



**APPLICATION TO CHANGE THE FORMAT
OF EASY RADIO 1035 AM LONDON**
BROADCASTING ACT 1990 - Section 106 (as amended)





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INTRODUCTION

This application is made to Ofcom under the provisions of Section 106 of the Broadcasting Act 1990 (as amended by Section 312 of the Communications Act 2003) and seeks to change the format of the London 1035 AM service currently broadcasting as EASY RADIO.

For the last 10 years, 1035 AM has provided a "country music" service. The present format for Easy Radio specifies that the station's music mix will be predominantly mainstream country artists, whether traditional or modern. At least 55% of music output is mainstream country artists, country rock & folk, rock 'n' roll and country cross-over tracks. Speech is limited to between 10-33% of output.

Throughout that time, despite the efforts and investments of successive owners, the service has failed to attract sufficient listeners and has proven disastrous financially.

Sunrise now proposes to change the format of 1035 AM so as to become KISMAT ASIAN TALK RADIO (ATR), a speech-based service aimed particularly at listeners among the Asian communities across London. ATR would broadcast at least 55% speech during daytime programmes (one-third at other times), together with a broad mix of complementary music for the target audience.

As set out fully below, Sunrise believes that this is an optimum use of the frequency in London and that such a change is fully compatible with the requirements of Section 106(1A) of the Broadcasting Act 1990 (as amended).

SUMMARY

- The licence for 1035 AM in London was awarded to Country 1035 Limited in 1994. During the last 10 years the station has had a succession of 5 different owners. The licence is currently held by Easy Radio Limited, a wholly-owned subsidiary of Sunrise Radio.

- After a reasonably promising start in its first year, listening to the station has steadily declined. It is presently at its lowest ever level.
- The station has never been profitable, nor even achieved breakeven during its entire history. Cumulative losses now total between £6 to £7 million, financed by successive owners. The continuance of such losses cannot be sustained indefinitely.
- An additional difficulty stems from the inferior sound quality on AM that particularly penalises a music-led format compared with FM alternatives.
- The lack of audience for country music, the difficulties faced by a music format on AM and the absence of any prospect of financial viability lead to the conclusion that the present, or any, country music based format is not sustainable for 1035 AM.
- Sunrise proposes a new speech-based format for 1035 AM called Kismat Asian Talk Radio, a service aimed at adults over 35 in the Asian communities in London. The London TSA contains 892,000 Asian adults aged 15-plus, of whom over 400,000 are aged over 35.
- The statutory criteria for changes in format were modified and expanded by the recent Communications Act. Sunrise believes that this should facilitate changes and encourage Ofcom to apply a flexible approach to applications for change.
- London is the best served area in the UK for commercial radio, with 16 city-wide services and a number of more localised stations. The range of programmes offered would not be significantly narrowed by the proposed change; indeed the proposed format would offer greater real choice to a wider section of the population.
- Ownership of radio in London is increasingly concentrated, with 9 out of 16 services controlled by 3 groups - Capital, Chrysalis and Emap. Together those services account for 32% of all radio listening in London (57% of commercial listening). Easy Radio is the least significant station in London, commercially and in terms of audience. A change in format would not have any significant effect on the market.
- There is manifest support for the KATR format proposals, measured in a survey among the Asian population in London in June 2004. This showed: preference for music services on FM and the suitability of AM for speech; a marked feeling that London already has enough music stations compared with speech services; expression of strong likelihood of listening to the new format (80% of respondents), particularly among those over 35 years old.
- If, as Sunrise hopes, Ofcom approves the change in format for 1035 AM, Sunrise plans to maintain Easy Radio as a digital sound programme service on the London III multiplex, more suited for a high-quality music programme.

CONCLUSION

Taking account of all these circumstances, Sunrise believes that Ofcom should approve the requested change of format for 1035 AM in London.

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1. 1035 AM LONDON

1.1 Licence

The 1035 AM licence for London (AL 160-2) was originally awarded to Country 1035 Limited and the station commenced broadcasting on 1 September 1994. Following its "digital extension", the licence is now due to expire on 31 August 2009.

The licence is presently held by Easy Radio Limited (formerly called Mean Radio Holdings), a wholly-owned subsidiary of Sunrise Radio Limited (Sunrise).

The service currently broadcasts as Easy Radio and is available:

- In analogue form (AM waveband) on 1035 kHz in the London area
- On the London III Digital Multiplex
- In streamed audio at www.easy1035.com/liveaudio.htm
- In stereo on Sky Digital

1.2 Format

Since its inception, 1035 AM has been a country music radio station, playing predominantly mainstream country music, whether traditional or modern.

The station's present format (approved by the Radio Authority at its meeting in November 2003) retains the country character of the service and specifies that the music mix will be predominantly country-based. At least 55% of music output is mainstream country artists, country rock & folk, rock 'n' roll and country cross-over tracks. The balance of music is made up of additional tracks with a country influence or flavour and musically compatible songs of strong lyrical composition.

Speech accounts for between 10-33% of output.

1.3 History

Launched on 1 September 1994, COUNTRY 1035 initially achieved promising listening with reach of 3-4% across the full London TSA. Unfortunately, costs were considerable and advertising revenues did not follow. As a result, the company was quickly short of finance.

After a few months of broadcasting, RTL UK (a subsidiary of RTL Group, one of Europe's leading radio and television broadcasting companies) acquired full control of the company in November 1994 and the station's on-air identity changed to RTL COUNTRY 1035. But, after a peak in Q2/1995, both audiences and revenues declined.

