Report on public interest test on the acquisition of Guardian Media Group's radio stations (Real and Smooth) by Global Radio

This is the non-confidential version.
Confidential information has been redacted.
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Note

This is an annotated version of the report that was submitted to the Department for Culture, Media and Sport on 28 September 2012. The annotations fall into four categories:

- the following symbol † is used in the case of 5 typographical corrections (with an explanation provided for each on page 83);
- '**Addendum**' footnotes for 7 textual additions. An explanation is provided for each in footnotes 14, 47, 48, 54, 58, 64 and 72;
- '**Erratum**' footnotes for 5 textual corrections. An explanation is provided for each in footnotes 38, 39, 80, 95, and 116; and
- '**Deletion**' footnotes for two textual corrections, found in footnotes 46 and 59.

Section 1

Summary

Introduction

1.1 On 24th June 2012 Global Radio Ltd acquired the outstanding share capital in GMG Radio Holdings Ltd[1]. On 2nd August 2012 the then Secretary of State for Culture, Media and Sport issued an intervention notice in relation to the proposed acquisition. The notice specified the public interest consideration:

> *"the need, in relation to every different audience in the United Kingdom or in a particular area or locality of the United Kingdom, for there to be a sufficient plurality of persons with control of the media enterprises serving that audience".* [2]

1.2 He asked Ofcom to investigate and to report to him by 28th September 2012 providing advice and recommendations on the specified public interest consideration, which may be relevant to the Secretary of State's decision on whether to refer the case to the Competition Commission.

1.3 It is not Ofcom's role to advise on whether concerns are conclusively established but rather to advise on whether there may be concerns such that a fuller second stage investigation is warranted. In our advisory role undertaking a first stage assessment within 40 working days, to recommend a reference Ofcom needs to hold a reasonable belief, on the basis of the evidence available, that the proposed acquisition may operate or be expected to operate against the public interest[3].

1.4 In fulfilling this role, we have had particular regard to the significance attached by Parliament to media plurality to the functioning of a healthy and informed democracy. The relevant Government minister said in 2003 that:

> *"[media] plurality is important for a healthy and informed democratic society. The underlying principle is that it would be dangerous for any person to control too much of the media because of his or her ability to influence opinions and set the political agenda".*[4]

1.5 We published our guidance and an invitation to comment on 3rd August 2012. We have also undertaken our own analysis and new primary research and taken into account the submissions we received from a range of stakeholders including:

- 20 submissions from commercial and professional organisations (including Global Radio and Ofcom's Advisory Councils in Wales and Scotland);
- 25 direct submissions from individuals; and
- 27 representations from MPs.

[1] GMG Radio Holdings has since been renamed Real & Smooth Limited. For convenience, we refer to it throughout this report as "GMG Radio".
[2] There has only been one previous instance of an intervention notice being issued in relation to this public interest consideration involving Sky's proposed acquisition of 17.5% of ITV ("Sky/ITV").
[3] Office of Fair Trading & Ors v IBA Health Ltd [2004] EWCA Civ 142 (19 February 2004).
[4] Lord McIntosh of Haringey (Parliamentary Under Secretary, DCMS) 2 July 2003, Hansard.

1.6 We have taken account of the relevant DTI Guidance[5], the Competition Commission's report on the Sky/ITV case[6], and the Court of Appeal's judgment in the Sky/ITV case[7]. We have also considered other relevant regulatory provisions, in particular, the impartiality requirements under Ofcom's Broadcasting Code.

1.7 It is important to note that while a number of parties have suggested to us that the proposed transaction may also raise competition concerns, we are concerned only with the specific public interest consideration referred to us by the Secretary of State in his intervention notice. The effect of the transaction on competition is the subject of a separate investigation by the Office of Fair Trading.

1.8 Several parties have also raised concerns with us about the effect of the transaction on the level of provision of various genres of content. Some of these genres have limited relevance to the specific public interest consideration referred to us by the Secretary of State.

1.9 Ofcom has a separate duty under s.355 of the Communications Act 2003 to review the effects of a change of control over local sound broadcasting licence holders. If such a change is or would be prejudicial to the quality and range of programmes included in the service, the character of the service, or Ofcom's duties to secure localness and locally-produced programming as appropriate, Ofcom may vary the licence concerned. Ofcom is currently carrying out a change of control review in relation to the GMG Radio licences.

1.10 In considering plurality and the need for there to be sufficient plurality, we have considered the range and number of persons having control of media enterprises in the context of their ability to influence opinions and control the agenda[8],

1.11 In doing so we have had regard to the Government statement during the debate of the plurality provisions (see paragraph 1.4 above) and the Secretary of State's guidance on the media public interest merger provisions, which states that the public interest consideration

> *'is concerned primarily with ensuring that control of media enterprises is not overly concentrated in the hands of a limited number of persons. It would be a concern for any one person to control too much of the media because of their ability to influence opinions and control the agenda. This broadcasting and cross-media public interest consideration, therefore, is intended to prevent unacceptable levels of media and cross-media dominance and ensure a minimum level of plurality'[9].*

1.12 We have looked at news media enterprises' ability to influence and inform opinion by reference to a number of factors since there is no single standard industry measure which can be used consistently across-media platforms. The factors we have used are:

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[5] DTI Guidance: the Enterprise Act 2002: Public Interest Intervention in Media Relevant merger situations, May 2004

[6] Competition Commission Report on the Acquisition by BSkyB plc of 17.9% of the shares in ITV Plc sent to Secretary of State (BERR) 14 December 2007,("Competition Commission")

[7] British Sky Broadcasting Group plc v The Competition Commission and The Secretary of State for Business Enterprise and Regulatory Reform [2010] EWCA Civ 2 ("Court of Appeal")

[8] Competition Commission report, paragraph 5.7 and Court of Appeal paragraph 90 on range and number.

[9] DTI Guidance, paragraph 7.7.

- *Availability* – the number of news media providers available to consumers.

- *Consumption* – the distribution of consumption in and amongst those providers.

- *Impact* – the degree to which different sources influence consumers' opinions.

1.13 We have also had regard as appropriate to the advice on measuring media plurality that we provided to the then Secretary of State which was published on 6th June 2012.

1.14 Ofcom has a wide discretion in relation to the assessment of sufficient plurality. Following the Court of Appeal decision in Sky/ITV, what is required is "a qualitative assessment of the position resulting, or likely to result", from the proposed acquisition[10]. This is a matter of judgment, which we have exercised with regard to the considerable importance Parliament has attached to media plurality for the functioning of a healthy and informed democracy.

1.15 When examining the effects of the proposed transaction on the sufficiency of plurality of persons in control of the media, we adopt the same approach taken by the Competition Commission in the Sky/ITV case:

> *"Whilst recognising that it would not be sufficient for plurality purposes to rely on a single provider (for example, the BBC), we do not consider it necessary to take a view on precisely how many owners would constitute a 'sufficient' level of plurality of persons. Rather, we have looked qualitatively at sufficiency. We have considered sufficiency by reference to the current levels of plurality, having regard to any change in plurality that arises as a result of the acquisition."*[11]

Overall approach

1.16 Our investigation has considered several questions of scope:

- What content genres are important for plurality?

- What geographic audiences should we consider?

- Should our analysis focus solely on radio, or should it take a cross-media approach?

1.17 **Content Genres.** We have limited the scope of our analysis to news and current affairs. We believe that the underlying goal of a plural market is to support informed citizenship, which is most directly achieved through the provision of news and current affairs content. In addition, consumers rank news highest in terms of both personal and social importance[12]. Current affairs also plays an important role in providing consumers with information and analysis and therefore in the development of public opinion.

[10] Court of Appeal, paragraph 87.
[11] Competition Commission, 2007, paragraph 5.15.
[12] See PSB Review Survey Q29 & Q30 2,260 interviews with UK adults age 16+, October to December 2007

1.18 While we have received representations that we should consider audiences for other kinds of content, for example music, we do not consider that the public interest requires a plurality of owners of media enterprises serving audiences for this type of content.

1.19 **Geographic audiences**. We have looked at the audiences for UK-wide news and current affairs. We have also looked at audiences for local and regional news, and in doing so have attached particular importance to those audiences within the devolved nations, where plurality is important for the health of devolved democracy.

1.20 We have focused our analysis on the geographic areas within which there was a significant degree of overlap between Global and GMG prior to the merger, and so where we might expect a direct effect on plurality. We recognise that from this frame of reference it necessarily follows that the smaller the area of overlap, the less likely it is that there will be high levels of plurality within it, so we have had regard to the sizes and populations of the areas concerned in considering sufficiency. We also note that a reduction in plurality can have an effect beyond narrowly defined overlap areas, due to the way in which issues are debated within a community (sometimes referred to as the 'water cooler' effect).

1.21 **Single platform vs cross-media**. We believe that in assessing the sufficiency of plurality of owners of media enterprises, we must take account of all platforms through which consumers source news content. Our approach has therefore taken into account the plurality of the news media market across radio, television, press and online.

The factual position

1.22 Global Radio is the largest commercial radio company in the UK (by audience share), with revenues of £✂, and a weekly audience reach of 39%. It holds a portfolio of local radio brands that includes Heart, Capital, LBC, XFM, Gold and Choice, along with Classic FM, a national commercial radio station and digital radio brands The Arrow and Chill.

1.23 GMG Radio is the third largest commercial radio company (by market share), with revenues of £✂ and a weekly audience reach of 9%. It has a portfolio of three local commercial radio brands: Real Radio, Real Radio XS and Smooth Radio, though the latter only offers local news and current affairs in Scotland.

1.24 Global Radio has provided information to us about its future plans. Global Radio plans to ✂. Data provided to us by both Global Radio and GMG Radio for a sample week suggests that Real stations tend to provide higher volumes of nations/regional/local content than Heart stations.

1.25 Global Radio has told us that it intends to revise the news broadcast by Real Radio in Wales in the following ways:

- To increase slightly total news minutage in daytime (though there will be a reduction at weekends).
- To introduce a new 20 minute news programme at ✂, focusing on news from around Wales, including coverage of the Welsh Assembly and matters in relation to which the Welsh Assembly has powers.
- ✂.

- To create a new role for a Welsh Political Editor, principally based at the Welsh Assembly, whose remit will be to discover stories, ensuring devolved issues are interpreted for audiences.

- To maintain a dedicated news editor for Real Radio, ensuring it has a distinctive approach in its approach, tone and presentation.

1.26 Real Radio has requested, and we have granted, licence amendments to reflect these proposals, which will take effect if the merger is cleared on terms which allow Global to own all the Welsh licences.

The effect of the transaction on audiences for UK-wide news and current affairs

1.27 At the retail level there are a number of suppliers of UK-wide news within the geographic areas affected by the transaction, including other providers of radio news (the BBC), TV news (BBC, ITV, Sky), newspapers (for example, News Corporation and Trinity Mirror), and online news; relative to many of these other organisations, Global Radio and GMG Radio are comparatively small. The analysis we have undertaken shows that consumers typically draw on a range of these services across several platforms.

1.28 Before the transaction, Global Radio and GMG Radio both sourced their UK-wide news content from the same wholesale provider, IRN. Therefore the transaction will have only a limited effect on the number of providers of UK-wide news at the retail level, and will have no effect at the wholesale level.

1.29 For the reasons set out above, our conclusion therefore is that we have not identified any substantive plurality concerns resulting from this transaction relating to UK-wide news provision.

The effect of the transaction on audiences for local and regional news and current affairs

1.30 Global Radio and GMG Radio are commercial local radio stations that broadcast nations/regional/local news in a number of locations across the UK.

1.31 There are ten different parts of the UK where their stations overlap in some combination – Capital/Heart with Real Radio/Real Radio XS. GMG Radio's Smooth Radio provides local news and current affairs content only in Glasgow, and in relation to nations, regional and local news and current affairs, we have therefore considered Smooth Radio only in that area.

1.32 It is important to note that, unlike the position for UK-wide news, both Global and GMG produce their own local and regional news, rather than sourcing it from IRN. Therefore, in those geographic areas where there was a degree of overlap before the transaction, we expect the transaction to result in an equivalent reduction of plurality at the retail and wholesale level[13].

1.33 We have applied our availability, consumption and impact analysis to each of these ten geographic areas. We summarise the analysis in Table 1, which lists the geographic areas in descending order of concern.

[13] Global's Gold England radio stations do not broadcast local/regional news. They are therefore excluded from this consideration.

Table 1: Summary analysis of availability, consumption and impact[14]

Area of interest (Global/GMG TSA)	Region/city	Overlap pop (m)	Availability				Consumption										Impact – main source for news about ...							
			# of local radio owners		# of media owners cross platform		Local radio share of listener hours (%)				Share of references for use of local media platforms (%)				Av # p'form used for local media	% soley using local radio for local media	"What's going on in my nation" (%)				"What's going on in my local area" (%)			
			Pre	Post	Pre	Post	Glob	GMG	G+G	Other station #1 or #2	TV	Radio	Press	Online			TV	Radio	Press	Online	TV	Radio	Press	Online
Real North Wales	N Wales	0.5	3 ➔	2	8 ➔	7	32 +	17 =	49	39	42	22	11	22	2.7	3	76	8	8	5	71	8	9	7
Capital South Wales	Cardiff	1	4 ➔	3	8 ➔	7	28 +	28 =	56	26	42	22	11	22	2.7	3	76	8	8	5	71	8	9	7
Capital NE	North East	2.2	4 ➔	3	9 ➔	8	23* +	11* =	34*	37*	44	27	13	14	2.7	1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Real South Wales	S Wales	1	5 ➔	4	10 ➔	9	15 +	25 =	40	29	42	22	11	22	2.7	3	76	8	8	5	71	8	9	7
96.3 Real XS	Glasgow	0.8	4 ➔	3	10 ➔	9	12 +	34 =	46	39	46	23	16	15	2.6	2	77	5	10	3	49	9	13	2
106.1 Real XS	North West	2.9	5 ➔	4	10 ➔	9	26* +	17* =	43*	30*	33	23	20	19	3	2	n.a.	n.a.	n.a.	n.a.	57	8	17	5
Smooth Glasgow	Glasgow	1.6	4 ➔	3	11 ➔	10	12 +	37 =	49	36	46	23	16	15	2.6	2	77	5	10	3	49	9	13	2
Real Radio Scotland	Central Scotland	2.7	4 ➔	3	13 ➔	12	14 +	32 =	46	36	46	23	16	15	2.6	2	77	5	10	3	49	9	13	2
Real Radio Yorkshire	Yorkshire	2.9	7 ➔	6	13 ➔	12	26 +	17 =	43	26	38	26	13	18	2.7	4	n.a.	n.a.	n.a.	n.a.	61	8	15	4
Real Radio NW	North West	2.8	5 ➔	4	13 ➔	12	13* +	12* =	25*	30*	33	23	20	19	3	2	n.a.	n.a.	n.a.	n.a.	57	8	17	5

Note 1: In the Capital North East TSA, share is based on total local radio hours (any local commercial plus BBC local radio) excluding Smooth Radio as it does not provide local news. Global's share post merger is therefore based on Capital North East and Real Radio. In both the Real Radio NW TSA and the 106.1 Real XS TSA share is based on total local radio hours (any local commercial plus BBC local radio) excluding Smooth Radio and Gold Manchester as they do not provide local news. Note 2: In estimating the number of local./regional/nations newspapers available to people in Scotland, we have not included DMGT's Scottish Daily Mail, Scottish Daily Express, or Daily Star of Scotland, GMG's The Guardian, or Lebedev's The Independent. We recognise that these titles each contain varying levels of Scotland specific content. Note 3: The share of references for local radio is based on consumers saying whether they use local radio at all in an average week. It does not ask about consumers' use of local radio for news content. It cannot be analysed in terms of the contribution of local commercial radio versus BBC local radio. However, consumers were asked about the use of television for local news, use of local papers and of the internet for local news and information. Note 4: The local media survey (2012) and the media tracker (2011) were not designed to represent each geographical area in terms of age, socio economic group or gender.

1.34 In considering this data, we have had particular regard to plurality in Scotland and Wales, where plurality is important for the health of devolved democracy.

1.35 For the bottom eight areas considered in the table above, we conclude that the data suggests that post-merger there remains a sufficient plurality of media owners available cross-platform, though the number falls by one in each area (and there may be a reduction in news minutage at some times of the day). We know that many consumers draw on a range of platforms to satisfy their need for local media content.

1.36 In North Wales and the Cardiff area, we have identified that pre-merger there was a comparatively low number of news media providers available to consumers, exacerbated by the reduction in providers by one brought about by the merger. We have therefore looked particularly closely at this area.

1.37 Although the merger has resulted in a reduction in the number of media owners, there will continue to be a variety of other platforms, including TV (which audiences rate as by far the most important platform) and newspapers (between 1 and 3 owners), with online being increasingly important.

1.38 For the reasons set out above, our conclusion therefore is that we have not identified any substantive plurality concerns resulting from this transaction relating to local, regional and nations news provision.

[14] **Addendum:** The symbols ➔, + and = have been added to the table since the report was submitted

Conclusion

1.39 Ofcom's advice, based on the evidence and reasons set out in this report, is that we do not consider that it is or may be the case that Global Radio's acquisition of GMG Radio operates or may be expected to operate against the public interest.

Section 2

Introduction

The acquisition and Ofcom's role

2.1 On 24th June 2012 Global Radio Limited ("**Global Radio**") acquired the entire issued share capital of GMG Radio Holdings Limited.

2.2 On 2nd August 2012 the UK Secretary of State for Culture, Media, Sport and the Olympics issued an intervention notice specifying the public interest consideration: *"the need, in relation to every different audience in the United Kingdom or in a particular area or locality of the United Kingdom, for there to be a sufficient plurality of persons with control of the media enterprises serving that audience".*

2.3 The Secretary of State requested that Ofcom should report by **28th September 2012** (40 working days) on the effect on this consideration of the acquisition.

2.4 Our report must provide advice and recommendations on the specified public interest consideration, which may be relevant to the Secretary of State's decision on whether to refer the case to the Competition Commission.

2.5 It is not Ofcom's role to advise on whether concerns are conclusively established but rather to advise on whether they may be concerns such that a fuller second stage investigation is warranted. In our advisory role undertaking a first stage assessment within 40 working days, to recommend a reference Ofcom needs to hold a reasonable belief, on the basis of the evidence available, that it is or may be the case that the proposed acquisition may operate or be expected to operate against the public interest[15].

2.6 Since the merger took place, GMG Radio Holdings Limited has been renamed Real and Smooth Ltd. In this advice we nevertheless refer to it as "**GMG Radio**", since our focus is on the change from the pre-merger position.

Our approach

2.7 Following receipt of the intervention notice, we published a guidance note on our approach to the public interest test[16] and invited the parties and other stakeholders to comment on the proposed acquisition in a number of areas, including: content types; audiences; media platforms; control of media enterprises; and future developments in the media landscape[17]. We received 71 submissions in total from a range of stakeholders, and have taken these into account in our advice. We received:

- 20 submissions from commercial and professional organisations (including Global Radio and Ofcom's Advisory Councils in Wales and Scotland);
- 25 direct submissions from individuals; and
- 27 representations from MPs.

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[15] Office of Fair Trading & Ors v IBA Health Ltd [2004] EWCA Civ 142 (19 February 2004)
[16] http://stakeholders.ofcom.org.uk/binaries/consultations/gmg-radio-holdings/guidance.pdf
[17] http://stakeholders.ofcom.org.uk/binaries/consultations/gmg-radio-holdings/ITC.pdf

2.8 To assess the public interest consideration defined by the Secretary of State, we have adopted a similar approach to that of the Competition Commission in the Sky/ITV case. We have therefore considered:

- the nature of the public interest test, including sufficient plurality, described below;
- the relevant audience(s), defined in Section 3;
- the current market situation ('market overview') outlined in Section 4;
- The effects of the merger on the provision of UK-wide news and current affairs, considered in Section 5; and
- The effects of the merger on the provision of Nations, regional and local news and current affairs, considered in Section 6;

2.9 Our analytic framework has been to consider availability, consumption and impact. We provide conclusions and recommendations in paragraphs 5.35 to 5.36 and 6.33 to 6.36.

Sufficient plurality of persons with control of media enterprises

2.10 As explained in the Secretary of State's guidance on the media public interest merger provisions, the public interest consideration outlined in 1.1 above:

> "*is concerned primarily with ensuring that control of media enterprises is not overly concentrated in the hands of a limited number of persons. It would be a concern for any one person to control too much of the media because of their ability to influence opinions and control the agenda. This broadcasting and cross-media public interest consideration, therefore, is intended to prevent unacceptable levels of media and cross-media dominance and ensure a minimum level of plurality*"[18]

2.11 Ofcom has a wide discretion in relation to our assessment of sufficient plurality. What is required is:

> "a qualitative assessment of the position resulting, or likely to result", from the proposed acquisition[19]. This is inevitably a matter of judgment, which we exercise with regard to the considerable importance Parliament has attached to the preservation of plurality of controllers of media enterprises[20]. The relevant Government minister said in 2003 *"[media] plurality is important for a healthy and informed democratic society. The underlying principle is that it would be dangerous for any person to control too much of the media because of his*

[18] DTI Guidance: the Enterprise Act 2002: Public Interest Intervention in Media Relevant merger situations, May 2004, paragraph 7.7

[19] Court of Appeal British Sky Broadcasting Group plc v The Competition Commission and The Secretary of State for Business Enterprise and Regulatory Reform [2010] EWCA Civ 2 ("Court of Appeal"), at paragraph 87.

[20] Ibid at paragraph 104

or her ability to influence opinions and set the political agenda"[21]

2.12 When examining the effects of the proposed acquisition on the sufficiency of plurality of persons in control of the media, we adopt the same approach taken by the CC in the Sky/ITV case:

> *"Whilst recognising that it would not be sufficient for plurality purposes to rely on a single provider (for example, the BBC), we do not consider it necessary to take a view on precisely how many owners would constitute a „sufficient" level of plurality of persons. Rather, we have looked qualitatively at sufficiency. We have considered sufficiency by reference to the current levels of plurality, having regard to any change in plurality that arises as a result of the acquisition."*[22]

2.13 We therefore commence our analysis by reference to the current levels of plurality. We consider how the proposed transaction may affect the level of plurality in the market today, and whether this may raise risks for the public interest in terms of a potential reduction in media plurality such that a fuller second stage investigation is warranted.

2.14 In undertaking our assessment, we consider a number of broad points that underpin our advice and recommendations. These include:

- defining the relevant audiences for the proposed acquisition;
- definition of media enterprises;
- control of media enterprises and assessing the effects of any change on plurality;
- assessing external and internal plurality;
- plurality and other regulatory measures.

Defining the relevant audiences for the proposed acquisition

2.15 In relation to the audiences served by the merging parties, the Act gives us a wide discretion to consider them all together, separately, parts of them or in groups, as we consider appropriate[23].

2.16 In this case we consider that relevant audiences should be defined according to:

- Content types: Parliament did not define specific content genres as being important to plurality. We need to consider which content types are most relevant to the proposed acquisition and plurality.
- Geographical location: the audience affected by the proposed acquisition may be UK-wide or confined to particular geographical areas. This depends

[21] Lord McIntosh of Haringey (Parliamentary Under Secretary, DCMS) 2 July 2003, Hansard
[22] Competition Commission Report on the Acquisition by BSkyB plc of 17.9% of the shares in ITV Plc sent to Secretary of State (BERR) 14 December 2007,("Competition Commission"), paragraph 5.15.
[23] Section 58A(6) and (7) of the Act

primarily on the geographical scope of the activities of the media enterprises involved in the transaction.

- Media platforms: audiences should also be defined according to the media used to access relevant content types provided by the merging parties.
- Sub-groups: in defining audiences we have also had regard as to whether particular sub-groups (for example according to age, socio-economic groups, ethnicity or other criteria) may be more affected than others by the proposed transaction.

2.17 Section 3 of this report discusses our audience definition.

Media enterprises

2.18 For the purposes of this assessment a "media enterprise" is an enterprise which consists in or involves broadcasting. Broadcasting means, very broadly, the provision of radio and television services[24].

2.19 However, in considering the sufficiency of plurality of ownership of media enterprises in previous cases, we have taken into account the public's growing access to and popularity of the internet, including online news providers who are not also UK TV or radio news broadcasters and are therefore not "media enterprises" themselves. We continue to consider the internet and wider online news provision to be relevant in any consideration of the "sufficiency" of plurality of ownership of media enterprises and we have taken it into account. For the same reason, we have also taken into account newspapers[25].

