

MEDIA OWNERSHIP REFORM





FOREWORD

by Frances O'Grady

A mature, vibrant democracy needs citizens that have access to a range of arguments, news, information and opinions. The best-functioning democracies - those least susceptible to political and business corruption - have many newspapers and an independent media. But in the UK, media and power are still concentrated in the hands of the few - super-rich billionaires, multinational corporations and governments.

That is why the TUC is joining a range of civil and media campaigning groups to support the campaign for media pluralism. The TUC has nearly six million members, but that is rarely reflected in the media. Trade union leaders and their members are just one of the groups that are routinely treated as outsiders, ripe for caricature rather than fair reporting. And we have it much better than some other groups such as benefit claimants and migrants.

We need to ask all the political parties to agree to restrict the market share of media owners, make their acquisitions subject to public interest test and to promote policies for a fair and free press which represents all people, not just billionaires.

Frances O'Grady is the general secretary of the Trade Union Congress.

THE PROBLEM OF A CONCENTRATED MEDIA

Media concentration creates conditions in which wealthy individuals can amass great social and political power. Rupert Murdoch 'and family' were recently positioned at number 33 in Forbes Magazine's list of the world's most powerful people, with a net worth of \$13.4 billion. Just three companies control nearly 70% of national newspaper circulation in the UK while established news organisations dominate the top ten lists of most popular online news sites.

Large sections of the British media are simply too close to powerful vested interests. We need to create a media that is free to hold power to account and to do that, we need a full and open debate on media ownership and media pluralism.

WHAT'S WRONG WITH CONCENTRATED OWNERSHIP?

Diversity of news provision is more likely to come from a plurality of types of news outlets and platforms, as well as a diversity of news owners. There have always been anxieties over the ownership of the media because of its agenda-setting role. Media owners have, over time, been shown to influence the way their organisations present news and, in turn, have some bearing on public debate and political opinion. Owners can have an effect on news output through various means including, at times, direct intervention, as attested to in 2008 when the House of Lords Select Committee on Communications heard from Rupert Murdoch that he had 'editorial control on major issues', while Andrew Neil, former editor of the Sunday Times, said he was 'never left in any doubt what [Murdoch] wanted'¹.

More frequently, however, owner influence is likely to occur via indirect means: through the appointment of like minded editors, emphasising particular business approaches, or influencing the journalistic ethos of a news organisation which can filter through to the processes of news production. All of these can influence the types of journalism that are valued and promoted and what kinds of stories are followed.

In 2012, Ofcom, the broadcast regulator, declared plurality essential for a 'well-functioning democratic society' by creating 'informed citizens' and by 'preventing too much influence over the political process'. It is clearly crucial that audiences in the UK across all sectors have access to news from many different sources – that no one or two companies control too much of the market. However, despite the ownership regulation that we currently have, a small group of owners in the national and regional press have a large market share, and, as such, a limited number of people and approaches potentially dominate the media agenda and can influence public debate and political opinion.

KEY PLAYERS

Since the passage of the 2003 Communications Act, the UK has seen limited consolidation in the national media, and considerable consolidation in the local media.

Here is an overview of some of the major players.

NEWS CORP & 21st CENTURY FOX

The American companies, of which Rupert Murdoch is both owner and chairman, command a significant share of the UK media market. News Corp's subsidiary, News UK, maintains a considerable presence in the UK print news market through its ownership of *The Sun* and *The Times* and *Sunday Times*, as well as a stake in the news agency, Press Association. In 2011, trading under its previous name, News International, the publisher closed the *News of the World* following the phone-hacking scandal. Murdoch's 21st Century Fox holds a 39.1% stake in BSkyB. Rupert Murdoch attempted a take over BSkyB in full by News Corporation prior to the phone-hacking scandal, but was rebuffed. BSkyB's Sky News Radio is the wholesale provider of news for the majority of commercial radio stations in the UK.

DAILY MAIL & GENERAL TRUST

Primarily controlled by the Viscount Rothermere, DMGT has a large share of the national print media market (including a 25% stake in the *Evening Standard*) as well as holdings in ITN, the ITV-affiliated news company which produces broadcast news for ITV, Channel 4 and Channel 5. It also owns 38.7% of Local World following a merger of its regional press assets in 2012, and publishes the *Metro* - a local free daily distributed in London and other urban centres.

ITV

Created by a merger between Granada Television and Carlton Television in 2004, it operates the majority of ITV network stations, and also holds a 40% stake in wholesale news provider, ITV news.

