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Public service in an
online world



I Background and contents

In January 2003 Tessa Jowell, Secretary of State for Culture, Media and Sport, requested that, in preparation for the Department's forthcoming review of the BBC's online service, the BBC submit a full review of its performance against the conditions laid down in the original DCMS consent. The consent, granted in October 1998, contained three core requirements:

- I *To act as an essential resource offering wide-ranging, unique content*
- II *To use the internet to forge a new relationship with licence payers and strengthen accountability*
- III *To provide a home for licence payers on the internet and act as a trusted guide to the new media environment*

This paper aims to summarise the principal conclusions arising from our first formal submissions to DCMS as part of the review, and places the BBC's online services in the context of the BBC's public purposes and future vision:

Section 2 (page 4) summarises the development of the BBC's online service since launch and the ways in which it has extended the BBC's service to its audience.

Section 3 (page 6) describes how the BBC's online service fits within and contributes to each of the public purposes of the BBC. It argues that our online proposition has become a central component in the delivery of the BBC's public service role in the UK and overseas.

Section 4 (page 12) provides a summary of how the BBC has met the key challenges asked of us in the original consent. The full version of this assessment is contained in the separate paper detailing the BBC's performance against the online service consent.

Section 5 (page 14) summarises the principal findings of the KPMG report on the market impact of the BBC's online service. The report concludes that, while difficult to measure, the impact is principally confined to the advertising sector, where the impact is estimated to be about 2% of total revenue. The BBC's view is that this is significantly outweighed by other positive impacts on the market such as innovation, skills development and encouraging take-up, and the broader public service benefits which the BBC online service delivers.

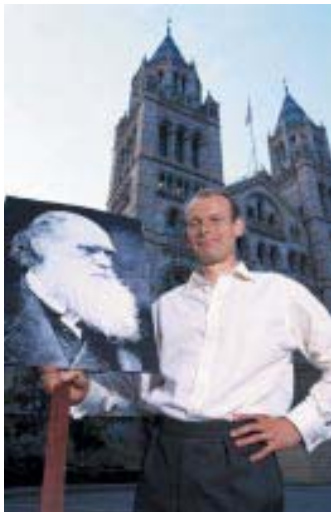
Section 6 (page 16) focuses on audiences, assessing the performance of the service in terms of reach, approval and other indicators.

Section 7 (page 19) summarises the role of the BBC Governors in overseeing and regulating the development of the BBC's online service.

Section 8 (page 21) describes how, in the future, the BBC plans to ensure that online services, working closely with BBC Television and Radio, will fulfil their potential to enrich, connect and empower people across the UK; and sets out frameworks that will guide the future development of the service.

Beyond this overview paper, our submission comprises the following documents:

- *Review against the terms of the 1997 and 1998 approvals for the BBC's online service,* a full assessment of the BBC's performance against the detailed terms of the consent
- *Market Impact Assessment of BBC's Online Service* prepared by KPMG



2 Introduction

In the four and a half years since the granting of DCMS consent, the BBC's online service has become an indispensable resource for millions of people, offering over 2 million pages of online content organised into over 30 broad content categories. Usage of the service has been growing even faster than the growth of the internet itself in the UK. In the last year alone the BBC's online service's monthly reach has increased from 34% to 43% of the UK online population, and in March 2003 our UK audience exceeded 10 million users. Only Google, Microsoft and Yahoo – all US businesses – achieved higher reach in the UK.

In the same month our audience spent almost 16 million hours on the BBC's websites, registering 1.4 billion page impressions. They spent a further 9 million hours online with the BBC listening to audio or viewing video material. Recent research shows that the BBC's online service was one of the main reasons why 7% of UK users (some 2 million people) first accessed the internet. The service, brought together in 2001 under the BBC's overall interactive brand BBCi, has developed into Europe's most successful online content destination.

Uniquely among European public broadcasters the BBC has become a genuinely tri-media organisation, with television, radio and online services all complementing and enhancing each other, enabling far greater delivery of value to licence payers than was ever possible in the age of linear media. The development of online has extended the quality, range and depth of the BBC's service to the public, by:

- transforming the richness and scale of provision in the key areas of news and education, from bbc.co.uk/news to *GCSE Bitesize*
- putting viewers and listeners in control of their media needs, offering them choice and flexibility on what content they consume, how they do it and when they do it – from audio-on-demand to breaking news
- capturing and reusing content which could not be used in broadcast transmissions, such as programme notes, research materials and playlists
- freeing networks and channels from the restrictions of linear broadcasting – from offering a permanent presence for unsigned artists on Radio 1 to enabling thousands of people to vote in *Great Britons* or test their IQ in *Test the Nation*
- providing direct channels for people to communicate with, comment on or influence our channels, networks and programmes – much more quickly and effectively than was ever possible in the pre-digital era
- helping to rejuvenate established brands such as Radio 3 by creating a permanent presence for the network's jazz and world music output to balance its traditional classical music programming
- offering output in multimedia formats which appeal to hard-to-reach audience groups, particularly younger people

Online is still a young medium and the period under review has been one of experimentation, with false starts as well as successes. Many early websites were little more than factsheets, which did nothing to exploit the distinctive power of the medium. Navigation of the site went through

many iterations before reaching today's intuitive system. Some programme-based sites expanded beyond the natural limits of their brands and have since refocused.

