



**An Application for the FM Independent Local Radio Licence for
South Wales**

Variety FM (GMG Radio)

Submitted to Ofcom – 12 December 2006

CONTENTS

INTRODUCTION AND OVERALL LICENCE PLAN

EXECUTIVE SUMMARY

GENERAL INFORMATION

Section 105(A):

ABILITY TO MAINTAIN PROPOSED SERVICE

1. Ownership and Control of Company which will Operate the Licence
2. Financial and Business Plan
3. Transmission Proposals

Section 105(B) and (C):

CATERING FOR TASTES AND INTERESTS/BROADENING CHOICE

4. Proposed Format
5. Programming Philosophy

Section 105(D):

EVIDENCE OF LOCAL DEMAND OR SUPPORT

6. Evidence of Demand
7. Evidence of Support

DECLARATION

CERTIFICATE OF INCORPORATION

APPENDICES I and II

TECHNICAL APPENDIX

INTRODUCTION

GMG Radio was awarded its first ever FM licence to broadcast in the UK via the application process back in 1999 and subsequently launched the first and only regional service for south Wales in October 2000 from Cardiff. To the launch team and executives of GMG, south Wales will always hold a special place in our hearts - it is here that the radio division was born and nurtured.

Over the last seven years the company has grown and prospered, as have our relationships with audiences, the communities and advertisers in south Wales and around the United Kingdom. GMG specialises in regional radio which we believe helps to promote passion, belief, harmony and positivity amongst people in the wider developing regions and nations around the UK.

The skill of unifying towns and cities within these larger areas is not easily mastered.

However, because in the main we work and broadcast only within regional radio, we are convinced that we are able to achieve this objective successfully thanks to the ongoing commitments of the Guardian Media Group main board, the Scott Trust and importantly through the exceptional talents of our people, which has brought impressive results, coupled with outstanding audience and revenue growth since Real Radio Wales was initially created on the eve of the millennium.

Having already achieved the unique distinction of launching from scratch in south Wales a station which attained the highest ever initial reach and average hours of any previous regional UK service and then successfully continuing the momentum to become south Wales' most listened to commercial radio station, we feel extremely justified in believing that a new service targeting an underserved but receptive audience, being programmed and managed by the most successful commercial radio operator already in south Wales, can only be good for the region.

It is with this in mind, together with genuine affinity for the audiences and unrivalled experience of regional commercial radio in south Wales, that we submit this application for the new analogue licence

OVERALL LICENCE PLAN

The Audience

Variety FM will be a new radio station designed with care for a very special audience - they are the golden generation – the baby boomers who grew up to have it all. They were the first 'teenagers' who discovered rock 'n' roll, transformed the fashion industry, broke most of the taboos of post war years and have gone through life breaking all the rules. In the seventies they listened to Radio Luxembourg and Swansea Sound, one of the first-ever ILR stations in the UK.

Today, as a new model of retirement approaches and with an ongoing active and vibrant attitude to continuous social involvement, these baby-boomers are still the golden generation. They are fitter and wealthier than other sections of society. They have no intention of slowing down or changing their ways, indeed baby boomers prefer not just to populate existing life stages or consumer trends, they seek to transform and mould them. Because of this golden generation's increasing numbers, economic power and anti authoritarian style, they will continue to revolutionise societies, products, markets and even expectations for how life should be organised, structured and lived.

There are 19.8MILLION Britons over the age of 50, a rise of 24% in four decades. That is likely to rise by another 41% to 28MILLION by 2031: Office of National Statistics – **Focus on Older People**

The south Wales region today houses more than half a million people over the age of 45 and many want to listen to the music of their life and to hear about issues that affect their vibrant lifestyle, social involvement and continued productivity. However our research indicates they can no longer

find a local commercial radio station in their region that appeals purely to them and that the ground breaking independent stations they loved to listen to have changed beyond all recognition. We believe this audience is more than ready for, and will actively support, a new kind of radio station designed specifically for them.

The Station Sound

Variety FM will be a south Wales focussed easy listening, melodic-music led service aimed at the audience previously described. We will play music tracks from the forties/fifties and sixties to the present day with around 70% of music output from the pre-eighties. This audience has a wide musical taste from Tom Jones to Rod Stewart, The Beatles to Boyzone, Dusty Springfield to Nelly Furtado, Pink Floyd to Abba and Elvis to Michael Buble.

Our presenters will live in and know the area. The programming philosophy will be to satisfy the musical curiosity of south Wales' significant over-50s audience as well as evoking nostalgia. The needs of this large consumer group are not currently met by analogue commercial radio in the region.

Nostalgia for the music of their youth is important to the over 50's. Attending concerts featuring favourite bands and performers from their early years comes high on the over 50's wish list, according to a recent **YouGov poll**

Variety FM will also broadcast south Wales news 24 hours a day and campaign on behalf of its listeners. News on Variety FM will total almost two hours a day to help satisfy this audience's demand for regional news together with the issues that affect them most.

As well as providing life-style orientated speech, Variety FM is committed to helping local communities. We intend to employ a dedicated Social Action Producer responsible for the "Variety FM Action Line" who will liaise with CSV-RSVP and other locally based organisations connected with our target audience.

There are more 40, 50 and 60 year olds running marathons, buying motorbikes, starting new careers, going back to college, falling in love, going to or playing in rock concerts than ever before: **Dr Ken Dychtwald author of The Power Years.**

Weekly campaigns, supported by editorial features and on air debate, backed with a branded on and off air advice line, will provide support to relevant community groups and give respondents action packs specifically tailored to each week's campaign. Accounting for not less than 25% of output Variety FM will offer relevant weekday daytime speech in a way that sets it apart from other commercial stations in the region. The speech and music will at all times be focussed on the targeted consumer of Variety FM.

Commercial Viability

Variety FM will achieve a 15% (adult 15+ reach) in year one, rising to 17% in year three. The station will specifically attract the boomer generation who are welcomed by advertisers and will contribute to the station being comfortably in profit within the first three years.

According to Mintel, the Baby-Boomer Generation now has more spending power than any other age group with spending having increased by 30% over the last five years: **Sunday Times 27/11/05**

Variety FM's commercial focus will predominantly be the local advertiser - borne out by the fact that nearly sixty-five pence in every pound of current GMG Radio turnover (excluding Century) is local revenue. GMG also has a wide and valuable knowledge of the south Wales commercial markets and understands where gaps exist in order to challenge the dominance of press in the local direct market and television and outdoor media in the regional and national marketplace.

The over 55's, who have an estimated spending power of £25BILLION, spend 13% more than average on holidays, cars, and consumer durables. Their disposable income is rising faster than any other section of the population: **The Association of Retired People.**

The Variety FM Team

Variety FM's executive and management team has a proven track record in delivering successful commercial radio. In 1994, John Myers launched Century Radio - one of the UK's first regional superstations and as GMG Radio's Chief Executive, he was delighted to re-acquire both remaining Century services recently from GCap.

Group Programme Director John Simons was Century Radio's original launch Programme Director and helped develop its speech and music format. He was the launch Programme Director of Real Radio Wales and remains responsible along with John Myers for the initial and continued programme strategy of Real Radio.

Nick Castro is GMG Group Financial Director - he will ensure that Variety FM, as a uniquely formatted service, is guided strategically and is accountable to both its proposed audience and prospective advertisers.

Andy Carter has lived and worked in the south Wales region for the last five years. He is currently Real Radio Wales' Managing Director and also sits on the board of Skillset Cymru, the Government Sector Skills Council responsible for training and development within the Audio Visual Industry.

Tony Dowling is a very experienced Commercial Director whose entire career has been spent helping advertising partners in radio and formerly local and regional newspapers in south Wales, achieve their sales and marketing objectives.

In the UK, the 55-plus population will grow by almost 30% between 2000 and 2020 and there is overwhelming agreement that people don't want to be judged by their age, they want to be judged by their attitude, energy and what they are making of their lives: **Future of Retirement Survey conducted by The Oxford Institute of Ageing and sponsored by HSBC.**

Our Vision for south Wales

Variety FM will attract new and lapsed listeners to commercial radio, broaden choice and build a significant listenership from a sector of the population that is currently not being catered for. Our vision is for Variety FM to become the radio station that the people of the region, who are perhaps currently BBC only listeners, will turn to for their news and relevant information about their lifestyle, and they will be constantly encouraged to express views to us on any subject as it affects them.

Research shows a commercial radio sector that is consistently out-performed by the BBC among the 50+ demographic. Variety FM will redress the balance by giving the proposed audience a clear and focussed service, which will quickly become their 'must listen to' radio station.

"We over-50s spend more money on expensive cars, holidays and our grandchildren than any other sector. With mortgages paid off, children having left home and salaries higher than ever before, this market represents a conservative spending power of some £240bn - and we are as free as birds".
Welsh Entrepreneur - Anthony Nash, quoted in the Western Mail November 2006

Understanding South Wales

The people of south Wales are as proud to be here as ever and have welcomed the many changes and challenges that have taken place in both environmental and commercial terms since the end of World War II.

A once-thriving blue-collar community built on coal mining, docklands and steel making has evolved to be replaced by a region of high-tech, high-skill industries, retail parks and numerous tourist attractions.

The region has succeeded in attracting hundreds of leading global companies that have brought new industries and technology to the area, creating and safeguarding thousands of jobs. Cardiff and Swansea have both undergone recent renovations, with new marinas, government buildings and thriving retail sectors at the heart of these two south Wales cities.

This Welsh community's world-famous passion for enjoyment and nightlife has never changed. Social clubs and local pubs still enjoy huge popularity; restaurants in towns and cities are busy, as are the cinemas, bingo halls and bowling alleys. Now too, there are pavement cafes, comedy clubs and world class hotels, which cater for both the south Wales population and the many thousands who visit the region annually.

Media in south Wales continues to be vibrant with successful and profitable regional television, press and radio companies competing healthily for viewers, readers and listeners. Additional responsibility falls onto the Welsh media as we enter a further period of devolved government to play a role in the democratic process of the nation – Variety FM will play its role in delivering news and views to the nation from the nation.

Equally, there is some anecdotal evidence which suggests that amongst the more mature generations within the community, there is some regret that they have fewer locally produced television shows as a result of ITV Wales local programming falling away and that radio stations are regularly changing music formats with fewer and fewer references to what can perhaps be described as 'nostalgia'. Variety FM will fill this void.

However, while nostalgia is important to Variety FM's proposed audience, we also know that these listeners continue to enjoy life and freedom and the last thing they want is to wallow permanently in the past.

Those born before and just after World War II tell us they will enjoy hearing the classic sounds of their youth from time to time on this new radio station for grown ups. They also require relevant, meaningful lifestyle information that keeps them in touch and up to date but is communicated in a manner and language they can identify with.

Remembering its heritage and having pride in it is, of course, not just unique to this region but we believe that south Wales is a very special place to live and work. The people here have always and will no doubt continue to display tremendous warmth, kindness and a definitive love for their surroundings.

The Variety FM team understands this and welcomes the opportunity of providing a radio station which will demonstrate equal warmth and love, with care and attention being paid to broadening radio

choice for south Wales' 'golden generation' and at the same time entertaining and informing them of every relevant issue as it happens.

The Archbishop of Cardiff, The Holy Reverend Peter Smith told us in an interview: "Variety FM will cater for an older audience, who are not catered for anywhere else. There are more people over 50 who are living on their own and Variety FM with its phone-ins, interviews and music dedicated to the over-50's will help those people immensely." He then went on to say; "There are real issues for older people that not being addressed on other radio stations in the area and in print, for that matter, that affect our over-50 population, like working longer, pensions etc. I think this station will be extremely helpful to those people."

VARIETY FM EXECUTIVE SUMMARY

Ability to Maintain the Proposed Service:

- Variety FM's application and management team has worked in the region, initially with John Myers, John Simons and Nick Castro, on the successful 1999 licence application to the Radio Authority and the subsequent launch and continuous growth programme of Real Radio in south Wales. Collectively this team has unrivalled knowledge and expertise in operating regional radio services.
- The station will be co-housed within Real Radio and with that comes unrivalled sales, programming, management, news, administration and IT support, which ensures maximum focus on the output without the worry of a stand-alone operation.
- The team understands the area and its people and knows what works for listeners and advertisers. Both Andy Carter and Tony Dowling live locally and are actively involved in the region's development.
- We understand a new service cannot be successfully launched into a competitive market such as this without a substantial level of investment. The financial backing and resources of the Guardian Media Group, and the economies of scale afforded by having an existing infrastructure in place, will ensure that high priority will be given to implementing an effective marketing plan.
- Variety FM is wholly funded and capitalised by GMG Radio Holdings Limited, part of the Guardian Media Group plc who are wholly owned by the Scott Trust. GMG is not a seller of radio assets and is building a large media based company with a long-term future.
- GMG-owned Real Radio is already the outright number one commercial radio station in Wales with 3.52 million listening hours per week (RAJAR period ending 25 September 2006).
- It is anticipated that the sales strategy at Variety FM will replicate the successful 'unit' and category exclusivity policy used at other GMG stations, which avoids clutter and offers a significant point of difference on the dial.
- The GMG Group regional agency team and Real Radio Wales local sales teams already based in Cardiff and Swansea have established firm business partnerships with many regionally based advertisers and agencies.
- The working infrastructure is already situated within our existing Ty Nant premises and GMG, having operated in south Wales with a great deal of success since 2000, has a huge contact base of commercial partners in place and ready to support the service.

- Research indicates a high propensity to listen to the proposed station and as such we believe it will be popular with advertisers as it attracts new audiences for their products and services.
- GMG's launch of a radio station, which caters for the over 50's in London will help to develop the awareness of national media buyers to this highly attractive audience.
- We project with the utmost confidence in our business plan that profitability will be achieved within three years.

Catering for Tastes and Interests/Broadening Choice:

- Variety FM will have engaging speech and topical, locally relevant information at the heart of its programming, not simply music. We will play great songs skilfully combined with entertaining and informative programme content devised purely for our target audience.
- We will broadcast local and Welsh news 24 hours a day, with extensive coverage of local events, happenings and sports. Welsh language bulletins will be available on our simulcast DAB service on the south Wales and Severn Estuary multiplex.
- Variety FM will offer a blend of melodic and tuneful music from the forties/fifties through to the present day chosen to sit comfortably alongside our speech content and presentation style. Importantly because of the wide range of music tracks available within this format, there will be less repetition. Our monitoring indicates that no other commercial service is offering anything the south Wales' regional audience anything similar to this.
- Variety FM will have a passion for south Wales, offering a positive approach to local life tempered with realism and a strong commitment to news and information. We will have an enthusiastic interest in business matters and positively promote the area with a view to how it affects our target audience.
- Our presenters will be intelligent, well informed and friendly. Listeners in south Wales have made it plain that they want to hear from people who know the area and can talk about it with understanding, empathy, flair, humour and an ability to pronounce Welsh place names correctly !
- We commit to helping a wide range of local charities and good causes by providing airtime and support throughout all programmes, right across the year, not concentrating simply on one favoured cause. It is envisaged that Variety FM's audience will become actively involved in this support and we will ensure its relevance to the station output.
- All daytime programmes will be broadcast live from our studios in Cardiff and we intend to sustain live output 24 hours a day. The editorial remit of Variety FM will be to provide up to the minute and accurate information with a clear perspective of audience requirements
- The gap for our proposed service and support for these proposals was also clearly established in communication with representatives of local organisations, public bodies and businesses. We listened carefully to what local people, community leaders and decision makers told us, interviewing key individuals on their experience of existing radio stations and the local radio needs of the south Wales region, and incorporated some of their ideas into our plans.
- These editorial proposals, together with shared location and some news resources with Real Radio, allow Variety FM to continuously broadcast a high standard of peak and off-peak output and also permit us to concentrate the Variety FM news team's efforts into the

provision of locally-relevant, listener led, live output at those times when it really matters, i.e. when the majority of people are most likely to be available to listen.

- Variety FM's detailed programme philosophy highlights exactly what is missing on the south Wales airwaves and backs this up with comprehensive monitoring analysis of existing services, format gap, RAJAR analysis and other tailored ad hoc listener research.
- Variety FM will be a different style of radio station but definitely not a museum! Designed for the hearts, minds and ears of 50 something's together with nostalgia appeal to younger audiences also.
- Our format is different to any existing service and caters for the most disenfranchised audiences who used to enjoy commercial radio but don't any longer – the 25-34 year old listener to early south Wales heritage commercial radio services in 1975 and 1985 are now nearer 55-64 or 45-54. The stations have changed and so have their audiences.
- Programming will include evening and weekend specialist programmes encompassing classics, country, songs from the movies and stage shows and many more easily identifiable popular album tracks not currently heard on commercial radio in south Wales.
- Having studied Formats and the results of extensive station monitoring, it's a fact that none of the existing published commercial Formats in Ofcom's advertisement state that they specialise in radio for a south Wales listener who happens to have reached the age of fifty.
- We give special credence to the above as notably both stages of our bespoke research confirm the RAJAR reality that the individual best served by local commercial radio in south Wales is a 40 year old.
- Based on both past and current RAJAR audience research, and the findings of our own detailed Listener Requirement survey, we conclude that the over 50's are those most deserving of the new south Wales local commercial radio service now advertised.

