

The Cairncross Review Evidence submitted by the School of Journalism

Questions under consideration:

- 1) The review's objective is to establish how far and by what means we can secure a sustainable future for high-quality journalism, particularly for news. Looking ahead to 2028, how will we know if we have been successful, in relation to:**
 - a) publishers**
 - b) consumers**

Even in a digital age where the majority have access to social media, journalism is the means by which most citizens learn about the changes that are happening in their world and discover the information needed to challenge change that affects them. This is why a sustainable future for news publishers should be judged not merely on the basis of profitability but also on the basis of output. A successful news publisher should be judged on the ability to provide original news reporting, relevant to its particular audience, that is ethical, responsible, properly sourced and fact-checked and subjects those with power (political, cultural or commercial) to some level of scrutiny. While it may be possible to make a profit simply by offering a listings service and re-publishing press releases, or sponsored content, this cannot be regarded as successful journalism if it fails to hold to account those in power and provide a voice to those who are affected by social, cultural and commercial change.

News in the United Kingdom cannot always be said to fulfil this requirement and any measure of the future health of high-quality journalism must include measures to ensure that local news reporting really is local and that key events and policy changes are reported fairly and thoroughly. Local news is the soil in which the national news organisations should be rooted. When the necessary nutrients are not provided the national suppliers are also affected. They fail to see changes taking place in the regions and localities and turn in to reflect only the metropolitan elite. A healthy news eco-system should be the aim of the review and the means by which its success is judged.

We would argue that it is not useful to think of news audiences merely as consumers. This assumes that the only judgement is a rise in sales. News audiences are also citizens and an improvement in the supply of responsible news reporting should mean that audiences are better informed and thus better able to participate in local democracy. As things stand, citizens are getting an increasing proportion of

their news information via social media. At local level, given the increasing absence of genuinely local news, they will have no means of knowing whether any information they do receive is reliable or whether there might be other opinions or options. Given social media's propensity for exacerbating hyper-partisan divisions, the existence of a reliable "trust anchor" (Nielsen 2015, Fenton, Freedman, Metykova, Schlosberg 2010, Wessels et al 2017) to which citizens can refer for a more balanced account, is of enormous value to citizens. While analysing the reach of local stories is important, very often it's the least important stories that are most often shared (see below) therefore absolute numbers are not a useful measure of the value of reporting. A better way of judging whether the availability of responsible news has been increased at local level would be a content analysis. A rise in engagement in politics at local level (voting for example) might also be a useful indicator.

- 2) Do you consider that the future of high-quality journalism in the UK is at risk - at national, regional and/or local levels?
 - a) What are the main sources of evidence that support your view?
 - b) What are the main sources of evidence which support an alternative perspective?

In some senses journalism is healthier than it has ever been. It is now possible for a journalist trained in data use, to find material that has previously been very hard to access and to produce easily understood, comparative analysis and graphic representations of Government policies and their impact, without leaving their desk. However, while data journalism has undoubtedly made it easier to hold Governments to account in terms of policy outcomes, the sharp decrease in money coming into commercial newsrooms has had a number of deleterious results.

The number of journalists available to carry out routine work has diminished. An estimate by the UK Press Gazette in 2016 suggested that the number of journalists working on the local press has "at least halved since 2005" and the time spent outside the newsroom gathering information and getting a sense of how the world has changed has also diminished (Fenton 2010). While this has been partially offset by the use of social media and search to find interviewees and to source stories, it has also led to a tendency for journalists to cut and paste from existing material (often from other newspapers), rather than to do original reporting which is usually more time-consuming (Phillips 2010).

¹Cox, Jasper (2016) [New research: Some 198 UK local newspapers have closed since 2005](#). Press Gazette

When live stories break, the tendency is for journalists to chase after those who are publishing reports in social media, rather than to go to the source of the story and talk to people who may have witnessed events but who are less inclined to tweet about it. The reliance on Twitter and Facebook means that the loudest voices are most often reported, even though they are not necessarily the best informed. Old fashioned skills of verification might, for example, have prevented the publication of spurious accounts of a baby being dropped out of a window at Grenfell Tower (Elvested and Phillips 2018).