Overwhelmingly, though, we believe that the BBC's online service has succeeded not merely in meeting the challenges laid down in the consent, but in providing an example of public investment at its most effective. The range of content available and its high and growing level of usage are a testament to the breadth and distinctiveness of the offer. The service's role, both as a stand-alone provider of content and as a means to enrich and enhance television and radio output, has enabled viewers and listeners to form deeper and more personalised relationships with the BBC than ever before.

Above all, the BBC's online service is the clearest expression of the idea of the BBC as a free public space in broadcasting, where the UK's disparate voices and cultures can encounter each other on equal terms and with mutual respect.





3 The BBC's online service and the BBC's public purposes

The BBC's move into the medium of online has been guided by the same public purposes that lead the development of our radio and television services.

Our aim in building online services has therefore been to **maximise the unique potential of the medium to build public value**, by:

- **enriching the lives of people in the UK with information, entertainment and educational content of the highest quality**
- **enriching the democratic, educational, cultural and community life of the UK as a whole**
- **helping to connect the UK to the wider world**
- **and, where possible, bringing benefits to the new media industry**

This section takes each of these areas of public purpose in turn, and considers how our online services have contributed to their fulfilment.

Enriching the lives of individuals

Providing services of high quality which inform, educate and entertain everyone in the UK has been an aspiration for the BBC since it began broadcasting. Our online service has helped in our attempts to enrich the lives of individuals, ensuring that, as in other areas of public service broadcasting, there is a guarantee of **free, quality content**, made in the UK for those who live in the UK, reflecting their lives and interests.

Our absolute commitment to delivering to individuals without seeking to extract commercial value from them means that we have created a **public space** within which everyone can surf more safely, including the very young, and where individuals can contribute and share ideas freely, consuming material whenever and however they please. BBCi has delivered key aspects of the traditional public service offering, such as lifelong learning, directly to individuals, in ways that are not possible through other media. For example, around 2,000 people have taken a formal course in marine biology, developed in partnership with the Open University and Hull University, delivered through www.bbc.co.uk, while a further 8,000 users around the UK have embarked on a course created in conjunction with the Royal Horticultural Society.

But online services have also allowed us as never before to help individuals to satisfy their own interests and desires for **creative expression** or self-fulfilment. Through www.bbc.co.uk, anyone in the UK can explore a programme subject in greater depth, track down a BBC radio programme which they missed earlier in the day, or talk to others about a major news story.

Enriching the life of the UK

As a public service broadcaster, we also seek to serve the public realm. Our online services form an integral part of our role in enriching the collective life of the UK, as:

- **An informed democracy**
- **A learning society**
- **A diverse culture**
- **Connected communities**

An informed democracy

The BBC's online **news** service has been widely praised as one of the most impressive achievements in online media content. In its speed, breadth of material, depth of analysis and range of interactivity it has set standards for online news providers across the world. The service allows citizens to choose how and where they access the information which they require to lead their lives within our democracy, and has also played a significant role in stimulating and supporting **public debate**. During the last election, the *Why Vote?* site provided a forum for those who were not intending to vote to debate with those who were, a discussion in which around 15,000 people took part:

“It was one of the emails which came in which said my vote would not be wasted if we had proportional representation. That really pricked my conscience... The more I thought about it, the more I thought my reason for not voting was quite weak. So off I went and voted. I've quite surprised myself, really.”

Albert Atkin, Sheffield

Our coverage of the breaking news on 11 September 2001 generated 28 million page impressions. And over the course of the recent conflict in the Gulf, debates around the issues raised on www.bbc.co.uk attracted more than 250,000 contributions, bringing people from across the UK into conversation with other perspectives from as far afield as Fiji, Ghana, Russia, Egypt and Saudi Arabia.

As familiarity with the medium has increased, we have used our online service to empower UK citizens at both **local and national** level, maximising the BBC's unique ability to connect different levels of debate. Each regional site for which it was relevant provided its own content about the Countryside March, but we also hosted a linked debate on the day after the march bringing together 15 community sites and providing the opportunity for debate with a Government minister and representatives of both the Countryside Alliance and the opponents of the march.

At a purely local level, we provide spaces where those with local concerns can come together: a recent discussion over cash limits for schools shows the vitality of this kind of forum. We are also developing opportunities to engage people actively with issues that concern them, and we are currently piloting *iCan*, a new citizenship initiative which we hope will act as a focal point for this work going forward. In addition we have developed areas of our site to allow UK citizens to share news that they gather themselves, such as our weekly gallery of news-related photographs produced by members of the public.





