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**Public interest test on the completed  
acquisition by Daily Mail and General Trust  
plc of JPIMedia Publications Limited and  
thus the ‘i’ newspaper**

Ofcom’s advice to the Secretary of State

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# 1. Overview

This report comprises our advice to the Secretary of State for Digital, Culture, Media and Sport as to whether the acquisition of JPIMedia Publications Limited (“JPIMedia Publications”) by Daily Mail and General Trust plc (“DMGT”) may be expected to operate against the public interest.

On 29 November 2019, DMGT announced that DMG Media Limited, publisher through its subsidiary Associated Newspapers Ltd of the Daily Mail, The Mail on Sunday, MailOnline, Metro and metro.co.uk, had acquired JPIMedia Publications, and thus the ‘i’ newspaper and website.

On 21 January 2020 the then Secretary of State for Digital, Culture, Media and Sport issued a Public Interest Intervention Notice (“PIIN”) in relation to the acquisition. She asked Ofcom to look at the effect of the merger on the following public interest consideration: the need for, to the extent that it is reasonable and practicable, a sufficient plurality of views in newspapers in each market for newspapers in the United Kingdom or a part of the United Kingdom (“plurality ground”).

Ofcom’s role is to conduct a first stage investigation of the effect of the transaction on plurality. We are required to provide advice and recommendations to the Secretary of State on whether the merger may be expected to operate against the public interest in relation to the public interest consideration specified by the Secretary of State. The Secretary of State must then decide whether to refer the transaction for an in-depth second stage investigation, carried out by the CMA.

## What we have found

**The transaction should be considered in the context of the challenges faced by newspapers in a changing news market.** Newspapers play a vital role in UK society, helping to ensure media plurality and contributing to a well-functioning democracy. Newspapers are adapting to the challenges brought by the growth of online news and decline in print circulation by diversifying revenue streams, cost cutting and consolidating. In this context we generally welcome investment to support the long-term viability of newspapers – something we have set out in previous assessments of the public interest in respect of newspaper mergers.

In looking at the extent to which the merger may have an impact on plurality, we have considered ‘external plurality’ across newspaper providers and ‘internal plurality’ within DMGT, taking account of the wider news market context.

**We do not expect the transaction to reduce the plurality of views provided across newspaper groups in the UK, and we do not have material concerns about external plurality.** The number of national newspaper groups with UK-wide reach has reduced from seven to six as a result of the transaction, but the number of titles has not changed. DMGT titles already reach the most adults of any newspaper group (print and online) in the UK. The i has a relatively small readership and accounts for less than 0.1% share of cross-media news consumption, so adds only a small increase to the overall consumption of DMGT titles post-merger. While the i is a trusted voice for its readers, they typically use a large range of other sources for news which may dilute the impact of the i’s voice for them.

**We consider that the i is likely to remain a distinct voice within the DMGT stable, and we do not have material concerns about internal plurality.** DMGT currently publishes three newspapers and two online websites which offer a range of views. The i has a non-partisan stance which its readers value and which reaches a different demographic to that of current DMGT titles. Given this, we consider that DMGT has a strong commercial incentive to maintain the i's distinct voice and editorial positioning post-merger. This is supported by evidence provided by DMGT. DMGT's editors have provided unconditional statements that they have complete freedom to exercise their editorial judgment without interference by the proprietor. The i's Editor-in-Chief has also confirmed that he has been given assurances by DMGT that it will maintain the i's editorial independence post-merger.

**We do not consider that a reference to the CMA is warranted on the plurality ground.**

## 2. Introduction

### Background

- 2.1 On 29 November 2019, Daily Mail and General Trust plc (“DMGT”) announced that DMG Media Limited (“DMG Media”), publisher through its subsidiary Associated Newspapers Ltd of the Daily Mail, The Mail on Sunday, MailOnline, Metro and metro.co.uk, had acquired JPIMedia Publications Limited (“JPIMedia Publications”) - the company which owns the ‘i’ newspaper and website - for £49.6m.<sup>1</sup>
- 2.2 On 5 December 2019, following DMGT’s voluntary notification of the transaction, the CMA put in place an initial enforcement order.<sup>2</sup> This order, also known as a hold separate arrangement, ensures that no action is taken, without the approval of the CMA, by the parties to merge while the investigation is ongoing. The CMA then opened an investigation to consider the impact on competition of the completed acquisition.<sup>3</sup>
- 2.3 On 9 January 2020, it was announced that the Secretary of State for Digital, Culture, Media and Sport was minded to intervene in the acquisition.<sup>4</sup> The Secretary of State expressed concerns that there may be public interest considerations that are relevant to the acquisition and that these concerns warranted further investigation.<sup>5 6</sup>

### The Public Interest Intervention Notice

- 2.4 On 21 January 2020, the Secretary of State made a statement to Parliament concerning the acquisition by DMGT of JPIMedia Publications. The Secretary of State issued a Public Interest Intervention Notice (“PIIN”) in relation to the transaction.<sup>7</sup> A PIIN may be issued if the Secretary of State believes that it is or may be the case that one or more public interest considerations is relevant to the consideration of a merger.<sup>8</sup>
- 2.5 In the PIIN, the Secretary of State specified the following public interest consideration as potentially relevant to the acquisition: the need for, to the extent that it is reasonable and practicable, a sufficient plurality of views in newspapers in each market for newspapers in the United Kingdom or a part of the United Kingdom (“plurality ground”).<sup>9</sup>
- 2.6 Ofcom was required to report to the Secretary of State under section 44A of the Enterprise Act 2002 (the “Act”) by 13 March 2020. The CMA was separately required to report to the

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<sup>1</sup> DMGT, 29 November 2019. [Acquisition of the ‘i’ newspaper and website.](#)

<sup>2</sup> CMA, 5 December 2019. [Initial Enforcement Order](#) relating to the acquisition by DMG Media of JPIMedia Publications.

<sup>3</sup> CMA, [DMG Media Limited/JPIMedia Publications Limited merger inquiry.](#)

<sup>4</sup> [Written Ministerial Statement](#) on Secretary of State’s ‘minded to’ intervene decision, 9 January 2020.

<sup>5</sup> The public interest considerations are set out in section 58 of the Enterprise Act 2002.

<sup>6</sup> In a [letter](#) to the parties on the same day, DCMS provided further detail on the Secretary of State’s concerns.

<sup>7</sup> DCMS, 21 January 2020. [PIIN given in relation to the acquisition by DMGT of JPIMedia Publications.](#)

<sup>8</sup> Section 42(2) of the Enterprise Act 2002.

<sup>9</sup> Section 58(2B) of the Enterprise Act 2002.

Secretary of State on the impact of the transaction on competition under section 44 of the Act by the same date.

## Ofcom's role

- 2.7 Ofcom's role is to conduct a first stage investigation of the effect of the transaction on the public interest consideration. We are required to consider whether it is or may be the case that the merger may be expected to operate against the public interest, having regard only to the public interest consideration specified by the Secretary of State. We must also summarise any representations about the case which we have received, and which relate to the public interest consideration.
- 2.8 Ofcom provides advice and recommendations to the Secretary of State, who then decides whether or not the merger should be referred to the CMA for an in-depth, second stage investigation. If the Secretary of State considers that a reference for a second stage investigation is warranted, he may, instead of making such a reference, accept appropriate undertakings from the parties for the purpose of remedying, mitigating or preventing any effects adverse to the public interest which have been identified.<sup>10</sup>

## Ofcom's approach

- 2.9 The public interest ground on which we are required to report relates specifically to plurality of views in newspapers. There have been significant developments over the past decade in the way in which news is distributed and consumed with a much greater choice of news available on multiple platforms and devices. As such, a narrow assessment of plurality in newspapers may not reflect the reality of news consumption in the UK. While we have considered the effect of the transaction on plurality in the market for newspapers only, we have therefore also considered the public interest within the context of the wider news market, which continues to undergo considerable change.

## Plurality ground

- 2.10 In recent years, Ofcom has been asked to report to the Secretary of State on media public interest considerations relevant to a number of media mergers.<sup>11</sup> We have also been asked by the Secretary of State to develop a measurement framework for media plurality.<sup>12</sup>

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<sup>10</sup> Section 85 and Schedule 7, paragraph 3 to the Act.

<sup>11</sup> Ofcom, 2019, [Public interest test on the completed acquisitions by International Media Company of shares in Lebedev Holdings Limited and by Scalable Inc of shares in Independent Digital News and Media Limited](#); Ofcom, June 2018, [Public interest test for the acquisition by Trinity Mirror plc of publishing assets of Northern & Shell Media Group Limited](#); Ofcom, June 2017, [Public interest test for the proposed acquisition of Sky plc by 21<sup>st</sup> Century Fox Inc.](#)

<sup>12</sup> Ofcom, November 2015. [Measurement framework for media plurality.](#)

2.11 In our work, we have taken account of the significance Parliament has attached to the need for sufficient media plurality in the functioning of a healthy and informed democratic society,<sup>13</sup> with plurality in media contributing to a well-functioning democracy through:

- **informed citizens**, who are able to access and consume a wide range of viewpoints across television, radio, online and print media from a variety of media organisations; and
- **preventing too much influence over the political process** being exercised by any one media owner.<sup>14</sup>

2.12 We have previously advised the Government that news and current affairs are the most relevant forms of content to help ensure citizens are informed.<sup>15</sup> We continue to hold this view in this assessment.

2.13 We therefore consider maintaining media plurality to involve:

- ensuring that there is diversity in the viewpoints that are available and consumed, across and within media enterprises. There should be a diverse range of independent news media voices across all platforms, a high overall consumption across demographics and consumers, and active use of a range of different news sources; and
- preventing any one media owner, or voice, having too much influence over public opinion and the political agenda so that there is a risk that people are exposed to a narrow set of viewpoints.<sup>16</sup>

2.14 In assessing whether there would be sufficient plurality of views in newspapers following the transaction, we have broad discretion. As the Court of Appeal has set out, consideration of the plurality public interest considerations requires 'a qualitative assessment of the position resulting, or likely to result', from the transaction.<sup>17</sup>

### Our assessment of plurality

2.15 DMGT and JPIMedia Publications provide a combination of print newspapers, websites, apps and social media feeds. They operate in a market where people consume news across television, radio, print and online. In 2019, 38% of people reported using print newspapers as one of their sources of news, and 66% reported using online news sources.<sup>18</sup>

2.16 This is the second time that Ofcom has been asked to assess plurality in relation to a newspaper transaction and our assessment takes into account the cross-media nature of news production and consumption.<sup>19</sup> We have assessed the transaction in line with our

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<sup>13</sup> Hansard, 2 July 2003. [Communications Bill](#) The Parliamentary Under-Secretary of State, Department for Culture, Media and Sport (Lord McIntosh of Haringey).

