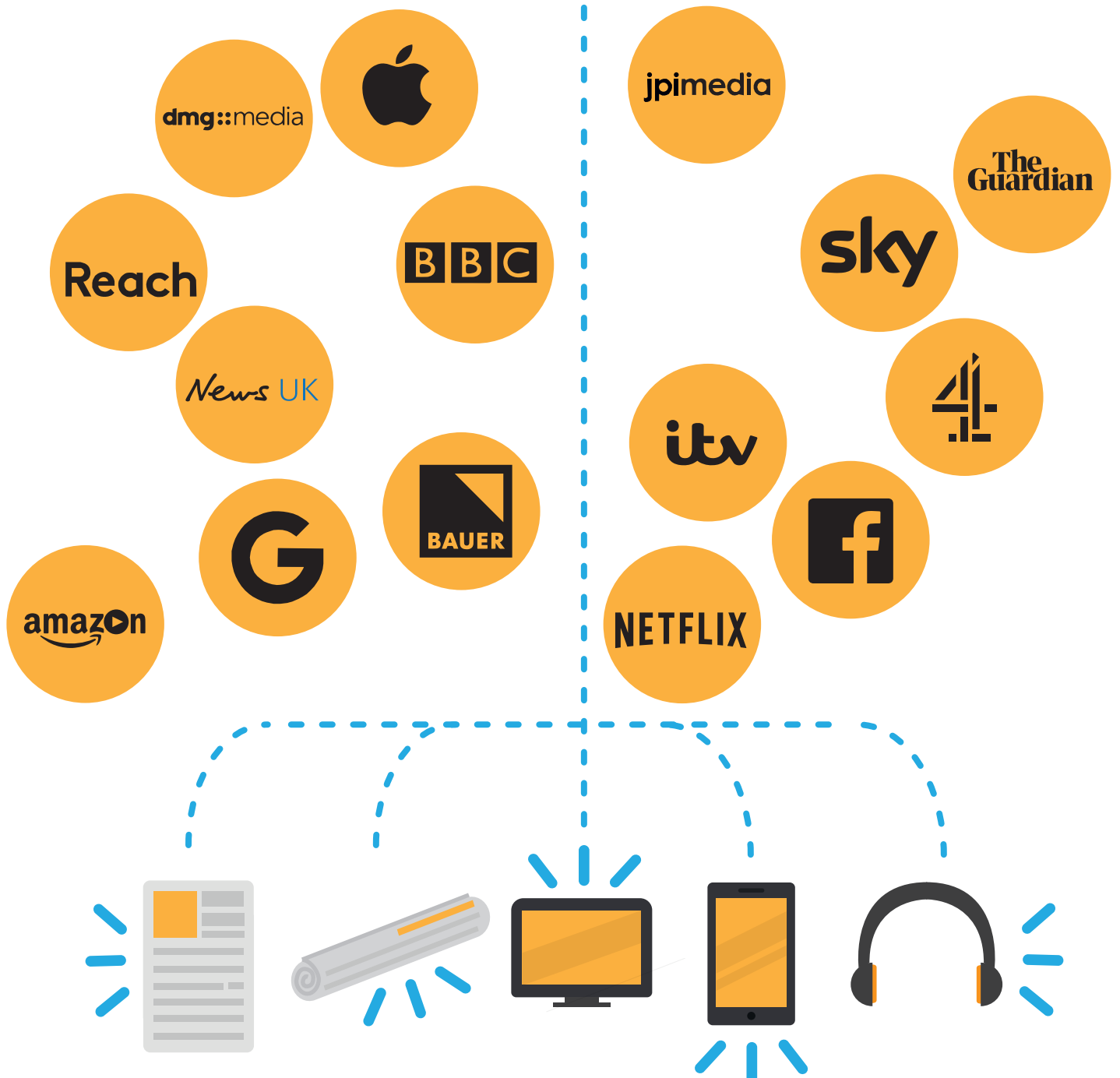




WHO OWNS THE UK MEDIA?



INTRODUCTION

What does it mean to have a 'free' media when the nation's social media platforms, TV channels, news outlets, radio stations and search engines are owned by a handful of giant corporations? What does it mean to have 'independent media' when many of our most influential news organisations are controlled by individuals and Boards that are so closely connected with vested interests?

This is a revised version of the ownership report that we first produced in 2015. We take a broad and holistic view of media ownership in the UK. Although our analysis of publishing (both print and online) is restricted to news, we examine the ownership structure of television and radio across the board, and include a section on digital platforms and intermediaries. While there has been a huge amount of activity in the media – with falling levels of trust in journalism, the further decline of national newspaper circulation, the rise of new sources of news, declining audiences for linear television and the emergence of debates around 'fake news' – broader patterns around concentrated ownership persist and, indeed, the situation is getting worse.

This short report shows that just three companies (News UK, DMG and Reach) dominate 83% of the national newspaper market (up from 71% in 2015). This is a market that may be shrinking in terms of print circulation but, assisted by large online audiences, is crucial when it comes to setting the agenda for the rest of the news media. When online readers are included, just five companies (News UK, DMG, Reach, Guardian and Telegraph) dominate some 80% of market share (up from 79% in 2015). In the area of local news, five conglomerates (Gannett, JPIMedia, Trinity Mirror, Tindle and Archant) account for 80% of all titles (it was six companies back in 2015) while 57 smaller publishers have less than 20% of the remaining titles. Local newsrooms continue to haemorrhage journalists while we are facing an increasing number of news deserts given the fact that, as of 2017, two-thirds of Local Authority Districts do not have daily local newspaper coverage.

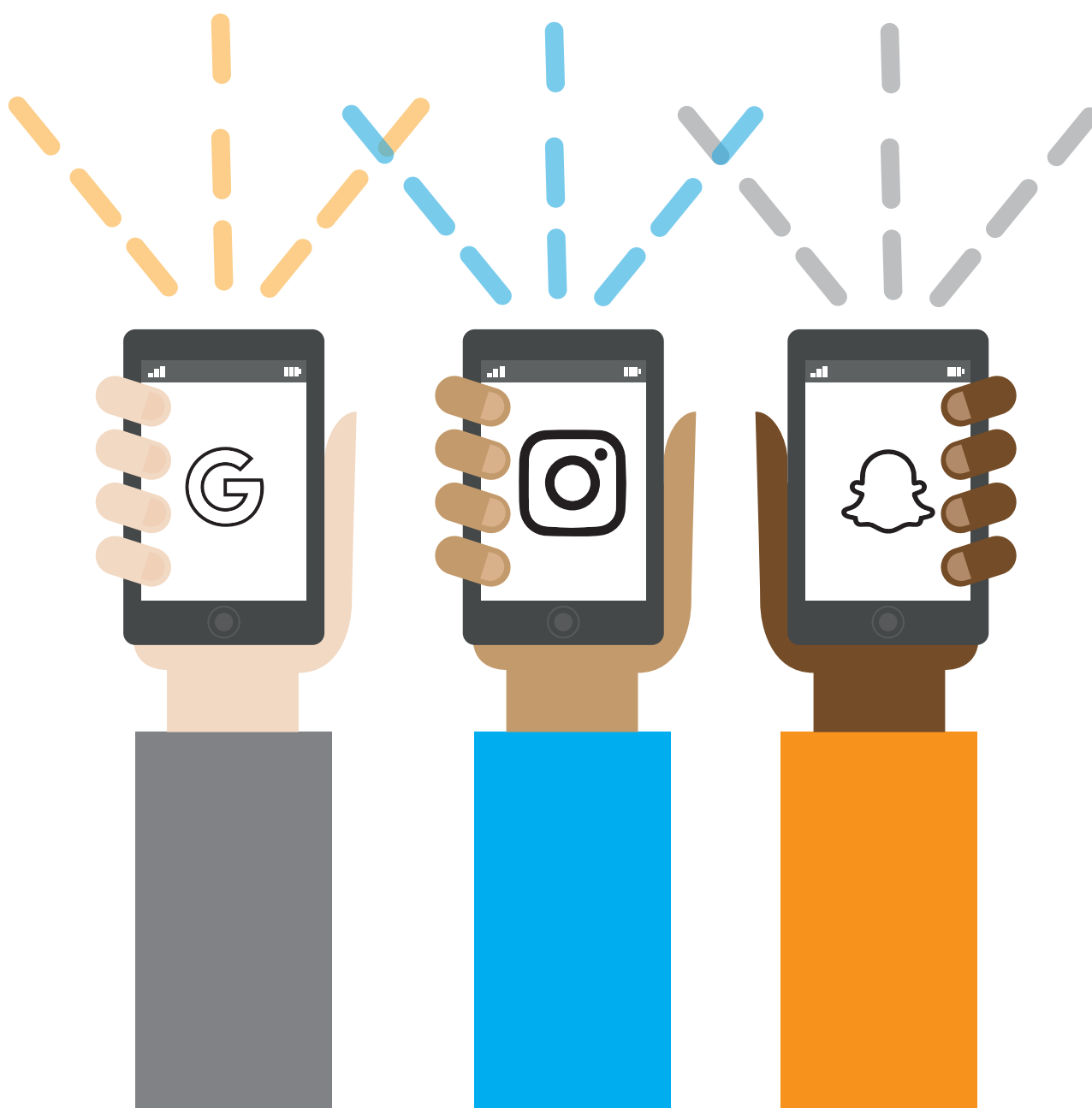
Sky, bought by the US giant Comcast in 2018, is by far the UK's biggest broadcaster and continues to dominate the pay TV landscape (although they now face significant challenges from companies like BT, Apple, Amazon and Netflix) with very deep pockets. ITV still makes huge profits on the back of its format sales and faces fewer and fewer obligations to serve domestic audiences. Meanwhile, Channel 5 is already owned by another large US conglomerate, Viacom, while Channel 4's public status remains unstable. Two companies have 46% of all commercial local analogue radio licences (up from 40% in 2015) and control two-thirds of all commercial digital stations. Bauer, Global and Celador Radio alone own over 50% of all commercial stations.

