

1
2
3 **COMPETITION AND MARKETS AUTHORITY**
4 **21ST CENTURY FOX / SKY MERGER INQUIRY**
5
6

7 **Notes of a hearing with The Independent**
8 **held at Competition and Markets Authority, Southampton Row, London**
9 **on Thursday, 26 October 2017**
10

11
12 *PRESENT:*
13

14 **FOR THE COMPETITION AND MARKETS AUTHORITY**

15 Anne Lambert - Chair
16

17
18 **FOR THE STAFF**

19 Joel Bamford - Project Director
20 David du Parc Braham - Assistant Project Director
21 Timothy Ker - Legal Adviser
22 Ivan Olszak - Assistant Director of Economics
23 Terry Ridout - Economic Adviser
24 Bill Roberts - Assistant Director, Remedies, Business and
25 Financial Adviser
26
27

28 **FOR THE INDEPENDENT**

29 Zach Leonard - Managing Director, Digital
30
31
32
33
34
35
36
37
38
39
40
41
42
43

44 Digital Transcription by WordWave International Ltd trading as DTI
45 8th Floor 165 Fleet Street London EC4A 2DY
46 Tel No: 0207 404 1400 4043 Fax No: 0207 404 1424
47 Email: ukclient@dtiglobal.eu
48
49

1 THE CHAIR: First let us do some introductions. Thank you for coming in. I am
2 Anne Lambert and I am Chair of the inquiry group. The rest of us here today
3 are staff; there are no other members of the inquiry group. So, most of the
4 questions will come from the staff. I will interject from time to time. I will let
5 the staff introduce themselves.

6 Q. (Mr Bamford) I am Joel Bamford. I am the Project Director managing the
7 staff team on the inquiry.

8 Q. (Mr Roberts) I am Bill Roberts. I am a business adviser.

9 Q. (Mr Ker) I am Tim Ker. I am a lawyer.

10 Q. (Mr du Parc Braham) David du Parc Braham. I am the Assistant Project
11 Director.

12 Q. (Mr Ridout) Terry Ridout. I am an economist.

13 Q. (Mr Olszak) Ivan Olszak. I am an economist.

14 THE CHAIR: Let me just say a few words, setting this hearing in context. As you
15 know, we are investigating the transaction, which is Fox's proposed
16 acquisition of 100 per cent of Sky, on two grounds relating to public interest
17 and media plurality. We have published a timetable and we have also
18 published an issues statement, which you may have read but I am sure your
19 lawyers have read. The aim of this hearing is to explore some of the issues
20 that arise in this case with particular reference as to whether the transaction
21 will have a harmful effect on media plurality and whether the resulting merged
22 entity will have - as the legislation says - a "genuine commitment to
23 broadcasting standards". We have invited you today as Managing Director,
24 Digital of The Independent.

25 I am now going to go through the formalities. We have previously sent you

1 information on our procedures at hearings and about our treatment of
2 evidence. As you will see, we are having a transcript of this hearing taken as
3 a record of what was said. Our intention is to publish that but we will send
4 that to you before to check for anything. If you have any amendments or
5 additions you want to make to what you say today, we ask that you put it in a
6 separate letter and not amend the transcript.

7 Lastly, I should remind you, as we remind everyone, that it is a criminal
8 offence under section 117 of the Enterprise Act 2002 to provide false or
9 misleading information to the CMA at any time including at this hearing.

10 Before we begin, do you have any questions?

11 A. (Mr Leonard) No, I do not. I read the procedures ahead of time and am
12 familiar with the process.

13 Q. I am going to pass to Joel to start the questions.

14 Q. (Mr Bamford) Again, thank you for coming in. I am just going to start with a
15 few questions around The Independent's strategy and business model,
16 obviously noting that The Independent stopped its print edition last year,
17 which is of interest ...

18 A. (Mr Leonard) We did indeed.

19 Q. (Mr Bamford) I was just wondering whether you could explain the impact this
20 had on The Independent as a brand or as a newspaper; how your audience
21 changed and how you changed any content as well.

22 A. (Mr Leonard) Sure. When we announced the change, which was about
23 18 months ago, it was really the culmination of a piece of work that had begun
24 probably 5 years in advance. The headline we like to refer to is, "Because we
25 love The Independent we had to close the print edition", ie to retain the brand

1 and to carry it on for the next 30 years. It was, clearly, an economically-driven
2 decision to do that.

3 We had been operating the business on a dichotomous basis of carrying on
4 with print whilst developing and building a digital presence in parallel. That
5 meant both shared staff and separate staff under The Independent. At the
6 point at which the decision was clear that the economics on the print side
7 really were no longer sustainable for our investors, and by the size of the
8 newspaper's circulation at that point, it became very clear that we could carry
9 on with the profitable (digital-only) Independent, which was, actually, at the
10 stage, reaching tens of millions more than the newspaper had and in its final
11 months was as low as 30,000 copies being sold off the newsstands. It was
12 really vital to us to carry on growing The Independent. It had already grown
13 its audience in the United States and in many countries around the world. So,
14 it was very clear that we could run the business on a much lower cost base.

15 Q. (Mr Bamford) Was one of the aims to increase that overseas worldwide
16 audience?

17 A. (Mr Leonard) Indeed, yes. Whilst we had been enjoying that, it was very
18 important for us to carry on, obviously, the national presence that we have
19 within the UK, but also other markets; Western Europe being a critical one for
20 us. The United States is often and can be our largest market on any given
21 month; the UK being either first or second, depending again on the news
22 agenda. Western Europe and other markets such as India and Australia
23 follow after that.

24 Q. (Mr Bamford) Was there any change in the content or the tone or the editorial
25 policy?

- 1 A. (Mr Leonard) Very little in terms of our strategic positioning of the brand.
2 Certainly, we are covering more stories that would have a US basis now but
3 those are becoming internationally demanded, obviously, since the election of
4 Trump and all the aftermath of his presidency; that has been a very strong
5 piece for us as it has for other media. We are also, because of the strength
6 and growth of our social media agenda, covering popular news as well, which
7 would not have been necessarily covered in the print product before.
- 8 Q. (Mr Bamford) Is there a particular direction that you see over the next two to
9 three years that content expanding, whether it be popular or US or something
10 else?
- 11 A. (Mr Leonard) Indeed. It is critical for us to carry on what The Independent is
12 most well known for and that is balanced, objective, provocative journalism;
13 balance being key in telling two or three or four sides of a story. That will
14 always be a critical aspect of everything we do, whether it is popular or
15 serious media, story topics; and international flare and in particular our
16 coverage of the Middle East and having two or three of the world's best
17 writers in place there. I would cite Robert Fisk, Patrick Cockburn and Kim
18 Sengupta as three of those. We now have a correspondent based in
19 Moscow, which is something the paper had not had for probably two or
20 three years; again, afforded by the fact that we are a much more nimble and
21 agile business now.
- 22 Q. (Mr Bamford) Has the change to online changed the scale of operations or
23 your investment, as you have just suggested, in certain journalists in certain
24 areas?
- 25 A. (Mr Leonard) It has done, yes. In many ways, some of those, for example,

1 foreign correspondents, were no longer affordable under the print period of
2 time. There was a period over these last 18 months where we did not have
3 those correspondents in place but, with the trading and online revenues that
4 we enjoy, we have been able to reinvest back in the business and that is a
5 very significant part of our strategy.

6 The US market, where we actually have had correspondents for at least 28 of
7 the 30 years of The Independent's existence, had always been a critical
8 market. So, there, it is just deepening and enriching what we already had as
9 opposed to approaching it for the first time.

10 Q. (Mr Bamford) You talk about the stories and the focus of the stories. Is there
11 any particular change in terms of the type of editorial or the types of stories?
12 Do you have, for example, more comment pieces or more shorter articles that
13 can be used on social media? Or is it different for different aspects that you
14 are trying to point to?

