

Professional Publishers Association—written evidence (FOJ0046)

House of Lords Select Committee on Communications and Digital

Call for Evidence – The Future of Journalism

About Us

The Professional Publishers Association (PPA) is the membership network for UK consumer magazine media and business information publishers, representing around 200 of the UK's most renowned publishing houses. With more than 40 million adults in the UK reading magazine media every month, the sector is worth £4 billion to the UK economy, employing more than 100,000 people.

The PPA's membership incorporates the UK's largest publishing houses, including Bauer Media Group, Centaur, Condé Nast, Dennis Publishing, The Economist, Haymarket Media Group, Hearst UK, Immediate Media, TI Media, and William Reed Business Media as well as many smaller independent publishers. A full list of members can be found here: www.ppa.co.uk/Resources/Members

Executive Summary

PPA welcomes the opportunity to submit evidence to the Select Committee on Communications and Digital, following its decision to investigate the future of journalism in the UK. This is a timely and important piece of work, given the current circumstances and economic impact the coronavirus (COVID-19) pandemic is having on the publishing industry.

PPA members play a valuable role within society and the economy, not least in these times to keep the public informed, educated and importantly entertained; as well as providing essential business information in the B2B sector to keep the economic wheels greased and turning. It is therefore vital that the industry survives this crisis and emerges on the other side as strong, viable businesses.

The development of new technology has rapidly changed the production and consumption of journalism over the last decade, with many publishers diversifying their portfolios and investing in cross-platform methods of delivering quality content to readers. From digital-only publications and data intelligence services, to podcasts and live events, publishers have developed new ways of engaging with readers to reflect ongoing changes in technology and consumer behaviour.

Despite growing audience reach, publishers today are facing a variety of pressures, including the escalation of fake news, the erosion of reporting rights and the financial impact of monopolistic competition from global digital giants. The necessary measures to slow the spread of COVID-19 have further exacerbated these challenges to publishers' revenue streams, contributing to existential falls in advertising and circulation revenues, the cancellation or postponement of events and exhibitions, delays to product launches and the suspension of titles.

The current circumstances present a direct threat to journalistic output in the UK. A healthy, free press – where high-quality journalism holds powerful people and institutions to account – relies on publishers operating in a commercially viable environment.

We have responded to the Committee's specific questions below, and would be happy to provide further evidence on request.

Questions

Q1: How should journalism be defined and what is its value to society? What is the difference between 'citizen journalism' and other forms of journalism?

Journalism is the professional collection, reporting and analysis of news and information that is transparent, verifiable and truthful. It is presented in a way that speaks to the brands audience and seeks to inform, educate or entertain readers across different platforms including print, digital, mobile and social media. It should be interpreted in its broadest form to encompass the range of publishers and businesses committed to bringing trusted news content to a variety of audiences.

Through high-quality content, PPA member publishers facilitate connections between readers and a range of topics, special interests and hobbies. Magazine media is held in high regard by readers, with the 2019 Ofcom report 'News Consumption in the UK' finding that magazines are rated more favourably than any other news platform for quality, accuracy, trustworthiness and impartiality¹.

PPA believes there is a clear distinction to be made between journalism produced by professional organisations like our members and 'citizen journalism', as the latter is typically produced by people who have not received the same training as professional journalists, and are not held to the same standards. 'Citizen journalism' has a place in the wider media landscape, particularly personal accounts of war and political upheaval. Nevertheless, it is not a substitute for qualified journalists, reporting in trusted and regulated outlets.

Q2: How have digital technologies changed the consumption of journalism?

Digitisation has permanently reshaped the global news and entertainment industry. Publishers have seen a rise in audience reach as a result of the change in consumption of journalism in recent years, with many taking advantage of digital technologies to bring their content to audiences online, or via apps or social media. Latest cross-platform audience readership figures for leading published brands as measured by PAMCo show that 94% of British adults consume published media each month².

Magazine media brands are read by 81% of the UK adult population, 43.1 million people, with 39% reading in print, 22% on desktop, 12% on tablet and 60% on mobile. Mobile has delivered a transformative impact on digital audience reach as technology and connectivity has improved.

Global digital content platforms have become a significant player in the supply chain between publishers and readers. Publishers invest heavily in providing content for consumers and businesses. That content is delivered, and monetised, across a variety of platforms, and yet the value chain often fails to provide a return which adequately supports continued investment by publishers.

The dominance of these internet giants has fundamentally altered the advertising market, causing major disruption to the business models of many publishers. Furthermore, despite a reliance on publishers to generate the content that supports advertising sales on these platforms, little – if any – of that revenue is passed down the value chain to the publishers who have made that investment in original content creation and quality journalism.

¹ <https://www.ofcom.org.uk/about-ofcom/latest/features-and-news/half-of-people-get-news-from-social-media>, page 2.

² <https://pamco.co.uk/pamco-data/data-archive/> (PAMCo 1 2020).

This week, Australia announced a new code of conduct between tech platforms and media owners to force a fairer distribution of advertising revenues, which will force Facebook and Google to share advertising revenues with those publishers who invested in the creation of content³.