To what extent is the digital landscape any different to this? UK search is overwhelmingly dominated by Google while the most popular apps like Instagram and WhatsApp are owned by Facebook, itself by far the most popular social media site. Where there has been a shift since our last report is in the traffic going to 'partisan' sites like The Canary on the left and Westmonster on the right. Yet digital news markets are still very much dominated by legacy news and especially by national newspaper titles with the dramatic rise of The Sun online, since dropping its paywall in 2015, being perhaps the key game changer in this picture. This means that the reach (and revenue) of some of the newer sites is marginal when we compare them with the big hitters of 'legacy media' – the biggest 'partisan' site (The Canary), for example, has a reach of less than 1% of either the Mail or the Guardian.

Of course, the BBC remains a powerful presence in broadcasting and online but its budget has been severely cut by the last two licence fee deals, its independence has been undermined, and it is increasingly being told by government to be mindful of its impact on the wider commercial market. Recent studies suggest the BBC's news agenda is also disproportionately influenced by the predominantly right-wing national press.

We believe that concentration within news and information markets in particular has reached endemic levels in the UK and that we urgently need effective remedies. This kind of concentration creates conditions in which wealthy individuals and organisations can amass huge political and economic power and distort the media landscape to suit their interests and personal views. Urgent reform is needed in order both to address high levels of concentration in particular media markets and to protect against further concentration in others.

We hope that this report will provide data and arguments that will be useful to groups and individuals who want to see a far more pluralistic media in which a genuine diversity of views, voices and opinions are aired.



NATIONAL NEWSPAPERS

MARKET SHARE BY PRINT CIRCULATION (ABC)

The UK's national daily newspaper industry has seen substantial circulation decline since 2015. With the exception of The Times which registered a 5 per cent increase in print circulation between July 2015 and November 2018, all titles saw at least double-digit declines in the amount of print copies sold. The Daily Mirror suffered the most precipitous fall, from almost 900,000 copies in 2015 to just over 500,000 in 2018 – a drop of over 40%. Other tabloid and mid-market newspapers experienced the greatest circulation declines, while the broadsheet press – with the exception of the Telegraph – was slightly less badly affected. In year-on-year comparisons with November 2017, all papers saw declining circulation, including The Times. Despite the fall in absolute numbers of newspapers sold, the daily market continues to be dominated by the Sun and Daily Mail which together account for over half of all circulation. The daily print market was reduced in March 2016 when the Independent switched to digital-only publication.

TABLE 1: AVERAGE DAILY PRINT CIRCULATION, NATIONAL NEWSPAPERS (NOV 2018)

Publication	Average Daily Circulation (Nov 2018)	YoY % Change (vs Nov 2017)	Share of Circulation (Nov 2018)	Average Daily Circulation (July 2015)	% Change from July 2015
<i>Sun</i>	1,403,779	-5.88%	27.33%	1,856,790	-24.40%
<i>Daily Mail</i>	1,222,611	-11.66%	23.80%	1,657,706	-26.25%
<i>Daily Mirror</i>	519,224	-11.67%	10.11%	878,527	-40.90%
<i>Times</i>	415,577	-5.65%	8.09%	394,910	5.23%
<i>Daily Telegraph</i>	359,110	-21.67%	6.99%	489,459	-26.63%
<i>Daily Star</i>	340,816	-15.14%	6.63%	411,725	-17.22%
<i>Daily Express</i>	322,798	-11.68%	6.28%	429,810	-24.90%
<i>i</i>	238,771	-8.00%	4.65%	276,137	-13.53%
<i>Financial Times</i>	177,196	-5.22%	3.45%	207,179	-14.47%
<i>Guardian</i>	136,834	-6.76%	2.66%	168,369	-18.73%
Total	5,136,716	-10.33%	100.00%	6,770,612	-24.13%

Source: ABC

Sunday newspaper circulation decline was even greater than in the daily market between 2015 and 2018. In slightly over three years, the combined circulation of all Sunday titles fell by over a quarter, from just over six million copies to just under 4.5 million. The smallest decline – again for a paper in the Times stable – was over 10 per cent, while the Sunday Mirror followed the decline of its sister paper with a fall of over 43 per cent.

TABLE 2: AVERAGE WEEKLY PRINT CIRCULATION, NATIONAL SUNDAY NEWSPAPERS (NOV 2018)

Publication	Average Daily Circulation (Nov 2018)	YoY % Change (vs Nov 2017)	Share of Circulation (Nov 2018)	Average Daily Circulation (July 2015) ²	% Change from July 2015
Sun on Sunday	1,187,848	-6.52%	26.50%	1,545,244	-23.13%
Mail on Sunday	1,028,736	-12.58%	22.95%	1,425,840	-27.85%
Sunday Times	727,079	-3.17%	16.22%	813,023	-10.57%
Sunday Mirror	434,436	-14.06%	9.69%	763,521	-43.10%
Sunday Telegraph	283,751	-16.53%	6.33%	380,185	-25.37%
Sunday Express	280,404	-11.39%	6.26%	372,346	-24.69%
Daily Star Sunday	205,702	-14.25%	4.59%	311,437	-33.95%
Sunday People	168,690	-15.15%	3.76%	262,372	-35.71%
Observer	165,868	-5.69%	3.70%	188,312	-11.92%
Total	4,482,514	-11.04%	100.00%	6,062,280	-26.06%

Source: ABC

Concentration in the national newspaper print market is more clearly demonstrated by calculating the share of weekly circulation by each publishing company (calculated by combining daily circulation with Sunday circulation, where applicable)¹. Three publishers – News UK (publishers of the Sun and Times papers); DMG Media (Daily Mail and Mail on Sunday); Reach Plc (Daily Mirror, Sunday Mirror and Sunday People) – account for over four-fifths of print copy sales.

TABLE 3: WEEKLY COMBINED MARKET SHARE OF NATIONAL NEWSPAPER CIRCULATION, BY PUBLISHER (NOV 2018)

