

Written evidence submitted by Reach plc

Consultation Response - Reach plc

Introduction - investing for the future

More people in the UK and Ireland choose a Reach brand for their news, entertainment and sport than any other commercial publisher, with a combined print and digital reach of 48m a month.

We are the company behind 130 trusted national and local newsbrands, including the Daily Mirror, Daily Express and Daily Star as well as the Daily Record, South Wales Echo, Liverpool Echo, Manchester Evening News, Birmingham Mail, Belfast Live and Dublin Live. Our titles reach 80% of the UK online population with 70% of the UK online population coming to us specifically for their local news, where we have 21 of the top 25 regional titles in the UK. In Ireland 69% of adults get news from Reach.

With over 10 million registered customers, we are proud to be campaigners, champions and changemakers in our communities.

In 2020 we embarked on our Customer Value Strategy - investing in a digitally-driven future with recruitment of over 400 journalists during 2021. This followed the expansion of our Live network to provide free online local news in every county of England and Wales.

Central to the first phase of the Customer Value Strategy has been registering our customers and we now have over 10m customer registrations. Based on customer consent we are able to use behavioural data to enable us to deliver more relevant content and drive increased customer engagement as well as enhance advertising yields through more targeted and relevant campaigns.

The strategy is working with Reach achieving net like for like revenue growth in 2021 for the first time in over a decade.

A key pillar of the Customer Value Strategy is building a culture where people can thrive. We want everyone at Reach to be able to connect, respect and thrive, ultimately contributing to a more inclusive environment and more representative coverage.

We have made key external commitments in this area such as the 30% Club commitment to have at least 30% women on both board and senior exec management teams, and at least one person of colour on each, by 2023. We have also launched an Editorial Feedback Panel which will allow everyone to have a voice about the inclusiveness of our content. These initiatives together with the establishment of seven inclusion networks and 120 inclusion champions across the business led to Reach being named in the Top 50 Inclusive Companies list for the first time in 2021.

Reach believes passionately in our core purpose - to be the champions, campaigners and changemakers for communities across Britain. This essential relationship exists because we keep our audience entertained, informed and engaged every day, with breaking news,

entertainment and sport. We understand and respect our readers - what keeps them up at night, what makes them laugh, what gets them talking. Without this scale audience our campaigns would not carry the weight and impact that has led to significant change. A few examples of successful campaigns during 2021 include the Daily Record's decriminalise personal drug use campaign to the Manchester Evening News' six month investigation into England's second largest police force to the Express campaign for the terminally ill to get faster access to benefits.

Consultation response overall summary

- Reach plc are members of the News Media Association and fully support its submission. Like many news publishers Reach is undergoing a transition towards a digitally-driven future but currently 75% of its revenues continue to come from print.. The continued health of our paid for titles is key to enabling our transition to a digitally-driven future.
- We continue to invest significantly in journalism, technology and data to drive the digital growth we require to ensure the future for our newsbrands. As we do this we are very reliant on a small number of global technology platforms to connect our content with our audience and, while we work closely with some of them, we still experience a lack of transparency. This extends to the value of our content and the data that is generated by consumption of news as well as what drives the algorithms that can cause significant fluctuations in our audience for long periods of time.
- While we support all the NMA recommendations we would draw particular attention from the committee to the need for the Government to urgently bring forward legislation to provide the Digital Markets Unit with the necessary powers to ensure publishers receive fair payment for their content and transparency with regard to platforms' use of content.
- Reach performance in recent years has shown that journalism has a sustainable future - achieving growth in digital audience, page views and advertising yields. However the pandemic and more recently inflationary impacts in newsprint have shown the sector will continue to face short-term challenges until the imbalance in the digital marketplace is addressed. We ask the Government to support the industry in securing the true value of its content in the digital age to enable the industry to accelerate its transition. To do so will be to ensure free and independent journalism will continue to thrive far into the future.

1. How are public service broadcasters, particularly the BBC, supporting or disrupting local journalism?

- We have a constructive relationship with the BBC, which came about thanks to the Government's intervention and insistence on the creation of what became known as the Local Democracy Reporting Service.
- The LDR scheme has been an unequivocal success for local journalism, providing publishers with a sustainable and reliable supply of content from local authorities and

other bodies, as well as ensuring these bodies (some of which had not been attended by a journalist for years) have the scrutiny required for effective local democracy.

