

UK News Media: an engine of original news content and democracy

A study on the economic contribution of the UK news media industry
December 2016

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Foreword by the News Media Association

The UK news media industry generates a unique combination of economic, social and cultural benefits which are hugely important for our society.

As this study finds, the sector makes a substantial contribution to the UK economy – £5.3 billion in gross value added in 2015 – and, crucially, more money is spent with UK suppliers than the average across the economy as a whole. This value is distributed throughout the supply chain with the industry supporting an estimated 87,500 FTE jobs in the UK.

But UK local, regional and national newsbrands play another, arguably even more important, role in civic life. Newsbrands act as the public's watchdog. By scrutinising and holding the powerful to account on behalf of their readers, newspapers underpin the democratic process.

We have seen countless examples of agenda-setting newspaper journalism in recent years. The Guardian's Panama Papers revelations and The Sunday Times' investigation into FIFA are just two cases of painstakingly researched stories which dominated the global news agenda when they broke.

Similarly, The Jersey Evening Post's investigation into online underage grooming led to arrests, raised awareness of the issue and received praise from the NSPCC. Johnston Press has just launched an investigations unit to focus upon original agenda-setting investigations such as the Drive for Justice campaign. The Camden New Journal's campaign for school dinner ladies to receive the London Living Wage resulted in Camden Council

securing a wage increase for 232 of the lowest-paid catering staff.

In an era of fake news and social media hype, genuine and reliable newspaper journalism is sought out by the public. More people are reading newspapers in print and digital than ever before – 91 per cent of the adult population each month.

Newspapers are also an important channel for businesses to connect with customers. Ninety per cent of the main shoppers in the household read newspapers every month. Recent research shows that newspaper advertising boosts ROI by three times and combining print and digital advertising improves how a consumer interacts with and values a brand.

It is UK newspapers which invest in original journalism – far more than any other media. But, in spite of this, digital platforms and aggregators who invest nothing in news content are reaping the commercial rewards from the newspaper sector's investment.

We must bear this in mind as we reflect on the news media's contribution to society and look at the steps we can take to ensure newspapers can continue to invest in original agenda-setting news and information.

We welcome the publication of this report because it shines a timely spotlight on the immense value that Britain's free press adds to our society. We must do everything we can to support the vital work of newspapers in all their forms and ensure they have a long and healthy future.



Ashley Highfield
Chairman
News Media Association



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Executive Summary

News content informs, persuades and entertains readers. It presents a diversity of opinions, helps make sense of facts and information and tells stories that engage its audience.

In 2015, the UK news media industry¹ contributed an estimated £5.3 billion in Gross Value Added (GVA) and supported 87,500 FTE jobs in the UK. Ninety percent of news media organisations' total spend with suppliers is inside the UK, compared with 77% across the economy.

UK newsbrands conduct investigative journalism that is a primary source of breaking news. Their investigations are behind many of the big stories of the past few decades. Recent examples include trawling millions of files from the database of the world's fourth largest offshore law firm, dubbed the 'Panama Papers', to uncover offshore holdings of politicians and businessmen and investigating claims of corruption in international football governance, among many others.

Such stories hold politicians and public institutions accountable, increase transparency and strengthen UK democracy. UK newsbrands also inform and educate citizens, and provide an important platform for communities to rally around causes. They have run campaigns that range from teaching women how to detect the signs of breast cancer to pushing local authorities to take action on health issues facing the older population in a community.

UK newsbrands are an engine of original news content that is consumed across different media. They invest in quality content and journalism which is accessed across print and digital platforms in the communications ecosystem, including through broadcasters, technology platforms and social media outlets. Over the course of 2015, for example, UK newsbrands drove nearly a billion social media interactions.²

Through their digital presence UK newsbrands reach larger audiences than ever before, meeting the ever present appetite of the public for news content. Ninety-one percent of Great Britain (GB) adults consume content produced by a UK newsbrand every month.³ Seventy-five percent of GB adults access newsbrands digitally every month, with digital providing a 38% increase to newsbrands' print readership on average.⁴

Despite very large audiences, the industry has experienced falling revenues over the past decade. This is partly driven by the shift of advertising spend to online media, the competition for that revenue, declining print revenues, and the early stage of development of print subscription models online. All of these factors have contributed to the current lower monetisation of newsbrands' digital audiences as compared to their print audiences. The industry's average annual revenue per print media user is estimated at c. £124 currently, while that per digital media user is estimated at c. £15.⁵

Newsbrands are experimenting with new digital business and monetisation models including paywalls, permanent subscriber members, sales of advertising space through programmatic advertising and news distribution arrangements with online technology platforms. In 2015 alone, the sector

invested more than £97 million in digital services, underpinning the sector's future-proofing and contribution as an engine of original news content. Although digital revenues of news media organisations are growing, they are failing to offset the fall in print revenue.⁶

The multi-platform reach and trusted content of UK newsbrands makes them an important channel for businesses to connect with their customers. Readers often spend focused time on a newsbrand. When reading a national newspaper, 60% of the time this is the only media the reader is engaged with.⁷ The news media industry is also an important channel for Small and Medium Enterprises (SMEs) to advertise, who typically face higher barriers to advertising. Seventy-eight percent of total advertising in local and regional news media is by SMEs.⁸ Sixty-five percent of people consuming local newsbrands said local adverts helped them make decisions.⁹

The news media industry supports value in many different businesses across the economy, such as the network of retailers and distributors that get print copies to readers across the country. For every £1 a consumer pays in cover price for example, on average 28p goes to retailers and wholesalers. This is equivalent to an estimated £640 million in revenues for UK retailers and wholesalers, whose economic effects are included in the industry total GVA impact, and that are shared across many retail points: on average, a national news media organisation sells papers at more than 50,700 retail outlets nationwide while for regional organisations, the average number of retail outlets papers are sold in is more than 5,900.

UK newsbrands are influential household names, operating in an evolving commercial environment. The sector's audience comprises the large majority of the GB adult population, demonstrating the high appetite for news content. Digital audiences are now larger than print audiences, and the sector is experimenting with different digital monetisation models which have underpinned the sector's digital revenue growth in the last few years. As readers continue to move online, the sector's ongoing future contribution as an engine of UK news production rests on its ability to continue to successfully monetise its content digitally and in print to fund news gathering.

1 Introduction

The UK news media industry¹⁰ is an engine of original news content. The sector's content is consumed across all channels, whether online media and blogs, radio programmes, or broadcast news reviews.

The sector plays a key role in informing citizens about issues of public interest, holding public officials and organisations to scrutiny, increasing transparency in government and improving community cohesion. This contribution is underpinned by the sector's investment in journalism and content creation.

The UK news media industry has far-reaching appeal and provides a plurality of views. The UK has the most national newspaper titles per capita and is second only to the US in the provision of local news titles.¹¹ Each news source plays a key role in maintaining diversity and balance in news coverage. National newsbrands present unique editorial standpoints, national TV and radio provide more balanced coverage with views across the political spectrum while local newsbrands generally cover a breadth of opinions from the local market.¹²

While UK newsbrands have historically had a strong print circulation, users increasingly access newsbrands' content through the brands' websites in addition to their print version, and through third party services including social media, news aggregators, or simply by searching the web.

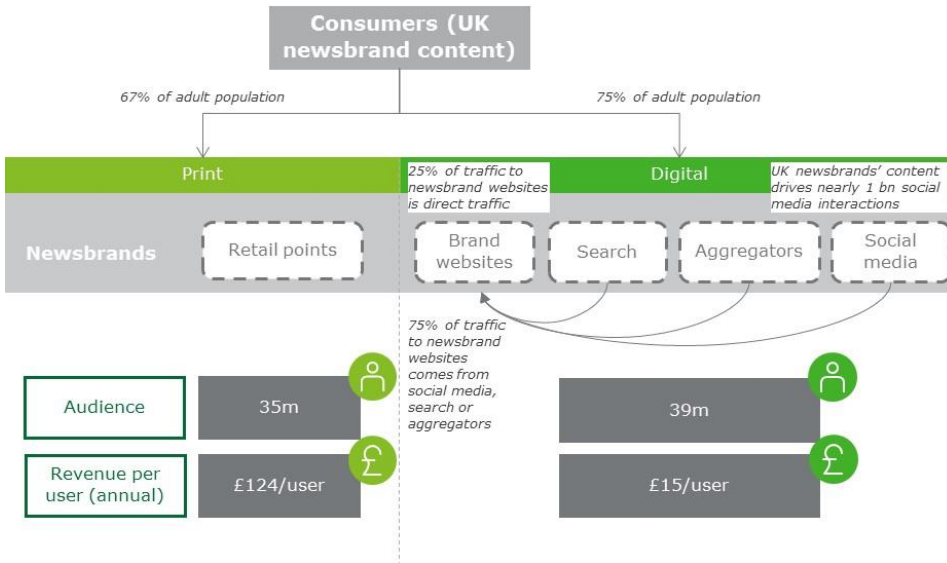
The digital audiences of news media organisations are now larger than the print audiences, demonstrating the high appetite for news. Thirty-five million Great Britain (GB) adults read a newspaper every month, while 39 million access newsbrands via digital platforms.¹³ The internet is now the second most popular medium to access news after TV, ahead of newspapers and radio.¹⁴