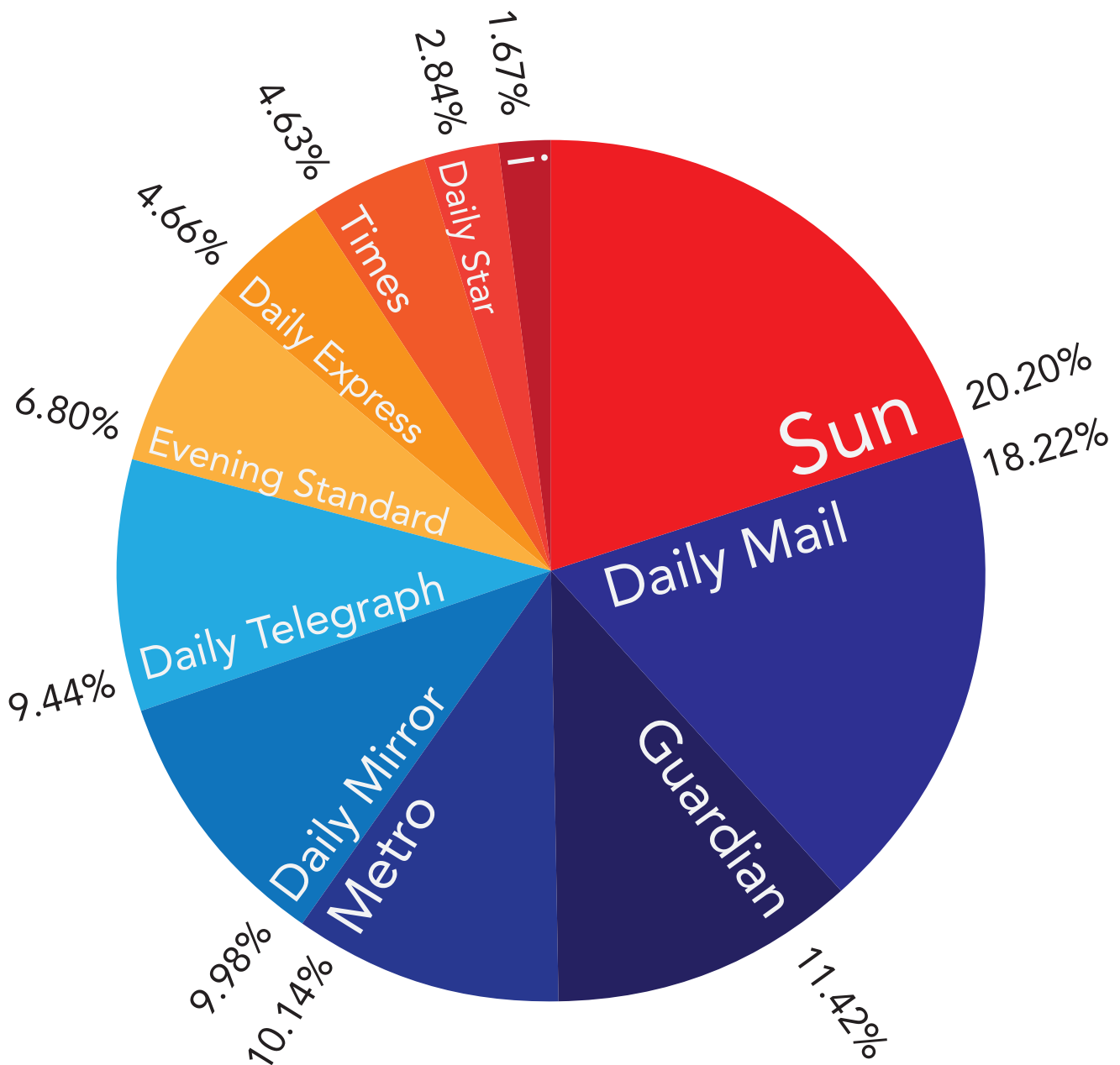
Publisher	Weekly Circulation	Share of Circulation	Cumulative Share
News UK Newspapers Ltd	12,831,063	36.35%	36.35%
DMG Media Ltd	8,364,402	23.69%	60.04%
Reach Plc	8,186,260	23.19%	83.23%
Telegraph Media Group Ltd	2,438,411	6.91%	90.13%
Johnstone Press Plc	1,432,626	4.06%	94.19%
The Financial Times Ltd	1,063,176	3.01%	97.20%
Guardian News & Media Ltd	986,872	2.80%	100.00%
Total	35,302,810	100.00%	N/A

Source: ABC

¹ For example, for individual papers the Sun's daily circulation is multiplied by six (Monday – Saturday) plus Sun on Sunday circulation. This method does not account for fluctuations in daily newspaper circulation (i.e. on Saturdays) and is therefore an approximation.

COMBINED PRINT AND ONLINE: TOTAL BRAND REACH (PAMCO) DATA

In 2018 the previous method of calculating combined print and digital reach for the UK's newspaper industry (the National Readership Survey Print and Digital Data (NRS PADD)) was replaced by the Publishers Audience Measurement Company (PAMCo), applying a new measurement of Total Brand Reach (TBR) for each newsbrand. Table 4 shows the daily combined reach in print and online of the UK's print publishers, excluding the Financial Times, for which no PAMCo data is available². As with print-only circulation, the Sun and Daily Mail reach the largest number of people each day: over seven million in the case of the Sun and almost 6.5 million for the Daily Mail (although the Sun figures cover 11 different sites, compared with the Daily Mail's one). Table 4 also includes combined print-and-digital reach for the UK's two major free newspapers, the Evening Standard, which circulates in print in London but has a reach comparable to national newspapers, and the Metro, owned by Daily Mail publisher DMG Media and circulated across transport networks in urban areas in England, Scotland and Wales.



² Times, Express and Star brands do not include third party platform data (e.g. Facebook Instant Articles or Google AMP)

TABLE 4: TOTAL DAILY BRAND REACH, NEWSPAPER NEWSBRANDS (DEC 2018)

Newsbrand	Daily TBR	Market Share	Cumulative Share
Sun	7,162,000	20.20%	20.20%
Daily Mail	6,461,000	18.22%	38.41%
Guardian	4,049,000	11.42%	49.83%
Metro	3,597,000	10.14%	59.98%
Daily Mirror	3,539,000	9.98%	69.95%
Daily Telegraph	3,348,000	9.44%	79.40%
Evening Standard	2,412,000	6.80%	86.20%
Daily Express	1,654,000	4.66%	90.86%
Times	1,642,000	4.63%	95.49%
Daily Star	1,006,000	2.84%	98.33%
i	593,000	1.67%	100.00%
Aggregated Total	35,463,000	100.00%	N/A

Source: PAMCo

MARKET SHARE BY REVENUE ³

Breaking down the revenue of the UK's national newspaper publishers (and reinstating the Independent) shows that three companies account for over three-fifths of total revenue, with the newspaper publishing businesses of News Corp UK & Ireland (Sun and Times titles) and DMG Media (Daily Mail) accounting for almost half of all revenue. The financial figures here do not cover a further consolidation in the market when Express Newspapers Ltd was purchased by Trinity Mirror (later rebranded as Reach, Inc) in 2018.

TABLE 5: MARKET SHARE BY REVENUE, NATIONAL NEWSPAPER PUBLISHERS (2018)

Company	Turnover	Market Share	Cumulative Share
News Corp UK & Ireland Ltd	£727,793,000	25.84%	25.84%
DMG Media Ltd	£676,277,000	24.01%	49.85%
The Financial Times Ltd	£321,434,000	11.41%	61.26%
Telegraph Media Group Ltd	£278,100,000	9.87%	71.14%
MGN Limited (Reach Inc)	£217,442,000	7.72%	78.86%
Johnstone Press	£201,600,000	7.16%	86.01%
Guardian News & Media Ltd	£199,250,000	7.07%	93.09%
Express Newspapers Ltd	£165,330,000	5.87%	98.96%
Independent Newspapers (UK) Ltd	£29,384,000	1.04%	100.00%
Total	£2,816,610,000	100.00%	N/A

Source: Company accounts

³ Latest accounts filed precede the restructuring of Trinity Mirror into Reach Inc, or the subsequent purchase in 2018 of Express Newspapers by Trinity Mirror/Reach.

LOCAL NEWSPAPERS

The UK's local newspaper industry has seen several rounds of mergers and acquisitions since 2015, with the absorption of Local World by Trinity Mirror in late 2015 the most significant. Medium-sized publishers such as CN Group and KM Group were taken over by Newsquest and Iliffe, respectively. The market as seen in 2015 was already heavily concentrated, with six publishers accounting for over 80 per cent of all titles, and the remainder spread across 56 smaller publishers.

This concentration is even more pronounced in 2018. 80 percent of all titles are now published by five, rather than six, publishers (largely a result of the purchase of Local World).

Research by Press Gazette shows a recorded net loss of 245 UK local news titles between 2005 and 2018⁴ with the closure of 54 titles since 2015.

Fewer accounts for publishers are available for scrutiny than in 2015, as more now qualify for the reporting exemptions made available to smaller companies. Those publishers whose turnover figures are available for public scrutiny are listed in Table 7.

TABLE 6: LOCAL NEWSPAPER TITLES BY PUBLISHER (DEC 2018)

Publisher	Titles	Share of Total	Cumulative Share
Gannett UK Ltd (Newsquest)	236	22.1%	22.1%
JPIMedia	224	21.0%	43.1%
Trinity Mirror Regionals (Reach Regionals)	215	20.1%	63.2%
Tindle Newspapers Limited	112	10.5%	73.7%
Archant	71	6.6%	80.3%
Remaining 57 publishers	210	19.7%	100.0%
	1,068	100.0%	N/A

Source: MRC



⁴ <https://www.pressgazette.co.uk/more-than-40-local-news-titles-closed-in-2018-with-loss-of-some-editorial-275-jobs-new-figures-show/>

TABLE 7: TURNOVER OF LOCAL NEWSPAPER PUBLISHERS (DEC 2018)

Publisher	No. of Titles	Revenue (Latest Figures)	Revenue Year
Trinity Mirror Regionals Limited	215	£374,670,000	2017
Newsquest PLC	236	£273,570,765	2017
DC Thomson & Company Limited	5	£207,315,000	2018
Johnston Press PLC	224	£171,016,000	2017
Archant	71	£96,600,000	2017
Iliffe	40	£36,054,349	2018
Midland News Association	17	£31,648,000	2017
Independent News and Media Ltd	4	£29,384,000	2017
Tindle Press Holdings Limited	112	£27,078,792	2017
Scottish Provincial Press Limited	15	£10,056,000	2017
Newbury News Ltd	2	£5,151,776	2017
The Barnsley Chronicle Ltd	2	£4,335,829	2017
Baylis Media Ltd	5	£2,922,280	2017
One Media and Creative UK Ltd	2	£1,335,819	2017

Source: Company accounts

As with the UK's national newspaper market, revenue is heavily concentrated in the hands of a few publishers, who account for the majority of titles.

