Risk and Reward -
The Challenges and Triumphs
of UK Commercial Radio

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Dissertation abstract

This dissertation traces developments in commercial radio in the UK from its inception in the 1930's up to the present day. The author examines the struggles faced by the industry, initially against prejudice on the part of the BBC and government, and more recently the twin challenges of financial pressure and new technology which threaten its future.

In following the progress of UK commercial radio for most of the 20th century and a small part of the 21st, the author explores how changes in wider society have prompted, and sometimes have been prompted by, developments in commercial radio. Finally he asks whether commercial radio can survive in the 21st century.

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Chapter 1

Introduction – the power and influence of radio

This is a study of commercial radio in the UK, from its origins in the early 20th century, through to its challenges in the early 21st. I will look at the types of issues it has faced in the past, and how it is placed to meet the challenges of the future. But it is first appropriate to address the question of why one should consider radio, and commercial radio in particular, as a subject for study.

The influence of radio upon our lives is enormous. While television appears to carry greater weight in society today, the place of radio in our national and cultural life cannot be denied. In numerical terms, 90 per cent of the UK population listen to the radio and, of those, 63 per cent listen to commercial radio. (RAJAR, 2006)[1]. These numbers alone do not prove that radio has influence, but they do show its potential to influence, and, as I will show, it is possible to trace aspects of the impact of radio on society since its inception in the early 20th century.

Radio was influencing and shaping our society long before television was a viable proposition. Its importance was seen at the outset, when in the 1930's the UK sought to regulate radio in order to avoid the "chaos of the airwaves" (Ward, 1989) which was prevalent in the US with their free market approach. The BBC was formed, and set about trying to create a certain type of society, a model of "Britishness" which to some degree still dictates how the BBC exerts its influence today. In the years leading up to the Second World War "the BBC had identified itself with the wider

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[1] RAJAR (Radio Joint Audience Research Ltd) undertakes regular research on listening figures and is jointly owned by the Commercial Radio Companies Association and the BBC.

national interest, but had been important in constructing for the listening public what form that interest took" (Ward, 1989, p 87).

It was during the Second World War that the place of radio was cemented. It was widely used for propaganda by the Nazis, and it is fair to say that coded messages broadcast by the BBC to the French Resistance, and the broadcasting of Winston Churchill's inspirational oratory, were among the crucial elements in winning the war. In the post war years, radio continued to make possible "a radically new kind of common public life" (Scammell, 1995, p.20). Whilst it is true that television has usurped much of the role of radio in this respect, I would argue that radio continues to influence public life, habits and attitudes.

Radio – Indications of Power and Influence

Examples of the power of radio can perhaps be best gleaned from its early days. Classic comedies such as *Hancock's Half Hour, Round the Horne* and *The Goon Show* are still fondly remembered by many, and it is quite common for shows which started on radio to transfer to television at a later date, such as the spoof documentary comedy *People Like Us,* the talent show *Opportunity Knocks* (see chapter 2) and the skills of presenters like Jimmy Saville, Kenny Everett and Noel Edmonds.

Attempts made to change, even in small ways, what is regularly broadcast can prompt considerable public concern. A recent example concerned the proposal by the BBC to dispense with the Radio Four *"UK Theme"*, the music which heralds the start of Radio Four programmes each day. The ensuing outcry led to questions in Parliament, and a website being started, www.savetheradio4theme.co.uk. At the time of writing an online petition to 'save the theme' had gleaned 15,950 signatures. Similar objections have been raised over the years to other changes on Radio Four, such as alterations to broadcast times of *The Archers* and the *Sunday* programme.

Radio and music

Radio has always had considerable power and influence in the realm of music. This pre-dated television, and continues today as radio promotes and makes popular a very wide range of music. It follows that radio is very important to the music industry, as radio airplay is a major determinant as to whether a song or artist succeeds or fails. *"Buyers learn about the CDs, tapes and records they plan to purchase mainly from radio and music video channels. Radio remains the main popularizer of music."* (Rothenbuhler and McCourt, 1992). Despite the emergence of new technology, such as music downloading, since that was written, radio still has enormous power to make or break an artist or song. Through music, radio is able to influence the culture around us.

Para-social interaction

Evidence of a further, rather extraordinary, influence of radio on society is found in the phenomenon known as "para-social interaction." This describes a process where people feel they know those who broadcast to them. In fact they have only ever encountered broadcasters though the media itself, but nonetheless feel an association or affinity with them. As a regular presenter on a small local commercial station, and certainly not a "celebrity" in the generally accepted sense of the word, even I frequently speak to listeners who telephone into the programme and address me by my first name, and in such a way that suggests we are the best of friends. In reality they know virtually nothing about me. Horton and Wohl (1956) make the point that it is the socially disadvantaged people, the isolated, socially inept or "rejected" on whom para-social interaction has the greatest effect, but it is not confined to those. That this is a widespread tendency is clear from listening to many live interactions between broadcasters and their audience. Mostly it is harmless, but can lead to "stalking" and even murders such as that of John Lennon where Lennon's killer, Mark Chapman, "was convinced he knew John Lennon quite well." (Goonasekera, 1990, p.38). This phenomenon can equally be found in

television, but with radio tending to be a more one-to-one, intimate medium where solitary listening is common, the effect can be magnified.

People listen to commercial radio for information and entertainment, or sometimes just as "something in the background" to aid socialising, study, or passing the time. McQuail's (2000) comment on media generally is especially relevant to radio. "[The media] are the largest focus of leisure time interest, providing the shared 'cultural environment' for most people" (p.4). In his later discussion McQuail goes on to give examples of everyday activities which are ostensibly influenced by radio in particular, such as dressing for the weather as it is forecast, buying music we hear on the radio, or buying something because of an advertisement (p.416). To this one could add, with commercial radio in mind, attending an event promoted as a "what's on", or avoiding traffic jams after hearing a travel report.

Finally, the fact that advertisers are willing to spend millions on radio is in itself an indication of the perceived power of the medium.

Outline of Chapters

In **Chapter 2**, I will give a brief account of the history of commercial radio in the UK from its tentative beginnings around 1930, through to the late 1980's when it had become firmly established. I will look at the phenomenon of 'pirate' radio in the 1960's which coincided with the growth of a "youth culture", where so much of the demand for commercial radio still resides. Commercial radio was born amid much opposition and questioning of its viability. It struggled to survive within an oppressive regulatory regime, which it gradually overcame, to become a vibrant part of the UK economy and part of the daily influence to which McQuail refers above.

Chapter 3 will look at commercial radio in the UK today. Now firmly established and accepted as part, not only of people's everyday

environment, but also playing a key role in the economy (CRCA, 2006), commercial radio is still expanding. Many people still want to work in radio and to start radio stations. What motivates people to run radio stations? From interviews with industry figures I will explore how they see their motivation and the challenge of commercial radio. I will examine the pressures radio faces in a new multimedia, multichannel, digital environment. With many stations now owned by national media organisations, has the "local" dynamic disappeared? Has financial survival become more important than serving the community? Is there still the pioneering spirit which characterised so much of the 1960's 'pirate' phenomenon? Most importantly, I will explore if and how commercial radio can survive the challenges of the 21st century.

Chapter 4 will take the form of a case study of one particular station, *Splash FM* in Worthing, West Sussex. This local station began broadcasting on 5th May 2003 and quickly developed a loyal audience. I will examine the dynamics surrounding the establishment of the station, by interviewing its founder and Managing Director and considering the local media "environment" at the time. I will also spend time at the station talking to staff working in the fields of both music and news, to gain a better understanding of how they see their work. How do they choose which music the station plays, which artists to include or exclude, and how will this change over time? On a local station do local musicians have a place? In terms of news, what values inform choice of stories? How much local news must a local station cover?

I will ask whether stations like *Splash FM* have a future, or are they destined to be subsumed into a corporate media "giant"? If society is becoming increasingly "global", is there still a place for radio stations that serve a local community?

Conclusion

In studying the development of commercial radio in the UK, I will also describe how the various phases in its development in many ways mirror

changes in wider society. That British society has changed since the 1930's is an understatement, and I will see how it is possible to trace at least some of these changes in the changing shape of commercial radio over this time.

I make the point that radio both influences, and is influenced by, changes in the society around it. The 21st century appears to be in a state of increasingly rapid change both in wider society and in adoption of new technology, which presents challenges and opportunities for commercial radio in particular.

"Commercial" radio takes many forms. There are national, regional and local commercial stations. Some are small, independent stations, others are part of large groups. Stations which use new technology such as the internet, satellite and digital radio are also commercial. What they all have in common is that they are financed by selling advertising space in their programmes. All these stations face challenges, although some are better placed to meet them than others. Undoubtedly some form of commercial radio will survive well into the 21st century, but in what form? Will it adapt to meet the challenges and so survive in something resembling what we have now, or are we going to see radical change in the years ahead? These are some of the questions that I will explore in the following pages.

Chapter 2

A History of Commercial Radio in the UK

Introduction

Commercial radio has been firmly established in the UK for over 30 years. Today's commercial radio companies form a significant part of the UK's media "landscape", where the opportunity to listen to commercial radio is taken for granted, and where millions is spent by companies advertising a wide range of products to the audience. (Radio Advertising Bureau, 2006). The sometimes mundane, often colourful and dramatic origins of commercial radio are a heady mixture of politics, self-interest, prejudice, pleasure, elitism, greed and tragedy, going back as far as the beginning of broadcasting itself.

For most of the 20th century, the legal monopoly on radio broadcasting in the UK was held by the BBC. Founded as a corporation in 1927 under Lord Reith, the BBC was "a compromise solution to the immediate problems of reconciling the demands of commerce and government" (Ward, 1989, p 86). Radio manufacturers recognised the need for broadcast programmes in order to sell their products, and six main companies had come together in 1923 to make receiving sets for the British Broadcasting Company. The BBC received an income from the sale of sets as well as from the licence fee. Across the Atlantic, the American solution was entirely different, as broadcasting was given over to private enterprise. The resulting plethora of independent, unregulated stations was seen as "chaos" by the British. (Ward, 1989). However, in the BBC, Reith created the concept of public service broadcasting, independent from both commerce and the state. He went on to build an organisation which served what it saw as the national interest, set standards of quality in broadcasting, and, based in London, attempted to impose a certain set of values and perception of culture on to the nation as a whole. (Ward, 1989). This approach I believe reflected a

rather paternalistic society, where elites told the general population what they ought to do and know. Women had not long had the vote and "public opinion" as a process in democracy was largely undeveloped.

Monopoly broken

The BBC strongly disapproved of commercial broadcasting, (Chapman, 2006) and yet even in the 1930's there was popular demand for it. It was not legally possible to set up commercial stations in the UK, but stations based on the near continent broadcast programmes in English which attracted a significant audience. On 3rd December 1933, the English service of *Radio Luxembourg* was launched on Long Wave. *Radio Luxembourg* was in effect an international service operated from within Luxembourg, with other languages broadcast at other times of the day. (The English service programmes were in fact recorded in London and sent out to Luxembourg for broadcast). The technical characteristics of Medium Wave allow radio signals to travel long distances after dark, such that reasonable reception is possible in the UK. *Radios Luxembourg* and *Normandie* were listened to by "between 50 and 80 per cent of the peak time audience on Sundays". (Eckersley, 1946). This is a somewhat vague statistic, but appears to demonstrate the popularity of these stations. The BBC looked down on light entertainment, whereas radio talent shows such as "*Opportunity Knocks*", soap operas, band shows and personality presenters were the daily fare of the commercial competition. The BBC accused the commercial stations of amateurism, and regarded advertising on the radio as abhorrent to their high cultural stance (Chapman, 1992).

The commercial stations attracted a good deal of advertising. In 1934 a British engineer, Leonard Plugge, saw the potential of commercial radio to make money, and he set up the *International Broadcasters Club* (IBC) to buy and sell sponsorship on *Radios Luxembourg, Normandie* and other French based stations. It is said that the term "plugging" (to promote a song to radio stations and persuade them to play it) is derived from his name. (USP, 2000). The IBC soon had 90 companies on their books, 71 per cent of which advertised on *Radio Luxembourg*. (Head, 1980).