TRINITY MIRROR

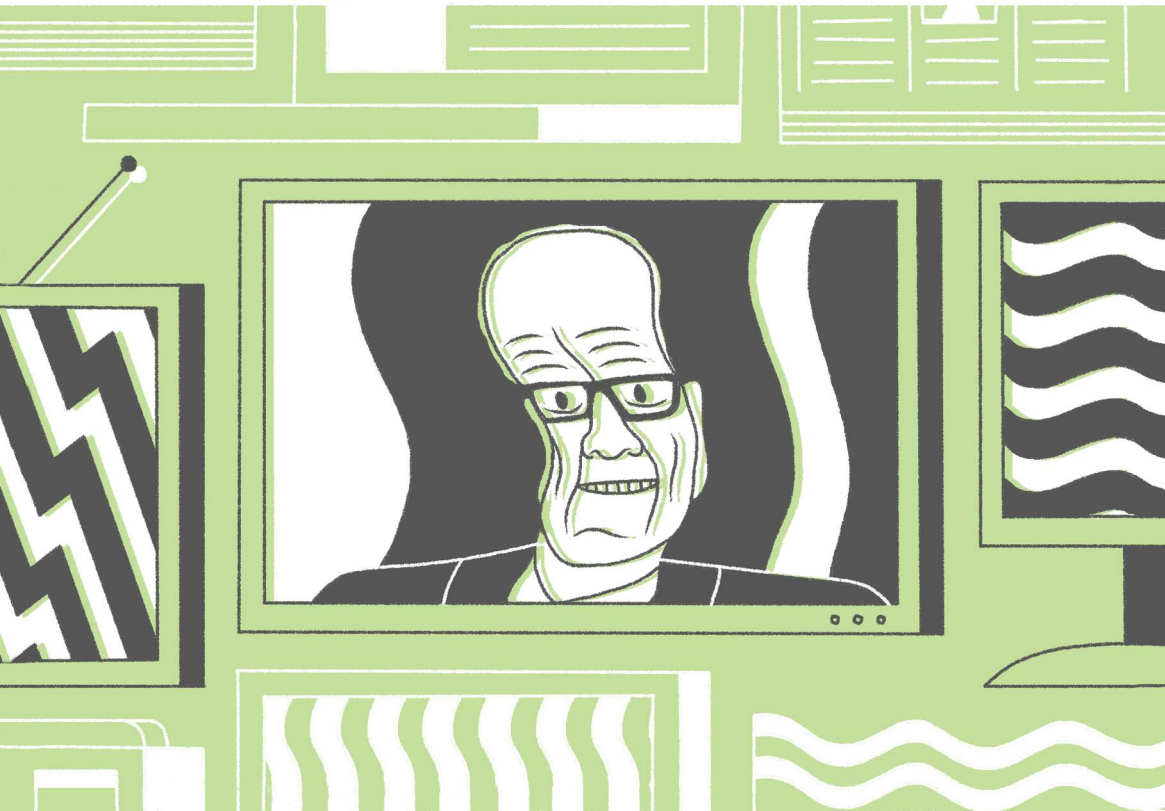
Britain's second largest newspaper group owing to its large share of the national newspaper market and its commanding share of the local and regional paper market, including the Scottish Daily Record and a 20% stake in Local World, its second largest competitor.

NORTHERN & SHELL

Owned by Richard Desmond, Northern & Shell owns a number of nationally published newspapers, including the Daily Express, Sunday Express, Daily Star and Daily Star Sunday, as well as a number of magazines.

GLOBAL RADIO & BAUER RADIO

These are the most significant players in commercial radio. Global is the largest UK commercial radio company, with a weekly reach of 23.2 million. In June 2014, Bauer, which acquired Absolute Radio at the end of 2013, saw quarterly gains across all of its major stations as it reached 16.8 million listeners (up 12% year on year). BSkyB produces news content for both companies.



NATIONAL NEWSPAPERS

Consolidation of ownership in the newspaper industry has taken place in the context of declining readerships generally. Companies are competing for shares of an ever-decreasing total circulation. Between 1992 and 2006, the top ten national dailies together lost 9059 average daily readers².

While the national news market does allow for a plurality of major operators – and circulation figures do not entirely indicate their influence on the public sphere – it is clear that the market is skewed heavily towards the largest players. The share of national daily circulation commanded by the top three publishers is 70%.

