

**Guardian Media Group NON-CONFIDENTIAL response to Ofcom's consultation into the Future of Media Plurality in the UK**

**About Guardian Media Group**

Guardian Media Group (GMG) is one of the UK's leading commercial media organisations and a British-owned, independent, news media business. GMG is the owner of Guardian News & Media (GNM), which is the publisher of theguardian.com and the Guardian and Observer newspapers, both of which have received global acclaim for investigations, including persistent investigations into phone hacking amongst the UK press, the Paradise Papers and Panama Papers, Cambridge Analytica and the Pegasus Project. As well as being the UK's largest quality news brand, the Guardian and Observer have pioneered a highly distinctive, open approach to publishing on the web and it has achieved significant global audience growth over the past 20 years. Our endowment fund and portfolio of other holdings exist to support the Guardian's journalism by providing financial returns.

**Introduction**

GMG welcomes the opportunity to respond to Ofcom's consultation on the future of media plurality in the UK. Media plurality, like freedom of speech, is vital to a democratic state, providing the best opportunity for citizens to be informed and influenced by a variety of news sources, owned by a multiplicity of proprietors. We agree with Lord Leveson's assertion that a generally accepted definition of a positive outcome of media plurality is a diversity of views available and *"preventing any one media owner or voice having too much influence over public opinion and the political agenda."*<sup>1</sup>

The digital world can both challenge and sustain the business model of news: underpinning investment in, and distribution of, high quality news and opinion journalism, whilst also threatening to intermediate news brands from their readers. Digital technology has underpinned the evolution of the Guardian, enabling a two centuries old regional Manchester newspaper to become a leading national and global news brand. In 2021, our bicentennial year, Guardian journalism is now consumed by over 64 million browsers in the Americas, just under 78m browsers across Europe, 18m in Asia, 15m in Oceania, and nearly 5m in Africa<sup>2</sup>.

This expansion in distribution of Guardian journalism is not an accident of good fortune. A business model that invests in innovative digital products, has been supported by commercial assets made by the wider Group business<sup>34</sup>. Overseen by The Scott Trust, GMG's objective is to build and maintain a sustainable independent liberal voice in the global media landscape<sup>5</sup>.

In a market in which just three wealthy non-domiciled billionaires own newspapers that account for over two-thirds of print newspaper circulation<sup>6</sup> in the UK, GNM provides a vital counterpoint: independent in constitution, liberal and progressive in outlook, paying no dividend to a wealthy owner, investing all revenues into a global news operation that produces public interest journalism that reaches 170 million unique browsers each month.

*Digital success built on long term investment*

The success of the Guardian's digital news operation is built on decades of technical

<sup>1</sup> Leveson Report, Part 1, Chapter 9

<sup>2</sup> GNM internal audience average monthly unique browsers for 2021

<sup>3</sup> <https://www.theguardian.com/media/2014/jan/22/guardianmediagroup-theguardian>

<sup>4</sup> <https://www.theguardian.com/gnm-press-office/2017/jul/25/guardian-media-group-plc-gmg-results-for-the-financial-year-ended-2-april-2017>

<sup>5</sup> <https://www.theguardian.com/the-scott-trust/2015/jul/26/the-scott-trust>

<sup>6</sup> <https://www.pressgazette.co.uk/digital-diversity-or-age-of-consolidation-media-ownership-2020/>

engineering excellence, investment in brilliant colleagues spanning editorial, data, audience, commercial and support teams. For news organisations that continue to dominate print circulation, the success of new entrants or smaller rivals can be the cause of bitterness and resentment.

In the past five years, the debate about the role of online platforms in our media and wider democracy, has been subject of significant public debate. Questions about the power, transparency and accountability of online platforms are long overdue. But it is essential that debates about platform power are not allowed to be used by a small number of wealthy incumbent print proprietors to reestablish their position in the digital world as a result of their print dominance, or political leverage. As we note in response to this call for evidence, while we agree that competition and media regulators should have oversight of the criteria used by online platforms to rank news sources across search and social platforms, is it also key that where those criteria are objectively justifiable, the power of a proprietor in the real world is not used to unduly influence their position in the digital world.

*The illusion that digital networks have dispersed power*

The transition from analogue to digital distribution creates the potential for an almost infinite opportunity for individuals or groups to publish and find an audience for news and information. The opportunity is to open up a print news market in the UK that, as we note above, is now dominated by a small number of non-domiciled billionaires. Yet the reality of the digital world is that as media consumption patterns have matured, power has become concentrated in a small number of online platforms.

For many online news brands, the ability to communicate and engage with readers is vital to revenue streams such as online advertising and subscriptions. As Ofcom notes throughout its consultation, the ability to forge those connections has become challenged by new modes of consumption through aggregated environments that are themselves controlled by a small number of billionaires. The rules and policies that govern the discovery, distribution and monetisation of news within these aggregated environments are now critical to the revenue streams of news (and other media/content) businesses.

Multiple competition and media regulators around the world have now recognised that the power of online platforms should be subject to regulation. Yet the centrality of a small number of very large online platforms to the revenues of large swathes of the economy and key institutions creates tension between the knowledge that regulators and policymakers must act in the interests of citizens and businesses, weighed against claims and threats by those platforms that intervening in the public interest would jeopardise the success of the economy.

By way of example, under growing scrutiny of Facebook's practice of not allowing UK & EU consumers to express their GDPR right to determine the purposes for which their personal data is used, the company has invested in research suggesting that its advertising business is a driver of wider economic growth<sup>7</sup>. The fact that Facebook's advertising business may be a factor in driving a proportion of economic growth is irrelevant to the question as to whether Facebook is operating in accordance with the law, or in ways that are consistent with fair and effective competition. Economic growth in itself is not a reason to ignore market abuse, especially as the CMA expects that the excessive profits generated by Google and Facebook would be expected to be "*shared more freely with consumers in a more competitive market.*"<sup>8</sup>

Online platforms also hold powerful positions at the heart of UK politics. The same consolidation in the digital economy that enables those online platforms to influence the

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<sup>7</sup> <https://www.oecd.org/sdd/business-stats/the-future-of-business-survey.htm>

<sup>8</sup> Page 11, Final Report

fortunes of online businesses, now determines the fortunes of politicians. The targeted advertising solutions that have been developed to sell commercial products, are also used to sell political messages and candidates, quickly becoming central to modern political campaigning. Politicians are as reliant on the targeting capabilities of platforms such as Facebook and Google for their electoral success as they were on the advocacy and support of media owners. This dependence may create an unwillingness on the part of politicians to intervene in the market, for example on issues such as how the platforms gain consent for the use of personal data, for fear that such intervention might damage the interests of those platforms on whom they are dependent.

As market concentration grows, the reliance of the government on a small number of very large businesses to drive investment and job creation in the UK also creates incentives for the government to shape regulation in ways that suit the terms of those very large businesses, to further enable their growth.<sup>9</sup> Whilst we have traditionally thought about media owners in the narrow context of newspaper proprietors, in a modern converged digital economy, new sources of power have emerged in addition to the powerful media proprietors of old.

#### *Funding a plural media in concentrated digital markets*

In the coming years, news publishers - and other media businesses - will face a range of challenges to the objective of building a sustainable business model to support investment in high quality journalism. These challenges include:

- the discovery and context in which Guardian journalism is consumed;
- our ability to monetise that journalism through online advertising;
- transaction costs associated with asking readers to help fund our journalism through direct user payments.

#### *Discovery and context of news consumption online*

GNM's commercial and editorial strategy is focused on building relationships with readers, and bringing those readers back to the Guardian's own website or apps to enable those readers to read that journalism in a context curated by Guardian editors. We strongly believe that readers benefit from the experience of reading journalism directly from the original source of that news, rather than within environments in which news is flattened and stripped of clear source branding. From a commercial perspective, we also know that regular readers of GNM journalism on our own site and app, are more likely to become subscribers of contributors to The Guardian in future.

We strongly believe that sustainable news businesses will be those that can drive deep user engagement with journalism, context and a strong connection with the news brand. To that end, our focus has shifted to an internal standardised attention time metric to understand the depth of engagement our readers have with each piece of Guardian journalism. As news consumption has shifted towards aggregated search and social environments in which it is much harder for news brands to stand out and to connect with users, tension between the news sector and online platforms has increased.

The effect of aggregated environments on news consumption of citizens has been much studied, but remains little understood. Research by Ofcom and Reuters News Institute, among others, has suggested that citizens are exposed to more news sources in social media environments. Yet other research suggests that only a minority of users can identify the source of news consumed within such environments.<sup>10</sup> Just one in ten respondents, in a US study,

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<sup>9</sup> For example, <https://www.gov.uk/government/publications/digital-regulation-driving-growth-and-unlocking-innovation/digital-regulation-driving-growth-and-unlocking-innovation>

<sup>10</sup> Page 8, <http://po.st/pkDNSZ>

who clicked on a link to a news story via Facebook can cite the story's source.<sup>11</sup>

Other academic research suggests that consuming news via headlines and article previews on social media, can lead to an over-confidence in knowledge, with consumers significantly overestimating “*their knowledge when encountering snippets of information in Facebook's News Feed.*” Therefore while individuals may be exposed to a greater number of news sources than in previous generations, rather than informing the public to engage in rational argument and debate, such consumption may lead to the development of strong opinions that are not necessarily grounded in facts.<sup>12</sup>

As online platforms have evolved their relationship with news organisations, they have sought to develop new ways of distributing news and information. The development, by both Google and Facebook, of technical formats such as Accelerated Mobile Pages (AMP) and Instant Articles (IA) respectively, has lowered the barriers to the distribution of news and information, but they have also made it harder for consumers to discern high quality news from clickbait or misinformation.<sup>13,14</sup> In addition, AMP & IA have had the effect of retaining users within the respective ecosystems of those platforms. In preferencing technical formats over the quality, history and rigour of a publisher's work, trusted news brands who don't take up the technical formats favoured by those dominant platforms could find themselves penalised, and demoted within search and social environments.

In recent months, under pressure from competition and media regulators across the world, both Google and Facebook have launched new news aggregation products - Showcase and News Tab respectively - which seek to move away from the negative facets of AMP and IA, for example by transiting users from those online platforms to reach the sites of the relevant news publishers. While we approach both initiatives with caution, both initiatives represent a significant improvement on both AMP and IA. The fact that, again under pressure from competition and media regulators, both Google and Facebook have entered into licensing agreements to remunerate news publishers for the use of their content through those initiatives, is a significant and positive step forward. By contrast, Apple has taken a different approach, developing two increasingly popular news aggregation apps, both of which retain the user within a walled garden app, on the iOS device.

