

## PPA (Professional Publishers Association)—written evidence (FON0046)

### House of Lords Communications and Digital Select Committee inquiry: The future of news: impartiality, trust, and technology

#### About the PPA

The Professional Publishers Association (PPA) is the professional body for special interest member companies, ranging from large consumer magazine publishers to business-to-business data and information providers, as well as smaller independent publishers. Its 300+ members include 150 of the UK's largest publishing houses, including Bauer Media Group, Condé Nast, Future PLC, Haymarket Media Group, Hearst UK, Immediate Media Co, Incisive Media, New Scientist and William Reed Business Media, as well as many smaller independent publishers.

Specialist publishing is worth £3.74 billion to the UK economy, employing around 55,000 people. Its reach covers 83% of the population, with more than 40 million adults in the UK reading a magazine each month.<sup>1</sup> Furthermore, the sector's digital reach alone now covers 62 per cent of adults in the UK.<sup>2</sup>

*What impacts (positive and negative) do large technology platforms and online news aggregators have on the UK's news environment, including media plurality? And how might this change?*

The PPA believes that the lack of regulation in the digital market has allowed large technology platforms and online news aggregators to harm the UK's news environment and media plurality.

Several business practices of dominant technology platforms create barriers to news media businesses (including specialist publishers).

**Firstly:** rapid changes to algorithms without notice or explanation. Publishers rely on tech companies such as Google and Facebook for a significant proportion of their user traffic. This means that when Google and Facebook abruptly changed their algorithms without warning or any explanation<sup>3</sup>, they have restricted consumers' access to their content and had a significant adverse impact on the revenue of publishers.

**Secondly:** centralisation of access to and monetisation of user data. In the existing unregulated market conditions, Facebook, Google, and Amazon have dominated the UK's digital advertising market. From this position as aggregators, they continually collect vast resources of audience and behavioural data which is used in turn to support pricing power and product development.

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<sup>1</sup> PPA (2022) PPA Sector Insight Report. [Link](#)

<sup>2</sup> PAMCo (2023)

<sup>3</sup> Majid, Aisha (2022) Google's latest core algorithm change hits major news publishers harder than 'helpful content' update. [Link](#).

Furthermore, with the role out of the Google Privacy Sandbox, our members will be restricted in how they can group their brands together, and how they can generate data.

In order to continue to provide valuable news updates, specialist publishers must exist in market conditions that allow their businesses to be sustainable. Therefore, without the right regulatory mechanisms in place, large technology platforms and news aggregators will continue to stifle competition at publishers' expense.

*How is generative AI affecting news media business models and how might this evolve?*

Generative AI has presented a great challenge to news media business models due to a lack of transparency requirements which has allowed AI developers to infringe copyrights of specialist publishers.

Our members have identified case examples of plagiarised content on large language models (LLMs).<sup>4</sup> However, without information on how their data has been scraped and how it has been used, publishers are left without the means to seek retribution or payment.

The PPA believes that the Government should acknowledge the New York Times' case made against Open AI. It states that ChatGPT has generated "verbatim excerpts" from New York Times articles, which can only be accessed from behind a paywall.<sup>5</sup>

The data scraping practices of LLMs undermine the business models of specialist publishers in multiple ways. Firstly, they provide no traffic/advertising revenue for publishers as they do not provide sources for their material. Secondly, they provide free access to material behind paywalls, which inhibits publishers' capacity to generate revenue from subscriptions.<sup>6</sup>

Without government intervention to address the lack of transparency with data scraping practices, the burden of assuring copyrights are upheld falls on copyright holders, who must assert their rights in court. The PPA believes that litigation is not an adequate solution as it takes years to resolve and is inaccessible to many publishers. Therefore, the Intellectual Property Office (IPO) must be reformed and put on a statutory footing so that there exists a regulatory mechanism to enforce transparency with AI developers.

*What factors affect trust in news and how might this evolve?*

Specialist publishers have a well-evidenced and distinguished reputation of trust and are recognised by Ofcom as the most trusted form of media<sup>7</sup>. Our members have in many cases spent over 100 years building a relationship of trust with their readers, often as the leading authority on the subject areas they cover.

