

**BY EMAIL ONLY**

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Dear Ms Basran,

**21st Century Fox, Inc. ("21CF") / Sky plc merger inquiry  
Submission by the Media Reform Coalition ("MRC") and Avaaz**

I refer to the submission made in response to the Issues Statement by Dr Justin Schlosberg, on behalf of the MRC and Avaaz, which the CMA published on 7 November 2017 and which was previously published on the MRC's website. The submission claims to identify problems with evidence submitted by 21CF as part of its initial submission on media plurality, and to present new evidence regarding the reach, share and impact of the news outlets owned by Sky and by News Corp.

I enclose two papers which respond to these claims.

The first paper, written by Robert Kenny, addresses point-by-point the main claims made in the MRC / Avaaz submission. This paper demonstrates that the criticisms made by the MRC / Avaaz submission are inaccurate, resting on material errors of fact and logic and/or a misleading presentation of the underlying evidence. It also highlights flaws in the MRC / Avaaz submission's purported new evidence.

The second paper is written by Professor Gregory Crawford (Professor of Economics at the University of Zurich and former Chief Economist of the US Federal Communications Commission) and experts at Charles River Associates (Dr Helen Weeds, former Chief Economist at Ofcom, and Dr Oliver Latham). This paper covers four main areas.

- (i) A review of economic literature on ownership and influence. The MRC / Avaaz submission claims that "*decades of research in the fields of both industrial organization and journalism studies have tended to confirm that precisely this kind of consolidation can have a material impact on the extent of proprietorial influence over news output*". In making this claim, the submission relies on a single study. As the attached paper explains, the findings of that study are overstated, both by the original author and, particularly, by the MRC / Avaaz submission, and suffer from a number of methodological drawbacks. Moreover, the submission overlooks the existence of a substantial literature in economics and political science which indicates that how media outlets present the news is primarily driven by demand-side factors, rather than by proprietorial influence.

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- (ii) Further analysis of data on multi-sourcing. In response to the claims made in the MRC / Avaaz submission regarding multi-sourcing of news, the paper provides a more detailed analysis of multi-sourcing, using recently-released respondent-level data for Ofcom's 2016 news consumption survey. The pattern of consumption this analysis reveals provides further evidence that the transaction does not raise plurality concerns. Notably:
- (a) Sky News and News Corp titles are typically consumed as part of a broad range of news sources, including around three *other* wholesale news sources on average;
  - (b) very few news consumers (less than 5%) consume news from both Sky and News Corp titles;
  - (c) of these, not a single respondent relied on just Sky News and a News Corp title as their only sources of news, and over 80% sourced their news from three or more additional wholesale providers; and
  - (d) a large majority of Sky News and News Corp consumers regard *other* sources as their most important source of news (most frequently, the BBC).

Even these findings are likely to understate the true extent of multi-sourcing since, for practical reasons, the Ofcom news consumption survey treats intermediaries such as Google and Facebook as individual news sources (whereas they typically show users news from a range of sources).

- (iii) A critique of the submission's claims regarding intermediaries. The paper provides a critique of the claim made in the MRC / Avaaz submission that consumption via intermediaries *enhances* the role of traditional news brands, showing that it lacks a proper quantitative analysis and disregards other relevant industry trends, including the inherently plural nature of online platforms.
- (iv) A critique of the submission's claims regarding agenda-setting. The paper shows that the claims made in the MRC / Avaaz submission regarding agenda-setting by newspapers are unreliable and overstated, and that the available evidence does not support a particularly significant role for newspapers in shaping the news agenda. Amongst other flaws, both the MRC / Avaaz submission and the paper it cites fail to distinguish effectively between genuine agenda-setting, where coverage by one outlet results in other outlets running stories they would not otherwise have run, and cases where one outlet is simply the first to cover a story which would have been widely covered in any event.

In addition to the issues described in these papers, the MRC / Avaaz submission misconstrues aspects of the legal framework. It argues that the CMA should review the transaction on the basis of on a "*presumption of control*", in light of section 26 of the Enterprise Act 2002. It also claims that plurality can be assessed without reference to a benchmark for sufficient plurality, citing the approach taken by the Competition Commission in *Sky/ITV*.

