

**DIAMOND**  **105FM**

AN APPLICATION TO OFCOM FOR AN  
INDEPENDENT LOCAL RADIO LICENCE FOR

**SOUTHEND**

January 2006

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## GENERAL INFORMATION

### (a) NAME OF APPLICATION, ADDRESS, TELEPHONE AND FAX NOS., E-MAIL ADDRESS

Radio UK Holdings Ltd  
Macquarie Bank Limited  
Level 35  
CityPoint  
1 Ropemaker Street  
London  
EC2Y 9HD

Tel 020 7065 2200 Fax 020 7065 2017

Company Registration Number: 5504362

(for Certificate of Incorporation, see Appendix 1)

### (b) MAIN CONTACT (FOR PUBLIC PURPOSES)

Name	Tim Schoonmaker
Telephone (daytime)	0207 065 2203
Address	Diamond 105 FM c/o Radio UK Holdings Ltd Macquarie Bank Limited Level 35 CityPoint 1 Ropemaker Street London EC2Y 9HD
Email address	radioukholdings@macquarie.com

### (c) PROPOSED STATION NAME

DIAMOND 105 FM

### (d) BRIEF DESCRIPTION OF PROGRAMME SERVICE

**A full service station for people aged 18 to 54 in the Southend area featuring local news and information mixed with mainstream Classic Rock music during the day and Alternative Rock music during the evenings.**

### (e) MAIN CONTACT (FOR OFCOM PURPOSES)

See confidential appendix

## **SECTION 105(A): ABILITY TO MAINTAIN PROPOSED SERVICE**

### 1. OWNERSHIP AND CONTROL OF THE COMPANY WHICH WILL OPERATE THE LICENCE

#### (a) BOARD OF DIRECTORS

(i) Provide the name, occupation, other directorships, other media interests, background and relevant media experience of each director (executive and non-executive), including the proposed chairperson.

Please see overleaf full details of the directors of Diamond 105 FM

(ii) If there are firm plans to appoint any further directors, provide information (with details of any specific individuals in mind). This information may be submitted in confidence.

Shortly after award of the licence, we intend to appoint a Managing Director for Diamond 105 FM who will join the board of directors.

One additional director will also be appointed immediately after the award of the licence (for details, see confidential appendix)

## TIM SCHOONMAKER

Occupation	NON-EXECUTIVE CHAIRMAN DESIGNATE
Other UK Directorships	Portman Film and Television Ltd (current) Juice Mobile Entertainment Ltd (current) Odeon Cinemas Ltd (resigned 2004) CE Digital Ltd (resigned 2004) Commercial Radio Companies Association (resigned 2004) Digital Radio Development Bureau (resigned 2004) Emap Radio (Holdings) Ltd (resigned 2004) Emap Performance Ltd (resigned 2004) Kiss FM Radio Ltd (resigned 2004) Metro Radio Ltd (resigned 2004) Emap Radio (North East) Ltd (resigned 2004) Piccadilly Radio Ltd (resigned 2004) Radio Advertising Bureau Ltd (resigned 2004) Radio Aire Ltd (resigned 2004) Radio City (Sound of Merseyside) Ltd (resigned 2004) Radio Hallam Ltd (resigned 2004) RAJAR Ltd (resigned 2004) Red Rose Radio Ltd (resigned 2004) TFM Radio Ltd (resigned 2004) Viking Radio Ltd (resigned 2004) Box Television Ltd (resigned 2004) Magic 105.4 Ltd (resigned 2004) Video Jukebox Network Ltd (resigned 2004)

### BACKGROUND AND RELEVANT MEDIA INTERESTS

Tim Schoonmaker is one of the UK's most respected radio executives with extensive experience in radio station management and leadership.

Tim was chief executive of the UK radio division of British media group Emap plc from 1991 to 2004 where he built a media business worth £600 million using an investment of £150 million.

Most recently, Tim was chief executive of Odeon Cinemas Ltd, the UK's leading cinema chain, where he took the business through the successful £400 million sale of the company.

Tim was born in New York and studied at Dartmouth College. He graduated from the London Business School with an MBA before joining Emap plc in 1983. After working in local newspapers, he founded Emap Radio in 1991 with a strategy to build a network of leading stations in metropolitan markets across the UK. Over the next five years, he built the business into the UK's most profitable radio company through five public and private company acquisitions and the launch of Kiss 100 FM in London.

Tim founded Emap Performance in 1999, which merged Emap's radio and television interests with the group's leading music magazines - Smash Hits, Kerrang, Q, Mojo and Mix Mag. He also launched Emap Advertising in 2000, merging the group's radio national advertising sales business with magazine sales teams. Tim has acted as chairman of the Commercial Radio Companies Association with an emphasis on building an industry-wide consensus on regulation for the future, and was a founding director of the Radio Advertising Bureau and the Digital Radio Development Bureau.

During his time as chief executive of Emap's radio interests, his stations grew programming and presentation talent. From 1999-2003, Emap radio stations were nominated for and won more than twice as many Sony Radio Awards as any other commercial radio group.

An active supporter of digital radio, Tim created a market leading position for Emap, launching over 90 services spanning DAB, online, cable, satellite and Freeview. His strategic vision at Emap helped the company generate one third of all digital radio listening hours and nearly half of the listening hours within the commercial sector.

Under his leadership, Emap's rock-related brands – Kerrang, Q and Mojo – which started their lives as ink-on-paper magazine brands, achieved an unprecedented expansion into broadcasting, being re-born as FM, DAB and Freeview radio stations, music television channels and award-winning on-line and mobile services.

Tim brings this wide-ranging sensibility for rock media brands to Diamond 105 FM's launch as well as considerable radio knowledge and leadership skills.

## PAUL CHANTLER

Occupation LAUNCH DIRECTOR DESIGNATE  
Other UK Directorships Planet Broadcasting Company Limited

### BACKGROUND AND RELEVANT MEDIA INTERESTS

Paul Chantler is an award-winning radio programmer with 22 successful years in the radio industry. He runs his own radio consultancy business working with stations throughout the UK and Europe. Most recently he has been working with Emap Radio Group and was interim programme director at Metro Radio for 12 months.

Paul started his career on local newspapers in Kent before joining Invicta Radio as a reporter and newsreader. Four years later, he became News Editor of Southern FM before moving to BBC Wiltshire Sound as breakfast show presenter.

He was then headhunted to become News Editor for the Chiltern Radio Network and became Group Programme Director in 1991. In 1994, he was responsible for launching Galaxy 101, one of the first regional stations.

In 1996, Paul moved to Essex Radio Group as Group Programme Director. He helped to win and launch the group's Vibe FM regional dance station for the East of England in 1997. While at Essex he was responsible for the outstanding audience success of Essex FM and the station's highly acclaimed 2 Smart 4 Drugs schools roadshow tour.

He was named UK Commercial Programmer of the Year at the 1997 CRCA awards.

Paul joined The Wireless Group as Group Programme Director in 2000 where he was responsible for TalkSport as well as all the group's local and regional stations.

As a consultant in 2002, he successfully launched Dublin's NewsTalk 106 station. Among his many training commitments, Paul runs programming, presentation, journalism and legal seminars for the Commercial Radio Companies Association.

He is the co-author of the highly-acclaimed book Basic Radio Journalism used as a standard text by many college courses worldwide.

Paul brings to Diamond 105 FM first class knowledge of the Southend area and the tastes and interests of people who live there.

## JAMES CRAIG

Occupation	NON EXECUTIVE DIRECTOR HEAD OF INVESTMENT BANKING GROUP (EUROPE), MACQUARIE BANK LTD
Other UK Directorships	Macquarie UK Broadcast Holdings Limited Macquarie UK Broadcast Limited Macquarie UK Broadcast Services Plc MEIF (UK) Limited MGN Gas Networks (UK) Limited Macquarie Investment Management (UK) Limited Macquarie Infrastructure (UK) Limited Macquarie Water (UK) Limited Arqiva Limited Macquarie Finance (UK) Limited Macquarie Leasing (UK) Limited Macquarie Meters 1 (UK) Limited Macquarie Meters 2 (UK) Limited

### BACKGROUND AND RELEVANT MEDIA INTERESTS

Jim Craig studied law at Adelaide University before completing a Masters of Law degree at the University of Melbourne.

He worked as a lawyer for Blake Dawson Waldron in Melbourne for six years specialising in project finance and corporate transactions. During this time, he had a two year secondment to a Tokyo based law firm.

In 1994, Jim joined Macquarie Bank Limited (“Macquarie Bank Limited and its wholly owned subsidiaries are referred to together as ‘Macquarie’”) Melbourne corporate finance group to work on public mergers and acquisitions. After leading a number of major resource transactions in Australia, he was appointed Head of Resources for Macquarie’s corporate finance business in 1999.

Two years later, he relocated to the UK to lead the bank’s advisory business and then assumed responsibility for the Infrastructure and Specialised Funds (ISF) Group in 2003. Later that year, Jim was appointed Head of Macquarie’s London office and Head of its Investment Banking Group in Europe.

Among other achievements, Jim has been responsible for the management of Macquarie’s investments in Bristol, Birmingham and Rome airports and the acquisition of a controlling interest in Brussels Airport as well as the acquisition of NTL Broadcast, now known as Arqiva.

He brings good financial discipline to Diamond 105 FM and some recent experience of the broadcasting arena in his involvement with Arqiva.

## DARREN KEOGH

Occupation                      NON EXECUTIVE DIRECTOR  
HEAD OF TELECOM, MEDIA, ENTERTAINMENT AND  
TECHNOLOGY GROUP (EUROPE), MACQUARIE BANK LTD

Other UK Directorships      None

### BACKGROUND AND RELEVANT MEDIA INTERESTS

Darren joined Macquarie in 1999 as part of the acquisition of Bankers Trust and has advised key clients in mergers and acquisitions in Europe and Australia.

He has participated in many significant and complex transactions in all aspects of corporate finance and equity capital markets.

Among relevant recent transactions, Darren has been involved in Macquarie's acquisition of NTL Broadcast and subsequently on the bolt-on acquisition of Inmedia Communications from the Carlyle Group.

Darren also advised a consortium led by Macquarie Capital Alliance Group on its £166 million acquisition of BBC Broadcast.

Darren's knowledge of the multi-media broadcasting environment will be valuable in Diamond 105 FM's future development.

(b) PROPOSED INVESTORS AND SHAREHOLDING STRUCTURE

Full details of the proposed shareholding structure should be provided, including:

(i) Names and addresses (the latter may be submitted in confidence) of all existing or proposed shareholders.

Radio UK Holdings Ltd  
Level 35  
CityPoint  
1 Ropemaker Street  
London  
EC2Y 9HD

Macquarie owns 100% of Radio UK Holdings Ltd which will operate Diamond 105 FM.

(ii) Total number, class/classes of shares and issue price of shares (specify voting, non-voting, preference, other etc.).

Macquarie will own 100% of the shares in Radio UK Holdings Ltd and there will be no special class of share.

(iii) All voting shareholders and holders of 5% or more of non-voting shares and loan stock should be named. State the number, class/classes and price of shares to be issued to each investor.

See above.

(iv) Outline any shareholders agreements or arrangements which exist.

None.

(v) Where a corporate body other than a current Ofcom licensee will be providing 30% or more of the required funding, details should be given of its directors and main shareholders, and of its activities.

Diamond 105 FM is owned by Radio UK Holdings, a subsidiary of Macquarie Bank Ltd.

Macquarie Bank Ltd is a global investment bank based in Australia that employs 7,100 people in 23 countries. There are over 300 executives working in its London offices and funds managed by wholly owned subsidiaries of Macquarie Bank Limited own businesses that employ over 6,000 people in the UK. The bank operates 13 listed funds covering infrastructure, tourism, property, energy, airports and media. In the UK, Macquarie managed investments funds include Birmingham and Bristol airports, the M6 toll road and the M1-A1 link road.

Macquarie funds also own a majority interest in Arqiva, the broadcast transmission company formerly called NTL Broadcast, and Red Bee, formerly known as BBC Broadcast, Europe's leading expert in multi-media content.

In Australia, its newly formed media fund, Macquarie Media Group, owns Australia's largest commercial radio network with 85 stations covering approximately 90% of Australia's regional population or over four million.

Macquarie Regional Radioworks – now owned by the newly-created Macquarie Media Fund – operates three FM brands targeting 18 to 40 year olds, playing modern rock and pop music.

- ◆ The Sea FM network targets under 40s in Queensland, Central Coast and Tasmania
- ◆ The Hot FM network targets under 40s in Queensland and Western Australia
- ◆ The Star FM network targets under 40s in New South Wales, Victoria and South Australia

In addition, two FM formats target the over 35s with Classic Hits music and there is also a network of AM stations.

THE DIRECTORS OF MACQUARIE BANK LTD ARE:-

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#### EXECUTIVE DIRECTORS

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David Clarke	EXECUTIVE CHAIRMAN
Allan Moss	MANAGING DIRECTOR AND CEO
Mark Johnson	DEPUTY CHAIRMAN
Laurence Cox	

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#### NON EXECUTIVE DIRECTORS

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John Allpass  
Peter Kirby  
Catherine Livingstone  
Barrie Martin  
Kevin McCann  
John Niland  
Helen Nugent

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THE MAIN SHAREHOLDERS OF MACQUARIE BANK LTD (HOLDING ABOVE 5% OF SHARES) ARE:-

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JP Morgan Nominees Australia Ltd (15.82%)  
Westpac Custodian Nominees Ltd (10.63%)  
National Nominees Ltd (10.49%)

(vi) Ofcom may request additional information (e.g. a banker's letter, statutory/management accounts) regarding the shareholders, or any other providers of finance, listed in the application.

Statutory accounts are available for inspection if required.

#### (c) INVOLVEMENT OF THE APPLICANT IN SPECIFIED ACTIVITIES

Details are required of the involvement by the applicant and its participants (including shareholders or other subscribers of more than 5% of the applicant's total funding requirements) in any of the activities listed below, and the extent of the interest. For these purposes, the applicant includes associates of the applicant (i.e. directors and their associates and other group companies).

(a) Advertising Agencies

None

(b) Newspapers

None

(c) Other broadcasting interests

◆ Macquarie Regional Radioworks owns 85 radio stations in Australia:-

Townsville	Hot FM 4TOFM	Gold Coast	Sea FM Gold FM	Central Coast (Gosford)	Sea FM 2GO FM	Mildura	Star FM 3MA FM
Cairns	Hot FM Sea FM	Sunshine Coast	Sea FM Mix FM	Coffs Harbour	2CS FM Star FM	Mt Gambier	Star FM 5SE AM
Mackay	Hot FM Sea FM	Darling Downs	CFM 4GR AM	Dubbo	Star FM	Wagga	Star FM 2WG AM
Rockhampton Gladstone	Hot FM Sea FM	Fraser Coast Maryborough	Sea FM Mix FM	Port Macquarie	2MC FM Star FM	Young	Star FM 2LF AM
Emerald	Hot FM 4HI FM	Fraser Coast Bundaberg	Sea FM	Orange	2GZ FM Star FM	Devonport	7AD AM Sea FM
Mt Isa	Hot FM 4LMAM	Roma	Hot FM 4ZR AM	Albury	Star FM The River	Burnie	7BU AM Sea FM
Charters Towers	Hot FM 4GCAM	Kingaroy	CFM 1071 AM	Bendigo	Star FM 3BO FM	Scottsdale	7SD Sea FM
Mareeba	Hot FM 4AM	Griffith	Star FM 2RG AM	Gippsland	3GG AM Sea FM	Launceston	7LA
Hobart	Magic FM Sea FM	Albany	Hot FM 6VA AM	Bunbury	Hot FM 6TZ AM	Esperance	Hot FM 6SE AM
Kalgoorlie	Hot FM 6KG AM	Bridgetown	Hot FM 6BY FM	Katanning	Hot FM 6WB AM	Merredin	Hot FM 6MD AM
Narrogin	Hot FM 6NA AM	Northam	Hot FM 6AM	Newcastle*	KO FM NX FM	Shepparton*	3SR FM Sun FM

\* joint ventures

◆ Macquarie Communications Infrastructure Group holds a majority interest in UK broadcast solutions company Arqiva, formerly NTL Broadcast.