MARKET SHARE OF MAJOR DAILY NEWSPAPERS & PULISHERS (ABC, 2014)³

CIRCULATION OF MAJOR DAILY NEWSPAPERS (BY TITLE)

TITLE	SHARE OF LIST (2014)	AVERAGE CIRCULATION (2014)
THE SUN	28.21%	2073645
DAILY MAIL	23.05%	1694319
DAILY MIRROR	13.07%	960727
DAILY TELEGRAPH	7.02%	516023
DAILY STAR	6.42%	471918
DAILY EXPRESS	6.57%	482749
THE TIMES	5.38%	395618
THE i	3.92%	287838
FINANCIAL TIMES	2.99%	219920
THE GUARDIAN	2.53%	186033
THE INDEPENDENT	0.86%	63147

CIRCULATION OF MAJOR DAILY NEWSPAPERS (BY PUBLISHER)

COMPANY	SHARE OF LIST (2014)	AVERAGE CIRCULATION (2014)
NEWS UK	33.59%	2469263
DMGT	23.05%	1694319
TRINITY MIRROR	13.07%	960727
NORTHERN & SHELL	12.99%	954667
TELEGRAPH MEDIA GRP.	7.02%	516023
LEBEDEV	4.77%	350985
PEARSON	2.99%	219920
GUARDIAN MEDIA GRP.	2.53%	186033

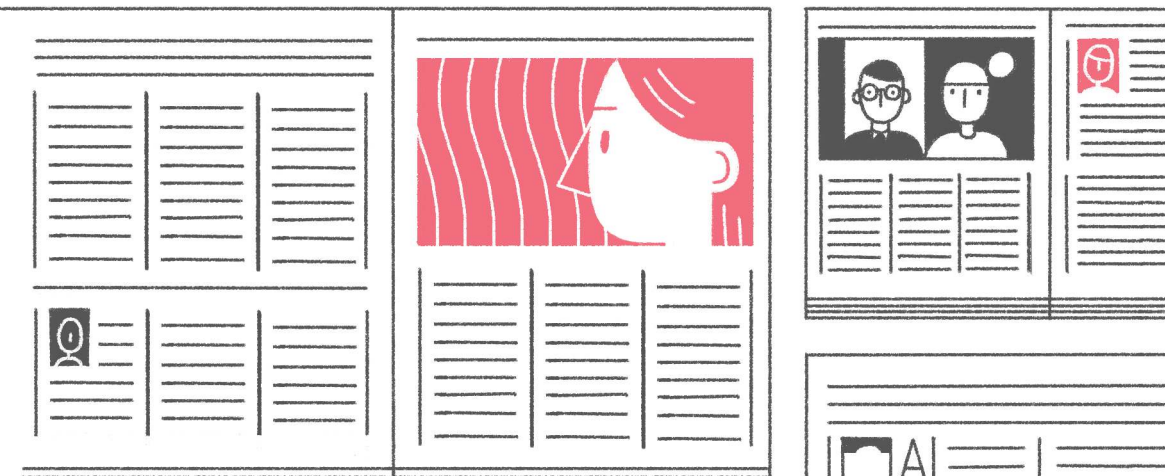
MARKET SHARE OF MAJOR SUNDAY NEWSPAPERS & PUBLISHERS (ABC, AUG 2014)⁴

CIRCULATION OF MAJOR SUNDAY NEWSPAPERS (BY TITLE)

TITLE	SHARE OF LIST (2014)	AVERAGE CIRCULATION (2014)
THE SUN ON SUNDAY	24.81%	1684857
MAIL ON SUNDAY	22.69%	1540664
SUNDAY MIRROR	13.74%	933102
THE SUNDAY TIMES	12.11%	822118
SUNDAY EXPRESS	6.25%	424173
SUNDAY TELEGRAPH	6.00%	407769
THE SUNDAY PEOPLE	5.51%	374480
DAILY STAR SUNDAY	4.34%	294981
THE OBSERVER	3.05%	206864
INDEPENDENT ON SUNDAY	1.50%	101716

CIRCULATION OF MAJOR SUNDAY NEWSPAPERS (BY PUBLISHERS)

COMPANY	SHARE OF LIST (2014)	AVERAGE CIRCULATION (2014)
NEWS UK	36.92%	2506975
DMGT	22.69%	1540664
TRINITY MIRROR	19.26%	1307582
NORTHERN & SHELL	10.59%	719154
TELEGRAPH MEDIA GRP.	6.00%	407769
GUARDIAN MEDIA GRP.	3.05%	206864
LEBEDEV	1.50%	101716

