The News Media Association's response to the Department for Business, Energy, and Industrial Strategy's consultation: Reforming Competition and Consumer Policy

1. Background

1.1. The News Media Association ("**NMA**") is the voice of UK national, regional and local newspapers in all their print and digital forms - a £4 billion sector read by 49.2 million adults every month in print and online. Our members publish over 900 news media titles - from The Times, The Guardian, the Daily Mail and the Daily Mirror to the Yorkshire Post, Kent Messenger, and the Monmouthshire Beacon. Our membership spans the industry - from the largest groups to small, independent, family-owned companies publishing one or two local titles. Collectively these publishers are by far the biggest investors in news, accounting for 58 per cent of the total spend on news provision in the UK.

1.2. High-quality, independent journalism informs and engages the public, debunks misinformation, brings together communities, and holds the powerful to account. This work is essential to any democratic society. However, news publishers have, for years, been forced to operate in a deeply dysfunctional market that has precluded them from realising fair returns for their content. Between the Cairncross Review, the Furman Review and the CMA market study, there is ample evidence demonstrating that both national and regional news media are suffering immensely as a direct result of the unfair treatment from a handful of digital platforms such as Facebook, Apple and Google. With large portions of advertising money directed towards online platforms and the public broadly moving away from in-store hard copy purchases, subscription models act as one of the last bastions of new revenues for publishers. Therefore, it is fundamental that the Department for Business, Energy, and Industrial Strategy ("**BEIS**") does not inadvertently weaken the position of trusted journalism by placing unnecessary burdens on subscriptions as a result of the "Reforming Competition and Consumer Policy" consultation (the "**Consultation**").

1.3. The news media industry already practises the gold standard of good faith subscription models. The terms and conditions are clearly articulated before entering any contract, and consumers are given the utmost control over their subscriptions. Any strategy formed by BEIS to tackle dishonest subscription models must not negatively impact the news media industry.

2. Response

2.1. **Question 36:** *Should traders be required, a reasonable period before the end of a free trial or low-cost introductory offer to (i) provide consumers with a reminder that a "full or higher price" ongoing contract is about to begin or (ii) obtain the consumer's explicit consent to continuing the subscription after the free trial or low cost introductory offer period ends?*

2.1.1. The NMA wholeheartedly believes that any subscription provider must clearly articulate to prospective consumers that the free trial offer will automatically become an ongoing paid-for subscription once the free trial has terminated. We believe that consumers must also be made aware of, and agree to, the pricing of the subscription at the point of entering a free-trial period before any subsequent paid-for subscription commences. Furthermore, the

cancellation process must be as convenient as possible. The news media industry champions these practices, directing significant effort to ensure that consumers are fully aware of the terms of their subscription and have complete control.

2.1.2. Due to the clarity offered by news publishers to consumers at the start of any subscription contract, the NMA believes that providing reminders and gaining explicit consent for a second time is superfluous. The proposed recommendations may only entice consumers further to take advantage of the free trials when they otherwise would have considered maintaining a subscription. It is crucial to note that free or discounted trials operate at a vast cost and risk to any subscription-based business, with significant investment required to deliver the service. As trial conversion rates plummet, offering free trials will likely be unsustainable for many industries. This would be detrimental to the consumer, as they would no longer be able to try the service for free or a reduced fee before deciding if it was worth the full amount.

2.1.3. BEIS should not seek to impose further restrictions on industries, like the news media industry, that practise good faith subscription services. Instead, the NMA calls on BEIS to ensure unscrupulous traders meet the standards set out in 2.1.1 of this note.

2.2. **Question 37:** *What would be the impact of proposals regarding long-term inactive subscriptions on traders' business models?*

2.2.1. The additional requirement that traders must monitor and suspend suspected inactive subscribers poses several significant issues. Firstly, ostensible inactivity is not synonymous with having no value. A consumer who turns to a service on a few occasions a year for crucial advice on investments, for example, will still derive enough value to justify their subscription price. Consequently, inactivity is an unreliable benchmark for determining whether a consumer wishes to continue a subscription. Traders interfering unduly with personal choice by cancelling or suspending seemingly unused subscriptions will cause great frustration for many consumers. Some subscriptions include saved items such as bookmarked articles, access to a portfolio of work, professional development certificates, and completed puzzles - all of which would be lost once the subscription is cancelled. There will also be cases where consumers are happy to maintain their subscription on legacy pricing.

2.2.2. Requiring monitoring of inactivity presents large administrative burdens, particularly on local publishers. Such titles would be forced to invest in technology to monitor and store vast quantities of data and direct resources towards ensuring that seemingly inactive users are suspended. It is unjust to place such a large onus on struggling titles, particularly since the onus should lie with the consumer to ensure their subscriptions are in order.

2.2.3. Monitoring also poses data-related issues for the news media industry. Publishers cannot know if a subscriber is inactive for print subscriptions, as there is no reason for contact if a subscriber is satisfied with their ongoing contract. Furthermore, many consumers subscribe to both hard copy and soft copy newspapers. When the consumer favours using hard copy news over the app, the consumer may be relatively inactive online. This may be of particular relevance to an older demographic. Consumers may also opt for their data to not be tracked, meaning it would be a data breach to monitor inactivity.

The NMA is grateful for BEIS providing the opportunity to respond to these proposals. We would welcome the possibility of liaising with BEIS further on the Consultation.

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