



National Audit Office

Report

by the Comptroller
and Auditor General

BBC

The BBC's understanding of its audiences and users

Key facts

£22.4m

cost of the BBC's Audiences team in 2016-17

12.6m

active monthly signed-in BBC-ID users on 31 October 2017

15 months

delay in introducing mandatory sign-in for iPlayer (on web and mobile applications)

11%	expected real-terms increase in the cost of the Audiences team between 2014-15 and 2017-18, reflecting investment in digital analytics skills, and measurement and analytics contracts
17 hours and 7 minutes	is the average weekly time spent using BBC services per head by all individuals aged 16 and over, in 2016-17
11 hours and 7 minutes	is the average weekly time spent using BBC services per head by individuals aged 16 to 34, in 2016-17
£1.9 million	expected annual contract cost, for 2017-18, of the BBC's Cross-Media Insight contract with Ipsos MORI
8 to 10 months	delay in various elements of the BBC's Cross-Media Insight contract with Ipsos MORI
11,600	visits to the BBC's Audiences Portal, providing self-service data and reports for BBC staff, in May 2017

Summary

1 The BBC is the UK's main public service broadcaster, responsible for serving all audiences through the provision of impartial, high-quality and distinctive output and services which inform, educate and entertain. Audience data and insights are critical to the success of the BBC's public service broadcasting, affecting decisions it takes about how to spend the majority of its £3.8 billion of licence fee income. These data and insights are vital for performance monitoring, informing the creation of new content and services, and helping shape the BBC's strategy.

2 The BBC's Audiences team collects and disseminates audience data and insights, and spent £22.4 million in 2016-17, with costs split between research and measurement (£16.6 million) and staff (£5.8 million). Areas within the team mirror the BBC's divisional structure and also provide support on specialist issues, like digital audiences.

3 The team monitors audience performance, including figures for TV viewing, radio listening, and the use of online services, as well as audience appreciation and perception data. It also carries out bespoke research, including on audience behaviour trends and how particular demographic groups use the BBC. Audience responses to BBC content vary, as do the amount and range of services that different people use. For example, in 2016-17, all individuals aged 16 and over spent, on average, around 17 hours per week using BBC services, compared to around 11 hours for younger (16- to 34-year-olds) audiences.

4 The BBC's audience measurement needs are changing because of significant changes in the media environment, including new technology and competition, and shifting audience behaviour. People increasingly use tablets and smartphones to access media content, and there is a broader range of media and technology services than in the past, including different broadcasters' and subscription on-demand services. Changes in audience behaviour are particularly pronounced among younger people. Within the BBC, these changes have seen use of the iPlayer increase by 151% (from 1.5 billion to 3.8 billion programmes accessed per year) between 2010 and 2016, and BBC Three became an online-only service in 2016. Elsewhere, the number of UK households with subscription video on-demand services, such as Netflix, rose by 145% (from 3.8 million to 9.4 million) between 2014 and 2017.

Our report

5 This report examines whether, to inform decisions across its public service broadcasting services, the BBC efficiently, effectively and economically understands how people use and respond to the full range of its services. The report does not assess the performance of the BBC's programmes and other services but includes examples to illustrate the work of the Audiences team.

- **Part One** describes the structure of the BBC's Audiences team, changes in the media environment and audience behaviour, and the BBC's strategy.
- **Part Two** explores the collection of audience data across the BBC's services and the BBC's efforts to improve audience measurement.
- **Part Three** examines how the BBC uses audience insights to monitor performance, inform the creation of new content and services, and help develop its strategy.
- **Part Four** assesses the management of the Audiences team, including its approach to staffing, efficiency savings, and contract and performance management.

Key findings

The BBC's strategic focus

6 **The BBC adopted a new strategy in its Annual Plan in October 2017, with an overarching aim to “reinvent itself for a new generation”.** Building on previous plans, the BBC has set out the performance framework it intends to use to assess how effectively it engages audiences and meets its public purposes in the future. The BBC is continuing a previous strategic focus on groups it serves less well. These include younger audiences, and black and minority ethnic audiences, and audiences in some of the home nations of the UK (paragraphs 1.9 and 1.10).

The BBC's collection of audience data

7 **Audience measurement for broadcast TV and radio is based on industry-wide arrangements that provide extensive, detailed and robust data, and have met the BBC's needs effectively for those services.** The Broadcasters' Audience Research Board (BARB) and Radio Joint Audience Research (RAJAR) are part-owned by the BBC alongside other broadcasters, and provide industry-wide audience measurement for TV and radio, respectively. This includes data on the size and demographic profile of audiences, and about audience behaviour trends. Both BARB and RAJAR, to varying degrees, are evaluating and developing new measurement approaches to capture better data about online and non-live viewing and listening (paragraphs 2.2 to 2.4).

