

GLOBAL/GMG MERGER INQUIRY

Third party response to the provisional findings

14 March 2013

The CC said that its Provisional Findings are based on an assessment of evidence that indicates advertisers use multiple types of media to meet their advertising needs and other media may be bought as a complement to radio or as a substitute for it.

[Agency G] said: We would agree with this statement. Radio is rarely used in isolation.

The CC also said that there are advertising campaigns for which radio advertisers cannot easily substitute other media;

[Agency G] told us: This is true. Certain categories can advertise in the press but not on Broadcast Media.

The CC said that the main factors advertisers take into account when choosing between radio stations include: Geographic coverage: radio stations are weaker substitutes where their geographic coverage is very different.

[Agency G] said: True, it is dependent on needs of the client.

The CC also included relative strength in terms of audience: stations with a large share of listeners are better placed to attract advertisers than those with a low share of listeners;

[Agency G] said: Not necessarily. If it is a national campaign it is going to be the best option using a network station. For more local campaigns, then a local based station may be best. Also an issue may be the make up of the station demographics.

Finally, the CC included demographics: the greater the divergence between stations' audience, the weaker they are likely to be as substitutes for each other.

[Agency G] said: True point though Commercial Radio doesn't sell effectively against its target demographics.

The CC went on to say that the strength of an advertiser's bargaining position, and the price he or she is likely to receive will be affected by the relative strength of the alternative options.

[Agency G] said: Yes but also dependent on size of budget.

The CC said that for some advertisers a Global station is the closest alternative to a GMG station (and vice versa).

[Agency G] told us that this was true.