◆ Macquarie Capital Alliance Group recently acquired a majority interest in BBC Broadcast (known named Red Bee), Europe's leading expert in multimedia content.

(for details, see answer to question 1 (b) previous page)

(d) Bodies whose objects are wholly or mainly of a religious nature

None

(e) Bodies whose objects are wholly or mainly of a political nature

None

(f) Local authorities

None

(g) Other publicly-funded bodies

None

## 2. FINANCIAL AND BUSINESS PLAN

### (a) Overall Financial Strategy

Provide a concise summary of how the applicant considers it is able to establish and maintain, throughout the licence period, its proposed service, and how this licence fits in with the investors' strategy.

#### THE MACQUARIE STRATEGY IN THE UK

Diamond 105 FM will be launched with the backing of Macquarie Bank Ltd, the global investment bank based in Australia with a market capitalisation in excess of £6 billion.

Macquarie is a manager of 13 listed funds covering activities as diverse as property, energy, airports and media. Macquarie has been active in the UK for more than 20 years. Its funds have invested in, among other things, Birmingham and Bristol airports and transport links such as the M6 toll road.

In the last two years, funds managed by Macquarie have become involved in the broadcasting industry – firstly with the acquisition of a majority interest in broadcast transmission company NTL Broadcast (now re-named Arqiva) and secondly with the acquisition of a majority stake in BBC Broadcast, Europe's leading multimedia content expert (now re-named Red Bee).

Macquarie also manages a media fund which owns Australia's largest radio network of 85 stations covering regional Australia and a population of over 4 million.

Now Macquarie's media fund, Macquarie Media Group, is keen to bring its extensive experience of Australian radio to the UK and sees the UK radio market as an attractive long-term growth opportunity, given the size of the market, the development of digital radio and the cultural similarities between the two countries.

The success of businesses managed by Macquarie is characterised by a strong commitment to its chosen market and then a clear focus on producing outstanding results.

Macquarie's funds' strategy for expanding businesses may include establishing an alliance with a local partner. In this way, Macquarie can combine its own expertise and specialist skills with a leading local player. The key is a unique management style that provides individual businesses with a balance between operating freedom, controls on risk limits and the observance of professional standards.

In Radio UK Holdings, Macquarie has teamed up with one of the UK's most experienced and respected radio executives, Tim Schoonmaker, with the intention of becoming a long-term investor in UK Radio.

Together Macquarie and Tim Schoonmaker believe strongly in the concept of local and regional radio and know how to develop the programming, sales and operations necessary to be successful in a highly competitive market such as Southend.

#### MACQUARIE BANK – LONG TERM INVESTORS

Macquarie will provide Diamond 105 FM with sufficient financial resources to maintain the service throughout the duration of the licence.

Macquarie sees the UK as an outstanding investment opportunity and is attracted to UK commercial radio through the long-term growth prospects for the industry. The key drivers for this are as follows:-

- ◆ Radio services that are both of high quality and appeal to a variety of tastes and interests.  
Better radio product for consumers will help grow commercial radio audiences.

- ◆ Formats and services that transfer across multiple platforms to offer consumers a 'where and when' access point. Radio services of the future will need to invest more money in platform distribution. (Satellite, Cable, Freeview, Online, DAB and more). Whilst this will put margins under pressure in the short term, the longer-term prospects will be more favourable.
- ◆ Consumers will expect multi-media services alongside their traditional audio fix – text, on-demand and screen based information to name but a few. These additional consumer benefits will deliver new revenue streams, fight against competitive media and improve audiences over the medium to long term.
- ◆ A more 'relaxed approach' to regulation will help strengthen the industry and allow some flexibility to improve the financial performance of most radio companies. This in turn should allow a better investment in digital media, emerging platforms and of course DAB. Ofcom's 'inputs to outputs' addresses this area very well.
- ◆ The licensing timetable should increase the spectrum available to the commercial radio sector. There is scope to licence further FM stations, AM stations and a whole host of DAB multiplexes. It is this further spectrum that will escalate the commercial radio sectors growth over the medium to long term. The in-balance of spectrum versus the BBC will be addressed, providing a 'level playing field' for commercial radio. Audience share should grow, revenues will follow and a strengthened UK commercial industry should flourish.

Macquarie and Radio UK Holdings are supporters of all these developments, in particular those being led by Ofcom. We believe the long-term future prospects of the industry remain very good, albeit with some short-term challenges.

Through the Broadcasting Act, Ofcom has extended an invitation to non-EU operators and companies such as Macquarie to become part of the UK commercial radio industry. The award of the Solent regional licence to Canwest shows Ofcom is willing to welcome overseas entrants to the UK radio market.

Macquarie, along with Canwest and Emmis Communications, were the first non-EU operators to apply for UK licences. This commitment from Macquarie has continued irrespective of the size of the market and the potential it may offer. Since August last year, Radio UK Holdings has applied for licences in Swansea, Ipswich, Warwick, Plymouth and the North East.

Macquarie has something unique to bring to UK commercial radio – extensive Australian experience matched by a strong commitment to local and regional radio markets as well as a commitment to be a radio operator in the longer term in the digital environment.

#### ESTABLISHING DIAMOND FM

Macquarie's financial support and radio credentials are first class and this experience and expertise, alongside that of Diamond 105 FM chairman Tim Schoonmaker and director Paul Chantler, will ensure that the station benefits from a first class launch.

Paul Chantler has 22 years experience in the radio industry and extensive experience of launching radio stations, including two regionals – Galaxy 101 and Vibe FM. He is a former Group Programme Director of Essex Radio Group where he was responsible for the audience success of Essex FM for 4 years. As such, he has deep knowledge and understanding of the area and the requirements of its radio audience.

Paul will draw upon his knowledge of programmers, presenters and journalists in the area to recruit a first class broadcast team for Diamond 105 FM.

## THE BUSINESS PLAN IN CONTEXT

Diamond 105 FM has a comprehensive business plan to ensure the ongoing success of the station. Considerable investment is in place, with expertise to draw upon from the fiercely competitive Australian radio marketplace.

The context of the business plan is as follows;

Pre-launch, nine months before initial broadcast

- ◆ Getting established
- ◆ The first three months (phase 1)
- ◆ The second three months (phase 2)
- ◆ The final three months (phase 3)

Operating the radio station

- ◆ Operating structure
- ◆ Programming (format, target, schedule)
- ◆ Advertising (Rates, sources, categories)
- ◆ Marketing
- ◆ Public relations
- ◆ Financial plan

Build out to profitability

- ◆ The market
- ◆ 5 year profit schedule

A full copy of the business plan for Diamond 105 FM is included in our confidential appendix.

### DIAMOND 105 FM – FINANCIAL SUMMARY

- ◆ Diamond 105 FM is well placed to offer listener choice, a new advertising opportunity in Southend and bring the kind of diversity to UK commercial radio ownership that Ofcom has been encouraging through the Communications Act.
- ◆ The station has a solid business plan, built on robust foundations and backed by a strong and knowledgeable team with the necessary financial resources.
- ◆ This is a radio station with a difference – an opportunity for entrepreneurial and strong local management to prosper, backed by a major investor who has a clear focus on achieving outstanding results.

(b) Funding

Detail the sources of finance that will be used to fund the licence, under the following headings:

(i) Share capital

None

(ii) Loan stock

None

(iii) Leasing/HP facilities (capital value)

None

(iv) Bank overdraft

None

(v) Grants and donations

None

(vi) Other (please specify)

None

Where relevant, provide information on:

(i) Loan terms (e.g. interest rate, repayment terms, redemption/conversion terms);

None

(ii) Assets Leased

None

(C) FINANCIAL PROJECTIONS

The applicant should provide financial projections on an annual basis for the licence.

The projections must include:

(i) Profit and loss accounts

See confidential Appendix

UNDERSTANDING THE SOUTHEND MARKET

OVERVIEW

Diamond 105 FM has established an excellent understanding of the Southend area, through our chairman Tim Schoonmaker and director Paul Chantler.

Our five year financial projections (Excel spreadsheets included supplied confidentially) should provide Ofcom with reassurance that our financial planning and management demonstrates a fundamental understanding of Southend and the wider radio market.

Macquarie's growth strategy is to expand selectively, seeking only to enter markets where there is a genuine opportunity to add value. As stated earlier, the strategy is to establish an alliance with a local partner to combine Macquarie's expertise and specialist skills with those of people with local knowledge and understanding.

This philosophy encourages a sense of ownership and entrepreneurial endeavour among our teams and has produced a stream of financial and operational innovations throughout Macquarie's history

It is for these reasons that Diamond 105 FM will be led by a local management team participating in the success of the station but with access to areas where support and synergy can be created. Through Radio UK Holdings, the Diamond 105 FM team will have access to all the necessary financial and operational resources needed to run a successful Southend radio station.

#### SOUTHEND ECONOMIC OVERVIEW

Southend-on-Sea is in the county of Essex on the north bank of the Thames Estuary.

The town is primarily a seaside resort for London and the East of England with seven miles of beaches from Shoeburyness to Leigh. Southend attracts six million day visitors a year, the same number as Brighton. However the number of people staying in the town is much smaller – 280,000 against Brighton's 1.2 million.

The most notable landmark in the town is the much-loved 1.3 mile long pier which extends out into the estuary. It is the longest pleasure pier in the world but access to it was destroyed by fire in October 2005. It was reopened to the public just before Christmas.

The main sectors in the local economy are electrical engineering, clothing, footwear, furniture, plastics and printing. The service sector has grown in recent years and accounts for a large number of firms particularly in banking, insurance and government services.

London Southend Airport is one of the largest employment sites in the town with about 50 tenant companies employing around 1,500 people. Major employers include Arriva Southend, HM Customs and Excise, Southend Unitary Authority, Southend Hospital NHS Trust, Ipeco Holdings, KeyMed, Linpac Automotive and Converso.

The airport itself intends to develop as a small, regional airport over the next 25 years. It is investing £25 million in a new passenger terminal which will be ready in 2007-8 and be able to handle 600,000 passengers a year. A master development plan confirms a gradual, limited build-up of passenger flights to European and UK cities and to continue as an important base for recreational flying and aircraft maintenance. The airport is ideally situated for the 2012 London Olympics with a train time to Stratford of 35 minutes.

Economic output per head in Southend in 2002 was lower than the East of England and the UK. Between 2000 and 2003 the economic activity rate was below the East of England and similar to that of the UK as a whole. Southend is part of the Thames Gateway South East Partnership which was created by the government in 2001 to regenerate and improve the prosperity of the area.

Southend town centre provides most of the town's 1.3 million square feet of retail floor space. It consists of a pedestrianised High Street anchored at both ends by a shopping centre – Victoria Plaza in the north and The Royals in the south. New initiatives are constantly being investigated to improve the attractiveness, accessibility, security and regeneration of the town centre.

There are also regeneration plans for the seafront including new landscaping and lighting as well as increasing the number of parking spaces to solve what is a serious problem for both residents and visitors.

South East Essex College, based in Southend, is now one of the largest colleges in the South East. Its media production and technology course is now widely regarded as a leader in its field. Diamond 105 FM intends to develop a good working relationship with the college and offer students work experience placements.

We will also work closely with broadcasting and journalism students at the University of Essex which has just opened a new site on Southend High Street.

#### SOUTHEND ROCKS!

For a brief and brilliant five minutes in the 1970s, Southend almost became the rock capital of the world! With venues such as the Kursaal and Cliffs Pavillion (where the 1,600 seater auditorium makes it the largest venue in East Anglia), Southend played host to some of the biggest rock bands on the planet including AC/DC, Black Sabbath, Deep Purple, Thin Lizzy, Mott The Hoople, 10CC and Supertramp. Bands such as the Beatles, Rolling Stones and the Animals all played the town in the sixties.

The fast-growing and much-maligned pub rock circuit was responsible for discovering some home-grown talent such as Dr Feelgood, The Kursaal Flyers and Eddie and the Hot Rods who all made their mark on the seventies charts. Their music is very rarely heard on the radio now, dumped in favour of a, small, often repeated, auditorium-tested selection of bland rock oldies used as spice on existing local radio stations.

But the tradition of live music lives on in Southend where there is still a healthy rock music circuit in clubs and bars. Diamond 105 FM wants to encourage local bands, old and new. Apart from the daily new Essex band slot on our evening show, we plan to revive the interest in music from the Southend of the past.

#### RADIO IN SOUTHEND

Local radio has always been popular in Essex and Southend is served by two Essex-wide commercial stations although almost all the London stations can be heard in the town as well as stations from Kent.

Essex FM is the contemporary and chart music station that, until recently, used to be based at studios in Southend. The station has now moved to Chelmsford. It is aimed at a younger, under 40s audience. Essex FM is owned by Gcap Media.

Classic Gold Breeze plays classic pop hits targeted at over 35s in Essex. Together with its sister station, it too has moved to Chelmsford, although much of the output comes from the Classic Gold headquarters in Dunstable. It is owned by Classic Gold Digital Ltd which in turn is owned by UBC Media Group.

In addition to the UK-wide BBC services, Southend is also served by BBC Essex, again based in Chelmsford.

#### OTHER MEDIA IN SOUTHEND

The main local paid-for newspaper is the Southend Evening Echo, which is owned by Newsquest Media Group which in turn is owned by Gannett. This company also owns the main weekly title which covers the whole county, the Essex Chronicle.

#### THE NEED FOR DIAMOND 105 FM

Our six-stage detailed research study demonstrates clear demand for a rock music station in Southend.

Diamond 105 FM will provide a service of Classic Rock music during the daytime - aimed at a broad, mainstream audience - combined with Modern and Alternative Rock music played during the evenings targeted at younger listeners. We will commit considerable resources to providing a local news service of high editorial quality.

Diamond 105 FM will clearly cater to the tastes and interests of listeners and advertisers as well as broaden the range of choice of listening for people in the Southend.

Radio UK Holdings and Macquarie believe Diamond 105 FM offers a unique opportunity to provide a much-needed service for the Southend whilst also offering a foundation for a viable and well-funded new radio group in UK radio able to help increase commercial radio's share of listening over the BBC.

#### THE MACQUARIE REGIONAL RADIOWORKS ADVERTISING MODEL

Macquarie Regional Radioworks has developed a solid advertising model for Diamond 105 FM, largely through the extensive experience of running similar sized stations in Australia. Two examples are its radio stations on the Gold Coast, Queensland and at Gosford in New South Wales.

