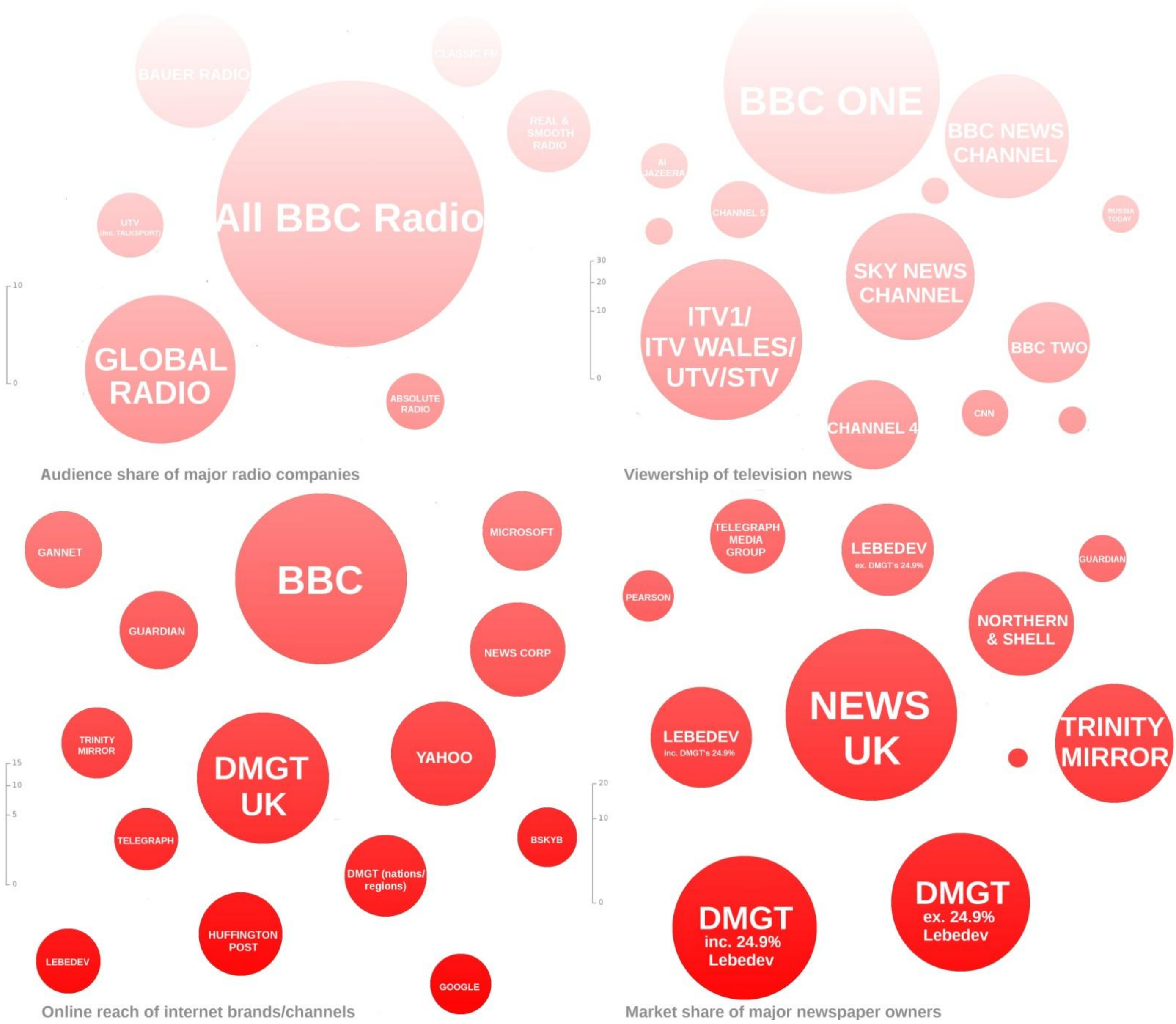
The elephant in the room: a survey of media ownership and plurality in the United Kingdom



MEDIA REFORM COALITION

The elephant in the room: a survey of media ownership and plurality in the United Kingdom

Executive Summary

Media ownership has long been the 'elephant in the room' when it comes to analysis of the state of our media: obvious to all but rarely discussed. We view it as crucial to the health of the press, and therefore of a functioning democracy, that the news and views consumed by the public are spread across a sufficient range of independent providers.

But we have a serious problem with plurality in the UK.

Just three companies (News UK, DMGT and Trinity Mirror) control nearly 70% of national newspaper circulation.

Just five companies control some 70% of regional daily newspaper circulation.

Out of 406 Local Government Areas, 100 (25%) have no daily local newspaper at all while in 143 LGAs (35% of the total) a single title has a 100% monopoly.

Online news sources are overwhelmingly accounted for by traditional news providers while online news consumption is also dominated either by established news providers or digital intermediaries who rely predominantly on traditional news providers for their content.

A single news provider, Sky, provides news bulletins for virtually all of national and regional commercial radio.

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.

Concentration within some news and information markets has reached endemic levels and is undermining the quality and diversity of output on which citizens rely.

We need an open debate on media ownership that takes seriously proposals for a range of measures to increase pluralism including ownership limits and behavioural remedies.

Introduction

Since the start of the Leveson Inquiry in 2011, the United Kingdom has, once again, been examining the state of its media. But in this discussion media ownership has hitherto been the elephant in the room: obvious to all but overshadowed by the political wrangling over press regulatory reform. We view it as crucial to the health of the press, and therefore of a functioning democracy, that the news and views consumed by the public are spread across a sufficient range of independent providers. As we will see, however, this is rarely the case in Britain's media market. We analyse national newspapers, local newspapers, TV consumption, radio listening and internet news using their standard industry metrics. We also conduct an extended analysis of local daily newspaper concentration in each area of the country.

1. The importance of plurality

In 2008, the House of Lords Select Committee on Communications heard evidence from former editors of a number of national newspapers. Together, they told a colourful tale of editorial influence: how Robert Maxwell, Conrad Black, the Barclay Brothers, and Rupert Murdoch openly meddled with the titles under their control.

Roy Greenslade, editor of the Daily Mirror between 1990 and 1991, said the late Robert Maxwell had been "an overt interferer...he liked to appear in the newspaper as often as he possibly could and he liked to have an involvement in virtually every story." Dominic Lawson, editor of the Sunday Telegraph from 1995 to 2005, said Aidan Barclay had asked him to pull a negative story about David Blunkett because he did not want to cross a "powerful man". Rupert Murdoch admitted that he had "editorial control on major issues", while Andrew Neil, who edited the Sunday Times, said he was "never left in any doubt what [Murdoch] wanted."[1]

Whether or not this kind of influence is a good or a bad thing is, at this point, irrelevant. It must be taken as a given that ownership will always influence the editorial position of a media organization. For that reason, if no other, we owe the health of our democracy and the vitality of our public sphere in no small part to the plurality of the media market.

As the Journal of Media Law has put it:

> *"Where a few firms dominate the media landscape they exercise considerable control...there is now a convincing body of evidence to suggest that particular corporate or political affiliations can lead to media bias or the suppression of information."*[2]

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

[2] Richard Craufurd Smith and Damien Tambini, 'Measuring Media Plurality in the United Kingdom', Journal of Media Law (2012), p. 36

Likewise, in 2012, Ofcom, the broadcast regulator, reiterated the special importance of plurality in the media, declaring it essential for a "well-functioning democratic society" by creating "informed citizens" and by "preventing too much influence over the political process." And in 2014, the Lords Select Committee on Communications acknowledged the consensual view that "the policy and regulatory framework currently surrounding plurality needs updating." The Lords report endorsed Ofcom's suggestion for 'periodic' plurality reviews to supplement the public interest test that may be triggered by a proposed merger.

But this has raised an open question as regards the number of firms needed to guarantee sufficient plurality. 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 for[3]. As we will see, this may be a tall order for many of Britain's media markets.

In measuring plurality, we have focused on metrics of *share,* not *reach.* That is to say, we are interested in metrics which measure what proportion of total consumption belongs *exclusively* to each provider, rather than what proportion of *potential* audience engages with providers (whose audiences may overlap). We make a partial exception for internet news, where no standard industry metric exists to measure audience share.

2. Overview

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 UK (formerly News International, part of what was News Corporation). The American company, owned by Rupert Murdoch, commands a significant share of the print market through its ownership of The Sun and The Times). It once owned the News of the World, but that paper was closed down following the phone-hacking scandal in 2011.