2.20 Some of the representations we received raised concerns about the news supply chain, in particular IRN. Providers of news for broadcast, which are not themselves broadcast licensees, are not "media enterprises" under the Enterprise Act 2002. However, as noted previously by the Competition Commission in relation to television, in providing wholesale news to channels and publishers, both wholesaler and channel operator share some degree of editorial influence.

2.21 We consider the same to be true of radio. IRN is not a "media enterprise" for the purpose of the statutory test, but its provision of news to radio broadcasters is relevant to the question of the contribution made by those other media enterprises to plurality and therefore to the degree of any concerns arising from the proposed transaction.

Other regulatory measures

2.22 The public interest consideration is one of a number of regulatory mechanisms which can have a bearing on plurality.

2.23 Parliament has previously put in place media ownership rules for television, radio and newspapers.

[24] Services for which a Broadcasting Act licence is required, see section 44(9) of the Act.
[25] Newspapers are not "media enterprises" for the purposes of the Act in this case because neither of the merged parties is a newspaper.

2.24 Ofcom's Broadcasting Code contains impartiality provisions, requiring that news is reported with due accuracy and presented with due impartiality[26]. For example, views and facts must not be misrepresented.

2.25 Plurality is distinct from competition considerations and therefore competition policy. Parliament has acknowledged the role that competition law plays in protecting consumer interests where concentrations of market power are concerned but such a framework alone would not guarantee plurality[27].

2.26 A parallel but distinct review of any competition issues resulting from the proposed acquisition is being conducted by the Office of Fair Trading.[28]

2.27 When there is a change of control of a local sound broadcasting service, as has occurred through this merger, Ofcom must review the effects or likely effects of that change on:

(a) the quality and range of programmes included in the service;

(b) the character of the service (in particular the selection of spoken material and music); and

(c) the extent to which Ofcom's duty to secure that programmes consisting of or including "local material" are included in the service to an appropriate extent is performed in relation to the service.

2.28 If Ofcom considers that the change of control will be prejudicial to any of those matters, we must vary the licence accordingly and may make the obligations it imposes more onerous than they were pre-change of control. However, such a variation may not impose an obligation which the licensee was not meeting during the three month period immediately prior to the change of control (there is power to use a different three months where that was not "typical") [29]. We are doing this.

Report structure

2.29 The remainder of this report presents the conclusions we have drawn on the public interest test, and is organised as follows:

- **Section 3** sets out our audience definition and analytical framework;
- **Section 4** provides a description of the merging parties and a market overview, examining the radio, television, print and online news media industries;
- **Section 5** considers the effects of the acquisition on the market for UK-wide news and current affairs; and
- **Section 6** considers the effects of the acquisition on the market for nations/regional/local news and current affairs.

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[26] http://stakeholders.ofcom.org.uk/broadcasting/broadcast-codes/broadcast-code/impartiality/
[27] See for instance Hansard HL Debate, 2 July 2003, c 913, and Hansard HL Debate, 5 June 2003, c 1435
[28] http://www.oft.gov.uk/OFTwork/mergers/Mergers_Cases/2012/GlobalRadio
[29] S.355 Communications Act 2003

Section 3

Audience definition and analytical framework

3.1 As set out in paragraph 2.16, in this case we consider that relevant audiences should be defined according to content types; geographical location; media platforms; and sub-groups.

3.2 We then consider the relevant audience using an analytical framework assessing availability, consumption and impact.

3.3 This section explains our thinking on each of these areas in more depth.

Audience Definition

Content types

3.4 In our Measuring Media Plurality report[30], we concluded that plurality contributes to a well-functioning democratic society, by (i) ensuring there are informed citizens and (ii) preventing too much influence over political processes. The genres that were the focus of Ofcom's and the Competition Commission's consideration of the Sky/ITV case[31] and News Corporation/Sky cases[32] were national news and current affairs. In this case, the merging parties provide both national (UK), nations, regional and local news and current affairs content.

3.5 While we have received representations that we should consider audiences for other kinds of content, principally music and "localness", we do not consider that the public interest requires a plurality of owners of media enterprises serving audiences for this type of content.

3.6 We consider the relevant audience(s) in this case to be audiences for national (UK-wide) news and current affairs and for nations, regional and local news and current affairs, recognising that these categories may overlap.

Geographical location

3.7 The consolidation of Global Radio with GMG Radio results in overlapping stations belonging to one or the other group coming under common ownership in a number of parts of the UK, which we have considered. We also consider the non-overlapping areas of GMG radio station 'footprints' to be of relevance, should Global's acquisition of the GMG stations result in a substantial change in the type of news they broadcast. We also note that a reduction in plurality can have an effect beyond narrowly defined overlap areas or footprints, due to the way in which issues are debated within a community (sometimes referred to as the 'water cooler' effect).

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30 http://stakeholders.ofcom.org.uk/binaries/consultations/measuring-plurality/statement/statement.pdf

31 http://webarchive.nationalarchives.gov.uk/20101227023510/http://www.bis.gov.uk/files/file39607.pdf
http://webarchive.nationalarchives.gov.uk/20101227023510/http://www.bis.gov.uk/files/file43218.pdf

32 http://www.culture.gov.uk/images/publications/OfcomPITReport_NewsCorp-BSkyB_31DEC2010.pdf

3.8 We note that the two parties combined provide national (UK) and nations/regional/local news and current affairs principally by radio, with a very small online presence.

3.9 We consider that any assessment of the sufficiency of media plurality must ultimately be carried out on a cross-media basis, taking account of news and current affairs provided by the merging parties and other providers on radio, television, newspapers and online.

3.10 As part of this we have undertaken analysis on radio, television, newspapers and online to understand the degree to which consumers rely on these different platforms as a main source of news and current affairs.

Sub-groups

3.11 We note that there are demographic variations in media consumption, but our view is that these variances do not suggest a need to define sub-group audiences.

3.12 We have considered if there is a need to define a Welsh-language audience, but GMG Radio does not provide Welsh-language programming and therefore the transaction will have no effect on that audience.

Analytical framework

Availability

3.13 GMG Radio local stations are available in nine regions across the UK:

England						Scotland	Wales	
North East	Yorkshire	North West	West Midlands	East Midlands	London	Central Scotland	North Wales	South Wales
Real Radio	Real Radio	Real Radio	Smooth Radio	Smooth Radio	Smooth Radio	Real Radio	Real Radio	Real Radio
Smooth Radio		Smooth Radio				Smooth Radio		
		106.1 Real XS				96.3 Real XS		

3.14 These stations broadcast both UK-wide and nations/regional/local news.

3.15 For nations/regional/local news, in each of these areas there is at least one Global local radio station overlapping with all or part of the GMG footprint. To understand the provision nations/regional/local news to the populations in these areas, we have considered the availability of news providers across the four platforms we are interested in, specifically:

- local radio stations (commercial and BBC);
- regional television stations;
- local print media; and
- online sites providing local content.

3.16 We have taken into account the number of regional/local press titles, the estimated number of websites that carry local content and the number of television channels broadcast in the particular area. However, it must be noted that not all media sources we have considered will be necessarily available to everyone within the GMG area or the overlapping footprint as some sources cover a specific area.

3.17 We also note that the nature and type of local news provided by each platform and each individual source will vary.

3.18 In assessing the local news provision on local radio, we note that some stations with local or regional licences are not required to carry local news and we have excluded these stations from our consideration of the impact of the acquisition on the plurality of nations/regions/local news. Specifically:

- GMG's Smooth Radio stations in England (Smooth Radio Glasgow is included as it does provide bespoke news content);
- Global's Gold stations in England; and
- Bauer's Kiss stations.

3.19 We have estimated the number of websites that carry local content by taking into account newspaper websites[33], hyperlocal websites[34] and BBC news websites[35]. We have considered other websites identified to us by Global. There may be other websites that also carry local news content and therefore the availability of local news websites is likely to be underestimated.

Consumption

3.20 In considering the population overlap between GMG Radio and Global Radio stations in the areas of interest in assessing consumption of radio, we cannot analyse the overlapping area using RAJAR[36]. We have therefore taken the TSA[37] of the GMG Radio or Global Radio station that comes closest to approximating the overlap area in each area of interest.

3.21 When we have assessed consumption and impact on a cross-platform basis, using our existing consumer research, we have used relevant Government Office Regions.

3.22 We have not commissioned any cross-platform share of references (SoR) research for local/regional news for the overlapping geographical areas, radio station TSA, or Government Office Region as we concluded that this would not be possible to do on a sufficiently robust basis in a 40 working-day timescale.

3.23 Our recommended methodology for obtaining SoR data in this context is bespoke telephone interviews by postcode area with regional quotas to reflect each geographical area to ensure the sample represents the geographical area of interest. We are of the view that omnibus surveys (either face to face or phone) or online panels would not deliver robust or reliable enough samples for each geographical area of interest.

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[33] JICREG
[34] Openly Local
[35] www.bbc.co.uk
[36] RAJAR is the radio industry audience measurement system. According to its reporting guidelines, listening figures are only publishable from within a complete TSA as the survey sample is not representative at a sub-level.
[37] Total Survey Area - the area within which a station's audience is measured. This area is defined by the station using postcode districts as building blocks.

Impact

3.24 Ofcom's report on Measuring Media Plurality explained that impact metrics need to capture the influence of news content consumption on how people's opinions are formed.

3.25 It also highlighted that how people's opinions are formed is complex; impact can occur in a subtle and indirect fashion and it is unlikely that people are fully aware of its effects.

3.26 This means that attempts to measure impact using direct techniques, such as asking people to state if they have been influenced, are likely to be blunt and limited tools.

3.27 Given the lack of a direct measure, we have instead used proxies for impact in this report such as research into consumers' main source for news about 'What's going on in my local area' and 'What's going on in my nation'.

Section 4

Market overview

4.1 This public interest test focuses on news and current affairs output delivered across four platforms – radio, television, print and online. This section first described the merging parties, before then providing an overview of the features of each of the platforms we are interested in.

4.2 Much of the data and some of the narrative in this section has been taken from two Ofcom publications:

- Communications Market Report 2012 (www.ofcom.org.uk/cmr); and
- PSB Annual Report 2012 (click here).

4.3 Where the available data has allowed us to do so, the focus of the analysis has been on the particulars of the supply and consumption of news and current affairs, which are the genres relevant to the public interest test.

Description of the merging parties

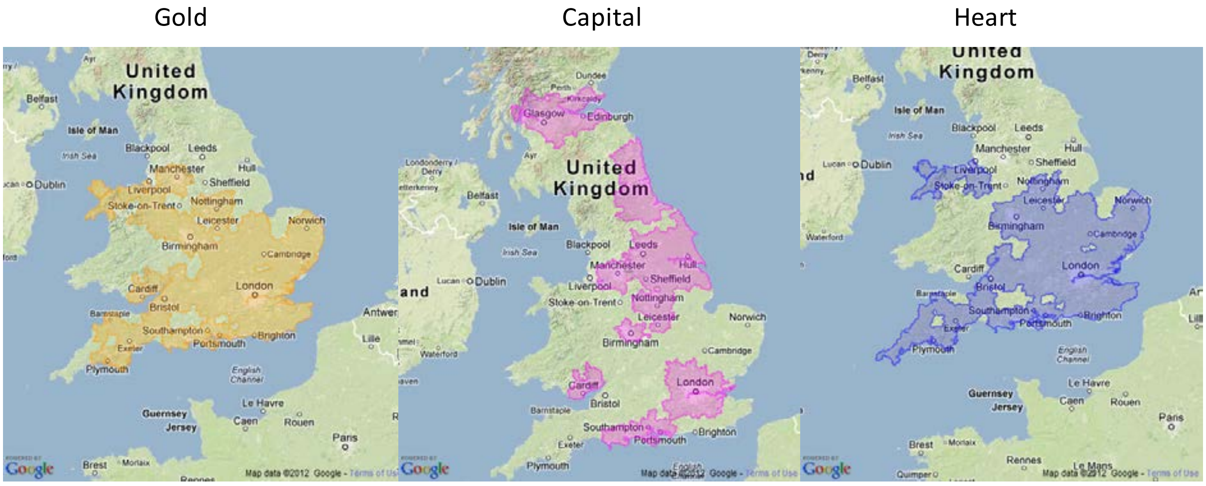
Global Radio

4.4 Global Radio is the largest commercial radio group in the UK with revenues of £✂ in 2011, accounting for ✂ of total commercial radio industry income.

4.5 Alongside UK-wide news, its radio brands Heart, Capital, LBC, XFM and Choice carry nations, regional or local news and other content. The Gold network is a locally-based service simulcasting the same content across its licensed areas (though in Wales it does carry local content). Classic FM is their commercial national radio station, and they also own digital radio brands The Arrow and Chill.

4.6 The location of Heart, Capital and Gold stations on analogue radio across the UK is illustrated below. In addition, on analogue radio, XFM[†] is available in London and Manchester, while LBC and Choice are available in London.

Figure 1: Location of Global Radio stations



Source: Radio Advertising Bureau[38]
Note: Global Radio also operates LBC and Choice on analogue radio in London and XFM in London/Manchester.

4.7 Across the total of Global's station portfolio, the business reached 37% of the listening population on a weekly basis during Q2 2012 (see Figure 9).

4.8 The volume of news broadcast within a sample of Global Radio's stations is illustrated below.

Figure 2: Illustration of weekly minutes of news output on Global Radio stations (during the week 16 – 22 July 2012)

✂

Source: Global Radio's response to Ofcom's request for information.

4.9 The network of journalists who produce these news bulletins totals ✂, the greater proportion of which are found in ✂.

[38] **Erratum:** 'Radio Advertising Bureau' originally read 'RAJAR'

Figure 3: Journalists employed by Global Radio (outside of London)

✂

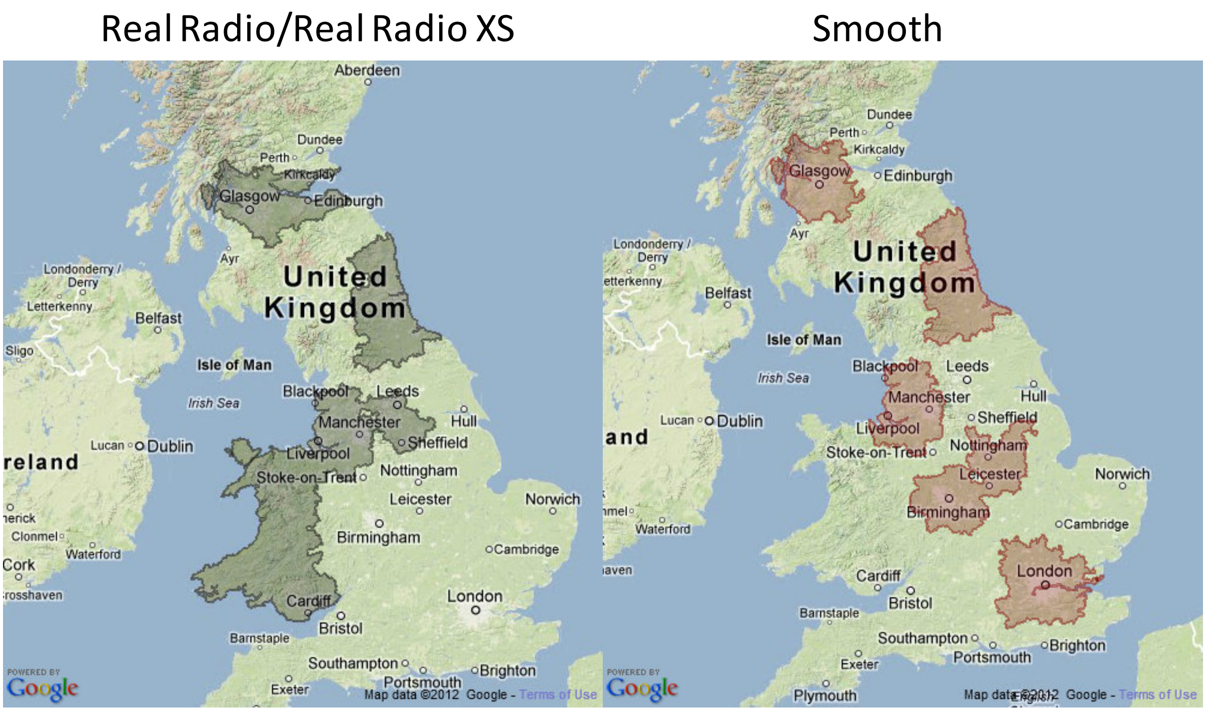
Source: Global Radio's response to Ofcom's request for information

GMG Radio

4.10 GMG Radio Holdings Ltd, now Real and Smooth Ltd (R&S), is the third largest commercial radio group in the UK, with revenues of £✂, or ✂ of total commercial radio industry revenue.

4.11 It operates five large regional stations around the country (the Real Radio Network). It operates a classic rock brand (with local content) Real Radio XS in several areas on the FM and DAB platforms and the FM quasi-national station Smooth Radio (which only provides local content in Glasgow). Smooth Radio also broadcasts nationally on DAB, while Smooth 70s is a digital-only service.

Figure 4: Location of GMG stations



Source: Radio Advertising Bureau[39]

[39] **Erratum:** Radio Advertising Bureau originally read 'RAJAR'

4.12 GMG Radio's station portfolio reached 11% of the listening population in Q2 2012.

4.13 The minutes of UK-wide and nations/regions/local news output on GMG Radio's stations are illustrated for a sample week in the figure below.

Figure 5: Illustration of weekly minutes of news output on GMG Radio stations (during the week 16 – 22 July 2012)

✂

Source: GMG Radio's response to Ofcom's request for information.

4.14 The network of journalists, who produce these news bulletins, totals ✂**,** the greater proportion of which is found in ✂.

Figure 6: Journalists employed by GMG Radio

✂

Source: GMG Radio's response to Ofcom's request for information

4.15 Global Radio has provided information to us about its future plans. ✂.

4.16 Global Radio has told us that it intends to revise the news broadcast by Real Radio in Wales in the following ways:

- To increase slightly total news minutage in daytime (though there will be a reduction at weekends).

- To introduce a new 20 minute news programme at ✂, focusing on news from around Wales, including coverage of the Welsh Assembly and matters in relation to which the Welsh Assembly has powers.

- ✂.

- To create a new role for a Welsh Political Editor, principally based at the Welsh Assembly, whose remit will be to discover stories, ensuring devolved issues are interpreted for audiences.

- To maintain a dedicated news editor for Real Radio, ensuring it has a distinctive approach in its approach, tone and presentation.

4.17 Real Radio has requested, and we have granted, licence amendments that capture the essence of these proposals and which will take effect if the merger is cleared on terms which allow Global to own all the Welsh licences.

Overview of radio market

Radio licences issued

4.18 Most radio broadcasting services are regulated by Ofcom and must be provided under a licence issued by Ofcom[40]. The obligations imposed on a licensee will differ depending on the type of radio service being authorised (there is a specific licence category for each type of service), and the process for granting a licence also differs depending on the type of service. It is a criminal offence to provide such a service without authorisation under a licence[41].

4.19 There are 296 analogue local commercial radio licences in issue (242 on FM and 54 on AM). Many of the services provided under these licences share programming; for example, all of the 23 Gold services on AM carry the same programming. Shared programming across licences has increased in 2011 as the large groups have focused on the development of their brands. Global Radio’s Heart and Capital brands have been rolled out to 30 local radio stations across the UK, while three Kiss FM and five Smooth Radio regional analogue stations were authorised by Ofcom to operate as nationally networked services, provided that the programming was made available via DAB nationally.

4.20 Local radio licences (which include those of Global Radio and GMG Radio) are awarded under a beauty parade. Applications are judged against four statutory criteria: ability to maintain the service; extent to which the service would cater for local people’s tastes and interests; extent to which the service would broaden the range of programmes in the area; and extent to which there is evidence of local demand or support for the service[42]. Ofcom must put appropriate conditions into local radio licences to secure that the licensee delivers the character of service proposed in its application.

4.21 Ofcom is also required to secure an appropriate amount of local material, of which a suitable proportion consists of locally-made programmes in respect of each local

[40] Ofcom does not regulate internet radio, or licence the BBC.
[41] Section 97 Broadcasting Act 1990.
[42] Section 105 Broadcasting Act 1990.

station[43]. Local news is one kind of local material[44]. We have published guidelines about what we consider generally to be appropriate requirements[45].

4.22 On analogue, there are three national commercial stations available (talkSPORT and Absolute Radio on AM, and Classic FM). The three national analogue licences were awarded under a highest cash-bid process. These stations are also available on the Digital One DAB multiplex, which covers England, Scotland and Wales. In Northern Ireland, talkSPORT and Classic FM are available on the local DAB multiplex, alongside seven other services.

4.23 Ofcom also licences radio transmitted by cable and satellite. The transmission of these services does not require access to scarce terrestrial spectrum, and the obligations imposed on these licensees are therefore less onerous.

4.24 The number of digital-only local services has grown over the past year, although the number of digital commercial stations available nationally has remained at 13. Absolute Radio has extended its brand in recent years, broadcasting on DAB as its primary platform. Absolute 60s and Absolute 70s launched during the second half of 2011, added to the number of Absolute stations which are available across much of the UK on local DAB multiplexes.

4.25 As well as the Digital One national multiplex, there are 46 local digital multiplexes. Services available on these tend to be simulcasts of local stations, quasi-national services (which are available on some multiplexes but not all) and digital-only services.

4.26 There were 198 community radio stations broadcasting at the end of May 2012. Community radio licences are awarded by beauty parade to small-scale operators working on a not-for-profit basis to serve local areas or specific communities. Stations offer a range of benefits to their target communities, including training, and volunteering opportunities. A total of 254 licences have been awarded over three licensing rounds (of these, 28 licences have subsequently been handed back). Ofcom's third round of community radio licensing commenced in April 2011, and 26 licences were awarded in the year to the end of May 2012. These were to applicants in the south-west of England and Wales. Applications for locations in Scotland and Northern Ireland are being considered.

[43] Section 314 Communications Act 2003.
[44] Section 314(7) Communications Act 2003.
[45] http://stakeholders.ofcom.org.uk/broadcasting/radio/localness/localness-guidelines

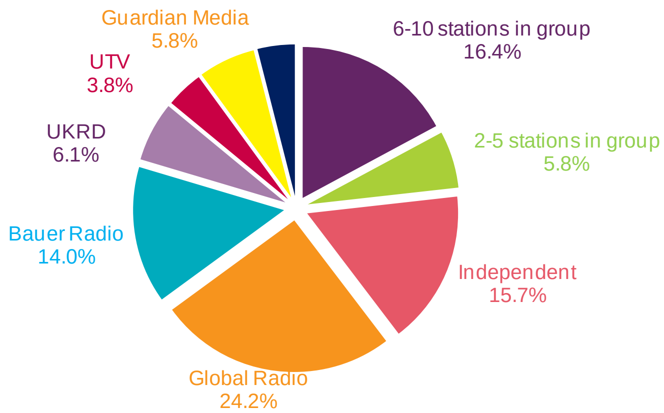
Figure 7: UK radio stations broadcasting on analogue and community radio, May 2012[46]

Type of station	AM	FM	AM/FM total
Local commercial	54	242	296
UK-wide commercial	2	1	3
BBC UK-wide networks	1	4	5
BBC local and nations	36	46	46
Community radio	6	192	198
TOTAL	**99**	**446**	**548**

Source: Communications Market Report 2012.
Note: BBC local and nations stations on AM and FM are not additive, since the AM transmissions are FM simulcasts[47]*.*

4.27 Figure8 illustrates the number of analogue licences owned by radio group. Global Radio is the largest organisation in the commercial radio market by number of FM and AM licences held, accounting for almost a quarter (24.2%) of all those in issue. Bauer Radio Group ranks second, with 14% of all commercial analogue radio licences, followed by UKRD with 6.1% and GMG with 5.8%. It should be noted that the size of licences, as measured by the size of population each covers, varies considerably across the radio sector.