In October 1998 the station was sold to Ritz Music Group and the station commenced broadcasts under the name RITZ COUNTRY 1035. Unfortunately, whilst costs remained broadly at similar levels, audiences continued to slide and revenues remained ever as elusive. After receiving considerable support and cash injections from Ritz Music Group, Country 1035 Limited was placed in receivership. (Country 1035 Limited was later subject to a winding-up order and the Ritz Music Group was also placed in liquidation in September 2002.)

In May 2002, Mean Fiddler Music Group acquired the assets of Country 1035 from the receivers, together with responsibility for and all obligations of the station from 1 June 2002.

After consideration, the Radio Authority approved the transfer of the licence to Mean Fiddler Music Group in October 2002. The station was re-launched on 29 October 2002 as MEAN COUNTRY 1035. The Licence was then transferred from Mean Fiddler Music Group to its wholly-owned subsidiary, Mean Radio Holdings.

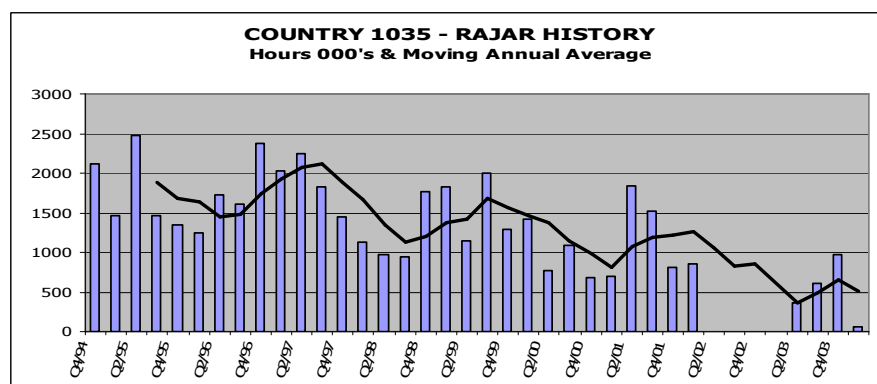
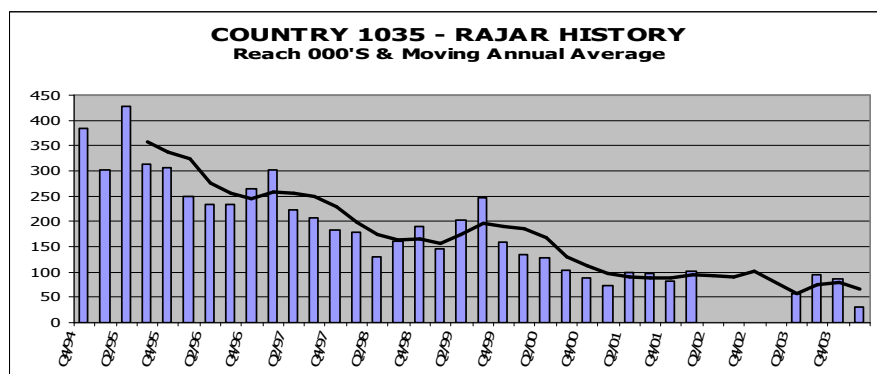
In June 2003, SUNRISE acquired Mean Radio Holdings and therefore the 1035 AM licence. The acquisition was confirmed by the Radio Authority in a positive public interest determination in August 2003 and the station was re-launched as EASY RADIO.

In October 2003 the name of the company Mean Radio Holdings was changed to Easy Radio Limited.

1.4 Audience

Over nearly 10 years since the launch of Country 1035, listening has almost continuously declined. Initial interest in a new London station resulted in early trial listenership peaking at 400,000 adults in Q2/1995, representing a 4.3% reach in the London TSA. Had that been sustainable the company might well have developed a viable business. But, after initial interest, the country music format (however interpreted by successive owners) showed diminishing appeal, despite occasional upward "blips" along the way.

This is evident in the following charts that show listening to the station from Q4/1994 to Q1/2004 (the station was absent from Rajar in 2002/3 when Ritz failed to pay subscription charges).



1.5 Financial

1.5.1 History

The financial situation of Country 1035 was negative from the outset and consistently worsened as time went on. Along with audiences, revenues declined rapidly. But costs of the station remained at over around £800,000 per year. Substantial annual losses have therefore required considerable fresh funding from successive owners. The last published accounts for the company to March 2000 reveal cumulative losses of nearly £5 million. Subsequent accounts were never filed and the company went into receivership in May 2002. One can only assume that continuing losses were at least as bad, taking the total to in excess of £6 million.

COUNTRY 1035 LIMITED - FINANCIAL SUMMARY						
	1994 (1)	1995	1996	1997	1998/9 (2)	1999/2000
Turnover	92,906	379,976	354,225	145,441	122,704	102,235
Expenses	981,366	1,355,430	1,105,306	749,805	661,866	819,358
Operating P/L	(888,460)	(975,454)	(947,710)	(604,364)	(539,162)	(717,123)
Pre-Tax P/L	(885,188)	(967,084)	(970,255)	(843,148)	(539,162)	(717,123)
Cumulative P/L	(885,188)	(1,852,272)	(2,822,527)	(3,665,675)	(4,204,854)	(4,921,977)

Source: Company Published Accounts. (1) 3 months to 31 December (2) 15 months to 31 March

Despite a fresh start financially, Mean Fiddler did not have greater success with the station. Although accounts were not published for this period, management information at the time of the acquisition by Sunrise showed that, for the 6 months from 1 November 2002, expenses remained £375,000 against revenue for the period of less than £10,000.

1.5.2 Present Situation

Sunrise has continued to invest in the station but it remains a financial "black hole", absorbing all that falls in and from which almost nothing seems able to escape. In the period following acquisition to 31 December 2003 losses continued to amount to £141,749. The first half of 2004 shows equally disappointing results: despite increased sales, on-going operating costs and investments resulted in further losses of £254,540. Whilst losses may be at a lower level than before, the financial situation remains unsustainable.

