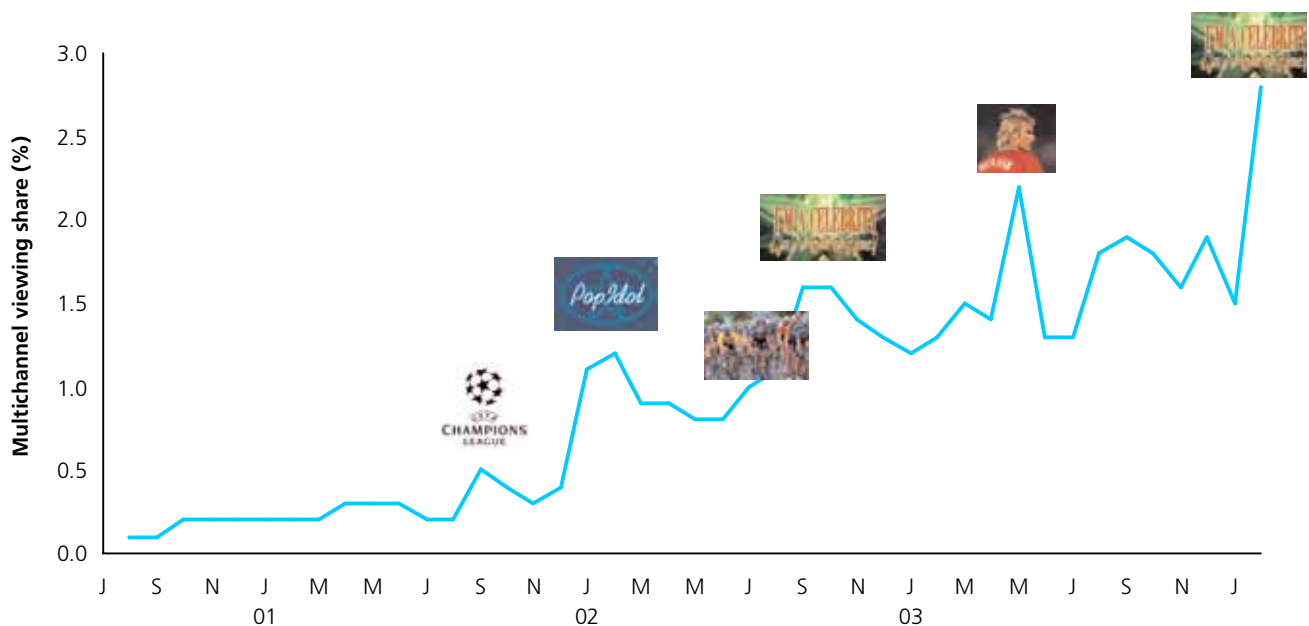
## Drivers of ratings success in multichannel

These operating conditions undoubtedly afford an opportunity for innovative, creative shows and for the development of new talent – but not necessarily for consistent ratings success. Terrestrial spin-off channels such as ITV2 and E4 have developed and exemplify the strategies that work to maximise audience in a multichannel environment. They include:

- Effective cross-promotion from a mainstream parent channel (which the BBC provides to its digital spin-offs, though in a necessarily more diffuse way than ITV's cross-promotion of its single spin-off ITV2);
- Integrated cross-channel scheduling to transfer audience from one channel to another within the network (e.g. *The Brit Awards 2004* on ITV followed by *The Brits 2004 – The Launch Party* and *Party On* screened on ITV2);
- First run or near first-run previews and catch-ups of recognised, high-brand shows that originated and built a reputation on the core terrestrial channel, thereby driving audiences to the secondary channel (e.g. *Coronation Street* on ITV2);
- Spin-off and expansion programming from high-brand existing terrestrial shows or talent (e.g. *Big Brother's Little Brother*, *Big Brother* continuous streaming, *The Salon Live* on E4)

BBC3 is obliged to do what experience shows does not drive ratings – high volumes of risky original programming

Exhibit 3: ITV2's multichannel share growth 2000-2003, showing the usage of selected cross-promoted event programming to drive ratings



Source: Mercer

Within the constraints of its operating conditions, BBC3 is able to use some of these ratings devices (notably with *EastEnders*, *AbFab* and *Fame Academy*) to good effect – namely to create appointments to view around which to schedule, and hope to retain audience for, original programming. Unsurprisingly, such shows

also dominated the channel's top 10-rated shows of 2003 and were strongly criticised as unoriginal, but it is important to remember that they necessarily comprise only a small part of the channel's scheduling hours.

For unlike ITV2 or E4, the specific remit of BBC3 is to provide alternative programming to a demographic that is deemed not to be adequately served on the core channels. In this respect, not only is BBC3 not allowed a free hand to maximise ratings, it is obliged to do what experience tells us does not typically drive ratings – commission a specified high volume of expensive, and therefore experimental and risky, original programming.