8 The BBC's audience data for its online services are becoming increasingly important as use of these services grows, but the quality and completeness of these data are not always sufficient for the Corporation's needs. The BBC's online services were visited by 40 million unique UK-based visitors in June 2017, up 36% since June 2014. Measuring online activity requires a wider range of approaches and sources than for TV and radio measurement, partly because online content is available across more services, both those owned and operated by the BBC, as well as third parties. While the BBC collects data about all its online services from various internal and external sources, these do not always meet its needs, and can be difficult to align and reconcile. This means the BBC faces measurement challenges where services exist entirely online, such as BBC Three. In addition, where BBC content is designed to be accessed through third party online services, such as social media, the BBC is reliant on these organisations to supply audience data. The BBC has no direct control over these data's design or quality, or what data are shared (paragraphs 2.7 to 2.10).

9 The BBC is responding to changes in technology and audience behaviour through two significant initiatives. The BBC has acknowledged that the way it currently measures audiences does not fully meet its needs, and that, without taking action, the gap between what it can measure and what it needs to know would continue to grow. It is responding by:

- Increasingly asking and requiring users to sign-in with a BBC-ID to access its content, supporting the development of more personalised services. This will enable the BBC to enhance its understanding of signed-in users' behaviour across its website, mobile applications and the iPlayer. It has been enabled by the myBBC project (paragraphs 2.11 to 2.12).
- Improving its approach to cross-media measurement, through three contracts. These aim to: improve the BBC's measurement of audience perceptions; provide better data on people's use of, and time spent with, all BBC services, including those online; and introduce new ways of integrating high-volume datasets to give further insight (paragraphs 2.11 and 2.17).

10 The BBC did not implement mandatory sign-in for iPlayer as quickly as it intended, delaying its ability to generate new insights about signed-in users. Mandatory sign-in for iPlayer, whereby people must use their BBC-ID to access iPlayer content, began in June 2017, 15 months later than originally planned, owing to technical challenges and the BBC's decision to collect more demographic data from users. This delayed the BBC in gaining access to data about a large number of signed-in users. The myBBC project is now complete and the BBC has started to analyse and report on the new BBC-ID data signed-in users are generating. The BBC succeeded in reaching a target of 9 million active monthly signed-in users in August 2017, shortly after its target date of July. As at 31 October 2017, the BBC had 12.6 million active monthly signed-in users (paragraphs 2.12 to 2.15).

11 The BBC's Cross-Media Measurement project is also delayed. Still in its early stages, this project has introduced a new daily diary-based survey and a pilot version of a new children's cross-media measurement approach. However, it has also encountered difficulties recruiting research participants and implementing new metering technology, causing delays of at least eight months to important aspects of the project's scope. The delays have led the BBC to deduct £25,000 from payments (out of £1.9 million expected contract costs in 2017-18) to the contractor, Ipsos MORI. These deductions were made during the first five months of the contract but are equivalent to the annual limit for financial penalties, meaning that unless it agrees new arrangements with the contractor, the BBC will not be able to levy further financial penalties until April 2018. In October 2017, both parties began discussions to work towards new contractual terms and payment arrangements. The BBC has also decided to support the contractor by dedicating additional BBC staff time to the project, increasing internal costs beyond expected levels (paragraphs 2.19 and 4.16).

12 The BBC is not yet sufficiently tracking the full range of benefits it expects to achieve from both the ongoing analysis of BBC-ID data and Cross-Media Measurement. In April 2016, we reported that the BBC did not create a plan to measure the benefits of myBBC until late in the project. Following completion of myBBC, the BBC has now progressed to the next stage of this work – analysing large amounts of BBC-ID account data. It has also recently developed, and is using, a standard measurement framework for all BBC online services, including data collected from signed-in users. However, it is not yet tracking other benefits set out in the myBBC investment case, particularly the extent to which BBC-ID data is supporting content commissioners and producers across the BBC. For Cross-Media Measurement, the BBC has articulated the intended benefits as being higher-quality performance metrics and subsequently better products and services, as well as reduced costs from stopping other research. It has not yet set out, or begun to track, the cost reductions it expects to arise from the project. Improving its approach to benefits monitoring would support more effective oversight and greater clarity about the impact of delays on both projects (paragraphs 2.16, 2.20 and 2.21).

13 Building on what it already has access to, the BBC is in the early stages of negotiating with third party organisations to obtain better data about how people use its content on external online services. The BBC has varied access to user data from third parties that host its content, including Facebook, Twitter and YouTube. The BBC wants to obtain more detailed data that better meet its needs, in particular to enhance its understanding of younger audiences, who are more likely to access media content online. The BBC's success will depend on the strength of its relationship with each third party and how it balances various distribution priorities (paragraphs 2.22 and 2.23).

The use of audience insights to support decisions across the BBC

14 The Audiences team, through routine and ad hoc reports, and other types of output, has provided data and insights effectively to support decision-makers across the BBC. The team produces a wide range of robust and detailed data and reports for BBC staff to monitor performance, inform decisions on commissioning and content, and help shape the BBC's strategic direction. The majority of data sources provide comprehensive demographic data, though reports vary in the prominence they give to such data, with age demographics receiving more focus than other areas. This reflects the focus of the BBC's strategy (paragraphs 3.2 to 3.10).

