



The Communications Market in Wales

3 Radio and audio content

3.1 Radio and audio content

3.1.1 Recent developments in Wales

Community radio

Community radio licences are awarded to small-scale operators working on a not-for-profit basis to serve local geographic areas or particular communities. The number of community stations has increased over the past three years, with a total of 228 licence awards since the start of community radio licensing in March 2005.

In March 2010, Point FM, serving Rhyl in North Wales, became the latest community radio station to launch, bringing the total number of community stations on the air in Wales to nine, (Figure 3.1). In May, its neighbouring station, Tudno FM in Llandudno, opened a newly refurbished studio at its existing site in the town.

In the same month, six community radio stations in Wales received grants totalling £100,000 from the Welsh Assembly Government's Community Radio Fund. This year's recipients were: BRFM, Tudno FM, Afan FM, Bro Radio, GTFM and Calon FM.

BRFM at the National Eisteddfod, Ebbw Vale.

BRFM is a community radio station licensed by Ofcom, based at Brynmawr, near Ebbw Vale at the head of the South Wales valleys. A key feature of the station is coverage of local music, and BRFM also produces video content which is available on YouTube. This year the National Eisteddfod of Wales was held in Ebbw Vale and BRFM obtained a restricted service licence (RSL) from Ofcom to run EVFm which was broadcast from the Eisteddfod field during the week of the festival (31 July to 8 August). The National Eisteddfod is a major Welsh-language cultural festival, attracting over 160,000 visitors every year, with a combination of cultural events including music, visual arts and other entertainment. It is held alternately in a different area of North or South Wales each year during the first week of August. EVFm provided listeners with daily news and features about the event and provided Welsh language learning sessions. BRFM has also recently developed an iPhone application.

Figure 3.1 Community radio stations in Wales

Community station	Location	On-air date	Target Audience
Afan FM	Port Talbot	20/04/2007	Young people (11-25)
BRfm	Brynmawr, Blaenau Gwent	18/10/2007	Geographic - town/rural
Bro Radio	Barry, Vale of Glamorgan	31/03/2009	Geographic - town/rural
Calon FM	Wrexham	01/03/2008	Geographic - town/rural
GTFM Pontypridd	Pontypridd	01/01/2006	Geographic - town/rural
Point FM	Rhyl	24/03/2010	Geographic - town/rural
Radio Cardiff	Cardiff	08/10/2007	BME black & ethnic minorities
Radio Tircoed	Tircoed Forest , Swansea	01/12/2008	Geographic - town/rural
Tudno FM	Llandudno	12/07/2008	Geographic - town/rural

Source: Ofcom, July 2010

Commercial radio developments

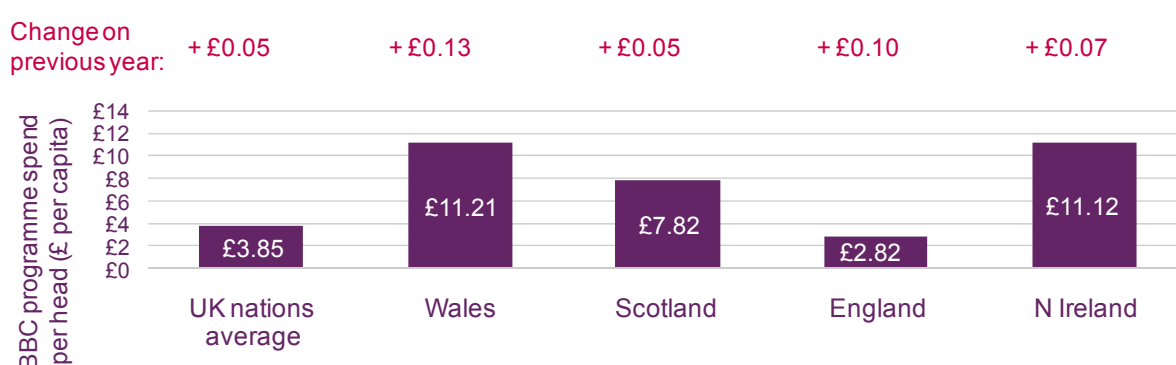
In April, Town & Country Broadcasting, Wales' only indigenous commercial radio group, acquired an 80% stake in Radio Ceredigion from Tindle Newspapers (which retains a 20% share). The station has been re-located from Aberystwyth to the Group's West Wales hub in Narberth.

3.1.2 The radio industry

BBC spend on national services highest in Wales in 2009/10 at £11.21 per head

BBC expenditure on BBC Radio Wales and BBC Radio Cymru totalled £32.3m in 2009/10, this was up by £0.6m (1.9%) from £31.7m in 2008/09. This took average spend per head to £11.21 in 2009/10 (up by £0.13), compared to £2.82 in England, £7.82 in Scotland and £11.12 in Northern Ireland (Figure 3.2).

Figure 3.2 BBC spend on national / local radio programming 2009-10



Source: BBC Annual Report and Accounts 2009/10

Note: The revenue data above have been compiled by the BBC to illustrate UK public services expenditure by service.