Figure 8: Number of commercial analogue licences owned, by group



Source: Communications Market Report 2012

Weekly radio reach in the UK

4.28 Radio reached 90.8% of the adult population in an average week in 2011, up 0.2pp on 2010.

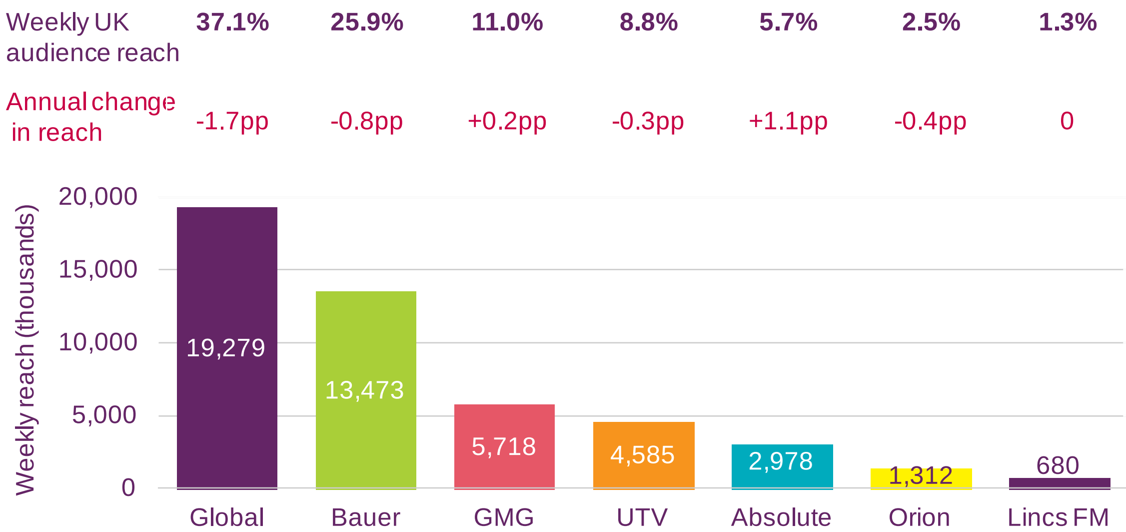
[46] **Deletion:** this title in the submitted report included the words ‘DAB Digital Radio’
[47] **Addendum:** this note has been added to the report since it was submitted.

4.29 Among national commercial stations reach rose during 2011, up 2 percentage points (pp) year on year to 30.5% in 2011. Local commercial stations have a significantly higher reach than national stations, being heard by over 50% of UK adults, although comparing Q1 2012 to the same period last year reveals a drop of 1.8pp. The commercial sector overall reached 63.9% of the population in Q1 2012, attracting 33.2 million UK adults on an average week.

4.30 All BBC radio stations collectively reached 66.6% of the adult population in an average week in this period, with BBC network stations reaching 60% of UK adults.

4.31 By operators, in Q1 2012, Global Radio reached the largest weekly population of listeners, at 37% of the listening population or 19.3m people; Bauer Radio ranked second with 26% or 13.5m listeners, while the comparable figures for GMG Radio were 11% or 5.7m. UTV's weekly reach stood at 9% or 4.6m over the same period.

Figure 9: Commercial radio reach by operator

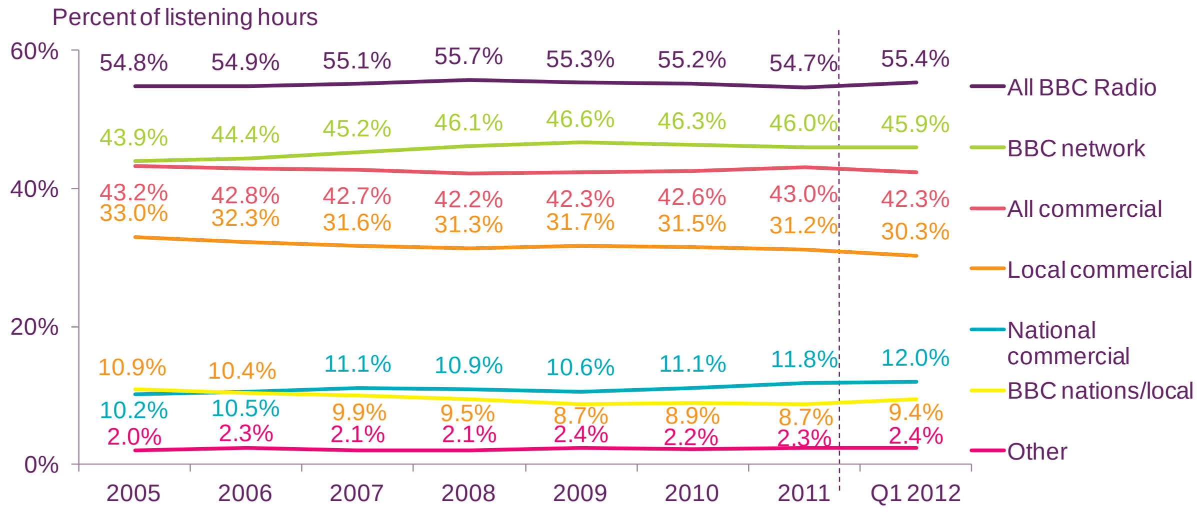


Source: RAJAR, all adults (15+), Q1 2012, does not include community radio listening. See Figure 3.31 in Ofcom's Communications Market Report 2012 for reach of radio by sector, which includes reach to all BBC radio services (66.6%, Q1 2012).

Listening hours

4.32 Across the different categories of radio station available in the UK (BBC/commercial and UK-wide/nations or local) the BBC accounted for over half (55.4%) of all listening in Q1 2012 (up 0.4pp from Q1 2011) and commercial stations claimed 42.3% of all radio listening (down 0.3pp from Q1 2011). The national commercial sector has seen consecutive increases in its share of listening since 2009, rising to 12% in Q1 2012.

Figure 10: Share of listening hours, by sector



Source: RAJAR, All adults (15+), calendar years 2005-2011, Q1 2012

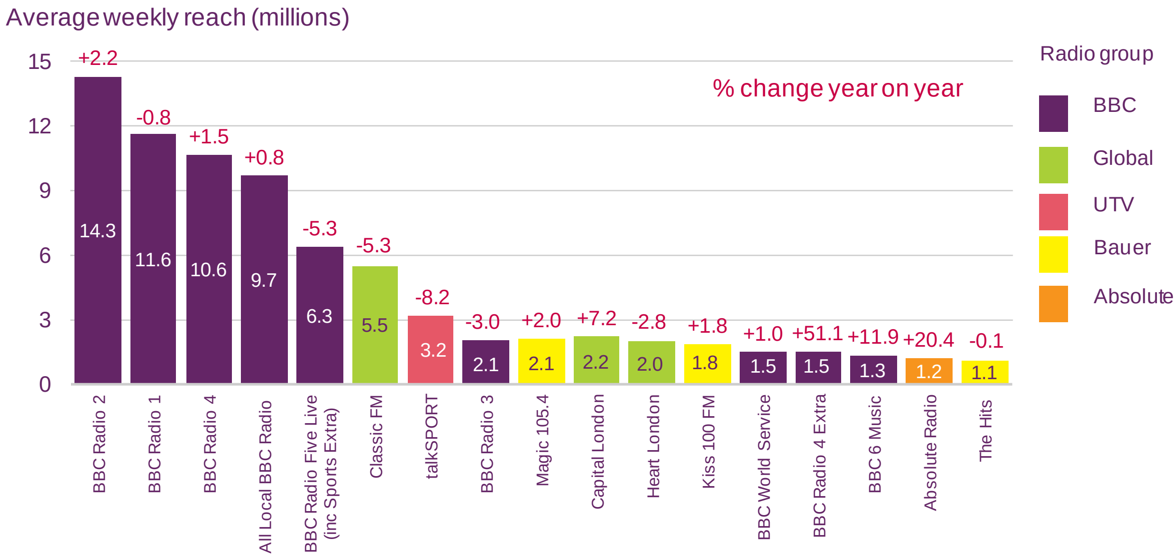
Most popular radio stations

4.33 Many stations' weekly reach rose in 2011, with BBC network stations remaining the most popular. BBC Radio 2, BBC Radio 1, BBC Radio 4 and BBC Radio 5 live are still the UK's most listened to radio stations; according to RAJAR average weekly reach figures.

4.34 National commercial stations Classic FM and talkSPORT experienced losses during the year to Q1 2012 (5.3% and 8.2% respectively). They had higher listening than BBC Radio 3, but were less popular than other BBC analogue network stations. Absolute Radio, broadcasting nationally on analogue as well as on digital platforms, was the 16th most popular station, experiencing a 20.4% increase in listeners.

4.35 BBC Radio 4 Extra, formerly BBC 7, attracted the most listeners of any digital-only station, increasing its listeners by 51.1% to reach 1.5 million UK adults in an average week. BBC 6 Music, previously the most popular digital-only station, also experienced an increase in listeners, rising 11.9% to 1.3 million adults in an average week. Average weekly reach for The Hits, the UK's most popular digital-only commercial station, fell by 0.1%, making it the 17th most popular station.

Figure 11: Most popular radio stations, year ending Q1 2012



Source: RAJAR, all adults (15+), year ending Q1 2012

Listening patterns among the UK's nations

4.36 There are significant variations in listening-hour share between the UK nations, as outlined below:

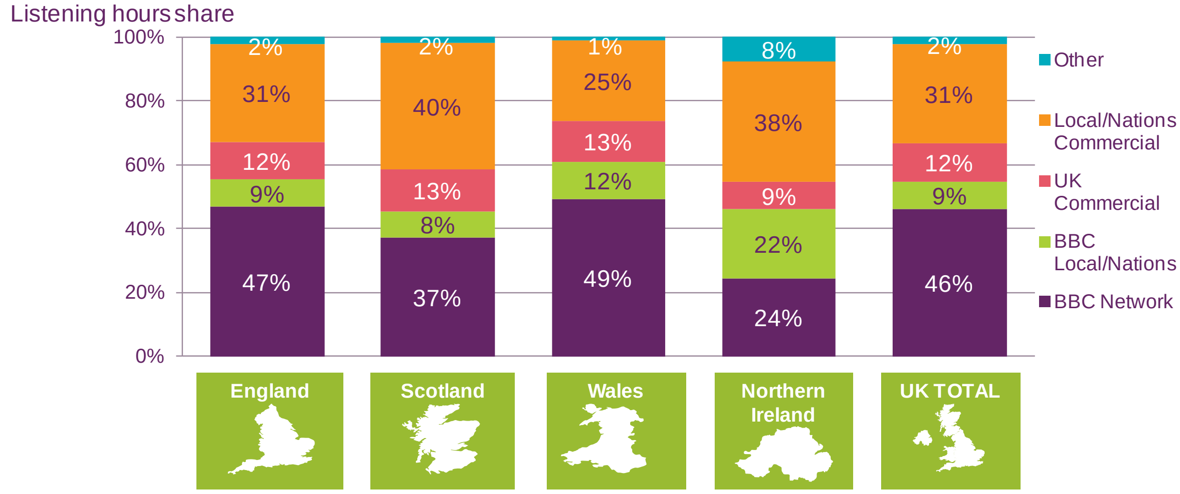
- In Scotland, local commercial stations accounted for 40% of total radio listening hours – a higher share than any of the other UK nations. The listening share of national commercial stations stood at 13%, again higher than the UK average, meaning that Scotland has a high share of commercial radio listening compared to all other parts of the UK. But adults in Scotland listen to less radio overall than any other nation, with the lowest average weekly listening of 21.4 hours and the lowest reach of 87.3%

- In Wales, average weekly listening stood at 23.2 hours, the highest across all UK nations. Radio services reached 93.2% of the adult population, again the highest across all of the UK nations. Adults in Wales listen to the highest proportion of BBC stations, accounting for 61% of total listening hours in 2011.

- In Northern Ireland, regional BBC stations Radio Ulster and Radio Foyle have the highest proportion of listening hours for BBC local/national stations across the UK, with a share of 22%. Northern Ireland also has the highest share of listening to other stations, which includes small community and commercial stations, at 8%.This is likely to include cross-border listening to the Republic of Ireland's national broadcaster RTE.

- In England, listening shares have stayed the same year on year, despite an increase in overall listening and reach. BBC network stations attract the largest collective share, at 56% of total hours.

Figure 12: Average weekly reach and share of listening hours by nation, 2011



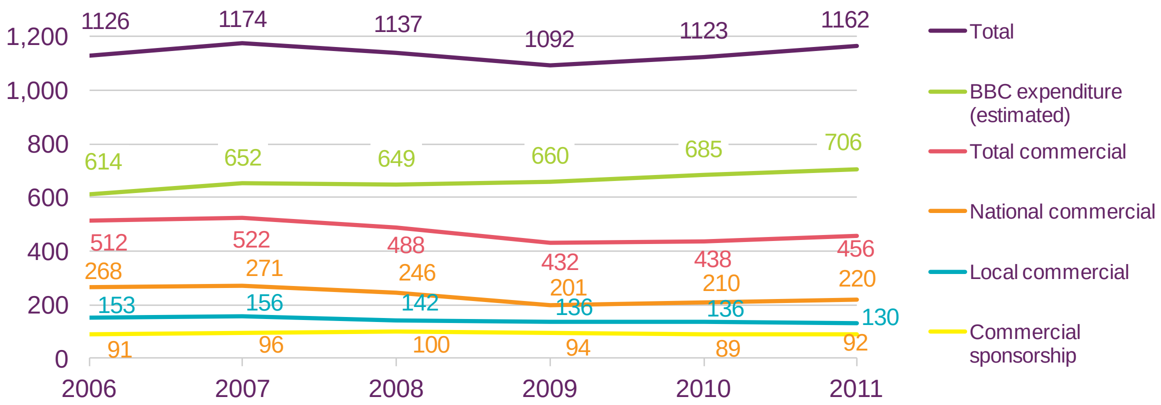
	England	Scotland	Wales	Northern Ireland	UK TOTAL
Average weekly listening	22.5 hours	21.4 hours	23.2 hours	22.0 hours	22.5 hours
Reach	91.1%	87.3%	93.2%	90.1%	91.0%

Source: RAJAR, All adults (15+), calendar year 2011

Commercial radio industry income

4.37 Total radio industry revenue totalled £1.2bn in 2011, up by 3% year-on-year. Ofcom's estimates suggest that the BBC's licence fee makes the largest contribution to total industry revenue, accounting for £706m (or 61%) of the total in 2011. That proportion has grown since 2006 when the comparable figure was 55%.

Figure 13: Total radio industry revenue (£m)

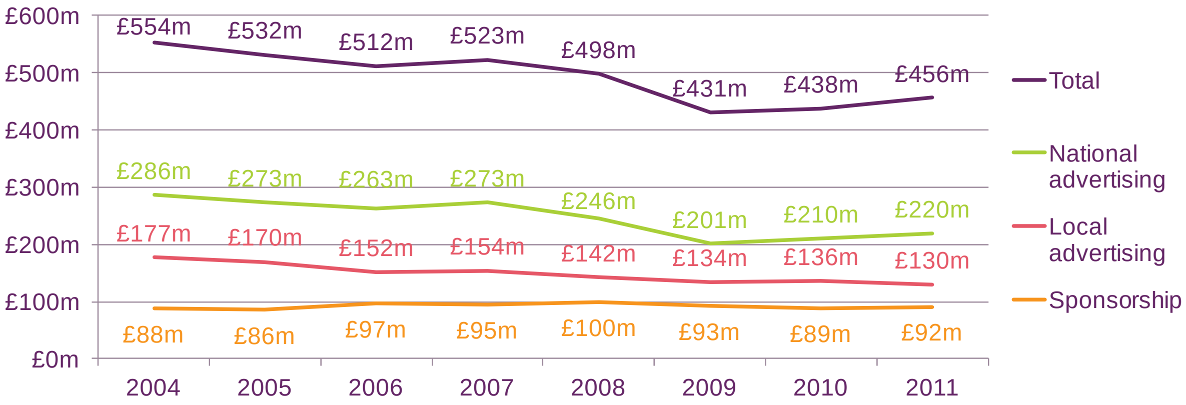


Source: Ofcom / operator data / BBC Annual Report 2006-2011. Note: BBC expenditure figures are estimated by Ofcom based on figures in Note 2c of the BBC Annual Report. Figures in the chart are rounded and are nominal

4.38 Commercial radio revenues totalled £456m in 2011, up by 4% year-on-year though down by 11% over a five year period. National advertising revenue accounted for 48% of the total in 2011, with local advertising making up for a further 29% and sponsorship income the final 20%.

4.39 Of the total of £456m in 2011, Global Radio accounted for ✂, with Bauer Radio generating ✂ and GMG Radio ✂.

Figure 14: Commercial radio revenue, 2004 - 2011



Source: Ofcom analysis of Broadcaster returns

4.40 ✂.

Figure 15: Commercial radio revenue by location of licensee, 2011

✂

Source: Ofcom analysis of broadcaster returns

Overview of the television, online and print markets

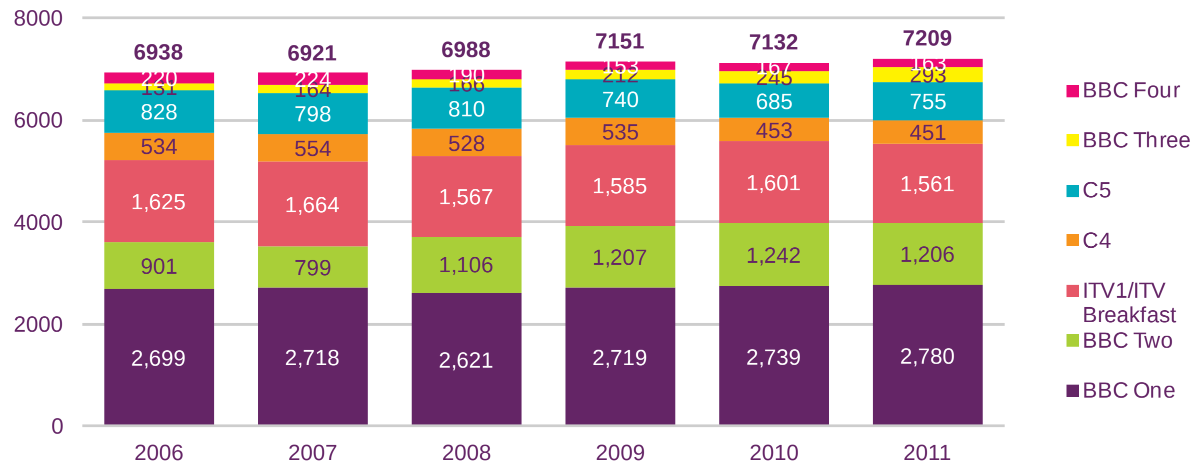
Television news

Television news output

4.41 The UK PSB channels broadcast a total of 5,416 hours of UK-wide news in 2011, a figure that has remained broadly stable over the five year period illustrated in the figure below. BBC One accounts for just under half (46%) of the total hours in 2011, followed by ITV1 (with 26%).

4.42 Combining news with current affairs, the UK's PSB channels broadcast a total of 7,209 hours in 2011 (see Figure 16)[48].

Figure 16: Annual volume of hours of national/international news and current affairs output, all day, five main PSBs (not including BBC News or Parliament)



Source: Source: Ofcom/broadcasters. Note: UK/national News refers to network news and excludes non-network news. Does not include BBC Parliament or BBC News.

4.43 BBC One and ITV1 also carry news targeted at viewers in the devolved nations and English regions. Across the UK, BBC One produces a higher volume of nations/regional news than ITV. BBC One nations/regional broadcast hours range from 326 hours/year in Scotland to 395 hours/year in England. The comparable range of ITV1/STV/UTV is 221 hours – 238 hours/year.

4.44 In Wales, during 2011/12, the Welsh-language channel S4C broadcast 187 hours of news (produced by the BBC), along with 76 hours of independently produced current affairs programming[49].

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[48] **Addendum:** this paragraph has been added to the report since it was submitted.
[49] See latest S4C Annual Report here.

Figure 17: Annual volume of hours of devolved nations/English regional news, all day, 2011

Source: Ofcom/broadcasters. Note figures exclude repeats and S4C hours in Wales. In Scotland they exclude Gaelic programming. The England figure for ITV1 has been derived on the assumption that there are ten distinct ITV1 English Regions; the Scotland figure is an average of the two Scotland licences. Note that Ofcom's Communications Market Reports for Scotland and Wales contain annual volumes of hours of devolved nations/English regions current affairs programming.

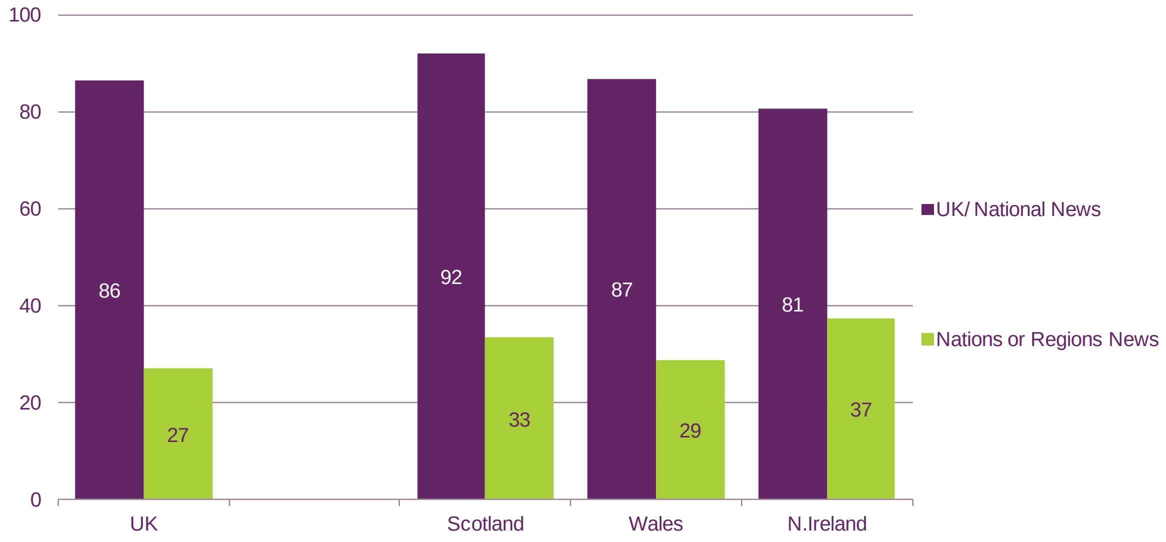
4.45 The figure below shows the total number of hours of viewing national and nations' news on BBC/Channel 3. Overall viewers in Scotland spent more time watching UK/national news programming (92 hours) compared to the UK average of 86 hours.

4.46 Viewing of nations'/regions' news in Wales (29 hours) was the lowest of the devolved nations, but more than the UK average (27 hours). The average individual watched 86 hours of national news programming.

4.47 Viewers in Northern Ireland spent the least amount of time watching UK/national news (81 hours), although these viewers spent the most time watching nations'/regions' news (37 hours) compared to the other devolved nations and the UK average.

4.48 Viewing of UK/national news programming was highest in the Border region (41 hours) and lowest in London (19 hours) – these figures are not shown in the chart.

Figure 18: Total hours of viewing of UK-wide and nations/regions television news (among the five main PSBs)



Source: BARB, All Individuals. Main five PSB channels (BBC One, BBC Two, ITV1, Channel 4, Channel 5). Based on total minutes of viewing of 'News: National/International' and 'News: Regional.

Television broadcasting policy

Channel 3 relicensing

4.49 As outlined above, the Channel 3 licensees currently provide regional news within their individual areas and, on a collective basis, nationally. In considering likely future provision of regional and national news it is important to note that the Channel 3 broadcast licences are due to expire on 31 December 2014. In relation to this, Ofcom recently submitted a report on the options open to the Secretary of State about matters which are relevant to the question of licence renewal.

4.50 Options open to the Secretary of State are an intervention to block licence renewal, requiring Ofcom to auction the vacant licences; no intervention, so that Ofcom proceeds with the renewal process; and extending the existing licences, potentially until after the Communications Bill process is completed.

4.51 Under each of these options, the Secretary of State also has the choice of exercising her powers to remove (or in some cases amend) the statutory obligations that must be included in public service broadcasting licences.

4.52 We are currently awaiting a decision from the Secretary of State but, for the purposes of this report, have assumed that the future holder of the Channel 3 licences will continue to provide regional and national news in some substantive form.

Local Television

4.53 Ofcom advertised 21 local TV (L-DTPS) licences and a local multiplex licence (which will broadcast all these services on DTT) in May, and is currently in the process of awarding these licences[50].