We believe strongly in the Macquarie Regional Radioworks advertising model, which seeks to get at least 75% of its revenue from its local market. It is this local advertising base that we believe will be less influenced by the advertising cycle than national revenues. A high percentage of local advertising plays a strong part in the local feel of the station.

We also firmly believe in the creative-led sell. We plan to show how Diamond 105 FM can be used by clients all the time, all year round by writing the advertising they need to do this speculatively. We also want to work with clients to identify areas of their business that they have not yet started to promote with their existing radio station. This will have the effect of increasing spending on radio as a whole rather than squabbling with other stations over the existing client spend. New clients to radio will also be identified as they bring in new money for the industry.

There are a number of national sales houses with whom Diamond 105 FM could contract for national representation. Conversations have already taken place and we are confident of appointing the most suitable representation within one month of licence award.

Sponsorship and promotions will be an important part of the output, and a great vehicle for local advertisers who cannot currently afford to use commercial radio.

#### DIAMOND 105 FM – FINANCIAL SUMMARY

- ◆ PRODUCT – Diamond 105 FM's rock music format clearly caters for tastes and interests and broadens audience choice in the Southend.
- ◆ PEOPLE – Diamond 105 FM is headed by experienced, respected individuals who have knowledge of Southend and Essex.
- ◆ FUNDING – The backing of Macquarie ensures Diamond 105 FM will have the ability and sufficient financial resources to maintain the service.
- ◆ COMMERCIAL – The use of the Macquarie Regional Radioworks Advertising Model means Diamond 105 FM will use a creative-led sell and target new money for radio.
- ◆ COMMITMENT – Macquarie is a substantial investor in Australian regional radio and is committed to the future growth and development of radio in the UK for the long term.

(ii) Balance sheets

See confidential appendix

(iii) Cash-flow forecasts

See confidential appendix

The applicant should detail how revenue figures were derived, distinguishing between local, national and sponsorship revenue.

#### (D) AUDIENCE PROJECTIONS

Provide the following information:

(i) The projected adult (aged 15+) population of the Total Survey Area (TSA) within which it is intended to measure the listenership of the service;

We estimate the adult (15+) population of the Total Survey Area will be 244,000. This is based on detailed calculations by our transmitter providers, Arqiva, of the signal strengths and coverage offered by the transmitter sites.

(ii) Projections for listenership ratings (e.g. weekly reach, average weekly hours of listening) over the first three years of the service, with detailed demographic breakdowns as appropriate;

Diamond 105 FM Audience Projections for the first three years of operation are as follows:-

	Year 1	Year 2	Year 3
Population	244,000	244,000	244,000
Weekly Reach	16%	20%	22%
Weekly Listeners	39,040	48,800	53,680
Average Listening Hours	9	10	10
Total Weekly Listening Hours	351,360	488,000	536,800
Estimated Market Hours	5,860,562	5,920,410	5,941,784
Market Share	6.0%	8.2%	9.0%

The above market share is based on an assumed existing base for the Diamond FM TSA of approximately 5.7 million total hours listened at Year 0.

We have estimated this using the existing Essex FM TSA which covers a TSA and marketing area of approximately 1.154 million adults 15+. This TSA currently produces a "total hours listened" figure of approximately 27.2 million listening hours. Therefore pro rata, a Southend area TSA should produce a total hours listened figure of approximately 5.7 million hours.

We have assumed Diamond FM will add new listening hours to the TSA in the proportion of 43.8% of its total hours added each year. We believe this gives a Year 3 market share in line with existing market shares in the proposed TSA based on results from the Dipsticks Research survey conducted in November 2005.

(iii) The expected impact of the proposed service on existing services, in listenership terms;

Our consumer research shows that well over half of the respondents surveyed (65.5%) said they would be likely (extremely, very or quite) to listen to a Classic Rock radio station for the Southend area. The launch of Diamond FM would have an impact on radio listening by bringing new listening to radio in the Southend area, by truly increasing radio choice.

We have predicted the impact of Diamond FM on the existing radio market place in the Southend area, by analysing the results of those respondents who said they “would be extremely, very or quite likely” to listen to the proposed Classic Rock radio station in the research conducted by Dipsticks Research. This represents a base of 386 respondents, (65.5% of the sample).

Their responses as to whether they would listen longer to radio, stop listening or listen less to some stations in order to listen to Diamond FM have been used to forecast which stations would lose most audience.

Of those likely to listen to Diamond FM, we estimate that 43.8% of listening to this station would come from new listening and a further 18.4% from the BBC stations - a total of 62.2% from either the BBC or new listening.

When asked which radio stations they would stop listening to completely or listen to less often, the potential audience who” would be likely” to listen to this new radio station said the following:-

WHICH RADIO STATION WOULD YOU STOP LISTENING TO OR LISTEN TO LESS OFTEN IF YOU BEGAN TO LISTEN TO THIS NEW RADIO STATION FOR THE SOUTHEND AREA? BASE: 161

Station	%
Essex FM	29.0%
BBC Radio 1	11.7%
Heart 106.2	4.7%
BBC Radio 4	4.4%
BBC Radio 2	3.7%
Kiss 100	3.3%
Classic Gold Breeze	3.2%
Capital FM	3.0%
BBC Radio Essex	2.6%
Magic 105.4 FM	1.8%
talkSport	1.7%
BBC Radio 5 Live	1.3%

(SOURCE: DIPSTICKS RESEARCH NOVEMBER 2005)

The Quarter 3 2005 RAJAR results for the Essex FM TSA (population 1.154 million adults 15+) have been used to provide a comparison to the potential Diamond FM TSA of 0.244 million adults 15+.

It should be noted that the smaller Diamond FM TSA gives more emphasis to the local stations (such as Essex FM and Classic Gold Breeze) and that the Dipsticks Research survey was conducted amongst 16 to 64 year olds, giving less weight to the older appeal radio stations (such as BBC Radio 4 and BBC Radio Essex) and more weight to the younger appeal stations.

We have therefore assumed that the stations' RAJAR percentage share and average hours figures in the Essex FM TSA, will also apply in the Diamond FM TSA. This has been given as a base for Year 0 to estimate the hours that each station will lose and how this will impact on % reach and % market share.

#### ESTIMATED % WEEKLY REACH

(SOURCE: ESSEX FM TSA RAJAR Q3 2005 AND DIPSTICKS RESEARCH NOVEMBER 2005)

Weekly Reach (000's and %)	Qtr 3 2005 RAJAR 15+	Dipsticks Research 16 to 64 Q1b
Essex FM (including Ten 17 FM)	326,000 28.2%	61.8%
BBC Radio 2	270,000 23.4%	21.1%
BBC Radio 4	226,000 19.6%	9.4%
BBC Radio Essex	215,000 18.6%	9.5%
BBC Radio 1	173,000 15.0%	24.7%
Heart 106.2 FM	164,000 14.2%	12.0%
Kiss 100 FM	114,000 9.9%	15.2%
Magic 105.4	105,000 9.1%	11.4%
Capital FM	97,000 8.4%	10.1%
Classic Gold Breeze	20,000 1.7%	8.6%

#### ESTIMATED % WEEKLY MARKET SHARE

(SOURCE: ESSEX FM TSA RAJAR Q3 2005 AND DIPSTICKS RESEARCH NOVEMBER 2005)

% Market Share	Qtr 3 2005 RAJAR 15+	Dipsticks Research 16 to 64 Q1c
Essex FM (including Ten 17 FM)	12.6%	37.8%
BBC Radio 2	15.4%	11.6%
BBC Radio 4	11.2%	4.8%
BBC Radio Essex	12.4%	2.5%
BBC Radio 1	4.8%	11.0%
Heart 106.2 FM	6.3%	3.0%
Kiss 100 FM	2.6%	6.6%
Magic 105.4	2.8%	4.7%
Capital FM	2.9%	3.3%
Classic Gold Breeze	0.5%	1.4%

ESTIMATED TSA OF DIAMOND 105 FM IN YEAR 0  
(SOURCE: ESSEX FM TSA RAJAR Q3 2005 AND DIPSTICKS RESEARCH NOVEMBER 2005)

	% Weekly Reach	Total Hours	Average Hours	% Share
Essex FM (including Ten 17 FM)	28.1	719,040	10.5	12.6%
BBC Radio 2	23.1	878,827	15.6	15.4%
BBC Radio 4	19.3	639,147	13.6	11.2%
BBC Radio Essex	18.4	707,627	15.8	12.4%
BBC Radio 1	14.8	273,920	7.6	4.8%
Heart 106.2 FM	13.9	359,520	10.6	6.3%
Kiss 100 FM	9.8	148,373	6.2	2.6%
Magic 105.4	9.1	159,787	7.2	2.8%
Capital FM	8.4	165,493	8.1	2.9%
Classic Gold Breeze	1.7	28,533	7.0	0.5%

The above estimated data for the Diamond FM TSA has been used as a guide to the makeup of the TSA, in terms of market share and average hours for a 15 plus audience.

The two following tables, showing the impact of Diamond FM on other stations, are based on a TSA size of 244,000 adults 15+ with a Year 0 Total Listening Hours of 5.7 million.

ESTIMATED IMPACT OF DIAMOND FM ON LISTENING HABITS WITHIN THE DIAMOND 105 FM TSA – % REACH  
(SOURCE: DIPSTICKS RESEARCH NOVEMBER 2005)

% Weekly Reach	Year 0	Year 1	Year 2	Year 3	3 Year Change in Listeners
Essex FM (including Ten 17 FM)	28.1	24.9	23.7	23.3	-20.6
BBC Radio 2	23.1	22.8	22.7	22.7	-5.8
BBC Radio 4	19.3	18.9	18.8	18.7	-6.3
BBC Radio Essex	18.4	18.2	18.1	18.1	-5.6
BBC Radio 1	14.8	13.0	12.3	12.1	-20.8
Heart 106.2 FM	13.9	13.4	13.2	13.1	-9.5
Kiss 100 FM	9.8	9.1	8.9	8.8	-15.4
Magic 105.4	9.1	8.8	8.7	8.7	-7.1
Capital FM	8.4	7.9	7.8	7.7	-6.9
Classic Gold Breeze	1.7	1.2	1.0	0.9	-40
Diamond 105 FM	-	16	20	22	-

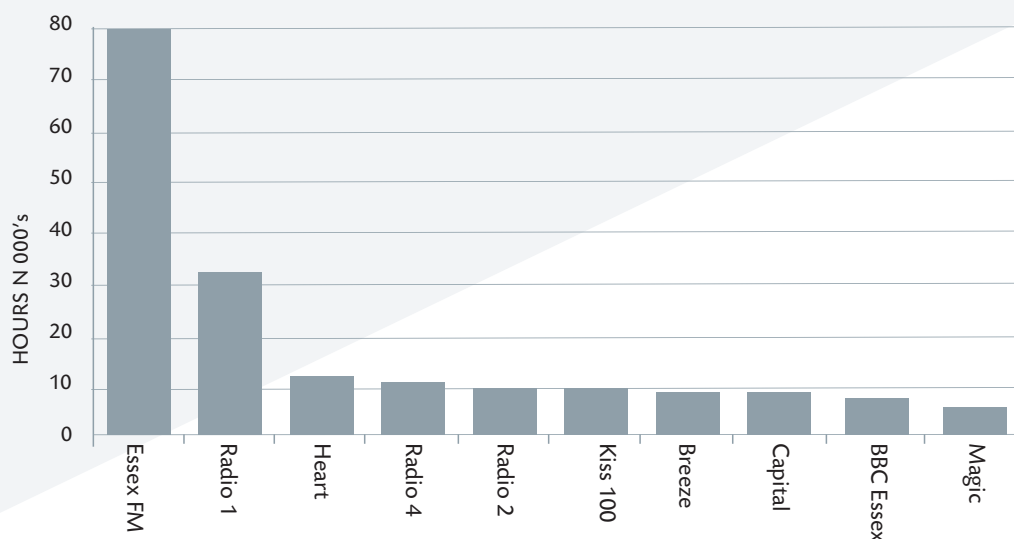
ESTIMATED IMPACT OF DIAMOND FM ON LISTENING HABITS WITHIN THE DIAMOND 105 FM TSA – % SHARE  
(SOURCE: DIPSTICKS RESEARCH NOVEMBER 2005)

Share %	Year 0	Year 1	Year 2	Year 3	3 Year Change in Listeners
Essex FM (including Ten 17 FM)	12.6	10.9	10.3	10.0	-17.0
BBC Radio 2	15.4	14.8	14.6	14.5	-1.8
BBC Radio 4	11.2	10.7	10.5	10.5	-2.9
BBC Radio Essex	12.4	12.0	11.8	11.7	-1.5
BBC Radio 1	4.8	4.1	3.9	3.8	-18.0
Heart 106.2 FM	6.3	5.9	5.8	5.7	-5.8
Kiss 100 FM	2.6	2.4	2.3	2.2	-10.5
Magic 105.4	2.8	2.6	2.6	2.6	-4.9
Capital FM	2.9	2.7	2.6	2.6	-7.9
Classic Gold Breeze	0.5	0.3	0.3	0.3	-45.6
Diamond 105 FM	-	6.0	8.2	9.0	-

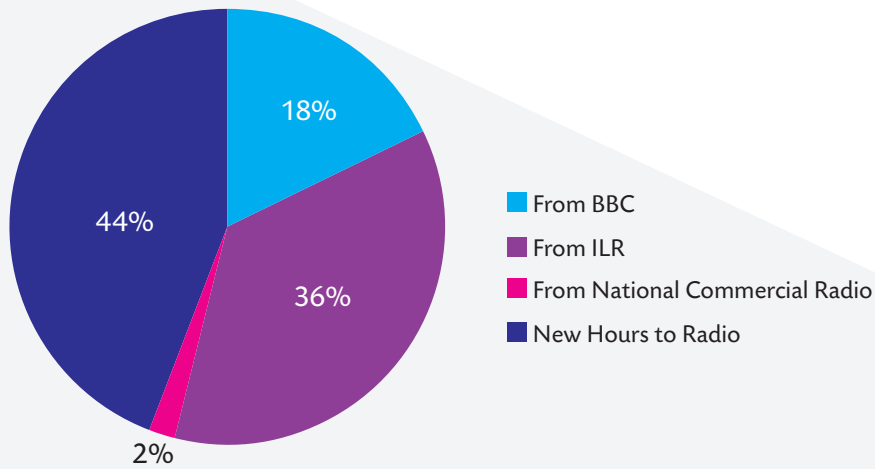
43.8% of our potential base of 386 respondents (those who would be likely to listen to the Classic Rock radio station) said that they would 'listen to the radio for longer in order to listen to the new station as well as my current radio stations'. Therefore we have assumed this would be new listening added to the TSA's total weekly listening hours.

The remainder of total listening hours to Diamond FM will come from the stations as illustrated below.

STATIONS THAT WILL CONTRIBUTE LISTENING HOURS TO DIAMOND 105 FM IN YEAR 1  
(SOURCE: DIPSTICKS RESEARCH NOVEMBER 2005)



AUDIENCE MOVEMENTS TO DIAMOND FM  
(SOURCE: DIPSTICKS RESEARCH SEPTEMBER 2005)



We expect Essex FM to be one of the main donors of hours, as this station is currently appealing to a broad range of respondents because of its broad music mix and local focus. It is currently the only real “local” option for the Southend area.