15 A. (Mr Leonard) Mostly the last point. We also think of our business as not just
16 the destination website or, in other jargon, the "owned and operated
17 properties" but also our distribution of content through social media and,
18 thirdly, into our own paid-for premium subscription-based application. Each of
19 those has a slightly different collection of content each day. In simple terms,
20 there may be stories that are simply distributed through social media
21 channels, onto our Facebook page, for example. Those go out in two forms
22 to Facebook; either as traditional posts, as you might know them, and also as
23 Facebook Instant Articles which are, in their app, treated differently. You may
24 be aware of the technical aspects of that. We monetise both of those slightly
25 differently. In the case of the former, the posts, that will link people back to

1 our owned and operated website where we monetise them through
2 advertising. Then in Facebook Instant Articles we actually monetise within the
3 application itself by advertising that is sold by Facebook on our behalf and we
4 gain a revenue share from them. That has been quite a successful area for
5 us.

6 Many of our competitors are not doing that on the basis of a concern around
7 what Facebook may be or may not be doing to their business as publishers.
8 We practise a very ecumenical approach there and distribute quite confidently
9 and actively with Facebook.

10 It is less so with the other social media because their media and marketing
11 strategies are different. Twitter would be more akin to the Facebook
12 traditional posts where we are very active in using Twitter as a channel for us,
13 but that is predominantly to drive traffic back to us.

14 A different way that we build our revenue is through the traditional sale or
15 syndication of our content. That has had different cyclical behaviours over the
16 years. [✂]

17 Q. (Mr Bamford) In terms of the stories that you are putting through, you talked
18 about tailoring for Facebook, Instant Articles or Facebook links. Within the
19 Instant Articles are you specifically aiming for a type of topic or a type of story
20 which will generate interest in a particular way compared to, say, what you
21 have on your home page, for example?

22 A. (Mr Leonard) Yes. I will answer it in two ways. We, technically, edit our
23 content for each of these distribution channels. So, there is very likely to be a
24 different headline for the same article as it goes into Facebook as it might
25 have on our website. Some of that has to do with just physical real estate,

1 what is allowed or what will work.

2 We also - as would any of our premium competitors - practise a very high
3 science of search engine optimisation. So, in those instances we are, not
4 only in the headline, but within the body copy of our content, including
5 phrases that will be picked up. For example, we have a section of our site
6 called IndyBest, which tracks popular products and services. Those would be
7 listed. Those are certainly rich with these kinds of key phrases so that, when
8 a user or a consumer is searching on Google, perhaps just for tickets to a
9 given West End show or for Christmas presents, for example, we look very
10 closely at what types of phrases are being searched and those are embedded
11 in the text of what we are writing. That is not a science unto ourselves but
12 one that, if you do not do, you would be missing out on a lot of traffic and, or
13 business as a result.

14 Q. (Mr Bamford) How do you see it evolving over the next couple of years?

15 A. (Mr Leonard) As I mentioned earlier, the need to keep growing our audiences
16 and, therefore, the commercial proposition, does mean that we are
17 experimenting constantly, not only with the tone and the words within the
18 content but the breadth of topics that we are covering. More popular topics
19 are certainly helping to drive additional traffic and new audiences to us that
20 may never have thought of us. That has really been the role of social media
21 in driving new people to us who certainly, particularly in the US, for example,
22 would not have had a print relationship with us before because the paper has
23 not been distributed there and/or simply consuming their media within
24 Facebook and never intended and would not and do not today even, come
25 through to our website. In that case, we are distributing our publishing to that

1 platform and, to that end, the content that is interesting there.

2 Despite how one might think about it, it does not array specifically to whether
3 a topic is serious or topical. Brexit, for example, can do as well in Facebook if
4 you write the headline correctly and draw in the attention. So, we do ensure
5 and try to make sure that The Independent -- the favoured themes or more
6 what we would deem to be important editorially would appear in all of our
7 products and distribution channels.

8 Certainly, the news, as I mentioned, Trump and Brexit are dominating, and
9 other instances of really critical newsworthy incidents, Grenfell being an
10 example; Borough Market being another; the hurricanes; they are not popular
11 in the sense of pop culture but they are certainly topics that one has to cover.
12 Again, we will do that in each of these domains slightly differently.

13 THE CHAIR: Do you have current estimates of your audience? I know how difficult
14 it must be but is it growing, going up or down?

15 A. (Mr Leonard) It is, yes, rapidly. Over the course of last year, depending on
16 the month, we have seen year-on-year growth anywhere from 30 per cent to
17 80 per cent¹. Again, those spikes can be due to a really significant story. The
18 markets that are going particularly rapidly are India and Australia, as I
19 mentioned.

20 We presently do not have journalistic staff on the ground but it does show
21 that, if the tone and manner and content of our website is attractive there, that
22 is how we have been deciding on where we place our people.

23 Q. And the UK audience?

24 A. (Mr Leonard) The UK is still our largest in terms of --

¹ Figure corrected by The Independent following review of the draft transcript.

1 Q. What rough numbers are we talking about?

2 A. (Mr Leonard) Over 125 million (global unique users)², which is our largest
3 month that we have achieved, but, typically, between 110 million and
4 125 million. There would certainly be a minimum of 30 million in the UK.

5 Q. That is all the platforms altogether

6 A. (Mr Leonard) That is correct, yes. That can go as high as 40 million or
7 45 million, again, if there is a very particular UK-centric topic. It could be
8 football in August, for example, the transfer window. That plus some of the
9 events that took place in the late summer, the UK spiked back up again. The
10 US has been growing consistently and a lot of that is due to both the social
11 media strategy and search. We are doing very well.

12 Q. (Mr Ridout) When you see a spike, is it easy to attribute it to a particular news
13 story or a particular group of stories? Are the spikes the kinds of things that
14 you expect or can there be an unusual story that just goes viral?

15 A. (Mr Leonard) It is a bit of both, actually, yes. Last week is probably a good
16 example. There were plenty of views percolating already around everything
17 from Britain's readiness for Brexit to Trump ongoing affairs. In the midst of
18 that, there were two phenomena that happened that no one could have
19 predicted; the red sun floating over London and the planets that collided and
20 spat out some gold. On those latter two stories we used tools, which we
21 mentioned in our submission letter, that help us in real time understand what
22 is not only popular on our website but what may be popular elsewhere and
23 combining those two dynamics together. Some of our tools - one called
24 Chartbeat, for example - can be so helpful that, if a story placed lower down

² Clarification provided by The Independent following review of the draft transcript.

1 on the home page has the potential to do better, it can give you an index
2 gradation. So, often the editors will use that as a diagnostic to say, "Actually,
3 we do not have anything really current coming up. If we move that up will that
4 move the needle?" That is a constant example of a scenario that happens
5 20 times a day.

6 We have also organised our team so that we are always leading by the
7 editorial judgement at the end of the day, but it is very helpful, especially with
8 the structure of a London-based news team, to be able to hand off to the
9 New York team in the later hours of the UK business and then, conversely, in
10 the morning, pick up from where the US team has left off. In fact it is not just
11 onto ourselves; I am certainly aware the Financial Times has been doing that
12 for years as former head of that business. That notion of 'following-the-sun',
13 and continuously publishing is something we practise. The tools today are
14 really amazing in terms of the amount of information we get. Some of them
15 are just indicative but they are contextually relevant across all publishers, so it
16 does help.

17 Again, I am not sure if you have had the opportunity to read our note on this
18 but CrowdTangle and Trisolute are some of the newer ones. These
19 partnerships - Facebook, is a prime example where the tools they provide us
20 with directly help us to understand what works there - when there is a
21 commercial relationship as well, both parties are motivated to make it work.

