

Annex 1: The BBC's changing context

BBC Response to the Ofcom PSB Review 2014

February 2015



Delivering the
BBC's mission to
inform, educate
and entertain

Audience's
perception of the
BBC





Changes in
market, audience
behaviour and
technology

The UK public's usage of BBC Services

Over this Charter period, usage of the BBC has stayed strong despite increasing media choice and decreasing share of revenues

- Almost all of the UK uses the BBC each week (**97%** of UK adults) and these audiences spend a considerable amount of time with BBC services (around **18 hours** per week, on average)
- The public consumes the BBC for substantial periods of time across multiple platforms:
 - **82%** of people watch BBC TV overall each week. BBC One reaches more people than any other broadcast TV channel in the UK irrespective of age, socio-economic group and location;
 - **66%** of adults listen to BBC Radio each week; and
 - **50%** of all adults use BBC Online each week (**60%** of online adults), and it is the only UK-based website in the top five most-used websites in the UK

BBC perceptions of quality have increased over this Charter

	2008		2014
Quality (/10)	6.3		7.0
General impression (/10)	6.6		7.0
Trust (/10)	6.0		6.3
TV fresh and new (%)	2011* 70		73

Quality, General Impression and Trust: Kantar Media for the BBC, BBC Brand and Reputation Tracker, 12,058 UK adults 16+; mean score out of 10 shown: General Impression scale: 1 = extremely unfavourable; 10 = extremely favourable; Quality and Trust scale: 1 = strongly disagree; 10 = strongly agree. TV fresh & new: GfK for the BBC, Pulse panel of 20,000 UK adults (based on BBC One, Two, Three, Four and (2011) HD). Pulse data for comparison year is run on 2011 as this is the first full year that is available for fresh & new

INFORM: the BBC is the UK's major news provider

The public chooses the BBC for national moments



The World Cup Final match attracted an audience of **15m** (peaking at 16.7m) on BBC One – 4X higher than ITV



18.7m watched the 2011 Royal Wedding ceremony on BBC One



BBC One coverage on Election Night 2010 reached **15m** people



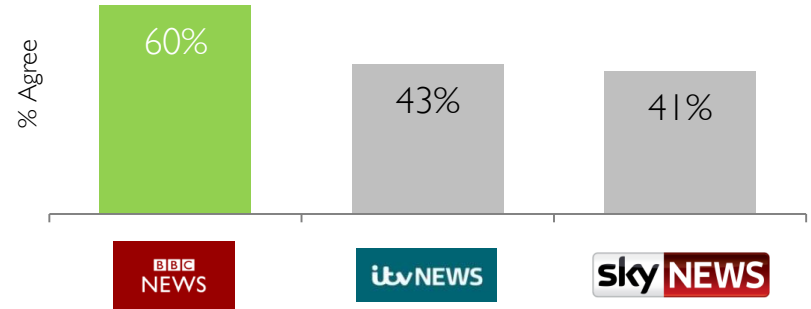
91% of the UK watched the 2012 Olympics on BBC TV

96% felt the BBC's coverage met or exceeded their expectations

BARB: World Cup Final (average audience), Election Night (3 min+ reach cons), Royal Wedding (average audience), Olympics: 15+ minute cumulative reach, BARB; Olympics perceptions: Ipsos MORI, August 2012, 878 UK adults 18+ who consumed coverage of the London 2012 Olympic Games on the BBC

BBC News helps citizens understand big issues

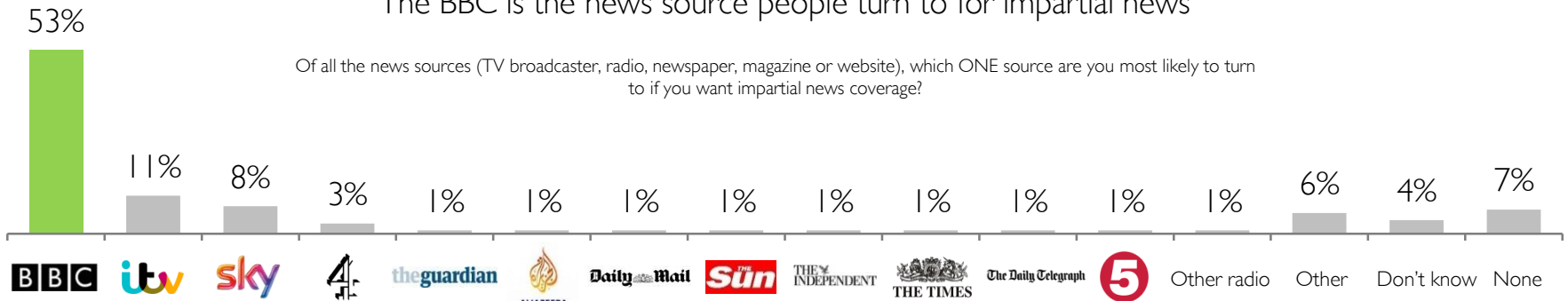
Election 2010 coverage improved my understanding of the issues:
% of viewers to the provider



YouGov for BBC, May 2010. Based on those who watched coverage of each respective broadcaster

The BBC is the news source people turn to for impartial news

Of all the news sources (TV broadcaster, radio, newspaper, magazine or website), which ONE source are you most likely to turn to if you want impartial news coverage?



Ipsos MORI for the BBC, UK adults 15+ who follow the news (1,906), January 2015. Newspaper titles include the Sunday edition

EDUCATE: the BBC's educational mission has real impact

The BBC makes people more aware of UK history

Democracy Day on the BBC marked the 750th anniversary of England's first Parliament. BBC content helped awareness almost double overnight

The day before Democracy Day
Monday, 19 January



were aware of the anniversary

The day after Democracy Day
Wednesday, 21 January



were aware of the anniversary

82% of those aware the day after heard about it from the BBC

Populus for the BBC, 1,054 UK adults 18+, 19 Jan 2015; 1,075 UK adults 18+, 21 Jan 2015

BBC services encourage people to take up new digital skills



1 in 8

iPlayer users say iPlayer is a reason they got home broadband

1 in 10

internet users said one of the main reasons they went online was because of bbc.co.uk

GfK for the BBC, 777 UK adults who used iPlayer on a computer in the last three months, October 2013; TNS for the BBC, 1,038 adults, December 2007

