

Manchester independent local radio licence applications

Questions and responses: The Arrow

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

1. To what extent does your proposed TSA (of 2.17m adults) take into account the potential coverage restrictions identified in the notice of advertisement for this licence?

As you know, it is usual for a radio station to define its TSA as being larger than its MCA, sometimes significantly so. At Galaxy 102, for example, Ofcom records our MCA as covering 1.6 million adults, whilst we claim a TSA of 2.68 million adults. This is for the obvious reasons that many receivers have no difficulty in either clearly picking up signal strengths less than those used to define MCA coverage, or rejecting interference from adjacent channels. Listeners have a high degree of tolerance for weaker signals or interference where the content itself is sufficiently compelling.

Our coverage predictions for this licence were made by our transmission contractor, ntl, based on the interference limitations detailed in the licence advertisement document. The area of interference was based on a 50% time, 50% location basis, so we believe that some listening can still be expected within the 'interference zone'. Having incorporated the interference limitations into our predictions, we felt that a reduction in the TSA size of about 17% (from Galaxy's 2.6 million) was sensible and realistic.

Anticipating your question, we did check, prior to submitting our application, that our financial model would still hold up if the TSA were reduced. I can confirm that, even if the TSA were brought down to 1.6 million adults (and the audience and revenue numbers reduced accordingly), The Arrow would still be on course to make an operating profit in Year 3. (I am happy to provide the full calculations on request). In fact, this assumes that all costs would be static in this scenario whereas, in reality, we would expect to reduce our marketing expenditure in line with TSA size and this reinforces our confidence in the predictions submitted.

2. What was the description of The Arrow format which was presented to respondents in the quantitative survey?

"A Manchester-based station playing four decades of quality adult rock, combining popular rock hits with classic album tracks.

Music would include legends of rock like the Rolling Stones, Fleetwood Mac, Bruce Springsteen and REM, as well as newer talent like The Doves, Starsailor and Stereophonics.

The station would also be a showcase for live music, featuring both new local bands and major music acts playing in and around Manchester.

The DJs would be friendly and well-informed and the station would include a concise news and information service with a strong focus on the Manchester area.”

3. Please provide questionnaires and data tables for both of the quantitative studies.

The questionnaires are attached with this email. Data tables were supplied with the licence application document, but I am happy to provide them again. The data tables for the format search exercise were originally presented as a PDF document, but I have provided them here as an Excel spreadsheet which may be easier for you to analyse.

4. It is stated on p.45 of the application that for 70s and 80s ballads “there was a very high attribution level of 68%, revealing that....it can already be found on the radio dial in Manchester”. However, in respect of ‘60s Pop Rock’ you also conclude that a 60% attribution level “indicate[s] a decent gap in the market”. Please provide further insight on the conclusions that can be drawn from this 8% difference in results –and from these attribution questions in general.

Whilst I can understand that the difference between 60% and 68% may seem inconsequential, the context suggests otherwise.

First of all, the difference between the two figures is, of course, 8 percentage points, not 8%. The significance of this difference is perhaps better illustrated by looking at the corollary of these figures. 32% were unable to attribute 70s & 80s ballads to any existing radio station. 40% failed to attribute 60s pop rock to any other station. That actually represents a 25% difference. In other words, for every four people who thought 70s & 80s ballads were distinctive, there were five who thought the same about 60s pop rock. Statistically, that’s a significant difference.

It becomes all the more significant when one considers the range of responses given. Of the ten music genres we tested for attribution, none received a ‘no attribution’ score less than 19% (pop) or greater than 45% (classic rock). That’s a range of 26 percentage points. An 8 point margin therefore represents nearly one-third of the full range of responses – again, suggesting a significant gap.

Finally, our judgement was guided by the ranked performance of each of the genres tested. Whether or not one regards the statistical differences as being significant, it remains the case that '70s & 80s ballads' was in the bottom four when ranked by 'no attribution'. The three genres that form the basis for the Arrow format – classic rock, adult rock and 60s pop rock – were ranked first, second and third respectively. We believe this further justifies the conclusions we reached.

5. Please provide further insight as to how the chart on p. 46 indicates “a specific gap in the market opening up for our proposition”, over and above other music formats (e.g. Soft AC, 80s Pop, and 70s/80s ballads).

The conclusions we reached from the table on page 46 are probably best understood when considered in conjunction with the attribution data on page 45. Essentially, our aim was to demonstrate that the Arrow format offers the best combination of popular appeal and broadening of choice.

Looking at the table on page 46, it is clear that, in our target audience of 40-59 year olds, soft AC, 80s pop and 70s & 80s ballads do have strong appeal, and are comparable in this regard with the core Arrow genres of classic rock, adult rock and 60s pop rock. However, we believe that the popular non-Arrow genres are already well catered-for in the Manchester market already. Soft AC and 70s & 80s ballads can be found in abundance on Magic and Smooth, with 80s pop also featuring strongly on these stations as well as Century. As EEC's analysis demonstrates (pp27-28), even where the profile of rival stations' output by decade resembles that of The Arrow – such as is the case with Smooth or Magic – our focus on rock music means that the actual overlap in music played is negligible. Our conclusions are confirmed by the attribution scores shown on p45. Soft AC, 80s pop and 70s & 80s ballads all fall in the bottom half of the table when the genres are ranked by 'no attribution' to existing stations.

We have, of course, taken note of the popularity of these genres and, in particular, the implication that there is an appetite for a 'softer' sound to a new music radio station. As we note on p23, this finding has prompted us to include in the programme schedule a four-hour show, Sunday-Thursday, dedicated to softer rock, acoustic rock and rock ballads.