GLOBAL/GMG MERGER INQUIRY

Summary of hearing with [Advertiser A] held on 28 November 2012

Background

1. [Advertiser A] told us that it spent on average 7 per cent of its annual advertising budget on radio advertising (£600k) but that the majority was spent on television, online and press, in that order.

2. The vast majority of advertising was placed with TalkSport as an even split between advertising and sponsorship and promotion (S&P) in the form of a sponsored segment.

Advertising requirements

3. [Advertiser A] looked to reach a predominately male audience with an interest in sport.

Benefits of radio advertising

4. Radio was cost-efficient and S&P was a particular feature that was of benefit, for example the ability to get key spokespersons talking with the programme presenters in a way that television regulation prohibited.

5. TalkSport had a very targeted audience which was well aligned to [Advertiser A]’s own target demographic.

Direct purchasing

6. [Advertiser A] told us that it negotiated prices directly with TalkSport in the form of an annual package comprising S&P and a volume deal on a cost-per-thousand basis for spot advertising and that was a logistical benefit in trading directly.

7. [Advertiser A] bought directly owing to its previous practice of dealing without a media agency. Competition for the audience on TalkSport was incredibly competitive and developing a personal relationship might provide benefits to [Advertiser A].

Effects of the merger

8. Radio was a medium that should have looked to take advertising share from other media.

9. Because [Advertiser A] had not considered radio advertising more widely, it had not given much consideration to the merger on its requirements.