As the Issues Statement recognises, neither claim is correct. The former is inconsistent with the judgment of the Court of Appeal in *Sky/ITV*, which requires that plurality be assessed based on the actual extent of control, not a presumption. The latter is contrary to the plain words of the statute, and disregards the reason why the Competition Commission did not have to take a view on what constitutes sufficient plurality in *Sky/ITV*. This was because the Competition Commission found that the transaction would not materially reduce plurality, rendering it unnecessary to consider whether the remaining levels of plurality would be sufficient.<sup>1</sup>

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<sup>1</sup> See further paragraphs 3.8 to 3.13 of 21CF's initial submission on media plurality.

Finally, we note that the MRC / Avaaz submission leaves the methodology employed in Dr Schlosberg's analysis largely opaque, does not disclose the underlying data, and offers to provide details of these to the CMA on request. Whether to request this is a matter for the CMA, although the flaws apparent on the face of the submission are themselves sufficient to warrant considerable caution regarding its findings. However, should the CMA make such a request, 21CF would ask to be provided with any materials that the CMA may receive.

Yours sincerely,

**Antonio Bavasso**  
Partner

Encl

**Robert Kenny**

**A critique of MRC/Avaaz's submission to the CMA**

**8 November 2017**

### *About the Author*

Rob Kenny is a founding member of Communications Chambers, a UK-based strategy and policy consultancy working in telecoms and media.

Rob is the author of many commercial and academic papers covering media and telecoms policy issues. He has particular expertise in media plurality, having worked on virtually every UK media merger with a plurality aspect. He has also provided submissions to Ofcom and the Leveson Inquiry on this topic, and undertook Ireland's first statutory plurality assessment for the Broadcasting Authority of Ireland.

He previously headed strategy and/or M&A for Level 3, Reach and Hongkong Telecom. He has a degree in mathematics and management from Cambridge University.

### *Disclaimer*

This is an independent report funded by 21<sup>st</sup> Century Fox. The opinions offered herein are purely those of the author. They do not necessarily represent the views of 21<sup>st</sup> Century Fox, nor do they represent a corporate opinion of Communications Chambers.

# 1. Introduction

As the CMA is aware, 21<sup>st</sup> Century Fox (21CF) has proposed to acquire the outstanding shares in Sky so as to increase its stake from 39% to 100%. Some parties have objected to this transaction on various grounds, including its impact on media plurality.

In particular, the Media Reform Coalition and Avaaz have submitted to the CMA a report<sup>1</sup> dated 24 October 2017 which makes the claim that “the deal poses very significant risks on plurality grounds”.

This MRC/Avaaz report follows on from two earlier papers from MRC/Avaaz, arguing the same case.<sup>2</sup> I have previously responded<sup>3</sup> to these earlier papers, and do not repeat my critique here. I focus on the new material in the third MRC/Avaaz report, stepping through its various key claims (shown in blue) and providing my response.

I demonstrate that it:

- Contains material errors of fact
- Contains material errors of logic
- Is misleading in its presentation of evidence

As with the previous MRC/Avaaz papers, these errors mean that the current paper is not a reliable assessment of the potential impact of the transaction on plurality, nor an appropriate basis for such an assessment.

I also note that there are a number of important issues relevant to a plurality assessment that MRC/Avaaz simply do not engage with. Examples include:

- The increasing influence of audiences over editorial decisions
- The diminishing importance of news agendas set by editors
- The disintermediation of the media by politicians and others

Finally, while I provide many examples of errors in the MRC/Avaaz report, I have not sought to catalogue them exhaustively - there are

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<sup>1</sup> Dr Justin Schlossberg [for Media Reform Coalition and Avaaz], [21st Century Fox / Sky merger inquiry -Submission to the Competition and Markets Authority on plurality](#), 24 October 2017

<sup>2</sup> Dr Justin Schlosberg [for Media Reform Coalition and Avaaz], [Consolidating Control: The Fox/Sky merger and news plurality in the UK](#), February 2017; Media Reform Coalition and Avaaz, [Fox/Sky merger proposal: Submission of evidence to Ofcom in lieu of the public interest test](#), March 2017;

<sup>3</sup> Robert Kenny [for 21CF], *A critique of MRC/Avaaz’s ‘Consolidating Control’*, March 2017; Robert Kenny [for 21CF], *A critique of MRC/Avaaz’s Fox/Sky merger proposal: Submission of evidence to Ofcom*, 4 April 2017

other points made by MRC/Avaaz with which I would disagree. In particular, this paper does not address legal issues.

## 2. Point by point analysis

### “Executive Summary”

“We found strong evidence of shared content across Global and Bauer stations, including the use of identical clips. This further calls into question Ofcom’s decision in 2015 to discount Sky’s wholesale provision to Global and Bauer.”