22 So, back to your question earlier on the popularity of particular content, it is
23 very self-fulfilling in the sense that, if something is doing well by Facebook,
24 their algorithm then promotes that story on our behalf in a way that we do not
25 see. So, yes, we need to be constantly aware of what is happening and we

1 can see the result of it. We are not in a position of telling them that something
2 is popular. It is by demand, what is evident.

3 Q. (Mr Olszak) I was just wondering, in your editorial decisions, what is the
4 balance between responding to what you see is doing well, what is popular,
5 and pushing new stuff that is not necessarily out there already but you think is
6 relevant?

7 A. (Mr Leonard) Indeed. We certainly believe that, at the end of the day, the
8 judgement of a human is going to continually lead our publishing efforts, but
9 we do maximise the use of the tools to provide evidence, really for debate
10 internally.

11 In our structure, we have a team who are focused on search engine
12 optimisation next to the social media people; and the editor of news and,
13 opposite them, the editor of comment are constantly in debate and often in
14 disagreement as to what is important versus what is urgent to create
15 audience. At the end of the day, that is a continuously dynamic tension and a
16 healthy one because it keeps things going. When a big news event comes
17 along there are, clearly, things that we need to do just by automation in terms
18 of how we lead that.

19 Q. (Mr Olszak) You are saying there is a tension between these different
20 objectives. When there is such a tension, how does it tend to get resolved? I
21 am thinking, if I take the ten most popular headlines in the last months how
22 many were actually picked based on optimisation, responding to what is
23 popular, and how many were picked because you thought they were relevant
24 and they needed to be read?

25 A. (Mr Leonard) Possibly to correct a misperception, because of the fact we can

1 often place the same story in two different contexts with two different
2 headlines, that is really, often, how it gets resolved. So, the headline -- and
3 as space allows, an Independent Voices piece will carry the most curated,
4 polished and complete version. A shorter version of the story on social media
5 with a snappier headline, ultimately, can link you back to the other -- may be
6 how that gets resolved in that sense. So, the pulling power of something in
7 social may not be as strong as it would be if it were a longer, exhaustive read
8 with a fairly dry headline. That tension does not exist everywhere. I am not
9 sure if that answers your question.

10 Q. (Mr Olszak) Yes, okay, I think I understand.

11 A. (Mr Leonard) [✂]

12 Q. (Mr Roberts) Can I ask a question about monetising your audience? When
13 you are selling print advertising you have got measures of engagement like
14 time spent reading. What equivalent do you have for indicating engagement
15 with an online newspaper?

16 A. (Mr Leonard) Indeed. There is manifold more data available. Whether that
17 helps us as publishers or not, I am not sure. Engagement is certainly a
18 measure, and that engagement could be based on the specifics of the
19 campaign. So, the campaign actually may be looking for results; and we,
20 indeed, may be paid as a result of those results coming through in a classic
21 direct marketing context. Often though -- and we as publishers are seeking
22 digitally the same type of marketing solution for our clients, as we would have
23 done, in our sister publication, the Standard, where brand awareness may be
24 a key element. In which case, the agency with whom it may be trading, or
25 directly with a client, will set out particular KPIs, key performance indicators

1 that they are seeking to achieve. If those are agreed up front, again,
2 sometimes the way that we may be paid or the actual terms of the contract
3 may be based on that.

4 If I take some of our key revenue lines and walk through them it may be
5 useful. Directly sold advertising behaves very similarly to print. It either has a
6 major brand awareness objective or a new product launch objective. It may
7 also have with it tickets sold or reservations made or passed through. That
8 may or may not have a strict results element to the terms with us.

9 We have also programmatically traded advertising. That is, in effect, setting
10 floor and ceiling rates for our inventory. Those deals are then done with an
11 agency that will then go off and open the inventory up to a marketplace. At
12 that stage, because it is a two-arm's length away from us, the type of results
13 tracking that I mentioned earlier is either less critical or more opaque because
14 it is being traded and we do not actually know what those advertisers'
15 objectives are fully. So, we protect ourselves. They are often buying
16 publishers' inventory without knowing who the end publisher may be. Instead,
17 they are buying audiences. So, they may want a very high quality audience
18 with a high secondary and graduate education and certainly high affluence,
19 but may be as specific as female financial decision-maker in the home who is
20 between 35 and 45 and owns a mobile phone. It could be that specific. We
21 can actually organise the audience around that.

22 Q. (Mr Roberts) I can see that selling a demographic. Is there any other
23 measure of engagement or effectiveness than pay-per-click? Is there
24 anything you use for online?

25 A. (Mr Leonard) Certainly, the most basic thing is just the delivery of

1 impressions; so, the number of times the advertisement has been presented.
2 Then that can be matched to the number of users who would have been
3 present on the site. That is the most basic way of doing it.

4 Q. (Mr Olszak) You explained how you tailor your content for different platforms.
5 I would just like to take the perspective of the audience now. Do you think
6 there are differences in the way your audiences engage with your content
7 depending on the platform on which it is delivered? I am thinking in particular
8 about the extent to which they trust what they are reading and the extent to
9 which they are likely to be impacted by what they read.

10 A. (Mr Leonard) It is a very good question. It is very timely in the world of fake
11 news and, really, we feel absolutely obliged if not strident in our views about
12 the importance of integrity and accuracy in our journalism, to which we have
13 even created a section of The Independent called InFact which is focused on
14 debunking stories that have begun to percolate around, which are not true or
15 are based on partial information, and trying to add to the information of that
16 and bring more sound quality to those.

17 There is a long history and certainly a desire to do more investigative
18 reporting, et cetera, which, by definition, may render itself more as a series or
19 as a longer piece. In those instances, they may or may not work as the best
20 fit for social media, but I would not say that that is a hard and fast rule. In fact,
21 just getting a debate out there or a key topic within a social media context
22 may then bring people back through to our website where they may offer
23 more and we can actually draw people in in that way.

24 Q. (Mr Olszak) That is your response to general criticism and the issue of fake
25 news. I was thinking, in terms of the audience perspective, do you think your

1 readers are more sceptical when they approach the news on social media or
2 on a search engine or direct access, or you do not see any such differences?

3 A. (Mr Leonard) Looking at it from the readers' and users' perspective, the fact
4 that our traffic has continued to grow coming from those channels means, to
5 me, logically, they are seeking the type of journalism that we are offering. The
6 way that those sites work is they are recognising patterns in people's own
7 behaviour within that social platform and offering to them content that they
8 may be interested in. Different ones, it is quite an apple-to-orange
9 comparison but if I look at Apple News - where anyone who is carrying an iOS
10 device, when the new model emerged and Apple News is forced upon us, as
11 it were - the user experience is helpful in that you can choose quality titles
12 from the list they have there; so, you can personalise which top titles you may
13 want to read, and then, from there, those are suggested to you. We have
14 found that that does bring some people to us, which is helpful, but I think that
15 may give the consumer a feel that they are in control of what is really
16 accessible in quality titles and can also make a collection of those. So, again,
17 I think that is a means by which, if a media consumer likes to have many
18 opinions, they can have many different ways to do that. Facebook can even
19 behave that way. If you like The Telegraph, The Independent, the Guardian,
20 The New York Times, The Economist and the Wall Street Journal, those will
21 show up in your newsfeed. By definition, they are helping to bring more
22 trusted titles into their experience.

23 Where the challenges have arisen, certainly in my view, with fake news on
24 social media is where content creators are purporting to be trusted and putting
25 in either "Paid for", which might appear on the right-hand side, or because of,

1 by virtue, some other means it had got into someone's news stream.

2 Q. (Mr Olszak) In terms of the level of trust, do you think there is a difference
3 between titles who have a print edition and titles who are online only? Does
4 being in print give you some sort of credo for an audience?

5 A. (Mr Leonard) I have been in print and digital publishing for a very long time
6 and I am privileged to have spent five years with the Financial Times and five
7 working for Mr Murdoch and The Times and The Times online. I have a great
8 appreciation for print. I am an avid print reader. I do not see an equation to
9 quality by any means.

