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A songwriter's perspective on 6 Music

Acknowledgments

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In its recommendations to the BBC Trust as part of the digital strategy review the BBC executive recommended the closure of 6 Music. Following public outcry and a marketing campaign initiated by its listeners, the 6 Music station has become increasingly more popular – recently passing the one million

listeners for the first time in its eight-year history. The purpose of this Economic Insight paper is to simply state two facts: (i) 6 Music is playing more unique songs and (ii) paying royalties to more unique songwriters than any other radio station.¹

When the BBC Trust announced in January 2010 that BBC 6 Music 'needed changing', two of the changes mooted included (i) that the station should reduce the ceiling of new music played from 50 percent to 30 percent and (ii) the DJs should have a better education in music, where possible emulating the likes of John Peel. Few would disagree with the second; there may be some cause for debate over the first. Nevertheless, the recommendation that followed in February was that BBC 6 Music should be closed. The rationale for this decision appeared contradictory: on the one hand, the BBC claimed that the station had too few listeners, while it also expressed concern that should the listenership increase, it would place 6 Music in a situation whereby it would be unfairly competing with commercial radio. 6 Music's place in the canon of BBC stations was also contested in that the BBC stated that Radio 2 should 'age up' and focus on the over 50s, while Radio 1 should 'age down', focussing on those under 25-years-old. The age group in the middle – those over 25 and under 50 – was, according to the BBC, catered for by commercial radio once again... so where would this leave 6 Music with its target demographic of 36?

The age old terms of 'crowding in' (6 Music growing the radio audience) and 'crowding out' (6 Music taking listeners away from commercial radio) are ingrained in the perennial discussions over what a public service broadcaster should and should not be. A recent paper by the *Policy Exchange*, titled 'Changing the Channel,' offers up a concise and coherent view of what a Public Service Broadcaster (PSB) should aim to do in this new digital age:

- Public Service Broadcasting **fills in the gaps left by market-driven TV and radio to the benefit of the public and society as a whole.** Commercial channels focus more on popular entertainment, lifestyle and sports, which boost ratings and thus reap greater advertising revenues. PSB would invest in ambitious high cost UK drama and factual programming to fill the gap left by the market.
- Public service broadcasting systems are also expected to lead to large scale **investment in indigenous UK creative output** that promotes cultural identity. A strong output of British-produced programmes can be exported, which is good for trade and protects us from being swamped by imported US programmes.

¹ PRS for Music represents 65,000 songwriters, composers and music publishers in the UK and protects the rights of international songwriters through over 100 arrangements with international bodies.

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The *Policy Exchange* report argues that the UK has been more successful than most European countries in this instance because it is protected. Tellingly, the supported domestic content sector has emerged as an important second player behind the US across the globe. This view can be broadened out across other UK creative industries and strengthened further by considering a *PRS for Music* perspective on the value of songwriter repertoire at home and abroad. In a paper published last year entitled *Adding up the Music Industry for 2008*, a similar point was illustrated: the UK is one of only three countries, along with the US and Sweden, who can claim to be a net exporter of repertoire: more money comes in from overseas than gets sent out. Whilst acknowledging the success stories of the UK television and music industries, it is hard to disagree with the *Policy Exchange* conclusion - that we need a dramatic re-think if we are to continue to deliver public service broadcasting in an entirely new age. Ofcom has promoted the importance of evidence based decision making and the purpose of this Insight Paper is to inform that rethinking with evidence.

