



National Audit Office

Report

by the Comptroller
and Auditor General

BBC

The BBC's understanding of its audiences and users

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Sir Amyas Morse KCB
Comptroller and Auditor General
National Audit Office

4 December 2017

This report examines whether, to inform decisions across the BBC, the Corporation efficiently, effectively and economically understands how people use and respond to the full range of its services.

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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.

Part One

The BBC's changing context and strategy

1.1 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.¹ It provides a wide range of services, including nine television services, 10 UK network radio stations, 46 radio stations for the UK's nations and regions, and online services including its website, mobile applications and iPlayer. The BBC receives public funding from television licence fees, totalling £3.8 billion in 2016-17.

1.2 Information on audiences and users is critical to the BBC's success in meeting its responsibilities, affecting decisions it takes about how to spend the majority of licence fee income. It is used to monitor performance, inform the creation of new content and services, and help shape the BBC's strategic direction. This part introduces the structure and responsibilities of the BBC's Audiences team, outlines significant changes in the media environment and describes the BBC's strategy.

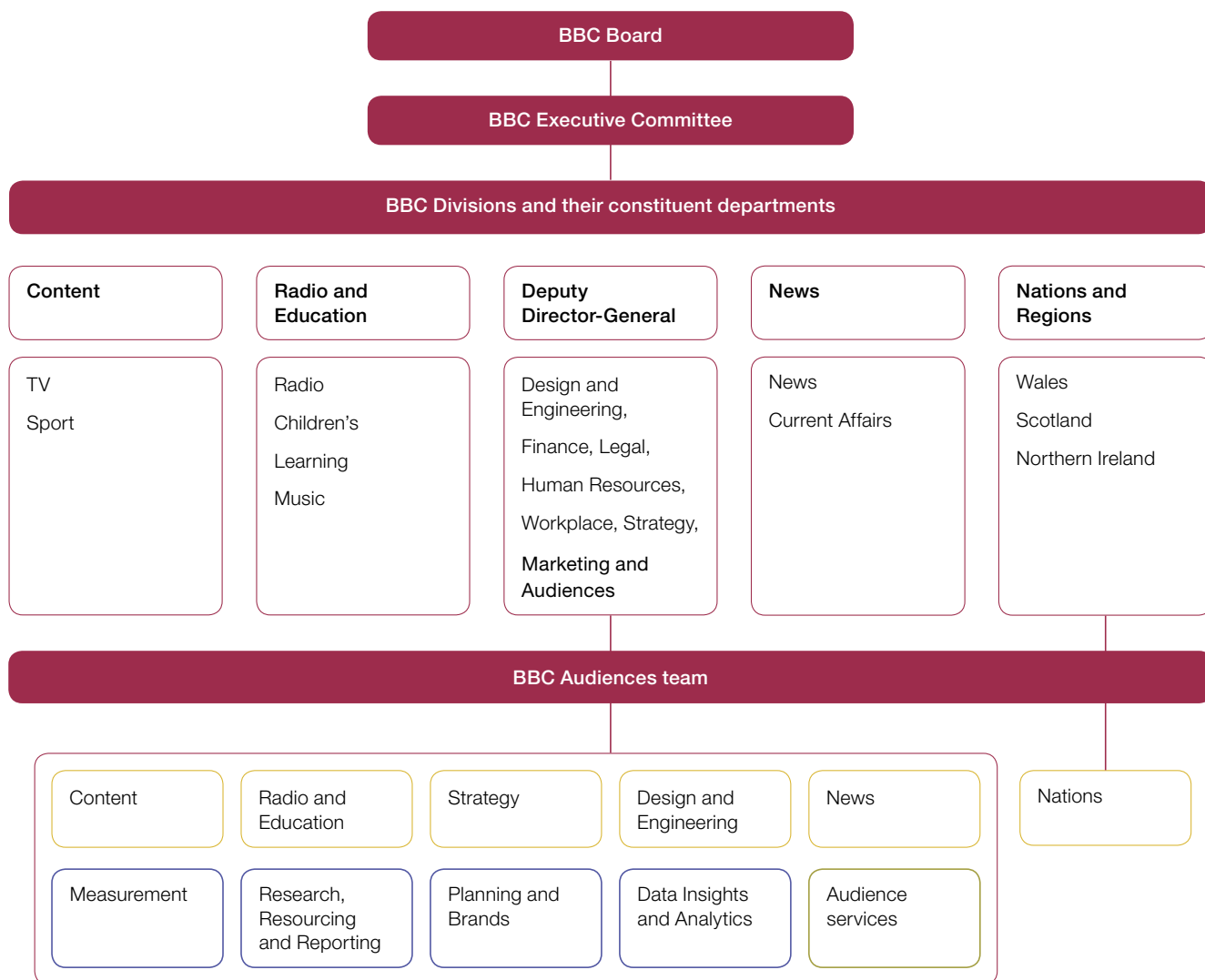
The Audiences team

1.3 In 2016-17, the BBC spent £22.4 million on its Audiences team, which had 105 full-time equivalent staff. These staff are split across 11 areas which mirror the BBC's divisional structure and provide support on specialist issues (**Figure 1**):

- six areas provide audience insights to individual BBC divisions;
- four areas provide support across the BBC on specialist issues, such as digital audiences; and
- an Audience Services team, outside the scope of this report, manages complaints, enquiries and direct audience engagement.

¹ Department for Culture, Media & Sport, *Royal Charter for the continuance of the British Broadcasting Corporation*, Cm 9365, December 2016, p.5.

Figure 1
Structure of the BBC and its Audiences team



- Management responsibility
- Areas of Audiences which are aligned with another part of the BBC
- Specialist areas of the Audiences team
- Out of the scope of this report

Note

1 Excludes the BBC's commercial subsidiaries and the BBC World Service's Audiences team, which are both outside the scope of this report.

Source: National Audit Office analysis

1.4 Overall, the Audiences team works in four areas:

- research: collecting, analysing and reporting audience data and insight;
- planning: using audience insight to develop content and services;
- measurement: designing and implementing measurement systems, and managing external organisations that run some of these systems; and
- digital analytics: measuring and analysing the BBC's online services.

The changing media environment

1.5 New technology is leading audiences to engage differently with media. Traditional methods of viewing and listening to live broadcast TV and radio remain the most widely used, but people are increasingly turning to online and on-demand services. There are many ways to illustrate this, for instance:

- in 2016, live TV constituted 83% of television viewing (17% relating to catch-up viewing), compared with 91% in 2010;²
- in 2017, 14% of radio listening was online or via digital televisions, up from 7% in 2010;³
- in 2017, 90% of households had internet access compared with 73% in 2010;⁴ and
- in Spring 2017, for the first time, the majority of time spent online by UK adults was on smartphones.⁵

1.6 Behaviour changes are particularly pronounced among younger audiences. Live TV constitutes just 36% of the time 16- to 24-year-olds spend watching TV and video services, compared with 64% among all individuals aged 16 and over. Similarly, live radio accounts for just 51% of the time 15- to 24-year-olds spend listening to audio, compared with 74% among all individuals aged 15 and over (**Figure 2**).

2 Enders Analysis, *Video viewing forecasts to 2026*, March 2017. In 2026, Enders estimate live TV will constitute 79% of television viewing.

3 Radio Joint Audience Research (RAJAR): *All Digital Radio Listening: Q4 2010*, February 2011; *All Digital Radio Listening: Q2 2017*, August 2017.

4 Office for National Statistics, *Internet access – households and individuals: 2017*, August 2017.

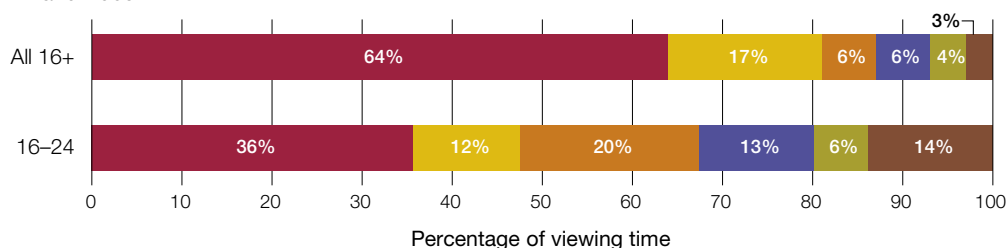
5 Enders Analysis, *Internet Trends H1 2017: Fruits of the mobile revolution*, September 2017.

Figure 2

Viewing and listening by activity and age group

Younger audiences spend significantly less of their viewing time with live TV, compared with all individuals aged 16 and over

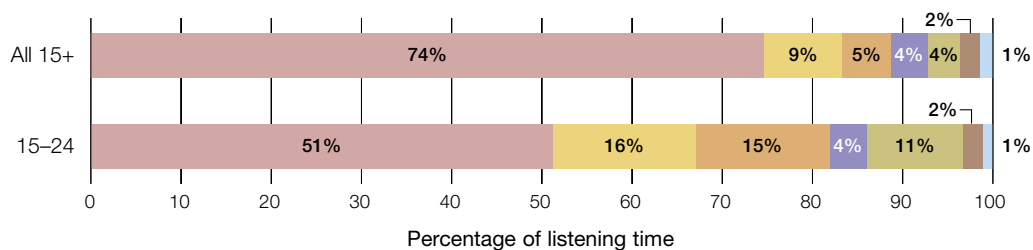
TV and video



- Live TV
- Recorded TV
- Subscription video on-demand, eg Netflix
- Free on-demand TV, eg iPlayer
- Physical video, eg DVDs
- Short online video clips, eg YouTube

Younger audiences spend significantly less of their listening time with live radio, compared with all individuals aged 15 and over

Radio and audio



- Live radio
- Digital tracks
- Music streaming, eg Spotify
- CDs
- Music videos, eg YouTube
- Podcasts
- Listen again, eg iPlayer Radio

Note

1 Numbers may not sum due to rounding.

Sources: viewing data: Ofcom, *Communications Market Report* (2016); and listening data: RAJAR, *MIDAS survey* (Spring 2017)

1.7 The BBC has expanded its range of digital services, increasing the availability of broadcast content online and providing additional content that is only accessible to internet users. Prominent examples of online-only services include:

- mobile applications in areas like News, Sport, and Children's content (the BBC News app, for instance, with over 7 million unique browsers each month);
- BBC Three, the BBC's youth-focused, online-only TV channel, which, according to the BBC's estimates, reached just over 5% of 16- to 34-year-olds on average in 2016-17;⁶ and
- content distributed through third parties, such as social media and streaming services (Radio 1's YouTube channel, for example, with 4.1 million subscribers).⁷

1.8 Other established broadcasters have similarly expanded their range of online services. Both they and the BBC face increasing competition from providers of video and audio on-demand services online, such as Netflix and Amazon's subscription video on-demand services (**Figure 3**) and Spotify's subscription music service. Research for Ofcom found that people who used other on-demand services (such as Netflix and Amazon Prime) felt the BBC's iPlayer service needed to improve to match these.⁸

