

RADIOCENTRE RESPONSE TO WELSH AFFAIRS COMMITTEE
EVIDENCE REQUEST (APRIL 2023)

1. How do you respond to concerns that commercial radio no longer reflects local communities and local concern?

Commercial radio remains a vitally important provider of local news and journalism in Wales – according to the latest RAJAR figures (Q4 2022) its content is heard by 1.66 million people (around 63% of the population) for an average of 14.5 hours a week. Much of the news and information output on commercial radio takes the form of regularly updated bulletins at regular points throughout the day. These bulletins are valued highly by listeners, many of whom rely on the trusted information provided by radio and do not necessarily engage with the in-depth coverage provided by newspapers and television news.

Across the UK, over 12 million listeners rely on commercial radio as their principal source of information. As a result, audiences will often turn to radio for reliable local information during major incidents– for example during emergencies – and consider radio the most trusted medium for reliable news.

The news and information on commercial radio is provided by teams of journalists based in local broadcast areas and at broadcast centres and studios across the country, including in Wales (for example Bauer have a newsroom based in Swansea and Global has newsrooms in Cardiff and Wrexham). These journalists are responsible for newsgathering and production of content on-air and online. They will generate stories from a wide range of sources, including local contacts, news agencies and external suppliers such as Sky News/IRN. In all cases, it is the stations themselves that retain editorial control and produce the vast majority of bulletins throughout the day, ensuring it is reflecting the needs and concerns of local listeners.

For example, Global’s newsrooms produce 73 news bulletins a day for the Global brands based in Wales – this amounts to 365 bulletins (excluding headlines) Monday – Friday. It is worth noting that local news is provided throughout daytime hours – regardless of the programming output.

In order to sustain this valuable service commercial radio stations need to operate efficiently and seek the largest audiences possible, delivering the content that they believe appeals most to their listeners. In this respect, commercial broadcaster will always seek to serve audiences with content that they find entertaining and relevant.

2. Do you believe there needs to be more competition in commercial radio in Wales?

Radio listeners in Wales have access to a wider choice of radio and audio content than ever before, with a broad range of national and local commercial radio services available to audiences on FM, AM and DAB, complementing services providing by the BBC and community radio.

The introduction of small-scale DAB has also provided opportunities for new entrants, with applications coming in for licences in areas covering Cardiff, Welsh Valleys, Wrexham, Llandudno & Betws-y-Coed, Swansea, Newport and Chepstow, North and South Pembrokeshire. This exciting new broadcast technology allows new and existing small commercial and community radio stations

within Wales to launch hyperlocal broadcast radio services on DAB, giving audiences a greater choice of local services.

The growth in online listening also provides an opportunity for new entrants into the commercial radio market, removing barriers to entry and providing significantly more scope for consumer choice to listen via IP connected devices, such as smart speakers. Almost a quarter (24%) of all listening is now via connected devices.

However, the size of the advertising market required to fund commercial radio stations in Wales is limited and there are wider competitive dynamics at play, with digital advertising platforms increasingly squeezing revenue from traditional advertising formats (including radio), especially at the local and regional level.

3. *How can commercial radio ensure it appeals to younger people?*

Compared with the BBC, commercial radio is better at reaching younger demographics. Commercial radio has twice as many listener hours for under 35s as BBC Radio across the UK. In Wales, commercial radio reaches 55% of 15-24 year olds, whereas the BBC radio reaches 46% of the same demographic (RAJAR Q4 2022)

Nevertheless, radio does face generational challenges; younger audiences have been early adopters of on-demand audio services, sometimes at the expense of listening to live radio.

Appealing to younger audiences remains a key priority for commercial broadcasters, which is evident in their investment in new content and innovation in the sector, with youth stations such as Capital offering spin-off stations such as Capital Xtra, Capital Dance and Capital Chill, while KISS now offers KISS Fresh and KISSTORY. In addition, broadcasters now offer a greater range of online and digital content to achieve continuing success, taking advantage of the many new ways to reach listeners, particularly as younger audiences looks to consume media predominantly through IP connected devices. For example, Global Player and Bauer's newly announced Rayo app can expand the content and functionality available, to include on-demand audio, podcasts, video content and audience interaction to ensure they continue to resonate and appeal to younger generations.

4. *What more should local commercial radio be doing to support the employment of local people in Wales and the promotion of local talent on its airwaves?*

Commercial radio stations take their responsibilities to their staff very seriously. This applies to Global, CommunicorpUK, Bauer and Nation Broadcasting, all of whom employ people in Wales.

