

News UK—written evidence (FOJ0083)

Response to the Lords Communications and Digital Committee inquiry - The Future of Journalism

News Corp UK & Ireland Limited (**'News UK'**) is the parent company of Times Newspapers Limited (publisher of *The Times* and *The Sunday Times*), News Group Newspapers Limited (publisher of *The Sun* and *The Sun on Sunday*), the publisher of *The Times Literary Supplement* as well as the parent company of Wireless Group (Virgin Radio, talkRADIO, talkSPORT; with Times Radio set to launch this year¹). High quality journalism, which serves the public interest, is integral to our business. As such, News UK welcomes the opportunity to provide evidence to the Lords Communications and Digital inquiry into the Future of Journalism.

While we appreciate the focus of this particular inquiry is to ascertain how digital is changing the nature of consumption of journalism and impact on the profession itself - for which we provide evidence below - we believe members of the committee should be aware of the link between the questions it is asking and the commercial realities that news businesses are facing. The matter of monetisation is so closely aligned to issues of distribution and consumption, and ultimately the sustainability of the profession. We therefore provide this additional evidence for consideration.

How UK citizens access and engage with journalism online has shifted dramatically in the last couple of decades with the rise in online services such as search and social media, through modern distribution channels, such as the smartphone and latterly the smart speaker. News content is presented disaggregated from content, in newsfeeds or search results. In years to come the rise in voice search will further disrupt the industry. In the race to report, the publisher who 'broke' a story, can end up losing out on an audience as search engines give prominence to more recent versions or rewrites of a story, over provenance of a story. In high profile cases, where publishers link back to the original content this can mitigate this effect to a degree, but these are exceptions rather than a rule. As publishers invest significant resources in investigating stories, sometimes over many years, this clearly presents a challenge for the industry.

Snippets of headlines and content of articles can be browsed within platforms, providing the opportunity to glean insight, without the consumer having to enter a news publisher's website. Indeed, Ofcom's most recent report on news consumption amongst UK adults, showed that in 2019, 49% of UK adults accessed news through social media². Social platforms are not investing in journalism themselves, but merely act as a conduit to professional journalism being distributed (as well as the ever evolving challenge of non-credible sources distributing 'fake news'). This content in turn gives the platforms valuable insight into the interests and preferences of their users to develop profiles in order to serve targeted advertising and services. Aside from value creation, in acting as an intermediary, these platforms have significant power, curating the news and informing the public's understanding of the world around them without any oversight.

Gladly, progress is being made with a small number of platforms, which have begun to acknowledge the inherent value of news to their service. As such publishers are working collaboratively with some platforms on a bilateral basis over the presentation of their content (such as the presence of branding, what content can be shown on a service and the prominence of content) and even in some cases platforms are paying to carry the content that provides such value to them. However some major platforms have refused to enter into such discussions. Their position in the market, as major consumer facing

¹ <https://www.news.co.uk/2020/01/news-uk-confirms-launch-of-times-radio/>

² <https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/news-media/news-consumption>

brands, which own a wide range of services, alongside consumer expectations about the accessibility of news content make it near impossible for publishers to simply remove their services without considerable impact to their business model.

To redress the imbalance, international efforts are being undertaken with significant momentum. On 20 April 2020 the Australian government directed its competition authority, the ACCC, to mandate codes of conduct between platforms and publishers to aid commercial discussions³. This decision by the Australian government was as a result of concerns that voluntary code discussions were not moving fast enough, particularly in light of the Covid-19 pandemic, which has impacted the media. In Europe, the French competition authority has ordered Google to pay publishers⁴, following Google's response to the French transposition of the Copyright Directive and the newly conferred rights afforded to publishers to seek payment for content. Google wrote to all french publishers in Autumn 2019 to request that they waive their right, as they would not pay. Those that did not accept the waiver, were threatened with the presentation of their content in search results being impacted. Fearing the impact to their businesses, as they were unable to collectively bargain, all publishers capitulated to Google's demand. In the US, 50 state Attorneys General are undertaking a major investigation into Google's advertising activities. The US Department of Justice is also looking at a wide ranging antitrust investigation into Big Tech.⁵

As the Committee will know, the UK authorities have similarly sought to understand and address the systemic issues facing the sustainability of the business models which support journalism in the UK. Some of these, as acknowledged by the committee, are ongoing, including the CMA market study and DCMS Review into Online Advertising. While understandably there is a significant focus by policy makers on the short term and medium term impacts of the current pandemic on media and the wider creative industries, we urge UK policy makers not to lose sight of these wider, systemic issues at this moment.