4.54 The 21 local areas are: Belfast, Birmingham, Brighton, Bristol, Cardiff, Edinburgh, Glasgow, Grimsby, Leeds, Liverpool, London, Manchester, Newcastle, Norwich, Nottingham, Oxford, Plymouth, Preston, Sheffield, Southampton and Swansea.

4.55 For two areas (Plymouth and Swansea) we received no applications; for the remaining 19 areas we received 57 applications. As of Friday 28 September, five licences have been awarded – in Brighton, Bristol, Cardiff, Grimsby and Norwich. We anticipate being able to award the further 14 licences (plus multiplex) by Christmas.

4.56 There may be a second phase of local TV licensing as we invited multiplex applicants to propose further areas they would be able to cover, and will award the mutiplex partly on a basis of this. Any Phase 2 areas would be advertised early in 2013. It is likely that Phase 2 areas would be selected from a list of around 60 locations where we said that local DTT is technically possible (it is constrained by frequency availability)[51].

4.57 Local licences are awarded with regard to statutory criteria that require the local service to serve the local area, and to be sustainable[52]. We have said that we consider local news to be the most important type of local content and we will have particular regard to applicants' proposals for this. It is highly likely that each local service will broadcast at least one hour of local news every day.

4.58 As part of the statutory framework for local TV, these services are designated 'public service broadcasting' and will be given EPG prominence appropriate for that status.

4.59 Local services can begin broadcasting as soon as the multiplex is built-out. We anticipate that the first service may begin broadcasting within 12 months. We have said that every service must begin with two years of licence award.

Print media

UK-wide print media

4.60 Daily UK-wide newspapers are provided by a large number of media owners; News Corporation (The Times, The Sun), DMGT (Daily Mail), Trinity Mirror (The Mirror), Northern & Shell (The Express), Telegraph Media Group (The Daily Telegraph), Pearson (The Financial Times), Guardian Media Group (The Guardian) and the Lebedev Foundation (The Independent, i).

4.61 They also provide a number of Sunday titles; News Corporation (The Sunday Times, The Sun on Sunday), DMGT (The Mail on Sunday), Trinity Mirror (The Sunday Mirror), Northern & Shell (The Sunday Express), Telegraph Media Group (The Sunday Telegraph), Pearson (The Financial Times Weekend, also available on

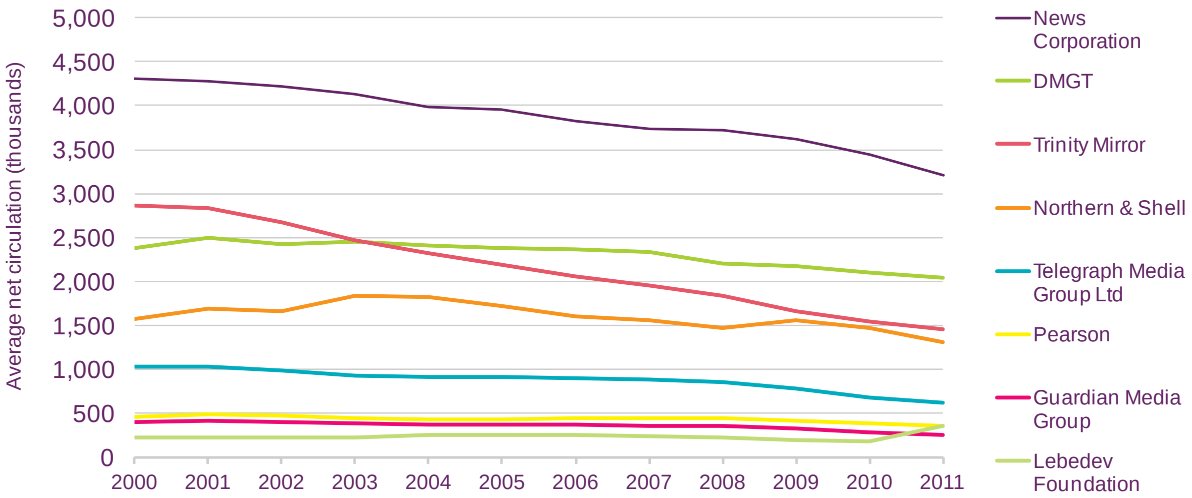
[50] http://licensing.ofcom.org.uk/tv-broadcast-licences/local
[51] http://maps.ofcom.org.uk/localtv
[52] http://stakeholders.ofcom.org.uk/consultations/local-tv/statement

Saturday), Guardian Media Group (The Observer) and the Lebedev Foundation (The Independent on Sunday).

4.62 A number of UK-wide papers provide a Scottish edition. Among those who appear to have a substantial editorial presence in Scotland are The Scottish Sun and the Scottish Daily Mail. Other titles also carry varying degrees of stories specific to Scotland.

4.63 The circulation of daily newspapers continues to decline. A comparison of 2010 and 2011 average net daily circulation figures indicates a decline of 30% to 9,592,631 copies.

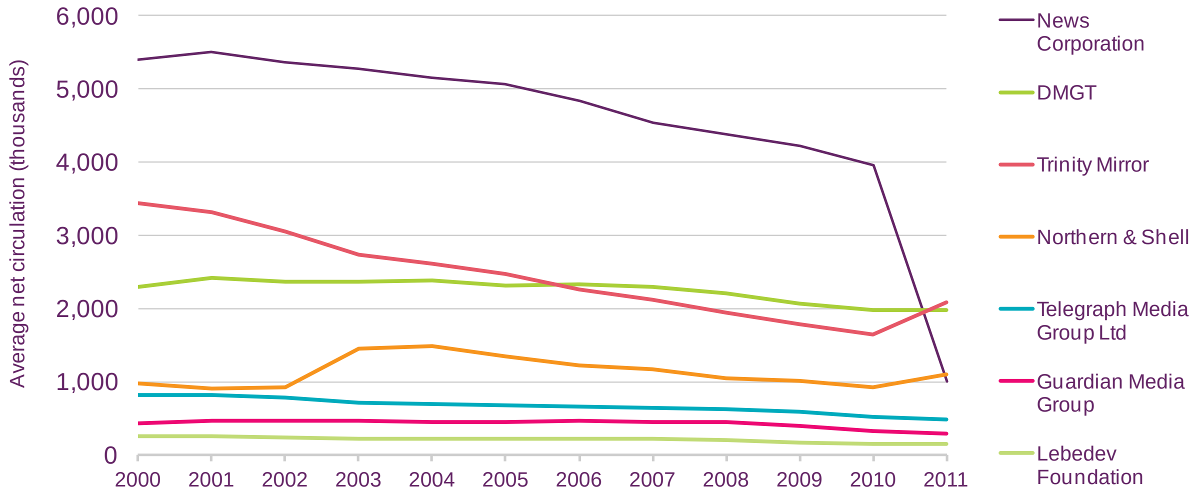
Figure 19: Daily newspaper circulation by publisher, 2000-2011



Source: ABC / MediaTel. Aggregate newspaper circulation, daily national newspapers only, excluding regional newspapers. Note: Publisher data is based on current ownership and is not retrospective.

4.64 The circulation of Sunday newspapers continues to decline. A comparison of 2010 and 2011 average net daily circulation figures indicates a decline of 28% to 9,775,173 copies.

Figure 20: Sunday newspaper circulation by publisher, 2000-2011



Source: ABC / MediaTel. Aggregate newspaper circulation, Sunday national newspapers only, excluding regional newspapers. Note: Publisher data is based on current ownership and is not retrospective.

4.65 In line with the declining circulation figures outlined above, the advertising revenues of the newspapers has also dropped.

Figure 21: National newspaper advertising revenue 2006-2011

Source: AA/Warc

Nations, regional and local print media

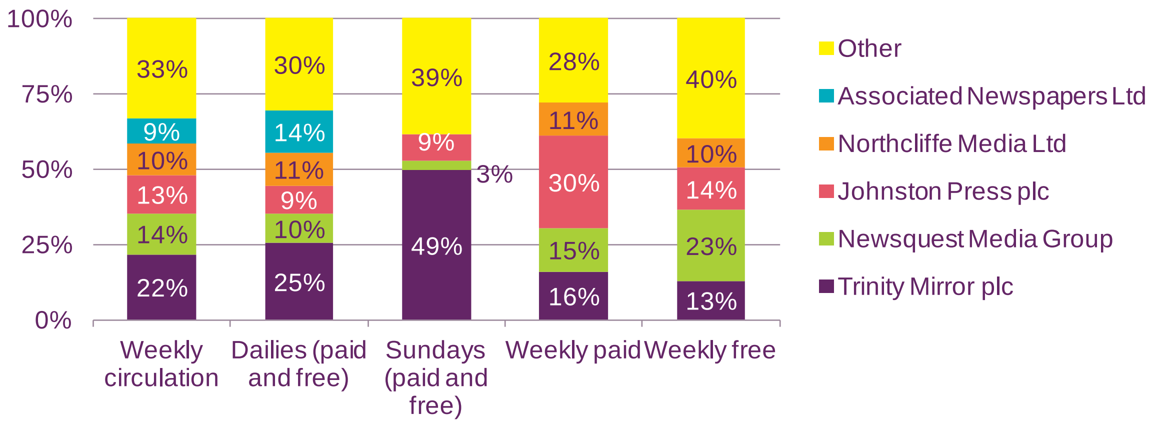
4.66 The circulation figures for nations, regional and local newspapers in 2011 stood at 26m, and they generated £1.4bn for their publishers. Year-on-year, circulation fell by 8%, while revenues contracted over the same period by 10%. Between 2008 and 2011, circulation declined by 31% (an average of 12% per year) while revenues fell by 37% (14% per year on average).

Figure 22: Regional newspaper circulation (and revenue) 2008 - 2011

Source: Newspaper society

4.67 There were 1,083 nations, regional and local newspaper titles available in the UK in July 2012. Johnston Press publishes the largest proportion of these titles, accounting for 227 or 21% of the total. Newsquest ranks second with 186 (17%) and Trinity Mirror third with 135 (12%).

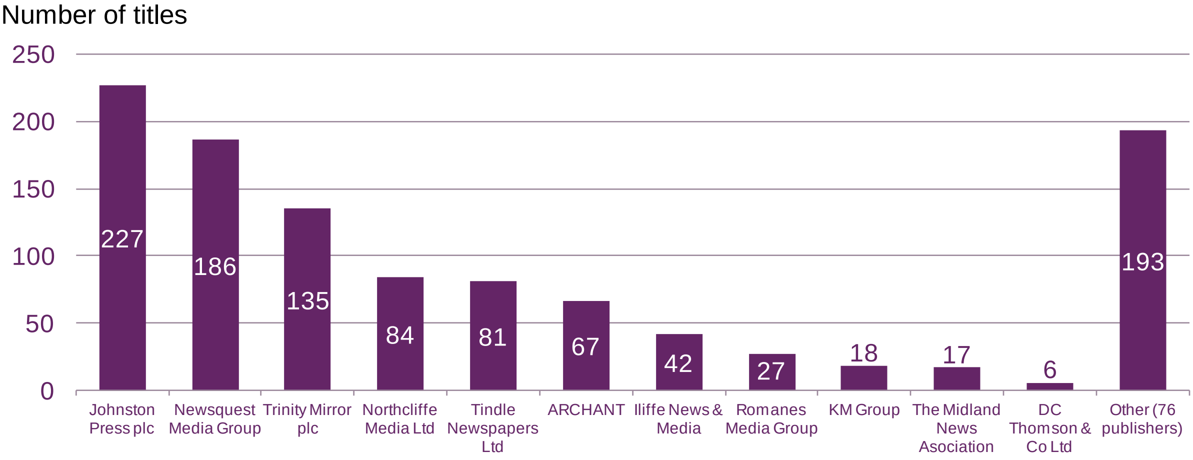
Figure 23: The number of nations, regions and local newspapers by publisher



Source: The Newspaper Society July 2012/ABC. Includes London Evening Standard, Daily Record, Sunday Post, Sunday Mail and all regional daily free titles online

4.68 By type of newspaper title (daily/weekly and paid/free), the different groups command a varying share of circulation. Trinity Mirror accounts for nearly half of all Sunday newspapers distributed; Johnston press publishes just under a third (30%) of all weekly paid newspapers while Newsquest Media accounts for more than a fifth (23%) of all weekly free titles.

Figure 24: Distribution of nations, regions and local newspaper circulation by type/publisher, July 2012



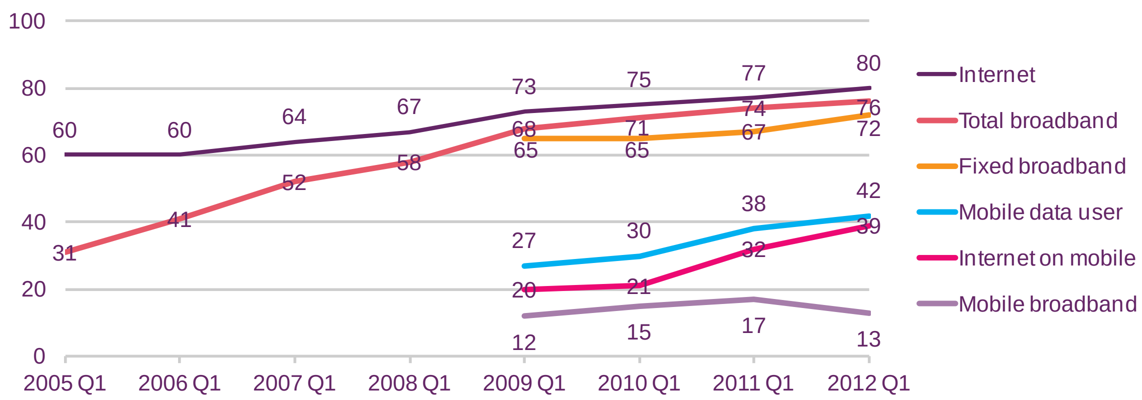
Source: The Newspaper Society July 2012/ABC. Includes London Evening Standard, Daily Record, Sunday Post, Sunday Mail and all regional daily free titles online

Online

Patterns of consumption online

4.69 Eight in ten households had access to the internet at the end of Q1 2012, up by three percentage points in a year. Internet access through a broadband connection stood at 76% of households, while 39% of households claimed to access the internet through their mobile phone.

Figure 25: Household internet take-up, 2005 - 2012



Source: Ofcom technology tracker, Q1 2012
Questions: Does your household have a PC or laptop computer? / QE2: Do you or does anyone in your household have access to the Internet/Worldwide Web at HOME (via any device, e.g. PC, mobile phone etc)? / QE6: Which of these methods does your household use to connect to the Internet at home?
Base: All adults aged 16+ (n=3772)
Note 1: "Internet on mobile" is the % of adults who use a mobile phone for any of the following activities: Instant messaging, Downloading Apps or programs, Email, Internet access, downloading video, video streaming, visiting social networking sites.
Note 2: From, Q1 2009 the 'Internet' figure includes those who access the internet on mobile phones.

4.70 In January 2012 the average amount of time internet users spent online through a laptop or desktop was 24.6 hours per month, more than double the amount of time users spent online in January 2004.

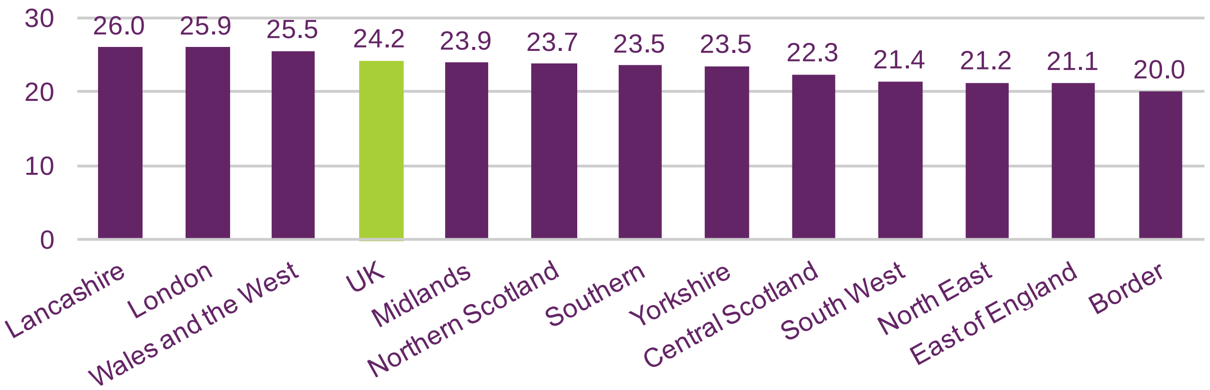
4.71 However, the growth in time spent online appears to have slowed. The average time online per month increased by only half an hour between 2010 and 2011; to 23.5 hours, and while increasing, this is still less than the peak average of 23.9 hours month in 2009. Two possible reasons for this are:

- the effect of late adopters and the growth of other internet-enabled devices. Late adopters of the internet characteristically spend less time online than average, so as more late adopters get connected the average time online may decrease.

- the fact that the statistics do not include time spent online on smartphones, tablets, or other internet-connected devices, which are likely to be substituting for time online on laptop and desktop computers.

4.72 The time spent online varies somewhat by region. It was highest in Lancashire at 26 hours/month, and lowest in the Border region where consumers with access to the internet spent just 20 hours/month online.

Figure 26: Time spent online on a laptop or desktop computer, by region

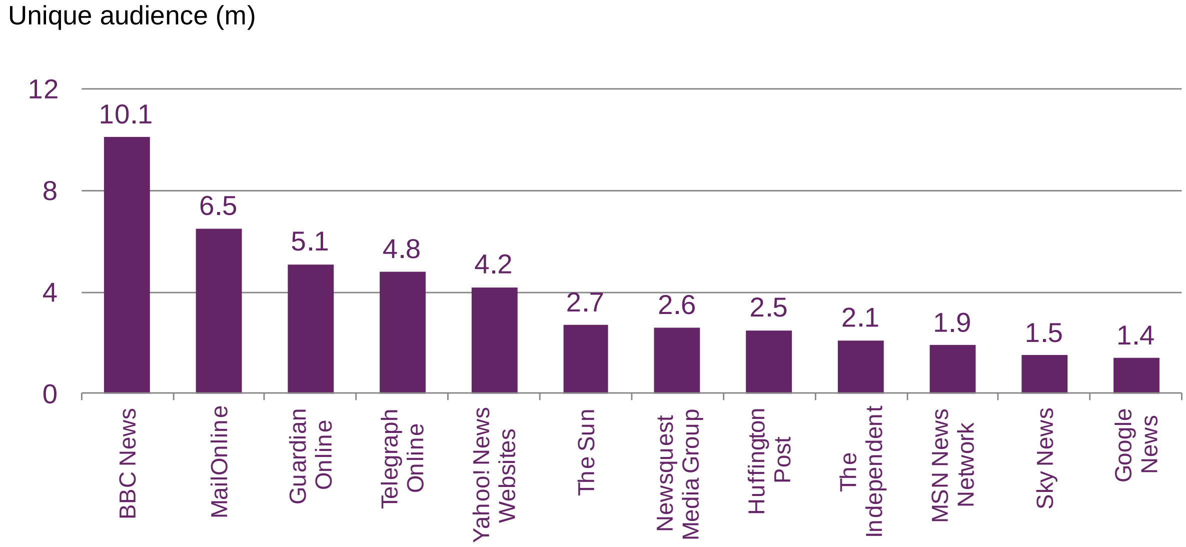


Source: UKOM/Nielsen, home and work panel, applications included. Month of March 2012. Regions based on ISBA regions. Internet users aged 2+

4.73 There are websites from broadcasters like the BBC and Sky. Newspapers like *The Daily Mail*, *The Guardian* and *The Telegraph* publish online versions. There are also news services from search brands Yahoo!, Microsoft and Google. These sites are limited to news aggregation, without the investment in reporting of broadcasters and newspapers. Finally, AOL's Huffington Post is an online-only publication which does commission original journalism, and won a Pulitzer Prize in April 2012.[111] Since its launch in the UK in May 2011, the Huffington Post has attracted an audience of 2.5 million unique visitors per month.

4.74 As shown in Figure 27, BBC News is the most popular source of news on the web in the UK. In March 2012, 10.1 million unique visitors accessed the site on desktop and laptop computers. MailOnline (6.5 million unique visitors), Guardian Online (5.1 million) and Telegraph Online (4.8 million) had the next largest audiences, followed by Yahoo! News websites (4.2 million).

Figure 27: Most popular news sites on desktop and laptop computers in the UK



Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, applications included, month of March 2012

4.75 In March 2012, *The Daily Mail*, *The Guardian*, *The Telegraph*, *The Sun*, *The Independent*, *The Times* and *The Financial Times* all reported year-on-year decreases in headline circulation, which included subscriptions, overseas distribution and bulk sales.

4.76 In the same period there were increases in the unique audiences of MailOnline (www.dailymail.co.uk), Guardian Online (www.guardian.co.uk), Telegraph Online (www.telegraph.co.uk) and the website of *The Sun* (www.thesun.co.uk). While audiences of *The Independent*'s website (www.independent.co.uk) showed no change, the online versions of *The Times* (www.thetimes.co.uk) and *The Financial Times* (www.ft.com) both experienced double digit declines.

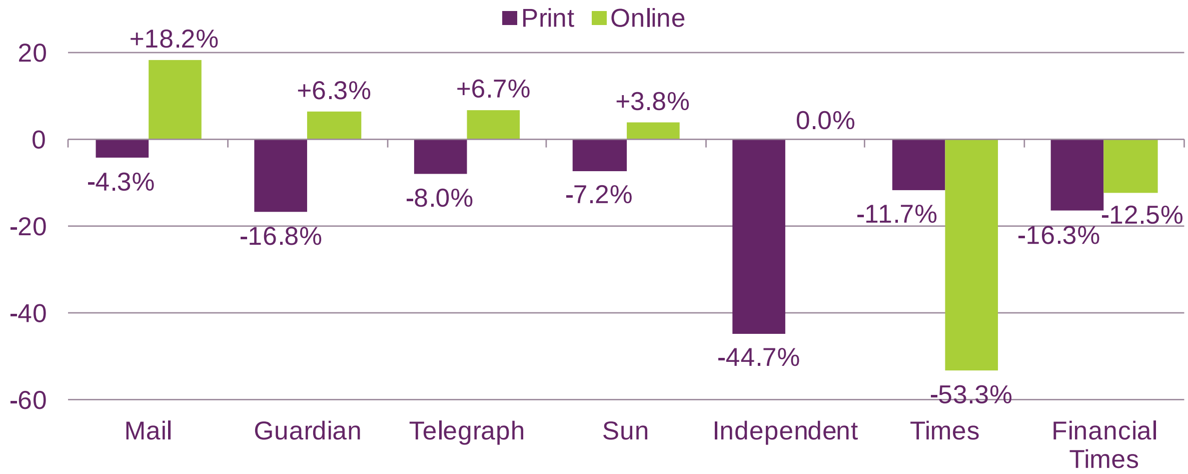
4.77 The general trend is falling engagement with print formats:

- *The Independent* saw the greatest decrease (44.7%), which might be attributed in part to the launch of its sister title *i* in October 2010. In March 2012, *i* had a headline circulation of 273,793, compared to 100,672 for *The Independent*.[112] *The Independent* has also cut back on bulk sales and overseas distribution, adversely affecting its headline circulation.

- *The Financial Times* and *The Guardian* experienced reductions of a broadly similar magnitude (16.8% and 16.3% respectively), while these titles have increasingly focused on expanding their online presence, through the promotion of mobile and tablet versions. According to figures released by *The Financial Times*, 20% of its online page views were on mobile in 2011.[113]

- Guardian News and Media launched a free application for the iPad in October 2011, and the publisher claimed over 500,000 downloads by January 2012.[114] After this trial offer expired, the price increased to £10 per month.

Figure 28: Year-on-year changes in headline circulation of print versions and unique audiences of online versions of selected newspapers: March 2011 and March 2012



Source (1): Audit Bureau of Circulations, March 2011 and March 2012
Source (2): UKOM/Nielsen home and work panel, desktop and laptop computers only, March 2011 to March 2012.

Hyperlocal websites

4.78 Nations/regions/local news is one of the genres of interest in our public interest test. The emergence of locally-focused, 'hyper-local' services is therefore relevant to this report.