Of the adults that use the internet or apps for news, more say they use social media sites (43%), search engines (37%) and news aggregators (17%) combined, compared to those that say they use the website or apps of newspapers (28%). Around half say they use the website or apps of TV and radio companies.¹⁵

Over the course of 2015, it is estimated that UK newsbrands' content drove nearly a billion (967 million) social media interactions.¹⁶ Conversely, approximately three-quarters of the traffic to newsbrand websites comes from third party referrals, such as referrals from search, social media and news aggregators. On average, a quarter of total traffic comes to the website directly.¹⁷

Consumers say they use news aggregators, such as Apple News and Google News, for a variety of reasons. These include to follow feeds from their favourite sources (58%), to discover new publications or journalists (53%), to bring together different views on news events (50%), to get up to the minute breaking news stories (42%) and to view lots of stories neatly and easily (33%).¹⁸

Figure 1 Newsbrand consumption across print and digital



Source: Deloitte analysis; NMA member data.

Despite reaching large audiences through the combination of digital and print, news media organisations have experienced falling revenues over the past decade. Total news media industry’s revenue in 2015 is approximately half its 2003/04 level.¹⁹ This is due in part to the shift of revenue to online media, the decrease in print circulation and the emergence of online competitors.

Despite the strong growth in total online advertising, the competition for that revenue has made it difficult for news publishers to match the print advertising revenues they used to have. Newsbrands are experimenting with new digital monetisation models including paywalls, permanent subscriber members, sales of advertising space through programmatic advertising and news distribution arrangements with online technology platforms.

Digital revenues are increasing (the digital revenues of national newspapers for example increased by c. 190% between 2010 and 2014)²⁰ although the increase is not yet large enough to offset the fall in print revenue. In 2015, the sector invested more than £97 million in digital services to continue to equip the sector for the future.

All of this means that the monetisation of readers online is currently weaker than the monetisation of print audiences. The vast majority of news media organisations’ revenue (81%) continues to come from print readership, with 12% coming from digital.²¹ The sector’s average annual revenue per digital reader is estimated to be approximately £15 currently, compared to c. £124 per print reader.²² With the ongoing shift to digital readership among all audiences and the greater use of digital media by younger audiences, the sector’s ongoing role as an engine of original news content relies on it being able to monetise digital audiences effectively so it can continue investing in quality journalism.

Against this background, the News Media Association (NMA) has commissioned Deloitte to undertake an economic impact assessment of the UK news media industry.

This report discusses the contribution of the sector to UK GVA and employment, along with its wider contributions to the economy, to democracy and to society through its investments in original content and its role in increasing community cohesion, improving knowledge and literacy and helping businesses connect with their consumers.

The analysis draws upon financial and non-financial data submitted by the majority of NMA members, interviews conducted with senior executives of some of the largest news media organisations in the UK (see appendix 7.3 for a list) and third party sources including the Advertising Association (AA), Newsworks, the National Readership Survey (NRS), the NMA and the Audit Bureau of Circulation, among others. Case study examples have been provided by NMA members.

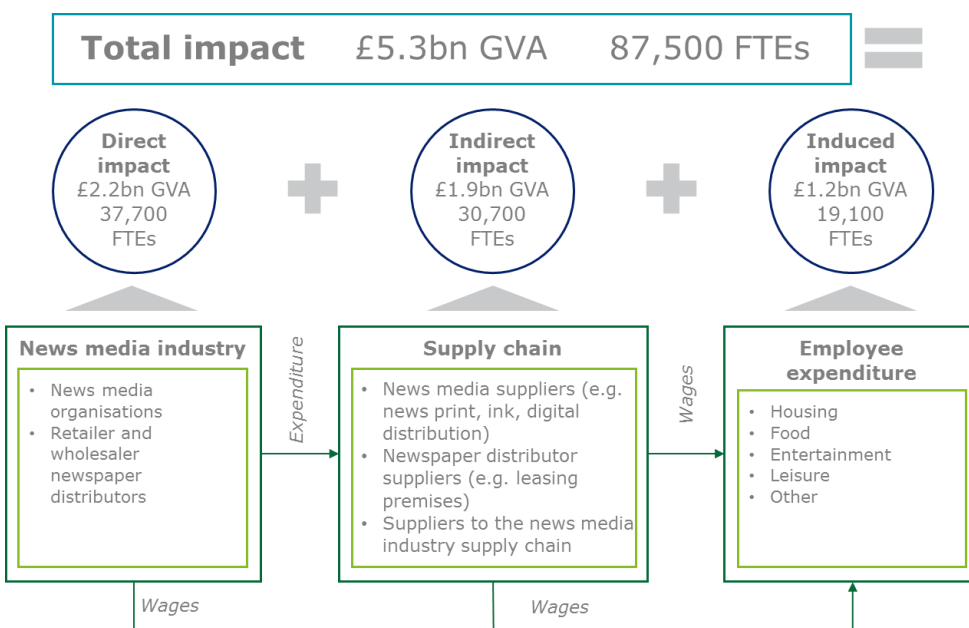
2 A major UK employer and spender

In 2015 the news media industry earned an estimated £4.8 billion in revenues from circulation and advertising.^{23,24} An additional £0.3 billion was generated by news media organisations in other activities such as news syndication and contract printing.

These revenues support expenditure and employment across the UK economy, and contribute to UK GVA. In 2015 the news media industry, including its distribution network, contributed an estimated £5.3 billion of GVA to the UK economy and supported an estimated 87,500 FTE jobs in the UK.²⁵ Of the industry's total impact, £4.6 billion GVA and 72,600 FTE jobs relate to news media organisations' impacts, while £0.7 billion and 14,800 FTE jobs relate to newspaper retailers and wholesalers impacts.

GVA is defined as total revenue less intermediate consumption, that is, the cost of goods and services used up in the process of production. GVA represents the sum of the wages, taxes and profits a sector supports, directly, indirectly through the sector's purchases of inputs, and through the ripple effects of the direct and indirect GVA across the rest of the economy. The news media industry's total GVA impact breaks into direct, supply chain and wider ripple effects across the economy as illustrated below and explained in parts 2.3 and 2.4 of this section.

Figure 2 Economic and employment impact of the news media industry



Source: Deloitte analysis; NMA member data.

2.1 News media organisations' expenditure contributes to the wider UK economy

In 2015, news media organisations' revenues²⁶ translated into an estimated £4.3 billion of expenditure. This was spread across wages, suppliers and taxes. Half of this went to suppliers and more than one-third to employees, most of them in the UK.

Figure 3 News media organisations expenditure



Source: Deloitte analysis; NMA member data.

Note: This analysis is based on NMA member survey data collected for this study, which makes up 81% of estimated total news media organisations' revenues, excluding the Financial Times. See endnote for a description of the different kinds of expenditure and the assumptions made in the analysis.²⁷

Of news media organisation supply chain spend, only 10% is outside the UK compared with 23% across the economy.²⁸

The average news media industry organisation supports value across many parties and has almost 2,600 suppliers, ranging from newspaper wholesalers and ink producers to web developers and technology maintenance.

2.2 Distribution of newspapers supports value across a network of UK retailers and wholesalers

Key to the ability for the news media industry to get newspapers to people across the UK is its intricate ecosystem of news content distribution. Across the UK, retailers and wholesalers of newspapers generated an estimated £640 million in revenue in 2015.²⁹

The sale of a newspaper will, for example, contribute to the revenue and wages of that shop, as well as the revenues and wages of the wholesalers that connect the shop to the news media organisation.

On average, a national news media industry organisation sells papers in 50,740 retail outlets nationwide, while on average, a regional organisation sells papers in 5,970 retail outlets across the country. With the vast majority of the UK covered by a local newspaper, shops across the country are involved in the news media distribution chain.