10 Q. (Mr Olszak) Quality is not exactly what I was after. It is more in terms of
11 influence. This is an open question. Are the two notions the same, basically?
12 Do you think that quality journalism impacts the opinion and the agenda more
13 or is there something else at work?

14 A. (Mr Leonard) Yes, I think quality can lead to trust over time. One builds a
15 sense of trust by consistently delivering quality over many years. So,
16 because of the factor of time when print only existed, I think a lot of trust had
17 been built and quality had been delivered by print media. But it is not a
18 permanent relationship. Some print products have eroded in quality and even
19 got into their own challenges as far as trust goes; in the US, it is well
20 documented, The New York Times challenges around accuracy and reporting,
21 et cetera. As time goes on and very quality titles -- for example
22 The Economist and the Financial Times, both are predominantly digital
23 businesses and their print titles have shrunk in a pattern that is not unlike
24 what The Independent did.

25 Q. (Mr Olszak) If we were trying to build a picture of the relative influence of

1 different media, what factors should we consider? Obviously, the audience
2 and reach is important and the quality you have just alluded to. Are there any
3 other factors that would condition that? I am really thinking in terms of their
4 influence on public opinion, their agenda-setting propensity?

5 A. (Mr Leonard) Yes, correct. There have been interesting relatively recent
6 pure-play digital businesses that I think deliver a high quality. I do not know if
7 it is the highest quality but I certainly would cite Huffington Post and, to a
8 lesser degree, BuzzFeed - again, a personal opinion. In the case of
9 Huffington Post, by virtue of, initially certainly, using very well-known writers
10 who had possibly had previous careers elsewhere in different publishers,
11 which brought a tacit trust to them. They have, obviously, been acquired
12 twice over now, so I do not know if those dynamics are the same. The
13 efficacy of a piece of journalism, we believe, is based on the clarity of its point
14 of view and the absolute veracity of its data and its truth. I think those
15 two things have to be critical and constantly delivered. Whether that is a
16 match report in football or a 2,000-word essay on gun control, I think those
17 elements have to be present.

18 Fast-forward ten years from now, there may be no print media left. So, I think
19 it is a matter of being really true to that centre of gravity which is very tightly
20 entwined with quality but I take your point of distinction there.

21 Trust, you are making a different point, which is interesting around what the
22 scale and the scope of reach is very important. If we look at the geographic
23 array and the demographics of our US audience, for example, which has
24 never had a relationship with the printed product on The Independent, you
25 would not be surprised, East Coast, West Coast, Chicago, Houston, there are

1 two dots in the middle of a very open country but directly aligned to where the
2 universities and where enterprise is best practised and where the open minds
3 of the country are who are presently seeking, in our case, objective, balanced
4 views on their own country's affairs. I am often asked the question, "It must
5 be ex-pats who are reading The Independent?" and it is absolutely not.
6 Statistically, they are anywhere from 35 - 49; Americans are somehow
7 consuming our content and very avidly sharing it as well.

8 We did not talk about sharing of content on social media, where we may or
9 may not garner any direct commercial benefit but we certainly, from the
10 proliferation of the brand, will have stories that will be shared 2 million times.
11 The planets colliding one last week was in the order of about 150,000 shares.
12 That is a medium-sized share for us relative to the bigger ones.

13 Q. (Mr Ker) From purely anecdotal experience, The Independent has been very
14 good at getting its stories in front of me, usually through social media and
15 things like Reddit. I just wondered to what extent is that ability something that
16 other media companies will copy, are copying and specifically directly
17 compete with The Independent so that these shares will be very volatile? Or
18 to what extent is it because The Independent is a little bit different that it is
19 able to do that more successfully

20 A. (Mr Leonard) We would love to believe that we could do it uniquely and it will
21 not be threatened from other competitors. As the head of the business, I
22 would say another indicator, in human resource terms, is the approaches to
23 poach our good people. That is a very clear way that some publishers are
24 aiming to do what we do.

25 We take a philosophy, as hopefully I am demonstrating, of some ecumenical

1 belief in this, probably because we believe in trust and carrying on curated,
2 well-judged and prepared journalism, as a kind of spiritual guide for what we
3 do. We would like to stay ahead of the game as far as we can. Some of the
4 techniques we have developed, the tools we use in combination and the
5 confidence we do that with means that we do behave differently to some of
6 our better-known and more-resourced competitors.

7 We try to, in some phrases, be a very clever follower where it makes sense,
8 particularly in terms of trying new forms of technology. When it comes to
9 social media and search engine optimisation I think we are one of the better
10 ones out there now and are more aligned to pure play publishers than some
11 of our print-based competitors.

12 Q. (Mr Ker) Is that because, in a sense, The Independent can have a bit more
13 flexibility about changing its headlines, changing how it writes the stories in
14 order to hit the audience whereas a print publication might feel more tied to a
15 particular position and not shape it to hit the audience?

16 A. (Mr Leonard) I am not aware of that latter point of view. However, I can
17 remember a time when print was more dominant for The Independent, where
18 there would be philosophical debates as to whether a story that ran on the
19 website would have ever been worthy enough to sit in the newspaper. That
20 probably still takes place in print-based companies. It is exacerbated by,
21 often, two separate editorial teams.

22 Christian Broughton, our editor who is unable to join us today, has spent
23 17 years with The Independent. He came up through the ranks of newspaper
24 sports editor, assistant editor, night editor for The Independent and acting

1 editor for i,³ the newspaper we sold on to Johnston Press, so understands
2 that print mentality. Our head of digital production used to run all the back
3 bench for the print side. Her great skill now is that our paid-for application has
4 to feel and look and act like and take all the great virtues of a print product in
5 that there is a beginning and an end and it is curated. There is a cadence to a
6 would-be print product. We call it our "ersatz" edition. There is a real value to
7 that. We are able to carry on some of those great behaviours and values that
8 a print publication might have but do so in a much more nimble and free way.
9 There is a corollary though of what you are touching on, which I think is
10 probably worth noting. It is evident in the relatively modest size of our
11 subscription products. If we had the printed product to sell it with, as our
12 colleagues at The Times would do, the Guardian bundle very effectively,
13 The Telegraph do this very well, The New York Times, et cetera, around the
14 globe -- we are at a disadvantage, not having that ready medium. In our
15 structure we have even experimented a bit with using the Evening Standard
16 as a means to cross-sell The Independent subscription, but because it is a
17 free title it is harder. Clearly, relative to the inquiry, that is an area where we
18 would be interested, not really concerned, but I think there would be an
19 advantage relative to Sky's ability to cross-sell The Times. I think that has
20 always been in place, actually, regardless of the proposed change in equity.

21 Q. (Mr Roberts) Is there any sense at all in which there can be feedback from
22 journalists on that representing a digital-only title makes it harder for them to
23 get access to decision-makers?

24 A. (Mr Leonard) We do not feel that, most likely because of the journalists we

³ Corrected by The Independent following review of the draft transcript.

1 were able to retain and bring across. Robert Fisk has always operated out of
2 the Middle East, and Patrick Cockburn behind him; Simon Calder, extremely
3 well known in the travel industry; John Rentoul who is on Sky often, as is
4 Simon himself. So, we have not felt it there. I might observe though that, in
5 sports, there was a period because of the turnover of people leaving the print
6 business when we closed it and our ability to afford a fantastic top sports
7 writer - and Jonathan Liew who has just joined us from The Telegraph - where
8 there was a pause. I would say this example underscores your point there,
9 where our access to the clubs and changing rooms or whatever it may be. I
10 can say this also relative to our other business, the Standard, where the
11 *combination* of those two - digital, which I oversee, and print - there is a kind
12 of, perhaps, legacy influence that may be there.