- Other aspects of the scheme, including the shared data unit, have also proved to be very useful. However, the offer of using all content from BBC regional TV shows is of limited value due to the time-intensive system deployed, and the fact we cannot put pre-roll advertising around it.
- Overall, however, the BBC remains a highly-active force in many local digital news markets, giving the appearance of an active attempt to be competitive to commercial publishers in online spaces.
- Editors regularly cite examples of BBC stories founded on reporting by local publishers, but which provide no credit. One known business model is for news agencies to “rip” stories produced by local publishers, which are then sold on to the BBC.
- A scheme that provided some financial reward for the original reporting that is taken on by the BBC, whether in online or broadcast reports, would be very welcome.
- Having spread from broadcast to online publication over the last two decades, recent years have seen an active effort from the BBC to dominate spaces on social media that could otherwise be spaces for commercial news publishers.
- To take Wales as an example, BBC Wales runs 7 separate news-based Instagram accounts, and has also launched a socially-focused video operation aimed at young people ([BBC Sesh](#)) that is highly active across Facebook, Instagram and the BBC's main TikTok account. All of these platforms provide opportunities for commercial publishers to diversify their revenue models, but the BBC's competition in this space is deeply unhelpful.
- Generally, the BBC produces far fewer stories than any local, commercial news outlet. But it does focus on the stories which generate most attention, essentially cherry-picking big news stories and then using its many other platforms to promote its local news services. Its global ubiquity, and ad-free websites, mean it dominates any search term in Google around breaking news.
- On existing output, it's not uncommon for local TV opt-outs in BBC Breakfast to cross-reference three or four local radio stations or websites, essentially using on-air time to compete with commercial publishers.
- The BBC has the luxury of being able to experiment in new online spaces without worrying about such activity being to the detriment of day to day revenue. This gives it a competitive advantage over commercial rivals. BBC Sounds is an excellent example of this, entering a space where commercial models were still being established and completely dominating it in the UK thanks to the huge PR machine the BBC can deploy for any project.

- The BBC could be a powerful agent for innovative and sustainability in local news - sadly, too often it remains determined to compete unfairly.
- It is also all too common to hear the BBC's output bemoan the demise of local news, creating a picture of an industry in decline, which its users, listeners and viewers accept at face value. It never mentions the record audiences we reach in local communities, or the growth we have experienced. To that end, it plays a role in undermining the reputation of commercial, local news.

2. What has been the impact of the 2019 Cairncross review on local journalism, and what more needs to be done?

- The impact of the Cairncross review to date has been minimal to date. The recommendation that "boundaries for (the BBC's) future direction" should be set to avoid local publishers being crowded out by its activity in local news markets have had minimal impact, while stronger regulation of the major digital platforms has still not been implemented.
- While Facebook and Google continue to make steps to support some journalistic activity, particularly on local, we have yet to see meaningful support from Apple for local, or from Microsoft beyond standard licensing arrangements for the use of content. These platforms continue to benefit from the output of our investment.
- Three years on, while we now have a Digital Markets Unit, it currently lacks the power it needs to make a tangible difference (as laid out in the next response).
- One recommendation where there is remaining mileage is the extension of the Local Democracy Reporting Scheme.
- While councils are largely now well-served by the resource funded by the first phase of this scheme, there is a great deal of potential for other public bodies and public sector organisations to be scrutinised and investigated - a version of the Institute for Public Interest News principle that was articulated in the original report.

3. How can the Government support local news outlets to develop sustainable business models?

Revenues and advertising

- During the pandemic, the vital need to connect with local and regional audiences was recognised by government and public health bodies, who used regional news media channels in both print and online to ensure vital, life-saving information reached people and communities on the ground.
- As a consequence, advertising revenues generated by local and national public bodies enabled regional news media to continue their vital work in keeping communities informed throughout this unprecedented time.