4.79 This category of websites is evolving rapidly in the UK, enabled by developments in technology and changes in consumer behaviour. It has the potential to support and broaden the range of local media content available to citizens and consumers at a time when traditional local media providers continue to find themselves under financial pressure.

4.80 A broad definition of the hyperlocal website sector can be found in Nesta's recent publication *Here and Now – UK Hyperlocal Media Today*[53], which describes hyperlocal media as: "Online news or content services pertaining to a town, village, single postcode or other small *geographically-defined community*" (p9).

4.81 This is a wide definition covering a diverse set of services, including content produced both professionally and voluntarily. It includes websites that publish original stories, those that act as aggregators for news items from other providers, and forums or message boards focused on a particular geographic community. The content these websites carry can range from simple text-only blog posts to audiovisual content with interactive features. The content and tone of hyperlocal sites varies enormously. Some focus on very specific local campaigns, while others offer broader coverage of local community life.

4.82 A feature that most hyperlocal websites share, however, is that they tend to operate at a more localised level – both in terms of geography and types of content – than

[53] Available from:
http://www.nesta.org.uk/about_us/assets/features/here_and_now_uk_hyperlocal_media_today

traditional media providers such as local newspapers, commercial radio or regional TV.

Availability

4.83 There are more than 400 hyperlocal websites in the UK producing original news stories (that we know about).

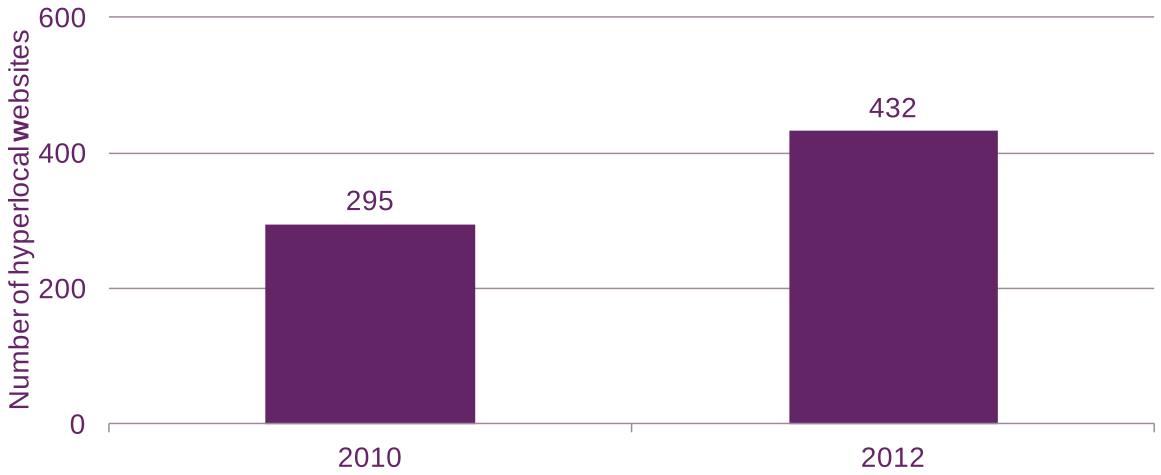
4.84 Mapping the size of this sector is a difficult task. Hyperlocal websites are an emerging phenomenon, and as such there is no established trade association or official membership body. As services are unregulated, there is no requirement for them to notify Ofcom or any other organisation.

4.85 There are, however, resources available which provide a basis for quantifying the size of the sector. A database of hyperlocal websites has been established by Openly Local[64], a project aimed at developing an open and unified way of accessing local government information. Sites are listed through a combination of self-declaration and research by the Openly Local team.

4.86 These data have been analysed by Birmingham City University, as part of an Arts and Humanities Research Council and Engineering and Physical Sciences Research Council funded programme (of which Ofcom is a partner) which focuses on the creative citizen[65]. The work has estimated the size of the hyperlocal website sector through interrogation of the Openly Local directory.

4.87 Using a definition of an 'active' hyperlocal site as one that had published at least once in the five months prior to the sample period, as well as using the definition we have listed above (whereby news is the focus rather than message forums), research shows that the database currently records 432 active hyperlocal websites across the UK[66]. A similar snapshot taken in 2010 shows 295 sites listed – representing a 46% increase in sites in two years. In comparison, the Newspaper Society estimates that there are around 1,600 websites associated with local and regional newspapers in the UK[67].

Figure 29: Active hyperlocal websites listed on Open Local (May 2012)

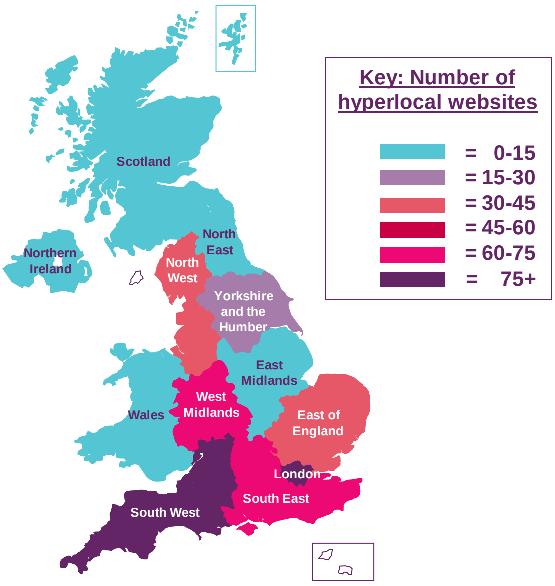


Source: Openly Local/Birmingham City University (May 2012)

4.88 Many areas of the UK appear to have no hyperlocal provision at all (although the limitations of the data collection may mean that some of these areas are served by sites that have not registered with Openly Local).

4.89 The absolute number of sites available is highest in London and the South West of England. It is lowest in Wales, the East Midlands, North East, Northern Ireland and Scotland.

Figure 30: Heat map illustrating the number of hyper-local websites in the UK

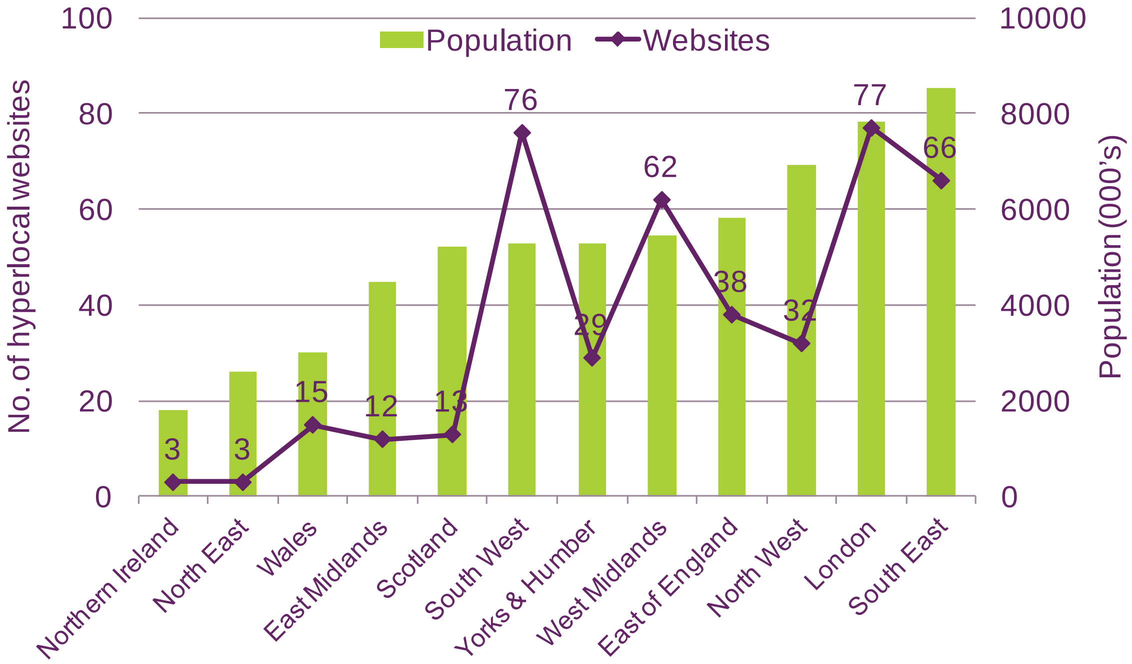


Source: Openly Local/Birmingham City University (May 2012)

4.90 There appears to be only a loose correlation between population size and hyperlocal website provision.

4.91 The areas with the lowest populations (Northern Ireland and the North East) also have the smallest number of hyperlocal websites, while more populous areas of the UK (such as London and the South East) are well served by the sector. But there are significant variations between areas. While Scotland and the South West are similar in population terms, with a little over 5 million individuals each, they have strikingly different hyperlocal website sectors – only 13 in Scotland against 76 in the South West.

Figure 31: Comparison of population and hyperlocal website provision



Source: Openly Local / Birmingham City University / ONS / Ofcom (May 2012)

<u>Consumption</u>

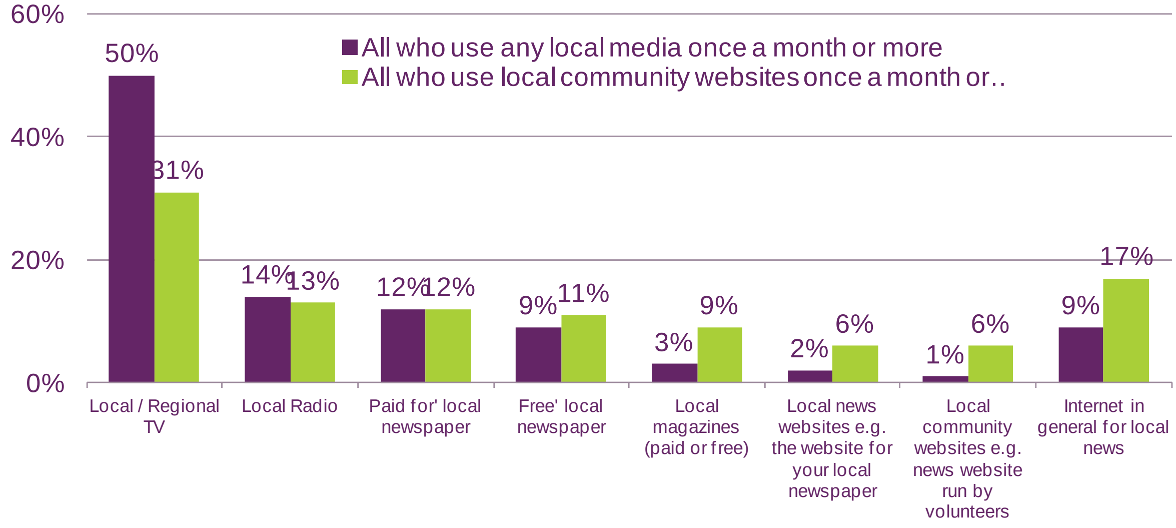
4.92 Use of hyperlocal websites is growing, but this is still an emerging sector

4.93 Ofcom conducted research in May 2012 on consumers' use of local media. Hyperlocal websites – termed 'local community websites' in the survey – shows that they are used less than traditional local media such as TV and radio. However, around 1 in 7 (14%) people state that they use a local community website on at least a monthly basis; as far as the most important local media source is concerned, 'Local community websites' are cited by just 1% of respondents (see Figure 32)[54].

[54] **Addendum:** the final part of this sentence, starting with 'as far...' has been added since the report was submitted.

Figure 32: Most important local media source

Proportion of UK adults (%)



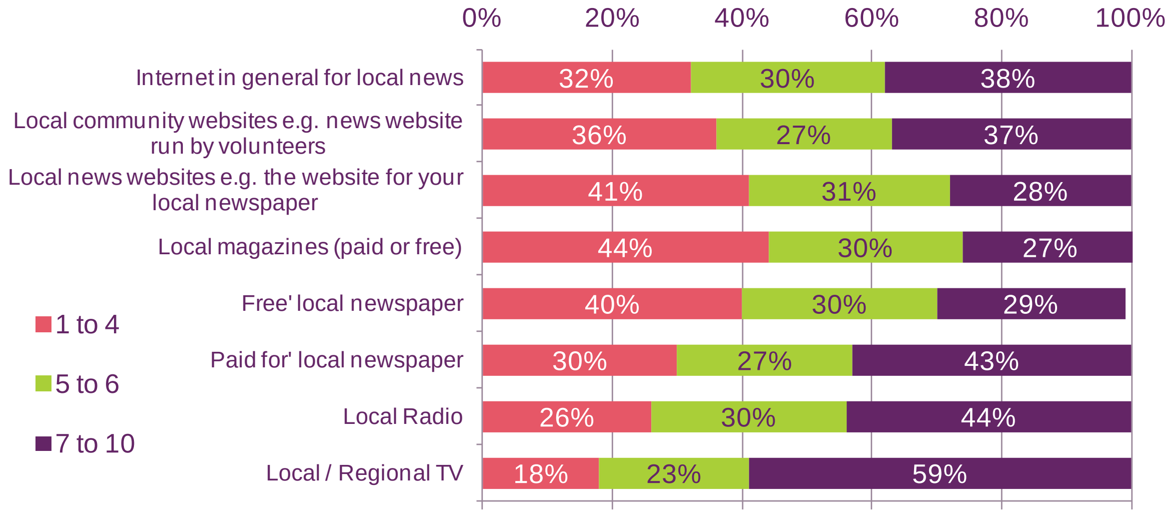
Source: Ofcom research, 2012
Q: Using a scale of 1 to 10, where one is not at all important and you would not miss it if it were not available, and ten is extremely important and you would miss it if it were not available, how important are the following types of local media to you?
Base: All UK adults aged 15+ (n=2024 for all media, n=328 for local community websites)

Impact

4.94 Although use of local community websites is lower than that of other local media, the importance attached to them by their users is at a similar level to some other services providing local news.

4.95 Thirty-seven per cent of users rated local community websites as a 7 or above in importance (where 10 is extremely important and 1 is not important at all). This is similar to the rating for the internet more generally as a source of local information (38%), local paid-for newspapers (43%) and local radio (44%). It is also significantly above other services, including local news websites run by newspapers (28%). This is lower than the 59% of TV users naming local /regional TV as important.

Figure 33: Importance of local media among users of each service



Source: Ofcom research, 2012
Q: Using a scale of 1 to 10, where one is not at all important and you would not miss it if it were not available, and ten is extremely important and you would miss it if it were not available, how important are the following types of local media to you?
Base: All UK adults aged 15+ who use each medium

Section 5

The effects of the merger on the provision of UK-wide news and current affairs

Overview

5.1 In this section we consider the effects of the acquisition by Global Radio of GMG Radio on the range and number of persons controlling media enterprises that offer news and current affairs content covering UK-wide issues.

5.2 We give consideration to four factors:

- **availability:** the number of news providers available at the point of consumption;
- **consumption:** the number of people using media sources, levels of multisourcing, and the frequency or the time they spend consuming them; and
- **impact:** impact of media on opinion-forming including the importance of different news sources.
- **contextual factors:** such as impartiality, internal plurality, and democratic processes.

How UK-wide news is gathered for commercial radio stations

5.3 In the Public Interest Test relating to News Corporation's proposed acquisition of BSkyB, we drew a distinction between the provision of UK-wide news at the wholesale and retail level.

5.4 Independent Radio News (IRN) supplies on a wholesale basis national news bulletins, news audio clips and news scripts to more than 250 UK commercial radio stations, including Global Radio and GMG Radio. IRN's Editorial Board includes individuals from the major radio groups, which are represented by their Group Heads of News[55].

5.5 IRN's main supplier is Sky News which won the contract in 2008. As part of their relationship with Sky News, commercial radio stations are able to source additional news content relating to stories of UK-wide significance which have a regional focus, drawing on Sky News' regional teams. Commercial radio stations also occasionally contribute to the IRN newswire which can be used by any station on the IRN network. The types of content that might be contributed include VOX pop audio of members of the public reacting to stories[56].

5.6 Commercial radio stations receive the IRN service in exchange for providing an advertising slot around each news bulletin between 6am and 1pm. These slots are pooled and sold by Global which describes the product, Newslink, as "...a solus ad

[55] Global Radio's response dated 22 August 2012 to Ofcom's request for information, paragraph 5.5.
[56] Global Radio's response dated 22 August 2012 to Ofcom's request for information, paragraph 5.5.

during each news bulletin on the hour between 6am and 1pm. One spot alone can reach 7 million people in one hit, giving total, national, broadcast coverage."[57]

UK-wide news available on Global Radio and GMG Radio stations

5.7 Global Radio broadcasts UK-wide news on all of its radio stations, while GMG Radio does so on most (excluding Real XS Scotland and Manchester). The figure below sets out for illustrative purposes the volume of national news available for a sample week for Global Radio and for GMG Radio stations.

Figure 34: Illustrative volumes of national news output on Global Radio and GMG Radio (during the week 16 – 22 July 2012)[58]

Source: Global Radio and GMG Radio responses[†] to Ofcom's request for information

The new market structure brought about by Global Radio's acquisition of GMG Radio

5.8 We have gathered data on the:

- **availability** of media owners;
- **consumption** of news on radio and other media sources cross platform;
- the **impact** of media in informing opinions; and
- **contextual factors**.

5.9 Figure 35 provides a summary of the key metrics used, together with an outline of limitations associated with the data.

[57] http://www.thisisglobal.com/radio-sales/newslink-big-top-40/
[58] **Addendum:** GMG Radio has been added to this chart's title and source since the report was submitted.

Figure 35: UK news and current affairs: availability, consumption, impact metrics[59]

	Within platform - radio	Cross platform	Limitations
Availability	• # of radio stations	• # of national and local newspapers • # of TV bulletins and channels • Overview of websites available	
Consumption	• Analysis by media group at retail and wholesale levels analysed by govt office region. Note as IRN provides most UK news to commercial radio stations – results will not vary greatly at the wholesale level.	• Existing share of references by media group and by platform by government office region (source: *Measuring media plurality)*.	• No analysis available for overlapping areas. • Existing share of references asks about 'news' overall – it is not specific to either UK or local/regional news. • While it provides analysis by brand, it is key to note that the Smooth and Real brands were not listed in the survey – so the data is based on unprompted 'write in' responses.
Impact • Importance	• New research on importance of UK news and current affairs provided by each station for listeners of each of Real, Smooth, Capital, Heart, BBC and 'other local radio' – analysed by listener group only and not by geographical area.	• Existing research on main platform used for 'UK and international news and current affairs 'analysed by government office region. • Existing research on importance of each platform for news (source *Measuring media plurality*).	• No analysis available for overlapping areas. • No analysis for the importance of Smooth or Real stations as a source of news.

Availability of news providers

5.10 National news is currently available to people in the affected areas from a wide range of well-funded providers of national news. Figure 36 below illustrates the main providers that we have identified (in more than one part of the supply chain) as part of a desk-research exercise.

[59] **Deletion:** In the submitted report, the bullet 'No analysis available for overlapping areas' appeared twice in the middle right cell of the submitted report.

Figure 36: Availability of UK-wide news providers

	Examples of UK-wide news services
BBC	UK and international TV news bulletins on BBC1-4 and 24 hour news channel News bulletins on national analogue radio stations including speech orientated *Radio 4* and *Radio 5 Live*
ITN	Produces international and UK-wide news programming for Channel 3 licensees, Channel 4 and Channel 5
ITV Plc	*ITV News*
Channel 4	*Channel 4 News* (produced by ITN)
Channel 5	*5 News* (produced by ITN)
BSkyB Plc	*Sky News* 24 hour news channel Producer of IRN news for commercial radio (wholesale)
STV Plc	*ITV News* (Produced by ITN)
UTV Plc	*ITV News* (Produced by ITN) *TalkSport* (radio)
News International (News Corporation)	*The Sun*, *The Sun on Sunday*, *The Times* and *The Sunday* Times newspapers
Associated and Northcliffe Media (DMGT Plc)	*Daily Mail* and *The Mail on Sunday* newspapers [Associated]
Trinity Mirror Plc	*Daily Mirror*, *Sunday Mirror*, *The People* newspapers
Northern & Shell	*Express / Sunday Express* newspaper *Star / Sunday Star* newspaper *Channel 5*
Guardian Media Group	*Guardian* and *Observer* newspapers
Lebedev Holdings	*Independent* and *i* newspapers
Telegraph Media Group (Press Holdings)	*Daily Telegraph* and *Sunday Telegraph* newspapers, *Spectator* magazine [Press Holdings]
Pearson Plc	*Financial Times* *Economist* magazine (50%)
Global Radio	*Classic FM*
Bauer	Magic

Source: Ofcom research

Consumption of news

5.11 In the course of providing advice to the Secretary of State on measuring media plurality, Ofcom commissioned Kantar Media to undertake research to quantify people's use of, and attitudes, toward news among people in the UK. This involved a quantitative face-to-face survey of 2,379 respondents with a nationally representative sample. The full results from the research are available here.

5.12 We have drawn on this existing research in analysing audience consumption of news cross platform and within radio. It is important to note that this research asked respondents about news overall and did not specify national news. All results below are considered in this context.

5.13 This research study showed that the vast majority (95%) of the UK population use one or more of the four main platforms for news – 85% say they use TV, 53% say they use newspapers, 53% say they use radio and 41% say they use the internet.[60]

5.14 Overall, news users access an average of 2.4 platforms across the four main platforms, and different platforms are used in different ways.

5.15 This is reflected in the different characteristics of each platform:

[60] Kantar Media quantitative research study (2012).

- TV is a powerful platform because it is immersive and can show consumers the news as it unfolds, lending realism. TV also has a regulatory obligation to be impartial. Viewers perceive TV as providing a level of transparency, which lends the platform trustworthiness and credibility.

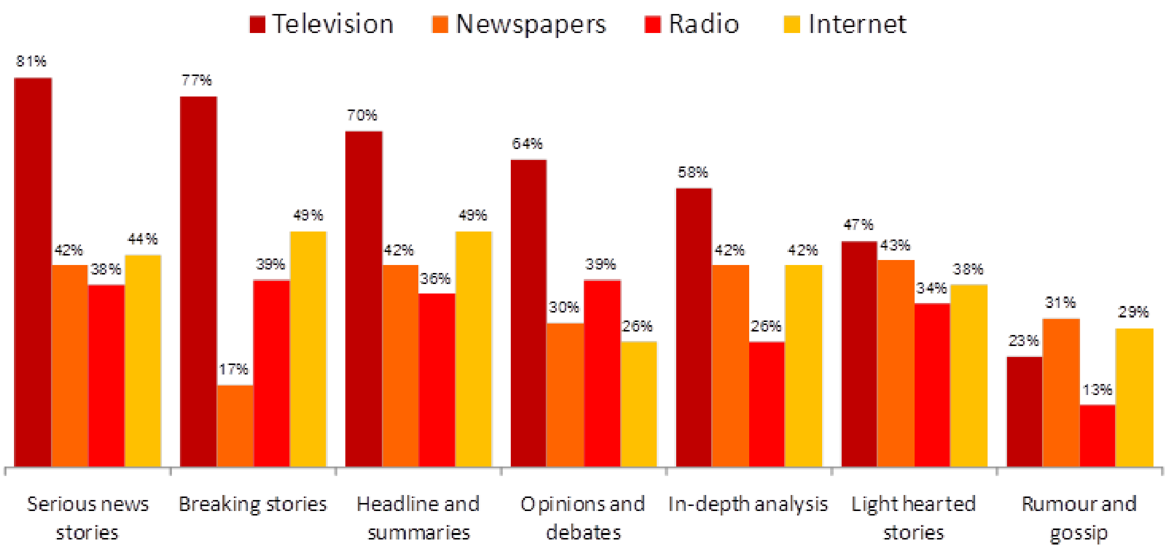
- Radio is a convenient medium for news which can be listed to while doing something else. Phone-ins and debates can help to make news and current affairs accessible and relevant, and offer listeners the opportunity to engage and debate.

- Newspapers provide space for in-depth analysis, helping citizens understand issues. Newspapers may be less relevant than other platforms for up-to-the-minute news, although they do still play an important investigative function in breaking stories. Most newspapers have clear and distinct editorial positions and the tabloids in particular are seen as partial and headline-grabbing. They also offer broader entertainment than news alone.

- The internet is growing in popularity as a source of news. Among users, the internet is felt to provide the ultimate convenience which drives use. It also allows users to tailor consumption to their own news interests. Within online, social media is becoming a valuable source for breaking news in its 'word-of-mouth' role, as many users learn of breaking news through friends' posts. It also offers a space for citizens to contribute to the story or debate with others.

