

27<sup>th</sup> February, 2013

Inquiry Manager (Global/GMG inquiry)  
Competition Commission  
Victoria House  
Southampton Row  
London  
WC1B 4AD

**COMPLETED ACQUISITION BY GLOBAL RADIO HOLDINGS LTD OF GMG RADIO HOLDINGS LIMITED  
ISBA COMMENTS ON THE COMPETITION COMMISSION'S PROVISIONAL FINDINGS REPORT**

I am writing further to our previous submissions, this time to set out our comments on the CC's Provisional Findings report on this acquisition.

We are pleased that the Provisional Findings concur with our submission that the proposed merger would result in a SLC and in particular would adversely affect the interest of certain advertisers.

As some advertisers likely to be adversely affected by the proposed merger will be members of ISBA we wish to make a few remarks regarding the proposed remedies.

1. It is ISBA's long-standing and consistent position that advertisers should have competitively-priced access to a range of media, and that within each different medium (television, radio, print, outdoor, cinema, online etc). We believe that such competition is best delivered through multiple choice, plurality and diversity of media, none of which should have a market-dominating position. It is well-established that the maintenance of a vibrant and competitive advertising market in the UK will serve the interests of all advertisers and their customers with direct benefits for all UK consumers.
2. We agree with the conclusion that, by and large, radio does not compete with other media in the eyes of most advertisers (again, this is entirely consistent with the views we have expressed in a number of competition inquiries in the media sector over many years). Most advertisers will look at a range of candidate options to meet their requirements to target a set number of potential customers, with specific demographics, at a cost that fits their allocated budget. This will normally include a range of different media, of which radio may be one. While advertising expenditure can of course be re-allocated from one medium to another, such re-allocation will not necessarily result in optimal targeting of desired customer groups.

3. While many of ISBA's members are likely to engage with national media owners for much of their advertising, many (such as retailers) will include local radio in their campaigns. Equally, while the majority of our members are likely to use the services of national media agencies to negotiate with the media on their behalf, many also maintain direct relationships with the media owners which are most important to meeting their needs, and some negotiate directly.
4. While total divestiture seems to be an unnecessarily draconian remedy, we see no reason why a partial divestiture package cannot be identified to resolve the identified SLC, while leaving a commercially-viable merged group. It is not for us to say whether and if so how this might be achieved.
5. One remedy not canvassed in detail, albeit hinted at in paragraph 25 of the Notice of possible remedies, is a pricing remedy. The ITV Contract Rights Renewal remedy that resulted from the CC's inquiry into the Carlton/Granada merger has proved to be a successful and durable type of light-touch behavioural remedy that has prevented a market-dominating media owner from increasing prices for advertising above an acceptable benchmark level. We reiterate our previously expressed view that a similar type of remedy might yet be considered in the present case.
6. We are also pleased to note the recent eight week extension of the inquiry (to May 22<sup>nd</sup>) in order to give opportunity for the consideration of possible remedies with third parties, and would once again confirm our willingness to engage with the CC in this respect.

Please feel free to let us know if we can be of any further assistance.

Yours sincerely

**Bob Wootton**

*Director of Media & Advertising*