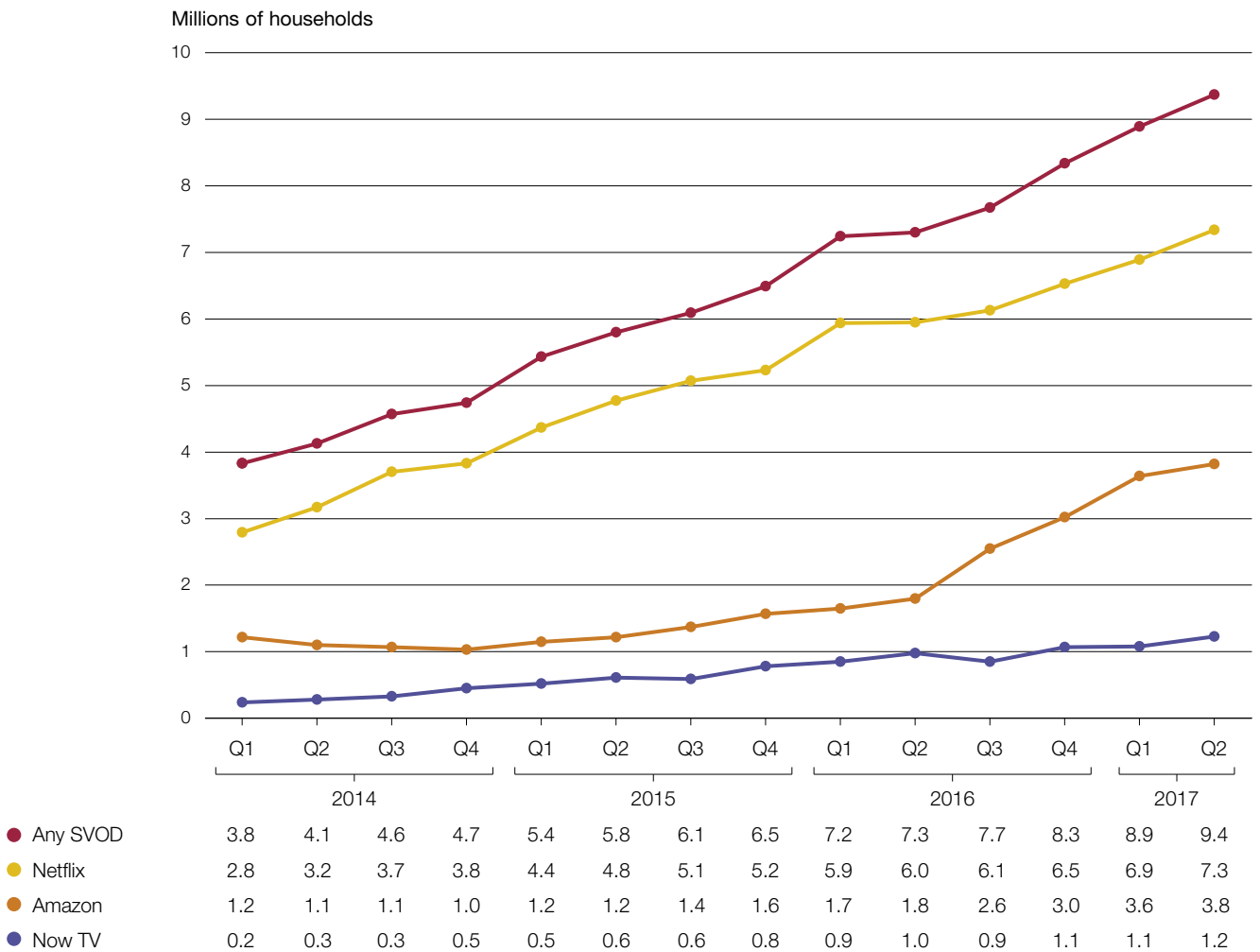
⁶ This average figure included growth from 3.5% in the first quarter of 2016-17 to 8.1% in the last quarter.

⁷ On 8 November 2017. Excludes the BBC's Radio 1Xtra and Radio 1 VEVO channels.

⁸ Ipsos MORI, *BBC distinctiveness: Report prepared for Ofcom*, June 2017.

Figure 3
Subscription video on-demand households, 2014 to 2017

The number of households with a subscription video on-demand (SVOD) service increased by 145% between 2014 and 2017



Source: Broadcasters' Audience Research Board

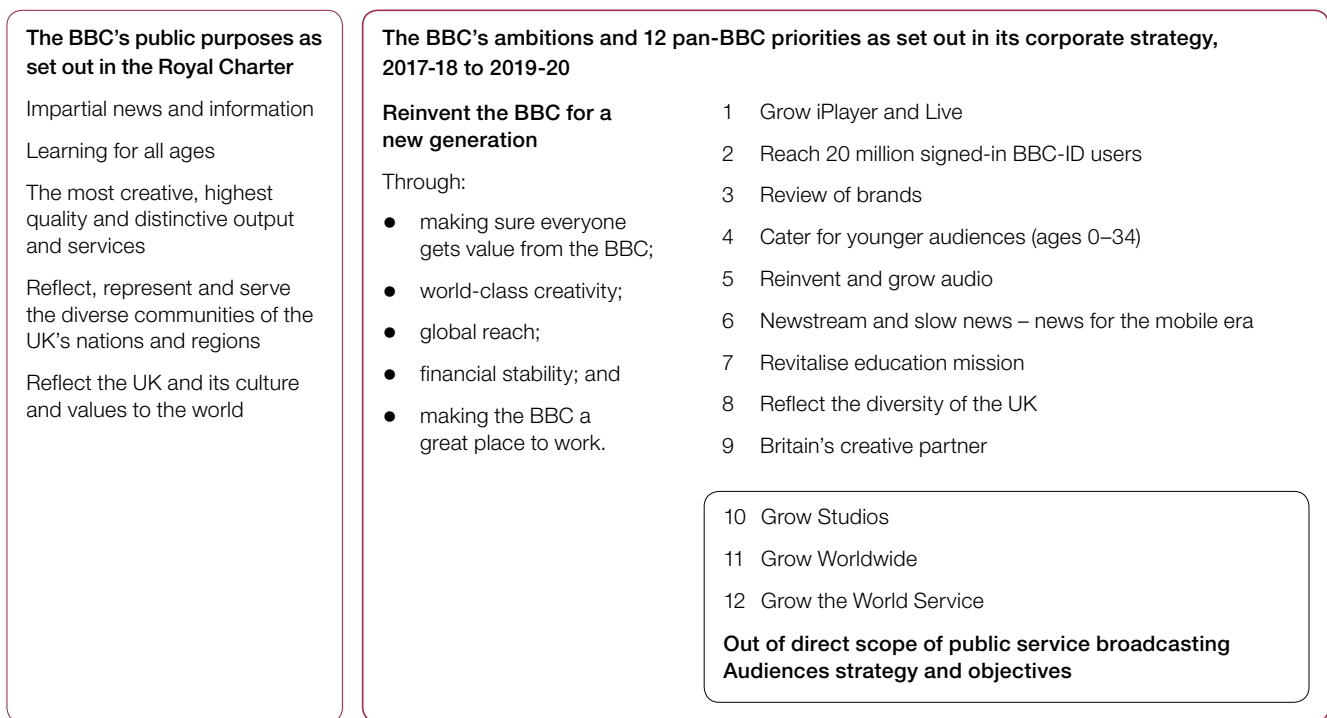
The BBC's strategic objectives

1.9 In its recent corporate strategies, the BBC has recognised the contextual changes described above. It has set objectives focused on the quality and distinctiveness of its content; transforming BBC services for younger audiences; and developing more personalised services. The BBC's latest strategy (**Figure 4**), published in its Annual Plan in October 2017 and covering the three-year period to 2019-20, seeks to reinvent the BBC for a new generation, relying strongly on audience data and insights to assess progress against these priorities. In some cases, the BBC has established specific performance targets, for example reaching 20 million users signed-in with their BBC-ID per month by 2020.

1.10 The BBC's Marketing and Audiences department, which the Audiences team sits within, has its own objectives for 2017-18 (**Figure 5**). Many are connected to the BBC's corporate strategy.

Figure 4

The BBC's public purposes and current corporate strategy



Note

1 The Royal Charter is the BBC's governing document, setting out its public purposes, and regulatory and governance arrangements.

Figure 5

BBC Marketing and Audiences objectives, 2017-18

BBC Audiences' headline objectives

Driving a more informed, confident and creative BBC that is true to all audiences

Ensuring the audience makes the most of the BBC

Deepening understanding of the audience everywhere

Shaping the future of the BBC for a new generation

Marketing and Audiences objectives

- Develop a new approach to marketing measurement
 - Develop a vision and implementation plan for personalisation at the BBC
-
- Transform audience measurement, reporting and insight with Cross-Media Measurement and the new Audiences Portal
 - Scale and develop the BBC's myBBC capabilities following mandatory sign-in, delivering new insight from signed-in audiences
 - Support the BBC's Nations and Regions audience strategy
-
- Lead insight into younger audiences, and embed this in divisions; turning insight into action in content, marketing and digital plans
 - Review and develop the BBC's youth audience narrative and insight programme

Note

1 Under these headline objectives, the Audiences team has various other detailed objectives and priorities.

Source: National Audit Office analysis

Part Two

Collecting audience data

2.1 The BBC must collect and obtain data from various sources to gain audience insight. This part explores its existing data sources, considering the coverage and robustness of what is available, and the BBC's changing approach to audience measurement.

Industry-wide metrics for TV and radio

2.2 The BBC has well-established methods, which are part-owned and recognised by a range of public service and commercial broadcasters, to measure TV and radio audiences extensively and robustly.

- The TV industry is served by the Broadcasters' Audience Research Board (BARB), which is part-owned by the BBC, other broadcasters and media agencies. BARB reports TV viewing figures daily (including live, recorded and on-demand viewing), based on data from meters installed in around 5,000 UK homes. Traditionally BARB has only covered viewing on TV sets.
- The radio industry is served by Radio Joint Audience Research (RAJAR), which is also part-owned by the BBC and commercial broadcasters. RAJAR publishes radio listening figures quarterly, based on weekly surveys of around 2,000 adults (aged 15 and over). RAJAR's listening figures cover live radio only, regardless of the distribution method or the device used.

2.3 Both TV and radio data are typically analysed in three main ways:

- Reach is the proportion of a population that uses a service within a given period of time. For example, in 2016-17, the average weekly reach of the BBC's network TV services (for at least 15 consecutive minutes) among individuals aged 4 and over in the UK was 79%.
- Time spent is the average length of watching or listening per person within the given time period. In 2016-17, on average, adults spent just under nine hours per week with BBC TV.
- Audience share is the percentage of the total TV or radio hours attributable to a particular channel or station. In 2016-17, the BBC's channels achieved a 32% share of all time spent watching TV.

2.4 In response to changing technology and audience behaviour, both BARB and RAJAR are, in different ways, evaluating and developing new measurement approaches. Since 2015, BARB has published viewing figures for broadcasters' video on-demand services, such as the BBC's iPlayer. These figures cover all devices, but capture viewing per device rather than per person. From 2018, BARB plans to integrate this online data with its traditional viewing figures, allowing it to report new reach figures for TV viewing across all devices. Similarly, since 2013, RAJAR, building on previous work by the BBC, has published various data from its Measurement of Internet Delivered Audio Services (MIDAS) survey, which provides statistics about listening to all audio formats, including podcasts and on-demand music services.

Measuring audience perceptions

2.5 In addition to quantifying its audience, the BBC measures levels of satisfaction with programmes and services through an Appreciation Index. For this index, scores are collected through a 'Pulse' panel: at least 6,000 TV viewers and 2,250 radio listeners aged 16 and over are surveyed daily, drawn from a panel of over 25,000 people. The survey covers perceptions of both BBC content and that of competitors. As part of this survey, 570 issues are also researched each year to get deeper insights on specific subjects, for example as part of reviews of particular series.

