

Industrial Strategy Team  
Department for Business, Energy and Industrial Strategy  
1, Victoria Street  
London SW1H 0ET

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**Radiocentre response to HM Government's Green Paper, Building our Industrial Strategy, published January 2017**

Radiocentre is the industry body for commercial radio in the UK, representing 340 licensed commercial radio stations. Commercial radio generates nearly £650 million in revenue annually with 35 million people listening to commercial radio for nearly 13 hours each week.

Radiocentre is a member of the Advertising Association and fully supports their submission which focuses on boosting SME growth through advertising and securing the UK's position as a global business hub.

Advertising and marketing communications services are a core driver of the UK economy with every £1 spent on advertising revenues generating £6 for the UK economy<sup>1</sup>. We estimate that Commercial Radio alone supports a gross value added to the UK economy of £683 million<sup>2</sup>.

Ensuring a regulatory framework in which companies can flourish should be an important component of a modern industrial strategy. Advertising regulation is a crucial part of this.

Currently we have a very successful system of co-regulation for broadcast advertising through Ofcom and the ASA protecting consumers from misleading claims. However more prescriptive regulation on top of this is proving both counterproductive to consumer protection and a significant financial burden to industry.

One of the worst examples of this is the regulation stemming from Article 4 of the Consumer Credit Directive 2008/48/EC which requires that standard information is provided in any advertising concerning credit agreements which indicates an interest rate or figure relating to credit. In the case of radio this results in 12-15 seconds of incomprehensible financial terms and conditions which research demonstrates the listener can neither recall nor understand.

We estimate that the cost to industry of lengthy financial terms and conditions in radio advertising alone to be in the region of £120 million, of which £70 million is the result of Article 4 of the Consumer Credit Directive. This also restricts access to market for small to medium sized enterprises for whom radio advertising can play an important role in growing their business.

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<sup>1</sup> Advertising Association: *Advertising Pays: How Advertising Fuels the UK Economy*

<sup>2</sup> Oxford Economics: *The Value of Commercial Radio to the UK Economy*



We are separately working with counterparts in Brussels to persuade the Commission to re-think Article 4 of the Consumer Credit Directive (through submissions to the Commission's REFIT Platform). However, as the UK begins the process of leaving the European Union, we would urge the government to review this regulation as part of a wider programme to build a new industrial strategy.

We would welcome an opportunity to discuss this further and look forward to hearing from you in due course.

Siobhan Kenny  
Chief Executive

T +44 (0)20 7010 0710

E [Siobhan.Kenny@radiocentre.org](mailto:Siobhan.Kenny@radiocentre.org)