

Cover sheet for response to Invitation to comment on measuring plurality across media

BASIC DETAILS

To (Ofcom contact): Ben Clarke

Name of respondent: Davide Morisi

Representing (self or organisation/s): Self (former LSE student, now trainee at the European Commission – Communication Directorate)

Address (if not received by email):

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Name Davide Morisi

Signed (if hard copy)



Question 1: What are the options for measuring media plurality across platforms? What do you recommend is the best approach? Is it practical or advisable to set absolute limits on news market share?

As Ofcom's approach towards the case of News Corp's proposed acquisition of BSkyB has shown, measuring media plurality should start by considering **the news market as a whole**. Thus, the first step concerns the definition of this specific market, which represents only a small part of the entire media content market. In the case of television, for example, it accounts for only nine percent of total TV watching time - according to Ofcom data (2010) - or even only two percent - according to FTI's submission to Ofcom (2010).

The news market should be considered within a general framework where a necessary shift from the supply side towards the consumer side must take place. In other words, regulators should move beyond the traditionally media platforms-based approach, while focusing instead on **an audience perspective**, where the actual news consumption is taken into account. This does not mean that media ownership and media concentration lose their relevance. On the contrary, ownership should be included in a broader and clearer picture based on how audience consumes news by different providers.

By focusing on the audience side, this approach necessarily implies going beyond traditional distinctions among different media platforms – newspapers, tv, radio, internet – and considering all news providers within **one "converged" news market**. This shift proves not only essential in the case of cross-media mergers, but also necessary in the current media landscape, where digitization processes are blurring traditional boundaries among media sectors. Again, this is not to say that measuring concentration within each media sector will become useless. Measuring the distribution of news consumption for each provider within each sector – especially in the case of television, which is still considered as the main source of news by far – still proves unavoidable. However, each media sector's analysis should play a role in the single converged news market.

Therefore, new audience-based indicators should be put in place, such as Ofcom's **share of references**. According to a research which we carried out at the London School of Economics, this particular indicator proves both innovative and extremely suitable within the new digital media context. However, this indicator does not prove particularly effective in measuring the actual influence of different media platforms. In other words, the share of references does not sufficiently take into account the different impact that is traditionally attached to different media (e.g. the different impact of TV news compared to newspaper articles). Therefore, it needs to be combined with other indicators in order to assess the "relevance rate" audiences attach to different media (for example by asking consumers which are *the most relevant* sources of news instead of just their *regular* sources of news). In general, more sophisticated ways to assess both inter-media and audience-media relationships should be implemented.

Regarding the need for a **threshold**, our analysis of the News Corp/BSkyB case shows that, although setting limits is always an arbitrary decision, it would enforce regulators' role and make decisions over media plurality clearer and more easily applicable. A comparative analysis shows that the application of either US concentration indices – such as the HHI or the Noam Index – or different European countries' regulations to the UK case mentioned above would provide contrasting results. In particular, concentration indices reveal that the UK news market is already highly concentrated, while this same situation would not trigger a public intervention in other European regulatory regimes. In general, as written in our conclusions, "the existence of a certain type of 'ex-ante' regulation would enforce policymakers' task, by giving them clearer