By distributing newspapers, wholesalers and retailers receive more than a quarter of a newspaper cover price. Together, retailers and wholesalers receive 28p on average from a newspaper that costs £1 for a consumer to buy.

Figure 4 Distribution of the cover price



Source: Deloitte analysis; NMA member data

2.3 The news media industry contributes to UK GVA

The news media industry's overall GVA impact of £5.3 billion extends across a wide spectrum of the national economy. For every £1 million of GVA directly generated by the industry, through both news media organisations and those who sell the newspapers, an additional £1.4 million is generated on average through the purchase of inputs and the expenditure of wages on living expenses and leisure by employees and the employees of suppliers.

The news media industry's total GVA impact is made up of:

- £2.2 billion of direct GVA contribution through wages paid to UK employees, taxes paid to the UK exchequer and profits earned. Activity by news media organisations alone contributed enough tax in 2015 to finance approximately 4,700 teachers.³⁰
- £1.9 billion of indirect GVA contribution as a result of purchases from UK suppliers. By employing a UK based marketing agency for example, a news media organisation encourages further economic activity as the marketing agency purchases inputs and pays wages to its employees. Similarly, a newspaper retailer supports UK economic activity by renting or leasing the premises from where it sells.
- £1.2 billion of induced GVA contribution through the ripple effects of the direct and indirect impacts. These impacts arise as employees in the news media industry and its suppliers (and their suppliers and so on) spend wages on items such as food, housing and leisure activities.

2.4 The news media industry supports UK employment

Extensive expenditure in the UK and direct UK employment means that the news media industry and its distribution network support jobs in industries spanning from the creative economy to manufacturing. In total, the news media industry supports an estimated 87,500 UK jobs, of which 72,600 jobs are supported through media organisations' impacts and 14,800 through newspaper retailers and wholesalers impacts.

- The news media industry and its distribution network employs an estimated 37,700 full time equivalent (FTE) employees in the UK across a diverse range of roles. An estimated 28,600 of these are employed by news media organisations in the UK. A further estimated 9,100 are employed by wholesale and retail newspaper distributors as a result of newspaper sale activities. This does not necessarily reflect the total

number of people involved in the sector as some employees work part-time, and the figure does not include freelance journalists.

- Through the news media industry supply chain, a further 30,700 FTE jobs are supported. For example, this will include the suppliers of ink and newsprint that are used in producing a newspaper.
- An additional 19,100 FTE roles are supported throughout the UK economy through the wages spent by the employees of the news media industry and its wider supply chain. The wages these employees receive send a ripple effect through the UK as they are used to purchase goods and services from other industries. For example, an employee that spends money in a restaurant supports the wages used to pay the restaurant's chefs and waiting staff.

News media organisations' total GVA and employment contribution is based on employment, expenditure, tax and profit information provided by NMA members. Newspaper retailer and wholesaler total GVA and employment contribution is estimated from the sector's revenue from newspaper distribution, and ONS data on, first, the retail and wholesale trade sectors' direct GVA in output and, second, these sectors' import propensity. Details of the methodology are provided in the appendix.

These figures do not include jobs supported through the success of an advert placed in a newspaper or in a digital space.

2.5 Newsbrands' content production is a component part of the creative industries

The UK's creative industries share of total GVA has been growing year-on-year since 2009, now comprising 5.2% of UK GVA. Their activity contributed £84 billion to UK GVA in 2014,³¹ though the creative industries value spreads wider as they are able to drive business for other sectors. The creative industries are identified by the UK government's Growth Review as one of eight sectors with clear growth opportunities.³²

As part of the creative industries, the publishing sector contributes £10.2 billion in direct GVA (excluding supply chain and ripple effects across the economy) and newspaper publishing is c. 25% of that.³³ As a comparator, direct GVA generated by news media organisations was c. 75% of the size of direct GVA generated by the product, graphic and fashion design industry and c. 45% of the direct GVA generated by the music, performing and visual arts industry in 2014.^{34,35}

Between 2014 and 2015, the number of jobs in the creative industries grew 3.2% to almost 1.9 million, of which publishing makes up 11% (or 200,000 jobs).³⁶ This growth compares with a 2% growth in jobs in the wider UK economy.

Published UK digital content reaches around the world, and the widespread international use of English makes publishing in the UK an important globally connected industry. As well as having an economic role, creative industries add cultural value to a society and encourage innovation and experimentation.³⁷

3 An engine of original UK news content

3.1 The news media industry makes significant investment in producing original news content

The UK news media industry invests significant resources in producing original news content. By one measure, newsbrands were responsible for 58% of the total spend on original news content in the UK.³⁸

Of all the people that the news media industry employs in the UK, an estimated 11,200 FTEs are directly involved in journalism and content creation, or 39% of FTEs directly employed by news media organisations.³⁹ In addition, of NMA members surveyed, the average organisation draws on more than 389 freelancers⁴⁰ and over 1,600 other news contributors.⁴¹ These journalists and freelancers are spread across different corners of the country, acting as watchdogs for the community.

The UK news media industry invests in training journalists to support the quality of content. For those news media organisations surveyed, c. £5.8 million was spent on employee and apprenticeship training in 2015.⁴²

Discovering child abuse in Rotherham, South Yorkshire

The Times' four-year investigation into child abuse in Rotherham resulted in an independent inquiry that found at least 1,400 girls were sexually exploited over 16 years.

A series of stories about the failure of agencies in Rotherham to acknowledge and tackle years of widespread abuse led the council to commission an independent inquiry. The inquiry found that the girls had been subjected to "appalling levels of crime and abuse", with the council and police blamed for failing in their duty to protect children in the town.

The story led to the resignation of senior public services figures in the area and triggered two major criminal inquiries into allegations of sexual exploitation in Rotherham, featuring a total of 283 victims and 18 suspects. The report also prompted the formation of a Government task force on child sexual exploitation, new regulations in children's homes, improved training for police, new guidelines for judges and prosecutors plus a sharp rise in criminal investigations into child sexual exploitation across England.

In addition to journalists, the sector draws upon a varied skill mix, such as people in technology and data driven fields to produce content for its multi-platform offering, people in printing supporting the UK's manufacturing base and people in distribution and marketing. Within news media organisations, there are an estimated 2,650 FTEs in manufacturing, 1,250 in technology,

2,530 in distribution and 7,570 in marketing employed in the sector, showing the diversity of the sector's workforce.⁴³

3.2 The news media industry produces authoritative content that informs and persuades, strengthening transparency and democracy

Newsbrands break important news stories to the public. They have played a key role in discovering and communicating some of the biggest news stories of the past few years, ranging from the Panama Papers leak to exposing malpractice in FIFA. They conduct investigative journalism and produce stories that may not otherwise be discovered. This content is shared, reproduced and further built on by other players in the communications ecosystem.

Newsbrands inform and persuade readers. They provide the public with information on issues spanning economics, politics, sport, culture, community and more, synthesising facts into analysis. They bring together information into stories that readers can engage with.

They bring misconduct by institutions and public figures to the attention of citizens, helping hold public individuals and institutions to account. The 'cash for access' story, for example, led to widespread discussion about the rules surrounding private work that MPs could carry out, and prompted a public debate about the effectiveness of the system that regulates MPs after the Parliamentary Standards Commissioner and Standards Committee of MPs exonerated the former foreign secretaries involved.

Investigating offshore holdings of politicians and businessmen

The Panama Papers were an unprecedented leak of 11.5 million files from the database of the world's fourth biggest offshore law firm, Mossack Fonseca.

The Guardian brought together its specialist investigations team to pore over the files. The paper's foremost Russia expert investigated the firm's Russian and Ukrainian customers. A tax and fraud specialist investigated the offshore holdings of Iceland's prime minister. Another journalist tracked down the files relating to members of parliament, peers and political donors.

Twelve national leaders were among 143 politicians, their families and close associates from around the world found to have been using offshore tax havens. In the wake of the revelations, then Prime Minister David Cameron announced the establishment of a taskforce, led by HM Revenue and Customs and the National Crime Agency, to examine the legality of the financial affairs of companies mentioned in the Panama Papers.

Newsbrands are a trusted source of information. In a world with abundance of information and data, they are a clear voice on important issues for their readers. They follow standards to provide authoritative and reliable content that is professionally curated. The Independent Press Standards Organisation (IPSO) is the independent regulator for the newspaper and magazine industry in the UK. It ensures members follow the Editors' Code,⁴⁴ can fine publishers for failing to comply with standards and provides

advice and training to journalists. This helps to maintain quality standards across the UK news media industry.

