

---

## Summary

(1) ‘What’s happening to our news’ investigates the shifting economic foundations of print and television national news in the UK—and specifically, the impact of such shifts on the quality, independence, diversity and civic value of British journalism. The report is based on a year of research, including over 70 interviews with senior participants in the UK news media.

(2) The principal conclusion is that increasing commercial pressure, mainly driven by the inherent characteristics of the digital revolution, is undermining the business models that pay for the news (apart from BBC news, which is funded by the licence fee). In our view, this will weaken some media organisations, threaten to hollow out the craft of journalism and adversely impact the quality and availability of independent factual journalism in Britain.

(3) The digital revolution has this economic impact because, in the age of the search-powered web, the consumer is increasingly unwilling to pay for news, and prefers instead to read selected parts of the news agenda. The web therefore leads to the ‘commoditisation’ and ‘atomisation’ of news. Without large audiences, the advertising value of the news is reduced. The internet is capturing a rapidly growing share of total advertising expenditure, but most of this is going into paid search, controlled by new media companies such as Google, which aggregate the news (and other content) but do not create it.

(4) Nonetheless, UK news publishers have turned to the web to extend their reach, increase consumer value and loyalty, and generate at least some revenue, mainly from advertising, to compensate for the revenue lost as a

result of the new commercial and technological pressures. Some have attracted massive but fragmented and transient audiences across the world, at relatively low incremental cost and with minimal marketing. A fundamental challenge is ‘monetising’ these audiences, whilst also preserving the brand. A further challenge is the enormous popularity of the BBC website, and the very large traffic it attracts. Commercial UK sites believe that its success decreases their traffic, and thus affects advertising revenue—though the extent of this market impact is so far unproven.

(5) In the UK and elsewhere, news publishers are increasingly building digitally mechanised factories, equipped to feed content to a range of media platforms, all day and all week. Newspapers are extending into real-time video, whilst TV broadcasters are expanding their provision of text-based coverage. This process of industry convergence is driven by the remorseless pursuit of productivity and cost-efficiency. Under pressure to exploit content across multiple platforms, many publishers are morphing into a form that favours the processing rather than the generation of content.

(6) The sophisticated and fast-growing public relations industry (financed by wealthy individuals and corporate clients) appears to benefit from this trend. The client-driven, self-promoting incentives of PR align with the cost-cutting incentives of publishers to encourage the rapid absorption of pre-packaged PR material into the twenty-first-century news factories. PR’s route to the audience has never been so straightforward. Increasingly, the news that is available to UK citizens is developed by people representing the interests of their clients, rather than those of a diverse media, but this shift is rarely transparent.

(7) In the digital revolution, news publishers are jostling to attract clicks, retain consumer eyeballs, boost advertising revenues and accentuate the visibility of their content in search engines through algorithmic tweaking (‘search engine optimisation’). The strategic thinking of publishers is therefore strongly influenced by the ‘clickstream’ of web consumption—what consumers are looking at and in what quantities. The ascent of clickstream metrics is transformative, resulting in an increasingly crowd-powered news agenda. The independent ‘push’ of the traditional mass media approach is being splintered by the customised ‘pull’ of web users, reinforcing the pressure on old media to maximise ratings and readership. By following the ephemeral trails of the global clickstream, publishers are

in danger of morphing into ‘digital windsocks’. The professional integrity of journalism could well suffer.

(8) The severity, universality and projected timescale of these trends are debatable, but the ferocity of the current recession is unlikely to provide any respite to news publishers. Therefore, the report concludes that there is a clear danger of a sharp reduction in spending on original newsgathering, including investigative reporting, as well as a further increase in the processing of pre-packaged PR material, a weakening of editorial standards, and a news agenda shaped more and more by the noise of the crowd, perhaps especially for younger citizens.

(9) The report suggests some avenues for redressing the balance and sustaining the economic viability of high-quality news reporting into the twenty-first century. These suggestions address both the commercial and civic side of the equation. On the former, we propose the introduction of targeted tax breaks for public interest news publishing, as well as widening the scope for charitable funding of news-related activities. On the latter, we suggest that there are grounds for radically enhancing the transparency of news publishing—potentially leading to a voluntary form of digital kitemark—not least to improve public trust and appreciation of the civic value of professional journalism.

(10) Any initiatives that are designed to improve the civic profile of journalism should, where possible, favour modes of self-regulation over government interference. It would be dangerous and unpopular to prescribe remedies that are laced with government conditions. At the same time, however, we believe that the government does have a role to play—both in safeguarding the scale of news publishing and in nurturing an informed and participatory digital citizenry, for example through improved access to public data or through the teaching of new forms of digital media literacy.

(11) How the economic viability of news publishing is secured, whilst also enshrining the basic freedom of the Fourth Estate, is clearly a topic for further debate and research. The underlying goal of this report is to draw attention to a structural danger (accentuated by the current recession) for which there may be some practical solutions, and to stimulate debate around the form and implementation of those solutions. It is our hope that the findings in this report will serve as a foundation for follow-on seminars, workshops and other comparative studies.

(12) The report was an independent exercise, carried out under the auspices of the Reuters Institute for the Study of Journalism, based at the University of Oxford. The findings of the report remain the sole responsibility of the author and the wider research team (see below). The views contained herein should not be attributed to the Institute, the University or the various organisations and individuals that we consulted in the course of the research. The funding for the report was kindly made available by the Joseph Rowntree Reform Trust and David Ure, a former executive director of Reuters.

*Author and Team Leader: Dr Andrew Currah*

*Researchers: Harriet Cullinan and Kirsten Westlake*

*Advisory Group: David Ure, Mandy Cormack, John Lloyd, Geert Linnebank, Patrick Barwise*

Although I (Andrew Currah) have been responsible for writing this report, the underlying research was very much a collaborative effort, developed through conversations with the researchers and the advisory group. The report is therefore written in the first person plural. However, I retain ultimate responsibility for any errors, omissions or statements of fact.