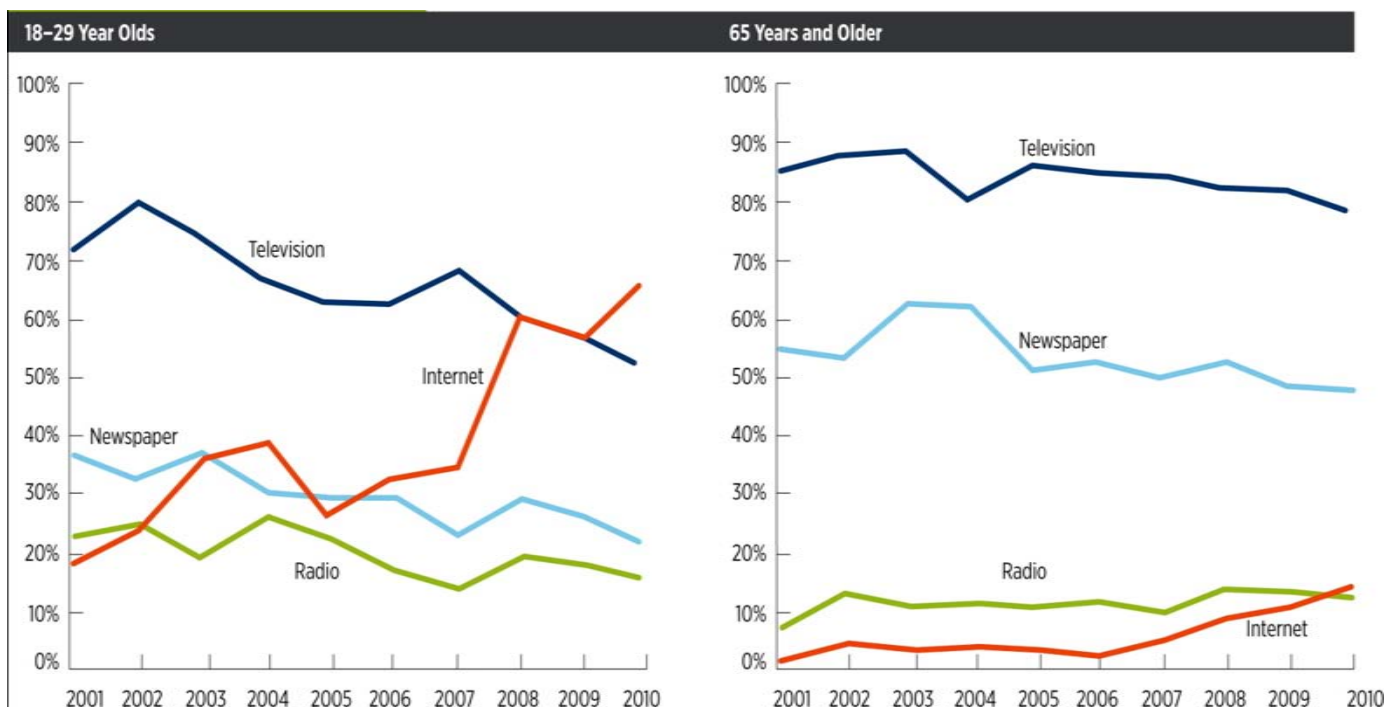
instruments, which are in place *before* an eventual merger happens. It would also grant regulators a higher degree of independence, by linking their final judgments to limits which are set in law and not decided by politics on a case by case basis”.

Question 3: Could or should a framework for measuring levels of plurality include websites and if so which ones? Whether or how it should include the BBC?

A framework for measuring media plurality should necessarily take into account the most viewed news websites. This analysis, however, must fall within the broader framework mentioned above, where websites are only one of the delivery means of different wholesale news providers. Within this perspective, websites should be linked to the news provider which lays behind it and should represent a part of the entire converged news market. To give an example, UK newspapers’ online edition should be combined with their print edition within one single news provider.

Measuring plurality on the internet proves particularly essential if we consider trends in news consumption. The following figure, taken from a study made for the FCC, shows that young people in the US already consider internet as their main source of news.

Main source of news, by age – US adults



Source: Pew State of the News Media 2011, citing Pew Research Center Dec 1-5, 2010 (in Steven Waldman, 2011, “The information needs of communities. The changing media landscape in a broadband age”). Figures add up to more than 100% because respondents could volunteer up to two main media sources

There is nonetheless an urgent need for policymakers to develop more reliable and consistent metrics for websites. As our analysis shows, recent data by Ofcom, FTI and OECD provide a completely different picture of the main viewed UK websites, because every analysis is based on different criteria.

Main UK news websites by different sources

%	OFCOM	FTI	OECD
BBC	39,7	15,5	37,1
Dmgt	10,6	7	1,9
Guardian Media Group	7,6	3,5	1,3
News Corp	7,0	4,5	3,1
Telegraph Media Group	5,9	3,5	1,6
Sky	1,7	1,5	3,1
Trinity Mirror Group	1,4	2	
Lebedev Foundation	1,3	3	0,6
Pearson	0,7		
Northern And Shell	0,5		
Yahoo	3,4		2,4
Microsoft	2,8		
Google	1,9		1,7
Newsnow	1,3		0,6
Aol	1,3	2	0,5
Talk Talk Group	0,1		
Met Office			2,2
Itv			1,3
Msn News Uk		3,5	1,2
Metcheck.Com			0,6
The Weather Channel UK			0,5
New York Times Digital		6,5	
Gannett Sites		4	
CNN Network		2	
Johnston Press Plc		2	
Metro.Co.Uk		1	
Buzzle.Com		1	
Metoffice.Gov.Uk		1,5	
CBS News		1	
Others	12,8	35	40,1
Total	100	100	100

Source:

- **Ofcom data:** Nielsen, home and work panel, applications included, all people aged 2+, October 2010 (in Ofcom, 2010b: 34)

- **FTI:** Comscore, accessed on 11 november 2010. Data approximated from chart in FTI (2010: 26)

- **OECD:** Experian Hitwise for the OECD. Percentage of the total internet visits to the online news category, august 2009 (in OECD, 2010: 49).