2.6 A second regular survey provides data about the public's general impression of the BBC, including trust in the BBC and opinions about its value for money. People's general impression of the BBC has averaged 7 out of 10 every year between 2011-12 and 2016-17.

Measuring online activity

2.7 Audiences are increasingly accessing the BBC online, making data in this area more important. Analysis shows that the BBC's online services were visited by 40 million unique UK-based visitors in June 2017, up 36% from 30 million in June 2014.⁹ For iPlayer, the number of programmes accessed has increased significantly since 2010, although the rate of increase has slowed in recent years (**Figure 6** overleaf).

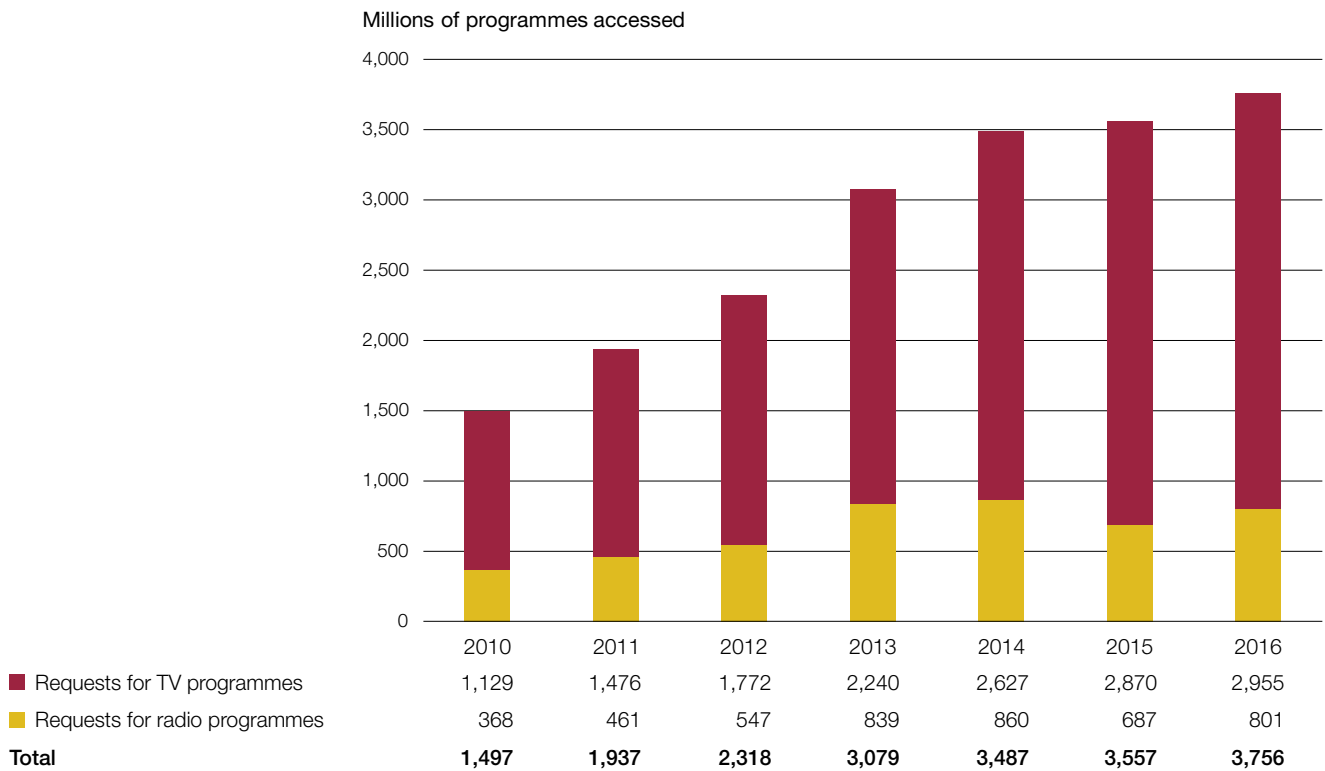
2.8 Measuring online activity requires a wider range of approaches and more sources than for TV and radio. This is partly because online content is available across a wider range of services, both those owned and operated by the BBC (for instance, its website, mobile applications and the iPlayer) and third party online services (such as Twitter and YouTube). The BBC, therefore, commissions analytics products for its own online services; buys measurement products from comScore that enable it to measure the overall volume of its online users and its position in the wider market; and collects data from third party service providers.

⁹ comScore, *UK Digital Market Overview* (June 2014 and June 2017).

Figure 6

BBC iPlayer use, 2010 to 2016

The number of programmes accessed through iPlayer increased by 151% between 2010 and 2016



Notes

- 1 Methods of capturing and reporting these data have changed over time, with changes described in published data summaries on the BBC website.
- 2 Numbers may not sum due to rounding.

Source: National Audit Office analysis

2.9 In this complex and relatively new context, the BBC has found meeting its needs for measurement of online services more challenging than for TV and radio. Examples of limitations and gaps, which mean that these data do not fulfil the BBC's current and future needs, include:

- Data sources being difficult to align and reconcile (partly as a result of the large number of sources in use). For instance, the BBC has assessed that some of comScore's data are hard to reconcile with other sources. The BBC also considers that it does not have access to as detailed information about comScore's research methods as with the joint-industry bodies for TV and radio broadcasting.¹⁰
- Access to proprietary third party audience data. The BBC is increasingly making its content available through third party online services, like Twitter and YouTube. Where it does this, the BBC has no automatic right of access to audience and user data, and no direct control over that data's design or quality. These third parties provide data to the BBC, but they are often limited or partial for the Corporation's needs, making many kinds of analysis, including on audience demographics, impossible.

2.10 The case of BBC Three, the BBC's youth-focused, online-only TV channel (**Case study one**), demonstrates some of the challenges the BBC has faced in developing insightful and effective performance indicators based on its existing data sources.

Case study one

Assessing BBC Three's performance in 2016-17

In 2016, BBC Three became an online-only service. The BBC developed performance targets in six areas for BBC Three for 2016-17. These included the total reach of the service among 16- to 34-year-olds; time spent with the service for 16- to 34-year-olds; and perceptions of the quality of both BBC Three services, and the content shown on those services. The 2016-17 performance report against these targets illustrates some measurement challenges:

- The BBC was able to track and report on total brand reach for BBC Three for 16- to 34-year-olds. However, its methodology had to combine measurement with estimation, partly owing to the varied data provided by third parties.
- The BBC was unable to report performance against the target for time spent with BBC Three by 16- to 34-year-olds because of insufficient data, while it developed and validated a new approach to measuring time spent online. This new approach is now in operation.
- The BBC was not able to apply its standard approach to measuring audience appreciation to online-only programmes, and therefore reported only the audience appreciation for BBC Three programmes that were repeated on broadcast TV channels, like BBC One.
- The BBC recognised the importance of BBC Three's presence and popularity on social media services, and set targets for subscriber numbers. While these give indications of overall trends, they do not provide any detail about the frequency with which subscribers viewed BBC Three content, or the time they spent with it. In addition, subscriber numbers are global figures, rather than UK-only.

Note:

1 The BBC is addressing some of these issues in 2017-18 through initiatives described later in this part of the report.

Source: National Audit Office analysis

10 The data comScore uses in its digital audiences products are governed by UK Online Measurement (UKOM), which is co-owned by the Internet Advertising Bureau (IAB) and the Association of Online Publishers (AOP). The BBC is a member of the AOP, and also has a representative on UKOM's Technical Board, which reviews, and suggests enhancements to, the comScore methodology. Further information is available at www.ukom.uk.net/.

Improving audience and user measurement

2.11 The BBC has recognised its need to improve audience insight in order to fill gaps and reflect the increasingly diverse ways in which people interact with its content. Consequently, the BBC is developing its approach to analysing signed-in data, improving its approach to cross-media measurement, and seeking to negotiate better data from third parties:

- Expanding BBC-ID insights: following the myBBC project, the BBC is increasingly asking and requiring people to sign-in with a BBC-ID to use online services. In return, the BBC states that signed-in users will be able to enjoy more personalised services, while the BBC will capture richer data about who is using its services and how.
- Cross-Media Measurement: through three contracts, the BBC aims to:
 - improve the way it measures perceptions of BBC programmes and services;
 - provide more robust data on people's use of, and time spent with, BBC services, including through third parties; and
 - introduce new ways of integrating data to provide further insights.
- The BBC is negotiating with third parties that provide access to BBC content and services to gain access to more detailed user data.

Expanding audience insights through myBBC

2.12 The BBC's £76 million myBBC project began in 2013. It aimed to develop nine capabilities for the BBC's online services, including its website, mobile applications and the iPlayer. The purpose of the myBBC project was to enable more personalised services for BBC audiences and users, and also to improve the BBC's data. A central element of myBBC is BBC-ID, an online account that users create with an email address and password, and by giving their postcode, age and gender. This is of great importance to securing more data for the Audiences team to analyse in future.

2.13 myBBC has taken longer than planned. This was partly because of unanticipated technical challenges and partly because of senior management decisions to alter its scope (including a decision to collect more demographic data from users). Two years into the project, the BBC decided that it would make sign-in mandatory for some online services in the future, a key decision that has determined the subsequent shape of myBBC. Initially, the BBC planned to introduce this mandatory sign-in in March 2016. However, there was then a 15-month delay, so that it was only in June 2017 that all users of the BBC's iPlayer service on web and mobile applications began to have to sign in (**Figure 7** on pages 26 and 27).^{11,12}

11 Two weeks of the total delay was due to the timing of the unanticipated 2017 General Election.

12 The requirement to sign-in excludes people viewing the iPlayer through TV devices like set-top boxes. This represented 48% of all iPlayer programmes accessed in September 2017.

2.14 In line with the project delays, target dates and levels that the BBC set for increasing the number of signed-in users have been revised several times. The BBC's most recent target was to achieve 9 million active monthly signed-in users by July 2017. As recently as early May 2017, the number of active monthly signed-in users was still less than a quarter of the target level (**Figure 8** on page 28). However, following the successful introduction of mandatory sign-in in June, the number of active monthly signed-in users increased rapidly, with the target level being reached just a couple of weeks late on 12 August.¹³ As at 31 October 2017, the total number of registered users was 19.2 million, with 12.6 million active monthly signed-in users. In comparison, at the end of 2016, there were 14.9 million registered users of Channel 4's video on-demand service, All 4.¹⁴

2.15 Now that the BBC has implemented myBBC, it is starting to benefit from ongoing analyses of the more detailed and high-volume data available. It has begun developing new analytical insights, such as on age, gender, geographical location and the devices of signed-in users, and on the frequency with which these users visit online services. The BBC has also recently developed a standard measurement framework for all its online services, which includes data from signed-in users and is reported up to Board level. The Audiences team is increasing its spending on BBC-ID analytics (from £1.2 million in 2014-15 to a budgeted £2.9 million in 2017-18) in order to carry out this work.