BBC content helps people learn in a variety of ways



82% of all adults say they have watched, listened to or read some of the BBC's WWI centenary content

Ipsos MORI for the BBC, 1,034 UK adults 18+, November 2014



BBC's formal learning content including Bitesize: **2.7m** average weekly unique UK browsers

DAx Comscore: BBC formal learning; average weekly unique browsers, November 2014; iWonder: unique browsers in second week of January 2015



In January 2015, iWonder achieved its highest weekly reach to date: **1.6m** unique UK browsers

ENTERTAIN: the BBC makes content viewers find highly engaging

The BBC creates more quality content, for less

\$100m looks like

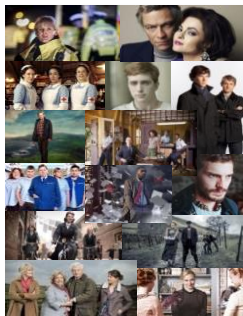


House of Cards

- 2 series / c22 hours of content
- Viewed by 6% of UK adults
- Viewer appreciation 8.0 out of 10

House of Cards: Ipsos MORI, 1,035 UK adults 16+, July 2014;
BBC: BARB, Pulse panel / GfK

It also looks like



BBC drama series

- 14 series / c79 hours of content
- Viewed by 72% of UK adults
- Viewer appreciation 8.8 out of 10

The BBC brings audiences together for different forms of entertainment



EastEnders-related content across its 30th anniversary week reached 23.9m people (over 40% of the population)



The Great British Bake Off final was the most popular programme in 2014 outside sport – with an average audience of 13.5m



Glastonbury 2014 on BBC TV reached 18.8m people



An average audience of 11.7m watched 2014's Strictly Come Dancing final

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The UK public's views on the BBC

The time people spend with the BBC, coupled with their appreciation of the content, has meant that public support for the BBC has risen over this Charter period

The public has a very positive view of the BBC overall and gives the BBC a **7 out of 10** on average. This has been rising over this Charter period

Compared with **2008** and despite greater media choice today, more people now feel:

- the BBC maintains **high standards of quality**
- the BBC is a **great ambassador for the UK**
- the BBC helps people **make up their minds about issues of the day**
- are **glad** the BBC exists.

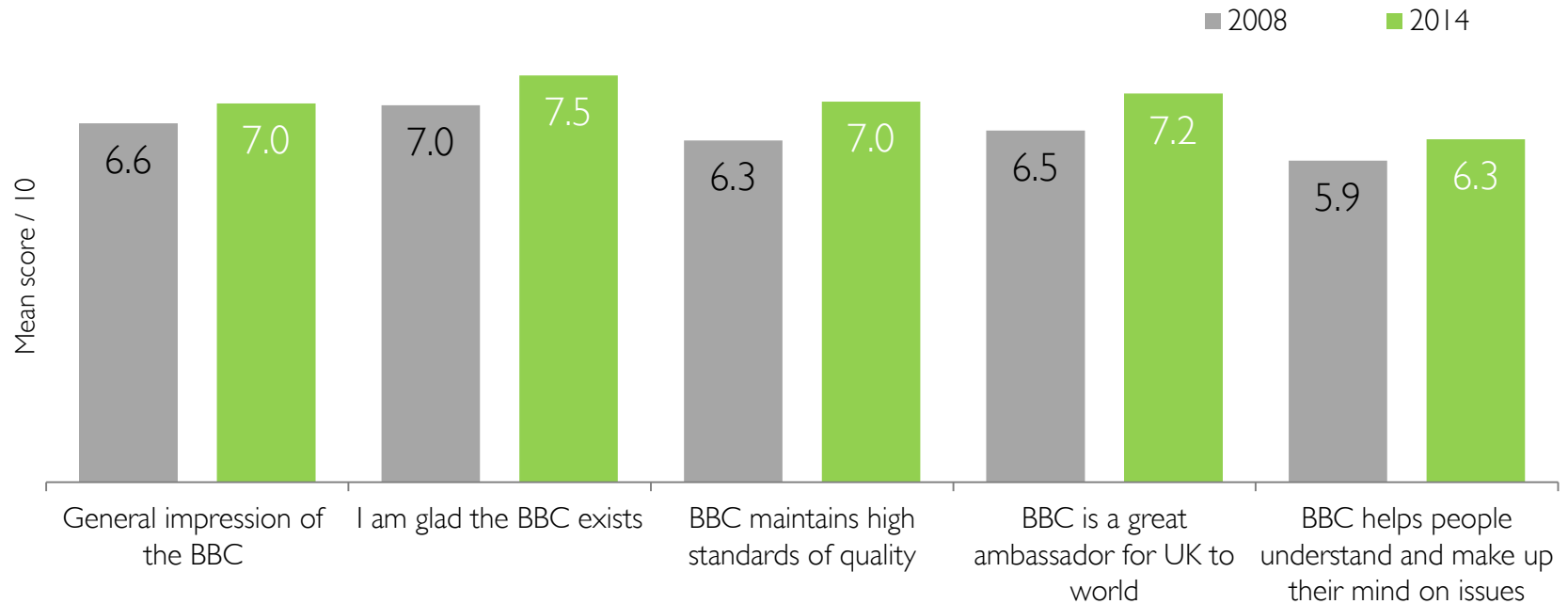
Four in five people would miss the BBC if it no longer existed