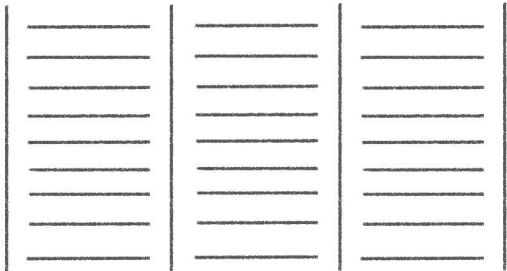
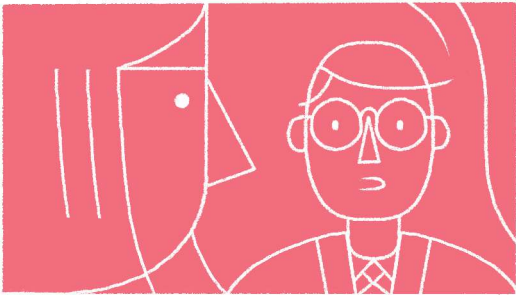
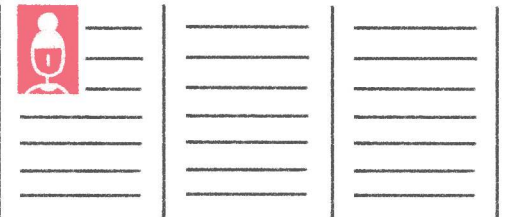
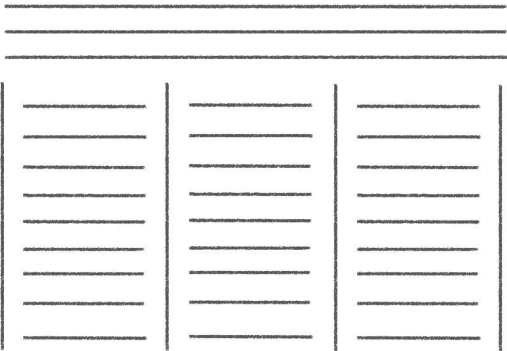


COMBINED MARKET SHARE OF MAJOR NEWSPAPER OWNERS 5

CIRCULATION OF NATIONAL NEWSPAPER PUBLISHERS (COMBINED)

COMPANY	WEIGHTED SHARE
NEWS UK	34.03%
DMGT	23.00%
TRINITY MIRROR	13.89%
NORTHERN & SHELL	12.67%
TELEGRAPH MEDIA GROUP	6.88%
LEBEDEV	4.34%
PEARSON	2.59%
GUARDIAN MEDIA GROUP	2.60%

This degree of concentration has been relatively stable over recent decades. In addition, some of the largest players have significant holdings in competitors both in the same and other sectors. For instance, added to the two national titles it owns outright, DMGT owns 25% of the *Evening Standard*, 20% of ITN (which supplies the news for ITV, Channel 4 and Channel 5), and 39% of Local World. The remaining 75% of the *Evening Standard* is owned by Lebedev Holdings which also owns the *Independent* and the *I* newspapers outright.



NEWS...LOCAL NEWS...LOCAL

Data from JICREG reveals that a quarter of local government areas (24.63%) are not covered by a daily local newspaper, while in 143 LGAs a single publisher has a 100% monopoly of the local newspaper market.

MARKET DOMINANCE IN LOCAL DAILY PRINT BY AREA (JICREG, JAN 2012 - DEC 2013)⁶

LEVEL OF DOMINANCE	NUMBER OF LGAS	PERCENTAGE OF TOTAL
NO DATA	26	6.40%
NO DAILY NEWSPAPER	100	24.63%
LESS THAN 51%	1	0.25%
BETWEEN 50-74%	48	11.82%
BETWEEN 75-89%	35	8.62%
MORE THAN 90%	53	13.05%
100% MONOPOLY	143	35.22%

According to the Newspaper Society, there are 1,111 local and regional newspapers in the UK. This highlights a considerable decline since March 2011 when the NS reported 1,195 titles. In June 2014, Paul Linford, publisher of Hold the Front Page, accounted for 102 local newspaper closures since 2008.

The regional press is dominated by the 'big four': Johnston Press, Newsquest, Trinity Mirror and Local World (a merger of more than 100 titles from DMGT's Northcliffe Media and Iliffe News & Media). Independently-owned local papers serving their communities are rare. Five companies control some 75 per cent of regional daily newspaper circulation.