- British Sky Broadcasting. Also set up by Rupert Murdoch, as Sky Television, and wholly owned by him from 1983 until its merger with British Satellite Broadcasting in 1990. While News Corporation retains only a 39.1% stake in the broadcaster, close ties between the two organisations have led many to consider them synonymous; in particular, James Murdoch, Rupert's son, was CEO of the company between 2003 and 2007. News Corporation attempted to take over BSkyB prior to the phone-hacking scandal, but was rebuffed; BSkyB formerly bought, but was forced to sell down, a significant stake in ITV plc. Finally, but not insignificantly, Sky is the wholesale provider of news for the majority of commercial radio stations.

[3] Smith and Tambini (2012), p. 59

- Daily Mail and 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 ITN news, which is a wholesale provider of TV news as aforementioned.

- 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 and magazines, and also owns the Channel 5 TV station.

- Global Radio and Bauer Radio. These are the most significant players in commercial radio, whose combined share of the total market slightly exceeds that of the BBC. BSkyB produces news content for both companies.

3. National newspapers

Newspaper market share is primarily analysed through circulation figures submitted by each title to the Audit Bureau of Circulations (ABC). The figures are reported once a month.

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 readers[4].

Figure 1 shows the circulation of major daily newspapers; **Figure 2**, of Sunday newspapers, and **Figure 3,** a combined share of both, according to publisher. The percentage in 'share of list' expresses a percentage of the total of these newspapers only, and does not take into account very minor players. It nonetheless gives a fair picture of the state of the market.

[4] House of Lords (2008), p. 140

Figure 1: Market share of major daily newspapers and publishers (ABC, 2013)

Circulation of major daily newspapers (by title)		
Title	*Share of list*	*2013*
The Sun	28.55%	2,268,455
Daily Mail	22.67%	1,801,493
Daily Mirror	13.09%	1,039,742
Daily Telegraph	6.93%	550,315
Daily Star	6.78%	538,540
Daily Express	6.64%	527,315
The Times	4.98%	395,496
The i	3.81%	302,552
Financial Times	3.23%	256,478
The Guardian	2.41%	191,547
The Independent	0.92%	73,361
Circulation of major daily newspapers (by publisher)		
Company	*Share of list*	*2013*
News UK	33.53%	2,663,951
DMGT	22.67%	1,801,493
Northern & Shell	13.41%	1,065,855
Trinity Mirror	13.09%	1,039,742
Telegraph Media Group	6.93%	550,315
Lebedev	4.73%	375,913
Pearson	3.23%	256,478
Guardian media Group	2.41%	191,547

**Figures 1-3 are based on Daily or Sunday averages from March to August 2013*
Retrieved 29/10/2013 from Guardian publication of ABC figures: http://bit.ly/15EfuQo
(excludes Daily Record as it does not have UK national coverage)

Figure 2: Market share of major Sunday newspapers and publishers (ABC, 2013)

Circulation of major Sunday newspapers (by title)		
Title	*Share of list (2013)*	*2013*
The Sun on Sunday	25.54%	1,901,756
Mail on Sunday	22.45%	1,671,596
Sunday Mirror	13.96%	1,039,693
The Sunday Times	11.46%	853,060
Sunday Express	6.24%	464,903
The Sunday Telegraph	5.75%	428,174
The Sunday People	5.62%	418,601
Daily Star Sunday	4.52%	336,335
The Observer	2.95%	219,600
Independent on Sunday	1.52%	112,911
Circulation of major Sunday newspapers (by publisher)		
Company	*Share of list (2013)*	*2013*
News UK	36.99%	2,754,816
DMGT	22.45%	1,671,596
Trinity Mirror	19.58%	1,458,294
Northern & Shell	10.76%	801,238
Telegraph Media Group	5.75%	428,174
Guardian Media Group	2.95%	219,600
Lebedev	1.52%	112,911

Retrieved 29/10/2013 from Guardian publication of ABC figures: http://bit.ly/15EfuQk
Excludes Sunday Mail as it is does not have UK national coverage

Figure 3: Combined market share of major newspaper owners (ABC, 2013)

Circulation of national newspaper publishers (combined)	
Company	*Weighted share**
News UK	34.00%
DMGT	22.64%
Trinity Mirror	13.96%
Northern & Shell	13.06%
Telegraph Media Group	6.77%
Lebedev	4.30%
Pearson	2.79%
Guardian Media Group	2.48%

**Based on total definition of market derived from multiplying average Daily circulation by six and adding to Sunday circulation*

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%. This degree of concentration has been relatively stable over recent decades. For comparison, the national daily circulation of the top three companies in 1995 was 74%.[5] The same cannot be said of local and regional news markets which we turn to next. But it is worth emphasising first that if anything, the figures presented here understate the extent of concentration as they do not take into account cross shareholdings. In other words, market shares are attributed to publishers with a controlling interest in the relevant titles. But some of the largest players have significant holdings in competitors both in the same and other sectors. For instance, in addition 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.

4. Local newspapers

The local newspaper market must be considered separately from the national market, both in terms of measuring and regulation, because of its unique nature. Firstly, while most local newspapers are owned by a small number of companies, these companies do not directly compete against each other in a given market. A regional daily in Scotland does not compete with a local weekly in Cornwall, which does not compete with a local daily in Cumbria. Secondly, concentration in the local newspaper market has advanced far beyond that of the national, and, as this section will show, any attempt to limit it would be to bolt the barn door long after the livestock has bolted.

According to the Newspaper Society, there are **1,054** local and regional newspapers in the UK. They break down as follows:

- 95 daily titles, comprising
    - 80 paid daily titles
    - 12 free daily titles
    - 3 combined free and paid daily titles;

- 14 Sunday titles, comprising
    - 11 paid Sunday titles
    - 3 free Sunday titles; and

- 945 weekly titles, comprising
    - 491 paid weekly titles
    - 34 combined free and paid weekly titles
    - 420 free weekly titles.

[5] James Curran and Jean Seaton, 'Power Without Responsibility: The Press and Broadcasting in Britain' (1997), p. 78

This may seem like a large number, but in just March 2011 the NS reported **1,195** titles – 141 more in total. These losses are made up primarily of free weekly titles, together with smaller (but proportionally significant) losses to the paid daily category. Paid weeklies have actually increased since then, as have, marginally, free dailies.

In simple terms, the top 20 regional press publishers are regularly determined by the Newspaper Society, which tallies their total circulation according to ABC data. **Figure 4** shows these rankings for January 2013.

Figure 4: Top 20 regional press publishers by circulation (Newspaper Society, 2013)

Company details		Overall statistics		Number of each type of paper				
Rank	Group name	Titles	Weekly circulation	Daily paid /free	Sunday paid /free	Weekly paid	Weekly free	Weekly mixed
1	Trinity Mirror plc	132	9,197,259	20	4	55	50	3
2	Newsquest Media Group	186	5,741,423	19	1	62	91	13
3	Local World	115	5,068,765	18	1	40	49	7
4	Johnston Press	215	4,947,195	16	2	152	45	
5	DMG Media*	1	3,911,980	1				
6	Evening Standard Ltd	1	3,502,530	1				
7	Archant	65	1,607,081	4	2	16	27	16
8	D.C. Thomson & Co	6	1,453,568	4	1		1	
9	The Midland News Association Ltd	16	1,354,629	2		4	9	1
10	Tindle Newspapers Ltd	78	1,124,369		2	30	28	18
11	City AM	1	547,905	1				
12	Independent News & Media	6	478,407	1	1		4	
13	Romanes Media Group	27	438,231	1		16	7	3
14	NWN Media Ltd	14	407,624	1		4	9	
15	CN Group Ltd	10	340,055	2		5	3	
16	Bullivant Media Ltd	9	308,477				9	
17	KM Group	19	293,615			10	1	8
18	Irish News Ltd	1	252,504	1				
19	Guiton Group	5	197,550	2		2	1	
20	Champion Newspapers	6	154,919				6	

Includes London Evening Standard, Metro, Daily Record, Sunday Post, Sunday Mail and all regional daily free titles. Retrieved 13/02/2013 from: http://bit.ly/uzamws

**formerly Associated Newspapers Ltd*

Figure 5 shows the top 5 publishers for each kind of newspaper: daily, Sunday, paid weekly, free weekly, and mixed weekly.