Public perceptions of the BBC have improved over this Charter period

Mean score / 10

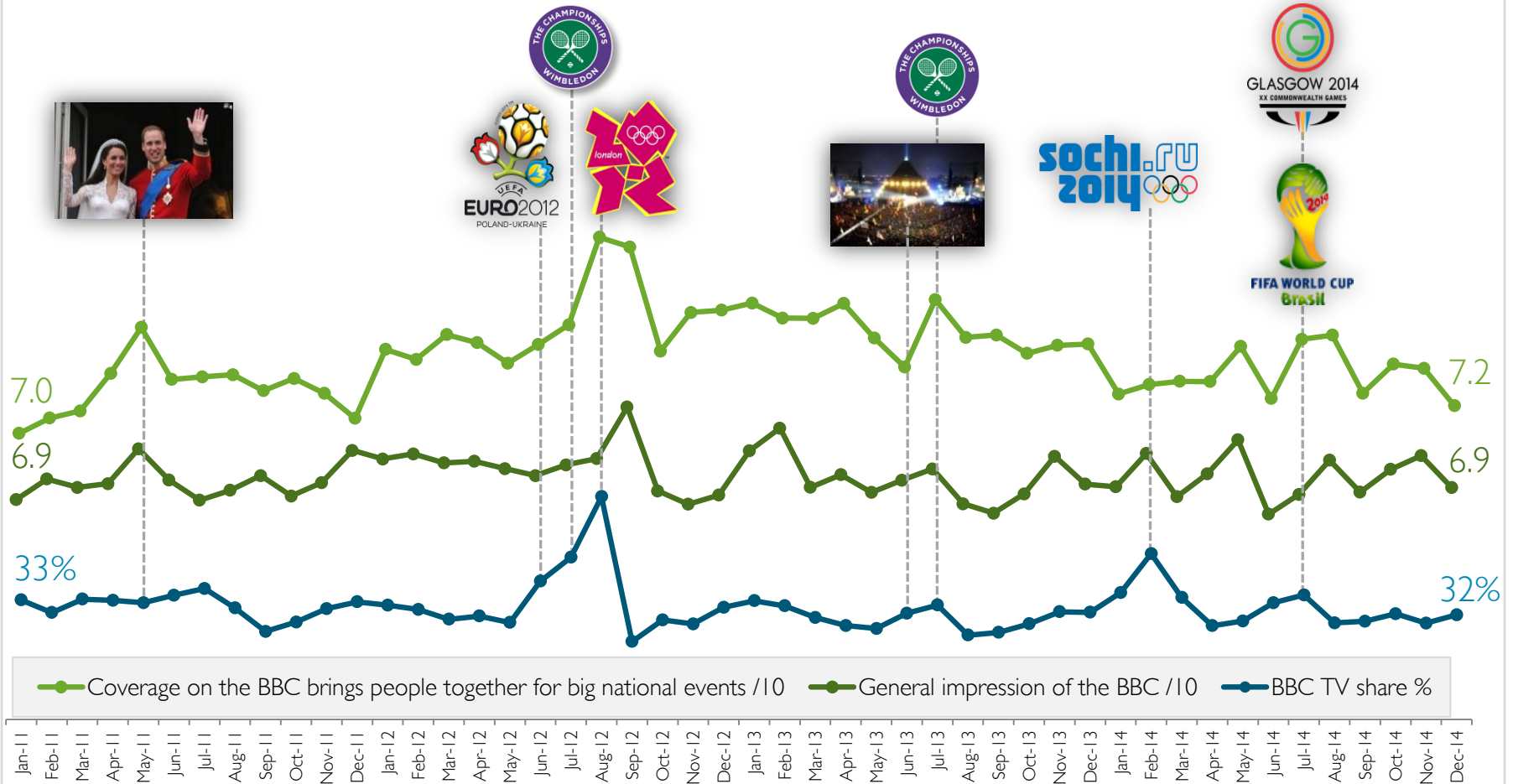
1 = extremely unfavourable; 10 = extremely favourable (general impression)

1 = strongly disagree; 10 = strongly agree (other statements)



Kantar Media for the BBC, Pan-BBC Tracking Study and BBC Brand and Reputation Tracker, UK adults. Sample size – 2008: 8,556 for General impression, Glad BBC exists, Quality; 4,292 for Ambassador to world and Understand issues. 2014: 12,058 for General impression, Quality; 6,074 for Glad BBC exists, Ambassador to world; 5,984 for Understand issues

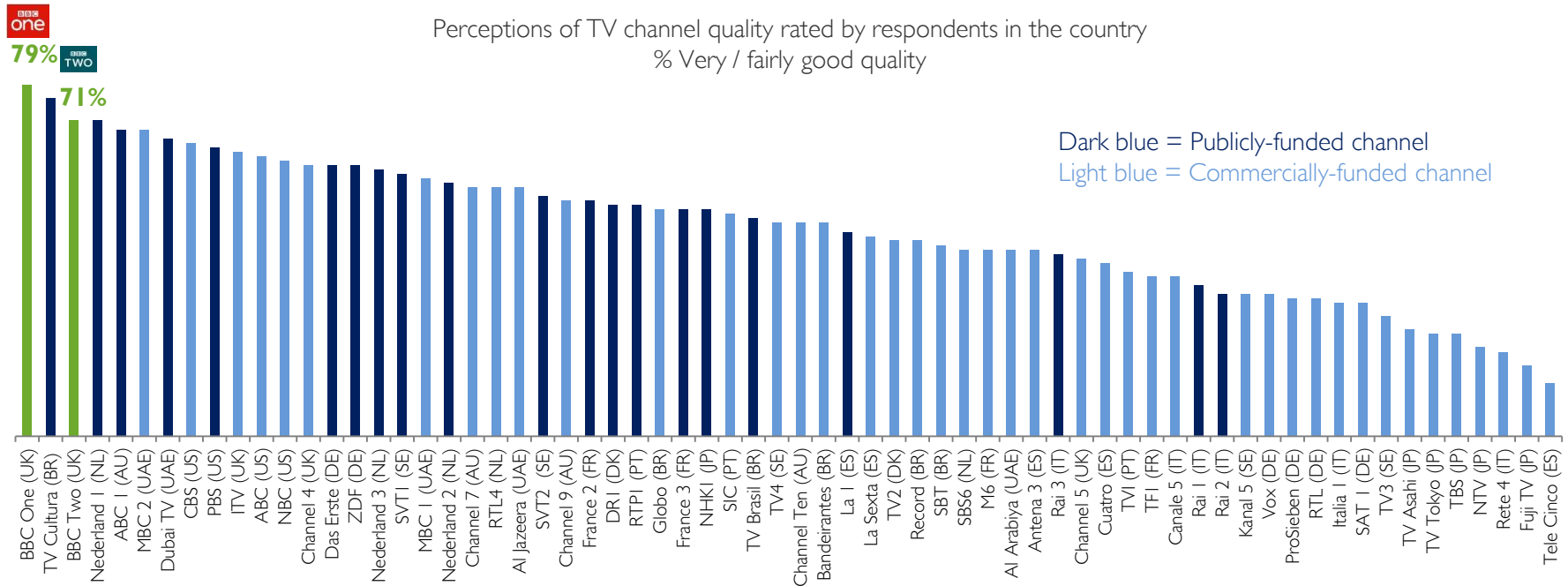
Coverage of big events on the BBC help to bring the nation together



