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House of Lords Select Committee on Communications and Digital: inquiry into the future of journalism

Executive Summary

1. Digital technologies have structurally changed the industry, output and consumption of journalism.
2. The creative destruction of journalism resulted in significant job losses.
3. The emergence of digital journalism has delivered higher levels of workforce productivity.
4. Gross Value Added per Employee in publishing has exceeded peer creative industries.

How have digital technologies changed the consumption of journalism?

1. Overview

1.1 The competitive dynamics of many industries have changed considerably over the past decade and perhaps none more so than in journalism. There is no doubt that the journalism profession continues to undergo structural changes that compel businesses to adapt and transform themselves to the demands and disruption caused by innovative new media technologies.

1.2 The DCMS Standard Industrial Classification for Publishing (SIC07)¹ incorporates a number of sub-sectors (58.11 Book publishing, 58.13 Publishing of newspapers, 58.14 Publishing of journals and periodicals, 58.19 Other publishing activities) that when combined provide a good indication of the core of journalistic activity and output. As such, the UK Publishing Industry will be used as a proxy for journalism in this call for evidence.

2. Creative Destruction in Journalism

2.1 The emergence of widespread digitalisation in 1997 and new media technologies, circa 2003, are significant forces that have acted as catalysts for both market disruption and technological innovation².

2.2 The impact of digital technologies on the consumption of journalism is most clearly demonstrated in the strategic adaptation of the industry as demonstrated by two metrics in particular, the size of the workforce and the output measure, Gross Value Added (GVA).

2.3 The strategic adaptation of the journalism profession is most visibly demonstrated in the structural changes of the workforce³ as a result of extraordinary changes in the macro-environment. These include: the collapse of the dot.com economy in 2000 which resulted in 33,100 job losses; the disruption caused by new media technologies in 2004

¹ [Department for Digital, Culture, Media and Sport Economic estimates of DCMS Sectors \(2016\)](#)

² [Oliver, J. J. \(2018\). Strategic transformations in the media. *Journal of Media Business Studies*, 15\(4\), 278-299.](#)

³ [Oliver, J.J. \(2016\). Benchmarking workforce productivity in the creative industries, *Strategic HR Review*, Vol. 15, No. 1, pp. 36-38.](#)

which resulted in -30,900 job losses; and the initial effects of the Global Financial Crisis which resulted in 33,100 job losses in 2008. Whilst there have been job gains following these events, the net number of job losses between 1997-2014 equates to 83,500.⁴

3. Innovation in digital journalism delivers higher workforce productivity

3.1 Innovative digital technologies have acted as the catalyst for the migration of journalistic consumption from print to online platforms. This strategic adaptation of journalism output has resulted in an 85% increase in the industry GVA, moving it from £6,341m (1997) to £11,751m (2017)⁵.

3.2 Whilst the human cost of the previously mentioned job losses is incalculable, from an economic point of view, the long-term reduction in the workforce has delivered vastly improved results in terms of employee productivity.

3.3 The Publishing Industry has by far outperformed other Creative Industries by increasing the Gross Value Added (GVA) per Employee from £20,554 to £45,244 (+120%) between 1997-2014⁶. The next best performance is seen in the Architecture Industry which has increased GVA per Employee from £14,530 to £30,252 (108%) and IT, Software and Computer Services where GVA per Employee increased from £25,952 to £41,995 (62%). The worst performing industry was Film, TV, Video and Radio where GVA increased by 56%, from £5,985m to £10,807m and the number of employees increased 63%, from 161,800 to 264,000. The result was a modest increase in GVA per Employee of 11% from £36,990 to £40,936.

3.4 These figures indicate the GVA per Employee performance in publishing has exceeded peer creative industries.

3.5 With the exception of publishing, the number of employees in each creative industry increased. In effect, the increasing Publishing Industry GVA and decreasing number of employees has produced an adaptation in the industry and the workforce that has resulted in higher levels of productivity.

Biography

Dr Oliver is a highly experienced academic who has published extensively in international media and business journals. His research has made a demonstrable impact on UK communications policy and regulatory decisions and influenced the public policy debate on internet regulation. He is a Visiting Fellow at the Reuter's Institute for the Study of Journalism (University of Oxford).

Dr Oliver is available to provide further detail and give oral evidence as needed.

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⁴ [Oliver, J.J. \(2017\). Exploring industry level capabilities in the UK creative industries. *Creative Industries Journal*, 10:1, 75-88.](#)

⁵ [DCMS Sectors Economic Estimates 2018.](#)

⁶ [Oliver, J.J. \(2017\). Exploring industry level capabilities in the UK creative industries. *Creative Industries Journal*, 10:1, 75-88.](#)