

DMG Media—written evidence (FOJ0033)

Response the House of Lords Communications and Digital Committee call for evidence on the future of journalism

Overview

1. DMG Media publishes the Daily Mail, Mail on Sunday, MailOnline, Metro and metro.co.uk. DMG Media is a subsidiary of DMGT, which has also recently purchased the i and inews.
2. We are always ready to assist the Communications and Digital Committee, and welcome any government initiatives which advance the cause of freedom of expression and contribute to a healthy media industry. We are very grateful for the support the Department for Digital, Culture Media and Sport has given to new publishers during the current Coronavirus crisis. This has brought into sharp focus the economic frailty of the news industry, and will inevitably both shorten the time the industry has to make a successful transition from print to digital, and strengthen yet further the market dominance of the online platforms, Google and Facebook.
3. It is fair to say that over the last couple of years news publishers have faced a unprecedented array of inquiries, codes of practice and legislation, some very helpful, others much less so.
4. The Cairncross and Furman Reviews, and the Competition and Markets Authority Online Advertising Market Study all address the fundamental issue, which is that reliable journalism will have no future in the UK unless ways can be found to deliver enough revenue to support a wide and varied range of digital publications - including global players like MailOnline, the online equivalents of traditional local news newspapers, and specialist titles.
5. We have given extensive evidence to all these inquiries and, while there are inevitably some points on which we disagree, we have been very impressed with the work they have done and remedies suggested. The Competition and Markets Authority's Interim Report, which runs to 800 pages, is a particularly impressive piece of work. The effective monopolies operated by Google and Facebook – which between them took 63 per cent of all online advertising revenue in 2019 - are the central cause of the crisis in journalism¹. We very much hope that when the CMA publishes its final report in July it will recommend both codes of conduct and a regulator to impose fairness and transparency on the one-sided and opaque digital advertising market, plus a full Market Investigation into Google's control of key sectors of that market.
6. Other interventions have been much less helpful. We believe proposed online harms legislation poses a very serious threat to freedom of expression in the UK, both by introducing state regulation of news on the internet, and by making Google and Facebook the vehicles through which that regulation would operate.
7. We have suggested the government addresses this problem by ensuring any online harms legislation includes an exemption for news publishers. This would have to apply to news publishers not only in respect of their own websites, but also to their content when it is distributed by third parties – chiefly Google and

¹ <https://www.campaignlive.co.uk/article/google-facebook-command-nearly-65-uk-online-ad-market-2021/1580126>

Facebook – through search and social media. The platforms have been threatened with draconian penalties, and will inevitably seek to avoid them by using algorithms to block any content containing key words perceived to pose a threat.

8. Successive secretaries of state have promised there will be no threat to press freedom, but have not said how that would be guaranteed. The government's official response to the online harms white paper consultation said:

'We will ensure that there are safeguards in the legislation, so companies and the new regulator have a clear responsibility to protect users' rights online, including freedom of expression and the need to maintain a vibrant and diverse public square.'

There was no mention of an exemption for news publishers, and state-imposed regulation with safeguards is still state-imposed regulation, and therefore not compatible with freedom of expression. We very much hope that 300 years of press freedom in the UK will not end with censorship by algorithm.

9. We also have deep concern about interventions by the ICO, which has tended to focus on data privacy to the virtual exclusion of all other social and economic considerations.
10. The ICO's Age Appropriate Design Code, as originally drafted, would have been a disaster, forcing users of all commercial websites, including all news websites except the BBC, to prove their age by uploading passports or driving licences. Thankfully it has now been redrafted. However we have been unable to secure the exemption for news publishers which we believe Article 10 of ECHR requires, and instead have had our concerns addressed by a series of FAQs. It still remains to be seen whether the ICO make it clear that these FAQs have the same legal standing as the Code itself when it is laid before Parliament. It is essential that they do.
11. A similar over-emphasis on data privacy lies behind recent discussions between the ICO, news publishers and the digital advertising industry over interpretation of how the General Data Protection Regulation (GDPR) and Privacy and Electronic Communications Regulations (PECR) apply to cookie consent. The position of the ICO appears to have been that news publishers must set cookie consent forms for personalised advertising to be set to 'Reject All' by default. This is the equivalent of telling bakers they must put a notice in their window saying all their loaves are free, but customers can pay for them if they wish.
12. News is expensive to produce, and must be paid for, either indirectly through personalised advertising or directly through subscriptions. As the state provides the BBC news website free at the point of use for consumers, the only viable source of revenue for most UK digital news publishers is personalised advertising.
13. We are not aware that any notable harm has been established in serving personalised advertising to consumers, while surveys over the years have shown that the public generally prefer personalised advertising². There can be no dispute that reliable news plays a vital role in sustaining democracy, and the structure of society in general. It seems extraordinary that a regulator should be so focused on the largely hypothetical risks posed by personalised advertising