Kantar Media for the BBC. BBC Brand and Reputation Tracker, Coverage on the BBC brings people together for big national events scale: 1 = strongly disagree; 10 = strongly agree. Chart shows mean score out of 10. General impression of the BBC scale: 1 = extremely unfavourable; 10 = extremely favourable. Chart shows mean score out of 10. Sample sizes - Big events: 500 UK adults per month; General impression: 1,000 UK adults per month, BARB, 4+

International research shows that the UK is a leader on overall TV quality, with BBC One receiving the highest quality score

Out of **66** channels in **14** countries, BBC One receives the **highest quality score** of all, with BBC Two ranked third



Populus for the BBC, 14 countries, 500 adults per country rated the quality of each of the biggest TV channels in their country, Oct 2013. To what extent do you think the quality of programmes on the following television channels in [INSERT COUNTRY NAME] is good or poor?

By improving productivity, the BBC has been able to respond to changing and fragmenting audience needs

20 Years ago...

£147.44 per household (in 2013 prices)

0.25% of GDP



Limited competition:

46% share of TV and radio consumption

19.8 hours per person per week

Today...

£145.50 per household

0.23% of GDP



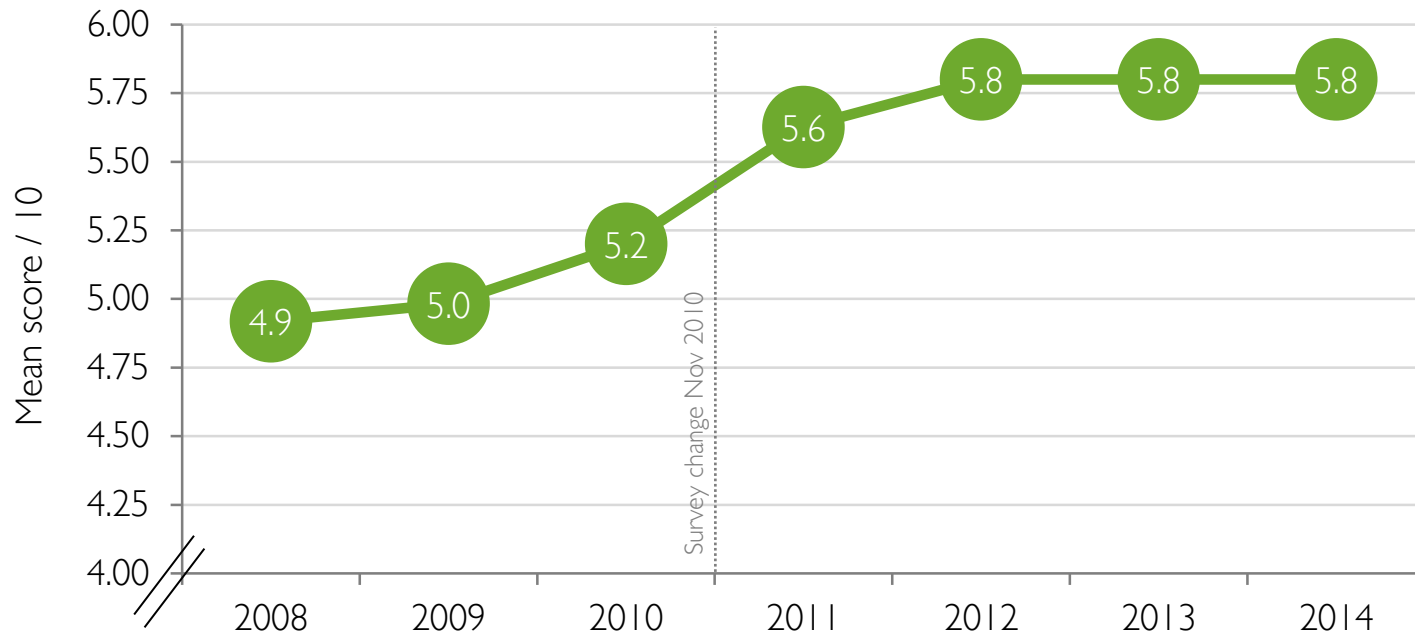
Extraordinary competition:

42% share of TV and radio consumption

21.3 hours per person per week⁽¹⁾

When scored on a scale from 1 to 10, public perceptions of the value for money of the BBC have shown an increase

Value for money of the BBC
Mean score /10: 1 = extremely poor; 10 = extremely good



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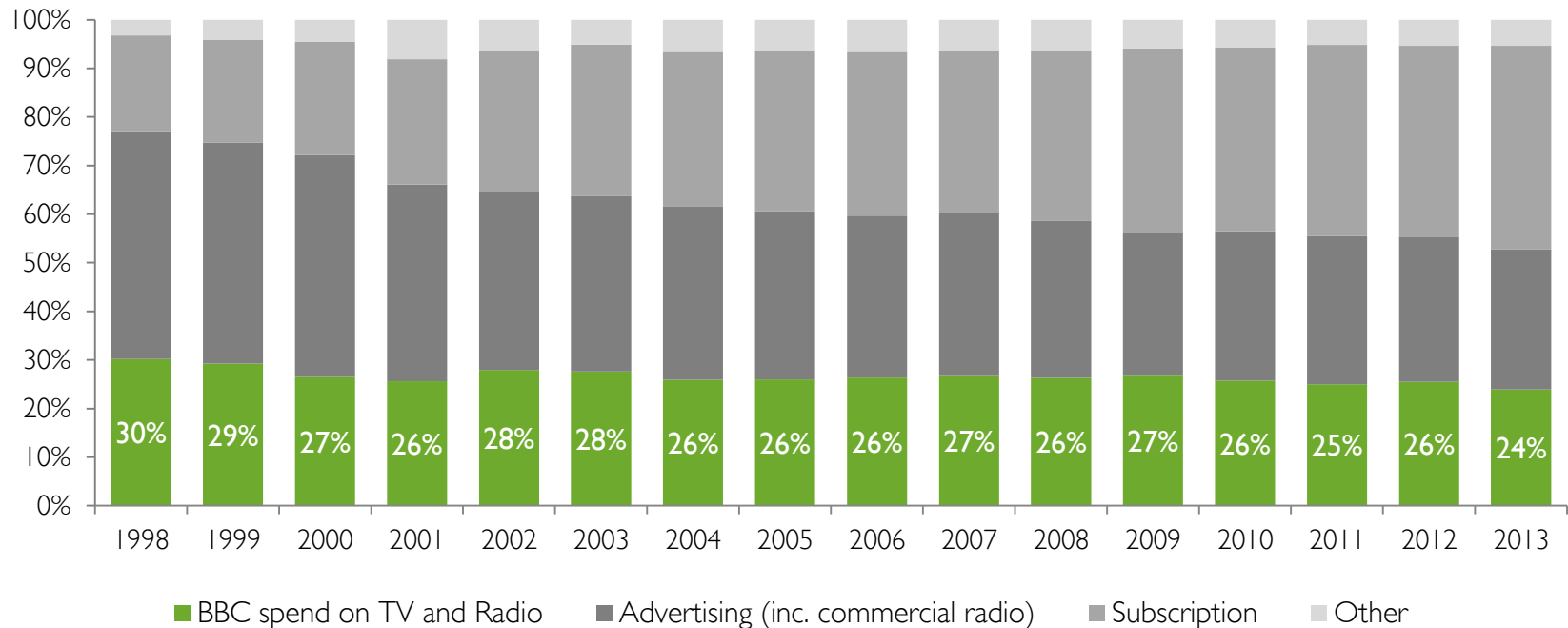
The transition to a connected world is bringing radical change in the market, technology and audience behaviour