Responses to specific inquiry questions:

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?

Journalism is often cited as the 'first draft of history'. It seeks to report what, when and why something happened. This is vital for the wider public to understand the society they live in and the behaviour of fellow citizens, as well as the wider world around them.

Journalism is integral to the functioning of a liberal democracy. The democratic process in the UK allows people to stand for election to become leaders, and it is important that journalism is independent from the political process so that people can form their own opinions of who is worthy of their vote. Journalism shines a light on wrong doing and acts as an essential check on the behaviour of individuals in positions in power. As such journalism holds the powerful to account. Journalism also provides a route for whistle-blowers to report on wrongful behaviour which might otherwise be hidden from the authorities or from public view. Exposing corruption is a deterrent to fraud and plays a part in creating a free and fair society. Journalism equips citizens with knowledge, to be

³ Australian Government press release on Mandatory Codes of Conduct, available here: <https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/accc-mandatory-code-conduct-govern-commercial>

⁴ Article on the publishers right and the French authority decision on Google available here: <https://www.autoritedelaconcurrence.fr/fr/communiqués-de-presse/droits-voisins-lautorite-fait-droit-aux-demandes-de-mesures-conservatoires>

⁵ Article regarding the US DoJ anti-Trust review of Big Tech, available here: <https://www.washingtonpost.com/technology/2019/07/23/justice-department-announces-antitrust-review-big-tech-threatening-facebook-google-with-more-scrutiny/>

able to decide for themselves whether something is worthy of their business or their support.

Professional journalism has an obligation to verify its sources, to seek balance, to approach the subject and to include context. It must also be an accurate reflection of the truth. News publishers in the UK have a legal accountability for the words that they publish and libel is a powerful deterrent. Certain newspapers including News UK titles also choose to be regulated by IPSO which can force corrections to be published and can fine members up to £1m. Professional journalists also have access to in-house legal teams who may require affidavits or further sources to be included in a report in order for it to fully reflect the facts accurately. Journalists have exemptions within the law that allow them to protect their sources, therefore enabling people afraid of retaliation to be protected and increasing its ability to investigate stories which others may wish were not told.

Further, the brand recognition afforded to professional titles means that the journalism is held to a higher level of scrutiny and the public will have set expectations of the standards it will meet. If sections of the public disagree with the presentation of information or opinions put forward within a title, this can attract significant comment, particularly on social media.

Citizen journalism has its place, but it is often the view of one person who may have their own standards of accuracy or motives to portray a certain narrative or position, which may not be clear to the reader. As a result it does not garner the same level of scrutiny or appreciation as professional journalism.

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

Until the early 2000's, newspapers were printed and published each morning and each carried exclusive news and reporting of the previous day's events. Apart from broadcast news bulletins through the day, the newspapers could hold onto their exclusive news reporting until the following morning. To read it, you had to buy a paper. High circulations meant that newspapers were one of the key routes for brands to communicate to their potential customers through advertising. Indeed according to the AA/WARC annual study of the UK's advertising market, 28% of UK ad spend went directly to regional and national newspapers in 2000, versus 1% to internet advertising.

With the advent of 24 hour news channels, and subsequently the dial-up internet, the pace to accessing and receiving information became faster. However news websites tended to remain static during the day and were free to the user. As broadband speeds increased, allowing for higher capacity services, more people turned to reading the news on the internet and became accustomed to it being freely available. Since the mobile web became ubiquitous, with the advent of the smartphone, almost the whole population has access to live news and social media in their pocket at any moment of the day. The news agenda is 24/7 and moves at a very fast pace, sometimes with public bodies and individuals communicating directly with the public eg. via twitter.

News is now more widely read and more frequently read than ever before. Consumers can read news from multiple publications at the click of a button, most frequently at no cost. Only publications with a loyal audience and a unique offering are able to charge a subscription. Otherwise the model is reliant on programmatic advertising, which has had a much lower yield than print advertising, and values eyeballs over context and value of content.

