



RADIOCENTRE

# VALUING RADIO

How commercial radio drives  
economic value for the UK



# Foreword



Rt Hon John Whittingdale OBE MP  
Secretary of State for Culture, Media & Sport

It is hugely impressive to see the positive impact commercial radio has on the UK economy. Like many of our creative industries it makes a notable contribution to our GDP and employment. It also supports other sectors indirectly and is a fantastic promotional platform for the UK music industry. But the scale of the impact of commercial radio is really brought home when we consider its role as an effective advertising medium for businesses. A return on investment of £7.70 for each £1 spent by advertisers is remarkable.

It is this combination of radio's familiarity and adaptability, its public service output, its creative and cultural contribution and economic value that helps explain radio's continuing popularity and durability.

This Government is committed to doing all it can to support the success of commercial radio so it continues to provide this value to audiences across the UK and advertisers now and in the future.

# Introduction



Siobhan Kenny  
Chief Executive, Radiocentre

I am delighted to present this summary report into the economic contribution supported by commercial radio. It brings together a range of information for the first time and gives a comprehensive overview of the sector and the value it provides.

Radio's continuing popularity with listeners is not in doubt, with an amazing 90% of the population still tuning in every week for the combination of music, entertainment, news, information and companionship that it provides.

However, the range of economic activity supported by radio has never been examined in any detail and is a part of the creative industries that is often overlooked. That is one of the reasons why we asked Oxford Economics to analyse the impact of commercial radio. Their final report identified a gross value added (GVA) to the UK economy of £683m, alongside a return on investment to advertisers of £4.6bn and an estimated value to the music industry of £103m in sales and around £50m in rights payments.

Crucially it is clear that commercial radio has the potential to provide even greater value in future if changes in regulation and a shift to more distinctive BBC radio services can be achieved.

# Summary

*Valuing Radio* is a report created by Radiocentre with the support of its members in order to demonstrate the economic contribution of the commercial radio sector to the UK.

It draws on new research from Oxford Economics, the market leader in providing economic impact assessments, which examined the gross value added (GVA) by commercial radio to the UK economy. GVA comprises the profits, business rates and employee compensation paid and should not be confused with the value of the industry as an asset.

The research also includes an evaluation of employment supported by the sector along with its broader value to advertisers, the music industry and direct charitable fundraising.

## Key findings

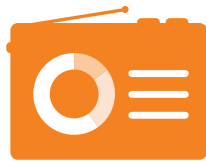
- » Commercial radio supports a gross value added (GVA) to the UK economy of **£683m**
- » **12,340** jobs are supported by commercial radio (including **4,410** direct employees)
- » Productivity is high, with each employee generating approx. **£70,200** in gross value added
- » Companies advertising on radio receive an average return on their investment of **£7.70** for each **£1** spent
- » Total return on investment for advertisers is **£4.6bn**
- » The value of music sales supported by commercial radio is estimated at **£103m** (plus **£50m** in music rights payments)
- » Direct charitable fundraising by commercial radio was around **£25m**

# Value to the economy



Direct impact  
(operational expenditure)

**£310m**



Commercial radio's  
total contribution to UK GDP was

**£683m**



Indirect impact  
(procurement from suppliers)