- It is to be hoped that public bodies remember this demonstration of the clear value and effectiveness of regional media as a vital marketing tool, and its unique position as a trusted medium, when it comes to deciding future marketing budgets.
- Through public notices especially, the public can engage with the decisions and issues that affect their lives in their neighbourhoods, such as planning applications, road closures or licensing decisions.
- The trust that the public attaches to advertising contained within the pages of their local newspapers also extends to marketing messages delivered alongside online content created by regional news publishers. Reach has a scale of audience across its network that is on a par with that of the major platforms such as Google and Facebook.
- However, this relative parity does not apply when comparing the share of online revenue between regional publishers and the platforms.
- The CMA has estimated that of around £14bn spent on digital advertising in the UK in 2019, 80% of this was earned by two companies – Google with a more than 90% share of the £7.3bn search market and Facebook with more than 50% of the £5.5bn display market. Total advertising revenues across print and digital for regional newsbrands in 2020 was estimated at £470m.
- The role of the platforms as gatekeepers to and beneficiaries of valuable local journalism is at the centre of the challenges to the regional news industry (see section 4). Until a more equitable balance can be struck, that sees regional publishers reap more of the benefits that flow from their considerable investment in local journalism, that investment will not fulfil its full potential.
- This is why, at time of writing, the industry is increasingly concerned by the ongoing delay in bringing forward proposals to give legislative teeth to the Digital Markets Unit, whose very purpose is to address this imbalance.

Innovation

- Often disparaged as constrained by its print legacy, the regional news media is actually a hotbed of innovation, experimentation and creativity.
- Government and funders tend to assume these characteristics are only to be found either in Silicon Valley, or in the small but vibrant independent startup scene in the UK.
- Consequently, government funded initiatives such as the NESTA Future News Pilot Fund in 2019/2020 showed a distinct bias towards exceptionally small scale, niche-focused programmes that offered little or no learnings that could be scaled up to have an impact across the whole of the regional news landscape.
- In fact, publishers like Reach have an extraordinary track record in both self-funded innovation and collaborations with partners within and outside the industry.

Key examples include:

- Laudable audio for local news
 - Local Democracy News Service
 - InYourArea
 - Facebook Community Reporters
 - Table Stakes Europe - WAN IFRA
 - Customer Value Strategy
 - Creation of first online safety editor
- There are always plenty of people prepared to criticise profit-making local news, but as the pandemic demonstrated, local media is best placed within commercial organisations which can withstand headwinds which can either be expected or unexpected. The resilience of large organisations is to sustain local news is evidenced with the significant amounts spent on legal and regulatory support, and also developing new revenue streams.
 - Local news has most impact when it is read by many people - this is why local newspapers were a mainstay of public life in the 20th century and continue to be vital to many today. We believe Government can do much more to ensure that remains the case, in a digital world, in the 21st century.

4. What role does social media play in local journalism?

- Journalists have been among the earliest adopters of social media, from forums to TikTok, it remains a rich and developing opportunity to connect with audiences, sending their content further into the world to find new consumers, and interacting with readers in real time
- This was especially true of journalists working in digital spaces, whether in mainstream regional and local media. From the early 2000s social platforms such as Facebook and Twitter, along with Tumblr and forms, were seen as vital opportunities to share articles, build engagement, and source information from niches, whether geographic or specific interest.
- As such, the big platforms were an enormous benefit to local news, offering a fast and frictionless way of accessing local knowledge and networks, in what was very much a transitional way; readers also had faster, more meaningful contact with their local reporters and editors than at any other time.
- From 2009 (partly as a result of the advances in smartphones, both iOS and Android) Twitter and Facebook (now Meta) in particular began to actively court journalists and media through verification, dedicated pages and platform teams dedicated to working with the media.
- Today this continues with initiatives such as Facebook News and Google News Showcase, Google News Labs and the Community News Reporter scheme.
- The vast majority of news providers are [reliant on Facebook for volumes of traffic](#). In 2020; over 13% of news publishers' traffic came from Facebook, an improvement from 2019's 11%; nearly one in seven pageviews accrued by news publishers came from a single source.