High broadband and connected device penetration is enabling new business models and audience behaviour:

- At a time of **funding pressures**, the UK PSBs exist in a **global market** with vertical integration, consolidation and competition for premium content. Apple's **2013** revenues were 20 times the BBC's
- Audiences are becoming **more diverse**. All audiences are spending less time with traditional media, and more time with online services to satisfy individual interests
- Young audiences are leading this trend, though almost all – **94%** – continue to use the BBC each week
- As well as risks, these changes allow the BBC to reinvent how it delivers PSB. Alongside well-loved channels, IP allows us to deliver distinct, personalised, interactive content and experiences
- We have always approached technology change without fear

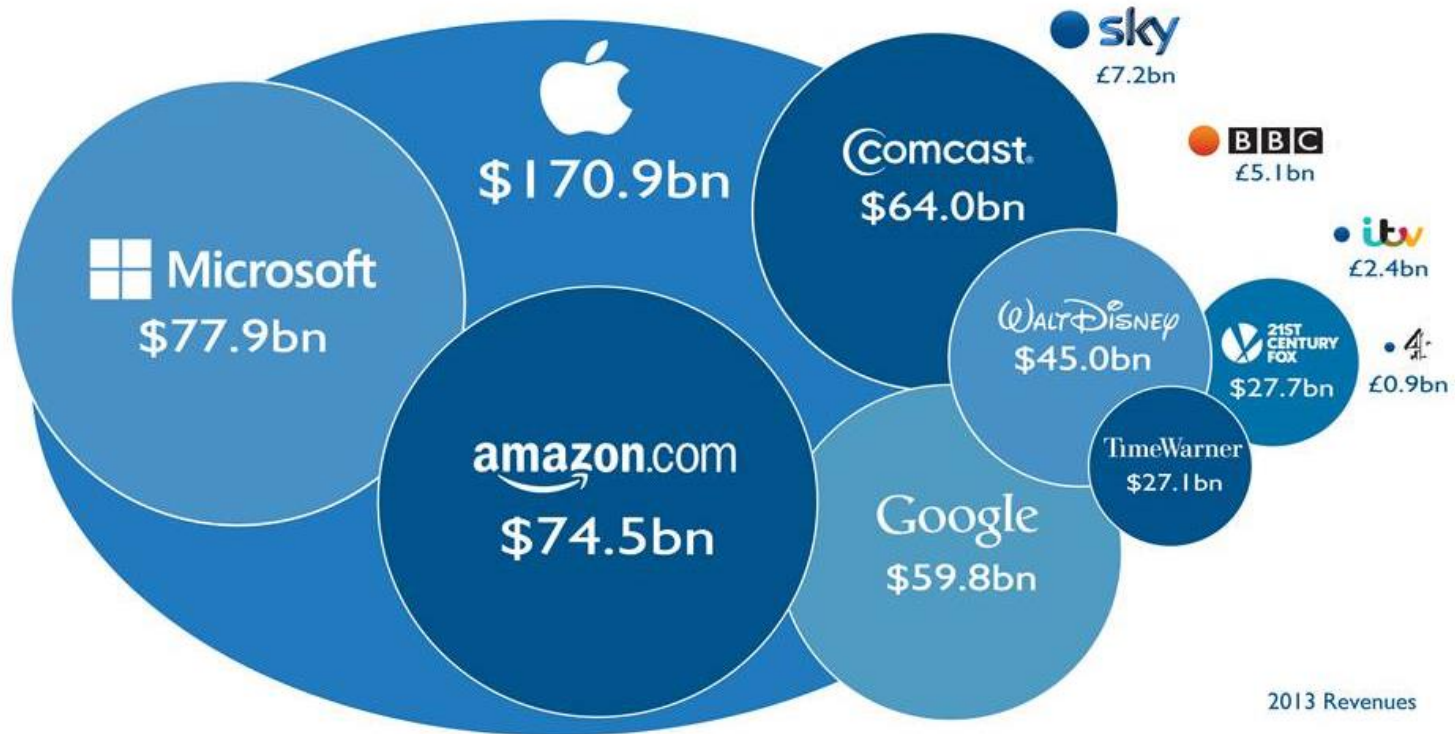
BBC expenditure now accounts for around a quarter of total broadcast industry revenues in the UK