Figure 5: Top 5 regional publishers for each category (Newspaper Society, 2013)

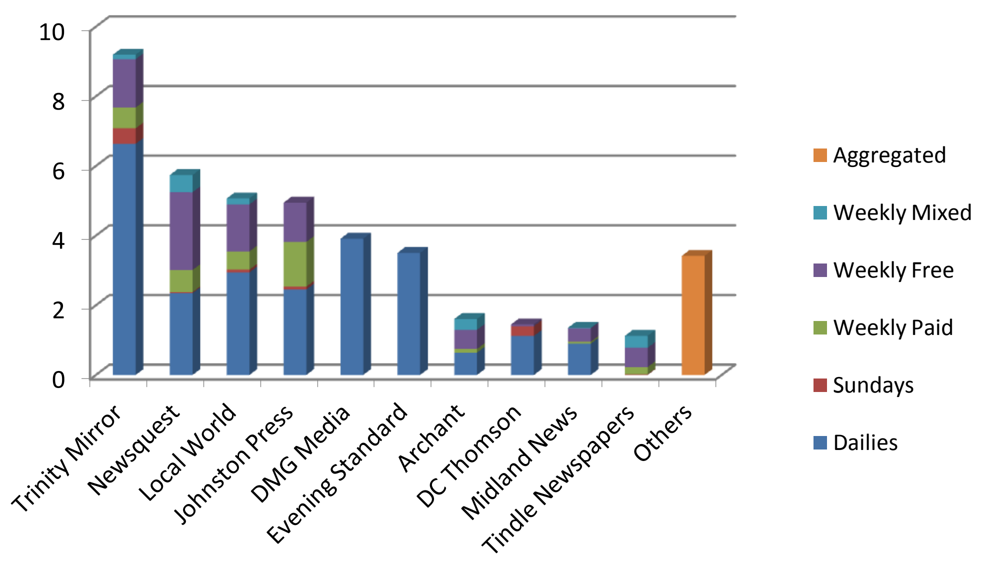
Daily, paid and free (including single-paper companies)			*% share of*
Rank	*total market*	*Circulation*	*total market*
1	Trinity Mirror plc	6,638,323	25.42%
2	DMG Media	3,911,980	14.98%
3	Evening Standard Ltd	3,502,530	13.41%
4	Local World	2,946,192	11.28%
5	Johnston Press plc	2,455,208	9.40%
Daily, paid and free (excluding single-paper companies)			*% share of adj-*
Rank	*total market*	*Circulation*	*usted market*
1	Trinity Mirror plc	6,638,323	37.09%
2	Local World	2,946,192	16.46%
3	Johnston Press plc	2,455,208	13.72%
4	Newsquest Media Group	2,350,708	13.13%
5	D.C. Thomson & Co Ltd	1,120,294	6.26%
Sundays, paid and free			*% share of*
Rank	*Group name*	*Circulation*	*total market*
1	Trinity Mirror plc	444,439	45.48%
2	DC Thomson & Co Ltd	280,215	28.78%
3	Johnston Press plc	79,010	8.09%
4	Local World	77,675	7.95%
5	Independent News & Media	48,746	4.99%
Paid weekly			*% share of*
Rank	*Group name*	*Circulation*	*total market*
1	Johnston Press plc	1,285,269	30.44%
2	Newsquest Media Group	635,815	15.06%
3	Trinity Mirror plc	597,415	14.15%
4	Local World	523,278	12.39%
5	Tindle Newspapers Ltd	208,913	4.95%
Free weekly			*% share of*
Rank	*Group name*	*Circulation*	*total market*
1	Newsquest Media Group	2,231,645	24.30%
2	Trinity Mirror plc	1,387,862	15.11%
3	Local World	1,351,295	14.71%
4	Johnston Press plc	1,127,708	12.28%
5	Tindle Newspapers Ltd	554,210	6.03%
Mixed weekly			*% share of*
Rank	*Group name*	*Circulation*	*total market*
1	Newsquest Media Group	494,522	27.19%
2	Tindle Newspapers Ltd	342,936	18.86%
3	Archant	309,744	17.03%
4	KM group	177,676	9.77%
5	Local World	170,325	9.37%

Retrieved 13/02/2013 from: http://bit.ly/uzamws

The above table includes single-paper companies like the Evening Standard and DMG Media (Metro), which skew the rankings with large circulation figures for pseudo-local papers covering national and international news. Market shares for this adjusted top 5 have been calculated against the Newspaper Society's measure of total circulation across all other publishers, minus any single-paper publishers in the top 20 (e.g. City AM).

Clearly, not all of these circulation figures are of the same nature. The Evening Standard, for instance, publishes only one newspaper which is widely circulated across London. **Figure 6** shows each of the top 10 companies' circulation shares divided across the categories of newspaper they publish, and aggregates ranks 11-20 (all of which have a circulation of less than 600,000) into one column.

Figure 6: Top 20 regional press publishers by circulation (millions) within each category of newspaper, with particular focus on the top 10



Note: Includes London Evening Standard, Metro, Daily Record, Sunday Post, Sunday Mail and all regional daily free titles. Retrieved 13/02/2013 from: http://bit.ly/uzamws

The most significant recent merger in the local and regional market was between Iliffe and Northcliffe newspapers to form Local World in 2012, in a deal which left DMGT and Trinity Mirror with 20%+ stakes in the new combined entity. But that merger was only the latest incident in a long-term trend of local media consolidation. Even in 2008, the House of Lords wrote that "the regional and local press has seen a particularly marked concentration of ownership where four publishers now have almost 70% of the market share across the United Kingdom".[6] This partly owes to the greater financial stresses placed on local papers by their increased dependence on advertising (75% of their income, according to the Newspaper

[6] House of Lords (2008), p. 7

Society[7]). In 2009, Ofcom observed the trend of consolidation within newspaper markets, and was moved to recommend liberalisation of local media ownership controls. Since those years the trend has only continued.

Individual markets

But when we talk about market share, what is the size of the local news 'market'? Is it the entire country? Is it a region? Might it only be a single town?

Even if local news companies are competing on a national level to acquire or establish new titles, their individual newspapers generally do not compete directly with each other for audience. By and large, people are unlikely to read local newspapers for areas far from where they live. For this reason, national statistics don't provide a useful picture of media plurality at the level at which it is actually consumed.

Market shares must therefore also be calculated on the level of much smaller 'markets'. We determined to analyse a proportion of local newspaper circulation as recorded in every individual Local Government Area. This market size was chosen for two reasons:

- Historically, local newspaper spreads tend to map broadly to LGAs
- LGAs are the primary level of authority regarding which local news media can perform their essential function of scrutinising government

To this end, we used more detailed statistics gathered by the Joint Industry Committee for Regional Press Research, which allows search per LGA. Circulations for 406 LGAs were gathered from the October 2012 data set in order to form a snapshot of what the local media looked like that year. Lacking the resources to analyse all circulation figures, we chose to limit our analysis to daily titles, and calculated the percentage share of circulation for each company operating in each LGA. For simplicity, we eliminated circulations lower than 100, except where overall circulations were so low that doing so would clearly distort the share calculation by more than 1-2%. In this way, we aimed to establish a picture of market concentration at the local level, and find out to what extent local papers were actually competing with each other.

From a total of 406 LGAs, the 26 of Northern Ireland had no data, while 100 had no daily newspapers in general circulation at all. This is one reason to be cautious of extending this survey to the state of the weekly market. Another reason is that, as the Newspaper Society's Top 20 shows, different newspaper groups have different compositions, with some making up their circulation from mostly dailies, and some from mostly weeklies. Nevertheless, the daily newspaper industry is a crucial sector of local news coverage and a benchmark for media plurality issues.

Figure 7 sorts LGAs by the extent to which one company dominates their markets for daily local news. **Figure 8** represents this information in a graph. Both are on the next page.