Measuring distinctiveness

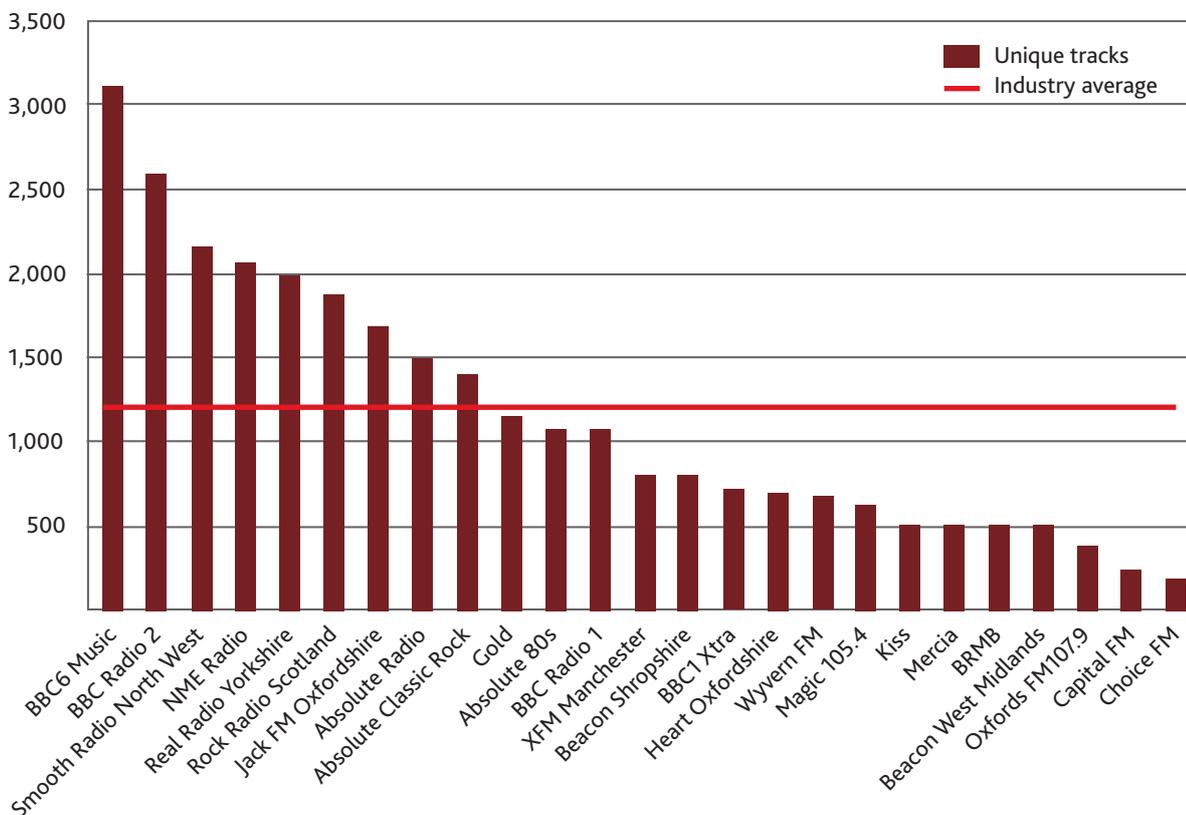
The first and foremost recommendation to come out of the *Policy Exchange* paper is that the BBC: "needs to focus its assessment of new and existing services on quality and differentiation rather than reach. It needs to stop expending significant resources on sports rights, 16 to 35 targeted services, popular entertainment talent, and acquisitions with the sole or

main purpose of extending reach. Instead it should concentrate its resources on maximising the **quality and distinctiveness** of what it provides to all groups". Defining quality in the PSB context is beyond the scope of this paper. However, economics can help inform how distinctiveness can be measured by drawing on the data of licensing and distributing royalties to the songwriters of *PRS for Music* and sense checking that analysis with externally available data in the market place. Whilst the analysis below focuses on 6 Music this is a reflection of the available data from both internal and external sources. A similar analysis could be carried out for the Asian Network. Two pieces of evidence are presented below: evidence regarding songs and the songwriters in relation to airplay on 6 Music.

The first piece of evidence looks at the diversity, and indirectly the distinctiveness, of the playlists across all forty three stations tracked by www.comparemyradio.com. The data has been reconciled with *PRS for Music* data to ensure robustness. The chart suggests that not only do BBC radio stations use consistently more tracks per station than commercial radio, but 6 Music uses more unique tracks than any other radio station. Indeed, 6 Music plays three times as many tracks than BBC Radio 1, which lies just beneath the industry average (see chart below). 6 Music played over 3,000 unique songs in the thirty day period ending mid-May 2010 which is remarkable, especially when considering distinctiveness in the PSB context.

Unique tracks exploited by station over a 30 day period

Source: PRS for Music (covering period mid-April to mid-May) and Compare my Radio