Evidence of Local Demand or Support:

- Of eight radio formats researched Variety generated the highest 'overall appeal' rating amongst both all adults and 50-69 year olds.
- The Variety format also proved most popular amongst the weekly BBC audiences of Radio 2, Radio Wales and Radio 4.
- Weekly reach in year one for Variety FM will equal 15% of all adults with 9.0 average hours per listener.
- Weekly reach of the principal target audience of 50-69's will reach 29% in year one with 9.6 average hours and for all 50+s' 27% and 10.3 hours.
- Our research clearly indicates a significant gap for a new radio station based around a Variety/Nostalgia music format.
- 70% of adults aged 15+ and 72% of 50-69 year olds who gave their opinion agreed that the Variety FM concept broadens the choice of local commercial radio stations available to them.
- 96% of both all adults and 50-69 year olds who registered a response supported a licence to broadcast for Variety FM.

- Variety FM has consulted with and discussed its plans with a large number of potential advertisers, relevant organisations involved with our target audience, local charities, public, political and private enterprise groups and other key opinion formers and decision makers within the transmission area. We summarise our key findings in the Evidence of Support section of the application.

GENERAL INFORMATION

NAME OF APPLICANT:

Variety FM (GMG Radio)

ADDRESS:

Variety FM South Wales
Ty-Nant Court
Ty-Nant Road
Morganstown
Cardiff
CF15 8LW

TEL: 02920 315 100

FAX: 0870 1671996

EMAIL: varietyfm@gmgradio.com

MAIN CONTACT (For Public Purposes):

Name: Jeff Stephenson

Telephone: (daytime): 07710 073021

Address: GMG Radio, 1 Sterling Court, Capitol Park, Leeds, WF3 1EL

Email: jeff.stephenson@gmgradio.co.uk

PROPOSED STATION NAME:

Variety FM

BRIEF DESCRIPTION - PROPOSED PROGRAMME SERVICE:

Variety FM is an easy listening, melodic music led service aimed at the more mature listener, aged 50+ in the south Wales region, including lifestyle-oriented speech and 24 hour regional news.

MAIN CONTACT (For Ofcom Purposes) – See Confidential Appendix II

Section 105(A):

ABILITY TO MAINTAIN PROPOSED SERVICE

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

- (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.*

The Statutory Directors of Real Radio Limited (the statutory entity in which we would place this licence if successful) are John Myers, Chairman and Chief Executive of GMG Radio Holdings Limited, and Nick Castro, Financial Director of The Guardian Media Group plc.

They will be assisted by a local Variety FM Management Board in line with GMG Radio's existing ongoing strategy which comprises, in addition to the above of John Simons, Executive Director and Group Programme Director of GMG Radio, Andy Carter, Managing Director Real Radio Wales and Tony Dowling, Sales Director Real Radio Wales.

Full details of each director are supplied on the following pages.

John Myers
Occupation

Chairman – Variety FM
Chief Executive, GMG Radio Holdings Ltd.

Any other media interests

Chairman of the Radio Academy and see below

Directorships

Guardian Media Group plc
GMG Radio Holdings Limited
GMG Radio Sales Limited
Jazz FM Limited
Smooth FM London Limited
MXR Holdings Limited
MXR Limited
Radio Academy Trading Limited
Real Radio (Scotland) Limited
Real Radio (Yorkshire) Limited
Real Radio Limited
Smooth FM Limited

John Myers has over twenty six years experience of presenting, managing and marketing commercial radio stations in the UK alongside spells with the BBC and Border Television. John was responsible for launching south Wales' first regional radio service, Real Radio in October 2000 having launched Century Radio in the North East of England and Century North West in 1998 with great success.

John is currently Chief Executive of GMG Radio and through his success with the division, was appointed a main board member of GMG plc in January this year. Alongside this, John is also Chairman of the Radio Academy. GMG's first regional station, Real Radio Wales is today acknowledged as Wales' biggest commercial radio station with a 21% weekly reach and average hours of 10.3 per listener.

Real Radio Scotland is another major success story and having been born out of the ashes of Scot FM it now records a 28% reach with 12.8 average hours, making it the most successful regional radio station in the UK as well as current holder of the Arqiva Commercial Radio Station of the Year (1m + TSA). GMG Radio was also successful in winning the West and South Yorkshire licence where Real is already the second largest commercial radio station in the region. 100.4 Smooth FM in the North West now enjoys its highest audience reach in the history of the frequency and is the most listened to commercial station in the North West of England.

Such is our belief in the proposed Variety FM format that it is now confirmed that GMG will be relaunching 102.2 Smooth FM in London to target an identical audience to that identified in this application. It is this rapid success and blueprint to best serve its audiences that underpins GMG Radio's continuing growth

John Myers brings commitment to excellence and significant radio experience to the south Wales application. His extensive knowledge of the media sector and commitment to seeing growth within our radio business ensures that as Chairman of Variety FM the new station will, when appropriate, be fully backed in its ambitions at both local and senior board level.

Nick Castro
Occupation

Statutory Board Director
Finance Director, GMG plc

Any other media interests

See below

Directorships

Guardian Media Group plc
Deansgate 1001 Limited
Deansgate 1002 Limited
Deansgate 1003 Limited
Deansgate 1004 Limited
Deansgate 1005 Limited
GMG Autotrader Limited
GMG Investco Limited
GMG Radio Holdings Limited
Greater Manchester Newspapers Limited
Guardian Education Interactive Limited
Guardian Media Group plc
Guardian Newspapers Limited
Guardian Press Centre Limited
Jazz FM Limited
Jazz fm.com Limited
Learnco Limited
Smooth FM London Limited
Paper Purchase and Management Limited
Real Radio (Scotland) Limited
Real Radio (Yorkshire) Limited
Real Radio Limited
Smooth FM Limited
Surrey & Berkshire Newspapers Limited
Trader Media Group Limited
Trafford Park Printers Limited

Nick Castro is Group Finance Director of Guardian Media Group plc (GMG).

For the last seven years Nick has been a director of GMG Radio Holdings Ltd, the holding company for GMG's radio interests, playing a major role in the Group's growth and development.

Nick was previously with KPMG, one of the largest firms of accountants and business advisors in the UK. He had extensive experience of the media sector during his time with the firm, not only advising some of the largest media companies on a range of media issues but also working on a number of media start-ups.

Nick's presence on the Variety FM Board ensures a wealth of financial and fiscal understanding along with relevant experience and knowledge of all GMG businesses and values.

John Simons
Occupation

Management Board member
Group Programme Director, GMG Radio

Any other media interests

Trustee of the Radio Academy

Few people in radio will not be aware of John's successful track record as broadcaster, programmer and supporter of UK commercial radio development. Last year he celebrated his 25th professional year in radio, in this time he has creatively masterminded the programming output at the launches of Century Radio in the North East of England and latterly at all Real and Smooth stations.

John spent his early years as a pioneer of commercial radio in the North East of England, presenting almost every day part on Radio Tees. In the mid 1980's, John joined BBC Radio Nottingham before returning the North East to launch Century Radio. Having spent time at BBC Radio 2 and also as Programme Director at Talk Radio and LBC John re-joined John Myers at GMG in 2000. John was initially Programme Director for Real Radio Wales, responsible for the most successful launch of any UK regional radio station.

John Simons has few equals if any by way of creating entertaining speech/music formats with an intuitive understanding of audience requirements and his programming teams have remarkable track records in delivering success in both audience and award gathering.

He is also a Sony Gold winner as Programmer of the Year and was recently awarded a Fellowship of the Radio Academy by his peers in the radio industry.

John brings unique creative vision and energy to Variety FM's application in south Wales together with insightful knowledge of both speech and music formats based on his understanding of meaningful research alongside the key priority of addressing audience wants and needs.

Andy Carter
Occupation: **Management Board member**
Managing Director, Real Radio Ltd

Any other media interests: **Skillset Cymru**

For the last five years, Andy Carter has demonstrated clear commitment to regional radio in Wales as Managing Director of Wales' most successful regional station, Real Radio and he lives in the Vale of Glamorgan.

Andy's career started at Lincs FM in Lincolnshire. Andy was the driving force behind the group that successfully applied for two commercial radio licences in Leicestershire in 1996. In 1998 he became the Managing Director and Programme Controller of Trax FM in Nottinghamshire achieving impressive launch reach figures of 33% and 11.0 average hours after only six months on air. He helped steer the station to great success and was responsible for the launch of Trax FM's Doncaster service in 1999.

Andy joined Radio Investments Limited following the merger between TLRC, Radio Services and Radio Investments and was appointed as Regional Managing Director, with operational responsibility for nine stations in the north of England and Scotland, including Minster FM in York, Stray FM in Harrogate and Sun FM in Sunderland.

In early 2001, Andy joined Guardian Media Group as the Programme Director of Real Radio Yorkshire. Following the launch of the station, he moved to Cardiff to become Managing Director of Real Radio Wales. Under Andy's guidance, Real Radio has become the country's biggest commercial radio station, combined with strong financial performance alongside a distinctive flair for local commitment. In 2006 Real Radio was recognised with the Gold Award at the Arqiva Radio Awards, recognising the brand's phenomenal success.

Andy is a member of the Cardiff Business Club, a member of the Institute of Welsh Affairs and a board member of the Sector Skills Council for the audio-visual industries in Wales, representing commercial radio. He is a former Sony Radio Judge, Arqiva Radio Awards Judge and sits on the public affairs sub committee within the Radiocentre. Andy also works closely with a number of charities in the region, in particular The Noah's Ark Appeal – the nominated charity for the Real Appeal, raising funds for the National Children's Hospital of Wales.

With more than 10 years management experience, Andy brings a deep understanding of commercial radio alongside a solid appreciation of the south Wales business and media landscape. Andy is determined to show the same commitment to delivering programming and commercial success for Variety FM as he has already achieved with Real Radio in Wales.

Tony Dowling
Occupation: **Management Board member**
Sales Director, Real Radio Ltd

Any other media interests: **None**

Tony Dowling has amassed over fifteen years media experience in south Wales through his careers in regional press and radio. Tony was born in Fforestfach and now lives in Chepstow with his family.

Tony began his career in advertising sales with the Llanelli Star and spent more than five years in regional press working with local businesses to deliver effective media campaigns. In 1993 he joined the South Wales Evening Post as Field Sales Manager, managing a team of sales executives in the Swansea area. On leaving The Evening Post, Tony made the transition to radio sales, initially spending time at Swansea Sound before joining Valleys Radio at launch as Field Sales Manager.

Tony's management experience was called upon by Swansea Sound in 1998, when he returned to his home city as Sales Manager for The Wave and Swansea Sound, working with clients to grow their use of creative advertising.

The offer of the position of Sales Manager at Real Radio Wales came in 2000 when the station launched and this is where he has seen the most rewarding years of his professional career to date. After 12 months he was promoted to Sales Director, a post he has held for over four years. In that time he has built one of the most successful and effective local sales teams in the country. Tony is a pioneer of creative advertising solutions.

A member of the Chartered Institute of Marketing, Tony Dowling is widely acknowledged as one of the most experienced commercial radio executives in Wales having gained the respect of many major advertisers in the region. His expertise will enable Variety FM to 'hit the ground running' from day one.

(ii) Plans to appoint any further directors

It is proposed that, on award of the licence to Variety FM, GMG Radio will confirm the appointment of an experienced locally based Programme Director. This person will work with the station's executive team in order to ensure a successful programming recruitment schedule and effective launch strategy is implemented for Variety FM.

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.*

Variety FM is registered under Real Radio Limited for ease of administration. All shares in Real Radio Limited are held by GMG Radio Holdings Limited. In turn, GMG Radio Holdings Limited is a wholly owned subsidiary of The Guardian Media Group plc, and is part of the Scott Trust.

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

No new shares in Variety FM will be issued. All funding will be via an inter-company loan account with GMG Radio Holdings Limited. This loan account will be long term in nature and will only become repayable as and when the company has surplus funds. The existing share capital of Real Radio Limited is wholly owned by GMG Radio Holdings Limited.

(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.*

GMG Radio Holdings Limited is the sole shareholder.

(iv) *Outline and shareholders agreements or arrangements which exist.*

GMG Radio Holdings Limited owns the entire share capital of the company. In turn GMG plc is committed to the funding of GMG Radio Holdings Limited and has given undertakings that it will fund the station until such time as the internally generated cash flow is sufficient for all the company's needs.

(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.*

Not applicable.

Involvement in Other 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.

(a) *Advertising Agencies*

None

(b) *Newspapers*

National

Guardian Newspapers publishes national, daily and weekly newspapers in the UK and overseas. The titles are The Guardian, The Observer, Guardian Weekly and The Money Observer.

In addition to the national newspaper titles, the Group also wholly owns The Trader Media Group, which publishes and distributes numerous titles including *Autotrader* within the UK. The Group also has a 27% interest in Seven Publishing - publishers of monthly lifestyle magazines 'Delicious' and 'Garden Life'. A complete list of Trader Media Group UK Titles (excluding sub-titles) is included in Appendix I.

Regional

The Guardian Media Group wholly owns and publishes regional daily and weekly newspapers in the UK with 39 paid-for and free titles based in Berkshire, Cheshire, Greater Manchester, Lancashire and Surrey.

A full list of regional titles, which are wholly owned by GMG plc, can also be found in Appendix I.

(c) *Other Broadcasting Interests*

The Group wholly owns GMG Radio, which consists of Real Radio regional stations in Central Scotland, south Wales and Yorkshire, Smooth FM in North West England and in London, 96.3 Rock Radio in Scotland (from January 2007) and Century FM regional services in the North East and North West of England. In addition we currently have a 24% shareholding in the MXR consortium developing digital radio services around the UK.

The Group wholly owns Channel M television in Manchester.

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

None

(e) *Bodies whose objects are wholly or mainly 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 investor's strategy.

Overall Strategy for Establishing and Maintaining Variety FM:

Variety FM is a wholly owned subsidiary of GMG Radio Holdings and part of the Guardian Media Group plc – a long established and successful UK based multi media owner and operator.

GMG Radio began its vision for the future in south Wales with the successful application for and launch of Real Radio in October 2000. This became a blueprint for the strategy behind subsequent launches and re-launches of regional radio services in Scotland, Yorkshire and the North West of England. This programme led and market driven approach has been extremely successful already in south Wales and other areas where GMG currently operates.

Ofcom will also be aware that the south Wales Variety FM format is not unfamiliar within GMG licence applications as we have applied previously with tailor-made formats identifying over 50's as our targeted audience in many other larger licensing areas. The application for south Wales is therefore wholly consistent with previous, current and future strategy of overall growth through licence application and acquisition.

However, we do believe this new south Wales regional application is different in so far as although not quite an identical measured coverage area to the original Real Radio TSA, we are comforted in the knowledge that Variety FM will prosper even further and faster because of planned sharing of internal resources and in particular will benefit from the talent, track record and positive contacts already established by the commercial teams based in Cardiff and Swansea.

Internal structuring is already in place and it is our intention that Real Radio's current Managing and Commercial Directors – Andy Carter and Tony Dowling, with support from John Myers, Nick Castro and existing GMG Radio Group resources, will completely oversee the joint strategy, though with entirely separate commercial objectives, for both Variety FM and Real Radio.

It is our further view that Variety FM will complement Real Radio in the media mix and marketing objectives of existing and potential advertisers, whereas at the same time become unique in delivering an audience to those companies seeking the opportunity of targeting the older 'middle youth' consumer.

Variety FM will be sold commercially by the experienced and highly successful Real Radio sales team to existing and prospective clients throughout south Wales, but it is also our intention to recruit/promote internally two additional sales executives, in order to explore opportunities with those clients seeking only to target the Variety audience profile. It is also our intention to employ a separate and additional creative writer, sales co-ordinator, Sponsorship and Promotions Executive and a Non-Traditional Revenue specialist to complement their efforts. GMG Regional Radio Sales will represent Variety FM outside of the TSA and we feel this will fit well with existing SAGA radio services, which are already included in the sales portfolio offered to regional advertising agencies throughout the UK.

South Wales is an extremely competitive area for media and the need for a strong and motivated presence with an ability to deliver on promises, recruit and motivate the right team and repeat the successes already gained and demonstrated, not just in south Wales but also in other 'tough ask' regions, is a complete must in order to ensure the commitments made in this application and Format are achieved.

Financial viability of any wholly owned GMG business is guaranteed because of the values of the Scott Trust and its commitment to backing the ambitions and expertise of its management and employees – a strategy which has never failed in the long existence of the company.

Variety FM's Programme Director will programme for an audience in south Wales, with support from Group PD John Simons and assisted by specialist presentation and production teams together with a central south Wales' news hub bolstered by the addition of four further broadcast journalists.

GMG's strategy for building our group through a combination of application and acquisition continues but our policy is consistent in terms of only applying for licences in those areas where we believe the research, format and size of TSA allows for GMG Radio to have a significant impact on the area we propose to serve while operating a successful business.

