

**GLOBAL RADIO HOLDINGS LIMITED/GMG RADIO HOLDINGS LIMITED
COMPLETED MERGER INQUIRY**

Summary of hearing with First Radio Sales on 21 November 2012

Background

1. First Radio Sales (FRS) represented over 118 stations, of which over 30 were commercial market leaders in their total survey area (TSA). These stations covered England, Scotland and Wales. FRS represented the stations of many media groups including KMFM, UKRD, Celador Radio, and Lincs FM.
2. FRS was a dedicated sales house for local radio stations seeking to sell national advertising on a spot basis and for sponsorship and promotion and digital campaigns. It showed national advertisers the benefits and cost effectiveness of local radio.
3. FRS represented 10.4 per cent of all commercial listening hours, which made it the third largest sales point in radio. About 5.7 million adults tuned in to an FRS-represented radio station for an average of 8.7 hours per week. FRS's portfolio achieved more listening hours than the recently-formed Capital Network.
4. FRS had good communication with the stations regarding programming but could not influence their decisions about branding or consolidation.
5. Digital radio had become more prominent in the market over the last three years.

Selling advertising

6. FRS operated with a staff team of 22 and had offices in London and Manchester selling national advertising for local radio stations. It did not sell local advertising.
7. It had focused on core business over the last three years but was always looking out for further opportunities to increase its portfolio.
8. [REDACTED].
9. It would like to strengthen its sponsorship and promotion and digital propositions.
10. [REDACTED].
11. The radio market could be considered complicated, so FRS invested in consolidating regions to make its proposition simpler to purchase. [REDACTED].
12. 99.9 per cent of the time the trading demographic for a radio audience was adults but occasionally some fast-moving consumer goods clients would look at housewives and main shoppers, for example, and focus on them from negotiation of price to planning.
13. [REDACTED].
14. The top line RAJAR result would influence the stations' listening hours and reach, which would affect the cost of the campaign.

15. Because there was no huge commitment on the buying side of FRS's agreements, there was no danger of overtrading on the sales agreement.
16. FRS had a trading agreement with agencies that operated on a cost per 1,000 impacts basis.
17. FRS had previously sold slots for GMG's Rock Radio station.

Competition with other sales houses

18. FRS considered other radio groups to be its main competitors but it also competed with local press and the digital market.
19. FRS considered its radio stations to be more in tune with local communities and news due to their location. It considered its ability to stay in touch with a more local community to be a key strength and defining quality in a time when the overall market had moved away from local content in the advent of the Digital Broadcasting Act.
20. FRS believed that more opportunities had opened up for it in the local market because other companies had moved away.

The merger

21. FRS was used to seeing GMG being sold as part of the Global portfolio, but a future increase in networking may have a detrimental effect.
22. The merger could have implications in terms of FRS's regional market as it believed that GMG sold itself in the regional market. It also thought it could be affected in the event of any rebranding because it did not have a share or volume deal and a client could just stop working with its stations as a result.
23. It was hard to speculate what would have happened to GMG's radio stations had it not merged with Global, but as it had two strong brands they would not have had a problem in selling them to an alternative buyer.