2. NECESSITY FOR A FORMAT CHANGE

2.1 Format Viability

The history, experience and results of 1035 AM lead to the conclusion that there is neither a viable audience nor a sufficient market for a country music radio station in London.

2.1.1 Country Music

Although Country 1035 showed initial promise in its first year of broadcasting (in terms of listening, although not financially), listening figures since then demonstrate that there is insufficient and indeed dwindling audience support in London for a radio service dedicated predominantly to country music.

Country music is a major force in the USA - over 2,200 out of a total of 10,700 commercial radio stations broadcast a variety of country formats. In 2003, sales of country music in the USA were in excess of \$ 1.2 billion - over 10% of all recorded music sales (RIAA).

In the UK country music remains relatively marginal, other than a few artists that "cross-over" from time to time into the mainstream of pop music. Data for the British record industry (BPI) clearly illustrate the difference: in the UK country music sales represent under 2% of the total.

UK COUNTRY MUSIC SALES									
	1995	1996	1997	1998	1999	2000	2001	2002	2003
Singles	-	-	-	2.4%	1.9%	0.7%	0.6%	0.5%	0.7%
Albums	2.0%	2.0%	2.1%	2.3%	3.7%	1.7%	1.5%	1.5%	1.8%

Source: BPI 1995-2003 (based on sales of Top 10,000 albums and Top 2,500 singles annually)

Even then the figures are deceptive; a large part of country music sales are effectively due to a single "hit" artist, generally with cross-over "pop" appeal. But one or two artists cannot make a radio format (or even 25% of output):

- 2003 - Shania Twain accounted for 15% of country sales (and Johnny Cash, following his death, a further 10%).
- 2002 - Shania accounted for 25% of country sales alone!
- 2001 - 25% of country sales were attributable to 2 artists: Faith Hill (15%) and Shania (10%).

2.1.2 Hybrid Options

After acquiring the station in June 2003, Sunrise would have liked to change the station's Format more radically, retaining a country theme within a broader adult music mix. At that time, the original provisions of Section 106 meant that the Radio Authority felt able only to vary the detail of the station's format but not allow a change in its character. A Format variation was approved by the Authority at its meeting in November 2003. In brief, the station was to retain its country character, with a predominantly country-based music mix and some additional tracks with a country influence or flavour and musically compatible songs of strong lyrical composition.

Like many half-measures, this turns out to be no solution. It is likely that the few fans of country music are disappointed; yet fans of more mainstream songs are put off by the predominant country element in programming. The results from Rajar Q1/2004 are clear: listening to 1035 AM is at its lowest ever level, with just 31,000 listeners, representing a weekly reach of 0.3%, recording an average of only 1.9 hours a week, delivering a market share of around 0.025%. There is virtually no audience that would be disenfranchised by a change of format on 1035 AM.

2.2 Waveband Suitability

It is no secret that AM reception in mono lacks the clarity and quality of FM stereo. Studies show that listeners would prefer FM stereo, but will accept AM quality in order to listen to unique programme output for which there is no FM equivalent. At the same time, listeners are less demanding about sound quality for speech than for music; they are more willing to listen to speech-based programmes on AM than music.

Sunrise is well aware of these issues; Sunrise Radio is a music-led service and also broadcasts in analogue on AM, though listening is increasing on other platforms offering higher quality (Sky satellite, cable, DAB). Its programmes are popular with a large, identifiable community of interest and its output is unique, with no equivalent or alternative on FM.

Waveband listening habits and attitudes to AM in particular were included in the survey undertaken by Sunrise among Asians in London in June 2004. (Details are provided in paragraph 6 below).

This confirmed:

- FM is the preferred listening choice for most listeners, particularly among younger groups.
- Nevertheless, over half of Asians continue to listen on AM, surely because Asian services are not available on FM.
- Listening to AM increases with age: whilst only 40% of 15-24's listen to AM, this rises to over half among 35-44's and nearly two-thirds (equivalent to FM) among listeners over 55. Indeed, respondents over 35 listened most often to AM rather than to FM.
- Whilst DAB digital radio has only achieved 2% of household penetration in the UK, uptake among Asians is more marked - 11% listen to DAB. Listening on other digital platforms is also noticeable, particularly Sky TV.

Clearly, listening on AM is far less of a problem for an Asian service than for a music format facing competition from FM-quality alternatives.

SUNRISE SURVEY - WAVEBAND LISTENING								
	All	M	F	15-24	25-34	35-44	45-54	55-plus
FM (VHF)	73%	72%	74%	84%	75%	66%	65%	66%
AM (Long/Medium Wave)	51%	46%	55%	40%	48%	56%	59%	63%
Digital (DAB) Radio	11%	15%	7%	8%	12%	9%	15%	11%
Internet	7%	9%	5%	11%	9%	3%	9%	-
Cable TV	1%	<1%	1%	3%	-	2%	-	-
Sky Satellite	9%	9%	10%	13%	7%	6%	15%	8%

Source: Sunrise Survey of London Asians June 2004

This was confirmed when respondents were asked about their attitude to listening on AM:

- Three-quarters felt that the AM waveband is more suited to speech-based broadcasts and the FM waveband more suited to music-based broadcasts.
- Yet as many, across all age groups, remain willing to listen on AM if there is a programme distinctive from anything available on FM or elsewhere.