<sup>14</sup> Ofcom, November 2015. [Measurement framework for media plurality](#), paragraph 2.1.

<sup>15</sup> Ofcom, June 2012. [Measuring media plurality: Ofcom's advice to the Secretary of State for Culture, Olympics, Media and Sport](#).

<sup>16</sup> Ofcom, November 2015. [Measurement framework for media plurality](#), paragraph 2.2.

<sup>17</sup> British Sky Broadcasting Group plc v The Competition Commission and The Secretary of State for Business Enterprise and Regulatory Reform [2010] EWCA Civ 2 paragraph 87.

<sup>18</sup> Ofcom News Consumption Survey 2019. Base: All adults 16+.

<sup>19</sup> Ofcom, May 2018. [Public interest test for the acquisition by Trinity Mirror plc of publishing assets of Northern & Shell Media Group Limited](#).

media plurality measurement framework, which takes account of television, radio, print and online news media. This framework applies a range of quantitative and qualitative metrics across the media landscape to assess plurality.<sup>20</sup> In our view, an assessment of plurality on a narrow basis limited to one particular means of distribution is unlikely to reflect the reality of how news is now consumed and produced.

2.17 While we have concerns that a narrow assessment of plurality in newspapers may not reflect the reality of news consumption, the public interest concern referred to us is limited to plurality in newspapers. We have therefore also considered the effect of the transaction on plurality in the market for newspapers.

2.18 We have taken account of the 2004 statutory guidance from the Department of Trade and Industry ('DTI Guidance'), recognising that some time has passed since that guidance was put in place.<sup>21</sup>

## Stakeholder engagement

2.19 We published a guidance note on 22 January 2020 setting out the process and timetable for preparing our report on the public interest consideration set out by the Secretary of State.<sup>22</sup>

2.20 Alongside this, we published an invitation to comment and invited written submissions by 5 February 2020.<sup>23</sup> We received four submissions to our invitation to comment along with a further seven provided by the CMA where responses to their consultation were relevant to the public interest consideration. We have considered all of these as part of our analysis. We summarise the responses in Annex 1.

2.21 We have also considered the information provided to us by DMGT, JPIMedia Publications and the seller, JPIMedia Ltd ("JPIMedia"), including in response to requests for information from us.

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<sup>20</sup> Ofcom, November 2015. [Measurement framework for media plurality](#), paragraph 1.17.

<sup>21</sup> DTI Guidance, May 2004. [Enterprise Act 2002: Public Interest intervention in Media Mergers](#).

<sup>22</sup> Ofcom, 22 January 2020. [Guidance Note: Public interest test on the completed acquisition by Daily Mail and General Trust plc of JPI Media Publications Limited and thus the 'i' newspaper](#).

<sup>23</sup> Ofcom, 22 January 2020. [Invitation to comment: Public interest test on the completed acquisition by Daily Mail and General Trust plc of JPI Media Publications Limited and thus the 'i' newspaper](#).

## 3. The transaction

- 3.1 In this section we provide an overview of the transaction including information on the parties to the merger and the rationale for it.
- 3.2 DMGT acquired the entire issued share capital of JPIMedia Publications from JPIMedia, following a share purchase agreement between DMG Media (a wholly-owned subsidiary of DMGT) and JPIMedia.

### The Parties

#### Daily Mail and General Trust plc (DMGT)

- 3.3 DMGT manages a range of companies whose activities include consumer media, insurance risk, property information, education, technology and events and exhibitions. DMGT also holds interests in various other entities and joint ventures. DMGT reported revenue for the year ended 30 September 2019 of £1.411 billion worldwide.
- 3.4 The relevant DMGT subsidiary in this transaction is DMG Media. DMG Media is the direct purchaser of JPIMedia Publications. DMG Media owns and publishes, through its subsidiary Associated Newspapers Ltd, the following newspaper titles and associated websites in the UK:
- i) Daily Mail: a UK tabloid daily national newspaper;
  - ii) The Mail on Sunday: a UK tabloid Sunday newspaper;
  - iii) MailOnline: a newspaper website offering news, entertainment and gossip, including the online financial arm of the Mail brand, ThisIsMoney.co.uk;
  - iv) Metro: a free daily newspaper made for the city and targeted at an urban audience which is distributed in select urban locations in the UK; and
  - v) Metro.co.uk: a newspaper website offering news and entertainment.
- 3.5 In addition to the newspapers and websites set out above, DMGT has the following media interests. Its subsidiary DMGV Ltd holds a 20% stake in Independent Television News Ltd (ITN). DMGT has held this stake for more than 20 years and [REDACTED] DMGT has informed us that the stake entitles DMGT to a non-executive board seat, taken by Charles Cox who is not an employee of DMGT. As a broadcast content provider, ITN's output is subject to broadcast regulation including on impartiality.
- 3.6 DMGT sold the Evening Standard to Lebedev Holdings Limited in 2009, taking a minority stake. DMGT has informed us that, following a refinancing agreement in 2018, DMGT now holds a residual 5% financial stake in Evening Standard Ltd which gives it no power to influence or control the Evening Standard's business.

## JPIMedia Publications

- 3.7 JPIMedia Publications publishes the i newspaper, which it describes as a daily 'quality' UK national newspaper, and its sister website inews.co.uk. The i positions itself as non-partisan paper. [REDACTED]
- 3.8 The i was originally launched in 2010 as a sister paper to The Independent but was acquired by Johnston Press in 2016 after The Independent shifted to an online-only model. In November 2018, Johnston Press filed for administration. The i (along with other regional publications owned by Johnston Press such as The Scotsman and Yorkshire Post) was transferred to JPIMedia, a newly created business entity.
- 3.9 JPIMedia is a regional and local multimedia organisation publishing various regional brands such as The Scotsman and the Yorkshire Post (through its subsidiary JPIMedia Publishing Limited). JPIMedia's business also includes JPIMedia Print Holdings Limited, its dedicated newspaper printing arm.

## Rationale for the acquisition

- 3.10 In a public announcement following the acquisition of JPIMedia Publications, Lord Rothermere, Chairman of DMGT said:
- The acquisition of the 'i' is both strategically and financially compelling for DMGT and there is scope for potential synergies in the future, notably from dmg media's existing infrastructure and in advertising sales. The business will benefit from DMGT's long-term approach and commitment to investing in editorial content. We also see good opportunities to develop inews.co.uk, a growing digital media asset. Financially, the 'i' will be a strong cash generator for the Group as we continue to invest across the portfolio, both organically and through acquisitions.<sup>25</sup>*
- 3.11 DMGT believes that the acquisition will [REDACTED].<sup>26</sup>
- 3.12 DMGT has said that it 'plans to maintain the i as a high-quality, politically neutral newspaper with editorial independence from its other titles (such editorial independence is currently afforded to the Daily Mail, The Mail on Sunday and Metro), but at the same time to leverage the benefits of scale from integrating it into the wider DMGT group, as well as using its expertise to develop the i's digital offering. [REDACTED].<sup>27</sup>

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<sup>24</sup> [REDACTED]

<sup>25</sup> DMGT, 29 November 2019. [Acquisition of the 'i' newspaper and website.](#)

<sup>26</sup> [REDACTED]

<sup>27</sup> [REDACTED]

3.13 JPIMedia Holdings Limited (the parent company of the seller) carried out a review of different strategic options for the i with the purpose of 'ensuring the long-term operations of the business and maximising the value for shareholders'. Following this, the Board of JPIMedia Holdings Limited recommended the sale to DMGT believing that the offer represented 'an attractive value' and that it was 'an opportunity to realise the value of [shareholders'] investment in the i in cash'.<sup>28</sup>

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<sup>28</sup> Stella EOC for JPIMedia Holdings Limited, November 2019. Oculus Transaction Overview Paper.

## 4. Market context

- 4.1 In this section we describe the UK national newspaper market and the challenges newspaper publishers face in the light of the changes in the way news is produced and consumed. This context informs our assessment of the effect of the transaction on internal and external plurality.
- 4.2 We then describe the market position of the DMGT titles and the i and consider the impact the respective titles have on their readers and the wider national agenda.

### Newspapers make a vital contribution to news plurality in the UK

- 4.3 As we have highlighted in our previous public interest tests of newspaper mergers, newspapers play a key role in the UK's democratic process, providing a range of voices that reflect views across society and encourage debate.<sup>29</sup> In February 2019, the Government published an independent report titled 'A Sustainable Future for Journalism' by Dame Frances Cairncross.<sup>30</sup> This report stressed the vital contribution that newspapers make to the UK news ecology, including by holding the powerful to account through their public interest journalism and by investing in original journalism.
- 4.4 As figure 4.1 shows, prior to the transaction, seven newspaper groups published national newspapers with a UK-wide reach (there are now six following the transaction). These groups publish a range of tabloid and 'quality' daily and Sunday titles, and these titles offer a variety of editorial positions and views on public policy issues.

Figure 4.1: UK-wide Newspaper Groups (pre-transaction)

Newspaper group	UK Publications
News UK (wholly-owned by News Corp)	The Times, The Sunday Times, The Sun/The Scottish Sun, The Sun on Sunday/The Scottish Sun on Sunday <sup>31</sup>
DMGT (Daily Mail and General Trust)	Daily Mail, The Mail on Sunday, Metro
Reach plc	Daily Mirror, Sunday Mirror, Sunday People, Daily Record, Sunday Mail, Daily Express, Sunday Express, Daily Star, Daily Star Sunday
Telegraph Media Group	Daily Telegraph, Sunday Telegraph

<sup>29</sup> Ofcom 2019, [Public interest test on the completed acquisitions by International Media Company of shares in Lebedev Holdings Limited and by Scalable Inc of shares in Independent Digital News and Media Limited](#); Ofcom June 2018, [Public interest test for the acquisition by Trinity Mirror plc of publishing assets of Northern & Shell Media Group Limited](#).