Unveiling unethical fundraising practices by some national charities

Fundraising tactics of some of Britain's biggest charities were investigated by the Daily Mail's Investigations Unit. Acting on a tip off by a whistleblower, a Mail reporter spent three weeks working undercover in a call centre used by some of the country's largest charities.

The investigation found that some charities were contacting people on the government's 'no-call' list, and were prepared to take money over the phone from those with Dementia, Alzheimer's or memory problems.

Following the Mail's story, the charities' regulator FRSB launched an inquiry, and requested the Mail's evidence. The then Prime Minister David Cameron announced new laws and a major review of the fundraising sector, the Etherington review. The Mail's campaign resulted in an overhaul of the sector's fundraising practices.

Newsbrands develop arguments for different positions and take sides. The UK referendum on membership of the EU is one recent example of this.⁴⁵ Following the UK's historic Brexit decision, the public turned to newsbrands for analysis of the implications of the decision. National newspapers saw an average increase in circulation of 7% on expected sales of Saturday editions following the vote.⁴⁶

Exposing alleged abuse of power by politicians

The Telegraph exposed Jack Straw and Sir Malcolm Rifkind, former foreign secretaries, for their role in a 'cash for access' scandal.

It was alleged that both men offered to use their positions as politicians on behalf of a fictitious Chinese company in return for payments of at least £5,000 per day. Mr Straw boasted that he operated "under the radar" to use his influence.

An inquiry by Ofcom, the broadcasting regulator, found that Mr Straw and Sir Malcolm Rifkind did seek to "exploit their experience and connections" for personal gain. However, both men were exonerated by the Parliamentary Standards Commissioner and Standards Committee of MPs.

As a result of the disclosures, Sir Malcolm resigned from his position as chairman of Parliament's Intelligence and Security committee and stood down at the 2015 election.

By informing citizens about important issues and improving transparency and accountability in government, newsbrands serve the critical function of strengthening UK democracy.

Campaigning for justice following Hillsborough Stadium disaster

For 27 years the Liverpool Echo tirelessly campaigned for justice for the 96 Liverpool fans who travelled to Sheffield in April 1989 to watch a football match but never returned. The Echo quashed the original inquest verdicts and successfully campaigned for the launch of new inquests.

On 26 April 2016 the jury determined that the 96 Liverpool fans were unlawfully killed and a catalogue of failings by police and the ambulance services had contributed to their deaths.

The Echo was the only media organisation to attend every day of the hearings, with reporter Eleanor Barlow covering all 267 days of the two yearlong inquests.

Discovering corruption in sport

The Sunday Times' investigation into FIFA began in 2010. The investigation had a breakthrough in 2014 when a senior FIFA figure leaked a cache of hundreds of millions of documents.

The 'FIFA files' yielded a series of stories claiming that Mohamed bin Hammam, Qatar's top football official, had sought to bring the 2022 World Cup to Qatar by making cash payments to football officials and making pacts with other voters. The files also revealed how much FIFA's ruling executive committee was paid in salaries and perks.

The investigation has had profound consequences within FIFA with a six-year ban handed to president Sepp Blatter, who is appealing at the Court of Arbitration for Sport, and the US government indicting several current and former FIFA officials and sports marketing companies.

The Sunday Times' investigation caused then Chancellor George Osborne to comment: "If people ever question why you need a free press I think The Sunday Times has proved beyond doubt its value."

4 A feeder of knowledge and literacy

4.1 Newsbrands are a national source of news and information

Newsbrands are a source of news and information for the UK population. Beyond readership across the population, 60% of all students read a newspaper each month.⁴⁷

By browsing a newsbrand website, app or paper, readers can come across viewpoints they may not have considered and facts they may not have been looking for.

Newsbrands inform the nation by:

- Raising public awareness on current affairs of national interest. Newsbrands inform the country on what is happening across the rest of the UK and around the world.
- Igniting conversations between friends, families and strangers alike, encouraging debate on issues of national importance. On Twitter alone for the year starting March 2014, newsbrand stories were shared 5.6 million times, highlighting the importance placed on authoritative and trusted newsbrands. Articles on BuzzFeed and the Huffington Post combined were shared 1.2 million times over the same period.⁴⁸
- Educating the population on issues ranging from public health to climate change. Effective communication of health news increases understanding of disease and conditions, encouraging lifestyle choices that can promote better public health outcomes.⁴⁹

Informing women about breast cancer signs

The Sun's Page 3 teamed up with Breast Cancer Charity, CoppaFeel! in 2014 for the Check 'Em Tuesday campaign to help boost early detection of the disease - the UK's most common cancer - by encouraging women to get to know their breasts. A week after launch CoppaFeel! saw a 2,000% increase in hits to the CoppaFeel! website and gained more than 3,000 Twitter followers.

The campaign ran every Tuesday for six months. Independent research commissioned by The Sun and CoppaFeel! found UK women were four times more likely to check their breasts after seeing the campaign. The campaign also gave women the confidence to go to the doctor and the research found that male Sun readers were more likely to speak to their partners if they thought there was something unusual.

4.2 The news media industry is a stimulant to improving literacy which has positive impacts on the economy and health

The average time spent reading newspapers in print or digital format is 31 minutes per day, compared to 14 minutes spent reading other online news.⁵⁰ Frequent reading for pleasure has been shown to improve vocabulary and the level of reading and writing proficiency across both adults and children. A 2014 study found that vocabulary progress for adults is improved by 1% by frequent reading of broadsheet newspapers,⁵¹ whilst a report published by Save the Children highlights that just ten minutes a day of parents reading with their children can make a positive difference to a child's reading achievements.⁵²

Based on Save the Children's analysis, The Sun newspaper collaborated with the charity for their 'Get Kids Reading' campaign. The campaign's key message was to encourage children to read for ten minutes a day, whether it be a book, website, or newspaper.

A number of regional and local newsbrands have led similar campaigns, including London's Evening Standard, the Stoke Sentinel and the Oxford Mail. The Evening Standard's campaign won praise from both Ofsted and the EU, with the latter citing the importance of non-governmental organisations in stimulating community spirit and encouraging volunteering in schools and libraries.⁵³ Over the Oxford Mail's two year campaign, participating schools saw the proportion of pupils reaching the government expected reading standard at Key Stage 1 in participating schools increase from 75% to 83%.⁵⁴

Academic literature shows that improved literacy can lead to enhanced productivity, employment and health outcomes:

- *Wages:* Those with 'functional' literacy skills are shown to be paid, on average, 16% more than those with lower literacy skills.⁵⁵ On today's National Living Wage, that equates to an extra £1.15 per hour for a worker over the age of 25.⁵⁶ A UK survey showed that 73% of businesses think primary schools should focus more on literacy and numeracy.⁵⁷
- *Labour market participation:* OECD analysis shows that low literacy skills increase the probability of being neither in employment nor education and training.⁵⁸
- *GDP per capita:* It has been shown for a sample of OECD countries that literacy has a positive impact on levels of GDP per capita and labour productivity.⁵⁹
- *Health and crime:* People with poor literacy are shown to be less likely to understand information about healthy living and how to deal with existing medical conditions. For example, half of patients with diabetes and low literacy skills can identify the symptoms of diabetes, compared to 92% of those with adequate literacy skills.⁶⁰ Crime is also impacted: of those offenders in custody, almost half (48%) have a reading age at or below that of an 11 year old.⁶¹

As a frequently read medium, news media is a platform to present articles and campaigns on the early detection of diseases or on lifestyle choices for disease prevention.

Raising awareness of mental health issues

The Sunday Mirror's Time To Change campaign, urging government to effectively support people with mental health issues, is now in its fourth year.

The campaign started with an interview with Frank Bruno, a former professional boxer, around his bipolar disorder. It triggered thousands of responses from readers.

The paper started a campaign to raise awareness and urge government action around mental health issues. It set out key aims - to put pressure on the Government to reverse cuts to services, to improve care offered to young people and to put mental health on an even footing with the way physical ill health is treated. Driven by the campaign, the Government announced the provision of self-help books in schools and libraries to raise awareness of mental health conditions.

A number of the news media organisations surveyed cite schemes focused on generating interest among young people in journalism as part of their corporate social responsibility programmes. One example is the News Academy, an initiative of News UK, which aims to prepare journalists through training, masterclasses, career advice and other support. Beyond this, as a skilled profession 16,400 journalism examinations were taken over the academic year 2014 to 2015 via the National Council for the Training of Journalists.⁶²

Further demonstrating the importance and value of news media content, in 2015 the NLA Media Access supplied nearly 10,000 corporate licences to businesses including higher education establishments for a value of £37 million.⁶³ These licences provide access to news media articles, which are often used for information, media monitoring and reputation management.