SUNRISE SURVEY - WAVEBAND ATTITUDES (% Agree Strongly/Agree)								
	All	M	F	15-24	25-34	35-44	45-54	55-plus
AM more suited to Speech	77%	74%	81%	86%	76%	77%	76%	65%
Listen to AM if not similar on FM	75%	68%	81%	76%	73%	79%	72%	76%

Source: Sunrise Survey of London Asians June 2004

2.3 Financial Viability

As seen above, 1035 AM has incurred substantial financial losses in every year of its existence. Now totalling some £ 6-7 million, losses have been funded over the years by successive owners. But each has been forced to end its investment in the face of mounting totals and scant prospects for improvement. Indeed, such was the drain of 1035 AM on Ritz Music that it caused the collapse of the whole group.

Sunrise, like each previous owner, hoped to be able to re-vitalise the station and move it toward financial stability. It is clear that this cannot be achieved with a wholly country music format. Nor is there any evidence that the "hybrid" mix of predominantly country music with compatible mainstream tracks will achieve that either; indeed, Rajar data indicates the contrary.

Clearly, the continued funding of such endemic losses is unsustainable. The service provided on this frequency needs to serve a more significant number of listeners with a new format so that it may finally develop a viable and sustainable existence.

3. PROPOSED FORMAT - ASIAN TALK RADIO

3.1 Kismat Asian Talk Radio

Sunrise proposes a new speech-based format for 1035 AM called:



KATR is aimed at Asian listeners over 35, with particular appeal to those aged 35-54. The service will specifically aim to include and involve women.

Kismat is a name that will strike a chord with listeners among all parts of the Asian community. More than a word, it is a concept encompassing the "essence and surprises of life". It reflects the ambition of the station for its listeners.

The format resembles nothing that exists in London today.

3.2 Format

3.2.1 Character

Kismat Asian Talk Radio (KATR) would be a speech-based station, principally for adults in the Asian communities throughout London, accompanied by a mix of popular forms of easy listening music appealing to the older target audience.

3.2.2 Detail

The following summarises the proposed programme content of KATR, as proposed to listeners in the research summarised below:

Speech

Speech will account for over half of programme output during the daytime and around one-third at other times. Output will include both English and Asian languages in a multi-lingual environment to allow interaction from all groups in the Asian communities. In particular:

- Full local, national and international news bulletins.
- Practical information - traffic, travel, weather, etc.
- Extended news & magazine features specifically relevant to Asian listeners.
- Interviews, discussion & debate.
- Interactive dialogue with listeners through phone-in broadcasts and consultation.
- Information & features about local life, leisure & activities.
- Involvement with local organisations & community groups.

Music

Complementary music output will include a mix of popular forms of Asian music, in particular:

- Gold & Hits
- Folk Music
- Qawaalis
- Ghazals
- Religious music

3.2.3 Draft Format

A draft Format, in the standard form, is appended to this document.

3.3 Music Examples

Music will be particularly varied, featuring styles of music that are only rarely heard on existing radio services aimed at Asians, as the following examples illustrate:

Gold & Hits	Mohd Rafi/Taarif Karun Kys Uski Lata Mangeshkar/Inhi Logon Ne Asha Bhosle/Ina Mina Dika Manna Dey/Ey Meri Zuhra Ja Been Mehndra Kapoor/ Tum Agar Saath Dene Ka
Folk Music of Asia	Atta Ulla Khan/Kameez Teri Kali` Gurdas Mann / Peer Tere Jaan Di Shaukat Ali/Mawa Thandian Shawan Ashit Desii/Pankhida Jae Pava Gadh Surinder Kaur/Jutt Kurian to Darda
Qawaalis	Nusrat Fateh Ali Khan / Dam Mast Qalandar Sabri Brothers / Maine Pyar Kiya Hai Aziz Mian Qawal / Main Sharabi Badar Ali Qawal / Gal Muki Na Sajan Naal Meri
Ghazals	Mehndi Hassan / Ek Hussan Ki Pari Pankaj Udhas / Niklo Na Be Naqab Talat Aziz / Saamne Aa Ke Tujh Ko Pukara Nahi Pervez Mehndi / Ab Ke Baras
Religious Music	Rattan Sharma/Gayatri Mantra S Prakash Kaushik/Laksharchana Namaz/ Syed Saleem Gilani Giani Sant Singh Ji Maskin/Anik Roop Tere

Music output outside daytime and at weekends may include segments with more specific or specialist focus.

3.4 Speech Output

KATR will naturally include full national, international and London news, as well as traffic, travel, weather and other practical reports.

Other speech output will be a mix of studio-based interviews and features with listener interaction through phone-in, text, e-mail and other forms of participation. Speech-based programmes planned include:

- **Savera** : A daily news-driven breakfast programme, including interviews, discussion and listener interaction related to the issues of the day.

- **Aur Hai Kya** : Lighter lifestyle and local issues through the morning - special guests, interviews and listener participation on-air, through text messages and e-mail.
- **Aap Ki Awaaz** : Afternoon segment featuring information, interviews and discussion with emphasis on leisure, entertainment, home and family items. Live OB's.
- **Kismet Home** : Weekday news-driven programme, like Breakfast, based on the day's breaking news and issues of the moment.
- **Sher O Shairi** : An evening programme based around Shairi, a form of emotive, rhythmic poetry with emphasis on Urdu dialect for Pakistani listeners.
- **Late Night Live** : After 10pm, a unique opportunity for open and frank discussion among London's Asians in a moderated, multi-lingual environment, allowing time for more sensitive cultural or personal issues.

Outside daytime and at weekends, other programmes are planned with a specific thematic focus or targeted toward particular groups within the Asian population.

4. LONDON'S ASIAN POPULATION

The population of Greater London totals 7.2 million, of whom 5.8 million are adults aged 15-plus (ONS Census 2001). This is largely in line with the measured coverage of most London-wide stations. However, the extended TSA adopted by most stations for Rajar audience research increases to 10.3 million adults (Rajar/Ipsos 2004).