Breakthrough programming originated in multichannel does happen, but is relatively rare even in the US's bigger multichannel market. Exceptions include the cartoons *South Park* on Comedy Central and *Beavis and Butthead* on MTV; *The Osbournes* and *Jackass*, also on MTV; the reality show *Queer Eye for the Straight Guy* on Bravo, later adopted by its parent network NBC; and *Taken*, launched first on the Sci Fi Channel (although with the benefit of extensive marketing around its director, Steven Spielberg, himself a powerful brand).

In the UK, E4's early days were marked by some acclaimed and innovative original commissions on a programming budget of £40m (of which more than half was for acquired shows), including the spoof Japanese betting show *Banzai*, the teen drama *As If*, and the satire *TV Go Home*. But for BBC3-watchers, assessments of E4's first 12 months have a familiar ring about them: there were repeated questions about whether the channel provided value for the money invested that could otherwise have enhanced Channel 4, and the original commissions which defined the digital channel's youthful, risk-taking and edgy brand won relatively small audiences – the ratings were instead pulled in by US blockbuster imports such as *Friends* and first-run *ER*, in spite of sitting less well with the channel's cleverly marketed image, and later by spin-off programming from *Big Brother*. The irony doesn't stop there: "I can't help thinking it's all brand and no ratings," said Stuart Murphy of E4's original programming at the time, when he was controller of BBC3's precursor, BBC Choice.

E4 subsequently reassessed its programming strategy, learning the hard way what the market broadly knows: that for shows to succeed in multichannel, they typically need to have made their names first on mainstream networks. This is no surprise, nor is it even unique to television. Instead it reflects that we have moved from a distribution economy, where our choices in media and their means of delivery were necessarily constrained, and the handful of channels with access to broadcast spectrum could be certain of a big audience whatever they showed, to the present-day attention economy, in which the digital environment offers a proliferation both of content, its means of delivery and devices through which to consume it, fragmenting audiences through choice.

In this new world, on the web as in digital TV, the market has shown that consumers tend to default to brands they know – typically aggressively marketed, pre-existing, often cross-platform branded programmes and talent. Multichannel success is driven by programmes that attract attention and stand out because they are pre-recognised. On these grounds, the BBC3 cannot win a ratings game because, in practical terms, its remit prevents it. Ratings therefore cannot be a useful measure by which to judge the channel.

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Assessment of  
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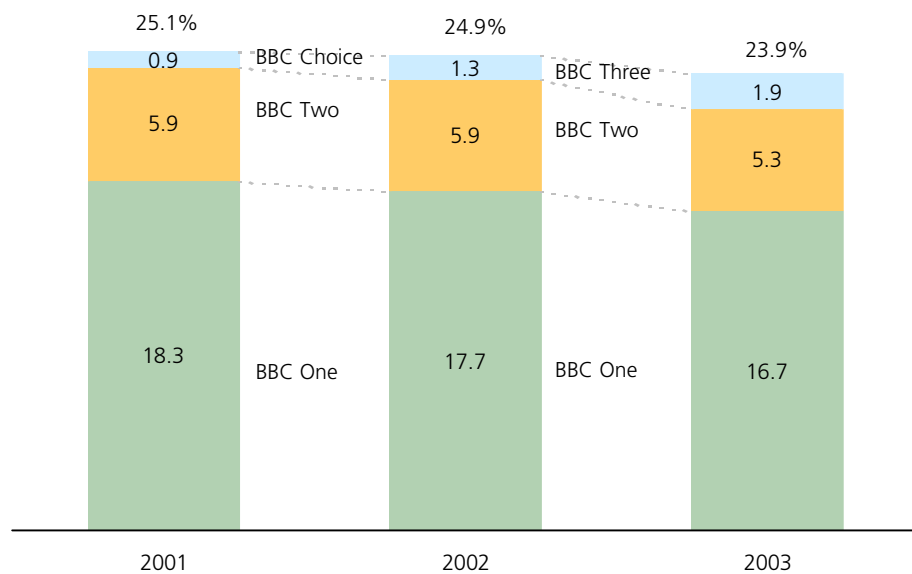
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### BBC3: success or failure?

If ratings are an inappropriate measure of success for BBC3 for the reasons examined above, what then is the correct measure?

On the quantitative objectives laid down for the channel at its birth, BBC3 achieves a tick in every box. It is reaching its narrowly defined target audience in respectable, if not stellar, numbers as shown above. Exhibit 4 demonstrates that although the BBC's total share of 25 to 34-year-old viewers has been slowly declining over the past three years, BBC3 is retaining a bigger proportion of this target audience for the Corporation than its predecessor, BBC Choice.