DECLINING LOCAL NEWSPAPER COVERAGE

The 2015 version of this report included an analysis of the extent of local daily newspaper coverage and the concentration of ownership at a local level⁵. Though this data was subsequently used in further reports including in 2017⁶, a degradation of the data means that consistent longitudinal analysis of these points is difficult. This is due to the fact that the most consistent metric of newspaper coverage (geographic print circulation) is both increasingly redundant in a digital era and becoming more difficult in practice to measure as the NS Database is no longer available⁷. Where data is available, churn in the local newspaper industry due to launches, mergers and closures combined with lag times in ABC circulation data (and the increasing likelihood of independent titles not being audited by the ABC) means that continuous updating of the 2015 figures is difficult.

However, the recording of the closures and launches of local titles by Press Gazette and holdthefrontpage.co.uk means that assertions of changes in local daily newspaper coverage are possible (particularly in the case of closures), in combination with the snapshot data collected in 2015 and 2017.

Closures of local papers compiled by Press Gazette in 2017 and 2018 show a small but significant loss of titles and jobs. In 2017, there was a net loss of 30 titles and at least 45 jobs, despite the addition of 150 BBC Local Democracy Reporter roles⁸. In 2018, 43 titles were closed and 29

⁵ https://www.mediareform.org.uk/wp-content/uploads/2015/10/Who_owns_the_UK_media-report_plus_appendix1.pdf

⁶ <http://www.mediareform.org.uk/wp-content/uploads/2017/12/mapping-changes-in-local-news-2015-2017-interactive-research-report-march-2017.pdf>

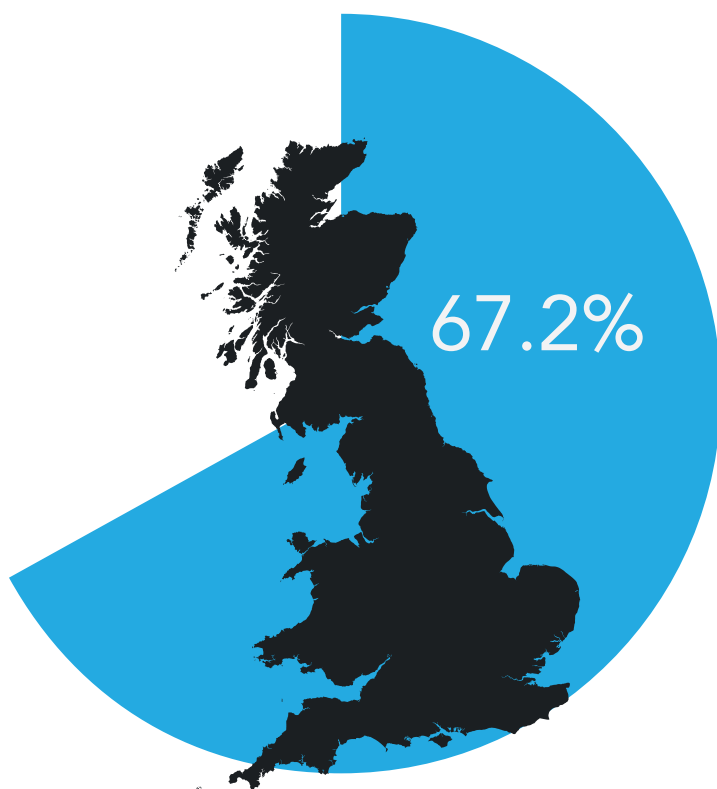
⁷ <http://www.localmediauk.org/LMW-Database-Holding-Message>

⁸ <https://www.pressgazette.co.uk/some-40-uk-local-newspapers-closed-in-2017-with-net-loss-of-45-jobs-new-research-shows/>

launched leaving a net loss of 14 titles and at least 222 jobs⁹. It is worth noting that only a small proportion of daily local newspaper coverage in the UK was affected by closures and mergers within the local newspaper industry. The Oldham Evening Chronicle ceased print publication in August 2017 but was relaunched by a new owner as a digital-only brand in February 2018, while the Chester edition of The Leader was closed in January 2018, shortly after new owners Newsquest assumed control of the title¹⁰. If the new Oldham Evening Chronicle is accepted as replacing the previous print version – contestable, given differences in audiences and editorial staff levels – then the net change to daily newspaper coverage in the UK since April 2017 is the loss of daily newspaper coverage in the Cheshire West and Chester Local Authority Districts. This hardly compensates for the 245 titles reckoned by Press Gazette to have closed since 2005.

Research in 2017 showed that 80 Local Authority Districts in the UK were directly served by a local daily newspaper and 53 covered by local dailies in adjacent or nearby LADs. By extension, this meant that 67.2% of the 406 LADs in the United Kingdom were not covered by a daily paper. There is also no evidence to suggest that there has been a significant reduction in the level of concentration of ownership at the local level. 2015 research showed that over 40% of the LADs in England, Scotland and Wales were served by a single local publisher¹¹, while updated analysis in 2017 showed that this level had risen to 45%¹².

NEWS DESERTS: TWO THIRDS OF LOCAL AUTHORITY DISTRICTS LACK A DAILY NEWSPAPER

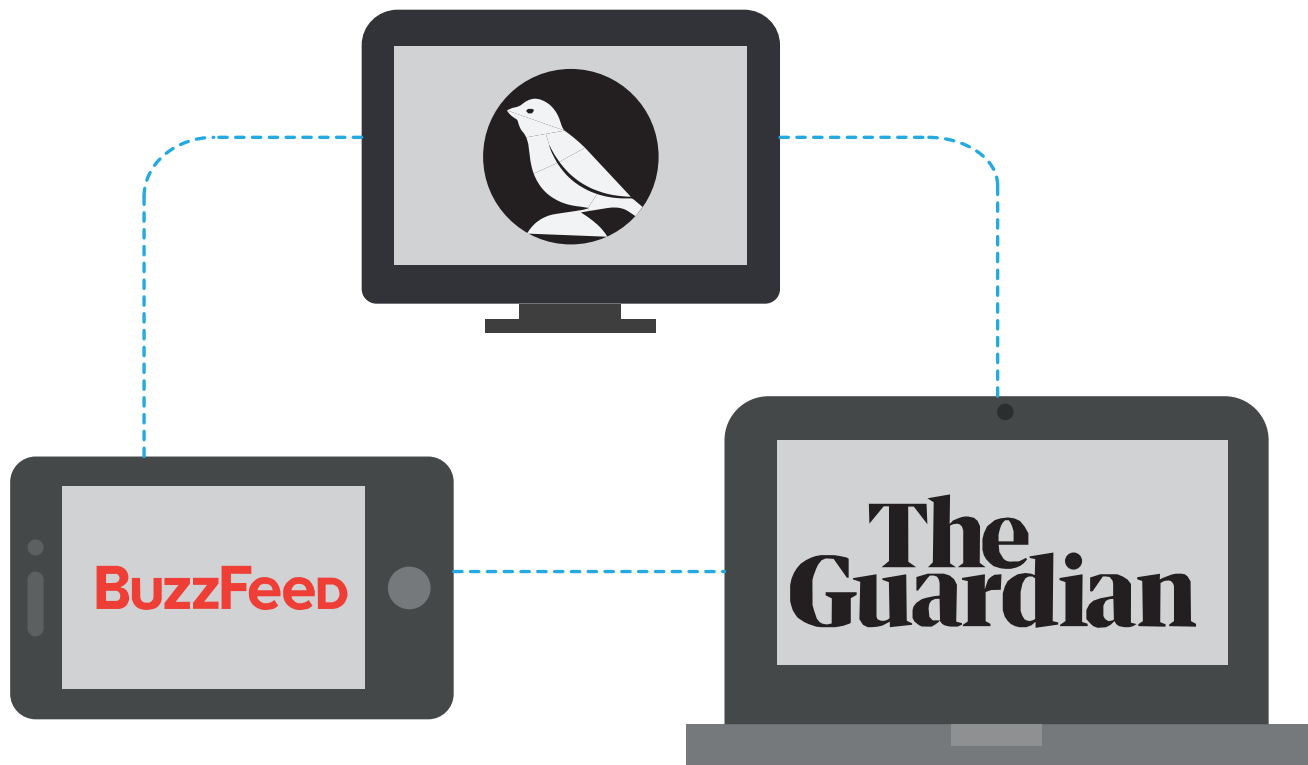


⁹ <https://www.pressgazette.co.uk/more-than-40-local-news-titles-closed-in-2018-with-loss-of-some-editorial-275-jobs-new-figures-show/>