² <https://www.marketingdive.com/news/study-71-of-consumers-prefer-personalized-ads/418831/>

that it is prepared to risk removing virtually all the revenue which supports the commercially independent digital news industry.

14. We are grateful for the removal of VAT from digital publications, announced in the recent Budget. We do not at the moment operate the subscription model for our websites, but the removal of VAT would undoubtedly assist the introduction of subscriptions if in the future that becomes a viable method of securing revenue.
15. We do not, however, seek subsidies. The grants made by the NESTA Future News Pilot Fund with £2 million made available by a previous Secretary of State appear to us to be poorly considered. We are doubtful they will have any meaningful effect on the long-term future of journalism. It is particularly disappointing that none of the hard-pressed local newspaper publishers which applied received a grant. We do not recommend any more taxpayers' money is given to this project.
16. We very much welcome the Government's renewed commitment to repeal Section 40 of the pernicious Crime and Courts Act, and hope a suitable legislative vehicle can soon be found.

Responses to questions in the Call for Evidence

1) How should journalism be defined and what is its value to society? What is the difference between 'citizen journalism' and other forms of journalism?

17. It is impossible to make any strict definition of journalism. In its most basic sense it is the coverage of news events – court cases, the deliberations of public bodies, any incidents which have an effect of peoples' lives, performances of the arts, sporting fixtures, economic and commercial events. But that is by no means all: the expression of opinions and engaging in public debate, sometimes in the form of humour or satire, is a vital task of journalism. So is advice on everything from medical matters, personal finance, travel, personal relationships and even cookery recipes. It is not even limited to the written or spoken word: photographers and film-makers are journalists, as are cartoonists and sometimes artists.
18. Journalism's value to society is enormous. Long before newspapers began reporting Parliamentary debates in the 1770s it has informed and influenced public dialogue, not only in politics, but in every other sphere of human life. Without that dialogue society will not evolve and progress: It was no accident that the Enlightenment and Industrial Revolution coincided with the establishment of a free press in the UK. If a democracy is to function the public must have access to news that is both accurate and plural: no one has a monopoly on truth. Journalism provides that access.
19. For the first three hundred years that Britain enjoyed a free press news could only be distributed by print, and later broadcast media. Both required capital investment and organisation, which created economies of scale. The result was that editorial control coalesced in the hands of a limited number of organisations, with assets and reputations to defend. This meant that in general they exercised editorial control responsibly and avoided libellous, abusive and obviously inaccurate content because it damaged their businesses. They employed trained journalists and lawyers to check their output before it was

published, and submitted to regulation to ensure that if errors were made they were corrected.

20. The digital revolution means that anyone with a mobile phone can film and record events, and transmit them to a mass audience – hence the rise of the citizen journalist. In many ways this is a good thing – one can be fairly sure the world would have known nothing about the outbreak of Coronavirus in Wuhan if it were not for social media. However not only do citizen journalists not necessarily have any training or skills, they also have none of the constraints of traditional publishing businesses. In addition to that, the internet platforms allow them to operate anonymously, leading many to believe they can publish without regard to accuracy, privacy, or the law.
21. The result is that along with good citizen journalism there is much that is inaccurate, abusive or defamatory. Society has not yet found a way of reconciling the freedom of the internet with the need for society to protect itself against false information and abuse. We are not convinced proposed online harms legislation, which appears to envisage a state regulator making the rules and the platform monopolies executing them, is compatible with freedom of expression.
22. An example of the problem society faces is provided by the Coronavirus crisis. In the West, where there is no censorship of the internet, false information such as claims that anti-bacterial hand-washes do not help prevent the spread of the disease has been published on Twitter and other social media platforms. There can be no doubt this poses a threat to public health. But in China, where the disease started, social media has been heavily censored from the beginning. There can equally be no doubt that a lack of public awareness would have allowed the disease to spread, and the authorities to delay taking preventative action. Free societies work on the principle that a degree of disinformation is preferable to an official cover-up.³

2) How have digital technologies changed the consumption of journalism?

