

GLOBAL/GMG MERGER INQUIRY

Third party response to the provisional findings

13 March 2013

As you will be aware Agency AM is a media independent, based in Edinburgh but with clients operating throughout Europe.

We are a planner and buyer of a not inconsiderable amount of radio airtime, in Scotland, throughout the UK and within Europe.

We use a number of groups and individual stations to find the best route to market – all on behalf of our clients – to achieve optimum ROI for our clients.

Here is a summary of our collective thoughts.

In those areas identified by the CC Inquiry Group, We of the view that should the merger proceed as planned this will undoubtedly lead to 'price hardening' and as such a monopoly of market share that would not be attractive to our client base. Alternative media channels in these areas may not always be possible given that a large percentage of our current clients are retail and DR based products/services that rely on sole use of radio for most effective marketing communication e.g. weekend retail promotions ; direct response call back for "claims" based clients; or text-back response mechanics for recruitment advertising on air.

We plan and buy Radio not just for airtime campaigns but sponsorship and promotional activity and have already seen in central Scotland and other areas (including Meridian and Anglia where Global have market share) real barriers to accessing these platforms.

We can no longer access primary sponsorship on Real in Scotland due to these platforms being sold at a 'network level' – for example Sky who sponsor Heart Breakfast have now rolled out into the Real Radio brand nationwide.

Promotions again have played a key role for certain clients who wish to align their propositions closer to the audience, with the Heart brand currently sold as 'broadcast centres' .this has introduced mass wastage for some our clients with a specific local reach requirement, it is our view this is likely to be introduced across the Real brand platform leaving us no alternative but to establish alternative media routes which may not be available or meet our client's objectives.

We have already seen, since Q4 last year, a different promotional/competition sell from Real in Scotland with secondary promotions being sold into specific programming and within that by the hour. Our concern with this which we assume is, Global led, removes the ownership and association with a specific programme and the introduction of up to 3 additional advertisers also running a promotional led campaign in the same programme. Leading to a cluttered and less traditional use of the medium, with for all advertisers a noticeable loss of impact.

Airtime buys currently on Heart across central and southern England are still possible by transmitter level but this evidently has resulted in pricing being sold at a 'premium' for this option which has meant a reduction in our client's radio spends.

Mergers of Radio groups traditionally has allowed for greater investment into programming which we see as a positive, however on the flip side this can lead to network syndicated programming which then results in a loss of 'local content' which for many of our clients is an attraction of radio as part of the media mix in a schedule.

It is our view that the core audience groups of Heart and Real are similar – 25 to 54yrs – we have a concern that, although no announcement has been made by Global, the Real brand is likely be re launched as Heart should the merger be approved. Effectively leading to a national UK presence with, as already outlined, a sales focus towards primarily national (UK) advertisers to the detriment of the local/regional advertiser (through a limited choice and price restrictions).

Agency AM