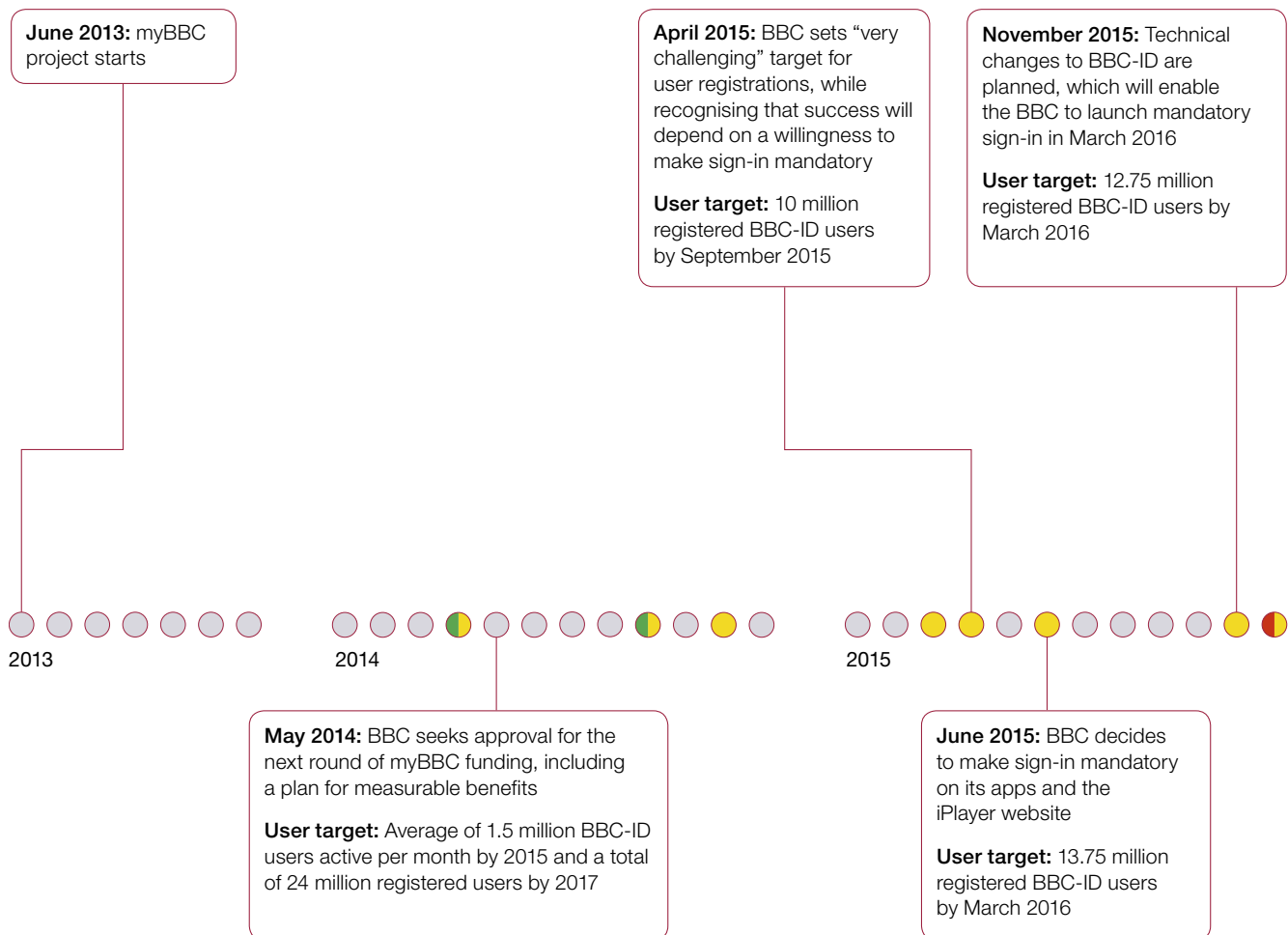
2.16 In April 2016, we reported that the BBC did not create a plan to measure the benefits of myBBC until late in the project.¹⁵ In our current review, the BBC has confirmed to us that it wants to be able to identify the long-term unique contribution of myBBC to improving its business. While some of the benefits of the project will be clear to senior BBC management, in particular through the analysis and reporting of BBC-ID data that is now underway, other important benefits set out in the myBBC investment case are not yet being formally tracked, particularly the extent to which analysis of BBC-ID data is supporting content commissioners and producers across the Corporation.

¹³ Having achieved this target, the BBC began reporting internally on active weekly signed-in users, of which there were 9.5 million on 31 October.

¹⁴ Channel 4, *Channel Four Television Corporation Report and Financial Statements 2016*, July 2017, p. 9.

¹⁵ Comptroller and Auditor General, *Management of the BBC's critical projects*, National Audit Office, April 2016.

Figure 7
myBBC timeline, 2013 to 2017



BBC assurance rating for myBBC

- Successful delivery is in doubt
- Successful delivery appears feasible
- Successful delivery appears probable

Source: National Audit Office analysis

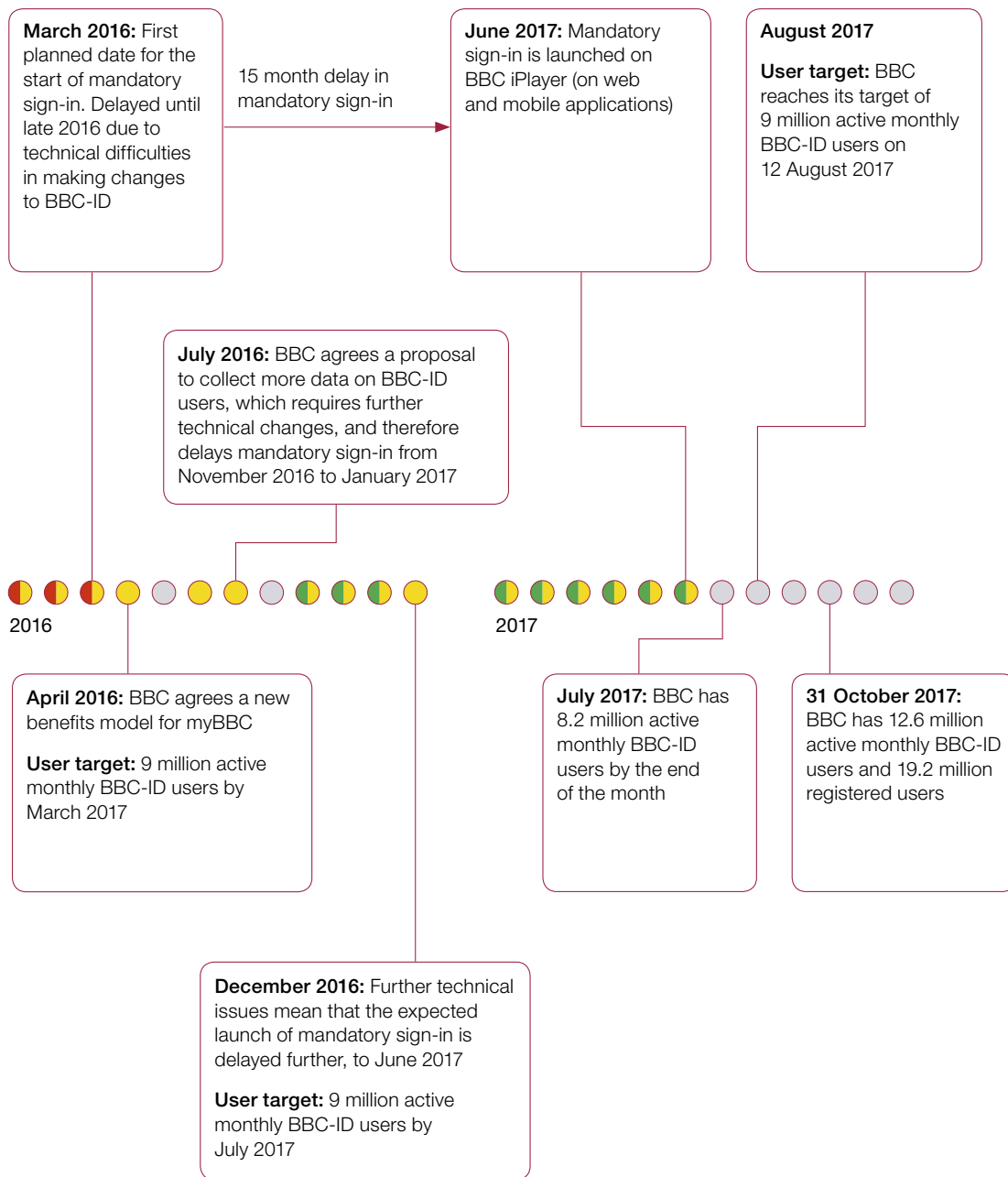
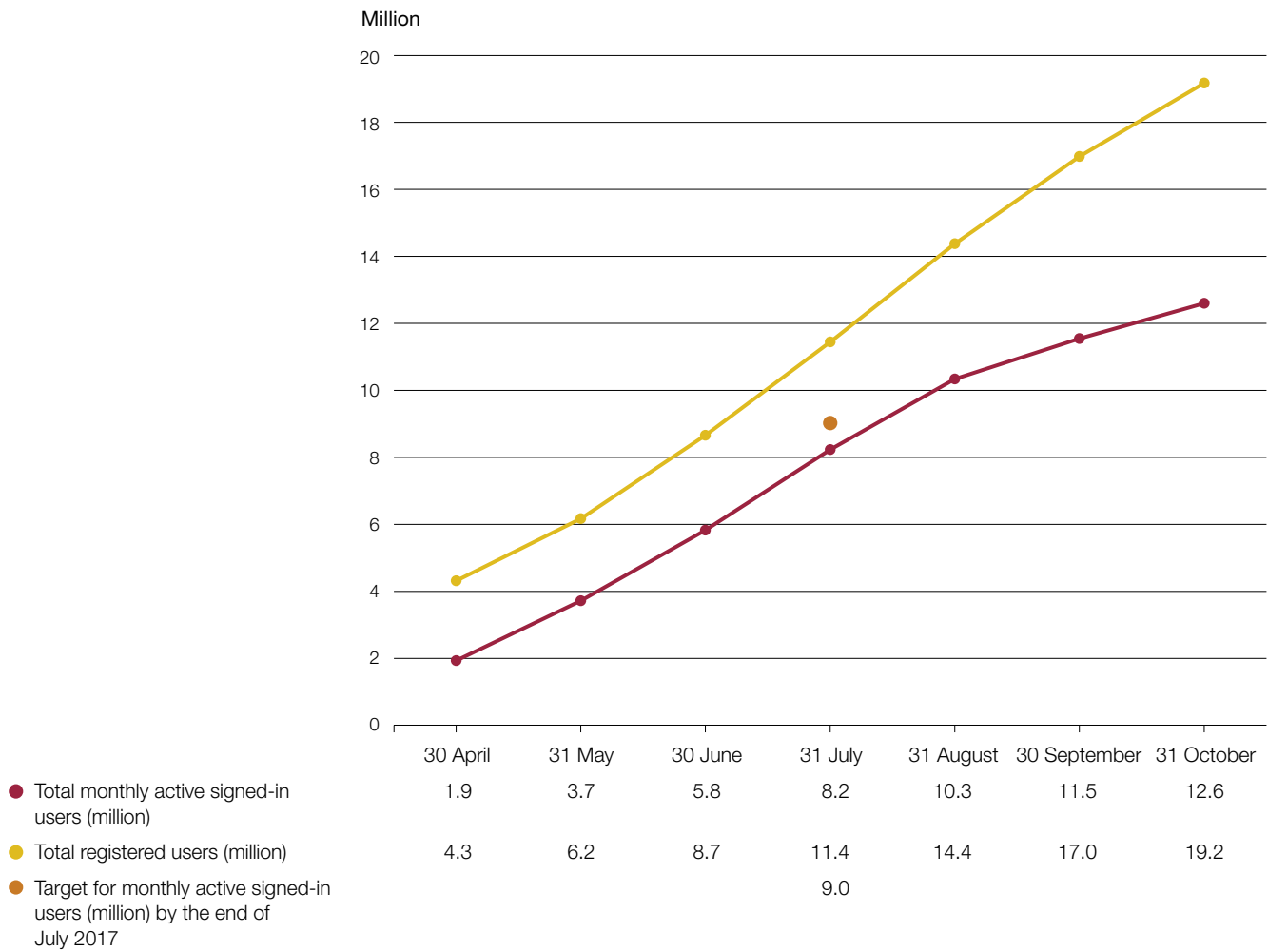


Figure 8

Registered and active UK signed-in BBC-ID users, April to October 2017

The BBC achieved 9 million active monthly signed-in users close to its revised target date of 31 July 2017



Note

1 In May 2017, the BBC began prompting users of its iPlayer service to sign in, ahead of sign-in becoming mandatory in June.

