



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

APPENDIX VII –
TALENT COMMERCIAL VALUATION METHODOLOGY

Redacted Version

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APRIL 2008

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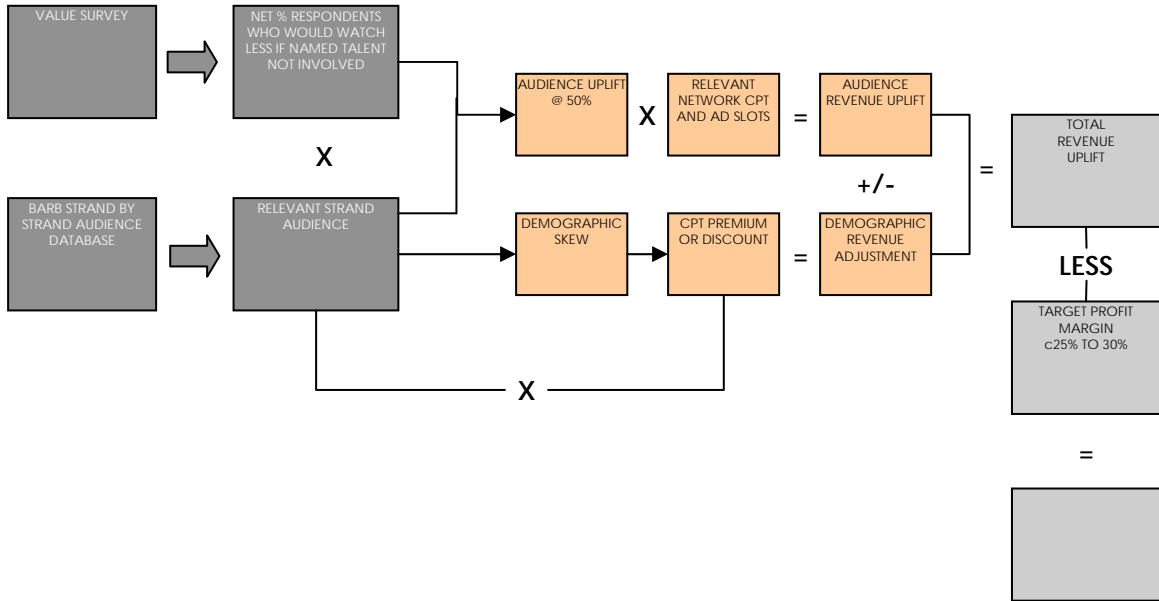
TELEVISION TALENT

The commercial valuation exercise used data from the O&O Value Survey and audience data from BARB for individual programmes. The talent value survey asked respondents if their likelihood of watching certain programme more, less, or about the same if the usual presenter/actor were replaced by others mentioned in the survey. The presenter's individual effect on the programme ("net proportion of watching") is derived by subtracting the proportion of respondents who would watch more of the programme from the proportion who would watch less if the presenter were replaced. To derive the audience uplift, the "net proportion of watching" is multiplied by half the average audience of the individual strand. This uplift in audience was then valued in terms of commercial advertising revenue by applying a station advertising price (cost per thousand) to the extra audience, albeit adjusted for the specific demographic likely to be attracted (higher prices for attracting audiences under 35 or ABC1 audiences).

We then multiplied this revenue by the number of advertising slots per hour. For the television presenters we have assumed a standard commercial advertising minutage of 9 minutes per hour¹. We also assumed a 15% agency commission and a target commercial channel gross profit margin of 25% to the gross advertising value. After subtracting agency costs and target profit margin, we determined a likely price range that the commercial channels would offer for various BBC and commercial TV names. These calculations are represented in the diagram below:

¹ This implies 18 advertising slots per hour for commercial television.

STEP BY STEP VALUATION



The indexed² and anonymised results of this exercise for television personalities are presented below:

[Table Redacted]

² The scores are indexed with the television presenter with the highest score calibrated to 100 and all other television personalities divided by this score. Thus all personalities are relative to the television presenter with the highest score.

[Table Redacted]

[Table Redacted]

We then compared these prices with the actual prices paid by the BBC per hour. These ratios are presented in the table below:

[Table redacted]

RADIO TALENT

A similar process is applied to radio personalities. The commercial valuation exercise used data from the O&O Value Survey and average weekly reach data from RAJAR on a station by station basis and by time-slot. The "net proportion of listening" is similarly calculated by subtracting the proportion of survey respondents who would listen less from the proportion of respondents who would listen more if the DJ were replaced by another DJ in the survey. The uplift is then calculated by multiplying half the average weekly reach for the programme by this "net proportion of listening." However, there exists an inherent difficulty in comparing BBC radio DJs, who are nationally known, with most commercial radio DJs who only locally known³. Secondly, national DJs will draw much larger audiences by the geographical nature of the radio market than local commercial DJs whose audiences are limited. Thus, BBC DJs will have a much larger commercial valuation relative to their local commercial counterparts.

In an attempt to mitigate some of the audience size discrepancy between national radio stations and local commercial stations and to make them more comparable, we multiplied the local commercial audiences by a factor of five.

The results are indexed to the top score within radio. The results for radio are presented below.

[Table Redacted]

³ Most survey respondents are more likely to recognise BBC radio DJs but may not be so familiar with London commercial radio DJs.

We then compared the commercial valuations with the actual prices paid by the BBC per hour. The commercial prices were scaled down by a factor of five to make them comparable to local (London) commercial radio. These ratios are presented in the table below:

[Table Redacted]

In general, the comparing the commercial valuation of national radio personalities with local commercial DJs is difficult due to geographical scale and the limited recognition that local commercial DJs can achieve.