Question 4: Additional comments

Unfortunately, I realised only at the very last moment that Ofcom opened this consultation, thus I could not provide more than the brief response above. However, I would be delighted to send Ofcom the dissertation which I wrote for the Media and Communication Department at the LSE. The dissertation focuses on “Measuring media pluralism in the convergence era. The case of News Corp’s proposed acquisition of BSkyB”, by particularly taking into account Ofcom’s approach towards this case.

The following are the dissertation’s abstract and some key findings

Abstract

“The research question which drives this study concerns how media pluralism can be assessed in the case of cross-media mergers. These types of mergers turn out to be particularly relevant as they show distinctive features of the current increasingly convergent media environment. Thus, assessing their impact would prove extremely useful for future policy efforts to guarantee pluralism in a changing media landscape. Analysis of News Corporation’s proposed acquisition of British Sky Broadcasting – a clear example of a cross-media merger – highlights some of the main challenges for policy regulation and shows the need to regulate pluralism within a broader framework where the audience-side must play a crucial role, in addition to traditional ownership regulation. By both developing new metrics and taking a clear audience-based perspective, Ofcom’s approach towards this proposed merger proves innovative in relation to current media policies and paves the way for future regulation of media pluralism in a convergence scenario.”

News market shares by different indicators

	Share of references		New consumption per head		Audience share		Relative audience reach	Revenues*	
	%	Ofcom	Ofcom	Enders Analysis	Ofcom	FTI	Ofcom	OC&C	Enders Analysis
BBC		37	43,5	39,3	41,0	35,7	29,7	20,4	16,6
Sky		10	9,1	7,4	13,3	11,5	12,1	20,7	24,9
Five			0,7	0,6				1,2	1,4
News Corp		12	13,9	14,6	9,1	9,6	11,7	7,0	4,6
News Corp + Sky		22	23,7	22,6	22,4	21,1	23,8	27,8**	29,5**
ITV			4,8	6,7				8,4	8,8
Channel 4			1,1	0,9				3,8	3,7
ITN (ITV + Ch 4)		12	5,9	7,6	5,5	5,0	14,7		
DMGT		5	9,4	10,5	6,4	8,7	5,9	9,6	9,7
Trinity mirror group		4	4,8	6,7	3,8	4,4	4,4	3,6	3,7
Telegraph media group		2	4,2	4,0	2,7	2,5	2,2	1,5	1,4
Northern and Shell		3	4,1	3,4	2,3	2,6	2,2	1,7***	1,8
Guardian media group		3	2,7	2,6	2,8	2,0	2,9	2,1	1,4
Lebedev Foundation		1	1,0	1,7	0,8	1,1	1,1	na	na
Pearson		0	0,6	0,3	0,4	0,0	0,4	20,0	22,2****
Others		11		1,3	12,0	16,9	12,5		
TOTAL		100	100	100	100	100	100	100	100

Source:

Share of references: all regular source of news, wholesale level. Ofcom (2010b: 41)

News consumption per head, Ofcom (2010b: 59).

- **TV:** Ofcom analysis. Total minutes of television viewing sourced from BARB, all Adults (16+), all homes. National and international news subgenre category only in BARB. The base for minutes/head is the adult UK population. Note that news output on Sky represents Sky News channel's output that is categorised as national/international news in BARB. For the BBC, it includes news on BBC One, BBC Two and BBC News. October 2010.
- **Papers:** Ofcom analysis based on NRS data supplied by Kantar Media. Audience base is 16+, and the data covers the period October 2009 – September 2010.
- **Radio:** Ofcom analysis. Total minutes of radio listening sourced from RAJAR, based on all adults (16+), Q3 2010. Minutes spread across the total adult population 16+. As RAJAR does not provide programme genres, we have had to estimate the amount of listening to the news genre on radio. We have weighted minutes of listening to commercial radio and BBC radio services according to an assessment of the proportion of the schedule dedicated to news output. The weighting is 5% for all stations except BBC Radio 4, which has been weighted at 27% and BBC Radio Five Live (19%).

Note that this does not include minutes of unallocated radio listening which, by its nature, cannot be apportioned to news and non-news content.

- **Online:** Ofcom analysis. Sourced from Nielsen, all internet users aged 2+ in October 2010. The base for minutes/head is Ofcom's estimate of the population aged 2+.

News Consumption per head, Enders Analysis (2010b: 18)

- TV: BARB, September 2010, all viewers 16+
- Papers: NRS, July 2009-June 2010, all adults 15+
- Radio: RAJAR, September 2010, all adults 15+
- Online: Nielsen, all adults 15+

Audience share, Ofcom (2010b). Data obtained by combining each media sector's share, under the 'equal weight assumption'

- TV: BARB, All adults (16+), Network Plus, 2002-2009. National News genre.
- Papers: Ofcom / Kantar Media analysis based on NRS data 2010, all adults 16+
- Radio: Ofcom, RAJAR Q3 2010, all adults 16+. Note: Figures are for total listening, not radio news listening, as RAJAR does not provide genre breakdowns.
- Online: Nielsen, home and work panel, applications included, all people aged 2+, October 2010.