[7] Ibid, p. 20

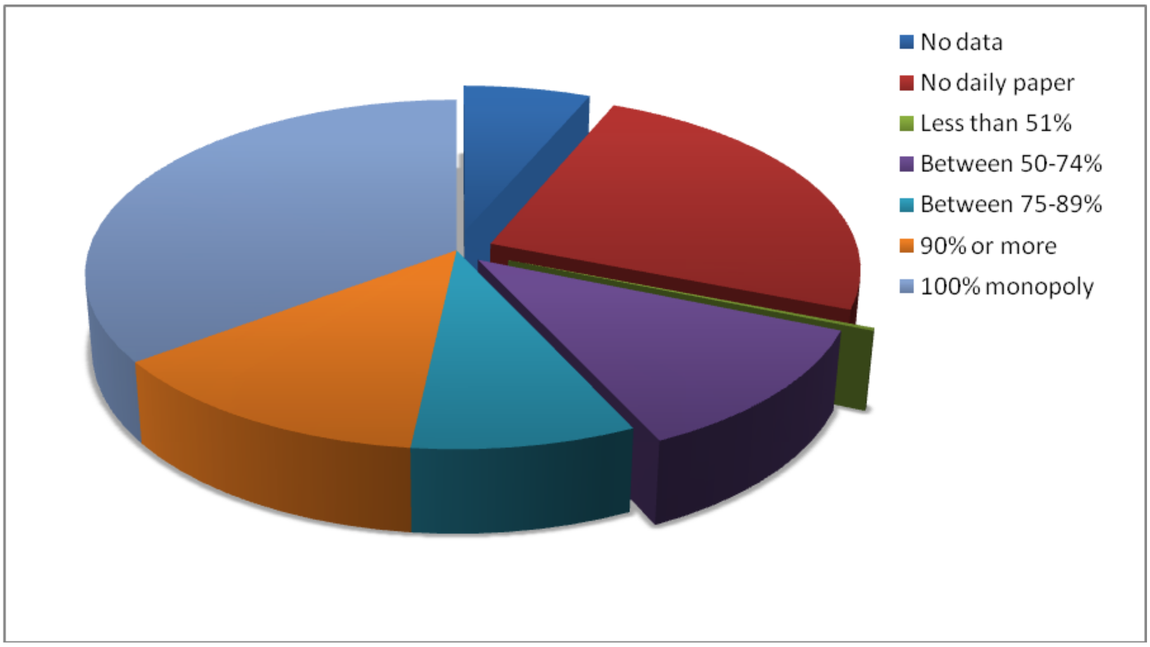
This data makes it clear that the vast majority of local news markets are dominated by one company alone. Indeed, these markets generally differ only in terms of the size of that dominance – and a third of them have only one source of daily local print news.

Figure 7: Market dominance in local daily print by area (JICREG, 2012)

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%

JICREG data retrieved from December 2012 to January 2013 from http://bit.ly/12CM3Lr

Figure 8: Market dominance in local daily print by area, graph (JICREG, 2012)



JICREG data retrieved from December 2012 to January 2013 from http://bit.ly/12CM3Lr

Clearly we are dealing with a very different kind of market from that of the national newspapers. In all LGAs save one, there is a single company with a controlling share of the audience, and in most cases this majority was overwhelming. That lone, plucky borough is Fife – where D.C. Thompson has 43% to Trinity Mirror's 46, with Johnston and Newsquest holding 10% and 1% respectively.

Due to this kind of concentration, calculating each publisher's average share per LGA is less than useful, because each company has multiple markets in which they have a total majority, a large majority, or are a very slim minority. The average of each company's shares would be a murky figure somewhere around the middle.

A better way to measure plurality in local markets, then, is to tally the *types* of share held by each publisher, dividing them into minority shares, various levels of majority share, and total monopolies. This provides a broad picture of the extent to which each company participates in its chosen markets – although, as we have seen, massive or total dominance of one party is a rule with few exceptions.

Figure 9 shows this per-publisher tally. Shares for Iliffe and Northcliffe Media are calculated separately, as the two companies had not yet merged at the time the data was gathered. 'Maj' stands for the total number of market majorities held by that company, while 'total' indicates the total number of markets in which they are significant participants.

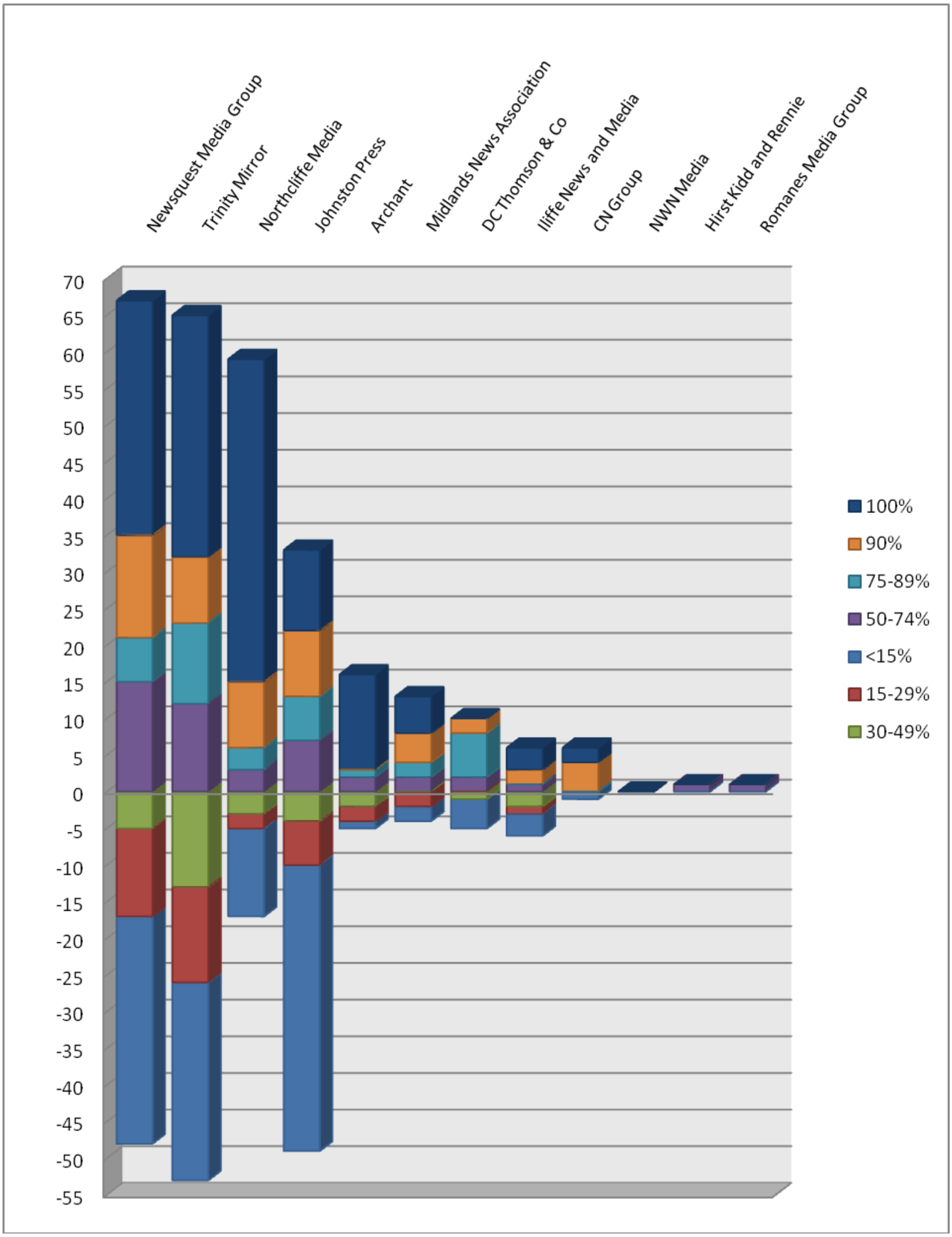
Figure 9: Participation in local markets by publisher (JICREG, 2013)

	<15%	15-29%	30-49%	50-74%	75-89%	90%	100%	MAJ.	TOTAL
Newsquest Media Group	31	12	5	*15*	6	*14*	32	**67**	**115**
Trinity Mirror	27	*13*	*13*	12	*11*	9	33	**65**	**118**
Northcliffe Media	12	2	3	3	3	9	*44*	**59**	**76**
Johnston Press	*39*	6	4	7	6	9	11	**33**	**82**
Archant	1	2	2	2	1	0	13	**16**	**21**
Midlands News Association	2	2	0	2	2	4	5	**13**	**17**
DC Thomson & Co	4	0	1	2	6	2	0	**10**	**15**
Iliffe News and Media	3	1	2	1	0	2	3	**6**	**12**
CN Group	1	0	0	0	0	4	2	**6**	**7**
NWN Media	0	0	0	0	0	0	0	**0**	**0**
Hirst Kidd and Rennie				1	0	0	0	**1**	**1**
Romanes Media Group	0	0	0	1	0	0	0	**1**	**1**

JICREG data retrieved from December 2012 to January 2013 from http://bit.ly/12CM3Lr

Figure 10 shows the same data in graph form, giving a visual indication of each company's relative dominance. Numbers on the minus scale represent the number of minority shares a company holds. We can see, for instance, that although Johnston participates in more markets than Northcliffe, this tally is made up of a far greater proportion of minority shares. Note that this does not correlate to the Newspaper Society's league table of circulations. Company X could theoretically have a higher level of overall circulation than Company Y, but dominate or participate in fewer local markets.

