

GLOBAL/GMG MERGER INQUIRY

Third party response to the provisional findings

6 March 2013

Global Radio should not be allowed to own Real and Smooth Ltd. *and* Heart.

I do not believe this will increase investment in commercial radio, especially when its main target is national advertisers, not local ones; a friend / contact of mine owns his own car dealer in Rotherham, and had considered advertising on Capital 105, but then realized it was not appropriate as they only want national advertisers. In the end he decided to go for a smaller, rival station that is more local, and thus, can aim more at *local* advertisers. Many of my friends/contacts in the automobile trade said they would most definitely advertise on radio alongside Internet and print advertising - but they feel it is geared too much towards national advertisers, and that national brands are of little use to them - except in print media, e.g. Auto Trader.

Gaining local advertisers is important to the future sustainability of them; getting regional chains like Home Bargains to advertise should be the aim.

From my own research into the radio industry, Global Radio is seen as the United Kingdom equivalent of Clear Channel, who were criticised for having too much market share. Smaller groups like UTV, Orion, UKRD, Lincs FM and Quidem cannot afford to compete against the British equivalent of Clear Channel, whose main aim is to target **national** advertisers.

My other issues with this is the Character of Service; Real Radio was originally designed as a full-service station at launch in 1994 when it was 105.4 Century Radio, and this is the same for all Real Radio licences. But this has been eroded, with the loss of shows like football ones, which, despite being C2DE-targeted, also have a female following, football has a strong female following, so these stations should have some sport and longer talk (in the presenter links) as part of the CoS.

Relating to this; the public prefer 'personality' radio, with slightly longer links, and presenters who can talk about what the audience can relate to. This explains why the likes of stations such as The Pulse of West Yorkshire, Stray FM, 96.6 TFM, Hallam FM and Smooth Radio are popular; they are like commercial equivalents of Radio 1. This is important for both advertisers, and the audience, as lifestyles dictate consumer spending as well.

Colin Kelly's arguments at http://www.competition-commission.org.uk/assets/competitioncommission/docs/2012/global-radio-gmg/colin_kelly.pdf are well-written and I agree about the sustainability point.

Real Radio should not be allowed to be 7 hours local weekdays / 4 hours local weekends, instead it should be 6am-7pm local weekdays (or where football phone-in exists, 6am-8pm) and 6am-6pm local weekends, etc. (or 6am-4pm local Sundays given they take the Vodafone Top 40).

I believe this should happen - for the benefit of the media ownership landscape, as there has been criticism that Global owns too much of the marketplace, and that local advertisers (e.g. local supermarket chains, automobile dealers, restaurants) do not get as much of the benefit of advertising on radio. If you were a national brand name such as Adidas, Chevrolet, Ford, Injurylawyers4u, Nike, Sports Direct, Tesco or Vauxhall, then it would be beneficial to advertise on the radio.

Global Radio should be forced to dispose of the following stations:

Greater Manchester - Real Radio 105.4, Real XS 96.3 (Capital 102, XFM and Smooth retained)

Scotland - Real Radio Scotland, Real XS Paisley, Smooth Radio (only Capital retained)

Wales - Real Radio Wales (Marcher Group stations retained)

South and West Yorkshire - Real Radio Yorkshire (only Capital retained)

North-East England - Real and Smooth assets (only Capital NE retained)

London - Heart 106.2 and Smooth London (possibly) - they already own Capital 95.8, XFM, Gold, LBC, Choice FM. Heart and Smooth could be disposed of.

(and the associated trademarks/copyrights that come with these brand names [except for the 106.2 licence which is a Heart station].)

I believe this would be more beneficial than allowing Global Radio to own this current set-up:

Capital
Choice
Gold
Heart
LBC
Real
Real XS
Smooth
XFM

This could be thinned-down to:

Capital
Choice
Gold
Heart
LBC
XFM

as it were before; and it puts the radio industry on a more even playing field.

I have read the other submissions here

Yours faithfully,

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