23. There is no need to reiterate here the massive shift which has taken place in the last 20 years, with audiences moving en masse from print and broadcast journalism to digital news sources, both those which maintain the standards of traditional journalism (MailOnline, the Guardian, the BBC and other sites operated by print and broadcast media), and the vast penumbra of start-up websites, bloggers, podcasts and citizen journalists, some of which operate to high standards, some to no standards at all, and some of which are positively fraudulent or malevolent.
24. There is much to celebrate here. Digital journalism is a British success story: Three of the 15 most popular news websites in the USA are British owned: (MailOnline (8th), The Guardian (10th) and BBC News (13th). But that has been achieved by investing rapidly declining print profits. DMG Media's two news websites are both profitable, but it took ten years of investment before MailOnline turned profitable in the third quarter of 2017. The majority of news websites still struggle to achieve profitability, particularly those serving local communities, which also perform the vital task of reporting local politics and the

³ https://www.theguardian.com/world/2020/mar/04/fake-coronavirus-tweets-spread-as-other-sites-take-harder-stance?utm_source=Society+of+Editors+Members&utm_campaign=e1510daaf8-EMAIL_CAMPAIGN_2020_03_05_05_04&utm_medium=email&utm_term=0_8056757ee1-e1510daaf8-180746825

courts. Even big US-owned news websites have struggled: both the Huffington Post and BuzzFeed announced job cuts⁴ earlier this year, before Coronavirus took hold.

25. If reliable journalism is to survive it has to be properly funded; it can't be properly funded unless means can be found of generating reliable digital revenues. This is why full implementation of the Furman Review and a CMA Market Investigation of the platforms' control of the digital advertising market are so important.

3) How can public policy improve media literacy, particularly among those who have a low level of digital literacy?

26. This subject needs to be approached with caution. The British public have traditionally and quite correctly treated journalism - like politics - with scepticism. They know that most national newspapers, with notable exception of Metro, are politically partisan. They also know the BBC and other broadcasters are required to be impartial, though whether they really are is the subject of much public debate.
27. Newspapers do not hide their opinions, they proclaim them. The advantage of newsprint is that newspaper design allows many means of signifying the nature and significance of stories - by positioning, typeface and writing style, as well as by labelling. On the internet this is much less true, particularly for members of the public who consume their news through social media. Stories appear in their news feed stripped of all context, and it may not even be clear where they have been sourced.
28. Nor are the public aware that the platforms' algorithms make hidden choices. We have detailed in evidence to the CMA how MailOnline has been subject to dramatic and unexplained changes in Google's search algorithms, which have resulted in equally dramatic changes in search visibility. Figure 1 below shows how a Google algorithm change in June 2019 reduced MailOnline's search visibility by half; Figure 2 shows how over the previous six years Google consistently cut MailOnline's search visibility, so that it now stands at one tenth of the Guardian's.

⁴ <https://www.theguardian.com/media/2019/jan/24/as-huffpost-and-buzzfeed-shed-staff-has-the-digital-content-bubble-burst>