Audience share, FTI (2010). Data obtained by combining each media sector's share, under the 'equal weight assumption'

- TV: Perspective Analysis on BARB data (chart in FTI, 2010: 21)
- Papers: TGI survey data, survey conducted between April 2009 and March 2010, as accessed 12 November 2010. (Data approximated from chart in FTI, 2010: 74)
- Radio: Communications Market Report, Ofcom, 19 August 2010: p204
- Online: Monthly total unduplicated unique visitors accessing news/information, Comscore, as accessed on 11 November 2010. (Data approximated from chart in FTI, 2010: 26)

Relative audience reach. Ofcom cross-media audience research, 2010 (wholesale level). Data obtained by calculating each news provider's audience reach in relation to other news providers. Data do not show the effective audience reach, but only *the proportion* of each provider within the entire 'audience reach market'

Revenues, OC&C. OC&C Media Top 100 Index 2009

(*The Guardian*, 9 November 2009, <http://www.guardian.co.uk/media/table/2009/nov/09/media-top-100-index>).

Revenues, Enders Analysis. Enders Analysis (2010a: 14) based on company data (2008/2009).

* Revenues are for the entire media companies and do not refer to the news sector.

** Sum does not include Five

*** Data added from Enders Analysis (2010a: 14)

**** Data added from OC&C (2009)

News market weighted by main source of news across different indicators

	Share of references (Main source of news) Ofcom	Weighting metric: Ofcom CMAR november 2010*				Weighting metric: Ofcom Media Tracking 2009**		
		Audience share Ofcom	News consumption		Audience share Ofcom	News consumption		
			Ofcom	Enders Analysis		Ofcom	Enders Analysis	
BBC	54	53,5	57,4	54,2	57,7	61,4	58,3	
Sky	9	9,6	7,1	6,5	9,0	7,0	6,2	
Five			1,3	1,0		1,5	1,2	
News Corp	6	4,8	6,0	5,5	2,8	3,6	3,2	
News Corp + Sky	15	14,4	14,5	13,0	11,8	12,2	10,6	
ITV			8,9***	12,0		10,3***	13,9	
Channel 4			2,0	1,6		2,4	1,9	
ITN (ITV + Ch 4)	14	13,9	10,9	13,6	16,1	12,7	15,8	
DMGT	3	3,1	5,7	5,1	1,9	3,6	3,2	
Trinity Mirror Group	1	2,0	1,7	2,3	1,1	1,0	1,3	
Telegraph Media Group	1	1,3	2,7	1,7	0,8	1,7	1,0	
Northern and Shell	1	1,2	1,4	1,1	0,7	0,8	0,6	
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Lebedev Foundation	1	0,3	0,4	0,7	0,2	0,2	0,4	
Pearson	0	0,1	0,2	0,2	0,1	0,1	0,1	
Others	7	9,1	3,0	6,8	8,9	5,0	7,5	
TOTAL	100	100	100	100	100	100	100	

Source:

- **Share of references:** main source of news, wholesale level Ofcom (2010b: 41).

- **Audience share:** see tab 1.

- **News Consumption:** see tab 1.


* Ofcom Cross Media Audience Research november 2010. Main source of news: TV 63% - Newspapers 14% - Radio 10% - Online 10% - Others 3%

** Ofcom Media Tracking 2009. Main source of news: TV 73% - Newspapers 8% - Radio 7% - Online 7% - Others 5%

*** ITV1

Concentration indices

	<i>Pre transaction</i>					<i>Post transaction</i>				
	HHI	MOCDI (Noam Index)	Hill Index	Entropy index	C4	HHI	MOCDI (Noam Index)	Hill Index	Entropy index	C4
Share of references (regular source of news, wholesale)	1942	585	29,6	0,819	71%	2182	690	27,6	0,786	76%
<i>Increment (absolute numbers)</i>						240	105	2	0,032	5
News consumption (ofcom data, see tab. 1)	2371	750	28,6	0,766	77%	2643	881	26,6	0,728	82%
<i>Increment (absolute numbers)</i>						272	131	2	0,038	5

 = most concentrated
  = less concentrated

$$HHI = \sum s^2$$

Note: the higher the index, the more concentrated (crucial threshold = 1.800)

$$MOCDI = \sum s^2 / \sqrt{n}$$

Note: the higher the index, the more concentrated (crucial threshold = 500)

$$\text{Hill Index} = \sum \sqrt{s}$$

Note: the higher the index, the less concentrated

$$\text{Entropy Index (Theil)} = - \sum m_i^2 \log m_i$$

Note: the higher the index, the less concentrated