Share of broadcast industry revenues, 1998-2013



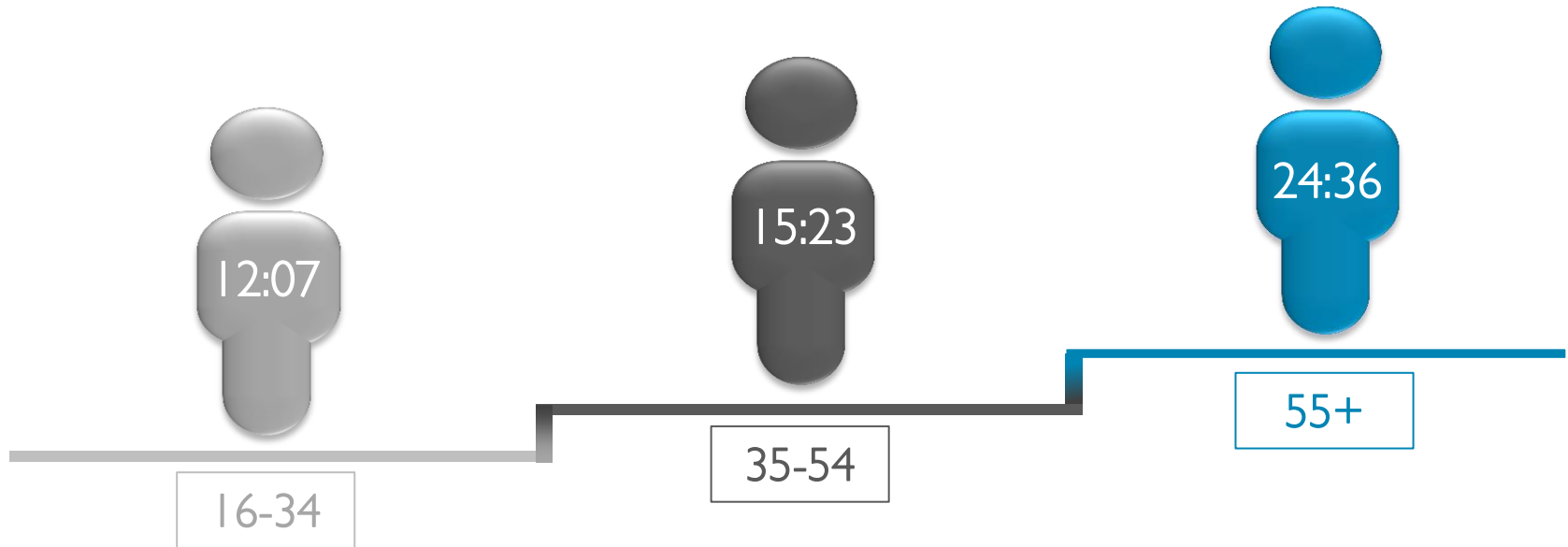
Notes: Figures for 2007-12 are taken from Ofcom's 2013 Communications Market Report. Figures for 2000-2006 are taken from Ofcom's 2008 CMR. Figures for 1998-2000 are taken from Ofcom's 2004 CMR. 'BBC' includes Ofcom's estimates for BBC expenditure on TV and Radio, based on figures reported by the BBC. 'Advertising' includes TV advertising revenues and Commercial Radio revenues. 'Subscriptions' includes Ofcom's estimates of BSkyB and Virgin Media television subscriber revenue. 'Other' includes TV shopping, sponsorship, interactive (including premium rate telephony services), programme sales and S4C's grant from the DCM5

UK broadcasting now exists within a global market



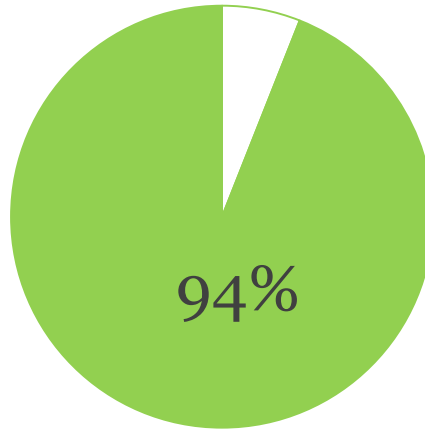
The BBC has challenges with some audience groups

Time spent with the BBC per head (average weekly hours)