For publishers who invest in original reporting, either investigations or exclusive reports, this exclusivity used to last 24 hours in print and it used to drive sales. Exclusivity in the digital world now lasts less than a matter of minutes before the report is duplicated

elsewhere. Monetisation is difficult in the digital world, especially when the creation of quality content remains costly.

Consumers tend to snack on media - they might visit different websites during the course of the day, often following recommendations from their friends, or promoted stories on social media. Research shows that this intermediation creates a 'brand blindness' so consumers don't necessarily know the source of the information and do not build a relationship with the publication. They may also find themselves in 'filter bubbles' or 'echo chambers' where they are reading articles that support a particular view without ever being challenged to read different opinions, or to discover new interests through the serendipity of reading an article about a subject they didn't know they would find fascinating.

At News UK, we operate two digital newspaper models. For The Times and The Sunday Times, digitally the product is subscription only. Registered users can access two articles a week for free, but to read all of the content, a subscription is necessary. This requires marketing and customer service resource, but it allows us to monetise the digital content and to continue to invest in quality journalism. At March 30, 2020, we currently have 350k digital-only subscribers, and many more who subscribe to the print edition but who also access the Times digitally.

The Sun is a mass-market product with an audience of more than 30 million digitally. Between 2013-15 we introduced a paywall for TheSun.co.uk. More than a million subscribed at some point, but the maximum in any month was 220,000. The business had unsustainably-high levels of churn which, even at a price of £2 per week, meant it was not a viable model. The challenge of mass subscription models will remain when so much news provision on the internet, particularly from the BBC, remains free. Sustainable news provision for the demographic The Sun serves remains an evolving challenge.

A decision was taken to remove the paywall in 2015 and the site now has c.36m unique users a month. The site publishes around 600 stories a day, and the challenge now is to successfully monetise the content through advertising and through other brand propositions such as Sun Bingo.

Despite the circulation of the print edition of The Sun being 1.2m per day, compared with 3m per day in 2010, the combination of coverprice and print advertising still constitutes the majority of our revenue. Revenues from digital advertising alone would not currently cover the costs of the newsroom, let alone the wider infrastructure of the business.

The wider challenge of monetising the digital distribution of content is also dealt with in the introduction to this document.

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

It is important that the wider public is informed enough to question the source of their information and, on that basis, make a decision about whether to trust it or to seek an alternative source. In the digital world, with a plethora of sources available, this becomes even more acute. In addition, media literacy is integral to promoting awareness and appreciation of the value of quality journalism, which in turn increases engagement. As such we believe that enhanced media literacy (or news literacy) should be a significant focus of the government's attention.

For many years media literacy has been left to civil society and industry to seek to resolve. However different approaches have worked in isolation and as such gaps in

provision have been created. We draw the Committee's attention to the recently published Council of Europe Study, *Supporting Quality Journalism through Media and Information Literacy*⁶ which identifies the scale of the issue in provision of media literacy across a range of potentially vulnerable groups. We support the need for a variety of actors in this space - as we believe that this is the optimum way of reaching different audiences - however, collaboration and coordination is necessary. In the last year, following recommendations by Dame Frances Cairncross, and in the government's consideration of how it should tackle online harms, the DCMS and Ofcom have begun to take stock of existing initiatives and developing fora for industry, civil society and academics to come together to share learnings and best practices. Ofcom, which has a duty to promote Media Literacy, has begun to take a more active role, which is to be welcomed, but this must continue.

News UK's own contribution to improving media literacy has focused on developing freely available resources for use by schools and parents to help children navigate content online. The Times and Sunday Times News Literacy programme⁷, which is currently comprised of a set of six lesson plans, helps students to understand the journalistic process and the kinds of questions and checks that will have been made in order for the story to be published. It also seeks to educate students about how to identify opinion pieces vs news stories, a typical misunderstanding.

All efforts by public policy to help the wider public inform themselves about what questions to ask to determine whether they should trust information, will help develop a more savvy and informed public. This is particularly important with the prevalence of misinformation and disinformation online. The public must be equipped to be even more circumspect, to question the source of information, to seek motive, and to judge whether it can be trusted. The account of a bystander, a public body or individual or a company, may not tell the whole story. It may also purposefully mislead. We have seen examples where tweets by celebrities have misled, or nefarious information is shared via messaging apps or social media. On occasions, this is not simply an opinion but is in fact damaging advice or misinformation. Irony is ironically misinterpreted frequently as being the truth.