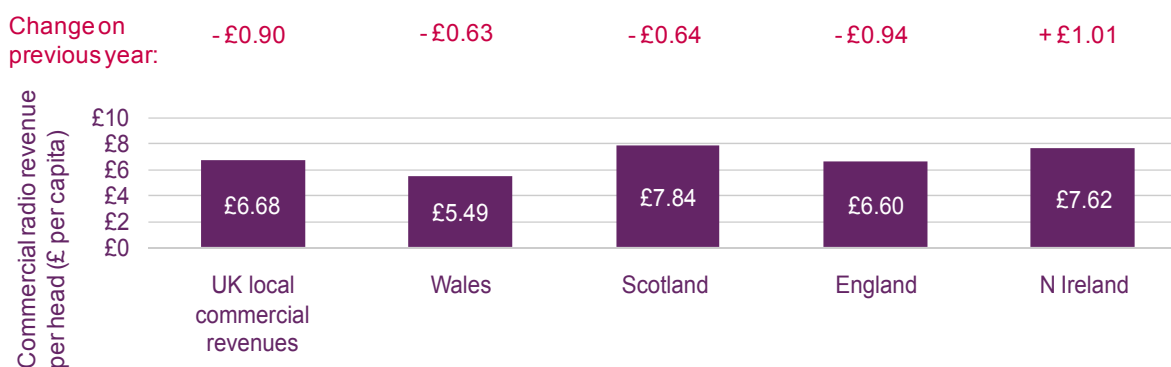
Commercial radio revenue

The two main radio groups in Wales own around two-thirds of the local commercial licences. Forty per cent are owned by Town and Country Broadcasting Ltd and 27% are held by Global Radio.

Revenue generated by all the local commercial stations in Wales stood at around £15.7m in 2009 (Figure 3.3). This was down by 10% on £17.5m in 2008, compared to a 12% fall across local commercial radio in the UK between 2008 and 2009. Commercial revenues in Wales equated to a 4% share of the UK local commercial total of £390m in 2009; by comparison, Northern Ireland had a 3.2% share and Scotland 9.9%.

Local commercial radio in Wales generated £5.49 per head in 2009, down by £0.63 (or 10%) from £6.12 in 2008. This compared to an average of £6.68 per person across the four UK nations in 2009, and a UK-wide average reduction of £0.90 (or 12%).

Figure 3.3 Local commercial radio revenue, per head 2009



Source: Source: Ofcom, operators 2009

Note: Chart shows net broadcasting revenues as based on returns received by Ofcom for the year 2009. The UK total shows the average for local commercial radio revenues across the four nations and excludes revenues for the UK-wide commercial stations.

3.1.3 Radio service availability

FM availability in Wales

There are currently 16 local commercial analogue radio services licensed to broadcast within Wales, equivalent to around 5% of the UK total of 300. This compares to the 11 local commercial stations services in N. Ireland, 39 in Scotland, and 234 in England. The BBC provides two national services for Wales; Radio Wales in English (on AM and FM); and Radio Cymru (on FM) in the Welsh language. Radio Cymru covers 94.8% of the population. Radio Wales' FM coverage is more restricted at 68.7%.²⁰ This is primarily because it initially launched as an AM network where coverage is more extensive. Both services are also available online with a 'listen-again' facility for most programmes. In addition to these services, Wales currently has nine community radio stations serving local populations across the country on FM frequencies.

DAB availability in Wales

The BBC multiplex carries all the BBC's UK-based radio services, Radio 1, 2, 3, 4, 5 Live, 6, 7, BBC World Service, BBC Asian Network, 1Xtra and 5 Live Sports Extra. However, for technical reasons it is not possible to vary the service line-up to carry services specifically for Wales, so the BBC UK multiplex does not carry Radio Wales or Radio Cymru. However, these services are carried on the two local commercial multiplexes, serving Cardiff/Newport and Swansea, which reach around 45% of the population of Wales²¹. Both multiplexes broadcast a range of services including Red Dragon FM on the Cardiff/Newport multiplex, and Swansea Sound (which otherwise is only available on AM) and The Wave (which is also broadcast on FM in the city) on the Swansea multiplex,

During 2007/8, Ofcom awarded three local commercial DAB licences to serve the remaining areas of Wales (except the South Wales valleys). Of these, Mux Co Northeast Wales and West Cheshire Ltd is now expected to launch a service this autumn. This multiplex will provide BBC Radio Wales and Radio Cymru on DAB in north Wales for the first time, along with a range of other local commercial stations, using transmitters at Moel-y-Parc, Wrexham Rhos and St.John's Beacon.

²⁰ Source: BBC Wales

²¹ Under section 49, 1996 Broadcasting Act, the BBC can secure carriage for its nations and local services on the local commercial DAB multiplexes operating in the UK.

However, the lack of DAB coverage for Radio Wales and Radio Cymru across large areas of Wales remains a key issue, as recently identified by the Annual Report of the BBC Trust's Audience Council for Wales²² and Ofcom's Advisory Committee for Wales²³. Audience data from BBC Wales suggest that listening to Radio Wales on AM is in sharp decline, and RAJAR figures analysed by BBC Wales show that Radio Wales listeners use DAB more than do Radio Cymru's audience. This is because many of the worst areas for local DAB multiplex coverage are Welsh-speaking heartlands (notably in North West and West Wales)²⁴.

The Digital One multiplex, (owned by Arqiva), serves an estimated 67% of households in Wales, and currently broadcasts from nine sites in Wales including: Arfon, Llanddona, Moel Y Parc, Carmel, Christchurch, Kilvey Hill, Wenvoe, Blaenplwyf, and Preseli. Digital One recently announced that it had increased the power of its Arfon transmitter to improve its coverage in North West Wales, including the Llyn Peninsula. This multiplex currently provides nine stations across Wales, Scotland, and England, including Classic FM, talkSPORT, Absolute Radio, Planet Rock, BFBS, UCB UK, Absolute 80s, Amazing Radio, and Premier.

South Wales is also served by the MXR DAB Severn Estuary regional multiplex, and on 1 March (St David's Day), Nation Radio, which is broadcast on FM across south Wales, also started broadcasting on this multiplex, replacing The Arrow.