We anticipate a proportion of listening would also come from the BBC, namely BBC Radio 1, Radio 4 and Radio 2. Indeed the majority of radio listeners felt that a Classic Rock radio station for Southend would particularly offer something different to that which is already available in terms of commercial radio.

As a result we anticipate a substantial amount of radio listening will be new listening, where existing radio listeners in the Southend area will listen to the radio for longer, as they are being served with a new Classic Rock music format with a clear local focus for which there is a real demand.

(iv) The basis on which the estimates above have been calculated, and any assumptions taken into account.

For assumptions, please see above

### 3. TRANSMISSION PROPOSALS

(i) Provide details of the transmission site you propose to use, under the following headings:

(a) Name and National Grid Reference of site;

**Maitland House**

**Ngr TQ882857**

(b) Height of site above Ordnance datum (in metres);

**20 metres**

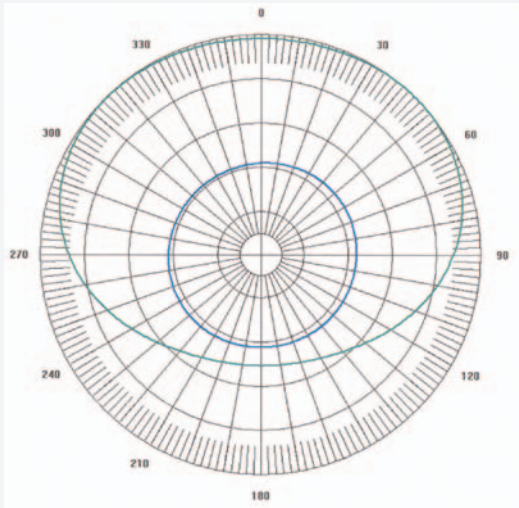
(c) Height of transmitting aerial above ground level (in metres);

**43 metres**

(d) Radiated power in either or both planes of polarisation, and aerial radiation pattern (if no aerial radiation pattern is submitted, it will be assumed without exception to be omni-directional)

**250 watts vertical + 62 watts horizontal**

**Antenna pattern directional (see below)**



The applicant should confirm whether he believes that his intended mast aperture will be available, and whether, where required, planning permission can be obtained. Where appropriate, evidence to support this belief should be provided. Details of any negotiations which have been entered into with the site owner should also be provided.

Arqiva has informed us they have been in contact with the owners of Maitland House where Arqiva has an existing antenna. This can be made suitable for sharing and accommodation is available for the transmission equipment.

The information provided above must take into account any requirements set out in Section 2 of this Notice. In the event of minor non-compliance, Ofcom may revisit an applicant's proposals with a view to modest adjustment following award and closer scrutiny. Significant non-compliance may render the application liable to disqualification.

Arqiva have chosen this site as it provides excellent coverage for Southend and surrounding area, and in their opinion meets the Ofcom restrictions for this licence.

(ii) Please provide a detailed computer predicted map (in colour) of the coverage anticipated using the transmission site and parameters described above.

Please see map below of Arqiva Coverage Predictions for the area.



(iii) Describe proposed arrangements for transmission provision (installation, maintenance and repair). The transmission system and equipment must comply with the Engineering Code originally published by the Radio Authority, which represents Ofcom's current policy and is available at: [www.ofcom.org.uk/codes\\_guidelines/broadcasting/radio/codes/engineering\\_code.pdf](http://www.ofcom.org.uk/codes_guidelines/broadcasting/radio/codes/engineering_code.pdf)

Our Transmission provider is well resourced to install the complete system and subsequently maintain and monitor the Transmission parameters. Telemetry and remote monitoring systems provide information back to their control centre e.g. Carrier Power, lack of modulation etc on a 24 hr basis. Their maintenance personnel are highly trained with the necessary spares and test equipment to resolve any problem quickly.

(iv) What is the anticipated time-lapse between the award of licence and start of broadcasting? Applicants should note that failure to commence broadcasting the service within two years of the date on which the licence is awarded is likely to lead to the offer of a licence to the successful applicant being withdrawn. In these circumstances the licence would be advertised afresh and a new competition would be held to award the licence.

Diamond 105 FM intends to be on the air approximately nine months after award of the licence.

## SECTION 105(B) AND (C): CATERING FOR TASTES AND INTERESTS/BROADENING CHOICE

### 4. PROGRAMMING PHILOSOPHY

(i) This sub-section of the application should take the form of a statement setting out the applicant's overall programming philosophy and vision for the radio service.

#### **THE DIAMOND VISION**

Diamond 105 FM will be a clearly defined and genuinely distinctive full service local radio station for Southend. Our programming will offer Southend listeners a unique local voice, a comprehensive local news and information service and a different daytime mainstream music choice currently unavailable in the area for which our research shows a clear demand.

- ◆ Diamond 105 FM will provide a significant commitment to Southend news and full service information to satisfy a demand for localness
- ◆ Diamond 105 FM will provide hourly 20-minute commercial-free music sweeps to satisfy a demand for more music and less "DJ chatter" and provide a point of difference from existing local stations
- ◆ Diamond 105 FM will play two kinds of rock music, satisfying a demand for music which people enjoy but cannot hear enough of on existing local stations. During the day, we will play a wide variety of familiar and popular Classic Rock music. During the evening, we will play current modern Alternative Rock music.
- ◆ Diamond 105 FM will be of broad appeal and cater for a wide age range of listeners from 18 to 54 year olds to satisfy a demand from advertisers, make the station financially viable and attract audiences away from BBC services rather than existing commercial stations.

(ii) The strategies which the applicant proposes to implement in regard to:

(a) catering for the tastes and interests, general or particular, of persons living in the area;

#### CATERING FOR LOCAL TASTES AND INTERESTS ◆ **FULL SERVICE SPEECH**

##### ◆ SOUTHEND NEWS

Our consumer research shows there is an overwhelming demand for Southend news on any new local radio station with four out of five people (81.1%) saying they would like to hear Southend area news and 62.9% of them saying it is essential listening.

News is clearly a key element of speech required for a potential new radio station. However our research shows that the main driver for potential listeners is music and they do not want to have the radio output taken over by large chunks of chatter.

Nearly half of our survey sample (43.3%) say they would prefer concise, short bulletins of up to three minutes' duration throughout the day. However a significant number of potential listeners (22.7%) say they would like additional extended bulletins of up to ten minutes' duration at lunchtime and teatime. There was particular demand for news from Essex and the UK rather than international news:-

*"Short and sweet is how I like it" (Female, 25-40)*

*"It should be a bit longer than Essex FM and more detailed" (Female, 35-54)*

*"You need the facts, the highlights. Then move on." (Female, 35-54)*

*"I think they shouldn't go on about what's going on, on the other side of the world and countries like Bangladesh. They should concentrate on our own country." (Female, 35-54)*

(SOURCE: DIPSTICKS RESEARCH FOCUS GROUPS – NOVEMBER 2005)

We recognise the importance of short, relevant, compelling and high quality news bulletins - and we intend to take our commitment to news and information seriously.

Diamond 105 FM will therefore commit to hourly bulletins of three minutes duration from 0600 to 2200 daily. At peak times in breakfast and afternoon drive, we will also schedule headlines of one minute. At 1300 and 1800 weekdays, we will schedule extended bulletins of ten minutes duration called Southend at One and Southend at Six.

To clarify, here is Diamond 105 FM's weekday news bulletin schedule:-

TIME	DURATION	TIME	DURATION
0600	3 mins	1400	3 mins
0630	1 min	1500	3 mins
0700	3 mins	1600	3 mins
0730	1 min	1630	1 min
0800	3 mins	1700	3 mins
0830	1 min	1730	1 min
0900	3 mins	1800	10 mins
1000	3 mins	1900	3 mins
1100	3 mins	2000	3 mins
1200	3 mins	2100	3 mins
1300	10 mins	2200	3 mins

At weekends and on public holidays, Diamond 105 FM will provide three minute news bulletins hourly from 0700 to 1300 inclusive.

We intend to employ a dedicated news team of three full-time journalists led by a Head of News and Sport. These journalists will take a feed of national and international news from our chosen news provider and mix it with locally produced news from Southend. Unlike the existing local stations in the area, each day we will roster a reporter whose job it will be to go out "on the road" to gather audio and interviews for news bulletins.

Our journalists will live in Southend and the surrounding area and generate local stories through the creation and development of key local news contacts as well as civic and community leaders.

Among the issues and controversies we will cover are the following:-

- ◆ Progress on rebuilding Southend's famous pier after the latest fire.
- ◆ The development of London Southend Airport as it builds its next £25 million passenger terminal.
- ◆ The regeneration work of the Thames Gateway Forum as it builds 120,000 new homes, schools, industrial areas and green spaces over the next few years.

- ◆ Plans to create the “Essex Riviera” by urban regeneration company Renaissance Southend which has secured £200 million to create 1,000 jobs and turn the seafront into a vibrant waterfront quarter.
- ◆ The ever-growing problem of drugs in the town and the battle by the police to control it.
- ◆ The success or otherwise of Southend's no-drinking zones – an initiative on illegal drinking launched in November 2005 to combat binge drinking and its contribution to town centre violence.
- ◆ New plans by Southend-on-Sea Borough Council to help local traffic flow.
- ◆ The contrast over education in the town – while Westcliff High School for Boys is named as outstanding in three consecutive Ofsted inspections, Thorpe Bay School has the worst truancy rates in Essex.

As the other local commercial stations take their national and international news feed from Independent Radio News, Diamond 105 FM proposes to take a news feed from Sky News Radio in order to broaden choice and offer an alternative editorial mix. We are impressed by the high quality of Sky News Radio and we believe it will provide an excellent and distinctively different service for our listeners.

#### ◆ SOUTHEND SPORT

Our research shows there is a clear demand for local sports news in the Southend area with 24.8% of the total and 38.4% of men saying they would like to hear football results on any new local station.

In particular, Diamond 105 FM's coverage will concentrate on unashamedly supporting Southend United. In the 2004-05 season, The Blues won the League Two playoff final to earn promotion to League One. Now the challenge is coping with the chairman's possible buy-out of fellow joint owner Delancey Estates' stake to boost The Shrimper's plans to leave Roots Hall and build a new ground at Fossetts Farm.

We will also cover West Ham – anecdotally more West Ham supporters live in Southend than Southend supporters! We will therefore feature Hammers' results in our bulletins - though only after mention of The Shrimpers.

#### ◆ SOUTHEND TRAFFIC AND TRAVEL

There is a clear demand for traffic and travel news for the Southend area. Our research shows more than half of people (58.8%) would like to hear this information on any new radio station and 37% of them saying it is essential listening.

During weekday drive times, Diamond 105 FM will provide a comprehensive travel and traffic information service every 20 minutes, concentrating mainly on major road hold-ups on the main route into and out of Southend, the A127, as well as the M25 and M11 as well as train delays on both the Liverpool Street line from Southend Victoria and the Fenchurch Street line from Southend Central.

Information will be sourced from TrafficLink and be supplemented by information from our own journalists as well as tips from listeners phoned into our Diamond Jamline.

#### ◆ SOUTHEND WEATHER

Local weather forecasts are always in demand from radio listeners generally and those in the Southend area are no exception with 60.4% of those questioned wanting to hear weather information.

Diamond 105 FM will schedule its own three-day weather forecast hourly throughout the day from 0600 to 2200 inclusive. These formal forecasts – included as part of our hourly news sequence – will be supplemented by additional headline forecasts at peak time in breakfast and afternoon drive.

#### ◆ SOUTHEND EVENT LISTINGS

Although not specifically mentioned by our potential listeners, we believe scheduling short, hourly what's on listings for relevant entertainment events is essential to underline our commitment to localness. We expect these listings to become a premium sponsorship product on the station.

Diamond 105 FM will therefore schedule event listings hourly at ten to each hour from 0650 until 2150 weekdays. These will be less than one minute and properly packaged using music backing tracks.

#### ◆ SOUTHEND COMMUNICARE

Diamond 105 FM plans to offer charities and non-profit-making organisations in Southend the opportunity to publicise their events and activities through a free advertising campaign scheme called Communicare. We will donate a 21-spot 30 second package to the organisation and help them make their Communicare 'commercial'.

#### ◆ SOUTHEND JOBWATCH

For those listeners seeking a new job, we will feature information about Southend job vacancies every weekday at 1130.

#### CATERING FOR LOCAL TASTES AND INTERESTS ◆ MUSIC

Our consumer research shows that many people are generally satisfied with the choice of music currently available on commercial radio in the Southend area.

However, among those who expressed a preference, rock music was among the top categories to which people said they enjoy listening (other than specific eras of music) – but which they cannot hear enough of on existing local stations.

This is in line with national UK preferences as highlighted in Ofcom's recently published Radio Review document (Radio, Preparing for the Future, Phase 2 Implementing the Framework - October 2005). Paragraph 5.33 presents the results of an ICM poll among Observer newspaper readers that shows Rock is the second most favourite music in the UK, liked by one in five (20%) of those questioned.

Out of our consumer research sample of nearly 600 potential listeners, nearly one third (29.8%) said they liked Classic Rock music and would like to hear more on the radio,

When examining the older demographic groups, the enthusiasm for Classic Rock was even greater with 34% of 35 to 44 year olds and 37.3% of 45 to 54 year olds saying they like it and would like to hear more on the radio:-

*"I want the frequency! Give it to me! It sounds tailor-made." (Female, 35-54)*

*"It sounded bang on to me" (Male, 35-54)*

*"Oh God, yes! I am sick of bloody Girls Aloud!" (Male, 25-40)*

*"Absolutely fantastic. I would worship it if it happened" (Female, 25-40)*

*"It fits my needs! You have got my music, my news, my travel and everything I want all on one frequency." (Female, 35-54)*

*"It just sounds pretty cool" (Male, 25-40)*

*"Rock and roll died out but now it's coming back." (Female, 35-54)*

*"It's different from the stuff you get on the others. I'm sick of listening to Robbie Williams and Kylie Minogue" (Female, 25-40)*

*"A station for a mixture of the young and the old, so it's not just for one sort of person but for all different ages." (Female, 35-54)*



(SOURCE: DIPSTICKS RESEARCH FOCUS GROUPS – NOVEMBER 2005)

Our research also showed there was considerable support for more Alternative Rock music on the radio, especially among younger listeners with 42.9% of both 16-24 year olds saying this.

Our monitoring shows that surprisingly little airtime on the existing Southend radio stations is devoted to rock music. That which is played is used mainly as 'spice'.

Diamond 105 FM plans to satisfy the demand for rock music in the Southend area by playing mainstream Classic Rock music during the daytime and satisfying the demand for Alternative Rock during the evenings.

### ◆ DAYTIME – CLASSIC ROCK

We define Classic Rock music as guitar based with a strong beat (rather than the keyboard/synthesiser-based music better defined as dance and pop).

Throughout the day, we will feature a broad mix of mainstream Classic Rock music from the 1960s to the present day, although no one decade or era will dominate the output. Our research shows that nearly half (42.7%) of our potential listeners favour a half oldies, half modern music mix and Diamond 105 FM will reflect that with artists including (but certainly not limited to):-

Queen	Rolling Stones	Led Zeppelin
Bruce Springsteen	The Who	Oasis
David Bowie	REM	Eric Clapton
The Stereophonics	Manic Street Preachers	T Rex
Bon Jovi	The Police	Def Leppard
Simple Minds	Fleetwood Mac	The Eagles
Bryan Adams	Coldplay	Van Morrison
Tina Turner	Catatonia	ZZ Top

Our listener promise will be a mainstream rock sound. Diamond 105 FM will not be a home for heavy metallic rock or discordant thrashing!