A learning society

The BBC has consistently used the power of broadcasting to stimulate the educational life of the UK. Online has allowed us for the first time to offer much of the **in-depth research** underpinning broadcast programmes to audiences, helping them to follow up on subjects as diverse as biology and archaeology, gardening and history. Our site also offers support for foreign language learning for all ages, in collaboration with various academic organisations including Cambridge University Language Centre, Luton University and CILT (Centre for Information on Language Teaching), in ways that audiences seem to really value:

“I have just started “spanish steps” and would just like to say what a fantastic online course. In 3 days, I’ve learnt loads. We always complain about the licence fee, however having now experienced where our money really goes, besides tv and radio programmes, I’ll never moan again. The whole BBC WEBSITE is absolutely superb...muchos gracias.”

The online service has also allowed us to provide far more interactive material to support **key social issues** raised elsewhere in our programming – to point the way to information and support on issues of domestic violence played out in *EastEnders*, for example. Online also increases the BBC’s scope to develop different kinds of skill: sites such as *Sport Academy* have extended our commitment to the sporting life of the UK, providing information and stimulation to people of all ages to get involved in sports and to improve their skills, wherever they live and at whatever level they are able to participate.

In terms of more **formal education**, our online service has extended access to our other audiovisual education content, and has also provided an opportunity to serve a greater range of educational needs in new ways. The *Bitesize* service has transformed GCSE revision, reaching a remarkable 2.9 million students, teachers and adults this year. Through *Skillswise*, which aims to help adults develop basic skills, and courses such as *First Aid Action*, we are now using online to deliver to a greater range of educational needs across the whole population, throughout citizens’ lives. By doing so we have enabled around 20,000 people each year to gain an NVQ, and our materials are used by around 35% of teachers in their classroom work.

The Secretary of State has approved the launch of the **digital curriculum** service for primary and secondary schools throughout the UK which will build on this activity. We hope that this will in turn enhance our ability to deliver valuable educational material to audiences through our online service.

A diverse culture

The internet has deepened and diversified the BBC’s ability to fulfil its cultural role in the UK. The extraordinary **range and wealth of musical genres** offered by BBC radio services, from hip-hop and rock to opera and classical, has been brought together for the first time by the BBCi Music site, which is evolving into an exceptional resource to enhance the musical life of the country. The sites supporting the BBC’s most culturally diverse brands such as Asian Network and iXtra have built strong, targeted offerings for the audiences they serve:

“I’ve been listening to you guys [IXtra] online for the past two weeks now and I just wanted to give you guys a shout out to let you know that you all have the “BEST” website around. You guys can’t be touched, your site is “OFF THE HOOK” LOVE IT! PEACE, Shelita.”

We are using internet interactivity to support **artistic and cultural involvement** across the UK. Through *The Big Read* we have worked with libraries and schools to facilitate the nomination of books through public access terminals, and since our publication of the list of the top 100 books we have seen an increased and sustained interest in talking about literature through our discussion boards. Working with partners both in other areas of the BBC’s broadcast output and outside the organisation, we have created a unique online exhibition – *Painting the Weather* – curated by the National Gallery and involving public galleries across the UK. Local events such as the Southampton Film Festival have been opened up to a wider audience and the short films created for it made available to the whole of the UK.

BBCi also offers news ways to **empower people** in the UK creatively. We have run specific programmes to encourage and educate them in using the internet as a space for creativity – for example through *Blast!* which was targeted specifically at young people, and our online creative writing initiative. We have also experimented with the potential for online to support new forms of interactive drama and entertainment.

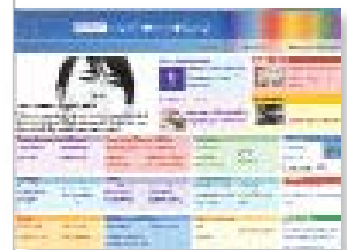
Connected communities

One particular strength of the internet lies in its capacity to support communities and create new ones. Our *Where I Live* sites serve every geographic community in the UK with news and information, and discussion spaces which relate to particular **community needs**. These sites have already shown their ability to support communities in crisis: the outbreak of foot-and-mouth disease triggered a six-fold increase in the use of the Devon site, which effectively became the only safe meeting point and key source of up-to-the-minute information for farmers who were trapped on their land. We have seen similar increases in dependence on the sites at times of flooding.

Our service also gathers together **communities of interest** regardless of geographical location. At its most light-hearted, fans of particular long-running dramas are able to debate plot lines with others who share their passion. But we can also bring together those seeking emotional solidarity with others, as we did through the site we created for National Baby Loss Day, which allowed couples to share their experiences of having a still-born child and offer mutual support.

We believe that, as a public service broadcaster, the BBC has a responsibility to maximise the value of the social connections that online makes possible. Our site attracts large numbers of diverse users, enabling us to bring together the different cultures and communities of the UK. This creates **a public space** online which is open to a vast array of divergent perspectives on life, and where the rigorous application of BBC editorial standards ensures that trust and respect are consistently maintained.

As a result, less frequently heard voices are able to make their mark and conflicting perspectives to find a place. We believe that such a debating forum – whether the subject be jihad, or the Orange parades around Drumcree, or drugs policy – makes a unique contribution to building a tolerant, multicultural society within the UK.