Lack of time and tight deadlines have also meant that reporting is very dependent on the narratives told by public relations personnel. While PR material is important, it cannot be expected to provide a rounded story of events, in particular when an organisation is in trouble (Davies 2009). Journalists need to take the time both to read the original documents and also to interrogate the key actors. This time is not always available in a fast-paced news room in which some journalists are expected to turnover a dozen stories a day (Phillips 2010a, Firmstone 2018).

The problems for journalists at local level are arguably greater than those at national level or on specialist publications. The functions of Government are increasingly broadcast and can be viewed online and statistics are readily available for analysis, but a journalist who works in regional or local journalism cannot really find out what is happening without going to council meetings, or talking to councillors. Cut-backs in the numbers of local journalists have meant a drop in the amount of original reporting and an increasing reliance on press-releases (O'Neill and O'Connor 2008). Very often stories would simply not come to light without the vigorous efforts of local campaigning groups. While these groups have a vital role to play in monitoring local events they are often seen by councils as trouble makers with an axe to grind. Without journalists available to test the arguments on both sides and to publish a reasonably dispassionate account of the debate, major problems may simply go unheard for years or until a disaster occurs, to take again the case of Grenfell Tower.

3) What can the review learn from successful business models in other sectors or other countries, including those which work at scale? We are particularly interested in any organisational or business models which might promote or advance the future of high-quality journalism at the local and regional levels:

- a) **Where new and viable business models are emerging for high-quality journalism, what does this tell us about changing consumer behaviour and preferences?**

- b) **Are different approaches needed for different parts of the market (e.g national and local; general and special interest news)?**
- c) **To what extent do new and emerging business models such as online-only, hyperlocals and cooperative models work or mitigate issues felt by traditional players?**
- d) **What alternative income streams (other than advertising) are most likely to sustain high-quality journalism in the digital age? Are there barriers to their effective exploitation and if so, how could these be addressed?**

Where new entrants in news journalism have been successful - for example, ProPublica in the United States, De Correspondent in the Netherlands and Mediapart in France - the model has been an old one. They all depend on subscription and are happy with a relatively small, elite audience. They form an important part of the eco-system for their respective countries, focussing on investigations rather than the daily bread of beat reporting. They are a very welcome addition to the news ecology but tend to be read by an educated audience that is already well informed.

In the UK no similar new entrants have entered the market - arguably because our already highly competitive national news market caters relatively well for “news junkies”. Key players in the market at national level have suffered losses as a result of the move to digital but most are returning, if not to profit, at least towards a mitigation of their losses albeit with much leaner news operations. The dominant players are still the mainstream media and, in spite of concerns about the health of the *Independent*, the national newspaper industry appears to have withstood the initial shocks. This is because they were big enough to develop a number of different income streams including: branded content; marketing and events; a return to subscription and the use of search and social to increase the value of their digital advertising. The expected threat from new digital rivals in the production of news has not really materialised as research by both Ofcom and the Reuters Institute for Journalism Research has demonstrated. BuzzFeed and Huffington Post are the only two pure player digital news organisations that are really providing competition and both are national arms of international brands.

After the initial success of BuzzFeed there was some hope that an online, advertising supported, news system could be developed by amassing very large online audiences. This approach is of little use to the local and regional press which will never have audiences large enough to make digital advertising pay enough to cover the necessary costs of high-quality journalism and has been of mixed use to the nationals. The *Independent* has been the only national brand so far to drop its print edition and move entirely online but it has survived by

reducing staff and relying increasingly on a relatively low-paid and inexperienced team. This is likely to create a long-term problem if wages cannot be increased enough to retain a highly skilled work force. News organisations depending entirely on volume and reach are also at the mercy of the platforms which have a habit of changing their algorithms without notice - which can cause massive and unpredictable drops in audience share². This problem is likely to get worse as Facebook moves away from partnering news companies in order to focus on family friendly material and avoid controversy.

