

RADIOCENTRE RESPONSE TO DCMS CONSULTATION ON MEDIA OWNERSHIP AND PLURALITY

INTRODUCTION

1. RadioCentre is the industry body for commercial radio. Founded in 2006 after the merger of the Radio Advertising Bureau (RAB) and the Commercial Radio Companies Association (CRCA), RadioCentre represents radio groups and stations from rural, small scale ventures, to household names serving major metropolitan areas. Its member shareholders together represent over 98% of commercial radio listening in the UK.
2. Commercial radio reaches an impressive 35 million people each week (66% of the population) and is an important source of news and information for millions of people. News output on commercial radio consists mainly of short updates providing news headlines and local information. A recent audit of commercial radio output¹ found that on average stations broadcast 23 news bulletins a day, which are typically around two minutes in duration. Across the sector this constitutes a total of 210 hours of news output per day. This output requires investment of around £27m and the employment of hundreds of broadcast journalists².

KEY PRINCIPLES

3. We welcome the fact that Government is examining the framework for considering and measuring media ownership and plurality. However, we would highlight several key principles that run throughout this response, and which provide a high-level summary of the position we seek to express on behalf of the commercial radio industry.
 - Any framework for assessing plurality must focus solely on news and current affairs. There should be no attempt by Government or regulators to determine the influence or balance in non-news or cultural output.
 - Any credible measure of media plurality must include online news services and the BBC.
 - The distinction between different types of news output should be taken into account, with particular reference to their respective influence, reach and impact.
 - No hard and fast number or pre-determined level of ownership should be used as a basis for regulatory action or intervention. This must remain a matter of judgement depending on the circumstances and in response to a corporate transaction.
 - We do not support the introduction of periodic reviews leading to action (in absence of corporate transaction). However, if these are introduced they must exclude local media.
 - We do not believe new legislation is required to address these issues.

BACKGROUND

4. The fragmentation of media, proliferation of platforms and changes in consumption provide important context for current considerations of plurality. Consumers now access content from

¹ RadioCentre, audit of commercial radio stations, August-September 2013

² Mediatique report for Ofcom, 'The Provision of News in the UK', June 2012

an average of 2.9 different news providers in a typical week³, with some estimates suggesting regular use of around 4 different sources. These sources have increased significantly since the current framework for safeguarding plurality was developed.

5. Research commissioned for Ofcom highlights that while traditional media are still very important in accessing news, there has been a rapid growth in the use of online. Therefore while TV remains the most popular platform for news in the UK (85%) and other traditional platforms such as radio (53%) and newspapers (53%) are very important, the fact that 41% of the population also go online to access news is a significant shift⁴. These dramatic changes that have occurred in multi-sourcing of media, particularly multiple news sources, are undoubtedly factors that should be attributed greater significance when measuring media plurality in future.
6. In the past while Ofcom has accepted that multi-sourcing of media is important, it has concluded that 'we do not believe we can rely on it to ensure sufficient plurality'⁵. However, we believe that sort of dramatic changes that are being witnessed in media consumption habits (as identified by Ofcom;s own research) means this must be a factor that is monitored closely and attributed greater significance when measuring media plurality, particularly as the consumption of multiple and interchangeable online news sources continues to grow.
7. This competition between providers of content has also increased competition for advertising. As part of this shift the traditional local media sector has faced the biggest challenge, with a number of local newspapers closing and local radio stations under severe pressure. Over the last decade, radio's share of total UK advertising has fallen from 4.1% to 2.7%, while internet ad revenues have grown to 35%⁶.
8. Weakening local media puts pressure on the production of original local content and journalism, and is bad for local democracy and plurality. It also narrows the opportunities for media talent and journalists of tomorrow, who often start work in local press and radio. These pressures mean that sustainability is the principle concern in local markets as opposed to plurality, a conclusion we know is shared by Ofcom⁷.

WHICH MEDIA?

Do you agree that online should be included within the scope of any new measurement framework?

9. We agree with the position outlined by in the consultation paper (in line with the recommendation of Lord Justice Leveson) that online news publications should be included within the scope of any new measurement framework for plurality.
10. For rules on media ownership and plurality to continue applying only to traditional media (newspapers, television and radio) would be to ignore the significant changes that have occurred in news consumption and distribution over the past ten years, with the rapid growth and use of online sources and social media.

