



# Measurement framework for media plurality

Ofcom's advice to the Secretary of State  
for Culture, Media and Sport

Statement

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## About this document

Ofcom has been asked by the Secretary of State (Culture, Media and Sport) to develop a measurement framework for media plurality. This framework can be used to assess media plurality in the UK and in each of the nations. We have prepared the framework in line with the scope set out by the Secretary of State in his request for this advice. We have taken into account the views of stakeholders through both an initial call for inputs as well as a consultation on a draft framework. This document sets out our framework, gives the background to its development and how it relates to work we have done in the past.

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## Section 1

# Executive summary

## Background to this work

- 1.1 Media plurality matters because it makes an important contribution to a well-functioning democratic society. Plurality is not a goal in itself but a means to an end. Plurality in media contributes to a well-functioning democratic society through:
- **informed citizens** who are able to access and consume a wide range of viewpoints across TV, radio, online and print media from a variety of media organisations; and
  - **preventing too much influence over the political process** being exercised by any one media owner.
- 1.2 Therefore we define plurality as:
- Ensuring that there is diversity in the viewpoints that are available and consumed, across and within media enterprises; and
  - Preventing any one media owner, or voice, having too much influence over public opinion and the political agenda.
- 1.3 Ofcom is required, in carrying out its principal duty<sup>1</sup>, to secure various ends, including the maintenance of a sufficient plurality of providers of TV and radio services.
- 1.4 Regarding media plurality, Ofcom also has specific statutory duties which relate to the periodic review of the media ownership rules and to report on whether certain media mergers operate against the public interest (at the Secretary of State's discretion).

## Ofcom's previous work on plurality policy

- 1.5 In December 2010, Ofcom conducted the public interest test in relation to the proposed acquisition by News Corporation of the outstanding shares of BSkyB which it did not own. Our report recommended a referral to the Competition Commission.
- 1.6 The Secretary of State's decision on whether to refer the merger to the Competition Commission was delayed in order for him to consider whether to accept proposed undertakings from News Corporation in lieu of such a reference. The process of negotiating undertakings took some months, however, in July 2011 News Corporation withdrew its proposed undertakings, before withdrawing its bid altogether.
- 1.7 As part of this public interest test report we suggested a more fundamental review of plurality policy and that possible reform of the current statutory framework may be required.

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<sup>1</sup> Ofcom's principal duty is to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition.

- 1.8 We noted that market developments unrelated to a merger such as the potential exit of news providers, or a steady, organic growth in audience shares, may give rise to plurality concerns.
- 1.9 In October 2011 and June 2012, the Secretary of State asked Ofcom for advice on a series of specific questions on plurality. These questions included asking for options for measuring plurality and also what might trigger these reviews.
- 1.10 Our response to these requests was the first time we set out a measurement framework for plurality. We proposed that this be used for periodic reviews every four to five years.
- 1.11 In November 2012 the Leveson Inquiry published its report. As part of its work it considered the measurement of media plurality. While the report was supportive of our initial measurement framework it recommended that Ofcom and Government should work with industry to ensure as much consensus as was possible was reached ahead of the deployment of any measurement system.
- 1.12 In June 2013, Government consulted on the measurement framework and in August 2014, it set out its conclusions on the scope and objectives of a measurement framework.

## How we have developed our advice

- 1.13 In September 2014, the Secretary of State asked Ofcom to carry out work on a suitable set of indicators to inform a measurement framework for media plurality. The scope and objectives of this framework were set out in the request.
- 1.14 The request indicated that the purpose of the framework was to allow the first ever baseline assessment of media plurality in the UK. It was also specified that the framework should be developed in consultation with industry.
- 1.15 We published a Call for Inputs in October 2014 and followed this with a consultation on a draft framework in March 2015.
- 1.16 Our measurement framework is broadly consistent with the framework that we included in our advice to the Secretary of State in 2012<sup>2</sup>. We have however developed our thinking through the Call for Inputs and consultation processes. In some cases this has confirmed our thinking, while in a few cases it has resulted in minor changes to the framework's indicators.

## The media plurality measurement framework

- 1.17 Our measurement framework consists of three categories of quantitative metrics as well as qualitative contextual factors. The quantitative measures illustrate the availability of news sources, the consumption of these sources and provide proxies to help assess the impact, or influence, that these sources may have.
- 1.18 The scope of the framework is in line with the conclusions of the Government's consultation and its subsequent request to Ofcom to develop a framework. All forms of media including print, radio, TV and online are included. The type of content to be considered in the framework is limited to news and current affairs.