Here and later in its document MRC seeks to challenge both Ofcom’s approach to allocation of wholesale provision, and the evidence of RadioCentre, the commercial radio industry trade association. Not only are these challenges ill-founded, even if they were accepted, the logical consequence would be to significantly reduce the deemed importance of the *Sun* and the *Times*.

### *Basis for Ofcom’s decision*

Ofcom has explained its 2015 decision as follows:

“In our consultation document we noted that commercial radio was an example of wholesale provision of a news source by a third party which is then presented under a different retail brand – in this case that of the radio station.

In its response RadioCentre noted that although Sky News Radio does produce bulletins for commercial radio stations, this did not reflect the editorial role which is played by the stations themselves.

In order to establish if a retail provider is also acting as the wholesale provider of a news source, the editorial role played by a news provider should be considered as well as the production of content. When a retail provider is drawing on a third party for content as well as producing its own content we would consider it to be acting as the wholesale provider of the news source.”<sup>4</sup>

As I noted in my previous responses to MRC/Avaaz, according to RadioCentre:

“Sky News (through its contract with IRN) does supply news content to the majority of commercial radio stations in the

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<sup>4</sup> Ofcom, [Measurement framework for media plurality - Ofcom’s advice to the Secretary of State for Culture, Media and Sport](#), 5 November 2015



UK. It does this mainly through a wire service, as well as prewritten scripts and edited audio. However, IRN is not alone in offering this service, and does so alongside others such as Radio News Hub (which offers an independent alternative to IRN to English speaking stations internationally), the Press Association and the Global Traffic Network (GTN) which provides entertainment news as well as travel updates. Ofcom's analysis of the news available on commercial radio does not appear to acknowledge the different sources available ... it also fails to recognise that most news output is sourced, produced and edited by editorial teams, journalists and presenters based at the stations ...

[I]ndustry estimations are that more than 95% of the radio news scripts received from IRN [provided by Sky] are re-written by local editorial teams. ... In the vast majority of stations, IRN is not used for the broadcast [of] ready-made scripts and audio services it offers, but for facts and figures to support independent editorial.”<sup>5</sup>

This independent editorial (and use of multiple sources in addition to IRN) make clear the logic of Ofcom's decision.

#### *Evidence regarding diversity of radio output*

Given the above, it is not a surprise that there is some commonality of content and clips, as MRC has noted. However, it is wrong for MRC to conclude from this that these groups' news output is (for the purposes of news plurality) substantially driven by Sky.

In and of themselves, identical clips across Bauer and Global signify little. The BBC and ITV might both use the same clip from a statement by the Prime Minister, but this would not indicate a plurality problem.

To understand the output of Global and Bauer in more detail, I have analysed the 8am bulletins of four Global stations (Heart, Capital, Classic FM) and three Bauer stations (Magic, Kiss, and Planet Rock).

I chose 8am because it is the hour of peak radio listening. While I have not examined other hours, I note that Global runs its own news room 24 hours, and Bauer does so from 6am to 9pm. (Overnight, Bauer may depend on Sky's bulletins, but listening is substantially lower then).

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<sup>5</sup> RadioCentre, [Measurement Framework for Media Plurality](#) (letter to Ofcom), 19 May 2015

These stations were chosen since they have the largest audience for their respective groups. For comparison, I also reviewed the bulletins of BBC Radio 1, 2 and 4.

I reviewed the period Monday 30 October to Friday 3 November. I omitted concluding sports stories, although I have included them on the (few) occasions where stations deemed them important enough to put them higher up the running order.

The results are shown on page 8. On a given day, stories are ranked based on the number of different stations that covered them. On Monday, for example, all ten stations in my sample covered the Kevin Spacey sexual harassment story, so this tops that day's list.

Numbers within the table indicate where the story in question appeared in the running order of a station's bulletin (if it appeared at all). For example, on Monday the Kevin Spacey story ranked third in Heart's 8am bulletin. That station led with an item related to the Grenfell fire, followed by one on police cuts.