¹⁰ <https://www.pressgazette.co.uk/newsquest-pulls-chester-edition-of-daily-the-leader/>

¹¹ https://www.mediareform.org.uk/wp-content/uploads/2015/10/Who_owns_the_UK_media-report_plus_appendix1.pdf, p10

¹² <http://www.mediareform.org.uk/wp-content/uploads/2017/12/mapping-changes-in-local-news-2015-2017-interactive-research-report-march-2017.pdf>, p7



NEW DIGITAL JOURNALISM

Recent years have seen the emergence and establishment of new, online-only journalistic enterprises, ranging from small domestic enterprises filling gaps in the political market to the left and right of traditional news media, to larger international organisations with outposts located in the UK. Without dedicated representative bodies to collect and provide information on the online reach of these companies, as with the Audit Bureau of Circulations and PAMCo with print newspapers and BARB/RAJAR for television and radio audience data respectively, it is difficult to give a precise picture of the size of audience of new digital news outlets. However, like-for-like comparison allows for some understanding of their position in the UK's media markets.

Table 8 shows the average monthly visit data (combined desktop and mobile) compiled by Similarweb for three groups of digital news outlets in online UK journalism.

The groups consist of:

1. New, digital and partisan news sites, originating in the UK and covering left- and right-wing politics, with a strong politics and current affairs orientation;
2. US-based large digital native news and current affairs sites, with current or past (Breitbart) dedicated UK news sites (Similarweb data only covers the main domain);
3. UK Legacy news sites including national and regional newspapers, and specialist current affairs magazines, for comparative purposes.

The monthly visit data is calculated from the proportion of UK visits to each site in January 2019.

TABLE 8: MONTHLY VISITS, DIGITAL NEWS SITES (JAN 2019)

[GROUP]	[DOMAIN]	[JANUARY 2019 DATA]		
1. DIGITAL NATIONAL/PARTISAN		Total Visits	UK %	UK Visits
The Canary	thecanary.co	1,000,000	81.77%	817,700
London Economic	thelondoneconomic.com	830,000	74.82%	621,006
Westmonster	westmonster.com	730,000	84.16%	614,368
Skwawkbox	skwawkbox.org	570,000	87.55%	499,035
Evolve Politics	evolvepolitics.com	330,000	86.92%	286,836
Another Angry Voice	anotherangryvoice.blogspot.com	130,000	92.79%	120,627
Novara Media	novaramedia.com	140,000	67.04%	93,856
2. DIGITAL INTERNATIONAL				
Buzzfeed	buzzfeed.com	109,000,000	6.74%	7,346,600
HuffPost UK	huffingtonpost.co.uk	7,800,000	71.57%	5,582,460
Vice	vice.com	60,300,000	7.06%	4,257,180
Breitbart	breitbart.com	70,891,204	2.49%	1,765,191
3. DIGITAL LEGACY PRINT				
Guardian	theguardian.com	310,500,000	33.45%	103,862,250
Daily Mail	dailymail.co.uk	304,000,000	33.52%	101,900,800
Mirror	mirror.co.uk	91,300,000	41.44%	37,834,720
Sun	thesun.co.uk	86,800,000	41.42%	35,952,560
Independent	independent.co.uk	88,000,000	37.17%	32,709,600
Manchester Evening News	manchestereveningnews.co.uk	20,600,000	53.10%	10,938,600
Spectator	spectator.co.uk	3,950,000	52.61%	2,078,095
New Statesman	newstatesman.com	3,850,000	43.21%	1,663,585

Source: Similarweb

Although number of visits is not the most precise metric of reach and audience engagement, it is clear that smaller and newer UK-based digital journalism sites (those in group 1), though recipients of impressive audiences given their scope and resources, find it difficult to compete for digital audiences with legacy news outlets – including specialist magazines – and with larger, more established digital native news sites.

Comscore data for the reach of the top 10 news websites in April 2018 shows the percentage of the total UK adult (18+) news audience, and the balance between BBC News (with 74% audience reach) and large UK tabloid sites such as the Sun (71%) and the Daily Mail (58%). The figures, collated by Ofcom and replicated in Table 9, demonstrate that while the BBC is the most used news publisher in the UK, some commercial news sites have comparable access to audiences.

TABLE 9: REACH OF TOP 10 NEWS WEBSITES (APRIL 2018)

News Site	Reach	Adults (000s)
BBC News	74%	31,203
The Sun Online	71%	29,961
Daily Mail	58%	24,678
The Guardian	55%	23,422
Telegraph	50%	21,079
Independent	46%	10,459
Mirror	37%	15,798
Sky News	37%	15,548
Mail Online - News	33%	14,150
Metro	33%	14,110

Source: Comscore MMX Multi-Platform Data¹³

This is also clear (as is the difficulty of compiling comparable data) when comparing the revenues of new digital news outlets, as shown in Table 10. Of the smaller, partisan-journalism sites, only one – Evolve Media Ltd – has filed public revenue data in annual accounts. Westmonster Ltd and Canary Media Ltd are small enough to qualify for reporting exemptions made available to small companies, and have elected to do so. Novara Media Ltd has not yet posted annual accounts.

TABLE 10: REVENUE: SELECTED DIGITAL-NATIVE UK NEWS OUTLETS (2017)

Publisher	Company	Number	Revenue (2017)
The Canary	Canary Media Ltd	09788095	Exempt
Evolve Politics	Evolve Media Ltd	10341172	£14,830
Novara Media	Novara Media Ltd	11132576	Not yet filed
Westmonster	Westmonster Ltd	10556525	Exempt
Breitbart UK	Breitbart News Network (UK) Ltd	09351324	Not available
Buzzfeed UK	Buzzfeed UK Ltd	08318051	£33,363,004
Huffington Post UK	Oath (UK) Ltd	03462696	£213,621,000
Vice UK	Vice UK Ltd ⁸	04531415	£28,632,993

Source: Company accounts

Of the larger digital news sites originating in the US, but with current or recent dedicated new sites, Breitbart News (which no longer operates a stand-alone UK news site) is sited in the British Virgin Islands and is therefore able to avoid publishing revenue figures. BuzzFeed UK and Vice UK demonstrate substantially larger revenues than the smaller sites of group 1. The Huffington Post UK is part of a considerably larger group, Oath (UK) Ltd, itself part of the US company Oath Inc (rebranded as Verizon Media in January 2019).

¹³ https://www.ofcom.org.uk/data/assets/pdf_file/0024/116529/news-consumption-2018.pdf (P66)

PLATFORMS AND INTERMEDIARIES

The UK's media markets cannot be considered in isolation from the digital platforms and intermediaries that increasingly determine how audiences access and consume media content. Increasingly, these entities act as the gatekeepers determining how the public obtains information (through search); how people communicate (through social media) and how citizens access news and journalism. These organisations mostly originate in the United States, in many cases dominate a core component of the online media ecosystem in Western countries (e.g. Google with search; YouTube with video; Amazon with e-commerce) and in almost all cases are orders of magnitude more powerful and wealthy than the largest UK media organisations.

