

## Professional Publishers Association (PPA) Response to Ofcom Consultation: Modernising the BBC's Operating Licence

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Representing: Organisation

Organisation Name: Professional Publishers Association (PPA)  
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Confidentiality: There are no additional details we wish to keep confidential, and are happy for our response to be published in full.

### About Us

The PPA is the membership network for UK specialist consumer magazine media and business information publishers. The PPA represents around 160 of the UK's most renowned publishing houses and encompasses specialist publications and well-known consumer titles, including The Economist, Condé Nast UK, The Week, New Scientist, and the BMJ. The sector is worth £3.74 billion to the UK economy, employs around 55,000 people and every month, more than 40 million adults in the UK engage with specialist media content.

### Background: The BBC's Impact on Specialist Media Businesses

The PPA Sector Report 2021 shows that over 90% of PPA members publish content online. In fact, 75% operate across five or more platforms, including audio and video. Audience engagement is now predominantly through digital sources: 38% of audiences engage with content through print, against 69% via phone or tablet, and 26% via desktop. The critical challenge for the sector is monetising these digital engagement channels sustainably in the long term.

In its drive for growth, the BBC continues to chart a course of publishing more 'magazine-style' content, in the process encroaching on - and arguably duplicating and even displacing, given its strength in search and on social media platforms - the efforts of UK commercial publishers that have spent years and invested millions of pounds in growing audiences.

The BBC News Online has a Stories (formerly 'Magazine') section and a range of other 'magazine-style' content genres such as long reads, celebrity gossip and entertainment, lifestyle and cookery. Commercial publishers are reliant upon advertising and subscriptions to remain sustainable businesses: this task is made extremely difficult as the BBC duplicates this content for no charge and is actively pursuing a strategy of undermining the commercial sector. This reality was acknowledged by the Cairncross Review in 2019, which stated that if 'the BBC moved too far into "softer" news, it jeopardises the wider market's ability to make money from news'. For business-to-consumer specialist media publishers which have a higher volume of 'softer' content, this detriment will be even more pronounced.

The proliferation of soft BBC content not only reduces audiences for commercial publishers, but also reduces commercial opportunities, with consumers attracted to the BBC's ad/paywall-free offering. The BBC could continue to fulfil its Charter obligation to provide 'duly accurate and impartial news,

current affairs, and factual programming’ whilst making significant savings by ceasing to duplicate commercial publishers’ content.

The Corporation’s plan to deliver a ‘digital-first BBC’ raises the possibility of even greater adverse impact on commercial publishers. Whereas several decades ago, commercial publishers served consumers predominantly through print, and the BBC reached audiences through radio and linear television, both are now becoming digital-led and multi-platform and competition is converging on digital platforms. This is undermining media plurality, with the potential for a more and more detrimental impact on the specialist media sector.

## Question 1: What are stakeholder views on how Ofcom should assess and measure BBC performance?

The decision to move away from quotas is the right one, as quantitative measures risk incentivising the BBC to pursue a greater volume rather than concentrating on creating distinctive and high-quality content. If applied to online news, quotas could incentivise the BBC to produce even more ‘magazine-style’ content and replicate stories from commercial specialist media publishers. In comparison, qualitative measures can be used to focus the BBC’s output on areas where it is distinctive, thus reducing damage to the commercial sector.

## Question 2: Do you agree with the proposals for Public Purpose 1? If not, please explain why.

The two proposed Objectives for Public Purpose 1 have the potential to be extremely damaging to the specialist media sector.

The proposal to introduce a Licence Condition for the BBC ‘to provide daily news and information for all audiences, which covers a broad range of subjects and should include in-depth news and analysis, on its website’ is concerning as it will support the BBC in its duplication and displacement of specialist media content. The proposal has no guardrails or focus, which is particularly concerning given that the consultation states the condition ‘is aimed at ensuring the BBC offers a detailed explanation of important news stories’. In fact, it does the opposite, giving the Corporation free reign to produce content without any focus on particular topics or areas of high salience to the UK as a whole. The potential for detriment will be further accentuated by the proposal in Objective P1 (2) that such content should be widely available and easily acceptable.

Ofcom states that Objective P1 (1) ‘will set out the type of news and current affairs output which the BBC should provide’. It is also stated that the BBC should ‘go further than other providers by drawing on its journalists and experts across the UK and around the world’. Given that the new Operating Licence will state that the BBC should distinguish itself from other providers by producing distinctive content, it would be appropriate that there are corresponding guardrails to limit the BBC’s ability to replicate content verticals well-served by the commercial sector: this is particularly relevant for specialist media ‘soft content’ and niche content verticals.

Such guardrails will be key in addressing the Cairncross Review recommendation that Ofcom should ‘clarify and confirm the direction of the BBC’s online content’. In meetings with Ofcom, we have been told that putting limits on what the BBC is allowed to cover would go beyond Ofcom’s role as set out in the Charter & Agreement. However, it is entirely possible to set a clearer focus for the BBC’s online news content (for example, focusing on factual and high-salience, hard news stories of substantial significance to the UK public) and providing an indication of content types which would not contribute to Public Purpose 1 without specifically prohibiting certain content ‘genres’. This

would surely help the BBC fulfil the Charter public purpose to ‘offer a range and depth of analysis and content not widely available from other United Kingdom news providers’. We would welcome the opportunity to discuss such guardrails with Ofcom in greater detail.

To note, PPA has recently responded to questions from the Department for Digital, Culture, Media and Sport on the BBC’s Mid-Term Charter Review, and will respond to Ofcom’s forthcoming consultation on the BBC competition framework. We consider that placing appropriate guardrails in the Public Purpose 1 Objectives and Licence Conditions would be key in allowing Ofcom to implement a more streamlined competition framework, as the potentiality for the BBC to have a negative market impact on the commercial publishing sector would be significantly reduced.

