

## **Radiocentre—written evidence (FOJ0085)**

### **Response to Lords Communications and Digital Committee inquiry on the Future of Journalism**

#### **Summary**

1. Commercial radio is a critically important provider of news and journalism in the UK. Its content is heard by 36 million people (around 66% of the population) for an average of 13 hours each week. Listeners to commercial radio stations represent a broad cross section of the population, with the sector attracting a significantly more ethnically and socially diverse audience than the BBC.
2. Much of the news and information output on commercial radio takes the form of regularly updated bulletins at key points throughout the day. These bulletins are valued highly by listeners, many of whom rely on the trusted information provided by radio and do not necessarily engage with the in-depth coverage provided by newspapers and television news. As a result, audiences will often turn to radio for reliable information at key times – for example during emergencies – and consider radio the most trusted medium for reliable news.
3. The commercial radio sector has risen to the challenge of Covid-19, providing greater frequency, depth and duration of news output. However, stations are also facing significant economic consequences due to the collapse in the advertising market. Over the coming months this may have an impact on the viability of a number of commercial radio stations.
4. Digital technologies have created significant opportunities for the radio sector. The choice of content now available for audiences has been significantly enhanced as a result of new broadcast and online audio services. The growth in competition has also led to fragmentation of audiences and advertising revenue, presenting radio broadcasters with a significant challenge as they seek to grow while providing a high quality and trusted service. These pressures are part of the reason that Government and Ofcom have rightly sought to focus regulation of commercial radio on high quality news and information, rather than production location.
5. Innovation and collaboration is increasingly important given the range of competitive pressures facing radio and audio. In practice this has meant working together on technology platforms such as Radioplayer and exploring new partnerships to support news and public service content more generally. These approaches offer a means of securing the range of quality of radio journalism in future and should be developed further.
6. While commercial radio performs strongly in terms of the diversity of its audience, there is still work to be done on improving the diversity of its workforce across all disciplines including journalism. The sector is involved in a number of initiatives in this area, including better monitoring, investment in academies and training, as well as schemes that recognise and support new talent.

#### **Background: News and Journalism on Commercial Radio**

7. Commercial radio plays a very significant role in providing news and information. With 36 million listeners tuning in every week the number of people getting news and information from commercial radio is at an all-time high.

8. News and information represents an important and highly valued part of commercial radio's broadcast output. In most cases this takes the form of short bulletins, providing updates on local and national issues at key points and times throughout the day. The value of these updates should not be underestimated, especially as it is often providing essential information to huge audiences, many of whom do not listen to speech radio, read newspapers or regularly watch TV news. In addition, around 6.4 million people only listen to commercial stations and no other radio service, making it one of their main sources of news.
9. The news and information on commercial radio is provided by teams of journalists based at broadcast centres and studios across the country. These journalists are responsible for newsgathering and production of content on-air and online. They will generate stories from a wide range of sources, including local contacts, news agencies and suppliers such as Sky News/ IRN. In all cases it is the stations themselves that retain editorial control and produce the vast majority of bulletins throughout the day.
10. Research by Radiocentre has found that on average commercial radio stations broadcast 23 news and sport bulletins each day, mainly during daytime and peak times when audiences are more likely to rely on regular up-to-the-minute headlines. For the vast majority of stations each of these bulletins are required to provide a combination of national and regional or local stories. Stations also broadcast an average of 28 weather bulletins and 20 travel bulletins every day.
11. In addition to this important role commercial radio offers a number of distinct and successful news and speech stations – including LBC, LBC News, talkRADIO and the soon to be launched Times Radio – supported by significant investment in news and journalism. These stations offer a powerful combination of analysis, comment and opinion that is proving popular with listeners and presents an alternative to the BBC, which has traditionally dominated speech radio.
12. In order to understand more about the value of commercial radio news for audiences, Radiocentre commissioned a study in 2017 called *Breaking News*. This asked listeners to consider the scale, role and trust in radio news.
13. On the scale of radio news, listeners particularly value updates and regular bulletins provided by commercial stations.
  - 79% agree commercial radio provides helpful, concise news updates throughout the day
  - 77% agree commercial radio helps them stay informed of what's happening in the world around them
  - 57% use commercial radio as a prompt to go and find out more about particular stories.
14. On the role of radio news, commercial radio is a key source of regular news updates, especially in certain contexts and at particular points throughout the day. Listeners said they value regular news updates:
  - during local emergencies (when 60% turn to radio)
  - in the morning (when 83% turn to radio)
  - when in car (when 85% turn to radio).

15. On trust in radio news, radio is considered the most trusted medium in an era of fake news – and consistently found to be the most trusted source of news and information available to audiences in the UK and Europe.
  - 77% of people said they see radio as a trusted source of national news, more than any other media
  - Only 15% trust social media for national news
  - 61% said they were concerned about the rising trend of fake news.