13 That is a long way of saying I do not think it is a fixture of being a digital
14 business but you have to work that much harder especially if you have only
15 been digital. We have had the benefit of being both print and digital.

16 Politics, no change whatsoever. We retain an office in Westminster. We
17 always have. Same again with our presence in Brussels; we have both an
18 Evening Standard and Independent presence there. That is very helpful in
19 the mix.

20 I could imagine, if you were starting a digital publishing business today and
21 you wanted to build that up, there would be several hurdles to get to,
22 depending on who the individuals were at the head of it.

23 Q. (Mr Bamford) I just want to follow up on a couple of points there and then we
24 have some further questions from David on the influence around
25 The Independent.

1 Firstly, you have mentioned several times The Independent and the
2 Evening Standard. Recognising them as sister companies or sister
3 operations, could you talk through having two - I do not have a better
4 word - independent newspapers under the same ownership and how that
5 works from (a) an editorial and (b) a commercial perspective?

6 A. (Mr Leonard) Sure. I suppose I should ask, just in terms of format, is that
7 appropriate for me to comment on the Evening Standard, given that our
8 response has been specifically for The Independent?

9 Q. (Mr Bamford) In your role, how you see it.

10 A. (Mr Leonard) Why don't I do that from the digital-only perspective, because
11 that would be more appropriate?

12 There is a tremendous economy we have by having this joined-up structure in
13 the non-editorial areas. Commercially, we have a shared team, which was
14 referenced in our document. So, sales people -- and particularly when you
15 think of programmatic advertising, as I mentioned earlier, is sold on an
16 audience basis; a very large digital audience for The Independent and a
17 growing but still modest size for the Standard, given its legacy, but that is
18 growing in leaps and bounds. We are able to co-mingle those and sell
19 campaigns jointly across them. This again is not unique to us but it does give
20 us an ability to use the businesses in a complementary way.

21 They have extremely similar demographic profiles as audiences but very low
22 duplicated reach. So, they are not the same people but are very similar in
23 age and income; probably not as illogical as it may seem because the brands
24 are quite different in their historic aspect, but if you think of working
25 professionals coming to the capital or already living here, grabbing the

1 Evening Standard, heading back home, that kind of thing, more than likely not
2 dissimilar to high education and, clearly, intelligent and interested readers of
3 The Independent.

4 From a technical, marketing operations vantage point, we are able to
5 maximise the efficiency behind the scenes. We use a lot of the same
6 technology; a lot of the tools I mentioned here will be used by both teams.
7 We try to promote, in HR terms, the ability for people to cross between
8 one title and another. If you read closely, you will see that people like
9 Simon Calder, for example, write for The Independent digital but also for the
10 Evening Standard by virtue of just being a brilliant voice in the mix.
11 Grace Dent is another example. In that case, we have separate terms for her,
12 depending on title and legacy for the relationship.

13 In commercial trading terms, going out to the agencies, having a joined-up
14 proposition or a quite separate proposition, we are flexible in terms of how we
15 present ourselves.

16 Q. (Mr Bamford) You said there was editorial independence between the two.

17 A. (Mr Leonard) Yes, that is correct. They are lower-case i -- they are virtually
18 completely separate teams at the editorial front; very similar functions,
19 however. Each has a digital editor. Each has a social media team and a
20 video team. Then the various desks will have varying sizes or areas of focus.
21 The Evening Standard digital has an ambition to grow the US audience but it
22 is a fraction of what The Independent's is.

23 Q. (Mr Bamford) In terms of wanting to maximise commercial across the
24 two organisations, is there ever a tension between that editorial;
25 The Independent, for example, wanting to put out an exclusive story across

1 The Independent or wanting to run something differently in the
2 Evening Standard?

3 A. (Mr Leonard) [✂]

4 Q. (Mr Bamford) Could you give an example of when you have had to
5 "tie-break", as you described it?

6 A. (Mr Leonard) [✂]

7 Q. (Mr Bamford) One more question before we talk about influence. Most of the
8 times you have been discussing for nearly an hour have been focused on
9 other newspapers and their online offering. With you being an online-only,
10 there are other forms of media. You have mentioned and, obviously, our
11 inquiry is looking at Sky as one of those forms. I wonder if you could talk
12 about how you compete against what are, traditionally, broadcasters and
13 whether there is any scope from your side to move into that broadcasting-type
14 landscape.

15 A. (Mr Leonard) I will, first, approach it from The Independent and then
16 comment a little bit on the Evening Standard digital because it is a key piece
17 of our forward strategy.

18 It goes back to your colleague's question about the consumer view, which we
19 try to retain and maintain and put front of mind all the time, which is a really
20 important aspect of digital publishing and not necessarily required on the print
21 side. That is that we cannot define or determine which way people want to
22 consume their news or current affairs, as I broadly stated. In a market that is
23 offering the most brilliant broadcast television on the earth probably through
24 the BBC, people are used to consuming audio-video, I will call it, ostensibly
25 through broadcasts and television but, increasingly, through mobile devices

1 and high-quality video.

2 We have invested, over the last 12 months, in growing the video operation
3 within The Independent and we are doing the same now in the digital
4 elements of the Standard. It is amazing that, as much as we can produce,
5 there is demand for more and the growth has been really significant. [X]. I
6 would like to see that double and treble over the next year. Again, much of
7 that is consumed through mobile.

8 So, on that level - to get to your question - we would see ourselves as
9 competing on the basis of using video as a means of communicating news
10 and current affairs. It is also an area where, in social media particularly, video
11 is very sensitive in the sense of it moves the audience needle, and nearly
12 every post and Facebook Instant Article story we write will have a video
13 component to it. Immediately in the data we can just see that has a complete
14 difference in terms of whether people engage or not. Engagement rates, to
15 click on a video and watch it through, we can follow that very carefully.

16 As we mentioned, where Sky has delivered a very good and objective service
17 through broadcast media as they are, and will develop video through mobile
18 and video through other devices - on desktop as well - where we may be
19 competing for advertising against them it will be important and sensitive to see
20 if any change in ownership, or increased ownership by Fox puts them more
21 directly in the areas where we are focusing and where they are not regulated
22 in the same manner by Ofcom. That is in areas we noted in our paper that we
23 would watch carefully.

24 Q. (Mr Bamford) With respect to that, as broadcasters have developed their
25 online offering, our understanding, from responses so far at least, is that most

1 of their online video content is a mirror of the content that they produce
2 through the TV or is broadcast through the TV and, therefore, to some
3 degree, has to, essentially, follow the Ofcom Broadcasting Code. With
4 respect to the content that you put forward, how do you see that in terms of do
5 you follow the same editorial code that you do for your print? Whatever code
6 you sign up to, how does that come through in the video content?

7 A. (Mr Leonard) We would in the basic DNA of ensuring that it is the highest
8 quality it possibly can be, that it is true and bearing The Independent values.
9 We, like others, will also curate third-party video and popular videos that may
10 have been seen on YouTube or purveyed elsewhere. We, obviously, have an
11 obligation to, clearly, source that, which we do, and explain some things up
12 front⁴.

13 When it comes to the stories that we originate and craft and deliver, we have
14 a format known as a "video article" which appears as a large video player at
15 the top along with four related videos or popular videos that we would like
16 people to also enjoy. Below that is a fully fleshed-out article that
17 complements or extend the content of that video.

18 The other format that we use is a traditional embed of a piece of video which
19 either we have produced or we have used from a third-party source which
20 embellishes a text-based story.

21 In both of those instances, you might have a more text-led experience and, in
22 the former, more of a video-led experience. Those people are, typically,
23 watching the video and not necessarily reading all of the story that goes with
24 it. In those instances, the text still has all of the values and quality and

⁴ Additional clarification provided by The Independent following review of draft transcript: "Compliance with the Ofcom Code is not a requirement of [The Independent's in-house Code of Conduct](#)."

1 research that we put into it.