Governments, however, appeared to view these developments with concern. Radio advertising was already banned in a number of European countries. The French station *Poste Parisien* was taken over by the French Government in 1933 and advertising banned. By early 1939 only *Radio Luxembourg* and some small French stations were still taking advertising. It was not only Governments which opposed commercial radio, but the printed press were also hostile, in view of what they saw as a threat to their advertising revenue.

The Second World War put a temporary stop to the commercial development of *Radio Luxembourg.* The powerful transmitters were instead used by the Nazis to broadcast propaganda to Britain.

The rock 'n' roll years

After the war, with a burgeoning economy in the UK, pressure for commercial radio re-emerged. Again it was *Radio Luxembourg* which led the way with programmes sponsored by companies such as *Ovaltine. "The Ovaltinies"* children's programme drew a large audience. The major record companies such as *Decca, Pye, EMI* and *Phillips* also sponsored programmes of their music on *Radio Luxembourg*. In order to squeeze as many songs as possible into the available time, they would often play only a minute of each song, but having nothing to compare it with, young people in the UK tuned in every night.

In 1948 *Radio Luxembourg* broadcast the first Top 20 show, based on sheet music sales. It was the era of rock and roll, and a new youth market was emerging. In 1951, *Radio Luxembourg* moved to its famous medium wave 208 metres wavelength, where it stayed until its transfer to satellite broadcasting in 1991. The BBC, bogged down in establishment respectability, simply could not accommodate the rebellious, anti-social and anti-establishment youth culture with its Teddy Boys, Mods, Rockers and "beat music".

Music from the seas

In the 1960's, a threat to the popularity of *Radio Luxembourg* came in the form of the 'pirate' radio stations which broadcast from ships anchored off the British coast. Mostly based in international waters, these stations were not exactly illegal, but they were not fully legal either, and openly flouted regulations such as wavelength and copyright agreements. The most famous of the stations were *Radio Caroline* and *Radio London*, although there were many others. Some, like *Radio City*, were based in disused World War Two defensive forts in the Thames Estuary. *Radio Caroline* was started by Irishman Ronan O'Rahilly, who saw that money could be made out of the new youth culture. He was agent for pop singer Georgie Fame, but found that he could not get his records played on *Radio Luxembourg* since most of the time was booked by the major labels. He is said to have started *Radio Caroline* to break that monopoly (Harris, 1977).

Between 1964 and 1968 as many as 21 'pirate' or "offshore" radio stations were operating along the coasts of the UK. Some were very professional organisations like *Radio London*, others were rather comical operations like *Radio Sutch*, operated by the colourful "Screaming Lord Sutch", who later stood for Parliament representing the "Monster Raving Loony Party". Boardroom battles and mergers affected many of these stations just as in the established commercial world, but their ambiguous legal position led to rather more shady goings-on. The most notorious case was the shooting dead of *Radio City* boss Reg Calvert, at the home of Oliver Smedley, one of the owners of *Radio Atlanta*, which had merged with *Radio Caroline*. This event was preceded by the boarding and silencing of the *Radio City* station on the Shivering Sands Fort in the Thames estuary, by a group of 10 "unknown people". (Harris, 1977).

Measuring popularity

Whether it was the romantic notion of radio stations broadcasting on the high seas, a youthful 1960's spirit of adventure, or the attraction of dramatic events such as the *Radio City* shooting, the offshore stations were certainly popular, as they were also playing music which was simply not

available to any extent on the BBC. In a survey in 1965 the BBC found that "*Caroline* audiences by no means consist entirely of truants from the BBC", implying that the 'pirates' had found a new audience of under 30's, described as working class and "less choosey" than the average listener (i.e. perhaps less *refined* in their choice of radio listening, as perceived by a somewhat elitist BBC of the time). The 'pirates' were appealing to youth in a way the BBC could not. (BBC, 1968). By this time *Radio Caroline* had two ships, broadcasting to different regions of the country. A poll commissioned by *Radio Caroline* in 1964 found that the *Caroline North* station was reaching up to 9 per cent of the potential audience, and *Caroline South* up to 15 per cent. Numerous other surveys by the 'pirates' gave estimates of anything up to 24 million listeners, but these were thought to be wildly inaccurate, using inadequate sample sizes and "massaging" figures to a considerable degree. (Chapman, 1992)

The 'pirates' seemed to represent more than just a way of listening to music, as this contemporary view attests: *"The 'pirates' became for example fully established as an integral part of the teenage way of life, a symbol of their separation, like their clothes and hairstyles"* (New Statesman, 1965). These seminal commercial radio stations were reflecting a changing society, as the emerging youth culture of the 1960's clashed with the paternalistic approaches of the past.

Why be a 'pirate'?

Running a 'pirate' radio station was a risky undertaking. They were on the edges of the law, and the North Sea can be an inhospitable place at times. However, the 1960's were full of youthful enthusiasm, and the new music from the likes of the *Beatles* and the *Rolling Stones* was well loved. The BBC seemed unable to meet the demands of this culture, and so it is not surprising that such a novel solution was found. The idea was not entirely new – in the early 1960's *Radio Nord* broadcast to Sweden from a ship, *Radio Antwerpen* served Flemish speakers from off the Belgian coast, and *Radio Syd* broadcast to Sweden from the vessel *M.V. Cheetah.*

For the station owners, money was also a major factor. *Radio Luxembourg* had proved that commercial radio was both viable and popular. Ronan O'Rahilly wanted to promote his artists, and Allan Crawford, the founder of *Radio Atlanta*, was Managing Director of Southern Music, one of the world's largest pop music publishers. The 21 'pirate' stations around the UK came to be owned by just six syndicates. Then, as now, commercial radio was seen by some, rightly or wrongly, as a way of making money.

The end of the 'pirates'

With a situation bordering on anarchy, and fierce opposition from the BBC, the Government felt obliged to act against the 'pirates'. Among the arguments used against them were that they were using unauthorised frequencies, causing interference to other radio and emergency services, and not paying royalties on the music they played. The BBC was limited by "needle time" restrictions imposed by the copyright organisation PPL (Phonographic Performance Ltd), allowing them to play only a few hours of recorded music per week. The 'pirates' adhered to no such limitations and played pop music more or less continuously. On August 14th, 1967 the *Marine (Etc) Broadcasting Offences Bill* became law, forbidding any British citizen from broadcasting, supplying or indeed listening to stations broadcasting from off the British coast. This effectively put an end to the 'pirates'' revenue, and almost all the stations closed down. *Radio Caroline*, typically rebellious, stayed on air for a time, serviced from Holland. Before long it too was forcibly closed down by a Dutch supply company for non-payment of debts. Interestingly the pioneering "spirit" of *Caroline* lived on, and it is still broadcasting to this day on the internet and satellite, but legally from land-based studios rather than the high seas.

A parallel development with the 'pirates' took place in June 1964 on an island off the north west coast of Britain. The Isle of Man became home to the British Isles' first legal commercial radio station, *Manx Radio*. Given the opposition of the BBC to commercial broadcasting, and of course the growing 'pirate' population, it was with some reluctance that the British GPO (General Post Office – charged with licencing all telecommunications

at the time) agreed to grant a licence to the station. However, the Isle of Man is not part of the United Kingdom, but is a Crown Dependency with its own laws and Government, the Tynwald. The licence was granted after a two year battle with the GPO by Manx businessman and Tynwald member T.H. Colbourn. The programmes came from a caravan parked on a hilltop in Onchan, near the capital Douglas, with an initial transmitter power of 50 watts, against *Radio Caroline's* 10 kilowatts! A local competitive situation emerged when Radio Caroline dropped anchor in Ramsey Bay, prompting an increase in *Manx Radio's* transmitter power.

Unlike the 'pirates', *Manx Radio* is still on the air, partly funded by the Tynwald and partly by advertising. It is seen as a national station, and broadcasts many expensive speech programmes which would normally be viable by commercial financing alone. (*Manx Radio*, 2006)

The aftermath of the 'pirates'

It was generally accepted, even in Parliament, that the demise of the 'pirates' would disappoint a great many people. The pressure was on for the BBC to introduce a comparable service, and in September 1967, about six weeks after the *Marine (etc) Broadcasting Offences Act* became law, *BBC Radio One* was born. It involved a complete rebranding of BBC radio services, as the *Light Programme,* the *Third Programme* and the *Home Service* became *Radios Two, Three* and *Four* respectively, overnight. Both the BBC and the Government denied that the new network had anything to do with the closure of the 'pirates', as this exchange with Postmaster General, Tony Benn, confirms:

Sir R. Thomson: Will the Right Honourable gentleman firmly resist all pressure from vested interests to deprive the British public of a very good and amusing programme? Would he regard it (the 'pirates') as a spur to 'gee up' the BBC to provide something like it?

Mr Benn: No Sir, I shall not keep that particular consideration in mind. (Hansard, 1965).

In June 1967 when the new pop music service was announced, Conservative MP Paul Bryan teased the Postmaster General, "The Right Honourable Gentleman has doggedly continued to assert that this programme has nothing to do with the replacement, and it is by pure chance that it will come on air at about the same time as the 'pirates' leave the scene" (Hansard, 1967).

Radio One hired many of the former 'pirate' DJ's as its first presenters, including Tony Blackburn, Ed Stewart, John Peel and Kenny Everett, alongside existing BBC talent including Alan Freeman and Jimmy Saville. *Radio One's* sound, though, was unlike the 'pirates', as it was still limited by needle time restrictions and joined forces with *Radio Two* for "light programme" fare after 7 pm. (Fortunately for *Radio Luxembourg*, this evening dearth of pop music on the BBC coincided with the daily opening of their English pop music service which ran in the evenings only, so they kept their audience.)

The legal alternative

By 1970 there was an active commercial radio lobby with potential advertisers and businessmen keen to make money from a legal commercial pop station in the UK. Commercial television had launched as far back as the 1950's and was once famously described by Scottish Television's boss Roy Thomson as a "licence to print money". Furthermore, Edward Heath's Conservative Government, which came to power in 1970, was more favourably disposed towards the idea of commercial radio than Harold Wilson's Labour administration had been. *The Sound Broadcasting Act, 1972,* provided for the Independent Television Authority (ITA) which governed commercial television, to become the Independent Broadcasting Authority (IBA), and also regulate what it termed Independent Local Radio (ILR).

This terminology was important. The new services were not called "commercial radio." Essentially they were to be like BBC local radio but

with advertisements - a public service radio network financed by advertising. Potential operators had hoped for a national commercial radio station which would be able to maximise profit. Instead the IBA was to licence an initial 19 "local" stations, including two in London. They were tightly regulated with exacting technical and editorial standards. The stations were franchises, or contractors of the IBA rather than entirely independent concerns. The first contractor on air, on October 8th 1973 was the *London Broadcasting Company. (LBC),* which had been awarded the 'London News and Information' franchise. *LBC* would also provide a news service, *Independent Radio News (IRN)* to the other ILR stations which would follow. Soon after *LBC* came on air, *Capital Radio*, brainchild of Sir Richard Attenborough, launched on 16th October 1973. The station had a remit to appeal to the widest possible audience, and included specialist music programmes, radio plays, soap operas, classical music, community features and news documentaries.

More stations soon followed, such as *Radio Clyde* in Glasgow in December 1973, *BRMB* in Birmingham in February 1974, and *Piccadilly Radio* in Manchester on 2nd April 1974.

Politics was still to play a part in the development of commercial radio, and after the planned 19 stations had launched, James Callaghan's Labour government, traditionally more in favour of state ownership, stopped further expansion. With the return of the Tories in 1979, more stations came on air, including *CBC* in Cardiff and *Mercia Sound* in Coventry and Warwickshire.

Success and failure

Many of these new stations were very successful. For example *Mercia Sound* made a profit of £250,000 in its first year on air, won a major international award in 1992 and was regarded as a model station. Others, such as Leicester's *Centre FM*, were much less successful. *Centre FM* launched in September 1981, but closed in 1983 with debts of £1 million. (West, 2004)

The early days were tough for the new radio operators. They were closely regulated by the IBA, to whom they paid high rentals for the transmission facilities. They had to offer a "public service" style of programming, including expensive speech elements. Their royalties to the music copyright organisations were among the highest in the world. As much as 25 per cent of their income was committed to these kind of costs before any staff were paid. On top of that, they had to persuade potential advertisers of their commercial value as an advertising medium. (West., 2004).