In July 2010, as part of the government's Digital Radio Action Plan, Ofcom was asked to lead a process to consider the future spectrum planning requirements of digital radio, in order to prepare for the digital radio upgrade and to make recommendations to Ministers. This process will establish the current levels of FM coverage, which will provide the benchmark for future planning, and determine the most technically efficient way of matching DAB coverage to FM. This process is likely to consider appropriate DAB field strengths, which will be needed to calculate accurately the existing coverage of all national and local multiplexes, and to work out what steps are required to improve coverage. This process is likely to be completed by the end of Q2 2011.

DAB station choice higher in larger cities

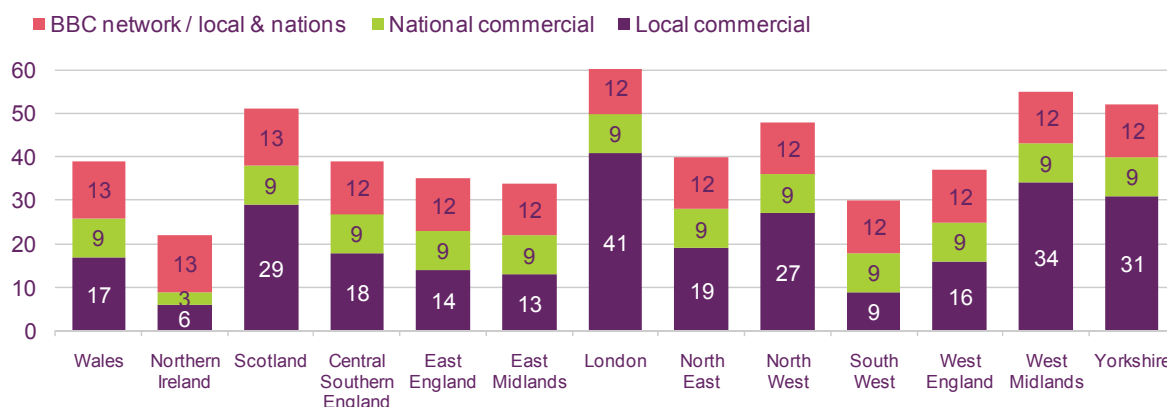
Digital radio listeners living in the larger conurbations of Cardiff, Swansea, and Newport receive up to 35 DAB stations. These include the 20 UK-wide BBC and commercial stations, along with BBC Radio Wales / BBC Radio Cymru and an additional 12-13 local services serving South Wales. There are currently no local DAB services on the air in North and Mid Wales, although local commercial multiplexes are scheduled to launch to cover areas of North Wales in autumn 2010.

²² BBC Audience Council for Wales Annual Report, 9 July 2010.

²³ Ofcom Wales Advisory Committee advice to Ofcom regarding the BBCTrust's BBC Strategy Review Consultation, May 2010.

²⁴ Source: BBC Wales

Figure 3.4 Availability of DAB stations, by area



Source: Ofcom, July 2010

Note: This chart shows the maximum number of stations available in each area; local variations and reception issues mean that listeners may not be able to access all of these.

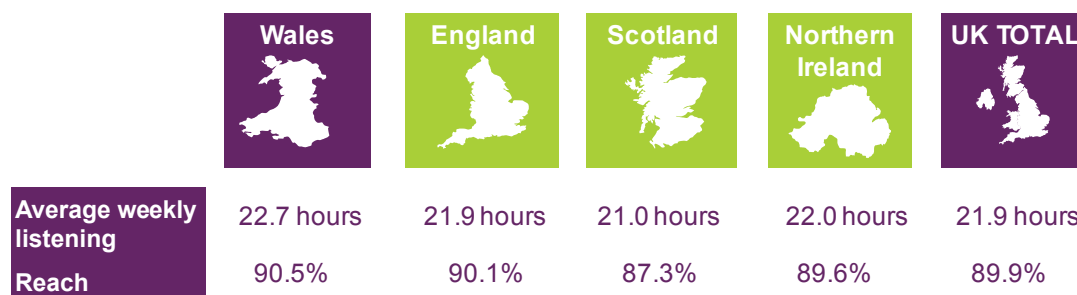
3.1.4 Patterns of listening to broadcast audio content

Hours of radio listening are higher in Wales than in other UK nations

Radio services reached 90.5% of the adult population in Wales on a weekly basis by Q1 2010, the highest figure among the UK nations, although down by 0.5 percentage points year on year. Average hours per listener in Wales were also the highest, at 22.7 hours per week, compared to the UK average of 21.9 hours. This was down by 0.5 hours/week since 2008. (Figure 3.5).

Figure 3.5 Levels of radio listening in 2010

Average weekly listening hours and percentage reach of population



Source: RAJAR, year to Q1 2010

BBC share of listening higher in Wales than in other UK nations

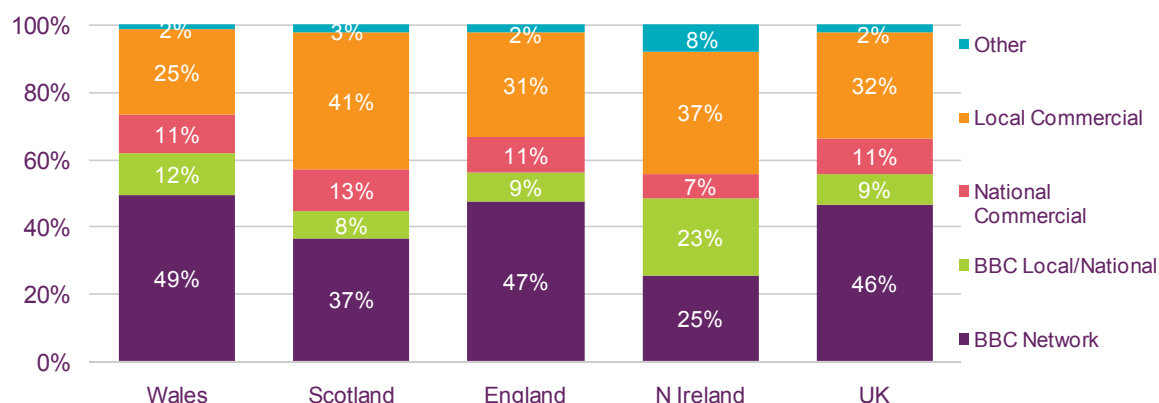
Figure 3.6 shows that listening to BBC stations accounted for almost two-thirds (61.8%) of all radio listening in Wales in Q1 2010. This was down 1.1pp in the year but still a higher proportion than the UK-wide average (55.4%). BBC network listening in Wales accounted for 49.4%, while listening to BBC Radio Wales/Radio Cymru accounted for a further 12.4%. Listening share for BBC Wales/Cymru was down by 1.6 percentage points over the year, but still above the UK average listening to BBC nations/local services, at 9.0%.