### *Monetising journalism through online advertising*

Alongside the challenge for news publishers of finding and keeping an audience in a digital world, is that of monetising journalism. Advertising has traditionally helped to support investment in high quality news, appearing in the very first edition of the Manchester Guardian, over two centuries ago. Advertising has, more broadly, been a force for good in society, underpinning investment in a plural ecosystem of high-quality content, digital products and services. However, the current structure and incentives of the online advertising market do not reward investment in high quality journalism or websites. The underlying dynamics of the display advertising market are structured around metrics such as last-touch attribution, which incentivise the production of vast amounts of content of indeterminate quality, whilst also rewarding privacy-invasive practices such as cookie bombing<sup>15</sup>.

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<sup>11</sup> <http://www.journalism.org/2017/02/09/how-americans-encounter-recall-and-act-upon-digital-news/>

<sup>12</sup> <https://journals.sagepub.com/doi/full/10.1177/2053168018816189>

<sup>13</sup> <http://www.theverge.com/2016/12/6/13850230/fake-news-sites-google-search-facebook-instant-articles>

<sup>14</sup> <https://www.buzzfeednews.com/article/janeltyvynenko/fake-news-in-instant-articles>

<sup>15</sup> Cookie bombing is the practice whereby vendors will show an ad lower down the page in the browser of a large number of users, giving that cookie huge reach across the web. If the user does then click through to the page of an advertiser whose ad (and associated cookie) has featured somewhere on a publisher page, the cookie bomber will seek to assert that it was their advert that was responsible for the sale, and therefore is due an attribution fee, even if that ad was never seen by the user. Again, this practice of cookie bombing uses data and technology to infer responsibility for a purchasing decision by an end user, but says nothing about the multiple points at which that user may have seen adverts on premium publisher sites.

The framing of advertising value around metrics such as cost-per acquisition has encouraged many of the practices that consumers dislike the most, such as an excessive frequency of retargeted ads and the personalisation of intent and search-based advertising, both of which have become the most prized forms of advertising offered in the marketplace today.

In the context of the news industry, these commercial incentives can lead to publishers focusing less on the quality of journalism, and more on the production and distribution of more and more content, of indeterminate quality, hosted on websites that are heavily laden with display advertising.

GNM has not adopted these approaches to the creation and distribution of journalism, focusing instead on producing less journalism, enabling greater investment in key verticals and specialisms that we believe our readers value highly. By publishing less journalism, we are also able to ensure that every piece of journalism that is published, has the best possible chance to find an audience online<sup>16</sup>, and to focus on producing journalism of high quality, which we hope that consumers will value, and choose to pay for a subscription to one of our products, or contribute to our funding our journalism through a recurring or one-off payment of support.

The online advertising market is currently undergoing huge change. The degradation of third party cookies within the iOS ecosystem and multiple web browsers, will undermine the model of cross-site tracking that has enabled last touch attribution, and created the culture of click bait and cookie bombing. These changes offer significant opportunities for premium publishers, if they are able to experiment with a range of advertising innovations, such as: advertising to logged-in users; using shared identifiers such as hashed emails; building audience segments using first-party user or content data; and a return to new forms of contextual advertising to target users based on assumptions about their interests or intent.

However, at least in the interim during this period of disruption, these market changes also threaten to undermine the free-to-access business models of news publishers who rely on online advertising. We are at a moment in time in the provision of news online, with the potential for more high quality news being subject to paywalls or other forms of barrier. These market changes have the potential to create a very different online news environment, in which news is less accessible to consumers than it has been for many years.

#### *Funding investment in journalism through direct user payments*

For many news publishers, the creation of paywalls is the primary method by which they will persuade users to sign up to a subscription. This is not a business approach that GNM has engaged with to date. Given the evident low consumer willingness to pay for news in the UK, it is vital that where citizens are willing to pay to support news, these payments can be taken efficiently and in ways that enable news publishers to provide users with a high level of customer service.

Regrettably, this is not currently possible within key online environments, particularly within Apple's iOS environment. Apple's focus on degrading online advertising within iOS<sup>17</sup> has had the effect of pushing app developers towards direct payment as the primary means through which app developers can generate revenues. By doing so, in tandem with its imposition of the requirement to use Apple's proprietary payment system<sup>18</sup>, Apple is able to extract monopoly rents from app developers who wish to serve an audience of users of Apple devices.

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<sup>16</sup> <https://digiday.com/media/publishers-growing-audiences-producing-less-content/>

<sup>17</sup> <https://hbr.org/2021/04/apple-is-changing-how-digital-ads-work-are-advertisers-prepared>

<sup>18</sup> <https://www.theverge.com/2021/4/30/22407376/apple-european-union-antitrust-charges-app-store-music-competition-commission-margrethe-vestager>

The level of fees that Apple is currently able to charge app developers, many of whom compete with Apple in the provision of apps in areas such as music, news and gaming, demonstrates how the promise of the open internet, in which transaction costs are reduced to zero, can quickly give way to the power of monopoly gateways to impose high tolls and restrictive policies. In other realms of the media ecosystem, price caps<sup>19</sup> prevent such gauging by powerful proprietary platforms. It is vital that media regulators - working together with relevant competition authorities - are able to prevent key online platforms with SMS from exploiting their monopoly gateway positions in ways that undermine investment in high quality media and journalism.

We are hopeful that the government's endorsement of the CMA's proposals for a new Digital Markets Unit (DMU) will address a number of key concerns regarding the abuse of a dominant position by online platforms with SMS. It is vital that the DMU is established quickly, with the requisite powers in place to restore competition to markets that have become ossified beneath the weight of some of the richest, and most powerful businesses to have ever existed.

Interventions such as the establishment of the DMU are vital to prevent the internet becoming just another channel, owned by a small number of corporations, able to exploit the platforms to enrich and benefit themselves. This outcome for the internet is not unforeseen, with Professor Tim Wu noting in 2011 describing the 'cycle', whereby *"from somebody's hobby to somebody's industry; from jury-rigged contraption to slick production marvel; from a freely accessible channel to one strictly controlled by a single corporation or cartel – from open to closed system. It is a progression so common as to seem inevitable, though it would hardly have seemed so at the dawn of any of the past century's transformative technologies."*<sup>20</sup>

In the context of the media plurality framework, it is vital that Ofcom is empowered to work alongside the CMA and others, to develop a coherent system of regulation to ensure that UK media companies can operate in environments in which there is fair and effective competition. An environment in which news publishers can innovate and build sustainable business models, built on key revenue streams such as advertising and reader revenues, without fear of platform policy changes that will undercut their businesses or subject them to disproportionate platform fees that undermine their ability to invest in high quality journalism that holds the powerful to account.

### **Ofcom call for evidence**

#### **Online intermediaries**

- **Threats to business model of news: First, intermediaries pose a challenge to the business models of traditional media, with implications for their financial sustainability, and which in turn could lead to increased consolidation and market exit.**
- **Exposure to diversity of media voices: Secondly, intermediaries control consumer exposure to news creators' content on their platform, potentially limiting user access to (and consumption of) diverse viewpoints and news content. It may not be clear to the consumer on what basis the content they are served is curated and prioritised. Consolidation between intermediaries could exacerbate this concern.**

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<sup>19</sup> For example, Access Controls Services Regulation on the Sky platform

[https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0018/77130/review-sky-access-control.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0018/77130/review-sky-access-control.pdf)

<sup>20</sup> <https://www.theguardian.com/books/2011/apr/02/master-switch-tim-wu-review>

- **Challenges with measuring media plurality: Finally, intermediaries challenge our ability to measure media consumption and therefore media plurality.**

**Ofcom question - The role and impact of online intermediaries on the news consumption journey of UK consumers and the UK news media landscape.**

GMG recognised the opportunities of the open web at an early stage, launching the Guardian Unlimited (GU) network of websites<sup>21</sup> in 1999 and embarking on a digital first strategy. GMG invests heavily in our journalism, engineering and audience teams, to give its journalism the best opportunity to be discovered online through those key gateways. We believe that public interest journalism should be as widely available as possible as a basis for a functioning and accountable democracy.

The emergence of the internet has allowed mass communication to be open, creative, and egalitarian, the ecosystem has changed dramatically in recent decades. For many people, very large online platforms – Google and Facebook – have become the internet, or at the very least, the principal gateways to it. What both businesses have in common is that they control the flows of information, harness their users’ attention, and use intelligence gathered as a result of use of their products and services, in order to target advertising at those users.

As Ofcom has documented, half of adults in the UK now use social media to keep up with the latest news<sup>22</sup> and the 2021 Digital News Report<sup>23</sup>, revealed new trends in news consumption across the UK population:

*“Looking at the UK, as one example, audiences are more likely to use search engines and other internet sites as the best place to access weather or local jobs information, along with social media for recommendations about ‘things to do’. Newspapers are not even the primary location for information about COVID-19, which has become easily accessed via a data visualisation in Google search results, from a social media feed, or from an official government website.”*

*“Access to news continues to become more distributed. Across all markets, just a quarter (25%) prefer to start their news journeys with a website or app. Those aged 18–24 (so-called Generation Z) have an even weaker connection with websites and apps and are almost twice as likely to prefer to access news via social media, aggregators, or mobile alerts.”*

As we note above, while GNM is keen to ensure that its journalism is made available for people to read on as many platforms as possible, our preference is for GNM journalism to be consumed on our own website and apps. This is, in part, for commercial reasons - enabling us to serve higher value, better quality GNM advertising on our website app, and to seek to build deeper relationships with those readers - but also because we believe that readers benefit from reading journalism within the context of the news source.

As Ofcom notes at para 2.17 of the consultation document, the rapid adoption of native news aggregators such as Apple News, demonstrates the advantage that native integration gives to those apps, creating new habits in the consumption of news that may be even harder for individual news brands to break open.

From the perspective of promoting media plurality, there is a lack of clarity in terms of the terms on which these aggregated environments are curated, which lead to a number of

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<sup>21</sup> <https://web.archive.org/web/19990125095747/http://www.guardianunlimited.co.uk:80/>

<sup>22</sup> <https://www.ofcom.org.uk/about-ofcom/latest/features-and-news/half-of-people-get-news-from-social-media>

<sup>23</sup> <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2021/dnr-executive-summary>

questions and concerns. In the world of newspapers and online news sites and apps, users have clear lines of communication through which they can complain to editors about the priority given to specific stories<sup>24</sup>. How would a user complain to the editor of Google Showcase or Apple News about the promotion of a particular story? To whom are those editors accountable?

There is very little clarity on why stories are chosen to lead the day on Apple News?<sup>25</sup> If there was a big public interest news story about the company that owned that aggregated app, how would users or news providers know whether that story was being suppressed within the app?

More broadly, how can the public be assured that these aggregated environments promote journalism that examines the power of online platforms, and gives equal weight to stories that question the need for greater regulation or the need for a fairer and more equitable system of taxation?