An easier time but a future challenge

In 1984, the industry group The Association of Independent Radio Companies (AIRC) began to lobby for changes in the law. This action "stopped an industry from collapse." The 1987 Green Paper, *"Radio-Choice and Opportunities"*, offered the deregulation the industry wanted. From 1985-1989, their revenues increased by 85% (West, 2004).

These events coincided with wider trends towards deregulation in broadcasting and society generally. A "neo-liberal" strategy in the 1980's was designed to modernise the economy by privatisation and "engendering an enterprise culture". It was argued that this would be more efficient and would combat waste in nationalised industry. There was a belief that the market would ensure that the public interest would be maintained. Where there was no demand, services would fail. Margaret Thatcher's Conservative government was well to the fore in these arguments, and widespread deregulation in broadcasting and telecommunications across Europe was the result. (Papathanassopoulos and Negrine, 1996).

By 1990, therefore, the number of commercial radio services had increased to over 100. This was also partly due to the end of "simulcasting.", which is where the same programme is duplicated on AM and FM. This was a common practice until 1988 when the Government began to put pressure on the stations to stop it, in order to free up scarce frequency resources.

Many did so, often setting up a new "Gold" service on AM, aiming at an older audience, while the FM service appealed more to youth. In addition, new stations have continued to be licenced, including the national stations *Classic FM, Virgin Radio* and *TalkSport (formerly Talk Radio).* There are now also regional stations, such as *Wave 105* in the South, stations for different age groups, such as *Saga Radio*, appealing to the over 55's, and *y*outh-oriented *XFM*. Smaller local stations, serving towns and cities rather than large metropolitan areas, are now more viable due to changing technology allowing costs to be reduced. In all, at the time of writing there are 285 commercial radio services on the air in the UK (CRCA, 2006).

There remain many challenges to the success of commercial radio. Powerful media groups now own the majority of stations, and homogenised music playlists and centralised programming are common. The rise of digital radio offers the listener greater choice, whilst many young people are abandoning radio in favour of portable music players such as the *Apple iPod*. Listening online is another growth area. It may be that commercial radio will have to rediscover the spirit of its pioneering history in order to ensure a viable future. This will be explored in Chapter 3.

Chapter 3

Commercial Radio in the UK today – Challenges and Opportunities

In 2006 we stand on the edge of a revolution in radio listening in the UK. Local, regional and national radio is well established, but the expansion in numbers of stations which has taken place over the past twenty years, has created a very competitive situation in which not all stations thrive. In addition, new ways of listening to radio, rapid developments in technology and the changing lifestyles of the population have created a situation where there is great concern in the radio industry as to how it will survive.

Popularity

Commercial radio is extraordinarily popular today. Figures produced by Radio Joint Audience Research Ltd (RAJAR) reveal that 37 million people in the UK listen to commercial radio each week, and commercial radio has a 42.8% share of the UK radio listening market. Most of the audience to commercial radio is young (15 –24), because the stations by and large play the music young people want to hear. (RAJAR Q4, 2005).

There are currently 285 analogue commercial stations operating, of which 282 are local and regional stations, and three have national coverage, namely *Classic FM, Virgin Radio* and *TalkSport*. (CRCA, 2006).

FM remains the most popular and well used "platform", (the term describing which wave band or frequency band is used). Most new stations launch on FM, and FM stations have the most listeners. This is largely because of the high quality stereo sound which it offers. However, other platforms are beginning to pose a challenge and take listeners away from FM. Of these, **digital radio** is gaining the most ground.

Digital radio

The UK has adopted the DAB standard (Digital Audio Broadcasting) for digital radio. (Other standards are in use in the USA and parts of Europe). Digital radio allows for many more stations to be received in a given area, with more reliable, interference-free reception, ease of tuning, and, in theory at least, better sound quality than is currently available on FM[2]. The system is organised as a network of "multiplexes". Each multiplex can broadcast around 8 stations. The BBC owns one of two national multiplexes. The other is owned and operated by the commercial group *GCap Media* – the company formed out of a recent merger between the *Capital* and *GWR* radio groups. A further national commercial multiplex is planned. There are also a number of local multiplexes, again owned by commercial companies, mostly the established radio groups. The multiplex owners decide which radio services to carry, but have "must-carry" obligations for BBC local radio. This system of allowing commercial companies to be the "gatekeepers" of digital radio is a departure from the traditional method whereby a government appointed regulator would decide who is to broadcast. In this way a lot more power has been placed into commercial hands, which is not necessarily a good thing since one radio group can now effectively deny a competing company access to DAB.

Listeners have to purchase new receivers to hear DAB programmes. According to the industry body the Digital Radio Development Bureau (2006) , sales of digital radio receivers are increasing:

- 483,500 DAB radios were sold in the Christmas period, 2005
- 1.449 million DAB digital radio devices were sold in the UK in 2005. (GfK)

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[2] The sound quality of digital radio has been the subject of much criticism lately. It depends mainly on what "bit rate" the broadcaster uses. Generally this may be less for speech radio and more for music radio, where quality is more critical. Bit rates vary, as a lower bit rate allows for more channels to be broadcast. While initially digital radio was "sold" in part on the quality of its sound, this aspect is promoted less these days. See Sound on Sound Magazine online at
http://www.soundonsound.com/sos/apr04/articles/cuttingedge.htm

- 11.1% of the population live in a DAB household (RAJAR Q4, 05). (up from 5.3% in December 04).

While these figures appear to show that digital radio is fast becoming the "platform of choice" for many listeners, there is another side to it. Digital radio does not yet cover the whole of the UK and in many areas adequate reception is only possible with an external, rooftop aerial. The receivers themselves are still more expensive than most portable FM radios, the cheapest being in the region of £60 at present. DAB therefore has some way to go before becoming as ubiquitous as FM radio, but with considerable investment in infrastructure still taking place, and a growing listener base, it is seen to represent the future of radio listening.

At the time of writing, there are 8 national commercial digital services, and 155 local commercial digital services. (CRCA, 2006). At present there is limited capacity on local multiplexes, and the cost of entry is prohibitive for small local stations. Herein lies a significant threat to these stations. It is envisaged that the analogue broadcasts may one day be switched off, just as analogue television will be switched off by 2012. (Digital television Government website, 2006) If this should eventually happen for radio, the cost of digital transfer may render smaller stations uneconomic. In the meantime new, digital only stations, often owned by the large groups, are growing in popularity.

Smaller stations are increasingly using other digital methods such as internet streaming.

Internet Radio

"Streaming" a radio service on the internet is a very cost effective method of expanding one's potential audience. It is inexpensive and technically straightforward. Many commercial stations stream their output, and a great many stations from around the world are available only on the internet.

For UK commercial radio, the internet is in many respects a "two-edged sword". On the one hand, they can stream their programmes to a wide audience across the UK and indeed the world. A local station can therefore become a national and international station. If however, their focus remains on serving their local area, (as Roy Stannard, the Managing Director of *Splash FM* would maintain to be vital, see Appendix 2) there seems little practical value in streaming, apart from the novelty of having some listeners across the globe. As streaming usually means having a website, that can be put to good use as an additional means of relating to the local audience. For example, *Splash FM* in Worthing publishes on its web site pictures taken by listeners at events such as concerts, and listeners are referred to the web site for details of competitions, local news and information.

On the other hand, internet radio represents another significant threat to commercial radio. Roy Stannard (see Appendix 2) refers to the "increasing portability" of internet radio, as new technology begins to allows users to connect to internet radio on dedicated receivers, using wireless points in the home and elsewhere.   There are now many "internet-only" radio stations which, in future, will pose a threat to existing commercial stations.

Radio on the TV

Listening to the radio via the television is a growing phenomenon, and poses yet another threat to commercial radio. Satellite TV operators such as BskyB, cable operators such as NTL, and terrestrial digital TV carrier *Freeview,* all offer a large number of radio stations which can be received by the set top box. Many of these are the existing national stations such as the BBC networks and the national commercial stations, but there are a number of channels, previously only available in certain areas, which now can be tuned in via the television anywhere in the country, thus increasing the competitive pressure in that area. Examples include the London stations *Smooth FM, Heart FM* and *Premier Christian Radio*. New stations which are also on DAB either locally or nationally can also be heard nation-wide via the television set, such as rock stations *The Arrow* and *Core Radio.* The

advantage to these stations is that they can broadcast to a larger audience, but in doing so they enter a more competitive environment, and pose a threat to local radio stations already there. At one time very few people were said to listen to radio on the TV. Rather like mobile phone text messaging, it was an added service not thought to be of great value. But the growth of satellite, cable and digital terrestrial television has increased the popularity of this platform and it continues to register growth (RAJAR, 2006). People seem to be more "at home" with technology, and often link their TV set top boxes to hi-fi systems.

Community Radio

The Broadcasting Act 1990 provided for a new "tier" of radio, serving small communities or interest groups. Community Radio has proved popular in terms of applications for licences, with 194 applications received by the regulator Ofcom when it first advertised the licences in September 2004. The licencing process has proceeded steadily and Ofcom expects to licence 100 community stations by the end of 2006 (Brown, 2005).

In establishing community radio, the Government has made radio much more accessible than previously. It is a move which enhances democracy by allowing a much wider range of "voices" to be heard. The regulator still has to approve licences, but appears to do so readily, and the rapid growth of the sector suggests this is being welcomed by many.

Commercial operators regarded the launch of community radio with some concern in view of the potential threat to their audience and revenue (ibid, 2005). This highlights the difference between stations that exist to make money and those that wish to serve the community – two distinct motivations which sometimes come together in one station, but often do not. As a result there are statutory limits to how much finance community radio can seek from commercial advertising, and community radio cannot be established where there is an existing commercial station serving 50,000 people or less (Ofcom 2006). Nonetheless community radio, as another

player in the market, will undoubtedly have an impact on commercial radio.

The BBC

Some hold that the greatest challenge to commercial radio comes from its traditional opponent, the BBC. The UK's public service broadcaster operates five national analogue radio networks and five national digital stations. In addition, it has a network of local and national radio stations covering the whole of the United Kingdom, and dedicated services for Scotland and Wales. In recent years BBC radio listening figures have been consistently slightly ahead of its commercial rivals. It uses its television channels to promote its radio services, and *vice versa*, much to the chagrin of commercial operators, who do not have such easy access to television advertising.

The industry body the Commercial Radio Companies Association, (CRCA) sees proposed increases in the BBC licence fee as potentially fatal for commercial radio. Their recent (2006) report *"A Licence to Kill – The impact of the BBC licence fee settlement on commercial radio"* predicts that if the licence fee continues to increase, commercial stations will close with the loss of thousands of jobs, creativity will be stunted and £1.1 billion lost to the economy. In particular CRCA feels that the BBC should not be financed to provide services such as 1Xtra and BBC 7, where similar services are being provided successfully by the commercial sector. Paul Brown, CRCA Chief Executive, told me *"It's almost impossible to take on a national radio and television broadcaster which cross-promotes its products on those channels and is also a local radio and local media broadcaster."* (Personal Interview, 2006). In its report CRCA calls on the Government to "cap" the licence fee so that the BBC can only spend money on services which *"increase rather than reduce diversity."*

For its part, the BBC vigorously defends its involvement in every type of media. In its charter review document, "Building Public Value", referring to calls to reduce the number of its services, the BBC asserts *"Every option*

would reduce the BBC's reach and therefore the value it offers to licence payers. For example, if all the BBC's digital services were closed, this would save about £415m, but the impact would be to freeze the BBC in the analogue era, ……. Or Radio 1 and BBC Three could be closed, privatised or taken out of the BBC. But this would remove one of the BBC's main ways of maintaining its value to young people within a universal system."
Further, the BBC does not believe that its expansion threatens commercial sector: *"First, there is little evidence that the BBC depresses commercial success for the UK's media industry. In fact the opposite seems to be true……The UK leads the world in digital television and radio take-up and has been a technical innovator in many fields. These are not the hallmarks of a struggling or crowded-out media industry.* (BBC, 2005, p.90).

Clearly the BBC is the major current competitor to commercial radio, and has the great advantage of being publicly funded. Whether or not it is as serious a threat to the future of commercial as CRCA would have us believe is debateable, but it certainly presents very effective competition and a potential future threat. It rightly claims to be able to offer programming that the market on its own could not sustain, but the question of whether it should directly compete with the commercial sector is one that should be addressed. Given its history, popularity and cultural significance, while the licence fee itself is not universally popular, it is difficult to see Governments ever seriously restricting the BBC to any great extent.