<sup>30</sup> The Cairncross Review, 12 February 2019. '[A Sustainable Future for Journalism](#)', Independent Report to the Department for Digital, Culture, Media and Sport.

<sup>31</sup> The Scottish Sun titles are distinct titles from the Sun, with circulations primarily within Scotland and alternative coverage of Scottish news and sport. For the purposes of our assessment, we have considered them in combination with the Sun as representing national titles.

Guardian Media Group	The Guardian, The Observer
JPIMedia Ltd	The i
Nikkei	The Financial Times

Source: Ofcom research

4.5 Scottish, Welsh, Northern Irish and English regional or local newspapers can also contain significant amounts of UK-wide and international news. Publishers of these titles include Lebedev Holdings Limited (The London Evening Standard), City A.M. Limited (City A.M), DC Thomson & Co Ltd (the Sunday Post, the Courier and the Evening Telegraph). The three biggest publishers of regional and local press titles are Reach plc (over 110 titles), Newsquest (over 165 titles) and JPIMedia (around 200 titles). The print market also includes several periodic news and current affairs magazines such as The Economist, The Week, The New Statesman and Private Eye.

## Newspapers continue to face an uncertain future

### The internet has transformed the way news is provided, accessed and consumed

- 4.6 Ofcom's annual News Consumption Survey provides research into news consumption across television, radio, print, social media, other internet sources and magazines. The annual research aims to inform understanding of news consumption across the UK and within each UK nation. This includes the sources and platforms used, the perceived importance of different outlets for news, attitudes towards individual news sources, and international and local news use.<sup>32</sup>
- 4.7 People can access news content in a wide range of ways and can choose to pay for this content as well as to get it for free (e.g. free newspapers and free websites). The results of our News Consumption Survey show that 38% of people use print newspapers as one of their sources of news. This compares to 43% using radio, 66% using the internet and 75% using TV. Only 1% of respondents used only print newspapers (and not TV, radio or online news sources).<sup>33</sup>
- 4.8 Mobile consumption has been a strong factor in the growth of online news. Sourcing news across multiple platforms is now commonplace, with news users getting their news from around seven (6.7) different sources on average, including social media and news

<sup>32</sup> Further information on the survey can be found in Annex 2.

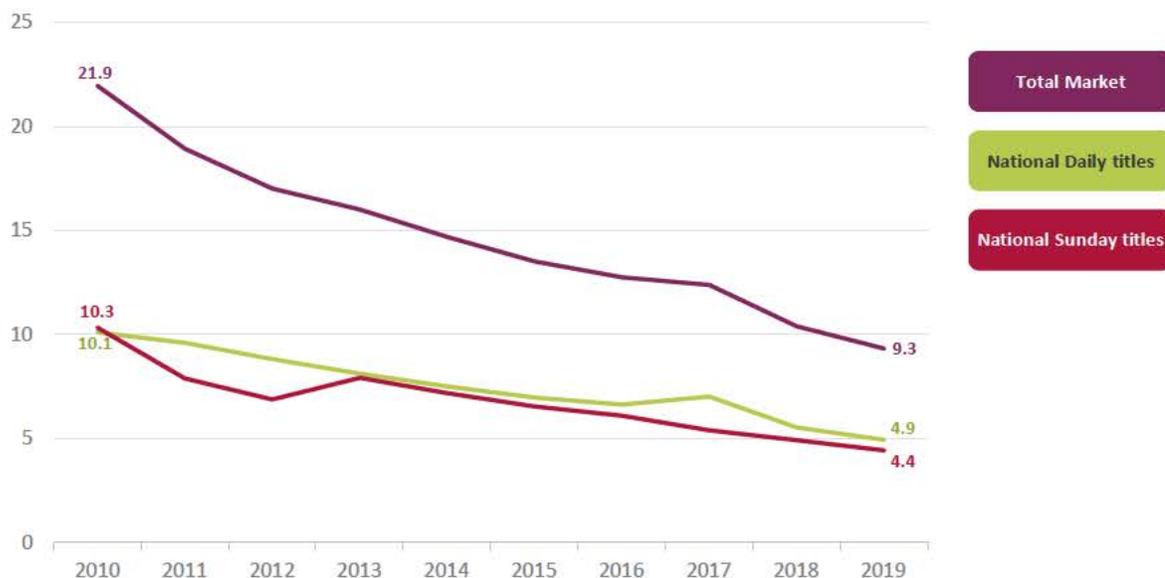
<sup>33</sup> [Ofcom News Consumption Survey 2019](#) Base: All adults 16+.

aggregators, such as Apple or Google News.<sup>34</sup> For readers of newspapers – either their print or digital versions – the average number of sources used is even higher (9.4).<sup>35</sup>

4.9 Our research shows that social media is now the most popular internet news source. In 2019, 49% of adults said they use social media sources such as Facebook, Twitter and WhatsApp for news, up four percentage points since 2018.<sup>36</sup> Use of social media for news rises to 76% of 16-24 year olds.<sup>37</sup> When using social media, people are most likely to access news items via stories that are trending or by seeing comments and links to stories.<sup>38</sup>

4.10 As a result of these changing consumption habits, newspaper publishers have experienced significant declines in their print circulation and readership and, consequently, their print advertising revenues. Between 2010 and 2019, the total market for national newspapers more than halved (figure 4.2). Over this period, print advertising revenues declined from £1826m in 2010 to £658m in 2018.<sup>39</sup>

**Figure 4.2: Average UK net circulation of national newspapers, 2010-19**



Source: Audit Bureau of Circulation (ABC)

### Newspaper business models have experienced major changes

4.11 Newspaper publishers are responding to the challenges in a variety of ways. To optimise digital revenue, some titles such as the Times, Daily Telegraph and Financial Times, have

<sup>34</sup> [Ofcom News Consumption Survey 2019](#), Base: All adults 16+ who use TV, Newspapers, Radio, Internet, Magazines for news nowadays.

<sup>35</sup> [Ofcom News Consumption Survey 2019](#) Base: All adults using print or digital versions of newspapers for news.

<sup>36</sup> [Ofcom News Consumption Survey 2019](#) Base: All adults 16+.

<sup>37</sup> [Ofcom News Consumption Survey 2019](#), Base: All adults 16-24.

<sup>38</sup> [Ofcom News Consumption Survey 2019](#) Base: All adults using social media for news.

<sup>39</sup> Source: WARC data – UK national newsbrands print total. Forecast for 2019 is £607m. Figures in constant prices.

put in place paywalls for their online content while the Guardian has introduced voluntary contributions. The online offers of others such as the Sun and MailOnline still rely predominantly on generating revenues from online advertising.

- 4.12 While these strategies have increased the digital revenues of newspaper publishers from a total of £128m in 2011 to £300m in 2018, this growth is so far not offsetting declines in their print revenues.<sup>40</sup> The dynamics of online advertising and the rise of large online players account for a significant part of the challenge. For example, Google and Facebook together are estimated to have captured 61% of all UK digital advertising revenues in 2019.<sup>41</sup>
- 4.13 Newspapers are also cutting costs, leading to new business models. For example, The Independent became digital-only in 2016. Other examples include the Guardian and Observer relaunching as tabloid-sized papers in January 2018 and outsourcing printing to Reach plc. Since July 2019, the Times and Sunday Times can share journalistic resources after DCMS accepted new undertakings to protect the editorial independence of both titles.<sup>42</sup>
- 4.14 The Cairncross Review noted that, in taking cost-cutting measures to continue to achieve profitability, newspapers have cut back on the breadth and depth of their news reporting.<sup>43</sup> Cost-cutting has had a significant impact on staffing. The Review cited evidence that the number of frontline journalists in the industry has declined from an estimated 23,000 in 2007 to 17,000 in 2017.<sup>44</sup>
- 4.15 As a consequence of these market trends, the newspaper industry, and in particular local and regional press, has witnessed a period of significant consolidation. Consolidated groups can use scale to compete more efficiently. As well as this transaction, other examples of consolidation activity include Reach plc (then Trinity Mirror) taking full control of Local World in 2015. In March 2018, Reach plc also acquired the publishing assets of Northern & Shell including the Daily Star and Daily Express newspapers.<sup>45</sup>
- 4.16 While the newspaper industry continues to develop a range of approaches aimed at ensuring long-term sustainability, no clear model of success has emerged. As we make clear in our work on plurality, newspapers occupy an important position within the UK

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<sup>40</sup> Source: WARC data – UK national newsbrands digital total. Forecast for 2019 is £310m. Measurement began in 2011. Figures in constant prices.

<sup>41</sup> [Ofcom Online Nations report 2019](#) / O&O analysis based on reported company revenue; IAB/PwC Digital Adspend Study.

<sup>42</sup> DCMS, July 2019. [Notice of acceptance](#) on the proposed undertakings by News Corp UK and Ireland Ltd (News UK).

<sup>43</sup> The Cairncross Review, 12 February 2019. '[A Sustainable Future for Journalism](#)', Independent Report to the Department for Digital, Culture, Media and Sport.

<sup>44</sup> Mediatique, April 2018. [Overview of recent dynamics in the UK press market](#), Report for the Department for Digital, Culture, Media and Sport.