Figure 1: Position of stories in radio news bulletins, 30 Oct – 3 Nov 2017<sup>6</sup>

| Story ID                 | Global |         |            |        | Bauer |      |             | BBC     |         |         |
|--------------------------|--------|---------|------------|--------|-------|------|-------------|---------|---------|---------|
|                          | Heart  | Capital | Classic FM | Smooth | Magic | Kiss | Planet Rock | Radio 1 | Radio 2 | Radio 4 |
| <b>Monday 30 Oct</b>     |        |         |            |        |       |      |             |         |         |         |
| Spacey                   | 3      | 3       | 3          | 2      | 4     | 2    | 1           | 2       | 1       | 2       |
| MP Harassment            |        |         | 2          | 3      | 2     |      | 3           | 3       | 2       | 1       |
| Grenfell                 | 1      | 1       | 1          | 1      | 1     | 1    | 2           |         |         |         |
| Lewis Hamilton           |        | 4       | 8          | 6      |       | 4    | 5           |         | 3       |         |
| Catalonia                |        |         | 4          | 4      |       |      |             | 4       | 3       |         |
| Budget deficit           |        |         | 6          |        |       |      |             | 5       | 4       |         |
| Police cuts              | 2      |         |            | 5      | 3     |      |             |         |         |         |
| Gordon Brown biog        |        |         |            |        |       |      |             | 7       | 7       |         |
| Student loans            |        |         |            |        |       |      |             | 4       |         | 6       |
| Survey re masculinity    |        |         |            |        | 5     |      | 4           |         |         |         |
| Pride of Britain Awards  |        |         |            | 7      |       | 5    |             |         |         |         |
| NI Power sharing         |        |         | 5          |        |       |      |             |         |         | 5       |
| Stabbing                 |        | 2       |            |        |       | 3    |             |         |         |         |
| Rita Ora                 | 4      | 5       |            |        |       |      |             |         |         |         |
| Lynx escape              |        |         |            |        |       |      |             | 8       |         |         |
| Russians/US elections    |        |         |            |        |       |      |             | 6       |         |         |
| Secondary tickets        |        |         |            |        |       |      |             | 5       |         |         |
| Sport                    |        |         |            |        |       |      |             | 1       |         |         |
| HMS Queen Elizabeth      |        |         | 7          |        |       |      |             |         |         |         |
| <b>Tuesday 31 Oct</b>    |        |         |            |        |       |      |             |         |         |         |
| Betting Terminals        | 4      | 4       | 1          | 2      | 2     | 1    | 1           |         | 1       | 1       |
| Netflix                  | 1      | 1       | 2          | 1      | 5     | 2    | 4           | 1       | 6       |         |
| Facebook Propaganda      |        |         | 3          | 4      | 1     |      | 3           |         | 3       | 4       |
| Pride of Britain         |        | 6       |            | 5      | 7     | 5    |             |         |         |         |
| Air Quality              | 2      | 2       |            |        | 4     |      | 2           |         |         |         |
| Knife Crime              | 3      | 3       |            | 3      |       |      |             |         |         |         |
| Maternity Staff          |        |         |            |        |       |      |             | 4       | 6       |         |
| City Jobs                |        |         |            |        |       |      |             | 2       | 2       |         |
| Westminster Harassment   |        |         |            |        | 3     |      |             |         |         | 8       |
| Working Mothers          |        |         | 5          |        |       |      |             | 2       |         |         |
| Catalonia                |        |         | 4          |        |       |      |             |         |         | 3       |
| Merkel / Reformation     |        |         |            |        |       |      |             |         |         | 10      |
| Brown on Bankers         |        |         |            |        |       |      |             |         |         | 9       |
| Korea Cyberattack        |        |         |            |        |       |      |             |         |         | 7       |
| Legal Aid                |        |         |            |        |       |      |             |         |         | 5       |
| Fire Death               |        |         |            |        |       |      |             | 5       |         |         |
| Travis Scott             |        |         |            |        |       |      |             | 4       |         |         |
| Sugary Drinks            |        |         |            |        |       |      |             | 3       |         |         |
| Sean Dyche / Everton     |        |         |            |        |       | 4    |             |         |         |         |
| Jihadi returns to UK     |        |         |            |        |       | 3    |             |         |         |         |
| £2m stolen from Students |        |         |            |        | 6     |      |             |         |         |         |
| Billy Connolly           |        |         | 7          |        |       |      |             |         |         |         |
| Tooth Decay Treatment    |        |         | 6          |        |       |      |             |         |         |         |
| Mo Farrah                |        | 5       |            |        |       |      |             |         |         |         |
| Rita Ora                 | 5      |         |            |        |       |      |             |         |         |         |
| <b>Wednesday 01 Nov</b>  |        |         |            |        |       |      |             |         |         |         |
| NY Terror                | 1      | 1       | 1          | 1      | 1     | 1    | 1           | 1       | 1       | 1       |
| D Green Investigation    | 2      | 2       | 2          | 2      | 2     | 2    | 2           |         | 2       | 2       |
| Prince Harry             |        |         | 5          | 3      | 4     | 3    |             |         |         |         |
| Ayers Rock               |        |         |            |        | 5     |      |             | 8       | 7       |         |
| Police Funding           |        |         |            |        |       |      |             | 5       | 5       |         |
| Navy Spares              |        |         |            |        |       |      |             | 4       | 3       |         |
| NHS Fraud                |        |         |            |        |       |      |             | 3       | 4       |         |
| Piven Harassment         | 3      | 3       |            |        |       |      |             |         |         |         |
| Hastings Pier            |        |         |            |        |       |      |             |         |         | 8       |
| Guilford Inquest         |        |         |            |        |       |      |             |         |         | 6       |
| Brexit Impact            |        |         |            |        |       |      |             | 7       |         |         |
