



Ofcom

**An invitation to comment on measuring
plurality across media**

A response from the IPA

November 2011

This responds to Ofcom's invitation for comments on measuring media plurality in the light of a request by the Secretary of State.

A About the IPA

The Ofcom Consultation Team will be acquainted with the Institute of Practitioners in Advertising and its role as the trade body and professional institute for UK advertising and marketing agencies.

Our 250 corporate members, based throughout the country, handle over 80% of the UK's display advertising with an estimated value of £16.8 billion in 2010.

B Our interest in this area

Since its inception, the IPA's consistent objective has been to ensure cost-effective media for British business to enable companies to promote their products all levels to the benefit of extending consumer choice and generating economic growth.

To this end, it has lobbied for two principal goals:

- To maintain a high standard programme output capable of attracting substantial audiences of wide diversity from across the entire demographic and socio-economic spectrum;
- To ensure a competitive marketplace for the sale of advertising space and airtime.

While Ofcom has couched its invitation very much in terms of *news* plurality, it is in the above context that our response is made.

C The issues

The Government is clearly in a difficult position. On the one hand, it wishes to deregulate and, through consolidation, enable the creation of media companies capable of competing commercially in size terms on the world stage – and, on the other, it is concerned that the very creation of such companies will inevitably reduce ownership plurality with consequent threats to the diversity of information sources open to the public.

As the trade body for UK advertising and marketing agencies, we should not disagree with the need for healthy media – without which our members would lack the vehicle for communicating their clients' commercial messages to the public.

However, we believe that this must not be at the expense of an open domestic market-place in which companies compete vigorously for viewers/readers and, in the commercial sector, for the advertising revenues which ultimately fund their existence.

While the current media ownership rules may be out of date – written as they are around the ownership of ITV licences and thus missing the market power exercised by both the BBC and Sky – we believe a free-for-all situation in which virtual monopolies are allowed to emerge in and across the UK media is equally unacceptable.

For advertisers, each individual medium will possess unique benefits which will be selected according to the product advertised and the message needed to be delivered. These media may be used in combination (and nowadays practically every campaign will feature a range) but this does not cancel out the need for fair competition within the market of *each individual medium* as well as on a *cross media basis*.

This principle will apply as much to the organic emergence of a single major player (eg Google, which has grown to enjoy in excess of 90% of UK Search activity and effectively controls that market) as it would to a reduction in plurality created by merger.

In this instance, however, we believe it would be wrong to create a commercial disincentive to growth by imposing artificial ceilings on share – rather that operators fortunate enough to grow to account for in excess of a 50% market share within or across media should automatically be subject to undertakings which would prevent them from abusing their position of market power.

D Possible routes forward

As a trade body, we are not qualified to put forward proposals on the basis of in-depth knowledge of competition regulation. Instead, our thoughts are based more on practical experience of operating within the media market - and those number of companies that are required to ensure such a market works properly.

In this context we have considerable sympathy with the proposals put forward by ISBA, the trade organisation for advertisers, in its submission to the Office of Fair Trading on the 2009 Review of Local and Regional Media.

As ISBA has suggested in its paper to Ofcom on media plurality, these may be summarised as follows:

- There should be no fewer than four commercial media owners operating in any single media space (e.g. TV, radio, newspapers, etc).
- If consolidation were to continue, no fewer than seven companies overall should be allowed to control the UK's commercial media.

- There should be effective competition for advertisers' budgets at every level down to the most local, implying no fewer than two commercial media owners servicing any catchment, though perhaps via different media.

As with our advertiser colleagues, we believe these simple, easy to understand constraints would ensure plurality of choice for consumers and the advertisers which fund commercial media, without being overly intrusive.

For further comment and information, please contact:

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