There has been some suggestion that producing ‘niche’ channels would help to focus audience attention and produce new revenue streams. Certainly the success of “influencers” who have built up businesses around blogs, Vlogs or Instagram, seemed to suggest that single subject strands was the way to go. However these are very dependent on social media sharing and are therefore very vulnerable to changes in algorithms. The Debrief, a strand for engaged women dealing with social justice issues, started very well but closed earlier this year as the number of Facebook shares dropped through the floor³. Initial success, followed by consolidation or take-over by other brands and often subsequent closure, has also been the pattern for tech blogs. TechCrunch was taken over by AOL in 2010 and Mashable was bought out in 2017 after a collapse in advertising revenue. According to a Digiday report, the Huffington Post provides more Facebook take-up for tech stories than the niche tech sites do.

There are some examples of publications that are being cross-subsidised from the profit on brand publications. Youth magazine *Huck* and its sister publication *Little White Lies* are funded largely in this way and the *Courier*, a monthly publication for new businesses, was also initiated via funding from print and design work produced by the same company. In these cases the publications exist because of the desire of the publishers to produce something that is meaningful and independent. In a sense these are very small-scale examples of the impetus behind the funding of many serious news publications. Jeff Bezos supports the *Washington Post* because he thinks it matters and not necessarily because he wants to make money from it. Unfortunately, funding by philanthropy or cross subsidy is dependent on the goodwill of individuals - which can be withdrawn at any time - unless the relationship with the parent company is established on a long-term legal basis as is the case with the *Guardian* (Benson 2017).

² Benton, Joshua (2018) [Facebook’s Message to media: “We are not interested in talking to you about your traffic...That’s the old world and there is no going back.”](#) Nieman Labs

³ Wang, Shan (2018) [Goodbye to yet another digital publication: UK-based The Debrief shuts down as a standalone site](#), Nieman Labs

There have been attempts at both national and local level to make use of amateurs in news production to decrease costs. The involvement of unpaid workers can be a means of broadening the range of opinions and democratising news production. However the use of amateurs to produce news as opposed to opinion has not on the whole been a success and is not necessarily cheap. Even at its best, the efforts to incorporate the work of unpaid amateurs is difficult as every story in the end has to be checked by a professional in order to make sure it is legal, fair and accurate. The most often quoted examples of the use of amateur reporters are OhMyNews in South Korea and the Huffington Post. OhMyNews was a rare example of an intervention that occurred at a critical moment in the development of free media in South Korea coinciding with the moment at which digital started to take off. It very rapidly became successful as a platform for democratic change using a large number of enthusiastic, mostly student, correspondents, who were paid via 'tips' from audience members. Its audience inclusive model was very quickly copied by commercial operations in the same news field and today it struggles to cover its costs. Attempts to start an OhMyNews in Japan failed. Huffington Post mainly used free input in the shape of opinion pieces and reviews which don't require so much professional oversight and latterly, Huffington Post, has started paying for most contributions in order to improve the quality of the work.

Unpaid labour is used more successfully at local level where a small core of journalists working alongside local people can produce a more robust version of the local political scene than is usually available via the mainstream local news. A recent and relatively successful example is *The Bristol Cable* which is supported by a monthly membership scheme. However, perhaps ironically, the usual experience at local level has been that the only viable way to pay for journalism is to produce a print product which offers space for local display advertising. Thus a method of providing news with very low production costs is being supported by a method with very high production costs. Typical examples of new entrants to the local journalism scene are the *Hackney Citizen* and the *Brixton Bugle* both of which produce monthly print publications that are available free in local cafes. Both have modest circulations among engaged local citizens thus they contribute to the local public sphere but fail to reach citizens who don't frequent the more gentrifying areas of their localities. This model has some advantages, but it needs a sustainable core income if it is to survive beyond the enthusiasm of its initiators. It might help towards sustainability if more local newspapers were established as cooperatives and if they were able to set themselves up as local charities in which the goal was sustainability rather than profit for shareholders. At present journalism is not regarded as a charitable purpose and this needs to change as a first step to supporting non-profit local initiatives.

Various forms of public funding are now being considered as a means of supporting journalism, particularly at the grass-roots. In the United States, the state of New Jersey⁴ has decided to intervene directly by offering subsidies to projects that agree to collaborate with a state university. Applicants are also required to demonstrate how their work would benefit a community. In a number of European countries, including France and the Netherlands, funds have been established to aid innovation (Schweizer, Puppis, Kunzler, and Studer, 2014). While any state aid is welcome, not all innovations are useful. Funding should explicitly be aimed at supporting news reporting and any innovations that do not have this as a fundamental purpose should not be eligible for Government funding. Funding support for grass roots journalism is likely to be the single most helpful approach because it will help to support the entire eco-system as the BBC experiment with providing Local Democracy Reporters is already starting to demonstrate⁵.