Non-radio challenges
Apart from all the challenges posed by alternative ways to listen to radio, there is a perhaps even greater challenge to commercial radio's traditional market from new technology which obviates the need for radio entirely. Radio may be a very portable medium, but young people are increasingly listening to their favourite music on personal mp3 players such as the Apple *iPod*. Fans can either download their favourite music from dedicated internet sites such as Apple's *iTunes*, or use "podcasting" software to automatically download the music and programmes they want to listen to.

Advocates of podcasting expect it to have a major effect on music radio, as listeners move away from traditional commercial radio to other forms. (Vallance, 2005)

If there is a glimmer of hope for commercial radio in the light of such challenges, it may be in the words of Adam Curry, one of the founders of podcasting, *"you need this wonderful piece in the middle which is the guy talking about something he's passionate about"* (Curry, 2005). In other words, there is still a role for the radio presenter talking about, and enthusing about, the music, the places people live and the lives they lead.

Radio is beginning to fight back against the move towards podcasting, by starting to occupy the ground itself. *Virgin Radio* was one of the first to podcast a daily show, the "*Pete and Geoff Breakfast Show*." The show is available on their own website and through *iTunes*, and they say it is downloaded 80,000 times a month. James Cridland, Head of New Media at *Virgin* believes their listeners do not mind *how* they hear the show. *"Our listeners are becoming more platform promiscuous. The future from our point is multi-platform. And podcasting is a bit like* Sky+[3] *in that it makes it easy to record programmes and time-shift them, but it's portable as well."* (Cridland, 2005).

Why bother?

In the light of all these challenges facing commercial radio operators, one may well ask why the sector is growing and what motivates people to set up new stations? There are surely more promising ways of making money than running a radio station, so it cannot be purely for financial gain. Paul Brown, the Chief Executive of the Commercial Radio Companies Association, points to a certain "type of person" who enjoys the idea of both working in radio, and running a station. *"People who work in radio – they quite like their own world and they like communicating that to people,*

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[3] Sky Plus is the hard disk recording facility available to Sky subscribers which replaces video recording and allows viewers to record programmes and pause and rewind "live" television.

and that's quite important because right at the heart of radio is - why do people want to perform on it? If you haven't got performers on it then you haven't got a radio station really. And at the heart of performing on the radio is a desire to entertain, desire to inform, and a desire for involvement." (Personal interview, January 2006)

Roy Stannard, of *Splash FM* in Worthing,   (2006) says his personal motivation arose from a perceived need in the community: *"Worthing has a distinct identity and personality and we felt it wasn't being served by radio adequately at the time. We felt we could contribute to that, knowing the area reasonably well, and having had a history of providing radio, albeit amateur radio, for some years.* (Personal interview, January 2006)

Brown also cites the notion of wanting influence , *"It is a way of being part of local public life." (ibid)*

Those who set up radio stations appear to have mixed motives. There is a "desire to perform", a "need" for influence in the area, and a perception that financial rewards will come, although not immediately. There may also be a desire to serve the community, to use their skills to "offer something back." However, despite the influence and perhaps fame which it brings, setting up a radio station is no simple task, especially in these times of rapid technological change.

A crisis of confidence
Paul Brown feels that radio operators are much less sure of their ground these days*: "There's more competition now – more licences being issued, internet radio, satellite stations, digital stations – there's much more in the market, and you don't know where to invest. Stations are asking themselves, 'should we go digital, do more on the web, compete with local television, will these new outlets take our advertising away?' Those sorts of worries didn't really exist 10 years ago. People are not less certain about why they are setting up stations, but they may be less certain about* **what** *they are doing, in that sense."* (Personal interview, January 2006).

For some, the outlook is distinctly gloomy. Kevin Stewart, Chief Executive of the *Tindle Radio group*, refers to small stations being "fragile businesses" and "confidence low" among the groups, with share prices falling. *"What is the future for [small stations] in a digital age? The answer at the moment is none!"* He cites the cost of adopting DAB as prohibitive and advocates a new approach to platforms as the only way forward for small stations. He suggests a new generation of radio receivers which would be "platform invisible." The listener would simply press a button to hear a station, whether it be on FM, AM, DAB or whatever. Echoing Cridland's view (2005, above) of "platform promiscuity", Stewart believes listeners do not mind and do not need to know *how* the station is being received, just that they can hear it. (Stewart, 2005). While that may be one answer, it is perhaps a long way off. No one knows just how technology will develop, and which, if any, of the means of listening will come to dominate.

In spite of this level of uncertainty, new commercial radio stations continue to be licenced at a brisk rate. By 2007 it is expected that another 20 analogue stations will be licenced, which will exhaust the available analogue spectrum. Scores more existing analogue stations will have the opportunity (if not the funds) to transfer to DAB, and a further new national commercial multiplex is expected to breathe new life into the UK radio scene (Robinson, 2006).

From regulation to auction

Commercial radio started life under a heavy burden of regulation. Programme content and technical standards were rigorous and became a major liability for stations trying to survive in a competitive market. Current thinking on the subject of regulation is for more autonomy to be granted to the individual operators. In its recent Statement on the subject, the regulator Ofcom referred to *"the emphasis [moving] away from input regulation (rules on how programmes should be made, such as automation and news hubs) towards output regulation (the overall sound of the*

station)." Studios and newsrooms will no longer be required to be located in the geographical area served by the station, and limits on "automation" of programmes will be removed. A new "self-reporting" system will oblige stations to keep a "Public File", judging its "output" against the standards set down in its "Format", (i.e., how the station described its service in its original licence application) (Ofcom, 2006).

While there will always be a role for regulation, for example to protect the listener from harm or offence and determine broader policy issues, in a digital multi-channel environment the case for heavy regulation weakens, and rules become difficult to enforce. Even the present "beauty parade" method of granting licences may come under pressure, perhaps leading to a system of auctions where licences are sold to the highest bidder. This has already taken place in television and mobile phones, and could well be the norm for commercial radio in the next decade. Such a system could result in a stronger, more vibrant commercial radio sector, as is the case in New Zealand, where there is said to be more variety and stations are more profitable than in the UK. (Brown, 2006)

Consolidation

A distinctive feature of UK commercial radio is the extent to which stations are owned by large media groups, which often have other media interests. Stations often start out as independent companies, only to be taken over by a group when financial pressures threaten their viability. The groups themselves have often grown out of a single independent station, which, through acquisitions and mergers, has become a major media company in its own right. Perhaps the best known example is *Capital Radio,* the second commercial station to be launched in the UK, in 1973. The *Capital Radio group* came to own a large number of stations, and following a merger in May 2005 with the second largest group, *GWR,* formed *GCap Media PLC*, which is now the UK's largest group with a portfolio of 56 analogue stations including the national broadcaster *Classic FM,* and 100 digital stations. (*Gcap Media*, 2006).

The process of consolidation within media companies is not new, and not confined to radio. In 1973 Murdock and Golding set down a process which was true of all media. A small scale operation expands, becomes industrialised, followed by a period of growth and saturation in the industry. Pressures of rising costs lead to concentration, and a tension developing between technical possibilities and economic realities. This is exactly what many small radio stations now face, as digital radio offers a future, entry to which is presently beyond their resources.

Murdock and Golding (1973) go on to describe horizontal and vertical integration, the two types commonly seen in business. Horizontal integration is where businesses expand at the same level of production, in the case of commercial radio, one station buying another, or many others. Vertical integration is where a company invests in another business at a different stage in the process, such as a record label buying a chain of record shops or a CD pressing facility. These trends are certainly seen in UK commercial radio, although there are not many groups with very wide-ranging interests. Of the groups currently operating radio stations, most are purely media, and some just radio. Emap Communications has magazine publishing interests. The Guardian Media Group (GMG) has newspaper interests including *The Guardian, The Observer* and many regional titles, as well as radio stations. The Chrysalis group has interests in music publishing and recording, book publishing and mobile phone content delivery. *Virgin Radio* was founded by Sir Richard Branson with his many interests from records to airlines to soft drinks, but that national station is now owned by SMG, owners of *Scottish Television.*

My interviews with two industry figures reveal differing views on the value of consolidation. Paul Brown, of CRCA, (the Commercial Radio Companies Association), sees it as the only way to meet the challenges posed by new technology, "*The only way you can [adopt new technology] is by financial resource. So if you are going to run a good website that rivals that of the local newspaper, or carry the odd moving picture as time goes on, or diversify the use of your reporters in the local area, there's a*

lot to be said for investing in other media forms. And if you haven't got the expertise on hand, you haven't got the skills base to do those other things. Expansion isn't the name of the game, but you do have to expand to maximise the usefulness to listeners. You need cash to do it, and to market it." (Personal interview, 2006).

For Brown, consolidation is not just an answer to the threat of new technology, it makes sense as a policy: *"What one hopes to gain is a company of greater strength and more investment power. Consolidation has gathered pace very quickly recently, for example there is no question that Emap's takeover of SRH has worked extremely smoothly, they are generating more cash as a result, and investing more cash in output. The stations are as good as, or slightly better than they were prior to Emap's takeover."* (Personal Interview, 2006).

An alternative view was expressed in my interview with Roy Stannard, Managing Director of *Splash FM*, an independent commercial station serving Worthing, West Sussex. While recognising that group ownership might make for greater efficiency and profitability, the downside was significant: *"A locally run and managed radio station has its roots deep within the community it serves. Speaking for myself, I spend a lot of my spare time out in the community, acting as an ambassador ….. and as a conduit for people in the community to make their views known about the station…… There's a tendency, where radio stations are owned by larger groups, for those activities to take second place………We have a sense of 'living amongst your listeners' which larger groups tend not to have."* (Personal Interview, 2006).

Stannard's view of the importance of the local aspect of radio is also his answer to the technological challenges the industry faces. For him, it is the stations owned by groups which are in the greatest danger. There will always be a place for the smaller stations, committed to their community, and acting as its 'voice.' *"I think local radio is the future of radio. The thing that radio does best is get down to a very grassroots level with its*

listeners…..But I think the role of local radio in terms of being the listening post for people in towns and possibly villages in the future, will continue to play a role, because there isn't a better way of communicating information to a local population than radio." (Ibid. 2006)

Undoubtedly, consolidation will continue. It may be that increasing numbers of small stations will find that financial pressures force them into the arms of one of the large groups. As that occurs, it is likely that local populations will feel that "their" local station has distanced itself from their needs and concerns. We can see the same process taking place in many other areas of life, such as when the presence of a large supermarket is thought to have caused the closure of the "corner shop", or small "family firms" are taken over by larger businesses.

"Localness" in radio terms is perhaps the equivalent of "old-fashioned service" in other businesses, and it is not difficult to see how that may be threatened by major corporations moving in. Paul Brown (2006) would disagree: *"A station in, say, Portsmouth, doesn't sound any less local because it shares a playlist with a station in Brighton. What makes a local radio station local is the things it talks about and the way it talks about them."*

Radio is in the business of communication, something which has a personal, even intimate quality to it. In the commercial marketplace, a radio station which does not employ true communicators is in a perilous position.

Conclusion

"Communicating information to a local population", (Stannard 2006) is what local radio can do very well, whether it is by broadcasting local news, weather and travel information, or promoting local charities, music, events and businesses. The local, knowledgeable presenter is best placed to act as the conduit, the communicator, in this process. Curry (2005) above, also

recognised that a "passionate" presenter will always have a key role to play. Furthermore, in a survey commissioned by Ofcom in 2005 "witty, entertaining and intelligent presenters" were cited as one of the three most important components of radio. Presenters were seen by those surveyed to be an area where radio is not doing well at present, and young people in particular wanted to hear "new talent". (Ofcom, 2005).

So as commercial radio faces 21st century challenges, it is perhaps in recruiting, training and retaining talented people, as presenters and communicators, that its future lies. This may prove to be the salvation of local commercial radio, and will, no doubt, be of immense help to groups, and national and regional stations, as they continue to compete for a share of the audience in an increasingly competitive and technology-led market.