Local commercial radio stations in Wales attracted a quarter (25.3%) of all listener hours in Q1 2010. This was lower than the other nations, with Scotland at 40.6%, Northern Ireland at

36.7% and England at 31.4%. The national commercial stations' share of listening in Wales rose to 11.3% of all hours, up by 1.9 percentage points on the year.

Figure 3.6 Share of listening hours, by nation and sector

Audience share for BBC and commercial stations, local /national

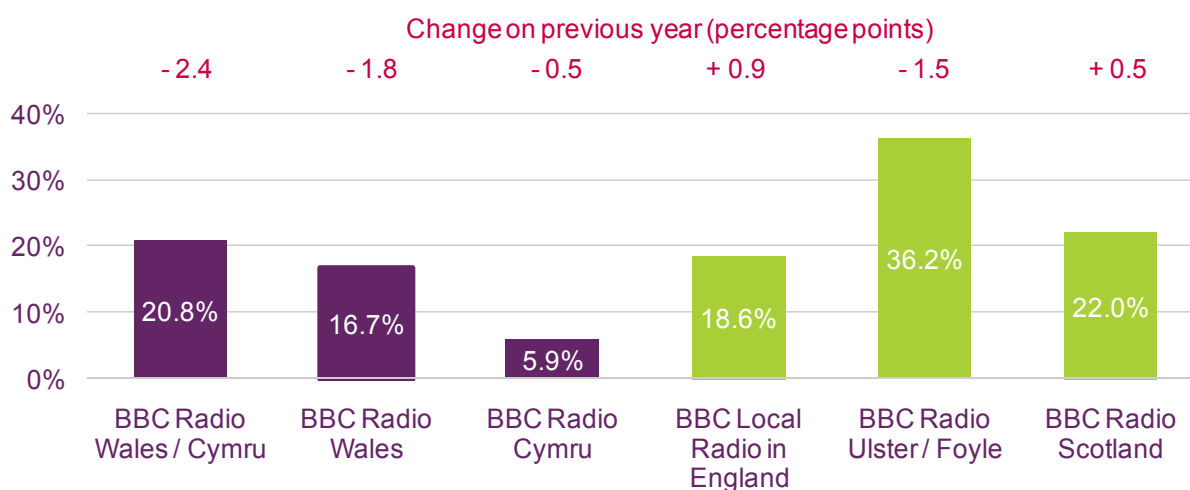


Source: RAJAR, year to Q1 2010

Just over a fifth of adults (20.8%) listened to BBC Radio Wales/Radio Cymru in an average week in Q1 2010 (Figure 3.7). The figure fell year on year by 2.4 percentage points. BBC Radio Cymru reached 5.9% of adults weekly (-0.5pp on Q1 2009) while BBC Radio Wales reached 16.7% (-1.8pp). Listening to national services in Wales was similar to that in Scotland with BBC Radio Scotland reaching 22.0% of adults per week. But it was higher than the average audience reach for local BBC services in England (18.6%). Reach to radios Ulster/Foyle was the highest of all among the four nations, at 36.2%.

Figure 3.7 Weekly reach for national / local BBC services, Q1 2010

Percentage of adult population reached per week



Source: RAJAR, weekly reach Q1 2010

3.1.5 Digital device ownership

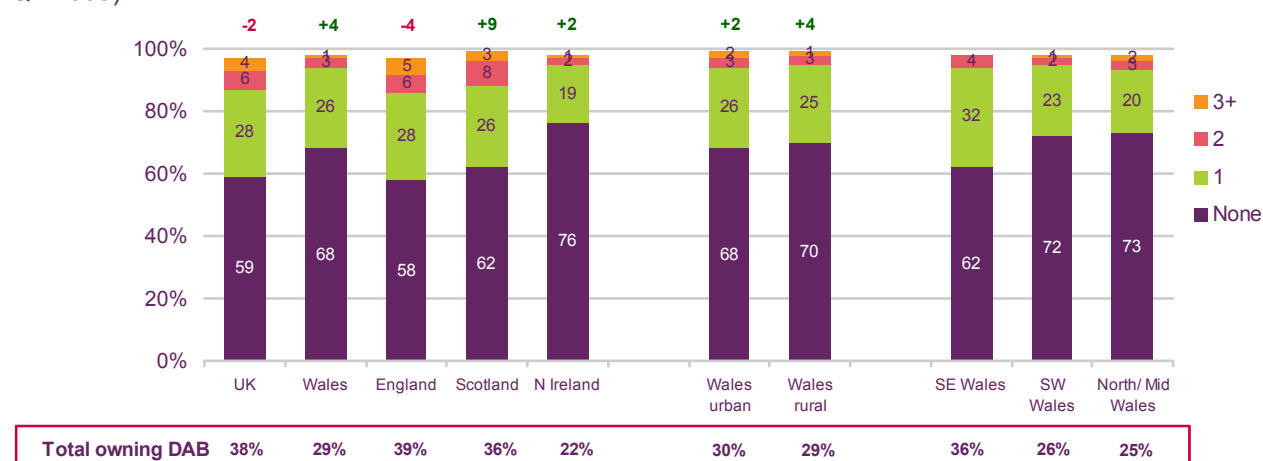
DAB digital radio sets: ownership lower in Wales than in Scotland or England

Across Wales 29% of individuals claimed to own at least one DAB digital radio set, up by four percentage points year on year. This was still nine percentage points lower than the UK average of 38%. Take-up in Wales was lower than in England (39%) and Scotland (36%) but higher than in Northern Ireland (22%).