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

This transformation is still underway, but for the main part, all of our journalists are now required to have the skills to produce a story digitally and often may video an interview or produce a podcast. They will also tweet or promote their stories using social media in the appropriate way.

Our newsdesks are working towards digital-first, where each story is maximised for its digital reach and calibrated for Search Engine Optimisation (SEO). Our editors are therefore having to ride two horses - serving the interests of our audiences as well as of algorithms. Of course, we must put our audience first, but there is a very present risk for publishers.

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

⁶ Chapman, M; Oermann, M: *Supporting Quality Journalism through Media and Information Literacy* (2020) available at: <https://www.coe.int/en/web/freedom-expression/-/supporting-quality-journalism-through-media-and-information-literacy>

⁷ <https://academy.news.co.uk/the-times-and-the-sunday-times-media-literacy-programme/>

A degree is not necessary to become a journalist, although some publications have preferences for graduates. An NCTJ qualification teaches the basics of journalism but the bulk is learned from experience.

In November 2019, The Sun launched⁸ a trainee scheme aimed at recruiting people from across society and with a passion for journalism - not just those with a degree. The rolling programme has 15 trainees from a range of diverse backgrounds.⁹

When there was a healthy local press in this country, it acted as a route for trainee journalists to gain experience before moving to a national newspaper. Because of the strained finances of the regional press, this route is no longer viable for many aspiring journalists, and so the national press is making a greater effort to provide training and to recruit from diverse regions and backgrounds in order that the national media fully reflects the broader population.

Unfortunately our preferred provider of the NCTJ course is not able to accept the Apprenticeship Levy to pay for our students. Some flexibility in how the Apprenticeship Levy can be used would be welcome as currently much of ours remained unused and is therefore a six figure tax on the business.

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

We are making efforts to recruit journalists from diverse regions and backgrounds. It remains difficult to recruit staff from BAME backgrounds and there are many reasons that can be attributed to that.

News UK is playing an active role in seeking to address talent pipelines. For example, we run The News Academy¹⁰, which promotes journalism as a career and provides mentoring opportunities to young people from a range of diverse backgrounds. Wireless has held talent spotting and work experience days with organisations such as Football Beyond Borders and BCOMS (Black Collective of Media in Sport) and Milk & Honey (part of youth charity Juvenis) to help give an insight into the industry to young people who otherwise might not consider a career in journalism as being a possibility.

In addition to attracting talent, News UK is committed to identifying, supporting and promoting talent from within the organisation. This is part of the focus of News UK's Diversity Board. In addition, News UK facilitates a number of networking groups for staff, which also provide mentoring opportunities. These include:

- The Cultural Diversity Network
- The News UK LGBT+ Network
- News UK Women in Leadership Network

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?

Surveys show there is a lack of trust in many public institutions, as well as the press. There is some healthy scepticism, and some has grown since politics became more divided and since citizens have engaged in echo chambers on social media. News brands must listen to the public, to understand the views and opinions of readers.

⁸ <https://www.news.co.uk/2019/11/get-the-best-job-under-the-sun-join-the-suns-trainee-scheme/>

⁹ <https://academy.news.co.uk/news/meet-the-suns-new-trainees/>

¹⁰ <https://academy.news.co.uk>

There is a strong social purpose in our journalism. Our papers raise awareness, change attitudes and they campaign successfully for change, which requires the buy in and trust of our readers. For example the Times Clean Air Campaign led to the Conservative Government committing to update the 1956 Clean Air Act, to put in place a framework of far-reaching, legally binding targets to reduce plastics, restore biodiversity, improve the quality of our water. The Sun's ran a campaign to cut extortionate interest rates and fees charged by rent-to-own firms and doorstep lenders, "Stop the Credit Rip-Off". Just nine months later, in December 2018, the Financial Conduct Authority announced it would force lenders to cap credit charges, saving hard-pressed families £23 million a year. We have to stay close to our readers and listeners to be able to reflect back their concerns and their interests. Sometimes we lead but often we are led. Our journalists access research and polling to understand attitudes, as well as engaging with members of the public on issues.

