

Commercial broadcasters hope they can share fully in the download market being created by the phenomenal success of the **BBC iPlayer** but fear they might be left in the corporation's dust, reports **Kate Bulkley**

The trickle becomes a flood

The staggering success of the BBC's iPlayer, since the online catch-up service launched on Christmas Day, has shaken the TV industry to its foundations. Its success underlines the pent-up demand that exists for quality online video. But it also emphasises how important it is for the UK's commercial broadcasters to get their own online video propositions right, especially as they must compete with global giants such as Google and Apple.

Just how successful has iPlayer been so far? Over 2 million people streamed or downloaded 11 million BBC programmes in January. By the last week of February there were 1.3 million regular weekly users.

The iPlayer has seen daily usage climb steadily from 300,000 views in one day in January to 500,000 programmes being watched by February. And these trends, according to the BBC, show no sign of plateauing.

EastEnders pulls in a lot of daily views, but the range of top-viewed shows across several weeks is wide: the top 10 viewed shows since iPlayer's launch include *Doctor Who*, *Ashes to Ashes*, *Torchwood*, *Six Nations Rugby* and *Top Gear*.

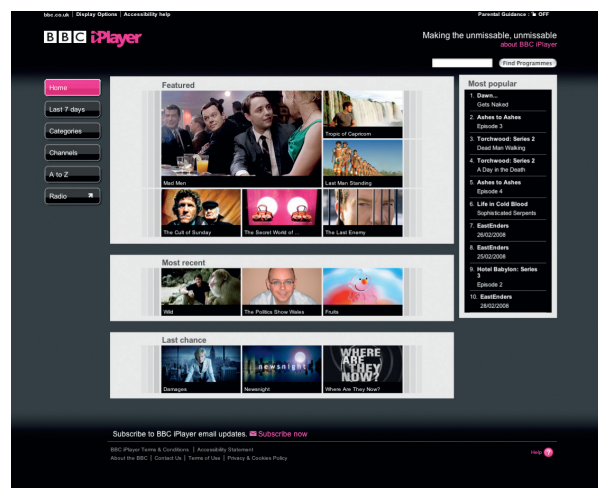
Because iPlayer is free to use (for licence payers to watch BBC shows within seven days of their original broadcast) there is a lack of any fee-paying culture for what is suddenly the

most successful online broadcast player in the market.

It would be tempting to conclude that iPlayer's success must be aggravating the BBC's commercial rivals such as ITV and Channel 4, not forgetting online aggregator sites like Joost and Babelgum. In fact, as iPlayer breaks open and builds the new market for streaming and downloading TV content, the commercial players are – for the time being – taking the BBC's success as a positive step in the right direction.

Indeed, ITV and Channel 4, which are partners alongside BBC Worldwide in the planned, commercial online video offering provisionally called Kangaroo, are not displeased by iPlayer's early success.

"What we are seeing with iPlayer numbers is important, impressive and validating but it's not blowing everyone else out of the water," insists Rod Henwood, chairman of the



All pictures: BBC

board of Kangaroo and the man behind Channel 4's development of its own online video service, 4oD. "The iPlayer numbers are bigger than where 4oD numbers are right now but the BBC numbers are not disproportionately higher."

In fact, says Henwood, 18 of 4oD's 20 best usage days have been in February. "Some of that has to do with more of our content being for free, but since iPlayer came out we have not seen a fall in our traffic – it has gone up," he says.

According to comScore, 4oD has served over 100 million downloads and streams since it launched in December 2006. By contrast, iPlayer served 17 million streams in seven weeks (and 4oD served 6 million streams and downloads in the same period).

"The success of the iPlayer absolutely endorses why we believe that Kangaroo is such an exciting venture," adds Jeff Henry, CEO of ITV Commercial. "iPlayer has shown once and for all that if we get Kangaroo right it could be absolutely huge."

Rumblings in the Kangaroo paddock

Getting Kangaroo right is, of course, a top priority for the commercial broadcasters, and that includes BBC Worldwide, which is determined to commercialise BBC content online following the free, seven-day exploitation window on iPlayer.