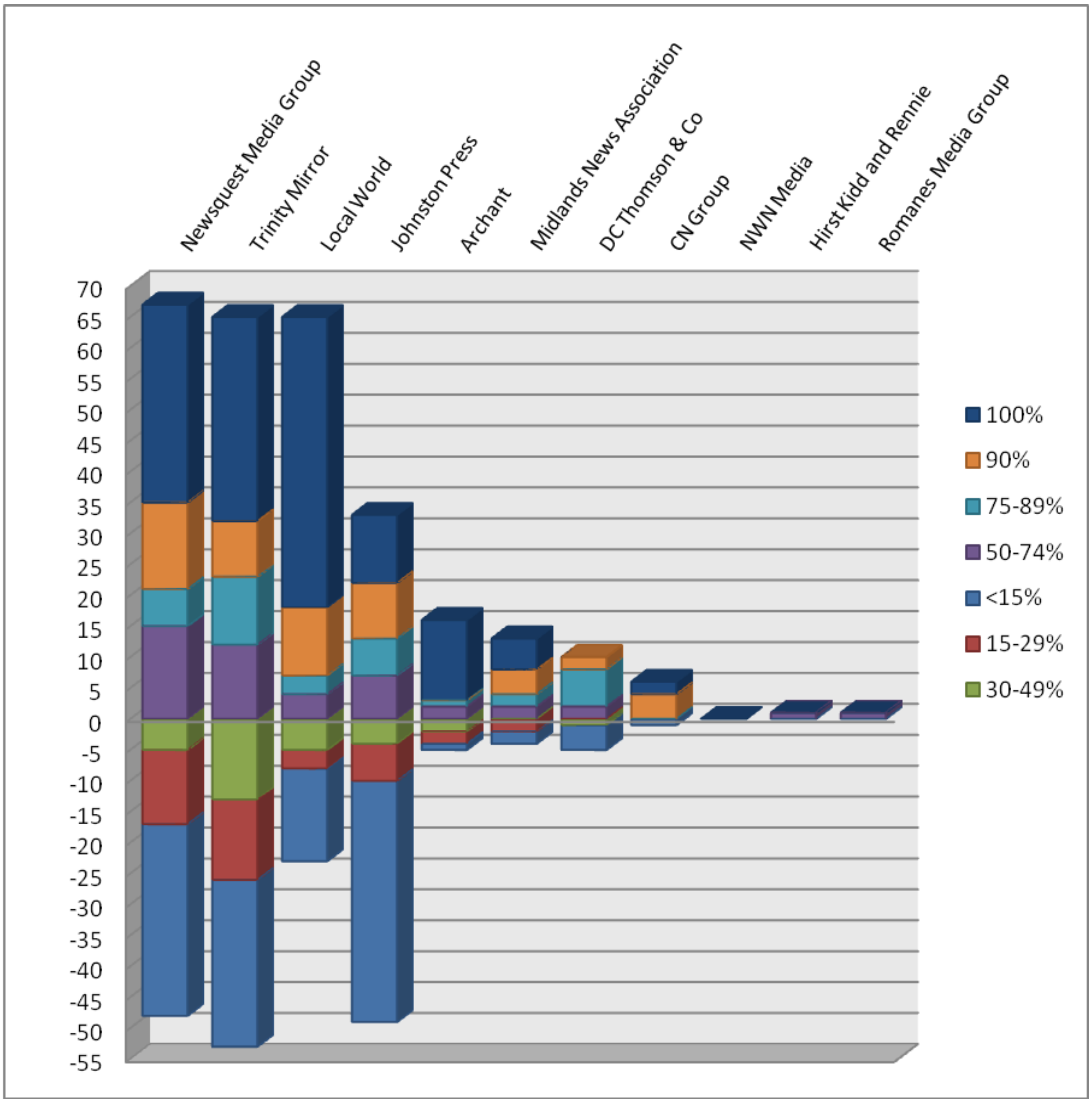
Figure 10: Dominance of local markets by publisher (2012)



JICREG data retrieved from December 2012 to January 2013 from http://bit.ly/12CM3Lr

Figure 11 shows the same data, but with Iliffe and Northcliffe's majorities combined into Local World. This is not totally accurate because the numbers will no doubt be different now than they were then, but provides a simple representation of how the merger would have affected the daily news market. Either way, concentration is extremely high, and much of that concentration involves near or total monopolies.

Figure 11: Dominance of local markets by publisher, adjusted (2012)



Northcliffe and Iliffe shares combined to represent their merger into Local World. JICREG data retrieved from December 2012 to January 2013 from http://bit.ly/12CM3Lr

Is this cause for alarm? Even if it were possible to change the situation, newspaper companies would no doubt argue that many local markets cannot sustain more than one newspaper. It is by no means clear that any given town is "big enough for the both of us".

More importantly, an Ofcom study from 2009 indicates that local media plurality is not a high priority in the public mind. “Few respondents,” wrote the regulator, “are concerned by single ownership within and across local media” and many “are not worried about cross-media ownership” (even when confronted with the scenario of single ownership across every medium). The report goes on to note: “choice is less of a concern where the BBC provides an acceptable alternative.”[8]

However, one quote stands out even within Ofcom’s summary which may complicate this picture of public attitudes. One respondent said: “It’s been like that for the past ten or fifteen years probably; it’s not going to make any difference.” Resignation after a decade of mergers and acquisitions does not present a compelling case to ignore the issue. Indeed, by contrast, a 2010 report by the Media Trust found readers expressing considerable concern about convergence and ownership concentration, associating it with a decline in quality local journalism:

> ***P1:*** *Yeah, and you get all three papers into one because it used to be, you bought one and you got, like, totally different information between one and the other, not now, it’s all filled with almost the same thing bar three or four stories.*
>
> ***P2:*** *They’re all the one company.*
>
> ***P3:*** *A few years ago, they tried it over at Pendle, where after ten o’clock it was linked up with Sunderland, or somewhere, all the northern locals, it wasn’t local any more, they had, like, Geordie accents on TVR.*
>
> ***P4****: Leeds did that for a while after a certain time at night, I think it was cut backs, they linked up with Sheffield and somewhere else.*[9]

Still, even if local markets could support more newspapers – a dubious proposition – it is unlikely that the trend of massive dominance can be reversed. A more important area of activity for those devoted to protecting media plurality may be in the regulation of cross-media holdings. One natural way for a local media organisation to cut costs is to consolidate its radio, TV and print newsrooms and replicate the same content across multiple platforms.

This is already happening: the Evening Standard has been awarded a license for London-based local TV[10], and is also merging its newsroom with that of the Independent in pursuit of a “truly integrated” pooling of journalistic resources[11] . Meanwhile, Archant, which holds a number of high or total majorities with its Eastern Daily Press and the Norwich Evening News, will launch a local TV station covering news in the same area[12]. If the United Kingdom

[8] Ofcom, ‘Review of Local Media: Qualitative Findings’ (2009), p. 6
[9] Media Trust and Goldsmiths Leverhulme Media Research Centre, ‘Meeting the news needs of local communities’, 2010
[10] Media Week, ‘Lebedev’s Evening Standard TV bid ‘London Live’ wins capital’s liccense’, 4th February 2013
[11] Press Gazatte, ‘Independent on Sunday editor axed amid moves to merge Independent and Standard editorial teams’, 12th February 2013
[12] Hold the Front Page, ‘Online launch for regional publisher’s TV channel’, 30th January 2013

wishes to prevent local cross-media empires as concentrated and entrenched as its local newspaper industry, the next few years are likely to be decisive.

There are alternatives. One would be to take a leaf from our policy on national media plurality and implement structural remedies such as editorial panels and share divestitures for large majorities (at a higher threshold than in the national market)[13]. Another would be for local newspaper companies to commit to a form of election purdah in areas dominated by one firm, refraining from party-political campaigning or from coverage which is biased to one side. Finally, new forms of media ownership may also offer a way around the problem. Newspapers owned by their staff as co-operatives, or by readers as investors, would be open to more democratic input than those owned by national companies. Reader ownership in particular could sidestep the issue of plurality by making the newspaper directly accountable to the public whose interest it serves. Whether or not the national companies succeed in keeping their golden goose alive – even by clipping its wings - the next fifteen years will be a laboratory for new forms of local media.