| Cyberbullying            |        |         |            |        |       |      |             | 6       |         |         |
| Adult Ad                 |        |         |            |        |       |      |             | 4       |         |         |
| Labour Assault           |        |         |            |        |       |      |             | 3       |         |         |
| Netflix                  |        |         |            |        |       |      |             | 2       |         |         |
| Senators Social Media    |        |         |            |        |       |      | 3           |         |         |         |
| Chelsea                  |        |         |            |        |       | 4    |             |         |         |         |
| London Crash             |        |         |            |        | 3     |      |             |         |         |         |
| Stormont                 |        |         | 4          |        |       |      |             |         |         |         |
| Hillsborough Review      |        |         | 3          |        |       |      |             |         |         |         |
| Ed Sheeran               |        | 4       |            |        |       |      |             |         |         |         |
| Miranda Hart             | 4      |         |            |        |       |      |             |         |         |         |
| <b>Thursday 02 Nov</b>   |        |         |            |        |       |      |             |         |         |         |
| Fallon Resigns           | 2      | 2       | 1          | 1      | 1     | 1    | 1           | 1       | 1       | 1       |
| NY Terror                |        | 3       | 3          | 4      | 4     | 2    | 2           | 2       | 3       | 6       |
| Manchester Bombing       | 4      | 1       | 2          | 3      | 5     | 3    | 3           |         |         |         |
| Mortgage Rates           | 1      | 4       | 5          | 6      | 3     |      |             |         | 5       | 3       |
| Fake News Dictionary     |        | 7       |            | 8      |       |      | 5           | 5       | 6       | 9       |
| Taxi Crash               | 3      | 5       |            | 2      | 2     |      |             |         |         |         |
| Euro Nurses              |        |         |            |        |       |      |             | 4       | 2       | 2       |
| SAS                      |        |         |            |        |       |      |             | 3       | 4       | 4       |
| D Hoffman                |        |         | 4          | 5      | 6     |      |             |         |         |         |
| Tottenham                |        |         |            |        |       |      | 4           | 4       |         |         |
| Sport                    |        | 6       |            | 7      |       |      |             |         |         |         |
| Brexit Impact            |        |         |            |        |       |      |             |         |         | 8       |
| Netanyahu                |        |         |            |        |       |      |             |         |         | 7       |
| Catalonia                |        |         |            |        |       |      |             |         |         | 5       |
| Music 2                  |        |         |            |        |       |      | 5           |         |         |         |
| Parliament Women         |        |         |            |        | 7     |      |             |         |         |         |
| HS2                      |        |         | 6          |        |       |      |             |         |         |         |
| Music                    | 6      |         |            |        |       |      |             |         |         |         |
| Flu Jabs                 | 5      |         |            |        |       |      |             |         |         |         |
| <b>Friday 03 Nov</b>     |        |         |            |        |       |      |             |         |         |         |
| Labour MP Suspended      | 2      | 1       | 1          | 1      | 1     | 2    | 2           | 1       | 1       | 1       |
| Trump Twitter            |        | 3       | 6          |        |       | 3    | 5           | 4       | 8       | 9       |
| Brady Burial             |        |         | 3          | 3      |       |      | 3           |         | 4       | 4       |
| Ambulance Waiting        |        |         | 2          | 2      | 3     |      | 1           |         |         |         |
| Fan Assault              |        |         |            |        |       |      | 4           | 4       |         | 10      |
| Fallon Denial            |        |         |            |        | 2     |      |             |         | 2       | 2       |
| Bus Driver Abuse         | 3      | 2       |            |        | 4     |      |             |         |         |         |
| Drug Approval            |        |         |            |        |       |      |             |         | 7       | 8       |
| Catalonia                |        |         |            |        |       |      |             |         | 5       | 6       |
| Priti Patel              |        |         |            |        |       |      |             |         | 3       | 3       |
| Arsenal                  |        | 5       |            | 5      |       |      |             |         |         |         |
| Sam Smith                | 5      | 6       |            |        |       |      |             |         |         |         |
| Transport Police         | 4      |         | 7          |        |       |      |             |         |         |         |
| Interest Rates           |        |         |            |        |       |      |             |         |         | 7       |
| Syria/IS                 |        |         |            |        |       |      |             |         |         | 5       |
| Bacteria/Cancer          |        |         |            |        |       |      |             |         | 6       |         |
| Ferne McCann             |        |         |            |        |       |      |             | 5       |         |         |
| Stabbing Scheme          |        |         |            |        |       |      |             | 3       |         |         |
| Terrorist Uber           |        |         |            |        |       |      |             | 2       |         |         |
| Dench Career             |        |         |            |        |       | 5    |             |         |         |         |
| 16/17 Old Votes          |        |         |            |        |       | 1    |             |         |         |         |
| Prince William           |        |         |            |        | 6     |      |             |         |         |         |
| Rail Disruption          |        |         |            |        | 5     |      |             |         |         |         |
| Orient Express           |        |         |            | 6      |       |      |             |         |         |         |
| Online Groceries         |        |         | 8          |        |       |      |             |         |         |         |
| Dench Harassment         |        |         | 5          |        |       |      |             |         |         |         |
| PM/Israel                |        |         | 4          |        |       |      |             |         |         |         |
| iPhone                   |        | 7       |            |        |       |      |             |         |         |         |
| Bonfires                 |        | 4       |            |        |       |      |             |         |         |         |
| ADHD                     | 1      |         |            |        |       |      |             |         |         |         |