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<sup>2</sup> <http://stakeholders.ofcom.org.uk/consultations/measuring-plurality/>

## Key features of the framework

- **Availability:** The number of different news sources available on each media platform and across all media is a relevant aspect of media plurality. However, although understanding the number of providers or titles gives a sense of the amount of news sources that people can use, it does not indicate the extent to which those sources are being used. As such availability metrics offer limited insight in isolation.
- **Consumption:** Quantifying the consumption of news sources forms the most useful starting point for a plurality assessment. Measuring the use of different news sources across all media platforms is of particular importance. The share of references metric, developed from consumer research, is an appropriate means of measuring cross-media consumption as it uses a consistent methodology and definition of news. In addition to this cross-media metric, sector specific metrics should also be used, both to provide an important sense check and to provide more detailed information on each platform.
- **Impact:** While measuring the impact and influence of news sources on consumers is complex, proxies for impact should play a part in any plurality assessment. As there is no single proxy that fully reflects impact, it is important to assess a range, which can be sourced from consumer research. The proxy of personal importance supported by the proxies of impartiality, reliability, trust and the extent to which a news source helps people make up their minds about issues in the news should be considered.

1.19 It is not possible to measure plurality using a single metric. Different industry measurement systems with different methodologies make comparisons between them challenging. Although using a cross-media metric can provide a coherent view of consumption, as with any consumer research there are limitations to this approach. As such, no one metric can be used in isolation and as such measures should be used in combination in order to get the best quantitative assessment.

1.20 Furthermore, there are also aspects of the market that cannot be measured in a quantitative manner at all. These aspects relate to the differences between news sources and the organisations that produce them. These include the range of regulatory regimes across media platforms, the editorial control exercised by key individuals within organisations, differing governance models and the existence (or lack) of internal plurality. Qualitative contextual factors are therefore an integral part of the framework.

## Measuring ownership

1.21 In the request for this work, the Secretary of State asked that at least one of the measures focussed on media ownership. A number of the metrics in the framework can be looked at in terms of the ultimate media owner. The share of references metric in particular is useful to show cross-media consumption by owner. In principle, measurement could consider the point in the value chain where editorial control can be applied. In practice however it can be hard to establish precisely where this point may be.

1.22 We consider ownership in the framework by aggregating availability and consumption metrics by owner. This is done for separately for retail and wholesale news sources. At the retail level, metrics are aggregated according to the individual titles or brands through which consumers access the news. At the wholesale level, they are

aggregated according to the supply and production of the news source. Considering consumption metrics at the wholesale level means that the consolidated reach and share of a given media owner can be assessed.

- 1.23 In many cases, online intermediaries (such as search engines or social networks) may not be categorised as retail or wholesale news sources if they are neither the provider of a news title or brand nor the producer of a news source. Intermediaries should therefore be considered as a separate category distinct from the retail and wholesale classifications when looking at media consumption metrics. Doing so indicates how news sources are accessed online and the role that intermediaries play, including the extent to which they are used.

### **Measuring plurality in the nations**

- 1.24 In our October 2012 advice<sup>3</sup> we noted the importance of considering plurality at the nations level. We observed that the nations represented distinct democratic units, and that media plurality was therefore important in the nations, as well as across the UK as a whole.
- 1.25 Our framework is relevant to illustrating plurality at UK level and at the level of each of the UK nations. To identify differences across the nations, the availability and consumption metrics should be amended to ensure they are relevant to each nation. In order to do this, consumer research can be used to ask which news sources are being used by people within each nation for news about that nation. Qualitative information relating to the specific nature and features of each nation's market should also be considered as contextual factors. This may also include a consideration of the sustainability of news sources in each market.