Connecting the UK to the world

The establishment of www.bbc.co.uk as an internationally recognised, UK-focused online service has helped to transform the ways in which the BBC connects the UK to the rest of the world. By reaching 16 to 20 million unique users across the globe on a monthly basis, the BBC's domestic online services help to **promote the UK**, placing us at the centre of a global conversation. (For the record, all additional distribution costs for international access to the online news service are funded through the World Service, rather than by UK licence payers.)

The BBC News site, with its two editions – one for UK users and the other, bbcnews.com, for international consumption – has built up a loyal, worldwide community of users who share a better understanding of the world's events and issues. The BBC's brand values of **trust, fairness and impartiality**, and its commitment to publishing a diversity of views in a non-judgemental way makes it ideally equipped for the task of enabling civilised, intelligent debate.

The BBC World Service's separately funded online service, which offers 43 different language versions, is targeted primarily at an international audience, but it also serves UK citizens whose roots lie outside our shores. The Bengali-speaking family in East London or the Mandarin-speaking child in Manchester can hone their linguistic skills, as well as learning more about the world their parents grew up in, by accessing these sites and understanding the perspectives and priorities of their former countrymen and women. This helps build understanding as well as nurturing their different identities – international, national and regional. In addition, information-sharing sites such as www.bbc.co.uk/dna/h2g2 enrich the life of UK citizens by exposing them to views and ideas from people around the world.

Bringing benefits to the media industry

As with radio and television in the past, the BBC has actively **promoted the take-up of online** as a mass medium. We have encouraged the UK public to go online through the content that we have made available online, in on-air promotions, in campaigns such as *Webwise*, and in specific programmes that encourage people on to the internet in areas of low penetration: for example, our work through Open Centres in the north of England where each month we are reaching thousands of users, including many people who are unemployed. This is a role on which we would hope to build further as we go forward, but we believe that we have already made a real contribution to the vitality of online within the UK, and to encouraging exploration of the web.

www.bbc.co.uk seeks to promote further web exploration through the range of links to other sites, through our Webguide, and more recently through our family-friendly, UK-focused search engine. In every case, we have sought to deploy our editorial values to offer people **safer routes** through a medium which many find threatening. We have led the way in ensuring that the internet is equally accessible to those with disabilities, through our support for the Betsie system. And we have also been pioneers in key areas such as child protection online, working with government to play a central role in developing a best-practice model for the industry.

Throughout the period of turbulence which has characterised the last few years of the medium's development, the BBC has tried to provide a degree of stability and critical mass within the UK online content market. We have played a key role in **skills development and training** in new

media production which we believe will help to underpin the provision of UK content, both within the BBC and across the industry going forward.

But we have also learnt from others, and developed new kinds of **collaborative partnership** with other organisations, in delivering regional services with local authorities in Hull and Merseyside for example, working with sports bodies and those providing community facilities to encourage sport participation, or working with UK cultural institutions such as the Tate, the National Gallery and the Imperial War Museum. This is an area where we believe that there is scope for us to do substantially more going forward. Through the *WW2 People's War* project which we have just launched we will work with a host of different partners around the UK to use our online service to create a unique archive of memories of World War Two which can form a permanent part of the nation's records. We will build on this template for other major projects in the future, combining our skills and expertise with others in order to maximise the contribution that the BBC makes to the UK.





4 Performance of the BBC's online service against consent

The Government's permission to the BBC to establish an online service was granted in two phases – on a trial basis in 1997 and for a permanent service in 1998. Three objectives for the service were defined through that process:

- I *To act as an essential resource offering wide-ranging, unique content*
- II *To use the internet to forge a new relationship with licence payers and strengthen accountability*
- III *To provide a home for licence payers on the internet and act as a trusted guide to the new media environment*

The accompanying *Review* gives a full assessment of the BBC's performance against these objectives. This section summarises the key points.

I To act as an essential resource offering wide-ranging, unique content

We have created and maintained **an essential resource** for licence payers and for the UK as a whole:

- Our news and sport services give audiences permanent access both to breaking news and to a depth and range of coverage and analysis impossible on television or radio.
- Our education resources – such as *GCSE Bitesize* – have become an integral part of the support infrastructure for education in the UK. We estimate that 2.9 million teachers, parents and pupils used our online education services during the busy exam period in 2003.
- Our children's service enriches children's experience of CBBC and CBeebies, building a standing resource of safe, non-exploitative interactive and educative material around key programmes and brands.
- Audiences in each of the nations have their own national homepages and associated local sites which reflect the distinctive cultures and interests of the different parts of the UK.

We have delivered **wide-ranging, unique content** through our online services:

- Our online service offers content which spans the full range of BBC public service activities, from news to archaeology, and from *EastEnders* to iXtra.
- A number of sites allow the online audience to access selected BBC content when they want, such as the seven-day archive of radio programming available on the Radio Player, and the wide selection of images and video clips on the *Life of Mammals* site.
- We have also created a broad range of content category sites which aggregate material from programmes across radio and television, and allow audiences to continue to explore their interests even when their favourite series are off air. Examples of this type of service include *BBCi Nature, Science, History, Gardening* and *Film*.

II To use the internet to forge a new relationship with licence payers and strengthen accountability

We have used the internet to **forge a new relationship** with licence payers:

- Our online services give the audience opportunities to interact with the BBC at every

level, from participation in programmes to consultation on the broadest issues – such as attitudes to our new digital radio and television services.