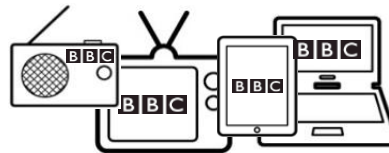


However, almost all 16-24s use the BBC every week

Average weekly reach among 16-24s

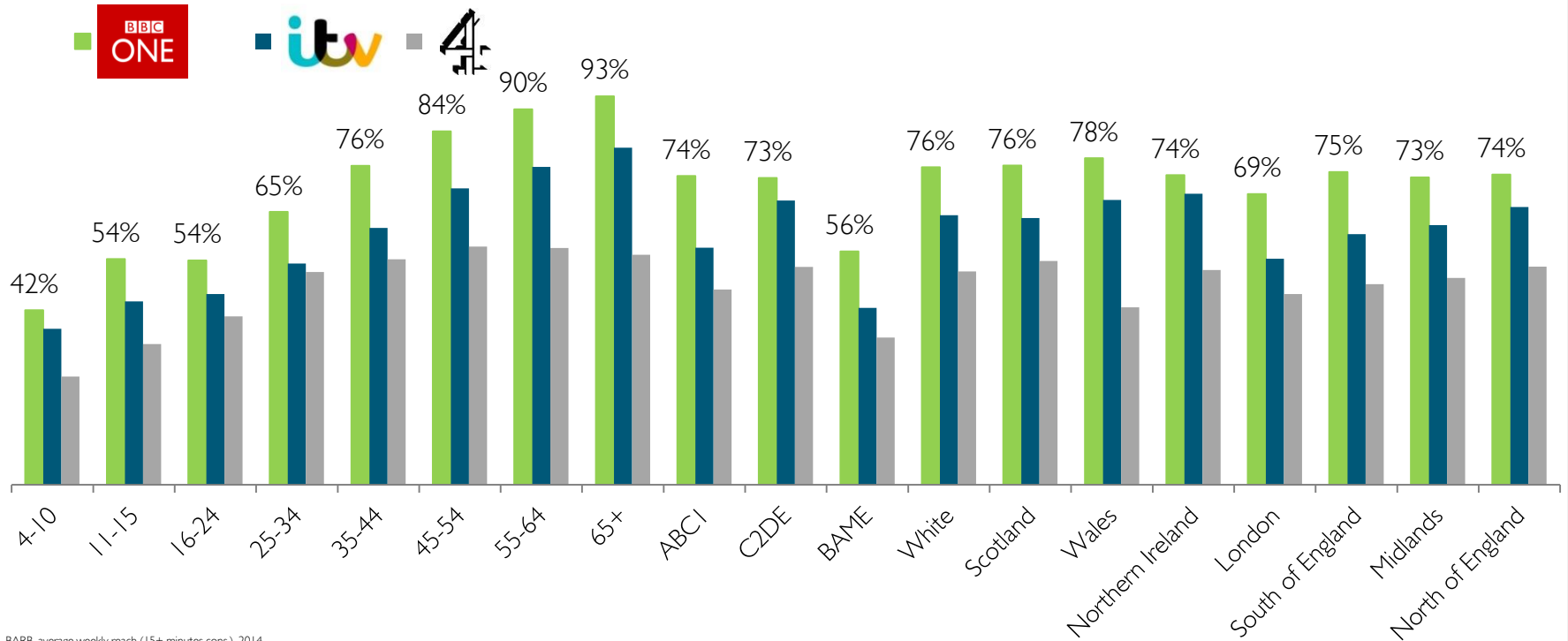


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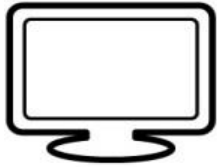
... and while BBC One's reach varies across different audiences, it is the broadcast TV channel that reaches most people in every group

Average weekly reach of the channel among each audience group %

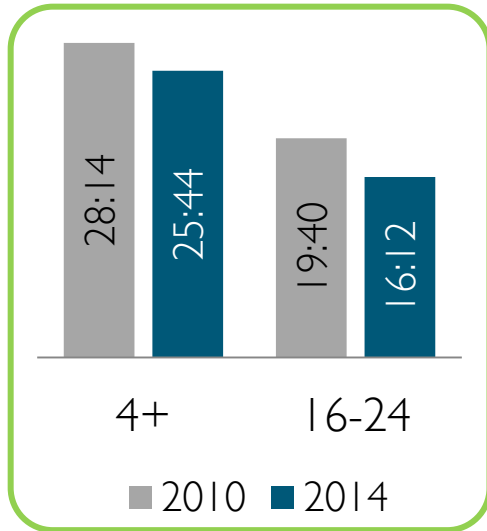


BARB, average weekly reach (15+ minutes cons.), 2014

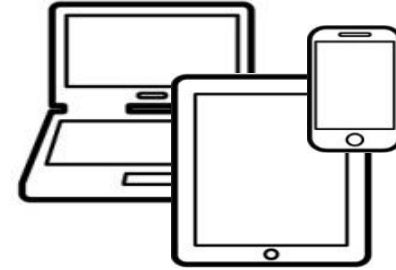
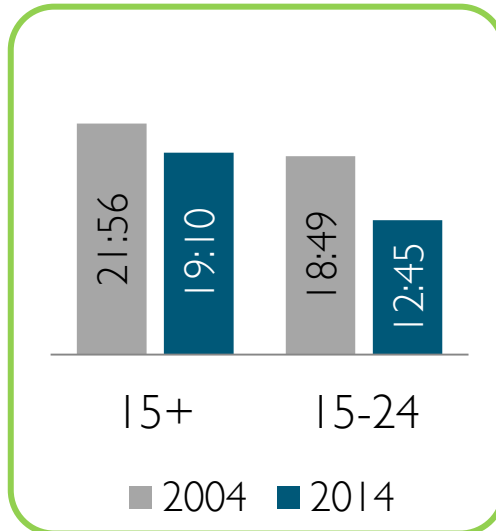
Changes are evident in overall audience behaviour



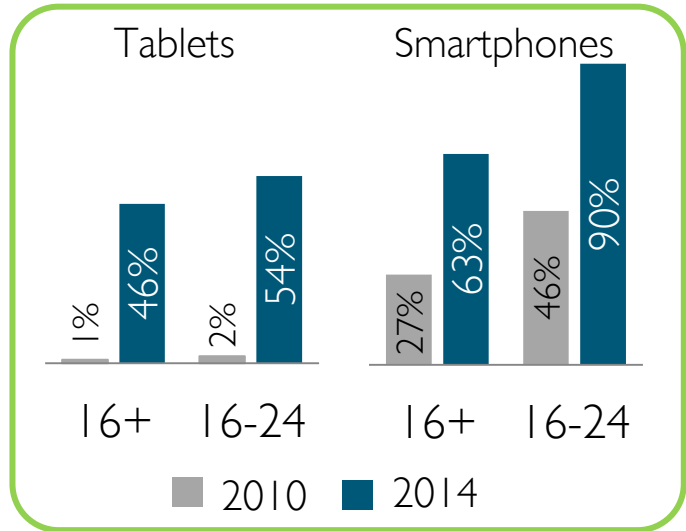
Total TV time on TV set spent



Total Radio time spent

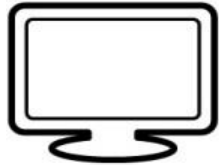


Online ownership

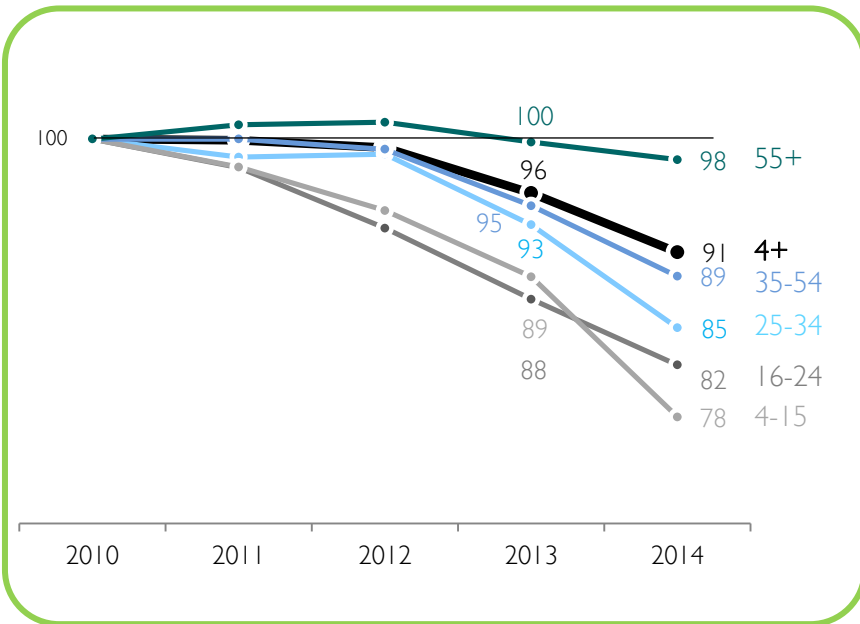


TV: BARB, run on BARB years, time spent per head. Radio: RAJAR Q4 12-month weight, time spent per head. Tablets and smartphones: Ofcom Technology Tracker, 2014: Wave 2, 2,877 UK adults 16+; Ofcom Technology Tracker, 2010: Wave 4, 1,580 UK adults 16+

