

Blackburn Independent local radio licence applications

Questions and responses: The Bee

These are the responses from The Bee to the non-confidential questions asked by Ofcom regarding the group's application for the Blackburn licence.

1. Explain how the audience growth figures were factored into the business model.

The business model includes sales analysed between the different sources of income such as local and national advertising, sponsorship and promotions. The figures included here come directly from the *Advertising Revenue Projections* (which are not physically linked to the business model).

The main source of income is local advertising and the Advertising Revenue Projections schedule shows how the income from local advertising has been calculated based on:

- Estimated population
- Estimated weekly reach (based on research and experience)
- Average listening hours per week of 8 hours
- An average spot cost per week (please see the rate card)
- Expected spots sold per hour

The audience figures are calculated on the schedule as Population x estimated percentage weekly reach. The growth in audience figures is factored in at this point by the increase in the percentage weekly reach. The initial weekly reach is projected at 20% of the population, and this is projected to rise by 2% every six months to a peak of 28% by year

2. How closely does the staffing schedule of The Bee reflect that at 2BR?

The staffing schedule submitted is very similar to the one of 2BR in its first four years on air but The Bee staffing schedule was prepared by the Board independently with input from the directors. The Bee staffing schedule was compiled to ensure that the station had the correct number of people doing the right job to achieve the required results.

For example, 2BR has a similarly strong commitment to local news and sport and, as a result, has always maintained a complement of three journalists. Indeed within the last year it has increased that resource with a fourth person working a three-day week.

2BR has seen considerable success led by an on-air Managing Director with three other full-time presenters. Its sales team at launch comprised a manager and two execs but has since expanded to five

people. Equally, The Bee's plans include growing the numbers of sales executives as the business grows (as shown in the business plan).

We recognise that a radio station which is part of a larger group could share functions such as traffic and accounts but, as an entirely independent station, we have built these roles into our proposed staffing schedule.

The Bee believes that the staffing schedule submitted gives the company a solid structure without being tied to an un-manageable and unnecessary overhead.

3. Specify the way in which The Bee and 2BR would “work side by side to further the success of local radio across both areas”.

Whilst the shareholdings of the two businesses are different, both have shareholders and overall objectives in common: not least, The Bee and 2BR will serve areas which are contiguous to one another and a listenership similar in genre and age group. Other links between the two stations include:

- ❑ Mark Matthews is MD of 2BR and will be Board director of The Bee
- ❑ Tom Beesley and Lynn Bell were involved in pulling together the application for the Burnley and Pendle licence and have been directors since the inception of 2BR as well as being inaugural directors of the Bee (having worked on it 5 years)
- ❑ Roy Martin is a broadcaster on 2BR and was the person who first identified the area to the Radio Authority.
- ❑ Tony Egan, Chairman and Neil Beecham, Advisor and Vice Chairman have both led businesses which have covered all of East Lancashire, taking in the combined TSAs of both The Bee and 2BR, giving a greater understanding of the total East Lancashire region.

These synergies mean that the companies are empathetic towards one another's success and can recognise that, as medium sized commercial radio stations in a competitive area, it is beneficial to each to use the “sum of the parts “ theory and share information/resource when and where appropriate.

Each business has agreed to work with the other in areas where that partnership would:

- ❑ make it easier for advertisers in the joint region to use radio
- ❑ add value or provide a better service for listeners across the region (eg from local news or events)
- ❑ save duplicating cost and resource

Specifically:

- The Bee would explore holding a joint ratecard with 2BR, allowing advertising clients to have one point of contact for the whole region. 2BR have welcomed this idea. Of course, each station will have its own ratecard but will offer a one-stop-shop to appropriate clients.
- Whilst the two news rooms will be entirely independent and staffed accordingly, many local news stories will be relevant across both TSAs, indeed 2BR has always covered major news stories from Blackburn and Darwen in its bulletins. Rather than duplicating cost and resource, the two stations have agreed to meet regularly and keep open dialogue on how to share. For example, if a story relevant to the listeners in Blackburn originates in Burnley, the 2BR team would cover the story for both stations.
- From time to time there will be issues or activities relevant to the ethnic community across both areas. We have agreed that, as and when these arise, they would be discussed and a joint strategy agreed upon. For example, in January 2001 a devastating earthquake hit the Indian province of Gujerat. 2BR worked with a local Muslim charity to raise relief aid and then sent a journalist to the country to witness the distribution of the aid and report back. We envisage projects such as this being both stronger and more effective in the future if operated by both The Bee and 2BR.
- There will from time to time be projects which will simply work better with the combined might of two radio stations behind them; Local Hero Awards will carry more weight and generate a greater depth of response if one event is staged for both The Bee and 2BR; likewise we are likely to be able to attract a higher calibre of artist to a 'party-in-the-park' style concert if one event is staged on shared territory and is promoted by both stations; and The Bees Knees school initiative will carry more weight extended throughout both TSAs and promoted across both stations.