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<sup>3</sup> <http://stakeholders.ofcom.org.uk/binaries/consultations/measuring-plurality/letters/advice.pdf>

**Figure 1: Media plurality measurement framework**

Category		Metrics	Description	Source	What it indicates	
Availability	Availability and consumption metrics to be calculated at retail and wholesale levels to allow analysis of media ownership. Consumption metrics to also be calculated at intermediary level to reflect use of intermediaries	Number of providers	A count of the number of entities providing news sources	Industry data	An indication of the potential for diversity of viewpoints	
Consumption		Reach	By platform – TV, Radio, Newspapers, Internet	Industry measurement systems, consumer research	An indication of the variety of viewpoints disseminated	
			By provider within platform			
		Cross platform	Consumer research	As above. Cross media reach establishes the capability for each provider to reach the population regardless of platform		
Consumption		Share of consumption	By platform – TV, Radio, Newspapers, Internet	Industry measurement systems, consumer research	An indication of the potential concentration in patterns of consumption	
			By provider within platform			Note: This would be calculated from time spent for each platform as measured by the industry measurement systems
			Cross platform			Consumer research
Consumption	Share of consumption	Cross platform by provider	Consumer research	Note: this can be in the form of the share of reference metric that captures the reach and frequency of consumption		
		Multi-sourcing	By platform and cross-platform	Consumer research	An indication of the extent to which consumers are sourcing their news from one or a range of sources	
Impact	Personal importance	By platform By provider	Consumer research	Provides one proxy for measuring the potential to influence opinion		
	Perceived impartiality, reliability and trust and the extent to which a news source helps people make up their minds about news	By platform By provider	Consumer research	Provide additional context to the metric of personal importance		
Contextual factors	A range to be considered	A description of the qualitative differences between news sources and organisations	Multiple sources. Examples of relevant factors include, but are not limited to: Internal plurality Internal governance processes Editorial policy Impartiality requirements Market trends and future market developments	Elements relevant to an understanding of plurality that are not able to be quantified by metrics		

### Use of the framework for an assessment

- 1.26 In developing the framework we have considered the key aspects of news provision that underpin media plurality. We have then selected indicators which best represent these key aspects in terms of their accuracy and reliability. This has ensured that the indicators, and the framework as whole, will give a robust and representative assessment of the level of plurality within TV, radio, online and print and across these platforms as a whole.
- 1.27 However, news provision remains a dynamic market. As such, at the point of any assessment it would be appropriate to review the framework to ensure that the indicators continue to provide the best measurement of plurality.



## Section 2

# Introduction and context to our advice

## The goals and meaning of plurality

- 2.1 Plurality matters because it makes an important contribution to a well-functioning democratic society. Media plurality is not a goal in itself but a means to an end. Plurality in media contributes to a well-functioning democratic society through:
- **informed citizens** who are able to access and consume a wide range of viewpoints across a variety of platforms and media owners; and
  - **preventing too much influence over the political process** being exercised by any one media owner.
- 2.2 We therefore define plurality as:
- Ensuring that there is diversity in the viewpoints that are available and consumed, across and within media enterprises. There should be a diverse range of independent news media voices across all platforms, a high overall consumption across demographics and consumers and active use of a range of different news sources.
  - Preventing any one media owner, or voice, having too much influence over public opinion and the political agenda. This can be achieved by ensuring that no organisation or news source has a share of consumption that is so high that there is a risk that people are exposed to a narrow set of viewpoints.
- 2.3 The focus of the framework is on the first of these (informed citizens), as this goal helps mitigate the second (influence over the political process).

## The statutory framework

- 2.4 Two pieces of legislation define Ofcom's role with regard to media plurality: the Communications Act 2003 and the Enterprise Act 2002.
- 2.5 Under the Communications Act, Ofcom's principal duty is to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition<sup>4</sup>. Ofcom is required, in carrying out this duty, to secure various ends, including the maintenance of a sufficient plurality of providers of TV and radio services.
- 2.6 We have identified two broad policy areas that help achieve this duty. The first are defensive measures that seek to prevent a reduction in media plurality. These include the existing regulatory framework governing media mergers. The second are

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<sup>4</sup> Section 3 Communications Act 2003

mechanisms to promote media plurality, such as Public Sector Broadcasting policies<sup>5</sup>.

