

RadioCentre's response to the Local Media Action Plan

April 2011

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Annex: Action Stations: The Output and Impact of Commercial Radio, 2011

1. **Executive Summary**

- 1.1. We welcome the Coalition Government's recognition that the media has an important role to play in local communities, and its acknowledgment that there continues to be consumer demand for local content. A thriving and sustainable local media sector is a vitally important part of the UK's social, cultural and democratic landscape.
- 1.2. We believe that commercial radio makes an important (and often overlooked) contribution to the local media sector. We welcome the acknowledgment within the DCMS Local Media Action Plan that '*local press and local radio are well-established in the marketplace and hold direct experience of delivering local content to local audiences*'¹.
- 1.3. There are more than 300 licensed commercial radio stations across the country. Not only are these stations a valuable source of music and entertainment, they also play a vital role in communities and broadcast a range of public service content. Perhaps as a consequence, commercial radio has a 73% share of local listening². We therefore wish to use part of this response to highlight the sector's important public service contribution. Provided as an annex is the latest audit of commercial radio activity, titled 'Action Stations: The Output and Impact of commercial radio, 2011'.
- 1.4. We recognise why the Coalition Government supports the introduction of local television. However, we continue to have concerns about the potential negative impact on existing local media provision, including commercial radio. If these concerns were to be realised, this would appear rather self-defeating. We also continue to have concerns about the demand for local television, and consequently, its viability. We note also that the amount of local content on the national 'Channel 6' is likely to be limited.
- 1.5. However, we recognise that the Coalition Government wishes to ensure that local television succeeds. Indeed some commercial radio operators have already chosen to bid for local television licences. We believe that, if commercial radio operators were involved in local television franchises, significant synergies could be achieved and we therefore hope that these operators will be successful in their bid.
- 1.6. Ultimately, we caution against too interventionist an approach in local media markets. We believe that the success of the UK's flourishing media sector is largely down to creativity and enterprise, and not Government intervention. Indeed, this was recognised by the Secretary of State for Culture, Media and Sport in a speech to the 2011 Oxford Media Convention: "*We punch well above our weight. And not, may I say, with any particular thanks to the government. Rather it is the energy, enthusiasm and passion of countless creative pioneers and entrepreneurs who have driven forward this success story.*"³ We therefore believe that local television should, and will, thrive only where there is a suitable level of commercial and consumer demand. Local television should not be dependent on public funding, market incentives or changes to the legislative or regulatory framework.

¹ DCMS Local Media Action Plan, January 2011.

² Rajar Q4, 2010.

³ Jeremy Hunt, Oxford Media Convention 2011.

2. The public value of commercial radio

- 2.1. We believe that commercial radio makes an important (and often overlooked) contribution to the local media sector. Localness is fundamental to commercial radio's business model. There are more than 300 licensed commercial radio stations across the country. The vast majority of these stations remain locally focused and collectively they contribute to significant public value, or what the government sometimes refers to as 'social capital'.
- 2.2. The commercial radio landscape is now more diverse than ever with stations ranging from rural, small scale ventures staffed primarily by volunteers, to large, prominent stations serving major metropolitan areas. Commercial stations including Fun Kids (for children under 10), Passion for the Planet (with an environmental focus), Premier Christian Radio (Christian programming) and Gaydar Radio (serving the gay and lesbian community) cater for a broad range of interests. Each station has a distinctive character and personality, known and loved by its listeners.
- 2.3. Not only are these stations a valuable source of music and entertainment, they also play a vital role in communities and broadcast a range of public service content. To cater for their listeners, commercial stations across the country vary hugely in size, genre and style. Whether it's the Isle of Man, where no local daily newspaper means that Manx Radio and 3FM are the key providers of local news and information to an entire island, or LBC, one of the most popular commercial stations in London, the presenters and the teams behind the scenes excel at creating a strong sense of 'community' with their listeners.
- 2.4. The contribution of commercial radio to the UK's economic, social and cultural fabric is explored in greater detail in the attached annex: 'Action Stations: The Output and Impact of commercial radio'. The headline from this document is that commercial radio stations broadcast an average of 505 minutes (nearly 8½ hrs) of public service content each week.
- 2.5. A summary of key activity is provided below, examining the following areas:
 - News, travel and weather provision
 - The industry's economic role
 - Community and charity activity
- 2.6. News (national, international, regional and local) undoubtedly forms an integral part of the majority of commercial radio stations' on-air and online offering, alongside the provision of other information including traffic, weather, sports and 'what's-on' updates. Commercial radio remains committed to the provision of news at all levels; national, international, regional and local. It does so on air and, increasingly, on-line. This commitment will continue - regardless of regulation, economic conditions and public funding - because the industry recognises that news provision is integral to the radio listening experience.
- 2.7. As the most accessible, portable medium, radio plays a crucial role in providing communities with up to date, localised news on the issues that matter to them. As a result, commercial stations broadcast an average of 19 bulletins per day, amounting to more than 300 minutes of news each week. Almost 70% of these news bulletins contain local news.