Chapter 4

Splash FM – a Case Study

Having now looked at the history of commercial radio, the pressures for its establishment, and the various challenges it has faced ever since it started, I now turn to a case study of one particular commercial radio station. I will examine the circumstances surrounding its formation, and the social and media environment into which it was "born." I will look at what motivated the founders to set up the station. I will also examine the main elements of the content of its programmes, namely music and news, and study the considerations behind these elements.

Splash FM began broadcasting on 5th May 2003, with a standard eight year FM licence granted by the then regulator, the Radio Authority. Based in Worthing, West Sussex, it serves a population of 167,000 along the coastal area from Shoreham-by-Sea in the east, to Littlehampton in the west. Its transmissions north are largely restricted by the South Downs. (See fig. 1). *Splash FM* is a popular station in its area, recently registering a 17 per cent reach of the available audience, and an audience share of 6.9 per cent. (RAJAR Q4, 2005).

The area

Worthing's popularity as a seaside resort can be traced back to the visit of Princess Amelia, the daughter of King George III. Her visit was followed by an increasing number of well-to-do people, taking advantage of new rail links to enjoy the hospitality of the newly founded hotels and guest houses in the town. Worthing was incorporated as a Borough in 1890. The visit

of Oscar Wilde in 1894 and the writing, during his stay, of "The Importance of Being Earnest" added to the town's celebrity.

In the 1960's and 1970's Worthing developed something of a reputation for having a large elderly population, and still has a high proportion of over 60's, but in more recent years large employers such as Norwich Union Insurance, Glaxo SmithKline and the Inland Revenue have attracted increasing numbers of younger people. The last 20 years have seen many new housing developments for young families.

To the east and west of the area, Shoreham-by-Sea and Littlehampton are each significant towns in their own right, and certainly not regarded as 'parts of Worthing'. They would not, however, be large enough to sustain their own radio stations and they form a natural boundary, with the Rivers Adur and Arun to the east and west respectively. Beyond Shoreham is Brighton and Hove, a city with its own particular identity and radio service, and beyond Littlehampton is Chichester, a cathedral city, served by *Spirit FM*.

Figure 1 – Splash FM Service area

The Licence Application

The Radio Authority advertised the licence for Worthing in 2002. This had been preceded by a flurry of activity among eight different competing groups, all of which applied for the licence. The activity included a number of short term RSL (Restricted Service Licence) broadcasts, where stations are allowed to broadcast to an area for up to one month, to test the level of demand for a full time station. There were also other special events, road shows and public appearances by the competing groups. It was then up to the Radio Authority to consider each application on its merits and decide upon the "winner".

Existing media

Prior to the commencement of *Splash FM*, there was a sense among the competing groups that Worthing was not well served by radio. The nearest BBC local station, BBC *Southern Counties Radio*, was based in Brighton, some 15 miles away. Whilst it had a remit to cover Worthing, its service area is very large and inevitably Worthing did not receive more attention than any other town in the whole of Sussex and Surrey. The nearest commercial station was *Southern FM*, again based near Brighton, and covering a large area of East and West Sussex. Aiming at a younger audience than was typical for Worthing, much of the local population did not see it as meeting their needs. (Splash FM, 2002). Apart from radio, the regional commercial television company, *Meridian*, and *BBC South*, were both based some 60 miles away in Southampton. Worthing does have its own local newspaper, the *Worthing Herald*, plus two free papers, all of which are owned by a large media corporation. The *Evening Argus* is a regional paper centred mostly on Brighton. *Splash FM's* Managing Director, Roy Stannard, told me how he felt the other media reacted to the new station: *"No other media welcomed us with open arms because we would constitute competition in the market place. The Argus were a lot more relaxed, probably because it's based in Brighton rather than Worthing. The Herald were a lot less relaxed about it… there was a certain amount of suspicion – would the market place be able to sustain yet another provider of advertising to essentially the same sort of audience?"*

As to the other radio stations: *"Southern FM accepted that there would be another radio station. They weren't particularly happy about it, but they had already got used to the idea of other stations being based in their patch..... The BBC on the other hand... would not have engaged with me in advance, and would have assumed, possibly rightly, that we were going to target a different audience to theirs, which is a largely more mature audience than ours."*

Public demand

As part of the licence application process applicants had to demonstrate a level of demand for their service. For *Splash FM* this was achieved by means of research comprising 651 face to face interviews in the street with residents aged 15 – 70. This research showed, *inter alia*, that 44% of adults aged 35+ were dissatisfied with existing radio services for Worthing, and "there is a desire for a station committed to local interests among 71% of adults aged 35+." (*Splash FM*, 2002, p.59).   Additionally, the application contained extracts from supportive letters from local dignitaries, and a file of supportive letters from members of the public was appended. Reflecting on the process, Roy Stannard notes *"there was an interest in the medium of radio, and a feeling that the town should have its own radio station. I have to contrast it to Brighton where they had been spoilt a bit by the existence of quite a lot of radio stations –* Southern FM, BBC Southern Counties Radio, *and other substantial [temporary radio] projects. They had got used to having their own radio stations. Worthing hadn't and therefore was a lot more enthusiastic about the prospect. So it wasn't a difficult job to convince people it would be a good thing."*

Behind the formation of *Splash FM*, then, were three considerations. Firstly, that Worthing was not well served by existing radio. The other stations in question would deny this, since Worthing was a clear part of their remit. However, the size of area they were expected to cover meant that they would have found it hard to do justice to a town the size of Worthing. The second consideration was that there was a certain level of

public demand for the service. This is difficult to prove, and there was certainly no mass campaign by Worthing residents to have their own radio station, but when they were presented with the possibility, in the surveys and public events undertaken by *Splash FM,* they seemed to express an interest in the prospect.

The third consideration was that the team behind *Splash FM* were enthusiasts of radio. Experienced in hospital radio and in small, voluntary RSL stations in the area, radio had been a hobby for many of them, and they gained a sense of pleasure and satisfaction simply from "doing radio." In my view this experience and enthusiasm were major factors in winning the licence and continue to be a factor in the station's continuing success.

So far, so good

Having now been on the air for almost three years, *Splash FM* is considered a success. It has been hailed by the current regulator Ofcom as a exemplar of stations of its size and type. In February 2006 Ofcom published a statement "*Radio - Preparing for the Future (Phase 2)*" in which it outlined a new process of "public sampling" for commercial radio. This will enable both the public and the regulator to ascertain if a station is complying with the "Format", i.e. the content which it promised in its licence application to deliver. Three examples of sampling reports were given in the Statement, based on random listening to the stations in a given period, and *Splash FM* was one of the three, which were deemed to be operating within their Formats. Being chosen as one of the three was considered a major achievement by the management. Roy Stannard believes that part of the station's success is down to making steady progress and no major changes: "*I think radio audiences don't like dramatic change. They like gradual change over time - the station to grow at the same rate they themselves are growing. If you attempt revolutionary change on air, you are in danger of losing the audience you've carefully built up. That's reflected in our RAJAR figures that have shown a consistent growth over the last year.*"

Paul Brown, of CRCA, had words of praise: *"Splash FM in Worthing is a very good example of a company that understands its market, understands its audience, markets to them in a cost-effective way but targets the audience very precisely, and then delivers what it says on the tin, and that really is easy to say but much less easy to do"*. (Personal Interview, January 2006).

News

News can sometimes be a weak point in commercial radio. Music has priority, and news is often given as "headlines," with "soundbites" which may not do justice to the underlying issues. Why is this? Firstly, most commercial stations are "music-driven." They believe that most listeners want to hear music more or less continuously, and that any speech longer than, say, three minutes, will cause the listener to switch off. Second, news is expensive. Skilled journalists can demand high salaries, and most stations could not sustain the large team of journalists which a more speech-orientated station would require. For the same reasons, there is little analysis of news on commercial radio. Stations purchase their national and international news from London–based providers such as *Independent Radio News (IRN)*, whilst the station's own news team – not always comprising fully qualified journalists - covers local stories. The result of this is that national or international news is not interpreted for the local audience, and as *IRN*, the largest provider, tends to have a somewhat "tabloid" approach, this is reflected in the local bulletins.

 As a local station, committed to its community, *Splash FM's* news service is designed, within the constraints of the *IRN* provision, to reflect the interests of its audience. On weekdays and Saturday mornings, a team of (usually two) journalists compile 3 minute bulletins which are read on the hour from the local studio, with headlines on the half hour during peak listening periods in the morning and late afternoon. *IRN* supply scripts, interviews and features for stations to include in their bulletins. Every weekday at 6 pm, a 10 minute bulletin is broadcast, combining both local and national sources. It includes a more in-depth feature on the main story

of the day, business news, showbusiness news, and sport. As Worthing is by the sea, every local news bulletin also includes the time of the next high tide. During evenings, overnight, Saturday afternoons and Sundays, an hourly live news bulletin is read from *IRN* in London.

Local stories are obtained from sources in the area by the *Splash FM* journalists. In a single bulletin, the station aims for eighty per cent local stories, but this may change if a number of significant national stories occur on the same day. On the day that I interviewed the station's Head of News, Kerry Warman, it happened that two national stories had come to light mid morning, so the emphasis changed from local to national a few hours into the day's programming. She explained how she determines whether a national story will be prominent *"It depends how many people it affects. Because the police shooting is the second one in two months, and it's a young policewoman just coming off her probation period with the police, it's throwing up a lot of arguments which do affect not just the area where she's been shot but the whole country. Police forces around the country are going to be looking at this and wondering if they need to be armed or not in the future. So it does affect everybody.*" (Personal interview, February 2006).

On *Splash FM*, just as in any newsroom, news values inform how bulletins are compiled. Galtung and Ruge (1970) described a set of news values which are commonly used to determine whether a story makes the news. These include:

- **frequency** – events taking place in such a timeframe that they fit a daily publishing schedule.

- **comprehensibility** – events which are clear and understandable in terms of the social values of the intended audience.

- **threshold** – events which attain a level of interest or importance.

- **unexpected** events.

- **negative** events.

- **continuity** – events which made the news once are likely to continue to do so.

- **personification** – events which make abstract concepts personal, or relate them to a person.

This classic definition of news values applies equally well at *Splash FM,* and was succinctly summarised by Warman: "*People tend to want to know what's going on in other people's lives as well as their own, so if some traumatic incident has happened to somebody else, people do want to know about it, which is why news is largely negative, as opposed to positive.*"

According to Warman, the important aspect for a station like *Splash FM* is that the news should be of interest to its audience. "*Certainly anyone who comes to work at* Splash *is made aware of the audience they are broadcasting to, and what is going to be of interest to that audience and the area that we cover.*"

The question of how interested people are in local news is a crucial one for stations like *Splash FM.* Clearly as a local station, they have to cover local news, but the balance of local and national stories is open to question. Clearly, "big" local stories such as fires and murders are of interest, but whether listeners would rather hear how well a local school is doing on league tables, or about violent riots in some distant country, for example, is uncertain. "Importance" is a relative term, and different audiences have varying views on what is "important" to them.

Music

Music is vital to most commercial radio stations. It is what people tune in to listen to, and what will keep them listening. Music forms the bulk of the output of *Splash FM,* and it is closely targeted to the audience which the

station is aiming to attract. This applies across all radio stations, and means that you will not normally hear different genres on the same station. Many commercial stations, especially long-established stations owned by large groups, play chart-based music which will appeal to 15 – 24 year olds. *Classic FM* plays popular classical music to appeal to its chosen audience, and *Virgin Radio* plays rock. This market segmentation is rarely, if ever transgressed. It would be regarded as commercial suicide for *Virgin Radio* to have a classical music programme in the middle of the day, for example. Commercial radio is often seen as a "tap". You turn on the tap, and get the same product out, every time.

The music played on *Splash FM* is, in fact, quite unusual for a local FM station. For example, an Elvis Presley song from 1955 will be played next to a Coldplay track from 2006. Much of the music played is what AM "gold" stations play, and *Splash* has been able to revisit many songs from the 1960's, 70's, and 80's which are rarely heard on the radio today. Why is this? The answer goes back to the formation of the station.

Splash FM targets an audience mainly among the over 35's. Its Format prescribes *"all four decades must be represented in the playlist, but a slight bias towards material from the last two decades (other than current/recent chart hits) is permissible. Current/recent chart hits should not account for more than 20% of total music output during weekday daytime"* (Ofcom/*Splash FM* 2003). This means that 80 per cent of the music played will not be of recent origin. The licence application asks very detailed questions about the type of music to be played, including representative names of artists, what times of day they might be played, and what proportion of music from different decades will be included.