Given that revenue generated across Google Showcase, Apple News and Facebook News Tab is dependent on user attention to online advertising impressions, this potentially incentivises human or machine editors to prioritise content that will drive clicks. How is that commercial incentive weighed against the public interest in promoting less salacious stories about social issues? Academic research published last year, for example, discovered that across the Apple News algorithms select *'more stories about celebrities from a less diverse selection of publications'*. The research found that of *"more than 4,000 headlines, the algorithms selected far more stories, from a far more concentrated selection of publications, than the human editors. Nearly a third of all the "trending" stories came from just two outlets: CNN and Fox News."*<sup>26</sup> Research has also shown, for example, that recommendations on Google YouTube are dominated by Fox News, driving *"70% of the one billion hours per day people spent on the platform"*.<sup>27</sup> Is this concentration of recommendations from a small pool of news brands due to a commercial agreement? Or is it due to the fact that such content performs well on internal metrics of the news aggregator? Does such prominence flow from external pressure from the owners of those news brands?

Facebook's decision to licence journalism for use on its news tab service was a welcome recognition of the commercial value of news to its platform. But the News Tab is not rolled out to all Facebook users, and there are no guarantees that it will maintain news circulation in the news feed, which is more widely used than the news tab and results in a wider group of users stumbling across news on the platform?<sup>28</sup>

This challenge of finding an audience for journalism via 3rd party platforms, and building a relationship with those users, is central to concerns about media plurality, news literacy and platform power in a digital age. As the research by Ofcom, and others, has shown, this challenge is particularly acute in relation to younger citizens, whose primary source of news is now no longer news brands, but *"influencers and alternative sources in networks like TikTok, Snapchat, and Instagram."*<sup>29</sup> In the specific context of TikTok, The Guardian has previously written about moderation policies<sup>30</sup> that instruct *"moderators to censor videos that mention Tiananmen Square, Tibetan independence, or the banned religious group Falun Gong."*<sup>31</sup>

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<sup>24</sup> For example, Guardian and Observer readers can complain to the independent readers' editor <https://www.theguardian.com/info/complaints-and-corrections>

<sup>25</sup> <https://www.nytimes.com/2018/10/25/technology/apple-news-humans-algorithms.html>

<sup>26</sup> <https://www.theguardian.com/technology/2020/jun/15/apple-news-algorithms-pick-more-celeb-stories-than-human-editors-says-study>

<sup>27</sup> <https://www.forbes.com/sites/rebeccabellan/2020/11/04/youtube-amplifies-fox-news-as-it-cuts-recommendations-to-fringe-channels/?sh=258236d29368>

<sup>28</sup> <https://www.journalism.co.uk/news/first-thoughts-and-early-impressions-on-the-facebook-news-tab/s2/a746730/> and <https://digiday.com/media/six-months-in-facebook-news-remains-a-question-mark-to-publishers/>

<sup>29</sup> Reuters News Report 2021

<sup>30</sup> <https://www.theguardian.com/technology/2019/sep/25/revealed-how-tiktok-censors-videos-that-do-not-please-beijing>

<sup>31</sup> <https://www.theguardian.com/technology/2019/sep/25/revealed-how-tiktok-censors-videos-that-do-not-please-beijing>

Other reports have from Indonesia, suggest that TikTok<sup>32</sup> instructs moderators to “*content it perceived as critical of the Chinese government*”, aiming for a mix of content that delivers a “*non-political happy tone for the app.*”

**Ofcom question - Whether the role and impact of online intermediaries gives rise to new media plurality concerns; and, if so, how the regulatory framework might be updated to mitigate such concerns.**

*The fight to prevent disintermediation*

As Ofcom identifies in its consultation, “*social media platforms, search engines and news aggregators now play an important role within the news consumption journey.*” News publishers now fight for users’ attention with myriad services with which consumers can now engage.

Ofcom’s research on consumer attitudes to news aggregators suggests that these products provide a significant degree of utility for consumers, but they also deliver significant equity to the owners of those aggregated environments, delivering additional time and attention spent within products and services that are pre-installed on Android and iOS devices.

As we note in the introduction, under pressure from competition and media regulators across the world, both Google and Facebook have launched new news aggregation products - Showcase and News Tab respectively - which seek to move away from the negative facets of AMP and Instant Articles outlined above, for example by transiting users from those online platforms to reach the sites of the relevant news publishers. While we approach both initiatives with caution, both approaches represent a significant improvement on both AMP and Instant Articles. The fact that, again under pressure from competition and media regulators, both Google and Facebook have entered into licensing agreements to remunerate news publishers for the use of their content through those initiatives, is a significant and positive step forward. By contrast, Apple has decided to take a different approach, developing two aggregated news apps, both of which retain the user within the walled garden app, on the iOS device.

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The stability of third-party distribution channels varies widely. Over time, GNM has seen the share of audience referred via Facebook, for example, rise and then fall significantly as Facebook changed its news feed algorithm. We have tailored our approach to distribution on the platform accordingly. The reality is that third-party referrers can make changes to their algorithms that have a significant impact on total traffic to individual publishers, but also to whole categories of publishers, such as news companies.

This is perhaps best illustrated by Facebook’s decision, in January 2018, to alter its algorithm to reduce news and journalism from 5% to 4% of total content on its platform. While a single percentage point drop in news volume on Facebook may seem small, the reality is that 1% of the total volume of content on Facebook is likely to represent millions, if not billions, of pieces of news content. The decision to reduce the prevalence of news in the news feed is particularly concerning, given the recent research finding by Ofcom that news consumed on social media is largely passive, and ‘*may be consumed incidentally as part of a broader feed.*’<sup>33</sup>

The decision by Facebook to reduce the prevalence of news on its platform came at around the same time that Ofcom was examining the public interest in maintaining investment in, and

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<sup>32</sup> <https://www.reuters.com/article/us-usa-tiktok-indonesia-exclusive-idUSKCN2591ML>

<sup>33</sup> 2.19

distribution of Sky News on the Sky satellite platform.<sup>34</sup> Though Ofcom has strong powers in relation to the funding and distribution of news on legacy platforms, it does not have any powers to consider the impact of changes to key platform algorithms on the distribution of news in the UK. Less still, any powers to prevent such a change being made by those platforms.

Given the positive connection between consumption of journalism on our own website and app, and the ability to convert those readers into paying subscribers or contributors to fund investment in more journalism, news publishers fight hard to avoid disintermediation by aggregators, in an attempt to forge deeper connections with readers. While the distribution of GNM journalism in search and social feeds is key to ensuring exposure of our journalism to new readers, there remains a lack of clear research looking at the degree to which news consumption in such environments actually informs the user.

### *The impact on news aggregators on an informed public*

The last few years has seen a heated debate about whether the rise of social media and search feeds has created filter bubbles<sup>35</sup>, or has in fact increased the number of news sources to which users are exposed<sup>36</sup>. What appears clear from the research is that a significant proportion of digital news consumption is passive, being consumed *‘incidentally as part of a broader feed’*<sup>37</sup>. Such passive consumption of news sources - even where the number of sources is greater than in previous generations - may give a misleading impression of an informed citizenry, versus the reality.

Research into the self-perception of users of Facebook’s news feed has, for example, found that while news consumption via *“short article previews, provides enough information for learning to occur... audiences who only read article previews are overly confident in their knowledge, especially individuals who are motivated to experience strong emotions and, thus, tend to form strong opinions. These individuals demonstrating a high “need for affect” (Maio and Esses, 2001) are significantly more likely to overestimate their knowledge when encountering snippets of information in Facebook’s News Feed.”* There is a danger therefore, that this new mode of consumption gives the impression of a well informed citizenry, whilst actually leading to a citizens with strong opinions that are not necessarily grounded in facts.<sup>38</sup> This should raise concern about the impact such consumption is having on well-informed debate in communities across the UK.

Research from the Brookings Institute and the University of Wisconsin-Madison into the impact that new models of news consumption have on individual users found that *“the way people do and don’t search for news online greatly affects their propensity to believe that a group of secret, malevolent actors are controlling the world.”*<sup>39</sup> Using a panel survey of adults in five 2020 presidential election swing states, the research discovered that respondents *“exhibiting high levels of this “news finds me” perception tend to have lower political knowledge and interest than others, and tend to use social media more often.”*<sup>40</sup> The research also found that using *“social media more often is also associated with more conspiratorial thinking, as is expressing high levels of racial resentment (by white people toward black*

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<sup>34</sup> <https://www.pressgazette.co.uk/comcast-stands-by-pledge-to-maintain-funding-for-sky-news-over-ten-years-and-create-new-editorial-board-with-safeguards-for-independence/>

<sup>35</sup> <http://www.theverge.com/2016/11/16/13653026/filter-bubble-facebook-election-eli-pariser-interview>

<sup>36</sup> <https://reutersinstitute.politics.ox.ac.uk/risj-review/truth-behind-filter-bubbles-bursting-some-myths>

<sup>37</sup> 2.19

<sup>38</sup> <https://journals.sagepub.com/doi/full/10.1177/2053168018816189>

<sup>39</sup> <https://www.brookings.edu/techstream/how-media-consumption-patterns-fuel-conspiratorial-thinking/>

<sup>40</sup> Ibid

people).”<sup>41</sup> Other research, published in *Frontiers in Political Science*, finds that “using Facebook and YouTube for news increases conspiracy belief (both general and COVID-19 specific).”<sup>42</sup>

The fact that social media companies, such as Facebook, are currently under no legal obligation to publish reports on the most read content that poses as news on its platform - and indeed, currently has the discretion to shelve reports where they cast the company in a negative light<sup>43</sup> - means there is a strong case for Ofcom to have greater powers - and funding for independent research - to understand what is actually going on beneath the surface.

We believe there is a case for the creation of (where necessary) new specific powers for Ofcom to obtain this data from online platforms. We also believe it is important that steps are taken to ensure that relevant data gathered by other members of the DRCF<sup>44</sup> is made available to regulators sitting within the DRCF to enable shared insight and improved policy making.

#### *Opacity of funding, promotion and distribution of news-like material*

As noted above, the algorithms and policies put in place by social media platforms like Facebook appear to favour dissemination of emotive, right-wing content from news sources such as the Daily Wire. One of the ways in which the Daily Wire has been found to generate such huge traffic, is through the creation of multiple affiliated Facebook pages, which help drive users back to the Daily Wire’s source page.

In June 2020, the journalist Judd Legum, investigated how “*The Daily Wire has gained unprecedented distribution on Facebook through its relationship with Mad World News. Five large Facebook pages controlled by Mad World News expanded The Daily Wire’s audience by millions through the coordinated posting of dozens of links from The Daily Wire each day*”.