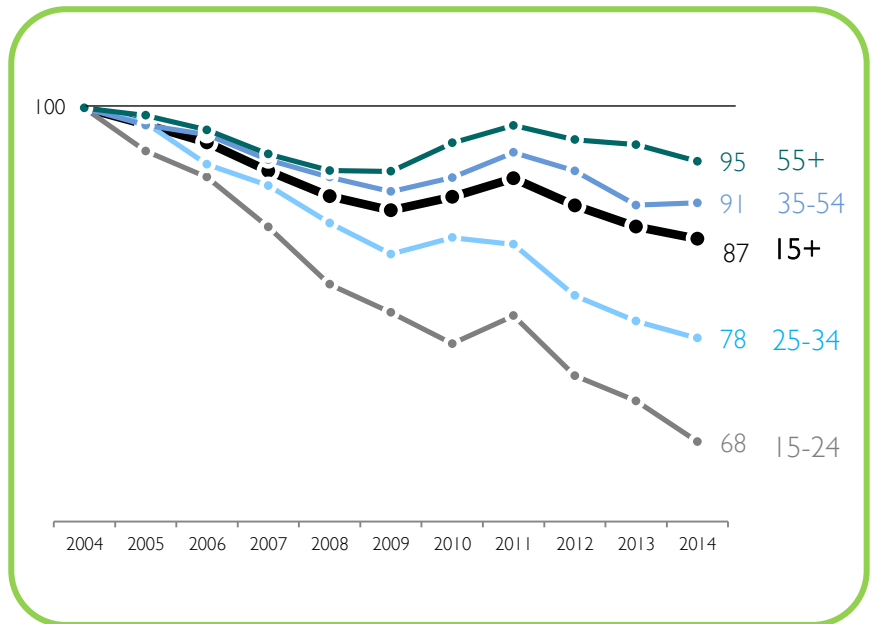
Time spent with traditional media is falling, especially for young people



Total TV time per head indexed on 2010



Total Radio time per head indexed on 2004



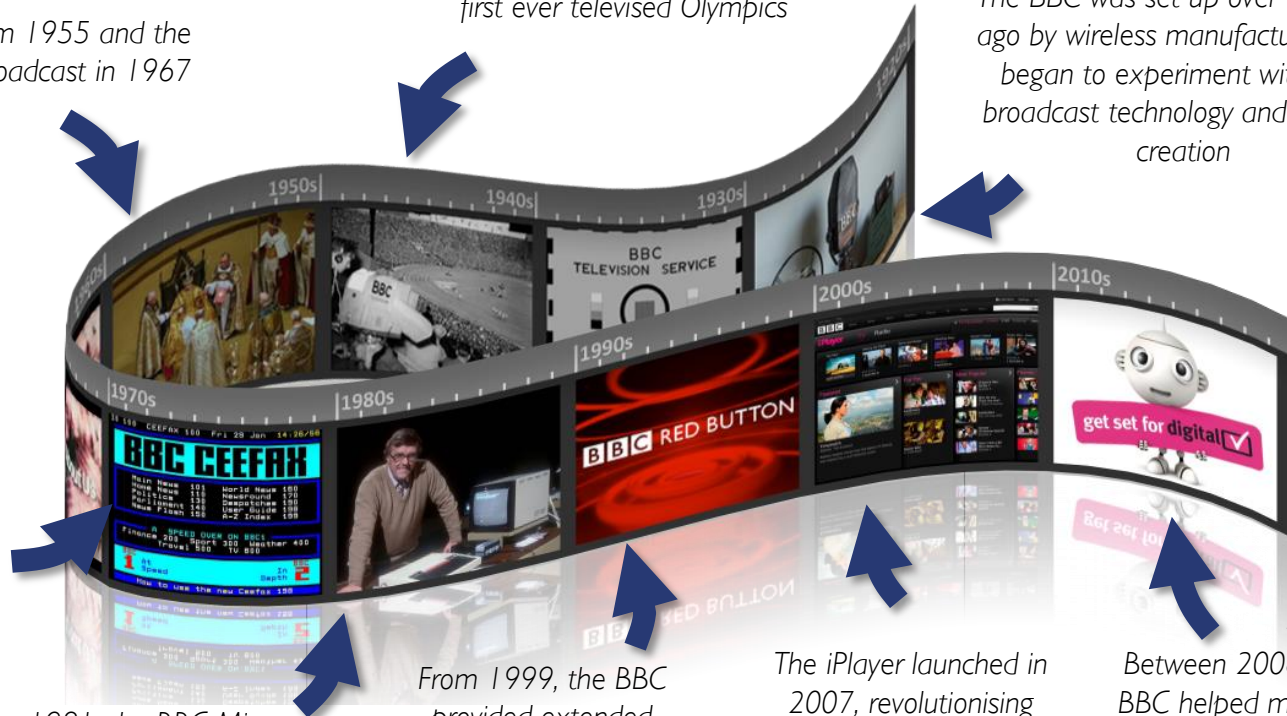
TV: BARB, run on BARB years, time spent per head. Radio: RAJAR Q4 12-month weight, time spent per head

The BBC has always approached technological change without fear

In 1948, the BBC broadcast the first ever televised Olympics

Colour trials from 1955 and the first colour broadcast in 1967

The BBC was set up over 90 years ago by wireless manufacturers and began to experiment with new broadcast technology and content creation



The creation of Ceefax in 1974 – a whole new medium for editorial teams to play with

From 1981, the BBC Micro introduced home computing to millions

From 1999, the BBC provided extended coverage at the touch of a (red) button

The iPlayer launched in 2007, revolutionising on-demand video

Between 2008-2012 the BBC helped millions make the switch to digital TV