

**Peter Wright, Editor Emeritus, DMG Media—supplementary written evidence (FOJ0103)**

**House of Lords Communications and Digital Select Committee inquiry into the future of journalism: supplementary evidence from DMG Media**

1. I am very grateful to the committee for having had the opportunity to give evidence last month. The questions asked by the committee showed a keen understanding of the problems facing journalism and the news publishing industry, and I hope I was able to supply some useful information.
2. The committee meeting took place before the publication of the Competition and Markets Authority (CMA)'s Online Platforms Market Study Final Report. We think it might be useful to update the committee on a number of developments since then.
3. Like the CMA's Interim Report, the Final Report is an excellent piece of work, with meticulous research identifying most of the problems arising from the market dominance of Google and Facebook in digital advertising, search and social media.
4. We were disappointed the CMA decided against a full Market Investigation, at least for the present. However, our greater concern is over the apparent lack of any urgency regarding the setting up of a Digital Markets Unit (DMU) the drafting of its code of conduct.
5. We had hoped publication of the Final Report would lead directly to the creation of a Digital Markets Unit (DMU) – originally a Furman proposal – to deal with online market dominance and its effects.
6. We understood legislation would be needed to give the DMU the statutory powers it needs, but we hoped the Final Report would propose the framework of the DMU and draft codes of conduct. After all, codes of conduct had already been recommended by both the Cairncross and Furman Reviews, and the CMA had spent a year identifying the harms which need to be addressed.
7. We were disappointed therefore that instead of draft codes the only outcome of the Final Report is the setting up of yet another review body, the Digital Markets Taskforce, which is running yet another consultation, not due to report until the end of this year.
8. Briefings from the CMA in the immediate aftermath of publication of their Final Report indicated that the Digital Market Taskforce would set out the scope of the DMU and the principles to be addressed in its code of conduct, with a view to legislation by the end of 2021 and the DMU functioning in early 2022.
9. However subsequent briefings by the Department for Business (BEIS), which appears now to be the government department leading on this issue, suggest that is too optimistic. BEIS officials have told us that the main purpose of the Digital Markets Taskforce is not establish the framework for the DMU to tackle market dominance in online advertising, but to establish whether the same principles could be applied to other unrelated digital markets – in particular retailing and app stores. Not only are these markets equally complex, they involve different platforms – Amazon in the case of retailing, and Apple in addition to Google in the case of app stores.

10. If the government has equal concerns about retailing and app stores we struggle to understand why work in these areas was not begun following publication of the Furman Report, and why the CMA limited its market study to online advertising.
11. News publishers were even more concerned when we were told by BEIS that the Digital Markets Taskforce would be followed by *another* consultation, starting in 2021, and legislation would not be prepared until after publication of its findings. BEIS appear to believe there will be no legislation until 2022 and the DMU will not be functioning until 2023.
12. The fact that the news publishing industry, and therefore journalism, faces an existential crisis due to the anti-competitive behaviour of online platforms was already obvious when the government commissioned the Cairncross Review in March 2018. If the BEIS prognosis is correct it will be a full five years, and five consultations, before anything is in place to tackle it.
13. In the meantime journalism is under ever more dire threat. Even in the short space of time since the CMA reported (July 1) Reach Plc – the UK’s largest publisher by number of titles - has announced 550 redundancies<sup>1</sup>, and the Guardian 180<sup>2</sup>. Even the BBC is not immune, as digital streaming revolutionises viewing habits and eats into its audiences: it announced 450 news redundancies the day after the CMA reported<sup>3</sup>. It will be a miracle if other groups do not have to make journalists redundant.
14. Delay causes a further problem. The online universe is not static: it is evolving all the time. When the CMA began their Market Study Google had only just announced Unified Pricing as an answer to previous accusations of rigging markets in their favour. It is now widely believed by publishers actually to be yet another ploy to increase Google’s market dominance. The anti-competitive practices identified with such care by the CMA will almost certainly all be out of date and replaced by others if there is no DMU before 2023. A whole year of work will have been wasted. Mark Zuckerberg famously said Facebook’s motto is ‘move fast and break things’. The government’s appears to be ‘move slowly and allow the platforms to break everything’.
15. We have no doubt there may be anti-competitive practices in the retailing and app store digital markets. But would it not be better to capitalise on the excellent work done by the CMA, set up a DMU to address digital advertising and search as soon as possible, and then see whether the similar codes of conduct could be applied to other markets? If the government is so cautious it is not prepared to intervene in any digital markets until it has a guaranteed solution to all of them, it will never do anything and large swathes of British industry will disappear, starting with news publishing.
16. I also thought it might be helpful to the committee to make a couple of observations on Google’s supplementary evidence. I do not intend to address it point by point, beyond saying our view on issues such as Unified pricing remains unchanged.
17. I would however challenge whether its algorithms really work in the way described. Its evidence lists a range of factors **included** (my emphasis) in the way its algorithms rank stories: relevance, prominence, authoritativeness, freshness, location, usability. It is curious then, that when we gave oral evidence on search to

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<sup>1</sup> <https://www.bbc.co.uk/news/business-53317822#:~:text=The%20owner%20of%20the%20Daily,owns%20the%20Daily%20Star%2C%20OK!>

<sup>2</sup> <https://www.theguardian.com/media/2020/jul/15/guardian-announces-plans-to-cut-180-jobs>

<sup>3</sup> <https://www.bbc.co.uk/news/entertainment-arts-53263793>

the CMA last November we were able to demonstrate that MailOnline's three-month rolling average share of visibility<sup>4</sup> in Google search for the term 'Brexit', at the very height of the Brexit debate, was 1.29pc. The Guardian's was 20.83pc - 16 times as high - and the BBC's 11.49pc.

18. Search visibility is not determined by the user – it reveals the choices made by Google when a user searches for information on a certain subject. It is true the pro-Brexit Express scored 8.18pc but, given the Mail's position on Brexit, the size of its audience, and the large amount of space it gave to coverage of the debate, it is very hard to see how those percentages could have been arrived at by relevance, prominence and authoritativeness *et al* alone. Other factors must have been at play.
19. It is clear from Google's supplementary evidence the list of factors provided is not exhaustive. Clearly there are other factors and we can only guess what they are. That is one of the reasons we need a DMU to enforce transparency and prevent platforms arbitrarily picking winners and losers – with potentially profound effects for democratic debate - through black box mechanisms no one can challenge.
20. I was also interested to read Google's response to my evidence that small publishers sometimes find it impossible to contact anyone in its organisation. In fact the publisher to which I was referring was not in its list of those it has spoken to. However I have since learned that the smallest publisher Google do name, Baylis Media, has indeed had similar difficulties. Its CEO was only able to make contact with Google after being supplied with a contact by a colleague at the Guardian.
21. He then had a number of discussions with a Google representative, who he found helpful and arranged for him to meet a group of small publishers. Google's representative listened to their concerns but, despite several follow-up calls, there was no further response from Google.
22. Since then Baylis Media, along with a number of larger regional publishers, have had useful discussions with Google about a specific project. These discussions have now been extended to include addressing the concerns raised by the group of small publishers. This could be very helpful to regional publishers and discussions are ongoing. However, although this is welcome, it does not detract from the fact that it is difficult for a small publisher with an individual problem over digital advertising or search to make direct contact with Google.
23. I hope this further information is useful to the committee and would be very happy to provide more if required.

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<sup>4</sup> Search visibility refers to the share (expressed as a percentage) of results returned against a search term, or basket of search terms, and is used as a measure of the preference given to websites by Google