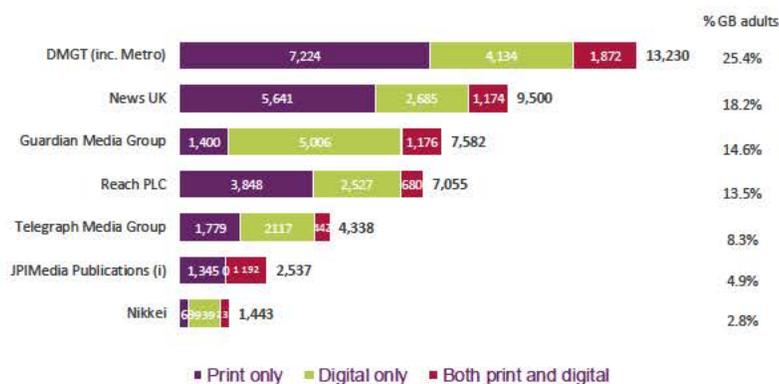
<sup>45</sup> Ofcom, 2018. [Public interest test for the acquisition by Trinity Mirror plc of publishing assets of Northern & Shell Media Group Limited](#).

democratic process.<sup>46</sup> As such, investment to support their continued existence is generally to be welcomed.

## DMGT has the largest reach of all newspaper groups in the UK

- 4.17 Given the changes in how news is produced and consumed, when considering the positions of the pre-existing DMGT titles (the Daily Mail, The Mail on Sunday and Metro) and the i in the newspaper market, it is appropriate that we look at their performance across print and digital. As with all major newspapers, content from these titles is now made available through print, websites, apps and social media feeds.
- 4.18 Figure 4.3 shows that, taken together, the pre-existing DMGT titles reached a quarter of adults (13.2m) in Great Britain each week in 2019 via either print or digital or both. News UK, the next largest newspaper group, reached 18% of adults and the Guardian Media Group was third largest on account of its strong digital performance. At the other end of the scale, the two newspaper groups with the lowest readership were Nikkei, publishers of the Financial Times which specialises in business and economic news, and JPIMedia Publications, publisher of the i, which reached around 5% of adults (2.5m) in 2019. As we detail in Section 5, following the transaction this performance adds only a small increment to the total readership of DMGT titles

Figure 4.3: Weekly readership of UK national newspaper groups by GB adults, 2019



Source: TouchPoints 2019, GB adults 15+. National titles only.

NR3a: Thinking about specific newspaper titles, please indicate when you last looked at or read each of these titles. Ranked by total weekly readership. [Yesterday / past 7 days].

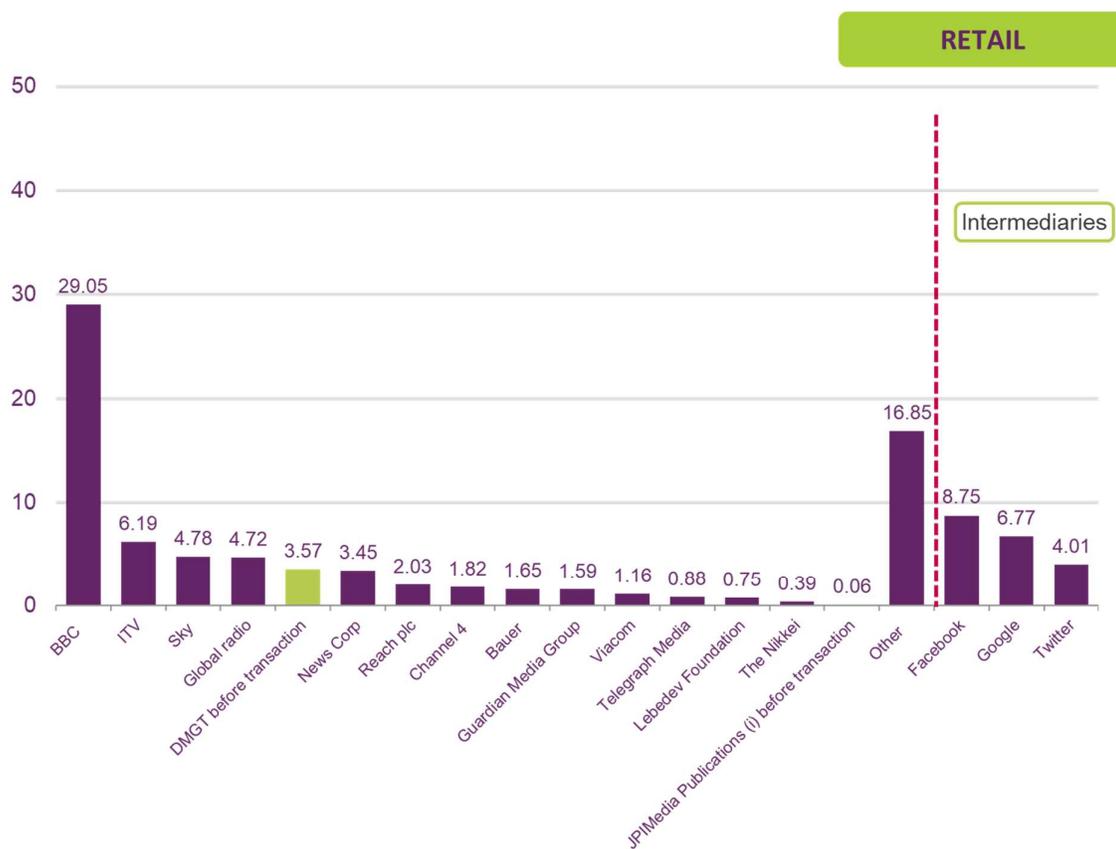
<sup>46</sup> Ofcom 2018, [The operation of the media ownership rules listed under Section 391 of the Communications Act](#); Ofcom, 2018, [Public interest test for the acquisition by Trinity Mirror plc of publishing assets of Northern & Shell Media Group Limited](#); Ofcom 2019, [Public interest test on the completed acquisitions by International Media Company of shares in Lebedev Holdings Limited and by Scalable Inc of shares in Independent Digital News and Media Limited](#).

## Readers of DMGT titles and the i get their news from a large number of sources

4.19 Given how people get their news nowadays and the prevalence of using multiple sources, we also consider it appropriate to consider the performance of DMGT titles and the i on a cross-platform basis. There is no standard industry metric to measure cross-platform news consumption (how much people use different news sources) so instead we use the results from our bespoke News Consumption Survey. Based on the responses to this survey, we have developed a ‘share of reference’ metric to measure the share of total news consumption of individual providers, across different platforms or media used.<sup>47</sup>

4.20 Using this metric, figure 4.4 shows that the pre-existing DMGT titles (print and digital combined) account for a relatively small share of people’s total news consumption at 3.57%, particularly compared with the BBC but also compared with Facebook (8.8%), Google (6.8%) and ITV (6.2%).<sup>48</sup> The i’s share of reference is very small at 0.06%.

Figure 4.4: Share of reference of retail providers used ‘nowadays’ for news, 2019



<sup>47</sup> Shares of reference are calculated by asking people which news sources they use and the frequency with which they use them. Each reference is then weighted for the frequency of use and summed. The share of each news source or provider can then be calculated based on their total number of references as a proportion of all references for all news sources.

<sup>48</sup> [Ofcom News Consumption Survey 2019](#).

Source: Ofcom News Consumption Survey 2019.

Question: D2a-8a. Thinking specifically about <platform>, which of the following do you use for news nowadays?

Base: All adults 16+ using TV/Newspapers/Radio/Internet/Magazines for news – 2019=4481, 2018=4479

Note: 'Google'= Google News + Google + YouTube. 'Other intermediary' includes MSN, Yahoo, AOL, Flipboard, NewsNow. We distinguish between retail news provision (the individual title or brand of each news source that provides content to the user e.g. ITV News) and wholesale news provision (the supply and production of the news for a retail news source e.g. ITN). The information included in this chart is based on the most up to date information we have.

4.21 While share of reference gives an indication of the strength of voice of different news providers, it may over or understate that strength of voice, depending upon the range of other news sources readers also use. We also therefore think it is useful to set out the number of sources used by readers of DMGT titles and the i. According to our survey, readers of the Daily Mail (print or digital) use an average of 10.4 news sources and Metro readers use an average of 12.4 news sources.<sup>49</sup> The equivalent figure for readers of the i is 13.<sup>50</sup> These figures are higher than the average number of sources used by readers of newspapers in general (9.4). The fact that readers of DMGT titles and the i use a relatively high number of news sources might indicate that the strength of voice of DMGT titles and the i amongst their readership is diluted.

## The i is rated comparatively highly by its readers

4.22 The consumption metrics above show how much DMGT titles and the i are used in comparison to other sources of news. However, in considering plurality, we also consider it useful to look at the impact news sources have on audiences. News sources may have a particular impact if they are trusted by their readers, viewers or listeners and can influence their opinions. A news source may also have an impact if users regard the news provider as a voice of authority. This impact may be because it operates as part of an established brand or is perceived as accurate and trustworthy.

4.23 Measuring the impact and influence of news sources on people's attitudes is complex. Our News Consumption Survey uses a number of proxy measures to get an idea of the influence a news source has on its audience. These include the perceived importance, impartiality, and trustworthiness of different news sources to their regular users, as well as the extent to which news sources help regular users to make up their minds about issues. As with any consumer research, the survey has limitations. For example, people may not always be aware of whether and how a news source affects them.

4.24 Bearing this in mind, figure 4.5 shows that readers of the i newspaper are more likely to rate it highly for being 'accurate', 'trustworthy', 'helping readers understand what's going on in the world today' and 'is impartial' compared to ratings that readers of DMGT titles

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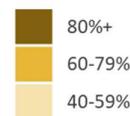
<sup>49</sup> [Ofcom News Consumption Survey 2019](#). All adults using print or digital versions of the 'Daily Mail' for news.