2 When driving and trying to grow our video views, the relative proportion of
3 what we are using from external sources versus what we are able to produce
4 with a relatively modest team, we have changed that balance over time as we
5 bring in more people within the video production team.

6 Q. (Mr Bamford) The final question on this. Obviously, with respect to the
7 content produced, as a broadcaster there are certain part of the Ofcom Code
8 around due impartiality. One of the things which the UK press is known and,
9 to some degree, valued for is that it has an ability to be partisan one way or
10 the other. In terms of your comment pieces or partisan pieces, can they feed
11 through into that video content?

12 A. (Mr Leonard) Yes. In fact, in our Independent Voices section, which is really
13 where we are presenting views, if an article or a comment piece was
14 one person's point of view and there was a complementary video to
15 strengthen that, that may be opposed to another piece opposite. In that case,
16 you need the *combination* of the two articles to achieve impartiality. Any
17 individual piece might be unfairly viewed in that context as being really
18 partisan, but if it is, as we try to do -- ensure that we are bringing balance to
19 the mix.

20 I do not know if this answers the question in a different way, but we are
21 constantly presented either from public relations firms or politically-minded
22 bodies, content that they would love us to purvey and we do not. Unless
23 there is a story to be told that these different lobbyists or these different
24 interest groups are pushing X, Y and Z and then it is just a news piece about
25 that.

1 THE CHAIR: You make it sound - and I do not want to put words in your mouth -
2 you are an online newspaper, but you make it sound as if you obey the Ofcom
3 Broadcasting Code. Do you take any notice of it or do you just do ...?
4 A. (Mr Leonard) Yeah, probably more by virtue of being The Independent and
5 independently broadcasting and having --
6 Q. Is that driven by a journalistic ethos or in a way that the advertisers are
7 looking for the sort of readers or audience that your particular brand attracts?
8 A. (Mr Leonard) It is probably led by the ethos, but increasingly with the
9 challenges of what is known as brand safety, not being associated with either
10 very extreme news or the risk of fake news. We would like to believe we are
11 absolutely absent of fake news and that is something that we drill into the
12 teams, do not in any way get into a situation where there may be a story that
13 is not validated, or has not been fully researched, et cetera. But from linking it
14 into video, particularly where we are having to spend extra money and
15 develop and produce and bring that forward, I think our focus on quality is
16 even greater, our objectivity in that instance.
17 Q. David, I think we have been trying to get to you for some time.
18 Q. (Mr du Parc Braham) The first couple of questions are quite general and I
19 think talk more from your background experience in the media over a long
20 time. It is just generally, do you think politicians are concerned about who
21 controls the media and the influence the media might have?
22 A. (Mr Leonard) Clearly, they are aware of the power of the media and are
23 engaged in using it to their best --
24 Q. (Mr du Parc Braham) How would you characterise the power of the media?
25 A. (Mr Leonard) In influencing public opinion and covering, be it, party

1 conferences or current Brexit negotiations, as an example. I think certain
2 active or past politicians have written with and for The Independent, so we
3 can and have been approached and do publish that. Again, in reference to
4 what I mentioned earlier, that would be done in an overall balance of different
5 pieces, but we would not seek to push a particular political view, but certainly
6 tease out those views and place them in relief with each other.

7 Q. (Mr du Parc Braham) Since moving from print to online, the politicians that
8 have approached you in terms of wanting to ask or something, have you seen
9 a change in that? Has it remained constant? Do they still see you in the
10 same way?

11 A. (Mr Leonard) Yeah. I do not know, because I would imagine that there may
12 be some who may be more traditional even in their own media consumption
13 and may link a different influence in the market, or presence in the market, to
14 the fact of having a newspaper online. An indicator for us might be we have
15 as many journalists now as we did before appearing on Newsnight or being
16 called on to Sky and making those appearances. Our opinion as a medium is
17 still sought after and active.

18 I mentioned John Rentoul and Simon Calder being just two examples of that,
19 but we have a lot - many of our - Holly Baxter, who is Acting Editor of
20 Independent Voices and Dina Rickman, who is the Social Media Editor,
21 appearing often.

22 Q. (Mr du Parc Braham) Do you think that is just simply a function of your brand
23 and if you were completely new do you think that that would still be the case?
24 Do you think it is just because you are the Independent and you have been
25 around --

- 1 A. (Mr Leonard) Yeah, I think that plays into it and I think having our view helps
2 to round out the more extreme views or titles. But being a keen observer of
3 media, I was impressed when Business Insider, for example, moved to the
4 UK. Their interest in and then pursuit of interviews on various broadcast
5 media was very impressive and I think that had to do with more of a marketing
6 strength and the strength of their Editor in terms of ensuring that.
- 7 I think it is possible for digital only to make that. I have more of a sense and
8 an impression that The Huffington Post, particularly when it was under the
9 leadership of Arianna Huffington as a former PR herself, really maximised the
10 ability to bring that title forward. I do not think it is necessarily restricted to
11 having a physical or even a broadcast presence of your own to have that
12 voice.
- 13 Q. (Mr du Parc Braham) You talked about some of your people like John
14 Rentoul appearing on Newsnight, do you think that The Independent has
15 been influential in setting the political news agenda?
- 16 A. (Mr Leonard) We would like to think so, certainly and certainly trying to
17 explicate - in the case of Brexit, for example, the implications of that decision -
18 the decision of the referendum, in trying to put that into a context now after the
19 facts. I think we are not directing a particular outcome or timing, even, of that.
20 But we are trying to certainly tell the story as it unfolds, but try to explain it in a
21 way that people can understand.
- 22 Q. (Mr du Parc Braham) Do you think that is more about having an influence on
23 your readers, essentially?
- 24 A. (Mr Leonard) Yes.
- 25 Q. (Mr du Parc Braham) Making sure that they are informed in a particular way?

1 A. (Mr Leonard) We would see it that way, yeah.

2 Q. (Mr du Parc Braham) Do you have any examples - it could be recent or it
3 could be a bit longer ago - of where you, as a newspaper, campaigned on an
4 issue which has had a result which you see in the change in government or -
5 your IFI was talked about, for example, the refugees welcome campaign.

6 A. (Mr Leonard) Yes.

7 Q. (Mr du Parc Braham) Did you see anything come around as a result of that?

8 A. (Mr Leonard) Yeah and I think the results we referenced in terms of having
9 400,000 signatures gathered is probably a very powerful way of doing that.
10 The Great Ormond Street Hospital campaign I think is - and I should clarify for
11 general knowledge here that the £3.5 million that was raised this was in
12 combination with The Evening Standard and The Independent together. Half
13 of which was directly as a result of our campaigning and half was matched by
14 Government funding and a brilliant outcome in that regard.
15 We are presently making great efforts on a campaign on human trafficking
16 and I think the results of that are less tangible. It is early days, but also it is
17 something that is more about raising awareness with real action points, in
18 terms of how people can spot that and take in some additional action.

19 Q. (Mr du Parc Braham) Going back to the Great Ormond Street for example,
20 how did you get the Government to agree to match the funding?

21 A. (Mr Leonard) I am not privy to that myself, but I think there was long and
22 supportive conversations around how to do that.

23 Q. (Mr du Parc Braham) In terms of the stories that you put out and that you feel
24 have influence, what do you feel makes them have that impact? How do you
25 ensure that the stories have an impact? What do they need?

1 A. (Mr Leonard) I think the nature of our audience - again, perhaps
2 characterised by their education and their seeking broadminded and
3 well-informed opinion - might link to people who are more likely to take action,
4 or to voice their opinion. We have extremely active commenters on our
5 content and I would direct you to have a look at any number of conversations
6 that may be happening under the articles.

7 We, obviously, have to safeguard the privacy of those people in terms of their
8 data, but we provide an open forum where their thoughts and debates can be
9 heard. In my personal opinion, some phenomenal writing even takes place by
10 our commenters who are very informed on an individual opinion.