Within Wales, respondents in the South East were the most likely to say that they owned at least one DAB radio set, at 36%, compared to 26% in the South West and 25% in Mid Wales. People in urban areas of Wales (30%) were slightly more likely to claim ownership of a DAB set than in rural areas (29%).

Figure 3.8 Ownership of DAB digital radios

Percentage of radio listeners, (figure above bar shows % point change in DAB sets in household from Q1 2009).



Source: Ofcom research, Q1 2010

Base: Adults aged 15+ who listen to radio (n= 7017 UK, 854 Wales, 4476 England, 1034 Scotland, 653 Northern Ireland, 623 Wales urban, 231 Wales rural, 251 South East Wales, 277 South West Wales, 326 North/ Mid Wales)

QP9. How many DAB sets do you have in your household?

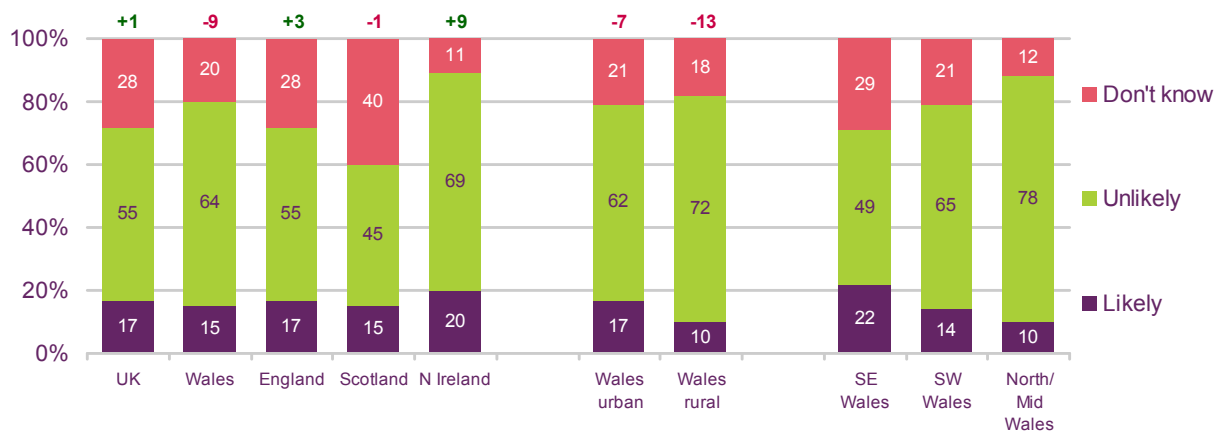
Note: Remaining percentages are don't know responses

Likelihood to purchase a DAB radio set within the next year is lower in Wales and Scotland than in other nations

Around 15% of respondents in Wales without a DAB radio set said they were likely to purchase one within the next twelve months, lower than the UK-wide average figure of 17%. This was down from the 24% of respondents in Wales last year who expressed an intention to acquire a DAB set. Within the regions of Wales, people in the South East expressed the greatest interest, with 22% intending to buy. The figure was lowest in North / Mid Wales, at 10% (Figure 3.9). People living in urban areas of Wales (17%) were more likely to buy than those in rural areas (10%), perhaps reflecting comparative DAB digital radio coverage levels.

Figure 3.9 Intention to purchase DAB radio

Percentage of radio listeners, (figure above bar shows % point change in DAB sets in household from Q1 2009).



Source: Ofcom research, Q1 2010

Base: Adults aged 15+ who listen to radio and do not have a DAB set (n= 4445 UK, 594 Wales, 2690 England, 661 Scotland, 500 Northern Ireland, 426 Wales urban, 168 Wales rural, 159 South East Wales, 199 South West Wales, 236 North/ Mid Wales)

QP12: How likely is it that your household will get a DAB radio in the next 12 months?

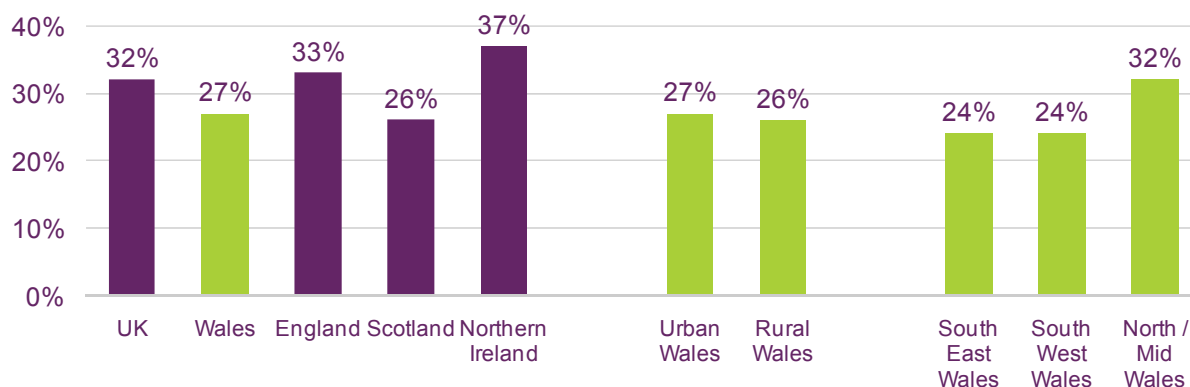
Reasons for not purchasing DAB radio set