- 2.7 Parliament has also put in place media ownership rules for TV, radio and newspapers. Section 391 of the Communications Act 2003 sets out that Ofcom must carry out regular reviews (at least every three years) of these rules.
- 2.8 In relation to the regulatory framework governing media mergers Ofcom has a formal statutory role under the Enterprise Act. This role is triggered by an intervention notice issued by the Secretary of State, which specifies a 'media public interest consideration'. If the Secretary of State issues an intervention notice in this manner, Ofcom is required to report whether it is, or may be, the case that the merger may be expected to operate against the public interest. It is then for the Secretary of State to decide whether there is a plurality concern requiring further investigation by the Competition and Markets Authority (formerly the Competition Commission), and ultimately to determine any remedies.
- 2.9 Ultimately, media plurality policy and the question of what constitutes 'sufficient' media plurality are matters for Government and Parliament. Ofcom's role within this context is as an expert advisor and reporter to the Secretary of State.

### **Ofcom's previous work on media ownership rules**

- 2.10 The last time we recommended a significant change to the media ownership rules was in 2009. We proposed a relaxation of the rules as they applied to local media, due to the structural challenges it faced, in particular from internet advertising. The rules were removed by Government.
- 2.11 The 2012 review took place in the context of the Leveson Inquiry and an ongoing wider public debate about plurality in the media. We had submitted advice to the Secretary of State regarding measuring media plurality on two prior occasions in 2012. In light of this, we carried out a tightly-scoped review of the rules, which cross-referred to our advice on plurality, and we did not recommend any changes to the media ownership rules as part of this review.

### **Ofcom's previous work on media mergers**

- 2.12 Since the current merger control framework was established, the Secretary of State has issued three media public interest intervention notices: *BSkyB/ITV*<sup>6</sup>, *News Corporation/BSkyB*<sup>7</sup> and *Global/GMG Radio*<sup>8</sup>.
- 2.13 In each case, the public interest consideration was "the need, in relation to every different audience in the United Kingdom or a particular area or locality of the United Kingdom, for there to be a sufficient plurality of persons with control of the media enterprises serving that audience"<sup>9</sup>.

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<sup>5</sup> The PSB framework acts to ensure certain levels of content provision, including news, in return for specific benefits, including EPG prominence and access to spectrum to make services available on the digital terrestrial platform.

<sup>6</sup> <http://webarchive.nationalarchives.gov.uk/20101227023510/http://www.bis.gov.uk/files/file38017.pdf>

<sup>7</sup> <http://stakeholders.ofcom.org.uk/consultations/public-interest-test-nov2010/>

<sup>8</sup> <http://stakeholders.ofcom.org.uk/consultations/gmg-radio-holdings/>

<sup>9</sup> Section 58 Enterprise Act 2002

- 2.14 We assessed these cases by considering the plurality effects of these mergers. In the *BSkyB/ITV* and the *News Corporation/BSkyB* cases we recommended that the cases were referred to the Competition Commission on public interest grounds, although the News Corporation bid for BSkyB was later withdrawn. In the *Global/GMG Radio* case, we did not recommend a reference to the Competition Commission on public interest grounds. However, a reference was made by the Office of Fair Trading on competition grounds.
- 2.15 When we provided our recommendations in relation to the *News Corporation/BSkyB* case in December 2010, we noted that market developments unrelated to a merger may give rise to media plurality concerns, such as market exit or organic growth. We suggested a more fundamental review and possible reform of the current statutory framework may be required to achieve the objective of ensuring media plurality.

### **Ofcom's previous work on plurality policy**

- 2.16 In October 2011 and June 2012, the Secretary of State asked Ofcom for advice on a series of specific questions on plurality. A key element was to develop a measurement framework for plurality.
- 2.17 This advice was the first time we set out a framework which combined metrics relating to the availability, consumption and impact with a narrative description of contextual factors.
- 2.18 Although we have further developed our thinking on a number of specific issues, the overall structure of the framework and therefore our approach to measurement remains broadly consistent with this initial advice.
- 2.19 In the course of providing the requested advice, Ofcom also made a number of key specific recommendations relating to the future framework. We recommended that in the absence of a merger, there should be a periodic review of plurality every four or five years.
- 2.20 We also considered that introducing a cap on news market share would not be advisable, as an absolute limit leaves no room to take account of the broader context, and this creates a risk that it is not possible to address issues of commercial sustainability and innovation in an appropriate manner.
- 2.21 We stated that any review of plurality needs to consider what level of plurality is sufficient. However, an assessment of sufficiency at any point in time is challenging, as it requires a subjective judgement. We noted that it is for Parliament to consider whether it can provide any further guidance on how sufficiency can be defined, and in doing so the extent to which the current level of plurality delivers against this.
- 2.22 In November 2012 the Leveson Inquiry published its report. As part of its work it considered the measurement of media plurality. While the report was supportive of our initial measurement framework it recommended that Ofcom and Government should work with industry to ensure as much consensus as was possible was reached ahead of the deployment of any measurement system.