- Online audiences participate in, influence and contribute to BBC programmes and services – from sending in comments or voting on *Question Time* through to *Celebdaq*, the first weekly TV programme to be based entirely on a website. User contributions now exceed one million a month.
- Audiences to our programmes and networks discuss issues on message boards, such as Radio 3's *Composer of the Week* and the wide-ranging viewer discussions around *EastEnders*.
- We have built on our unique relationship with local communities (via local radio and television services) to develop targeted local websites, offering licence payers both a local online reference point and a forum in which to voice local opinion.

We have **strengthened accountability** through our online services:

- We regularly hold sessions that invite users of our online services to question those responsible for programming decisions within the BBC, up to and including the Chairman and Director-General.
- The *About the BBC* site enables licence payers to find out more about the BBC itself, to access our annual reports, public consultation documents etc, and to offer feedback on our programmes and performance.
- The same site makes available Governors' decisions on programme complaints and copies of our own internal guidelines.

III To provide a home for licence payers on the internet and act as a trusted guide to the new media environment

We have provided a **home for licence payers** on the internet by:

- presenting a website which is consistent, secure and controlled – ensuring that audiences can navigate quickly to easy-to-use, relevant material
- shaping an online experience around trusted and well-loved brands, from Radio 4 to *Teletubbies*, and hence encouraging new audiences to come online and helping to demystify the internet

We act as a **trusted guide** to new media by:

- encouraging the audience to get online and get the best out of it with campaigns, advice and our *Webwise* courses, which have been taken up by 55,000 people
- establishing BBC Open Centres in nine locations around the country and specially equipped buses which offer one-to-one internet coaching plus a wide range of courses in subjects such as email and web design
- providing tools which enable users to exploit, explore and enjoy the new media environment. These include a family-safe web search tool, incorporating 12,000 specific BBCi recommended sites, as well as pre-checked links to content on more than 200,000 relevant external sites
- making our online content available to people without access to a computer, by reversioning material at zero or marginal cost for other web-connected devices such as WAP telephones



5 The market impact of the BBC's online service

The KPMG report (submitted with this paper as part of the review of the BBC's online service) assesses the impact of the BBC's service upon the UK online market. It has been suggested that the BBC's online service adversely affects the ability of commercial providers to attract users and therefore to generate revenues. It has also been argued that the service "crowds out" commercial provision of online services as a result of the BBC's ability to cross-promote and make use of its strong brands, and as a result of uncertainty about which genres the BBC may decide to deliver content for in future.

KPMG concludes that, while measurement is difficult, and despite the fact that the BBC's service does have significant market presence in news and (to a lesser extent) sport, the market impact of the BBC's online service is very limited.

There are three principal points in support of this conclusion. First, the BBC's licence fee funded sites do not compete directly for commercial online revenues and they do not compete at all for revenues from e-commerce or internet access which (at £1.25billion and £6.1billion respectively) together account for 97% of the online market's total estimated online revenues in 2002.

Second, the availability of the BBC's free content may have some impact upon the availability and profitability of paid-for content services but total revenues from such services remain small (at an estimated £12million in 2002). The BBC is only one of many free content providers and there is clear evidence that a substantial proportion of users is unwilling to pay for content. It is therefore very difficult to quantify any possible effect of the BBC on these potential revenues, but KPMG also notes that the BBC's presence is not deterring other players, such as FT.com, from developing subscription services.

Finally, KPMG has examined the market impact in relation to advertising revenues (which were an estimated £197million in 2002). Much depends on the elasticity of demand for online advertising and this has yet to be clearly established, but KPMG suggests that the BBC is unlikely to reduce the online advertising market by more than £4.2million per annum (2.2%).

Against this negative impact, KPMG finds that the BBC has had a number of positive impacts on the online market as a whole:

- the provision of award-winning high-quality content which acts as a benchmark for others in the industry
- the ability to act as a "test-bed for innovation", which is not subject to commercial pressures
- providing support in the development of the UK's multimedia skills base through training staff and supporting industry training bodies
- supporting the independent and freelance multimedia sector
- above all the encouragement of a large number of people to go online and to understand and explore the internet

As part of its assessment, KPMG commissioned a survey from MORI which helps to show how the BBC's online activity may stimulate activity elsewhere in the industry. Some of the key conclusions were:

- 7% of UK online users (between 1.5 and 2 million individuals) agreed that they were encouraged to go online in the first place by the BBC
- 42% of BBC users said that our website introduced them to some of the different opportunities offered by the internet
- 65% had clicked through links from our website to other websites
- 11% had bought products from non-BBC websites after reading about them on our site

In assessing the overall impact of the BBC's online service, these positive market impacts should all therefore be weighed against the negative impacts listed above. When taken in combination with the broader public service value that the BBC delivers via its online activities, we believe there is a strong case that the public service value created significantly exceeds the small market impact resulting from the availability of the online service.