While publishers are encouraged to innovate digital products to meeting growing demand, they continue to be undermined by the asymmetric power relations with tech giants hosting their content. Consequently, PPA believes the CMA should conduct a full market investigation of large tech platforms.

Q3: How can public policy improve media literacy, particularly among those who have a low level of digital literacy?

The Cairncross Review recommended a national media literacy programme be developed between regulators and industry. We support this aim and stand ready as a sector to work with others to develop such a programme.

In their response to the review, the Government accepted this recommendation, stating “the Online Harms White Paper published in 2019 set out the government’s intention to develop a new online media literacy strategy. We plan to publish the strategy by the summer of 2020.”⁴

Q4: How have digital technologies changed the production of journalism? Do journalists have access to the training necessary to adapt to the digital world?

Digital technologies have changed the production of journalism, enabling journalists to write news stories from anywhere around the world. This has enabled newsrooms to operate virtually, pooling staff from different countries to report on news. Digital publishing has also reduced the timescales for journalists and magazine production staff, enabling press publishers to deliver news within minutes, through a range of digital formats.

Q5: What qualifications do professional journalists need? How could public policy better support non-degree routes into journalism?

There are a wide range of routes into journalism. However, the industry acknowledges the need to do more to promote journalism as a career and encourage diversity across the workforce. One example of these efforts is Go Think Big, a project supported by PPA and many publishers, aimed at providing work experience, training and entry level jobs to people from all backgrounds⁵.

One area the government could improve is the apprenticeship route. The current Apprenticeship Levy is not fit for purpose and does not deliver the right support to help employers offer publishing or journalism apprenticeships.

³ <https://www.reuters.com/article/us-australia-media-regulator/australia-to-force-google-facebook-to-pay-domestic-media-to-use-content-idUSKBN222066>

⁴ <https://www.gov.uk/government/publications/the-cairncross-review-a-sustainable-future-for-journalism/government-response-to-the-cairncross-review-a-sustainable-future-for-journalism>

⁵ <https://gothinkbig.co.uk/about-us>

Q7: Why is the journalism profession not more representative of the population? How could this be addressed?

See above.

Q9: 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?

In order to build sustainable business models, publishers need to be able to effectively monetise content. In the digital world, this model is challenged, with a consumer expectation of free content, compounded by lower advertising yields. We are beginning to see a change in consumer attitudes to paid-for content, with reports of spikes in subscriptions sales during the coronavirus crisis one example⁶. However, it is yet unclear whether this is part of a sustainable, long-term trend.

One area publishers are innovating in paid digital content is through 'spotify' models of 'all-you-can-read' subscription services like PressReader, AppleNews+ and Readly. The recently Zuora Subscription Economy Index found Digital News and Media subscriptions growing 3x YoY as a result of COVID-19⁷. While these models offer welcome new revenue streams, the apparent growth in subscriptions revenue is response to the current crisis has been eclipsed by the decline in advertising and newsstand revenues. The zero-rating of VAT on digital publications is a welcome announcement from the March Budget. This will spur innovation in digital paid content strategies, including micro-payments. Bringing forward this measure from the proposed December 1 implementation date would offer immediate assistance to the industry grappling with the impact of COVID-19.

Q10: 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?

The UK government supported the Copyright Directive in Brussels as a package of measures to modernise copyright for the digital age, including the introduction of a neighbouring Press Publishers' Right (Article 15), giving press publishers the right to request fair remuneration from online platforms that link to their news sites, when those links include a few words of the story or its headline.

The transposition of Article 15 into national law would help rebalance the economic relationship between publishers and digital platforms in the UK, as it has done in France. Earlier this month, the French Competition Authority issued the first provisional decision in favour of press publishers and ordered Google to respect the press publishers' right. The decision recognises that Google may have abused its dominant position by imposing unfair conditions resulting in serious and immediate damages for the press sector.

France has taken the lead in applying the press publishers' right, recognising that Google has circumvented the law and has issued emergency injunctions ordering Google to negotiate with publishers within a three-month period. The negotiation shall result in a remuneration package based on press publishers' rights. We hope the government will

⁶ <https://www.acecirculation.com/subscriptions-show-a-90-to-a-230-jump-in-yoy-volume-across-march/>

⁷ <https://www.zuora.com/guides/subscription-impact-report-covid-19-edition/>

reconsider its decision not to transpose the EU Copyright Directive on account of its potential to help press publishers in the UK.
As mentioned above, similar measures have been announced in Australia this month.

Conclusion

Published media in the UK is facing an existential crisis, with the economic challenges to the industry having long-lasting effects on the ability of publishing businesses to remain economically viable. More needs to be done to enhance the long-term sustainability of the UK press industry, failure to do so will lead to more closures and further reductions to the industry's ability to perform its vital role in society.

Thank you for the opportunity to reply to this call for evidence. We are happy to answer any follow up consultation or supply further evidence or case studies as required.

21 April 2020