Fig. 1: MailOnline Google search visibility. Source: Sistrix

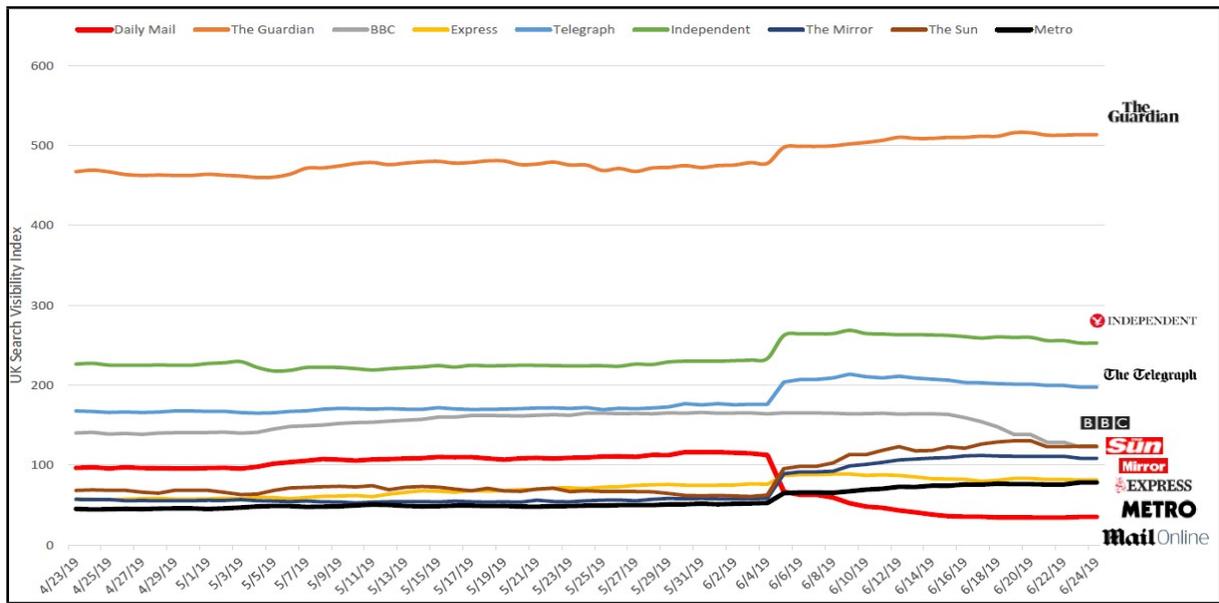
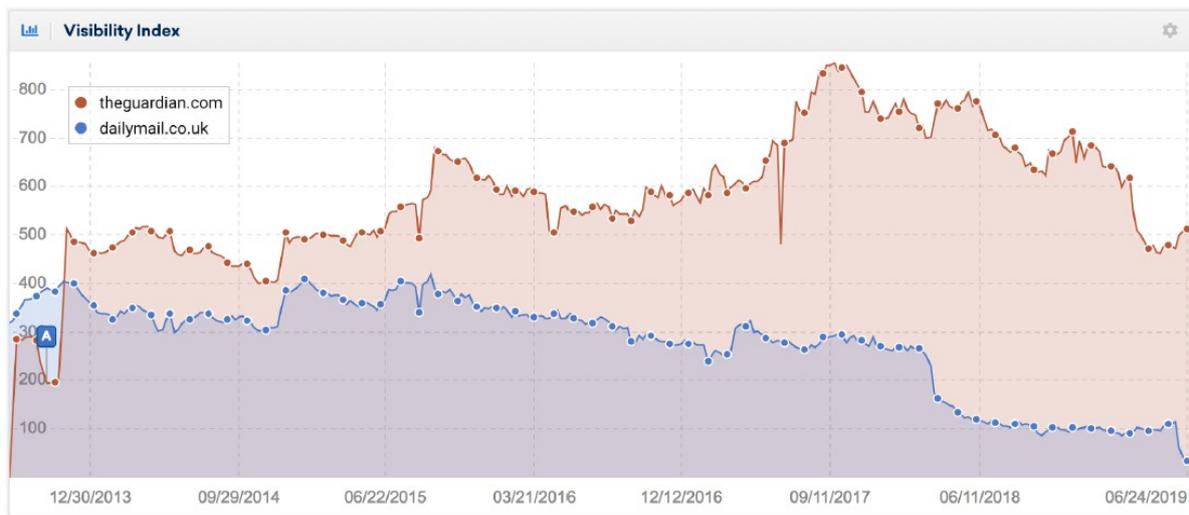
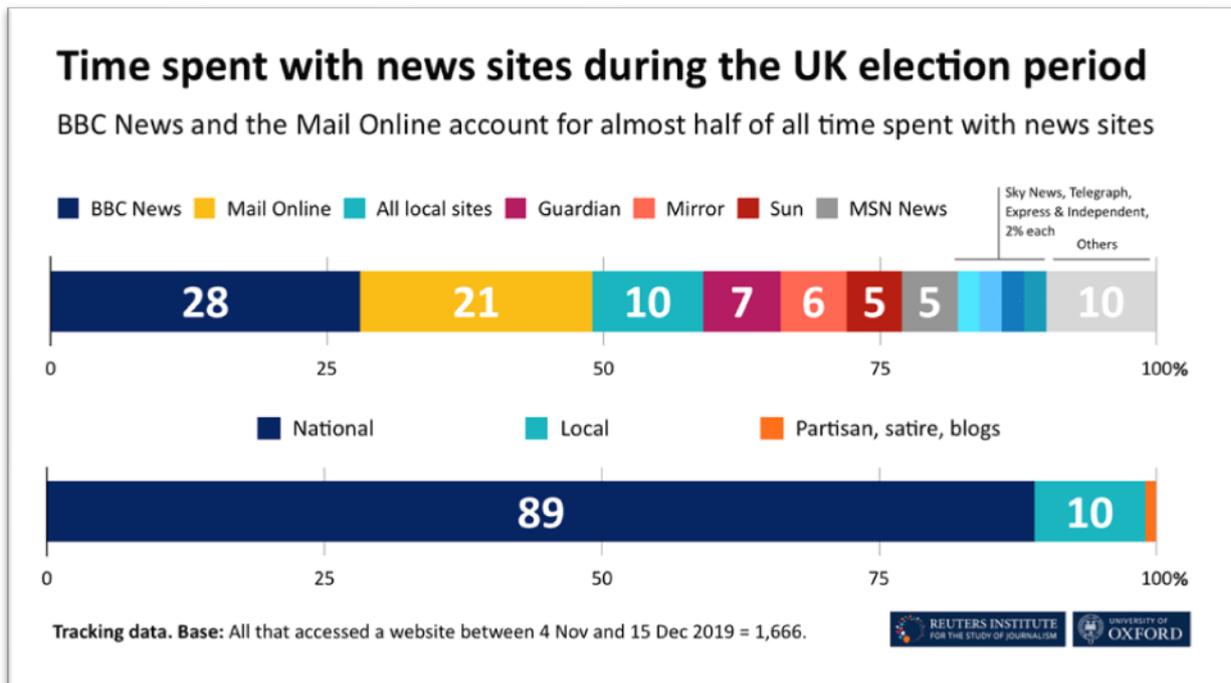


