

Westminster Forum Projects Speech:

I'm Chloe Straw, Managing Director of AudioUK.

AudioUK is the trade body for audio production businesses in the UK, and we exist to **champion** and **grow** the sector, as well as the industry as a whole.

I am passionate about audio, having spent my career working in various parts of the industry.

Audio can create relationships between producers, partners and their audiences, which is more **intimate** and **unique** than any other medium.

Today I'm speaking about: 'An independent vision for the audio market'.

As the market continues to grow at a pace that could only have been imagined ten years ago, the opportunities are there for the taking, but we need to be quick.

As we know, the audio market covers a huge amount of content - radio / podcasts / audiobooks / apps / gaming / sound design.

The biggest focus in the audio world recently has been around the huge growth in podcasting - both in the UK and, most notably, the US.

It is predicted that podcast advertising will soon be a **\$2bn** industry in the US, and **£54m** in the UK.

We know that audio is a robust medium - we saw that over the covid pandemic: in the US, podcast listening grew by 40% over three years, with 51% saying they started listening during the last two years. The speech audio revolution shows no signs of stopping.

So how can we use this opportunity?

Advertising continues to be a key source of income for podcasters, and a great way to reach a captive audience.

Advertising in digital audio, such as podcasts, gives 60% higher return on investment compared to advertising in other media channels.

It is key that we make sure that this opportunity is maximised.

Sources of monetisation are varied within the space alongside advertising - subscription models, commissioned content, sponsorship, brand partnerships and IP exploitation.

In the UK radio continues to be strong, with RAJAR reporting that 89% of the population listen to live radio each week.

In audiobooks, UK audiobook sales rose by 71% between 2019 and 2021

UK audiobook market is now valued at close to £200m

The market moves at an incredibly fast pace - acquisitions, consolidations, Youtube taking on podcasting, Spotify launching Audiobooks.

But what does all of this mean for the UK market, and specifically for the independent sector?

In the UK we have a strong and creative production base - with the rich heritage of audio production from work for the BBC and commercial radio, as well as the more recent explosion of podcasting and audiobooks.

There are more than 200 creative SMEs based all around the UK, making high-quality audio content.

The global podcasting market is expected to grow at a rate of 31.1%, to reach \$94.88 billion by 2028.

Podcast companies from all around the world have the opportunity to gain from this investment,

The UK sector is currently one of the most developed in terms of numbers of companies and professionals involved in audio production.

But this may only be for a period of time as other countries seek to build their own sectors. It is key we continue to grow the sector in the UK.

We have the expertise, so how can we fully utilise this opportunity?

This is where key policy areas for audio in the UK come in, to ensure even greater growth of the sector:

Key policy areas for audio in the UK?

1. Strategic Policy Making
2. Investment
3. Partnerships

1. Strategic Policy making:

AudioUK has a good relationship with Government & has had many successes.

But there are still areas where audio production is, in policy terms, not on the same footing as other creative content production sectors.

At the most basic level, the current **statistical groupings** which DCMS uses to collect and report data do not include audio, just 'radio broadcasting'.

So audio is missing from the publicly available statistics and therefore in any wider industry work to measure the creative industries.

A recurring theme that we will hear is that there is a big difference in policy support between the support for TV and audio

Audio production is not represented on the **Creative Industries Council**, meaning a lack of input at that crucial strategic level.

AudioUK has worked hard to rectify these matters as part of its work feeding into the Government's Creative Industries Sector Vision process.

So what are we missing out on?

This is nothing new – the government has long supported the screen-based creative content production industries and collects data on their success.

However, audio production policy is lagging behind to an increasingly serious extent. Audio needs to be a full part of the overall conversation about growing the creative industries.

How do we grow?

2. Investment:

Three key areas: - an audio production tax relief, skills training and the Audio Content Fund:

Audio Production Tax Relief:

The US audio market has grown exponentially in terms of revenue and audience.

As the US is a much larger economy to begin with, through **economies of scale** it can support its international growth through **brand investment** and **advertising**.

So one economy is producing a lot of podcasts and driving its **revenue generation** and therefore it is limiting the international market and wider economic benefits.

We believe a tax relief would allow a rebalancing of at least some of the production market power towards the UK, through incentivising investors to look at this country's production sector.

There is already a whole suite of creative industry **tax reliefs** – film, TV, video games and animation – but again, not audio.

AudioUK last year produced a report to put the case for an Audio Production Tax Relief, to shine a light on the UK sector and attract international investment from brands, broadcasters and platforms.

Our companies already say that they are missing out on international deals due to the lack of tax relief.

The expert analysis commissioned by AudioUK from **Communications Chambers** showed that an APTR could deliver a net gain to HM Treasury.

So is a measure to help growth with no burden on HM Treasury

I'll speak more later about the importance of global partnerships to growing the UK audio production sector.

Skills:

Sector has an excellent skills base, but the workforce is growing at pace and the skills training needs to keep up with this.

In 2014 the **Audiotrain** programme was set up with support from BEIS and Creative Skillset.

