

SUBJECT: The Competition Commission's request for responses to the issues statement regarding the COMPLETED ACQUISITION BY GLOBAL RADIO HOLDINGS LTD OF GMG RADIO HOLDINGS LIMITED (NOW REAL AND SMOOTH LIMITED) dated 21 November 2012

The response contained herein is specific to RAJAR Ltd referenced in section 25(b) contained in the issues document of the above date.

RAJAR - Background and purpose

Radio Joint Audience Research LTD (RAJAR LTD) was formed in 1992 with the sole purpose to provide the UK Radio Industry with a unified audience measurement service designed to deliver against the needs of the UK public service and commercial radio licensed broadcasters.

The memorandum of Association states in 3. (a)

'The objects for which the company is established are:-

To commission and to conduct research into audiences for radio programmes and for any other material broadcast or otherwise distributed in the United Kingdom, the Isle of Man and Channel Islands; to estimate the size, composition and other characteristics of audiences, to assess the impact of the material; broadcast and obtain the opinions of audiences about the material, and the broadcasters'

RAJAR provides audience statistics to over 249 commercial stations and 54 BBC stations of varying sizes across the UK. Approximately 85% of OFCOM licenced commercial radio stations subscribe to the ratings service representing approximately 95% of CR revenue.

The RAJAR Board after input and consultation with the executive, its technical advisors and wider industry stakeholders will set out the research specification and the accepted cost to deliver the service. RAJAR raises the funds to cover outgoings via an agreed formula resulting in an annual fee levied to the BBC, and to CR via a rate card that reflects the varying cost of the different sized areas (TSA's) that require surveying. RAJAR commissions specialist external research contractors to carry out the research survey on its behalf for a defined period.

Any material change to the technical specification of the service thereafter will be taken to the Board for agreement only after prior discussion by the Technical Management Group (TMG) a committee Chaired by RAJAR and made up of the RAJAR executive, technical research experts from within the BBC and Commercial Radio groups, the IPA, the CR technical consultant and the research contractors.

The RAJAR body is formed along similar lines to that of its counterparts in the TV (BARB), Newspaper (NRS) and out of home industries (POSTAR) in that it is a Joint Industry Committee (JIC) ensuring industry alignment and collective buy in to its measurement methodologies and service.

Ownership, decision making and voting structure

RAJAR Ltd is a deadlocked company jointly owned 50% each by the BBC and the Radio Centre (the trade association for Commercial Radio) via the issuance of 50 shares each. These shareholders are described as the A and B shareholders.

The company is a not for profit organisation, in that the outgoings related to the annual delivery of the service are matched by an annual fee to the BBC and a charge in relation to the needs of Commercial radio's individual station subscribers.

The company is independent to the BBC and CR. It is run by a CEO reporting to a Board that meets quarterly and is overseen by an independent Chairman.

In accordance with the company's Articles of Association clause 19 and 20 (c), the first directors of the A&B shareholder company (presently the Head of BBC Audio & Music and the CEO of the Radio Centre) are entitled to appoint two additional member directors, totalling three member directors for shareholder A and three member directors for shareholder B . At present for CR, representatives for Global Radio and Bauer Media are the other two appointed member Directors. The 'first directors' have the authority to terminate and re-appoint these additional Director positions from their respective stakeholders without conferring with other members of the board. Under clause 20(d), the 'first Directors' have jointly appointed the Chairman who serves on a fixed term contract of 3 years.

In addition to each shareholders three seats at the board, the IPA has a formal Directorship of RAJAR Ltd, but has no voting rights and therefore no ability to veto any board motion agreed by the shareholders. The ISBA attend the quarterly Board meetings as observers. Both ISBA and the IPA's input are essential to the effective alignment and representation of RAJAR as a JIC. In addition, CR has a technical consultant in attendance, and the RAJAR Executive is represented by the CEO and Research Director.

Under clause 28 (e) of the Articles of Association, no resolution shall be passed by the board unless all of the individual directors present for both the BBC and CR vote in favour.

RAJAR's independence of any single stake holder's interest is fundamental to its integrity so that its output is objective, trusted and valued. The voting structure is designed to deliver this.

End.