

## Liverpool independent local radio licence applications

# Questions and responses:

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

### **1. What is the overall strategy behind UK Media and Radio Limited's intention "to become a leading independent player in the UK radio sector"? What steps is the group currently taking to deliver this intention.**

UK Media and Radio Ltd (UKM&R) believes radio can be used to create a unique affinity with either a local community or an interest/demographic group. This affinity can then be monetized either directly through the traditional methods of spot advertising and sponsorship on the radio station or related new media and publishing activities. For example, 60 per cent of respondents to a recently published survey commissioned by Olswang said that radio was the main way they found out about the music they subsequently purchased.

While many analysts seem to be writing the obituary for radio, UKM&R and its investors believe that:

- radio will remain a powerful medium;
- commercial radio in the UK can do a better job of competing with the BBC; and,
- building on the unique affinity created by a radio station offers new opportunities and business models.

To this end UKM&R is:

- Applying for the remaining larger FM licences
- Actively considering a bid (likely to be in partnership) for the national digital multiplex to be advertised by Ofcom in February 2007
- Reviewing the acquisition of internet and mobile delivered radio and audio streaming services
- Reviewing the acquisition of existing FM and DAB radio stations and station groups in the UK.
- Evaluating other new means of radio distribution such as Podcasting which get radio into new listening environments
- Working with advertising clients and agencies to build new revenue streams beyond advertising, sponsorship and premium rate telephony

**2. Have the audience and revenue figures been benchmarked against any existing commercial stations? If so which ones ?**

The revenue figures for Wicked FM were based on detailed analysis of current CPTs and sell out rates for stations in the Liverpool area. The summary of this analysis was contained in Section 7a and 7b of our application. We also reviewed the CPT's gained by stations such as Xfm and Virgin which have rock orientated formats – albeit with different age focuses to that of Wicked FM.

For audience share and reach benchmarks, we reviewed the combined share and reach of Xfm and Virgin in the crowded London market (combined share 4.8 per cent, total reach 13 per cent) and other local rock orientated station across the UK such as Cool FM in Belfast(14.5 per cent share, 31 per cent reach), Xfm in Scotland (4.2 per cent share, and 11 per cent reach) and the Eagle in Guilford (8,9 per cent share and 21 per cent reach).

While none of these is a perfect match for Wicked FM and their share and reach are conditioned by specific relevant market factors, we felt the benchmarks suggested an audience share of more than 5 per cent, and a reach of more than 15 per cent would be reasonable. The consumer research on our proposed format with a sample of people in the Liverpool area market actually then suggested a share of 7 to 8 per cent and a reach 20 per cent was achievable.

**3. It is noted that the definition of “daytime” included in the format has been changed so that it ends later at weekends. However, in the event of a licence award to Wicked FM, this would revert to those prescribed definitions, and the wording of the “detail” box would have to be amended so that the 25% limit on current material applied “during weekday daytime and between 0800-1800 at the weekends”. Please confirm you would be content for this change to be made.**

Yes, we confirm that we are comfortable to change in definition to daytime to be made.

**4. In order to avoid any ambiguity, please confirm whether or not the following sentence accurately reflects the station’s music policy: “*Wicked FM’s music will be a broad mix of rock music (defined as guitar-based with a strong rhythmic beat). The predominant constituent of the music output will be indie/alternative rock from the 80s and 90s, but alongside this will be some classic and soft rock from the last forty years*”. If it does not, please provide a re-worded version.**

Yes, the statement in your question clearly reflect's Wicked FM's music policy.

**5. 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, we confirm the format should be amended to include news' at least hourly'.

**6. Please clarify the meaning of the sentence “There will be news headlines of no less than one minute during peak-time”? Is it the case that this refers to headline bulletins on the half-hour that are in addition to the main hour-top bulletins? If so, in the event of a licence award, would you be content for us to insert the words “In addition” at the front of that sentence, for the purposes of clarity?**

Yes, we are comfortable for the words, 'in addition' to be inserted with respect to news headlines.

**7. Please provide copies of all materials used in the advertising research, including the advertising questionnaire and any showcards. Please do provide a description of the sample recruited.**

Our local advertiser sample was selected from a list of local businesses in the Liverpool area who currently advertise on local radio. The information was provided by Nielsen Media Research. Yearly advertising expenditure on radio was also ascertained from the Neilson Media Research data.

#### Questionnaire

The format of Wicked FM was explained to the respondent at the start of the questionnaire and again during question 5.

Format: Wicked FM will play guitar based rock music from the last 40 years. Indie rock and Britpop of the 80s and 90s will feature predominately and will be complemented by some classic and soft rock. This 'broad rock' format will include artists such as Franz Ferdinand, Jimi Hendrix, Razorlight, Coldplay, The Smiths, Arctic Monkeys, Editors, Blur, The Coral, The Rolling Stones and Echo and The Bunnymen.

1. What media do you currently use for advertising campaigns? E.g. radio, print, TV
2. What is your typical customer profile/target market?
3. Are you satisfied with the media you currently use as a way of targeting this customer base?
  - a. If yes, proceed to question 4
  - b. If no, why not?
4. Do you think there is a gap in the market for a new radio station in Liverpool?
5. Would you welcome a commercial radio station that was similar to the Wicked FM format?
6. Would you consider the Wicked FM format to be of any interest or relevance to your future marketing/advertising plans?

**8. In what order were the formats shown in the online survey? What quotas were placed for recruitment ? What were the weighting factors used ?**

The order of the formats was rotated randomly for respondents by Dipsticks Research.

We stipulated that Dipsticks should gain at least 80 respondents for all age groups between 15 and 65.

The overall sample demographic breakdown of the 1,059 respondents is shown below – and compared with the Liverpool city and Liverpool area profile.

All sample results were then re-weighted to the Liverpool area population for the purposes of the application document.

**Summary of sample demographics vs Liverpool City and TSA:**

	Male	Female	15-24	25-34	35-44	45-54	55-64	65+	ABC1	C2DE
Sample	48.7%	51.3%	15.0%	31.7%	25.9%	16.2%	9.1%	2.1%	60.3%	39.7%
Liverpool City	46.9%	53.1%	19.8%	16.9%	17.9%	15.0%	11.6%	18.8%	41.2%	58.8%
TSA	47.1%	52.9%	15.5%	16.2%	18.5%	16.6%	13.3%	19.9%	46.0%	54.0%