Legum also discovered that there was an undisclosed “financial relationship between The Daily Wire, the website founded by right-wing pundit Ben Shapiro, and Mad World News, a notorious outlet that exploits fear and bigotry for profit”. Legum found that the Daily Wire had similar paid relationships with other well followed Facebook pages, each of which violated Facebook’s rules on when paid relationships are appropriate.

The point of this investigation, in the context of Ofcom’s, is to demonstrate how individual sources of content, often posing as news or legitimate journalism, can use the tools and mechanisms built by social media platforms such as Facebook, to unduly influence news consumption and the tone of debate that occurs on those platforms. In the case of the Daily Wire, it is not just unclear who the funders of the Daily Wire website are (initial funding is reportedly from Texas fracking billionaires Dan and Farris Wilks<sup>45</sup>), but it is also unclear that a piece of content on a third party Facebook page is there due to a paid relationship with the Daily Wire.<sup>46</sup>

A recent BBC investigation discovered how an unknown agency was offering money to influencers and social media celebrities to spread anti-vax information through their

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<sup>41</sup> <https://www.brookings.edu/techstream/how-media-consumption-patterns-fuel-conspiratorial-thinking/>

<sup>42</sup> <https://www.frontiersin.org/articles/10.3389/fpos.2021.647957/full>

<sup>43</sup> <https://www.nytimes.com/2021/08/20/technology/facebook-popular-posts.html>

<sup>44</sup> [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0021/192243/drcf-launch-document.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0021/192243/drcf-launch-document.pdf)

<sup>45</sup> <https://www.politico.com/story/2016/01/ted-cruz-dan-wilks-criminal-charges-217724>

<sup>46</sup> [https://popular.info/p/facebook-admits-ben-shapiro-is-breaking?r=qr92&utm\\_campaign=post&utm\\_medium=email&utm\\_source=copy](https://popular.info/p/facebook-admits-ben-shapiro-is-breaking?r=qr92&utm_campaign=post&utm_medium=email&utm_source=copy)

networks<sup>47</sup>. This campaign was subsequently investigated by Facebook, leading to hundreds of accounts operated from Russia being removed from across its platform.<sup>48</sup>

Reducing the prevalence of misinformation and emotive right wing content is clearly a major challenge for Facebook. While the dominance of Facebook in the UK is significant<sup>49</sup>, it is not as significant as in some countries in southeast Asia, where Facebook has effectively become the internet.<sup>50</sup> Nonetheless, Facebook's dominance in the social space in the UK means that its networks have become a key vector of campaigns to spread far right content and misinformation campaigns.

The question about whether companies like Facebook are doing enough to enforce their own rules and policies in this area remains unclear. Twelve months after Judd Legum's investigation, for example, the Daily Wire remained the publisher on Facebook with the highest level of user engagement.

## **Section 2 - Algorithms**

### **Ofcom question - How the algorithms used to recommend news content to UK consumers work in determining the prominence given to different news providers.**

The widespread distribution of our journalism is a key strategic business priority for GMG. The more readers of our journalism, the greater the opportunity to convert a proportion of those readers into paying subscribers or contributors to one or more of our products.

[X]

Our experience in distributing journalism via third party platforms and intermediaries over many years has shaped our strategy towards each online intermediary. Over time, it has become clear that Facebook is not a platform on which to rely on reaching an audience for high quality journalism. GNM does, however, continue to distribute our journalism through Facebook on the basis that we think that all citizens should be able to access public interest news, regardless of the search or social platform they choose to use. This was, for example, particularly true in relation to the Guardian's coverage of the Cambridge Analytica files.

One of the key signals that we believe Facebook's newsfeed algorithm responds to is user velocity and volume of user comment. That means the platform often rewards journalism presented in emotive, provocative, divisive, or opinionated form. Many publishers that do well on Facebook also invest in networks of pages to help stimulate this velocity, often relying on a large volume of sometimes variable quality agency material or viral video content, in order to dominate consumers' newsfeeds.

Although Facebook does not routinely share data on the most popular news articles on the platform, and has sought to prevent the Facebook-owned analytics business, Crowdtangle, from doing so<sup>51</sup>, data published unofficially by Newswhip shows the degree to which right wing content thrives on Facebook. In 2021, the right-wing US news outlet Dailywire.com was the top publisher for every month of the year. Fox News was in the top three every month, knocked from the second spot three times by the dailymail.co.uk, and once by CNN (in January, the

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<sup>47</sup> <https://www.bbc.co.uk/news/blogs-trending-57928647>

<sup>48</sup> <https://www.bbc.co.uk/news/blogs-trending-58167339>

<sup>49</sup> [https://assets.publishing.service.gov.uk/media/5fe49506e90e0712011cb4ea/Appendix\\_C\\_-\\_Market\\_Outcomes\\_v.12\\_WEB\\_.pdf](https://assets.publishing.service.gov.uk/media/5fe49506e90e0712011cb4ea/Appendix_C_-_Market_Outcomes_v.12_WEB_.pdf)

<sup>50</sup> <https://www.smh.com.au/world/asia/facebook-is-the-internet-for-many-people-in-south-east-asia-20180322-p4z5nu.html>

<sup>51</sup> <https://www.nytimes.com/2021/07/14/technology/facebook-data.html>

month of the Capitol attacks and impeachment of ex-President Trump). The dailymail.co.uk meanwhile fell out of the top five publishers only once, into sixth position.

The latest data, generated by the NewsWhip API for the month of June 2021, shows the dailymail.co.uk with the second highest web publisher engagement on Facebook - behind the dailywire.com - having published 56,381 articles during the month, while theguardian.com has 13,157,157 engagements on Facebook, having published 8,051 articles on the platform. The dailymail.co.uk generated 2.3 times as many engagements as theguardian.com on Facebook, publishing seven times as many articles as The Guardian.

## Top Web Publishers on Facebook: June 2021

#	Website	Article Count	FB Engagements
1	dailywire.com	1,499	59,422,477
2	dailymail.co.uk	56,381	30,433,153
3	foxnews.com	5,859	25,403,891
4	rumble.com	2,058	21,350,505
5	cnn.com	4,633	16,705,151
6	bbc.co.uk	18,175	14,860,736
7	theblaze.com	774	13,771,282
8	theguardian.com	8,051	13,157,157
9	nbcnews.com	2,676	13,078,405
10	westernjournal.com	1,207	12,459,586
11	nytimes.com	5,926	11,764,902
12	mirror.co.uk	10,082	11,206,151
13	washingtonpost.com	6,267	11,188,644
14	bbc.com	10,111	10,448,274
15	npr.org	2,210	10,372,941
16	breitbart.com	10,797	10,212,199
17	thehill.com	4,582	10,131,965
18	soompi.com	800	7,570,076
19	people.com	3,248	7,342,427
20	reuters.com	14,096	7,046,209
21	thesun.co.uk	15,021	7,010,289
22	metro.co.uk	7,539	6,922,392
23	cbc.ca	9,210	6,552,166
24	msnbc.com	1,563	6,415,869
25	comicbook.com	3,691	6,214,542

\*Source: NewsWhip API from June 2021



In terms of the factors determining distribution of news via search engines, we believe that this is determined according to more objective - if still relatively uncertain - factors.

In an article for the Guardian in September 2018, Stanford academics Jeff Hancock, Danaë Metaxa-Kakavouli and Joon Park, noted that “*When Google’s search engine first launched in 1997, it started as a well-documented academic project. Its now-famous algorithm, PageRank, was totally transparent for anyone to know. This had some unintended side-effects, since spammers and other self-serving actors took advantage of their knowledge to try to trick Google into prioritizing their content. After years of the ensuing arms race, with Google making secret changes to the algorithm and spammers trying to game it, the result*

## NON-CONFIDENTIAL VERSION

*is that Google's search algorithm is a behemoth whose inner workings are a near-complete mystery outside the company.*"<sup>52</sup>

As a result of balancing the need for transparency of factors affecting search ranking, and the need to preserve a degree of opacity as to how search rankings are determined, it is not clear precisely how any single factor affects ranking in SERPs. There are, however, a range of factors that we understand do have an impact on where publisher content ranks within SERPs. The table below, for example, sets out 10 factors which SEO website [optinmonster.com](http://optinmonster.com) suggests impact on search ranking<sup>53</sup>:

A Secure and Accessible Website	Page Speed (Including Mobile Page Speed)	Mobile Friendliness
Domain Age, URL, and Authority	Optimized Content	Technical SEO
User Experience (RankBrain)	Links	Social Signals
	Real Business Information	

Over many years, GNM has invested in a market leading audience team, who have strong experience and understanding of the work required to ensure that every piece of Guardian journalism has the best chance of performing well in search rankings.

A number of the metrics outlined above can be tested using publicly accessible Google tools, to measure the performance of websites on a technical level. Again, these are technical criteria, which Google publicly states will affect the ranking of sites in search, as they seek to serve their users high quality websites that provide the most relevant and accurate information.

A number of questions have been raised by representatives by large UK news publishers<sup>54</sup> as to why it is that the Guardian and BBC websites feature more highly in Google search results.

By accessing [theguardian.com](http://theguardian.com) and [dailymail.co.uk](http://dailymail.co.uk) websites via an incognito browser, it is possible to test the home page, specific editorial sections and individual articles on both websites in order to understand how those pages compare according to the publicly stated criteria on which Google ranks pages in search.

With screenshots of these tests included as [appendix 1](#) to this note, the tests make clear that, in relation to:

- the respective home pages of The Guardian and the Daily Mail, [theguardian.com](http://theguardian.com) performs significantly better than [dailymail.co.uk](http://dailymail.co.uk) across **five out of five** key factors by which Google developer tools rate websites;
- the Brexit-related editorial subsections of The Guardian and the Daily Mail, the relevant subsection of [theguardian.com](http://theguardian.com) performs significantly better across **five out of five** key factors by which Google developer tools rate websites; and
- individual articles by [The Guardian](#) and the [Daily Mail](#), the individual Guardian article performs significantly better across **five out of five** key factors by which Google developer tools rate websites.

<sup>52</sup> <https://www.theguardian.com/commentisfree/2018/sep/06/google-search-results-rigged-news-donald-trump>

<sup>53</sup> <https://optinmonster.com/seo-ranking-factors/>

<sup>54</sup> See for example, <https://committees.parliament.uk/writtenevidence/25756/html/>

## NON-CONFIDENTIAL VERSION

- Google's PageSpeed insights tool gives the [dailymail.co.uk](https://www.dailymail.co.uk) website an overall score of 11 out of 100, with [theguardian.com](https://www.theguardian.com) on 29 out of 100, and [BBC News](https://www.bbc.com) on 39 out of 100.<sup>55</sup>

The rating tools used to perform this analysis of the performance of [dailymail.co.uk](https://www.dailymail.co.uk) are available to executives and to the public via any Chrome browser<sup>56</sup>. The metrics that Google uses to rate the performance of a website can be affected by changes that are within the control of the news publishers, and could be remedied by those publishers if they deemed this an area of improvement in which they chose to invest. The metrics that Google uses to rank websites in search appear largely objectively justifiable and intelligible. The fact that some large news publishers' websites fare poorly against those metrics, will obviously impact on the position that they rank in search engine results pages (SERP).