In addition to playing songs from recognised rock artists and to give Diamond 105 FM an even wider appeal, we will carefully examine the repertoire of popular heritage artists and play tracks that 'quicken your pulse'. For example, we will play Elton John's "Saturday Night's Alright For Fighting" but not "Candle In The Wind"; Robbie Williams "Let Me Entertain You" but not "Feel"; and Madonna's "Beautiful Stranger" but not "Holiday".

Current music may be played (for example as a special Future Classic Rock feature) but in strictly limited quantity to a maximum of 5% of the music output. We will also play a limited number of album tracks that have not been chart singles hits up to a maximum of 10% of the music output.

When asked what combination of music and speech they would like to hear, our potential audience say mostly music and some speech. Because of this, and the comparatively high amount of speech on existing local commercial stations, we have decided that Diamond 105 FM will offer a music-intensive format.

To distinguish and differentiate Diamond 105 FM in the market, we will deliver as a listener promise one 20-minute non-stop commercial-free music sweep per hour. This also meets listener frustration at the quantity of advertising on existing local stations.

There was particularly strong and outspoken criticism in our focus group research on the way in which existing local stations – particularly Essex FM – repeats music throughout the day:-

*“It'd be nice to have not repeated music all the time. A lot of radio stations – well, Radio 1 is terrible for it – repeating the same old songs. And there are so many to choose from” (Female, 35-54)*  
*“Essex FM, when I was working in my last job, a lot of people didn't like listening to it because they play the same songs over and over again in the same day and it can get a bit too much. I think Magic have the same song on at 8 o'clock every morning!” (Male, 25-40)*

(SOURCE: DIPSTICKS RESEARCH FOCUS GROUPS – NOVEMBER 2005)

To cater to the demand shown in our focus group research for less repetition and a wider variety of music, Diamond 105 FM's music library will be between 750 and 1250 songs. The size of music database contrasts with existing local stations which all appear to have small databases of songs of less than 300 titles, leading to listener dissatisfaction caused by repetition.

The music strategy for Diamond 105 FM will serve as a potent alternative to chart-led, speech-intensive, repetition-high existing local commercial stations

#### ◆ EVENINGS – ALTERNATIVE ROCK

To satisfy the clear demand from people aged under 25 in the Southend area, Diamond 105 FM will schedule five hours of Alternative Rock music every weekday evening from 7pm to midnight.

The scheduling of this sequence has been deliberately chosen to be at a time when the potential audience is at home from work, college or school and available to listen. The older audience who prefer Classic Rock music during the day are usually to be found in front of their TV sets at this time of day. In this way, Diamond 105 FM therefore risks alienating nobody and satisfying a sizeable minority.

Our Southend New Rock Show will feature all current music up to two years old and also include pre-release tracks. The selection of newly released tracks are particularly important in the era of the i-Pod where music lovers have access to an enormous variety of tracks at their fingertips and need a 'trusted guide' to recommend and review. Diamond 105 FM aims to be that trusted guide.

Sample artists to be featured in our Alternative Rock sequence include the following (although this is by no means an exhaustive list):-

Coldplay	Feeder	Foo Fighters
The Rasmus	Green Day	Franz Ferdinand
Kaiser Chiefs	Gorillaz	White Stripes
Linkin Park	Blink 182	Slipknot
Lostprophets	Razorlight	Killers
Kasabian	Garbage	Limp Bizkit

Throughout the evening, we will maintain our listener promise of a 20-minute commercial free music sweep.

There will also be a daily commitment to help and encourage new bands in the Southend area, with demo tracks and interviews being aired at least once per night and an hourly local gig guide.

We also intend to schedule Alternative Rock on both Saturday and Sunday evenings to give a seven-day commitment.

CATERING FOR LOCAL TASTES AND INTERESTS  **PRESENTATION STYLE**

Our potential listeners have clear ideas about the qualities they like to hear in their radio presenters:-

Friendly	52.3%
Witty and humourous	41.9%
Lively	37.2%
Intelligent	31.1%

Diamond 105 FM will be guided by these requirements when recruiting presenters. Although we will recruit from Essex where possible, we note that our potential listeners say this is not essential.

However we will ensure that presenters have excellent local knowledge and in particular know how to pronounce local place names properly as failure to do this is perceived as annoying and insulting.

Our monitoring of existing commercial radio stations covering Southend suggests that they offer rather corny, cheesy "himbo-bimbo" style shows, especially at breakfast time with a male and female presenter irritatingly reading out the celebrity gossip from the morning tabloids. While this appeals to some listeners, we plan an alternative.

Diamond 105 FM will offer a music intensive clear alternative to these kind of shows, especially in the morning with our No Waffle Breakfast Show.

In particular, our focus group study revealed that many people would like to see a return to the kind of presenter who really cares about the music they play, in the style of the late John Peel or Paul Gambaccini:-

*"I'd like them to be down to earth, passionate about their music, they really enjoy what they are playing and then that comes across" (Male, 25-40)*

*"People who are into their music... If they're really into it, it'll come across" (Male, 35-54)*

*"They've got to really know their music and be witty about it, understand it" (Female, 35-54)*

*"I think they need to be intelligent. They need to know about the music they're playing" (Female, 35-54)*

*"I used to listen to Radio 1. Chris Moyles tries to be a comedian, he tries to be funny, he puts too much banter across and he's not doing his job" (Male, 35-54)*

*"I can't stand the Black Thunders. I think they're the most irritating thing on this planet. They come across as blonde bimbos and if that's what a station wants to portray then fair enough, but I don't want to listen to it because I don't see women like that" (Female, 25-40)*

(SOURCE: DIPSTICKS RESEARCH FOCUS GROUPS – NOVEMBER 2005)

BROADENING THE RANGE OF LOCAL COMMERCIAL SERVICES – **ANALYSIS OF FORMATS**

None of the existing local commercial stations has a Format for Rock Music and speech. Both are focused on either oldies or AC music

The following table summaries each station's weekday output as detailed in its Format and shows how Diamond 105 FM will fill a gap in the market and broaden audience choice:-

STATION	MUSIC	SPEECH	TARGET
Essex FM	Contemporary and chart music. Up to 25% of hits may be over 10 years.	Speech should account for at least 10% of daytime output. Hourly bulletins containing local news run at least hourly during peak time.	Unspecified. For the Southend and Chelmsford area.
Classic Gold Breeze	Classic pop hits from the period 15 to 40 years prior to broadcast. Hits less than 10 years old should never exceed 35% of music output.	Speech maximum 30% of daytime or 50% of non daytime. Reasonable balance of information from across the area must be maintained (eg features, whats-ons, entertainment, sport, travel. Hourly bulletins containing local news aired during peak-time with at least one extended bulletin	Over 35s in the Southend and Chelmsford area
Diamond 105 FM	Daytime output of Classic Rock from 1960s to present day, no one decade or era to dominate. Current music - no more than 5% of daytime output. Album tracks which have not been chart hits - no more than 10%. Evening output of Alternative Rock. All tracks current (no older than two years) and 25% of tracks pre-release	Speech minimum 15% daytime. Bulletins of up to 3 minutes with Southend news hourly from 0600 to 2200 weekdays. Two extended bulletins of up to ten minutes at 1300 and 1800 weekdays. Entertainment event listings for Southend hourly from 0650 to 1750 weekdays	18-54 year olds in Southend

Source: Ofcom Formats, Ofcom website, December 2005

## BROADENING THE RANGE OF LOCAL COMMERCIAL SERVICES – ANALYSIS OF MUSIC DUPLICATION

We commissioned Intelligent Media to monitor all the existing local commercial stations in the Southend area for one day from 6am to 7pm on 14th December 2005.

From the music track listings, we calculated the number of tracks that would also be played on Diamond 105 FM:-

Station	Total Tracks	Classic Rock Tracks	% of Classic Rock Tracks
Essex FM	132	14	10.6%
Classic Gold Breeze	133	13	10.0%

Source: Intelligent Media Monitoring, October 2005

From this analysis, it is clear that neither of the existing local stations plays more than a small proportion of rock music. That which is played is generally commercial and mainstream rock music from artists such as Coldplay, Oasis and REM.

Each station is also clearly defined in terms of the era of music it plays. Our monitoring found that 67.6% of music played on Essex FM was from 2000 to 2005. On Classic Gold Breeze, 60.9% of music played was from the 1960s and 1970s.

We therefore conclude that Diamond 105 FM will fill a gap in the market for rock music which does not currently exist. It will also play music from a variety of decades with no one era dominating the output, unlike the existing local commercial stations.

## PROVISION OF LOCAL MATERIAL AND THE PROPORTION OF LOCALLY MADE PROGRAMMING

All programming on Diamond 105 FM will be locally produced and presented from our studios in Southend.

There will be no networking of programming with other stations.

We anticipate voice tracking our overnight output from midnight to 0600 daily.

(iii) If appropriate, the applicant may also provide a typical programme-by-programme weekday schedule, to give a flavour for the direction of the station.

## DIAMOND 102FM WEEKDAY PROGRAMME SCHEDULE

### 6am - 10am ◆ THE NO WAFFLE BREAKFAST SHOW ◆

This is Diamond 105 FM's breakfast show - a lively get-up-and-go wake-up call featuring some of the world's most popular rock music.

The No Waffle Breakfast show will truly broaden the kind of radio available in the Southend area. The show does what it says - there will be no waffling! This music-intensive format will be a clear alternative to the Southend area's other "himbo bimbo" style shows. No juvenile 'pranks', no wind-up calls, no inane cliché presenters, no manic competition winners - just the music and information needed to start the day.

Presenter links will be limited to music and station identification, There will be traffic and travel news every 20 minutes until 9am. Weather forecasts will be heard at least three times an hour together with the hourly entertainment events listings from 6.50am.

There will be local, national and international news (3 minutes) and one minute headlines hourly. A 20-minute non-stop commercial-free music sweep starts straight after the top-of-the-hour news.

### 10am - 3pm ◆ ROCK AT WORK ◆

This is Diamond 105 FM's workplace listening show, with high music intensity of at least 12 songs an hour including our 20-minute non-stop commercial-free music sweep and speech kept to a minimum.

The show will also feature a "Guess The Year" music contest with prizes aimed at offices and factories such as Lunch On Us for ten work colleagues.

Three minute news bulletins of Southend and world news and sport hourly. Entertainment events listings will be featured hourly from 10.50am. Includes **Southend at One** at 1pm - a ten-minute extended news bulletin featuring an update of the day's main news stories in the Southend area as well as live interviews and features.

### 3pm - 7pm ◆ ROCKING HOME ◆

Diamond 105 FM's afternoon drive show. Again, our listener promise will be music and information. Starting at 4pm, Rocking Home will offer traffic and travel information every 20 minutes, three-minute news bulletins at the top of the hour and one-minute headlines on the half hour.

Includes **Southend at Six** at 6pm – a ten-minute roundup of what has been happening in the Southend area as well as a summary of national and international news.

### 7pm - Midnight ◆ SOUTHEND NEW ROCK ◆

This show will be a haven for fans of Alternative Rock music. All the music will be current or pre-release and feature some of the hottest tracks from the UK Alternative music scene and those tracks that have become modern-day classic from the USA.

Interactivity will be encouraged with listeners voicing their opinions on new releases. There will be regularly scheduled information about the lively Southend music scene with gig guides hourly. Throughout the show, we will maintain our listener promise of 20-minute commercial free music sweeps.

To encourage local talent, the show will also feature a daily opportunity to hear a demo track from a new local band in Southend in our Made In the Essex feature. We want to feature at least one new band a night. There will also be interviews with local bands and personalities from the local band scene.

### Midnight - 6am ◆ ROCK NIGHT ◆

Classic tracks through the night, many up-beat and up-temp, aimed specifically at night workers and insomniacs. Sky News Radio bulletins hourly.

## 5. PROPOSED FORMAT

### DIAMOND 105 FM – STATION FORMAT

#### Licence Outline

<b>Station Name</b>	<b>Diamond 105 FM</b>
<b>Licence Area</b>	<b>Southend (as defined in Ofcom's Measured Coverage Area map)</b>
<b>Frequency</b>	<b>105.1 MHz</b>
<b>Service Duration</b>	<b>24 hours a day. Minimum 18 hours 'live'</b>

#### Definitions

<b>Speech</b>	"Speech" excludes advertising, programme/promotional trails & sponsor credits, and may be calculated over any four hours
<b>Music Percentages</b>	Any music percentages are calculated as a percentage of the total tracks broadcast in the period specified
<b>Peaktime (s)</b>	"Peaktime(s)" refers to Weekday Breakfast and Afternoon Drivetime output and Weekend Late Breakfast
<b>Daytime</b>	"Daytime" refers to 0600 to 1900 weekdays and weekend output from 0800 to 1300
<b>Locally produced/presented</b>	Production and presentation from within the licence area. All requirements for locally produced/presented output must include peaktime

#### Character of Service

**A FULL SERVICE STATION FOR PEOPLE AGED 18 TO 54 IN THE SOUTHEND AREA FEATURING LOCAL NEWS AND INFORMATION MIXED WITH MAINSTREAM CLASSIC ROCK MUSIC DURING THE DAY AND ALTERNATIVE ROCK MUSIC DURING THE EVENINGS**

#### Detail

Diamond 105 FM will play rock music, defined as guitar music with a strong beat. During the daytime, it will feature mainstream Classic Rock music from the last five decades. No one era or decade will dominate the output. Current rock music will account for no more than 5% of the output. Album tracks that have not been hit singles will also be featured but will account for no more than 10% of the output.

During the evenings from 7pm to midnight, Diamond 105 FM will feature Alternative Rock music. All tracks will be current (not older than two years) and up to 25% will be pre-release. At least one song from a local unsigned band will be featured every evening.

Speech will account for a minimum of 10% and a maximum of 20% of the output. Bulletins of at least three minutes duration of news from the Southend area mixed with national and international news will be broadcast hourly from 0600 to 2200 daily. There will be two extended bulletins including Southend news of at least 10 minutes duration at 1300 and 1800 weekdays. News bulletins with local news will be broadcast from 0700 to 1300 at weekends and on public holidays. Southend area entertainment events listings will be broadcast hourly from 0600 to 2200 daily and there will be a daily listing of job vacancies. All programming will be locally produced and presented. Voice tracking will only take place between midnight and 0600 daily. Weekends and bank holidays may include specialist music or themed programming.

