

## **BAUER/4 LOCAL RADIO ACQUISITIONS – PHASE 2 MERGER INQUIRY**

### **Summary of all responses to the remedies notice from customers of First Radio Sales Limited (FRS) as of 20 January 2020**

This document contains a summary of all responses by FRS customers to the remedies notice and provisional findings received as of 20 January 2020. These responses are in the form of emails, call notes and formal submissions. Certain email responses have been added to an annex at the end of this document (Annex 1).

Ten customers of FRS have expressed positive views, subject to certain caveats described in their responses, with respect to a behavioural remedy. These include the following:

1. Credible Media (owner and operator of Revolution 96.2 in Greater Manchester). See [Credible Media views on possible remedies](#).
2. Dee Radio Group (owner and operator of three radio stations in the North West of England). See [Dee Radio Group's views on possible remedies and PFs](#).
3. KM Media Group (owner and operator of KMFM in Kent). See [KM Group views on remedies notice](#).
4. Star Radio (owner and operator of a radio station in Cambridge). See [Annex 1](#).
5. Tindle CI Broadcasting (owner and operator of Channel 103 in Jersey and Island FM in Guernsey). See [Annex 1](#).
6. Media Sound Holdings (owner and operator of five radio stations in the South of England). See [Annex 1](#).
7. Adventure Radio (owner and operator of Radio Essex).
8. Mi-Soul (owner and operator of a radio station in Greater London).

An additional four customers of FRS responded to the remedies notice as follows:

1. 'FRS customer 1' expressed a preference for a structural remedy involving a full or partial divestment by Bauer (See [FRS customer 1 response to remedies notice](#)).
2. 'FRS customer 2' said that a structural remedy (ideally involving multiple purchasers) would be appropriate and effective. This FRS customer did not comment on the effectiveness of a behavioural remedy.
3. 'FRS customer 3' expressed strong scepticism regarding a behavioural remedy, citing potential conflicts of interest, but implied it was workable. It did not comment on a structural option.
4. 'FRS customer 4' said that a structural remedy would be the simplest option.

## **Annex 1**

### **Star Radio**

*Hi Matteo,*

*Thank you for your email. I have now read the provisional findings and have the following comments:*

- Star Radio would be happy to join the Bauer Media sell, subject to contract, in the East of England. Our national revenue from FRS has dropped in recent months (probably as a result of the loss of recent Global acquisitions moving out of FRS) and we believe we would be better served now being represented as part of the Bauer Hits Radio network*
- We have no view on the required disposal of the Wolverhampton station*
- We support the CMA's position that there is no substantive issue in the east of England. Bauer will now present a viable, coherent alternative to Global in this region*

*Please don't hesitate to get in touch should you require any additional information.*

*Kind regards,*

*Freddie*

### **Tindle CI Broadcasting**

*Hi Matteo,*

*Thanks for the update.*

*Having read the provisional findings, I confirm that Tindle CI Broadcasting (owners and operators of Channel 103 in Jersey and Island FM in Guernsey) would be content to be represented by Bauer Radio Sales in the event that FRS ceases trading.*

*Indeed, from a Channel Islands perspective, representation by Bauer could ultimately end up being positive given the comparative scale of Bauer's station in the south of England compared to the FRS portfolio.*

*I hope that is of some help.*

*All the best,*

*James*

### **Media Sound Holdings**

*Hi Matteo*

*Further to my telephone message I have now found the remedy proposal document.*

*Clearly a very detailed review, I learnt one or two things for sure, an interesting read!*

*I think it is very difficult for me to comment on the divestiture proposals. With my limited knowledge of the businesses, I have no idea if there would be buyers for these stations and the 50% of FRS. I also have no idea as to the scale at which FRS remains viable.*

*Regarding the behavioural remedies, I suspect enforcing the commission rate would be relatively easy and can be fixed via contracts. The biggest issue would be some form of monitoring/control that ensure that the non Bauer stations were achieving the same treatment/service as their owned stations. I wonder if there could be some form of measure that could be used to monitor this. So for example: compare the current return per listening hour from FRS to that achieved by Bauer using that as a benchmark. Bauer then commits to maintain that ratio as a minimum going forward. They seem to indicate in your findings that they could do a better job at national sales than FRS due to their scale, so maintaining the status quo should not be too onerous. The beauty of a ratio is that it allows for the ups and downs of trading. This could be reported quarterly in line with RAJAR. You would have a much better idea than me as to how this could be monitored or policed as that would be a key concern for us ?*

*Regards*

*Allan*