### *Investment in key verticals*

As noted above, in addition to investment in a world class website, world class audience teams and in-house audience analytics tools,<sup>57</sup> GNM has focused its growth strategy on investment in world class journalism on issues that matter to an engaged global audience. Through investment in deeper coverage across many areas of politics, the implications and negotiations around Brexit, the climate crisis and coronavirus, GNM has built a growing audience and strong presence within search rankings. Such prominence is not due to the subjective bias of a search engine, but to the time, effort, and resources that have been invested into amazing journalists, who produce world class journalism every day.

The decision on which verticals to invest in is down to each individual news publisher, depending on their business strategy. We know for example, that in terms of harnessing programmatic audience-based targeting from advertisers, there is currently less appetite for advertisers to place marketing around public interest news content<sup>58</sup>. This may incentivise a publisher to invest more resources into sport, celebrity, lifestyle and viral content that is more likely to attract advertiser spend. It is a reality that while articles about coronavirus are some of the most important and most well-read articles on our website, the increasing use of keyword blocking technologies against related words is having a massive impact on the ability to monetise advertising inventory connected to news journalism across our site.<sup>59</sup>

From a GMG perspective, while advertising remains a key revenue stream to support a sustainable commercial business model, investment in key public interest news verticals serves the broader purpose of building engagement, loyalty and a willingness among a growing readership to pay. We absolutely respect the business decisions of other news organisations to prioritise greater investment in 'softer' news verticals. We would expect, and observe, that as a result of this investment and specialisation, articles from those news organisations in those softer news verticals appear more prominently in Google search. A number of examples (detail contained in appendix 2) of keyword searches demonstrate this point.

Searching for Kim Kardashian in Google search, **over a third of search results** are for the Daily Mail and Metro, both of which are owned by DMG Media. The Guardian does not rank anywhere on the first page of SERPS.

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<sup>55</sup> Tests were run on 28th September between 1 - 1.35pm using a Chrome browser running in incognito mode.

<sup>56</sup> <https://developers.google.com/web/tools/lighthouse>

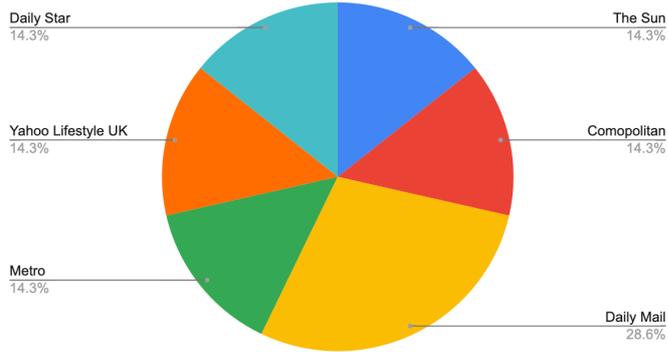
<sup>57</sup> <https://analyticscube.com/2019/12/03/how-the-guardians-ophan-analytics-engine-helps-editors-make-better-decisions/>

<sup>58</sup> <https://www.wsj.com/articles/advertisers-blacklist-hard-news-including-trump-fearing-backlash-11565879086>

<sup>59</sup> [https://digiday.com/media/coronavirus-climbs-keyword-block-lists-squeezing-news-publishers-programmatic-revenues/?utm\\_medium=email&utm\\_campaign=digidaydis&utm\\_source=daily&DM2=536745&utm\\_content=200309](https://digiday.com/media/coronavirus-climbs-keyword-block-lists-squeezing-news-publishers-programmatic-revenues/?utm_medium=email&utm_campaign=digidaydis&utm_source=daily&DM2=536745&utm_content=200309)

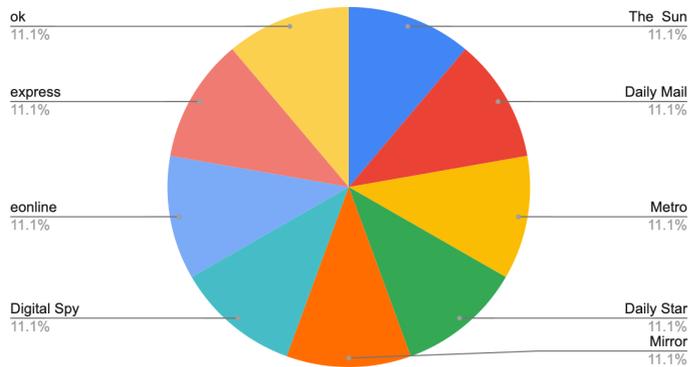
## NON-CONFIDENTIAL VERSION

### "Kim Kardashian"



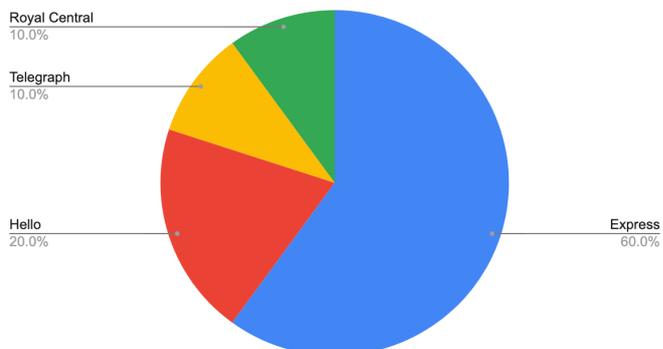
Searching for "TV gossip" results in The Sun appearing first with the Daily Mail in second place. The Guardian does not rank anywhere on the first page of SERPs.

### "TV gossip"



A search for "Royal News" delivers an overwhelming search victory for the Daily Express, occupying **six out of the first ten** search results. The Guardian does not rank anywhere on the first page of SERPs.

### "Royal News"



*Site speed and user satisfaction*

One metric believed to be used by Google as a proxy for broad quality of user experience is the average speed of page loading times. Websites that are poorly constructed in technical terms, littered with low quality ads and intrusive tracking codes, will tend to be significantly slower than more user friendly websites.

Using Google tools to compare the site speeds of a number of major international news websites, it appears that the dailymail.co.uk website, for example, suffers from significant site speed load delays. This is likely to have an impact on how Google measures user satisfaction of a search result.

Search experts also believe Google measures quality of engagement and user satisfaction with search results at a story level, by taking into account users who bounce back to a search results page.<sup>60</sup>

The satisfaction metric means two things. First, that if readers don't click on a link to a news story in SERP, then the publisher's story will be penalised as a less relevant result. Second, if readers do click on a search result, but then bounce out quickly, the publisher's story will be penalised on the assumption that it's an unsatisfying result, either because it's not relevant despite appearing to be so, or the user experience is poor (see appendix 1 on site performance). This benefits publishers who present their stories responsibly, but it may also benefit publishers who have made a strategic choice to invest in driving longer user engagements on the page. As we outline on page 4, driving deeper engagement with each piece of Guardian journalism has become a key area of focus for our audience team.

#### *Prominence of original journalism in SERPs*

A key focus of Ofcom's media plurality framework is to ensure continued investment in diverse, original content. Our understanding is that one of the metrics that Google uses to rank websites in search is on the basis of the originality of the content on those sites.

Google has publicly stated its commitment to promote *“original reporting, an endeavor which requires significant time, effort and resources by the publisher,”* making *“ranking updates and published changes to our search rater guidelines to help us better recognize original reporting, surface it more prominently in Search and ensure it stays there longer. This means readers interested in the latest news can find the story that started it all, and publishers can benefit from having their original reporting more widely seen.”*<sup>61</sup> This can mean, for example, that where news websites republish press agency copy or publish copy produced without a named byline, this may not feature as prominently in search results as genuinely original reporting from a journalist with a recognised track record in a specific subject field.

This focus by major search engines on recognising investment in original reporting and journalistic excellence is crucial to creating a competitive, pro-consumer online environment. It is positive for media plurality that the original source of journalism is rewarded in search, rather than the position of publishers who publish repetitive or derivative versions of those same stories.

The promotion of original fact-based journalism by a native digital publisher over and above journalism produced by an incumbent, should be seen as a sign that competition is working, not as an example of subjective bias against an incumbent. It would be a poor outcome for consumers in any sector, if SERP were calibrated to promote products of a lower standard or poorer quality simply due to the incumbency or political power of the publisher of that content.

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<sup>60</sup> <https://moz.com/blog/seo-satisfaction>

<sup>61</sup> <https://blog.google/products/search/original-reporting/>

As an investor in high quality original journalism, GMG believes that trusted, original journalism is something that it is in the interests of the public to be able to find through a prominent position in SERP. The use of fair, objective and transparent metrics as the basis for search ranking is key to fostering a pro-competitive online news environment, enabling consumers to access high quality journalism within the online search environment.

**Ofcom question: Whether the role and impact of algorithms gives rise to new media plurality concerns and if so, how the regulatory framework might be updated to mitigate such concerns.**

As we note on page 9, editorial decisions once held by editors and journalists have to some extent been redistributed throughout the new media value chain. Online platforms serving as intermediaries can now curate the news that is served to end-users both indirectly via algorithms, but also more explicitly as editors themselves (like Apple News which has staff making daily decisions about ‘top stories’). People can also now personalise the news that is served to them to a degree not previously possible in traditional media, raising concerns about people inadvertently closing themselves off to challenging news content. It is the combination of news recommendations that find the user, together with the personalisation of recommendations on the basis of traits and characteristics that the user themselves might not fully understand, that raise concerns about the future of a plural open media ecosystem.

In addition to the ability to personalise and recommend news to users, a critical distinction between news publishers and online platforms is that news media publishers have primary legal liability for the content they publish. When combined with the creation of cross-industry codes of practice, and the transparent placement of advertising within news environments - both in print and online editions - they create a framework of norms and standards that place multiple pressures on news publishers to publish material that accords to professional standards. Online intermediaries are under no such legal, self-regulatory or commercial pressures. Combined with their dominant position in search and social media markets, this means that there is minimal legal or commercial pressure to prevent their platforms being used to serve extremist content or misinformation. In fact there is actually an incentive to do so, if publishing and directing such content at their users leads to higher engagement on the platform, and a greater ability to target those users with personalised advertising.