5.16 Respondents were asked the extent to which they used each platform for different types of news – ranging from breaking stories, serious news, rumour and gossip, opinions and debates, and so on. As the figure below shows, TV dominates as the main source across all news types other than 'rumour and gossip', where newspapers and the internet are more likely to be used. TV is particularly strong for 'serious news stories', 'breaking stories', 'headlines and summaries' and 'opinions and debate'. Radio is associated with 'breaking stories' and 'opinions and debate'.

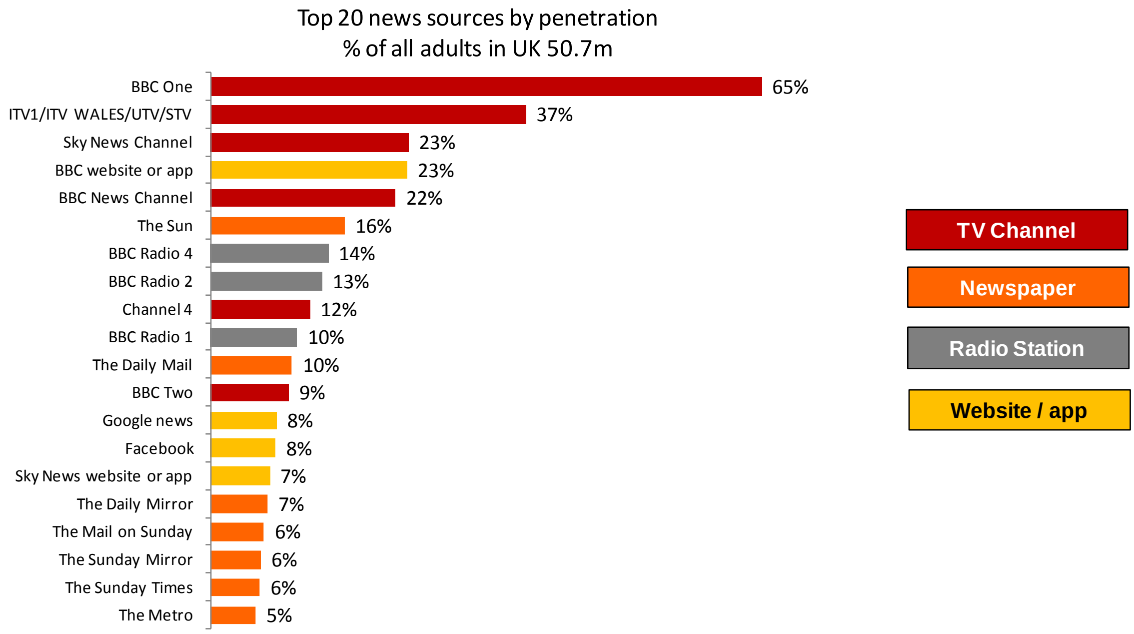
Figure 37: Platforms used for different types of news



Source: Kantar Media, Q4ba-Q4bf) And of all the different ways you say you get news, which do you tend to use for…? Base: All who use TV (2033), Newspapers (1281), Radio (1198), Internet (926)

5.17 The research found that across all platforms, people who follow the news use an average of 4.8 sources. The figure below shows the top 20 sources which UK adults say they use for news across all platforms combined. TV news sources make up the top three sources and BBC One is cited by almost two-thirds of all UK adults. The BBC also provides the most popular online news source and the most popular radio source. None of the brands owned by either Global Radio or GMG Radio, nor any other commercial radio station brand is cited by consumers in this top 20.

Figure 38: Top 20 news sources used nowadays



Source: Kantar Media quantitative research study (Feb/March 2012) Q5a-f) Thinking specifically about <Source> which of the following do you use for news nowadays? Base: All adults 16+ in UK (2379)

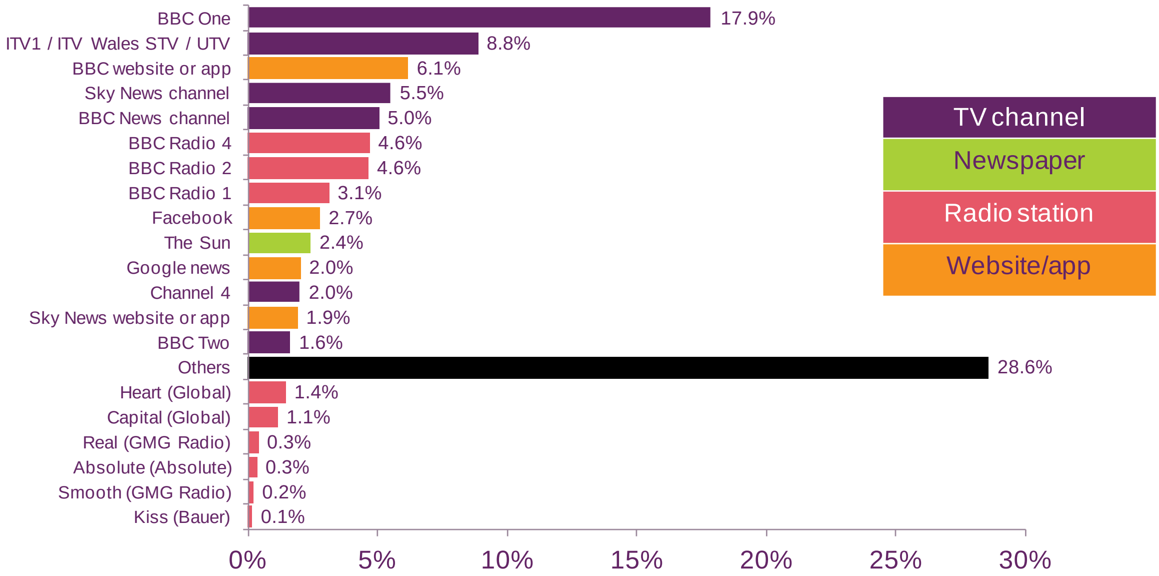
5.18 Ofcom, in conjunction with Kantar Media, has developed a cross-platform consumption metric which provides an indication of the share of individual news sources consumed across all platforms. The Share of References (SoR) metric is sourced from quantitative research and is calculated by summing all of the mentions of each source used by respondents, weighting for the frequency with which each source is used and then expressing each source as a share of the total responses.[61]

5.19 The figure below shows the share of references accounted for by each source which consumers in the UK use for news. BBC One accounts for the largest share of total consumption with 17.9% while the radio station with the highest share is also provided by the BBC (BBC Radio 4, which accounts for 4.6%).

5.20 According to this research, commercial radio brands combined account for low share of news consumption in the UK and this is reflected by their position at the bottom of the chart. It should be noted that the GMG Radio and Bauer brands were unprompted responses, so may be understated. The ‘Other’ figure is made up of over 500 sources that each have less than 1% share of total consumption, illustrating how fragmented the overall share of news is.

[61] For more information on the methodology used to calculate SoR, see http://stakeholders.ofcom.org.uk/binaries/consultations/measuring-plurality/statement/Annex5.pdf

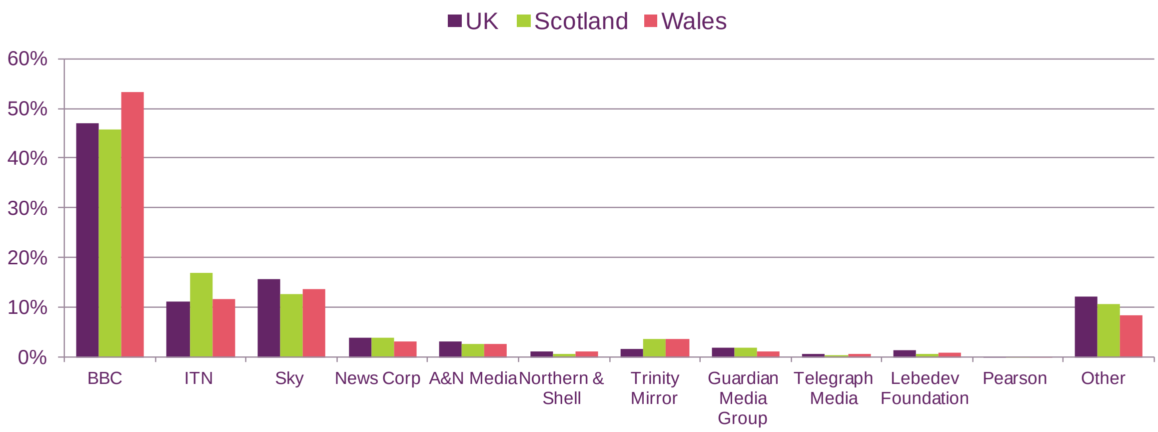
Figure 39: Share of references cross-media, by source, for news



Source: Kantar Media quantitative research study (Feb/March 2012) Q5a-f) Thinking specifically about <Source> which of the following do you use for news nowadays? Base: All adults 16+ in UK (2379)

5.21 We have also analysed consumption of news by media provider at both the wholesale and retail level. Wholesale is classified as the company that provides the news for the given source. Retail is classified as the branded title or service through which the news is provided. At the retail level, we have determined the commercial radio group or the brand which is used as a news source. At the wholesale level, UK-wide news provided to commercial radio stations is supplied by Sky Radio News. The share of references, calculated at the wholesale level for the UK, Scotland and Wales is outlined in Figure 40.

Figure 40: Share of references at the wholesale level for the UK, Scotland and Wales



Source: Kantar Media quantitative research study (Feb/March 2012) Q5a-f) Thinking specifically about <Source> which of the following do you use for news nowadays? Base: All who use a news source nowadays in UK (2254), in Scotland (180), in Wales (157)

5.22 The research showed that consumers use an average of 3.1 news providers at the wholesale level across all of the sources and platforms that they use. Among people who consume news, 14% only use one provider. Close to one in ten (9%) of news users use the BBC as their sole source of news, and this is predominantly BBC One. No other provider has more than a 2% share of sole use.

Impact

5.23 The research showed that TV is considered to be the most important platform source for news. When asked how important each platform is as a source of news (using ratings on a scale of 1 - 10), TV rated the highest with an average importance score of 7.7. Around three-quarters (76%) of people who use TV as a source of news rated it highly (between 7 and 10) on importance. TV is rated as high among those people who use it as a single source, as well as those who use it in combination with other platforms as a multisource.

5.24 Radio, the internet and newspapers are rated in broadly similar terms by people who use these platforms for news (7.2, 7.1 and 6.9 respectively). Around six in ten people who use these platforms for news rated them highly (between 7 and 10) on importance.

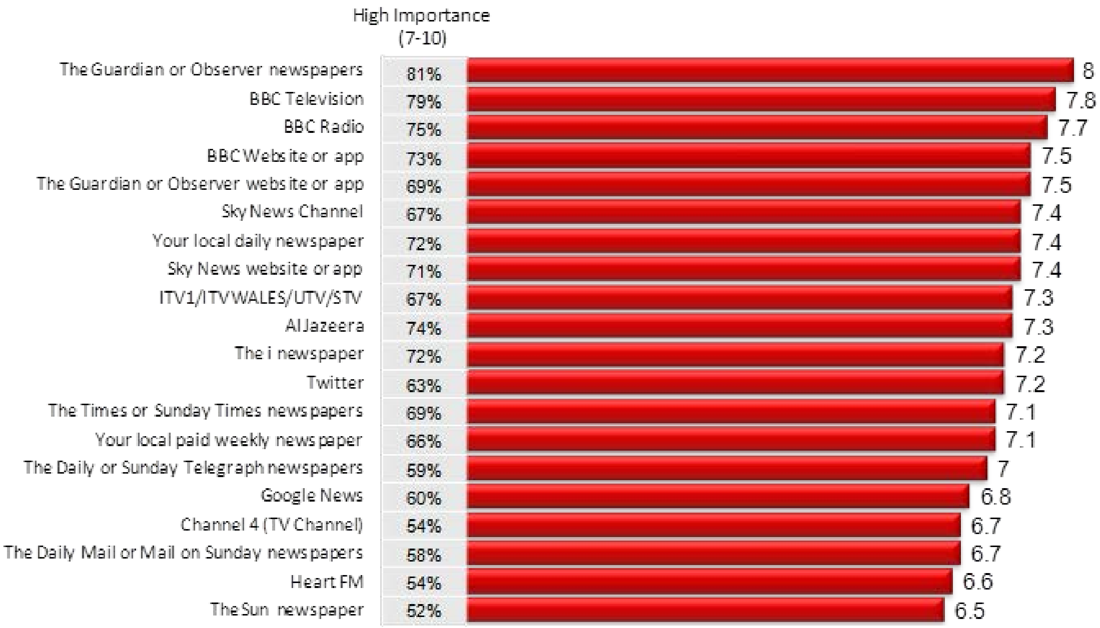
5.25 The table below explains what differences in attitude exist among people in UK's nations in relation to politics or current affairs in *their* nation/region. People in Scotland and Wales are more likely to rate politics or current affairs in their nation as being of personal interest, compared to people in England who rate politics or current affairs in their region.

	Politics in Nation/Region		**Current affairs in Nation/Region**	
Thinking about news in general, which of the following do you consider to be news?	Personal importance	Societal importance	Personal importance	Societal importance
England	23%	43%	35%	47%
Scotland	50%	52%	59%	58%
Wales	43%	51%	58%	52%
Northern Ireland	48%	29%	59%	30%

Source: Kantar Media quantitative research study (Feb/March 2012); Base: All adults 16+ in UK (2379)

5.26 Respondents were asked to rate how important each source of news was to them personally, on a scale of 1 – 10. The figure below shows the mean scores of the top 20 rankings across all four platforms, based on the consumers of each individual news source. It also shows the percentage of people rating each brand between 7 and 10 to give an indication of the proportion of people giving a 'high' rating of personal importance. It shows that commercial radio stations were less likely to be named as highly important among their listeners.

Figure 41: Personal importance of sources by mean score cross platform



Source: Kantar Media quantitative research study (Feb/March 2012).Q9b…..How important is <SOURCE> as a source of news TO YOU PERSONALLY? Base: All who use news source at least once a week /once a month for weekly newspapers (Varies)+

Contextual factors

Impartiality

5.27 Ofcom is required to maintain a Code (the Broadcasting Code) setting standards to secure various objectives, including:

- that news included in radio services is presented with due impartiality and that the impartiality requirements are complied with; and
- that news included in radio services is reported with due accuracy.

5.28 The impartiality requirements for local radio services are:

- The exclusion from programmes of all expressions of the views or opinions of the person providing the service on any matters of political or industrial controversy or any matters relating to current public policy.
- The prevention of the giving of undue prominence in the programmes included in the service (taken as a whole) to the views and opinions of particular persons or bodies on any matters of political or industrial controversy or any matters relating to current public policy.

5.29 In News Corporation/Sky, Ofcom held that impartiality rules are relevant and may contribute as a safeguard against potential influence on the news agenda by media owners, but they cannot by themselves necessarily ensure against it. In practice, the effect of partial selection or omission of news stories would be a subtle one which it could be difficult, through regulation, to identify and/or prove, so these provisions do not by themselves adequately address all potential concerns[62].

5.30 We have seen no evidence to suggest that our view on this matter should change.

Internal plurality

5.31 Defining the degree of internal plurality in place at any given media organisation is not simple. We have previously said that in light of the importance attached by Parliament to media plurality in informing opinion and setting the agenda, we did not consider we could rely solely on internal plurality to ensure sufficient plurality in the provision of news and current affairs. It is nonetheless a factor in considering questions of plurality[63].

The future of Independent Radio News (IRN)

5.32 In relation to UK-wide news provision on commercial radio, ✂.

5.33 ✂:

- ✂
- ✂.

5.34 The future of UK-wide news provision by commercial radio is difficult to predict with any certainty, and so any concerns are necessarily somewhat speculative. The character of commercial local radio news provision may change over time. However, we would expect any impact to be modest owing to the fact that, as set out above, the market for UK-wide news is populated with a large number of other material providers.

Conclusion

5.35 At the wholesale level, the number of providers of UK-wide news has not changed as a result of Global Radio's acquisition of GMG Radio. At the retail level, our data indicates that there is a wide range of material providers of UK-wide news, among which Global Radio and GMG Radio are relatively small.

5.36 Our conclusion therefore is that we have not identified any substantive plurality concerns resulting from this transaction relating to UK-wide news provision.

[62] Ofcom *Report on public interest test on the proposed acquisition of British Sky Broadcasting Group plc by News Corporation* (31 December 2010), paragraphs 5.80 to 5.88.
[63] Ofcom *Report on public interest test on the proposed acquisition of British Sky Broadcasting Group plc by News Corporation* (31 December 2010), paragraphs 5.101 to 5.102.

Section 6

Nations, regional and local news and current affairs

Overview

6.1 In this section we consider the effects of the acquisition by Global Radio of GMG Radio on the range and number of persons controlling media enterprises that offer news and current affairs content covering nations/regional and local issues.

6.2 We have used the following analytical framework which gives consideration to four factors (within radio and across the platforms of television, newspapers and online):

- **availability:** the number of news providers available at the point of consumption;
- **consumption:** the number of people using media sources, levels of multisourcing, and the frequency or the time they spend consuming them; and
- **impact:** impact of media on opinion-forming including the importance of different news sources.
- **contextual factors:** such as impartiality, internal plurality, and democratic processes.

Local/regional/nations news gathering and broadcasting

How local/regional/nations news is gathered for commercial radio stations

6.3 Each commercial radio station broadcasting local and/or nations news gathers this content using its own network of journalists (although some nations issues may also be sufficiently relevant to be picked up under the arrangements for national news).

6.4 In our analysis each commercial radio owner therefore represents a wholesale provider of news content. This contrasts to the UK wide news gathering outlined in the previous section, where IRN is the wholesale provider for commercial radio stations.

6.5 Both Global Radio and GMG Radio belong to 'pooling' systems in a number of regions. Under these arrangements Global Radio told us that a reporter for one radio station will cover a press conference (e.g. by the local police) or an event (e.g. a Royal visit) on behalf of local radio stations and will share the material produced with the other stations. The material used for a news item covering the story will therefore be substantially the same for different stations in the local area.

Nations/regional/local news available on Global Radio and GMG Radio stations

6.6 Both Global Radio and GMG Radio broadcast local news bulletins on their radio stations. Figure 42 sets out for illustrative purposes the volume of local/regional news available for a sample week across Global Radio and GMG Radio stations.

Figure 42: Illustrative volumes of local/regional/nations news output on Global Radio and GMG Radio (during the week 16 – 22 July 2012)[64]

✂

Source: Global Radio and GMG Radio responses[†] to Ofcom's request for information

6.7 Global Radio has told us that its outline plan for the merged business is:

- ✂
- ✂[65].

6.8 ✂.

6.9 Figure 43 ✂.

[64] **Addendum:** GMG Radio has been added to chart's title and source.
[65] ✂.

Figure 43: ✂

✂

Source: Global Radio request for information responses and Ofcom calculations. ✂.

6.10 ✂.

6.11 Global Radio has told us that it intends to revise the news broadcast by Real Radio in Wales in the following ways:

- To increase slightly total news minutage in daytime (though there will be a reduction at weekends).
- To introduce a new 20 minute news programme at ✂, focusing on news from around Wales, including coverage of the Welsh Assembly and matters in relation to which the Welsh Assembly has powers.
- ✂.
- To create a new role for a Welsh Political Editor, principally based at the Welsh Assembly, whose remit will be to discover stories, ensuring devolved issues are interpreted for audiences.
- To maintain a dedicated news editor for Real Radio, ensuring it has a distinctive approach in its approach, tone and presentation.

6.12 Real Radio has requested, and we have granted, licence amendments that capture the essence of these proposals and which will take effect if the merger is cleared on terms which allow Global Radio to own all the Welsh licences.

Applying the analytical framework to local/regional/nations news and current affairs provision

Geographic scope

6.13 The table below outlines Global Radio's and GMG Radio's radio stations. It shows that GMG Radio's stations are available in English regions, Scotland and Wales. GMG Radio provides three distinct brands – Real Radio, Real XS and Smooth.

Figure 44: Global Radio and GMG Radio's analogue stations (which are also available on DAB in some parts of the UK)

		East midlands			West midlands			Yorkshire			North West			North East		Wales		Scotland		
	London	Nottingham	Derby	Leicester	Birmingham	Wolverhampton	Coventry	Leeds	Bradford	Sheffield	Manchester	Liverpool	Lancashire	Tyne & Wear	Teesside	N Wales	S Wales	Glasgow	Edinburgh	Owner
Real								●	●	●	●	●	●	●	●	●	●	●	●	GMG
Real XS		□	□	□	□	□	□	□	□	□	●	□	□	□	□			●	□	GMG
Smooth	○	○	○	○	○	○	○	□	□	□	○	○	○	○	○	□	□	●	□	GMG
Heart	●	□	□	□	●	●	●	□	□	□	□	●*	□	□	□	●	□	□	□	Global
Capital	●	●	●	●	●	□	□	●	●	●	●	□	□	●	●		●	●	●	Global
Gold	○	○	○	○				□	□	□	○	□	□	□	□	●	●			Global
LBC	●				□	□	□	□	□	□	□	□	□	□	□		□	□	□	Global
Xfm	●	□	□	□	□	□	□	□	□	□	●	□	□	□	□	□	□	□	□	Global
Choice	●				□	□	□	□	□	□	□	□	□	□	□					Global
Classic	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	Global

● Analogue + DAB = includes local news
○ Analogue + DAB = no local content
□ DAB only = no local content
* Station covers part of the area only

6.14 In each of the areas there is at least one Global Radio local radio station overlapping with all or part of the GMG Radio TSA[66].

6.15 We note that Smooth Radio stations in England are not required to provide local news, and we therefore exclude the Midlands and London from the analysis of local and regional news provision below. Smooth Radio provides local news and current affairs content in Glasgow and is therefore included in the analysis in Scotland.

6.16 For analytical purposes, we have defined our *primary* geographical area of interest as any location where a GMG Radio station and Global Radio station overlap, where the merger leads to a reduction (by one) in the plurality of media owners available for people living in those areas.

6.17 We also consider the non-overlapping areas of GMG Radio station footprints to be relevant should Global's acquisition of GMG stations result in a substantial change in the type of news[†] they broadcast. We also note that a reduction in plurality can have an effect beyond narrowly defined overlap areas or footprints due to the way in which issues are debated within a community (sometimes referred to as the 'water cooler' effect).

6.18 This results in eight *primary* areas of interest and two areas of *secondary* interest to which we have applied our analytical framework:

Wales			Scotland			England			
Real Wales (N) TSA	**Capital S Wales TSA**	**Real Wales (S) TSA**	**96.3 Real XS TSA**	**Smooth Glasgow TSA**	**Real Radio Scot TSA**	**Capital NE TSA**	**Real Radio Yorks TSA**	**Real Radio NW TSA**	**106.1 Real XS TSA**
Primary	Primary	Secondary	Primary	Primary	Primary	Primary	Primary	Secondary	Primary

66 Total Survey Area - this is the area within which a station's audience is measured by RAJAR. This area is defined by the station using postcode districts as building blocks.

6.19 However, in practical terms, we can only analyse availability and consumption of local radio and other media, as well as the potential impact in terms of particular geographic areas:

- We have used the RAJAR station TSAs for the analysis of listening to each station. It is not possible to analyse the listening figures within the specific overlap area as RAJAR does not allow for analysis within partial TSAs. We have therefore identified the relevant TSA(s) of the GMG or Global station(s) that are the closest proxy to the overlap population in each geographical area of interest.

- Government Office Regions[67] (GOR) for analysing cross media consumption and impact drawn from existing Ofcom consumer research.

Overview of the analytical framework

6.20 We have gathered data on each geographical area impacted by the acquisition in terms of:

- availability of media owners;

- consumption both of local radio and of other local media sources cross platform;

- the impact of local media in informing opinions; and

- contextual factors: including impartiality, and democratic processes.

6.21 The section contains the following points:

- Outline of data sources drawn on and associated limitations;

- Summary of the analysis: availability, consumption and impact;

- Details of the analysis for each geographical area.

Outline of data sources used

6.22 The data sources we have drawn on include:

- industry measurement systems for the consumption of radio (RAJAR), television (BARB), and regional/local newspaper readership and circulation figures (JICREG). We have also taken account of hyperlocal website data provided by Openly local/Birmingham City University.