### **Context: Impact of Covid-19 on Commercial Radio**

16. The current economic shock due to Covid-19 means a significant number of commercial radio stations may not be viable without financial support or significant cost reduction. Confidential feedback from Radiocentre members suggests that around 50-60 radio stations could end up going off air or being sold off in the next few months without some form of intervention. The falls in advertising revenue across the industry are unprecedented. Commercial radio is expecting year-on-year declines of over 50% in Q2 2020, with many local stations reporting significantly greater reductions of up to 80-90% due to their reliance on small local advertisers and SMEs that have been unable to trade and moved quickly to cancel their campaigns.
17. Despite this very difficult backdrop, commercial radio is providing significant value for audiences and has stepped up the frequency and duration of news coverage across the vast majority of stations and networks. This has meant additional news coverage and bulletins 24 hours a day every day, not only at peak times, as well as special coverage of Government daily news briefings and breaking news flashes.
18. As a result of these changes many of the most popular commercial radio brands have increased the number of daily bulletins on air by over 50%. These bulletins are also significantly longer in duration – often between 75%-100% longer depending on the brand and network in question. Commercial radio also continues to provide a valuable regional or local angle on Covid-19, most notably by tracking the impact of the virus in specific communities, nations and regions of the UK. This has been especially notable as the authorities in England, Scotland, Wales and Northern Ireland have all started to outline slightly different approaches to ending the current lockdown.
19. This mix of content on commercial radio has been produced in very difficult circumstances, but appears to be in line with what listeners value and expect. The last available data on radio listening from RAJAR – the official audience measurement body – was for Q1 2020 (largely before the start of the pandemic and lockdown measures in the UK) and showed that commercial radio stations are attracting their biggest ever audience.
20. No official data has yet been published for the lockdown period but there is some evidence of a boost to online listening as habits change and more people are working from home. Many commercial radio stations and groups are reporting increases in online listening of around 15-20% on average, with news and information stations such as LBC seeing even high increases of over 40%.
21. More broadly a recent survey from research company DRG for Radiocentre found that a significant proportion (38%) are listening for an extra 1hr 45 minutes per

week on average. According to the DRG research, the reasons people give for listening longer to the radio as they spend more time at home are unsurprising and include the following:

- Keeps me in touch with the outside world (90%)
- Keeps me informed (89%)
- Keeps me company (84%)
- Makes me feel happy (77%)
- Delivers trusted news (64%)

22. It is clear from this that, even in these very difficult times, commercial radio retains very strong foundations with a large and loyal audience that recognises the value of its output more than ever. This is also evident from recent research from the Reuters Institute that highlighted the low levels of news avoidance for radio during the pandemic, when compared to news on TV, newspaper brands and social media. The challenge for the commercial radio sector, working with Government and Ofcom, will be to build on this to ensure that as many stations as possible can remain viable over the coming months and continue to provide this value in the face of unprecedented economic challenges.

### **Impact of Digital Technologies**

23. Digital technologies have had a profound effect on the consumption and production of news and other content on commercial radio. First and foremost, it has meant a significant increase in competition for listeners and advertisers. In broadcast radio alone the growth of Digital Audio Broadcasting (DAB/ DAB+) has led to major expansion of services available to consumers in the UK. There are now 34 national commercial stations available on DAB (compared to the 3 previously available on FM/ AM), in addition to 11 national BBC services and hundreds of local commercial and community stations.
24. In addition, online services like Spotify and Apple Music – which are not subject to any significant form of content regulation – are starting to account for an increasing proportion of overall listening time (particularly among younger audiences). The latest RAJAR MIDAS survey found that on-demand music services now account for 14% of the share of audio listening on average, rising to 44% for those in the 15-24 year old age group. While this fragmentation has had limited impact on total audience, average time spent listening to radio overall has reduced from 22.5 hours per week in 2008 to 20.2 hours in 2020.
25. Alongside these broader trends there has also been a shift in listening patterns that Ofcom identifies, away from local commercial radio station to national commercial radio. Between 2010 and 2020 this has seen local commercial radio's share of listening decline from 31.6% to 25.6%, while national commercial radio listening share has increased from 10.3% to 22.3% according to RAJAR.
26. These market changes are likely to have influenced what consumers and listeners expect from local commercial radio stations. As Ofcom has identified in its own audience research (following surveys in 2015 and 2018), the key motivation for radio listening remains the type of music that is played on the station, followed by local news and information. In contrast, the location of content production is not a significant factor for listeners.

27. The combination of this backdrop and developments in technology have enabled commercial radio groups to innovate and deliver content in new and exciting ways, providing the best possible mix of national, regional and local output for audiences across their networks. This has proved popular with listeners and underpinned the capacity of radio stations to compete more effectively with the BBC and online streaming services, while continuing to provide valuable news and information output (as demonstrated by the sector's response to COVID-19 and its continuing public value role). Indeed, as commercial radio has evolved in this way the level of investment in local news and journalism has been protected or increased.