5. Internet news

When the Labour government removed media plurality controls with the 2003 *Communications Act,* it argued that the proliferation of news and views across the internet would make more restrictive rules unnecessary. It believed that “technological developments had opened the way for new market entrants”.[14] The evidence since suggests this promise has largely been unfulfilled as we demonstrate here.

Internet news traffic has been measured regularly in recent years by UKOM/Nielsen, among others. Such measures tend to be based on survey data and provide reasonably accurate indicators of reach for the largest online providers.[15]

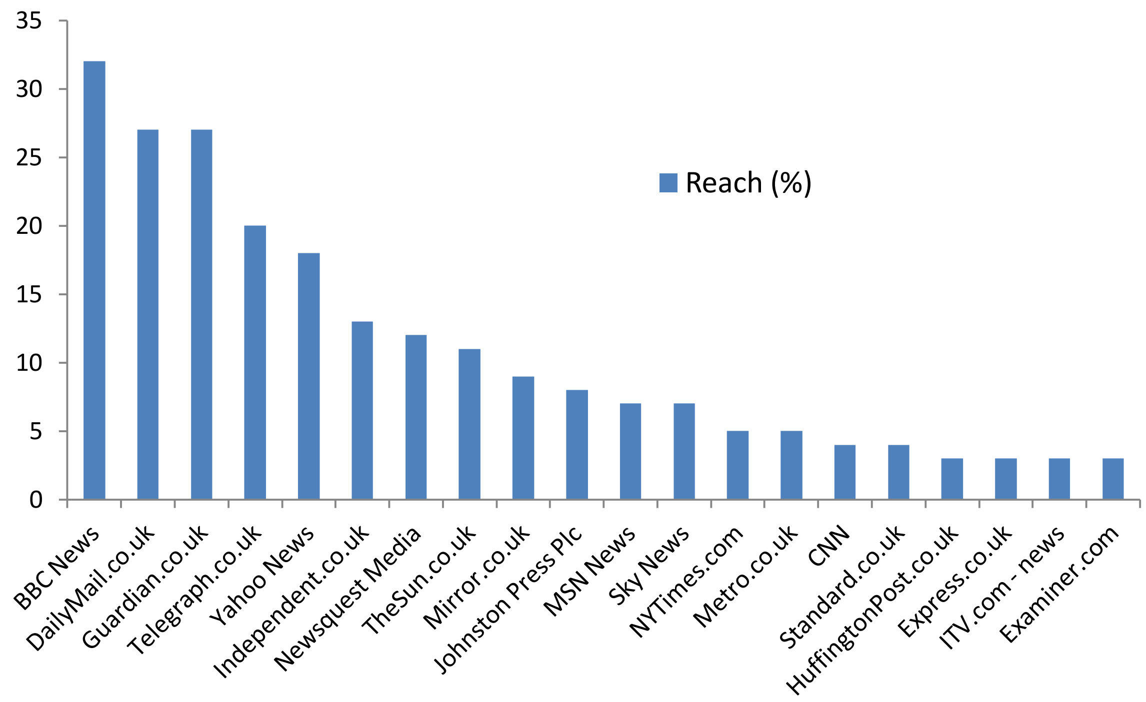
In December 2011, there were ten news sites that reached over 8% of the online audience (see **Figure 12**). Of these, only Yahoo could be considered a digital new news entrant, and much of its news content is sourced from the major, traditional news brands.

[13] Media Reform Coalition, ‘Evidence submission to Select Committee on Communications: Media Plurality’, 2013

[14] Smith and Tambini (2012), p. 41

[15] Ofcom, ‘Advice to the Secretary of State for Culture, Olympics, Media and Sport’, Annex 4: ‘News consumption in the UK’ (2012), p. 32

Figure 12: Online reach for the top 20 selected news sites in the UK: March 2013

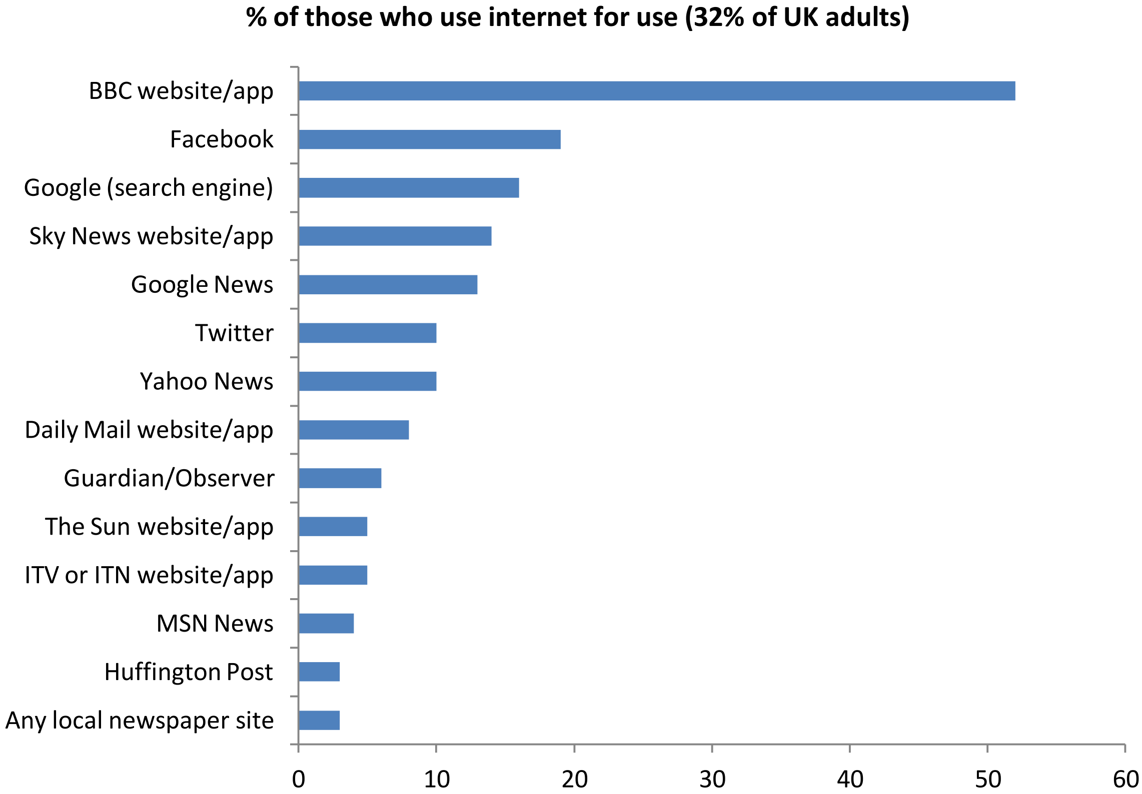


Graphic Source: *Ofcom, 'Communications Market Report' (2013), p. 115*
Note: Figures for the BBC and Yahoo! refer to news-specific sites in their respective reporting categories. Newsquest, Johnston Media and New York Times Digital are aggregate audiences of reporting local titles.

As this chart makes clear, many of the major news sources online are owned by established 'old media' companies: DMGT, News Corporation, The Guardian, Trinity Mirror, Lebedev, Telegraph Media Group, BSkyB, Archant, Northern Shell, and, of course, the BBC. The main new entrants to the market are established foreign media companies, such as CNN and the New York Times, or digital companies like Microsoft and Yahoo. The only new entrant that is a dedicated news site established in the last ten years is Huffington Post.

The above data shows the proportion of the total online audience (aged 15+) who have visited the relevant site at least once in the reporting month. An alternative measure used by Ofcom is to ask respondents "thinking specifically about the internet, which of the following do you use for news nowadays?" This reveals a somewhat more mixed picture, as shown in **Figure 13** below.

Figure 13: Websites or apps used for news 'nowadays'



Source: *Ofcom News Omnibus 2013. Published in Ofcom, 'Communications Market Report' (2013), p. 114*

Although the above data suggests a wider role for digital intermediaries in the supply of online news content, it doesn't tell us where the content originates. This is crucial because respondents might cite Google as a news source, for instance, even though they are actually consuming content provided by established media brands that appear as snippets on Google's listings. Nor can such data account for subtle distinctions in the ways in which people consume news which can have far reaching consequences for plurality. If someone gets their news first from Twitter but only forms their views once reading it about it on the BBC or Sky, it would be contentious to conclude that their news consumption has been 'pluralised' by the use of Twitter as an additional news source.