It should also be noted that a failure to sensibly mitigate the potential for the BBC to duplicate and displace the output of commercial specialist media businesses would be consistent with other work undertaken by the regulator. Ofcom and the Competition and Markets Authority (CMA) have recently published advice to DCMS on how the new Digital Markets Unit could apply its codes of conduct to the relationship between platforms and publishers. Such measures are intended to boost the sustainability of commercial publishers, yet the proposed Operating Licence has the potential to draw audiences away from commercial publishers and thus counteract and benefits from the new pro-competition regime.

Further, Ofcom is also continuing its work around media plurality. It is clear that BBC News Online is already dominant in the UK, and a broad agency to produce more and more ‘soft’ content will entrench that dominance further. Indeed, Ofcom data shows that the BBC was the most used news website or app in the UK, even ahead of digital giants such as Google. It is thus no surprise that the UK is the country where people are the second-least likely to pay for news content out of the European countries that the Reuters Institute focused on in their Digital News Report 2022. Specialist publishers have previously been insulated from this detriment due to the focus of BBC News Online on core news, yet the expansion into ‘soft content’ means the potential for detriment is substantially increased.

The proposed Operating Licence has the potential to harm media plurality by drawing users towards the BBC’s content. Further, the fact that the BBC is already the most used news website or app in the UK draws into question the need to further entrench its monopoly, given it already reaches a huge audience, far larger than that of any other UK publisher (particularly specialist media publishers).

### *Third Party Links*

The Agreement requires Ofcom to ensure that the BBC provides ‘adequate’ links to third-party websites, and Ofcom has committed to retaining the Existing Licence condition. The existing Operating Licence states that the BBC should ‘ensure that it provides adequate links to third party online material, particularly within its news stories, helping to provide its users with a wealth of information while also supporting other providers within the industry. In doing so the BBC should exercise careful judgment about the links that it offers’.

In its response to the DCMS questions on the BBC Mid-Term Charter Review, PPA stated that the term ‘adequate’ implies there is a relatively low threshold that the BBC can reach to satisfy this condition. However, we appreciate that a change to the term ‘adequate’ would necessitate a change to the Agreement. If, as seems likely, the terminology in the agreement remains the same, Ofcom should provide greater clarity on how the term ‘adequate’ should be interpreted. The term ‘wealth of information’ is vague and offers little direction: instead, the Operating Licence should instruct the

BBC to ensure that readers go beyond the core story and are directed to expert specialist content, allowing them to go deeper and broader than the BBC's coverage. Given the huge range of specialist media publishers providing well-researched information on a broad range of topics, there is no reason why the BBC cannot provide at least one external link in every BBC News Online article, whilst still exercising 'careful judgement'. This will also be key in bolstering media plurality, which Ofcom has responsibility for.

We are pleased to see the proposed transparency requirements for Public Purpose 1, which will be key in ensuring the BBC's linking does indeed support 'other providers within the industry', including specialist media publishers. The necessity for this transparency is demonstrated by the fact that despite Ofcom's Annual Report 2019/2020 stating that the BBC has addressed poor linking with a new compliance process and the BBC's Annual Report and Accounts 2019/20 stating that it had provided adequate links, there is no publicly available evidence to confirm this.

To make the transparency requirement for this licence condition effective we propose that in its Annual Report the BBC should provide:

- The number of third-party links used across the reporting period.
- The proportion of articles which contained a third-party link.
- The number of third-party links in each BBC News Online vertical and sub-vertical.
- The proportion of articles which contained a third-party link in each BBC News Online vertical and sub-vertical.
- The proportions of such links attributable to a particular media sector (e.g. national news, local news, specialist consumer media, specialist business media, other PSB etc).

A qualitative statement on how its compliance process has fulfilled (or otherwise) the licence condition, in particular highlighting any significant changes to the process and any improvements it considers necessary.

### *Transparency*

Whilst Ofcom's proposed transparency requirements are welcome, the nature of modern media means that a standalone Annual Plan is not sufficient. To prevent negative market impact, the BBC must notify impacted commercial providers as soon as a plan with the potential to have an impact on competition is agreed to internally.

The BBC should set out in its Annual Plan its processes for engaging with commercial providers in this way. This requirement must be complemented by a more robust competition framework, and we continue to engage with DCMS and Ofcom on this matter.

Further, the level of detail that the BBC discloses in its Annual Plan, and the corresponding level of detail it provides in its Annual Report, will be key in ensuring the effectiveness of the transparency requirements. For example, when 'including any significant changes it plans to make to its news and current affairs provision online and the reasons for those changes', the BBC must do more than provide a high level indication of its likely direction in its Annual Plan (as it has done previously). Instead, there should be a requirement for the BBC to provide sufficient detail for Ofcom and commercial publishers to be able to meaningfully assess what the plans will mean in practice, and the resulting market impact. Quantitative, as well as qualitative information will be important in this regard.

## Summary

The new Operating License is a key opportunity to ensure that UK audiences are served with a high volume of high-quality content, both by the BBC and the commercial sector. The keyways this can be achieved are:

- Moving away from quotas to incentivise the BBC to produce distinctive and high-quality content.
- Placing appropriate guardrails in the Objectives and Licence Conditions of Public Purpose 1, limiting the duplication of content verticals well-served by specialist media publishers (and supporting other Ofcom policy objectives).
- Ensuring the BBC's third-party to source publisher content which will encourage readers go beyond the core story and are directed to expert specialist content.
- Requiring the BBC to notify impacted commercial providers as soon a plan with the potential to have a significant market impact is agreed and providing a sufficient level of detail in the Annual Plan to assess likely market impact.