Fig. 2: 2013-19 MailOnline v Guardian Google search visibility. Source: Sistrix



29. This is despite the fact that research by the Reuters Institute (Figure 3) showed that during the 2019 election campaign the public spent three times as much time on the MailOnline website (21% of total) as on the Guardian's (7%):

Fig 3. Source: Reuters Institute



30. It would be good if media literacy meant educating the public in how the platforms obscure and distort news choices. But that is very unlikely. Such work on this subject as is done in the UK at present largely takes place in universities. We are reminded on an almost daily basis that many British universities have lost sight of the importance of freedom of expression and are instead obsessed with imposing whatever liberal orthodoxy is currently fashionable. This is particularly true of university journalism departments. There are noble exceptions, but too many are staffed people who have failed to reach the highest ranks in their journalistic careers, and instead turn to academia to work out their grudges against the 'press barons'.
31. This is exacerbated by the numerous internet start-ups which have tried to create a business out of rating news websites. To give one example, Global Disinformation Index, which is part-financed by the Foreign and Commonwealth Office, gave MailOnline a rating of 22 out of 100 for accuracy. This was not based on any objective measure, such as the number of upheld adjudications by IPSO, but by polling the opinions of 100 anonymous 'experts', said to be journalists, academics and NGO workers. Only 38 of the 100 actually responded. They were asked to declare their political leanings, and 44% said liberal, 50% centre, and 8% conservative. There was no evidence that any of the experts had actually studied any news websites in enough detail to form a judgment on their accuracy – in any case if you ask a group of left-leaning people what they think of a conservative-leaning website they are hardly likely to laud its accuracy.
32. The problem with all these initiatives is they have concentrated on trying to rate major news websites, whose strengths and weaknesses are well known to the public, rather than concentrating on the long tail of less-well-known sites which may turn up in a member of the public's news feed and turn out to be completely fraudulent. We would be happy to provide further evidence on this issue if it would be helpful

4) **How have digital technologies changed the production of journalism? Do journalists have access to the training necessary to adapt to the digital world?**

33. We do not propose to detail every stage of the digital revolution which over the last 40 years has transformed the production of journalism. As a substantial media organisation publishing a small number of major titles we have had the resources to adapt to these changes as they have arisen, and give our journalists the training they need. One of the remaining independent regional publishers might be better placed to describe the challenges digital technologies can pose.