Importantly however, when there are big news stories, for example around coronavirus or a terror threat, we see the people turn to our brands en masse for trusted information. At the moment of writing this response, the UK is in lockdown to seek to address the Covid-19 pandemic, an unprecedented event the like of which has not been experienced in living memory in the UK. Reports have circulated at the UK government's surprise at the levels of the public's compliance with lockdown measures. News media has played a significant role in preparing the public for this event. For example, The Times first reported on the outbreak of the pandemic on the week of the 6 January 2020.¹¹ Since then, over 3,500 articles have been published related to Coronavirus on The Times website since January 2020. On thesun.co.uk Covid related news makes up 75% of content. Engagement with this content is high, with The Times seeing an average DTI score of 108.6. DTI is a measure of how long the reader stayed on the page considering it's word count, edition placement and a few other factors. A score of 100 signals very strong engagement. 93.8 per cent of Times subscribers who have accessed any of our digital products since the start of March have read a Coronavirus story. UK newspapers have played a significant role in helping their readers to interpret government advice, answering questions for people who are in situations they identify with, jargon-busting, providing reassurance and a community spirit.

As a result, some advertisers, including the UK government are turning to trusted news brands to communicate their messages. On 17 April, the UK government, in partnership with news publishers, launched it's 'All in, all together campaign'. The campaign saw the highest levels of engagement and recall of any government campaign amongst UK citizens. Brands, including the government as an advertiser, are also turning to our radio brands, which are able to speak to audiences which can be more difficult to reach.

Our challenge every day is to earn that trust and to build on it. Our reputation and future success depends on it.

7. 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?

News UK houses a diverse range of media, which serve different audiences. While this is important for plurality, and providing consumers with choice in the market, we are also able to share back office resources which make running the titles more efficient.

Despite the challenges the industry is facing, News UK is committed to investing in journalism. And indeed while all publishers have had to make significant efficiencies,

¹¹ Articles: [Wuhan admitting of a mystery "pneumonia" virus outbreak](#) and [New form of SARS identified in China](#)

those publishers which have driven efficiencies that have affected the quality of their news product have suffered the most - as consumers have little tolerance for poor reporting and will vote with their feet. However in addition to retaining a high quality product, to be able to compete online publishers need to operate at scale. In practice this means having a broad portfolio, as well as collaborating with industry partners as appropriate.

In 2016 Wireless Group was acquired by News UK, offering the organisation the opportunity to share and develop ideas and skills across audio and publishing¹². The soon to be launched, Times Radio station will be a new national digital news radio station, bringing together the peerless journalistic expertise of The Times and The Sunday Times with the world-class speech radio and podcasting experience of Wireless. In addition to developing this new station our titles have worked closely with Wireless to produce podcasts, such as *Stories of our Times*, our flagship news podcast which launched this year. The Sunday Times used an episode last week to address the government's criticism of the Sunday Times exclusive investigation into its response to Coronavirus. The Red Box podcast, which is hosted by The Times journalist Matt Chorley, recently won news podcast of the year.

8. 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?

As we outlined earlier in this response, the sustainability of UK journalism, as well as the way that the public interact with journalism, is dependent on policy makers taking active steps to understand and address the issues caused as a result of the behaviour of digital platforms. This would include:

- Greater transparency of the advertising supply chain will help drive efficiencies and provide the industry with clarity over poor practices to root out bad actors. The recommendations of the CMA market investigation must be implemented as soon as the government is able.
- Platforms paying for the journalistic content which they service value from, should be prioritised. The UK should play an active role in the international debate on how this should be realised and learn the lessons from other territories, such as France, Australia and the United States of America.
- Platforms being subject to liability laws, to begin to take responsibility for the content they host.
- Support for media to operate at scale and to collaborate more, in order to compete more effectively online.

It is imperative that in the medium term, steps are taken to ensure the viability of print supply chains, which are coming under increased pressure. While this committee is concerned with digitisation and journalism, we must not forget that print still has an important role, particularly for older generations and for those who do not partake in digital services. These people must not be cut off.

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¹² <https://www.news.co.uk/2016/09/news-uk-announces-the-completion-of-wireless-group-acquisition/>