PERCENTAGE CIRCULATION OF REGIONAL NEWSPAPER PUBLISHERS (2014)⁷

- TRINITY MIRROR plc (130 titles)
- NEWSQUEST MEDIA GRP (185 titles)
- LOCAL WORLD (107 titles)
- JOHNSTON PRESS (213 titles)
- ASSOCIATED NEWSPAPERS Ltd (1 title)
- EVENING STANDARD Ltd (1 title)
- MIDLAND NEWS ASSOC Ltd (17 titles)
- ARCHANT (66 titles)
- DC THOMSON & CO (6 titles)
- TINDLE NEWSPAPERS Ltd (110 titles)
- CITY AM (1 title)
- INDEPENDENT NEWS & MEDIA (6 titles)
- ROMANES MEDIA GRP (28 titles)
- NWN MEDIA Ltd (14 titles)
- BULLIVANT MEDIA Ltd (9 titles)
- CN GROUP Ltd (10 titles)
- IRISH NEWS Ltd (1 title)
- KM GROUP (16 titles)
- GUITON GROUP (5 titles)
- CHAMPION NEWSPAPERS (8 titles)
- OTHER PUBLISHERS COMBINED (177 titles)



ONLINE NEWS

Front Page
World
UK
England
Northern Ireland
Scotland
Wales
Business
Politics
Health
Education
Science
Technology
Entertainment
+

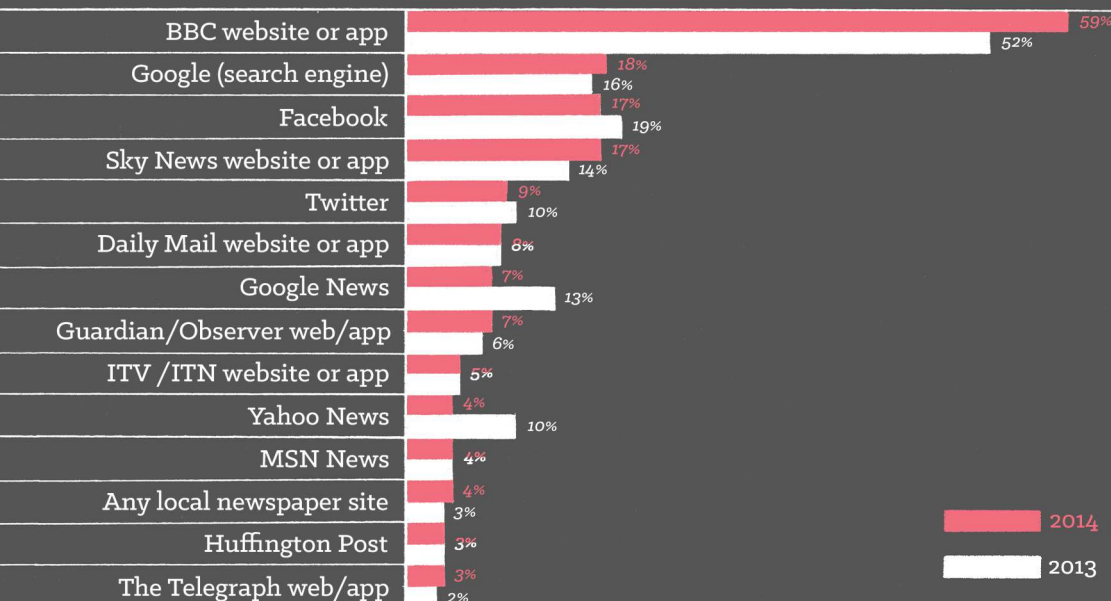
UK



Trends in online news audiences have shown that digital news consumption has been converging around traditional news brands. In December 2011, according to Ofcom there were nine online news brands that reached over 2 million people in the UK each month, followed by a fragmented range of smaller players⁸.

According to research by Ofcom, in 2014 for the first time digital news is as popular as newspapers, with 41% of people now accessing news via the internet and mobile apps, while 40% read newspapers⁹. Of those seeking news online, a recent study of 10 countries has found that 51% of people globally access websites of traditional newspapers¹⁰. Within this environment of increasingly online-based news consumption, British audiences seeking news, it is clear, mostly access the online versions of media companies already established in other media markets.