5) **What qualifications do professional journalists need? How could public policy better support non-degree routes into journalism?**

34. Journalism is not a profession. Anyone can become a journalist – setting the possession of qualifications as a necessity for working as a journalist is not compatible with freedom of expression. In any case some of the most eminent journalists in the UK had little or no formal training before beginning their careers. Individuals from many other walks of life, including politicians, sometimes also work as journalists, and it would be wrong if they were prevented from doing so.
35. That said, most journalists on reputable publications have undergone training, usually through the excellent scheme run by the National Council for the Training of Journalists⁵, although many aspiring journalists nowadays do postgraduate degree courses such as that run by City University.
36. DMG Media also runs its own in-house training scheme, the largest operated by any national newspaper group in the UK. The reason we set up our scheme was the collapse of local newspaper training, caused by the crisis brought on by the difficulties the local and regional press has had in monetising its content online.
37. Forty years ago the vast majority of journalists began their careers on local or regional newspaper apprenticeship schemes. These had two major benefits. They enabled would-be journalists – and many in those days had not been to university - to acquire their skills on the job. They also ensured those who had been to university, and may have come from comfortable backgrounds, came face to face with real life. There is no better antidote to a university education than reporting cases in a magistrates' court, or door-stepping a council estate after an unexplained death. It also provided local papers with a cheap and enthusiastic workforce. Anything public policy could do to revive local newspaper apprenticeship schemes would be greatly welcomed.

6) **What are the main challenges for freelance journalists? How could public policy better support them?**

38. Freelance journalism thrives when there is healthy competition between well-funded news titles- the situation which existed for 20 years or so following the first stage of the digital revolution which transformed newspaper revenues by freeing them from the shackles of the print unions. However over the last 20 years Google and Facebook have sucked revenue out of the news industry. The result has been that freelance rates have stagnated, making it increasingly difficult to earn a living as a freelance. Freelance agencies also used to have long-term contracts with local newspapers to cover courts. We understand many

⁵ <https://www.nctj.com/>

of these have ended because the local press can no longer afford them. It is true that the launch of new online titles means there are more outlets for freelancers, but as outlined above most news websites struggle to achieve profitability and consequently their freelance rates tend to be low.

39. The answer to all this is that any public policy which makes news publishing more profitable will pump money into the system, relieve pressure on editorial budgets, and increase rewards for freelancers. This in turn means taking action through Furman and the CMA to reform the digital advertising market.

7) Why is the journalism profession not more representative of the population? How could this be addressed?

40. Successful journalism is always based on understanding and talking to people, both during the process of news-gathering, and when presenting stories to the public. Lord Cecil, Marquess of Salisbury, who was Prime Minister when the Daily Mail was launched in 1896, famously described it as a 'newspaper for office boys, written by office boys'. He may have thought he was damning the paper, in fact he was identifying the reason for its success. Every editor seeks to have a newsroom which represents the community it serves, although it is very far from true that only a Muslim can write about Muslims, any more than it is that only an Old Etonian can write about Old Etonians.
41. As mentioned above, forty years ago most journalists began their training straight from school, and worked on their local paper before progressing to Fleet Street or broadcasting. Generally they did not come from privileged backgrounds. However the decline of local newspaper training schemes has made it much more difficult for would-be journalists from under-privileged backgrounds (including ethnic minorities) to self-fund their training.
42. Instead numerous universities have opened schools of journalism. These involve three years of study, plus unpaid work experience, and normally another year on a postgraduate course. It is difficult for aspiring journalists to undertake this unless they have families who can support them for four years. The result is that in recent years we have had no shortage of applicants for our training scheme who have been to Oxbridge, and not enough from under-privileged and/or ethnic minority backgrounds. We have taken steps to address this, both through our selection process, and through the Stephen Lawrence scholarship scheme which is specifically aimed at candidates from black, Asian and minority ethnic backgrounds or lower income households. We also support the Journalism Diversity Fund, which provides bursaries to people from diverse backgrounds who need help funding their NCTJ journalism training.
43. There are very welcome indications that this is having some success. Our list of interviewees for this year's DMG training scheme included an impressive field of BAME candidates, selected purely on the strength of their applications, without any other filter being employed. However it is likely to remain difficult to attract under-privileged people into journalism as long as it remains a career in which pay at the bottom of the ladder is poor and jobs are insecure. As with many other questions surrounding the sustainability of journalism, the long-term solution is finding ways of ensuring news publishers can generate the revenue they need to fund their journalism properly.