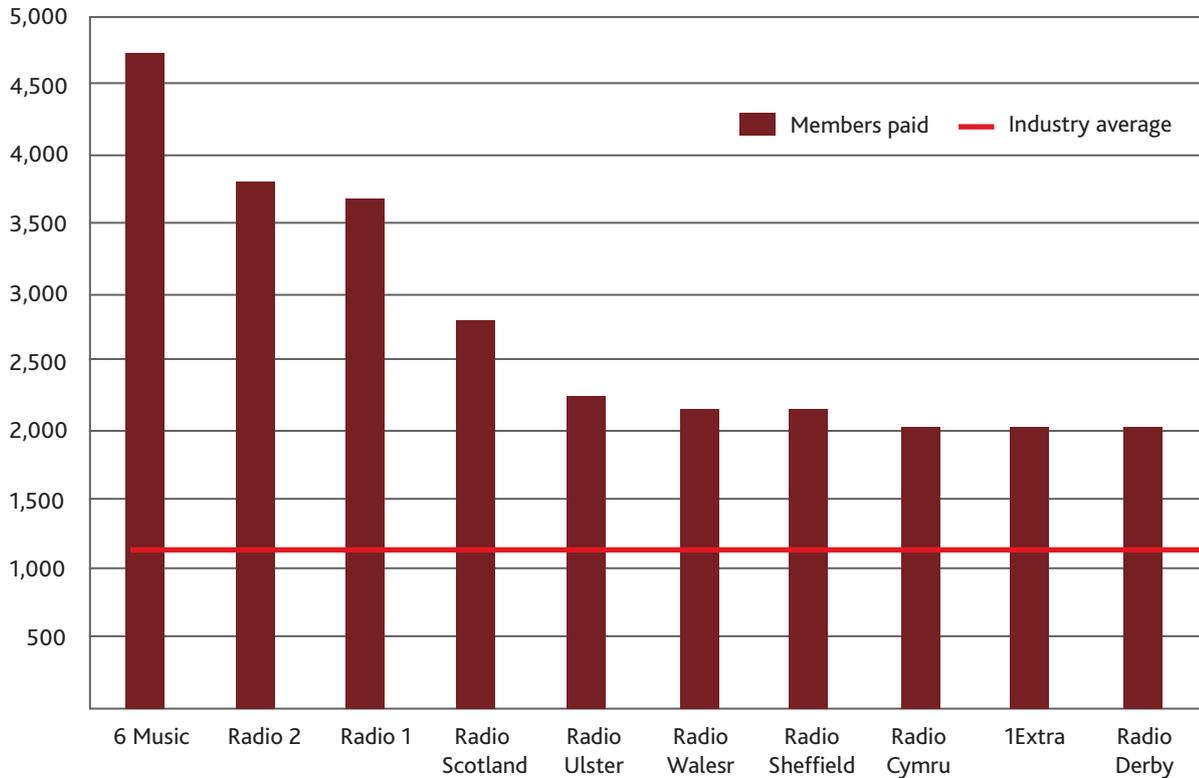


The broadcast of unique songs offers one measure of distinctiveness and 6 Music clearly ticks that box playing 500 more songs than its closest neighbour over a 30 day period. The next intuitive step is to look at songwriters and ask how many unique songwriters got paid from each respective radio station during a set time period. For this the evidence refers to 2009 Q4 as it is the most recently available data set. As illustrated in the chart below, 6 Music also tops the list when looking at number of members receiving payment from each

station. Indeed, 25 percent of all PRS for Music members earning royalties from radio earn from 6 Music. Furthermore, around 750 (or 4 percent of all) members earning royalties from radio are paid exclusively for performances on 6 Music - which is to say that those songs are not played anywhere else across the UK radio network. It is also worth noting that the BBC massively outperforms commercial radio on this measure, showing the diversity of its output versus commercial radio sector.

Number of unique songwriters paid by stations 2009 Q4

Source: PRS for Music



Fattening the tail?

It's worth stepping back from these isolated examples and contemplating their wider meaning. In the context of those 750 unique songwriters paid solely from 6 Music, it is plausible to argue that the royalty cheque they received will be their first, or only, form of recognition for their intellectual property. In the context of going from nothing to something, that recognition could fulfil one of the core principles of copyright; incentivising the creation of more songs. From a moral to a commercial perspective, play listings on a nationwide station like 6 Music will help establish a loose connection between the PSB agenda and other music/culture commerce such as CD sales and live music etc. **From a songwriters perspective, it is important to note that 6 Music is currently the difference between nothing and something for many of them.**

From an economist's perspective many of the arguments put forward for axing 6 Music require closer examination. For example, criticism of the low audience needs to take into account the low levels of marketing and promotion. Increase the marketing, one could easily argue, and you would expect an uptick in the audience. Interestingly, an observation can be made in that the sudden increase in audience figures for 6 Music, with a 50 percent year on year growth, could disrupt the maths behind the criticism of its cost-per-listener-hour figure. Stepping back from the debate over one radio station, and taking a more holistic view, a broader point can be made. At a time when it appears that the gap between hits and niches is widening across many media markets, the relevance of measuring distinctiveness in Public Service Broadcasting has never been more important.