

News Broadcasting's response to the BBC new music radio stations: Public Interest Test consultation

Section 1: Executive summary

News Broadcasting strongly opposes the proposed launch of the BBC Radio 1 and Radio 2 extensions, because the likely impact on fair and effective competition in the commercial music radio market would outweigh the minimal public value contribution of the proposed extensions. The Radio 1 and Radio 2 extensions would have a material impact on News Broadcasting's Virgin Radio network.

Eight in ten Virgin Radio network listeners said they would be likely to listen to the new extensions, and a third said they would listen to the Virgin Radio network less as a result of the new extensions launching. As a commercial radio broadcaster, losing such a significant proportion of our listening hours would have a direct, negative impact on our revenues.

Given the marginal financial position of the Virgin Radio extension stations, this would place in jeopardy the future of our important online listening is to proposed

the radio sector - and increasingly so.

This proposal from the BBC is deeply flawed and it should not proceed. Rather than replicating the success of the commercial market, the BBC should focus on what it is uniquely positioned to deliver. It should not proceed with the proposed launch of these new stations. Instead the BBC should go back to the drawing board to consider alternative ways it could better serve these audience groups with truly distinctive services and content which complement what is provided by the commercial sector, rather than seeking to replace it.

Section 2: Introduction

News Corp UK and Ireland ('*we*') is one of the leading media businesses in the UK and Ireland. Our news brands include *The Times*, *The Sunday Times*, *The Sun*, *The Sun on Sunday* and *The Times*. Our national broadcasting brands include talkSPORT, Talk, Times Radio and Virgin Radio UK, and we have market-leading local stations across Ireland. Our world-famous brands provide news, analysis, opinion and entertainment to almost 40 million people each month. Spanning print and pixel, audio and video, events and experiences, our multi-format brands are home to a plurality of opinion, representing the diverse communities we serve. News UK is wholly owned by News Corp.

We welcome the opportunity to respond to the BBC's Public Interest Test (PIT) consultation on its proposals for

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Section 3: Responses to consultation questions

Question 1: What do you think about the potential public value of our proposals for the launch of new music radio stations on DAB+, including the extent to which our proposal contributes to the BBC's mission to serve all audience through the provision of high quality and distinctive output and services which informs, educates and entertains?

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In part, this has been a reaction to the gap the BBC has left in the market as it evolved its core Radio 1 and Radio 2 stations. If the BBC now expands its radio footprint to chase after the audience it once had, it risks stifling diversity and plurality in the market, particularly among the smaller, digital-only music stations and recent new entrants.

Our market research (see Figure 1) found that the vast majority of respondents agreed that today’s stations offer a wide variety of music genres and that their music tastes are well-catered for by existing stations. Notably, 45% of Virgin Radio network listeners said the proposed new stations sound similar to what already exists in the radio market. Among the 18-35s we asked specifically about the R1E extension, over half (53%) said that it sounded similar to what already exists in the market. This is not a market with a gap for the BBC to fill.

Figure 1: Audience satisfaction with existing radio station offering

To what extent do you agree with these statements?	Net agree
Radio stations cover a wide variety of music genres	85%
The music played on radio stations covers my tastes	86%
I like the variety of decade radio stations (e.g. 80s/90s/00s) available in the UK	83%

Source: ResearchBods survey for News Broadcasting. N = 406, UK sample of Virgin Radio network listeners.

The BBC has provided minimal detail on how these stations would improve its reach to younger and C2DE audiences specifically, other than indicating that certain genres and decades of music over-index with the target audience. The BBC has not provided any quantitative or qualitative evidence on the likely appeal of these proposed stations to the target audience.

It would be helpful to understand what analysis the BBC has undertaken on ways it could amend its TV, radio and online services to better serve younger and C2DE audiences, and why it has decided that launching new music radio stations is likely to be the most effective strategy. Given prevailing trends in the audio market, we question why the BBC considers investing in new offline services will help it better reach younger audiences.

As an indicator of how effective the BBC’s audio offer is in reaching younger, C2DE audiences, it would be useful to understand whether the BBC’s online-only Radio 1 Dance stream - launched in October 2020 to better target younger audiences - has been successful in improving the BBC’s relationship with younger, C2DE audiences.

The BBC has not provided data to that effect in this PIT consultation. That would surely provide an indication of how successful the BBC's radio extensions are likely to be in attracting their target audiences.