It is no doubt partly for these reasons that Ofcom also conducts a more general, cross-media survey measuring the share of news references at both the wholesale and retail level, discussed further in section 8. In regard to online news specifically, audience reach measures as shown above cannot tell us what proportion of the market is 'captured' by each player. However, market shares have in the past been extrapoloated by, for instance, measuring the shares of page clicks or browsing minutes among the top 50 providers.[16]

[16] Ofcom, 'Report on public interest test on the proposed acquisition of British Sky Broadcasting Group Plc by News Corporation' (2010), p. 34

6. Radio

Shares of radio news in the UK are assessed according to the Radio Joint Industry Research metric (RAJAR). This aggregates one-week-long self-completed diaries of listening habits from 110,000 UK adults aged five and upwards. RAJAR results are reported quarterly, presenting weekly average listening. Unfortunately, only industry subscribers are able to filter results by region, and so we have had to limit our analysis to national players.

Figure 14 shows RAJAR results in the period ending December 2013 for the top radio companies serving a national audience. 'Others' is a rough estimate based on the remaining share of audiences after these have been added up.

Figure 14: Audience share of top radio companies (RAJAR, 2013)

Station / Group	Total audience share
BBC network	46.5%
BBC local/regional	7.8%
Global	15.7%
Bauer	11.5%
Real and Smooth Ltd	4.8%
UTV	3.1%
Absolute Radio	2.3%
Orion	0.9%
Others	3.8%

Data Source: *RAJAR data for quarter ending December 2013, accessible at* *http://www.rajar.co.uk/listening/quarterly_listening.php*

These figures must be treated with great caution for two reasons:

- RAJAR does not measure listening by genre, and cannot tell us how much of these listening hours counted as news or current affairs.
- News for Global Radio, Bauer Radio, GMG Radio, UTV Radio, Absolute Radio and most other commercial news are all provided by Sky.

Ofcom does, however, now produce an assessment of audience reach for radio news specifically, as part of its general research into news consumption.

Figure 16: Sources of radio news used 'nowadays' (Ofcom, 2013)

Group/station	Proportion of listeners	News provider
BBC Radio 2	23%	BBC
BBC Radio 4	22%	BBC
BBC Radio 1	18%	BBC
Heart FM	12%	Sky
Capital FM	9%	Sky
BBC Regional	8%	BBC
BBC Radio Five Live	8%	BBC
Classic FM	6%	Sky
Talksport	4%	Sky
BBC Radio Scotland / Wales / Ulster	3%	BBC
Absolute Radio	3%	Sky
BBC World Service	2%	BBC
BBC Radio 3	2%	BBC

Source: *Ofcom News Omnibus 2013. Published in Ofcom, 'Communications Market Report' (2013), p. 111*

At the wholesale level then, radio news is a duopoly with the BBC and Sky reaching 68 and 43% respectively of the radio news audience.

7. Television

Television viewing is measured primarily by the Broadcaster Audience Research Board (BARB). BARB enlists an ongoing panel of 5,100 homes who volunteer to have a meter attached to their television which reports their viewing habits. BARB does not record viewership for foreign news channels such as CNN, Russia Today, and France 24, which attract UK audiences in small numbers.

BARB, like RAJAR, is a subscription service, and the latest reports are not publicly available. But **Figure 17** shows the BARB reports for 2009-2012, as summarised by Ofcom in 2013.

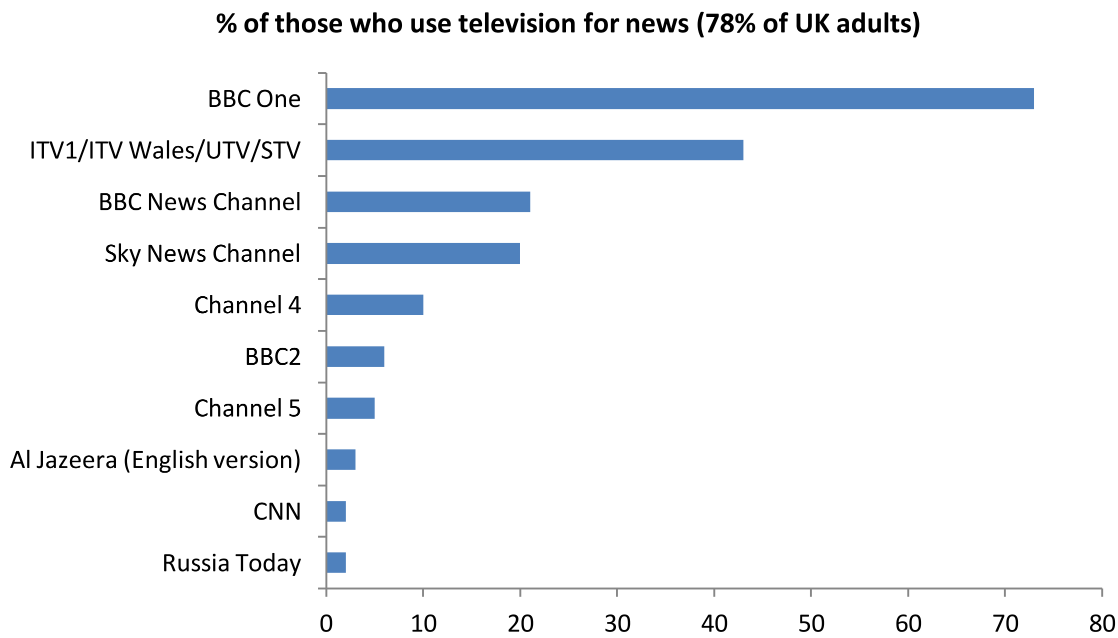
Figure 17: Share of viewing of national and international news on television by channel group, 2009 to 2012

Provider	2009	2010	2011	2012
BBC	69%	72%	74%	75%
ITV	18%	16%	14%	13%
Channel 4	4%	3%	3%	3%
Channel 5	2%	2%	2%	1%
Sky	6%	7%	8%	6%

Data Source: *BARB, All Adults 16+, National/International News genre.*
Note: S4C excluded from this analysis. Shares are based on National/international News viewing to the listed channels only.
Note: BBC One and Two, ITV1, Channel 4 and Channel 5 include HD variants and +1 channels where applicable. BBC Other, ITV Other and Channel 4 Other includes portfolio channels
Note: 2009 data based on Network Plus, 2010-2011 based on Network.

The top five television news providers shown above are also reflected in Ofcom's most recent news consumption survey, as shown in **Figure 18** below.

Figure 18: Sources of television news used 'nowadays'



Source: *Ofcom News Omnibus 2013, published in Ofcom, 'Communications Market Report' (2013), p. 110*

8. Cross-media and aggregate measures

The measurement of cross-media audience share is a difficult game for several reasons. First, as we have seen, each media sector has its own industry-specific metric, each of which works in a different way. Notably, there is no standard industry measure for audience share of news websites. Second, many analysts have argued that the level of influence exerted on the public sphere differs between each medium. Even if you can find one metric to link all platforms – time spent consuming, for example – what is a minute worth? Much of the discourse comparing television and print media, for instance, assumes that television is by definition *more* influential than print at equivalent exposures.[17]

In the UK, at least two cross-media measures have been proposed in recent years, as detailed below.

Ofcom's share of reference

This novel approach was first invoked by Ofcom in its 2010 report on the acquisition of BSkyB by News Corporation.[18]

Share of reference is calculated by survey, where respondents are asked to list all the news sources which they use and the frequency with which they use them. Each reference to a source is then weighted for frequency and summed. This provides the basis for a market share measure attributed to each provider across all platforms.

Crucially, Ofcom's analysis distinguishes between share at retail level and share at wholesale level – i.e. the publication or source people use, versus the company which provided that news. This also accounts for the wholesale provision of news by ITN to Channel 4, along with a number of other arrangements which conceal a more limited level of plurality than the number of news outlets would initially suggest. **Figure 19** shows the latest data for share of reference at the wholesale level.

[17] Smith and Tambini (2012), p. 46
[18] Ofcom, 'Report on public interest test on the proposed acquisition of British Sky Broadcasting Group plc by News Corporation' (2010)

Figure 19: Share of reference – wholesale level

Company	*Share*
BBC	44%
ITN/ITV	14%
Sky	13%
News Corp	4%
DMGT	4%
Trinity Mirror	2%
Northern & Shell	1%
Telegraph Media Group	1%
Guardian Media Group	1%
Lebedev Foundation	1%
Other	15%

Source: *Ofcom, 'News Consumption in the UK slides' (2013), p. 22*

This analysis is useful, but – depending as it does on regular surveys of limited samples, and based as it is on a very particular method of analysing habits – it may not be appropriate for the purposes of regulation. Any measure used to calculate plurality on an ongoing basis must be as clear and transparent as possible if companies are to organise their business around it. All parties must be able to see exactly where the lines are at any given time. Unfortunately, Ofcom's measure cannot provide this clarity.