- existing Ofcom consumer surveys that cover consumers' local media use and attitudes.

6.23 The data we have used has some limitations. These include:

[67] Until end April 2011, GORs have been the primary classification for the presentation of regional statistics used by the Office of National Statistics. GORs are built up of complete counties/unitary authorities to reflect administrative boundaries. Following the Comprehensive Spending Review ONS will no longer update these regions, and they have subsequently been renamed as Regions.

- Within a geographic area, our summary of the availability of media sources and providers does not provide a full sense of the degree to which each source/provider covers the total area of interest. It is important to note that not all sources/providers will necessarily be available to all consumers within the area. (Note: Annex 4 provides a greater degree of detail in outlining what sources are available within each geographical area of interest.)

- RAJAR data can only be analysed by TSA, which means that we have not been able to analyse overlapping areas of interest. Instead, we have had to select the GMG or Global TSA that most closely represents the overlap, accepting that not all the listeners in that area are directly affected by the acquisition.

- RAJAR measures for each station on the survey how many people listen to the station in an average week and how long they spend listening. It does not report listening to specific content and so does not provide listening to news bulletins.

- We have drawn on existing Ofcom research studies that, while providing information on consumers' use and attitudes in relation to local media, offer less granularity than our hypothetical analytical framework would ideally require. For example, our quantitative research[68] can only be analysed at GOR level (e.g. North East England). Furthermore, these research studies were designed to assess the views of UK consumers as a whole[69].

- In addition our local media research[70] does not focus specifically on consumption of <u>local news</u> on radio. The survey asks about use of local radio overall. Also it cannot be analysed in terms of the contribution of local commercial radio *versus* BBC local radio.

6.24 We have not attempted to produce cross-platform share of references (SoR) data for local/regional news by source for each geographical area of interest. We recognise that undertaking consumer research into local/regional news cross platform by specific area brings with it a range of challenges, not least achieving samples that represent each geographical area; accounting for the range of different sources cross platform available to consumers in each area; and the variation in each source's distribution footprint compared to the geographical spread of the sample, which could lead to over or under representation in estimated levels of consumption by source.

6.25 We recognise that any research method possesses limitations in attempting to achieve the above aim. Our recommended method would be bespoke telephone interview by postcode area to ensure the sample represents the geographical area of interest[†]. We think that off-the-shelf omnibus surveys (either face to face or phone) would not deliver this to a sufficient robustness and the timeframe of 40 days is too short to allow for bespoke research.

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[68] Ofcom's research undertaken by Ipsos Mori (2012), Ofcom media tracker (2011).
[69] The two surveys were not designed to represent each GOR in terms of age, socio economic group or gender or specific geographical location within the GOR.
[70] Ofcom research undertaken by Ipsos Mori (2012).

6.26 We note that Global submitted a cross media share of references by source by geographical area in its response to our ITC[71]. We believe that the results from this survey should be treated with caution for reasons of methodology.

6.27 The table below outlines the metrics we have considered as part of our analysis and summarises key limitations associated with each one:

Figure 45: Availability, consumption, impact metrics

	Within platform - radio	Cross platform	Limitations
Availability • # of sources • # of media owners - wholesale • Revenues	• # of local/regional and community stations in each relevant TSA • Share of revenue for local radio.	• # of local print titles • # of local/hyperlocal websites • # of regional news bulletins on TV	• Very limited ability to analyse by overlapping geographical area. •Challenges of taking account of variation in the distribution of each local media source across the TSA.
Consumption • Share • Reach • Multisourcing	Sourced from RAJAR : • Share of local/regional radio for Global pre and post merger. • Reach of Global pre and post merger. • Mean number of local stations listened to	• Existing research on consumption of local media at platform level. • Research on cross platform local/regional news and current affairs consumption for Real, Smooth, Capital, Heart, BBC and 'other local radio' listeners.	• RAJAR does not allow analysis of listening by overlapping area. • RAJAR does not provide analysis of listening to news bulletins. • Ofcom's existing consumer research is not analysable by overlap area; each survey were designed to represent the UK adult population; local media research (2012) does not focus on local/regional news on local radio or distinguish between local commercial radio and the BBC; it is not at retail or wholesale level;.
Impact • Main source • Importance	• Research on importance of local regional news versus other content for listeners of individual local radio stations. Note not analysable by overlapping or GOR.	• Existing research provides (a) main source of local and of nations news by platform (b) importance of local media platforms • New research on importance of cross media platforms as a source of local/regional news among local radio listeners.	• No analysis available for overlapping areas. • Limited analysis at brand/source level within platform and cross platform.

6.28 In addition to these metrics, we have considered other relevant contextual factors such as impartiality as appropriate. These are outlined at the end of this section.

Summary of analysis and conclusion

6.29 Figure 46 provides a summary of the availability, consumption and impact metrics across each of the ten geographical areas of interest.

6.30 The summary of availability of media owners by area provides a headline overview of the estimated number of media owners. It should be noted that:

- all sources are not necessarily available to all people in the overlap areas. For example, local print titles can have varied circulation footprints within each TSA analysed.

- we have excluded some sources from our availability count on the basis that they are small scale (e.g. hyperlocal websites); may serve a niche community (e.g. local community radio station); do not target the people living in the geographical area of interest; or are only available to a small proportion of the people in the geographical area of interest. Annex 4 provides details on what sources we have excluded and why.

[71] YouGov *What the World Thinks: Local news Consumption* (August 2012)

- We have counted the BBC as one provider. One party suggested that the BBC should be counted as multiple providers. We have treated arguments relating to internal plurality with caution, and have not examined this issue in detail.

6.31 In summary, we estimate that, post merger, people in each area of interest have available sources of local/regional/nations news provided by:

- the BBC (radio, television, online);
- ITV/STV/ITV Wales/S4C (in Wales) (television and online);
- one or more local newspaper owners; and
- with the exception of North Wales, 2 or more commercial radio owners. In the Real Radio Wales (N) TSA the acquisition means that the number of local commercial radio owners decreases from 2 to 1.

6.32 In considering this data, we have had particular regard to plurality in Scotland and Wales, where plurality is important for the health of devolved democracy.

6.33 For the bottom eight we conclude that the data suggests that post-merger there remains a sufficient plurality of media owners available cross-platform, though the number falls by one in each area (and there may be a reduction in news minutage at some times of the day). We know that many consumers draw on a range of platforms to satisfy their need for local media content, and each media platform is relied on by substantive number of consumers when it comes to fulfilling their need to find out 'what is going on in my local area/nation'.

6.34 In North Wales and the Cardiff area, we have identified that pre-merger there was a comparatively low number of news media providers available to consumers, exacerbated by the reduction in providers by one brought about by the merger. We have therefore looked particularly closely at this area.

6.35 Although the merger has resulted in a reduction in the number of media owners, in these areas there will continue to be a variety of other platforms, including TV (which audiences rate as by far the most important platform) and newspapers (between 1 and 3 owners), with online being increasingly important.

6.36 Ofcom's advice, based on the evidence and reasons set out in this report, is that in relation to nations/regional/local news and current affairs we do not consider that it is or may be the case that Global Radio's acquisition of GMG Radio operates or may be expected to operate against the public interest.

Figure 46: Availability, consumption and impact summary table, ranked on the post-merger cross-platform number of wholesale media owners[72]

Area of interest (Global/GMG TSA)	Region/city	Overlap pop (m)	Availability				Consumption										Impact – main source for news about ...							
			# of local radio owners		# of media owners cross platform		Local radio share of listener hours (%)				Share of references for use of local media platforms (%)				Av # p'form used for local media	% soley using local radio for local media	"What's going on in my nation" (%)				"What's going on in my local area" (%)			
			Pre	Post	Pre	Post	Glob	GMG	G+G	Other station #1 or #2	TV	Radio	Press	Online			TV	Radio	Press	Online	TV	Radio	Press	Online
Real North Wales	N Wales	0.5	3 ➔	2	8 ➔	7	32 +	17 =	49	39	42	22	11	22	2.7	3	76	8	8	5	71	8	9	7
Capital South Wales	Cardiff	1	4 ➔	3	8 ➔	7	28 +	28 =	56	26	42	22	11	22	2.7	3	76	8	8	5	71	8	9	7
Capital NE	North East	2.2	4 ➔	3	9 ➔	8	23* +	11* =	34*	37*	44	27	13	14	2.7	1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Real South Wales	S Wales	1	5 ➔	4	10 ➔	9	15 +	25 =	40	29	42	22	11	22	2.7	3	76	8	8	5	71	8	9	7
96.3 Real XS	Glasgow	0.8	4 ➔	3	10 ➔	9	12 +	34 =	46	39	46	23	16	15	2.6	2	77	5	10	3	49	9	13	2
106.1 Real XS	North West	2.9	5 ➔	4	10 ➔	9	26* +	17* =	43*	30*	33	23	20	19	3	2	n.a.	n.a.	n.a.	n.a.	57	8	17	5
Smooth Glasgow	Glasgow	1.6	4 ➔	3	11 ➔	10	12 +	37 =	49	36	46	23	16	15	2.6	2	77	5	10	3	49	9	13	2
Real Radio Scotland	Central Scotland	2.7	4 ➔	3	13 ➔	12	14 +	32 =	46	36	46	23	16	15	2.6	2	77	5	10	3	49	9	13	2
Real Radio Yorkshire	Yorkshire	2.9	7 ➔	6	13 ➔	12	26 +	17 =	43	26	38	26	13	18	2.7	4	n.a.	n.a.	n.a.	n.a.	61	8	15	4
Real Radio NW	North West	2.8	5 ➔	4	13 ➔	12	13* +	12* =	25*	30*	33	23	20	19	3	2	n.a.	n.a.	n.a.	n.a.	57	8	17	5

Note 1: In the Capital North East TSA, share is based on total local radio hours (any local commercial plus BBC local radio) excluding Smooth Radio as it does not provide local news. Global's share post merger is therefore based on Capital North East and Real Radio. In both the Real Radio NW TSA and the 106.1 Real XS TSA share is based on total local radio hours (any local commercial plus BBC local radio) excluding Smooth Radio and Gold Manchester as they do not provide local news. Note 2: In estimating the number of local./regional/nations newspapers available to people in Scotland, we have not included DMGT's Scottish Daily Mail, Scottish Daily Express, or Daily Star of Scotland, GMG's The Guardian, or Lebedev's The Independent. We recognise that these titles each contain varying levels of Scotland specific content. Note 3: The share of references for local radio is based on consumers saying whether they use local radio at all in an average week. It does not ask about consumers' use of local radio for news content. It cannot be analysed in terms of the contribution of local commercial radio versus BBC local radio. However, consumers were asked about the use of television for local news, use of local papers and of the internet for local news and information. Note 4: The local media survey (2012) and the media tracker (2011) were not designed to represent each geographical area in terms of age, socio economic group or gender.

[72] **Addendum:** The symbols ➔, + and = have been added to the table since the report was submitted

6.37 The remainder of this section summarises key points by each of the ten geographical area of interest below.

A. Area of interest: Real Radio Wales (N)

This analysis is based on the Real Radio Wales (N) TSA.

Availability

6.38 We have identified the number of media providers cross platform available in the Real Wales (N)TSA. These are detailed in annex 4.

6.39 It is important to note that we have excluded some of these providers from our availability analysis summarised below on the basis that they are either small-scale; serve a niche community (e.g. local community radio station), do not target the Real Radio Wales (N) TSA, or do not provide local/regional/nations news. Full details are provided in the annex 4 on what sources are in and what are excluded and why.

6.40 Post acquisition, the number of local radio owners drops from three (GMG Radio, Global Radio, BBC) to two (Global Radio and BBC) – the lowest number of post-acquisition local radio stations among our analytical areas.

6.41 Across platforms (excluding independent online sites), the number of media owners drops from 8 to 7:

- BBC[73] – radio, television, online
- ITV Wales – television, online
- Global Radio – radio, online
- Four local print media providers[74] – NWN Media, Trinity Mirror Group, Tindle, Midland News Association Limited. Note not all of the newspaper titles are available in print form to all people in the geographical area of interest.

6.42 Note: S4C Digidol is a TV channel broadcasting in the medium of Welsh. The Welsh Authority has the statutory responsibility to provide S4C Digidol services for viewers in Wales. The channel broadcasts a range of content including nations news and current affairs. The BBC has a statutory obligation to provide S4C with news output. Therefore, in this analysis while we recognise that at the retail level S4C provides a distinct news service; at the wholesale level S4C is not counted as a separate provider of news[75].

Consumption

6.43 Note: RAJAR listening figures are to *all content* broadcast. It is not possible to analyse specific listening to local/regional/nations news bulletins. The data is based on the RAJAR Q2 2012 survey of all adults 15+ in the Real Radio Wales (N) TSA using a 12 month weight. Share is based on total hours to any local commercial radio

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[74] Note: We have attempted to estimate the number of relevant print media owners in the areas of interest, and in general the media owners have some form of online presence as well as hard copy print.

[75] We recognise that S4C broadcasts current affairs programming which may be sourced from both the BBC and independent producers.

and any BBC local/regional radio. We have only considered the local services by each media owner. Figures may also include a small amount of listening to other local stations provided by a media owner but targeting neighbouring TSAs.

6.44 Pre merger, GMG Radio has a share of local radio listening of 17% and Global Radio's share in the TSA is 32%, whereas the BBC has a share of 39%. Post merger, Global Radio's share rises to 49%.

6.45 The proportion of people who listen to GMG Radio in an average week is 13% (87,000 people), whereas Global Radio's reach is 21% (146,000). Post merger, Global Radio's weekly reach rises to 30% (203,000), consolidating its position as the most popular local radio media owner by reach within this TSA.

6.46 Mitigating against these trends is the fact that local/regional news on television is by far the most consumed local medium in Wales according to Ofcom's quantitative research on UK adults' local and regional media use[76].

6.47 From this data we have generated a local media platform share of references analysis[77][78] that shows among people in Wales local news on television commands a 42% cross-platform share of consumption, while local radio (commercial and BBC) ranks joint second with 22%, with online also at 22%, and local press taking third place with 11%. (Note: the survey did not specifically ask about the consumption of local news on radio.)

6.48 Furthermore, the same research shows that people in Wales use 2.7 local media platforms on average on a weekly basis, and only 3% of the adult population use only local radio in the same time period.

Impact

6.49 Ofcom research[79] indicates that consumers in Wales cite TV as by far the most popular main source of news for "What's going on in my local area" (71%) and "What's going on in my nation" (76%); the comparable figures for local radio were 8% in each case.

Contextual factors

A1.1 Wales is a distinct democratic unit. Decisions taken by the Welsh Assembly have a significant bearing on a wide range of public policy issues. In assessing the plurality of persons with control over media enterprises, we have given weight to the need for Welsh audiences to have access to a wide range of sources of nations news and current affairs, from a plurality of media owners.

[76] In addition, BARB data shows that the BBC's and ITV's local/regional news content reaches 60% of all individuals 4+ in Wales on a weekly basis (2011, 3+ consecutive minutes). Analysis is based on ITV regions.

[77] Source: Ofcom's research by Ipsos Mori (2012). Note: this research asks respondents about their local and regional media use, and specifically use of local news on TV, local paper (free or paid), local magazine, local news websites, local community websites, and browsing the internet in general for local news and information, and local radio. It is important to note that the survey does not specifically ask about the use of local radio for local news. N = 182 people in Wales (unweighted).

[78] The share of references analysis is generated in the same way as the share of references analysis described in Ofcom's *Measuring Media Plurality* (June, 2012).

[79] Ofcom's media tracker, 2011, n = 107 in Wales.

B. Area of interest: Capital Radio South Wales

This analysis is based on the Capital Radio South Wales TSA.

Availability

6.50 We have identified the number of media providers cross platform available in the Capital Radio South Wales[80] TSA. These are detailed in annex 4.

6.51 It is important to note that we have excluded some of these providers from our availability analysis summarised below on the basis that they are either small-scale (hyperlocal websites); serve a niche community (e.g. local community radio station), do not target the TSA population, or do not provide local/regional/nations news (e.g. Bauer's radio station Kiss). We have provided full details on the availability of sources by platform in the annex as well as what sources have been omitted and why.

6.52 The number of local radio station providers available to consumers in Cardiff drops from 4 (Global Radio, GMG Radio, Town and Country, and BBC) to 3 (Global Radio, Town and Country, BBC).

6.53 Across media (excluding independent online sites) the number of providers falls from 8 to 7.

- BBC – radio, television, online;
- ITV Wales - television, online;
- Global Radio (Capital, Gold, Real Radio Wales (S)) – radio, online;
- Town and Country radio (Nation Radio) – radio, online;
- Three local print owners – Newsquest Media Group, Trinity Mirror and Tindle.

6.54 See note in previous section on S4C Digidol.

Consumption

Note: The data is based on the RAJAR Q2 2012 survey of all adults 15+ in the Capital South Wales TSA using a 12 month weight. Share is based on total hours to any local commercial radio and any BBC local/regional radio. Figures may also include a small amount of listening to other local stations provided by a media owner but targeting neighbouring TSAs. We have only considered the local services by each media owner

6.55 GMG Radio's local radio listening share is 28%. Pre merger, Global Radio's share is 28%, whereas the BBC has a share of 26%. Post merger Global Radio's share rises to 56% to consolidate its rank as first for local radio listening share in this TSA.

6.56 The proportion of people who listen to GMG Radio in an average week is 23% (230,000), whereas Global Radio's reach is 27% (266,000). Post merger this rises to 41% (406,000).

[80] **Erratum:** The word 'Cardiff' has been replaced with 'South Wales' since the report was submitted.

6.57 Mitigating against these trends, is the fact that local/regional news on TV is by far the most consumed local medium in Wales according to Ofcom's quantitative research on UK adults' local and regional media use[81].

6.58 From this data we have generated our local media platform share of references analysis that shows that among people in Wales local news on television commands a 42% cross-platform share of consumption, while local radio (commercial and BBC combined) ranks joint second with 22%, with online also at 22% with local press taking third place with 11%.

6.59 Furthermore, people in Wales use 2.7 local media platforms on a weekly basis and only 3% of the adult population use only local radio.

Impact

6.60 According to Ofcom's research[82], consumers in Wales cite TV as by far the most popular main source of news for "What's going on in my local area" (71%) and "What's going on in my nation" (76%); the comparable figures for local radio were 8% in each case.

Contextual factors

6.61 See paragraphs above as detailed for Real Radio North Wales.

C. Area of interest: Real Radio Wales (S)

This analysis is based on the Real Radio Wales (S) TSA.

Availability

6.62 We have identified the number of media providers cross platform available in the Real Radio Wales (S) TSA. These are detailed in annex 4.

6.63 It is important to note that we have excluded some providers from our availability analysis summarised below on the basis that they are either small-scale (hyperlocal websites); serve a niche community (e.g. local community radio station); do not target the TSA population; or do not provide local/regional/nations news (e.g. Bauer's Kiss). We have provided full details on the availability of sources by platform in the annex as well as what sources have been omitted and why.

6.64 The number of local radio station providers available to consumers in Real Radio Wales (S) TSA drops from 5 (Global Radio, GMG Radio, BBC, Town and Country, UTV) to 4 (Global Radio, BBC, Town and Country, UTV).

6.65 Across media (excluding independent online sites), the number of providers falls from 10 to 9:

[81] Source: Ofcom's research by Ipsos Mori (2012). Note: this research asks respondents about their local and regional media use, and specifically use of local news on TV, local paper (free or paid), local magazine, local news websites, local community websites, and browsing the internet in general for local news and information, and local radio. It is important to note that the survey does not specifically ask about the use of local radio for local news. n = 182 people in Wales (unweighted).
[82] Ofcom's media tracker, 2011, n = 107 in Wales.

- BBC – radio, television, online;
- ITV1 – television, online;
- Global Radio (Capital South Wales, Gold South Wales, Real Radio Wales) – radio, online;
- Town and Country (Nation Radio) – radio, online;
- UTV (Swansea Sound and 96.4 FM The Wave) – radio and online;
- Four local print owners (Newsquest, Northcliffe, Tindle, Trinity).

6.66 Note: See note above on S4C Digidol.

<u>Consumption</u>

Note: The data is based on the RAJAR Q2 2012 survey of all adults 15+ in the Real Radio Wales (S) TSA using a 12 month weight. Share is based on total hours to any local commercial radio and any BBC local/regional radio. Figures may also include a small amount of listening to other local stations provided by a media owner but targeting neighbouring TSAs. We have only considered the local services by each media owner.

6.67 GMG share of local radio listening of 25%. Pre merger, Global Radio's share is 15%, whereas the BBC's share is 29%. Post merger Global Radio's share rises to 40% and now ranks first for local radio listening share.

6.68 The proportion of people who listen to GMG Radio in an average week is 23% (420,000). Global's reach) is 266,000 (14%). Post merger Global Radio's weekly reach rises to 32% (596,000), taking the media owner from third to first place in terms of average weekly reach within the TSA.

6.69 Mitigating against these trends is the fact that local/regional news on television is by far the most consumed local medium in Wales according to Ofcom's quantitative research on UK adults' local and regional media use[83].

6.70 From this data we have generated a local media platform share of references analysis[84][85] that shows among people in Wales local news on television commands a 42% cross-platform share of consumption, while local radio (commercial and BBC) ranks joint second with 22%, with online also at 22%, and local press taking third place with 11%. (Note: the survey did not specifically ask about the consumption of local news on radio.)

[83] In addition, BARB data shows that the BBC's and ITV's local/regional news content reaches 60% of all individuals 4+ in Wales on a weekly basis (2011, 3+ consecutive minutes). Analysis is based on ITV regions.

[84] Source: Ofcom's research by Ipsos Mori (2012). Note: this research asks respondents about their local and regional media use, and specifically use of local news on TV, local paper (free or paid), local magazine, local news websites, local community websites, and browsing the internet in general for local news and information, and local radio. It is important to note that the survey does not specifically ask about the use of local radio <u>for local news</u>. n = 182 people in Wales (unweighted).

[85] The share of references analysis is generated in the same way as the share of references analysis described in Ofcom's *Measuring Media Plurality* (June, 2012).

6.71 Furthermore, the same research shows that people in Wales use 2.7 local media platforms on a weekly basis and only 3% of the adult population use only local radio in the same time period.

Impact

6.72 Ofcom research[86] indicates that consumers in Wales cite TV as by far the most popular main source of news for "What's going on in my local area" (71%) and "What's going on in my nation" (76%); the comparable figures for local radio were 8% in each case.

Contextual factors

6.73 See paragraphs above for Real Radio Wales (N).

D. Area of interest: 96.3 Real XS, Scotland

This analysis is based on the 96.3 Real XS TSA.

Availability

6.74 We have identified the number of media providers cross platform available in the 96.3 Real XS TSA, as detailed in the annex. It is important to note that we have excluded some providers from our availability analysis as outlined in annex 4.

6.75 The number of local radio station providers available in the TSA drops from 4 (Global Radio, GMG Radio, Bauer, BBC) to 3 post merger (Global Radio, Bauer, BBC).

6.76 Across media (excluding independent online sites), the number of providers falls from 10 to 9:

- BBC [87]– radio, television, online;
- STV – television, online;
- Global Radio (Capital, Real Radio Scotland, 96.3 Real XS, Smooth Radio Glasgow) – radio, online;
- Bauer (Clyde 1 and Clyde 2) – radio, online;
- 5 local print media providers – Romanes Media Group, Trinity Mirror, Johnston Press, Newsquest, and News International[88].

[86] Ofcom's media tracker, 2011, n = 107 in Wales.
[87] We do not have evidence to suggest that BBC ALBA should be treated as a separate local/nations news wholesale provider.
[88] In estimating the number of local/regional/nations newspapers available to people in Scotland, we have not included DMGT's Scottish Daily Mail, Northern and Shell's Scottish Daily Express, or Daily Star of Scotland, GMG's The Guardian, or Lebedev's The Independent. We recognise that these titles each contain varying levels of Scotland specific content.

Consumption

Note: The data is based on the RAJAR Q2 2012 survey of all adults 15+ in the 96.3 Real XS TSA using a 12 month weight. Share is based on total hours to any local commercial radio and any BBC local/regional radio. Figures may also include a small amount of listening to other local stations provided by a media owner but targeting neighbouring TSAs. We have only considered the local services by each media owner.

6.77 GMG Radio's share of local radio consumption in the TSA is 34%. Global Radio's radio share is 12%, the BBC has a share of 14%, and Bauer a share of 39%. Post merger Global Radio's share rises to 46%.