During this time of unprecedented global pandemic, the platforms’ hands-off approach to content publication, distribution and targeting, has been the subject of significant concern:

- The World Health Organization director-general, Tedros Adhanom Ghebreyesus, warned in March, we are not only fighting a pandemic, but also an “infodemic”, a deluge of information – both factual and incorrect<sup>62</sup>. This can generate doubt and vaccine hesitancy, which WHO listed as one of the top 10 threats to global health in 2019.
- The US President Joe Biden called on Facebook to tackle misinformation after saying it’s ‘killing people’<sup>63</sup>.
- NewsGuard’s latest report to the WHO<sup>64</sup> shows Facebook continues to recommend broad networks of anti-vaccine and health misinformation pages to users and that the platform has not taken action against pages and groups that were shown to be spreading dangerous health misinformation.

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<sup>62</sup> <https://www.un.org/en/un-coronavirus-communications-team/un-tackling-%E2%80%98infodemic%E2%80%99-misinformation-and-cybercrime-covid-19>

<sup>63</sup> <https://www.theguardian.com/us-news/2021/jul/19/joe-biden-facebook-covid-coronavirus-misinformation>

<sup>64</sup> <https://www.newsguardtech.com/wp-content/uploads/2021/07/WHO-Report-July-20-2021-Facebook.pdf>

## NON-CONFIDENTIAL VERSION

- A report by the Center for Countering Digital Hate (CCDH) released in March, cited by the White House<sup>65</sup> found the vast majority of Covid-19 anti-vaccine misinformation and conspiracy theories originated from just 12 people.
- Non-profit organisation Avaaz<sup>66</sup> found that pages from the top 10 sites peddling inaccurate information and conspiracy theories about health received almost four times as many views on Facebook as the top 10 reputable sites for health information.

Google has also struggled to deal with misinformation during the pandemic too.

- On YouTube, the accounts of six out of 12 anti-vaccine activists identified by the Center for Countering Digital Hate as being responsible for creating more than half the anti-vaccine content shared on social media are easily searchable and still posting videos.<sup>67</sup>
- In Australia, Google stepped in to ban Sky News Australia from uploading content to YouTube for seven days after violating the platform's medical misinformation policies by posting numerous videos which denied the existence of Covid-19 or encouraged people to use hydroxychloroquine or ivermectin.<sup>68</sup>

In relation to questions about the staff required to moderate the content published by online platforms, the NYU Stern Center for Business and Human Rights' report, *Who Moderates the Giants? A Call to End Outsourcing*<sup>69</sup>, highlights the challenges that content moderators on many platforms face in resolving difficult content decisions with limited time to consider each post, all while facing the potential mental health impacts of reviewing extreme and highly graphic content. The study recommended that in addition to ending all content moderation outsourcing, digital platforms should double the number of content moderators.

The newly released Centre for Data Ethics and Innovation's report on the role of AI in addressing misinformation<sup>70</sup> indicates Ofcom's role as the UK's online harms regulator presents an opportunity to ensure greater transparency in the ways that platforms address misinformation and strengthen regulatory oversight of online targeting systems.

It is vital that Ofcom's media plurality framework enables the regulator to investigate and understand the impact of platform algorithms on individual users and the broader media environment. Whilst the coronavirus crisis has reaffirmed the importance of a vibrant news ecosystem in a democratic society, it has also put a spotlight on the spread of misinformation across digital platforms. Personalised news feeds, based on as little as a single like on a piece of content, represent new challenges to the commitment to media plurality, not least through the inability to measure the availability of quality journalism, and the opacity of the algorithms to determine what content is seen where.

As we note above, while academic research has been undertaken in this area, the data used to underpin such research is either through surveys or provided by the platforms themselves, as part of studies that the platforms themselves fund. **As the regulator responsible for assessing media plurality and broader news consumption trends in the UK, Ofcom should be given formal powers to request information from the platforms to understand actual consumer behaviour and engagement with news content.**

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<sup>65</sup> <https://www.theguardian.com/world/2021/jul/17/covid-misinformation-conspiracy-theories-ccdhd-report>

<sup>66</sup> [https://secure.avaaz.org/campaign/en/facebook\\_threat\\_health/](https://secure.avaaz.org/campaign/en/facebook_threat_health/)

<sup>67</sup> [https://252f2edd-1c8b-49f5-9bb2-cb57bb47e4ba.filesusr.com/ugd/f4d9b9\\_b7cedc0553604720b7137f8663366ee5.pdf](https://252f2edd-1c8b-49f5-9bb2-cb57bb47e4ba.filesusr.com/ugd/f4d9b9_b7cedc0553604720b7137f8663366ee5.pdf)

<sup>68</sup> <https://www.theguardian.com/australia-news/audio/2021/aug/06/sky-news-australia-youtube-and-misinformation-in-a-pandemic-with-lenore-taylor>

<sup>69</sup> <https://www.stern.nyu.edu/experience-stern/faculty-research/who-moderates-social-media-giants-call-end-outsourcing>

<sup>70</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1008700/Misinformation\\_forum\\_write\\_up\\_August\\_2021\\_-\\_web\\_accessible.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1008700/Misinformation_forum_write_up_August_2021_-_web_accessible.pdf)

### Section 3 - Market changes

- *Under the current regulatory framework, there is no mechanism to assess media plurality issues outside of a merger situation. However, we note that changes to the market, outside the context of a merger, such as market exits, organic growth in market share, or changes to technology or consumers more broadly, can impact media plurality by altering the respective ability of different players to influence audiences and the wider news agenda. The questions below aim to seek views and information on these and any other areas of potential plurality concern relating to market change outside the context of a merger.*
- *The role and impact of market change, outside the context of a merger, on the news consumption journey of UK consumers and the UK news media landscape.*

The past 18 months have been difficult for many news organisations, accelerating trends expected to take place over the next decade including vast increases in digital news consumption, habits changing around print newspapers even more quickly, big falls in revenue and structural changes in online advertising.

At the same time, news has become even more widely read in the UK, as organisations including the Guardian have seen huge increases in digital readership as readers seek out trusted, quality information on coronavirus. Guardian journalism attracted record readership; over two billion unique browsers and almost 20 billion page views during the year.<sup>71</sup> We are also pleased that Ofcom's annual report into news consumption found the Guardian and Observer were rated highest by readers for accuracy, trustworthiness and depth of analysis and rated highest out of all news outlets for providing news about the coronavirus pandemic and "helping people understand the restrictions."<sup>72</sup>

The Covid-19 lockdowns have had an impact across all of the print market, with newsstand sales falling in line with the decline in footfall during these periods. According to Press Gazette research, more than 500 UK publications – mainly local and regional newspapers made or were facing cuts due to the coronavirus economic downturn.<sup>73</sup> The story is similar in the US media landscape, where an estimated 37,000 employees of news media companies were laid off, furloughed or had their pay reduced since the beginning of the crisis.<sup>74</sup>

In July 2020, GMG announced cost saving measures including proposals to reduce staff numbers in non-editorial and editorial departments. This strategic restructuring programme resulted in around 125 members of staff taking redundancy - the vast majority of which were voluntary. This programme was focussed on those areas of the business most impacted by sustained structural shifts in the market, enabling future investment in activities that will drive editorial engagement and associated reader revenues.

As outlined in this Guardian story<sup>75</sup>, a direct consequence of the pandemic has been to accelerate a number of structural changes we have been seeing for a while and print, along with other areas of the industry, has seen changes. The lockdown has had an impact across all of the print market, with sales falling in line with the decline seen in footfall during this period.

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<sup>71</sup> <https://www.theguardian.com/gnm-press-office/2021/jul/27/guardian-media-group-plc-gmg-publishes-202021-statutory-financial-results>

<sup>72</sup> <https://www.theguardian.com/media/2021/jul/28/the-guardian-most-widely-used-newspaper-website-and-app-for-news-according-to-ofcom>

<sup>73</sup> <https://www.pressgazette.co.uk/more-than-2000-newspaper-jobs-hit-as-hundreds-of-publications-across-uk-face-covid-19-cuts/>

<sup>74</sup> <https://www.nytimes.com/2020/04/10/business/media/news-media-coronavirus-jobs.html>

<sup>75</sup> <https://www.theguardian.com/media/2020/jul/15/guardian-announces-plans-to-cut-180-jobs>

Revenues from Advertising, Jobs, Newsstand, ecommerce and events were down significantly against budget for 2020/21, which led to restructuring and 110 job losses in these areas.

Strong growth in our international revenues, primarily from the US, Australia and Europe, also helped to mitigate structural pressures in other areas, with revenue from outside of the UK growing by 25.5% in the year. More than half of our digital reader revenues now come from outside the UK.<sup>76</sup>

Other news publishers experienced similar job losses - the New York Times shed 68 jobs, largely on the advertising side.<sup>77</sup> Smaller titles and outlets, as well as larger and seemingly well established players like Conde Nast and BuzzFeed in the USA<sup>78</sup>. The UK's largest newspaper group Reach cut 550 staff (or around 12% of its workforce), Evening Standard proposed to cut a third of jobs (115 jobs) to help save the company<sup>79</sup> and 1,000 BBC jobs were put at risk across news and the nations and regions as a result of lost income during the pandemic.<sup>80</sup>

### *Ongoing impact of the duopoly*

The digital economy has evolved rapidly, and it has evolved organically. PWC's Media Outlook report 2020-2024 shows the immediate impact of the coronavirus pandemic on the news industry and forecasts years of slow recovery ahead. The figures show that at a global and national level print revenues will continue to fall faster and further than digital growth can offset, although this is less stark in the UK than in the US.<sup>81</sup>

At the heart of the present structure of the digital economy is an online advertising market that is based on the use of personal data in order to serve targeted marketing to consumers. While the use of personal data to power online advertising is subject to structural change for publishers operating on the open web, such targeting capabilities are likely to be retained by key online platforms with SMS, not least due to use of click-wrap agreements that force consumers to allow their data to be used in this way. The latest figures from the Advertising Association/Warc for Q1 2021 show that online platforms with SMS, predominantly Google and Facebook, were the only companies to record a year-on-year rise in ad spend in Q1 2021 compared to double digit declines across all other sectors.<sup>82</sup>

As we note in the introduction to this document, the failure of UK and EU data protection authorities to prevent online platforms with SMS seeking to exploit users' personal data, gaining consent through long and unwaverable click wrap agreements, is one of the key reasons why these already very large businesses continue to grow exponentially, while advertising revenues for independent media businesses continue to plateau or drop.

In addition to the challenges posed by the failure to enforce the GDPR against online platforms with SMS, news publishers are likely to face significant revenue impacts as a result of the decision by Apple, and subsequently by Google, to degrade the third party cookie technologies that currently underpin open marketplace online advertising.