Source: BBC

Cross-Media Measurement

2.17 The BBC's Cross-Media Measurement project comprises three elements:

- Revised Pulse survey. This tracks audience appreciation daily, including new capabilities for measuring on-demand viewing, enhancing the ability for the survey to be completed on smartphones, and increasing the number of younger adults who participate. The BBC has contracted this work to GfK, with estimated costs of £1.9 million in 2017-18.
- Enhanced cross-media insight. For some time, the BBC has sought to understand how people move between its services through research it calls Cross-Media Insight (CMI). Until June 2017, the BBC outsourced this research to GfK, which conducted a survey of around 500 adults weekly, asking them to recall BBC services they used. The BBC now wants to enhance this research through meters to capture data directly on TV, radio and online usage. These meters will function alongside a revised survey about participants' wider media use. The BBC has contracted this work to Ipsos MORI, with estimated costs of £1.9 million in 2017-18.
- New ways of integrating data. This project is still at an early stage with the BBC currently discussing feasibility with potential suppliers. The work is planned to commence in 2018-19. Possible options include: integrating new CMI data with BBC-ID data; comparing CMI data with that produced by BARB and RAJAR; and combining audience activity and perception data.

Progress to date

2.18 The BBC's revised Pulse survey contract with GfK began in April 2017. The first progress reports we reviewed show progress in many key areas, although the contractor had also missed a small number of targets, including those for surveying minimum numbers of people from particular sub-groups, such as younger audiences, and black and minority ethnic audiences.

2.19 On its new CMI contract with Ipsos MORI the BBC has also had some early problems. To date, Ipsos MORI has introduced the new daily diary-based survey (in April 2017) and a pilot version of a new 'Kids CMI' product (in June 2017). It has had greater difficulty implementing the contract's central feature, the core panel of 2,000 people (aged 16 and over) who will have their media devices metered. Problems have included slowness in recruiting participants and technical challenges with the new metering system. The core panel should have been operational in June 2017, but has been delayed by at least eight months, provisionally to February 2018. Consequently, the first headline quarterly figures based on the new meter data, originally expected in November 2017, will not be available until June 2018. One part of the project, reports for the home nations based on metered data, is delayed further, by around 10 months. To help move the project forward, the BBC has allocated additional staff to work with the contractor, beyond what it originally planned.

2.20 In April 2016, the business case for Cross-Media Measurement set out expected benefits as follows:

- creating better cross-media products and services for BBC audiences through enhanced insights;
- improving measurement of perceived programme and service quality;
- improving measurement of BBC cross-media reach, incorporating a larger number of BBC services and more detailed data; and
- decreasing contract costs by further combining surveys and stopping parts of the research programme.

2.21 During fieldwork we interviewed staff in various divisions who emphasised the business need for the changes the Cross-Media Measurement project will bring. Despite current difficulties, the BBC still expects the project to achieve the full intended benefits, but these have now been delayed. While it has articulated various ways in which the new data will be reported to divisions, the BBC has not set out clearly the nature and extent of cost reductions it expects will result from the project, or begun tracking these.

Negotiating better access to third party data

2.22 Audiences now access BBC content and services through a range of third party services, including for example:

- subscription or set-top TV services, like Sky, Virgin Media and YouView;
- audio streaming services, like TuneIn; and
- social media services, like Facebook, Twitter and YouTube.

2.23 The BBC has entered into bilateral agreements about how it will distribute its services to third parties, and these include provisions about access to user data. The audience and user data the BBC receives from these organisations are more limited than for other services, and the format and detail varies. The BBC is seeking to improve the data it receives from a number of third parties in future, so that it is more appropriate for its needs. The BBC told us that its forthcoming distribution policy will include further details about its approach in this area. In any event, the BBC accepts that it will have to implement this strategy flexibly and that in all circumstances it will need to balance this objective against other priorities. The BBC's success will depend on its relationship with each third party and how it balances various distribution priorities.

Part Three

The BBC's use of audience insights

3.1 The BBC needs the Audiences team's data and insights to: monitor performance effectively; inform the creation of new content and services; and help shape the BBC's strategic direction. This part explores how audience data, research and wider insights support decision-making across the BBC.

Monitoring BBC performance

3.2 The Audiences team monitors BBC performance through regular tracking of core performance measures and targets. The team produces a wide range of routine performance reports and shares these across the BBC. For example:

- the BBC publishes an Annual Report and Accounts that includes extensive audience performance information;¹⁶
- the BBC Board receives an overview of audience performance in its monthly reports;
- the BBC Executive Committee receives weekly and monthly audience reports covering all BBC services;
- there is regular reporting on individual services, divisions, and demographic groups, including in detailed divisional and BBC-wide half- and full-year reports;
- genre- and programme-level data and reports are available, primarily through the self-service Audiences Portal; and
- the team carries out a wide range of ad hoc research, including commissioning around 150 projects on specific areas of interest in the last two years.

3.3 We reviewed around 100 reports and found that through them the Audiences team had given BBC staff access to a wide range of robust and detailed data, albeit with some limitations particularly for online data (paragraphs 2.7 to 2.10). The breadth and volume of data available, combined with the range of BBC services, already presents the team with a challenge as demand for its services is high. This challenge is likely to increase with the development of BBC-ID data and Cross-Media Measurement. The team plans to manage increased demand partly by making more reports available on a self-service basis, but it may still face resource pressures (see Part Four).

¹⁶ BBC, *BBC Annual Report and Accounts: 2016/17*, June 2017.

Insights on particular demographic groups

3.4 One of the BBC's public purposes is to reflect, represent and serve the diverse communities of the UK's home nations and regions. It therefore needs to understand variation in its performance among specific demographic groups. For example, the average weekly time spent using all BBC services per head, in 2016-17, varies significantly by age – at 17 hours and 7 minutes for all individuals aged 16 and over compared to 11 hours and 7 minutes for individuals aged 16 to 34. Meanwhile, 'underserved audiences' of different types use the BBC significantly less than the national average (**Figure 9**).¹⁷ Most audience data the BBC produces and purchases provide comprehensive demographic data to analyse these groups, although, as in other areas, there are gaps in some online data.

Figure 9
Underserved audiences, 2016-17

Some demographic groups use the BBC's services significantly less than the national average

Demographic group	Average weekly reach			Average weekly time spent per head	
	BBC TV services (%)	BBC Radio services (%)	BBC Online services (%)	BBC TV services ¹ (hh:mm)	BBC Radio services (hh:mm)
All audiences (aged 16 and over)	82	65	51	8:46	10:09
Youth audiences (aged 16 to 34)	65	53	59	3:28	4:44
Black and minority ethnic audiences (aged 16 and over)	72	46	60	4:54	4:38
C2DE ² audiences (aged 16 and over)	82	55	39	8:56	8:58

Notes

- 1 Time spent with BBC TV services includes viewing on the TV set only.
- 2 C2DE is a social grade classification by the National Readership Survey. See <http://www.nrs.co.uk/nrs-print/lifestyle-and-classification-data/social-grade/> for more information.

Source: BBC

¹⁷ The BBC Trust noted, in its *End of Charter Report* (March 2017), the BBC's challenge to engage with, and reach, 16- to 34-year-olds, and black and minority ethnic audiences.

3.5 In the reports we reviewed, we found frequent coverage of underserved audiences but variation in the prominence and volume of analysis of particular demographic groups. Overall, age demographics received more focus compared with data relating to ethnicity or social grade. At present, the Audiences team has two staff working specifically on youth audiences, as well as others who work directly with services aimed at young people, like Radio 1 and BBC Three. There are no equivalent staff members focusing solely on other demographic areas, such as ethnicity or social grade. However, staff dedicate some of their time to developing insight and resources in these areas. The BBC's strategy focuses on all aspects of diversity, but there is a particular concentration on younger audiences, as indicated by the overall aim to reinvent the BBC for a new generation. The time younger audiences spend with the BBC's services is also falling more quickly than for other demographic groups.

3.6 The BBC's dedicated services in the nations and regions of the UK will receive an increased focus in the coming years, with dedicated nations and regions representatives on the new BBC Board, new investments in BBC services in the home nations, and evidence of variation in the Corporation's performance with these audiences (**Figure 10** overleaf). To meet the needs of programme makers and management in Northern Ireland, Scotland and Wales, the BBC maintains small Audiences teams in each location. In 2016-17, the BBC spent £660,000 on these aspects of its audience research. There are also dedicated staff for the English regions in the Audiences News team.

Content creation, and product and service development

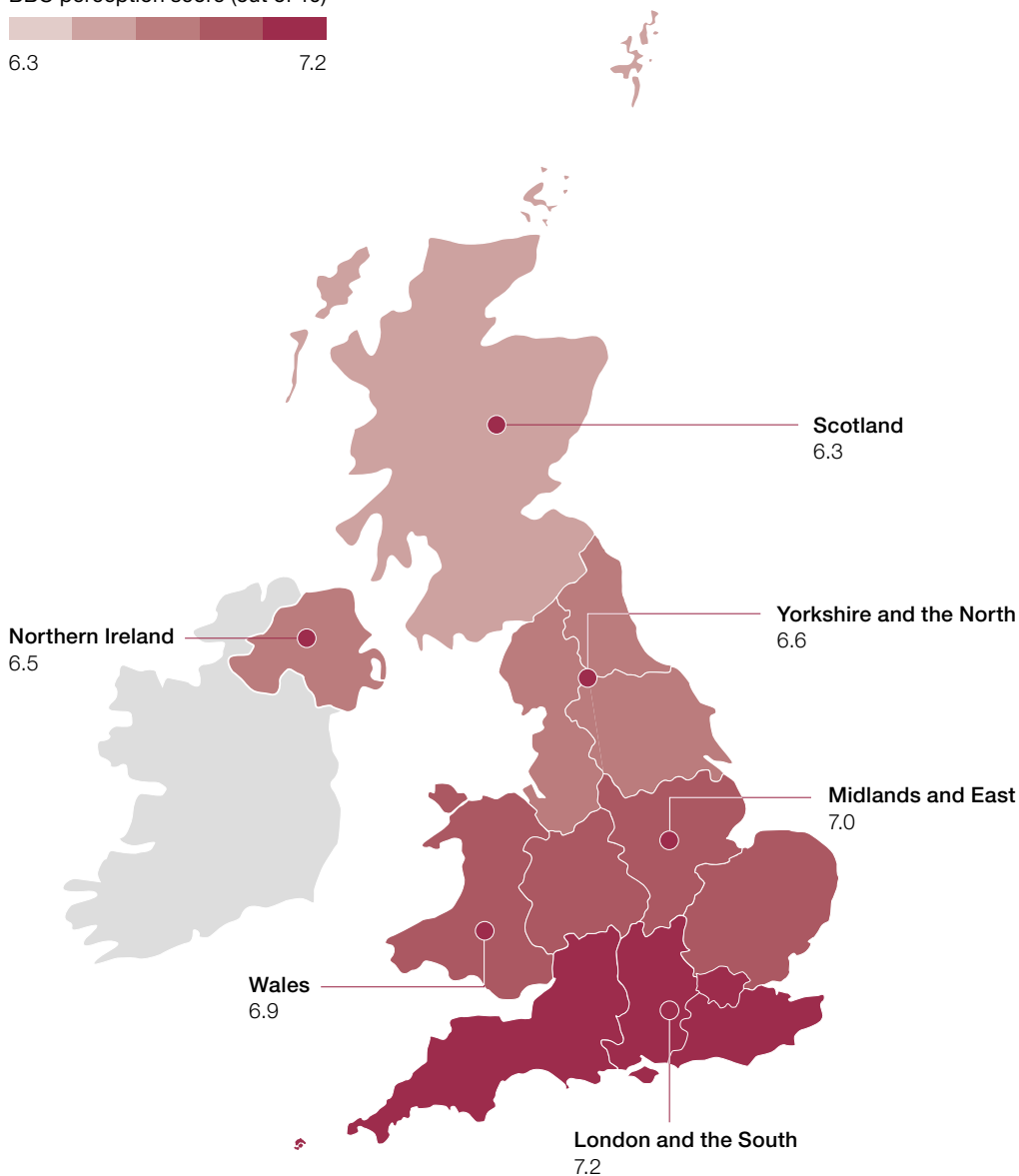
3.7 We reviewed how audience insight supports decisions about content creation and the development of new and existing products and services across the BBC. We saw how the Audiences team sought to convey sometimes complex information in ways that would be comprehensible and engaging for non-specialist members of BBC staff. An important source of insight are the regular end-of-series reports that the BBC commissions (**Case study two** on page 35). These support decisions about whether to recommission, and how to change, existing television and radio programmes. The Audiences team also conducts a wide range of ad hoc research on issues of importance to commissioners and programme makers (**Case study three** on page 35). Projects are prioritised primarily at team meetings, with reference to previous work to reduce the risk of duplication.