The most popular reason for being 'unlikely' to get a digital radio was that people thought they did not need one. This equated to over half (54%) of those unlikely to acquire DAB in Wales (the UK average figure was 55%). Just over a third (35%) said they were happy with the existing analogue service (UK 32%). Two per cent in Wales pointed to poor reception as the reason for not getting a DAB digital radio set, compared to 4% across the UK. A further 11% of people in Wales said they were content to access digital radio channels through their TV service, also higher than the 4% UK-wide figure.

Ownership of MP3 players lower than average in Wales

Just over a quarter (27%) of respondents in Wales claimed to personally use an MP3 player or iPod, compared to the UK average of 32% (Figure 3.10). Those in North / Mid Wales were the most likely to use an MP3 / iPod, at 32%, compared to 24% in areas of southern Wales. In terms of overall ownership, over a third (37%) of adults in Wales said that they, or someone in their household, owned an MP3 player / iPod, compared to the UK average of 40%

Figure 3.10 Use of either an MP3 player or an iPod
(% adults)



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 1075 Wales, 5709 England, 1468 Scotland, 761 Northern Ireland, 810 Wales urban, 265 Wales rural, 348 South East Wales, 360 South West Wales, 367 North / Mid Wales)

QB2. Do you personally use: Mp3 player / iPod?

3.1.6 Radio listening via DTV, online, DAB, and mobile phone

Listening to radio over digital platforms generally lower in Wales than in other UK nations

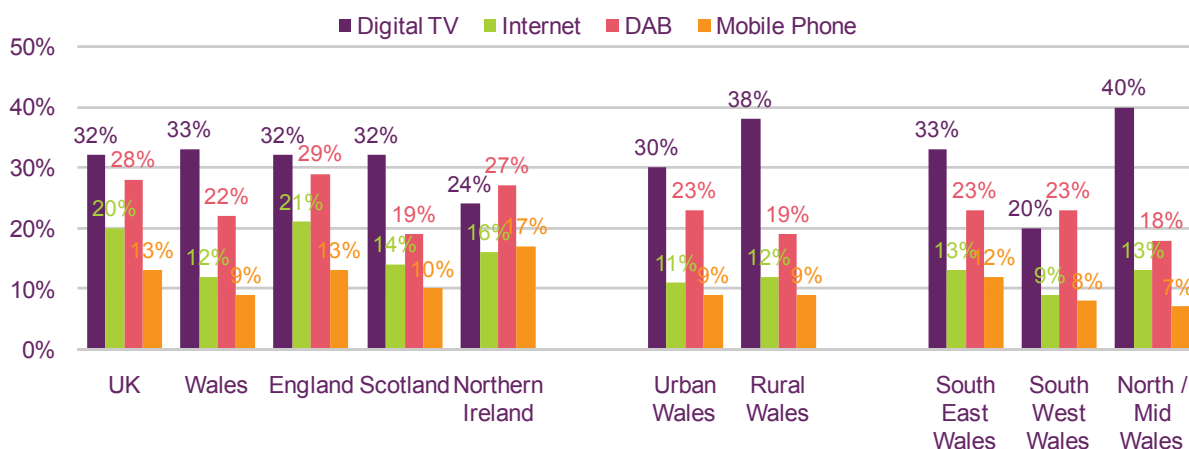
People in Wales were less likely than the UK average to claim that they had listened to the radio online or through a DAB digital radio set. Online listening was lower in Wales, at 12% of individuals compared to the UK average of 20%. Just over a fifth (22%) of people in Wales claimed to have listened to radio via a DAB set, compared to the UK average of 28%. Following the digital TV switchover process, however, listening via DTV in Wales was slightly higher than the UK average, with a third of people in Wales claiming to have used their TV to listen to radio channels, up from 24% last year.

Listening to radio via a mobile phone had been tried by 9% of respondents in Wales (up from 7% last year); this was still below the UK average of 13%.

Within the regions of Wales, listening via DTV was highest in North / Mid Wales at 40%, compared to 20% in South West Wales. This may be related to the lower popularity of DAB radio sets, used by 18% in North / Mid Wales, compared to 23% in southern areas of Wales.

Figure 3.11 Listening to radio via DTV, internet, mobile phone

Proportion of respondents (%) who have listened to radio via DTV, internet or mobile phone