This period of significant market change could create an opportunity to experiment with a range of advertising innovations, including: advertising to logged-in users; using shared

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<sup>76</sup> [https://uploads.guim.co.uk/2021/07/27/GMG\\_Financial\\_Statements\\_2021.pdf](https://uploads.guim.co.uk/2021/07/27/GMG_Financial_Statements_2021.pdf)

<sup>77</sup> <https://www.axios.com/new-york-times-layoff-advertising-349c766d-3b88-4ae9-841b-5ad8c741f331.html>

<sup>78</sup> <https://www.subscriptioninsider.com/type-of-subscription-business/magazines/conde-nast-and-buzzfeed-announce-additional-cuts-due-to-covid-19>

<sup>79</sup> <https://www.ft.com/content/6b69006f-87e8-4180-9b26-b3ed05996176>

<sup>80</sup> <https://www.pressgazette.co.uk/covid-19-crisis-leads-to-more-than-2000-job-cuts-across-uk-news-organisations/>

<sup>81</sup> <https://www.pressgazette.co.uk/report-predicts-five-years-of-steep-global-decline-for-newspaper-industry-revenue-print-and-online/>

<sup>82</sup> <http://www.newsmediauk.org/Latest/tech-platforms-profit-from-pandemic-while-content-creators-squeezed>

identifiers such as hashed emails; building audience segments using first-party user or content data; and a return to new forms of contextual advertising to target users based on assumptions about their interests or intent. However, whether in relation to Google's plans to move to proprietary forms of tracking through the collection of proposals known as the Privacy Sandbox, or as a result of plans by Content Verification Providers to try and use their position in order to disintermediate news publisher advertising through the development of contextual advertising propositions, the future of the online advertising market as a supporter of news production, remains uncertain.

Disruption to the online advertising market has resulted in the loss of thousands of journalism jobs and led some publications to close. According to research by Press Gazette, the number of local newspapers in the UK has fallen by 265 since 2005 – not because of a problem with journalism, but because of a problem with funding it.<sup>83</sup> The loss of jobs in local journalism is particularly worrying in the context of a healthy democracy. A Harvard University study<sup>84</sup> demonstrated that as the public increasingly relies on social media and national news for political information, where partisan cues are more intense than local news, it is more vulnerable to misinformation and manipulation<sup>85</sup>.

The landscape of native digital news brands is also evolving. We have seen the growth and subsequent weakening or closure of many digital-only media companies (Vice, Mashable, Huffington Post and BuzzFeed) as their business models relied on the algorithms of the digital platforms rather than direct traffic. BuzzFeed's CEO, Jonah Peretti, has said that he plans to continue to purchase more companies in order to give BuzzFeed enough scale to better compete against tech giants like Facebook and Google for ad dollars.<sup>86</sup> Other advertising technology companies have sought to build similar counterweights to Facebook and Google's market power<sup>87</sup>, only to end in failure<sup>88</sup>.

In terms of updating Ofcom's media plurality framework in relation to online advertising, the CMA's recommendations for the establishment of the DMU are a welcome attempt to level the playing between publishers and platforms in relation to the online advertising market. Ultimately, however, the existing data protection framework in the EU and UK should already allow data protection authorities to force online platforms with SMS to empower EU and UK citizens with their GDPR rights to freely consent as to how their data is used. The question that data protection authorities outside of Europe are increasingly asking is: why are these laws not being properly enforced?<sup>89</sup>

#### *How platform policies that distort the market*

In response to the disruption to the online advertising market, many news organisations, including the Guardian, have launched some form of direct reader revenue model. Many have introduced a form of paywall, something that GNM has decided not to do to date.

The consistent undermining of the value of premium publisher advertising, in different ways, is likely to drive more and more news publishers towards paywall models. The risk is that this

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<sup>83</sup> <https://www.pressgazette.co.uk/uk-local-newspaper-closures-at-least-265-local-newspaper-titles-gone-since-2005-but-pace-of-decline-has-slowed/>

<sup>84</sup> <https://cyber.harvard.edu/publications/2017/08/mediacloud>

<sup>85</sup> [https://www.cjr.org/tow\\_center\\_reports/hundreds-of-pink-slime-local-news-outlets-are-distributing-algorithmic-stories-conservative-talking-points.php](https://www.cjr.org/tow_center_reports/hundreds-of-pink-slime-local-news-outlets-are-distributing-algorithmic-stories-conservative-talking-points.php)

<sup>86</sup> <https://www.axios.com/buzzfeed-spac-plan-scale-658ba57e-8379-45b5-b515-6d1244dd66d4.html>

<sup>87</sup> <https://www.vox.com/2017/8/31/16227266/oath-facebook-google-tim-armstrong-podcast>

<sup>88</sup> <https://www.cnbc.com/2021/05/03/verizon-sells-yahoo-and-aol-businesses-to-apollo-for-5-billion.html>

<sup>89</sup> <https://gadgets.ndtv.com/social-networking/news/whatsapp-privacy-data-eu-rules-transparency-compliance-gdpr-edpb-case-must-be-decided-within-a-month-2497527>

creates a two-tier system in which those who can afford to pay for news are able to do so, whilst those who cannot afford pay have more limited choices. The implications of this trend are unknown, though there is a danger that if journalism is not made available through search and social feeds - due to publishers prioritising paid for distribution - this could create a vacuum. Such a vacuum may be filled by businesses or politically motivated actors posing as news sources, who may seek to use emotive and clickbait content to capture the attention of users.

In recent months, under pressure from competition and media regulators across the world, both Google and Facebook have launched new news aggregation products - Showcase and News Tab respectively - which seek to move away from the negative facets of AMP and Instant Articles outlined above, for example by transiting users from those online platforms to reach the sites of the relevant news publishers. While we approach both initiatives with caution, they represent a significant improvement on both AMP and Instant Articles. The fact that, again under pressure from competition and media regulators, both Google and Facebook have entered into licensing agreements to remunerate news publishers for the use of their content through those initiatives is a significant and positive step forward.

By contrast, Apple has taken a different approach, developing two aggregated news apps, both of which retain the user within the walled garden app, on the iOS device. The first of these apps, Apple News, is installed natively on iOS devices, giving it a huge advantage over other news aggregation apps, or individual news brands. As the 2021 Reuters news report has shown, this native installation has seen huge growth in usage on iOS devices in the US, swiftly becoming one of the top ten most used apps.<sup>90</sup> Apple's second news aggregation app, Apple News+, is a subscription news aggregation app built on top of Texture, a digital magazine app Apple acquired in 2018. Again, Apple competes directly with other premium news aggregation and individual news brand apps, due to the fact that it owns the iOS app store through which those apps are purchased.

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While other news apps are subject to the mandatory 30% tax that Apple places on purchases through the iOS store, Apple will benefit from that tax simply being a cost of business within the organisation. Apple also owns the relationship with iOS users, potentially giving it an ability to communicate with iOS users that it increasingly denies to third party developers. It is also unclear how Apple uses its ability to control the prominence of apps within the iOS store to encourage users to install Apple News+.

At the Worldwide Developer Conference in June 2021, Apple announced a further series of policies<sup>91</sup> that will impact on the ability of developers - including news publishers - to build businesses within the iOS ecosystem. These changes include:

- The introduction of an algorithm that will determine, on the users' behalf, whether a breaking news alert is urgent or important, and;
- Mail privacy protection, which will prevent newsletter publishers from knowing whether a user has opened and engaged with an email. Given that many publishers see newsletter as a key area of growth in driving engagement with journalism, this measure effectively nullifies publisher understanding of engagement with that journalism.

In addition, news publishers are only just coming to terms with the implications of Apple's policies that prevent publishers from understanding whether a user has installed and interacted with their news app from the app store<sup>92</sup>. Early signs are that Apple's changes have

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<sup>90</sup> Page 27 [https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2021-06/Digital\\_News\\_Report\\_2021\\_FINAL.pdf](https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2021-06/Digital_News_Report_2021_FINAL.pdf)

<sup>91</sup> <https://www.niemanlab.org/2021/06/a-packed-set-of-apple-announcements-could-have-big-impacts-on-news-publishers-for-good-and-for-ill/>

<sup>92</sup> <https://www.endersanalysis.com/reports/apples-privacy-rollout-trial-regulators>

hobbled the ability of third party analytics providers to understand which marketing channels have led to app installs. This policy change will create a new reliance - and therefore increasing demand - on Apple's own app store advertising and analytics service as the way to market apps to users. For larger news providers, the lack of insight into which marketing channels are most effective may not have a meaningful impact on user acquisition. For smaller news providers, however, the lack of information about the effectiveness of app install marketing may lead to reduced efficiency of marketing spend. It may force those businesses to purchase app install advertising directly from Apple at a higher cost.

While these policy changes by Apple are framed through the rubric of privacy, the reality is that Apple has transitioned from being a company famous for its innovation in hardware, to a business that derives a significant proportion of its revenues from a services business. While hardware remains the majority of Apple's revenues, reporting \$232 billion dollars in the nine months to June 2021, its services business now accounts for over \$50 billion of revenues, over the same period<sup>93</sup>. This represents 25% growth of its services business in a year. As commentators have noted<sup>94</sup>, while some of this growth in services revenue is likely to be organic, Apple's monopoly position over the rules that govern iOS, and its particular focus on degrading advertising technologies that have helped to support app development<sup>95</sup>, means that Apple is able to push app developers towards subscription models as the primary means through which developers can generate revenues within the iOS ecosystem. By doing so, in tandem with its imposition of the requirement to use Apple's proprietary payment system<sup>96</sup>, Apple is able to extract monopoly rents from app developers (many of whom it competes with directly through its own equivalent apps) who wish to serve an audience of users of Apple devices.

In contrast to Apple, Google - which also charges a fee for contributions payments made through its app store payment mechanism - allows Android users to exit Android apps to make payments to app developers through a browser on the app developer's site. This enables developers such as GNM to offer consumers a range of more efficient payment providers, allowing readers to contribute via a browser through Stripe (with a payment fee of 0.1%) or PayPal (with a fee of about 3.4%). As a result of Apple's decision to charge the 30%, GNM has taken the decision to switch off payment functionality within the Guardian app on iOS. This is not without cost, but due to the 30% fee, and as a point of principle, we have decided not to allow that functionality with the current version of the Guardian iOS app. The level of fees that Apple is currently able to charge app developers, many of whom compete with Apple in the provision of apps, demonstrates how the dream of the internet as an open space in which transaction costs are reduced to zero was a mirage.