## **Developing and consulting on a suitable set of indicators to inform the measurement framework for media plurality**

- 2.23 In June 2013, the Government consulted on the scope of a measurement framework for media plurality. Ofcom's response to this consultation was a summary of our previous advice.
- 2.24 In August 2014, the Government set out its conclusions on the scope and objectives of a measurement framework. These are, in summary:
- online content should be included within the scope of any new measurement framework;
  - the type of content which is most relevant to media plurality is news and current affairs;
  - the scope should include all organisations which impact the news and current affairs that UK consumers access;
  - the BBC's impact on plurality should be in scope;
  - the framework must deliver indicators capable of illustrating the situation at UK-level and in each of the nations; and
  - at least one of the measures should focus closely on media ownership.
- 2.25 The Secretary of State asked Ofcom to develop a suitable set of indicators to inform the measurement framework for media plurality in September 2014. It was specified that the framework should be developed in consultation with industry.
- 2.26 The Government consultation report indicated that the purpose of the measurement framework was to allow the first ever baseline assessment of media plurality in the UK.

## **The Call for Inputs and Consultation**

- 2.27 We published a Call for Inputs on 30 October 2014, which formally began our stakeholder engagement on developing the framework. We received 11 responses, mainly from parties that had previously engaged with us on plurality issues. Industry stakeholders included: BBC, Sky, News UK, 21<sup>st</sup> Century Fox, Channel 4, News Media Association. Other respondents were the Voice of the Viewer and Listener, Steven Barnett from the University of Westminster and Sharif Labo (who acknowledged Damian Tambini) from LSE. There were two further confidential responses.
- 2.28 We consulted on our proposed media plurality measurement framework on 11 March 2015. We received 19 responses to this consultation, including media companies 21<sup>st</sup> Century Fox, BBC, Guardian Media Group, ITN, MG Alba, S4C, Sky, Telegraph Media Group and News UK.
- 2.29 In addition to setting out the proposed media plurality measurement framework, our consultation set out the areas where our thinking had developed since the framework that we produced in 2012. These were focussed on the measurement of online news, including online intermediaries; cross-media and sector-specific consumption

metrics; measuring impact; the role and relevance of contextual factors; measuring plurality in the UK nations and measuring media ownership.

- 2.30 We have considered and taken all responses into account while formulating this advice and have published the non-confidential responses to the Call for Inputs and the consultation on the Ofcom website<sup>10</sup>.

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<sup>10</sup> <http://stakeholders.ofcom.org.uk/consultations/plurality-cfi/?showResponses=true> and <http://stakeholders.ofcom.org.uk/consultations/media-plurality-framework/?showResponses=true>

## Section 3

# Media plurality measurement framework

- 3.1 Our media plurality framework is based on the advice we provided to the Secretary of State in June 2012, as we consider this advice to be still relevant. The responses to our consultation were broadly supportive of this approach. The framework that we set out in this section is broadly unchanged from the framework proposed in our consultation document, but with a few minor amendments based on consultation responses.
- 3.2 In developing the framework we have considered the key aspects of news provision which underpin media plurality. We have then selected indicators which best represent these key aspects in terms of their accuracy and reliability. This has ensured that the indicators, and the framework as whole, will give a robust and representative assessment of the level of plurality within TV, radio, online and print and across these platforms as a whole.

## Our media plurality measurement framework

- 3.3 Our measurement framework, as we set out in our 2012 advice, focusses on three categories of quantitative metrics measuring the availability, consumption and impact of news content and a consideration of relevant qualitative contextual factors.
- 3.4 As no single metric can be used in isolation to provide a full picture of plurality, a combination of measures should be used. Additionally, as there are aspects of the market which cannot be measured in a quantitative manner, contextual factors are an integral part of the framework.
- 3.5 The framework has been developed giving consideration to the current state of the market including the providers and types of news sources and the ways in which they are consumed. As we have noted in other Ofcom research<sup>11</sup> this is a dynamic market and, similar to other media segments, it is evolving to meet the challenges of emerging digital models.
- 3.6 While we feel that the framework effectively measures media plurality in the context of today's market, we also acknowledge the potential for future change. As such at the point of assessment it would be appropriate to review the framework to ensure that the indicators continue to provide the best measurement of plurality. Depending on the scale and the nature of changes in the market, the framework may need to be adapted to reflect that change.
- 3.7 We would also suggest that when using the framework, the evolution of measurement and research methodologies is considered. This would allow for the inclusion of indicators which employ new methodologies which either do not exist today, or that are not currently considered robust.