London is one of the most diverse and cosmopolitan cities: 45% of the UK's minority ethnic population live in London, where they make up 29% of all residents (compared with 7.9% for the UK as a whole).

Asians comprise the largest minority ethnic group in London: 866,693, representing over 12% of the total population (656,663, or over 11% of adults aged 15-plus).

LONDON POPULATION & ETHNIC BREAKDOWN							
	All People	Mixed Asian	Indian	Pakistani	Bangladeshi	Other Asian	Total Asian
ALL PEOPLE	7,172,091	59,944	436,993	142,749	153,893	133,058	866,693
	100%	0.8%	6.1%	2.0%	2.1%	1.9%	12.1%
ADULTS 15 +	5,806,714	36,541	351,012	102,737	98,872	104,042	656,663
	100%	0.6%	6.0%	1.8%	1.7%	1.8%	11.3%

Source: ONS Table S101 - Census 2001 (Total Asian excludes Mixed)

Data from Rajar for the full London TSA shows an Asian adult population of over 890,000 within this wider survey area.

ASIAN ADULT POPULATION - LONDON TSA							
	ALL 15+	15-24	25-34	35-44	45-54	55-64	65-plus
ALL ADULTS	892	197	292	179	119	72	33
	100%	22.1%	32.7%	20.1%	13.3%	8.1%	3.7%
MALE	434	95	119	63	95	35	26
	100%	21.9%	27.4%	14.5%	21.9%	8.1%	6.0%
FEMALE	458	102	172	116	24	37	7
	100%	22.2%	37.6%	25.3%	5.2%	8.1%	1.5%

Source: Rajar/RSL March 2004

This represents a significantly greater pool of potential listeners and a more viable base for 1035 AM than the small number of country music fans.

5. CRITERIA FOR FORMAT CHANGE

5.1 Statutory Provisions

Section 106(1A) of the Broadcasting Act 1990 (as amended by Section 312(1)-(3) of the Communications Act 2003) provides that:

..."Ofcom may consent to a departure from the character of a licensed service if, and only if, they are satisfied:

- (a) that the departure would not substantially alter the character of the service;
- (b) that the departure would not narrow the range of programmes available by way of relevant independent radio services to persons living in the area or locality for which the service is licensed to be provided;
- (c) that, in the case of a local licence, the departure would be conducive to the maintenance or promotion of fair and effective competition in that area or locality;
- (d) that, in the case of a local licence, there is evidence that, amongst persons living in that area or locality, there is a significant demand for, or significant support for, the change that would result from the departure."

Provisions (a) and (b) are, with slight modification, carried over from the original 1990 Act. Provisions (c) and (d) were introduced by the Communications Act 2003 and significantly broaden the grounds on which the character of a Format may be changed.

5.2 AM Policy

In September 2002, The Radio Authority published its conclusions following a consultation on an AM Strategy for Independent Radio. Whilst Ofcom is not bound to follow the Authority's conclusions, Sunrise would urge Ofcom to adopt a similar flexible approach to Format changes designed to re-vitalise under-used or failing AM frequencies.

In relation to Format changes the Authority concluded:

"The Authority is happy to look sympathetically at proposals for radical changes in the format of AM stations, in areas where FM licences provide a broad basic service, and where those changes offer a distinct expansion of choice. For example, we will be very interested to see suggestions for better serving minority, disadvantaged or currently excluded audience groups, whether defined by their interests, demographics or ethnicity. While it must work always within the limits of Section 106 of the Broadcasting Act 1990, the Authority has it in mind to look favourably and flexibly at any such proposals."

At that time, the Authority felt constrained by the original, more restrictive drafting of Section 106. It is submitted that the wider scope introduced in Section 106(1A) by the Communications Act should facilitate changes and encourage Ofcom in applying a flexible approach, especially in relation to services aimed at ethnic minority groups.

6. APPLICATION OF THE CRITERIA

The requested change would clearly amount to a substantial alteration in the character of the service. Nevertheless, Sunrise submits that its proposal meets with not just one but all three of the other statutory criteria and should accordingly be approved.

6.1 Range of Programmes

6.1.1 Existing Services

London is far the best served area in the UK in terms of the commercial radio services offered to listeners. The capital presently boasts 15 London-wide ILR services (16 if Choice FM's South & North service is also counted), together with a number of more localised stations. (In addition, a variety of other services are provided on London's three digital multiplexes and through satellite, cable and the Internet.)

The range of formats is extensive, covering a wide range of age groups and interests:

- **Mainstream music** services, targeted at different age groups - Capital FM (under 40's), Heart FM (25-45's), Magic FM (over 35's), Capital Gold (35-54's)
- **Specialised music** services - Kiss (Dance, 15-24), XFM (alternative rock, 15-34), Virgin FM (rock, 25-45)
- **Speech** - LBC, LBC News (Whilst LBC does not state a specific target, the nature of its speech programming attracts older listeners: over 80% of listening derives from listeners over 35, peaking among those over 65)
- **Ethnic & Special Interest** - Choice (Afro-Caribbean), Club Asia (young Asian), Sunrise (Asian), Spectrum (multi-ethnic), Premier (Christian)

To this extensive range is presently added Easy Radio, providing country-music based programming.