The BBC has not provided an estimate as to the proportion of younger and C2DE audiences it would intend to reach as a measure of the success of the stations. If it is serious about serving younger C2DE audiences with these proposals, the BBC should be aiming to use these stations to increase their unique incremental C2DE and 18-34 reach, and should produce an estimate to that effect (i.e. excluding ABC1s and 35+s, and younger, C2DEs that they already serve via BBC Radio).

We are concerned that the proposed stations will not achieve the BBC's objective of narrowly targeting younger and C2DE audiences. Our market research indicates that **considerably** fewer than serve the target audiences BBC's station

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This potential repositioning of the core Radio 1 and Radio 2 stations could be much more damaging for the commercial music radio market than the launch of the new stations, given the scale and reach of these stations, and the inertia we see in audience behaviour in switching from the BBC's established stations. We would welcome the BBC providing clarification on what the proposed launch of the two extension stations would mean for the core Radio 1 and Radio 2 stations.

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This point does not apply to R1E or R2E because as nostalgia stations, neither will be playing new artists or newly released music. This lessens the public value contribution of those two stations.

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2024, *Murder on the Dancefloor* was played 103 times across the Virgin Radio network.

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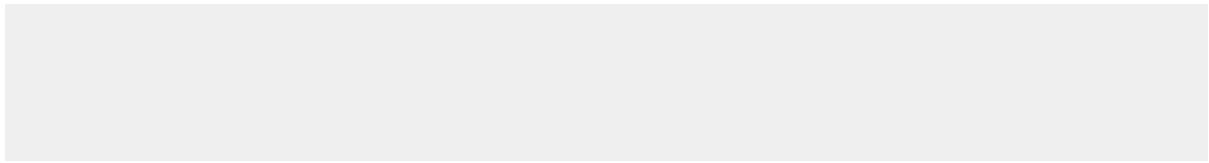
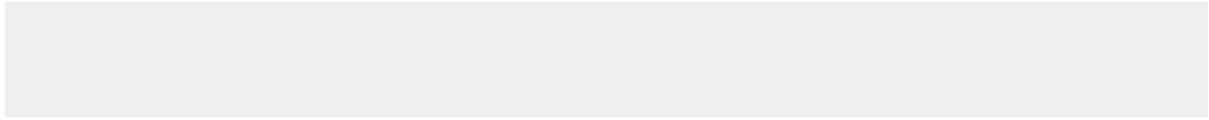
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We have taken these two points together because the BBC has provided so little detail about the speech and specialist music progrjng

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However, this proposal is not the way the BBC should act to support DAB+. Instead of launching these proposed new stations that create no net public value, the BBC should move some or all of its existing DAB radio services to DAB+, which would promote wider uptake of DAB+ and free up significant amounts of capacity which could then be offered to commercial broadcasters. The carriage fee revenue generated by such a move would be several millions of pounds per annum and of quantifiable net public value. That the BBC has chosen not to convert any of its existing services to DAB+ and sub-let the capacity freed-up is a missed opportunity. It suggests the BBC is engaged in 'spectrum squatting' while the commercial demand for national capacity outstrips supply.

Above, we have demonstrated that the BBC's public value hypothesis is deeply flawed



To test the specific appeal of R1E, we surveyed Virgin listeners in the target demographic. Nearly nine in ten (87%) Virgin Radio listeners aged 18 to 34 said they would be likely to listen to the proposed R1E station. Notably, those locate

Figure 4: Impact of listening to other stations and Virgin Radio network stations, 35+ Virgin Radio listeners

Source: ResearchBods survey for News Broadcasting. N = 209, UK sample of Virgin R n

million listeners. The BBC expects that R1E's audience would listen for an average of 3.5 hours a week, delivering 3 million hours, and R2E's audience would listen for an average of 10 hours a week, delivering 21 million hours.

Even at a network level, the /

Question 4: Are there any steps you think we could take to minimise any potential negative effects on fair and effective competition or to promote potential positive impacts?

Given the deeply flawed nature of these proposals - particularly the lack of distinctiveness at the core of both R1E and R2E - there are no mitigations that could be made to negate the significant negative impacts on fair and effective competition that these stations would have.

The stations would have a significant impact to the Virgin Radio network, to the point that running our extension stations could become unsustainable, but without providing any additional net public value.

The launch of these stations is not necessary for the BBC's fulfilment of its Mission