

Liverpool independent local radio licence applications

Questions and responses:

These are the responses received from The Arrow to the non-confidential questions asked by Ofcom regarding their application for the Liverpool licence.

1. While advertisers “are more likely to target your demographic” (page 10) in terms of the Galaxy stations, will you face resistance for the older Arrow demographic?

From our experience over the years selling both the Heart and Galaxy brands, it is quite common for a local advertiser who may own or manage a motor dealership or other retailer to resist buying Galaxy because he doesn't listen to the radio station.

The Heart brand on the other hand which is targeting the 25-44 demographic doesn't receive the same resistance. Frequently a potential advertiser will say that they themselves or their partner listen to that very station and therefore they can identify with it as a consumer. Whilst The Arrow is targeting a slightly older demographic than Heart, the evidence would suggest that the response is likely to be similar to the Heart brands.

In the national marketplace we do not expect to face any more resistance from selling a new brand than one would normally expect. The Arrow already has the advantage of being established on a digital platform so there is a familiarity amongst the media buying community. Whilst the national market has proved to be very challenging within the last few months or so, we have noticed that the decline in revenue and brand counts are far more noticeable amongst radio stations targeted to younger demographics than to older ones.

Counting the number of different brands that advertise on a station provides a clear picture of advertisers' willingness to advertise on that station. We have not detected significant differences in brand count between stations serving the 25+ demographic and stations catering for 35+ audiences. In London, for example, the brand count for Heart 106.2 is exactly the same as for the older-targeted Magic 105.4. Whilst we would expect to see the brand count falling off for a station like Saga, it should be remembered that the 55+ demographic is a very different proposition and that the Saga brand has a significant amount of negative 'baggage' that makes it unappealing to advertisers. As our advertiser research in other licence areas has shown, The Arrow's target audience of 40-59 is one that advertisers are keen to reach, and frustrated not to be able to do so.

2. How has The Arrow's audience level fared against other digital rock format stations?

The attached Excel spreadsheet shows RAJAR data for The Arrow, The Storm, Planet Rock, Virgin Classic Rock and BBC 6 Music since Q2 2004. These should be studied with a degree of caution. Clearly, the sample sizes for digital-only services are considerably smaller than for analogue stations, which is reflected in the large fluctuations in listening from one quarter to the next. Additionally, of course, The Arrow is not available nationwide on DAB,

whereas Planet Rock and BBC 6 Music are. It is also worth noting that, with the possible exception of Virgin Classic Rock, there is no other station on digital (let alone on analogue) that is closely comparable with The Arrow in terms of output. Planet Rock is generally harder-edged, The Storm has always had younger appeal (even before its absorption into Xfm) and BBC 6 Music generally more closely resembles a modern rock station than a classic rock one.

All the same, we believe the RAJAR data show a positive story for both The Arrow and for rock radio in general. In terms of reach and total hours, the general audience trend for The Arrow, as for some other rock stations, is upwards. As you will see, weekly reach is up from 24,000 in Q4 2004 to 62,000 in the latest quarter, and has been as high as 87,000 in Q1 2005, despite virtually no marketing effort. Total hours are up from 158,000 to 401,000, and peaked at 900,000. Planet Rock and 6 Music have seen similar increases. It is notable that, when given the choice of The Storm or Virgin Classic Rock as alternatives to The Arrow, rock fans appear to prefer The Arrow. As our audience has increased, theirs has declined overall over this period.

Another important observation is to note The Arrow's average listening hours. As you will see from the data, The Arrow had the highest average hours of any of the digital rock stations in seven of the last nine quarters. The quality of The Arrow's output and the loyalty of our listeners that are demonstrated by these numbers will be replicated in our service on FM in Liverpool.

3. For the purposes of the Format, please provide a definition of 'rock music'. (It is noted that on p.19 of the application rock music has been defined as being "guitar-based popular music with an edge"; however, that leaves undefined what is meant by '[music] with an edge').

'Rock' is an extremely difficult term to define. Indeed, I think you would struggle to find a comprehensive written definition of any music genre – one that would both include everything in the genre, and exclude everything outside it. As with all genres, there will be tracks that are quintessentially, unarguably rock, and tracks that may straddle related genres, including pop, country, folk and blues. Even our suggested description of guitar-led music with an edge is clearly problematic. Not all rock is guitar-led. Not all guitar-led music is rock. The music on The Arrow on digital reflects the diversity and range of the genre but every single track is unarguably 'rock'. The same would be true of The Arrow in Liverpool.

One approach, therefore, would be to suggest that 'rock' is one of those regulatory terms – like 'quality' or 'challenging' or 'alternative' – that defy written definition, but you know them when you hear them. There are plenty of station formats that contain potentially ambiguous music genre terms – 'adult contemporary', 'easy listening', 'soul', 'urban' to name just a few – where no further detailed definition is provided, or arguably required. We would favour this approach for The Arrow in Liverpool as it would allow us to reflect the full range of rock music without fear of being in breach of our format by playing a track that was unquestionably 'rock' but which lay outside the formal definition we had laid down.

