

## Cornwall independent local radio licence applications

# Questions and responses: Time FM

*These are the responses received from Time FM to the non-confidential questions asked by Ofcom regarding the group's application for the Cornwall licence.*

### **1. Against which "other stations throughout the country operating with similar-sized TSA" (105a, p.15) were the audience and financial projections for Time FM benchmarked?**

The stations that we used as reference and the benchmarking data are set out in the 'Revenue Key Assumptions' sheet of our Financial Forecasts.

These data provided a cross-check to our revenue forecasts, but are not the basis on which our revenue projections were established. The revenue forecasts are driven by an assumed spot rate and inventory level, established from our knowledge of the Cornwall market based on discussions with advertisers and the spot rates achieved by other LMC stations. We are satisfied that the overall revenue estimates that we have included in the financial forecasts are achievable from the Cornwall market.

The sample included 15 stations with TSA's ranging from 351k to 592k and weekly reach ranging between 14% and 38%. We used the audience data for our comparator stations in conjunction with our estimates (based on adjusted MMS data) of the revenues generated by these stations to establish an average revenue yield rate. We also made the assumption that Time FM Cornwall could only reasonably expect to match the average performance of stations of a similar size, rather than that of the most successful stations. The average yield estimate provided a valuable cross-check to confirm the reasonableness of our revenue forecasts for Time Cornwall.

### **2. Given the statement that "the unreliability of responses to 'likelihood of listening' questions as a guide to actual reach levels is ... well established" (105d, p.3), what was the basis for Time FM's audience forecasts?**

As stated in our application (section 105(d), p.3), we used the 'likelihood of listening' question in our Ipsos quantitative survey to "confirm the existence of a high level of demand for a service focusing upon a somewhat older listenership than Pirate FM primarily targets" in general terms, but we did not go so far as to use the responses to this question in a mechanistic way as the basis of calculations of forecast audience size. This was for two reasons.

First, our programming plans were not sufficiently fully formed at that stage to provide a detailed proposition to respondents; we genuinely used our survey findings to help shape the music and speech proposals. The necessarily

vague format proposition used in this question was not, we felt, yet developed to the point at which it could produce an accurate guide to audience uptake.

Beyond this, we remain sceptical about the reliability of pseudo-scientific formulae which seek to translate respondents' statements about future behaviour in relation to an as yet non-existent product into precise predictions of listening levels. My experience over a number of years has confirmed the lack of correlation between audience forecasts made in licence applications – most of which used this approach – and the reach levels subsequently achieved by successful applicants once their services had come on air.

That said, we do not consider that our projected weekly reach of 29.5% across the 35-64 age-range is incompatible with the figures obtained from our Ipsos survey of respondents aged 35-64, 35% of whom said they were 'extremely or very likely' to listen regularly to a new service aimed at listeners of their age, with a further 48% stating that they were 'quite likely' to tune in regularly.

Instead we rooted our estimates of likely audience size and profile for Time FM in the RAJAR data obtained for the BBC Radio Cornwall TSA. The 'all adults' market share estimates for Time FM are based on the existing size of the listening 'cake'. Clearly, any increase in the total amount of radio listening overall would reduce these share percentages slightly; however, the historical evidence is that introducing new services into a market has only a marginal influence on total radio listening levels.

We took the view that, while Time FM would be a station with widespread appeal among its core demographic target where a substantial 'gap in the market' had been demonstrated by our Ipsos survey, it would nevertheless take some years before it would match the levels of audience being achieved by the market-leading ILR and BBC services.

Again, our estimates of audience numbers within particular demographic sub-groups have been derived from RAJAR findings for the BBC Cornwall TSA. The breakdown of Time FM's projected listenership was based on the premise that the service would be highly targeted upon its core demographics - we have made only very modest assumptions in respect of the numbers of listeners outside our target age-range that would tune in: a mere 6k listeners aged under 35 in year 1, rising to just 10k by year 3.

Our listenership levels overall would compare with the present audience for the main existing services as follows:

	Weekly Reach (%)	Ave Hours	Market Share (%)
Pirate FM	38	14.0	21.1
BBC Radio Cornwall	35	16.2	22.6
BBC Radio 2	33	13.5	17.5
BBC Radio 1	24	11.0	10.3
BBC Radio 4	23	12.6	11.2
Time FM (year 1)	20	11.0	8.6
Time FM (year 2)	23	11.5	10.4
Time FM (year 3)	26	12.0	12.3

Given the circumstances of the Cornwall radio market at present – notably, the existence of only a solitary ILR service covering the county, and (very unusually) the absence of any local commercial station catering for the music tastes and speech requirements of listeners aged over 45 – we believe that these figures are wholly achievable, and in practice could well prove to be under-estimates.