WEBSITES OR APPS USED FOR NEWS 'NOWADAYS' (OFCOM, 2014)¹⁰

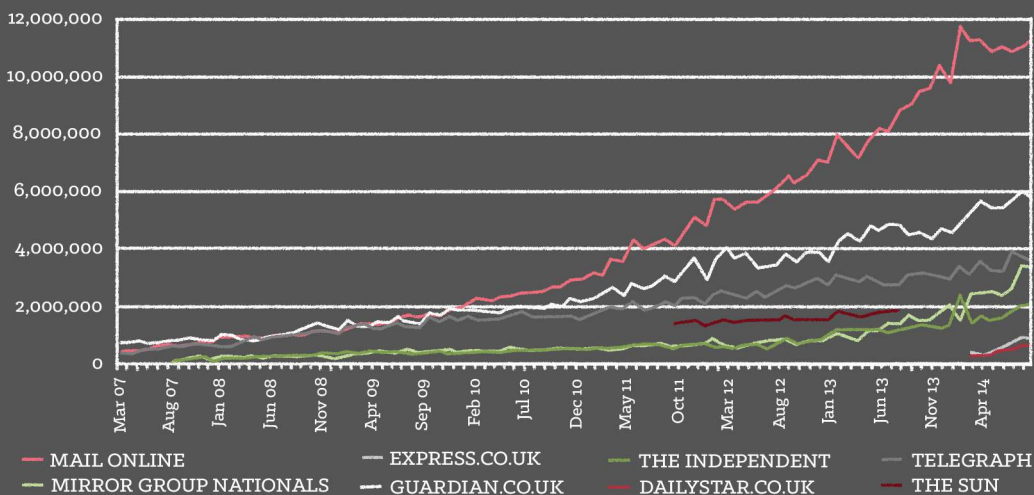




Analysis of website user numbers for national newspaper websites shows the dominance of the biggest news brands. August 2014 ABC figures for national newspaper websites record the average daily browsers for the Mail Online website as 11,340,674, a year on year increase of 25.95 and more than double the users of the next largest newspaper website. The Guardian received 5,809,400 average daily browsers, the Telegraph 3,567,426 and the Mirror Group Nationals 3,440,829¹¹.

The below chart illustrates the growth in visitor numbers for 8 national newspaper websites between March 2007 and April 2014.

ABC ONLINE NATIONAL NEWSPAPERS - DAILY AVERAGE UNIQUE USERS¹²





RADIO AND TELEVISION



Sky News Radio today supplies news to almost every commercial radio station in the UK. The network incorporates more than 280 stations. Sky estimates the weekly audience of the combined Sky News Radio network at almost 34 million¹³.

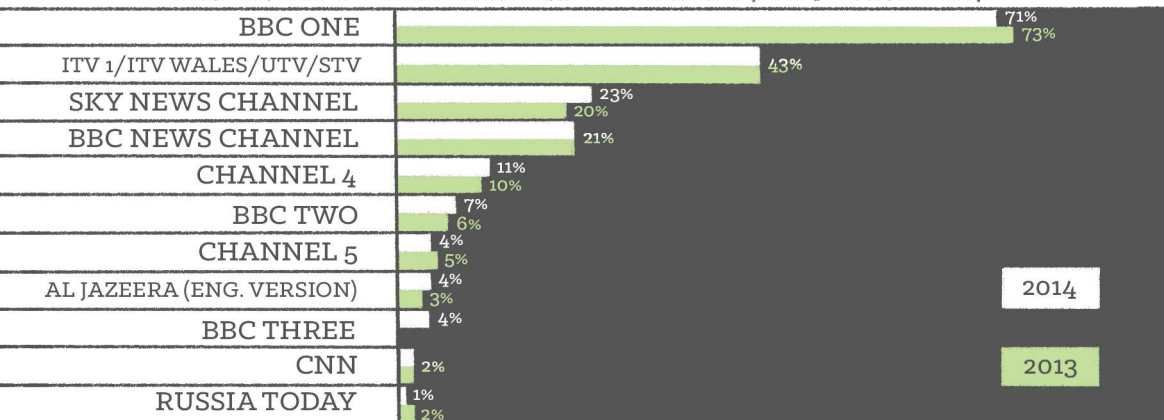
Today, radio news is under duopoly control of the BBC and Sky.