## **Innovation and Collaboration**

28. As noted above, much of the innovation in radio and audio has been driven by the expansion of digital technologies. This has brought opportunities and innovation as radio stations seek to provide a greater range of content and choice for audiences. It has also presented challenges as audiences fragment due to intense competition and advertising investment is driven online. The radio sector has sought to address these issues in a number of ways, including through collaboration on technology and exploring new partnerships to support news and public service content more generally.
29. Collaboration on technology and platforms, while not always straightforward, is one obvious way in which the sector has tried to work together. This approach makes sense given that the whole of the radio industry (BBC and commercial) face similar challenges and trends in audience behaviour. A growing proportion of radio listening is now online, through mobile phones, smart speakers and other internet enabled devices. While radio companies will wish to develop their own apps and online portals, there is also a value in radio broadcasters working together in this environment to keep radio listening simple and accessible for listeners.
30. One way that the sector has been seeking to do this is through the Radioplayer online listening platform. Radioplayer started as a joint venture between the BBC and commercial radio in the UK in 2011, bringing together online radio listening and providing the opportunity for broadcasters to work together, so that they can share technology but continue to compete on the quality of their content. This technology and joint approach has been exported and is now used in 12 countries, including the all major markets in Europe. This is important because as online listening and platforms continue to grow, so will the need for the radio industry to be able speak with one voice, especially with car companies, hardware manufacturers and technology platforms.
31. In addition, commercial radio has been involved in the development of a 3-year contestable fund pilot scheme for radio, known as the Audio Content Fund (ACF), financed by DCMS using unallocated licence fee funding. This fund is responsible for distributing a grant of up to £3 million which is being used by independent production companies to produce distinctive, public service radio content for broadcast on commercial and community radio. The aim of the fund is to support high-quality, public service programming that is traditionally more difficult to support on a commercial basis (such as documentaries, comedy, drama).
32. Since its launch in April 2019 the ACF has distributed £1m to companies across the UK for a range of projects on radio stations of all sizes. This has included around £400k for 28 new projects during April and May 2020 as part of a special Support Audiences During Coronavirus initiative. This led to the production and

broadcast of content on a diverse range of topics and genres including mental health, support for key workers, discussions on domestic violence, education, comedy, sport and virtual music festivals.

33. We understand that the ACF pilot will be reviewed ahead of the 2021-22 financial year and then assessed before the end of the pilot. Based on its strong performance and public value so far (for a relatively small investment) our view would be that it should continue to be supported, with even greater levels of funding and ambition.
34. This successful pilot also opens up further questions regarding the potential for the development of similar schemes, which could also be used to distribute public funding or a proportion of the licence fee to support investment in a broad range of public service content that may be difficult to support commercially. In particular, it is worth exploring the potential for more arm-length Government funding specifically for news and journalism on radio and audio platforms.

### **Diversity and Training**

35. Commercial radio performs relatively strongly in reaching diverse audiences. For example, our sector reaches 62% of black, Asian and minority ethnic (BAME) listeners, compared to a 42% reach by BBC services. Commercial stations also reach 67% of listeners considered to be in a lower socio-economic classification (C2DE), with only 52% reached by the BBC.
36. However, we are not complacent about the need to do more to ensure that the commercial radio workforce is as representative as possible of the broader population. Not only is this the right approach in terms of social responsibility, but it also ensures that radio stations are able to access a broad range of expertise, opinions and perspectives from all sections of society.
37. In order to support this Radiocentre works closely with Creative Access, an organisation that helps to try to improve the representation of young people from BAME backgrounds in the creative industries. In conjunction with the BBC we have hosted a series of radio masterclasses for Creative Access interns who are looking to start careers in the creative industries. Radiocentre and commercial radio businesses have also taken part directly in their internship programme.
38. More broadly the commercial radio sector is involved in a number of initiatives. For example, Global and Bauer have invested heavily in academies of a very different sort in order to boost opportunities for media education. Both are also using apprenticeships to bring through new talent and are partners of the Broadcast Journalism Training Council (BJTC) that helps support the next generation of broadcast journalists.
39. Commercial radio has also worked in partnership with the BBC on the Young Audio Awards, a new awards scheme for 8-18 year olds who love audio. Thousands of under 18s across the UK are actively involved in making great audio in nearly a thousand schools, along with community stations and podcasts. The radio industry wants to showcase their passion and shine a spotlight on their talent, highlighting the appetite young people have for audio and giving under 18s from all backgrounds a chance to take a first step towards working in the media industry.

## **About Radiocentre**

Radiocentre is the industry body for commercial radio. We work on behalf of more than 50 stakeholders who represent over 90% of commercial radio in terms of listening and revenue.

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