Source: Ofcom research, Q1 2010

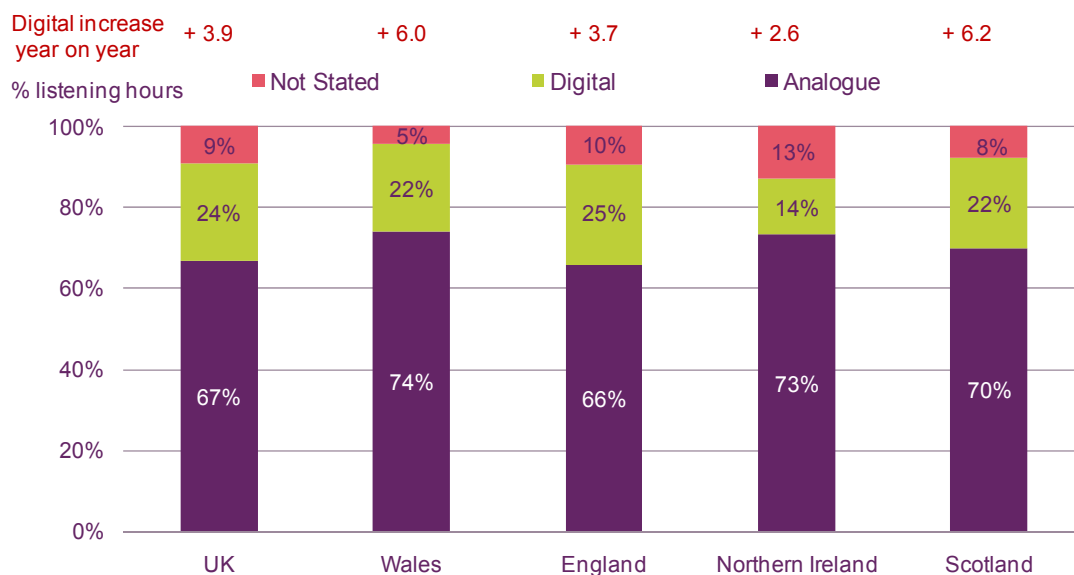
Base: Adults aged 15+ who listen to radio (n= 7017 UK, 854 Wales, 4476 England, 1034 Scotland, 653 Northern Ireland, 623 Wales urban, 231 Wales rural, 251 South East Wales, 277 South West Wales, 326 North/ Mid Wales)

QP3. How often, if at all, do you access the radio via – Digital radio via: TV, internet, DAB radio, mobile phone?

One fifth (22%) of radio hours in Wales are via digital platforms

Radio listening via digital platforms (including listening via DAB set, DTV, or online), accounted for over a fifth (22%) of all radio listening hours in Wales by Q1 2010. This was up by six percentage points on the previous year but still two percentage points below the UK average digital share of 24% of hours. It was highest in England, where a quarter of all radio hours were via a digital platform, and lowest in Northern Ireland at 14%. This therefore reflects the general pattern of take-up and availability of digital radio across the nations.

Figure 3.12 Share of radio listening hours via digital and analogue platforms



Source: RAJAR / Octagon, Q1 2010

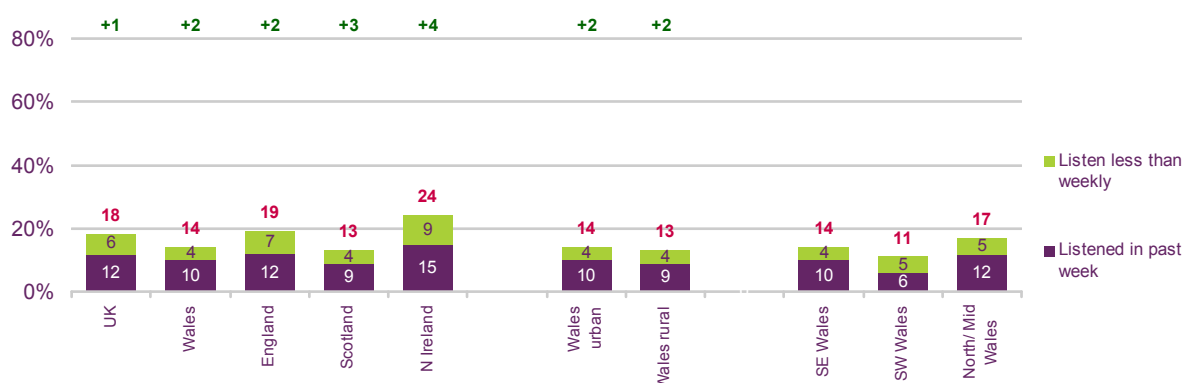
Note: 'Not Stated' category refers to listening where the respondent did not specify the platform used.

Listening to audio content through a mobile handset less prevalent in Wales than in other nations

When asked to consider the wider range of audio content, such as digitally stored music and podcasts, as well as radio, 14% of adults in Wales said they used their mobile phone handset to listen to all types of audio content. This figure reflects the increasing versatility of phones as audio delivery devices, and the ability to listen to audio content without either paying data charges or needing additional storage space. However, use in Wales (as well as in Scotland) was lower than the UK average (18%) (Figure 3.13), while use was highest in Northern Ireland at 24%. Within Wales, listening to audio content on a mobile phone was highest in North/ Mid Wales and lowest in the South West, with these patterns correlating with trends in mobile phone ownership.

Figure 3.13 Use of a mobile phone to listen to audio

Proportion of respondents (%) who have used their mobile to listen to audio content (Figure above bar shows % point change in likely to purchase from Q1 2009)



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 1075 Wales, 5709 England, 1468 Scotland, 761 Northern Ireland, 810 Wales urban, 265 Wales rural, 348 South East Wales, 360 South West Wales, 367 North/ Mid Wales)

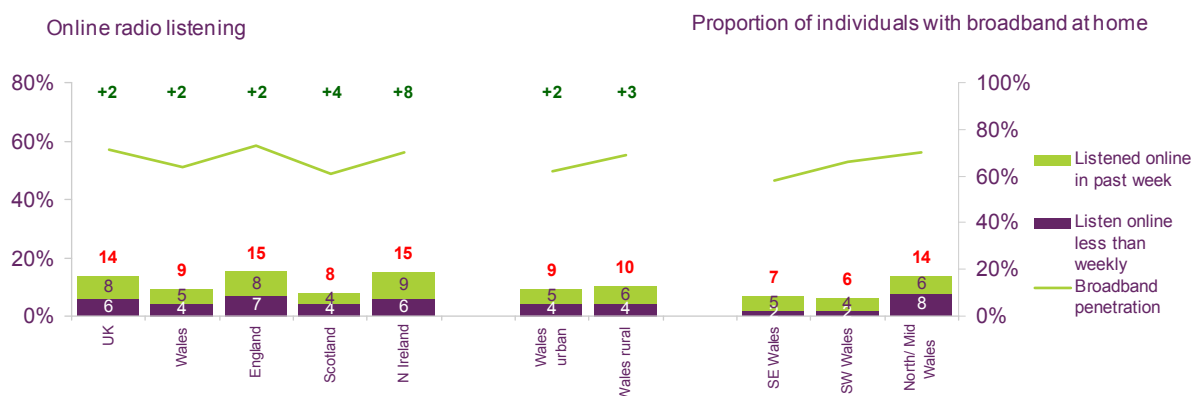
QD28A-B. Which, if any, of the following activities, other than making and receiving calls, do you use your mobile for?/ And, which of these activities have you used your mobile for in the last week?