6. Clarify what the commitment to “a programme of up to three hours in duration for the local Asian community” would mean in practice.

To clarify, our programme for the local Asian community would be of three hours duration.

7. On what basis would the group define the appropriate content for the three hour Asian programme, and for any other interwoven Asian programming.

Our plan to include a programme within our schedule specifically for the local Asian community is based closely on the experience of 2BR and its ability to win “hearts and minds” in this multi-cultural area. We intend this programme to be a noticeboard for important information and a platform for comment on those matters which are relevant to this section of the population.

We also believe that it is vital that The Bee's Asian programme is complementary to the overall output of the radio station and mirrors the target age range we would hope to achieve across the entire output. This immediately creates parameters within which our presenters can work:

- the majority of the radio station's music will be adult contemporary music of today and recent years and therefore music within the Asian show should be by appropriate artists and drawn from similar eras;
- The Bee will not broadcast religious content within daytime programming and our Asian show will avoid religious speech and music as well;
- relevant local news and information are vital in our mainstream output and therefore should form the content backbone of the Asian show
- lifestyle topics such as cricket and movies will feature
- poetry does not feature in our regular programming therefore poetry will not form part of the Asian show

It is our intention that The Bee's Asian programme should follow the format developed in the Burnley area which has, over the years, dealt with issues such as domestic violence amongst this section of the community, Islamophobia and the rise of the B.N.P. in local politics whilst internationally recognized musicians, sportspeople and Bollywood movie stars have been interviewed.

Noting the point on research, we are fully aware that when asked, the majority of those asked showed the catch-all Asian music category to be the least popular but our experience from our directors and colleagues living and working in the Bee area, shows that people like to embrace everything the region is and that it is important to reflect the full tapestry of the TSA not simply ignore one part of it. That said, the main point of the programme will be that it is relevant and of interest and does not simply play a token part on the output.

8. Did the group conduct any formal monitoring of the other services available in the area? If so, please supply details.

Whilst we did not undertake formal monitoring during the actual advertisement period, we have monitored continuously throughout the 5 year period this group have been pushing to win the licence for The Bee. Conscious that during the advertising period, the existing stations make a point of mentioning those areas within the proposed TSA advertised, we chose not to be misled by this burst of marketing enthusiasm but have noted over a much longer term how stations in the region deal with matters relating to the proposed TSA – and how few advertisers from the proposed area advertise on other stations.

Both Roy Martin and Mark Matthews monitor existing stations daily on their journeys in the relevant region. The members of our Board who live in the proposed TSA have actively listened to other stations pre and post joining our Board and regularly contributed to our understanding of how the area is talked about.

The conclusion we reached a few years ago – which we have informally yet consistently monitored since, is that Blackburn, Darwen and surrounding areas are very much in need of their own voice: whilst surrounding stations do occasionally include them when relevant, the reality is that the area is unique in its own right and requires a more direct focus. Even BBC Lancs, whose output is great for its target market, is covering an area too large to enable it to focus on the Blackburn, Darwen area in the targeted manner we know we are able to.

9. On what basis has The Bee selected its daytime speech minimum of 25%?

The decision to offer a speech minimum of 25% has evolved out of our belief that this radio station's speech content will be its unique point of difference within the proposed broadcast area. The Bee's programming will be driven by a commitment to local news and sport, complemented with entertainment listings, free charity information, job opportunities, phone-ins and football reports whenever matches are played.

In addition our experience tells us that breakfast shows on local commercial radio tend to carry more speech than average (competitions, phone-in features etc.) and ours would be no exception, possibly as high as 35%. We also plan to broadcast extended news features at lunchtime.

Although our research did not specifically ask respondents for their views on speech/music balance, their views on the need for local speech content and music preference helped us to calculate the percentages.

10. On what basis has The Bee proposed "an adult contemporary music mix with hits from the last four decades"

The Bee's music research throws up four categories as clear winners with our target audience (*Question: Which of these types of music do you like to listen to?*). Pop, Rock, Easy Listening and Oldies are significantly more popular than other categories tested and indeed there is a significant gap between the score for the Oldies category and the next highest score for R&B.

Within these four top testing categories results vary between the three ten-year demographics, with Pop and Rock proving strongest with the

younger end of our stated target audience of 25-54 year olds whilst Easy Listening and Oldies fare better with the older end.