5 The glue for communities and social cohesion

5.1 The local and regional news media industry binds communities together

The UK has a vibrant regional and local media sector, with more than 1,000 print and 1,700 digital titles.⁶⁴ Across print, online and digital apps, local newsbrands reach 40 million people a week.⁶⁵

Regional and local media reaches 95.5% of GB postcodes.⁶⁶ Printed local and regional newspapers are the second most popular medium through which local news is consumed.⁶⁷

Regional newsbrands foster community identity and cohesion by informing the local community and acting as a public watchdog for citizens.

Investigative reports and meaningful campaigns help local and regional newsbrands hold politicians to account and generate pressure for issues that are relevant for a community. Local and regional newsbrands:

- *Celebrate the community.* As flagbearers for regions, local newspapers frequently broadcast what is great about a city, town or street. The Barnsley Chronicle, for instance, holds an annual Proud of Barnsley awards night to celebrate local citizens. A campaign by the Jersey Evening Post encouraged readers to rally behind one of the island's oldest industries – farming – after a UK producer pulled the plug on its local business.
- *Raise awareness of important community issues.* Investigative journalism can raise awareness to parts of a community that are lesser known. For example, London's Evening Standard ran a campaign that covered London's criminal youth gangs, reporting how half of the teenagers in recent research had personally witnessed a stabbing or shooting. Another Evening Standard campaign presented how the Angel Town estate in Brixton is beset with gang crime, and went further to identify community based projects that could help to address the issue.

Exposing employee remuneration below London Living Wage

After learning of the low wages paid to catering staff, the Camden New Journal took up the campaign for school dinner ladies in 51 schools across the borough to receive the London Living Wage.

Despite the sympathetic reactions, Camden Council councillors told the dinner ladies initially that they would be stuck on the lower rate until the catering contract with Caterlink ran out.

The paper profiled some of the dinner ladies and the difficulties they faced, with one woman having no more to cook for her family for one meal than a sweet potato. The paper's campaigning activities included travelling to the Berkshire home of Caterlink's chief executive to hand-deliver a letter from the editor requesting an interview after requests were refused by the company's press office.

Eventually, the pressure paid off and it was revealed that Camden Council had secured the pay increase following lengthy negotiations with Caterlink. The new deal, worth around £500,000 in total, will mean that, on average, 232 of the lowest-paid workers will be £1,500 better off.

Raising awareness of the threat of online underage grooming

In June 2016, a Jersey Evening Post investigative team was put together to raise awareness of the threat of online underage grooming. The team created a fake online profile of a girl and posted it on adult dating apps. Over the course of the next 12 days, several men made continued contact with the 'girl' and conversations quickly sexualised, even after the team revealed her to be 14.

Pixilated photos of six men were featured as part of a front-page splash, with inside pages provided details of the sting and extracts from the conversations. Transcripts of the conversations were handed to the police.

Four of the six men were arrested and one was charged with grooming and the possession of indecent images of children. The NSPCC praised the work of the Post in raising awareness of such an important issue through hard-hitting public-interest reporting.

- *Encourage politicians and public bodies to take action and holds them to account.* A campaign by a local newsbrand can encourage those in power to take action on issues that a community considers important. For example, The Eastern Daily Press (EDP) successfully led a campaign for the dualling of the main route between London and Norfolk, to reduce traffic congestion. The EDP engaged government officials, held meetings and ran features to bring the campaign to fruition.⁶⁸

Freedom of Information (FOI) requests are often used by local newsbrands to uncover various unreported aspects of a community. For example, the Northern Echo of north-east England used FOI requests to show that more than 1,500 children had gone missing from foster care over four years,⁶⁹ and a FOI request by the Manchester Evening News suggested almost 300 convicted criminals had been awarded taxi licences over a seven year period.⁷⁰

Newsbrands' reporting improves political accountability and transparency at the local and national level.

Unveiling junior doctors' working hours

In Glasgow, The Herald began its investigation into junior doctors' working hours in Scotland following concerns expressed by key members of the surgical community. The paper revealed that many junior doctors worked 90-hour weeks, even though the UK has adopted rules that state staff should work no more than an average of 48 hours unless they choose to do so.

The investigation found nine out of 11 Scottish mainland health boards asked doctors to work 12 day stretches totalling up to 114 hours before they got a day off.

Following the first story, the father of Lauren Connelly, a junior doctor who had died driving home from a night shift in Greater Glasgow and Clyde, contacted the newspaper. The story and his call for an overhaul of junior doctors' working practices attracted comment from junior doctors around the world.

When NHS Scotland appointed a new chief executive, The Herald took up the matter with him directly. New targets have since been announced governing junior doctor shift patterns, and Health Secretary Shona Robison has promised a plan to deliver an "actual working week of 48 hours with no averaging of hours as is currently permitted".

Exposing poverty, homelessness and exploitation

Lancashire Evening Post's investigative reporter Aasma Day was given six weeks off diary to go out and find real life stories of people trapped on the margins of society in Preston. During the investigation, Aasma spent time with some of the organisations and agencies which help those who are struggling.

Stories included the tale of a hospital nursing assistant who entered the world of prostitution for extra cash and the Preston mechanic who lost a finger after being unable to keep up with the demands of loan sharks. The paper included fact files and helplines with the stories in order to signpost those in similar situations to organisations that can help.

The Twilight investigation received widespread praise from all sections of the community including MPs, homeless organisations, charities, police chiefs and the leader of Preston Council.

Research by Crowd DNA also found that local media is critical in engendering a sense of belonging in a community. Of the surveyed respondents, 73% felt that local media was important in helping them feel a sense of pride in their community. This was higher than the internet (22%), TV (11%) or commercial radio (11%).⁷¹

The sector's contribution through its content is complemented by Corporate Social Responsibility programmes, which range from charity donations to environmental initiatives. Initiatives such as the CN Group's Cumbria Community Foundation and the Express and Star's Cash for the Community Fund are examples of this.

In particular, the geographic coverage of local news media makes it a platform for community based fundraising. The Manchester Evening News triggered a campaign that raised over £1.4 million following an arson attack on Manchester Dogs Home. Circa £1 million was raised in one day due to the paper quickly engaging the community. Similarly, the EDP raised

£330,000 through a campaign to help those whose homes were damaged by a coastal storm.

Campaigning to end loneliness

The Yorkshire Post joined forces with the Campaign to End Loneliness in an effort to tackle a problem which affects more than 92,000 older people living in the region.

The paper launched an audio archive of real people telling their stories of loneliness and reported on initiatives taking place across Yorkshire to help those in need. The Yorkshire Post met with those in the communities going out of their way to help those suffering from loneliness, and gained support from then Prime Minister David Cameron.

The paper also staged a regional summit which was attended by almost 100 experts in the field of social care, the voluntary sector, the NHS and local authorities. Pressure was exerted on local authorities who failed to make significant mention of loneliness in the Health and Wellbeing Strategies, with seven out of nine highlighted as lacking pledging action.

5.2 A strong sense of community can positively influence social and economic indicators

As the economic literature shows, enhanced local identity and community cohesion improves a number of economic and social indicators.

A UK government report on the Economic Case for Cohesion presents evidence of improved community cohesion leading to lower crime, lower unemployment and improved health outcomes. The report also estimates potential cost savings of £193 million to £530 million in England and Wales for 2007/8 from a reduction in crime due to improved community cohesion.⁷² In particular, it shows:

- *Impact on crime:* One study looking at community cohesion in 20 local areas in the UK found that all crime decreased by 3% as sense of community increased by 'one unit'.⁷³
- *Impact on health outcomes:* Various studies show community cohesion to reduce the likelihood of acquiring certain health ailments such as depression and loneliness and to reduce the probability of suicide. Buonfino and Hilder (2006) reviewed the evidence of the impacts of social networks and found that much of it suggested that social connections inhibit depression. People with close friends were less likely to experience sadness, loneliness and low self-esteem.
- *Impact on employment:* There is evidence that social networks can help people find jobs. For example, US research by Granovetter (1973 and 1995) found that social networks can provide people with advice, job leads, strategic information and letters of recommendation. In a survey of residents of a Massachusetts town the author found that over 50% of people found their jobs through social contacts.