8) Why has trust in journalism declined? How could it be improved? How can journalists better understand and convey the concerns and priorities of people who do not live in London or other metropolitan hubs?

44. It cannot be denied that phone-hacking, and the Leveson Inquiry which followed it and became a showcase for individuals who dislike journalism, caused immense damage to trust in journalism. But that is in the past, and the disruption and fragmentation of news publishing caused by the digital revolution may well be a bigger factor now, certainly for people who rely on social media newsfeeds.
45. As a company we have always invested in journalism, and that has been rewarded with unusually high levels of reader loyalty. The Daily Mail and Mail on Sunday have seen circulations fall more slowly than any of their rivals, and are likely soon to become the biggest selling daily and Sunday titles in the UK. Metro has for some time had the biggest circulation overall. MailOnline thrives because a very high proportion of its traffic comes to the site directly, rather than through referrals from Google or Facebook, and once there they spend much longer on the site than users of other websites, as evidenced by the Reuters Institute study of the readers habits during the 2019 election campaign.
46. However it remains true that online it can be difficult to distinguish between responsible news websites, with trained journalists, codes of practice and complaints procedures, and sites which are fraudulent or malevolent. To address this we are working with the News Media Association to develop a kite-marking scheme, which would enable both the public and advertisers to recognise bona fide news sites. We would be happy to provide the committee with more detail of this if they would find it useful.
- 9) How can innovation and collaboration help news providers of all types to maintain sustainable business models and adapt what they produce to audience demand? What lessons can be learnt from successful innovations, including in other countries?**
47. The problems facing the news industry do not lie in a lack of innovation – digital news publishers are innovating all the time, both in the way they present news and in how they monetise it. The difficulty is in preventing innovation being stifled by the platforms as they try to maintain their monopoly control.
48. To give an example, from late 2014 onward publishers introduced header bidding, which allowed them to set higher floor prices for Google’s ad demand than for non-Google demand when ad inventory was being auctioned. This negated Google’s last look advantage in ad auctions, helped to maintain a competitive marketplace, and improved publishers’ revenues.
49. However in June 2019 Google countered by imposing Unified Pricing Rules. Under this regime publishers can no longer set a higher reserved price for Google than for other ad demand, with the result that Google are winning a larger share of publisher inventory at lower prices, and consequently generating greater revenue.
50. It is to deal with problems such as this that we believe by far the most helpful public policy intervention is The CMA Market Study into online advertising, particularly if it leads to a Market Investigation, and the codes of conduct recommended by both the CMA and the Furman Review.

10) Are there any other ways in which public policy could better support journalists and news organisations, now and in the future? Are there examples from other countries from which the Government could learn?

51. The Cairncross Review demonstrated the Government recognises that freedom of expression and a thriving, pluralistic news industry are essential components of healthy democracy. The Furman review and the CMA Market Study are very welcome attempts to address the problems identified by Cairncross.
52. However the ICO's original draft of the Age Appropriate Design Code and the Online Harms White Paper appear to have been drawn up with barely any thought being given to the very serious damage they could do to freedom of expression. Following extensive dialogue the Age Appropriate Design Code has been amended, we hope successfully, and we are now entering discussions about exempting news publishers from online harms legislation.
53. As far as public policy is concerned we would simply ask that supporting freedom of expression, and with it a viable news publishing industry, is always given proper consideration when new measures are being considered.

April 2020