15 The extent to which the Audiences team can provide effective support to decision-making in the future will depend on the successful implementation of BBC-ID analytics and Cross-Media Measurement. These delayed projects will be increasingly important to decision-making by providing better data in areas where the BBC's needs are not currently met. The team's effectiveness in this area also depends on the BBC's success in negotiating better data from third parties, integrating these data with other sources, and developing insights for use across the Corporation. The increasing range of data available to the BBC also means the Audiences team faces the growing challenge of communicating complex insights in ways that content creators, commissioners and schedulers can easily engage with (paragraphs 2.15, 2.21, 2.23 and 3.7).

The BBC's management of the Audiences team

16 The Audiences team expects to spend £23.7 million in 2017-18, an 11% real-terms increase since 2014-15, reflecting investment in digital analytics skills needs, and measurement and analytics projects. Following a review across its divisions, the BBC identified a need for 37 extra analysts, to focus on real-time and advanced analysis of BBC-ID data. The BBC expects to recruit staff to the first 14 new roles by March 2018, but has noted that these skills are in high demand. The BBC's 2017 staff survey suggests that retention is also a challenge for the Audiences team, with the proportion of staff stating that they intended to be working at the BBC in two years significantly lower than the BBC average. Nevertheless, staff turnover in the Audiences team decreased from 21% in 2015-16 to 13% in 2016-17 (paragraphs 4.2, 4.3, 4.6 and 4.7).

17 The Audiences team is part-way through a change programme to improve efficiency and redesign service provision, given its need to make savings in the context of increased demand for its services. The BBC's Marketing and Audiences department has an efficiency savings target of £5.9 million between 2017-18 and 2021-22. The Audiences team has provisional plans for £1.2 million of savings over this period. To generate efficiencies and improve the way it works, in 2016 the team launched a change programme comprising 13 work streams. For example, to help manage demand, it is focusing on providing self-service data and reports for BBC staff, primarily through its Audiences Portal. There were 11,600 visits to the Portal in May 2017, evidence that the service is well-used, although the BBC does not yet produce divisional breakdowns of these data. The team also plans to improve understanding of staff workload through a one-month snapshot exercise. By July 2017, one-fifth of the tasks in the 13 change programme work streams had been completed, but a significant number of the other tasks were rated as at risk of not being completed on time (paragraphs 3.3, 4.5 and 4.9 to 4.11).

18 The Audiences team assesses its performance regularly but could do this more effectively. The team evaluates its performance in various ways, including annually assessing progress against objectives, carrying out half-year and annual performance reviews, and providing ad hoc project updates to senior management. In 2016-17, the team had 24 actions supporting its objectives – rating itself 'green' for 17 of these. In 2017-18, the team has taken a similar approach but many of the actions it has set out do not have clear measures of success, or timescales for when they will be achieved. In addition, to support more effective oversight, the team's formal performance reviews could include better information on: progress of, and benefits from, significant projects; comprehensive contract performance; and key workforce data. This would be beneficial in the context of project delays, contractual performance issues and the ongoing change programme (paragraphs 4.12 and 4.13).

Conclusion on value for money

19 The BBC's Audiences team has provided data and insights effectively to support performance measurement and decision-making across the BBC. As the growth in online services continues, the BBC's measurement and analysis requirements are changing rapidly. It is therefore understandable that the Corporation has decided to invest more in the Audiences team, despite the context of wider financial constraint. The team is making efforts to improve its efficiency and manage demand more effectively, though it is having difficulty implementing some of its plans. It is particularly important that the team brings this work to a successful conclusion since, in future years, it faces the challenge of balancing increased demand for its services with a requirement to reduce costs.

20 Building on the effective audience measures that exist for TV and radio, the BBC has also been right to address areas where data do not currently meet its needs, particularly in measuring and understanding online audiences. It is seeking to develop insights from new BBC-ID data and improve its approach to cross-media measurement, alongside efforts to access more detailed data from third parties. However, there have been delays in implementing both mandatory sign-in for iPlayer and Cross-Media Measurement, and access to third party data is not fully within the BBC's control. Until the BBC achieves the benefits it intends from these initiatives, the Audiences team's ability to continue providing value for money is at risk.

Recommendations

- a** The BBC should review how it is measuring and tracking all of the intended benefits of BBC-ID analytics and Cross-Media Measurement, and the timeliness with which these benefits are being achieved.
- b** Given the business need for, and importance of, Cross-Media Measurement, the BBC should consider including this project in its critical projects portfolio – particularly in light of the delays to date and the ongoing risk of the project.
- c** The BBC should keep under regular review the staff numbers and skills it requires in its Audiences team, including through more routine monitoring of workload, and should use this information in setting future savings targets.
- d** The BBC should review how it reports internally on the Audiences team's performance, in order to provide better information on progress with significant initiatives, contract performance, and workforce measures, for example on workload, retention and recruitment.
- e** The BBC should continue to capture more detailed data on the use of its increasing range of self-service tools, and consider ways to increase their use, such as through analysing and reporting data by division.