6 Delivering to audiences

Our online service has been a real success with audiences: each month more people visit, they consume more content and they interact more with the BBC. The success of the service has helped the BBC to attract audiences that we have found difficult to reach at all through traditional media, and expanded the reach of particular types of content such as local services. Most importantly, people recognise the value delivered by the service.

Reaching licence payers

Over 60% of the UK internet audience have now used BBCi on the web¹. Over 10 million people visit each month. On average, users access the online service on eight days every quarter, averaging 11 minutes each time they visit².

Our user base has consistently grown more quickly than the UK internet audience as a whole. In 1999, 20% of licence payers viewed the BBC online service each month. By March 2003 this figure had more than doubled to 43%¹.

Growth has in part been driven by the increased wealth and depth of the site's content offer. The online service offers a huge array of topics, grouped into around 30 categories (such as *BBC News*, *Sport*, *Food*, *Schools*, *Northern Ireland*, *About the BBC*). Today there are over 2 million pages of content and over 200,000 audio and video clips available. Each week, over 330 hours of national analogue radio output (and 30 hours of complete news and current affairs video programmes) are available on demand on the service. In the first quarter of 2003 we served almost 3 billion pages to audiences, a 43-fold increase on the 70 million pages delivered in the same period in 1998. In the first quarter of 2003 audiences also watched or listened to 20 million hours of audiovisual content, of which around 35% was consumed 'on demand' (as opposed to live).

Our breadth of content enables us to introduce audiences to new information and new experiences in the online environment, through effective navigation and cross-promotion. Audiences spend more time on our site each time they visit (11 minutes) compared with other major content providers like MSN (five minutes). Around half of our users (46% in the first quarter of 2003) access three to four 'categories' of content in a typical month.

Extending reach

Over and above the overall growth in usage of the service, online plays an important role in extending the reach of the BBC. Given the broad appeal and range of the BBC's portfolio of services, at the aggregate level this contribution may at first glance appear limited. At present the unique reach of the service is 0.9% of the population – in other words they use the BBC online service and do not access any other BBC services. However www.bbc.co.uk has a greater impact among some key audience groups such as 16–34 year olds, where the unique reach triples to 2.7%.

Online's contribution to the BBC's ability to reach audiences extends beyond unique reach. It enables the BBC to attract certain audience groups who have traditionally not consumed certain types of public service output through television or radio. Through the *Where I Live* sites across the UK, the online service has proved itself a more appealing medium for younger audiences for local news and information: 47% of *Where I Live* users in England are under 35 – in contrast to 26% weekly reach amongst this age group for regional television news and just 21% for BBC local radio.

1 Source: BMRB Access (Face-to-face survey of GB internet users. Reflects claimed usage at home, work and any other location)

2 Source: Nielsen NetRatings

Serving specific audiences

The broad portfolio of content available on www.bbc.co.uk has resulted in its overall audience being closely representative of the internet population as a whole in the UK. However, as well as services of relatively wide appeal, like news or sport, we have been able to offer sites aimed at key audience and interest groups. Notable examples include:

- *Ouch!*, which reflects the life of disabled people in the UK. This unique proposition has been designed to inform visitors – whether disabled or not – about life in the disabled community. Accessibility is an important element of *Ouch!*, whether in its design to ensure that text is easy to read, or its access database of ‘where to go’ which provides Britain’s best guide to the most accessible pubs, bars and restaurants in the local area.
- *Where I Live*: a service covering more than 40 regions across the UK. This has local news and information tailored to local interests – from a section on the Manchester site for the Asian population (Masti) and a going-out guide for the local gay community (The Village), to online learning tools for the Welsh language and a section devoted to Welsh rugby.
- The BBC’s schools service online – the market leader at both primary and secondary levels – was used by 2.9 million children, teachers and parents in March 2003. At peak times (May and June) we also receive 4,000 emails and content contributions from children, teachers and parents each week. Approximately 35% of all teachers in the UK use our services in group work or demonstrations in classrooms. This year 2.9 million people used the GCSE revision service *Bitesize* in the run-up to this summer’s exams and at its peak, in the middle of May, the site recorded over 11.5 million page impressions – three times more than the previous year.

Delivering value

The growth in usage is in itself an indicator of the value which audiences attach to the BBC online service. Users have been happy to be explicit about their appreciation of the service when asked. In March 2003 we conducted an online survey on how people felt about the website. In total 30,000 UK www.bbc.co.uk users responded and the feedback was very positive:

- **94%** of users felt that they could trust the website
- **88%** of users would recommend www.bbc.co.uk to a friend
- **84%** rated their overall impression of www.bbc.co.uk as good or very good
- **82%** rated the website’s ease of use as good or very good
- **80%** rated www.bbc.co.uk’s appearance as good or very good

There have also been many examples of unsolicited feedback about the quality and value of the service. Such recognition has come from licence payers and commentators alike:

“www.bbc.co.uk is my home page at work and at home. It’s an excellent starting point for most things.”

BBC on-site survey, March 2003

“I think the BBC website is unbelievably brilliant. It never strikes me that it could be improved – until I see an improvement.”