- 2.8. In addition, when it comes to adverse weather conditions, local commercial radio comes into its own, responding to the needs of listeners with its coverage of adverse severe snowfall and flooding. Commercial stations broadcast an average of 13 weather reports every day. In addition they broadcast an average of more than 80 travel reports every week.
- 2.9. Commercial radio also plays an important economic role, particularly in local communities, where it supports local businesses by giving them a powerful means of communicating with local customers. Advertising in commercial radio remains an affordable, accessible and effective way to promote brands and businesses.
- 2.10. The commercial radio industry is also an important local employer. Around 8,000 people work in the industry, with hundreds more involved on a voluntary basis. The average commercial radio station employs 25 people whether on a full-time, part-time, freelance or voluntary basis. This ranges from smaller commercial radio stations such as Rutland Radio or Two Lochs Radio, which employ only 3 people, to the larger stations which can engage more than 50 people across various functions. In the UK, the vast majority of jobs in the creative sector are centered in the major metropolitan areas, and London in particular. Consequently, commercial radio's role in providing a valuable source of employment throughout the country in jobs involving the arts, media and journalism is really important.
- 2.11. People have always relied on commercial radio as a highly valued source of music and entertainment, but the sector also does much to support charitable causes. Whether they are large or small, national brands or local stations embedded in their communities, these stations have a great record in promoting charities and galvanising support for social action campaigns. Commercial radio broadcasts support for charities and community groups for an average of 13 minutes every week. This airtime is, of course, invaluable for these organisations – and represents a significant monetary worth.
- 2.12. This is in addition to the many millions of pounds in value provided to central Government in community messaging and discounts to the Central Office of Information (COI). It has been calculated that, for every £1 the COI has invested in radio, Government has benefitted from nearly £1 in added value. Therefore, in return for the £151.8m spent by Government on radio advertising over the past five years, the industry has provided Government with £133.3m in *added value*.
- 2.13. The economic, social and cultural value of commercial radio should not be overlooked, especially not the role that it plays in local communities. We urge the Government to be mindful of this contribution, especially as it plans how to implement local television. We note that Government hopes that the introduction of local television will *'ensure that the existing media sector puts local content at its heart'*⁴. We feel it is worth restating that local content is already at the heart of the commercial radio sector.

⁴ Foreword by the SoS, DCMS Local Media Action Plan, January 2011.

3. **Considering the public value and market impact of local television**

- 3.1. We recognise why the Coalition Government supports the introduction of local television. In particular, we recognise that structural and cyclical advertising trends have made the provision of television news in the Nations, regions and localities increasingly unsustainable and it is therefore unlikely that the market will continue to provide these forms of news unaided.
- 3.2. However, we believe that the provision of locally-relevant content, in particular local news, in order to engage people with their local community and political structure, can be achieved via other local media – not simply local television. We believe that existing local media providers (local press and local radio, including BBC Local) do well facilitating local democracy, providing individuals with the means to *'engage with their local community and political structure'*⁵.
- 3.3. In our response to the 2009 *'Creating viable local multi-media companies in the UK'* consultation paper, published by the then Conservative opposition, we cautioned that the introduction of dedicated Local TV channels could further endanger the viability of local media within the UK, rather than securing it. We continue to have concerns about the potential negative impact on existing local media provision, including commercial radio.
- 3.4. The introduction of local television will only increase the imbalance within local media markets between available advertising inventory and the potential pool of local advertising spend. There is already significant competition within the local media market between newspapers, radio stations and their respective websites; a competition that has only intensified due to a pronounced shift in advertising spend from traditional to new media platforms. Future local (display and classified) advertising and sponsorship & promotion (S&P) revenue will be unlikely to match this increase in inventory, threatening both the proposed local media companies (or LMCs), and the whole of the local media sector.
- 3.5. In addition, we continue to have the following concerns about the demand for, and the viability and quality of local television:
 - We remained unconvinced that there is significant consumer demand for local content to be delivered via a dedicated TV channel, especially if it is mostly to be filled with networked programming.
 - TV is the medium least suited to local broadcasting, due to its relatively high production costs.
 - Local TV will be highly reliant upon unpaid volunteers, potentially jeopardising continuity and quality.
 - We have doubts that local television will adequately hold local institutions to account and encourage local political engagement, given likely resource constraints and (potential) limited demand.
- 3.6. Some commercial radio operators have already chosen to bid for local television licences. We believe that, if commercial radio operators were involved in local television, significant synergies could be achieved in terms of infrastructure and content production, and we therefore hope that these operators will be successful in their bid. It is critical that local television bids are viable and sustainable; should local television operations fail in the short to medium term, this could

⁵ DCMS Local Media Action Plan, January 2011.

have a negative impact on the perception of local media, and a real impact on local media advertising expenditure.

- 3.7. However, we caution against too interventionist an approach to the introduction of local television. In particular, we are concerned about the provision of public funding, via the BBC licence fee. The BBC already has a substantial local and regional news infrastructure and it is therefore questionable whether the BBC would (or should) be willing to pay for another organisation's local output, particularly if BBC budgets are brought under even greater pressure. In addition, this proposal could further cement the BBC's current predominant position in local media markets, and goes against the BBC's own undertaking not to launch services more local than at present⁶.

⁶ BBC Strategy Review: BBC Trust's Initial Conclusions, July 2010, p45.

4. **Background to RadioCentre**

- 4.1. RadioCentre is the industry body for commercial radio, formed in July 2006 from the merger of the Radio Advertising Bureau (RAB) and the commercial radio Companies Association (CRCA).
- 4.2. The role of RadioCentre is to maintain and build a strong and successful commercial radio industry - in terms of both listening hours and revenues. RadioCentre operates in a number of areas including working with advertisers and their agencies, representing commercial radio companies to Government, Ofcom, copyright societies and other organisations concerned with radio. RadioCentre also provides a forum for industry discussion, is a source of advice to members on all aspects of radio, jointly owns Radio Joint Audience Research Ltd (RAJAR) with the BBC, and includes copy clearance services for the industry through the Radio Advertising Clearance Centre (RACC).
- 4.3. RadioCentre members account for 90% of commercial radio listening and 86% of industry revenue. The membership of made up of 267 radio stations of all types – including the major commercial radio groups, small local radio groups, independent local stations and digital-only services.