Figure 10

General perception of the BBC (out of 10) by region, 2016-17

General perception scores vary across the UK, with people most favourable in London and the south of England, and least favourable in Scotland

BBC perception score (out of 10)



Source: BBC

Case study two

Strictly Come Dancing 2016 (series 14), end of series report

This report includes various insights, such as:

- the average audience share per series – with series 14 the best performing;
- the overall performance of the series against competitors (such as X Factor) and previous years, including analysis of audience demographics such as age, gender and ethnicity – with Strictly Come Dancing 2016 less watched by male audiences, and black and minority ethnic audiences;
- audience perceptions of the show, including appreciation scores and opinions on contestants, presenters and judges; and
- statistics on the use of online-only content, for example on social media and iPlayer.

Source: BBC

Case study three

Radio 4: the next generation audience

This 2016 research report identified a target group of almost 3 million people who could be listening to Radio 4 – in terms of their wider tastes and its content – but who perceived the station as not being for them. The research made recommendations aimed at helping Radio 4 controllers to engage members of this group in new ways, including through a greater online presence. This is an area where Radio 4 continues to expand. For example, in April 2017 it announced its first attempt at virtual reality radio with a new online audio drama, Quake.

Source: National Audit Office analysis

Strategic insight

3.8 Another critical use of audience data and research is to develop insights to shape the BBC's strategic direction. The Royal Charter now requires the BBC Board to publish an Annual Plan each financial year. The first of these, issued in draft in July 2017 and published as a final version in October 2017, contains large amounts of information drawn from audience research, including descriptions of changing audience behaviour and audience perceptions of quality, as well as views about the value people receive from the BBC.¹⁸

¹⁸ BBC, *Annual Plan 2017/18*, October 2017, pp. 32–34.

3.9 The Annual Plan also sets out a new performance framework to assess whether, and to what extent, the BBC is achieving its public purposes. The Audiences team was involved in developing these measures and targets, and is responsible for collecting and analysing the data required to track progress. At a high level, the framework is based on the team's 'yield model' which identifies what influences how people use and value the BBC. Part of this model examines the time different groups in the population spend with the BBC (**Figure 11**) and analyses this alongside other data, such as general impressions of the BBC and perceptions of value for money. Using this approach, the BBC has identified the following priorities for the coming years:

- to ensure that time spent with BBC services does not fall for adults who currently use its services the least (deciles 1 to 3);
- to ensure that time spent with BBC services does not fall to less than 11 hours a week, and to increase audience appreciation, for adults who are moderate users of the BBC (deciles 4 to 6); and
- to increase the range of services accessed by, and maintain audience appreciation for, adults who currently use its services the most (deciles 7 to 10).

Identifying emerging trends

3.10 The media environment, and people's use of media, has changed rapidly in recent years. The BBC carries out research to understand possible future changes, in order to help identify appropriate responses. Examples of its horizon-scanning activities that we reviewed include the following:

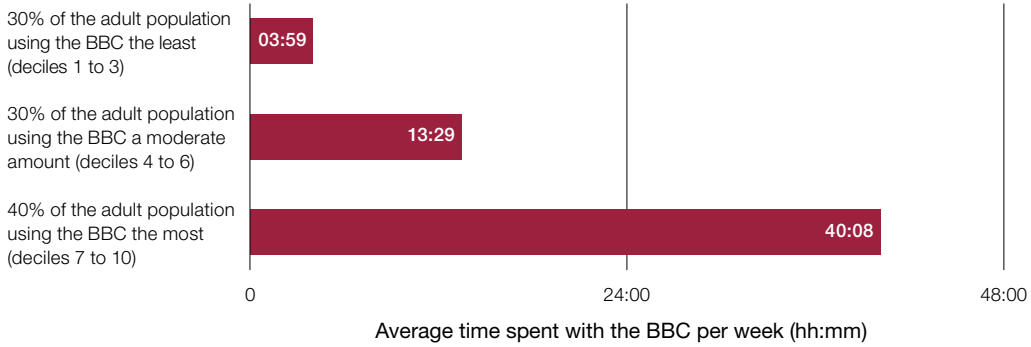
- The 'Foresight' programme will produce annual reports examining challenges and opportunities created by the BBC's likely future external competitive environment. The first report (October 2016) focused on the growth of artificial intelligence, machine learning and voice-activated technology. The 'Foresight' programme is undertaken by various BBC teams including Marketing and Audiences.
- 'YouthSight' research, purchased by the BBC, which captures emerging trends among younger audiences.
- The Audiences team keeps up-to-date with relevant, wider market trends through various sources of industry information, including, for instance, Enders Analysis.

Figure 11

Time spent with the BBC per week, 2015-16

Time spent with the BBC varies significantly, from 4 hours a week on average for the 30% of the adult population who use its services the least, to 40 hours per week on average for the 40% of the adult population using its services the most

Hours : minutes per week



Source: BBC

Part Four

Managing the Audiences team

4.1 This part reviews the BBC's management of the Audiences team, including resourcing and staffing, the team's ongoing change management programme, the monitoring of team performance, and contract management.

Costs and staff numbers

4.2 In 2016-17, the Audiences team cost £22.4 million. The team spent £16.6 million (74%) of this on research and measurement, and £5.8 million (26%) on staff costs (**Figure 12**). The team contracts out much of its audience research, with 2016-17 spending on 27 contracts totalling £13.4 million.

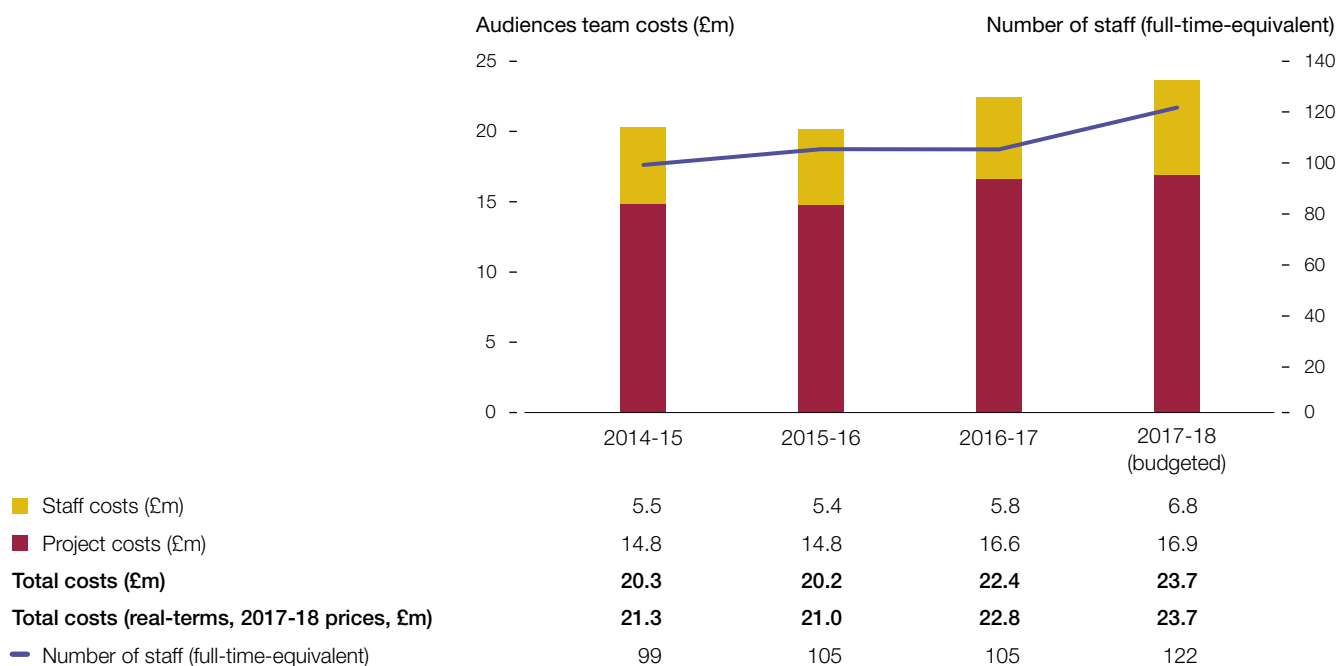
4.3 In 2017-18, the BBC is increasing its overall spending on the Audiences team to a planned £23.7 million. This is an 11% real terms increase since 2014-15. Staff costs have risen by 18% in real terms since 2014-15, with 122 full-time-equivalent staff budgeted for in 2017-18, and non-staff costs, which include the cost of initiatives like Cross-Media Measurement, have increased by 9% in real terms.

4.4 Research in 2015 by the Group of European Audience Researchers (GEAR), a body funded by the European Broadcasting Union (EBU), indicates that the BBC spends proportionately less on audience-related research projects than most European public service broadcasters. According to data that the BBC supplied to GEAR, in 2015 it spent 0.24% of its total organisational budget on these sorts of projects compared with an average of 0.41% across the 22 organisations examined. This was a one-off exercise, based on budgeted rather than actual expenditure, and excluded staff costs, so it does not provide a comprehensive benchmark.

Figure 12

Audiences team costs and staff numbers, 2014-15 to 2017-18

The team is investing in staff, and increasing its non-staff costs by spending more on particular measurement and analytics contracts

**Note**

1 2017-18 excludes one-off costs of changes to the Audiences Portal system and the budget for re-procurement of digital analytics.

