Background

1. [Agency A] told us that it was a media buying agency that devised advertising campaigns and booked slots for clients. [Agency A] used industry tools to help decide which media was most appropriate for the individual client.

2. [Agency A] told us that its main skill set was negotiating with media owners and developing ideas and that every agency had different skill sets. [Agency A] said that client contract length and terms varied.

Demand for radio advertising

3. [Agency A] told us that audience and originality were two of the most important factors in a successful advertising campaign and that radio was more cost efficient than other media in terms of production values. Part of the reason for the demand was that it often involved an element of sponsorship and promotion, such as for music events.

4. [Agency A] considered links to other advertising messages to be important when creating an advertising campaign; for example with a radio message reinforcing a television advert. [Agency A] said that most advertisers did not use a single medium and believed that advertisers saw radio as a stepping stone to communicating with a different audience.

5. [Agency A] explained that it looked at different stations for different campaigns to see which was the best fit against the advertisers’ objectives. However, an important consideration in determining where to buy space was also subject to the latest audience data.

6. [Agency A] considered station brands to be very important and some advertisers were drawn to advertise on certain stations that met its brand values.

Contacts with radio companies


8. [Agency A] told us advertising slots were sold on a first come first served basis, in accordance with supply and demand and as such there was only a limited amount of advertising slots available.

9. [Agency A] told us that the pricing of radio advertising was based on a station’s historical benchmark of listeners as well as other factors including how widely established they were. We were told that the base price for all radio advertising was based on a cost per thousand (CPT) individuals reached.
10. [Agency A] told us that Global had reduced the number of transmitters being measured by RAJAR and as such enlarged the minimum coverage area in certain locations. [Agency A] explained that if an advertiser wished to target listeners at a deeper level than RAJAR measured Global would charge a 50 per cent premium without any measure of the audience reached. The implication being that advertisers were encouraged to buy slots at a regional, not local basis.

11. [Agency A] said that in some regions Global would have a significant advantage due to the number of its stations operating in that one area. Therefore creating an adequate schedule structure for clients that didn’t include Global would be difficult. Other non-Global stations could be used but they might not have had the right audiences or regional bias. This could affect the advertiser’s decision to use radio as a medium for advertising.

12. [Agency A] told us that there were alternative routes for advertisers to take such as Newslink and the Big Top 40 which offered a unique, mass audience but as Global were also representing the sales contracts for those companies an advertiser wishing to buy-around Global stations may face tougher negotiations for these slots. [Agency A] said that if they had clients who wanted to invest in radio as a medium, it would have to be on a Global radio station, subject to the briefs’ objectives.

13. [Agency A] were concerned about getting access for its clients in different regions around the country and having the flexibility to deliver a clients schedule.

The effects of the merger

14. [Agency A] believed that Global expanded radio listening to the benefit of advertisers by investing in live events, marketing, programming and new presenters.

15. [Agency A] said that as a result of the merger it would expect that Global in a stronger negotiating position for increased prices in radio advertising.

16. [Agency A] believed there would be less choice of local output for listeners if regions were to become centralised and syndicated as a result of the merger which would also affect advertising. [Agency A] told us that if Global centralised or syndicated its output across all of its stations there would be a restriction on flexibility in regards to promotion as there would be fewer individual shows. However, [Agency A] acknowledged that as a result of this a sponsor’s message could be broadcast more consistently.