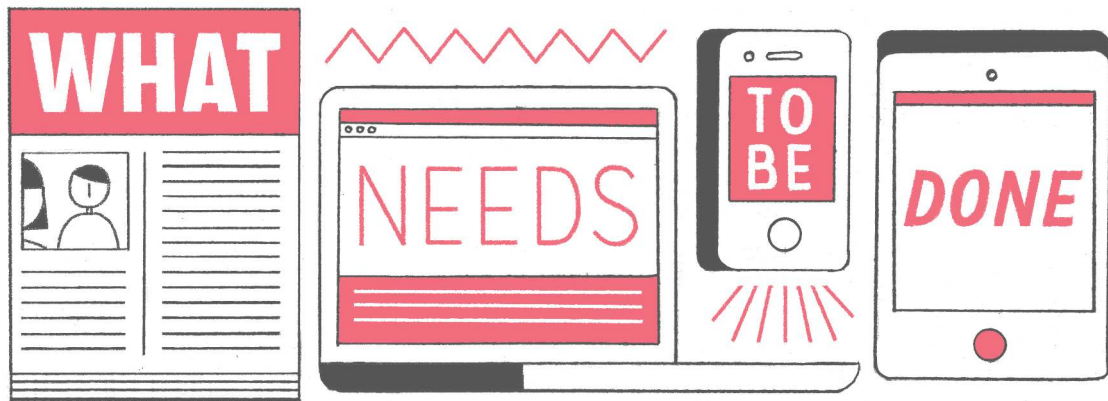
SOURCES OF RADIO NEWS¹⁴

GROUP/STATION	PROPORTION OF LISTENERS	NEWS PROVIDER
BBC RADIO 2	28%	BBC
BBC RADIO 4	25%	BBC
BBC RADIO 1	20%	BBC
CAPITAL FM	8%	SKY
BBC REGIONAL (ANY)	8%	BBC
HEART FM	7%	SKY
BBC RADIO 5 LIVE	6%	BBC
CLASSIC FM	4%	SKY
BBC RADIO SCOTLAND/ BBC RADIO WALES/ BBC RADIO ULSTER	4%	BBC
TALKSPORT	3%	SKY
ABSOLUTE RADIO	3%	SKY
REAL RADIO	3%	SKY
BBC RADIO WORLD SERVICE	2%	BBC
BBC RADIO 3	2%	BBC

In the television market, while the BBC accounts for a majority of television news consumption, a single company, ITV, accounts for a majority of non-BBC TV news consumption.

PROPORTION OF THOSE THAT USE TV FOR NEWS (75% OF UK ADULTS)¹⁵





Concentration within news and information markets has reached endemic levels in the UK. This is particularly the case within the local, regional and national press. This occurs within a context in which much of the television agenda is still heavily influenced by the press. Further, it is clear that plurality concerns have not been offset by the promise of diversity associated with the spread of digital media. Online news consumption has been converging around traditional news brands for some time and testimony presented to the Leveson Inquiry demonstrated the enduring capacity of dominant media groups to pressure and influence the policy agenda in surreptitious ways.

The challenge facing society now is to set clear and realisable standards for the institutions and individuals that investigate, report and make sense of the world for the rest of us. Urgent reform is needed in order to both redress endemic concentration in particular news markets, and protect against further concentration in others.

There is a long-established policy principal in the UK that public responsibilities should be attached to significant media power. To date, this principle has been invoked in respect of broadcasting but as media markets and services converge it is increasingly applicable to other platforms. There is a need to ensure that dominant media groups which are not subject to public service regulation are nevertheless committed to internal plurality and reporting in the public interest.

In recognition of the vital role that media plurality plays in healthy, functioning democracies, we suggest that limits on ownership and dominant media players are urgently needed. We need a system of clear ownership thresholds for news media markets.

Solutions should be sought to ensure no individual or entity has a controlling share in a news organisation, or group of organisations, which has a dominant share of the news market. Remedies should also ensure journalist and editorial autonomy particularly in the largest news organisations so that owners and shareholders cannot exert undue influence over news output.

If we consider international cases, we find that strong restrictions of different kinds have been imposed on media owners in many countries, and that the necessity of regulating media ownership is recognised around the world.

In France, newspapers are supported by government subsidies and their ownership is regulated by the 1986 Press Law. Companies cannot acquire a new daily publication which will boost their total national circulation beyond 30 percent. In Germany, the Commission on Concentration in the Media Industry (KEK) can intervene in the TV or radio markets if a company's combined media holdings (including newspapers) comprise more than 30 percent of annual viewer share. In Denmark, broadcasting licences are governed by a stringent set of concerns. For example, under the 1997 Danish Broadcasting Act, licences for local TV or radio are only granted if commercial companies (other than newspapers) do not have a dominant interest or 'any decisive influence' in the company. From 2008, Canadian Radio-Television and Telecommunications Commission has imposed rules on cross-media holdings in local markets. Companies are limited to two types of media in any given market; in one city, for example, the might own TV and radio assets, TV and newspaper, or radio and newspaper, but never all three.