6.78 The proportion of people who listen to GMG Radio in an average week is 32% (260,000), whereas Global Radio's reach is 16% (133,000). Post merger, Global Radio's weekly reach rises to 40% (332,000) taking it from fourth to first place in terms of reach within the TSA[89].

6.79 Mitigating against these trends is the fact that local/regional news on television is the most consumed local medium in Scotland according to Ofcom's quantitative research on UK adults' local and regional media use[90].

6.80 The local media share of references analysis[91] [92] shows among people in Scotland local news on television commands a 46% cross-platform share, while local radio (commercial and BBC) ranks second with 23%, with local print at 16% and online at 15%. (Note: the survey did not specifically ask about the consumption of local news on radio.)

6.81 The same study shows that people in Scotland use on average 2.6 local media platforms on a weekly basis and only 2% of the adult population use only local radio in the same time period.

Impact

6.82 Ofcom research[93] indicates that consumers in Scotland cite TV as the most popular main source of news for "What's going on in my local area" (49%); the comparable figures for local radio was 9%, whereas 13% cited print. When asked about their main source of news for "What's going on in my nation", respondents cited television (77%), with 5% citing radio, 10% print and 3% online.

Contextual factors

A1.2 Scotland is a distinct democratic unit. Decisions taken by the Scottish Parliament have a significant bearing on a wide range of public policy issues (covering for

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89 Bauer's weekly reach is 37% (302,000) and BBC local radio is 21% (170,000).

90 In addition, BARB data shows that the BBC's and ITV's local/regional news content reaches 60% of all individuals 4+ in Scotland on a weekly basis (2011, 3+ consecutive minutes).

91 Source: Ofcom's research by Ipsos Mori (2012). Note: this research asks respondents about their local and regional media use, and specifically use of local news on TV, local paper (free or paid), local magazine, local news websites, local community websites, and browsing the internet in general for local news and information, and local radio. It is important to note that the survey does not specifically ask about the use of local radio for local news. N = 197 people in the Yorkshire and Humberside (unweighted).

92 The share of references analysis is generated in the same way as the share of references analysis described in Ofcom's *Measuring Media Plurality* (June, 2012).

93 Ofcom's media tracker, 2011, n = 172 in Scotland.

example, health, education and transport). In assessing the plurality of persons with control over media enterprises, we have given weight to the need for Scottish audiences to have access to a wide range of sources of nations news and current affairs, from a plurality of media owners.

E. Area of interest: Smooth Radio Glasgow, Scotland

This analysis is based on Smooth Radio Glasgow TSA.

Availability

6.83 We have identified the number of media providers cross platform available in the Smooth Radio Glasgow TSA, as detailed in annex 4. It is important to note that we have excluded some providers from our availability analysis as outlined in the annex.

6.84 The number of local radio station providers available in the TSA drops from 4 (Global Radio, GMG Radio, Bauer, BBC) to 3 post merger (Global Radio, Bauer, BBC).

6.85 Across media (excluding independent online sites), the number of providers falls from 11 to 10:

- BBC – radio, television, online;
- STV – television, online;
- Global Radio (Capital, Smooth Radio Glasgow, 96.3 Real Radio XS, Real Radio Scotland) – radio, online;
- Bauer (Clyde 1 and Clyde 2);
- 6 local print media providers – Romanes Media Group, Trinity Mirror, Johnston Press, Newsquest, E&R Inglis, and News International[94].

Consumption

The data is based on the RAJAR Q2 2012 survey of all adults 15+ in the Smooth Radio Glasgow[95] TSA using a 12 month weight. Share is based on total hours to any local commercial radio and any BBC local/regional radio. Figures may also include a small amount of listening to other local stations provided by a media owner but targeting neighbouring TSAs. We have only considered the local services by each media owner.

6.86 GMG Radio's share of local radio consumption in the TSA is 37%. Global Radio's radio share is 12%, whereas the BBC has a share of 13%, and Bauer a share of 36%. Post merger Global Radio's share rises to 49%.

6.87 The proportion of people who listen to GMG Radio in an average week is 34% (649,000), whereas Global Radio's reach is 17% (329,000). Post merger, Global

[94] In estimating the number of local/regional/nations newspapers available to people in Scotland, we have not included DMGT's Scottish Daily Mail, Northern and Shell's Scottish Daily Express, or Daily Star of Scotland, GMG's The Guardian, or Lebedev's The Independent. We recognise that these titles each contain varying levels of Scotland specific content.

[95] **Erratum**: The words '96.3 Real XS' have been replaced with 'Smooth Radio Glasgow' since the report was submitted.

Radio's weekly reach rises to 42% (806,000) taking it from second to first place in terms of reach within the TSA[96].

6.88 Mitigating against these trends is the fact that local/regional news on television is the most consumed local medium in Scotland according to Ofcom's quantitative research on UK adults' local and regional media use[97]. See paragraph 6.79 above for the results from the local media share of references for Scotland

Impact

6.89 See paragraph above for the impact results relating to Scotland.

Contextual factors

6.90 See paragraphs above for contextual factors relating to Scotland.

F. Area of interest: Real Radio Scotland

This analysis is based on Real Radio Scotland TSA.

Availability

6.91 We have identified the number of media providers cross platform available in the Real Radio Scotland TSA, as detailed in annex 4. It is important to note that we have excluded some providers from our availability analysis as outlined in the annex.

6.92 The number of local radio station providers available in the TSA drops from 4 (Global Radio, GMG Radio, Bauer, BBC) to 3 post merger (Global Radio, Bauer, BBC).

6.93 Across media (excluding independent online sites), the number of providers falls from 13 to 12:

- BBC – radio, television, online;
- STV – television, online;
- Global Radio (Capital, Real Radio Scotland, 96.3 Real XS, Smooth Radio Glasgow) – radio, online;
- Bauer (Clyde 1, Clyde 2, ForthOne, Forth2) – radio, online;
- 8 local print media providers – Romanes Media Group, Trinity Mirror, Johnston Press, Newsquest, E&R Inglis, Oban Times, DC Thompson and Co Ltd, News International [98].

[96] Bauer's weekly reach is 38% (718,000) and BBC local radio is 21% (391,000).
[97] In addition, BARB data shows that the BBC's and STV's local/regional news content reaches 60% of all individuals 4+ in Scotland on a weekly basis (2011, 3+ consecutive minutes). Analysis is based on ITV regions.
[98] In estimating the number of local/regional/nations newspapers available to people in Scotland, we have not included DMGT's Scottish Daily Mail, Northern and Shell's Scottish Daily Express, or Daily Star of Scotland, GMG's The Guardian, or Lebedev's The Independent. We recognise that these titles each contain varying levels of Scotland specific content.

Consumption

The data is based on the RAJAR Q2 2012 survey of all adults 15+ in the Real Radio Scotland TSA using a 12 month weight. Share is based on total hours to any local commercial radio and any BBC local/regional radio. Figures may also include a small amount of listening to other local stations provided by a media owner but targeting neighbouring TSAs. We have only considered the local services by each media owner.

6.94 GMG Radio's share of local radio consumption in the TSA is 32%, whereas Global Radio's share is 14%, and the BBC has a share of 13%. Bauer has a share of 36%. Post merger Global Radio's share rises to 46%.

6.95 The proportion of people who listen to GMG Radio in an average week is 31% (832,000), whereas Global Radio's reach is 19% (513,000). Post merger, Global Radio's weekly reach rises to 40% (1,100,000) taking it from second to first place in terms of reach within the TSA[99].

6.96 Mitigating against these trends is the fact that local/regional news on television is the most consumed local medium in Scotland according to Ofcom's quantitative research on UK adults' local and regional media use[100.] See paragraph 6.79 above for the results from the local media share of references for Scotland.

Impact

6.97 See paragraphs above for the impact results relating to Scotland.

Contextual factors

6.98 See paragraphs above for contextual factors relating to Scotland.

G. Area of interest: Capital North East, England

This analysis is based on the Capital North East TSA.

Availability

6.99 We have identified the number of media providers cross platform available in the Capital North East TSA. These are detailed in annex 4.

6.100 It is important to note that we have excluded some of these providers from our availability analysis summarised below on the basis that they are either small-scale (e.g. UKRD's local radio stations); serve a niche community (e.g. local community radio station); do not target the TSA; or do not provide local/regional/nations news. We have provided full details on the availability of sources by platform in the annex as well as what sources have been omitted and why.

6.101 The number of local radio station providers available to consumers in Capital North East TSA drops from 4 (Global Radio, GMG Radio, Bauer, BBC) to 3 (Global Radio, Bauer, BBC).

[99] Bauer's weekly reach is 36% (975,000) and BBC local radio is 20% (537,000).
[100] In addition, BARB data shows that the BBC's and ITV's local/regional news content reaches 60% of all individuals 4+ in Scotland on a weekly basis (2011, 3+ consecutive minutes).

6.102 Across media (excluding independent online sites), the number of providers falls from 9 to 8:

- BBC – radio, television, online
- ITV1 – television, online
- Global Radio [101] (Capital, Real) – radio, online
- Bauer (Metro Radio, Magic 1152, TFM Radio, Magic 1170) – radio, online
- 4 local print media providers – Trinity, Johnston Press, Newsquest MG, CN Group

Consumption

The data is based on the RAJAR Q2 2012 survey of all adults 15+ in the Capital North East TSA using a 12 month weight. Share is based on total hours to any local commercial radio and any BBC local/regional radio excluding Smooth Radio as this not provide local news. Figures may also include a small amount of listening to other local stations provided by a media owner but targeting neighbouring TSAs. We have only considered the local services by each media owner.

6.103 GMG Radio's share of local radio consumption in the TSA is 11%. Global Radio's radio share is 23%, whereas the BBC has a share of 20%, and Bauer 37%. Post merger, Global Radio's share rises to 34%.

6.104 The proportion of people who listen to GMG Radio (Real Radio only) in an average week is 13% (292,000), whereas Global Radio's (Capital) reach is 24% (528,000). Post merger, Global Radio's weekly reach (Capital and Real) rises to 32% (709,000) consolidating its position as the second most popular local radio media owner by reach within the TSA[102].

6.105 Mitigating against these trends is the fact that local/regional news on television is by far the most consumed local medium in the North East according to Ofcom's quantitative research on UK adults' local and regional media use[103].

6.106 From this data we have generated a local media platform share of references analysis[104] [105] that shows among people in the North East local news on television commands a 44% cross-platform share of consumption, while local radio (commercial and BBC) ranks second with 27%, with online at 14%, and local press at 13%. (Note: the survey did not specifically ask about the consumption of local news on radio.)

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[101] Smooth Radio England does not broadcast local news.
[102] Bauer's local radio weekly reach is 34% (755,000) and BBC local radio is 21% (460,000).
[103] In addition, BARB data shows that the BBC's and ITV's local/regional news content reaches 60% of all individuals 4+ in the North East on a weekly basis (2011, 3+ consecutive minutes).
[104] Source: Ofcom's research by Ipsos Mori (2012). Note: this research asks respondents about their local and regional media use, and specifically use of local news on TV, local paper (free or paid), local magazine, local news websites, local community websites, and browsing the internet in general for local news and information, and local radio. It is important to note that the survey does not specifically ask about the use of local radio for local news. n = 123 people in the North East (unweighted).
[105] The share of references analysis is generated in the same way as the share of references analysis described in Ofcom's *Measuring Media Plurality* (June, 2012).

6.107 Furthermore, the same research shows that people in the North East use on average 2.7 local media platforms on a weekly basis and only 1% of the adult population use only local radio in the same time period.

Impact

Note: The research from Ofcom's media tracker on respondents' main source of news for 'what's going on in my area' cannot be analysed for the North East region as the sample size is too small. The UK level results show 53% name television as their main source, followed by 15% naming newspapers, 10% for radio and 6% for the internet.

H. Area of interest: Real Radio Yorkshire, England

This analysis is based on the Real Radio Yorkshire TSA.

Availability

6.108 We have identified the number of media providers cross platform available in the Real Radio Yorkshire TSA, as detailed in annex 4. It is important to note that we have excluded some providers from our availability analysis as outlined in the annex.

6.109 The number of local radio station providers available in the TSA drops from 7 (Global Radio, GMG Radio, Bauer, BBC, Leeds Utd AFC, UTV, Lincs FM Group) to 6 post merger (Global Radio, Bauer, BBC, Leeds Utd AFC, UTV, Lincs FM Group).

6.110 Across media (excluding independent online sites), the number of providers falls from 13 to 12:

- BBC – radio, television, online;
- ITV1 – television, online;
- Global Radio (Capital, Real Radio) – radio, online;
- Bauer (Hallam FM, Magic AM, 96.3 Radio Aire, Magic 828) – radio and online;
- Leeds Utd AFC (Yorkshire Radio) - radio;
- UTV (The Pulse, Pulse 2) – radio and online;
- Lincs FM Group (Ridings FM, Trax FM, Dearne FM, Rother FM) – radio and online;
- 5 local print media providers – Newsquest, Trinity, Johnston Press, Barnsley Chronicle Ltd, Garnett Dickinson Publishing.

Consumption

The data is based on the RAJAR Q2 2012 survey of all adults 15+ in the Real Radio Yorks TSA using a 12 month weight. Share is based on total hours to any local commercial radio and any BBC local/regional radio. Figures may also include a small amount of listening to other local stations provided by a media owner but targeting neighbouring TSAs. We have only considered the local services by each media owner.

6.111 GMG Radio's share of local radio consumption in the TSA is 17%. Global Radio's share is 26%, whereas the BBC has a share of 17%, and Bauer a share of 26%. Post merger Global's share rises to 43%.

6.112 The proportion of people who listen to GMG Radio in an average week is 15% (431,000), whereas Global Radio's reach is 25% (715,000). Post merger, Global Radio's weekly reach rises to 33% (968,000) consolidating its position in first place in terms of reach within the TSA[106].

6.113 Mitigating against these trends is the fact that local/regional news on television is the most consumed local medium in Yorkshire according to Ofcom's quantitative research on UK adults' local and regional media use[107].

6.114 The local media share of references analysis[108] [109] shows among people in Yorkshire local news on television commands a 38% cross-platform share, while local radio (commercial and BBC) ranks second with 26%, with local print at 16% and online at 18%. (Note: the survey did not specifically ask about the consumption of local news on radio.)

6.115 The same study shows that people in Yorkshire use on average 2.7 local media platforms on a weekly basis and only 4% of the adult population use only local radio in the same time period.

Impact

6.116 Ofcom research[110] indicates that consumers in Yorkshire cite TV as the most popular main source of news for "What's going on in my local area" (61%); the comparable figures for local radio was 8%, whereas 15% cited print.

I. Area of interest Real Radio North West, England

This analysis is based on the Real Radio North West TSA.

Availability

6.117 We have identified the number of media providers cross platform available in the Real Radio North West TSA, as detailed in annex 4. It is important to note that we have excluded some providers from our availability analysis as outlined in the annex.

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[106] Bauer's weekly reach is 22% (637,000) and BBC local radio is 18% (511,000).
[107] In addition, BARB data shows that the BBC's and ITV's local/regional news content reaches 56% of all individuals 4+ in Yorkshire on a weekly basis (2011, 3+ consecutive minutes).
[108] Source: Ofcom's research by Ipsos Mori (2012). Note: this research asks respondents about their local and regional media use, and specifically use of local news on TV, local paper (free or paid), local magazine, local news websites, local community websites, and browsing the internet in general for local news and information, and local radio. It is important to note that the survey does not specifically ask about the use of local radio for local news. n = 197 people in the Yorkshire and Humberside (unweighted).
[109] The share of references analysis is generated in the same way as the share of references analysis described in Ofcom's *Measuring Media Plurality* (June, 2012).
[110] Ofcom's media tracker, 2011, n = 139 in Yorkshire.

6.118 The number of local radio station providers available in the TSA drops from 5 (Global, GMG, Bauer, UTV, BBC,) to 4 post merger (Global Radio, Bauer, UTV, BBC).

6.119 Across media (excluding independent online sites), the number of providers falls from 13 to 12:

- BBC – radio, television, online;
- ITV1 – television, online;
- Global Radio (Real Radio, Capital, 106.1 Real XS, XFM[111]) – radio, online;
- Bauer (Key 103, Magic 1152, Radio City 96.7, Magic 1548, 97.4 Rock FM, Magic 999, City Talk 105.9 – radio, online;
- UTV (107.6 Juice FM, 102.4 Wish FM, 107.4 Tower FM, 107.2 The Wave) – radio, online;
- 7 local print media providers – Newsquest, Trinity, Hirst Kidd and Rennie, Johnston Press, Champion Newspapers, NWN Media, Heads (Congleton).

Consumption

The data is based on the RAJAR Q2 2012 survey of all adults 15+ in the Real Radio NW TSA using a 12 month weight. Share is based on total hours to any local commercial radio and any BBC local/regional radio excluding Smooth Radio and Gold Manchester as these stations do not provide local news. Figures may also include a small amount of listening to other local stations provided by a media owner but targeting neighbouring TSAs. We have only considered the local services by each media owner.

6.120 GMG's share of local radio consumption in the TSA is 12%[112]. Global Radio's radio share is 13%, whereas the BBC has a share of 28%, and Bauer a share of 30%. Post merger Global Radio's share rises from to 25%.

6.121 The proportion of people who listen to GMG Radio's local stations in an average week is 12% (611,000), whereas Global Radio's reach is 15% (763,000). Post merger, Global Radio's weekly reach rises to 24% (1,239,000) taking it to second place in terms of reach within the TSA[113].

6.122 Mitigating against these trends is the fact that local/regional news on television is the most consumed local medium in the North West according to Ofcom's quantitative research on UK adults' local and regional media use[114].

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[112] Both the share for GMG and the base from which this is calculated excludes Smooth Radio as this station does not air local news. This also applies to Global in relation to Gold Manchester.
[113] Bauer's combined local radio stations weekly reach is 27% (1,402,000) and BBC local radio is 18% (932,000).
[114] In addition, BARB data shows that the BBC's and ITV's local/regional news content reaches 56% of all individuals 4+ in the North West on a weekly basis (2011, 3+ consecutive minutes). Analysis is based on ITV regions.

Impact

6.123 Ofcom research[115] indicates that consumers in the North West cite TV as the most popular main source of news for "What's going on in my local area" (57%); the comparable figures for local radio was 8%, whereas 17% cited print.

J. Area of Interest: 106.1 Real XS, England

This analysis is based on the 106.1 Real XS TSA.

Availability

6.124 We have identified the number of media providers cross platform available in the 106.1 Real XS TSA. These are detailed in annex 4. It is important to note that we have excluded some providers from our availability analysis as outlined in the annex.

6.125 The number of local radio station providers available in the TSA drops from 5 (Global Radio, GMG Radio, Bauer, UTV, BBC) to 4 post merger (Global Radio, Bauer, UTV, BBC).

6.126 Across media (excluding independent online sites), the number of providers falls from 10 to 9:

- BBC – radio, television, online;
- ITV1 – television, online;
- Global Radio – radio, online;
- Bauer (Key 103, Magic 1152);
- UTV (102.4 Wish FM, 107.4 Tower FM, 107.2 The Wire[116]) – radio, online;
- 4 local print media providers – Newsquest, Trinity, Hirst Kidd and Rennie, Johnston Press.

Consumption

The data is based on the RAJAR Q2 2012 survey of all adults 15+ in the 106.1 Real XS TSA using a 12 month weight. Share is based on total hours to any local commercial radio and any BBC local/regional radio excluding Smooth Radio and Gold Manchester as these stations do not provide local news. Figures may also include a small amount of listening to other local stations provided by a media owner but targeting neighbouring TSAs. We have only considered the local services by each media owner.

6.127 GMG Radio's share of local radio consumption in the TSA is 17%, Global Radio's share is 26%, whereas the BBC has a share of 17%, and Bauer a share of 30%. Post merger Global Radio's share rises to 43%[117].

[115] Ofcom's media tracker, 2011, n = 179 in the North West.
[116] **Erratum**: the submitted report incorrectly stated the station name as '107.2 The Wave'. This has been corrected to read '107.2 The Wire'.

6.128 The proportion of people who listen to GMG Radio's local station in an average week is 13% (344,000), whereas Global Radio's reach is 24% (646,000). Post merger, Global Radio's weekly reach rises to 32% (894,000) consolidating its position as the most popular local radio media owner by reach within the TSA[118].

6.129 Mitigating against these trends is the fact that local/regional news on television is the most consumed local medium in the North West according to Ofcom's quantitative research on UK adults' local and regional media use[119].

6.130 The local media share of references analysis[120] [121] shows among people in the North West local news on television commands a 33% cross-platform share, while local radio (commercial and BBC) ranks second with 23%, with local print at 20% and online at 19%. (Note: the survey did not specifically ask about the consumption of local news on radio.)

6.131 The same study shows that people in the North West use on average 3 local media platforms on a weekly basis and only 2% of the adult population use only local radio in the same time period.

Impact

6.132 Ofcom research[122] indicates that consumers in the North West cite TV as the most popular main source of news for "What's going on in my local area" (57%); the comparable figures for local radio was 8%, whereas 17% cited print.

Other considerations applicable to each geographical area of interest

Impact

6.133 Ofcom commissioned Public Knowledge to conduct an online survey[123] amongst listeners of the following radio stations: BBC local or national radio stations; Capital Radio; Heart; Real Radio; Smooth Radio; Other commercial stations as a generic category (not including those listed above).

6.134 In common with the other commercial stations we researched, music content appears to be the most important driver of listening to Real. 82% of Real listeners said they listen to music on Real on a monthly basis. One third (34%) say that they

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117 Both the share for GMG and the base from which this is calculated excludes Smooth Radio as this station does not air local news. This also applies to Global in relation to Gold Manchester.
118 Bauer's weekly reach is 25% (668,000) and BBC local radio is 12% (336,000).
119 In addition, BARB data shows that the BBC's and ITV's local/regional news content reaches 56% of all individuals 4+ in the North West on a weekly basis (2011, 3+ consecutive minutes).
120 Source: Ofcom's research by Ipsos Mori (2012). Note: this research asks respondents about their local and regional media use, and specifically use of local news on TV, local paper (free or paid), local magazine, local news websites, local community websites, and browsing the internet in general for local news and information, and local radio. It is important to note that the survey does not specifically ask about the use of local radio for local news. n = 197 people in the North West (unweighted).
121 The share of references analysis is generated in the same way as the share of references analysis described in Ofcom's *Measuring Media Plurality* (June, 2012).
122 Ofcom's media tracker, 2011, n = 179 in the North West.
123 When using the research findings, it should be borne in mind that the use of an online panel methodology means that those without internet at home were not included in the survey. Internet research panel members usually have a more positive and engaged attitude towards new technology, so respondents may, for example, be more likely to use online media than the 'average' listener. Online panels are less effective at representing older listeners than they are at representing younger listeners

listen to local/ regional news and current affairs on Real on a monthly basis. However, this is a higher level than found amongst listeners to Capital or Heart, but lower than BBC local/nations stations.

6.135 The results showed that the majority (93%) of Real listeners use radio for local/ regional news at least once a month, listening to an average of 2.4 different radio stations for this type of content. This is similar to listening habits of other station's listeners we researched. One per cent of Real listeners surveyed said that they rely solely on radio for local/regional news each month. This compares to 2% amongst listeners to Capital and Heart.

6.136 43% of Real listeners rated the importance of Real as a source of information on news and current affairs as seven or more out of ten. TV and Online sources were rated as more important, with 68% and 67% respectively scoring these as seven or more out of ten. We found similar results amongst listeners to Capital and Heart. Furthermore the results showed that Real listeners use a range of platforms for local news and current affairs.

6.137 In conclusion, the results show that Real listeners tend not to rely solely on radio for local news and current affairs, and that other platforms of TV and online are perceived to have greater importance than local commercial or BBC radio stations.

Contextual factors

6.138 See relevant paragraphs in the previous section: National news and current affairs that discuss impartiality. These points apply to the provision of local and regional news.

Typographical corrections (†)

- **Page 19:** ‘XFM’ was originally written as ‘Xfm’
- **Page 48:** ‘responses’ was originally written as ‘response’
- **Page 58:** ‘responses’ was originally written as ‘response’
- **Page 60:** ‘news’ was originally written as ‘new’
- **Page 62:** this sentence originally ended with the word ‘albeit’