If this approach were considered unsatisfactory by Ofcom, then we offer the following definition as the best fit that we can devise for The Arrow's output:

“Rock’ is defined as a form of modern Western popular music that is commonly, but not exclusively, characterised by the predominance of electric or acoustic guitars and the presence of a strong drum-led backbeat. It includes a wide range of sub-genres, including classic rock, modern rock, soft rock, pop rock, country rock, rock ‘n’ roll, rhythm and blues, heavy metal, punk, progressive rock and Britpop. On The Arrow, classic rock will be the dominant sub-genre, with modern rock playing a secondary role throughout the output. Other sub-genres may feature throughout the day as well as in specialist shows off-peak.”

4. **Similarly, please provide a definition of the term ‘current’ (presumably in number of months post-release: for example, “tracks that were released 3-18 months previously”).**

We define ‘current’ as being from pre-release to not more than 3 months old.

5. **Please confirm that the reference to tracks that “have never made it into the UK Top 20” refers to the singles chart only (i.e. not the album chart also).**

Yes, this refers to the Singles Chart, not the Album Chart.

6. **Assuming that this is indeed the case, please confirm that the draft station Format should read that news will be broadcast 'at least hourly' (so as not to make the broadcasting of additional bulletins a technical breach).**

Yes, this should read ‘at least hourly’.

7. **If any quotas were used in the quantitative questionnaire, please specify what these were.**

We had quotas for age and gender broken down into ten year age gaps as below. We matched the sample to the population profile, which was taken from the RAJAR figures from Q4 2005.

Demographic	No respondents	Respondent profile	Population profile
Adults 16-24	113	14%	14%
Adults 25-34	115	14%	14%
Adults 35-44	147	18%	18%
Adults 45-54	130	16%	16%
Adults 55-64	128	16%	16%
Adults 65+	167	21%	21%
Male 16+	380	47.5%	48%
Female 16+	420	52.5%	52%

8. In what order were the music pods played?

The pods were rotated at random.

9. How was the music played to the respondents? (The questionnaire mentions checking audio capability on a PC).

We apologise for the fact that, due to a drafting error in the application document, we stated that all interviews in our format test and quantitative survey were conducted by telephone. This is incorrect. In fact, we used a combination of online and telephone methodology.

All respondents under 64 years of age completed their questionnaires online, which included playing them the audio on their computer. Due to the lower penetration of internet among respondents 65+, we supplemented the online sample with CATI interviews. For these respondents, the pods were played over the phone.

Our research was conducted among a panel, and to confirm, both the concept test and format test were primarily completed online, but CATI was used mainly for the over 65s as they remain a demographic that is difficult to reach through online methodology.

The sample was selected from a online panel used for research only purposes. To maintain high sample quality strict panel management controls are put in place by Research Now, the fieldwork agency that conducted this research.

Panellists are recruited online via a wide range of recruitment partners, affiliate networks and web sites, avoiding potential bias associated with panel recruitment from a single source or via a single methodology.

Panellists are only contacted by Research Now for the single purpose of conducting market research. Panellists are not exposed to advertising or direct marketing campaigns, nor is their personal data sold to third-party companies.

Panellists are selected to take part in live surveys relatively infrequently, based upon a set of panel management rules.

These rules are designed to minimise possible biases in survey data and to minimise panel attrition caused by over-contact.

I apologise for the inadvertent error in the application in failing to make clear the methodology used for these stages of the research.

10. Please provide a copy of the format test questionnaire, including the different formats that were tested.

A copy of the format test questionnaire is attached.

11. **The index figure quoted on page 43 for ILR market share is 79.7. How does this correlate with the index shown on page 42: 134 for 15-34 years, and 85.6 for 35+?**

The figure on page 43 refers to market share, the figures on page 42 refer to percentage reach.

12. **What does the different shading used on pages 46, 58 and 59 represent?**

The shading scheme was chosen simply as a means of showing clearly the pods that scored well. On page 46 the scheme is as follows:

<6.0 = white
6.0-6.4 = yellow
6.5-6.9 = light orange
7.0-7.4 = orange
7.5-7.9 = dark orange
8.0+ = red

On page 58-59 the scheme is:

<15% = white
15-29% = yellow
30-44% = light orange
45-59% = dark orange
60% = red

13. **What is the evidence for the statement on page 61: “this is an audience which has lovingly built up a record collection of classic favourites, and would like to hear those songs and others like them, on the radio”?**

This statement is actually drawn mainly from the focus groups we have conducted not only for the Liverpool licence application but also from previous research on The Arrow. Our experience from our focus groups, as well as more informal feedback from our existing listeners on digital, has given us a detailed understanding of the music consumption habits of our audience, and this has been valuable in informing our programming decisions. Examples of pertinent focus group quotes are:

“I’m a hippy at heart I like Bob Dylan and Jimi Hendrix. There’s no station that’s dedicated to that kind of music, so I listen to talk radio.” Liverpool application

“That stuff is proper stuff, because they went out and worked at it. Not manufactured by a studio boss and a sound guy.” Liverpool application

“I have got about 1,000 vinyl and I sold a lot, but they are still there.” Solent application

“I’ve got a David Bowie collection – updating when it comes out.” North East application

“I like good music...these manufactured bands like stuff you get off the X Factor where there is absolutely no soul to it at all.” North East application