



**ON SCREEN AND ON AIR TALENT**  
**AN ASSESSMENT OF THE BBC'S APPROACH AND IMPACT**  
**A REPORT FOR THE BBC TRUST**

**APPENDIX IV –**  
**RADIO SECTOR BENCHMARKING**

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## **APPENDIX IV – RADIO SECTOR BENCHMARKING**

Oliver & Ohlbaum conducted an analysis of trends in BBC radio on-air talent spending. The focus was on breakfast and drivetime slot spending where total talent spending is likely to be concentrated, given the relatively high audiences achieved. Data was provided by the BBC relating to 156 individual programme slots over BBC financial years 2004/5 to 2006/7.

The data provided included total programme cost, number of output hours, total talent spend, and also average weekly reach, all by slot. Data was provided for all national stations, the BBC World Service and for seven large metropolitan, regional and smaller local stations. From the data provided it was possible to calculate and then analyse the relative trends in talent cost per output hour by slot and station and also talent cost per listener reached by slot and station.

Analysis was carried out to assess standalone BBC radio talent spending trends relating to overall spend by slot over the period 2004/5 to 2006/7 in order to assess inflation and also the relationship to overall radio station spending in the time period covered. BBC talent spend on radio by slot and in total was assessed in relation to cost per output hour and also per listener hour.

### **Benchmarking Against the Commercial Radio Sector**

In order to assess the BBC's radio talent spending trends in relation to the wider market context, Oliver & Ohlbaum approached the commercial radio sector through its representative industry organisation, the Radio Centre.

Data was provided from commercial stations by the Radio Centre in an anonymised form from 6 major UK commercial radio groups relating to eighteen individual stations, including one national station and four London stations. Data was provided for a total of 547 programme slots from 2001 to 2007 and included average weekly reach by slot, talent costs by slot and output hours per week. This data was collected to be directly comparable with the data supplied by the BBC.

### **Benchmarking Analysis Undertaken**

All talent spending data by the BBC and commercial sector was indexed to the slot average across groups of stations for each player in 2004/5. Key analysis was provided comparing national stations, London stations, large local / regional stations and small local stations. Commercial radio spending for each calendar year was compared to BBC talent spend for the BBC financial year ending in the calendar year (BBC financial year 2004/5 ending in March 2005 was compared directly with commercial radio data relating to calendar year 2005 as so on).

The inflation in talent spending against an index of 100 in 2004/5 for breakfast and drivetime slots was then conducted to compare the BBC average to the commercial sector average based on talent cost per output hour. In addition, the range of payments by slot and by station type was also compared in order to assess any differences in payments per output hour that might exist between the BBC and the commercial sector. This analysis was also conducted based on indexed talent cost per viewer reached in order to normalise the comparison to take account of different station total survey area (TSA) size, as far as possible.

The composite BBC and commercial radio drivetime and breakfast slot market for talent was also analysed by indexing all annual talent payments by slot and indexing them to the total mean market average. The number of individual station slots by station type and slot type was assessed by range of payments in relation to the index in order to assess the relationship

between slot type and station size and magnitude of talent payments. This analysis was conducted for 2006/7 only to provide a snapshot of UK radio market talent payments.

In addition, for 2006/7 the relationship between average weekly reach by slot and talent cost per output hour by slot (indexed to sample mean average) for 12 national and London stations and 21 different slots was assessed in order to assess the relationship between the two and to identify any outlying data points where talent cost per output hour might outweigh the audience achieved.