Ofcom already has experience of imposing<sup>97</sup> price caps on powerful proprietary platforms. It is vital that media regulators - working together with relevant competition authorities - prevent dominant online platforms with SMS from exploiting their monopoly gateway positions in ways that undermine investment in high quality media and journalism. The risk is that without intervention to prevent monopolistic behaviour, changes to app store and ecosystem policies will have the effect of undermining or taking a significant proportion of revenues generated through those channels, whilst at the same time, creating ever greater dependency on those platforms for marketing and analytics, in ways that raise business costs

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<sup>93</sup> [https://www.apple.com/newsroom/pdfs/FY21\\_Q3\\_Consolidated\\_Financial\\_Statements.pdf](https://www.apple.com/newsroom/pdfs/FY21_Q3_Consolidated_Financial_Statements.pdf)

<sup>94</sup> <https://www.cnbc.com/2021/03/19/apples-privacy-change-could-increase-the-power-of-its-app-store.html>

<sup>95</sup> <https://hbr.org/2021/04/apple-is-changing-how-digital-ads-work-are-advertisers-prepared>

<sup>96</sup> <https://www.theverge.com/2021/4/30/22407376/apple-european-union-antitrust-charges-app-store-music-competition-commission-margrethe-vestager>

<sup>97</sup> For example, Access Controls Services Regulation on the Sky platform

[https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0018/77130/review-sky-access-control.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0018/77130/review-sky-access-control.pdf)

and reduce business autonomy. The prospect of lower revenues and higher costs will ultimately mean less money is available to invest in original journalism.

### *Changes in news consumption*

It is clear that younger generations are consuming news differently - those aged under 35 are very reliant on mobile, and spend a lot of time with a range of different social networks. As such, much of their media use is on-demand and algorithmically curated/personalised. As outlined in the Reuters Institute report 'How Young People Consume News and the Implications for Mainstream Media'<sup>98</sup>:

*“News brands need to tell stories in ways that fit the expectations of young people and the moments when they are open to news. This means creating formats that are native to mobile and social platforms as well as incorporating these ideas into their own websites.*

*“The way the news media covers stories may need to change, including addressing issues such as negativity, stereotypes, diversity and how news brands present both themselves and their content on third party platforms.”*

Many news organisations are investing in creating journalism for TikTok in a bid to appeal to younger audiences.<sup>99</sup> The platform is the most successful new social media platform since Snapchat, allowing users to broadcast short form video-led content. This month, The Washington Post announced that it is creating a task force to figure out how to attract more young and diverse readers.<sup>100</sup> Part of this strategy may include new formats, beats or services for the Post's journalism, like social media and audio platforms or news distributors popular among its target audience.

A recent TikTok video explainer by Guardian Australia on the current situation in Afghanistan received significant traction online, showing potential for engagement on the platform.<sup>101</sup> The video, which features journalist Matilda Boseley explaining the history of the conflict in the region from the US invasion until now, received just over 400,000 likes and 3.5 million views.

While some commentators criticised the delivery of the story via TikTok, others including Edward Snowden<sup>102</sup> pointed out that this is simply the way young people consume content. The popularity of TikTok presents yet another challenge for news organisations as they are forced to weigh up the potential for reaching younger audiences and maintaining relevance in the long term, with the real threat of losing direct relationships with this set of readers and inevitable problems with monetisation as news organisations do not own the data or insights around the readers accessing journalistic content on TikTok. These same issues arise for news organisations, time and time again, with the invention of a new platform every half-decade. News content offers a highly valuable product for platforms, who rely on it for engagement on their platform.

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<sup>98</sup> <https://reutersinstitute.politics.ox.ac.uk/our-research/how-young-people-consume-news-and-implications-mainstream-media>

<sup>99</sup> <https://www.niemanlab.org/2019/06/meet-tiktok-how-the-washington-post-nbc-news-and-the-dallas-morning-news-are-using-the-of-the-moment-platform/>

<sup>100</sup> <https://digiday.com/media/the-washington-post-hopes-to-bring-in-young-diverse-readers-with-a-cross-company-task-force/>

<sup>101</sup> <https://www.bandt.com.au/viral-guardian-australia-video-on-afghanistan-shows-the-potential-of-news-on-tiktok/>

<sup>102</sup> <https://twitter.com/Snowden/status/1427398431945986048>

**2. Whether the role and impact of market change, outside the context of a merger, gives rise to new media plurality concerns, and if so, how the regulatory framework might be updated to mitigate such concerns.**

The online intermediaries are now so large that it is impossible to argue that their dominance does not raise worrying issues about media plurality. There is a wide and growing range of other media organisations, civil society activists and academics who believe that media pluralism is under threat due to new sources of power, concentration and dominance that are not adequately captured in existing competition rules or tests.

**Section 4 - Other areas to consider**

- *Whether there are other features of the UK news media landscape whose role and impact on the news consumption journey of UK consumers and the UK news media landscape we should consider.*
- *Whether there are other features which give rise to new media plurality concerns and if so, how the regulatory framework might be updated to mitigate these concerns.*

Competing with online platforms with SMS is made more difficult still by the fact that news publishers are held to a significantly higher standard than online platforms with SMS by advertisers and agencies acting on their behalf, through the imposition of blunt brand safety policies. The emergence of the use of content verification tools by those advertisers and agencies has led to a small number of Context Verification Providers (CVPs) - Integral Ad Science, Oracle Grapeshot, and Double Verify - becoming extremely valuable listed businesses. The impact of their role in the online advertising market has, however, been to prevent advertising running against public interest journalism on news publishers' sites.

Different advertisers use different CVPs, each of which uses a different taxonomy and methodology to put in place keyword post-bid blocks, which prevent impressions bought legitimately through programmatic auctions being served on a website. These tools impact negatively on user experience by adding significant latency to news websites, often adding to the media discrepancy, and in some cases add more weight to the page than the publisher content itself. High profile examples of such blocking include on the New York Times and Wall Street Journal websites, while many UK publishers - including GNM - lose booked revenue everyday as a result of the use of CVP technologies.

In addition to providing post-bid keyword blocking services, and as the online advertising model on the open web evolves away from the use of third party tracking, to become more reliant on contextual targeting on publisher sites, CVPs are also moving to create new revenue streams, by using their scanning technologies to classify sections of news publisher website for contextual targeting purposes.

The emergence of CVPs is not only impacting directly on the monetisation of advertising space sitting alongside public interest or so called “hard news” articles that CVPs class as being brand unsafe. The perverse consequence of the emergence of CVPs is to incentivise some online publishers to focus time and resources on producing more showbiz or lifestyle journalism that is more likely to be deemed “brand safe” by CVPs.

At a time of significant change in tracking as a result of the shift away from the use of third party cookies, and when news publishers finally have an opportunity to begin building contextual advertising businesses, CVPs are seeking to disintermediate and undercut news publishers by using data and analysis from news publisher sites, to sell contextual advertising on their behalf.

## Ofcom consultation questions

### **1. We are seeking views and supporting evidence on our recommendation that the national cross-media ownership rule should be retained in its current form.**

GMG agrees with Ofcom, that the national cross-media ownership rule should be retained given it plays an important role in protecting plurality within the current framework and limits the potential for a consolidated entity to exert undue influence.

As an example of what can happen if cross-media ownership rules are removed, it is worth looking at the media plurality context in Australia. In 2017, two significant barriers were removed: the ‘two out of three’ rule, which had stopped companies owning all three of 1) a newspaper, 2) a radio station and 3) a television station in the same city; and the ‘reach rule’, which had prevented a single TV broadcaster from reaching more than 75 percent of the population. Such rules were increasingly seen as outdated amid the rise of digital platforms and the consequent reshaping of how Australians accessed and consumed media. But their scrapping has also been recognised as having paved the way for future consolidation among a small group of powerful media owners.<sup>103</sup>

*The acquisition of Fairfax by Nine in late 2018*

This handed to Nine - a commercial broadcaster not known for producing public interest journalism - several high-quality, journalistically well-respected newspapers and websites, including *The Sydney Morning Herald*, *The Age* and *The Financial Review*. Crucially, it further shrunk the media landscape from five big players to the current four.

*The near closure of Australian Associated Press*

In March 2020 it was announced that Australian Associated Press, a newswire agency roughly equivalent to the UK’s Press Association, would be closing. Its majority shareholders News Corp and Nine announced plans to close the 85-year-old newswire, labelling it “unsustainable<sup>104</sup>”. Fortunately, AAP was sold to a consortium of investors and philanthropists at the 11th hour<sup>105</sup>.

### **2. We are seeking views and supporting evidence on our recommendation that the appointed news provider rule should be retained in its current form.**

We agree with Ofcom that ITN should continue as the Channel 3 news provider for the period to 2024 under the current rules.

### **3. We are seeking views on our proposed scope of the term “news creator” and in particular, whether the categories that we have identified as being important to be captured within this new definition are the right ones.**

We support Ofcom’s preference to replace “newspaper” and “media enterprise” with the term “news creator” to include all online and offline media entities which produce public interest journalism.

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<sup>103</sup> <https://www.digitalnewsreport.org/survey/2018/australia-2018/>

<sup>104</sup>

<sup>105</sup> <https://www.theguardian.com/media/2020/jun/29/australian-associated-press-sold-to-consortium-of-investors-and-philanthropists-at-11th-hour>

In addition to this, we support Ofcom use of the term “online intermediaries” to describe the digital platforms such as Google, Facebook, Twitter and Apple who are involved in the delivery and surfacing of news and information to UK consumers.

**4. We are seeking views on our proposed modifications to the existing public interest considerations specified in section 58 of the Enterprise Act 2002 to extend these considerations to “news creators”.**

We agree with Ofcom that it is suitable to replace the term “media enterprises” with “news creators”.

**5. We are seeking views and supporting evidence on our recommendation that the restriction on advertising agencies holding any broadcasting licences should be removed.**

We do not oppose this recommendation.

**6. We are seeking views and supporting evidence on our recommendation that the restriction on publicly-funded bodies holding radio licences should be removed.**

We do not oppose the idea of museums and galleries holding radio licences.

**7. We are seeking views and supporting evidence on our recommendation that the restriction on political bodies and local authorities holding all licences should be retained in their current form.**

We agree with this recommendation. We note an ongoing debate<sup>106</sup> in the news media industry about allowing local authorities to publish free sheets, which harms local newspapers, and undermines democracy.

**8. We are seeking views and supporting evidence on our recommendation that the restriction on the BBC, Channel 4 Corporation and S4C holding Channel 3 or Channel 5 licences should be retained in their current form.**

We agree with this recommendation.

**9. We are seeking views and supporting evidence on our recommendation that the general disqualification on grounds of undue influence of political bodies and local authorities should be retained, but the general disqualification on grounds of undue influence of publicly-funded bodies should be removed.**

We do not oppose this recommendation.

**10. We are seeking views and supporting evidence on our recommendation that the restrictions on analogue community radio licences should be retained.**

We do not oppose this recommendation.

**Guardian Media Group  
August 2021**

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<sup>106</sup> <https://www.thetimes.co.uk/article/newspaper-outcry-over-relieve-for-council-freesheets-c78ffvq0f>