TABLE 11: PLATFORMS AND INTERMEDIARIES – REVENUE AND MEDIA FUNCTIONS

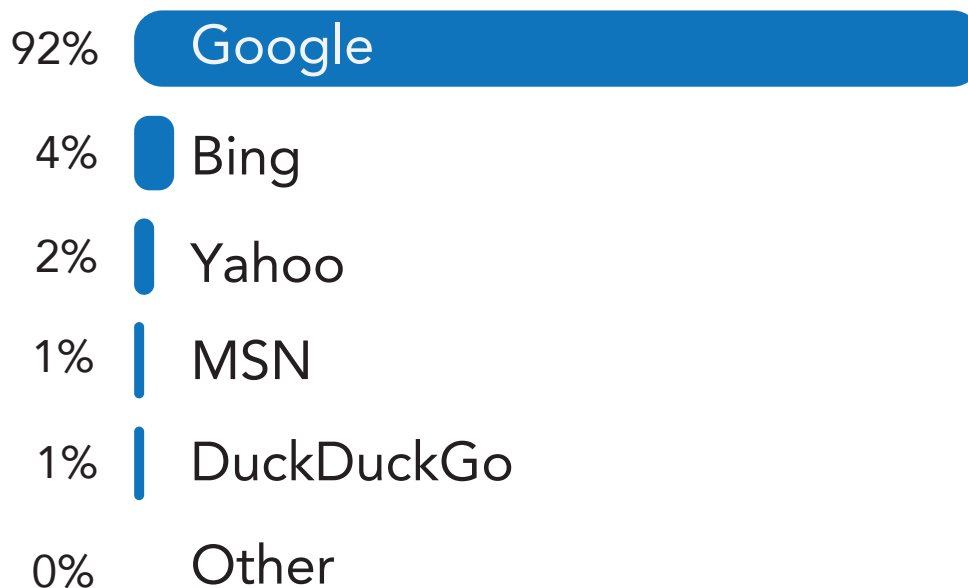
Company	HQ	Revenue (£m)	Selected Media Function(s)
Apple Inc	USA	£203,738	Hardware; TVOD; Music Streaming
Amazon.com Inc	USA	£178,647	SVOD; TVOD
Alphabet Plc	USA	£99,620	Video and SVOD (YouTube); Search (Google)
Facebook	USA	£55,654	Social (Facebook; Whatsapp; Instagram)
Netflix Inc	USA	£12,115	SVOD
Twitter Inc	USA	£2,222	Social
SnapChat	USA	£905	Social

Source: Company accounts

SEARCH

Figure 1 shows the extent to which search in the UK is dominated by Google, which accounts for more than nine-tenths of search queries by UK online users across all platforms. Though an extreme example, this is indicative of the extent to which the online media space constitutes a 'winner takes all' environment in which natural monopolies can emerge and quickly become unassailable.

FIGURE 1: UK SHARE OF SEARCH (DEC 2018)¹⁴



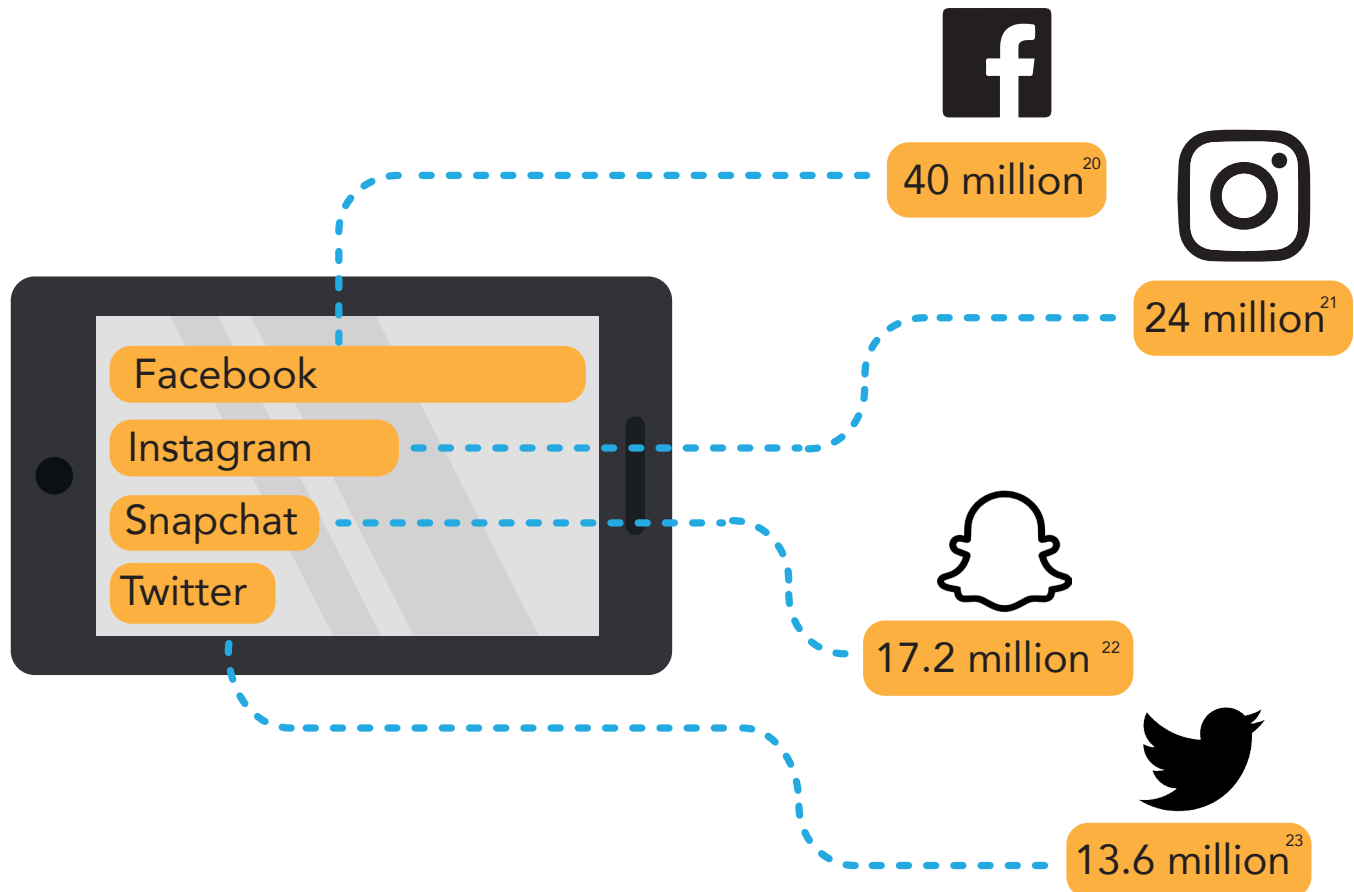
Source: Statcounter

¹⁴ "Other" = YANDEX RU (0.06%); Baidu (0.03%); Norton Safe Search (0.03%); Naver (0.02%); Rest (0.07%)

SOCIAL MEDIA AND NEWS CONSUMPTION

Social media across much of the world is dominated by Facebook (2.32 billion active users worldwide in December 2018¹⁵) and its subsidiary products the messaging app WhatsApp (1.5 billion users, December 2017¹⁶) and the photo-sharing platform Instagram (1 billion users, June 2018¹⁷). Dominant video-sharing site YouTube, part of Google and owned by Alphabet Inc, claims 1.8 billion monthly active users¹⁸, while Twitter (326 million users) and SnapChat (189 million users) bring up the rear¹⁹.

In the UK, these sites attract considerably larger audiences than most legacy media companies. For example, January 2019 user figures for selected social media sites are as follows:



Increasingly, these platforms are the mechanism via which people in the UK access news content. Research by the Reuters Institute for the Study of Journalism shows the proportion of all UK adults who use social media platforms for any purpose, and for consuming news content (Table 12).

¹⁵ December 2018: https://s21.q4cdn.com/399680738/files/doc_financials/2018/Q4/Q4-2018-Earnings-Release.pdf

¹⁶ <https://www.statista.com/statistics/260819/number-of-monthly-active-whatsapp-users/>

¹⁷ <https://www.statista.com/statistics/253577/number-of-monthly-active-instagram-users/>

¹⁸ <https://variety.com/2018/digital/news/youtube-brandcast-newfronts-advertising-kevin-hart-demi-lova-to-coachella-1202797625/>

¹⁹ Internationally, social platforms such as WeChat in China (889 million users) and VKontakte in Russia also enjoy extremely large audiences in comparison with domestic legacy media. Though not included in this analysis, they provide further indication of the scale of new digital platforms worldwide.

²⁰ <https://www.statista.com/statistics/268136/top-15-countries-based-on-number-of-facebook-users/>

²¹ <https://www.statista.com/statistics/578364/countries-with-most-instagram-users/>

²² <https://www.statista.com/statistics/315405/snapchat-user-region-distribution/>

²³ <https://www.statista.com/statistics/242606/number-of-active-twitter-users-in-selected-countries/>

TABLE 12: SOCIAL MEDIA AND NEWS CONSUMPTION, UK (2018)²⁴

Social Media Use, all Adults (16+)	Any Purpose	For News	Parent Company
Facebook	66%	27%	Facebook Inc
YouTube	49%	8%	Alphabet Inc
WhatsApp	44%	5%	Facebook Inc
Facebook Messenger	44%	3%	Facebook Inc
Twitter	29%	14%	Twitter Inc
SnapChat	12%	2%	Snap Inc

Source: Reuters Institute for the Study of Journalism

Ofcom’s report, News Consumption in the UK: 2018, shows which news sources are accessed by UK users of selected social media platforms (replicated in Table 13). The results show that the BBC is especially dominant as the top news organisation (in each case by some distance) across Facebook, Twitter, Instagram and SnapChat. Other broadcasters also score highly – usually the main UK PSB broadcasters, but US-based news networks such as CNN and NBC also feature – while YouTube also appears on all lists (though as a platform itself, without data on which news content is being accessed) and video-heavy site LADbible also appears on all lists. Nearly all of the remaining sources are national UK newspapers or large digital news sites (Huffington Post and BuzzFeed), with ‘Local newspaper’ appearing only as a source among 7% of Facebook users.