## SECTION 105(D): EVIDENCE OF LOCAL DEMAND OR SUPPORT

### 6. EVIDENCE OF DEMAND

Diamond 105 FM undertook a detailed six-stage research programme:-

1. Population analysis
2. RAJAR analysis
3. Monitoring of existing stations
4. Consumer research
5. Focus group research
6. Advertiser research

#### (i) Key objectives of the research

The key objectives of Diamond 105 FM's research programme were as follows:-

- To compare the population in Southend with the rest of the UK
- To establish the radio listening habits and tastes and interests of people aged 16 to 64 in the Southend area in order to determine whether an opportunity exists for a new local radio station
- To analyse the performance of existing radio stations in the market
- To assess any opportunities for broadening listening choice in the Southend area
- To establish whether there is a gap in the Southend radio market for a particular music format
- To gain an insight into the thoughts and opinions of those who listen to the existing local stations
- To explore whether radio listeners in the Southend area would be interested in listening to a new local radio service and to understand what they feel should be featured on the station
- To assess the levels of demand and support for a potential new radio station

#### (ii) The specific questions Diamond 105 FM sought to answer

The specific questions Diamond 105 FM's research sought to answer were as follows:-

- Which radio stations are respondents in the Southend area currently listening to?
- Which age groups are being served by existing radio stations?
- What are respondents' requirements for a new radio station in terms of music and speech?
- What are the perceived music/speech ratios of existing stations?
- What the music tastes of the respondents are in terms of radio listening?
- Are these music tastes currently being satisfied by existing radio choice?
- What are the speech/news interests of the respondents?
- What is the relevance of presenters to the establishment of a new radio service?
- What is propensity to listen to a new radio service?
- What effect this listening would have on the current listening levels of existing stations
- How much of a demand is there from potential advertisers

(iii) How the research was conducted

Diamond 105 FM commissioned Dipsticks Research Ltd to carry out three kinds of research in the Southend area:-

- ◆ Face-to-face street interviews in and around Southend
- ◆ Focus groups with a range of people aged 25 to 54 from Southend
- ◆ Telephone interviews with either existing or past radio advertisers in the area

Monitoring of existing commercial radio stations was undertaken by Intelligent Media Ltd

In addition, we did our own desk research into listening data using information from RAJAR and into population trends using information on the National Statistics website.

(iv) Size and composition of samples

- ◆ A total of 589 face-to-face interviews were carried out with adults aged from 16 to 64. Quotas were set to ensure an even split of males and females and a spread of age groups. These quotas were based on the population of the Southend area from the National Statistics website, Census 2001. No ethnic quotas were set due to the majority of the population being white and British
- ◆ Four focus groups were conducted using a total of 32 respondents from Southend and the surrounding area:-
  - ◆ Females, 25-40 years old (7 respondents)
  - ◆ Males, 25-40 years old (8 respondents)
  - ◆ Females, 35-54 years old (6 respondents)
  - ◆ Males, 35-54 years old (11 respondents)
- ◆ 18 Computer Assisted Telephone Interviews (CATI) were conducted with potential advertisers. Businesses were selected at random.

(v) When and where the research was conducted

- ◆ Face-to-face street interviews were conducted between Monday 7th November and Friday 2nd December in and around Southend.
- ◆ The focus groups were conducted at the Tower Hotel, Alexandra Road, Southend on 14th and 15th November 2005.
- ◆ The telephone interviews with potential advertisers were conducted between 7th and 30th November 2005.
- ◆ Monitoring of existing local commercial stations was carried on 14th December 2005.
- ◆ Desk research into population and RAJAR took place during November and December 2005.

(vi) Summary of main findings

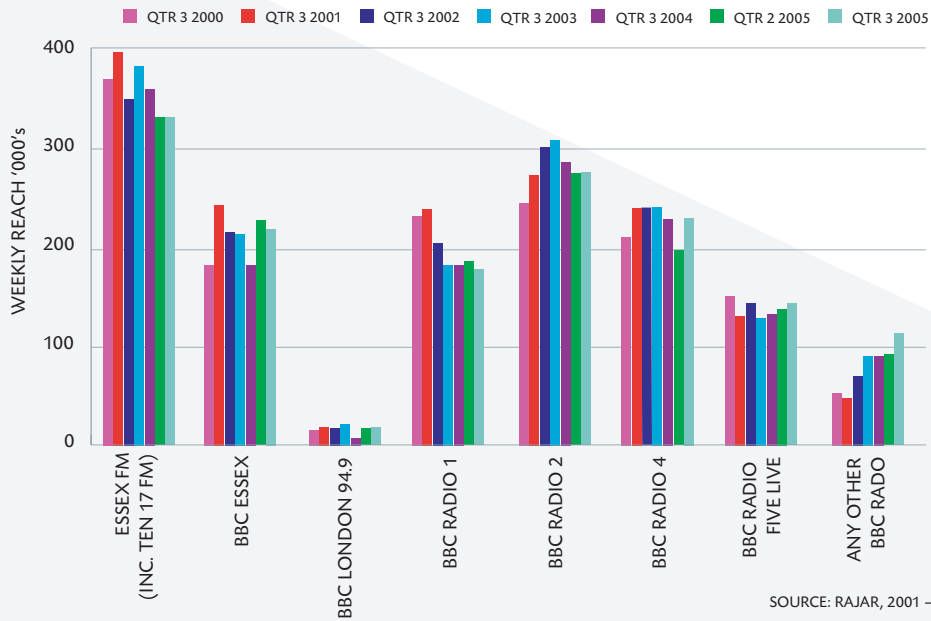
a) Population

- ◆ The population of Southend is 160,257, 48% males and 52% females.
- ◆ Under 14s make up 19% of the population, 15 to 24s make up 11%, 25 to 34s 14%, 35 to 44s 15%, 45 to 54s 13%, 55 to 64s 10% and those aged 65 and over make up 18% of the population.
- ◆ The population of Southend grew by 2.5% in the 20 years between 1983 to 2003 compared with an 11.5% rise in the East of England and a 6.5% rise in the England as a whole.
- ◆ According to the 2004 Index of Deprivation, Southend is relatively deprived. It ranks 114 out of 354 local authority areas in England and 8 out of 48 in the East of England where a rank of 1 is the most deprived.
- ◆ The level of educational achievements was similar to or slightly above the rate for the East of England.
- ◆ The standard of health in Southend, measured by life expectancy, standardised mortality ratios and mortality ratios for coronary heart disease and cancer is generally below that for the East of England.

b) RAJAR Analysis

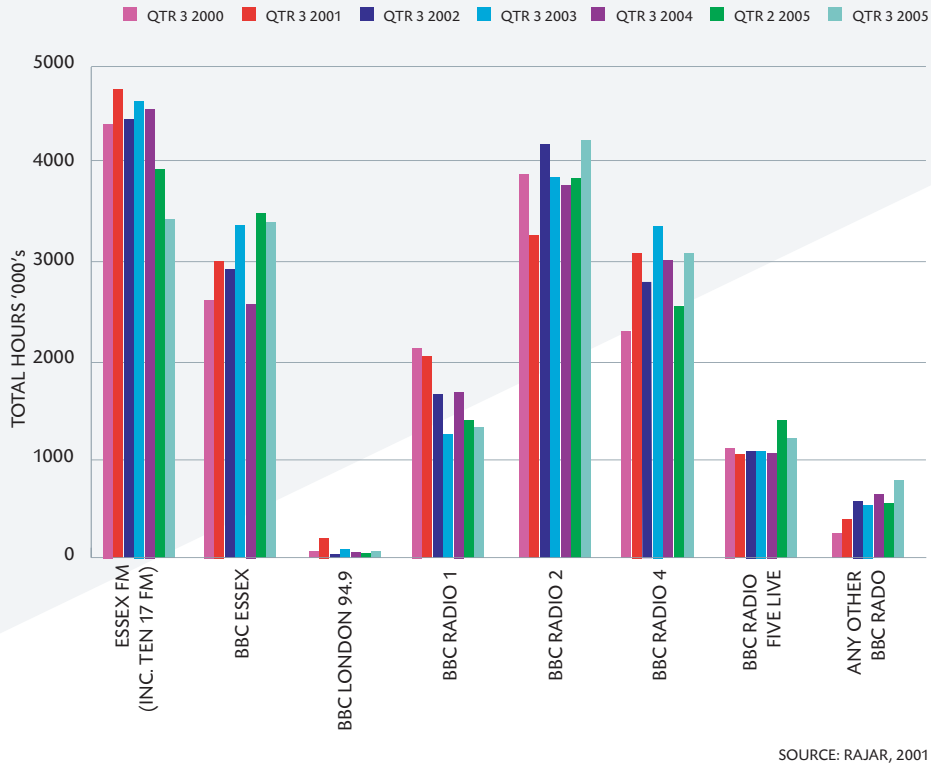
- ◆ We analysed the audience trends and profiles using the RAJAR data from Quarter 2 2005. Additionally we undertook a comprehensive study of audience reach, hours and share dating back to Quarter 2 2000.
- ◆ We analysed the RAJAR data and concluded that our study should focus on the Essex FM TSA. This market size of 1.154 million was the most accurate benchmark to study the performance of both BBC and commercial radio to analyse trends.
- ◆ Analysis of the Essex FM TSA (including Ten17 FM) provided robust RAJAR data to give a clear understanding of both market trends and the most likely development of new licenced stations in this area.
- ◆ Our study shows that commercial radio has fared relatively well in this area, the BBC being less dominant than in other similar sized UK markets. The commercial radio market leader is Essex FM. The BBC market leader is Radio 2.
- ◆ Essex FM has seen a steady increase in reach to its current level of 326,000. However, the station has a market leading reach, beyond that of Radio 2 at 270,000.

CURRENT WEEKLY REACH OF MAIN SEVEN MUSIC AND LOCAL STATIONS

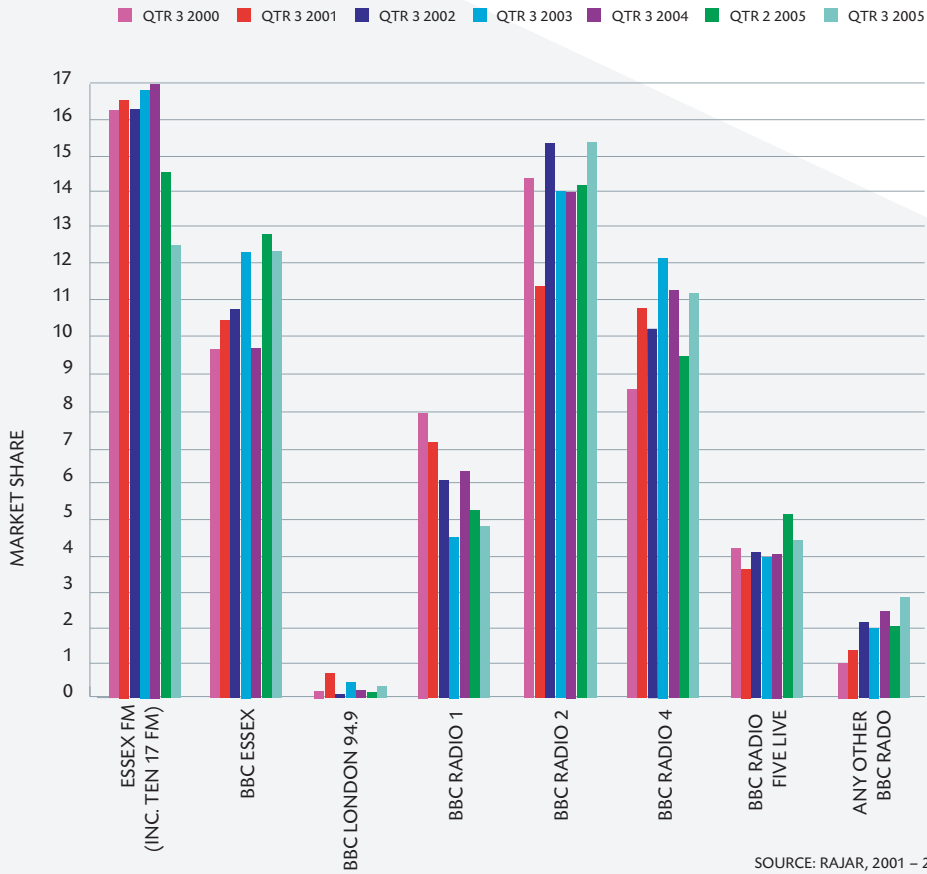


- Commercial Radio listeners are not consuming enough radio to justify market leading positions in hours and market share. BBC Radio 2 delivers more hours at 4,208 than Essex FM at 3,424. BBC Essex manages to deliver similar hours to that of Essex FM, and the BBC have been increasing hours over the five year term.

CURRENT TOTAL HOURS OF MAIN SEVEN MUSIC AND LOCAL STATIONS



- Commercial radio stations have seen market share levels decline, but particularly so in recent times and since late 2004. Essex FM delivers a 12.6% market share, with BBC Essex at 12.4%. BBC Radio 2 is the market leader with 15.4%. Only BBC Radio 1 has seen market share erosion down to 4.8% from 7.9%. All other BBC stations have increased market share.



SOURCE: RAJAR, 2001 – 2005

- Commercial radio performs well in terms of reach, but this appears to be changing. Generally, BBC radio is increasing market share. We believe that this suggests local station with a clear music position and well delivered news and information will grow audience. This market must also compete with several London stations that can be heard in the TSA, highlighted below.



- ◆ No particular station performs badly in this market (excluding Classic Gold Breeze), although Radio 1 and Essex are now seeing signs of erosion. This possibly suggests an emphasis on youth audiences (under 35).
- ◆ Classic Gold Breeze has seen its reach, hours and market share decline over time. From a high of 872,000 reach, the station now has only 139,000 listeners. This is the worst performing station in the market and suggests that audiences aged 35+ are not being catered for effectively by commercial radio.

#### MARKET SHARE OF ALL BBC VERSUS ALL COMMERCIAL STATIONS, ESSEX FM TSA

	Q3 01	Q3 02	Q3 03	Q3 04	Q3 05
All BBC radio	45.4%	48.6%	49.6%	47.9%	51.5%
All commercial	53.6%	50.4%	49.8%	50.8%	47.0%

SOURCE: RAJAR, 2001 – 2005

- ◆ The weekly reach and total hours of BBC services, both locally and nationally, has remained relatively stable. Local BBC radio has increased market share from 10.4% to 13.8%, with all other BBC radio services moving share from 36.3% to 37.7%.
- ◆ Commercial radio, whilst marginally increasing reach, lost both listening hours and market share; Essex FM down from 16.3% to 12.6% and other commercial services down from 36.7% to 34.4%
- ◆ In summary, we found that
  - ◆ Commercial radio was in good health compared to other markets, but not providing for audiences aged 35+
  - ◆ BBC radio continues to grow, and has so for the past 5 years.
  - ◆ Only Radio 1 has seen audience erosion, substantiating the argument that commercial radio has focussed too heavily on the under 35s
  - ◆ Commercial radio listening hours have dramatically declined suggesting a gap in the market
  - ◆ All BBC services, outside of Radio 1 have increased hours spent listening and market share
  - ◆ We also studied the following demographics within the Essex FM TSA
    - ◆ Adults 15-24
    - ◆ Adults 25-34
    - ◆ Adults 35-44
    - ◆ Adults 45-54
    - ◆ Adults 55+
- ◆ We concluded that the younger demographics are the primary focus of commercial radio. Older audiences are served well by BBC radio, both locally and nationally
- ◆ The BBC predominates amongst 35+ demographics
- ◆ Stations providing a product that is differentiated have grown reach, hours and share
- ◆ Listeners value local news and information. Stations providing a quality service have grown audience
- ◆ Commercial radio stations have performed poorly in the 35+ demographic
- ◆ An opportunity exists for a station serving a 35+ audience specialising in local news and information and providing music not catered for by other stations.