- 4) **What has been the impact of the operation of the digital advertising market on the sustainability of high-quality journalism in the UK?**
 - a) **Can digital advertising revenues support high-quality journalism in the future, as print advertising has done in the past?**

This would only be possible under the current system if advertising rates rose substantially but there is no mechanism for that change unless the platforms increase charges and divert money to news companies. They could do that but the blind nature of online advertising means that this would also increase the income of the fake news factories. It would help if advertisers were to place their advertising with more discrimination but this implies that brands have an interest in supporting publications rather than in getting to their customers by the cheapest possible route. The development of news consortiums which are approaching customers directly and cutting out the proliferation of programmatic intermediaries may also help to steer some advertising back to the major news brands.

- b) **How does the digital advertising market affect the ability of news publishers to monetise content?**

Advertising online has moved to the large platforms and even where news attracts advertising, the rates are one per cent of those in print, partly because of the way

⁴ Rick Rojas News [You're your Neighborhood, Brought to You By the State of New Jersey.](#)

⁵ Burrell Ian (2018) [BBC claims it has 'created a new editorial resource' as cache of 11,000 stories is unearthed](#), The Drum

in which ad exchanges have operated to strip off income from advertisers and divert it to intermediaries.

- c) Does the digital advertising market influence what news people see and if so, in what ways?**

As advertising rates have been slashed, the news organisations have been forced to chase scale. Clicks and shares have become increasingly important and this has had a feed-back influence on content. News rooms provide real-time information about what audiences are engaging with so that journalists can produce material that will be shared. Analysis has demonstrated that emotional and partisan content is most likely to attract engagement, so headlines have become more and more provocative in the hopes of increasing engagement.

- d) What changes might be made to the operation of the digital advertising market to help support and sustain high-quality journalism?**

Serious news journalism is expensive and the cost of providing news rarely falls entirely on the reader/viewer. News has always relied on some form of subsidy either from political parties, wealthy individuals, or from advertising. Channel Four started with income from advertising raised on ITV; the *Times* has been subsidised by the higher earning *Sun*; the *Guardian* has long been cross subsidised by the holdings of the Guardian Media Group. What is required now is Government intervention to ensure that the advertising subsidy which has been diverted from the production of news to the platforms that distribute it, is diverted back. The most straight forward way to do this would be with a small percentage levy on the largest distribution platforms. This would provide a means of channelling funds back into journalism at the grass roots which would then enrich the supply of news on all channels.

- 5) Many consumers access news through digital search engines, social media platforms and other digital content aggregation platforms. What changes might be made to the operation of the online platforms and/or the relationship between the platforms and news publishers, which would help to sustain high-quality journalism?**
- a) Do the news publishers receive a fair proportion of revenues for their content when it is accessed through digital platforms? If not, what would be a fair proportion or solution and how could it best be achieved?**

- b) When their content is reached through digital platforms, do the news publishers receive fair and proportionate relevant data from the platforms. If not, what changes should be made and how could they best be achieved?**

News organisations don't receive any revenue for content. It is only provided via the indirect form of advertising which is in turn based on scale rather than quality. The search engines depend on content and data in order to function but they don't pay for either. They have established their own methods of reward which unfortunately reward only the most popular not the most important information. This is unlikely to change within a commercial system that is established for the purpose of profit generation. If platforms shared data with publishers that would help the publishers to do their own targeting and develop their own ad platforms. They are already beginning (20 years too late) to do this but it is unlikely to be a great deal of help to those operating at local level who compete with Google's location services and have relatively small audiences.

- 6) High-quality journalism plays a critical role in our democratic system, in particular through holding power to account, and its independence must be safeguarded. In light of this, what do you consider to be the most effective and efficient policy levers to deliver a sustainable future for high quality journalism?**

- a) Where, if at all, should any intervention be targeted and why (for example, at the local level, or at specific types of journalism)?**

Intervention should primarily be targeted at local level where economies of scale cannot be achieved without serious damage to the health of local reporting.