BBC on-site survey, March 2003



“The BBCi website is without doubt the best in the country. Er, that’s it.”
BBC on-site survey, March 2003

“There are not enough superlatives to describe the BBC’s online news coverage ... the web finally gives the Beeb’s global network of outstanding correspondents the space they deserve.”
***The Sunday Times*, 13 May 2001**

“True innovations, such as on-demand online radio, provide genuine value to the licence payer.”
***The Guardian*, 6 January 2003**

“The Beeb’s Languages site is possibly the most enjoyable way to pick up where you left off after your dim, distant and not very successful French ‘O’ level ... an easy-to-use beginner’s course ... the kind of snazzy interactive stuff you wish you’d had at school instead of a nervous teacher in a corduroy jacket.”
***WebUser* magazine, August 2002**

The online medium provides a unique capability to tailor content to audiences’ requirements and increasingly to place audiences in control of their media consumption. The BBC online service, within the context of its consent, has focused hard on trying to present content to its audiences in ways which deliver greatest value to them. This philosophy will remain at the heart of the service as it develops in the future.

7 The governance of BBC online services

The BBC Board of Governors has maintained close scrutiny of the BBC's online activities since launch, ensuring that the online service has been a key part of the BBC's corporate objectives, *The BBC Promises* and, more recently, the *BBC Statements of Programme Policy*.

Audience and editorial performance has been monitored as part of the annual Performance Review, and the views of licence payers on the service have been sought through a range of activities including:

- a public consultation in 1998
- discussions involving the National Broadcasting Council and the English National Forum in April 2001 and April 2003
- the *BBC Listens* programme in April 2000
- a Governors' seminar in March 2003

Among the key issues raised by the Governors as a result of public consultations were provision for ethnic minorities, content for older age groups and sites supporting communities in the nations and regions. The Board asked BBC management to ensure that services were developed to address the needs of such communities around the UK and noted in the *BBC Annual Report 2000/2001* the launch of new city and country sites offering local information.

Since the launch of the BBC's online service the Board has consistently recognised the BBC's key role in delivering the vision of a fully digital Britain, and the Board's oversight of the service has reflected this ambition. The Board has therefore been concerned to ensure the development of a wide range of content, with particular emphasis on information and education, recognising the BBC's role in driving internet use. The latter was a priority in the corporative objectives in 2000/2001. The Board has continually stressed the importance of ensuring, in an area dominated by creative and entrepreneurial talent, that editorial standards were strictly maintained. In May 2001 it observed what it considered to be significant improvements in editorial content as a result of its pressure. Governors approved the Online Editorial Guidelines in 1997 and 2001, and recently required some clarification of the editorial chain of command of the BBC's online services to ensure that plans for new sites are rigorously tested against clear criteria. Additionally, the Board of Governors' Programme Complaints Committee has, on several occasions, adjudicated on complaints which have been received by the BBC about BBC online content.

The Governors have frequently discussed navigation around the site and, particularly in the light of comments made during the *BBC Listens* exercise in 2000, emphasised to those managing the service the need for simpler and quicker navigation. Governors, following comments made during public consultations in 1998 and 2000, also discussed the development of a search engine across the whole web. In May 2002 they commended the new search engine as offering "a quality service, free of advertising, while acting as a trusted guide to the web".

The Board has consistently stressed the importance of developing the online service, within BBC editorial standards, to encourage communities of interest and create new ways of interacting with audiences. In 2002 the Board commended BBC management on the use of message boards to develop communities of interest and to connect users to BBC content.



Governors have also themselves been keen to explore ways in which they can increase their own accountability through the BBC's online services, and they are increasingly using the BBC's website to publish details of their own decisions and to interact with licence payers.

8 Public service in the online world: a framework for the future

The current review comes at a particularly significant moment in the development of online services both in the UK and elsewhere. There are clear indications that the world of interactive media will change substantially over the next decade, forcing further evolution in the way that services need to be delivered to audiences:

- We are moving towards a world in which audiences expect to consume our output in the ways and at the times that suit them, and to enjoy a much higher level of interaction with the BBC as an organisation. This on-demand environment fundamentally changes the relationship between audiences and the BBC, with wide-ranging implications.
- High-quality audiovisual content will become a key part of online services, implying an increasingly important role for broadcasters as content providers.
- Mobile devices and broadband connectivity will increasingly become a standard part of the media landscape, especially among the young.
- The scope for user-generated content will grow, as will the culture of file-sharing and downloads (legal or otherwise) of copyright material.
- In a world of expanding globalisation and convergence between old and new media, UK content (and trustworthy/impartial content) may become increasingly scarce.

This emerging landscape presents both challenges and opportunities for public service in the online realm. It suggests a world where connectivity, community, dialogue and the creativity of our own audiences will play an increasingly important role in the BBC's service. There will be transformations in technology – from desktop to mobile, from narrowband to broadband, the growth of interactive TV – that may profoundly change the landscape of online for the commercial sector as well as for the BBC. In each case, as we have done since our earliest experiments in online, we will seek to understand how the BBC can best contribute to building public value through new technological developments.