<sup>50</sup> [Ofcom News Consumption Survey 2019](#). All adults using print or digital versions of the 'i' for news.

give their newspapers.<sup>51</sup> The small sample size for readers of the i means these results can be treated as indicative only. Additional industry data provided to us by the seller supports these findings. This data indicates that audiences regard the i as the ‘most trusted digital news brand in the UK’ and ‘the second most trusted printed news publisher’.<sup>52</sup>

**Figure 4.5: Perceived importance of newspaper sources and views on their attributes among those who use each source weekly or more often, 2019**

	Daily Mail/ Mail on Sunday 546	The Sun/ Sun on Sunday 406	The Metro 324	The Times/ Sunday Times 272	The Guardian/ Observer 251	Daily/Sunday Mirror 213	Daily/Sunday Telegraph 197	Daily/Sunday Express 138	The ‘i’ 80
Is important to me personally	68%	61%	50%	69%	80%	66%	70%	67%	73%
Is high quality	71%	54%	52%	82%	85%	67%	82%	67%	82%
Is accurate	66%	51%	57%	76%	81%	68%	76%	65%	85%
Is trustworthy	64%	50%	60%	77%	79%	72%	75%	64%	80%
Is impartial	52%	45%	54%	66%	69%	58%	67%	54%	73%
Offers a range of opinions	67%	55%	51%	75%	78%	64%	73%	62%	78%
Helps me make up my mind	61%	51%	53%	73%	81%	63%	73%	58%	70%
Helps me understand what’s going on in the world today	70%	58%	57%	81%	84%	69%	81%	63%	86%
Has a depth of analysis and content not available elsewhere	65%	48%	47%	79%	83%	60%	75%	62%	72%



Source: Ofcom News Consumption Survey 2019.

QE2. How important is <BRAND> as a source of news to you personally? QE3. And to what extent do you think the following statements apply to <BRAND> as a news source? Answer using a scale of 1 to 10.

Base: All using each source for news at least weekly (or every 2-3 weeks for weekly newspapers). Figures show those who rate it highly (between 7-10) for each attribute. Base for ‘i’ below 100: treat as indicative only.

4.25 Online, our survey results suggest that users of MailOnline are less likely to rate the website/app highly, compared to users of BBC, Sky News and the Guardian.<sup>53</sup> Our research does not provide data on how inews.co.uk performs due to the sample size.

4.26 The perceptions that people have of the news sources they use should also be considered in the light of how these sources position themselves in the market. The i distinguishes itself by its non-partisan political stance, which could be a factor in its readers rating it comparatively highly for ‘impartiality’. On the other hand, the Daily Mail adopts a right-

<sup>51</sup> [Ofcom News Consumption Survey 2019](#). This data relates to readers views of the print version of newspapers only. Base for ‘i’ below 100 - treat as indicative only.

<sup>52</sup> The information provided by the seller refers to PAMCo data which rated the i as the most trusted digital news brand in the UK for the period Oct-Dec 2018. Document produced by Stella EOC for JPIMedia, June 2019. Project Oculus – Confidential Information Memorandum.

<sup>53</sup> [Ofcom News Consumption Survey 2019](#).

wing stance on political issues, which could explain its comparatively low rating for 'impartiality'.

## Newspapers may have an impact beyond their readership

4.27 How readers perceive and value the titles that they read does not necessarily capture the wider impact of those titles on society. We have previously said that the press is perceived to play a particularly influential role in setting the wider news agenda, informing other news providers and being referenced beyond its own readership.<sup>54</sup>

4.28 The i does not aim to advance a particular political position through its journalism. Of the paper's view, the i's Editor-in-Chief says 'we have said it on the front page often enough [...] we arm you with the facts – you decide.'<sup>55</sup>

4.29 [REDACTED]  
[REDACTED]  
[REDACTED]<sup>56</sup>

4.30 Given its non-partisan position and relatively high proportion of third-party content, it is likely that the i has less influence on the wider news and political agenda than other news providers who invest more resources into areas such as investigative journalism and campaigning. In our report in June 2017 on the public interest test in respect of the proposed Fox/Sky acquisition, we cited evidence to indicate that such news providers are more likely to play a role in agenda setting because they engage in more original news production.<sup>57</sup>

4.31 Looking at this information in the round, we consider that while the i is valued by its readership, it does not have significant influence on the wider news and political agenda.

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<sup>54</sup> Ofcom, June 2017, [Public interest test for the proposed acquisition of Sky plc by 21<sup>st</sup> Century Fox Inc.](#) p.80; in this report, we cited the 2012 Leveson Inquiry into the culture, practices and ethics of the press. Lord Justice Leveson recognised the widely-held view that the press can "set the news agenda, shape culture and change perceptions".

<sup>55</sup> Oliver Duff, 30 November 2019. [DMGT buys the i paper: your questions answered.](#)

<sup>56</sup> Stella EOC for JPIMedia, June 2019. Project Oculus – Confidential Information Memorandum.

<sup>57</sup> Ofcom, June 2017, [Public interest test for the proposed acquisition of Sky plc by 21<sup>st</sup> Century Fox Inc.](#)

## 5. External plurality following the transaction

5.1 One of the objectives of plurality in media is preventing any one media owner, or voice, having too much influence over public opinion and the political agenda so that there is a risk that people are exposed to a narrow set of viewpoints. In this section, therefore, we assess whether the transaction raises concerns in terms of its impact on the range and number of persons having control of newspapers and other media enterprises.

### **We have assessed the impact of the transaction on external plurality following our established framework**

- 5.2 Our assessment of external plurality is in line with our established media plurality measurement framework, which includes consideration of print, television, radio and online.
- 5.3 We consider 'sufficiency' by assessing the range of news sources available from different providers as well as the consumption and impact of these sources.
- 5.4 While we have concerns that a narrow assessment of plurality in newspapers no longer reflects the reality of news consumption, we have also considered this as this was the public interest concern referred to us.
- 5.5 The newspaper titles we are considering are national titles with UK-wide reach and we have assessed plurality on this basis. We have not received information to suggest that there are issues requiring separate examination in relation to a part of the UK.

### **The transaction does not affect the number of different news sources available**

5.6 Following the transaction, the number of newspaper groups with UK-wide reach has reduced from seven to six as a result of the transaction but, as set out in more detail in Section 6, we do not consider that there will be a reduction in the number of newspaper titles as a result of the merger. The six newspaper groups publish a range of titles offering a variety of views on public policy issues. We consider that the voice of the i will remain as a distinct, non-partisan voice within the DMGT stable.

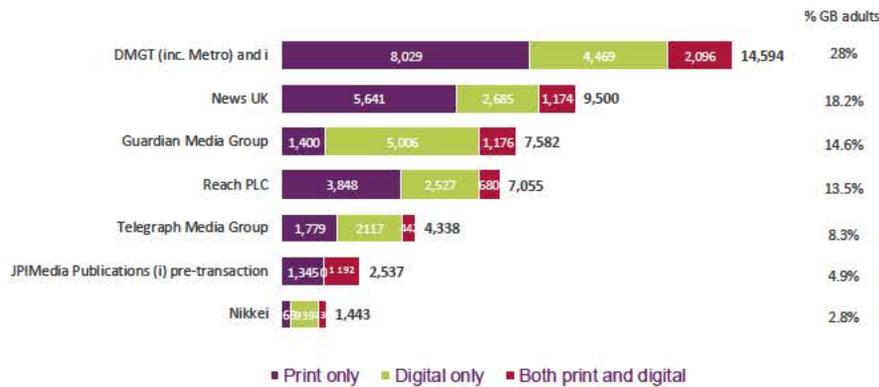
### **The transaction adds a small increment to DMGT's position as the largest newspaper group in the UK**

5.7 DMGT has strengthened its position as the largest newspaper group in the UK following the transaction. For print, DMGT now has a combined reach of 10.1 million GB adults

among users of print only as well as users of both print and digital (figure 5.1). News Corp, the second largest group, has a reach of 6.9 million.<sup>58</sup>

5.8 For print and digital combined, following the transaction DMGT's readership increases from 13.2m to 14.6m, equivalent to reaching 28% of GB adults (figure 5.1).

**Figure 5.1: Weekly readership (000s) of national publishing brands by GB adults, 2019. Pre- and post-transaction positions**



Source: TouchPoints 2019, GB adults 15+. National titles only.

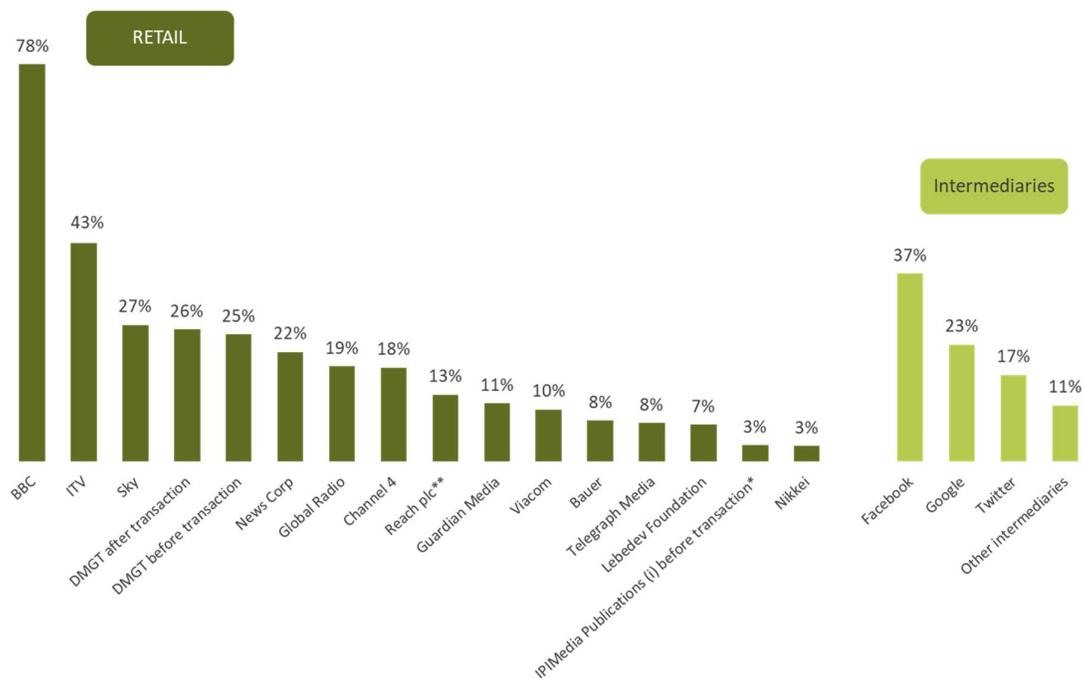
NR3a: Thinking about specific newspaper titles, please indicate when you last looked at or read each of these titles. Ranked by total weekly readership. [Yesterday / past 7 days].