³ <http://stakeholders.ofcom.org.uk/binaries/consultations/public-interest-test-nov2010/statement/public-interest-test-report.pdf> p. 13

⁴ http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr12/CMR_UK_2012.pdf

⁵ Ofcom 'Report on public interest test on the proposed acquisition of British Sky Broadcasting by News Corporation', December 2010, p.13

⁶ [RadioCentre/ Communications Chambers analysis](#), 2012

⁷ <http://stakeholders.ofcom.org.uk/binaries/consultations/measuring-plurality/letters/advice.pdf> p. 8.

11. It would be a strange position to be in if, following this process, specific types of traditional media output (such as commercial radio news) continued to be within scope, but major online news sources like the Huffington Post or online newspaper content were excluded. Moreover the role of digital intermediaries and social media should be considered, as these are increasingly used as news aggregators, curators and key sources of breaking news.

WHICH GENRES?

What type of content is relevant to media plurality?

Do you believe that scope should be limited to news and current affairs, or be widened to consider a wider cultural context?

12. As noted above, we believe that the Ofcom and Government have taken the correct approach by seeking to assess plurality according to the influence, reach and time spent with sources of *news and current affairs content*, rather than some broader definition of cultural or non-news content. This remains the most sensible and proportionate objective.
13. The definition proposed by Ofcom for considering media plurality of ‘ensuring there is a diversity of viewpoints available...preventing any one media owner or voice having too much influence over public opinion and the political agenda’⁸ is an appropriate and workable one. Such a definition is also likely to exclude non-news content.
14. Ofcom has previously considered a number of measures when advising on the ability of media businesses to influence opinions and set the political agenda. Understandably this starts with a number of conventional measures of media impact, including reach; share of minutes/ hours; share of references; and whether the medium constitutes a ‘main source’ of news.
15. Measuring plurality of news in this way must remain the key function of the framework. Therefore we welcome Ofcom’s clear view that news and current affairs should remain the focus of considerations about plurality in the media in future. It would be ill-advised and unnecessary to extend to these considerations to broader issues of cultural diversity or non-news content. This would risk significant distraction and potentially undermine the primary purpose of the existing system. It should not be the role of Government or regulators to determine the correct balance of moral issues, views or expressions of opinion provided through drama, entertainment, factual, musical or any other form of cultural output.
16. It would be more appropriate to consider the relative importance and influence of different types of news and current affairs content (or sub-genres). For example, there is clearly a material difference between headline news provision or news in brief (as provided by most commercial radio stations), as opposed to the in-depth news analysis and comment of a TV news bulletin or alternatively investigative journalism, campaigns and/ or editorial reports of potential influence.

WHICH ORGANISATIONS AND SERVICES?

What sorts of organisations and services are relevant to media plurality?

⁸ <http://stakeholders.ofcom.org.uk/binaries/consultations/measuring-plurality/statement/statement.pdf>

Do you believe that scope should be limited to publishers or include services that affect discoverability and accessibility?

17. Commercial radio bulletins consist mainly of short informative news headlines, providing listeners with the news they need to know rather than comment, analysis or opinion pieces. The average commercial station broadcasts 23 news bulletins a day, which are typically around two minutes in duration⁹, whereas the BBC's radio portfolio includes a national station that is obliged to broadcast 75% news (5 Live); a national station that broadcasts the country's most influential radio news programmes at peak times (Radio 4); and a local radio network that is predominantly speech and news based.
18. It is also important to be clear that, while Sky News (through its contract with IRN) supplies news content to commercial radio stations, this is purely a news supply agreement. It is the stations themselves that retain editorial control and produce the vast majority of bulletins, particularly in peak time.
19. Therefore, because of the method news is provided it would be misleading to equate the reach of commercial stations that carry this news (over 35.1m listeners) with the reach of news on BBC radio stations (over 35.9m listeners)¹⁰. This does not take into account the extent of radio news listening on these networks, or the distinct nature of much commercial radio output.
20. The different focus of these services is one of the reasons that media (and media businesses) have a differing ability to influence opinions. This is something that can be measured and assessed by the extent to which a medium is a main (or only) source of news and its relative importance to other sources, but also by considering the proportion of output that could be considered as news.
21. Ofcom indicated that it understands and appreciates this distinction when it considered the acquisition of Sky by News Corp in 2010. Specifically it stated that *'it is likely that estimating reach on the basis of all radio listening overstates the level of reach achieved in respect of national news listening'*, but that *'no industry data is available to estimate the share or reach of radio news'*¹¹.
22. As noted above, the role of digital intermediaries and social media should also be considered, as these are increasingly used as news aggregators and curators.

THE BBC

Do you agree that the BBC's impact on plurality should be assessed as part of a plurality review?