LONDON-WIDE ILR SERVICES – FORMAT SUMMARIES		
STATION	FORMAT CHARACTER	TARGET
95.8 Capital FM	A contemporary/chart music-led service	Under 40's
Capital Gold AM	A classic-pop hit-led service	35-54's
XFM	A specialist music format of "Alternative Rock", best defined as modern rock with attitude, featuring artists generally outside the mainstream	15-34's
Choice (North & South)	A music, news & information service primarily for listeners of African & Afro-Caribbean origin, but with cross-over appeal	Young Urban Afro-Caribbean
Heart 106.2 FM	A melodic adult contemporary music-led service, supplemented with news, information & entertainment	25-44 (particularly 30's)
LBC FM	A 24-hour service of news, views & entertainment for Londoners	
LBC News AM	A 24-hour rolling news & information service for Londoners	
Kiss FM	A dance music station	15-25
Magic FM	An easy-listening, soft music-led service, distinctive for its relaxed ambience	Over 35's
Virgin FM London	A rock-oriented station combining new music with classic album tracks	25-44
Jazz FM	London listeners who particularly like Jazz, Soul, Blues & R'n'B	Specialist
Spectrum AM	A special speech, news & music station aimed at ethnic minority communities in London	Multi-Ethnic
Premier AM	A full service of speech & music which reflects and proclaims the worship, thought & action of the Christian faith	Christians
Club Asia	A music-led, full service for young Asians including entertainment & essential information in a contemporary & upbeat style. Up to 40% mainstream music.	Asian 15-34
Sunrise Radio AM	A music & information service for Asians in London. Music will account for at least 50% of the output.	Asian
Easy Radio 1035 AM	A station for listeners who are enthusiastic about country & compatible music	Specialist

Source: Station Formats

6.1.2 A Distinctive Format

KATR will offer a format distinctive from and aimed at different interests to existing services. This is obviously the case with music-led and non-Asian services, but also the existing services of Club Asia and Sunrise.

Speech-based and aimed at listeners over 35, KATR will appeal to an entirely different section of the Asian population from Club Asia, whose programming is based on up-beat, contemporary music for 15-34 year olds. It will also appeal to different interests from the music-led, generalist programming on Sunrise.

6.1.3 Diversity & Choice

Licensing (or maintaining) a service based on a niche music genre theoretically provides diversity and choice for listeners. In reality, that provides little effective choice for the vast majority of listeners who are completely uninterested in programmes of that type. This is the case with country music, as ever dwindling listening figures confirm.

Replacing a country music format that is only supported by a tiny minority does not diminish choice for the great majority of potential listeners. Indeed, changing the format as proposed by Sunrise will offer effective choice to a considerably greater section of the population.

6.2 Fair & Effective Competition

London is the most competitive radio market in the UK, with 16 city-wide services and a number of more localised stations serving different communities or parts of the London area.

The London radio market has been the scene for considerable consolidation over the last few years, a feature likely to accelerate in other markets in the near future as a result of the more relaxed ownership restrictions allowed by the Communications Act.

LONDON-WIDE ILR SERVICES - OWNERSHIP & LISTENING SIGNIFICANCE			
STATION	OWNERSHIP	REACH %	SHARE %
95.8 Capital FM	Capital Radio	23%	7.9%
Capital Gold AM	Capital Radio	9%	2.2%
XFM	Capital Radio	5%	1.8%
Choice (North & South)	Capital Radio	4%	2.0%
Capital Group London		31%	13.9%
Heart 106.2 FM	Chrysalis Radio	17%	5.8%
LBC FM	Chrysalis Radio	7%	3.4%
LBC News AM	Chrysalis Radio	4%	0.9%
Chrysalis London		23%	10.2%
Kiss FM	Emap Radio	14%	4.2%
Magic FM	Emap Radio	14%	4.6%
Emap London		25%	8.8%
Virgin AM/FM London	Scottish Media Group (Virgin)	11%	3.0%
Jazz FM	Guardian Media Group	7%	2.2%
Spectrum AM	Spectrum (MBC)	n/a	n/a
Premier AM	Premier Christian Radio	2%	1.2%
Club Asia	Liberty (Club Asia)	n/a	n/a
Sunrise Radio AM	Sunrise Radio	4%	2.8%
Easy Radio 1035 AM	Sunrise Radio	0.3%	*

Source: RAJAR Q1-2004 (Club Asia & Spectrum not reported in Rajar)

Capital Radio now owns 4 stations, having exercised options to purchase Choice as soon as the new law allowed. With its recent acquisition of the LBC stations, Chrysalis now controls 3 London services whilst Emap owns two.

In all, 9 out of 15 (16 including the 2 Choice frequencies) London-wide services are controlled by 3 operators. Collectively, these stations account for 35% of listening in London, led by Capital (including Choice) with 14.0% and Chrysalis with 9.5%.

Easy Radio is the least significant of the London-wide services in terms both of audience and revenues. A change in its format is therefore unlikely to have any significant effect on the market. As 1035 AM is already controlled by Sunrise, a format change will not result in additional concentration in the market.

The format proposed by KATR is distinctive from and aimed at different interests and older age groups than Club Asia. To the extent that there may be audience overlap with an existing service, it is accepted that KATR may attract some older listeners from Sunrise Radio.

Competition for listeners is also provided by the full range of BBC services, particularly the BBC Asian Network. Despite not being broadcast in analogue form in London, this service attracted 74,000 listeners (0.7% reach) in London according to Rajar Q1/2004. Sunrise's own research showed that the BBC Asian Network reached 8% of the Asian population sampled, particularly (and in contrast to the BBC's stated objective) those aged 45 and over. KATR will primarily aim to compete with the BBC for older listeners attracted by speech programming.

6.3 Demand & Support

In June 2004, Sunrise undertook a survey among Asians in London in order to assess their current listening habits, explore some attitudes to radio and test their interest in and support for Kismet Asian Talk Radio.