#### c) Monitoring

- ◆ For details of the results of monitoring existing local stations, please see the Programming section.

## d) Consumer Research Summary

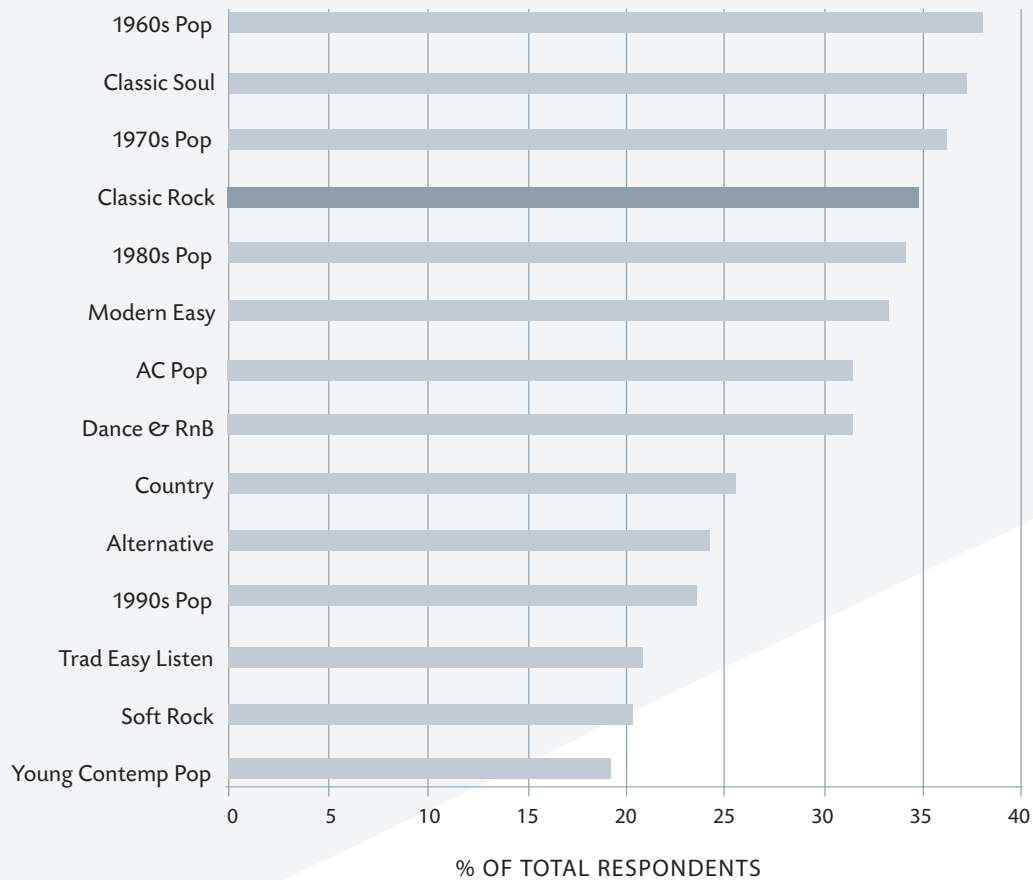
### CURRENT LISTENING HABITS

- ◆ The most well known and successful local commercial radio station within the Southend area amongst the 16 to 64 age group is Essex FM. This radio station also covers the Chelmsford area where it is also based.
- ◆ Kiss 100, Heart 106.2, Magic 105.4 and Capital FM are the other players in the local commercial radio marketplace, although these are all London based radio stations.
- ◆ The dominant BBC stations in the Southend area are Radios 1 and 2. Radio 1 is largely serving the 16 to 34 age group and Radio 2 the 45 to 64 age group.
- ◆ Essex FM is very successful but with a much broader appeal. Nearly two thirds of the 16 to 64 sample say they have listened in the last 7 days, with a fairly high reach across all age groups.
- ◆ The broad appeal of the station is reinforced with 44.2% of respondents saying that the radio station is for "All age groups", and with just a third, 30.1% of respondents, saying that the station is for "People like me".
- ◆ Whilst London based Kiss 100 is the next most popular ILR station in the Southend area reaching 15.2% of the sample in the last seven days, this station is mainly serving the 16 to 24 audience with a dance format. This illustrates that a station with a specific music format targeting a specific age group can be successful in this area.
- ◆ Radio 1 and Radio 2 are the two most listened to radio stations after Essex FM. Both seem to have an affinity with their audience in this area; 50.9% of Radio 1 listeners and 70.2% of Radio 2 listeners say their respective station is for "People like me". These stations are serving specific target audiences and consequently listeners are more inclined to feel those radio stations are for them. Radio 2 is particularly successful at converting weekly listeners to core, loyal listeners.
- ◆ While the different age groups are being served by different radio stations, these are mainly radio stations broadcasting from well outside the Southend area; Kiss 100, Heart 106.2 and to a lesser extent Magic 105.4 and Capital FM.
- ◆ Also BBC Radios 1 and 2 are serving an audience outside what one would expect to be their normal remit and Essex FM has a broad appeal and may be successful for its localness rather than serving a specific musical niche. Therefore a radio station with a specific music focus and serving purely the Southend area to target a 25 to 54 age group could have considerable appeal.
- ◆ All three ILR radio stations analysed have a female bias in terms of audience profile, while Radio 1 is fairly balanced and Radio 2 has a slight male bias. Therefore there could be an opportunity for a radio station with a more male bias, while retaining female appeal, to extend radio choice in the area.
- ◆ There are many similarities across the 25 to 54 age group in terms of music preferences and tastes, and requirements for elements of speech, which could be served by a new Classic Rock radio station for the Southend area.

## TASTES AND INTERESTS – MUSIC

- When asked spontaneously to give any first requirement for a new radio station, the most common answer given was for “more music” (13.5% of all respondents) then “variety of music” (9.3%). The next two most common “music” responses were for “modern music” (5%) then “rock music” (4.4%) indicating that rock music is reasonably “top of mind” and a key requirement for some respondents.
- When respondents were offered a choice of music formats to state which they would like to hear more of on the radio, one of the highest scoring formats was Classic Rock with nearly 30% of all respondents saying they would like to hear more of this type of music. It is males who are most likely to want to hear more of this type of music (34.5%) although females are also quite interested in hearing more also (25.2%)

### MUSIC PEOPLE WOULD LIKE TO HEAR MORE OF

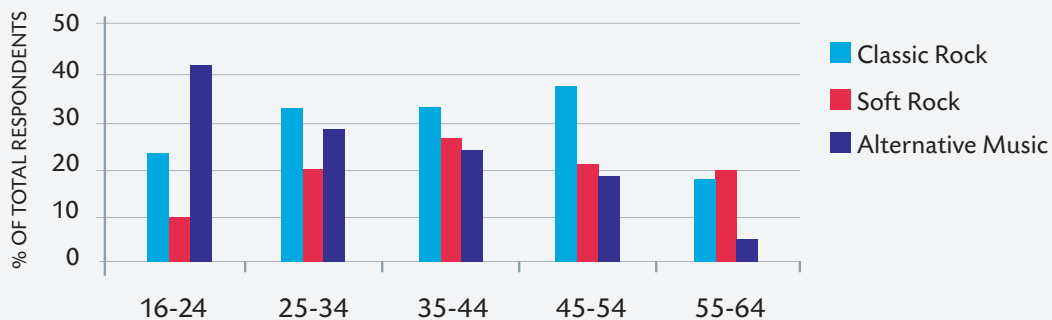


Source – Dipsticks Consumer Research, November 2005

- In terms of age it is the 25 to 54 year olds who are most likely to want to hear more Classic Rock. These age groups have been identified as those not currently being best served by existing radio stations in the Southend area on FM radio.
- Although all radio listening groups seem interested in this format, the groups most likely to be interested in hearing more Classic Rock are Essex FM (30.5%) and Radio 1 (32.7%) listeners. Essex FM has already been identified as a station with broad appeal and Radio 1 as a station serving particularly the 25 to 34 age group.

- ◆ Although the 60s and 70s pop and Classic Soul formats scored more highly in terms of “music people would like to hear more of”, these types of music are available on stations such as Heart, Radio 2, Magic 105.4 and Classic Gold Breeze. These formats also tend to appeal to an older audience.
- ◆ By providing Classic Rock during the main daytime output and a selection of Alternative and /or Soft Rock in the evening, the proposed new station could provide a real musical choice for radio listeners in the Southend area, serving those who are possibly least well served by music radio at the moment – the 25 to 54 age group with a male bias – and also some younger listeners who would find the Alternative format particularly appealing.

PREFERENCE FOR THREE COMPLEMENTARY FORMATS BY AGE, BY THOSE WHO “LIKE AND WOULD LIKE TO HEAR MORE OF”



Source – Dipsticks Consumer Research, November 2005

#### TASTES AND INTERESTS – SPEECH

- ◆ Local news (7.5%), news (6.2%), and “less adverts” (6.0%) are given spontaneously as the main “speech” requirements for a new radio station.
- ◆ Also spontaneously mentioned are “less talk”, “local information” and “traffic reports”. While local news and information is important, unnecessary talk is definitely not required. The proposed 20 minutes of commercial free non-stop music every hour on the proposed Classic Rock format should provide a real positive to a new station for Southend.
- ◆ When prompted with a number of speech items, an overwhelming demand for Southend area news amongst respondents becomes evident, with 81.8% of respondents saying they would like to hear this type of news on a new radio station.
- ◆ Southend news is also seen as the most essential speech element for a radio station by 62.9% of the sample. Generally respondents of all ages are keen to hear this type of news but it is most important to those aged 55 to 64 and interestingly Radio 2 listeners.
- ◆ A radio station providing a Classic Rock format, with a Southend area focus for local news and local information, could gain some audience from amongst existing Radio 1 and Radio 2 listeners, as both groups are more likely than the overall sample to try the station and Radio 2 listeners in particular, see local news as essential.
- ◆ National news (40.9%), Weather forecasts (37%), Traffic and Travel reports (37%), International news (24.4%), plus Dedications (11.3%) are the remaining “Top 6” essential speech requirements that respondents would like to hear on a new radio station.

- ◆ There is a real demand for local news in the Southend area, but in line with the need for more music than speech, nearly half the respondents (43.3%) are keen to have concise, short news bulletins of 2-3 minutes through out the day.
- ◆ The main element that respondents do not want to hear on a new radio station is adverts, cited by 11.3% of respondents. This result was fairly common across the different age groups, but highest amongst the 35 to 44 age group and Radio 1 listeners. As mentioned above the proposed 20 minutes of commercial free non-stop music every hour on the proposed Classic Rock format could help reduce the impact of this perceived negative.

#### DEMAND

- ◆ A station format was read to respondents (see Proposed New Station Description below), describing a potential new radio station for the Southend area, offering Classic Rock from the past 5 decades with 20 minutes of commercial free non-stop music every hour.
- ◆ 65.5% of all respondents said they would be likely (extremely, very or quite) to listen to the proposed new Classic Rock station, with a similar result across all age groups, especially the 16 to 54s.
- ◆ 23.5% of respondents who said “they would be likely to listen to the new station”, (base 386) said they would listen to it as a “first choice” station. These were slightly more likely to be Radio 1 listeners.
- ◆ However, respondents appear more likely to use this as a second choice station (37.2%), in particular the 25 to 34 age group (44.2%).
- ◆ Also 43.8% of listeners “likely to listen to a new radio station” (base 386), state that they would, “listen to the radio for longer, in order to listen to the new station as well as my current stations”. This figure is similar across many demographic and station groups, but highest amongst Radio 2 listeners at 61.9%.
- ◆ 33.6% of the same respondents said they would listen to a current station less to make time for a new station. This was slightly higher amongst Radio 1 listeners at 36.8%.
- ◆ 72.7% of all respondents felt that a Classic Rock radio station for the Southend area would offer something different to what is already available in terms of commercial radio.
- ◆ 87.9% of all respondents felt that this new station should be given a licence to broadcast to the Southend area. This figure rose to 94.2% amongst those who said they were likely to listen to the proposed format. In fact most demographic and radio listening groups appear totally supportive of the idea of a Classic Rock radio station for the area.

#### e) Focus Group Research Summary

##### GENERAL RADIO LISTENING

- ◆ The main local commercial station that the respondents listened to was Essex FM. A range of other independent stations was also discussed, including Classic Gold Breeze, Capital, Virgin, Invicta, Heart, Magic, Kerrang, Jazz FM, Classic FM, XFM, along with the national radio stations, such as Radio 1, Radio 2 and Radio 5 Live.

- ◆ Most people had a small repertoire of stations that they listened to, with all readily able to identify the stations they tended to listen to more often. Choice could be governed by a number of factors, such as the type of music played, the presenters, mood, and time of day, when people might be in search of something in particular e.g. local traffic news, local sports news.
- ◆ Switching to another station was influenced by a number of factors, including the desire to hear different music, perhaps as a move away from a repetitive play list, an attempt to avoid hearing adverts or wanting to tune in to (or away from) a particular presenter.
- ◆ Essex FM was mainly appreciated for its varied music, coupled with its local coverage. Some of the presenters were very well liked, and overall the station was enjoyed by many of the listeners.
- ◆ However, several of the respondents felt that its remit was too broad in terms of local coverage and that there was an opportunity for a local station focusing more closely on Southend. A minority were also more critical of the presenters, appearing to find them too loud and brash. A small minority were also more critical of the playlist, which they seemed to find too narrowly focused on more recent music.

#### PROPOSED NEW STATION

- ◆ We outlined the following proposed station:-

The station will play different music to Essex FM. It will focus on rock music. The station will play 20 minutes of commercial free non-stop music every hour. During the daytime, the station will play classic rock music from the past five decades. During the evenings, it will play more modern, alternative rock music. There will be no pop, dance or easy listening music. The music will be mixed with local news and information for Southend and Essex as well as short speech items relevant to the life and lifestyle of the area, including traffic and travel reports on local roads.

- ◆ The station stimulated quite a lot of discussion across the sample and, overall, the proposal was welcomed. This emphasis on rock music clearly created a strong and differentiating identity for the station, and successfully distinguished it from Essex FM.
- ◆ Certainly, the proposed focus on rock music appealed to rock music fans, many of whom greeted the proposed station with a great deal of enthusiasm.
- ◆ More generally, it was also welcomed as an alternative to the somewhat ubiquitous chart and pop offering of other independent local radio stations.
- ◆ However, the decision to focus on rock music also provoked a lot of comment and some questions. Hard core fans were keen for it not to be diluted, and were interested in the station playing 'true' rock music. However, these people were in the minority, and would probably be more accepting of the station covering the spectrum from 'soft to heavy', providing that it did not overly focus on more commercial rock.
- ◆ In line with this, the intention to segment the programming into classic rock during the day, and more modern alternative rock in the evenings was generally appreciated, for two reasons: firstly, it signalled a station committed to rock music in its entirety, demonstrating a desire to appeal to a wide audience, and to cater for some perhaps more niche interests in the process; secondly, clearly outlining the structure of the programming allows listeners to actively tune in to what they wish to listen to, and know that they will get what they want.