- b) What do you think are or should be the respective responsibilities of industry, individuals and government, in addressing the issues we have identified?**

While individuals certainly have a responsibility to inform themselves, it is hard to see how they can exercise this responsibility in circumstances in which serious journalism has been undermined and compromised by the impact of competition for audiences in the online world and trust is at historically low levels (EBU 2016). It is particularly difficult for individuals to take such responsibility at a local level where the erosion of beat journalism has meant that many areas of the country have effectively been stripped of any accountable local journalism. The news industry has demonstrated that its first responsibility is to share-holders and it has

attempted to maintain profitability at the expense of its democratic role, by consolidation, job-cuts and closures (London Assembly 2016).

The platforms deliver news in a manner so erratic that it is impossible for news suppliers to depend on them for long term funding⁶. In turn the platforms serve audiences bite-sized news material, on the basis of prior preferences. This has meant that those with the least knowledge or understanding, tend to receive a news diet that is fragmented and often dominated by sensational or highly emotional stories. At a national level the BBC provides a “trust anchor” for many of those who otherwise only get their news via social media (Elvestad and Phillips 2018). The maintenance of the BBC and strengthening of its independence from Government will continue to be a necessary part of any debate on the future of news in the UK.

However the use of BBC to plug funding gaps in the balance sheets of the existing local news oligopoly is not an appropriate use of license payers’ money. The supply of “local democracy reporters” paid for by the BBC has helped to provide more robust reporting in some areas but it has done so at the expense of redundancies amongst its own news staff in the regions⁷. And the majority of these BBC funded reporters have been placed with the very newsrooms that were responsible for laying off journalists over the past few years, rather than with the new entrants that have been struggling, with inadequate funding, to fill the democratic gap left behind. Public funding needs to be used responsibly to assist in improving the supply of journalism not simply in propping up over-leveraged news chains.

- c) If there is a case for subsidising high-quality journalism, where should any funding support come from?**
 - i) What form should it take?**
 - ii) How or where should it be targeted?**

Funding support, as explained above, should come via a levy on advertising on the major platforms. The argument for doing so is that the platforms have, for understandable commercial reasons, diverted into their own coffers, the revenue that hitherto supported journalism. The massive profits that the platforms now make, at the expense of journalism, is a detriment to society at least equal to any benefits produced by greater connectivity. It seems likely that the platforms (with

⁶ Patel, Sahel (2017) [The ‘demonetized’: YouTube’s brand-safety crackdown has collateral damage](#) Digiday

⁷ Ponsford Dominic (2017) [The BBC has closed more than 20 local news district offices over the last decade](#), NUJ survey, Press Gazette

their professed commitment to democracy) would welcome a move which to some extent absolves them from sorting out the problem of news delivery and the continuing headache of ‘fake news’.

Targeting of subsidies should be mainly at local level because this is where economies of scale and innovations in funding methods have demonstrably caused damage to news reporting. However, as the media economist Robert Picard has found, subsidies that deal with variable costs, rather than the fixed costs of employing journalists, tend to fail. It is important to ensure that subsidies go towards enhancing the news supply rather than merely towards offsetting shareholder losses. Stringent regulations should therefore be incorporated into the provision of subsidies to ensure that money is spent only on the direct provision of genuinely local reporting within a defined geographic area. Preference should go to independent local news providers that can demonstrate that they already attract a certain number of readers in the locality, or that they enhance the news supply to other publications locally and nationally. The income should also be tied to a commitment to ethical standards in the form of membership of a Leveson-compliant complaints service. Monitoring of jobs before and after should ensure that subsidy has not been used to substitute for existing journalism roles.

There may also be an argument for using some subsidy to provide a newspapers-in-schools service which would ensure that all secondary school children have access to a mix of daily newspapers (chosen by their teachers). This would help to ensure that young people are exposed to a range of news stories rather than those that are picked for them and served, out of context, by social media platforms.

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<p>If there is any other evidence or information you wish to supply to the review please contact the Cairncross Review Secretariat at Cairncrossreview@culture.gov.uk or Cairncross Review Secretariat, Department for Digital, Culture, Media and Sport, 4th</p>
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