In line with the international recognition of the significance of media plurality, we propose the following.

We suggest that a company with more than an agreed share of a designated media market should be subject to a public interest test. The number of firms needed to guarantee sufficient plurality is an open question, but one study has identified that at least four voices are required to properly ensure alternative perspectives on an issue. The same study concluded that six independent voices was a better target to aim for¹⁶. Growth of media companies which would lead to such levels of concentration should trigger structural remedies in the form of shareholder dilution or divestment.

We would also suggest that a fund should be established along the lines agreed recently between Google and news publishers in France and Belgium. This should be administered by an independent body with a clear set of funding criteria, transparent procedures and an accountable system of appointments and administration. The body will support local or niche news providers either directly or via established media organisations (for whom funding will be contingent on recruitment of entry-level journalists or commissioning content from independent providers).

In conclusion, we face a real problem with the power and influence of some of our biggest media companies and we have seen how politics has been corrupted by concentrated power.

The size and influence of our biggest media companies is a problem that we need to address whether we are politicians, civil society organisations, or individual members of the public. We would all benefit from a more diverse and independent media.

¹ House of Lords, 'The ownership of the news, Volume I: Report' (2008), pp. 32-36.

² House of Lords (2008), p. 140.

³ Figures 1-3 are based on average Daily and Sunday circulation from March to August 2014.

Data source: *Guardian* publication of ABC figures.

Note: excludes *Daily Record* as it does not have UK national coverage.

⁴ Data source: *Guardian* publication of ABC figures.

Note: Excludes *Sunday Mail* as it does not have UK national coverage.

⁵ Weighted share calculated by multiplying average daily circulation by six and adding to Sunday circulation.

⁶ Data source: JICREG data Jan 2012 - Dec 2013 in Media Reform Coalition, 'The elephant in the room: a survey of media ownership and plurality in the United Kingdom' (2014).

⁷ Data source: Newspaper Society, 'Top 20 Regional Press Publishers' (2014). Available from: http://www.newspapersoc.org.uk/sites/default/files/pdf/Top-20-Publishers_January-2014.pdf.

⁸ Ofcom, 'Advice to the Secretary of State for Culture, Olympics, Media and Sport', Annex 4: 'News consumption in the UK' (2012), p. 31.

⁹ Data source: Ofcom, 'Digital news as popular as newspapers for first time' (2014a). Available from: <http://media.ofcom.org.uk/news/2014/digital-news-as-popular-as-newspapers-for-first-time/>

¹⁰ Reuters Institute for the Study of Journalism, 'Digital News Report 2014' (2014). Available from: <http://www.digitalnewsreport.org/interactive/>.

¹¹ Data source: Kantar Media quantitative research study (March/April 2014), commissioned by Ofcom.

'Thinking specifically about the internet, which the following do you use for news nowadays?'

Base: all who use internet news (1029). Published in Ofcom, 'News Consumption in the UK: research report', summary slides (2014b), p. 49.

Note: Only sources with an incidence of over 3% are shown.

Note: Google reader ceased in 2013.

¹² Press Gazette, National Newspaper Website ABC Figures, August (2014). Available from:

<http://www.pressgazette.co.uk/national-newspaper-website-abc-figures-august-2014>.

¹³ Data source: Mediatel.co.uk analysis of ABC data March 2007-April 2014 (2014). Available from:

<http://mediatel.co.uk/newsline/2014/09/19/abc-online-august-guardian-and-telegraph-record-declines/>

¹⁴ Sky, 2014. Sky News Radio. Available from: <http://news.sky.com/info/radio>

¹⁵ Primary Data Source: Kantar Media quantitative research study (March/April 2014), commissioned by Ofcom.

'Thinking specifically about radio stations, which of the following do you use for news nowadays?'

Base: all who use radio for news (990). Published in Ofcom (2014b), summary slides, p.37.

Note: only sources with an incidence of 2% or more are shown.

¹⁶ Data source: Kantar Media quantitative research study (March/April 2014), commissioned by Ofcom.

'Thinking specifically about television, which the following do you use for news nowadays?'

Base: all who use TV for news (2136), 2013 (2290). Published in Ofcom (2014b), summary slides, p. 33.

Note: Only sources with an incidence of over 3% are shown.

Note: BBC was not included in the prompted list in 2013.

¹⁷ Craufurd-Smith, R and Tambini, D, 'Measuring Media Plurality in the United Kingdom', *Journal of Media Law* (2012), p. 59.