Fieldwork for the survey was undertaken between 23 and 30 June 2004 by First Surveys. Interviewing was conducted face-to-face among a sample of 350 Asians aged 15-plus living within the measured coverage area (MCA) of 1035 AM. The geographical spread of the sample was weighted according to the distribution of the Asian population at borough level from 2001 Census data, with a cut-off in areas with less than 3.5% of the Asian population.

A file with the detailed methodology and questionnaire is included with this application. The full data tables are also appended in the output format from the research company that provides the clearest page layout and/or print-outs. As this uses specific software, a small e-viewer utility file is also included enabling tables to be easily viewed/printed. Data can also be provided to Ofcom in other formats on request.

6.3.1 Current Listening

As listening among Asians clearly differs from the general pattern shown by Rajar, the survey first asked respondents about their current radio listening.

Sunrise is clearly the leading station in London, listened to by over 40% of Asians, with peak listening among those over 55. This equates with Rajar data for Q1/2004, which showed Sunrise to have 443,000 weekly listeners (4.3% reach in the full London TSA); that would be equivalent to 49% reach among Asians when applied to Rajar's estimate for the Asian population of 892,000 adults 15-plus.

Club Asia is the second most popular service, listened to by nearly 20% of Asians. The service attracts broad listening, particularly in its target of younger listeners. Rajar data are not available for Club Asia but, relative to Rajar's Asian population, this would imply around 169,000 weekly listeners, a reach of 1.6% among the full London TSA.

BBC Asian network attracts 8%, again equivalent to Rajar that showed 72,000 listeners for the service in London (0.7% reach in the full TSA).

There was also strong listening to mainstream music stations - Capital, Kiss and to a lesser extent Heart and Magic.

LONDON ASIANS' RADIO LISTENING - TOP 10 STATIONS								
	All	M	F	15-24	25-34	35-44	45-54	55-plus
Sunrise	41%	35%	46%	30%	42%	41%	39%	60%
Club Asia	19%	17%	22%	21%	18%	22%	17%	18%
Capital FM	18%	19%	17%	15%	24%	19%	17%	3%
Kiss	16%	12%	20%	26%	20%	12%	7%	5%
Heart FM	9%	9%	9%	9%	11%	6%	11%	5%
Choice	8%	8%	9%	16%	12%	3%	-	5%
BBC Asian Network	8%	12%	4%	5%	8%	6%	11%	13%
Radio 1	7%	7%	7%	13%	6%	4%	6%	5%
Desi Radio	7%	10%	5%	7%	5%	6%	17%	3%
Jazz FM	6%	4%	7%	2%	8%	7%	7%	3%

Source: Sunrise Survey June 2004

The listening data also allow audience duplication analysis. This showed that 8% of respondents had listened to both Club Asia and Sunrise, representing 19% of Sunrise listeners and 40% of Club Asia listeners. Similarly, 4% of respondents had listened to both Sunrise and BBC Asian Network, more than half (56%) of BBC Asian listeners and 11% of those to Sunrise.

6.3.2 Listening Attitudes

Respondents were first asked the extent to which they agreed or disagreed that they often listened to their current choice of station as no other provided what they really wanted (i.e. what can be considered as "default listening"). Over half of respondents felt that this was the case, whilst slightly fewer disagreed, probably reflecting high listening to existing services, particularly Sunrise and Club Asia.

In any event, there is clearly a receptive audience for new programmes aimed at Asian listeners: 73% said that they would listen more to the radio if there was an alternative closer to their community and interests.

DEFAULT LISTENING								
	All	M	F	15-24	25-34	35-44	45-54	55-plus
Strongly Agree/Agree	53%	46%	60%	51%	54%	63%	46%	47%
Disagree/Strongly Disagree	46%	53%	38%	49%	43%	37%	52%	53%
Listen More if Alternative	73%	73%	74%	75%	72%	75%	72%	74%

Source: Sunrise Survey June 2004

There is considerably more support among Asians in London for a speech-based rather than another music-led service: over 70% of respondents felt that there were already enough music-based stations in London, whilst a noticeably lower proportion felt the same about speech-based services.

LISTENING ATTITUDES								
	All	M	F	15-24	25-34	35-44	45-54	55-plus
Enough music-based stations	72%	72%	72%	73%	75%	62%	91%	57%
Enough speech-based stations	56%	55%	58%	56%	63%	48%	50%	60%

Source: Sunrise Survey June 2004

A high proportion of London's Asians are clearly receptive to a new, speech-based alternative service. How did they react to KATR's format proposals?

6.3.3 Likely Listening to KATR

Respondents were shown a description of KATR's format proposals, essentially in the form set out in paragraph 3.2 above. They were then asked how likely they would be to listen to such a station.

Support for KATR's programme format was manifest: over 80% said they would be likely to listen, of whom 24% would be very likely to listen. The highest proportion of those very likely to listen was among the 35-plus age groups, precisely those that KATR had identified as a target for the service.

Whilst likely listening cannot be mechanically translated into reach projections, this is clear evidence of support for KATR and for its likely listening success. To give just an example: if just 60% of those very likely and 20% of those likely to listen were translated into actual listeners then KATR would achieve around 25% reach among Asians, implying some 2% of the total population in the full London TSA.

LIKELY LISTENING (%)								
	All	M	F	15-24	25-34	35-44	45-54	55-plus
Very Likely	24%	24%	24%	21%	18%	34%	26%	24%
Likely	57%	54%	60%	65%	60%	47%	57%	52%
Total Likely	81%	77%	84%	86%	78%	81%	83%	76%

Source: Sunrise Survey June 2004

Further confirmation of the strength of listening support came when those likely to listen were asked how often that would be: over a third said they would listen on 5 or more days a week, with more than half likely to listen on 3 or more days a week.