The case studies in this section illustrate the range of contributions of local and regional newsbrands, from informing citizens to highlighting community issues and strengthening local democracy.

6 A channel for businesses to connect with customers

News media brands' trusted content provides an important platform for firms to promote their products and connect with their customers.

Readers often spend focused time on a newsbrand. When reading a national newspaper, 60% of the time the reader is engaged with only this media.⁷⁴ According to Newsworks' analysis of NRS data, newsbrands continue to be a medium for reaching high-income audiences. Ninety-five per cent of ABC1s and 98% of chief income earners with an annual net income of over £50,000 read newsbrands every month, while 90% of main shoppers also do so.⁷⁵

The establishment of news media across multiple platforms, primarily print, desktop and mobile, provides advertisers with a multi-platform setting from which to reach potential customers. Research commissioned by Newsworks, the marketing body for national newsbrands, finds advertising campaigns that include newspapers achieve a higher campaign ROI on average compared to campaigns that do not. For example, campaign ROI is found to be 20% higher for Fast-Moving Consumer Goods (FMCGs) and 71% for the automotive industry when newspapers are part of the media mix.⁷⁶ The findings are based on meta-analysis of over 500 econometric models from 2011-2016. Further research commissioned by Newsworks finds that combining print and digital advertising improves how a consumer interacts with and values a brand and translates into a higher return on investment for the advertiser.⁷⁷

The news media industry is also one of the key channels UK SMEs use to advertise. A survey of NMA members estimates that SME advertising in the local and regional news media industry makes up 78% of adverts, and 83% of campaigns are local or regional.⁷⁸

Regionally based SMEs recognise the value in the reputation of local press and its trusted content. Of the 40 million people that local newsbrands reached in print and digital in 2015, 65% said local adverts help them to make decisions.⁷⁹

The Manchester Evening News and the Yorkshire Post are both regional papers who present a section in their online business pages specifically for SMEs. Included in the articles of these sections are celebrations of local SME achievements and reviews of new restaurant openings, raising awareness of local business. Many publishers, such as the KM Media Group and CN Group, host annual local business awards celebrating local business.



78% of advertising in local and regional news media is by SMEs



83% of campaigns in local and regional news media are local or regional

National newsbrands can also springboard SMEs into the public eye. Competitions have been run by both the Times and the Telegraph, in collaboration with SME lenders, to encourage The Apprentice-style entrepreneurship.

National newsbrands celebrating entrepreneurship

A competition run by The Telegraph in partnership with HSBC allowed small entrepreneurial businesses to pitch their product to a board of investors, with the winner gaining £150,000 of investment.

Though there can only be one winner, recognising a group of high growth SMEs on a national level sparks inspiration among budding entrepreneurs. Exhibiting the best of the UK's SMEs to the newsbrand's readership could encourage future UK start-ups.

An Advertising Association study found that on average, SMEs achieve £2 in sales for every £1 spent on advertising.⁸⁰ Based on this estimate, print and digital advertising in local and regional news media could have supported over £1 billion in sales for SMEs in 2015, assuming a similar return on advertising as the average across media.⁸¹

Fostering SME advertising can unlock growth opportunities in the UK since many SMEs make limited use of advertising. The SME population contributes only 18% of advertising spend in the UK, despite accounting for nearly 40% of all turnover. Only 30% of UK SMEs advertise.⁸²

7 Appendix: Methodology

7.1 News media sector output

As defined in the Introduction, the term 'news media industry' in this study comprises:

- Local, regional and national news media organisations; and
- The newspaper distribution network, in particular retailers and wholesalers involved in getting print copies to readers.

The survey conducted on a sample of NMA members for this report does not cover the whole industry. In order to give a holistic view of the entire news media industry, the data collected in the survey is uplifted according to an estimate of the total industry revenue.

Circulation revenues are estimated by the NMA using audited and non-audited retail circulation figures and cover prices collected by ABC and other sources. Total advertising revenues are estimated by AA WARC. The circulation and advertising revenue figures from those sources are combined into an estimate of the industry's revenue of £4.8 billion by the NMA. Advertising revenues accrue only to news media organisations, whilst circulation revenues accrue to both news media organisations and newspaper distributors. As noted in the report, for £1 of cover price, on average 72% goes to the news media organisation and the remaining 28% goes to newspaper retailers and wholesalers.

This total industry revenue is adjusted to exclude the Financial Times from the analysis.⁸³ A large number of digital subscriptions and high international presence mean that the Financial Times has a somewhat different profile to other UK news media organisations. These differences would make extrapolation to their expenditure profile from NMA member data potentially inaccurate.

The NMA members that completed the questionnaire make up 82% of total industry revenue, after excluding the Financial Times. The survey of NMA members covers 73% of total publishing industry advertising revenue and almost 90% of total publishing industry circulation revenue. A number of news media organisations not included in the survey are small independent regionals who predominantly earn revenues from advertising.

Industry revenues are outlined in Table 1.

Table 1 News media industry survey and estimated revenues

		Revenues		
		Survey of NMA members	Estimated total industry revenue	Survey as a share of industry
Publishing	News media organisations	£3,296	£4,081	81%
Newspaper distribution	Wholesalers	£122	£135	90%
	Retailers	£452	£502	90%
Total		£3,870	£4,719	82%
<i>Additional 'other' news media organisation revenues obtained in member survey</i>		<i>£328</i>	<i>N/A</i>	<i>N/A</i>

News media organisations' total GVA and employment contribution is based on expenditure, tax, profit and employment information provided by NMA members. The UK only output reported in the survey of NMA members is uplifted by the missing share of news media organisations' revenue to capture total news media organisations UK output. UK only output comprises wages, taxes profits and supply chain spend in the UK.

Newspaper retailer and wholesaler total GVA and employment contributions are estimated using the following sources:

- Sector revenue from newspaper distribution;
- Retail and wholesale sectors propensity to import estimated from the ONS input-output tables;
- UK newspapers circulation in the UK and abroad, from the ABC; and
- ONS GVA and employment to output ratios and effects multipliers.

In the absence of other information, it is assumed that UK retailers and wholesalers' wages, taxes and profits that relate to newspaper distribution all accrue to the UK. While some of these elements of value added may leak outside the UK in practice, the use of the retail and wholesale trade sector's average import propensity is likely to overstate the level of imports to support newspaper distribution, and hence the results are deemed to be a reasonable approximation to newspaper distribution's GVA and employment impacts on balance.

7.2 Economic and employment impacts

7.2.1 GVA and employment effects

The GVA impacts and the employment impacts are estimated using Type I (indirect) and II (induced) GVA effects multipliers, which are applied to UK only industry output:

- *GVA effects multipliers* calculate the impact on GVA throughout the economy that comes from a change in output for the industry. That is, for every £1 million of output that an industry produces, the amount of GVA supported across the economy.
- *Employment effects multipliers* estimate the impact on the number of FTEs employed across the economy following a change in output for the industry. That is, for every £1 million of output that an industry produces, the number of FTEs supported across the economy.

The GVA and employment effects multipliers are derived using:

- ONS Input-Output Analytical Tables (IOATs).⁸⁴
- Household Income, published as part of the ONS National Accounts Blue Book.⁸⁵
- ONS Type I employment multipliers and effects.⁸⁶

IOATs are published as part of the UK's national accounts. The tables illustrate the flows of products and services between industries, government, households and non-profit organisations for a single year. This includes the types and quantities of products bought and used as inputs by each sector. These inter-industry flows are used to estimate the economic and employment impact of a single sector on the whole economy.

The analysis presented in this report applies GVA and employment effect multipliers from the following sectors:

- Publishing Services (SIC code 58), under which newspaper and news media publishing falls, is used for news media organisations output. Newspaper and/or news media publishing is the primary activity for all organisations considered in this study. Where an organisation undertakes operations outside of newspaper and/or news media publishing, the associated revenues and expenditures are excluded from the analysis.
- Wholesale trade services excluding motor vehicles and motorcycles (SIC code 46) is used for wholesale newspaper distribution output, under which wholesale of newspapers falls.
- Retail trade services excluding motor vehicles and motorcycles (SIC code 47) is used for retail newspaper distribution output, under which the retail sale of newspapers falls.

The ONS publishes IOATs roughly every five years, with the most recent edition, 2010, published in 2014. This edition has been used to derive the Type I and Type II effects multipliers used in this study. Input-output effects can be assumed to be relatively stable over a period of a number of years, as long as the structure of the economy does not significantly change (e.g. technological or relative price changes).⁸⁷

7.2.2 Economic impacts

The total GVA supported in the UK economy by the news media sector is made up of direct, indirect and induced GVA.