Splash FM's Head of Music is Kevin Spector. He described to me the different factors taken into account when a new song arrives at the station, as to whether it should be played: *" One is whether it's a core artist, someone whose music we think we should be reflecting, another is whether it would contrast favourably with what we are playing at the moment, and*

whether we think it's something people would like to hear and be aware of." (Personal Interview February 2006). There is therefore a strong sense that there are some tracks that "should be" played, and a clear perception of what the audience would "like to hear".

In common with many stations, *Splash FM* uses powerful software, called *Selector,* to create a flow of musical styles and eras across the day, to ensure that all decades are featured in the correct proportions, and that no undue prominence is given to any one artist, for example to avoid playing two songs by *The Beatles* in the same programme.

Presenters

Many of the presenters on *Splash FM* are drawn from the local community. Some went to school in the area, and one presenter is so well known in his other business of leisure and party equipment hire, that he is nicknamed "Mr Worthing". The station has recently employed a Worthing–based presenter who until recently was a well-known figure on *BBC Southern Counties Radio*. It is important to the station that presenters know the area, and can talk about it, that they attend local theatres and other functions, and communicate their love of the town to the audience. I have shown elsewhere that the presenter has a key role to play in the future of radio, and giving this a high priority will clearly help *Splash FM* secure its position.

Splash FM acknowledges and promotes the work of local musicians. These are not usually included in the peak programme times, but in more specialist segments of programme outside peak hours. For example, "Stage One" is a weekly feature at the end of the "Drive Time" show at 7 pm where unsigned local bands can showcase their work. In partnership with a local music producer, a monthly hour long programme, "The White Room", also at 7 pm, allows for a thoughtful critique of local artists. The station sponsors an annual "Battle of the Bands" competition where local artists compete for a top prize such as studio time and a professional video.

Last year this culminated in a free open air concert by local bands in the town's main sea front park, which attracted a large audience.

Splash FM's promotion of local artists reflects not only their commitment to the community, but also their marketing skill in using local artists to attract a wider audience, and in putting on public events to create greater awareness of the station among the public as a whole.

Advertising

In common with all commercial radio, *Splash FM* derives its income from advertising sales. The station employs a team of two sales executives, in addition to Roy Stannard, who sees sales as one of his key roles. Again, in sales, the community is central to the station's philosophy. Most advertising is by businesses in the local area, since larger companies, which may be based in Worthing, prefer to advertise to a wider geographical area. Some radio stations see their role as "delivering an audience to the advertiser", but *Splash* does not see it this way, as Roy Stannard (2006) explained: *"I see* Splash FM *as a living organism, something that exists beyond the need to provide an advertising platform and beyond the need to educate and inform, the old Reithian philosophy. It does more than that. It does represent something that's very close to being at the heart of the community."*

Case Study – Conclusion

Splash FM has built its reputation on a commitment to the locality it serves. It is also staffed and managed by people who enjoy what they do. There is a sense of ownership of the station, and an awareness of its value to the community. These factors undoubtedly contribute to its current success and future prospects.

Like any well run concern, *Splash FM* is looking to the future. As we have seen elsewhere, in common with other commercial radio stations, that future is uncertain. So far the station appears to be doing well, with a loyal, growing audience and listening figures which show a steady increase

each quarter. Its commitment to the locality it serves is evident. However, in a difficult economic environment even the best can fall on hard times, and any sustained financial difficulties would render it prone to takeover by one of the radio groups. Just last year another independent commercial station, *Spirit FM,* serving nearby Chichester and Bognor Regis, was taken over by *The Local Radio Company* which owns a number of small stations around the country and operates a similar "branding" and music policy on all of them. Roy Stannard fears that were this to happen to his station the emphasis on local activities would be diluted: *"There's a tendency where radio stations are owned by larger groups for those activities to take second place, to be used strategically from time to time, when it suits the station's purpose in PR terms, whereas I would argue that* Splash FM's *commitment to the community is an ongoing, day by day commitment."*

In terms of the future of radio on a broader scale, what seems to be emerging from this study is that local stations do have a future based upon the talent and local knowledge of the presenters. Roy Stannard agrees: *"I think local radio is **the** future of radio. The thing that radio does best is get down to a very grassroots level with its listeners."*

We have seen that the development of commercial radio can be a mirror of changes in wider society. *Splash FM* also sees itself as having a role in helping the society around it, the local community, to develop and prosper. Despite the advance of technology and the ever onward march of corporate groups, there still seems to be a place for the individual and the local community. A community-focussed radio station like *Splash FM*, that serves its audience well, would be in a good position to benefit from this.

Chapter 5

Conclusion

Commercial radio is a risky business, and always has been. It has faced challenges from the outset. To begin with, the opposition was from a paternalistic establishment, where elites were dominant and resisted ceding control to market forces for ideological reasons. As 1960's youth and music culture challenged prevailing norms, the 'pirates' sought to change this mindset and paved the way for legal commercial radio. A general societal move towards deregulation opened up the market further and led to commercial radio becoming an economic and social success. In the 1990's the general trend towards media consolidation had its impact on the sector, and, in the 2000's, rapidly changing technology is making its mark and pointing to an uncertain future.

What we have also seen, in contrast to the mid 20th century, is that paternalism is now well out of favour. In many spheres, power is being vested increasingly in the individual, and consumer choice is paramount. In terms of this discussion, this is seen in the growth in popularity of personal music devices such as the Apple *iPod,* and the wider choice of listening available. Conversely, globalisation is making the world seem smaller, and individuals are increasingly interested in global concerns such as climate change and world poverty. There is certainly a significant place for the "*wonderful piece in the middle*" (Curry, 2005, above), meaning the talented radio presenter, to talk about these issues in ways which his or her audience will engage with.

So we see conflicting forces at work. On the one hand, media conglomerates seek to create a national market for advertisers, while local communities and individuals also want to make their mark and take their place. How will commercial radio develop in the future? Just as mobile phone text messaging was not foreseen as ever becoming very popular, so

it is not possible to predict how changing technology will ultimately affect how we listen to radio and how the industry will be shaped. But, as it always has done, radio is certainly changing to meet these new challenges, and history suggests that how well it does so will determine its health and shape in the future.

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<u>Appendix I</u>
Transcript of Interview with Paul Brown, Chief Executive of the Commercial Radio Companies Association
Monday 30th January 2006

What are the challenges involved in starting a new station?

First of all, people who listen to radio tend to be quite conservative in their station choice, and if you can persuade them to listen to you they're only going to give it a limited amount of time, and if they don't like what they hear within the first 10 minutes really, the chances are they'll go and never come back again. That's why it's such a huge marketing task, and it's vital that the marketing message is in line with what's actually going on on air. *Splash FM* in Worthing is a very good example of a company that understands its market, understands its audience, markets to them in a cost-effective way but targets the audience very precisely, and then delivers what it says on the tin, and that really is easy to say but much less easy to do.

What are the motivations? Why do people want to start stations?

People who want to work in radio tend to be people who like sitting in a white room with a microphone talking to themselves! You've got to be a bit weird want to work in radio! People who work in radio – they quite like their own world and they like communicating that to people, and that's quite important because right at the heart of radio is - why do people want to perform on it? If you haven't got performers on it then you haven't got a radio station really. And at the heart of performing on the radio is a desire to entertain, desire to inform, and a desire for involvement. A desire to serve the listener – I'm not entirely sure they see it as serving the community – but serving the listener must be at the heart of it, otherwise you've got nothing to talk about really. It's an intimate medium, and so I guess you like entertaining and informing in an intimate setting.

Why do local businessmen want to get involved? Well I'm sure they know that an element of profit may come along, but not instantaneously, they must take a long term view. In order to have a business locally, the locality

is important to you, and you want to be someone, to be useful in the local community, and clearly as it's a business you want to make sure you reward your shareholders as well. It is a way of being part of local public life, and as radio stations tend to have a fixed area they cover, you have at the outset, or develop, a real affection for the area. You'll probably live in the area, but if you don't, say if you're a large company from outside, you'll probably partner with someone in the area.

Is "localness" as important now as it once was, especially now with big groups involved?

For small radio stations it's a USP. It's what makes you different from Radio 2, in London what makes you different from Heart, or Magic or Capital – it's "local". The difficulty is for the "older players" who were the local stations once, but are now surrounded by lots of others who are, if you like, "stealing those clothes". But when you are covering a very large area, which the older stations are, they are in fact metropolitan stations. They may have felt as though they were serving the areas, but that's because there was no one else there to do it. When you have another five or six or seven or eight stations,. as you do in those metropolitan areas, the element of competition means you are going to niche your output down, until you are comfortable with the audience you are trying to reach, gain its appreciation and therefore monetise that relationship. To say that the older stations have altered their focus seems to me to be inevitable.

A lot of stations now are taken over by larger groups – is that inevitable now, with a smaller station struggling to make it in its market?

The smaller station, especially if it's going to include in its audience those between the ages of 20 and 35, is already in a highly competitive situation. There's a lot of radio about, you've got a lot of choice. In that kind of environment it's not surprising that people seek strength in numbers, and it's also not surprising that in certain areas they exploit whatever synergies they can, areas like financial control, the sale of national advertising. Because you have financial, sales and marketing synergies, the chances are

you're going to be able to invest more in programming and sound more proficient. That's the plan, it may not always work. The [particular group] is very well run, but its having a lot of difficulty convincing national advertisers that the group of stations it represents is worth buying as a block. Advertisers say they would rather go to the five or six well-known brands they're used to dealing with.

Stations owned by groups sometimes seem to sound the same, musically, they play all the same songs, so does their localness disappear?

A station in, say, Portsmouth, doesn't sound any less local because it shares a playlist with a station in Brighton. What makes a local radio station local is the things it talks about and the way it talks about them. Where a group owns a number of stations in different areas, where the areas are different in terms of audience make up, the music they play does reflect that. So it's not true that radio stations in groups all play the same music, but clearly there is a Top 20, a Top 40 and Top 60, there are a number of very familiar popular artists, so you are bound to hear a good deal of all of that on most popular music stations.

What is gained by group ownership?

What one hopes to gain is a company of greater strength and more investment power. Consolidation has gathered pace very quickly recently, for example there is no question that *Emap's* takeover of *SRH* has worked extremely smoothly, they are generating more cash as a result, and investing more cash in output. The stations are as good as, or slightly better than they were prior to *Emap*'s takeover. When you look at the stations Chrysalis has taken over, they are all solidly in profit, and before the takeover some of them were solidly in loss, so those are very good example of where it works. One of the problems with very small stations is that they don't want to sound amateur, they want to sound large, but have to cut all the corners they possibly can. But where strength in numbers can be made to work, as in those examples, it is to the benefit of the company, the shareholders and the listeners. Where people are having more trouble

doing it, because of the amount of money you need to run a successful local business, then it's more problematic, but the radio stations on their own, before takeover, weren't making any money either, and so eventually would have withered and died.

There seems to have been a time when people ran radio stations with a pioneering spirit, for the love of doing it and serving their community. Have the accountants now taken over the ship?

I don't think they have. Every station has accountants. The successful local radio stations are those that start small and get big. This goes back to when commercial radio started in the UK. A local businessman wanted to have something that looked like the BBC and had a big shop window, so they spent an awful lot of capital before they started, and got themselves into trouble. Successful stations started simply, with second hand furniture and basic equipment. They built from nothing and made something. And it's the same today. Otherwise why would anybody invest in small local stations today? They have a local "driver" within them. I think people have become more realistic about the extent to which you can make money out of local radio, but it doesn't mean that they are any less keen to do so. There are more people now who know what they are doing than was the case in the early days. It's a more expert industry, and a less certain industry. There's more competition now – more licences being issued, internet radio, satellite stations, digital stations – there's much more in the market, and you don't know where to invest. Stations are asking themselves, "should we go digital, do more on the web, compete with local television, will these new outlets take our advertising away?" Those sorts of worries didn't really exist 10 years ago. People are not less certain about why they are setting up stations, but they may be less certain about **what** they are doing, in that sense.

Do radio stations look at new technology and see it as a threat?