Source: National Audit Office analysis

4.5 As a contribution to the BBC's requirement to save £800 million by 2021-22, the Marketing and Audiences department has a savings target to deliver recurring efficiency savings of £5.9 million between 2017-18 and 2021-22. This is a comparatively low target, given the Marketing and Audiences department's share of total BBC costs, a recognition of the strategic importance of its activities. Nonetheless, it may be challenging for the Audiences team to make its contribution to this target, given the growing amount of audience data to analyse and the anticipated increase in demand for its insights. The Audiences team currently has provisional savings plans totalling £1.2 million for the period from 2017-18 to 2021-22. However, only £0.2 million (17%) of savings identified so far are rated as posing no risk, in terms of their likelihood of being achieved. The Audiences team expects to achieve most of its planned savings in the last three years of the five-year period, and considers it is likely to be able to assess these savings as lower risk once it has developed its plans more fully. The BBC also announced, in September 2017, that it would merge its Licence Fee Unit with the Marketing and Audiences department. It will therefore need to consider how any additional efficiencies can be achieved as a result.

Staffing and workload management

4.6 The Audiences team's staff numbers are forecast to have increased by 23% between 2014-15 and the end of 2017-18, with the balance of roles and areas of expertise having changed over that time. In April 2015, as part of a wider BBC review of its professional services, the team closed and re-graded various roles, and ended some fixed-term contracts. More recently, the team identified new skills and staffing needs. It identified that it had insufficient skills in advanced and real-time analysis, and in developing new data products, tools and dashboards. These skills will be increasingly important with the growth of BBC-ID and Cross-Media Measurement data. To develop these areas, the BBC has created a defined career path for staff in data and analytics roles and a new data and analytics job category. The BBC wants to recruit 37 additional data analysts. It is planning this recruitment in phases, subject to funding approval. The first phase is underway with plans to recruit 14 staff by March 2018.

4.7 The recruitment, and associated funding, are evidence of the BBC's intention to exploit the new data it will have available in the future. However, plans to increase the number of skilled staff must be seen in the context of recruitment and retention challenges, particularly for digital analysts and planners. Staff within the Audiences team noted these challenges, and they are supported by the BBC's 2017 staff survey results, with the proportion of staff stating that they intended to be working at the BBC in two years significantly lower than the BBC average. Despite this, actual staff turnover in the Audiences team fell from 21% in 2015-16 to 13% in 2016-17.

4.8 One way to mitigate recruitment difficulties, and to aid retention, is to take a proactive approach to workload management. The Audiences team has recently created a Research, Resourcing and Reporting team to share best practice, make better use of skills, and support the fair allocation of projects. The team plans to carry out an exercise with all Audiences staff to understand the size and nature of their workload over a one-month period. In 2017, a lower proportion of Audiences staff, compared with the BBC average, felt that their workload was achievable within their normal working hours.

The change programme

4.9 In 2016, the Audiences team launched a change programme to reshape its services, partly with a view to improving efficiency. The change programme includes projects and activities in three broad areas:

- new ways to measure, report and disseminate audience insights across the BBC, including through more automation and self-service data and reports;

- enhancements to critical data and systems, including through Cross-Media Insight (CMI) (see Part Two), and introducing an updated Audiences Portal (the principal internal source for self-service audience information); and
- improved ways of working, including greater standardisation of research products and better knowledge-sharing.

4.10 The team's change programme comprises 13 work streams, supported by a number of tasks, of which around one-fifth had been completed by July 2017. The overall programme is expected to finish in July 2018. However, in July 2017, around two-fifths of the supporting tasks were rated as at risk of not being completed.

4.11 Self-service data and reports are well-used in the wider BBC. In May 2017, more than 4,000 individual browsers made more than 11,600 visits to the Audiences Portal, although the Audiences team cannot yet, until a new version of the Portal is launched, say how take-up of the service varies by division. The team has also developed internal repositories for reference documents (like audience measurement guides), 'the Hub'; and previous research plans, reports and presentations, 'the Bank'. As at July 2017, the Bank held over 1,300 documents, and had been accessed over 700 times since February 2017.

Assessing the performance of the Audiences team

4.12 The Audiences team evaluates its performance in various ways, including through assessing progress against its objectives, carrying out half-year and annual performance reviews, and providing ad hoc project updates to senior management. In 2016-17, the Audiences team had 24 actions supporting its five objectives which aligned with the BBC's corporate strategy. The team rated itself as 'green' for 17 (71%) of these actions, with six rated 'amber' and only one (sharing insight and audience data with partners such as academics and museums) self-assessed as 'red'.

4.13 The Audiences team has scope to improve how it reports and monitors its performance. Many of the actions supporting the team's 2017-18 objectives do not have clear measures of success, or timescales for when they will be achieved. For example, it is unclear how progress against objectives such as "translating young audience needs into action" and "embedding myBBC insights into divisions" will mainly be assessed. Furthermore, to support more effective oversight, the team's formal performance reviews could include better information on: progress of, and benefits from, significant projects; contract performance; and a wider range of workforce data (including on workload, retention and recruitment).

Commercial and contract management

4.14 In 2016-17, the Audiences team spent £13.4 million on 27 contracts, with around three-fifths of this spending relating to four contracts with: the Broadcasters' Audience Research Board (BARB); Radio Joint Audience Research (RAJAR); Ipsos MORI; and GfK (**Figure 13**). The BBC manages two of these supplier relationships directly, while BARB and RAJAR have their own contractors and approach to contract management. Where necessary, managers within the Audiences team draw on support from the BBC's specialist commercial, legal and finance teams.

Figure 13

Four largest contracts managed by the BBC's Audiences team

Contractor and description	Contract length	Estimated 2017-18 contract costs
BARB – television audience measurement ¹	Four years (to December 2020) with options for annual extensions.	£2.6m
RAJAR – radio audience measurement ¹	Two more years (to December 2019) with options for annual extensions.	£2.3m
Ipsos MORI – Cross-Media Insight: measuring audience behaviour across different media, services and devices	Three years (to April 2020) with options for two annual extensions.	£1.9m
GfK – Pulse survey: measuring audiences perception of BBC content and services	Two years (to April 2019) with options for two annual extensions.	£1.9m

Notes

- 1 Information on contract length and estimated costs for BARB and RAJAR relate to the BBC's arrangements with these bodies, rather than BARB and RAJAR's contracts with their respective providers.
- 2 See Appendix Three for findings against the National Audit Office's commercial assessment framework.

Source: National Audit Office analysis

4.15 The team pays these contractors primarily based on the provision of specified research services such as panel surveys, data and research products. Each contract includes service levels, such as: contractually agreed research sample sizes; the provision of data within a specified time period; and providing new research tools. Where service levels are not met, the BBC can impose financial penalties ('service credits') or require contractors to carry out additional work. The level of service credits that can be applied, which affects the ability with which performance concerns can be addressed, ranges across the four contracts we reviewed from 1% to 20% of annual contract value. There is no correct level for a service credit cap but, where the percentage is low, other sufficient sources of leverage are required. In all cases, sustained poor performance can result in contract termination.

4.16 There are elements of good practice in the commercial activity of the Audiences team, including testing the capability of the market to provide particular services and building flexibility into contracts (see Appendix Three for further details). However, the performance of the contracts we reviewed varies, with some areas of under-performance:

- Ipsos MORI has under-performed in the initial stages of the CMI contract, and not met a number of its milestones (paragraph 2.19). This resulted in the annual service credit cap (£25,000) being reached within five months of the contract starting, meaning that, unless it agrees new arrangements with Ipsos MORI, the BBC will not be able to levy further penalties until April 2018. In October 2017, both parties began discussions to work towards new contractual terms and payment arrangements. Under current contract terms, Ipsos MORI can earn back service credits by exceeding quotas for sampling hard-to-reach groups, such as younger audiences, and black and minority ethnic audiences. In addition to service credits, to date Ipsos MORI has reported to the BBC that it has spent at least £51,000 more on this contract than it originally planned to.
- GfK has not met some service levels in the first three months of its Pulse contract (paragraph 2.18), with the BBC applying £16,250 in financial penalties due to service levels not being met.

4.17 For the CMI and Pulse contracts, as well as for contracts that BARB and RAJAR hold with Ipsos MORI, many of the service levels that have not been met have related to the recruitment of research participants, including from different demographic groups, and the response rates of those participants. These are areas of increasing challenge more generally for the market and social research industries.¹⁹

¹⁹ Social Research Association (June 2017): <http://the-sra.org.uk/wp-content/uploads/keith-bolling-and-patten-smith-declining-response-rates-and-their-impact.pdf>

Appendix One

Our audit approach

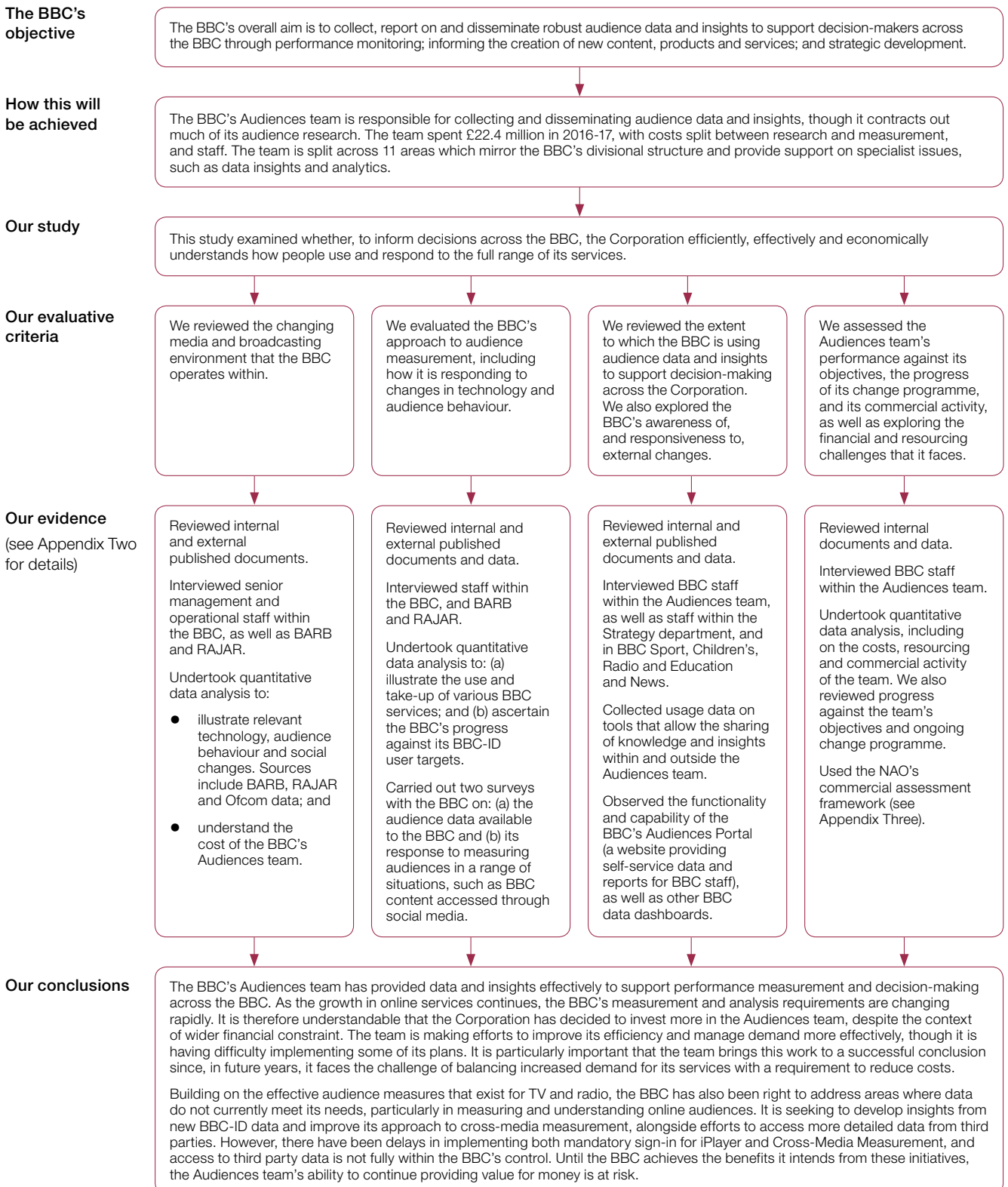
1 This study examined whether, to inform decisions across the BBC, the Corporation efficiently, effectively and economically understands how people use and respond to the full range of its services.