As the committee heard during its evidence session on 1st March 2023, Nation Radio itself employs half of its staff locally in Wales. The two largest commercial broadcasters – Global and Bauer – employ local journalists and presenters across the country, including a significant number based in Wales. For example, Global's news operation in Wales is spread across Cardiff and Wrexham – it has journalists based in both of these locations where news bulletins are written and recorded throughout the day. Similarly, Bauer has a Swansea studio and newsroom that also broadcasts local news bulletins throughout each day. In addition, Capital Cymru broadcasts from Global's studios in Gwersyllt, Wrexham where all local output is presented in Welsh and incorporates Welsh-language music, news bulletins and traffic updates. All commercial stations are committed to investing in and supporting the creative industries in Wales, of which radio is a part.

5. What is and will be the impact of new technology on the commercial radio sector in Wales? Are changes in regulation required?

We would refer the committee to the [Digital Radio and Audio Review](#) which outlines the risks and opportunities posed by new technologies and changes in media consumption – in particular paragraphs 5.11-5.13 set out key emerging issues for the UK radio industry in detail. The [draft Media Bill](#) published on 29 March 2023 includes *ex ante* regulation (*Part 6 – Regulation of Radio Selection Services*) that will help to support UK broadcasters and protect them from gatekeeping behaviours from online platforms. We hope that members of the Committee will be able to support the powers set out in the Media Bill, which are essential in securing access to radio for consumers into the future.

6. What concerns do you have about the long-term future of revenue raising for commercial radio stations in Wales, and how could this affect the future development of commercial radio?

Commercial broadcasters need to run viable operations in order to invest in local news and content, and support local advertisers and the wider local economy. Revenues nationally are strong, but local revenues were hit hard by Covid and have not recovered to their pre-Covid peak (the Radiocentre website has a summary of [annual ad revenues and forecasts](#)). There are long-term challenges from digital competitors, which have squeezed advertising revenue from smaller businesses that might have traditionally chosen to advertising on local radio stations but now increasingly focus marketing budgets on digital advertising.

7. What role does commercial radio have in promoting the Welsh language?

Several commercial radio stations have requirements to feature programming in the Welsh language. For example, Capital Cymru is a local bi-lingual commercial radio station owned and operated by Global. The station broadcasts to Gwynedd and Anglesey from studios in Gwersyllt, Wrexham. Greatest Hits Radio South Wales and Capital North West and Wales both operate regular programmes in Welsh. Commercial stations generally produce and promote compelling content that is audience-led and relevant to area – this includes where there is demand for Welsh language programmes and bulletins.

There is significant scope for small scale DAB and community radio to promote the Welsh language to local audiences. For example, Ofcom has recently awarded small-scale DAB multiplex licences in [North Wales](#) including to Sound Bay Community Digital group which will broadcast Welsh language programming on local issues and culture across Conwy County.

8. How would you assess the performance of BBC radio in Wales?

The BBC plays an important role in the UK radio and audio sector. It also holds an extremely an extremely privileged position due to the scale of funding it receives, its unrivalled broadcast network and cross-promotion activities. Its best and most distinctive content provides a significant range and quality of content for audiences. Some of its services, including the educational documentaries produced and broadcast on BBC Radio Wales, would simply not be possible to provide on a commercial basis.

Radiocentre [broadly welcomed](#) the new BBC Operating Licence which came into force on 1st April 2023. This retained key quotas that ensure BBC radio remains distinctive. We believe Ofcom should retain clear and quantifiable regulatory conditions to ensure that the BBC is held account for

meeting its public service obligations. A detailed assessment of Radiocentre's performance of the BBC can be found in our [response](#) to the Ofcom consultation on modernising the BBC's Operating Licence.

In Wales, the BBC and commercial radio are broadly equal in terms of reach, with the BBC reaching 64% of the population compared with 63% for commercial radio. BBC radio in Wales outperforms the UK-wide listening figures, where it achieves 59% reach compared to commercial radio's 68% (RAJAR Q4 2022).

9. How would you assess the performance of community radio in Wales?

Radiocentre is the industry body for commercial radio and so the focus of our work is on issues impacting our members. We do not have an assessment of the performance of community radio in Wales.

10. How would you assess the role and performance of Ofcom?

In recent years Ofcom has moved gradually and incrementally towards modernising its rules and updating the regulation of commercial radio, much of which is based on a framework devised in the late 1980s that was designed to guarantee choice and quality but at a time before the emergence of the internet.

The updating of these rules has fed into Ofcom's [Localness Guidelines](#) for commercial radio, which set out the appropriate amount of local material and locally-made programmes.

The changes to these regulations have helped underpin the viability of many commercial radio stations in a digital age of much greater choice and competition, while ensuring that audiences have access to high quality services that still carry local news and information that is relevant to their listeners.

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