

GLOBAL/GMG MERGER INQUIRY

Third party submission—media professional

5 November 2012

Dear Sir,

I understand that you are investigating the proposal by Global Radio to purchase GMG Radio.

I am a Bridgend-born media professional, with nearly two decades of experience in working for and with the independent radio sector. A digital media consultant and former Head of Content at ITV.com, I am the co-founder of Bridge FM (a radio station in the TSA of the Global and GMG stations in Wales) and a frequent contributor to BBC Radio Wales and Radio Cymru.

My views in this letter are my personal ones and I do not represent any organisations or radio stations working within Wales.

I would like to state my reservations about this takeover proposal as I think it raises significant issues of competition in Wales and actually creates a monopoly in the business of radio airtime selling in north Wales.

By allowing Global Radio to purchase Real Radio Wales whilst continuing to own the Heart FM network of stations in north Wales, consumer choice for businesses wanting to advertise on radio in an area stretching from Holyhead to the Welsh border would be eradicated. If the takeover is approved, local firms wanting to advertise on radio in this area will now only have one company to deal with and competition in the market of airtime selling will be destroyed.

This will allow Global to dictate the market value of radio advertising in the area and will create such a dominance that it will be impossible for any rival radio company to come and set up a challenge to them in the future.

An open market for radio airtime sales in north Wales was set up in 2008. It would be a major issue for local businesses in the area if they found their marketing budgets were to increase because of a takeover which removed a free market or negotiation opportunity over their radio advertising costs.

This is especially a problem in these tough economic times when local firms are struggling with increasing costs in other areas of their businesses.

A similar situation exists in south east Wales. A Global takeover of GMG Radio assets would create a near-monopoly in the area, with Global owning the two biggest radio stations in the region, allowing them to dictate market prices for airtime sales against one other smaller rival.

That smaller rival (Town and Country Broadcasting) would not be able to compete against the cross-selling opportunities and marketing muscle Global would have in this position and it could put that company under threat.

I understand that Global already had an arrangement pre-takeover to sell the airtime of national/network campaigns on Real Radio stations. This in no way should remove the spotlight from the damage this takeover would do to the free competition of airtime sales at a local business level.

I am not convinced any remedies could be proposed to ensure plurality remains in airtime sales in these areas.

If you allow the takeover, but insist Global keeps the different station sales teams separate, Global still financially benefits from the spoils of a monopoly in north Wales. And, having worked in a local radio station placed under similar measures in the past, I know that, in reality, this method does not work.

If you allow the takeover, but try to restrict either Real/Heart stations from selling airtime to certain companies whilst the other has chance to sell to them, that could also be argued as market manipulation.

I would also have reservations if Global were told to sell the Heart and Capital stations in Wales so they could retain Real in Wales. The issue there is that whoever bought those stations would have to ditch the Heart and Capital names and go through significant rebranding costs –putting them instantly at a commercial disadvantage to Global, who would have no rebranding costs with Real.

That is why I believe this takeover should be blocked. Global cannot take ownership of Real Wales and it must be sold on to another company where no such issues arise.

Moreover, there are similar issues caused by this potential takeover in the restriction of a market for suppliers of equipment to Welsh radio stations (e.g. anything from broadcasting equipment to suppliers of temporary admin staff).

This proposed takeover restricts the job opportunities for radio professionals in Wales and creates an unfair labour market. Although, I understand this is not within the remit of your investigation, it is a serious issue for the nation as a whole.

If you require any further insight, please do not hesitate to contact me [by email].

Yours Faithfully
Marc Webber