Direct GVA is the value added created directly by the industry. Direct GVA of the news media organisations in the survey is estimated using the sum of survey wages, statutory profit and taxes for the whole industry. Direct GVA of wholesalers and retailers is estimated by applying the relevant industry GVA to output ratio to the industry output.

Indirect GVA is the value added supported through other parties in the supply chain, that is, the supply chain activity generated in the UK economy by news media organisations. Induced GVA is supported through the incomes of the employees of the news media industry and its supply chain. These result in increased spending and increased final demand in the economy.

The Type I and II GVA effects multipliers relevant to each industry are applied to the UK only output for each industry to obtain induced and indirect GVA:

- *Type I (indirect) GVA effects multipliers* estimate the total of direct and indirect GVA. Indirect GVA is the GVA supported through the news media industry’s supply chain demand.
- *Type II (induced) GVA effects multipliers* estimate the total of direct, indirect and induced GVA.

Table 2 presents the results using only NMA survey data and the results following the uplift to the news media industry.

Table 2 News media industry GVA with uplift to industry

	News media organisations		Wholesale distribution		Retail distribution	
	Surveyed NMA members	Uplifted to industry	Surveyed NMA members	Uplifted to industry	Surveyed NMA members	Uplifted to industry
UK only output (£m)	£3,393	£4,201	£113	£125	£429	£476
Direct GVA (£m)	£1,494	£1,850	£51	£57	£247	£274
Indirect GVA (£m)	£1,395	£1,727	£41	£46	£125	£139
Induced GVA (£m)	£850	£1,052	£29	£32	£105	£116
Total GVA (£m)	£3,739	£4,629	£121	£135	£477	£529

7.2.3 Employment impacts

Direct employment is defined here as the number of FTEs employed by an industry. News media organisations’ employment is obtained through the survey of NMA members for news media organisations, and uplifted to gain a view for all news media organisations in aggregate using the survey to total share of news media organisations’ revenue (81%).

Direct employment of wholesale and retail newspaper distribution supported by newspaper activities is estimated using newspaper distribution output and FTE-output ratios implied by the ONS input output tables. An FTE-output ratio gives the number of FTEs employed for every £1 million of output produced by a sector.

Indirect and induced employment give an estimate of how many FTE jobs are supported throughout the economy by an industry. Indirect employment is supported by supply chain purchases by the news media industry, and induced employment is supported by the wages spent by the employees of the news media industry and its supply chain. For example, a news media employee that spends their wages in a restaurant is supporting the employment at that restaurant.

Type I and Type II employment effects multipliers are applied to UK only output to obtain indirect and induced employment. As with the GVA effects

multipliers, two employment effects are used to estimate the number of FTEs supported in the UK economy:

- *Type I (indirect) employment effects multipliers* estimate the number of FTEs supported due to supply chain demand by the news media industry.
- *Type II (induced) employment effects multipliers* estimate the number of FTEs supported due to industry employee incomes. As employees spend their wages on goods and services, more FTEs are required to provide these.

Following the same approach as with GVA, publishing, wholesale and retail employment effects multipliers are applied to the relevant outputs.

Table 3 presents the results from the NMA survey and after the uplift to the whole news media industry.

Table 3 News media industry FTE employment with uplift to industry

	News media organisations		Wholesale distribution		Retail distribution	
	Surveyed NMA members	Uplifted to industry	Surveyed NMA members	Uplifted to industry	Surveyed NMA members	Uplifted to industry
Direct employment	23,120	28,630	1,190*	1,320	6,980*	7,740
Indirect employment	22,040	27,290	770	860	2,280	2,530
Induced employment	13,510	16,720	450	510	1,670	1,850
Total employment	58,670	72,640	2,420	2,690	10,930	12,120

*The direct employment by the wholesaler and retailer distribution network is estimated using wholesaler and retailer output estimated using the revenue data provided in the survey, and FTE – output ratios from the ONS input output tables.

7.3 Executive interviews

A number of interviews were conducted with senior executives from a selection of national and regional news media organisations. These interviews were used to understand their views on the sector’s unique role and the wider context in which news media businesses operate. The interviewees were:

- Ashley Highfield, CEO, Johnston Press
- David Dinsmore, COO, News UK
- Geraldine Allison, Chairman, KM Group
- Guy Black, Executive Director, and Peter Lindsay, Director of Strategy, Telegraph Media Group
- Henry Faure Walker, CEO, Newsquest Media Group
- Kevin Beatty, CEO, DMG Media
- Simon Fox, CEO, Trinity Mirror

¹ Throughout this report, the news media industry is defined as local, regional and national news media organisations plus the newspaper distribution network, in particular retailers and wholesalers of newspapers. It includes the print and/or digital publishing activity of news media organisations in the UK. The main news media organisation excluded from the analysis is the Financial Times. Although some of the news media industry's organisations may offer radio or TV services to supplement their main activity, organisations whose primary activities are TV, radio and/or magazines are not included as part of the sector for the purposes of this report.

² Newswhip; <http://www.newsmediauk.org/report/index.html>

³ National Readership Survey, for the period October 2015 to September 2016; <http://www.nrs.co.uk/latest-results/facts-and-figures/newspapers-factsandfigures/>

⁴ National Readership Survey, for the period October 2015 to September 2016; <http://www.nrs.co.uk/latest-results/facts-and-figures/newspapers-factsandfigures/>

⁵ Revenue per user is estimated using data from a number of sources, including AA WARC, Circulation Executive retail sales revenue as provided by the NMA, the NRS, ONS and the 'UK news media: less advertising, new models' report published by Enders Analysis (June 2016).

Enders estimate that 88% of the industry revenue comes from print. In order to reflect the industry total, this is applied to the print advertising and circulation revenue from the sources above to approximate industry total revenue. Financial Times revenues are excluded from the analysis.

The NRS consumption of newsbrands data used is for the period July 2015 to June 2016.

The revenue per user for print includes revenues accrued by newspaper wholesalers and retailers. Excluding that revenue, the revenue per user for print is £89.

⁶ Enders Analysis; News Phase for Newsbrands (2015).

⁷ Newsworks; <http://www.newsworks.org.uk/Topics-themes/the-battle-for-attention/87726>

⁸ Based on a survey of NMA members.

⁹ Local Media Works (2015); <http://www.localmediauk.org/Industry-Snapshot-2015>

¹⁰ Throughout this report, the news media industry is defined as local, regional and national news media organisations plus the newspaper distribution network, in particular retailers and wholesalers of newspapers.

¹¹ O&O Advisory; UK News Provision at the Crossroads (2015)

¹² O&O Advisory; UK News Provision at the Crossroads (2015)

¹³ National Readership Survey; <http://www.nrs.co.uk/latest-results/facts-and-figures/newspapers-factsandfigures/>

¹⁴ Ofcom; http://stakeholders.ofcom.org.uk/binaries/research/tv-research/news/2015/News_consumption_in_the_UK_2015_executive_summary.pdf

¹⁵ Ofcom; http://stakeholders.ofcom.org.uk/binaries/research/tv-research/news/2015/News_consumption_in_the_UK_2015_report.pdf

¹⁶ Newswhip; <http://www.newsmediauk.org/report/index.html>

¹⁷ Based on a survey of NMA members.

¹⁸ OC&C Strategy Consultants; Is Content King After all?

¹⁹ Enders Analysis, UK news media: less advertising, new models, June 2016, based on WARC, ABC and company reports.

²⁰ Enders Analysis; News Phase for Newsbrands (2015).

²¹ Based on a survey of NMA members. The remaining revenue comes from contract printing, news syndication and other sources.

²² See footnote 5.

²³ Of this, £4.1 billion accrue to news media organisations and £0.7 billion to retail and wholesale newspaper distributors. This revenue consists of print circulation, digital subscription and print and digital advertising.

²⁴ Please refer to the Appendix for an overview of how this is estimated. Note that this figure excludes the Financial Times. Of the £4.1 billion in estimated news media organisation revenues, 81% is based on a survey of NMA members.

²⁵ This report estimates the gross economic impact of the news media industry, rather than its net impact. It is very difficult to imagine what news provision would look like without the news media industry and for that reason the sector's net impact is not analysed.

²⁶ Revenues that accrue to news media organisations amount to £4.4 billion in 2015, including £4.1 billion from advertising and circulation (excluding the share of total circulation revenue that accrues to newspaper retailer and wholesaler distributors), and £0.3 billion from other activities such as news syndication and contract printing.