## Cross-media reach

5.9 Figure 5.2 shows the reach of news providers in the UK across all platforms. Following the transaction, DMGT slightly increases its reach from 25% to around 26%. It remains the newspaper group with the largest reach. However, its reach remains significantly below that of BBC and ITV.

<sup>58</sup> Calculations used to assess the post-transaction position use full calendar year (2019) data.

Figure 5.2: Reach of cross-platform retail providers used for news nowadays, 2019. Pre- and post-transaction positions



\*JPIMedia retain *The Scotsman*, *The News Letter* and other local press titles following the sale of JPIMedia Publications.

\*\*In 2018, Trinity Mirror rebranded as Reach plc and acquired Northern & Shell. In 2019, retail cross-platform reach for Trinity Mirror was 10% and 8% for Northern & Shell.

Source: Ofcom News Consumption Survey 2019.

Question: D2a-8a. Thinking specifically about <platform>, which of the following do you use for news nowadays?

Base: All adults 16+ using TV/Newspapers/Radio/Internet/Magazines for news – 2019=4481, 2018=4479

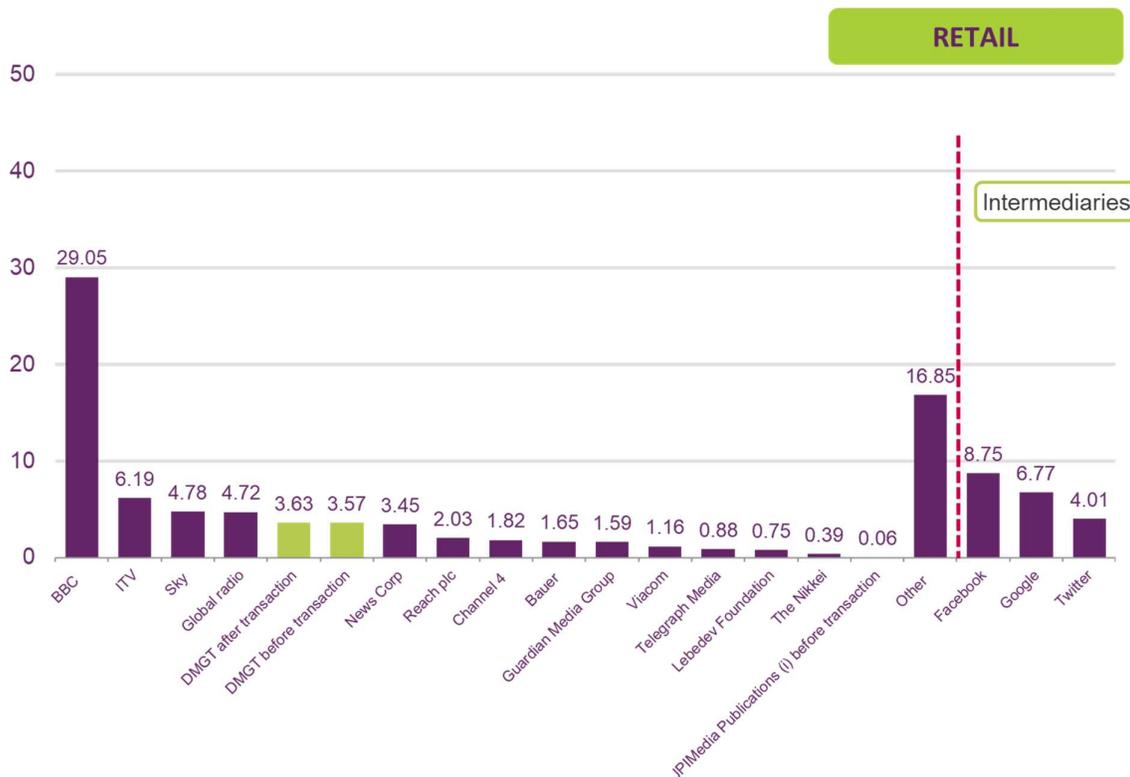
NOTE: 'Google'= Google News + Google + YouTube. 'Other intermediary' includes MSN, Yahoo, AOL, Flipboard, NewsNow. We distinguish between retail news provision (the individual title or brand of each news source that provides content to the user e.g. ITV News) and wholesale news provision (the supply and production of the news for a retail news source e.g. ITN). The information included in this chart is based on the most up to date information we have.

## DMGT still has a relatively small share of reference on a cross-media basis

5.10 Following the transaction, DMGT has a retail share of reference of 3.63% (up 0.06%). This is some way behind the broadcasters - BBC, ITV, Sky and Global - but it increases its share in comparison to the next largest newspaper group, News Corp (figure 5.3).

5.11 Overall, the transaction does not substantially change the distribution of share of reference and we do not consider that the small increase in share of reference resulting from the transaction indicates a reduction in plurality of any meaningful extent.

**Figure 5.3: Share of reference of retail providers used 'nowadays' for news, 2019: Pre- and post-transaction positions**



Source: Ofcom News Consumption Survey 2019.

Question: D2a-8a. Thinking specifically about <platform>, which of the following do you use for news nowadays?

Base: All adults 16+ using TV/Newspapers/Radio/Internet/Magazines for news – 2019=4481, 2018=4479

Note: 'Google'= Google News + Google + YouTube. 'Other intermediary' includes MSN, Yahoo, AOL, Flipboard, NewsNow. We distinguish between retail news provision (the individual title or brand of each news source that provides content to the user e.g. ITV News) and wholesale news provision (the supply and production of the news for a retail news source e.g. ITN). The information included in this chart is based on the most up to date information we have.

## Our view on external plurality

5.12 On external plurality, the number of newspaper groups with UK-wide reach has reduced from seven to six as a result of the transaction, but the number of titles has not changed. DMGT titles already reach the most adults of any newspaper group (print and online) in the UK. The i has a relatively small readership and accounts for less than 0.1% share of cross-media news consumption, so adds only a small increase to the overall consumption of

DMGT titles post-merger. While the i is a trusted voice for its readers, they typically use a large range of other sources for news which may dilute the impact of the i's voice for them.

- 5.13 Taking account of our finding in Section 6 that DMGT will continue to support the i as a separate voice in the newspaper sector, and the other news sources that remain, we consider that the transaction does not raise material concerns about external plurality.

## 6. Internal plurality

- 6.1 In this section, we examine the extent to which the merger may result in a reduction or diminution of the range of voices within DMGT's newspapers post-transaction or serve to amplify voices and opinions as a result of newspapers coming under common control.
- 6.2 We have carried out our assessment in line with our established media plurality measurement framework. In particular, we have had regard to the contextual factors referred to in our measurement framework, such as: the potential power or editorial control exercised by DMGT's owner; the extent to which the organisation enables, supports or promotes a range of internal voices; and market trends and funding models. These inform our assessment of DMGT's ability to exercise influence through its newspapers and whether it is likely to do so.

### The merger will not reduce the number of newspaper titles

- 6.3 The merger adds the i newspaper to DMGT's current national newspaper titles of the Daily Mail, The Mail on Sunday and Metro. DMGT says that it plans to maintain the i as a separate title post-transaction. This is corroborated by its internal Board committee papers pre-acquisition<sup>59</sup> and the recommendation of the Seller's Board to accept its bid, having considered its options in terms of securing the i's long-term operations.<sup>60</sup> Based on the available evidence, we therefore consider that the merger will not result in a reduction of newspaper titles.

### DMGT is well placed to support the i's ongoing sustainability

- 6.4 In relation to the prospects of the i's survival as a newspaper title over the longer term, the i's Editor-in-Chief has noted that the title has had four different owners over four years [REDACTED]
- [REDACTED] <sup>61</sup> By way of contrast, the i will now join an established newspaper group with a long history of newspaper ownership. The seller's recommendation to its Board to sell the i to DMGT followed a review of different strategic options for the paper with the objective of 'ensuring the long-term operations of the [i's] business.'<sup>62</sup> [REDACTED]

[REDACTED] <sup>63</sup>

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<sup>59</sup> [REDACTED]

<sup>60</sup> See paragraph 3.13.

<sup>61</sup> [REDACTED]

<sup>62</sup> Stella EOC for JPIMedia Holdings Limited, November 2019. Oculus Transaction Overview Paper.

<sup>63</sup> [REDACTED]

6.5 [REDACTED]

6.6 Further, as with other newspaper publishers, the i's digital strategy will be important in helping safeguard its ongoing sustainability. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Within the context of the challenges that newspapers face, this evidence suggests that the acquisition may put the i on a more stable footing than has been the case previously, and thereby increase the prospects of its survival over the longer term.

### **We have assessed whether the merger may impact on the voice of the i**

6.7 It is important to consider the impact of the merger on the i's voice. Internal plurality refers to the range of voices within a news organisation or group of organisations under the common control of one owner. In view of our finding that the merger will not result in the loss of the i as a separate newspaper title, we have gone on to consider whether the merger may result in a diminution or a change in its voice so as to reduce internal plurality within DMGT.

6.8 To make this assessment, we have looked first at the extent to which the change of control resulting from the merger may confer an ability to exercise influence over the views and opinions in the i. We then set out the available evidence in relation to DMGT's commercial incentives and its past practice in respect of plurality and editorial freedom within its stable of newspapers.

