Capital/Virgin deal creates ‘new force’ in U.K. radio

by Mike McGeever

LONDON — “A new force in British commercial radio” has been created with the acquisition of U.K. national broadcaster Virgin Radio by rival London-based broadcasting giant Capital Radio.

Those were the words used by Virgin owner and founder Richard Branson as the U.K.’s broadcasting industry considered the implications of the £64.7 million ($106 million) deal, announced on May 6.

The deal — hailed as the biggest of its kind in the U.K. — brings national AOR outlet Virgin AM and London broadcaster Virgin 105.8 FM (also AOR) into Capital’s stable, making it the largest commercial radio group in the U.K.

Spearheaded by Capital managing director Richard Eyre, the acquisition was driven by the group’s ambition of developing Digital Audio Broadcasting (DAB) in the independent sector and to go head-to-head against the BBC’s flagship pop network BBC Radio 1 FM.

Virgin will have a 14 percent share in Capital, the largest single stake in the expanded group with Branson joining the Capital board as a non-executive director. Capital has the U.K. rights to the Virgin Radio brand name for 25 years as part of the deal. Under the terms of the deal, Capital will also take on the four-year-old Virgin Our Price, the major U.K. retail network.

Sony Music sales on rise

by Emmanuel Legrand

TOKYO — Sony Music Entertainment posted a substantial growth in sales during the 1996/1997 fiscal year, despite tough market conditions in the U.S.A. and poor sales in the company’s home country, Japan.

SME’s sales increased by 14 percent to a total of 584.9 billion yen ($4.7 billion) during the 1996/1997 fiscal year ending March 31. Altogether, Sony Corporation’s entertainment division, which comprises the Music Group and the Pictures Group, posted sales of $8.4 billion, up 24 percent compared to the previous year, and profits up 20.8 percent to $534.5 million.

In a statement, the company says operating income increased in the entertainment division, thanks to “strong results [from the Music Group] outside Japan.” The company also points out that “sales in the Music Group continued to rise despite the weak retail environment in the U.S.A.”

Sony Music’s sales were fuelled by the success of acts such as Celine Dion, whose album Falling Into You has sold over 21 million units worldwide since its release in March 1996. On-going success by Fugees, Mariah Carey and Oasis, as well as new releases from Jamiroquai, Pearl Jam, Julio Iglesias, Rage Against The Machine, Nas, Babyface and Gloria Estefan, “all led fiscal year sales.”

In Japan, Sony Music remains the leading record company but during the fiscal year, sales fell 10 percent to 832.6 million and net income was down 40.6 percent, to $55.1 million.

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