Analysis by revenue

A study by Chris Goodall for Enders Analysis opted to use revenue to measure cross-media market share, based on extensive reasoning.[19] Firstly, Goodall argued against the tendency of plurality discussions to focus purely on news provision, and not general content. He cites the Competition Commission's review of the 2006 purchase of ITV shares by BSkyB, and Ofcom's 2010 investigation into the proposed News Corporation bid for Sky, as examples. In fact, he writes, any media industry institution acts as a "gatekeeper" between Britain's "innovative and path-breaking cultural industries" and the wider market of citizens. He suggests that "the core purpose of plurality obligations is to ensure that no gatekeeper can ever exert too much power," and goes on to say:

> *"Such power is generally exerted through financial dominance...a company or individual with very large financial firepower could easily control output in a certain media – through paying more for popular journalists, scoops, successful TV shows or the rights to televise popular sports such as Formula 1 motor racing. One consequence would be that this company would probably gain viewers and revenues,*

[19] Enders Analysis, 'Media Ownership Rules' (2012)

creating a greater concentration of media power that would force less successful players out of the market."[20]

Goodall's detailed definition of what it means for a company to be 'in the media market'[21] includes videogames, cinema, DVD rental and books as well as news media. **Figure 20** shows Enders' summary of the main market participants in 2010.

Figure 20: Main UK media market participants in 2010 (Enders, 2012)

Company	Total revenues in £bn	Share of total media market
BSkyB (inc. News Corp stake)	4.6	14%
News Corporation (ex. BSkyB)	1.8	6%
News Corporation (inc. 39% BSkyB)	3.5	11%
News Corporation (inc. 100% BSkyB)	6.3	20%
BBC	3.7	12%
ITV	1.7	5%
Google	1.6	5%
DMGT	0.9	3%
Channel 4	0.9	3%
Virgin Media	0.8	3%
Vivendi	0.7	2%
Trinity Mirror	0.6	2%

Data Source: *Enders Analysis, 'Media Ownership Rules' (2012)*

Goodall distinguishes between several measures of News Corporation's market share. Firstly, he calculates NC on its own, and then NC taking into account its 39% stake in BSkyB. But he also makes a measure which assumes 100% effective control of BSkyB by News Corporation, under the presumption that its nominal ownership is a fig leaf for united leadership across the two companies.

There are arguments against the use of revenue as a share measure. As the Journal of Media Law puts it:

> *"If we start from the premise that each citizen has an equal voice in the democratic process it is not clear why ownership restrictions should be influenced by specific audience characteristics, such as wealth, that affect advertising revenue. If, on the other hand, we consider certain individuals to be socially and politically more influential than others, concentration of ownership in the sources accessed by this group could be cause for particular concern. But we then need to have a much clearer idea of who these individuals are and the nature of their influence: reliance on the advertising preferences of major corporations does not appear a particularly compelling basis for their identification.*

[20] Ibid, p. 2-3
[21] Ibid, p. 5

Moreover, the value to the advertiser of access to a particular audience may bear little relation to the influence of the programme or column in which the advertisement is inserted on its audience, though recent evidence suggests that the level of audience engagement with the surrounding content positively affects receptivity to the embedded advertising. Revenue can equally be derived from subscription charges, commercial ventures or state funding, making it difficult to draw comparisons across different outlets. Revenue-based measures thus appear poor indicators of influence."[22]

Nevertheless, it is the simplest and fairest method on which to pin a regulatory framework. The inclusion of sectors like cinema and book publishing means the Enders analysis specifically may be inappropriate for assessing the plurality of the news media. But we support using a similar approach to measure plurality for the purposes of regulation. Ultimately, any legislative plurality framework must use the most transparent measurement possible. Measuring revenue provides the clarity that market actors need.

Conclusion

It is clear that measuring concentration in news and information markets is a complex task and that each sector requires a tailored method according to the particular characteristics of the market. It is equally clear, however, that complexities in measurement are no basis for obfuscation in reforming media plurality policy. Two overall findings from this report underpin this argument. First, there are reliable and established measurements of audience share covering each of the main sectors for news and information (radio, television, newspapers and online). Whilst we endorse an ownership cap that targets a total media market based on revenue (as defined and proposed by Enders Analysis), this will not sufficiently address the problem of monopoly power within news markets and the implications this may have for the health of democracy. News providers can wield agenda influence through editorialised content that is distinct from other media goods and service providers, and which may not be captured by a total media market cap based on revenue.

The second overall finding from this report is that concentration within some news and information markets has reached endemic levels in the UK. This is particularly the case within the local, regional and national press. Some argue that given structural decline facing the newspaper industries, high levels of concentration may be necessary or less threatening to plurality concerns. But such arguments do not, for instance, take account of the fact that much of the television agenda is still heavily influenced by the press; and much of the press themselves have established a dominant presence online (thanks in no small part to traffic generated by online intermediaries). As for concerns regarding market preservation, it is worth noting that national newspapers such as The Times and The Guardian have long been maintained as loss leaders precisely because of their enduring significance in contributing to the news agenda. Clearly, however, where enforced divestment might result in the closure

[22] Smith and Tambini (2012), p. 51

of a given title or group of titles, this would be counter-productive insofar as plurality goals tend to be aimed at increasing rather than reducing the number of competitors. But in such cases there are a range of alternative remedies – such as ownership thresholds and public interest obligations – that can be applied to ensure that the titles in question remain a going concern whilst the concentrated power of individual shareholders in respect of editorial influence is curtailed. These have been proposed in various recommendations put forward by the Media Reform Coalition[23] as well as other civil society groups in the on-going Lords Select Committee Inquiry into Media Plurality.

In summary, this report makes clear that the existing plurality regime under the Public Interest Test is unfit for purpose. Urgent reform is needed in order to both redress endemic concentration in particular news markets (such as the press), and protect against further concentration in others (such as online news and the total cross-media market as defined by Enders). Appropriate methods for measuring and monitoring plurality exist for all of the key sectors and a range of remedies have been proposed by the Media Reform Coalition and other civil society groups. In light of the failings inherent in the existing plurality regime (and which were exposed in the Leveson Inquiry), reform should be guided by the principle of minimising discretionary power in the hands of both the regulator and ministers. This points to the need for media ownership limits both within and across sectors to be enshrined in statute, along with associated remedies.

[23] See the submission of Media Reform Coalition at http://www.mediareform.org.uk/wp-content/uploads/2013/05/Submission-to-Lords-Select-Committee-on-Communications-May-2013.pdf

Summary of Media Reform Coalition recommendations to the House of Lords Communications Committee Inquiry on Media Plurality, May 2013

1. We need a system of clear ownership thresholds, established in law, and applied both within and across key sectors for news and current affairs. These should act as triggers for intervention rather than definitive market caps.

2. The key sectors for news and current affairs include newspapers, television, radio and online news. Plurality should be measured based on standard audience share indicators. For newspapers, television and radio, these should be derived from established regular industry audits. For online news, audience share should be based on traffic to the top 50 news websites (as adopted by Ofcom's public interest test report on News Corp's proposed buy-out of BSkyB).

3. A first level threshold within sub-markets should be a 15 percent audience share, triggering behavioural remedies in the form **public interest obligations.** These should be aimed principally at ensuring journalist and editorial autonomy within dominant news organisations so that owners and shareholders cannot exert undue influence over news output.

4. A second level threshold within sub-markets should be a 20 percent audiences share, triggering structural remedies in the form of **shareholder dilution** or **equity carve-out.** These should be aimed at ensuring that no individual or entity has a controlling share in an outlet, or group of outlets, that commands more than 20 percent of a given audience.

5. At the cross media level, measurement of plurality should be based on the core industry revenues of the aforementioned key sectors. A 15 percent threshold should trigger a structural remedy in the form of enforced divestment.

6. 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 **Public Media Trust** with a clear set of funding criteria, transparent procedures and an accountable system of appointments and administration. The body will support local and niche news providers either directly, or via dominant media groups (for whom funding will be contingent on commissioning content from independents).

Published by the Media Reform Coalition, April 2014. Contact info@mediareform.org.uk or visit www.mediareform.org.uk for more information.