### **The proprietor does have the ability to exercise influence over the editors**

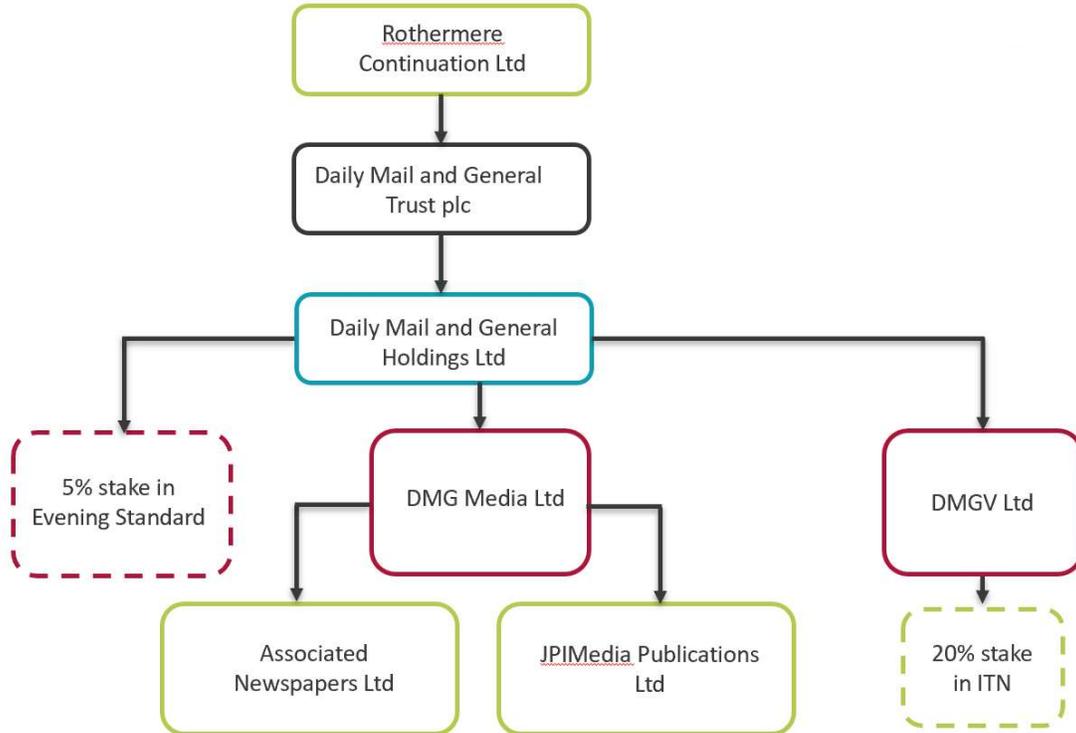
6.9 Figure 6.1 below illustrates the corporate structure of the DMGT group (as relevant to our assessment) post-merger. As shown, JPIMedia Publications, the target company that publishes the i newspaper and inews.co.uk, is retained as a subsidiary of DMG Media.

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[REDACTED]



Figure 6.1: DMGT corporate structure



6.10 Under this structure, the family trust of Lord Rothermere, Chairman of DMGT, has complete control of DMGT and its subsidiaries in terms of share ownership - it controls 100% of the voting shares in DMGT (the publicly traded shares confer no voting rights).<sup>68</sup> This gives the trust and Lord Rothermere the ability to exercise influence over the newspaper titles owned by the group.

6.11 Lord Rothermere appoints the editors of the group's newspapers.<sup>69</sup> However, the information provided by DMGT about its internal reporting lines corroborate its submissions to us that its editors edit their newspapers independently. [REDACTED]  
[REDACTED], the editors do not report to anyone in respect of the editorial decisions they make in relation to the content of their respective titles.<sup>70</sup>

<sup>67</sup> [REDACTED]  
<sup>68</sup> [REDACTED] DMGT, 2019. [Annual Report 2019](#), p.25.  
<sup>69</sup> [REDACTED]  
<sup>70</sup> [REDACTED]

- 6.12 We have obtained statements from the editors of the Daily Mail, The Mail on Sunday and Metro that confirm that they make editorial decisions independently, without oversight or interference from Lord Rothermere or anyone else in the group.<sup>71</sup>
- 6.13 Accordingly, while the corporate structure of the DMGT group gives Lord Rothermere the ability to exercise influence over its newspaper titles, including the i, the evidence we have gathered is that this is not reflected in the internal decision-making structures that apply to the editors. As a matter of operational practice, these structures are designed to enable DMGT's editors to make editorial decisions independently and they have told us that they do so.

### **DMGT has a commercial incentive to maintain the i's current positioning as a non-partisan newspaper**

- 6.14 The financial sustainability of newspapers depends on them continuing to attract readers and advertisers. To do so, newspapers need to appeal to different segments of the population by offering a distinctive voice in the market that gives readers a reason to choose their newspaper over or in addition to other titles.
- 6.15 The i's characteristics as a national, non-partisan newspaper make it distinct from DMGT's other newspaper titles: the Daily Mail and The Mail on Sunday are both national tabloid papers adopting a right-wing political stance; Metro is a free, urban newspaper, focused on urban locations and targeting an urban readership. These differences are mirrored in the different demographics of the newspapers' readerships: 50.2% of i newspaper readers are in the AB socio-economic group, compared to 26% of Daily Mail readers and 29.9% of Metro readers.<sup>72</sup> As the i reaches different demographics to the Mail titles, this thereby allows DMGT to generate revenues from sales to new readers (to DMGT) as well as by broadening its demographics for advertisers.
- 6.16 Further, there is evidence to suggest that the i's readers are more likely to switch to titles not published by DMGT and vice versa. [REDACTED]  
[REDACTED]  
[REDACTED] Internal documents produced by the seller prior to the transaction cite research from 2018 indicating that 75% of Guardian readers and 62% of Times readers find the editorial voice of the i appealing, compared to only 49% of Daily Mail readers.<sup>74</sup>

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<sup>71</sup> See paragraph [6.27] below. It is an offence under section 117 of the Act for a person to provide information to us, in connection with our functions in relation to the public interest considerations, knowing it to be false or misleading in a material respect or reckless as to whether it is.

<sup>72</sup>  
<sup>73</sup>

<sup>74</sup> Stella EOC for JPIMedia, June 2019. Project Oculus – Confidential Information Memorandum.

- 6.17 [REDACTED]
- 6.18 Accordingly, our assessment of this data is that if there were to be a material change in the editorial voice of the i, to align it with the views of the Daily Mail, for example, this would likely lead to a reduction in the i's readership. Further, these readers may be more likely to switch to titles outside of the DMGT group so that the combined reach of the i and the Daily Mail would be reduced. This would be contrary to the stated objective of the acquisition. There is also evidence that the current positioning of the i means that it is more likely to attract readers from other newspaper groups (the Guardian and the Times) than other DMGT titles.
- 6.19 Accordingly, we consider that the i's current position in the newspaper market is likely to increase DMGT's ability to generate revenues from sales to new readers (to DMGT) as well as by broadening its demographics for advertisers. As a result, we do not consider that DMGT has a financial incentive to alter the current editorial line of the i.

### DMGT's past practice strengthens the view that internal plurality is supported

- 6.20 We have also looked at the extent to which DMGT has a track record of enabling and supporting a range of views and opinions across its newspaper titles.
- 6.21 As noted, both the Daily Mail and The Mail on Sunday occupy a right-wing political position. However, the DMGT stable also includes Metro, which it established more than 20 years ago. DMGT has told us that Metro 'has had a deliberate policy from its launch of having no political stance.'<sup>76</sup> [REDACTED]
- 6.22 In addition, while the Daily Mail and The Mail on Sunday are both positioned on the right of the political spectrum, there is evidence that they have taken different editorial positions on important political issues. For example, during the EU referendum campaign in 2016, The Mail on Sunday supported remain while the Daily Mail advocated in favour of leave.<sup>78</sup> DMGT has said that the two newspapers have also supported different political parties in some elections.<sup>79</sup>

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<sup>75</sup> [REDACTED]

<sup>76</sup> DMGT response to Ofcom RFI, 27 January 2020, p10. See also statement of Ted Young, Editor of Metro, 20 February 2020: "From its launch, Metro was conceived as a politically neutral newspaper, with none of the comment usual in other titles....we are a 'one-nation newspaper', which is unbiased in its political coverage".

<sup>77</sup> [REDACTED]

<sup>78</sup> [REDACTED]

<sup>79</sup> [REDACTED]

6.23 Accordingly, there is evidence that DMGT does have a record over a considerable period of years of enabling different views and opinions within its stable of newspapers.

## **DMGT newspaper editors state that they have complete freedom to exercise their editorial judgment**

6.24 In its statements to the Secretary of State and in response to Ofcom's information request, DMGT has said that 'editorial freedom is a fundamental principle at DMG Media' and that the i's Editor-in-Chief 'will be afforded full independence, as is the case for all DMGT editors.'<sup>80</sup> Lord Rothermere has said that DMGT is 'committed to preserving [the i's] distinctive, high quality and politically independent editorial style.'<sup>81</sup>

6.25 In relation to editorial freedom within DMGT, Lord Rothermere gave similar evidence to the Leveson Inquiry in 2012. In his written statement to the Inquiry he said 'our Editors have complete editorial independence.'<sup>82</sup> In his oral evidence, he explained: 'I was always brought up to believe that specialists should do their job and that it's the job of the proprietor to enable them to do that and to protect them, in fact, so I feel that it's my job to protect the independence of editorial.'<sup>83</sup> Paul Dacre, the former long-standing editor of the Daily Mail, has also said publicly he was granted the freedom to edit without interference from the proprietor.<sup>84</sup>

6.26 We have obtained written statements from each of the editors of the Daily Mail, The Mail on Sunday and Metro, all of whom have been categorical that they make editorial decisions without interference from Lord Rothermere or anyone else at DMGT:

- i) In relation to his decision to change The Mail on Sunday's stance on Brexit, Ted Verity said: *'I didn't discuss my thinking with anyone else in the group – and certainly not with the Chairman or commercial management of DMGT. This example sums up precisely the absolute freedom I have as Editor of The Mail on Sunday.'*<sup>85</sup>
- ii) Ted Young, Editor of Metro said: *'All editorial decisions are entirely down to me. I operate independently. Neither the chairman or the commercial teams try to influence my judgment.'*<sup>86</sup>
- iii) Geordie Greig, Editor of the Daily Mail has said: *'It is part of established practice and precedent at Mail Newspapers that Editors of the papers have complete*

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<sup>80</sup> DMGT letters of [20 December 2019](#) to Secretary of State for DCMS and of [13 January 2020](#) to DCMS Director, Media and Creative Industries; [REDACTED]

<sup>81</sup> DMGT, 29 November 2019. [Acquisition of the 'i' newspaper and website.](#)

<sup>82</sup> [Witness Statement of Lord Rothermere](#) to The Leveson Inquiry, 3 May 2012.