There are lots of other ways people can spent their leisure time now, particularly around listening to popular music, which is what a lot of radio ventures are. I think everybody knows that they need to diversify in order

to keep their listener base up. Anybody with one radio station has a sneaking feeling that if he had two, it would close down the opportunity for somebody else to steal his listeners away from him. That's one good thing about consolidation. The only way you can do it is by financial resource. So if you are going to run a good website that rivals that of the local newspaper, or carry the odd moving picture as time goes on, or diversify the use of your reporters in the local area, there's a lot to be said for investing in other media forms. And if you haven't got the expertise on hand, you haven't got the skills base to do those other things. Expansion isn't the name of the game, but you do have to expand to maximise the usefulness to listeners. You need cash to do it, and to market it.

When ILR first started it was very tightly regulated, it's not so much now. How much regulation is a good thing, or would it be better if there was no regulation at all?

People's views on this vary. My view has always been that you must protect your listener, and so you do need advertising and programme rules which people must adhere to, and if they don't adhere to them then sanctions must be applied. The other thing that's probably useful in a crowded country like ours, is that while you give licences away in the current "beauty parade" system, you should seek to ensure that one service is different from another. So some kind of "format" has to be at the heart of that regulation. If you change the way you do it, to an auction system, it's different. Ofcom are probably asking themselves, at the end of the current round of licensing, and when more digital licences are on offer, "what is the interest for the public in going through this extraordinary rigmarole of reapplying for licences in the way its always been done?" There comes a time when you say "we're going to extend these licences and not re-advertise them, but in 10 years time we're going to auction them". Once you auction them, and I guess that may be around 2015, there's no need to have a regulator controlling the style of the output – but you should still have rules you have to adhere to.

What's good about auctioning? – when they auctioned the TV licences it was criticised.

There are different ways of doing it. An auction involves far less subjective judgement from the regulators and it's far less complicated. When they auctioned the TV licences there was no competition, so you got ridiculously inflated prices being asked…..…but these days with more services about, the results won't be so silly. There's a time to introduce auctioning, and I don't think it's a good idea when you have a situation of public service broadcasting responsibilities. Those have been eroded now. The timing may have been wrong, but the idea I don't think was a bad one.

In New Zealand for example all spectrum is auctioned…but if you go and listen to New Zealand radio there's a huge variety, much more variety than you get over here, far more different formats, it's a far more lively scene, and each of those radio stations makes much more money than radio stations over here. Having an audience of 100,000 in New Zealand will make you £6- 7 million a year. Having an audience of 100, 000 here will make you, if you're lucky, about £550,000. So that's what can happen if you have a very lively competitive auction, but you have to do it carefully.

How do you see radio listening in 10 – 15 years time?

Music radio is losing its grip on young people. There are so many new things on the horizon, like podcasting, which automatically downloads a programme that they want to listen to. If we face challenges now, there will be even more challenges in 10 years time. I don't think radio will look anything like it looks now. I think the whole model of funding broadcasting out of advertising and sponsorship is under severe pressure, there are so many people trying to feed off that, and there are so many other ways in which advertisers and sponsors can reach the audience that they want, without using a mass medium like television or radio. Mass media will still flourish, whether in the same numbers I'm not sure. With the radio groups, I think some of them will work and some will not. I think there will be television stations that own radio stations in ways they don't do at the moment in the UK. They have to do that because of their main

competitor, the BBC. The only way you can compete with the BBC is if you create a significant size. It's almost impossible to take on a national radio and television broadcaster which cross-promotes its products on those channels and is also a local radio and local media broadcaster.

The only other way to go is subscription, which is proving to be the case in the United States, where people will pay to get the kind of service they want. But I suspect they will only pay where there isn't already a publicly funded venture which has already got its subscription being paid by the taxpayer. By the time we get to 2015 I think there will still be local radio stations and still a demand for them. There will be a number of larger independent broadcasters and they'll have radio and television services, available on broadband and satellite. There will be rather less of them than there are now, and the BBC will be even more dominant. If you go on distorting the market the way the BBC does now, you end up with only one player in town. But if you want to encourage other media entrepreneurs who want to be useful to the community but also want to take money, you don't do that by putting the state in such a dominant position in the market as they are currently becoming – certainly in radio. Radio is far more endangered by the activities of the BBC than television is.

One of my great regrets is that no one has been successful in providing any kind of national commercial speech service of any standing, and so we do not compete with the BBC with what I think will be increasingly what people want out of radio, which is both comedic and serious speech radio. We've never been able to generate the cash to do it, because the BBC has always been there to take at least 50% of the market. If Radio 4 was a subscription service, other people could do it. You would have competition for news and documentary and drama and information. But it hasn't been possible because the state has always intervened, and I personally think that's pernicious and anti-democratic.

What's your view on network programming on commercial radio, like UK Radio Aid[4] and others? There was talk of getting celebrity presenters to do nationwide programming. Is that likely to happen?

There will be more network activity, but not to the detriment of local radio. People talk about it and it attracts the attention of advertisers. The difficulty is getting stations to take it. I used to run the *Pepsi Chart*[5], and it was very difficult getting stations to take anything other than the *Pepsi Chart* , because they didn't see it as local. There are cost problems too, we can't always afford the celebrities, again competing with the BBC. National broadcasting is associated with the BBC, so they have that advantage. I'm not sure that's the answer for commercial radio anyway. Most of *Radio One's* current presenters have come from commercial radio. I don't think that getting one of them back again is the future. What commercial radio can do is do things which haven't been done before, like satellite interviews with major stars. The network company is *Hit 40 UK*[6] which is owned by the major companies and can do what it does best.

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[4] UK Radio Aid was a charity broadcast on 17 January 2005 for the Asian tsunami appeal in which 268 radio stations joined forces.

[5] The Pepsi Chart was a previous weekly chart show broadcast on commercial stations across the UK

[6] Hit 40 UK is the current weekly chart show.

Appendix II

Transcript of interview with Roy Stannard, Managing Director

of Splash FM, Worthing.

6 February 2006

Why did you want to start Splash FM?

It wasn't my decision alone, with others I set up a hospital radio station, progressing from that to do RSL – based projects[7] in Adur and Brighton, and identifying the lack of a local community based radio station in Worthing. Worthing has a distinct identity and personality and we felt it wasn't being served by radio adequately at the time. We felt we could contribute to that, knowing the area reasonably well, and having had a history of providing radio, albeit amateur radio, for some years.

What were some of the initial challenges that you faced when you came to launch it?

First of all, people had not experienced local radio before in any great depth, therefore didn't really know what to make of it, and were basing their perceptions of local radio on some of the bigger radio stations like *Southern FM*, and therefore assumed that *Splash* or whoever won the licence would sound like that. What we had to demonstrate was that local radio would be much closer to the audience, we'd have much more access for them to participate in it, to have their businesses, groups, organisations, charities, involved with it. So the obstacles were, one, perception, secondly we had to win the licence which meant overcoming the challenge of five other groups who bid for it, some of whom were good bids, backed by other local radio stations.

Thirdly there was a natural tendency in this area to listen to the BBC, because of the absence of commercial radio for so long, Worthing is a natural BBC audience, and therefore whatever *Splash* did, it had to provide an alternative to the BBC, that wasn't a diametric contrast to it – it couldn't

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[7] RSL "Restricted Service Licence". These can be set up for periods of up to one month for speccial events, charity events, or as a trial for a proposed full time radio service

be a brash, low intellect station to provide a complete contrast with the BBC, it had to at least incorporate some of the same elements. So that informed our approach.

Was there apathy towards a new station, or a tentative interest?

I think there was a lot of interest. Worthing is a strong radio community – it has produced a lot of radio talent over the years. Therefore there was an interest in the medium of radio, and a feeling that the town should have its own radio station. I have to contrast it to Brighton where they had been spoilt a bit by the existence of quite a lot of radio stations – *Southern FM, BBC Southern Counties Radio*, and other substantial Festival Radio type projects. They had got used to having their own radio stations. Worthing hadn't and therefore was a lot more enthusiastic about the prospect. So it wasn't a difficult job to convince people it would be a good thing.

What was the viewpoint of the other media in the area to the thought of a new station?

I went to hold talks with the management of both the *Argus* and the *Herald* group[8] locally, as well as magazines like *Worthing Plus*. No other media welcomed us with open arms because we would constitute competition in the market place. The *Argus* were a lot more relaxed, probably because it's based in Brighton rather than Worthing. The *Herald* were a lot less relaxed about it. Organisations like *Worthing Plus,* because of personal contacts, were quite friendly. But overall, there was a certain amount of suspicion – would the market place be able to sustain yet another provider of advertising to essentially the same sort of audience?

Did you get any feel about what the other radio stations thought – *Southern FM, BBC Southern Counties?*

Southern FM accepted that there would be another radio station. They weren't particularly happy about it, but they had already got used to the

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[8] The Evening Argus is a regional newspaper, mainly read in Brighton but has a Worthing edition and a Worthing office. It was involved with one of the competing bids for the Worthing radio licence. The Worthing Herald is the local newspaper. Worthing Plus is a local monthly magazine

idea of other stations being based in their patch, such as *Sovereign* in Eastbourne and *Arrow FM* in Hastings. I didn't go to see them to discuss it, because I was very keen not to give away too many ideas in terms of what we were intending to do. Any conversation would have been indiscreet, I think, at that stage. In fact I would suggest that they recognised there was a separate need for a more local station in Worthing, and kind of "lived with" that idea. The BBC on the other hand, has always tended to be a little aloof, and not to worry too much about the competition, would not have engaged with me in advance, and would have assumed, possibly rightly, that we were going to target a different audience to theirs, which is a largely more mature audience than ours.

What are the aims of *Splash FM?*

First and foremost to give the people of Worthing, Shoreham and Littlehampton, its own voice, which it's lacked for many years. I think in many respects the newspaper industry has walked away from that commitment of providing a voice for the community. It's taken on more of a niche role. To provide a true voice for any community you really need to be there every day, otherwise it's by definition a slightly historical process if you have to wait a week before the community's feelings and comments are put forward. So to fill the gap of a real-time medium that reflected the events of Worthing as they happen, and in addition reflect the aspirations, the hopes and the dreams of the local community, I think Worthing for many years had been overlooked, under-resourced, not been managed terribly well as a town by its political masters, certainly it had been under-invested in. *Splash* coincided with a time in which there was a sense of new hope, of growth, of progression. That's in the political, economic and social sense. We arrived, possibly coincidentally, when Worthing began to move again. The employment figures started to fall, job opportunities started to rise, albeit slowly, house prices started to grow, and migration into the town also started, particularly among the 30 – 40 age group, who are the natural audience for the station. So it was a time when our audience was growing in the area.

What's the balance between serving the community and, *Splash* as a business, making a profit?

The community is partly made up by its businesses, and there are a large number of businesses in Worthing. I would suggest it's probably higher than some towns. There are more proprietor-owned businesses in Worthing than just about any other town on the south coast, based from home or run by a single person. *Splash* goes out of its way to serve those people, in providing them with an affordable advertising platform, a means of free PR through other activities, and by providing a means through which they can hear what is happening in the town, and link with other businesses.

Is there a conflict between, on the one hand, providing a quality service to the community, and making it work economically?

There needn't be. If you take the view, as I do, that a business can be run honestly and ethically, provide very good value to its advertisers, and reflect their aspirations, then the two ambitions of being entertaining as a broadcaster and informative, and commercially viable, are congruent with one another. They don't conflict. We tend to serve the small to medium business sector rather than the very large employers in the town, because they tend not to sell within the town exclusively. We tend to provide advertising opportunities for those businesses that sell within a 10 mile radius, and we are sold out a lot of the time. But we do provide very good value to those advertisers. The local audience like to hear about local business. So it works both ways. The audience like the localness, and the advertisers like the fact that the audience is local to them, because they are more likely to sell to them.

The station has been going for nearly 3 years. Over that time have you seen any change in how the station is viewed by the local community?

I think the community's grown to like it, to become accustomed to it, to rely upon it. In the early days we had to work hard to win its respect and its interest, because they'd not had it before, they'd no idea what to expect. Our output, although it has evolved, is still very recognisable as the output we started with. The team on air hasn't changed dramatically, the style, the

kind of music we play, hasn't changed enormously. It's changed at the edges, there's been some evolution, but no sea change in how we approach things. I think radio audiences don't like dramatic change. They like gradual change over time, the station to grow at the same rate they themselves are growing. If you attempt revolutionary change on air, you are in danger of losing the audience you've carefully built up. That's reflected in our RAJAR[9] figures that have shown a consistent growth over the last year. Each quarter we add 1000 listeners or so. That's not dramatic growth, but it shows that the audience is staying with us, and telling their friends.

