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## Major player leaves DAB market

### Planet Rock and theJazz to close

by Katie Scott published on 12 February 2008

Two digital radio stations are to go off the airwaves after failing to win enough listeners.

GCap Media, the UK's largest commercial radio broadcaster, has announced that it is to axe its two digital-only radio stations - Planet Rock and theJazz.

The company said in a statement that DAB had failed to meet expectations and it is instead to focus on its core FM brands including Classic FM and London station Capital 95.8.

Chief executive Fru Hazlitt labelled digital radio as "economically unviable" and also announced plans to sell the company's stake in national digital radio platform Digital One.

Online reports suggest that GCap has lost patience after spending £8 million in the last financial year on digital radio, which accounts for 9% of all radio listeners.

The company has 15 million FM listeners and Hazlitt said GCap is to concentrate on growing this figure: "FM is the backbone of the radio industry and we believe it compares favourably to any of the digital platforms currently available to the consumer in terms of quality. It is also the source of the majority of our revenue".

She added: "If digital is going to be viable on a local and regional level, it will have to be on a much lower cost platform".

The former Virgin Radio boss added: "We are structuring the business around the revenue streams that can deliver us the most profit going forward".

"Planet Rock and theJazz are brands that we do not believe can win for us."



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The DRDB (Digital Radio Development Bureau) has responded by stating its "regrets" at the closures but added its confidence that new stations will emerge. It said in a statement: "We look forward to the emergence of new national DAB only services, and the rationalisation of the commercial radio national DAB provision".

"DAB digital radio is growing strongly and, as recently published receiver sales and listening figures show, remains a strong proposition for the UK radio industry, both commercial and public, and we believe the medium will emerge from this period of transition stronger and more attractive to both broadcasters and listeners."

The closure of the two DAB-only radio stations is part of a wider strategic review for GCap.

GCap is also said to be in talks to sell its three loss-making regional Xfm stations in Scotland, Wales and Manchester.

And, in a bid to bring in more cash, it is trying to boost advertising at its flagship Capital 95.8 station by reversing its previous policy of broadcasting no more than two adverts in a row.

The change in ad policy is expected to add £3.6 million to profits by March 2010, with the disposal of the Xfm regional stations - and closure of Planet Rock and theJazz - also increasing profits by £1.5 million.

The drastic measures are reported to be in an effort to fend off a hostile takeover bid.

According to online reports, the group is currently at the centre of takeover speculation after rejecting a £313 million takeover approach from Global Radio, an acquisition vehicle headed by former ITV chief executive Charles Allen.

The firm is also currently consulting with staff over redundancies among the group's 1500 employees in further cost-cutting measures,

although a spokeswoman refused to comment on how many jobs could go.