Research into and knowledge of the south Wales region suggests there is a definitive format gap for a service aimed specifically at the 50 plus age group with a major obligation to relevant speech and a wide variety of music as the backbone of the mix. Variety FM will play music from a base of around 5000 tracks together with offering its audience 24-hour regional news and other relevant information. Our programme strategy will be based on a determination to provide entertaining and relevant features on and about the south Wales region with the clear purpose of appealing to its defined target audience.

Through our research and monitoring process we have been able to recognise and fully appreciate that a clear gap exists for Variety FM whose detailed programme proposals can be found in Section 105 (B) and (C) of the application.

GMG Radio also has a major advantage over other applicants in so far as it is firmly established as a respected regional media operator in south Wales with many local contacts and trade/advertising agency relationships, nurtured since launch through the stability of both our experienced and respected direct sales force and the existing regional sales team who create ideas for and service advertising agencies outside of the region.

A further advantage to Variety FM's commercial appeal is that GMG Radio's award winning regional sales team has also been creating ideas for and selling Saga Radio inventory alongside the Real and Smooth brands to Advertising Agencies in south Wales as well as the North West, Yorkshire, Bristol and the North East of England. Variety FM in south Wales would therefore enjoy immediate representation and synergy with Saga's commercial proposals to those advertisers seeking this mature and affluent audience.

Proposed Strategy for Reaching South Wales Listeners and Advertisers

It is our considered belief, having studied results of extensive audience research and local station monitoring, that listeners will welcome the addition of Variety FM. Together with its own full team of Wales based presenters and journalists, we believe that Variety FM is an ideal proposition to provide the current missing link amongst current BBC and lapsed commercial radio listeners in the proposed transmission area. It will certainly provide something musically that the audience craves – less 'new pop' music and more 'classic and nostalgic' tracks from the last six decades with a strong emphasis on reflecting the lifestyles of the target audience.

Variety FM is confident that it can very quickly establish its core audience through an extensive marketing plan designed to encourage trial. Marketing commitments will be higher for this service than in previous applications in order to establish both identity and credibility with the over 50 audience and we are able, through the economies of scale created by shared resources within Wales, to commit substantial budgets to achieving these aims. The station will become, as in the case of other GMG regional services elsewhere, very much a part of the lives of the available audience - becoming a 'must listen' for music, local news, sport and other key issues affecting the lives of 'fifty something's' living and working in the area.

As will be seen in the following pages, the target audience for Variety FM will primarily be 50 to 69 year olds, a group more likely to listen to the proposed lifestyle radio, with the broader 50 plus age group forming a secondary audience. Projected three-year listening figures and the impact on existing radio services are analysed, with the conclusion that this is a new radio station that will broaden choice, increase overall listening to commercial radio and has a strong appeal to existing BBC listeners.

It is also widely recognised that GMG is in a unique position amongst the main radio groups in the UK in that we are not beholden to outside shareholders. This leaves the Group free to pursue long term strategies to the benefit of the output, rather than short-term objectives that can often result from stock market pressure. For the south Wales licence we are very confident that profitability after three years is achievable and the confidential business plan that accompanies this application represents the minimum we would look to achieve.

Variety FM will establish itself with large-scale marketing before and during the launch phase and will be ongoing even when the station matures with a continuing commitment to high level brand marketing, other initiatives and external station promotion, which is allowed for in the business plan.

We aim to recruit the best people in all positions and ensure they are trained according to the high expectations required. It is not by chance that four of the five current GMG Radio stations (excluding new acquisitions) have attained 'Investors in People' status and Real Radio Scotland has also attained the advanced further leadership and management module.

The management team for Variety FM is in place or already identified for this task on award of licence in order to ensure that the station can become operational locally within a relatively short period of time.

It is anticipated that the sales policy would also replicate the successful unit policy used at our other stations. This commitment to restrictions on units of advertising sold per hour and category exclusivity avoids clutter, helps the client's message stand out and is a significant point of difference on the dial for listeners and advertisers.

South Wales Market Performance

The South Wales region is a mature media market place with many established operators offering a diverse and healthy advertising platform for national and local agency/direct businesses.

According to south Wales MMS the total investment in above the line media in the year November 2005 – October 2006 was just over £156 million on all media and almost £24 million on direct advertising alone. In the Direct market place, which any new radio service offering a different radio audience would want to specifically target, press dominates with forty-eight pence in every pound spent going to local newspapers and radio closing rapidly on thirty-seven pence.

Radio performs well in comparison to television, cinema and outdoor for direct revenue with this 37% share and also enjoys a 13.3% share of all media spend where TV and outdoor have the lion's share with 55% and 17% respectively.

Against the national trend, total share of revenue for radio has increased over the last five years and is now worth approximately £21m – an increase of 30% since the same period in 2001/2002. Much of this increase has been driven by the arrival of Real Radio. By comparison press, cinema and television have remained fairly static in south Wales with outdoor going down from 19.1% to 17.1% in the same five-year period.

GMG Radio is well aware of the existing south Wales regional market place together with where opportunities exist to grow radio's share of revenue even further. Our recognised experience, drive and purpose will be put to full use in ensuring this continues to happen without the dilution of existing radio station revenues. Indeed we earnestly believe that it is the whole point of difference

on the dial that Variety FM brings together with a new audience holding positive equity and disposable income which we believe will make this marketplace extremely attractive to advertisers looking for new promotional opportunities.

Conclusions

The target audience for Variety FM is currently not enjoying a bespoke commercial radio service and relies heavily on newspapers and television for lifestyle and relevant entertainment features and news. BBC Radio Wales is perhaps a platform for additional information but we feel that many mature listeners currently tune to existing commercial services as much by default as choice.

We believe that through creatively programming music and speech, backed up by a talented team of presenters and with the added impetus of major and committed marketing in south Wales, we will bring disenfranchised former commercial radio listeners back to the independent airwaves as well as attracting current BBC network and regional audiences.

We also believe that this new commercial radio audience with major disposable income and spending power will be attractive to both existing and new advertisers in the region. Current perception is that press or specialist magazine advertising is the preferred sector for delivering these mature demographics to advertisers.

Although our MMS analysis indicates that radio's share of revenue in the south Wales media market is healthy, we are mindful that the south Wales region is the smallest UK regional radio marketplace in terms of available audience and advertising spend and as such we believe that any new entrant will be best served if it is supported by an existing operator in the south Wales marketplace. It is also our considered opinion that this needs to be a strong player with a proven track record in generating revenue by delivering results for the advertiser, one who can demonstrate a real commitment to the Creative Led Sell with exceptional customer service, coupled with a clear focus on providing a different and welcome audience to new and lapsed radio advertisers.

This, alongside major marketing and other commitments aimed at getting Variety FM noticed will create attention with almost immediate effect and because of the unique ownership commitment from the Scott Trust, will enable Variety FM to do so without the undue pressures experienced by other major groups.

(b) Funding

Ownership

It is our intention to place this licence within Real Radio Limited, rather than in a new company for ease of administration. The Guardian Media Group plc owns 100% of the shares in Real Radio Limited.

Financial Structure

The company will be financed entirely by an inter-company loan account from GMG Radio Holdings Limited. In turn, GMG plc will guarantee the required funding. Although none is anticipated, any further short-term borrowing requirement would also be met by GMG plc. Variety FM will pay no dividends or interest to GMG on the monies invested throughout the licence period.

All assets will be purchased outright with no leasing or other outside finance required.

(c) Financial Projections

We are submitting all financial projections in confidence on a separate spreadsheet with this application and underlying assumptions in Confidential Appendix I together with the financial template report as required by Ofcom.

(d) Audience Projections

- (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*

Variety FM will claim a TSA of 1.100 million adults 15+.

The Wenvoe and Kilvey Hill transmission proposals produced by National Grid Wireless indicate a likely coverage of 1,060,000 adults 15+ living within the 48dB transmission area. However, we would wish to enter into discussions to utilise in-fill relays in areas of our proposed TSA, initially in the Aberdare/Merthyr Tydfil, Ebbw Vale and Pontypool areas. On this basis we are happy to commit to a commercial-led TSA of 1.1 million adults aged 15 and over.

- (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*

Our adult 15+ audience estimates for years 1 to 3 of broadcasting are:

VARIETY FM AUDIENCE ESTIMATES – ADULTS 15+			
	YEAR 1	YEAR 2	YEAR 3
Reach (%)	15	16	17
Average Hours	9.0	9.5	10.0

Acknowledging that the closest commercial equivalent in programming terms to our proposed Variety FM service is the Saga Radio brand, we have modelled our likely year 1 audience profile on the published Total Saga Radio performance in RAJAR Wave 3, 2006.

Allowing for differences in the population profiles of the broadcast areas served by Saga and our proposed south Wales TSA, the following year 1 audience profile was derived. From this we estimate that Variety FM's primary target audience of 50-69 year olds will be virtually twice as likely as average to tune to the station and to listen for longer (reach 29%, average hours 9.6 per listener). Variety FM's secondary 50+ audience will also support the station in above average numbers (27%) and initially be the more loyal listeners, tuning for an average of 10.3 hours per listener per week.

YEAR 1 AUDIENCE PROFILE								
	ADS. 15+		TGT. 1 50-69		TGT. 2 50+		ABC1	C2DE
Universe (000) ¹	1100		327		495		568	532
Reach (%)	15		29		27		14	16
Ave. Hrs	9.0		9.6		10.3		7.1	10.9
		Males	M 15-24	M 25-34	M 35-44	M 45-54	M 55-64	M 65+
Universe (000)		528	91	74	91	83	82	107
Reach (%)		14	3	3	6	13	33	25
Ave. Hrs		9.5	3.1	4.6	5.2	9.8	10.7	10.2
		Fe-males	F 15-24	F 25-34	F 35-44	F 45-54	F 55-64	F 65+
Universe (000)		572	89	78	99	91	88	127
Reach (%)		16	7	7	9	14	30	24
Ave. Hrs		8.6	2.4	2.7	5.3	9.2	8.0	12.0

¹ Year 1 Audience profile populations based on QuestionAir/TNS System Three Research September/October 2006, down-weighted to the revised TSA adult 15+ population of 1.1 million

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

Applying the findings of our Listener Requirement Research to Variety FM's estimated year 1 weekly reach indicates that the overall launch impact would be as follows:

Variety FM Weekly Reach	165,000	
Listen To The Radio For Longer	52,500	32%
Listen Less To One Or More Current Stations	76,000	46%
Stop Listening To One Or More Current Stations	18,000	11%
Undecided	18,500	11%

Radio as a medium is important in south Wales. Relative to the UK, a greater number of adults tune to the medium each week (91%) and listen for longer (24.0 hours per listener). In such a receptive radio environment we are confident in meeting our audience projections and we are especially encouraged that a third of our weekly listeners (and almost 5% of the region's adult population) suggest they will increase the amount of time they spend listening to radio in order to accommodate Variety FM in their overall station mix.

Based on the findings of our Listener Requirement research, the following table summarises the likely impact of Variety FM on the south Wales radio market for all stations registering a regional weekly reach of 2% or more:

	LISTEN LESS (000)	STOP LISTENING (000)	TOTAL IMPACT (000)	% WEEKLY REACH AFFECTED*
Total Commercial	40.9	10.8	51.7	7.2
Total BBC	39.0	8.0	46.8	7.2
Local Commercial Radio	35.1	9.9	44.9	7.6
Regional BBC Radio	11.7	3.1	14.9	8.1
Network BBC Radio	30.1	6.9	36.9	6.5
National Commercial Radio	8.9	3.0	11.9	6.1
Bridge FM	2.2	0.8	3.0	7.1
Capital Gold	2.3	2.5	4.9	18.4
Red Dragon FM	12.8	3.6	16.6	6.8
Real Radio	11.4	4.5	16.0	6.2
Swansea Sound	5.0	1.1	6.1	10.9
Valleys Radio	1.3	1.1	2.3	9.5
Vibe 101/Kiss	3.1	0.6	3.8	3.9
96.4FM The Wave	4.5	1.1	5.6	6.0
BBC Radio Wales	9.5	2.0	11.6	6.7
BBC Radio Cymru	3.9	2.2	6.1	26.3
BBC Radio 1	11.9	2.3	14.2	5.5
BBC Radio 2	13.5	4.9	18.3	6.6
BBC Radio 3	3.4	1.7	5.2	21.5
BBC Radio 4	6.1	1.7	7.8	6.7
BBC Radio Five Live	4.2	1.3	5.5	7.1
Classic FM	5.0	1.7	6.7	6.1
talkSport	1.4	1.1	2.5	4.7
Virgin Radio AM	3.1	2.3	5.5	12.7

*Within the proposed Variety FM TSA of 1,100,000 adults 15+
The use of rounded data may lead to small differences in the sum of the Total Impact figures

Based on the adage that 'like attracts like' it might be expected that Variety would, at least initially, win over more commercial than BBC listeners. This is all the more pertinent as the older-targeting of the station might suggest that the traditionally older and more loyal BBC audiences will prove more difficult to win over to a new radio station concept, especially a new *commercial* radio concept. We are delighted therefore that market evidence suggests that the appeal of Variety extends in equal part both to existing BBC and commercial radio weekly audiences, with 7.2% of each sector's listeners indicating their likelihood of listening to Variety FM regularly each week. In absolute numbers this equates to 51,700 commercial radio listeners and a very similar 46,800 BBC listeners.

This situation is very much helped by the interest and support offered by the regional BBC audience – mainly Radio Wales listeners but also those of Radio Cymru and, to a far lesser extent, those who tune into local BBC radio services from England. 8.1% of this collective audience would reallocate at least part of its existing listening time to Variety FM. The corresponding percentages for other radio sectors are: local commercial radio 7.6%; network BBC radio 6.5%; national commercial radio 6.1%. Variety demonstrates a clear potential to win audience from all sectors of south Wales' buoyant radio market.

At an individual station level each of the services who would be proportionately most affected by the launch of Variety FM are older-targeted but low audience performers (each registering just 2% weekly reach region-wide in our Listener Requirement survey) – BBC Radio Cymru; BBC Radio 3; and Capital Gold. 26.3%, 21.5% and 18.4% respectively of these weekly audiences would tune to Variety but in absolute terms these numbers equate to no more than 6,100 listeners.

If the lowest rating BBC services number amongst those proportionately most affected by Variety, it is all the more exciting that the region's market leader, BBC Radio 2, would lose listening time from the highest absolute number of listeners; from 18,300. This exceeds the 16,600 Red Dragon listeners and 16,000 Real Radio listeners who are likely to share at least a proportion of their listening time with Variety ahead of the 14,200 BBC Radio 1 and 11,600 BBC Radio Wales listeners who respond similarly.

We are excited by the fact that Variety is so positively responded to by all of these various BBC radio audiences, whether as a proportion of their existing weekly audiences (Radio Cymru and Radio 3) or in absolute numbers (Radio 2, Radio Wales and Radio 1). Variety is set to gain listening time from 6.6% and 6.7% of the current Radio 2 and Radio Wales audiences and from a similar percentage (but lower absolute number) of Radio 4 and Five Live listeners (6.7% and 7.1%, or 7,800 and 5,500 respectively). Variety's ability to appeal to, and impact on, the current BBC audience is not in question and makes our proposed easy listening station ideally suited to challenge the BBC's increasing domination of the south Wales radio market.

Faced with this golden opportunity GMG will extend the same marketing commitment to Variety FM in south Wales that it has become renowned for through previous station launches/re-launches. By generating the greatest possible awareness of our new radio service, the prerequisite of listener trial, we will realise the true audience potential of Variety FM.

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

Listener Requirement research established the likelihood of listening to the proposed Variety station concept. As for all previous GMG Radio licence applications the various levels of 'likelihood' were then down-weighted by varying degrees to create a *factored* likelihood of listening. We have adopted these figures as an estimate of likely station trial. Typically QuestionAir assumes that, dependent upon the station matching listener expectations, a third of station trialists will enjoy what they hear sufficiently well that they will convert to regular weekly listeners. On this basis we might have estimated a year 1 adult 15+ weekly reach of 17%.

Recognising that the south Wales radio market has become increasingly competitive since the launch of our first Welsh Real Radio service in October 2000 (when Real Radio enjoyed the most successful launch of any UK regional radio service, initially reporting a 19% weekly reach with average hours of 12.0 per listener) we have added a degree of caution in estimating our likely audience levels. We have assumed the 17% weekly reach suggested by our research to be that we would achieve in Year 3 and have downgraded our Year 1 and Year 2 audience levels by one percentage point per year. This gives Variety a 15% weekly reach in Year 1 and 16% in Year 2.

As stated, Variety's year 1 audience profile has been modelled on the Saga Radio brand's known audience performance, as there are strong parallels between the proposed station output of Variety FM and existing Saga Radio services.

Average hours have been assumed on the basis of GMG Radio's known ability to attract strong listener loyalty. However, we have again adopted a prudent approach in estimating hours listened and have slightly revised the projections assumed in previous older-targeted 'Smooth' licence applications. Our average hours per listener are now estimated at 9.0, 9.5 and 10.0 in years 1 to 3 respectively.