<sup>83</sup> [Transcript of Morning Hearing](#), The Leveson Inquiry, 10 May 2012.

<sup>84</sup> Society of Editors' Keynote Speech, Paul Dacre, 4 November 2018.

<sup>85</sup> [REDACTED]

*independence and authority to edit as they think fit, with no interference internally or externally.'*<sup>87</sup>

6.27 DMGT's public statements on maintaining the i as a separate title with editorial independence are consistent with the internal documentation we have seen, including DMGT Board committee papers recommending the transaction which said DMGT will 'maintain editorial quality' as a 'high quality national newspaper.'<sup>88</sup> In addition, DMG Media has told us it plans for back office support and sales functions to be shared with the i

[REDACTED]<sup>89</sup>

6.28 The Editor-in-Chief of the 'i', Oliver Duff, has provided a statement to Ofcom which corroborates the assurances given by DMGT. He has said that prior to the acquisition, DMGT was clear in its 'repeated commitments to maintaining i's editorial independence' and that these assurances have been repeated publicly, to the i's readers and the City, by Lord Rothermere and Paul Zwillenberg, DMGT's CEO, who have also said that they are 'committed to preserving its distinctive, high quality and politically independent editorial style.'<sup>90</sup>

## Our view on internal plurality

6.29 For the reasons set out above, we are satisfied that there will not be a reduction in the number of newspaper titles as a result of the merger. There is also reason to believe that the merger will benefit the i by putting it on a more stable footing, thereby improving its prospects of surviving in the longer term. We also note that the news market continues to undergo considerable change.

6.30 Taking account of DMGT's track record of publishing titles with different political positions and expressing different views, and our assessment of DMGT's commercial incentives, we consider that the i is likely to remain a voice which is distinct from the other DMGT titles. We note that this is consistent with the stated position of DMGT and its Chairman and assurances that have been given to the i's Editor-in-Chief.

6.31 On this basis, we do not consider that the transaction raises any material concerns relating to internal plurality which would operate against the public interest.

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[REDACTED]<sup>89</sup>

<sup>90</sup> Statement of Oliver Duff, Editor-in-Chief, i newspaper, 18 February 2020.

## A1. Summary of responses to invitation to comment

- A1.1 We received four responses to our invitation to contribute; two from individuals, two from organisations (██████████ and Giffnock Community Centre). The CMA sent us a further seven responses; six of these were sent to the CMA by individuals immediately after the transaction was announced in November 2019, ██████████ ██████████.
- A1.2 Six of the responses from individuals expressed concerns about the editorial independence of the i newspaper following the transaction and the potential impact on its non-partisan political position.
- A1.3 Two of the responses from individuals expressed concerns about the concentration of ownership of newspapers.
- A1.4 ██████████ noted that the newspaper industry is going through challenging times and that consolidation may be a way of maintaining plurality in the face of these challenges.
- A1.5 Giffnock Community Centre raised concerns about the survival of local newspapers and supported the acquisition to ensure the i's continued publication.
- A1.6 ██████████ noted that the merger may raise concerns for plurality in the UK news market. It did not provide further information on this in the CMA questionnaire.

## A2. Methodology

### Data sources used

A2.1 This annex outlines the core metrics and research used in the report, detailing their methodologies and the extent to which they are directly comparable with one another.

A2.2 The main sources of information used in the report are set out in the following table.

Source	Methodology	Main time period used	Age range and sample size	News definition	Reach definition
<b>Audit Bureau of Circulation (ABC)</b> <a href="http://www.abc.org.uk">www.abc.org.uk</a>	Independent audit of newspaper circulation figures, based on paid-for titles (excludes free titles)	2010-2019	n/a	n/a	n/a
<b>Ofcom News Consumption Survey (NCS)</b>	Face to face and online interviews on use of news sources on a variety of platforms	2018/19	4,691 adults aged 16+, including Nations' boosts	News and current affairs content in your region/nation, across the UK and from around the world.	"Use particular news source nowadays"
<b>Institute of Practitioners of Advertising (IPA) TouchPoints</b> <a href="http://www.ipa.co.uk">www.ipa.co.uk</a>	Self-completion questionnaire on media consumption	2019	c6,000 GB adults 15+ (annual survey)	Self-reported measure of consumption of news brand	Thinking about specific news titles, please indicate when you last looked at or read each of these titles [Yesterday, Past seven days]

### Ofcom's News Consumption Survey

A2.3 During 2017/18, Ofcom moved the News Consumption Survey from a 100% face-to-face omnibus approach to include online interviews. This methodology was repeated during 2018/19. The combined 2018/2019 data has been reported as '2019' within this report, whilst the 2017/2018 data has been reported as '2018'.

A2.4 Face-to-face respondents were approached to participate by door-to-door interviewers; they then completed the survey using a tablet (CAPI). Online respondents, recruited from an online panel, were invited to complete the same survey separately via email. In total,

2,156 face-to-face and 2,535 online interviews were carried out during 2018/19. Nations were over-represented during fieldwork to produce robust sample sizes for analysis. The interviews were conducted over two waves (November & December and March) in order to achieve a robust and representative view of UK adults.

- A2.5 Respondents are asked about their news consumption. The interview begins with an introduction of how they might use news throughout the day across a variety of platforms including social media. They are also given a definition of news as “news and current affairs in [nation], across the UK and around the world”.
- A2.6 The survey data has been weighted to correct for the over-representation of the Nations, with weights applied to age, gender and SEG within Nation to match known population profiles. A final weight step was taken to calibrate between the face-to-face and online methodologies. It is possible to make direct comparisons between the 2018 and 2019 data, as the methodology and question wording is consistent.
- A2.7 As part of the prompted list for online sources we include various social media, for example Facebook and Google, that may refer or link to, or aggregate, multiple other news sources. However, we cannot tell from our survey which news brands people are using within these sources. The survey has approximately 150 codes for different potential sources for news, as well as the option to allow respondents to nominate their own sources which yields a further 800 or so, including regional sources. This gives us a bottom-up measure of what people consider they use for news (about their Nation, the UK, and internationally) and will not necessarily include every possible outlet. The survey therefore provides a granular range of news sources. These individual news sources are then aggregated into various groups or “nets” relating to their owner or publisher.
- A2.8 This is a recall-based survey. As such, it is likely to provide somewhat different results to other types of measurement. In particular, it may underestimate some online news consumption activity. It is likely to be harder for respondents to recall ad-hoc online news consumption compared to, say, the purchase of a newspaper or the watching of an evening television bulletin. On the other hand, respondents show through such surveys which news sources resonate with them.
- A2.9 The report groups news sources according to their provider. The tables below provide details on how each source has been grouped. It is important to reiterate that these sources are the ones nominated by respondents, rather than an exhaustive list of all possible news sources.

**Public Interest Test into DMGT's acquisition of JPIMedia Publications Ltd**

<b>Retail news provider</b>	<b>Sources included</b>
Bauer	Absolute Radio, Cool FM, Radio Borders, CFM, Kiss, Magic, Downtown, North Sound 1, Tay FM, Clyde Radio, Hits Radio, Metro Radio, City Talk, Clyde 1, Forth 1, Free Radio, Gem 106, Hallam, Key 103, North Sound 1, Planet Rock, Radio Aire, Border/Radio Borders, City/Radio City, Rock FM, TFM, Viking FM, West FM, West Sound, Kerrang FM, MFR, Northsound 2, Moray Firth Radio
BBC	BBC One, BBC Two, BBC Four, BBC Alba, BBC News Channel, BBC Parliament, BBC World Service, BBC Radio 1, BBC Radio 2, BBC Radio 3, BBC Radio 4, BBC Radio 5 Live, BBC Radio 6 Music, BBC Asian Network, BBC Radio Scotland, BBC Radio Wales or Cymru, BBC Radio Ulster, BBC1 Xtra, iPlayer Radio, BBC website or app, BBC iPlayer, BBC local radio services
Channel 4	Channel 4, Channel 4 website or app
DMGT	Daily Mail, Mail on Sunday, Metro, Mail website or app, Metro website or app
Facebook	Facebook
Global Radio	Classic FM, LBC, Heart, Capital FM, Smooth Radio, Radio X, Gold
Google	Google +, YouTube, Google (general search engine), Google News (search engine just for news), Googlestudent, Ecosia, Firefox
Guardian Media Group	The Guardian, The Observer, The Guardian/Observer website or app
ITV	ITV1 / ITV Wales STV / UTV, ITV or ITN website or app, STV Website or app, UTV Website or app
JPI Media	The i, The i website or app, The Scotsman, The News Letter, local press titles
JPI Media Publications Ltd	The i, The i website or app
Lebedev Foundation	The Evening Standard, The independent website or app, The Evening Standard website or app
News Corp	The Sun, The Times, The Sun on Sunday, The Sunday Times, talkSport, talkRADIO, Virgin Radio, The Wave, Signal 1, Pulse, Swansea Sound, Tower FM, The Sun website or app, The Times/Sunday Times website or app
Sky	Sky News Channel, Sky Sports News, Sky Sports, Sky News website or app
Reach PLC	The Daily Star, The Daily Express, The Daily Mirror, The Daily Record, South Wales Echo, The Western Mail, The Daily Post, The Daily Star on Sunday, The Sunday Express, The Sunday Mirror, The People, The Sunday Mail, Wales on Sunday, The Daily Star website or app, The Daily Express website or app, The Daily Mirror website or app, local press titles, local press websites
Telegraph Media Group	The Daily Telegraph, The Sunday Telegraph, The Telegraph website or app
The Nikkei	The Financial Times, The Financial Times website or app
Twitter	Twitter
Viacom	Channel 5
Other intermediaries	Yahoo news website or app, MSN news website or app, AOL news website or app, News Now website or app, MSN, Bing, Yahoo, Flipboard
Other	S4C, non-specific/other local print titles, foreign language sources (TV and web), other international sources, other commercial radio, local TV channels, other TV news channels, other TV non-news channels, local authority sources, community sources, Republic of Ireland sources, weather websites, news aggregators, blogs, magazines, other web or social media sources, other app sources