- However, there is an inequality in the relationships, especially around the areas of algorithms and content discovery.
- Both Facebook's Suggested For You and Google's search (organic and Discover) are unreliable sources of both local content discovery and verified, trusted news sources, often due to algorithm changes or system updates.
- While the tech companies assign partner teams to work with media, they have little power to effect algorithm change. So while there may be a sympathetic and proactive relationship with the platform's news partner teams, this does not often translate into clear advantages for local media, beyond sporadic investment in innovation schemes.
- It is not hard to see why this is the case. These tech platforms are multi-billion dollar organisations, with sprawling campus offices in California, employing thousands of developers focused on the success and growth of their particular niche function. Visibility of news and success of trusted information sources is not, at that level, a priority; growing profit, longer dwell time and rising user numbers is.
- So the tech platforms remain at best an uncertain and unequal opportunity for media brands, where new facts play second fiddle to engagement posts that expand the platforms reach and encourage users to stay within that ecosystem.
- [Studies such as this one](#) have also shown that verified news reports which attract users who disagree with the stated facts (Covid coverage being a recent example, along with political events and climate change reports) are less likely to be read by others who see that article. So while comment volume may indicate a popular post, it can - simply through the number of detractors in the comments - lose visual attention and decrease inclination to share the post.
- This is one reason why disinformation and what has been called info smog spreads so widely and quickly on social media, when verified facts from news outlets struggle for traction.
- Social media giants like Facebook require reliable news sources, especially local news sources, if they are to deliver the best experience for local communities. Too often, trusted local news finds itself pitched against individuals whose background and credentials for information-gathering cannot be proven. Facebook's amplification of such information is dangerous not only for local journalism, but local communities and local democracy. As Winston Churchill said; "A lie can travel halfway around the world while the truth is putting on its shoes." Facebook has helped provide supersonic flight for mistruths, while at the same time often inadvertently hiding the shoes of local news publishers.

Online abuse of journalists

- Journalists are exposed to constant and often sustained abuse on social media platforms, and the recourse can be limited - often it lies with the platform to decide whether someone has transgressed rules. By comparison, even a perceived breach of commercial rules leads to swift and punitive action (generally to the financial and engagement detriment of news outlets).

- The situation has become so egregious that in 2019 Reach moved to protect its staff by creating an internal set of protocols for protecting journalists exposed to online hate, and guiding managers through supporting them.
- When this piece of work became known, we were contacted by several UK and international publishers keen to know how this worked as they were grappling with the same issues, and hoped to replicate our approach. In late 2021, in response to the continued rise in online attacks on staff, Reach appointed an Online Safety Editor, specifically to work with staff on tackling the abuse, and also liaise with platforms and external committees such as the DMCS.
- The issue of online abuse of journalists was one of the standout discussions of the 2020 Society of Editors conference, with senior newsroom figures discussing what the platforms could and should do to ameliorate the problem.
- Online abuse of journalists is [especially targeted towards women and minorities](#) working in the industry; at a time when all media is striving to become more diverse and inclusive, platforms should and could do so much more to ensure they are safe spaces for journalists to use, without fear of death threats, rape threats and promises of violence towards their families.

5. How are partisan and hyper-partisan news outlets disrupting local news production?

- The most obvious area of concern here is the ongoing issue of council newspapers and increasingly their related online platforms.
- There are relatively few councils still publishing in the format of local newspapers, but those that are seem confident they will not be punished in line with regulations put forward by the Government. Where they do exist, they use public notices revenue to sustain what can only be described as propaganda.
- Far more common, and also of concern, is the proliferation of news websites run by councils which make very little attempt to explain they are the PR wing of the council. It becomes very clear after a while, but once these sites are promoted by local councillors and authorities on social media, you quickly see partisan news and information being presented as crafted fact.
- We continue to have concerns at political parties using newspaper formats to spread their political messages. While replication is often flattering, dressing up electioneering as news is thoroughly misleading.
- More generally, we have yet to see many hyper-partisan local news outlets emerge. One-man/woman-blogs continue to proliferate, and there are examples of local news sites run by individuals or groups which operate with an overt agenda.
- Of greater concern is the impact of national partisan news organisations and their impact on local journalism. It is not uncommon for such sites to make a point of

disagreeing with a local story they don't like, often unleashing a barrage of abuse on the journalist who wrote it from the site's angry followers.

- Our journalists are not thin-skinned but we do believe they deserve protection from such pile-ons. Social media companies are well placed to address this, should they be minded to.

Conclusion

- We welcome the Committee Inquiry into the Sustainability of Local Journalism. Reach supports the NMA recommendations on Government actions to support the industry and we draw particular attention to the urgent need for the Digital Markets Unit to be granted the necessary powers to ensure fairer reward for national and local newsbrand content as well as greater transparency over how content is distributed and the value it creates for the platforms.