3. TRANSMISSION PROPOSALS

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

(a) Name and National Grid Reference of site;

Wenvoe	ST 1100 7420 (106.8MHz)
Kilvey Hill	SS 6719 9400 (107.3MHz)

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

Wenvoe	129m aod
Kilvey Hill	193m aod

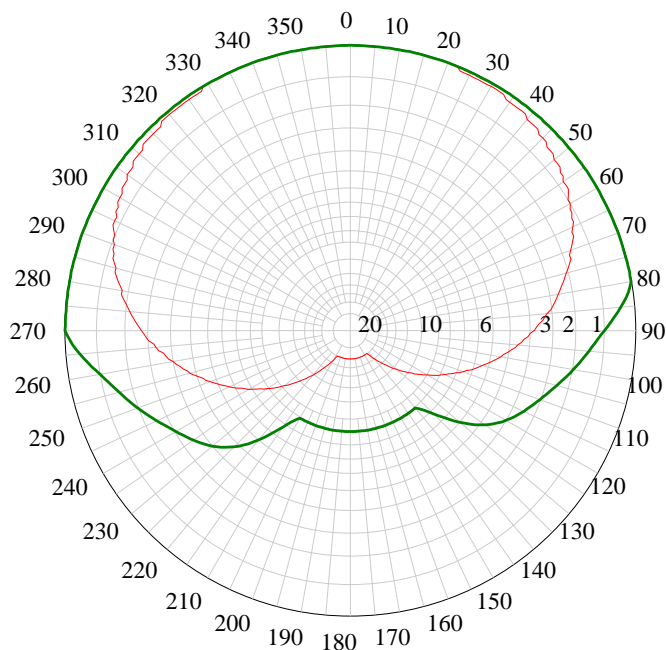
(c) Height of transmitting aerial above ground level (in metres);

Wenvoe	150m agl
Kilvey Hill	20m agl

(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 omnidirectional).

The proposed maximum effective radiation patterns are:

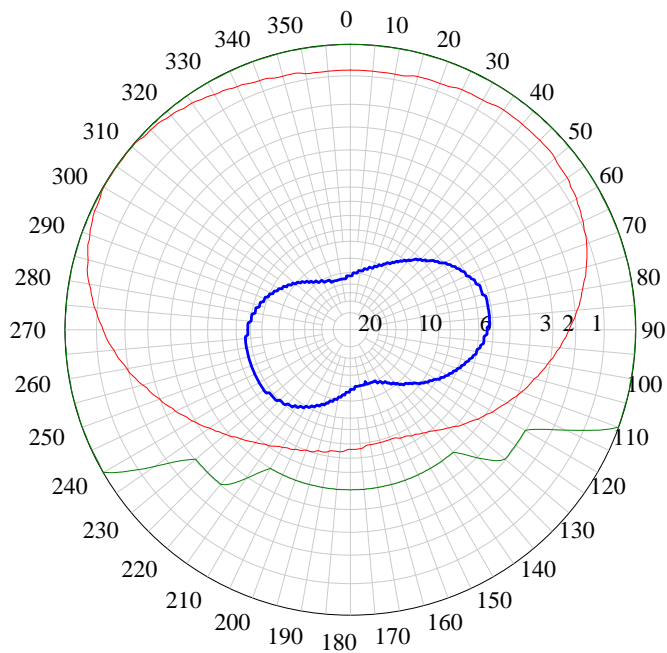
Wenvoe 2.5kW vertical, 2.5kW horizontal



Proposed V & H antenna pattern (red), Template (green)

Kilvey Hill

1.0kW vertical, 250W horizontal



Existing Swansea Bay Radio antenna pattern.
Vertical (red), Horizontal (blue), Template (green)

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(s) should also be provided.

National Grid Wireless owns and operates the broadcast transmission sites at Wenvoe and Kilvey Hill and has confirmed aperture availability at Wenvoe for a new antenna system. Planning permission is unlikely to be an issue on this well established structure. The proposed transmission solution at Kilvey Hill utilises an existing antenna and accommodation, and so no further planning permission is required at this site.

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

National Grid Wireless has mapped the predicted coverage and provided population predictions. The prediction is carried out using established methods, including calculated interference. A map detailing the coverage prediction is shown as the TECHNICAL APPENDIX at the end of the application and also separately on PDF.

The predicted adult population (aged 15+) covered by a good stereo service, based on the industry standard parameter of 54dB μ V at 10m, is 907,426.

The predicted adult population (aged 15+) covered by a good mono service, based on the industry standard parameter of 48dB μ V at 10m, is 1,059,582.

However because of the technical experiences already encountered with potential extended coverage opportunities for Real Radio in south Wales over the past seven years, we believe that some gaps in transmission can be recovered by utilising potential relay 'fill ins' where there is poor quality output in the Valleys area in particular, thereby taking the estimated coverage up to 1.1 million adults (aged 15+).

On award of licence, our plan will be to enter into discussions with the transmission providers in order to fulfil this requirement.

(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*

National Grid Wireless will be responsible for the installation and commissioning of all equipment at the transmission sites, for provisioning the programme feeds from the studio, and for the ongoing maintenance of all transmission equipment. The service will be designed to minimise service-affecting faults.

The transmission will be monitored and managed from the 24-hour, 365-day Service Management Centre of National Grid Wireless, located at Warwick. Field operations and maintenance services will be delivered by the established field force of National Grid Wireless, ensuring effective response to any incident.

(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.*

It is anticipated that the start of broadcasting would be within 12 months of award.

Section 105(B) and (C):

CATERING FOR TASTES AND INTERESTS/BROADENING CHOICE

4. PROPOSED FORMAT



Format Outline Form

Variety FM

Format Outline

Station Name	Variety FM
Licence Area	South Wales (as defined in licence advertisement)
Frequency	106.8 and 107.3 MHz
Hours of Broadcast	24 hours a day (At least 20 hours locally produced and presented)

Definitions

Speech	excludes advertising, trails, sponsor credits and the like and will be calculated over the period specified.
Music	percentages are calculated as a percentage of the total tracks broadcast in the specified period.
Peak time(s)	refers to weekday breakfast and afternoon drive output, and weekend late breakfast.
Daytime	is 0600 to 1900 weekdays and 0800 to 1400 weekends.
Locally made	refers to output produced and presented from within the licence area and must include peak time.

Character of Service

VARIETY FM IS AN EASY-LISTENING STATION FEATURING LIFESTYLE ORIENTATED SPEECH TARGETING AN AUDIENCE AGED 50 PLUS IN THE SOUTH WALES AREA.

Detail

Programming will clearly target listeners primarily aged 50 and over with a mix of melodic hits from the last six decades, including standards, nostalgia and easy listening plus some modern easy listening. Older, melodic material will dominate the music played and tracks from the last 25 years must not account for more than a third of the music aired each day.

Specialist music programmes featuring genres such as Classic Soul, Popular Classical, Nostalgia, Rock 'N' Roll and Country will account for at least 10 hours each week.

Speech is an important part of the service and should account for not less than a quarter of weekday daytime output and not less than 10% off peak. It should include local information for the target audience, including lifestyle, health matters and charity features, reflecting the cultural diversity of the region. News bulletins containing south Wales news will be aired every hour 24 hours a day.

5. 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.*

South Wales has a 32-year heritage of listening to ILR, which still commands significant audiences in this region. In 2000, when GMG arrived with Real Radio and launched the first bespoke south Wales regional station with a debut RAJAR record of 19% reach and 12 average hours this market was still relatively un-crowded. However, since then a further level of smaller stations have joined Bridge FM and Valleys Radio, with Radio Carmarthenshire, Scarlet FM (a pseudo opt out of Radio Carmarthenshire, but run as a separate station) Radio Pembrokeshire, and the recently launched Swansea Bay Radio all offering the highly competitive Adult Contemporary music proposition.

Despite these stations enjoying a significant level of success, the undisputed No 1 radio stations in south Wales remain BBC Radio 2 and a resurgent BBC Radio 1 still commanding significant audiences in spite of the increased level of commercial competition.

Kiss FM (formerly Galaxy and Vibe) has had a tough battle in the region, which may be due to this licence being based in England whilst still trying to cover a significant part of south Wales, and appeals to a young audience, aged 15-29. Real Radio, appeals to the 25-54 age group with a format made up of 60% music from the last four decades, and around 40% speech. Capital Gold primarily caters for 35-54's but has significantly reduced local content since the halcyon days of Touch AM in the 1990's. Swansea Sound on the AM frequency also primarily caters for over 30's.

Research, in particular market analysis of radio listening highlighted in Section 105(D), shows the commercial radio sector is consistently being out performed by the BBC among the 50+ demographic. However more locally, neither BBC Radio Wales nor BBC Radio Cymru have broad appeal and their mainstream, non-sports audiences are predominantly aged 55, if not 65, plus.

The 50+ audience is underserved by most existing commercial services in terms of their own music tastes, preferred local news commitments and lifestyle information. Neither is there a commercial service catering for their tastes and interests in providing thoughtful and creative commercial propositions that take into account listener requirements.

Alongside this, current available commercial services have a scant requirement to deliver Welsh language output, in the main it is tucked away in off-peak parts of the output. GMG Radio, having analysed audience requirements through a sustained market research programme has, in order to meet demand, created a unique and innovative way of delivering Welsh language news during peaktime output to enhance the overall proposition of Variety FM and this will be explained later in this section of the application.

With a mixture of core music from the 1950's to the present day, plus a minimum 25% intelligent speech including 24-hour local news, Variety FM would broaden choice among listeners aged 50-69, taking audiences from all BBC services, especially Radio 2.

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

- *Catering for the tastes and interests, general or particular, of persons living in the area;*
- *broadening the range of local commercial services available in the area;*
- *the provision of local material, if any;*
- *the proportion of locally-made programming, if any should be set out in this section*

Catering for Tastes and Interests - Music

Next year I'll be 60, I remember the launch of Swansea Sound in 1974 and I really enjoyed the variety of music they used to play. Today, they rarely play the great 50's and 60's records I remember buying from the record shop in Cwavon Square. Male listener aged 59 from Port Talbot.

With Variety FM, this person and over half a million mature people (as defined within the Red Dragon and 96.4 FM The Wave TSA's) like him would find a station that not only plays the music they want, but also has lively, adult presenters who – unlike on most stations in south Wales – actually understand exactly the lives their audience have lived and are enjoying now.

Also, unlike other stations in south Wales, Variety FM is dedicated to playing the music that this powerful but largely ignored swathe of society wants to hear. The Variety FM music library will be made up of over 5000 tracks, offering much more variety, surprise and delight and less repetition than any other radio service in the region.

Nearly a third (30%) of music on Variety FM will come from the sixties – from Tom Jones to The Who while a quarter (25%) of tracks played on the station will be from the seventies, from Abba to Elton John. Just one in 20 songs played – mainly melodic tracks – will be from the nineties and the same number from the millennium onwards.

Our research also shows the need for some specialist programming and will feature Popular Classical Music, Classic Soul, Country, Rock 'N' Roll and the 60's and 70's would each have featured specialist shows. A Nostalgia-based show of 40's and 50's music would also be included in the schedule. Variety FM also recognises the pride and passion for music of Welsh origin and as such we will include recognised Welsh artists throughout our musical repertoire.

Commercial radio has traditionally neglected all of these genres, which would broaden choice for the mature listeners who have had to turn to the BBC for these kinds of programmes. To fully appreciate the point of difference created by Variety FM in the south Wales market compared with other ILR stations in the proposed transmission area (as outlined by Ofcom in the licence advertisement), we carried out a week of detailed monitoring for 18 hours per day from Monday 9 October 2006 to Friday 13 October 2006, (Swansea Bay Radio monitored from Monday 13 November to Friday 17 November as the station hadn't launched during the original monitor period) to establish the musical eras represented by these stations. We have also included our projected turnover for Variety FM to demonstrate the distinctive sound offered by this format:

MUSIC ANALYSIS Name	ERA OF SONGS							Total Tracks played
	40's/ 50's	60's	70's	80's	90's	00's	Current	
Red Dragon FM	0	0	2	12	18	34	34	949
Capital Gold	2	37	35	18	3	1	4	1122
96.4 FM The Wave	0	0	0	10	16	33	41	950
Swansea Sound	0	7	19	25	11	16	23	944
Valleys Radio	0	0	1	16	25	33	25	962
Swansea Bay Radio	0	18	27	17	11	22	5	1107
Bridge FM	0	5	12	26	18	18	21	987
Radio Carmarthenshire	0	2	8	17	17	37	19	1039
Scarlet FM	0	0	3	10	20	49	18	1097
Radio Pembrokeshire	0	1	9	21	17	31	21	952
Kiss FM	0	0	0	0	9	29	62	1235
Real Radio	0	6	20	34	11	7	22	678
Variety FM	15%	30%	25%	10%	10%	5%	5%	850

The above table shows the total music played in peak time for each of the 12 commercial radio stations in the south Wales area, and clearly demonstrates the gap for a more mature music proposition, which Variety FM represents.

Swansea Sound on the AM waveband, whose broad primary target audience according to the description shown in the station character of service in the licence advertisement is predominantly for the over 30's, was closest musically to Variety FM but as can be seen from the table 75% of its monitored output is from the 80's to the present day much like the majority of FM stations in this market and our greater volume of local/regional news provision as highlighted below offers a significant point of difference.

We have also studied the Formats of the community radio services as described by Ofcom in the licence advertisement with the conclusion that none were similar to the region-wide music or speech agenda proposed by Variety FM.

Real Radio was also worthy of closer scrutiny as its format states that it targets 25-54 year olds, but it only broadcasts 6% of its music output from the 60's and 20% from the 70's with nothing from the 40/50's. By contrast, 70% of Variety FM's music output would come from the forties/fifties, sixties and seventies and only 30% from the eighties up to the present day.

Catering for Tastes and Interests - News Output

Our extensive monitoring reveals that only the GMG owned Real Radio offers a provision on commercial radio in south Wales for a substantial regionally-based news service 24 hours a day.

As clearly demonstrated through our research, mature listeners are very news aware and are currently underserved in south Wales where most other local commercial news services terminate in the early evening with some clearly offering locally pre-recorded bulletins to supplement IRN.

Variety FM will maintain a truly regional south Wales news service 24 hours a day, with regular five-minute bulletins during the day – 10 minutes at 8am, 1pm and 6pm – and three-minute locally originated bulletins during the evening and night. Help from its sister station, Real Radio, will provide shared resources enabling Variety FM to maintain its continuous local news proposition.

GMG Radio is a shareholder in MXR and is planning, subject to regulatory agreement to launch Variety FM on DAB multiplex in south Wales, which will provide Welsh language news bulletins on the hour during peaktimes from 0600–1800. If we were awarded this licence, the current DAB service would become a simulcast of Variety FM analogue, however, we would ensure that Welsh language bulletins would be maintained on DAB and would be extended to run until midnight providing an 18 hour service seven days a week.

GMG's experience in news and speech programming, which was pioneered by its senior management team when it launched the first south Wales regional radio station in 2000, will play a vital role in focussing the output of Variety FM towards this older demographic, one which is not motivated by phone-ins or opinionated presenters but wants to be kept informed and stimulated by warm and friendly experienced broadcasters. Speech would account for not less than 25% of the daytime output.

To gauge the difference Variety FM would make to the south Wales news agenda we carried out a detailed monitoring exercise across one day from 0600–1900 hours on Wednesday 11 October 2006 (Swansea Bay Radio was monitored afterwards as the station did not launch until 5th November 2006):

STATION Name	NEWS		STORIES			
	Total per Day	Ave. Bulletir Lengths	Local	%	Non-Local	%
Red Dragon FM	00:45:28	0:02:24	45	45	55	55
Capital Gold	00:29:15	0:01:38	41	63	24	37
96.4 FM The Wave	00:34:32	0:02:02	57	77	17	23
Swansea Sound	00:45:41	0:02:32	65	67	32	33
Valleys Radio	00:44:50	0:02:38	51	54	44	46
Swansea Bay Radio	01:10:12	0:03:42	62	43	83	57
Bridge FM	00:56:55	0:02:06	76	61	49	39
Radio Carmarthenshire	00:56:07	0:03:30	56	38	90	62
Scarlet FM	00:52:04	0:03:28	46	35	85	65
Radio Pembrokeshire	00:58:41	0:02:48	49	32	103	68
Kiss FM	00:15:17	0:01:32	15	32	32	68
Real Radio	01:02:48	0:04:21	85	69	38	31
Variety FM	01:46:00	0:05:20	120	60%	80	40%

The table (above) highlights the news content available to south Wales commercial radio audiences on weekdays. If we extrapolate the local news to be carried on Variety FM from 1900-0600 when most other stations have opted to national news services the comparison is even more exaggerated.

Although there appears to be high levels of non local stories on a lot of the smaller stations, it is a fact that they predominantly carry IRN live during the day and add local stories after the UK and World news

The music and news comparison tables clearly highlight the points of difference between the Variety FM proposed music format and news provision when compared to other commercial services, confirming that the service clearly differentiates in both music and committed local news output.

Presentation style and delivery, other local information including travel reports, community issue airtime allocations, sports features and advertising minutage were also monitored during this period.

The full report is available to Ofcom on request and our main observations from this are that as well as music and news provision, the monitoring survey clearly positions Variety FM as very different from any other service available because of the focus it will have on its primary target audience.

