

## **REVIEW OF BBC DIGITAL SERVICES**

### **SUBMISSION TO THE DEPARTMENT FOR CULTURE, MEDIA AND SPORT FROM**

### **CHRYSALIS RADIO**

#### **BACKGROUND**

1. Chrysalis Radio is the fastest growing of the UK's 'Big Four' commercial radio groups. We own and operate eight analogue radio services under the Galaxy, Heart and LBC brands. We are a leading player in commercial digital radio, both through our shareholding in the MXR regional multiplex consortium, but also as a programme service provider. All of our analogue brands are available on digital radio – including DAB, Sky and cable – and we additionally provide a rock music service, The Arrow, on digital.

2. As a radio operator, we have limited our comments in this submission to the BBC's digital radio services, in particular the two that have the greatest impact on our own stations, 1 Xtra and 6 Music. Through our stake in MXR, we also have a clear interest, as a multiplex operator, in the impact of BBC services on the radio stations that we do not operate, but are carried on our multiplexes – such as Capital Radio's Urban Choice.

3. Chrysalis Radio is a member of the Commercial Radio Companies' Association (CRCA) and supports the submission made by the CRCA on this issue.

#### **The BBC and digital radio**

4. We welcome and support the BBC's commitment to digital radio. As a new platform, the success and popular appeal of digital radio has always been dependent on the greatest possible range of listening choice, as well as the presence of existing analogue stations. By bringing its substantial resources and creativity – in both programming and marketing – to digital radio, the BBC has done much to promote the medium to UK consumers, and its contribution to the development of digital radio is greatly appreciated by commercial broadcasters.

5. In general, our views on the BBC's digital radio services are positive. The stations have, for the most part, been of high quality and distinctive. The BBC's services have done much to maintain their distinctiveness from our own commercial digital radio stations, and we suspect that they have had little impact on our ability to sustain our services. We recognise that other commercial operators will have important concerns about some of the BBC's stations – particularly BBC 7 and the Asian Network – but these issues do not directly affect us and so we do not feel qualified to comment on them. We also believe that the BBC services have met the commitments and conditions contained in their original proposals, as approved by the Secretary of State.

6. There are two concerns that we have that are relevant to this review. The first relates to the original conception of the BBC digital radio services, and the extent to which they maximised the public service potential of digital radio. We believe that a real opportunity to provide greater diversity of choice, and cater for genuine market failure, was missed in the approval of these services. Our second concern relates to the wording of the conditions of each of the individual services, which we believe should be made more detailed to preserve the distinctive character of each station.

## **A missed opportunity**

7. As we stated when the BBC was seeking approval for its digital services, the proposals made at the time were severely lacking in originality and innovation. Worryingly, the definitions for each service closely resembled the definitions for commercial digital radio services that already existed at the time of the BBC's proposals. 1 Xtra proposed to serve young fans of black music – a remit identical to that of Urban Choice and Galaxy 102.2 (and, to a lesser extent, other Galaxy stations and stations such as Kiss and Vibe). 6 Music's proposal to provide older popular music closely resembled the formats of existing commercial 'gold' stations, as well as classic rock services such as The Arrow and Planet Rock. BBC 7 offered nothing different from OneWord. The Asian Network simply added to the existing radio provision for Asian listeners already available commercially. In devising its proposals, the BBC was guided by what was already available commercially, and what it already had the expertise and resources to produce, rather than offering anything completely original.

8. In taking this approach, the BBC ignored obvious areas of market failure or genuine innovation. It is absolutely right for the BBC to provide programming for black listeners. But, with young fans of black music already catered for by Urban Choice and Galaxy, there existed a clear opportunity to provide a radio station for older black listeners, perhaps offering a broader range of cultural, historical and political content rather than being entirely music-focused. The BBC did not even conduct research into the listening needs of this audience. It is equally right for the BBC to provide Asian programming. But, with a range of stations for Asian listeners of all ages available from commercial digital radio, the BBC might instead have considered a broader multi-cultural service, focused less on the Indian Sub-Continent and more on the significant ethnic minority communities from elsewhere in the world. The BBC could have addressed other areas of market failure, where commercial radio would not be able to sustain a service, such as listeners with disabilities. In looking at music stations, it could have concentrated on wholly unserved genres, such as world music. In considering speech stations, it could have exploited its expertise in educational content – as it has on TV and on-line – with an educational service ranging from pre-school programmes to the Open University. Five Live Sports Plus could have been more than somewhere to listen to a different Premiership football match, and been a champion for minority sports. That the BBC did none of these things, or anything similar, indicates a serious lack of commitment to public service broadcasting, and an alarming focus on seeking to compete with, rather than add diversity to, commercial broadcasting.

## **Digital service conditions**

9. Despite our reservations about the broad purposes of the BBC's digital radio services, we acknowledge that considerable effort has been made by the BBC to make its music stations distinctive from their nearest commercial equivalents, as detailed in the BBC's own submission to DCMS. We monitored a single mid-week 24-hour period of both 1 Xtra and 6 Music, and compared the output with Galaxy 102.2 and The Arrow respectively. 1 Xtra played 318 music tracks (this is 318 airplays, rather than 318 different songs). Of those airplays, 119 (37.4%) were tracks that are also played on Galaxy 102.2. This is probably as high a level of overlap as would be considered desirable for 1 Xtra to maintain its claim of distinctiveness. 6 Music is clearly more distinctive, at least in comparison with The Arrow. Of 306 airplays on 6 Music during our 24-hour monitoring period, just 23 (7.5%) were tracks played on The Arrow.

10. That the BBC's services are distinctive now is no guarantee that they will remain so in the future. Much of the current distinctiveness derives from the BBC's laudable commitment to go 'above and beyond' the conditions imposed on the digital services when they were approved. We hope that this approach will continue, and trust that it will. However, as digital radio take-up increases, and with it the potential audience for new services, we believe that it is important to guard against the temptation for the BBC to modify its services to maximise audience share. The conditions imposed by the Secretary of State when she approved the new services currently leave considerable leeway for the BBC to move closer to commercial rivals. The conditions imposed on 1 Xtra, for example, potentially leave few points of distinction from Urban Choice or Galaxy 102.2. Similarly, 6 Music's conditions might theoretically allow it to more closely resemble The Arrow or existing commercial 'gold' stations.

11. The BBC's own submission to DCMS highlights, for each service, its impressive track record in making new commitments to enhance the distinctiveness and relevance of each service. These commitments include, on 1 Xtra, a topical discussion programme every weeknight, documentary programmes, social action campaigns and a commitment to bespoke news for the station; and for 6 Music, a commitment to live session broadcasts, both new and archive, as well as coverage of music festivals. Both services also note that just over half of the music that each plays is British. All these aspects of the two services could be enshrined in revised conditions, which could ensure the continuing commitment of BBC digital radio to its core public service principles well into the future.

Daniel Owen  
Director of Regulatory and Public Affairs  
Chrysalis Radio  
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