BBC Worldwide is already looking at other places to commercialise BBC content: in February it signed a deal to offer a limited number of full-length BBC programmes for a fee on Apple's iTunes media store.

There are reports of heated conversations between the public service side of the BBC and BBC Worldwide over how long the iPlayer window should be before commercial exploitation starts, and how much "series stacking" should be allowed on iPlayer. Series stacking is the process whereby programme episodes outside the seven-day free window are still available for free viewing if they are part of a current BBC series.

The point is that no one really knows what the key dynamics are for the emerging online video market. Even so, online video sites have all reached a consensus about one factor: charging per view has a depressing effect on usage. This echoes the belief that audiences seem to think online content should be free – or "free" with advertising attached.

Channel 4 has tested both pay and free models on 4oD

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but has concluded that ad-supported “free” works better; as a result, 90% of the programming on 4oD is “free” but funded by advertising.

An independent report from *Screen Digest* in early February said that a “lack of clear strategies” from commercial UK broadcasters regarding streaming versus downloading threatens their ability to compete with the BBC iPlayer.

The paper drew attention to what it believed was a concern that the download approach to accessing online content (where a video player application must be downloaded before a user can watch a programme) erects “an unnecessary barrier to initial consumer adoption” and hampers growth.

The BBC spent millions developing iPlayer’s download technology but late last year the corporation added the capability to stream videos (using the Flash Video format, which allows nearly immediate viewing without the need to download extra software).

This decision was clearly the correct one: since Christmas take-up of the streaming option on iPlayer has far exceeded downloading, with streams beating downloads by a ratio of eight to one.

Kangaroo’s Henwood still believes there is a place for a download service, particularly when people are looking for a higher-quality video experience on their computers. “We see sufficient downloading on 4oD to validate a dual approach,” he argues. “I think there are different motivations for catch-up viewing, where a viewer is looking for an instant fix and will be happy to stream the programme. The motivation for viewing an archive show is different: the viewer is looking for a more in-depth, quality TV experience.”

Kangaroo backers want an open field and low fences

The BBC’s director of future media and technology, Ashley Highfield, believes the proportion of streaming to downloading on iPlayer today will “level out”, especially when the corporation adds features such as bookmarking (which will allow users to pre-order a particular programme to be downloaded automatically). “I predict that over time it will be three-quarters streaming and one-quarter downloading,” reckons Highfield.

It is early days for online video. This means that even commercial online aggregation sites such as Babelgum can afford to regard the iPlayer’s early success as a “good thing”

because they believe it will encourage the growth of the market as a whole.

But Babelgum’s head of content strategy, Simon Kenny, does think there is cause to worry if the BBC emphasises the iPlayer as a “destination site” instead of making BBC content available on commercial sites as well.

“We are at the very early stages of the development of all of this but the BBC is a formidable player,” he points out. “The big test will be whether the BBC keeps all its content in a vertically integrated destination because this could be a big obstacle for other operators.”

Henwood agrees, saying that Channel 4 would also be concerned if the BBC tried to extend the seven-day free window it is currently allowed on iPlayer and increased the amount of series stacking permitted.

“UK entities will end up suffering if the BBC is so powerful that you can’t have an effective UK-originated service,” warns Henwood. “All that means is that the Apples and the Googles will clean up because they are the only players that will be able to address the UK market with any effect.”

Of course, making sure iPlayer works within fair-trading guidelines is the BBC Trust’s job. The Trust was briefed on Kangaroo last summer, but it will be looking specifically at the relationship between iPlayer and Kangaroo once it receives a final application from the BBC regarding Kangaroo (which could launch as early as June).

There are also several signs that the BBC plans to offer its catch-up content to others sites beyond iPlayer. Deals for edited versions of some BBC programmes are already being offered on Yahoo! and, very soon, MSN and video search specialist site Blinkx will also feature BBC content.

“I absolutely don’t believe the iPlayer will cannibalise other commercial sites,” says Highfield. “We are talking about a windowing strategy that we’ve had in the TV and film industry for years.

“The industry understands it, the rights holders understand it and the audience understands it.” ■

Top Gear (above) has been one of the most popular offerings on iPlayer (far left) since it launched on Christmas Day 2007

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**Rod Henwood,
Kangaroo**