GLOBAL / GMG MERGER INQUIRY

Third Party response to the provisional findings

As a supplier, we must be aware of the possible reduction in our marketplace created by the consolidation represented by this merger. The number of potential customers for our services will be reduced and extra competitive leverage will be provided to one company.

In the ideal commercial radio world the broadest possible spread of ownership of outlets would be the most desirable option. Sadly the current environment does not create this ideal world. Changes in the broader marketplace, outside the control of the radio industry, means that stations are obliged to fund multiple distribution platforms. At the same time, investment by advertisers is stagnant and competition from the BBC's national networks is more vibrant than ever.

In this context, if a multiplicity of commercial outlets is to survive it is crucial that existing operators are able to spread their overheads across the widest possible range of outlets. Consolidation is the only way forward for the UK's commercial radio companies but that is not automatically a path that must weaken competition as far as audiences are concerned. The Commission has correctly acknowledged this fact in paragraph (8) of the “Summary of provisional findings” published 13 February 2013.

No matter how many stations are controlled by a single operator, each of their outlets will to a significant extent be competing for listeners as well as for advertising spend and each will be programmed to attract a slightly and sometimes substantially different range of listeners. The risk that a more dominant single operator will make it more difficult for us to negotiate carriage of our programmes and use of our services is a consideration. However, in our view, having a stronger industry as a whole is the most important consideration since without a strong industry we have no marketplace at all.

The Commission has highlighted concerns about competition and a “loss of rivalry” in the local markets of the East Midlands, Cardiff, North Wales, Greater Manchester, the North East, South and West Yorkshire and Central Scotland. As indicated above, we do not see why the proposed merger would result in a loss of choice for listeners. We currently have no involvement in the buying or selling of advertising in these markets or any other local market so would not wish to comment on this aspect of the effect of lessening competition.

Agency BF