11 Q. (Mr du Parc Braham) Are you saying that the impact of a story and even a
12 news source is very much dependent on the readers of that story? If they are
13 of a particular demographic, they are particularly engaged, or particularly seek
14 an educational level, are you saying that that is what drives a newspaper
15 having impact?

16 A. (Mr Leonard) Yes, I think the engagement is one indicator of a connection
17 that we, as a publisher, are making with our audience. We have both from the
18 website outwards, so you can send an article outwards and follow that data
19 closely and you can share it with friends through your social media contacts.
20 Those articles that we distribute through Facebook itself; again, I mentioned
21 shares earlier. I think that is an indicator of the influence we might have.

22 Q. (Mr du Parc Braham) Are there any types of stories that you see get picked
23 up or stick more in terms of engagement?

24 A. (Mr Leonard) The popular list we provided will show you there is quite a
25 broad range.

1 Q. (Mr du Parc Braham) I mean in terms of the political impact? We see some
2 of the stories that you listed were, as you say, the Adele story or the 999
3 story, but I am --

4 A. (Mr Leonard) Yeah, quite. I think there is an example of a lighter touch piece,
5 but probably is some indicator of influence is it was a video element
6 comparing Obama's arrival at The White House relative to Donald Trump's in
7 a very visual way and portrayed two very different characters. That is classic
8 Indy, so you get two different views there, but was highly engaged in the
9 sense of people watching it and sharing it and passing that on, but a very light
10 piece in terms of journalism. It did not require much to get it.

11 Those are interesting, and our 'sister' or junior site to The Independent,
12 Indy 100, is the mechanism by which we have more directly appealed to
13 millennials, with shorter copy and more provocative ways of influencing or
14 writing to engage with our audience. I guess, just looking at how many stories
15 there are about either Brexit specifically, or Europe and Germany is
16 interesting to me. Alongside Trump which is probably one of the bigger
17 domains.

18 I would say also that the coverage of the Middle East, through Robert Fisk
19 and Patrick Cockburn, is very sought after in terms of the people who are very
20 interested in the region. They are not the highest scoring in terms of audience
21 generation, because it is serious and heavy reading for many. But amongst
22 that smaller universe I think influential in the sense of engagement, so lots of
23 comments will follow those types of articles.

24 Kim Sengupta, who is often visiting war zones; we can see it probably when
25 Kim - who spends a lot of time in the UK in between trips - has done some

1 recent media presentations for us. It is very interesting when he talks about
2 being a war correspondent for over 20 years and the difficult things he has
3 seen, how the audience reacts to that and then gets very involved. That is
4 something I think he achieves in his writing as well.

5 Q. (Mr du Parc Braham) Is there any one story that you think you guys have
6 broken for investigative journalists and that you have seen picked up by other
7 news sources that you can think of. I know we asked that and you,
8 understandably, found it difficult, but just something that immediately springs
9 to mind, is there anything that --

10 A. (Mr Leonard) Yes, it links back to the refugees. We were the first and I think
11 only publication to print the photo of the baby on the beach. It was initially a
12 challenging, difficult decision to make, but we looked at ourselves and said,
13 "This is what The Independent does and is known to do", so it was brave. But
14 I think it was that and its ability to go around the - and at that stage we still
15 had a printed product, so it was a really interesting moment. There have been
16 historic other things. In fact, we were talking around, in light of not having a
17 printed product, how do you keep achieving that same visual impact. I think
18 visuals as well as journalism can achieve that.

19 Q. (Mr du Parc Braham) Coming at it from the other side, you talked in your
20 response to us that you obviously look at a wide range of news sources and
21 pick up stories that you think are interesting. Does there need to be some
22 kind of critical mass of coverage from other sources to pick up the story
23 yourself? What are you looking for when you pick up a story that you see in,
24 say, The Guardian or BuzzFeed or something else like that?

25 A. (Mr Leonard) I think there were a few questions around that domain and our

1 response. I think our feeling, first and foremost, is any story that appears in
2 The Independent must have a newsworthiness of its own. If, in that cut and
3 thrust of covering as much as we do, we are aware of what another, perhaps,
4 broadcaster has led with - or we have got televisions everywhere, so we
5 would say we are using tools that are showing us what is being searched; we
6 are looking at other countries, what might be percolating there.

7 There are many, many inputs to how the germ of a story begins. Like others
8 we have wire service relations, in which case we can get the initial bit of a
9 story up and out - just because by definition PA and Reuters will have
10 hundreds, if not thousands more people in the field than we ever will - getting
11 that process going, beginning to link our brand in search terms, which we will
12 and it is really what a lot of that is about. It is about time limits and currency,
13 whilst we are beginning to write our own piece or refute a piece that we might
14 see very differently from our competitors.

15 I think it is less about emulation or even any notion of doing what someone
16 else is doing, as much as a practicality point of the beginning of something. I
17 think we tend to, but we would look at the highest quality sites and those
18 might be already cued-up in some of the tools that we have in terms of what is
19 leading. We are constantly looking at not only our direct competitors, but
20 other sources that we think are interesting.

21 It becomes more challenging - it is like three dimensional chess when you
22 have got the US market happening alongside the UK. They are very different
23 reporting styles and story selection styles, but I think the need for us always to
24 know that it is our story at the end of the day in terms of what we have added
25 to it, adapted or refuted, how we have told it and what angle we have brought

1 to it.

2 Q. (Mr du Parc Braham) Just one final question from me on this, which is almost
3 more of a general point. Why do people want to own newspapers, or news
4 sources? Why do you think they want to do that? Because we are always
5 told that they are not necessarily the most profitable businesses in the world?

6 A. (Mr Leonard) Yes, no, indeed. I am very interested in both the legacy value
7 of print and also the many, many forms and interesting aspects of it. I do
8 think that there is, certainly, in our generation and maybe a collected set of
9 generations in this room, a reflective view that print has a really key role,
10 certainly in all of our collective parents' world it was *the* medium. Television
11 emerged and possibly eroded a bit of its practical advantages.

12 Being a person who has spent most of his career in print and digital
13 journalism, I personally believe that there is a very different impact of a printed
14 experience as a consumer. I love the visual impact of the printed spread. I
15 think you can tell a story in that way that we will never be able to achieve
16 online, because of the size of screen or the necessary distractions of many
17 other things. Or a device that is, first and foremost, your music box and then
18 secondarily your news source.

19 I think that high impact, high readability as a very, very long-term expat in the
20 UK market, I was amazed coming from North America that here white van
21 man, or three of them are reading three different newspapers; it might even
22 be the same newspaper, all of them reading; because it is a reading culture
23 we have here. Which is brilliant and one of the reasons why - and I explain to
24 friends and colleagues in North America that print is or was, certainly, for a
25 very long time, the 'broadcast' of Britain. As it is in Japan. It is something that

1 people actively do. We are a very verbal and very confidently verbal society
2 here and I think that is what makes our newspapers so great and very difficult
3 for me to go back to the US when I do, to find that it is turgid reading and very
4 litigiously sanitised and careful. That is not to say they are all like that.

5 I think that there is just a fact of a physical experience where your eye can
6 take in many, many different elements; a graphic, long read, a side bar, bits of
7 data and maybe an advertisement here and there, which just is impossible to
8 recreate in digital. Digital meanwhile and broadcast each have very different
9 advantages in terms of what they do and how they can communicate and I
10 think that those facts may carry print forward for many years to come.

11 One of the things we did in designing the new paid-for app for The
12 Independent was to try to bring a lot of those virtues across; the great visual
13 impact that The Independent is known for, a clean design. We elected to
14 remove all advertising from it, which is something we would have kept in the
15 print, but has made for very high engagement and great story flow-through
16 and people going end to end which we can track, so that is very interesting.
17 The feedback we get is, "Thank you for keeping The Independent the way you
18 did".