Broadening the Range of Local Commercial Services in the Area

Both south Wales' heritage stations split frequencies in the late 80's with FM services targeting under-35s and AM going for older listeners. However in reality this has meant a much broader interpretation of what constitutes older listeners with either over thirties or age 35-54's being described as the targeted audiences in the current published formats of south Wales ILR AM services. The effect has been that ILR has failed to cater for its original heritage listeners and as such they have chosen to steadily desert commercial radio and find some solace with the BBC services.

The BBC has therefore been the big beneficiary of ILR's focus away from anyone attaining a certain age in south Wales. It succeeded and continues to succeed in attracting older listeners with speech-orientated BBC Radio Wales and the national networks BBC Radio 2 and BBC Radio 4 in particular.

Variety FM will target a core audience aged 50-69 and cater accordingly for their tastes and interests. It will do this by providing music and entertainment combined with high quality news, information and lifestyle speech programming, designed for listeners in the broadcast area.

We appreciate the primary factor to Variety FM's success in south Wales will be the relevance of the output to its currently disenfranchised commercial radio audience. We will provide local focus with content, together with an eye at all times on how this affects our proposed audience. We will provide audiences with a service that commits fully to local/regional news, content, and character, and one which encourages the station's presenters to connect with and relate to the age group.

Variety FM will be unique and committed to broadening choice for people in south Wales. Speech will cater for the tastes and interests of listeners aged 50-69 whilst much of the music played will not be heard on other commercial services in the region. The station will have a large database of over 5,000 tracks. Repertoire is varied, and repetition is low.

Among the growing 50+ age group in south Wales 93% of research respondents expressed their support for Variety being given a licence to broadcast. The introduction of Variety FM into the radio landscape can halt and reverse the continuing ILR listener decline in this region, growing the total commercial radio market. Variety FM will also grow commercial radio's share of advertising spend by attracting new advertisers to the medium.

This confidence is supported by research and the views of listeners, decision makers, opinion formers and advertisers.

This area is crying out for an alternative to the well established BBC Radio Wales and Radio 2 who do a good job but a choice would be more than welcome and as advertisers we would like to get to this area also.

David Semmens, Managing Director, Happy Homes Furnishers, Crosshands.

Provision of Local Material

Variety FM will cater primarily for people over the age of 50 living in south Wales. All output will focus on the tastes and interests of the audience with a clear understanding of geographical and local requirements. With this in mind we have taken the decision based on local requirements, to broadcast Welsh language news bulletins at peak time on DAB across the south Wales and Severn Estuary multiplex.

Alongside this on FM we commit to providing 24 hour news bulletins in English, containing local news every hour together with local traffic reports, up to date weather information for south Wales and local lifestyle, charitable and social action features reflecting life in the region. We will also broadcast regular sports bulletins during peak drive times reflecting the pride held for Welsh nation teams, league football and regional rugby.

Local Social Action and Charitable Strategy

The Guardian Media Group has a longstanding reputation for being a credible voice and a major contributor to policies and projects designed to serve the local and wider communities throughout the geographical areas in which its businesses operate. South Wales is certainly no exception to this and Variety FM will be a committed contributor to helping local communities and organisations and, in particular, those associated with our target audiences, in their quest to prosper.

The Prince's Trust Cymru would be delighted to support your application for the licence; and are sure that you would show the same levels of corporate social responsibility in operating Variety FM as you do with Real Radio.

Jane James, Director, Prince's Trust Cymru.

By way of guaranteed focus on this crucial part of our output, we intend to employ a dedicated Social Action Producer who will have responsibility for the "Variety FM Action Line" and will liaise with the local Community Service Volunteer groups and other locally based organisations.

This person will lead and recommend, in association with the Variety FM News Editor, dedicated weekly campaigns supported by editorial features and interactive advice lines and backed with a branded on and off-air support network providing partnerships with community groups by physically distributing action packs to respondents on that week's specific campaign.

The team will have a specific remit to further develop our ongoing links with local campaign groups and charities and will also work towards our annual fund raising effort for south Wales based charities. The existing GMG Radio 'Real Appeal' combined with Bring A Pound To Work Day has already generated over £250,000 for charities such as Noah's Ark Appeal, Ty Hafan Hospice and Prince's Trust Cymru, and we would envisage a substantial contribution to similar causes once Variety FM becomes established.

Conclusion

As a result of extensive research and south Wales station monitoring including the study of available Community services, we conclude that Variety FM will both broaden the choice of commercial radio services in south Wales and, at the same time, be 100% focussed on the local community and its own specifically targeted listener group in particular.

GMG Radio expertise and unrivalled success in programming radio to regional audiences and south Wales in particular, will ensure that Variety FM output will be completely unique and differ substantially to all existing commercial radio services in the region.

The following outlines a proposed programme schedule. A typical six-hour daytime music running order for Variety FM in south Wales is shown at the end of this application document as APPENDIX II:

SCHEDULE - WEEKDAYS

Programme		Content and Style
06.00	<p>VARIETY BREAKFAST</p> <p>The easier start to your day with music and light hearted presentation, which is fun and informative.</p> <ul style="list-style-type: none"> • South Wales, National and UK/World news relevant to the target audience and area. • 5 minutes of news on the top of the hour with 10 minutes at 8am. • 2 minutes of news on the half hour. • 2 minutes of sport every half hour. • Travel news every 20 minutes. • Business and Financial news every hour. • Glamorgan CCC news (summer). • South Wales coastal reports, tidal information and shipping forecasts. • Newspaper review including reaction to the lead stories in the Western Mail. • What's On for over 50's in south Wales. Events from venues such as the Wales Millennium Centre, Dylan Thomas Centre and Newport's Riverfront Arts Centre , • Variety Requests at 9am every morning where the listeners pick their favourites for a whole hour. 	<p>This is a double-headed show with a male and female presenter with complementary styles and background. The chemistry between the two presenters will be key, combined with a high level of "Local News Awareness".</p> <p>The overall feel of the show will be entertaining and delivered with a light touch, but with a strong understanding of the current issues that count. It will be witty and will intellectualise as well as have fun in an informed manner.</p> <p>Our presenters will reflect life in south Wales and will recognise the role they have in contributing to the democratic process in Wales through identifying issues that matter to a devolved nation.</p> <p>Our Taxi & Trucker reporter club will supplement travel reports, from Traffic link.</p>
10.00	<p>VARIETY MID-MORNINGS</p> <p>A more music programme with social action features and occasional guests.</p> <ul style="list-style-type: none"> • Regular expert advice every day featuring legal advice, health matters, personal finance, lifestyle problems and WAG politics. • Variety Action featuring a different local charity every week. • A live interview with a different local Newspaper Editor every morning. • 5 minutes of news every hour with a 10 minute extended bulletin at 1pm. • News headlines at 12:30. • Glamorgan CCC score updates each hour. 	<p>A skilled and experienced presenter who is well informed and allows listeners access to all the guests. This show will offer help and advice and keep the audience informed on local issues.</p> <p>We'll use our own Social Action Unit to get to the heart of the main problems facing the people in the south Wales area every day with "Variety Action".</p> <p>Volunteering opportunities in south Wales will be featured in regular packages produced in conjunction with CSV-RSVP</p> <p>Specialist Experts will appear on a weekly basis and develop into key "On Air" Personalities becoming friends of the listener.</p> <p>Minister and senior Assembly Politicians will be invited to occasionally contribute to the programme, as guests responding to listeners concerns.</p>
14.00	<p>VARIETY JUKEBOX</p> <p>A chance for listeners to pick their favourites for an hour.</p>	<p>Mainly music with callers leaving their requests on the Variety FM answer phone.</p>
15.00	<p>VARIETY DRIVE HOME</p> <p>A programme to keep you up to date on the journey home with News, Sport and Traffic and Travel.</p> <ul style="list-style-type: none"> • Local, National and UK/World news relevant to south Wales. • 5 minutes of news on the top of the hour with 10 minutes at 6pm. • 2 minutes of news on the half hour 	<p>Similar in style to the Breakfast Show with solo presentation and occasional guests.</p> <p>The overall feel of the show will be entertaining and pacey, but with a strong understanding of the current issues that count.</p> <p>Variety FM will reflect the proud passion for Welsh sporting success and will regularly welcome Welsh rugby and football legends to the station to give their</p>

	<p>from 4pm.</p> <ul style="list-style-type: none"> • 2 minutes of sport on the half hour from 4pm • Travel news every 20 minutes. • South Wales coastal and shipping reports. • Hourly Updates from Glamorgan CCC (summer). • Business and Financial news every hour with a full City round up in the 6pm extended news. • The Variety "Guide" for the evening's events at the Theatre, Cinema, and Live Music Venues between 6pm and 7pm. 	<p>view on the current performance of the national sides. Our Taxi & Trucker reporter club will supplement travel reports, from Traffic Link. Our business news will champion Welsh business success and will highlight business developments from a south Wales perspective A full round up of events in the south Wales area for a great night out, with occasional Celebrity "Phone Outs, talking to artists appearing at venues in the region".</p>
<p>19.00</p>	<p>VARIETY SPECIALIST MUSIC SEQUENCES</p> <p>Monday – Rock 'n' Roll Tuesday – Nostalgia Wednesday – Classical Show Thursday – Classic Country Friday – Classic Soul</p> <p>3 minutes of local news every hour</p>	<p>A different skilled and experienced specialist presenter every night. A different musical genre represented every evening featuring Rock 'n' Roll, Nostalgia and Standards from the 40's and 50's, Popular Classical music, Country and Classic Soul. With 60's and 70's shows at the weekend Updates on local and other relevant musical events each evening relating to the particular featured genre. Occasional interviews with relevant artists appearing in the region. Potential also for the use of archive material when appropriate for tributes to popular shows and artists.</p>
<p>22.00</p>	<p>LATE NIGHT VARIETY</p> <p>A late night music show that helps you relax and chill out.</p> <ul style="list-style-type: none"> • A more music show with listener requests. • Occasional guests from the Theatre and the vibrant late night community. • The late night Featured Classic Album. • The Newspaper call out to the local newspaper newsdesks to find out what's going to feature in tomorrow's papers. • 3 minutes of local news every hour. 	<p>Hosted by a warm and friendly local late night presenter. Easy listening that helps people wind down at the end of the day.</p>
	<p>WEEKENDS</p> <ul style="list-style-type: none"> • A more music feel to the weekends with listener requests. <p>SATURDAYS</p> <ul style="list-style-type: none"> • The Sports Free Zone • Sound of the Sixties Show <p>SUNDAYS</p> <ul style="list-style-type: none"> • Sound of the Seventies Show • Easy Like Sunday Morning • Occasional guests from the Welsh Assembly and local councils. 	<p>Hosted by warm and friendly local presenters</p> <p>Easy listening that helps people wind down at the weekend.</p>

Section 105(D):

EVIDENCE OF LOCAL DEMAND OR SUPPORT:

6. EVIDENCE OF LOCAL DEMAND

If original market research has been undertaken, please provide the following information for each piece of research:

- (a) A statement of the key objectives of the research;*
- (b) The specific questions that the research sought to answer;*
- (c) How the research was conducted;*
- (d) The size and composition of the sample(s);*
- (e) When and where the research was conducted*

In line with previous older-targeted licence submissions, GMG Radio commissioned both Format Gap and Listener Requirement research in support of this Variety FM south Wales application.

Methodological details relating to both surveys are included on the following table.

	FORMAT GAP RESEARCH	LISTENER REQUIREMENT RESEARCH
(a) Key Objective:	To identify the radio station format that best broadens local commercial radio choice and exacts the greatest potential amongst south Wales' radio listening public	To identify the programming requirements that will combine to maximise the listener appeal of Variety FM amongst the potential south Wales radio audience
(b) Questions:	Does the proposed format offer something different to existing local commercial radio? What is the likely level of listener trial? What is the preferred format?	Station awareness and listening levels; Targeting of existing key stations; Requirements of a new radio service; Preferred format of a new station; Welsh language 'usage' levels; Music, news and speech requirements; Reactions to the 'Variety FM' concept
(c) Methodology:	Face-to face, in-home, CAPI interviews	Face-to-face, in-home, CAPI interviews
	TNS System Three undertook executive management of the fieldwork and analysis Rachel Steel of QuestionAir Marketing Research Limited provided survey and analysis design and research interpretation	
(d) Sample Size: Quota sample: Analysis:	310 interviews with adults 15+ 2 gender, 4 age, 2 social grade and working status of females Weighted by age within gender and social grade and grossed up to the estimated RAJAR/Ipsos-MORI adult 15+ population of the area: 1,315,000 (based on Wave 1, 2006 estimates)	843 interviews with adults 15+ 2 gender, 4 age, 2 social grade and working status of females. 45-64 year olds up-weighted by a factor of 1.5 Weighted by age within gender and social grade and grossed up to the estimated RAJAR/Ipsos-MORI adult 15+ population of the area: 1,374,000 (based on Wave 2, 2006 estimates)
(e) Fieldwork: Survey Area:	2 – 9 August 2006 The Total Survey Area initially proposed by GMG Radio for this south Wales licence application	6 September – 11 October 2006 The Total Survey Area initially proposed by GMG Radio for this south Wales licence application

(f) *A summary of the main findings from the research, showing how these demonstrate evidence of demand for the service proposed*

Variety FM in South Wales

- MXR digital radio research, conducted in summer 2000, confirmed our initial belief that a mature music-led radio service would contribute significantly to the broadening of local commercial radio choice in south Wales.
- RAJAR research consistently confirms a market gap for an ILR station targeting a primary audience of 50-69 year olds and a secondary audience of the over 50's.
- The 50+ population is growing faster than either the total or adult population of south Wales. By the end of the licence period 50-69 year olds will account for almost three out of every ten adults and the 50+'s close to one in every two adults.
- Of eight radio station formats researched Variety generates the greatest overall appeal amongst the adult population generally and, more especially, its intended 50-69 year old target audience.
- BBC radio is the dominant force in 50-69 year old radio listening - 72% reach, 65.0% share against commercial radio's 57% reach and 34.2% share.
- Network BBC stations account for a higher share of listening than all local/regional radio stations combined (commercial and BBC) **and** more listening than all commercial radio stations (local, regional and national).
- Radio 2 dominates the 50-69 year old audience, singularly accounting for almost a quarter of this group's listening. Radio Wales and Radio 4 rank second and third respectively making the BBC's dominance of the 50-69 year old audience complete.
- From the outset the Variety FM concept is endorsed by our intended target audience. Without prompting, 50-69 year olds request a new south Wales radio station to provide a wide range, or variety, of music ahead of local and national news and local information/events/entertainment features. Additional music requests focus on good music, music generally, easy listening and 60's and 70's music – the cornerstones of Variety's output.
- Welsh language programming is accommodated on our Variety DAB channel and will be increased subject to Variety being awarded this south Wales analogue licence.
- Variety's core music policy will be based on popular music from the 50's to the 70's with an overall mellow, or 'easy to listen to' style, spiced with classic soul and country tracks. The station will also broadcast a minority percentage of melodic modern and contemporary songs that will blend with the overall music mix to ensure the required diversity and freshness in the music played.
- Specialist music shows will focus on many of these same music strands included in the daytime music mix along with popular classical, 1950's Rock 'N' Roll and nostalgia music.
- Variety's target audience is demanding of quality news and information programming and the station is committed to a 24-hour south Wales news operation.
- Listener support for Variety FM is assured by:
 - 77% of adults claiming they will trial the station (83% of 50-69 year olds) and, of those who registered an opinion

- 70% agreeing it broadens listener choice (72% of 50-69 year olds)
- 96% supporting it being awarded a licence to broadcast (96% of 50-69 year olds also).
- Format Gap and Listener Requirement research confirm that the Radio 2, Radio Wales and Classic FM audiences are all more likely than average to claim likely trial of Variety FM and to recognise that it will introduce something different to the existing local commercial radio mix.

Variety FM's mature adult radio format is the ideal choice to challenge the BBC's current audience domination and bring increased audience success to local commercial radio in south Wales

Our Starting Point

The proposed Variety FM format is not exactly new to south Wales audiences as from 2000 onwards, as part of the MXR multiplex consortium, GMG Radio first introduced the concept of 'older appeal' radio in the south Wales and Severn Estuary MXR station mix.

As a partner in the MXR consortium, GMG recognised from the outset that a relaxed, melodic radio station aimed at a mature audience would prove a hit with potential digital listeners and contribute significantly to the broadening of listener choice. The service was described as being ;

“ aimed at a maturing audience who enjoy melodic, memorable and tuneful music from the past 40 years. On our service you would not hear driving beats, guitar-led riffs or wailing lead vocals. Instead, ours is the more relaxed approach to life – peaceful and easy listening in flavour. It is more Moody Blues than Simply Red, more Bread than Jam! Our speech is intended to reflect the lifestyles of our audience aged 45 plus. Not shocking in nature, it is more relaxed with an easy pace and delivery.”

The anticipated appeal of the station was;

“ . . . to the over 40's but with an expected older bias over 50”².