Our conclusion from this research was that we should combine songs from these four best-testing genres to create the musical sound of our radio station.

We feel that such a combination would be described as an 'adult contemporary' mix of music by radio industry insiders who were familiar with such terminology. However, we felt that such a term would not be appropriate to use in research conducted with lay members of the public who might not be aware of the terminology. Therefore it is our interpretation of the music research that has led us to propose an adult contemporary format rather than any one particular score that same research might have thrown up.

11. Does The Bee have any specific plan to ensure that many of Radio Lancashire's listeners migrate to The Bee

The purpose of The Bee is to broaden choice of available listening. The format we propose is different to that of BBC Lancs, as is the core target market. We will strenuously market the launch of The Bee across the region with the objective of interesting as many new (and existing) supporters of The Bee to the proposed new service.

Recognising that pairs of ears enjoy choice and do not stick listening to the same thing all of the time, we would aim to provide a plethora of interesting output, to appeal to the tastes and interests of a wide proportion of the available listenership – some of whom may also listen from time to time to BBC Lancs, many of whom may also listen to a selection of other output as and when they choose. It is simply about broadening choice and aiming to be the first choice for the market we are targeting.

Although BBC Radio Lancashire is based in Blackburn, its coverage is right across the county, from Blackpool and Morecambe in the west, across to Preston and Chorley in central Lancashire to Burnley and Nelson in the east. Our informal monitoring of their output over four weeks during the preparation of our application revealed that, quite understandably, a great deal of the news and information was of little or no direct relevance to Blackburn listeners.

For those people in Blackburn interested in mainly speech radio Radio Lancashire offers an alternative to the other music-oriented or regional stations, hence the survey findings of a 24% listenership during the previous seven days

However, The Bee will offer a much more localised speech service, concentrating as it will on the 150,000 people whose whole local interest is in Blackburn and surrounding area.

Local news, traffic and travel information and listener participation will be much more focused than the BBC station can achieve with such a large geographical area to cover including other large centres of population.

It is this very "localness" which convinces us that The Bee will gain listeners from the BBC service.

Of course, word of mouth will play a large part in the equation: our joint radio experiences show how powerful a person recommendation is to a potential listener from an existing listener. We intend to be the best possible friend to each listener and value every individual pair of ears!

12. What methodology did you apply to the results of the 'likelihood of listening' question in order to derive your projected reach estimates? Which similarly sized local radio stations were used as comparators for The Bee's audience projections?

Whilst the results of "likelihood of listening" question in our research were extremely encouraging (40% were quite likely to listen; 32% very likely) we have used the research results carefully as an indicator of the area not an absolute. To the best of our knowledge, no research yet can be absolute.

Taking into consideration the task at hand, creating and launching a new radio brand, albeit one which has been tested via RSLs, we factored down the research results by 50% of the "quite likely" figure, then checked the combined radio knowledge and experience of the Board and decided that, at 20% for the first two listening quarters, growing to 22% in the second half of year one, we were being cautious yet realistic.

As a comparison, 2BR in the adjacent community achieved a 30% reach in its first RAJAR survey leading us to believe that we are erring on the side of caution.

Equally, taking a look around the UK at other small to medium size stations, we felt the reach figure to be sensible. Factors we considered included:

- We should not expect the high audience levels enjoyed by radio stations with minimal competition launching into so-called 'white space' areas.
- However, we should be encouraged that many similarly styled radio stations have launched into areas as competitive as this one and

have succeeded when localness has been the stations unique point of difference.

- Board director Lynn Bell's experience of listenership in real local areas for example Scarborough (Yorkshire Coast Radio brand), where the local factor took listening to over the 50% reach mark
- Established stations with comparable TSA's and similar amounts of competition can attain results such as: Alpha with a TSA of 126,000 and 27%* reach, Central, 185,000 TSA and 30%* reach, and Stray with a 141,000 TSA and 41%* reach. Even in year 3 we have been cautious in our projections.

(* RAJAR survey period ending 12th Sept 2004)

In a nutshell, we felt strongly as a Board that if our initial objective was to win one pair of ears in every 5 pairs available to us, we could have a good strong starting point. Industry RAJAR results suggests that 20% is a reasonable starting point - but as our aspiration and intention is to be one of the most listened to local commercial stations in the UK, we will strive for greater reach and growth in hours - a factor we've considered in the year three projection of 28% reach. (Again, at end of year 3, a healthy reach figure for a robust local commercial radio business is around the high 20% mark).

It is important to us to run a commercially viable local radio brand, not simply one with huge reach: targeting the right pairs of ears and keeping them listening is the mission. By doing that, we are confident of, at the very least, meeting the reach projections from year one onwards.