I've heard it said by some station managers that their purpose is to "deliver an audience to the advertisers". Do you see the audience in those terms?

No. I see *Splash FM* as a living organism, something that exists beyond the need to provide an advertising platform and beyond the need to educate and inform, the old Reithian philosophy. It does more than that. It does represent something that's very close to being at the heart of the community, and as in the old days when the village noticeboard, the church noticeboard possibly, might provide the means by which people could sell their second hand furniture or whatever, well *Splash FM* enables people who make their living in the community to sell, but we are not about just producing an audience for advertisers. We genuinely endeavour to produce a service that will keep Worthing entertained, will tell Worthing about what is happening in its midst, keep it abreast of local events and national events and issues like traffic, weather and so on that only we can supply on that local level. Put all that together and you've got something that people can listen to consistently across a day and not get bored by.

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[9] RAJAR (Radio Joint Audience Research Ltd) undertakes regular research on listening figures and is jointly owned by the Commercial Radio Companies Association and the BBC.

How important to you, to the station, is listener interaction – letters, phone calls, texts and so on? And what does it show you?

It's very important. We enjoy hearing from our listeners, and they are certainly not shy in telling us what they think. We get an enormous number of telephone calls, texts and e-mails, interacting with the station. It may be for competitions, but often it's just to tell us what they are thinking, to ask us to wish their relatives happy birthday, or to play a song for them. That, to me, demonstrates that we're in touch with people not because simply they think they are going to win something, but because they like to hear their names on air, they like to use us as a means of communication. In nearly three years of broadcasting I have to say I have only received about three letters or e-mails of complaint in that time, one per year, which is not a bad average. At least one of those was for a traffic incident that we hadn't covered. Our traffic information is supplied to us by a third party in any case, so even one of those complaints was about somebody else, not us!

How is the budget split between sales, programmes and news?

Salaries account for around 60% of the station's budget. Sales would probably account for a slightly larger share than news, and probably about half what the programme budget is, which is mainly made up of salaries again. The programming component would be the largest segment, probably 65-70 per cent of the total, news 15 per cent, and sales about 15 per cent.

What do you think would be gained, and/or lost, if the station was ever taken over by a group?

What would be lost is pretty clear. A locally run and managed radio station has its roots deep within the community it serves. Speaking for myself, I spend a lot of my spare time out in the community, acting as an ambassador, as a lightning rod at times, and as a conduit for people in the community to make their views known about the station. There's an

involvement in activities like the Worthing Festival[10], like the business forum Worthing First, like a lot of charity events. Others on the programming side are also involved in the community, whether it's church activities, charity activities. There's a tendency where radio stations are owned by larger groups for those activities to take second place, to be used strategically from time to time, when it suits the station's purpose in PR terms, whereas I would argue that *Splash FM's* commitment to the community is an ongoing, day by day commitment, which is clearly visible in the high profile we have in the local community, given our relatively small budget and revenue, compared with, say the local paper that is part of a multi-million pound group. We have a sense of "living amongst your listeners" which larger groups tend not to have. They are managed from afar and tend to have local programme controllers or more junior local personnel. I think the business connections are important too. I run a local business group with 130 members – you don't get that in large corporate structures. People running stations locally for one of the larger groups are told what they should and shouldn't be doing. If I was reporting to a direct line manager he would be saying to me "don't do it, it's not good use of your time". I would argue it is good use of my time, because it gains us all sorts of credibility with our audience, our customer base, the political and other sectors whom we're looking to get stories from.

What would be gained from being part of a large group? Greater efficiency in some areas, some back office functions could be supplied more cheaply, we might gain larger advertising contracts, fed through from a head office, so we might be better off financially. We might generate more revenue, but we might generate less locally, because advertising rates would probably go up to bring it in line with other stations.

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[10] Worthing Festival is a popular annual event organised by the Rotary Club and others, incorporating a fun fair, fireworks, charity stalls and a free concert arranged by Splash FM.

Finally to broaden it out from beyond *Splash,* and look at the future of local radio in general terms. There are a lot of challenges around in terms of new technology, digital, more competition from internet stations, digital stations. Has local radio got a future?

I think local radio is *the* future of radio. The thing that radio does best is get down to a very grassroots level with its listeners. At the other extreme, something like *Radio Four* does what it does brilliantly, but *Radio Four* is an incredibly expensive organisation to run, and without licence-payers backing would struggle. So you're probably going to find a diametric polarization going on between the large, behemoth radio stations, or radio groups, that are effectively going national but pretending to be local, and I think people will soon get tired of that,. Therefore the middle ground may become quite a painful place to be in the next few years, because the plethora of other , internet based stations will provide either very local, or very niche programming, Niche in the sense of types of programme, type of music, comedy, theatre, whatever, and that will find an audience.

But I think the role of local radio in terms of being the listening post for people in towns and possibly villages in the future, will continue to play a role, because there isn't a better way of communicating information to a local population than radio. Radio remains the most portable medium there is, apart from a mobile phone, which of course radio does use anyway. Even when internet radio becomes truly portable, local radio can still contribute to that medium. So I think the future for local radio is bright. Where radio attempts to entertain listeners across a wide area, but does not have the resources of national stations, I think this will become incredibly competitive.

Appendix III

Transcript of interview with Kevin Spector, Head of Music at *Splash FM* , Tuesday 14 February 2006

Can you describe what the music policy of *Splash* is?

It covers 40 years, back to the mid 1960's, it's aimed at people who are 35 plus, and it's not quite a mellow sound but it's not frantic either.

Is there any reason for that policy?

Yes, the application process was preceded by a host of research that went on face to face locally, and the vast majority of people questioned said they would like to hear music from the 60's back again on the radio, and gave an overview as to the type of music that they would listen to.

How important is it, then, to get the music right?

It's essential. The vast majority of our output is the music content, so it's what goes in and the way its mixed together that makes the difference. We try to use the *Selector* software to have a flow of tempo, style, era, genre and type. There are all sorts of parameters set in *Selector.* We describe each piece of music that goes into it and then it fits a format that Simon[11] and I have built up over the past couple of years to give the sound that we've got.

There's a constant flow of new music coming into the station. How do you choose which new songs you're going to play?

There are two or three different things we take into account. One is whether it's a core artist, someone whose music we think we should be reflecting, another is whether it would contrast favourably with what we are playing at the moment, and whether we think it's something people would like to hear and be aware of.

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[11] Simon Osborne, Programme Controller.

What about the older songs? How do you know which are going to be popular?

In an ideal world we would have ongoing research to tell us that, but in practice Simon and I listen to the output, we get an idea as to which ones have been played too much, sound too familiar, they've "burnt out". We also compile reports regularly in *Selector*. It's a very powerful piece of software, so we can compile reports that say which are the most frequently played songs from the 60's, 70's, 80's. We look at their rotation, how frequently they come out, and act accordingly. Every now and then Simon and I will put a whole host of songs into a "resting" category, which means they'll get no exposure for three to six months. Then we review it again, and put other songs in their place and bring others back again to try and keep it reasonably fresh.

Would listener's requests have any bearing on what you play?

They have bearing on what we play, but they don't have a great bearing on the music policy as such.

So if a lot of people ask for *Abba* songs, do you say "*Abba* is popular, we need to play more of that?"

Not necessarily. If we are doing a special event like the *Leo Sayer* concert, we made sure that *Leo Sayer* songs had a higher profile than they normally would, but listener requests won't so much influence it overall. It's when we see events that people will relate to and make an impact on their life we like to keep them high profile.

Do you bear in mind the charts?

Yes. We bear them in mind but we're not a slave to the charts. So of the top 10 singles this week we're probably playing three of them, because those are the ones that fit our listener profile. When hard edged rap, or a dance track makes it into the charts its doesn't mean to say we'll play it because it's charted. If its fits our listener profile we will consider it, but

for the listener who wants purely a reflection of today's charts played in high repetition, there are other radio stations that fulfil that very well.

What about local artists? Do you play them?

We play local artists. Pete McIntosh plays a lot of local artists in his evening programme where we do give a profile to those who are unsigned. We also play songs by local artists who have got a recording deal, and we do favour them if we possibly can, but it doesn't mean that if you are a local artists you will automatically get played. It comes down to musical content, musical quality, and if there's a justification for us playing them.

How will the music policy of *Splash* develop into the future? Will there come a time for example when you don't play the 60's?

The 60's will automatically drop from our music scheduling because our licence says we play the past 40 years, so eventually the 60's will be outside our remit. One of the difficult things about music programming is labelling things as "the 60's", because there is a branch of research that says if you are playing songs from the 60's that means that your listener will have heard those songs in their formative years, their teens, which would make them now in their 50's and 60's, which is seen as too old for most marketing and sales needs. However, when you consider the success of things like *Heartbeat* (TV series) and you look at the songs from the 60's that have been used very successfully in film soundtracks, there is a whole army of younger people who like that song, who wouldn't have heard it first time round. We categorise things as "60's" but then we look again and say "but is there a reason why somebody much younger would recognise and appreciate that song?" So yes, logically, our licence tells us that the 60's will drop away, but sometimes there mere fact that it was a nostalgic song overcomes the fact that it was a 60's. and they remember it in other ways.

Appendix IV

Transcript of Interview with Kerry Warman, News Editor, *Splash FM*

Tuesday 14 February 2006

When preparing a news bulletin, what is the balance between local and national or international stories?

We usually try and hit an 80%/20% balance – 80% local and 20% national, but that depends on the day. It doesn't normally drop below 80%, it's normally 80% or above. It entirely depends what local we have. Today is an interesting case because we've got two top national stories running which is quite unusual. We've got one to do with Iraq and the Basra Council's said it doesn't want anything to do with the British Army at the moment, which has just broken this morning, and we've also go the shooting in Nottinghamshire of the policewoman. So actually our first local story is running third in the bulletin line up today, but that is really unusual. Normally we have something local running top or second, and until the shooting story broke this morning we did have a local story running top. Then the Iraq story came in so that went top. But for two or three hours this morning it was local.

So how do you judge what is going to be the top story?

Depends how many people it affects. Because the police shooting is the second one in two months, and it's a young policewoman just coming off her probation period with the police, it's throwing up a lot of arguments which do affect not just the area where she's been shot but the whole country. Police forces around the country are going to be looking at this and wondering if they need to be armed or not in the future. So it does affect everybody. With local stories its more about people power and how much it's going to affect people in the area that we broadcast to. For example a car crash somewhere else will not mean a lot to people here, but if it was down here clearly it would affect mean a lot more to them. Often it's crime or politics. Politics does switch people off, but so much is centred around politics and council work that if you can reword it in a way

that makes people listen because it affects their lives, whether that's bin collections, speeding "boy racers", road works taking far longer than expected, that's going to affect a lot of people around that area.

So the stories that affect people directly are the most important ones to cover?

It's like gossip magazines. People tend to want to know what's going on in other people's lives as well as their own, so if some traumatic incident has happened to somebody else people do want to know about it, which is why news is largely negative, as opposed to positive. You're looking for stories that would perhaps either alert people to something that's happened in their neighbourhood, or something that would affect them from a national perspective, or something that would make them think, and stop that thing happening to themselves. With the police giving a lot of crime advice for example, there's been a lot of cars getting their wing mirrors broken off which the police think is down to a group of school children, so warnings are going out are going to alert parents, schools and other people in that neighbourhood. So the larger number of people a story affects, the further up the scale it goes. Light hearted stories tend to go down the list, more negative stories up the list.

Do you work to a set policy regarding the stories you put on *Splash*, or is it down to your own journalistic knowledge and skill?

A mixture I suppose. You have to have an eye and an ear for what would actually make people listen, so in a way there is a set agenda but that agenda is probably going to be the same across most newsrooms in the country. It's flexible according to the needs of your radio station and the audience you are trying to broadcast to. Certainly anyone who comes to work at *Splash* is made aware of the audience they are broadcasting to, and what is going to be of interest to that audience and the area that we cover, so that our news stories are focussed on the area that we cover. Anything beyond that has to be treated with care. Instinct, and news values towards your audience.