

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

**Summary of a hearing with [Media Agency C]
held on 21 November 2012**

Background

1. [Media Agency C] was a media and digital communications company based in London, [redacted] which collectively offered a range of media solutions across all media platforms and UK audiences. [Agency C] client expenditure on radio advertising was £55 million a year, and it booked over £1 billion each year on all media.

Radio advertising

2. Radio had been a relatively small part of what [Agency C] bought across all media platforms, amounting to less than 6 per cent of its total spend. Decision-making had been based upon a whole range of factors, starting with a client brief about what its communication challenges were.
3. [Agency C] bought airtime and sponsorship packages from Global Radio and GMG Radio which comprised about 62 per cent of its total radio advertising spend.
4. It believed that for radio to have been a dominant part of an advertising strategy, the advertiser had to be interested in a short-term response, which involved sending lots of messages out quickly with a smaller budget. It believed that radio advertising had the advantage of being able to get multiple advertising messages out quickly.
5. [Agency C] advised its clients on what channel to use for its advertising based upon its brief, and less than 5 per cent of its campaigns used radio advertising.
6. It believed the important factors of radio advertising to be audience reach, the frequency of how often that audience was reached, environment and the type and demographic of a station.
7. It considered the demographic of a radio station to be an important factor when deciding when to use radio, which stations it would buy with and the level of advertising spend.

Competition with other media buyers

8. Contracts with radio companies were constructed on an annual basis on behalf of advertiser clients. [Agency C] had arrangements with Global, Bauer, talkSport and Absolute radio.
9. It primarily set the price as cost per thousand but it might incentivize larger advertising bookings by offering discounts. The cost per thousand tended to vary between stations, as did the cost according to target audience.
10. [Agency C] had no guaranteed volumes, but there had been arrangements where, at certain levels of volume, it would receive benefits in terms of pricing which would be passed on to the client.

11. It considered sponsorship and promotion to be important to brands' wish to be associated with certain radio stations or presenters, and this was a unique feature of sponsorship and promotion.

The merger

12. [Agency C] did not think that the merger would change the way Global would sell Real and Smooth stations or how it was incentivized in relation to pricing.
13. [Agency C] would consider the use of other media to reach certain audiences as well as other radio groups, sales houses and stations if Global increased the price of Real and Smooth stations.
14. It believed that the Real and Smooth brand and Global offered similar audiences, but did not necessarily compete for audience or geography.
15. It was not overly concerned by the merger. It did not think it would benefit from the merging of Global and GMG, but believed that the radio industry might benefit as Global had a good track record of investing in stations.