23. Given the reach and impact of the BBC across all platforms it is inconceivable that any serious assessment of media plurality would seek to exclude it from a plurality review.
24. Of course, the inclusion of the BBC must take into account the fact that it operates under a separate regulatory framework. However it is also true to say that other broadcasters, press and online news sources operate under very separate and distinct forms of regulation, which any

⁹ RadioCentre, audit of commercial radio stations, August-September 2013

¹⁰ Rajar, Q2 2013

¹¹ Ofcom 'Report on public interest test on the proposed acquisition of British Sky Broadcasting by News Corporation', Dec 2010, p.37

assessment must also take into account. Therefore it is not a persuasive argument to exclude the BBC entirely from considerations of plurality.

25. Indeed the scale and impact of the BBC's radio services are part of the reason why we have always argued that plurality and mergers in the radio sector should also be considered somewhat differently to other media, due to the uniquely large public intervention in the sector that they represent. The BBC's current share of radio listening sits at 53.9%. This is significantly higher than its share of any other media, including television where its overall share is around 30% (and declining).
26. As well as its dominance in radio, the BBC also has a significant advantage due to its unique ability to cross-promote its content nationally and locally across television, radio and online, irrespective of its public value. BBC News is the most popular news site among UK internet users and BBC News stories are shared most often on the leading social networks.
27. This promotion (across a network of services that are rightly prevented from carrying advertising) provides a reach and impact for promotional activity which is far in excess of what any commercial broadcaster could realistically achieve.
28. Although recently the BBC has had to make reductions in expenditure, in line with the freezing of the licence-fee until 2017, its position will remain relatively strong and stable when compared to many commercial operators. Indeed it is still possible that the BBC could grow organically in influence and share in some sectors, whether due to its own actions or market evolution.
29. The BBC should therefore be included within the scope of any plurality review, due to the BBC's significant presence in news, across TV, radio and online.

THE AUDIENCE

Are there specific factors that you think a measurement framework needs to capture in order to provide a picture of plurality in local communities?

Do you agree that a measurement framework should also seek to assess the plurality of media serving other audiences or communities of interest? If so, which ones?

30. We would urge Government to be cautious about introducing additional measures of plurality at a local or community level. We believe strongly in a healthy and diverse local media sector, which is, by definition, good for local democracy, accountability, diversity and plurality of voice. However, the priority for local media is ensuring that enough local news sources (in addition to the BBC) are able to remain economically viable.
31. Ofcom's advice to the Secretary of State in 2012¹² could not have been any clearer on this issue, when it stated that the challenges at a local level 'are more about sustainability than plurality'. This led Ofcom to conclude that it 'would not recommend that a periodic review of plurality considered local media'. This is a position that we endorse strongly.
32. As noted above, some small local radio businesses have found it difficult to survive as standalone entities. This is due to a combination of flat revenue (declining in real terms), an expansion in the number of stations and a high fixed cost base. As a result average revenue per station has

¹² <http://stakeholders.ofcom.org.uk/binaries/consultations/measuring-plurality/letters/advice.pdf> p.8

declined to around £3m in 2000 to around £1.6m today. Due to the high proportion of fixed costs these reductions in top line revenue drop almost entirely to the bottom line. This pressure is even more acute at the local level where many of the smaller local radio services already operate on a lower revenue base and have faced even greater pressure on local advertising income.

33. In recent years Government and Ofcom have taken some steps to address these issues, by implementing changes that have enabled local stations to re-organise their operations and reduce their cost base. For example, in 2010 Ofcom announced greater flexibility to sharing programming and co-locate stations¹³. Then in 2011 Government brought forward regulations to remove the complex points system that effectively required 2 commercial radio station owners plus the BBC in each local market. This also led to the removal of local cross media ownership rules that had prevented local radio, press and television interests being brought together effectively¹⁴.
34. These measures have gone some way to support the viability of local radio companies and were a welcome development. It would be intensely damaging to local media if there was any suggestion of going back to this type of regulatory intervention.
35. Indeed, even if there was an attempt to measure and assess local media plurality it is unclear what new remedies or solutions could realistically be introduced that would assist. The record of regulatory intervention in local media does not suggest that this approach would be a positive development. For example, the current merger regime has been strongly criticised for discouraging growth and consolidation in local media, on occasion leading to the closure of local media outlets and (perversely) causing a reduction in competition and plurality¹⁵.

RadioCentre, October 2013

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¹³ <http://media.ofcom.org.uk/2010/04/15/ofcom-deregulates-commercial-local-radio/>

¹⁴ <http://www.legislation.gov.uk/ukxi/2011/1503/contents/made>

¹⁵ http://www.ofcom.gov.uk/shared_ofcom/mergers_ea02/2011/kent-messenger.pdf