2 Our analytical framework was based on assessing how the BBC collects, disseminates and uses audience data and insights; and how the BBC's Audiences team responds to, and supports, the BBC's overall strategic objectives. We reviewed:

- the changing media and broadcasting environment that the BBC operates within;
- the BBC's approach to audience measurement, including how it is responding to changes in technology and audience behaviour;
- the extent to which the BBC is using audience data and insights to support decision-making across the BBC. This included focusing on how the BBC is aware of, and responsive to, external changes in technology, audience behaviour and society; and
- the Audiences team's performance against its objectives, the progress of its change programme, and its commercial activity, as well as exploring the financial and resourcing challenges that the team faces.

3 Our audit approach is summarised in **Figure 14**. Our evidence base is described in Appendix Two.

Figure 14
Our audit approach



Appendix Two

Our evidence base

1 We reached our conclusions on whether, to inform decisions across the BBC, the BBC efficiently, effectively and economically understands how people use and respond to the full range of its services, following analysis of evidence collected between June and September 2017. Our audit approach is outlined in Appendix One.

2 We reviewed the changing media and broadcasting environment that the BBC operates within in the following ways:

- We reviewed internal and published documents, including the BBC's three-year strategic vision, its Audiences team's objectives and risk registers for the last three years, and the team's organisation chart. We also reviewed other documents, including Broadcasters' Audience Research Board (BARB), Radio Joint Audience Research (RAJAR), Ofcom and Enders Analysis reports.
- We interviewed senior management and operational staff within the BBC – both within and outside the Audiences team. We also interviewed senior staff within BARB and RAJAR.
- We undertook quantitative data analysis to:
 - Illustrate relevant technology, audience behaviour and social changes. Sources include BARB, RAJAR, Ofcom and Enders Analysis data. This included, for example, BARB data on the number of households using subscription video on-demand services such as Netflix, and RAJAR and Ofcom data on TV viewing and audio listening by activity and age group.
 - Understand the costs and staffing levels of the BBC's Audiences team over time, including the split between research and measurement, and staff costs.

3 We evaluated the BBC's approach to audience measurement, including how it is responding to changes in technology and audience behaviour. We did this in the following ways:

- We reviewed internal and published documents, including information on the research methods of the BBC and, where applicable, its research services contractors. We also reviewed corporate and audience reports, such as: the BBC's Annual Report and Accounts; iPlayer performance packs; and annual and half-year divisional performance reports. We reviewed documents covering 2010-11 to the present.
- We interviewed staff from the majority of areas within the BBC's Audiences team (Figure 1), and the BBC's Director of Strategy. We also interviewed senior staff within BARB and RAJAR.
- We carried out quantitative data analysis to:
 - review the use and take-up of various BBC services, for example: through reach, time spent and perception measures, and by the BBC's 'underserved' audiences (including younger audiences, black and minority ethnic audiences, and some of the UK's home nations audiences);
 - understand the use of the BBC's iPlayer services; and
 - ascertain the BBC's progress against its BBC-ID user targets by reviewing data on registered and active UK signed-in BBC-ID users.
- We distributed two surveys to the BBC Audiences team to:
 - a Provide us with a good understanding of the range of data and analysis available to the BBC on audiences and users, and their behaviour. We collected various information on BBC data sources, including:
 - content areas covered, such as TV, radio or online services;
 - the type of data, such as audience volumes or perceptions;
 - the availability of demographic breakdowns (such as by age, ethnicity or social grade);
 - research outputs and products using these data;
 - research methodology changes; and
 - data quality assurance processes.

- b** Understand the BBC's response to measuring audiences in an increasingly diverse range of situations. We tested the BBC's ability to capture data on:
- viewing and listening on different devices, such as personal computers, tablets and mobile phones;
 - partial and time-shifted viewing, for example when individuals watch or listen to BBC content using catch-up or on-demand services;
 - individuals who download but do not watch, or only partially watch, content on iPlayer;
 - individuals who watch or listen to BBC content through third parties; and
 - individuals who access non-broadcast and other BBC online content, through social media services.

4 We reviewed the extent to which the BBC is using audience data and insights to support decision-making across the Corporation. We also explored the BBC's awareness of, and responsiveness to, external changes. We did this in the following ways:

- We reviewed internal and published documents and data, such as:
 - the BBC's Annual Report and Accounts;
 - monthly BBC Board reports;
 - weekly and monthly audience reports for the BBC Executive Committee;
 - regular reporting on individual services, divisions, and demographic groups, such as in detailed divisional and BBC-wide half- and full-year reports; and
 - genre and programme level reports, such as a Strictly Come Dancing end-of-series report.
- We interviewed BBC staff within the Audiences team, as well as other BBC staff, including: the Director of Strategy; the Director of BBC Children's; the Editor of the Six and Ten O'clock News; the Chief Adviser in BBC Sport; and the Head of Strategy for the Radio and Education division.
- We collected and analysed usage data on tools (the 'Audiences Portal', 'Bank' and 'Hub' – see paragraph 4.11) that allow the sharing of knowledge and insights within and outside the Audiences team.
- We observed the functionality and capability of the BBC's Audiences Portal (a website providing self-service data and reports for BBC staff), 'Bank' and 'Hub', as well as other BBC data dashboards.

5 We assessed the BBC Audiences team's performance against its objectives, the progress of its change programme, and its commercial activity, as well as exploring the financial and resourcing challenges that it faces. We did this in the following ways:

- We reviewed internal documents and data, including the Audiences team's assessment of performance against its 2016-17 objectives, its 2017-18 objectives, team resourcing and capability reviews, overviews and progress reports on the team's change programme, performance reviews, savings data, and commercial and contracting documents.
- We interviewed staff from the majority of areas within the BBC's Audiences team (Figure 1). This included the head of the Audiences team's new Research, Resourcing and Reporting area. We also interviewed other BBC staff: the Director of Strategy; the Director of BBC Children's; the Editor of Six and Ten O'clock News; the Chief Adviser in BBC Sport; and the Head of Strategy for the Radio and Education division.
- We undertook quantitative data analysis, including on the costs, resourcing and commercial activity of the team. We also:
 - reviewed progress against the team's objectives and ongoing change programme;
 - reviewed the team's provisional efficiency savings plans;
 - analysed audience research benchmark data (2015) from the Group of European Audience Researchers (GEAR), a body funded by the European Broadcasting Union (EBU); and
 - analysed BBC staff survey data from 2015 and 2017.
- We used our commercial assessment framework (see Appendix Three) to review the four largest Audiences team contracts.

Appendix Three

The NAO's commercial assessment framework

1 To structure part of our review we used our commercial assessment framework. The framework has been developed to help audit commercial relationships across seven stages of a contract's lifecycle. It uses existing knowledge and experience from across public bodies to identify what good practice looks like. **Figure 15** outlines our findings against the framework.

Figure 15

Findings against the National Audit Office's commercial assessment framework

Area of focus	Findings
Commercial strategy: Is there an overarching commercial strategy, with a clear rationale for the approach being taken?	<p>The Audiences team does not have a single commercial strategy as each contract has different aims and objectives. New research projects are usually commissioned by the BBC engaging with providers within its roster of 54 preferred suppliers. There are specified approval processes depending on the total contract value:</p> <ul style="list-style-type: none"> ● all new funding requires a business case; ● the Director of Marketing and Audiences can approve contracts with total (whole-life) costs up to £1 million; ● the Director of Finance can approve contracts with total (whole-life) costs up to £5 million; and ● the Deputy Director-General can approve contracts with total (whole-life) costs above £5 million.
Commercial capability and governance: Does the BBC have the capability needed to manage the contracts and is it developing capability for the future?	<p>The BBC directly manages two of the contracts in Figure 13. BARB and RAJAR have their own contractors and approach to contract management. For the Ipsos MORI and GfK contracts, research managers within the Audiences team are responsible for managing the contracts. They receive support where necessary, such as from commercial, legal or finance teams within the BBC. Contract management capacity is not measured.</p>
Market management and sourcing: Has sourcing supported the commercial strategy and followed recognised good practice to optimise value for money?	<p>The team attempts to understand the market by giving nominated Audiences staff responsibility for overseeing engagement with, and understanding the interest and development of, certain suppliers. This approach to supplier relationship management is supported by guidance documents.</p> <p>Where necessary, the BBC has engaged with the market to understand the feasibility of certain research. For example, the BBC commissioned a research company to assess, in advance of the Cross-Media Measurement project, whether passive metering could work for the BBC.</p> <p>Both the Cross-Media Insight (CMI) and Pulse tendering exercises maintained competition with three and four bidders, respectively, reaching the final stage of each process.</p>
Contract approach: Does the balance of risk and reward encourage service improvement, minimise perverse incentives and promote good relationships?	<p>The team pays these contractors primarily based on the provision of specified research services such as panel surveys, research products and, in some cases, customer and client services. Each contract includes service levels, such as those relating to the provision of data, new research tools and contractually agreed research sample sizes within a specified time period.</p>
Contract management: Is the service being managed well, with costs and benefits being realised as expected?	<p>The performance of the contracts we reviewed varies with challenges on the Ipsos MORI and GfK contracts. If service levels are not met, the BBC, BARB or RAJAR can impose financial penalties (service credits) or require contractors to carry out additional work. The level of service credits that can be applied, which affects the ability with which performance concerns can be addressed, ranges from 1% to 20% of annual contract value.</p>
Contract lifecycles: Will the service continue to demonstrate value for money through its lifecycle?	<p>To account for changing technology and audience behaviour, as well as changes in the market of suppliers, the BBC often uses short contracts with extension options to provide greater flexibility.</p> <p>For the Ipsos MORI CMI contract, project delays (see paragraphs 2.19 and 4.16) resulted in the annual service credit cap being reached within five months of the start of the contract. This means that, unless it agrees new arrangements with Ipsos MORI, the BBC will not be able to levy further penalties until April 2018. In October 2017, both parties began discussions to work towards new contractual terms and payment arrangements.</p>
Contract transitions and exit planning: Is the BBC ready for the end of the contract?	<p>Contracts have termination and exit clauses, such as for when there is sustained poor contract performance or when certain milestones are not met. While this has yet to happen, if performance fell below agreed standards for a number of consecutive quarters and there was no evidence of improvement, this would lead to termination of the contract and preparation of a new procurement process. The BBC would conduct this, initially, in parallel with the existing contract.</p>

Source: National Audit Office analysis

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