²⁷ Expenditure, taxes and profits are assumed to be similar, as a proportion of revenue, for the remaining 19% as for the companies that participated in the survey, and hence the data is uplifted for those remaining companies to reflect the total industry. See appendix for description of methodology. Employee costs include wages and salaries, social security costs and taxes, pension costs and training costs. 'Other' costs include financial costs and legal provisions.

Costs are measured on an accounting basis, meaning that capital expenditure and other capitalisable items are depreciated or amortised where appropriate. An accounting rather than cash basis is adopted in order to provide a more stable view of the scale of the sector over time that is not affected by payment timelines, and that is more consistent with statutory reporting.

Accordingly, and to ensure consistency across members, statutory profit is used for the GVA analysis. This includes exceptional and one off expenditures across members, which are included in statutory profit but not in other profit measures (e.g. adjusted profit). Depending on the context, news media organisations may reference different profit measures. For example, adjusted profit is sometimes reported to reflect the sector's longer term operational profitability. In the news media industry in 2015, adjusted profit is higher than statutory profit. Where impairments of intangible assets were significant, they were added back to the statutory profit measure (as impairments are non-cash, one-off and are often of such quantum that they may distort the statutory results).

²⁸ Based on total intermediate demand in UK Input-Output Analytical Tables, ONS and information provided in a survey of NMA members, assuming that those news media organisations not surveyed have the same business profile as those in the survey.

²⁹ This estimate is based on the cover price revenues received by the NMA members and their respective distributions across wholesalers and retailers. Of a total £670 million, which covers retailers and wholesalers in the UK and abroad, 90% is based on a survey of NMA members.

Of this £670 million, £640 million accrues to UK retailers and wholesalers. The adjustment is based on analysis of national newspaper total circulation in three months (November 2015, April 2016 and August 2016) which imply that on average 6% of their circulation is outside of the UK. It is assumed that regional newspapers are only circulated in the UK. The UK wholesaler and retailer revenue is used to calculate the total GVA impact of the industry in section 2.3.

³⁰ Assuming the average teacher's salary is £37,800 and using data collected in a survey of NMA members; <https://getintoteaching.education.gov.uk/funding-and-salary/teacher-salaries>

³¹ UK Government Creative Industries Economic Estimates; <https://www.gov.uk/government/statistics/creative-industries-economic-estimates-january-2016>

³² HM Treasury, The Plan for Growth; https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/221514/2011budget_growth.pdf

³³ UK Government Creative Industries Economic Estimates;
<https://www.gov.uk/government/statistics/creative-industries-economic-estimates-january-2016>

The UK Government Creative Industries Economic Estimates estimate newspaper publishing direct GVA (excluding supply chain and ripple effects across the economy) at £2.4 billion in 2014. This number has been used when comparing creative industries estimates for consistency in the time period and in how direct GVA is measured across the sectors.

³⁴ Department for Culture, Media & Sport, Creative Industries Economic Estimates (2016);
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/523024/Creative_Industries_Economic_Estimates_January_2016_Updated_201605.pdf

³⁵ The UK Government's economic estimates for the creative industries have been used to make this comparison. They estimate GVA for businesses within the Creative Industries using approximate GVA (aGVA) from the Annual Business Survey. aGVA can be used as an approximation of the National Accounts measure of GVA; Office for National Statistics: A Comparison between Annual Business Survey and National Accounts Measures of Value Added (2014)

³⁶ Department for Culture, Media & Sport, Creative Industries Focus;
<https://www.gov.uk/government/publications/creative-industries-2016-focus-on/key-findings>

³⁷ The Work Foundation, Staying Ahead: the economic performance of the UK's creative industries.

³⁸ Estimate by Mediatique Ltd based on 2013 data;
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³⁹ Based on a survey of NMA members, grossed up to reflect all news media organisations.

⁴⁰ The average number of freelancers is based on a survey of NMA members. The average excludes two members who do not track freelancers and news contributors separately.

⁴¹ Based on a survey of NMA members.

⁴² Based on a survey of NMA members.

⁴³ Based on a survey of NMA members, grossed up to reflect all news media organisations.

⁴⁴ The Editors' code is a set of rules to maintain press standards that newspapers and magazines regulated by IPSO have agreed to follow.

⁴⁵ Newsworks; <http://www.newsworks.org.uk/News-and-Opinion/how-influential-was-the-press-during-the-referendum>

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⁴⁸ Newsworks; <http://www.newsworks.org.uk/News-and-Opinion/newsbrands-and-twitter>

⁴⁹ Reuters Institute for the Study of Journalism, Medical and Health News and Information in the UK Media: The Current State of Knowledge.

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<http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/>

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⁵⁶ Based on April 2016 rate of £7.20 for 25 and over; <https://www.gov.uk/national-minimum-wage-rates>

⁵⁷ CBI (2015); <http://news.cbi.org.uk/news/skills-emergency-could-starve-growth-cbi-pearson-survey/>

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⁵⁹ Literacy scores, human capital and growth across fourteen OECD countries, Statistics Canada (2004).

⁶⁰ Literacy Changes Lives 2014: A new perspective on health, employment and crime, National Literacy Trust (2014).

⁶¹ Ibid.

⁶² National Council for the Training of Journalists

⁶³ NLA Annual Report; <http://www.nlamediaaccess.com/uploads/public/nla-annualreport-2016-webversion.pdf>

⁶⁴ The number of titles only includes media organisations that are NMA members, the actual number is therefore greater.

⁶⁵ Local Media Works; <http://www.localmediauk.org/Industry-Snapshot-2015>

⁶⁶ Local Media Works and Jicreg database; Many of the postcodes not covered are industrial/business parks that do not have any households or populations listed against them.

⁶⁷ Ofcom; http://stakeholders.ofcom.org.uk/binaries/research/tv-research/news/2015/News_consumption_in_the_UK_2015_executive_summary.pdf

⁶⁸ <http://www.localnewspaperweek.co.uk/Making-a-Difference/75078>

⁶⁹ Northern Echo, 2015; http://www.thenorthernecho.co.uk/news/13634510.More_than_1_500_North_East_children_missing_from_care_since_2011__Echo_investigation/

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⁷⁵ NRS PADD <http://www.newsworks.org.uk/News-and-Opinion/nrs-padd-newsbrands-reach-91-of-gb-every-month>

⁷⁶ Newsworks; <https://effectiveness.newsworks.org.uk/advertising-roi-study/>

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⁸⁰ Advertising Association, Advertising Pays 2: How advertising can unlock UK growth potential (2013); <http://www.adassoc.org.uk/wp-content/uploads/2014/09/Advertising-Pays-2-How-advertising-can-unlock-UK-growth-potential.pdf>

⁸¹ This estimation is based on advertising revenue data and an estimate of SME advertising share for regional newsbrands, both provided by NMA members in a survey, plus the ROI on SME advertising estimated in a study for the Advertising Association (2013, <http://www.adassoc.org.uk/wp-content/uploads/2014/09/Advertising-Pays-2-How-advertising-can-unlock-UK-growth-potential.pdf>)

⁸² Advertising Association, Advertising Pays 2: How advertising can unlock UK growth potential (2013); <http://www.adassoc.org.uk/wp-content/uploads/2014/09/Advertising-Pays-2-How-advertising-can-unlock-UK-growth-potential.pdf>

⁸³ The most recent full accounts filed by The Financial Times Limited on Companies House are for 2014, where £163 million of turnover is reported to be in the UK. The £4.8 billion industry revenue estimate includes the Financial Times advertising revenue but excludes its circulation revenue. In the absence of further information, 50% of the Financial Times' UK turnover is assumed to be from advertising roughly in line with the industry, and hence £81 million of revenue are excluded from the total industry revenue estimate for the purpose of this study's extrapolation of NMA member data. <https://beta.companieshouse.gov.uk/company/00227590/filing-history>

⁸⁴ ONS United Kingdom Input-Output Analytical Tables, 2010; <https://www.ons.gov.uk/economy/nationalaccounts/supplyandusetables/datasets/ukinputoutputanalyticaltables-detailed>

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⁸⁶ ONS United Kingdom Type I employment multipliers and effects by SU114 industry and sector (market, government and NPISH), 2010; <http://www.ons.gov.uk/ons/about-ons/business-transparency/freedom-of-information/what-can-i-request/published-ad-hoc-data/econ/december-2014/provisional-estimates-of-type-uk-employment-multipliers-and-effects.xls>

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