Although the digital research, conducted in July/August 2000, was carried out only amongst 15-64 year olds (those who were considered the most likely early adopters of digital radio technology) over half (53%) registered their total personal likelihood of listening to this older appeal format. Most pertinent was the fact that the appeal of the service built with age, with 79% of 55-64 year olds recording some likelihood of listening.

The MXR application also made reference to the fact that:

"What the age profile also points to is the appeal of Smooth (the older appeal format) to age groups which traditionally tend to listen more to BBC Radio than commercial radio. This is borne out by the findings that core listeners to BBC local radio, BBC Radio 2 and BBC Radio 5 Live, registered higher than average likelihood to listen figures. More than some other services proposed by MXR, Smooth does appear to have the ability to win over digital radio listening from the BBC".¹

Why the Over 50's?

Our trend analysis of local commercial radio audiences was based on RAJAR's/Ipsos/MORI's six-month Wave 3 surveys in each of 2003 through to 2006.

In line with many local UK radio markets the under 45's in south Wales consistently register above average ILR weekly reach and market share. With only one exception this same greater than average local commercial radio appeal also extends to include 45-54 year olds yet by the age of 55-64 there is a marked decline in both ILR's weekly reach and share of listening, resulting in consistently below average audience levels.

Based on the premise that a twenty-year age group forms a cohesive target audience for music programming, the 'first' group of adults which fails to deliver above average ILR audiences is the 45-64 year olds. Even then this group typically comes close to matching the performance of all adults in terms of both reach and share. Moving this demographic forward five years however, to 50-69, we find a more significant drop in ILR's performance, confirming that the gap in ILR's south Wales provision exists amongst the over 50's. Variety FM will target a primary audience of 50-69 year olds and all 50+'s as a secondary target listener base.

¹ MXR West & Wales, Digital Multiplex Licence Application for the West & Wales, November 2000

ILR AUDIENCES Wave 3, 2003 – 2006								
	Weekly Reach %				Market Share %			
	2003	2004	2005	2006	2003	2004	2005	2006
Adults 15+	54	54	52	52	36.8	39.1	36.7	32.8
Adults 45-64	49	49	48	52	35.5	35.5	29.7	31.1
Target 1 - Adults 50-69	44	40	41	43	28.3	29.5	25.9	26.8
Target 2 - Adults 50+	37	34	33	33	23.3	24.4	22.1	20.5

Further evidence confirms this decision: first, the average age of current radio listeners as defined by RAJAR; secondly, the perceived targeting of key radio stations from our Listener Requirement research.

In line with the findings of GMG Radio's last older-targeted licence application in North East England, the average age of a south Wales radio listener is 46 years, four years younger than Variety FM's 'youngest' primary target listener - a 50 year old. The average age of a local commercial radio listener is 40 years - ten years younger. Clearly both of these 'average' listeners fall well below Variety's intended 50-69 year old target age group, again confirming the gap that exists for our proposed radio service.

In contrast the average age of other radio sector listeners each fall nearer to, or within, Variety's primary audience demographic: Regional BBC Radio, 56 years; INR, 46 years; Network BBC Radio, 44 years. The Network BBC average is very much reduced by Radio 1 (31 years), leaving Radios 2, 3 and 4 each reporting their average listener in the 50-60 year old age range. Classic FM performs similarly, reporting its average listener as a 56 year old. Therefore, not only will Variety FM complement south Wales' existing local commercial radio services but it will also challenge each of BBC Radios 2, 3 and 4, Regional BBC Radio and Classic FM for the area's more mature audience.

Both our Format Gap and Listener Requirement research reveals that a 64/65 year old is perceived as being the least well served by local commercial radio. Compared with some other areas of the UK, this is older than we have typically seen and further reinforces why Variety FM must be targeted to all 50+'s as opposed to the 45+'s. Additionally 50-69 year olds consider thirteen of the region's eighteen key radio services to target someone younger than themselves and nine (half the number of key radio services) someone notably younger. This includes the area's six top-performing ILR stations and Scarlet FM and, most especially, each of Radio 1 and Virgin (along with Kiss and The Wave). Whether measured amongst 50-69 year olds or all 50+'s, the stations perceived as best targeting these 'older' demographics are Radio Wales, Radio Cymru, Radio 2, talkSport and Radio Carmarthenshire.

We give especial credence to the above findings as notably both stages of our bespoke research confirm the RAJAR reality that the individual best served by local commercial radio in south Wales is a 40 year old.

Based on both past and current RAJAR audience research, and the findings of our own detailed Listener Requirement survey, we conclude that the over 50's are those most deserving of the new south Wales local commercial radio service now advertised.

Population Characteristics and Trends

The south Wales population differs to that of the United Kingdom as a whole on three counts. First, the area's age profile highlights an over-representation of both the younger and older age groups; the under 25's (and the 10-24's especially) and the older 60+'s (and the 65+'s especially). Secondly all C2DE social grades are more evident than average – groups traditionally associated with higher than average levels of listening to local commercial radio and thirdly south Wales is an area where there is very little ethnic mix. 95% of the population is British (almost 10 per cent more

than in the UK – 85.7%) and 97% is classified as white. As a result only the ‘White’ and ‘British’ groups are over-represented across the area.

Most important from Variety FM’s perspective is the age profile of the area. Not only are the 60+’s over-represented but also over the duration of the advertised licence period (2007-2019) it is the older age groups that are set to increase in the greatest numbers.

Over the next twelve years south Wales can boast a buoyant population. The number of individuals living in the same area in which our ad-hoc research was conducted is set to increase by 5.8% and the radio-accepted adult audience of those aged 15 and over by a slightly greater 7.1%. This growth is very much boosted by the projected increase in all 5-year age groups aged 50 and over and so much so that the number of 50+ adults is set to increase by two and a half times the level of all adults generally (17.5%) and Variety FM's primary target age group of 50-69 year olds by more than one and a half times the all adult level (11.9%). In contrast the number of under 50's is set to remain constant (-0.4%).

2007-2019	Target 1 50-69	Target 2 50+	Individuals 0-49
% Population Change south Wales	+11.9%	+17.5%	- 0.4%

The result of these projected population shifts is that the 50+ age group will account for an increasing proportion of the population across this licence period:

	Target 1 50-69	Target 2 50+
Proportion Of Total 0+ Population		
2007	22.9%	34.9%
2019	24.2%	38.7%
Proportion Of Adult 15+ Population		
2007	27.8%	42.3%
2019	29.0%	46.5%

50-69 year olds will account for almost three out of every ten adults by 2019 with the 50+ age group approaching half the area’s adults by this same date.

With the above levels of projected growth, coupled with the significant proportions of both the total and adult populations they represent, it is indisputable that south Wales is deserving of a local commercial radio station specifically programmed to meet the listener requirements of the more mature radio listener.

Format Gap Research

To identify the radio station format that best broadens local commercial radio choice **and** exacts the greatest audience potential amongst the south Wales’ listening public we researched eight possible radio station formats: Rock; Variety; Country; Welsh; Smooth (as *currently* broadcast on 102.2 FM in London); News Talk; Alternative; and RockTalk. Each format was described by a short concept statement and all except News Talk by a short music montage featuring four artists and tracks.

For the purpose of this licence application Variety was described as follows:

Variety: Familiar, melody orientated music from the past five decades mixed with contemporary mellow hits to sing along to. Specialist music shows could include Country, Soul and Rock 'N' Roll. There will be in-depth 24-hour local news and sport bulletins presented by experienced broadcasters:

Artists & Tracks;

Sam Cooke
Elvis Presley
Billy Joel
Diana Ross

You Send Me
Love Me Tender
Piano Man
When You Tell Me That You Love Me

Two questions were asked in respect of the each of the proposed formats. First, to ensure the format meets the remit of broadening ILR audience choice a question was asked as to whether the proposed format “would offer something different to what is already available to listen to on local commercial radio in this area”. Secondly, all respondents were asked how likely they would be to listen to the proposed station on a “regular weekly basis”.

Proposed Format Offers Something Different

Of the eight formats researched, five are considered to offer something different by over half south Wales’ adults: Welsh (73%), Country (68%), News Talk (62%), Variety (54%) and Smooth (53%). All formats incorporating any element of ‘Rock’ are considered to be less distinctive in this market: Rock; RockTalk and Alternative.

Our intended primary audience of 50-69 year olds more readily recognises Variety’s potential point of difference with 61% identifying it as different from existing named ILR services. Equally exciting, so too do the current weekly listeners of Radio Wales (58%), Radio 2 (62%), Classic FM (63%) and Radio 4 (65%) – all stations that currently generate above average audiences from both 50-69 year olds and all 50+’s generally. Not only is there a match between the proposed format and intended target demographic but so too between the audiences of those key older-targeted radio services Variety FM wishes to win audience from.

Likelihood Of Listening

Recognising that just because a potential radio station format offers something different does not guarantee its success. We identified the level of support that each format might expect to receive (the ‘likelihood of listening’).

After factoring the responses obtained, to allow for any degree of over-statement in the intention to sample, Smooth and Variety emerge as the most popular formats, scoring at 36% and 35% respectively. RockTalk ranks third (33%), making GMG Radio’s three station ‘brands’ the highest rating in this market. At the opposite end of the spectrum the Welsh format, that was recognised as being the most different from existing ILR services, proves by far the least popular, rating at just 18%, a third lower again than the second least popular, Alternative (24%).

The key differentiating factor between Variety and Smooth is that the appeal of the former is that much older. Amongst the under 35’s Smooth is by far the more likely to attract station trial. The 35-54’s rate the two very similarly whilst the 55-64’s and 65+’s increasingly favour Variety. The result is that Variety records a 50% factored likelihood of listening amongst 50-69 year olds against Smooth’s 37%. However at 37% Smooth still ranks second amongst this all-important group.

Key weekly listener groups are also quick to recognise the appeal of Variety as a potential new radio addition on their radio dials. The weekly audiences of each of Radio Wales, Radio 2 and Classic FM all rate Variety as the station they would be most likely to listen to and whilst Radio 4 listeners rate NewsTalk at the head of their lists, Variety nevertheless rates second overall and first in terms of a music-based station. The potential appeal of Variety FM to current competitive station audiences is apparent from the outset.

Preferred Station Format

As the outright favourite station format, Variety ranks second behind Alternative. As noted previously, prior to this research our knowledge of the south Wales market, reinforced by RAJAR trend analysis, had indicated that the gap in this south Wales radio market was for a 'mature' targeted radio service. On this basis all of the potential formats researched other than Alternative might be deemed older in their appeal. It is no surprise, therefore, that the younger-targeted Alternative format records especially strong performances amongst the younger 15-24's and, to a slightly lesser degree, the 25-34's.

Variety's 17% rating builds to 24% with 50-69 year olds, making it half as popular again as Smooth, the second highest rating format on 16%. Alternative now rates the lowest of all, at just 3%, ahead of Rock (7%) and Welsh (9%). Variety's appeal also proves constant amongst competitive BBC audience groups with each of Radio Wales, Radio 2 and Radio 4, along with Classic FM weekly listeners, all positioning Variety as their preferred station format. Amongst both key demographic and listener groups, therefore, Variety proves to be the most popular station choice currently missing from south Wales' local commercial radio station mix.

Overall Appeal Of Formats

The composite measures of format appeal (calculated by multiplying the percentage of adults who considered the respective format offered something different by the factored likelihood of listening by the number selecting the format as their first choice station, divided by 10,000) clearly demonstrates the popularity of Variety. Scoring at 3.3 its nearest competitor is Smooth (2.5) which, in turn, is some way ahead of Alternative and Country (2.1 and 2.0 respectively). Welsh rates the least well of all at just 0.9.

Variety's eminence as the outright most popular format is very much boosted by its appeal amongst its intended target 50-69 year olds. Now scoring at 7.2 this makes variety almost twice as popular as the second rating format, Country (3.8) ahead of Smooth (3.4). This is the ultimate acknowledgement that Variety is perfectly suited to targeting the 50-69 and, more widely, the 50+ age groups. Just as encouragingly our proposed station format continues to exhibit clear evidence that this is a format eminently suited to attracting new listeners to the local commercial radio fold. Yet again each of the Radio Wales, Radio 2, Radio 4 and Classic FM weekly audiences list Variety at the head of their station choices. Especially pleasing is the fact that Radio 2 listeners score Variety at 8.7, more than two and a half times the rating awarded to the second highest format, Country at 3.2. With Radio 2 being the most popular radio station across this south Wales radio market it is clear that Variety is well placed to dislodge at least a proportion of the market leader's current listening hours.

The main conclusions we have drawn from this research are that the Variety format will:

- broaden local commercial radio choice
- appeal to current BBC listeners, both regional and national
- create a viable commercial proposition that introduces a new, more mature, audience to advertisers

Variety is the outright preferred station choice of the south Wales radio listening public.

Radio Listening

Radio audience data have been sourced from RAJAR (RADIO JOINT AUDIENCE RESEARCH). Trend data have been derived from the Wave 3 surveys in each of the four years 2003 to 2006. Current audience data relate to the latest Wave 3, 2006 survey period. All south Wales audience figures are based on the combined ILR Total Survey Areas of Red Dragon FM and 96.4FM The Wave/Swansea Sound.

The South Wales Radio Market

Radio as a medium is very well received in south Wales. The current number of listeners (91%) exceeds the UK's 89% quarterly figure recorded in Wave 3, 2006. South Wales listeners are also marginally the more loyal, registering 24.0 average hours per listener per week against the UK average of 23.9 hours.

Despite the healthy position of radio as a whole, the listening dynamics of the south Wales radio market have shifted over recent years. Much of the audience movement has resulted from the revival of BBC Radio 2 and, much more recently, the upturn in listening to BBC Radio 1. At the macro level the net effect is that the near balanced reach and market share of BBC and commercial radio recorded in Wave 3, 2003 has now swung in favour of the BBC both in terms of the number of listeners attracted and, most especially, in terms of the amount of time listened. As the table below identifies the BBC's one percentage point lead in reach in 2003 has now extended to seven and the earlier 2.8 percentage point lead in share to 17 percentage points.

RADIO SECTOR TRENDS								
ALL ADULTS 15+ Wave 3, 2003 - 2006								
	Weekly Reach %				Market Share %			
	2003	2004	2005	2006	2003	2004	2005	2006
All Stations	88	87	89	91	100	100	100	100
Commercial Radio	65	63	62	63	47.9	46.9	44.9	41.1
BBC Radio	66	66	65	70	50.7	51.6	53.5	58.1
Local Commercial Radio	54	54	52	52	36.8	39.1	36.7	32.8
Regional BBC Radio	24	23	20	22	12.4	12.5	11.8	11.1
Network BBC Radio	55	55	57	61	38.3	39.1	41.7	47.0
National Commercial Radio	25	21	22	22	11.1	7.9	8.2	8.2

The BBC's success stems from the increased collective performance of the network BBC stations. Over the past three years Radios 1 to Five Live, along with the newer digital-only networks and BBC World Service, have seen reach increase from 55% to 61% and their share of listening build from 38.3% to 47.0% - an increase of almost a quarter. In contrast all commercial radio, whether local or national, along with Regional BBC have all experienced falls in audience levels and market share. Today the Network BBC stations account for a higher share of listening than all local/regional radio stations together (commercial and BBC) and more listening than all commercial stations (local, regional and national). It is this network BBC domination that must be challenged by the new south Wales radio station licensee.

The following table highlights the levels of audience change recorded in this market between 2003 and 2006. Whilst all local/regional *and* commercial stations have lost both reach and share the three principal BBC networks, Radios 1, 2 and 4, have all gained on both measures. Radio 2, closely followed by Radio 1, attracts the greatest number of weekly listeners in the market and whilst the margin between these two stations is greater in terms of the listening time they command they nevertheless retain first and second positions respectively in south Wales. More than a sixth of all the time spent listening to radio in this market is to Radio 2 and both Radios 1 and 2 perform more strongly in south Wales than across the UK as a whole.

AUDIENCE CHANGE 2003 - 2006 ALL ADULTS 15+						
	Weekly Reach %			Market Share %		
	2003	2006	% point Difference	2003	2006	% point difference
Real Radio	22	20	- 2	9.9	9.2	- 0.7
1st Tier ILR FM	31	29	- 2	13.6	11.9	- 1.7
1 st Tier ILR AM	11	7	- 4	5.7	3.6	- 2.1
Other ILR (ex. Digital)	11	10	- 1	5.3	4.6	- 0.7
BBC Radio Wales	22	19	- 3	10.6	9.8	- 0.8
BBC Radio 1	22	27	+5	8.9	13.1	+4.2
BBC Radio 2	26	28	+2	15.9	17.1	+1.2
BBC Radio 4	13	16	+3	7.6	10.8	+3.2
Classic FM	13	12	- 1	5.7	4.6	- 1.1

1st Tier ILR FM = Red Dragon FM + 96.4FM The Wave
1st Tier ILR AM = Capital Gold + Swansea Sound

The Target Audience

The success of radio as a whole in this market owes much to the very same adults that Variety FM wishes to target most specifically – the 50-69 year olds. This key age group is more likely both to listen to radio each week (92%) and to listen for longer (27.6 hours per listener per week). It is this undoubted commitment to radio that we aim to capitalise on, for the benefit of Variety of course but also for local commercial and all commercial radio more generally.