Exhibit 4: Viewing share among 25 to 34-year-olds by BBC channels in digital homes



Source: BARB, BBC

Note: BBC3 2003 average viewing share among 25-34-year-olds includes BBC Choice in Jan 2003, and BBC3 from Feb-Dec, 2003

**BBC3 appears to have met or exceeded the quantitative objectives of its remit**

More than 80% of programming is new and originated for BBC3, amounting to 120 shows; and it has exceeded its commitment to the independent sector by commissioning more than 40% of programming hours from indies in its first year, worth £31m. More than 70 hours of the first 12 months' output has been re-screened on BBC1 or BBC2. Stuart Murphy is unapologetic about using previews, some sports events, and movies to bring in audiences around the channel's original commissions and claims that once this begins to succeed on a consistent basis, the channel will rely less on acquired programmes or shows that have had first run on the core channels. Time will tell.

What is clear from looking at one random evening's listings across BBC3, Sky One, E4, and ITV2 is that BBC3 is differentiated by its original programming compared with the dominance of imports and repeats on the other channels (see Exhibit 5).

Exhibit 5: Example evening schedule (Monday, February 23)

|                | 18.00-19.00                    |                | 19.00-20.00                |                           | 20.00-21.00                                  |                               | 21.00-22.00                            |                                                      | 22.00-23.00                |                                   |
|----------------|--------------------------------|----------------|----------------------------|---------------------------|----------------------------------------------|-------------------------------|----------------------------------------|------------------------------------------------------|----------------------------|-----------------------------------|
| <b>E4</b>      | Celebrity 5 Go Dating (Repeat) | The Salon Live | Maybe It's Me (US, repeat) | The Salon                 | As If (Repeat)                               | Friends (US, repeat)          | Smallville (US series)                 | Sex and the City (US series, repeat)                 | Smack the Pony (Repeat)    |                                   |
| <b>ITV2</b>    | 24-Hour Quiz Live              |                |                            |                           | Champion's League Weekly (Football magazine) | Harry Hill's TV Burp (Comedy) | Celebrities Exposed (US, series)       | It's Good to Be... (Series)                          | Coronation Street (Repeat) |                                   |
| <b>BBC3</b>    |                                |                | 7 pm News                  | 3 Non-Blondes (Comedy)    | Three's a Crowd (Dating show)                | Live at Johnny's (Chat show)  | Little Angels (Documentary) 60 Seconds | Shaun Rider: The Ecstasy and the Agony (Documentary) | EastEnders (Repeat)        | Vic and Bob in Catterick (Comedy) |
| <b>Sky One</b> | Stargate SG-1 (US, series)     |                | The Simpsons (US, comedy)  | The Simpsons (US, comedy) | Enterprise (US Sci Fi series)                |                               | Britain's Hardest (Game show)          | The Handler (US crime series)                        |                            |                                   |

Source: E4, ITV2, BBC3, Sky One published schedules Feb 23 2003

Note: Repeat refers to programmes first screened on parent channels and programmes first screened at an earlier date on the same channel

A quantitative assessment alone cannot be enough on which to judge the success or failure of BBC3, however. Two other areas of impact must be taken into consideration: its effect on the market, and the qualitative creative impact.

### Market impact

Just as significant as BBC3's commissioning of 48% of programme spend (equivalent to more than 40% of programme hours) from the independent sector is the variety of companies used. So far 32 indies have been commissioned, eight of them new to the BBC and five of which had not been commissioned by any broadcaster before (including Brown-Eyed Boy productions, the makers of *3 Non-Blondes*, Swing Productions, who produced the arts programme *Art in the City*, and Raw, who made *Towerblock Dreams*, a series about young musicians on inner-city council estates).

Second, BBC3's creation of so much original domestic programming for resale and retransmission in the secondary multichannel market (for example UKTV) must be seen to enhance a market at present dominated by acquired, non-domestic programming. Among the shows being considered by UKTV from BBC3's first year, for example, are the comedies *3 Non-Blondes*, *Nighty Night*, *Catterick*, *Two Pints of Lager and a Packet of Crisps*; the drama *Burn It*; and factual programmes including *Boxing: This Bloody Business*, *Would Like to Meet*, *Sex Lies and Michael*, and *Premiership Priory*.

Third, the popularity of the Freeview platform on which the BBC's digital channels sit so prominently continues to grow rapidly, nudging 3m households by the end of 2003 and helping to push UK digital penetration into more than half of households. It is difficult to assess the impact of individual chan-

*The creation of so much original, domestic programming will enhance the multichannel market*

nels on subscription take-up, and therefore the effect of BBC3 and 4 alone, but this is an area that bears closer investigation and that may further validate or negate the existence of the digital channels. The BBC's commitment to BBC4 was further underlined by its recent £10m increase in budget for the channel, in spite of ratings that fall below BBC3.