## Availability

- 3.8 Availability metrics measure the number of providers available at the point of consumption. The number of different news sources available on each media

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<sup>11</sup> <http://stakeholders.ofcom.org.uk/market-data-research/other/tv-research/news-2014/>

platform and across all media is a relevant aspect of media plurality. Understanding this does give a sense of the amount of news sources that people could use, and are relevant to any assessment, but are insufficient in isolation given that they do not recognise the volume of consumption of a news source or any indication of its ability to influence. As such availability should be used alongside other metrics and contextual factors for a full assessment of media plurality.

## Consumption

- 3.9 Consumption metrics measure the number of people using news sources and the frequency and/or time that they spend consuming it. As per our advice in 2012, we consider that consumption metrics provide a reasonable proxy for the different elements of media plurality and are the most useful starting point of any plurality assessment.
- 3.10 Given that the consumption of news sources increasingly takes place across a range of media, metrics capable of quantifying cross-media consumption are particularly important. Sector specific metrics exist to measure consumption and some of these metrics are evolving to reflect the converged nature of media consumption. However, these metrics employ different methodologies which prevent meaningful direct comparisons between sector specific measures. We remain of the view that a cross-media metric which uses a consistent methodology and the same definition of news across platforms should be part of a measurement framework for media plurality.
- 3.11 In 2012, we proposed a bespoke metric which employs consumer research and is based on a 'share of references' to news sources on different media. We consider that while this is an imperfect measure it remains appropriate for measuring cross-media news consumption. Share of references is calculated by asking people which news sources they use and the frequency with which they use them. Each reference is then weighted for the frequency of use, and summed. The share of each source or provider can then be calculated based on their total number of references as a proportion of all references for all news sources, regardless of the platform or media.
- 3.12 We are aware that, as with any consumer research, there are limitations to this approach, such as the reliance on the recall of those surveyed. Given these limitations, sector-specific consumption metrics should also be used. The sector specific metrics can provide an important sense check within the overall framework, as well as providing more detail on consumption within each sector.

## Impact

- 3.13 Impact metrics help inform how news content can influence the formation of people's opinions. Measuring media impact is a complex issue, and in our consultation document, we took the opportunity to review our thinking about the methodological challenges of this issue.
- 3.14 As per our 2012 advice we consider that while quantifying impact is complex, proxies of impact should play a part in any assessment of plurality. We continue to consider that the personal importance of a news source is the most suitable proxy for impact. Given that no single proxy fully reflects impact we have now added the proxies of perceived impartiality, reliability, trust, and the extent to which sources help people make up their minds about the news. These proxies can be sourced through consumer research.

## Contextual factors

- 3.15 On contextual factors our advice remains in line with our 2012 advice. Quantitative metrics are an important part of assessing plurality but a purely mechanistic approach to plurality measurement risks failing to capture important differences between news organisations and news sources. As such, quantitative metrics alone are insufficient for a full assessment of plurality, given the complexity of news provision.
- 3.16 Given the importance of contextual factors to any assessment of media plurality, we considered this aspect of the framework in more detail in our consultation. It is important to note that contextual factors are an integral, rather than a supplementary, part of the framework which helps to interpret the quantitative data.
- 3.17 The importance of contextual factors arises from the fact that the operating environment can differ between news sources and news organisations. One example of the different operating environments is the regulatory requirement for 'due impartiality' which TV news sources are subject to (per the Broadcasting Code) which newspapers and websites are not subject to. Examples of such differences which might be included as contextual factors could include, but should not be limited to:
- governance models – such as trusts, publicly limited companies with shareholders, private companies, statutory corporations;
  - funding models – such as advertising revenues, circulation revenues, subscription fees, public funding;
  - the potential power or editorial control exercised by owners, proprietors or senior executives within news organisations;
  - internal plurality – i.e., how far an organisation enables, supports or promotes a range of internal voices and opinions;
  - market trends and potential future developments; and
  - regulation and oversight, in some cases based on statutory obligations – e.g., Ofcom's Broadcasting Code or the BBC's own editorial or regulatory processes and compliance<sup>12</sup>.
- 3.18 The list above gives an indication of the type of factors which may be useful to consider in an assessment of plurality. However, we recognise that it is not possible to prepare an exhaustive list, and the consideration of contextual factors should not be limited to these examples.
- 3.19 We consider that contextual factors should be considered throughout the framework and should be used to inform availability, consumption and impact metrics.