FREQUENCY OF LIKELY LISTENING (% of Likely Listeners)								
	All	M	F	15-24	25-34	35-44	45-54	55-plus
5 or More Days/Week	36%	36%	35%	37%	31%	42%	37%	30%
3-4 Days/Week	22%	16%	28%	21%	20%	26%	24%	21%
1-2 Days/Week	23%	34%	26%	30%	30%	26%	21%	39%

Source: Sunrise Survey June 2004

Such levels of listening support are clearly in contrast to the decline and indifference which Country 1035 and its successors, including Easy Radio, have suffered.

6.3.4 Listening Patterns

As noted in paragraph 6.3.2 above, a high proportion of respondents indicated they would listen more to the radio if there was an alternative close to their interests.

This was confirmed when respondents likely to listen to KATR were asked how accommodating the new station might affect their listening habits: over a third said they would increase their listening.

A further third indicated they would share their listening time with the new station, whilst only 12% said they would stop listening to a current choice in order to make way for the new service.

EFFECT ON LISTENING PATTERNS (% Likely Listeners)								
	All	M	F	15-24	25-34	35-44	45-54	55-plus
Listen to the radio more	37%	37%	36%	39%	32%	44%	25%	46%
Reduce listening to current choice(s)	35%	35%	35%	36%	36%	32%	45%	24%
Stop listening to current choice(s)	12%	14%	11%	12%	14%	11%	5%	18%

Source: Sunrise Survey of London Asians June 2004

6.4 Conclusions

- **Range of Programmes:** KATR would provide a new and distinctive format in London. In replacing an existing format which has hardly any listeners, it would broaden the range of programmes and increase effective choice for a significant part of the population.
- **Competition:** In the most competitive radio market in the UK, the proposed format change would have almost no effect on the commercial balance between existing operators and services.
- **Demand & Support:** There is strong evidence that Asian listeners in London are receptive to a new service and that this should be speech-based rather than music-led. Support for KATR's format proposals is evident from the high levels of likely listening to the service, reinforced by the regularity of repeat listening.

7. EASY DIGITAL

7.1 Digital Broadcasts

Sunrise has supported digital broadcasting from its earliest days, transmitting Sunrise Radio from the outset on the first London multiplex. In addition, Sunrise and Easy Radio are broadcast on other digital platforms, over the Internet and on Sky Digital. Sunrise also participates actively in the development of the DRM (Digitale Radio Mondiale) standard for digital AM stereo broadcasts.

1035 AM is broadcast on the London III multiplex operated by Digital Radio Group (DRG). It is also available over the Internet and on Sky Digital.

DRG had confirmed its acceptance of the change of name to Easy Radio and the variation in the format detail, prior to their approval by the Radio Authority.

7.2 Digital Renewal

Presently held by Easy Radio Limited (the new name of Mean Radio Holdings Limited), the 1035 AM licence is now due to expire on 31 August 2009 following its renewal for a period of eight years from 1 September 2001 in accordance with the provisions of section 104A of the Broadcasting Act 1990 (as amended).

It is a condition of the renewal that the licence holders (Sunrise & Easy Radio) do all that they can to ensure that a nominated service will continue to be broadcast by means of the Greater London III radio multiplex service.

7.3 Nominated Service

At present, the nominated service is a simulcast of the 1035 AM output

If, as Sunrise hopes, Ofcom approves the change of format for 1035 AM, Sunrise will maintain Easy as a digital format and will continue to provide it as a digital sound programme service on the London III multiplex, more suited to a quality music format than AM. Consequential variation would therefore be required in the licence of 1035 AM, but no alteration would be needed for the multiplex.

CONCLUSION

In all the circumstances, Sunrise submits that Ofcom should approve the proposed change of format for 1035 AM in London.

Sunrise Radio
July 2004

APPENDIX 1

KISMAT ASIAN TALK RADIO - STATION FORMAT (PROPOSED)

Licence Outline

Station Name	Kismat Asian Talk Radio
Licence Area	Greater London (as defined in the Radio Authority's Measured Coverage Area map)
Frequency	1035 kHz
Service Duration	24 hours a day (all locally produced/presented apart from a reasonable number of syndicated programmes)

Definitions

Speech	"Speech" excludes advertising, programme/promotional trails & sponsor credits, and may be calculated over any four hours.
Music	Any music percentages are calculated as a percentage of the total tracks broadcast in the period specified.
Peaktime(s)	"Peaktime(s)" refers to Weekday Breakfast and Afternoon Drivetime output., and Weekend Late Breakfast.
Daytime	"Daytime" refers to 0600 to 1900 weekdays, and weekend output from 0800 to 1400.
Locally produced/presented	Production and presentation from within the licence area. All requirements for locally produced/presented output must include peaktime.

Character of Service

KISMAT ASIAN TALK RADIO IS A SPEECH-BASED STATION, PRINCIPALLY FOR ADULTS IN THE ASIAN COMMUNITIES AROUND LONDON, ACCOMPANIED BY A MIX OF POPULAR FORMS OF MUSIC APPEALING TO THE TARGET AUDIENCE

Detail

The service is speech-based and speech will account for over half of programme output during the daytime and around one-third at other times.

Speech will be in English and encompass Asian languages in a multi-lingual environment to allow interaction from all groups in the Asian and wider communities.

Speech output will include: local, national & international news; local traffic, travel, weather and other practical information; extended features specifically relevant to Asian listeners; interviews, discussion & debates; interactive dialogue with listeners through phone-in discussion and other consultation; involvement with local organisations & community groups.

Music output will be a mix of popular forms of Asian music and additional tracks of particular appeal to Asian listeners, in particular: Asian Gold & Hits, Folk music, Qawaalis, Ghazals & religious music.