However, shifting priorities in terms of the government's emphasis on apprenticeships - which do not generally work for the freelance and independent sector - have meant that this public money is no longer available. While the screen based content sectors are seeing skills programmes funded by BFI, Screenskills and others, there is no support for audio production. AudioUK part-subsidises Audiotrain and we also have programme sponsors, but the ambition for the programme far outweighs the current money available. Additional funding would put it onto another level.

Audio Content Fund:

The Audio Content Fund, ... which as many will know is the government-financed contestable fund, which has created a wealth of new public service content for commercial and community radio.

The Fund was £1m per year for a three year pilot phase. It generated a buzz and excitement around the industry.

Sam Bailey and Bernard Achampong will be talking more about it later on this morning.

You can see some of the success in numbers on the screen.

The Fund has been evaluated and we understand the conclusions are very positive in terms of it having been effective and achieved its objectives.

We want to see a continuation of the Audio Content Fund.

It provides:

Value for money

A range of innovative PSB on the audience's stations of choice around the whole of the UK

New businesses, business partnerships and extra employment for our sector. It opened up audio to a whole new host of producers who had previously felt excluded from the space, who went on to win awards that recognised the quality and creativity of their work.

Which leads to...

3. Partnerships

4.

Partnerships are key in terms of continuing to drive the audio industry forward in the UK - partnerships are essential to growth and to continue to find new ways to exploit IP.

These can be partnerships between businesses in the independent sector, between commissioners and audio production businesses, with talent agents, partnerships

that work to increase equality, diversity and inclusion, partnerships within the UK or globally.

At AudioUK we partner with people across the industry - Radiocentre on the Audio Content Fund; Platforms such as Audible, Amazon Music and Wondery on commissioning and information sessions, as well as events including the Audio Production Awards (take place next week at the BFI); EDI initiatives such as the Podcasting Seriously Awards Fund and Multitrack.

All of these partnerships contribute to work and conversations which help to grow and advance the audio industry.

I'm going to pick out two types of partnerships now to focus on, but the wealth of partnerships available across the industry is what makes it such an exciting and vibrant place.

Global Partnerships

International partnerships are incredibly important for bringing investment into the UK audio market.

The well established and experienced production base in the UK should be exploited on an international scale. At present there are barriers, such as the previously mentioned lack of an Audio Production Tax Relief.

IP is also key to international growth, development of ideas via audio formats continues to be an increasingly important part of the audio landscape and a gateway into increased investment and revenue.

IP exploitation is something that can benefit hugely from partnerships - for example, partnerships between the independent sector and platforms. The creative brilliance of the sector coupled with the distribution and influence of both UK based and global platforms can create excellent opportunities for growth.

My industry colleague Cliff Fluet will be speaking more about this.

BBC and other PSBs:

The relationship between the BBC and the independent sector continues to be an important partnership for the industry.

Many of our members produce content for its radio and audio services, across a wide range of genres, including Drama & Comedy.

The BBC's investment in our sector and in the **wider creative industries** is incredibly important and we support an **independent** and **well-funded** BBC. I'm looking forward to hearing Jonathan Wall speaking later about Public Service Radio into the future.

Terms of Trade

Audio producers' IP is not currently protected in their negotiations with the BBC and other Public Service Broadcasters, in contrast to TV producers IP, which is protected due to their Terms of Trade negotiations being regulated by Ofcom.

We need regulation to come up to date in the area of Terms of Trade for audio producers. AudioUK welcomed the Government's intention to look at this as set out in its Media White Paper in April this year.

The growing similarity between TV and audio in terms of an international marketplace for **audio content** and **formats**, makes stark the difference between the two in terms of policy.

Competition and BBC Studios

We welcome BBC's ambition on the **global audio stage**, they continue to be a key partner for our members in terms of **creative and global intent**.

The BBC is currently reviewing whether to move its speech audio production teams into BBC Studios.

If this were to happen, we have called for 100% of non-news audio content to be opened up for competition from independent production companies.

This is because the BBC Studios production base would be able to compete against the wider sector in the open market.

Once again the TV comparison is key: When the BBC moved its TV production to Studios, the government determined that 100% of non-news TV should be open for external competition.

Therefore the government should consider addressing this in its mid-term review of the BBC Charter.

Summary:

I've covered a lot of ground, and I'm looking forward to hearing my industry colleagues go into more detail later on.

I'd like you to take away three key policy areas for the UK audio industry:

1. Strategic Policy Making

Audio recognised at the same level as those in fellow creative sectors - adding AudioUK to the Creative Industries Council would immediately make a difference.

2. Investment

An APTR to grow and drive international investment, as well as ACF continuation and skills funding

3. Partnerships

These are also key to the growth of the industry and we must continue to work together to ensure that the UK is not left behind

The independent sector is vital to the audio industry, for creativity, flexibility and quality. It is made up of experienced and creative producers and entrepreneurs. The popularity of, and opportunity within audio continues to grow at speed. Let's make sure we maximise the opportunity and fully build audio into the policy framework.