The 50-69 year old audience has traditionally been BBC-led in south Wales but, as for all adults, the margin favouring the BBC has developed even further over the past three years. The 2003 lead of 11 percentage points in reach is now 15 points and the earlier 19 percentage point lead in share has now widened massively to 30.8 points. As a result the balance of BBC to commercial listening time is almost two to one.

As for all adults it is the increased success of network BBC radio that has pushed forward the overall BBC performance. Although 50-69 year olds are marginally less likely to listen to these network services than all adults they nevertheless listen for longer, resulting in almost half of all listening time being attributed to these stations (48.2%). In contrast all other radio sectors have experienced a loss of listeners and listening time; local commercial radio now generating a reach of 43% and little more than a quarter of all radio listening hours (26.8%). The addition of Variety FM into this south Wales radio mix, therefore, cannot fail to enhance this current ILR performance and help redress the audience and listening gains made by network BBC radio in recent years.

RADIO SECTOR TRENDS TARGET ADULTS 50-69 Wave 3, 2003-2006								
	Weekly Reach %				Market Share %			
	2003	2004	2005	2006	2003	2004	2005	2006
All Stations	89	84	88	92	100	100	100	100
Commercial Radio	58	52	55	57	39.7	37.7	33.8	34.2
BBC Radio	69	67	65	72	58.7	61.4	64.4	65.0
Local Commercial Radio	44	40	41	43	28.3	29.5	25.9	26.8
Regional BBC Radio	35	36	29	33	17.3	20.1	20.9	16.8
Network BBC Radio	53	49	52	59	41.3	41.3	43.4	48.2
National Commercial Radio	27	22	21	23	11.4	8.2	8.0	7.3

Attracting 50-69 year olds to local commercial radio is not an issue as this is the very same age group that experienced the advent of ILR. This key age group, also the first to be brought up with 'popular' music, would have been aged between 18 and 37 years old when south Wales' first ILR station, Swansea Sound, launched in 1974. Therefore it is not surprising that many still enjoy the output of either the area's regional Real Radio service and/or the sounds of Red Dragon or The Wave. However it appears that this key age group is less won over by one or both of Capital Gold and/or Swansea Sound. To some, no doubt, the AM mode of transmission will affect their ability and/or willingness to listen to these stations despite the fact that they are intended to appeal to this age group more directly than any other ILR stations in the area. These factors alone highlight the necessity for an FM station that can directly address either this heritage or potentially new local commercial radio audience.

Such a station is also needed to challenge directly the rise of Radio 2. Even with its 'lesser' 33% reach and 18.6% market share recorded in 2003, Radio 2 was the first choice station for 50-69 year olds. Its current and much increased 38% reach and 24.0% share now results in market domination and comfortably exceeds the performance of Radio Wales that ranks second in the market with 31% reach and 15.1% share. Radio 4 ranks third on both measures making the BBC's dominance of the 50-69 year old audience complete. With all of these key listener groups demonstrating above average levels of interest in sampling and supporting our proposed Variety FM service (ref. Format Gap and Listener Requirement Research) it is clear that Variety is the ideal vehicle with which to challenge the BBC.

AUDIENCE CHANGE 2003- 2006 TARGET ADULTS 50-69						
	Weekly Reach %			Market Share %		
	2003	2006	% point difference	2003	2006	% point difference
Real Radio	14	18	+4	5.7	7.5	+1.8
1 st Tier ILR FM	18	20	+2	8.5	7.4	- 1.1
1 st Tier ILR AM	15	11	- 4	7.9	6.2	- 1.7
Other ILR (ex. Digital)	10	9	- 1	5.6	4.2	- 1.4
BBC Radio Wales	32	31	- 1	14.5	15.1	+0.6
BBC Radio 1	7	8	+1	1.4	3.3	+1.9
BBC Radio 2	33	38	+5	18.6	24.0	+5.4
BBC Radio 4	20	22	+2	12.5	14.4	+1.9
Classic FM	21	17	- 4	8.9	4.4	- 4.5

With Variety FM being most similarly formatted to Radio 2 musically and Radio Wales from a local/regional news and information stance, we are confident in Variety's ability to re-engage ILR's heritage audience that has been lost to the BBC but also to introduce to local commercial radio those who hitherto have relied on the BBC for meeting all of their radio listening requirements.

Listener Requirement Research

To determine the precise music and speech requirements of our south Wales Variety FM service we focussed on the findings of our Listener Requirement research.

From the point of view of content, this research was designed to address the specific issues of music and news & speech. Before introducing these subjects, however, the survey asked for top-of-mind requirements of a new south Wales radio service and, most importantly given the area, usage of and requirements for Welsh language.

Listener Requirements

In line with expectations the primary unsolicited requirement of all adults from a new south Wales radio station is for a wide range, or variety, of music, with local news and news in general rating second and third (albeit at only half the level of music variety).

Variety's target 50-69 year olds share this sentiment (albeit that the margin is now slightly reduced between music and news) whilst amongst all over 50's music variety and news rate on par with one another. To win over the older element of Variety's intended audience, many of whom will currently listen to Radio Wales and possibly Radio 4, it is clear that the quality of news and, by inference, all information programming must be of the highest calibre if key listener requirements are to be satisfied.

Variety FM's commitment to 24-hour south Wales news is the first step towards meeting these essential demands. The importance of our proposed news operation is reinforced by local information/events/entertainment features rating fourth on both the 50-69's and over 50's lists of priorities. Musically, aside from the required variety our primary audience focuses its demands on good music, music in general, easy listening and 60's and 70's music. From these unsolicited responses alone it is apparent that the Variety FM concept is endorsed from the outset by the very audience it intends to serve.

The preferred station format of both the 50-69's and all over 50's is for the station to be music-led yet to provide sufficient speech that will make for a meaningful level of content. The top-line research responses suggest a music: speech ratio of around 60%: 40% which, after allowing for commercial and promotional minutage, equates in programming terms to a format incorporating a minimum of 25% speech in daytime.

Our research makes it clear that quality and not quantity of speech is key to meeting our target audience's demands. To confirm the required balance of music and speech we also asked respondents to specify the format of their core (most listened to) radio service. Both the 50-69's and all 50+'s perceive their current choice of core station to offer a near half/half mix of music and speech. The fact that they would prefer a new station to be slightly more music intensive is significant given that it is a mature mainstream music-led radio service that is currently missing from the south Wales radio station map.

Welsh Language

As part of the Real Radio Wales licence application our 1999 research included two questions specifically relating to the issue of Welsh language; its usage and requirements for the same on a new south Wales radio service. This issue remains just as, if not more, important today and so we chose to replicate the questions in this latest research to identify any shifts in usage and/or attitudes towards Welsh language programming.

Usage of the Welsh language proves consistent between the research originally conducted in 1999 and this latest 2006 survey. By far the majority of adults, around two-thirds, claim not to understand, speak or read any Welsh. Of the remainder half claim only the most basic usage of the language, being able to understand and speak a little, whilst just 5% profess to speak, write and read Welsh extremely well. This number falls to just 3% of 50-69 year olds and, in general, all over 50's reveal a lesser usage of Welsh than average.

With regard to the amount of Welsh language that potential listeners would like to have included on a new south Wales radio station there is some slight shift in the balance of responses between the two surveys. In 1999, 63% of adults requested that all of the output be broadcast in English, 27% preferring the majority in English with a small amount of Welsh and 8% a half/half mix. There was virtually no appetite for total Welsh language broadcasting. In 2006 this is still very much the case but where attitudes have shifted is that there is a slight increase in the numbers who would prefer to hear some Welsh output. The majority, 53%, still favour all English language but a third now favour 'a small amount of Welsh' and 12% half Welsh, half English. These responses prove common to all adults and the 50+ population generally.

Mindful of these responses we have accommodated the demands for Welsh language programming on our Variety DAB channel. We will broadcast Welsh language news bulletins from 0600-1800 daily and this would be extended to 0600-2400, 18 hours per day, on DAB should we be awarded this analogue radio licence.

Music

When questioned about music that they enjoy listening to yet isn't provided either at all or enough of on local commercial radio, Variety's target 50-69 year olds spontaneously place 60's music and classical/opera at the head of their list (each rating at 12%). 70's music and Country are requested by 9% and 7% respectively some little way ahead of Jazz/Big Band (4%), 50's and 80's music (each 3%) and a wide variety (also 3%). It is very much the intention that each of these seven named music genres should feature either in Variety's mainstream music mix and/or in specialist off-peak shows, confirming the synergy between our target audience's requirements and the proposed station's programming. Moreover, with the exception of 80's songs all other named music categories prove more popular with both the 50-69 year olds and all 50+'s than with all adults generally, highlighting the distinct music tastes of this mature, 50+ age group.

Asked to register their opinions on fifteen music categories that might be expected to appeal in varying degrees to an adult audience six gain an enjoyment rating from three-quarters or more 50-69 year olds: 1960's Pop (91%); 1950's Pop and Modern Easy Listening (each 82%); 1970's Pop and Traditional Easy Listening (each 79%); and Classic Soul (76%). Nostalgia music from the 1950's onwards and Classic Country music are the only other music categories to gain positive ratings from more than seven out of ten, each rating at 72%. Each one scores above, and often significantly above, the average. At a lesser level there is also greater than average appreciation of each of 1950's Standards & Jazz, New Country, Nostalgia music from before 1950 and Classical music.

Post 1950's Nostalgia and Classic Country included, these eight top rating music genres combine to form a core music policy based on popular music from the 50's to the 70's with an overall mellow, or 'easy to listen to' style, spiced with classic soul and country tracks. Not only will this music mix 'super-serve' Variety's primary target audience of 50-69 year olds but it will also satisfy many of the music requirements of the wider 50+ age group. With the exception of Classic Soul the remaining seven music genres similarly score positively with more than seven out of ten 50+'s. Classic Soul's 67% rating places such music on par with the older age group's appetite for both 1950's Standards & Jazz and Nostalgia music from before 1950. As such we will include a sprinkling of songs from the latter two categories into daytime programming and we similarly acknowledge that there is a definite role for each to play in our off-peak specialist music schedule.

Slightly fewer than half the adults in each of the 15+, 50-69 or 50+ age groups claim to ever listen to specialist music shows on the radio and of these two-fifths listen regularly – at least once a week – whilst the remainder listen occasionally – less than once a week. When questioned about their interest in listening to nine proposed specialist music shows however it is clear the potential is greater, and often notably greater, amongst the 50+ age groups than current audience levels suggest. In particular Sounds of the 60's and Sounds of the 70's meet with a very positive reception; the former attracting a 79% level of interest from 50-69 year olds of which 44% would listen regularly and the latter a 74% level of interest, of which 30% would listen regularly. Nostalgia music from the 1950's onwards also proves a likely audience winner with a 70% interest score, 28% of which would listen regularly with 1950's Rock 'N' Roll and Classic Country rating fourth and fifth respectively, marginally ahead of Popular Classical. A case for incorporating a show featuring Nostalgia music from before 1950 can also be made with well over half (57%) of all 50+'s expressing their interest in listening to such music. Subject to promoting awareness of these shows it is clear that specialist music programmes provide a real opportunity both for extending the appeal of Variety FM's daytime music output and introducing to the station those listeners who actively seek out specialised music programming.

Generating the correct balance between 'oldies' and 'modern' music is also central to winning over a mature music-led radio audience. Our research suggests that a balance of around 60% oldies and 40% modern music is that best placed to meet our target audience's demands (and also those of the existing Radio Wales, Radio 2, Radio 4 and Classic FM weekly listeners) subject to the caveat that to many older radio listeners 'modern' often equates to Pop hits, sometimes including those from the 60's and 70's! The essential point that we take from this analysis is that, although mature, our potential audience does not, and does not want to, live in a musical time warp. Whilst

Variety will, in the main, focus on music from before 1980, the station will also broadcast suitably melodic modern and even contemporary songs that blend with the overall music mix. In this way Variety FM will ensure a diversity and freshness in the music played.

For the record it is worth stressing the importance of 1960's music to our target audience. Along with classical/opera, 60's music is spontaneously rated joint first as the music category that is enjoyed but is currently missing from ILR in south Wales; it gains by far the highest level of overall appreciation; it is the preferred genre of more 50-69 year olds than any other music category; it is the most popular choice for a specialist music show. For all of these reasons we will place 1960's music at the heart of our music output.

News and Speech Content

South Wales news is the most commonly requested item of speech that our target listeners would like to hear broadcast on a new south Wales radio station. Just over three-quarters of 50-69 year olds register this request ahead of the two-thirds who want to hear weather forecasts and news about Wales in its wider context. UK news and traffic and travel reports are the only other items to be requested by more than half this key group. These five items are each requested by an above average number of Variety's target listeners and, with the exception of travel reports, by the wider 50+ age group. Even more than all adults, therefore, Variety's target audience is strongly committed to news and essential information programming.

As is the norm, international news rates at a lesser level than other news and essential information services (47%) yet still heads up what might be deemed the secondary tier of speech requirements. Humour & comedy rate at 41%. As we have stated in previous 'Smooth' licence applications, we interpret this request for humour and comedy not so much as a demand for specific comedy programmes (although, undoubtedly, there would be those who would enjoy these) but as an indication of the style of presentation that Variety's target audience favours. Sports news and updates and sports results would be appreciated by 35% and 33% respectively (and around half the target males), along with gardening, DIY & hobbies (also 33%), news of concerts in the area (31%) and travel & holidays (30%). Requests for features relating to Welsh culture & history rate just below the 30% level (at 28%). All of the above provides a rich seam of material from which to either enhance general news and information programming and/or create short-form features that will focus on the lifestyles and interests of Variety's target audience, providing additional hooks by which to encourage station trial and ultimately strong listener loyalty.

Non-targeted speech or speech for speech's sake, however, will not be tolerated by any sector of Variety's potential listeners. On average, 50-69 year olds would like to hear 9.2 speech items on a new local radio service yet consider just half this number (4.6) to be essential listening. Whilst the 'ideal' radio station format has been identified as one incorporating a minimum 25% speech content in weekday daytime we recognise the importance of targeting this output every bit as carefully as the music. Variety FM's speech will be packaged to complement the music flow, unlike existing local BBC services where music and speech are frequently scheduled in separate blocks, creating a different style of service depending on the time of day listened. Through Variety FM, south Wales' over 50's will, at last, have a dedicated local music-led radio station but also one that is equally proud to boast quality, relevant and meaningful speech that is targeted to the tastes and interests of the area's more mature radio listener. Variety's output will provide a very real alternative to speech-led regional BBC radio and a UK-orientated BBC Radio 2 music service.

Mindful of the importance of news and information programming to our mature target audience Variety FM, aided by its sister service Real Radio, has committed to providing a 24-hour regional news service. In line with the preferences of our target 50-69 year olds, Variety will broadcast news throughout the day with more detailed coverage at key times. To meet this demand we have scheduled 5 minute bulletins throughout the day with extended 10 minute bulletins at 8am, 1pm and 6pm on weekdays. In the evenings and at night local bulletins will continue but will be shorter, at three minutes.

Variety FM is every bit as committed to its news and speech content as its music output, providing a significant yet under-served potential audience with the mature-targeted local radio package that is currently missing from the south Wales radio map.

Conclusion

Based on the requirements of our primary target 50-69 year olds Variety FM will, as its name suggests, deliver the desired variety and combination of music and speech required by the mature radio listener. Daytime output will comprise popular music from the 50's to the 70's, spiced with a selection of more mellow, easy listening (or 'easy to listen to') tracks, Classic Soul and Country music. Specialist music shows will feature in off-peak and at weekends with essential news and information output included throughout the day, every day. Speech will focus on matters relevant to our target audience and will be delivered in an adult yet warm and entertaining manner. Above all Variety FM will be a mature, but never old, radio station; one that is ideally suited to furthering local commercial radio's success in this south Wales radio market.

(g) Full data tables for any quantitative research undertaken

Full data tables relating to both our Format Gap and Listener Requirement research, together with the related survey details and questionnaires have been forwarded electronically in the Variety FM Research Appendix.

A hard copy of the research data tables can also be supplied to Ofcom on request.

7. EVIDENCE OF LOCAL SUPPORT

Support for our proposed Variety FM service has been gathered from two sources – from the potential audience and from prominent individuals and the business community within the region.

Support from the Audience

The most cogent measures of potential audience support were gathered in our Listener Requirement survey. First, based on a concept statement outlining the proposed Variety FM service, the research assessed the level of interest in our proposal by determining the likelihood of listening to the station on "a regular weekly basis". Secondly, we asked whether the station would offer something different to what is already available to listen to on local commercial radio and thirdly, whether the station should be given a licence to broadcast in the south Wales area.

As we have found in other UK radio markets the 'Variety' format (previously researched under the 'Smooth' brand name) once again meets with a significant and positive reception. In the first instance over three-quarters of adults (77%) expressed some likelihood of at least sampling the new Variety FM radio service. Allowing for the inevitable degree of overstatement in the intention to trial, QuestionAir has calculated a 'factored' likelihood of listening that still equates to half (50%) of all adults and an increased 54% of 50-69 year olds. In a TSA of 1.1 million adults this equates to station sampling by 548,000 adults, 177,000 50-69 year olds and 255,000 adults aged 50 and over.