3.1.7 Listening to music online

Using the internet to listen to the radio remains a niche pastime

Nine per cent of adults in Wales said that someone in their household had listened to the radio online in Q1 2010, a rise of two percentage points on the previous year (Figure 3.14). This is a lower proportion than the UK average (14%), led by take-up in England and Northern Ireland (15%). The trend follows patterns of broadband penetration, and in line with this, listening to the radio over the internet in Wales was highest in rural areas and in North / Mid Wales (at 14%).

Figure 3.14 Proportion of adults living in a household that has used the internet to listen to radio



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 1075 Wales, 5709 England, 1468 Scotland, 761 Northern Ireland, 810 Wales urban, 265 Wales rural, 348 South East Wales, 360 South West Wales, 367 North/ Mid Wales)

QE5A-B. Which, if any, of these do you or members of your household use the internet for whilst at home?/ And, which, if any, of these activities have you or members of your household used the internet for in the last week?

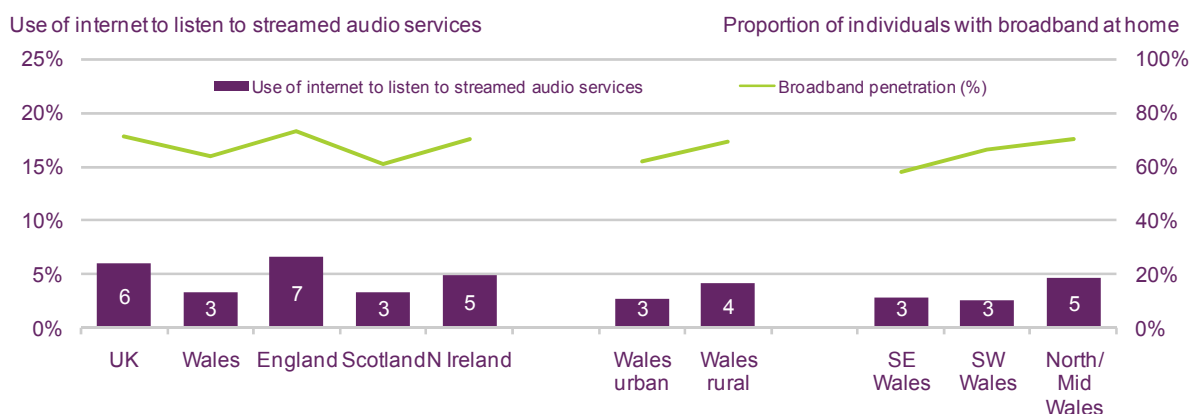
Listening to streamed audio services is still a niche activity

The internet has opened up a variety of new ways for consumers to discover, interact with, listen to, share and manipulate the music they want to listen to. Consumers can listen to the radio online, buy music downloads from sites such as iTunes, stream music from sites like Spotify and take advantage of the wide range of music blogs and information sites.

During the past year several on-demand streaming services have grown in prominence as an alternative means of consuming music online. Instead of listening to online radio stations, or paying to download individual tracks from services such as iTunes, services such as Spotify, We7 and Last.fm allow users to stream music on-demand to their computers (and in some cases mobile devices). The basic tier of these services is usually advertising-supported and provided to consumers for free. But most services also offer premium subscription tiers without adverts and with advanced or mobile functionality.

Although streaming services have received significant media attention over the past year, Ofcom research shows that take-up is still relatively low. Across the UK just 6% of consumers claim to have accessed these services using the internet. Take-up is lowest in Scotland and Wales (both 3%), and higher in Northern Ireland (5%) and England (7%). In Wales, use of these services ranged from 3% in the south to 5% in Mid and North Wales.

Figure 3.15 Use of the internet for listening to streamed audio services



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 1075 Wales, 5709 England, 1468 Scotland, 761 Northern Ireland, 810 Wales urban, 265 Wales rural, 348 South East Wales, 360 South West Wales, 367 North/ Mid Wales)

QE10A. Which, if any, of these do you or members of your household use the internet for whilst at home?/ And, which, if any, of these activities have you or members of your household used the internet for in the last week?

3.1.8 Satisfaction with radio services

Satisfaction with choice of radio services is higher in South Wales

Satisfaction with the choice of stations available in Wales was high at 95%, above the UK average of 93%. Only 3% of respondents in Wales said they were dissatisfied with station choice in their area. Satisfaction was higher in the southern areas of Wales, at 96%-97% compared to 92% in the North / Mid regions.

Figure 3.16 Satisfaction with choice of radio services

How satisfied are you with the choice of radio stations available in your area?



Source: Ofcom research, Q1 2010

Base: Adults aged 15+ who listen to radio (n= 7017 UK, 854 Wales, 4476 England, 1034 Scotland, 653 Northern Ireland, 623 Wales urban, 231 Wales rural, 251 South East Wales, 277 South West Wales, 326 North/ Mid Wales).

QP4: How satisfied are you with the choice of radio stations available in your area?