### **Qualitative impact**

As with any creative output that sets out to be cutting edge – let alone that which is required by government to be “consistently innovative and risk-taking” in character – this measure is the hardest by which to judge success or failure. BBC3's remit calls for “high general standards in all respects and in particular in respect of content, quality and editorial integrity.” It has been given two years to prove itself within the terms of its remit to the satisfaction of government.

There have been some notable successes in the line-up in its first year of business, including *Little Britain*, *3 Non-Blondes* and *Nighty Night*, which have transferred to BBC2. The comedy animation *Monkey Dust* won the best animation award at Banff last year and was named best multichannel programme in *Broadcast* magazine's annual awards. Other parts of the schedule, such as the *Africa Kicks* season of documentaries about Africa, screened around the Africa Cup of Nations, and the drama *Burn It*, have generated interest and publicity.

Other shows have failed critically, and/or failed to make an impact (*Liquid News*; *Vinnie*, a docusoap about Vinnie Jones, was axed after its audience fell to 10,000; the virtual warrior game *Fightbox* gained only 6,000 viewers; and the future of *Celebdaq*, at least as a TV show, is uncertain). Some output looks as if it should never have graduated beyond bright-idea-in-the-pub status. *Live at Johnny's* debuted with only 30,000 viewers in mid-February, beaten by the news on BBC4 in spite of being hosted by the nearest thing BBC3 has to a pre-branded celebrity, Johnny Vaughan. In an odd piece of scheduling it was pitched against *EastEnders*, and therefore arguably could not help but rate badly, but it must be asked if a show set in a garden shed that boasts guest appearances from Iain Duncan Smith could ever be regarded as a must-see, even in an ironic way.

Critical failures cannot and should not be surprising where programming is experimental. In the case of BBC3 its remit requires its programming to be risky, to develop “untried talent on- or off-screen”, and to originate 80% of its output. There must be critical successes, but it is unrealistic to expect that there will not also be failures. The trick, of course, is to produce more successes than failures, whichever measure is employed.

Perhaps a less obvious measure of progress relates not to individual shows, but to BBC3 as a channel. It takes time to define, launch and build trust in a multichannel environment. The history of the first 12 months in any new multichannel, as E4 and ITV2 have shown, is by definition exploratory, and doubly so in the case of BBC3 given that so much of its programming is required to be experimental. By this yardstick we should look at BBC3 as a whole: has it yet managed the transition from a hastily assembled schedule of shows to a recognisably consistent channel with a personality and distinct

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*Like E4's early programming, BBC3 has had some notable successes in its first year; but there have also been failures*

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*Can a show set in a garden shed with appearances from Iain Duncan Smith ever be a must-see?*

voice? And has its audience found it yet? Slowly increasing viewing share is a positive sign, but it is still too early to tell.

Is BBC3 so bad that it needs radical surgery? Equally, we don't think so.

## The future

Looked at in this light, it is hard to avoid the conclusion that BBC3 does exactly what it says on the tin: it appears to have met its remit conditions and is reaching an adequate to fair average share of its target demographic; it is drawing these viewers into the BBC in small but growing numbers; it is having a beneficial impact on the multichannel market environment; there have been qualitative successes and some failures in programming, but nobody can accuse it of not fulfilling the government's requirement for risk-taking edginess in its original commissions. The channel's function, as defined by its remit, is primarily to offer, rather than to deliver, new programming to an under-catered audience. Its commercial rivals have not suffered.

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*It is hard to avoid the conclusion that BBC3 does exactly what it says on the tin*

But as the date for analogue switchover gets closer, will this continue to satisfy the BBC itself? The strategic role of ITV2 and E4 is to maintain and build aggregate audience share for their parent organisations in multichannel homes; without them digital rollout would be a one-way ticket to decline. This is as true for the BBC as for its commercially-funded competitors. But asking the BBC to rely on a remit-constrained BBC3 to make up audience share is to ask for something that market experience suggests is almost impossible.

In this context BBC3 exemplifies the market failure argument of public service broadcasting: it has been focused on doing what its commercial rivals would not do for sound commercial reasons. Remedying market failure is not an argument conceded by the BBC for its core channels, or for the licence fee as a whole, and as digital rollout continues and ITV2 and E4 are seen to deliver increasing benefits to their parents, the pressure to liberate BBC3 and to build its ratings will increase.

It is, of course, ultimately the government's choice. If it is the government's view that ratings are an important justification for the licence fee, then sooner or later BBC3 must be allowed the chance to compete. Only by building audience share can it play an effective future-proofing role for the BBC. ❖

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