TABLE 13: NEWS ORGANISATIONS FOLLOWED ON SOCIAL MEDIA (2018)²⁵

Facebook		Twitter		Instagram		SnapChat	
BBC	37%	BBC	36%	BBC	32%	BBC	33%
ITV	21%	Sky News	19%	Sky News	17%	BuzzFeed	25%
Sky News	19%	ITV	14%	ITV	13%	The Daily Mail	17%
LADbible	12%	Guardian/Observer	9%	BuzzFeed	11%	ITV	16%
YouTube	11%	Channel 4	8%	Channel 4	10%	Sky News	15%
BuzzFeed	11%	CNN	8%	LADbible	9%	Channel 4	12%
Channel 4	9%	YouTube	7%	CNN	7%	The Sun	10%
Huffington Post	8%	LADbible	6%	YouTube	7%	CNN	10%
The Daily Mail	7%	Huffington Post	6%			The Telegraph	9%
Local newspaper	7%	BuzzFeed	6%			NBC News	7%
The Sun	7%	The Daily Mail	6%			The Financial Times	6%
CNN	7%					The Evening Standard	6%
Guardian/Observer	7%						

Source: Ofcom

²⁴ Source data: <http://www.digitalnewsreport.org/survey/2018/united-kingdom-2018/>

²⁵ Ofcom, News Consumption in the UK, 2018: https://www.ofcom.org.uk/_data/assets/pdf_file/0024/116529/news-consumption-2018.pdf

TELEVISION

OWNERSHIP AND REVENUE – UK TERRESTRIAL TELEVISION

Table 14 provides an overview of the ownership and revenue of three groups of companies that give an overview of the UK television market as accessed by the public. This includes the main Public Service Broadcasters (PSBs) plus Sky (as the main subscription platform with a significant dedicated content provision function) and BT (a telecommunications company that has recently moved into subscription-based broadcasting); telecommunications companies with no content provision capacity; and the main providers of Video on Demand. This shows the difference in revenue between telecommunications providers (below £5bn), content providers (ranging from £960 million for Channel Four to over £23 billion for BT, which merges subscription content with broadband, fixed-line and mobile services as well as IT services), and the digital platforms that provide subscription on demand (Netflix, Amazon Prime, YouTube Premium) and transactional on demand (Apple) content. The BBC – the UK’s most iconic public service broadcaster – sits close to the bottom of the revenue scale among the companies displayed in Table 14.

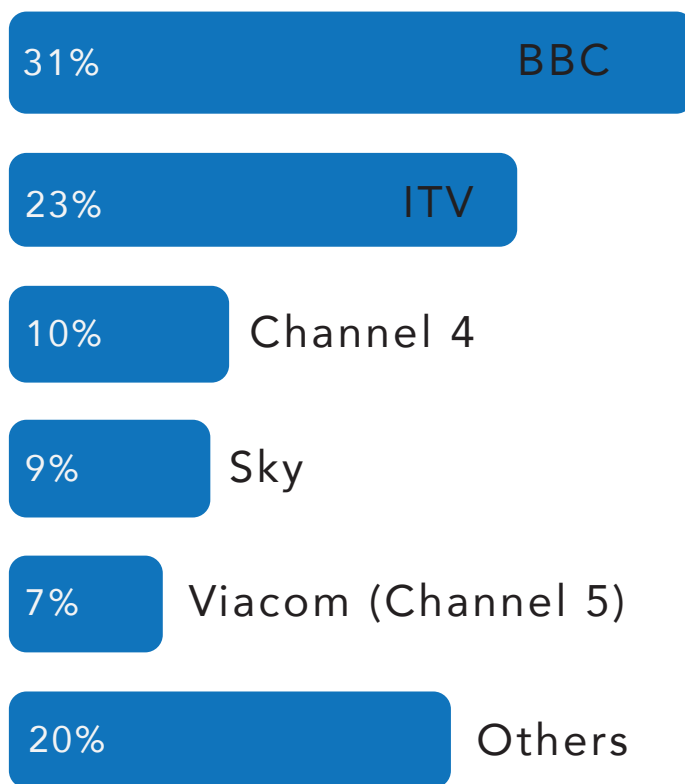
TABLE 14: UK TELEVISION COMPANIES – CONTENT PRODUCTION; PROVISION AND ON DEMAND SERVICES

Platform	Parent Company	Location of Owner	Revenue
Content providers (PSB + Subscription)			
BT	BT Group	UK	£23.75bn
Sky (inc. NowTV)	Sky Limited	UK	£13.59bn
Channel 5	Viacom International	USA	£10.17bn
BBC	BBC Group	UK	£5.06bn
ITV	ITV Plc	UK	£3.13bn
Channel Four	Channel Four Television	UK	£0.96bn
Telecommunications			
Virgin Media	Liberty Global Plc	USA	£4.96bn
TalkTalk	TalkTalk Group	UK	£1.66bn
Video on Demand (SVOD and TVOD)¹²			
iTunes (TVOD)	Apple Inc	USA	£203.74bn
Amazon Prime	Amazon Inc	USA	£178.65bn
YouTube (Premium)	Alphabet Inc	USA	£129.87bn
Netflix	Netflix Inc	USA	£12.1bn

Source: Company accounts

Figure 2 compares the network viewing share of terrestrial television broadcasters in the UK according to December 2018 BARB data. The BBC leads the way with 58 per cent, followed by ITV on 38 per cent. Sky, despite considerably larger revenues than the BBC, accounts for under one-tenth of terrestrial television viewing in the UK.

FIGURE 2: TV NETWORK VIEWING SHARE - % ALL INDIVIDUALS (DEC 2018)²⁶



Source: BARB

Outside terrestrial broadcasters, Table 15 shows the number of UK households with one or more subscriptions to the main Subscription Video on Demand (SVOD) providers in the UK. 11.1 million households hold at least one subscription to services provided by Netflix, Amazon or Now TV (owned by Sky Limited), with Netflix by far the most popular, reaching 9.1 million households. In total 15.4 million subscriptions to these services are held in the UK (July 2018 figures), narrowly outstripping the number of subscriptions to ‘traditional’ pay-TV services such as Sky.²⁷

TABLE 15: UK SUBSCRIPTION VIDEO ON DEMAND USERS (2018) ²⁸

Platform	Households (m)
Netflix	9.1
Amazon Prime Video	4.8
Now TV	1.5
Total (at least one)	11.1
Combined subscriptions	15.4

Source: Ofcom and Guardian

²⁶ ‘Others’ includes Discovery, UKTV, Disney etc.

²⁷ https://www.ofcom.org.uk/_data/assets/pdf_file/0014/116006/media-nations-2018-uk.pdf (P13)

²⁸ Source (excluding Now TV): https://www.ofcom.org.uk/_data/assets/pdf_file/0014/116006/media-nations-2018-uk.pdf; Now TV data estimate: <https://www.theguardian.com/media/2018/dec/23/netflix-to-overtake-sky-satellite-tv-subscriptions-by-end-of-year>

RADIO AND PODCASTING

UK radio provision continues to encompass analogue and digital provision operating at the UK-wide and local/regional level (including nation-level provision by the BBC). Table 16 shows the breakdown of BBC and commercial radio services at the UK-wide and local level.