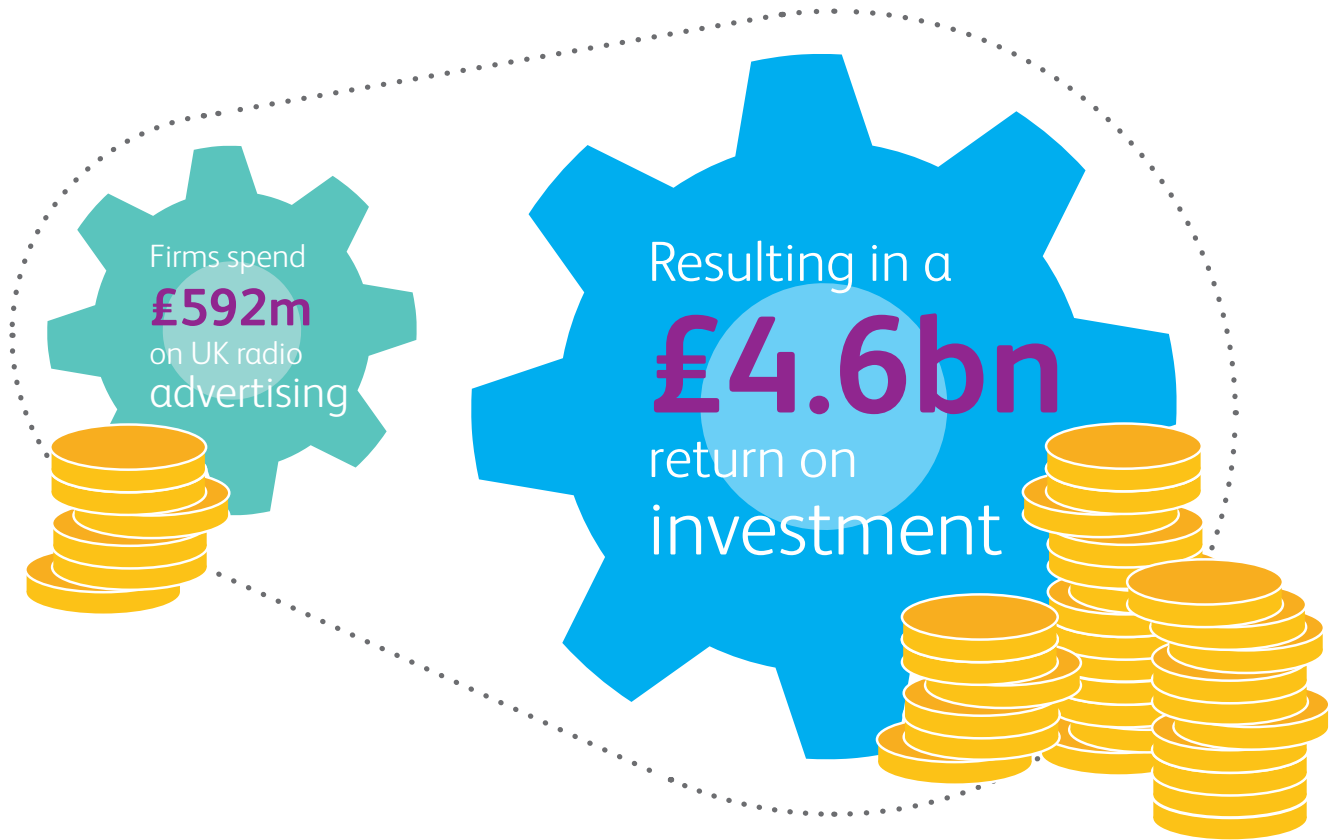
**£210m**



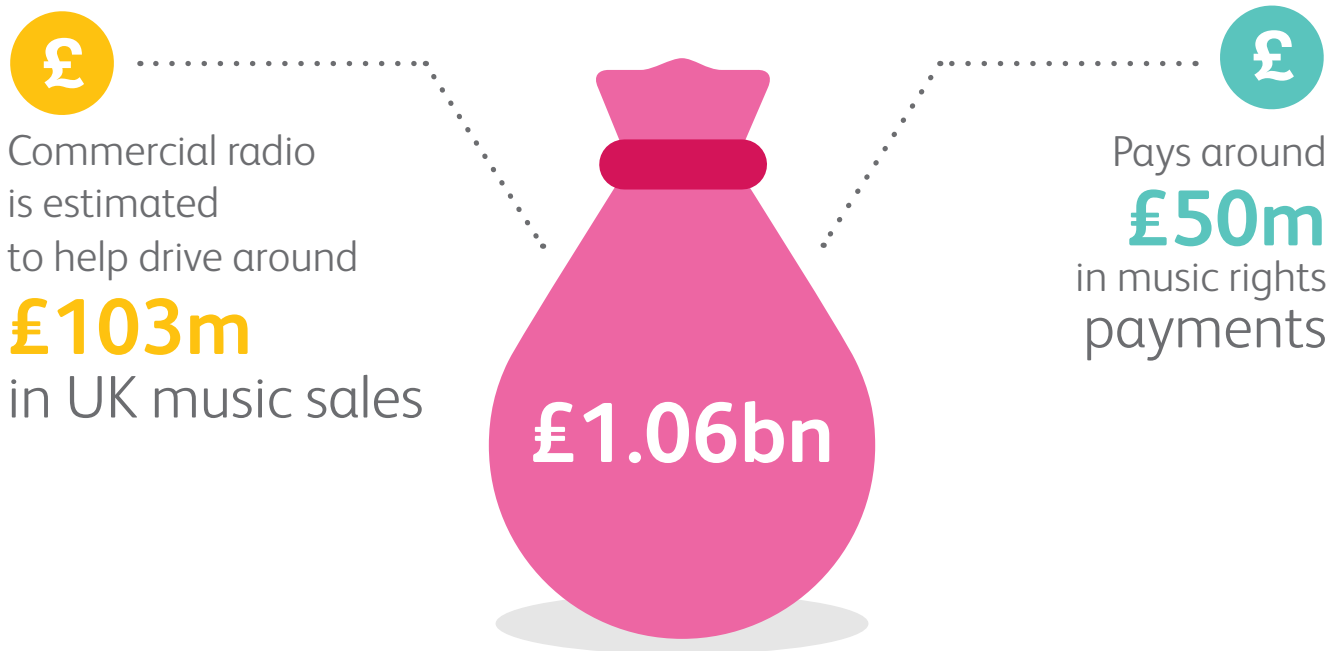
Induced impact  
(staff spending their wages)

**£163m**

# Advertising



## Value to UK music



Supporting the success of the UK music industry worth

**£1.06bn**

# Note from Oxford Economics

The study we undertook for Radiocentre quantified the economic contribution of the commercial radio industry using an analytical method called Economic Impact Assessment. It focused on the impact of the sector on the UK economy and quantified values for year ending March 2015 as the latest year for which data were available.

By employing a bespoke model of the UK economy, we estimated the way the commercial radio industry's expenditure ripples through three different impact channels.

- **Direct impact:** the output and employment created by the industry itself.
- **Indirect impact:** the economic effects of the commercial radio industry's procurement of goods and services from domestic suppliers.
- **Induced impact:** the economic effects resulting from employees within the industry and its supply chain spending their wages on consumer goods, leisure activities and utilities in the domestic economy. This spending generates further economic activity in the supply chains of the companies that serve these customers.

The contribution of the sector and its supply chains to an economy is the sum of all three channels of economic impact. Each channel of impact is quantified using two metrics.

- **Employment:** measured in headcount terms, rather than on a full-time equivalent basis, to ease comparisons with official statistics.
- **Value added contribution to GDP:** Gross value added is the contribution an institution or company makes to Gross Domestic Product (GDP).



OXFORD  
ECONOMICS





# Sources

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J.Dertouzos, “Radio Airplay and the Record Industry: An Economic Analysis”, 2008

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Radio Joint Audience Research (RAJAR), 2016

BPI, “Music Market Report”, 2015



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Sound, commercial, sense.

