

## GLOBAL/GMG MERGER INQUIRY

### Third party response to the provisional findings

4 May 2013

Dear Competition Commission,

please read this carefully as I believe this is useful information that may help aid your decision-making. Although I do not work in radio, I hope this is useful anyway.

I believe that Global Radio has too much dominance of the market (even whilst it is in the hold-separate situation), and of the advertising market in the following locations:

- North West
- Scotland
- North Wales
- South Wales
- London
- West Midlands
- Yorkshire

If they were allowed to keep Real and Smooth Ltd, an oligopoly would form, and this would be of little benefit to advertisers. Commercial radio has faced tough competition from the Internet. The Internet has not stopped people from advertising on radio - it complements and co-exists with it well, due to the 'new media' presence of radio stations.

It is not for me to discuss their programming; that is entirely within Ofcom's remit and beyond the scope of this enquiry.

However, I feel that if Global were allowed to own the Real Radio licences **and** the Heart ones it would not be beneficial at all; despite what some people have suggested and quotes from the merger responses page such as:

I support the merger 100%. I get a superb service from Capital and should the merger go ahead I would almost certainly look to advertise across the 3 stations should I be able to get a good incentive to do so. I would also expect to see Global radio significantly invest in Smooth & Real radio as they have done with Capital FM and that can only be a good thing for the audience that listen to these stations in the North East and ultimately it will be a good thing for my business.

Finally, Global are an exciting and innovative company who are investing in strong radio brands to compete in an aggressive media world. This merger will, I believe, safeguard the future of this growing business.

I disagree with these statements, and related ones in the PDF versions of submissions who believe it will be beneficial; it does not benefit smaller businesses, as Global Radio prefer to deal with national advertisers and branded goods - e.g. Diet Coke, Pepsi, Chevrolet, Monarch Airlines, Vauxhall, Adidas, Volkswagen/Audi/SEAT/Skoda, Land Rover, wonga.com, New Look to name a few of the high-profile ones. Many on-air promotions tend to be sponsored by national rather than regional businesses. You rarely if ever see a local firm sponsoring the show (cf. Lincs FM and its sponsorship by local businesses, which

benefits the Lincolnshire economy).

Their ethos is, national branding, national advertisers; compared to others, whose is 'local radio, local advertisers, local promotions' (cf UTV and Pulse, Bauer and regular promotions with local firms during on-air competitions)

In reality, the kind of advertisers Global Radio would get are PPI/no-win-no-fee/payday loans if they took on the above regions' licences (excluding London); having sampled some of the Real Radio XS Scotland output it is clear that they would struggle to get national advertisers. Also, owning these licences will not benefit Global too much - in Scotland they have the 106 FM licence which can appeal more to the younger demographics who may take out a payday loan etc. and go on a night out etc.

Global Radio are not, for the most part, interested in locality; this is shown by their programming methodology, of which the stations are local 7 hours weekdays, 4 hours weekends, and many of the advertisers on the stations tend to be for regional chains, rather than smaller local firms (of which the likes of UKRD, Bauer and UTV tend to get more of).

I believe the following licences should be disposed of:  
**(note: Licence names are under the bold headers)**

#### **North West England (Manchester)**

Real Radio 105.4  
Real Radio XS

#### **North East England (Newcastle upon Tyne)**

Real Radio 100-102  
Smooth Radio

#### **West Midlands**

No sale proposed

#### **Wales (North and South Wales)**

Real Radio Wales (both licences)

#### **Yorkshire**

Real Radio Yorkshire

#### **Scotland**

Real Radio XS  
Real Radio Scotland

If these licences are divested of, it will be of benefit to advertisers, as there will be other media companies that they can deal with; at the moment in the above regions you have the choice of the following companies if you are a local firm:

Global Radio (Heart, Capital, Gold, XFM, Real, Smooth)  
Bauer Media (Place Network, Kiss, Magic)  
UTV (Signal 1, Signal 107, Wish FM, Tower FM, Pulse of West Yorkshire, Wave 96.5, The Wave Swansea, Juice 107.6)  
UKRD (Various)  
Orion Media (Free Radio, Gem 106, Free Radio 80s [AM] )  
Lincs FM Group (Lincs FM, Various branding)  
Celador (Breeze/Jack) - but not in these markets so far, however, they have recently bought the Gloucestershire 107.5 licence

With Global owning Real and Smooth Ltd (RSL) it seems like this oligopoly could be reduced, and it will be of major benefit to the market.

I hope my feedback has been of use to you, and please feel free to use this as a tool when deciding what licences to divest of.

[An individual]