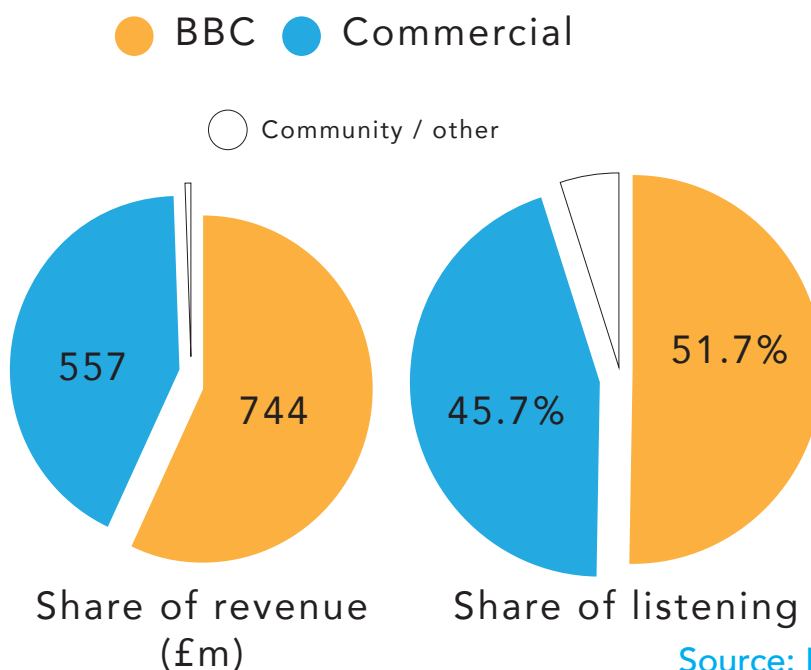
TABLE 16: BBC AND COMMERCIAL RADIO – UK-WIDE AND COMMERCIAL SERVICES

Radio Provision	BBC	Commercial
UK-wide Radio Stations (Analogue)	5	3
Local Analogue (AM/FM) Stations	46	283
UK-wide Digital DAB	11	31
Local/Regional Digital DAB	44	370

Source: www.ukdigitalradio.com

The BBC continues to provide the majority of expenditure on UK radio broadcasting – an estimated £744m (up from £725m in 2015), in comparison with £557m commercial revenue (Figure 3). This translates into a 51.7% share of listening (down from 53.8%). The BBC’s overall weekly reach among adults (15+) is 34.2 million (63%), compared with 35.8 million (65%) for commercial radio.²⁹

FIGURE 3: BBC VS COMMERCIAL RADIO - AUDIENCE AND REVENUE SHARES³⁰



Source: RAJAR / Ofcom

²⁹ RAJAR (Period ending September 2018; Weekly reach, adults 15+)

³⁰ Share of Listening (Adults 15+): RAJAR, period ending September 2018; Revenue: https://www.ofcom.org.uk/_data/assets/pdf_file/0022/117256/CMR-2018-narrative-report.pdf, p40

UK RADIO STATIONS – ANALOGUE

There are eight national and 329 local stations operating on analogue licences. The BBC accounts for five of the national analogue stations; the remaining three commercial stations are Absolute Radio (owned by Bauer Radio), Classic FM (Global Radio) and Talksport (Wireless Group). The BBC operates 46 local stations. A breakdown of the 283 commercial analogue channels is included in Table 17. Of the 283 commercial local stations across the four nations of the United Kingdom, 130 (46%) are owned and operated by two companies – Bauer Radio and Global Radio. Including the next-largest company – Celador Radio, with 23 stations – over half of all commercial stations are owned by just three companies. The danger of a concentrated market was illustrated by the decision of Global, in February 2019, to replace some 40 local breakfast shows with just three nationwide programmes, resulting in significant numbers of redundancies and the loss of vital local content³¹.

TABLE 17: COMMERCIAL ANALOGUE LOCAL RADIO LICENCES IN THE UK (2018)³²

Owner	Number of Stations	Share of Total
Global Radio	80	28.3%
Bauer Radio	50	17.7%
Independent	40	14.1%
Celador Radio	23	8.1%
UKRD Group	16	5.7%
Wireless Group	15	5.3%
Lincs FM Group	9	3.2%
Nation Broadcasting Ltd	9	3.2%
KM Group	7	2.5%
Q Local Media	7	2.5%
Quidem	6	2.1%
Media Sound Holdings Ltd	5	1.8%
Adventure Radio	4	1.4%
Communicorp	4	1.4%
Lyca	3	1.1%
ARI	2	0.7%
Tindle Press Holdings Ltd	2	0.7%
New Wave Media	1	0.4%
Total	283	100.0%

Source: Ofcom

UK RADIO STATIONS – DIGITAL

The UK has 42 UK-wide DAB stations, of which 11 are provided by the BBC. Local and regional DAB stations include 44 BBC stations and 370 services provided by commercial providers³³. Table 18 shows the regional breakdown of commercial DAB stations, including the proportion of stations run by the two largest providers, Bauer Radio and Global Radio. Overall, just under two-thirds of

³¹ <https://www.theguardian.com/tv-and-radio/2019/feb/26/scores-of-uk-radio-stations-to-lose-local-programmes>

³² Data from Ofcom: <http://static.ofcom.org.uk/static/radiolicensing/html/radio-stations/analogue/analogue-main.htm>

³³ Commercial Local Digital Station data from www.ukdigitalradio.com; 2017 data. Ofcom's 2018 Media Nations data includes digital commercial service overlap across multiple areas.

commercial digital radio stations in the UK are owned by two companies, ranging from 36 per cent of stations in Wales to over 80 per cent of stations in the North of England and in Northern Ireland.

TABLE 18: CONCENTRATION OF UK COMMERCIAL DAB OWNERSHIP, BY REGION

Region	No of DAB Stations (Excl BBC)	% of Stations owned by Global or Bauer
Northern Ireland	8	87.5%
North England	95	85.3%
Eastern Counties	23	78.3%
South West	31	77.4%
Scotland	48	77.1%
Midlands	57	56.0%
South East	46	54.3%
Greater London	37	43.2%
Wales	25	36.0%
Total	370	66.1%

Source: www.ukdigitalradio.com

PODCASTING

Research by Ofcom in 2018 estimates 5.9 million podcast listeners in the UK³⁴. Table 19 outlines previous Ofcom research on the most common sources of podcasts accessed by listeners. While 'BBC website or app' is by some distance the most commonly accessed source of podcast content among listeners, US-based platforms YouTube (Alphabet, Inc – revenue: £129.87bn) and iTunes (Apple, Inc – revenue: £203.74bn) make up the second and third most-accessed sources of podcasts.

TABLE 19: PODCAST USE IN THE UK (2017)³⁵

Source	Proportion of UK podcast listeners
BBC website or app	36%
YouTube	26%
iTunes	25%
Website or app of the podcast itself	17%
Streaming service	9%
GooglePlay	7%
Website/app of a non-BBC radio station/TV channel	7%
Website or app of a newspaper/magazine	7%
Other website/app	7%
RadioPlayer	5%
Specialist podcast website/app	4%

Source: Ofcom

³⁴ <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2018/uk-podcast-listening-booms#3>

³⁵ Ofcom, Communications Market Report 2017: https://www.ofcom.org.uk/_data/assets/pdf_file/0014/105440/uk-radio-audio.pdf

CONCLUSION

The levels of concentration revealed in this report demonstrate that we need action that will challenge blockbuster media and tech companies and the influence that flows from their dominance of infrastructure, content and distribution.

There is a long-established policy principle in the UK that public responsibilities should be attached to significant media power. Up to now, this principle has been invoked in respect of broadcasting but as media markets and services converge and as more and more content is made available through monopolies such as Facebook and Google, it is increasingly applicable to other platforms. There is a need to ensure that dominant media and tech companies that are not currently subject to public service regulation, are nevertheless held accountable to the public through other effective forms of regulation.

It is time for an open and honest debate about the impact of media concentration on our democracy and our wider culture. The Media Reform Coalition believes that media plurality is not a luxury in the digital age but an essential part of a media system in which vested interests should not be allowed to dominate. We want to see independent media that are able to hold power to account and to serve their audiences and the public in general as opposed to shareholders, proprietors or politicians.

In order to achieve this, we need a rebooted system of regulation that gets to grips with the complexities of media ownership in the twenty-first century; one that encompasses top-down measures to check the dominance of individual or corporate interests as well as bottom-up measures to support genuinely independent and not-for-profit media on the ground. Above all, we need a new system of regulation that addresses both the enduring (and in many ways intensifying) grip of legacy media on public debate; as well as the control over news and information 'flow' wielded by tech giants.

Meanwhile, Ofcom, the communications regulator, continues to labour under the assumption that the status quo of media plurality in the UK is acceptable, despite the evidence gathered here that shows we should be seriously concerned. We are witnessing a rapid consolidation of the news industry – especially at the local and regional level – which is putting control of newsgathering and production in progressively fewer hands. The government has long promised regular plurality reviews that could address dynamic and organic changes in media markets which wield further concentration. To date, nothing has been done to implement this.

At a time of intensifying political instability and seemingly continuous elections and referenda, we urgently need a programme of genuinely progressive reform aimed exclusively at a more fair, free, accurate, and accountable media. And if we want to lay the foundations for a media that represents the full diversity of the UK population – in relation to its opinions, its make-up, its communities, its constituent nations and indeed its divisions – then we need to take action to curb media power.



MEDIA REFORM
COALITION

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Please visit:
www.mediareform.org.uk
to see the full datasets used in this report.

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