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<sup>12</sup> From a regulatory perspective, broadcasters are subject to impartiality requirements, while newspapers and websites are not. Ofcom's Broadcasting Code requires that "news in whatever form, must be reported with due accuracy and presented with due impartiality." The requirement for "due impartiality" is not absolute and broadcasters have a degree of editorial discretion in the selection of the news agenda. We recognise that the impartiality rules may contribute as a safeguard against potential influence on the news agenda by media owners, but they cannot themselves necessarily ensure against it.



## **Measuring media ownership – retail and wholesale news provision**

- 3.20 Distinguishing between retail and wholesale news provision enables us to understand any differences between the provision of news to the end user, and the production of that news.
- 3.21 We have defined the retail function as relating to the individual title, or brand, of each news source that provides content to the consumer. The wholesale function refers to the supply and production of the news for a retail news source.
- 3.22 In many cases the retail and wholesale functions relating to a news source are both directly controlled by the same entity – the same entity produces the news source, and provides it to the end user.
- 3.23 In our framework availability and consumption metrics are aggregated at both the retail and wholesale level in order to understand the share of these metrics that relate to each wholesale and retail provider. Considering consumption metrics at the wholesale level means that the consolidated reach and share of a given media owner can be assessed.
- 3.24 In addition, we have also identified online intermediaries as a category as distinct from retail and wholesale providers. We discuss the measurement of intermediaries from paragraph 3.34 below.

## **Measuring plurality in the UK nations**

- 3.25 In our October 2012 advice we noted the importance of considering plurality at the nations level. We observed that the nations represented distinct democratic units, and that media plurality was therefore important in the nations, as well as across the UK as a whole
- 3.26 The Secretary of State's request asked that the framework deliver indicators capable of illustrating plurality at the UK level and in each of the nations.
- 3.27 We believe that our approach to measuring media plurality is relevant and can be applied to each of the nations. However, in order to fully identify differences within and across the nations, the availability and consumption metrics need to be amended to ensure they are relevant to each nation and consider nations specific news sources.
- 3.28 The news sources that are available and consumed in each given nation can be established through consumer research. In this research, people in each nation should first be asked whether they are interested in news relating to their nation, and then which news sources they use for this purpose. The answers to these questions can then be used to construct nation-specific share of references metrics. Asking people where they get news about their nation will provide an objective and comprehensive view of which news sources that are used for news relating to that nation.
- 3.29 In addition to quantitative measures, qualitative information relating to the specific nature and features of each nation's market should also be included as part of the assessment of contextual factors. This approach would also include a consideration of the sustainability of news sources in the various markets.

**Figure 2: Media plurality measurement framework**

Category		Metrics	Description	Source	What it indicates	
Availability	Availability and consumption metrics to be calculated at retail and wholesale levels to allow analysis of media ownership. Consumption metrics to also be calculated at intermediary level to reflect use of intermediaries	Number of providers	A count of the number of entities providing news sources	Industry data	An indication of the potential for diversity of viewpoints	
Consumption		Reach	By platform – TV, Radio, Newspapers, Internet	Industry measurement systems, consumer research	An indication of the variety of viewpoints disseminated	
			By provider within platform			
		Cross platform	Consumer research	As above. Cross media reach establishes the capability for each provider to reach the population regardless of platform		
Consumption		Share of consumption	By platform – TV, Radio, Newspapers, Internet	Industry measurement systems, consumer research	An indication of the potential concentration in patterns of consumption	
			By provider within platform			Note: This would be calculated from time spent for each platform as measured by the industry measurement systems
			Cross platform			Consumer research
Consumption	Share of consumption	Cross platform by provider	Consumer research	Note: this can be in the form of the share of reference metric that captures the reach and frequency of consumption		
		Multi-sourcing	By platform and cross-platform	Consumer research	An indication of the extent to which consumers are sourcing their news from one or a range of sources	
Impact	Personal importance	By platform By provider	Consumer research	Provides one proxy for measuring the potential to influence opinion		
	Perceived impartiality, reliability and trust and the extent to which a news source helps people make up their minds about news	By platform By provider	Consumer research	Provide additional context to the metric of personal importance		
Contextual factors	A range to be considered	A description of the qualitative differences between news sources and organisations	Multiple sources. Examples of relevant factors include, but are not limited to: Internal plurality Internal governance processes Editorial policy Impartiality requirements Market trends and future market developments	Elements relevant to an understanding of plurality that are not able to be quantified by metrics		