The significant appetite demonstrated for Variety by current weekly listeners to both Radio Wales and Radio 2 again comes to the fore with both audience groups being notably more likely than average to state their intention to trial our proposed service. With factored likelihood ratings of 59% and 57% respectively these listeners rate, along with GMG's own Real Radio audience, as the most likely listener groups to sample Variety FM. The previous interest of the Classic FM audience is also evident with more than half this group (an above average 52%) registering its interest in tuning in to trial the output. The appeal of the Variety proposition, therefore, is consistent across all research measures and confirms the format's ability to appeal to listeners of the 50-69 year olds' two most popular BBC radio stations, amongst others.

"It's got older music and it would be interesting if they talked about the artists as well; and a bit of Welsh culture and history "

Male aged 59 years, BBC Radio Cymru core listener, very likely to listen

"Obviously the music – a good varied choice of music; when I travel I like to have the traffic info; but I don't want too much politics "

Male aged 51 years, BBC Radio 2 core listener, very likely to listen

"Just the combination of all the music. And the information, the news or whatever and the fact that it's for mature adults rather than screaming kids"

Female aged 45 years, Real Radio core listener, extremely likely to listen

". . . . Sometimes Radio 4 gets too heavy so that's when I switch over. It's got music that I could relate to as an older person "

Female aged 64 years, BBC Radio 4 core listener, very likely to listen

"It has got specialist programmes which are things I target. Once I've got to know the schedule or play time then it's something I would go for. . . ."

Male aged 60 years, BBC Radio 4 core listener, extremely likely to listen

On the issue of broadening local commercial radio choice, 84% of adults registered their opinion. Of these, seven out of ten adults and 72% of target 50-69 year olds agreed that Variety FM would introduce something new to the existing ILR mix. The weekly audiences of each of the area's top performing radio services other than Kiss are all more likely than average to recognise Variety's point of difference.

What is more exciting still is that it is the listeners to Radio Wales, Radio 2 and Classic FM who are those most likely to appreciate Variety's distinct programme offering making these three groups not only more ready to sample the station but also more likely to see how it can enhance the current choice of local commercial radio.

As to whether Variety should be given a licence to broadcast there are very few who demur from this proposition. 94% of all adults and 96% of those who express an opinion agree that Variety should be given the opportunity to add to south Wales' radio mix. This sentiment is shared by all demographic and listener groups.

On all of these issues we are delighted with the level of support and endorsement offered to Variety FM by our potential consumers, the south Wales listening public. Our target 50-69 year olds respond enthusiastically and we are also especially encouraged by Variety FM's ability to appeal and reach out to those BBC audiences it is designed to compete with, not least those of the region's leading station, Radio 2, and regional BBC radio.

Support from the Region

Since the announcement by Ofcom of plans for another regional analogue radio licence for south Wales, GMG Radio has conducted extensive Format Gap analysis and ad hoc research amongst existing and potential listeners to commercial radio in the region – the results of which as highlighted above clearly indicate support for Variety FM and its proposed format.

After giving careful consideration to the formal research already conducted and guided by the application criteria, we also felt it important to share our philosophy on the proposed format with a wide range of opinion formers, business decision makers, potential advertisers and numerous other organisations connected directly and in part to the proposed audiences of Variety FM.

This consultation took the form of our chairman, John Myers, initially writing to individuals and organisations whose primary involvement was in south Wales projects and the region's development. The letter explained why GMG had decided to apply for this licence with Variety FM and detailed the anticipated music and speech style strands for the new station should a licence be awarded.

We also sought to gain feedback from and in conversation with community leaders as well as seeking direct views from some of south Wales leading opinion formers. Our south Wales Managing Director Andy Carter consulted with many such people over a three-month period up to the application deadline.

As an already established radio operator within south Wales, we also felt it was appropriate to share our plans with a number of existing advertisers in the region and our Commercial Director Tony Dowling was able to conduct numerous informal discussions with many local companies in order to gain additional feedback on support or otherwise for the Variety FM concept.

To complement this information, we also contacted directly each of the formal organisations with responsibility for representing various over 50's age groups.

The following is a selection of comments taken from letters of confirmed support for Variety FM and its proposal. We also include quotes from interviews conducted on behalf of Variety FM and we would be pleased to supply Ofcom on request with a complete list of those with whom we have consulted directly regarding our application and all letters of support for the proposition:

Extracts from some of the letters received follows to give a flavour of the support expressed:

"I am always keen to hear of new developments and business in Cardiff and I have long been aware of the impressive growth achieved by Real Radio in south Wales. Your proposed mix of music and other programming on Variety FM also sounds intriguing and your concept of appealing to so-called 'middle youth' in the market appears to be a bold step. I would therefore like to wish you the best for the future of Variety FM".

Rt Hon Rhodri Morgan AM
First Minister, National Assembly for Wales.

"I am writing in support of your application for the new regional FM licence.... Coupled with the experience you have gained through Real Radio you believe you are able to offer an alternative to middle youth... this will provide a service which is not currently available in this area and will be well received".

Jenny Willott MP
Cardiff Central

"I would like to register my support for your bid to launch your new radio station Variety FM. I wish you every success in the venture".

Glenys Kinnock MEP
Member of the European Parliament, Wales.

"I am writing in support... and am pleased that the already successful Real Radio will be applying to Ofcom for the licence. As a 'middle youth' I would welcome an alternative to BBC Radio Wales and Radio 2 aimed specifically at my 'age gap'".

Jenny Randerson AM
National Assembly Member for Cardiff Central

"The proposed station format aimed at 'middle youth' will be a welcome addition to the airwaves of South Wales".

Janice Gregory AM
National Assembly Member for Ogmore

"I am very pleased to write in support of your application. As my constituency suffers from much social deprivation I am sure that an alternative radio station will be most welcome".

Trish Law AM
National Assembly Member for Blaeneau Gwent

"We agree with your assertion that the target audience of the over 50's is not fully catered for with regards to radio broadcasting in Wales, despite the fact that we have an increasingly ageing society".

Robert Taylor OBE
Director, Age Concern Cymru

"We can support the idea in principle of a radio station for the over fifties and we believe Variety FM will be welcomed and widely supported by this community in south Wales".

Iwan Roberts
Press Officer, Help the Aged Wales

"We wish you to know that we wholeheartedly support your application and wish Variety FM every success".

John Lynch,
Senior Network Wales

"I found your proposal a very positive one and the description of your target audience as "those who think old people are much older than they are and prefer to be known as middle-youth" accords perfectly with the kind of people that CSV-RSVP attracts".

Barbara Locke
CSV-RSVP Wales

"We would like to express our support for the idea of a dedicated radio station for the over 50's. Dedicated broadcasting will do much to raise the profile of this age group, and provide a mechanism for the over 50's to express their views and communicate their needs".

Stephen Lord
Chief Executive, Prime Cymru.

"We would welcome a radio station aimed at the over 50's as it exactly fits our strategy for older people in Wales".

Steve Milsom
A civil servant with the Welsh Assembly Government with responsibility for developing strategy for people over the age of 50.

"Addressing the needs of the more mature audience, musically and through news items, is often overlooked by other commercial stations and will broaden the choice available to listeners".

Peter Williams
Director Wales, Business in the Community.

"I am writing to offer Cardiff and Vale NHS Trust's support for the proposed new regional station, Variety FM. Your proposed target audience matches that of many of our patients or potential service users. We would welcome the opportunity to work with you in the future to help keep our local community informed about the issues that matter to them".

Peter Welsh
Director of Corporate Management. Cardiff and Vale NHS

"I am delighted to offer my support to the efforts to provide a new regional radio station for south Wales aimed at 'middle youth' and which will not detract from existing services".

Councillor Meryl Gravell
Leader, Carmarthenshire County Council.

"The idea behind Variety FM sounds very appealing. I feel the area is crying out for a music station or provide the very service that you are proposing".

Alun Cowie
General Manager, Swansea City AFC

"The establishment of a new station appears to be a commendable development, we have used Real Radio in the past to advertise when we were particularly short of certain groups of staff, and I feel Variety FM station would offer further opportunity if this is required in the future. I wish you every success in your venture".

Margaret Foster
Chief Executive, Pontypridd & Rhondda NHS Trust

"The Prince's Trust Cymru would be delighted to support your application for the licence; and are sure that you would show the same levels of corporate social responsibility in operation of Variety FM as you do with Real Radio".

Jane James
Director, The Princes's Trust Cymru

“We have worked closely with Real radio to raise the profile of our work over the last six years. We are delighted to hear that you are applying for a further licence, this time to offer a service to ‘middle youth’ in south Wales. We support your application and look forward to working with both Real Radio and Variety FM in the future”.

Nigel Impey,
Fundraising Manager, Childline, Cymru. Swansea

“The Chamber of Commerce is impressed by the outline of your proposals and we feel sure that it will add significantly to the existing network of radio services across south Wales and will give local people a real and extended choice of services which is extremely important in the modern day”.

Russell Goodway SDtJ FRSA
Chief Executive, Chamber of Commerce, Trade & Industry, Cardiff.

“We already benefit positively from links with Real Radio in south Wales and I think that dealing with a radio station run by the same company is something we would welcome.”

Russell Lawson
Federation of Small Businesses in Wales.

“The area is crying out for an alternative to the well-established BBC Radio Wales and Radio 2, who do a good job, but a choice would be more than welcome and as an advertiser we would like to get into this market area also”.

D M Semmens
Managing Director, Happy Homes Furnisher, Crosshands.

“As an established Welsh business, we welcome your efforts to obtain the new regional FM radio licence”.

Paul Ragan, Managing Director
Procta Group, Ronda, Cynon, Taff

“We have been very pleased with Real Radio’s performance since its inception in south Wales and if this quality can be reproached into the proposed new station I am sure it will be a success”

Phillip Illsley
Managing Director. Red Ball Media, Pontypridd

“I am sure this new station would be a most valued asset to the region – we support your application and wish you every success for the future”.

Jeff Smith
Managing Director, Smith Audio & Visual, Cardiff

“There are real issues for older people that not are being addressed on other radio stations in the area and in print, for that matter, that affect our over-50 population, like working longer, pensions etc”.“I think this station will be extremely helpful to those people.”

The Holy Reverend Peter Smith
The Archbishop of Cardiff.

DECLARATION

GMG Radio confirms to the best of our knowledge and belief:

- (i) That 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 (relating to political objects);
- (ii) That no director or person concerned directly or indirectly in the management of the company or the applicant group is subject to a disqualification order as defined by section 145(1) of the Broadcasting Act 1996;
- (iii) That no person involved with the application has been convicted within the past five years of an unlicensed broadcasting offence and that the applicant will do all that 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
- (iv) That 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.

Signed by:



John Myers
Chief Executive – GMG Radio Holdings Limited



**CERTIFICATE OF INCORPORATION
ON CHANGE OF NAME**

Company No. 3815009

The Registrar of Companies for England and Wales hereby certifies that
INHOCO 990 LIMITED

having by special resolution changed its name, is now incorporated
under the name of
REAL RADIO LIMITED

Given at Companies House, Cardiff, the 23rd September 1999



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



C O M P A N I E S H O U S E

HC008A

APPENDIX 1

GMG plc Involvement in Specified Activities

Regional Newspaper Titles

Addlestone & Byfleet Review
Aldershot & Farnborough Courier
Aldershot Mail
Aldershot News
Ashton Advertiser
Bracknell & Wokingham Standard
Camberley & District Courier
Cranleigh Times
Esher News & Mail
Fleet/Hart/Yateley Courier
Godalming Times
Guildford Times
Heywood Advertiser
Knutsford Express
Lancs & Cheshire County News
Macclesfield Express
Macclesfield Times
Manchester Evening News
Manchester Metronews
Middleton & North Manchester Guardian
Moston & District Express

Oldham Advertiser
Poynton Times
Prestwich & Whitefield Advertiser
Reading - Evening Post
Reading Central
Rochdale & Heywood Express
Rochdale Observer
Rossendale Express
Rossendale Free Press
South Manchester Express
Stockport Express
Stockport Times
Surrey & Hants Star
Surrey Advertiser
West Manchester & Salford City
Wilmslow Express
Woking News & Mail
Woking Review
Wokingham Times

Magazines

Trader Media Group Main Titles

Autotrader UK
Auto Freeway
Bike Trader
Motorhome and Caravan Trader

Classical American
Digital TV – Interactive
International Trader
WAP – Interactive

Farmers Trader
Top Marques
Truck Trader
Marine Trader - incorporating Boat and Yacht
Traders and Buy a Boat
TNT Traveller Magazines
Ad Trader – UK free titles
Fast and Modified Trader

APPENDIX II

Typical 6 Hour Running Order sample for Variety FM - south Wales music

Categories	40's/50's	15% (2 songs per hour)
	60's	30% (4 songs per hour)
	70's	25% (3 songs per hour)
	80's	10% (1 song per hour)
	90's	10% (1 song per hour)
	00's	5% (1 song every 2 hours)
	Current	5% (1 song every 2 hours)

Hour One

- (60's) I want to hold your hand The Beatles
- (70's) It's a heartache Bonny Tyler
- (80's) Woman in love Barbra Streisand
- (90's) Fields of Gold Sting
- (70's) Band of gold Freda Payne
- (60's) Bad to me Billy Jay Kramer & the Dakotas
- (40's/50's) All of me Louis Armstrong
- (60's) You're my world Cilla Black
- (current)Home Michael Buble
- (70's) Bridge over troubled water Simon and Garfunkel
- (40's/50's)When The Kalin Twins
- (60's)Those were the days Mary Hopkin

Hour Two

- (60's) Ferry 'cross the Mersey Gerry & the Pacemakers
- (70's) Fool if you think it's over Chris Rea
- (80's) Imagine John Lennon
- (90's) Boy from nowhere Tom Jones
- (70's) I'm still waiting Diana Ross
- (60's) Sweets for my sweet The Searchers
- (40's/50's) Over the rainbow Judy Garland
- (60's) Where do you go to my lovely Peter Sarstedt
- (00's) Leave right now Will Young
- (70's) Clair Gilbert O'Sullivan
- (40's/50's) It's all in the game Tommy Edwards
- (60's) Baby come back The Equals

Hour Three

- (60's) Daydream Believer
 - (70's) Waterloo
 - (80's) Green door
 - (90's) Unchained melody
 - (70's) Sad sweet dreamer
 - (60's) Reach out I'll be there
 - (40's/50's) Little brown jug
 - (60's) I can't stop loving you
 - (current) Closest thing to crazy
 - (70's) Ms Grace
 - (40's/50's) Blueberry Hill
 - (60's) Baby now that I've found love
- The Monkees
 - Abba
 - Shakin' Stevens
 - Robson & Jerome
 - Sweet Sensation
 - The Four Tops
 - The Glenn Miller Orchestra
 - Ray Charles
 - Katie Melua
 - The Tymes
 - Fats Dominoe
 - The Foundations

Hour Four

- (60's) I heard it through the grapevine
 - (70's) Diamonds are forever
 - (80's) Careless whisper
 - (90's) Sacrifice
 - (70's) Smoke gets in your eyes
 - (60's) You've lost that lovin' feelin'
 - (40's/50's) All or nothing at all
 - (60's) Release me
 - (00's) If there's any justice
 - (70's) I'm not in love
 - (40's/50's) Heartbreak hotel
 - (60's) San Francisco
- Marvin Gaye
 - Shirley Bassey
 - George Michael
 - Elton John
 - Bryan Ferry
 - The Righteous Brothers
 - Frank Sinatra
 - Englebert Humperdinck
 - Lemar
 - 10cc
 - Elvis Presley
 - Scott McKenzie

Hour Five

- (60's) Tears of a clown
 - (70's) How can I be sure
 - (80's) Romeo and Juliet
 - (90's) Dreams
 - (70's) Summer (the first time)
 - (60's) Let the heartaches begin
 - (40's/50's) Route 66
 - (60's) Wichita Lineman
 - (00's) You're beautiful
 - (70's) When will I see you again
 - (40's/50's) It doesn't matter anymore
 - (60's) It's all over now
- Smokey Robinson
 - David Cassidy
 - Dire Straits
 - Gabrielle
 - Bobby Goldsboro
 - Long John Baldry
 - Nat King Cole
 - Glen Campbell
 - James Blunt
 - The Three Degrees
 - Buddy Holly
 - The Rolling Stones

Hour Six

- (60's) I'm into something good
 - (70's) Sugar baby love
 - (80's) True
 - (90's) I will always love you
 - (70's) Love me for a reason
 - (60's) A world without love
 - (40's/50's) Blues in the night
 - (60's) The minute your gone
 - (00's) Don't be stupid
 - (70's) Stand by your man
 - (40's/50's) Dream lover
 - (60's) House of the rising sun
- Herman's Hermits
The Rubettes
Spandau Ballet
Whitney Houston
The Osmonds
Peter & Gordon
Dinah Shore
Cliff Richard
Shania Twain
Tammy Wynette
Bobby Darin
The Animals