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<sup>4</sup> Piltch, Avram (2023) Google Bard Plagiarized Our Article, Then Apologized When Caught. [Link](#).

<sup>5</sup> Gerken, Tom (2023) New York Times sues Microsoft and OpenAI for 'billions'. [Link](#).

<sup>6</sup> Ibid

<sup>7</sup> Ofcom (2021) News Consumption in the UK: 2021. [Link](#).

The unique relationship between trust and the reliability that specialist publishers offer is especially important given the growing threat of disinformation online and the rapid increase in digital news consumption.

*How well are news organisations responding to factors affecting their business models, and are any changes needed?*

News media organisations and publishers cannot prevent the anti-competitive practices of dominant technology companies. Therefore, regulatory intervention in the digital market is needed.

Publishers have sought to maintain sustainable business models through mechanisms such as subscriptions, which are the largest area of growth in the specialist publishing industry<sup>8</sup>. The PPA is concerned that the subscriptions provisions in the Digital Markets, Competition and Consumers Bill in their current form will impose harmful restrictions on publishers' business models.

We are particularly concerned about the imposition of renewal requirements, which we have repeatedly informed the Government will be undeliverable for publishers who use third parties for payment, such as PayPal and Apple Pay. Publishers who use third parties are unable to gain information on whether a consumer has unsubscribed until they receive a bounce back for the payment. Therefore, the requirement for renewal notices will force publishers to provide consumers with false information, at the expense of brand reputation and trust.

Additionally, we are deeply concerned about provisions within the Bill which would allow consumers to cancel their subscription on notice given by "any means". Cancellation could potentially encompass not only the exit channels provided by traders but also an unspecified array of other mediums, including postal mail, email, telephone, and third-party platforms – driving up compliance costs, particularly for small businesses, which have already soared in recent years. Also, the provision to end a subscription with a single communication would deny consumers the opportunity to find out about reduced price offers as part of their exit journey which can result in them keeping their subscription at a lower price.

The PPA urges the Digital and Communications Committee to recommend that these requirements be removed from the Bill, to allow for a more detailed consensus to be reached between news media businesses and Government officials in the development of secondary guidance.

Another key way in which news media businesses generate revenue is through data collection for targeted advertising. The PPA is deeply concerned about recent developments with enforcement notices from the ICO, where businesses affected were given a one-month deadline to change their website cookie banners to comply with PECR and GDPR<sup>9</sup>. Our members recognise the importance of privacy laws; however, the underlying legal and technical issues are not as straightforward as presented, and the ICO must issue enforcement

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<sup>8</sup> PPA (2023) Market Sector Insight Report

<sup>9</sup> ICO (2023) Commissioner warns UK's top websites to make cookie changes. [Link](#).

deadlines with more advance notice. This would allow businesses time to prepare for any necessary transition.

In addition to complications with data protection enforcement, publishers' business models are also at risk from changes proposed in the Data Protection and Digital Information (2) Bill, which is currently making its way through parliament. The Bill would grant the Secretary of State the power to centralise cookie consent with browsers, over-riding cookie consent arrangements between publishers and users. This would inhibit publishers' capacity to generate revenue through targeted advertising and lead many publishers to introduce additional paywalls.

*How well is regulatory oversight working? In the way Ofcom oversees media plurality?*

In this submission, the PPA has clearly stated that the key risks to media plurality relate to digital market failures.

Therefore, Ofcom cannot resolve these issues as they do not have the relevant statutory powers.

The PPA continues to call on the Government to amend the Digital Markets Bill to allow the CMA to make interventions in the interests of "citizens" as well as solely the interests of "consumers". This would align with the CMA's pre-legislative recommendations<sup>10</sup> and ensure that the correct regulatory solutions for media plurality are deliverable.

We urge members of the Committee to call on the Government to make these amendments.

*February 2024*

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<sup>10</sup> Digital Markets Taskforce (2020) A New Pro-Competition Regime for Digital Markets. [Link](#).