## Updates to the framework following our consultation process

3.30 In the following section we address certain issues that were raised by stakeholders in their responses to our consultation.

### The Herfindahl-Hirschman index

3.31 Following the consultation, we have made a minor change to the framework itself relating to consumption measurement. We had previously proposed calculating market concentration using a measure called the Herfindahl-Hirschman Index (HHI), and applying it to both sector-specific and cross-platform consumption metrics.

3.32 In our 2012 advice, we noted limitations in the use of the HHI for cross-media measures. Our previous concerns about the use of the HHI were noted by the BBC in their response to our consultation.

- 3.33 Following the consultation and the responses we have received, we have removed the HHI from the consumption measures. Market concentration can be assessed through the direct examination of market shares which presents a less mechanistic and more straightforward view of consumption. Any metric that considers market shares or concentration should be interpreted alongside the range of metrics and contextual factors in the framework.

### **Online intermediaries**

- 3.34 In our consultation we noted the importance of intermediaries for the discovery of online content and news sources. Intermediaries such as social media and search engines may have the ability to influence the growing consumption of online news sources. We noted that the use of such intermediaries should be captured separately from news sources themselves in order to understand the extent to which they are used in accessing online news. We also noted that intermediaries may not operate at either the retail or wholesale level.
- 3.35 A number of stakeholders raised issues relating to online intermediaries. Damian Tambini and Sharif Labo of the London School of Economics noted that intermediaries can take on the role of an online gatekeeper in deciding how content is prioritised, demoted or omitted. Guardian Media Group similarly noted that intermediaries can exercise editorial control over the content which a user sees.
- 3.36 We note that as the consumption of online content grows, the use of intermediaries will become an increasingly important area to understand. As we set out in our consultation, in many cases intermediaries may not be categorised as either retail or wholesale news sources if they are neither a producer of news content nor the provider of a news title or brand.
- 3.37 Their use should be measured when considering the consumption of news sources. This can be done by asking people whether they use intermediaries when accessing online sources as part of the consumer research.
- 3.38 This approach will help identify the way in which retail news sources are accessed and the role which intermediaries play. Specifically, this will allow an understanding of the extent to which intermediaries are being used and which intermediaries are most popular.
- 3.39 In order to clarify this treatment we have included intermediaries as a separate category in the framework where consumption is aggregated at the retail and wholesale levels.

### **Commercial radio**

- 3.40 In our consultation document we noted that commercial radio was an example of wholesale provision of a news source by a third party which is then presented under a different retail brand – in this case that of the radio station.
- 3.41 In its response RadioCentre noted that although Sky News Radio does produce bulletins for commercial radio stations, this did not reflect the editorial role which is played by the stations themselves.
- 3.42 In order to establish if a retail provider is also acting as the wholesale provider of a news source, the editorial role played by a news provider should be considered as well as the production of content. When a retail provider is drawing on a third party

for content as well as producing its own content we would consider it to be acting as the wholesale provider of the news source.

## **Forthcoming related work**

3.43 This advice represents the conclusion of our work in response to the Secretary of State's request in relation to the design of a framework for plurality measurement. Ofcom is however currently conducting work in related areas:

- **Media ownership rules review.** As we note in section 2, Ofcom has a statutory duty to review the rules relating to media ownership every three years. We are currently conducting this review and will be making our recommendations to Government. We will publish our recommendations by the end of November.
- **News consumption report.** For the past two years Ofcom has conducted research with the aim of informing our understanding of news consumption across television, radio, print and online. We are currently completing the 2015 edition of this report which will be published later this year.