In looking forward we will be conscious not just of the ways in which online resembles the BBC's traditional media of television and radio (free provision of content, broad mix of genres, core editorial values, shared brands), but also the ways in which it is likely to remain profoundly different (no spectrum scarcity, low barriers to entry, largely on demand, many-to-many rather than one-to-many).

Our thinking about the future evolution of our online services will take account of both similarities and differences, and will ensure that any significant extensions of service in the online realm – whether in terms of content and applications or new forms of distribution – take place within clear frameworks.

Content and applications

After some years of experimentation with the provision of content online, we now have a far greater understanding of the kinds of content which can be delivered effectively online, of how that content needs to be presented to users, and of the complex relationship between online and other media. In particular, we have a more developed sense of how online content can





contribute to the fulfilment of the BBC's public purposes, as outlined in Section 3 above: the universal provision of high-quality content to UK citizens; the enrichment of public life in the UK in the areas of democracy, education, culture and community; the development of online as a medium for connecting the UK with the wider world; and, where possible, bringing benefits to the new media industry.

These purposes will guide and control the future editorial development of the BBC's online service, ensuring that new developments are clearly focused on maximising public value, but are also conditioned by an understanding of the potential impact of BBC activities on the wider online market. New proposals will therefore be tested against a set of clear criteria, designed to reflect our responsibilities to licence payers and to provide clarity to other online providers. We will ensure that any proposals for significant investment in new online content and applications:

- 1 Contribute to fulfilling the public purposes which guide all BBC services, and increase our ability to deliver these purposes to the UK public**
- 2 Represent value for money**
- 3 Embody the values that audiences rightly expect of services provided by the BBC, in terms of quality, innovation, creativity and trustworthiness**
- 4 Are distinctive from content and applications which are already available through other online providers**
- 5 Consider the potential impact on other existing providers**

This system of assessment will be built into the BBC's annual budget strategy process for online services, led by the Director, New Media working closely in each case with the director of the relevant output division.

The BBC's investment in applications has particular importance because of its potential to create tools which can add value not just to our own site but also to those of others. Our most notable contribution to date has been the development of Betsie, a system for creating text versions of pages for use by the visually impaired which we developed in collaboration with the RNIB. We took the decision to make this code freely available to other online content providers in order to maximise the potential benefits of the innovation to consumers. Since 1999 the system has been used by, among others, the DTI and the University of Wales (Aberystwyth).

Going forward, our aim will be to continue, where appropriate, to share code which we develop with others in the new media industry in order to ensure that the intellectual capital built through the licence fee is available to all. We will make this available free of charge in open source form for others to use and develop as they wish. In future, we would expect this to include code or other intellectual property which helps to improve the quality of video and audio online, and small software packages we have developed to improve the efficiency of web-production systems.

Distribution

Although it is unclear how long it will take for there to be computer access to the internet in every home in the UK, it is certain that a growing proportion of people will access online content through many different devices, of which the computer will be only one. We have already

addressed this issue in part through our investment in technologies enabling us to offer our online content to other web-connected devices. In future, in order to fulfil our role of ensuring that licence payers benefit to the greatest extent possible from the advantages of the online content which we create for them, it will be essential to ensure that we maintain flexibility in terms of the ways that we distribute our online content so as to make it as widely available as possible.

It is difficult at this stage to anticipate the distribution mix which will deliver this, but our intention is that decisions should be guided by clear principles:

- 1 Any new distribution system adopted should offer to extend the availability of BBC online content to new audiences within the UK or into new environments not effectively reached by other existing distribution mechanisms**
- 2 Additional distribution systems must offer value for money in terms of extra versioning costs for distribution through this channel and specific distribution charges**
- 3 We will consider the potential impact on other providers**

We will continue to be clear about the allocation of public funds to the BBC's online activities. We have rigorously maintained a clear division between those online activities which it is appropriate to fund through the licence fee and those which we have operated as commercial services. For example, we have taken the decision that access services should only be provided through our commercial subsidiary, BBC Worldwide. We do not believe that this should change going forward, or that licence fee funds should ever be used to provide internet access, e-commerce or email services.

9 Conclusion

Our hope is that – as in other UK broadcasting markets – a maturing UK online market will nurture a rich ecology of content providers, both public service and commercial. A key part of our online proposition to date has focused on growing the market for all providers and providing services to the industry as a whole. This will remain one of our central aims going forward. We will also use our annual Statements of Programme Policy to set out for others in the industry our plans for our online services over the next year. Alongside the frameworks we have outlined above relating to new content and distribution systems, we believe that this will provide the clarity that others in the industry have requested to inform the development of their own service propositions.

The BBC remains convinced that online services have a unique ability to enrich, connect and empower people across the UK, both as consumers and as citizens. Only by ensuring that these benefits are shared as widely as possible – by trying to bridge the digital divide – can the greatest value be created for the UK.

Our key challenge going forward will be to try to build confidently and responsibly on the achievements of the last four and a half years. The BBC's capabilities across television, radio and online, at the local, national and international levels, allow us to make a unique contribution to the future of the UK and its citizens. Our intention is to work with audiences, industry and government to achieve the shared vision of a fully connected UK in which the BBC's online service takes its place in a vibrant market, delivering high-quality content to enrich the life of the nation.

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