19 Its look and feel, the front cover, is virtually identical to what the final print
20 design was. Although each page is an article, so that is a bit different. We
21 have not been able to achieve a spread, but other app designs have done that
22 very elegantly. I would cite The Times and even The Metro do that very well
23 and they are trying to achieve a print experience in a device.

24 Q. (Mr du Parc Braham) I think I will leave it there.

25 A. (Mr Leonard) Okay.

1 THE CHAIR: We have been going nearly an-hour-and-a-half, but I think --

2 A. (Mr Leonard) Sorry, I talk so much.

3 Q. No, I think Zach deserves a rest. Anybody got any burning questions?

4 Q. (Mr Ridout) Just one very quick one, just following on from what you were
5 saying about the app and tracking people from end to end. Do you find a big
6 difference in the way that people behave on the app versus the general
7 website?

8 A. (Mr Leonard) Definitely, yes and whilst there are ways to leap forward and
9 jump to different sections - you can even almost design your own table of
10 contents - it is fairly linear in terms of how people go through it, so front to
11 backwards.

12 The other thing that is interesting is because of the nature of how you
13 download today's edition you have access to a rolling seven days and you can
14 also go back to the whole archive if you wish and people do retain them and
15 go back and read. I am not aware - although we can probably deduce it in our
16 web reading - that people do quite that same thing. It is a notion of clipping
17 something, or saying, "Oh, I'm going to come back to that and read it". We
18 have a really interesting rise of readership in the weekend which, again,
19 makes sense if you are home and you have got a tablet and you have more
20 time and you are sitting back, as opposed to the morning thrust.

21 We have done some research and found that there are many readers of our
22 app who also enjoy coming to the website during the course of the day, or for
23 different reasons, so they will search actively on the website because it is
24 easy to do that, but they enjoy the more features led and/or political pieces
25 and read them at length. We also have quite a few active users of the

1 crossword and TV listings in the app, which we have and offer on the web, but
2 virtually get no traffic. In some cases we get quite impassioned requests for
3 more and that is why they take it or they would not either subscribe unless it
4 had a crossword. We do not remind them there are many places to find a
5 crossword outside of us, but it is all good.

6 Q. (Mr Ker) You obviously worked for The Times and you now work for The
7 Independent. Both have different, relatively high profile proprietors. I am just
8 interested to know how would you characterise the different proprietors'
9 interests in the news and possibly influence over what the newspaper is
10 printing?

11 A. (Mr Leonard) I may not say too much about my former one, because that is
12 well documented in the press and media in terms of whether or not he is
13 seeking that. I can speak from personal experience, certainly, in that there is
14 absolutely brilliant and shared passion for quality journalism. My experience
15 at News was defined strictly to The Times and The Sunday Times, so I was
16 not involved in The Sun or News of the World in the way the business is
17 structured.

18 In that context, the proprietor I was very privileged to work with there was
19 passionate about that journalism particularly around elections and economics
20 and stories and forming an opinion and there is an active engagement with
21 editors, but full respect in terms of their views. I do not think that is actively or
22 fairly captured in the press as they would because they are competitors in
23 terms of that objectivity.

24 A very, very keen interest in and passion for and demonstrated investment in
25 new media and willingness to take risks and I think that is an interesting story

1 that is not often told, except in a negative light of a bad bet on this business or
2 too much spent on that. That is not really, I think, what has happened there,
3 but I think it is a real passion for trying things and ensuring as a journalist -
4 which is a distinction between the proprietors, is he is really an editor and a
5 journalist and a very successful business person.

6 The proprietor that we have and shareholders around that proprietor for The
7 Independent, very passionate about objective journalism and has gone on the
8 record in his own writing about being raised as a Russian, both in Moscow
9 and a long term citizenship or life here in the UK; very, very savvy about news
10 and very, very savvy about personal passions of his in the culture and arts of
11 the capital and also international affairs.

12 It is a story that is often told in our respective titles of that family's commitment
13 to democratically-minded journalism and owning Novaya Gazeta newspaper
14 in Moscow, which is the only title of its likeness in terms of democratic values
15 in terms of journalism and challenging realities of journalists being killed for
16 their views. This is a real person who is aware of those things and friends
17 with people who have been affected quite adversely for their pursuit of that
18 objectivity. I think that is something that is really interesting, both in terms of
19 father and son. Nothing I have stated there has not been written and quite
20 well-presented by themselves.

21 To us it has been really interesting as the business leaders to see that they
22 manage us with a very enthusiastic support, but a very light operational touch,
23 so that I would characterise as being different.

24 Q. (Mr Ker) Where do you see their touch? What are the things that they are
25 interest in?

1 A. (Mr Leonard) A very good question. I think it is, again, probably more
2 tangible if you were to refer to the pages of The Standard or the digital pages
3 of The Standard website. But the very strong supportive campaigning is
4 something that has been a strong suit. Again, he personally being involved in
5 those, whether those are the current modern slavery campaign that we are
6 running, or previously with the Great Ormond Street Hospital, very active in
7 that.

8 As referenced in our note and letter, The Independent has built into its Articles
9 of Association the absolute independence of our editor and that is sacrosanct,
10 so there is no situation - and there are multiple shareholders not just the
11 Lebedevs, they are the lead shareholder - are unable to influence the editor
12 and that is a written statement. That, just as a point of information, is
13 incredibly powerful with our editors and journalists, so they know that that is
14 protected.

15 THE CHAIR: I am going to say thank you, Zach for your full response to our
16 questions this afternoon and also for the response to the IFI. I have just got
17 one point I want to raise. Taking you back which relates to Sky - because as
18 you know that is the main reason we are here - when you were discussing
19 video or mobile and is this getting akin to broadcasting and you said you had
20 looked very carefully at Sky's positioning in this marketplace. How do you see
21 that if the merger went ahead this would impact on Sky's behaviour, or is it
22 driven by commercial considerations?

23 A. (Mr Leonard) It is really a commercial point of view I was expressing and I
24 would think that, again, depending on resources made available or purchase
25 or agreements that might be in place with agencies, could there be in any way

1 favourable or unfavourable to us advantage other than just pure scale of
2 audience.

3 Q. Scale of audience and scale of operation is that --

4 A. (Mr Leonard) Yes, indeed. I would say the volume and quality of output
5 might be easier to attain as maybe already in evidence now, as a broadcaster
6 producing more video in a way that a formerly print publisher is still climbing a
7 learning curve in our case and building a resource to do so.

8 But in commercial trading terms - again I am hypothesising - but how they
9 have structured those on the broadcast side, may or may not influence how
10 they may be able to influence their digital agreements with agencies. In the
11 world of those today they are still fairly discreet. But money is moving from
12 TV into digital video advertising very rapidly and brands and clients
13 themselves are creating their own video content and presenting through a
14 number of channels.

15 Q. Would the transaction make a difference to this in your view?

16 A. (Mr Leonard) Not immediately. I would imagine that some of that may
17 already be possible today and we have not seen anything that is giving us
18 great concern. But I do think that it may depend on how other - and
19 particularly commercial relations - and again, particularly with agencies over
20 the programmatic trading domains could be influenced on a level of scale.

21 Q. I will just say, thank you very much.

22 A. (Mr Leonard) Thank you.

Key to punctuation used in transcript

--	Double dashes are used at the end of a line to indicate that the person's speech was cut off by someone else speaking
...	Ellipsis is used at the end of a line to indicate that the person tailed off their speech and didn't finish the sentence.
- xx xx xx -	A pair of single dashes are used to separate strong interruptions from the rest of the sentence e.g. An honest politician – if such a creature exists – would never agree to such a plan. These are unlike commas, which only separate off a weak interruption.
-	Single dashes are used when the strong interruption comes at the end of the sentence, e.g. There was no other way – or was there?