- ◆ Other elements which appealed included:
  - ◆ the fact that 'the station will play 20 minutes of commercial free non-stop music every hour'
  - ◆ the reference to playing classic rock from the past five decades; the mix of music
  - ◆ the music being mixed with local news and information for Southend
- ◆ That said, a number of respondents were less sure about the concept of a station founded on playing rock music, either because it was simply not their kind of music, or because they had concerns about it being too narrow in focus, not offering enough variety.
- ◆ However, these and other more general listeners could be attracted to the station if a broad interpretation of classic rock, to include rock and roll, perhaps, and also more mainstream rock music, was conveyed.
- ◆ With this in mind, it was felt that station has the potential to appeal to a wide ranging audience. Certainly, the shift away from pop/chart music was welcomed and could prompt some respondents to suggest the inclusion of other genres, such as 'heavy metal', 'punk'. Whilst this may be beyond the remit of the proposed new station, it does demonstrate the interest in hearing more wide ranging and less mainstream music on local radio stations.
- ◆ Thus, overall the proposed new station for the Southend area was welcomed.

#### IDEAL RADIO STATION

- ◆ Across the sample, the respondents reported that their ideal station would not just play pop music, and that it would offer true variety, and employ knowledgeable, personable presenters, with warmth, empathy and a good sense of humour.
- ◆ Interestingly, rock music was often welcomed as an alternative to pop music.
- ◆ Local news, weather and traffic/travel information was also anticipated. Wide ranging information on local events also appealed.
- ◆ Very encouragingly, a number of the respondents felt that the proposed station was close to their 'ideal' station, if it actually delivered on its promise, and that Southend would welcome having its local station which focused on playing rock music.

#### FOCUS GROUP CONCLUSIONS

- ◆ Essex FM was appreciated for its mix of music and locally orientated information but there was recognition that its county wide remit might render it more 'regional' than 'local'.
- ◆ All of the respondents had a small repertoire of stations which they listened to regularly. The main reasons cited for switching over to another station were: to hear some different music; to hear a particular presenter; to 'escape' adverts.
- ◆ The concept engendered most interest because of its emphasis on rock music, which was welcomed as a real alternative to the 'pop' and 'chart' orientated music of most local radio stations.
- ◆ This research also revealed some genuine interest in having a station local to the Southend area, which can provide coverage of and information on a wide range of activities, events and issues relevant to the local people.

#### f) Potential Advertiser research summary

- ◆ For details of the potential advertiser research, please see the Evidence of Support section.

## 7. EVIDENCE OF SUPPORT

This section should provide evidence of support, where appropriate, from the applicant's potential audience or from prospective local advertisers.

Diamond 105 FM has fully focused on gathering formal research to support its programming and business plans. We have spent no time procuring letters of support from business, civic and community leaders and therefore none are included in this application. However we offer evidence of support for our plans from both potential listeners and advertisers.

### EVIDENCE OF SUPPORT FROM POTENTIAL LISTENERS

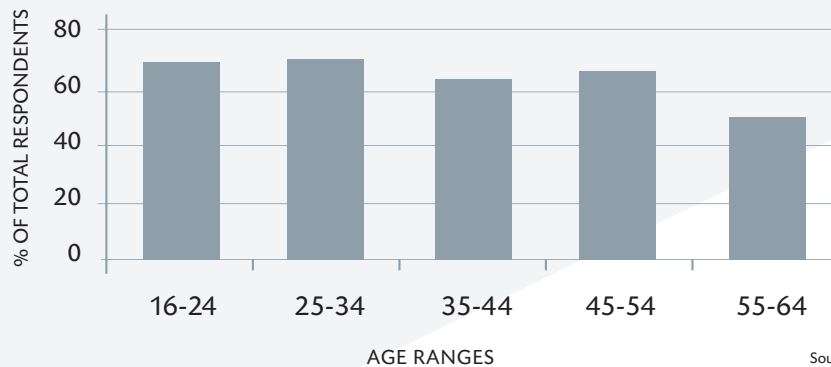
Respondents were given this broad description of a new radio station for the Southend area proposing a Classic Rock format and were asked how likely they would be to listen to that radio station.

Now I would like you to think about a potential new radio station for the Southend area. The station will play different music to Essex FM. It will focus on rock music. The station will play 20 minutes of commercial free non-stop music every hour. During the daytime, the station will play classic rock music from the past five decades. During the evenings, it will play more modern, alternative rock music. There will be no pop, dance or easy listening music.

The music will be mixed with local news and information for Southend and Essex as well as short speech items relevant to the life and lifestyle of the area, including traffic and travel reports on local roads.

65.5% of respondents said they would be likely (extremely, very or quite) to listen to the new station.

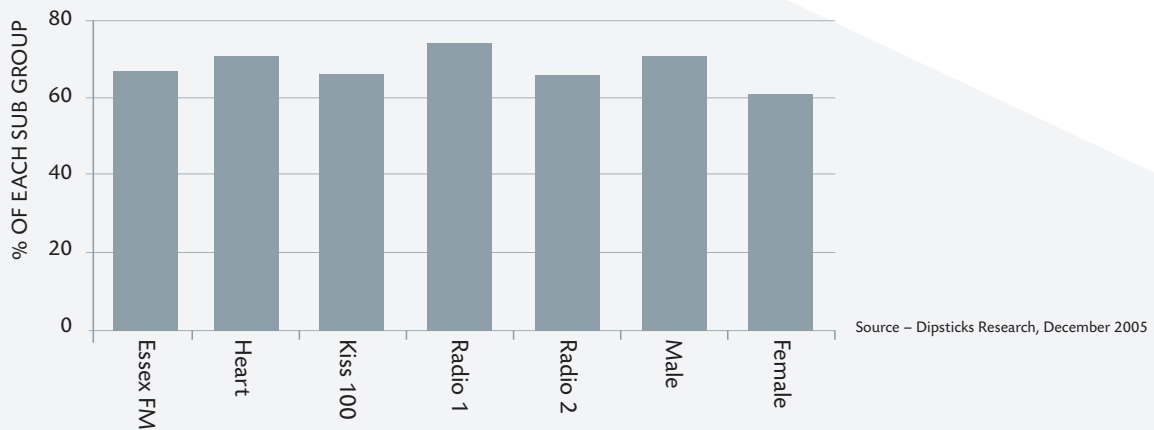
The following charts illustrate how each age group would be likely (extremely, very or quite) to listen to the new station.



Source – Dipsticks Research, December 2005

The description given clearly has appeal to all age groups within the Southend area, but particularly the 16 to 54 age groups.

The chart below would seem to illustrate that there is potential for a new station to broaden listening choice, as a large proportion of listeners to existing stations are prepared to try a Classic Rock station for the Southend area. Radio 1 listeners seem slightly more likely to listen to the proposed radio station which is understandable as they have quite a broad audience profile across the 16 to 44 age groups and their listeners have less affinity and loyalty to their chosen station.



23.5% of respondents who said “they would be likely to listen to the new station”, said they would listen to it as a “first choice” station. Again these were slightly more likely to be Radio 1 listeners.

Respondents appear more likely to use this as a second choice station (37.2%), in particular the 25 to 34 age group (44.2%).

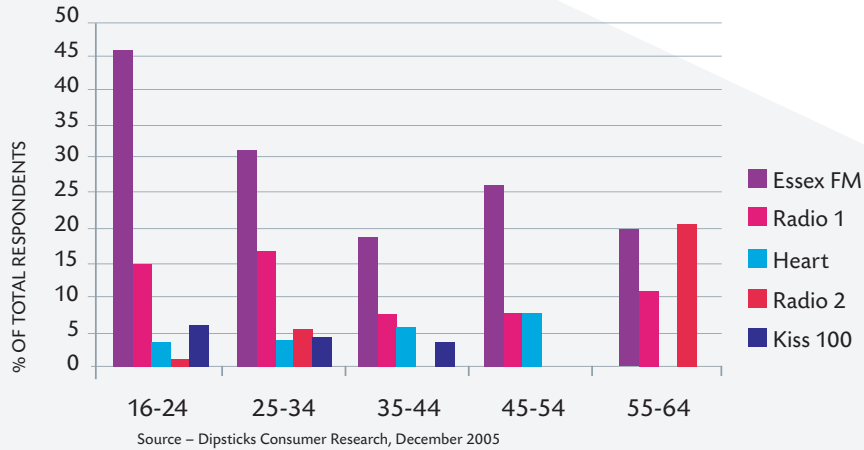
Approaching half (43.8%) of listeners “likely to listen to a new radio station”, (base 386), state that they would, “listen to the radio for longer, in order to listen to the new station as well as my current stations”. This figure is similar across many demographic and station groups but highest amongst Radio 2 listeners at 61.9%.

A further 33.6% of respondents said they would listen less to a current station in order to listen to the new radio station. This figure is slightly higher amongst Radio 1 listeners (36.8%).

Of those who said they would listen less to, or STOP listening to a station (Base 161 respondents – 27.3% of total sample), the radio stations that they “would listen less to” are as follows: -

Radio Station	% of total sample who “would listen less/stop listening to, a radio station/s”
Essex FM	29.0%
BBC Radio 1	11.7%
Heart 106.2	4.7%
BBC Radio 4	4.4%
BBC Radio 2	3.7%
Kiss 100	3.3%
Classic Gold Breeze	3.2%
Capital FM	3.0%
Don't know	32.4%

Loss of listening to stations largely reflects the proportions of current listening to existing stations. In terms of age this is represented in the following chart, showing that a broad range of listeners would listen less to Essex FM as opposed to slightly older listeners from Radio 2 and younger listeners from Radio 1 i.e. reflecting the listening profile of the radio stations.



Nearly three quarters (72.7%) of respondents felt that a Classic Rock radio station for the Southend area would offer something different to what is already available in terms of commercial radio. This result was similar across the various demographic and radio listening groups analysed.

87.9% of respondents felt that this new station should be given a licence to broadcast to the Southend area. This figure rose to 94.2% amongst those who said they were likely to listen to the proposed format. In fact all demographic and radio listening groups analysed appear totally supportive of the idea of a Classic Rock radio station for the area.

#### EVIDENCE OF SUPPORT FROM POTENTIAL ADVERTISERS

- ◆ There was a broad mix of stations being chosen as the “station listened to most” by respondents. Essex FM (covering Southend and Chelmsford) is the most listened to station, followed by Radio 1, then Capital FM and Virgin Radio.
- ◆ Essex FM is clearly seen as the main provider of local news and information for the Southend area, even though the station also covers the Chelmsford area where its studios and offices are now based after spending many years in Southend
- ◆ The main radio station used for advertising in the Southend area is Essex FM (13 respondents) followed by Classic Gold Breeze (6 respondents). London stations Kiss 100, Capital, Heart and Magic 105.4 are also important in the marketplace, but with less significance than the key station Essex FM.
- ◆ Half the sample is made up of large scale organisations employing more than 50 employees, with advertising budgets for organisations being anything up to £1 million. (7 respondents said “Refused/Don’t Know”).
- ◆ In terms of budget dedicated to radio however, half the budgets were less than £24k with only 3 respondents saying they spent more than £25k on radio. This would indicate that although budgets are available in the Southend area there is reluctance to spend on radio due to the limited options available for the Southend area and the cost of advertising on the larger London stations where there is wastage.

- ◆ The competition for advertising on radio appears to be largely from the local papers (paid for). However advertisers are also including TV, National press, plus outdoor advertising in their media mix. Some advertisers are also supplementing with a variety of other specific options – Yellow Pages, websites, flyers and leaflets.
- ◆ In this marketplace respondents are aware that different stations are covering different market places geographically and also serving different target audiences. Kiss 100 is for the younger market, Magic 105.4 the more middle of the road/family market, Heart a more female biased audience and then Essex FM being more generic but serving a more local geographic area in comparison to Capital and the other “London” stations.
- ◆ Southend businesses appear well aware of the merits of radio advertising and generally seem to be happy with the results achieved by the radio stations they are using.
- ◆ They do not seem to associate many negatives to radio advertising - mainly cost. Another criticism is that there is “wastage” – using a radio station which covers a broader geographic area than is required.
- ◆ Essex FM is the main option for radio advertising for businesses within the Southend area. Respondents generally seem to choose the station because of its “localness” and the size of audience. The main complaint was in relation to cost and one respondent complained of poor after sales service.
- ◆ Classic Gold Breeze is used by 6 respondents in spite of a very low reach and share according to Rajar Quarter 3 2005 – 2% weekly reach and 6.8 average hours. This station is probably bought in conjunction with Essex FM.
- ◆ Seven respondents were advertising with Kiss 100, the majority of which were also advertising with other radio stations. Respondents seem to be using the station largely to successfully target a younger audience and generally they appeared to be satisfied with the results from the radio station. The negative of this station is the cost.
- ◆ Heart, Capital and Magic 105.4 are used by Southend advertisers looking for London based advertising and for reaching a specific target audience. While respondents seem to get results from advertising on these stations the downside is cost and an element of wastage due to the large area covered.
- ◆ Respondents seem keen to find the most appropriate station to reach their target audience matched with the right coverage geographically. They are also open to trying new and varied media for their advertising solutions. This could indicate an opportunity for a new station to enter the market which can provide a cost effective opportunity to reach a new radio audience and broaden the advertising options for businesses in the Southend area.
- ◆ 6 of the 18 respondents seemed to feel that they would be “Likely” to advertise on a new station for the Southend area playing mainly Classic Rock, with 20 minutes of commercial free non-stop music every hour. These advertisers seem to imply that the target audience of the station would be of interest them and would provide a new advertising opportunity for the Southend area.
- ◆ 12 respondents said they would be “unlikely” to advertise or “don't know”, some of which have reservations about the music format and if it will suit their target market. Some respondents indicated that they could be interested in a Classic Rock station if they had more information.
- ◆ Overall the concept of the Classic Rock station is fairly well received by respondents in the Southend area. 50% (9) of all respondents said they would be likely to listen to this type of station; 15 (83%) respondents said the station would bring something new to the area, and 15 said the station should be given a licence to broadcast to the Southend area.

## DECLARATION

Applicants are required to conclude their submission by responding to the following question:

Do you confirm that, to the best of your knowledge and belief:

(i) the applicant is not a disqualified person in relation to the licence by virtue of the provisions of section 143(5) of the Broadcasting Act 1996 (relating to political objects);

I can confirm that the applicant is not a disqualified person

(ii) no director or person concerned directly or indirectly in the management of the company or the applicant group is the subject of a disqualification order as defined by section 145(1) of the Broadcasting Act 1996;

I can confirm that no director or person is the subject of a disqualification order.

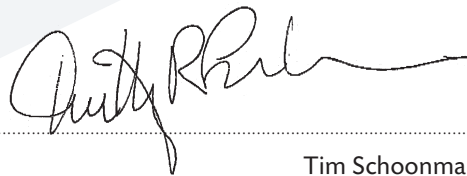
(iii) no person involved in the application has been convicted within the past five years of an unlicensed broadcasting offence and that the applicant will do all it can to ensure that no person so convicted will be concerned in the provision of the service, the making of programmes included in it, or the operation of a radio station if the applicant is granted a licence; and

I can confirm that no person involved in this application has been convicted of an unlicensed broadcasting offence

(iv) any matters which might influence Ofcom's judgement as to whether the directors and substantial shareholders involved in the application are fit and proper persons to participate in a radio licence have been made known to Ofcom

I can certify that, to the best of my knowledge, the directors and shareholders are fit and proper persons to participate in a radio licence.

Signed .....



Tim Schoonmaker  
CHAIRMAN

Diamond 105 FM  
January 2006