<sup>6</sup> Author's analysis of Yahoo News UK home page, via [Wayback Machine](#). Screen captures can be provided on request

A number of conclusions can be drawn from this data:

- On some days, certain stories are deemed important by all (or nearly all) stations, commercial or BBC. For example, on Wednesday all ten stations led with the New York Terror attack, and all but one followed with the investigation regarding Damian Green. Clearly such commonality doesn't represent a plurality problem, but is rather a consequence of certain stories being highly news-worthy
- There is considerable variation in the stories covered by the different commercial stations, both between and within corporate groups. For example, on Monday four commercial stations deemed the MP sexual harassment story to be a top 3 item – the other three (two Global, one Bauer) didn't cover it at all. On Wednesday, Heart was the only station in my sample *not* to have a follow up item on the New York terror attack. On a quantified basis, for the 76 stories covered by commercial radio in my Monday-Friday sample, on average each was covered by just 2.5 out of the 7 stations
- There are a large number of unique items from the commercial stations (such as Kiss' sole coverage of a Jihadi returning to the UK, which they ran at #3 in their Tuesday bulletin). Across the five days, there were 31 such items from the commercial stations – equivalent to 41% of all stories covered by commercial radio, or a little less than one per station per day.
- There is considerable variation in the prominence given to different stories by commercial radio. For instance, on Tuesday Classic FM led with a story on betting terminal regulation. For its Global stablemates Heart and Capital, this was only a #4 item.

While it is not immediately evident from the quantitative information I report here, it is also clear from listening to the bulletins that even when different commercial stations are reporting the same story, they generally do so in quite different ways.

For example, on the Monday all the commercial stations gave prominence to the Grenfell fire story (based on a new report from mental health professionals). However, they took varying angles. Just within the Global stations:

- Only Heart and Capital mentioned that firemen were to be recognised
- Three of the four Global stations covered the particular impact on children
- Heart was alone in mentioning that a number of victims had refused help
- Capital was alone in mentioning that it was the biggest mental health operation in Europe

There was similar diversity in the commercial stations' coverage of the New York terror attack. Some included clips from a correspondent, and some did not. The stations used a wide variety of different interviews with witnesses. Some included interviews with New York's mayor, some did not. Some led with the ISIS connection, others did not.

Based on the above evidence, it is clear that it is quite wrong to suggest commercial radio's output is materially controlled by Sky. This output analysis is entirely consistent with RadioCentre's discussion of the inputs to radio news bulletins. Independent editorial decisions – regarding story selection, order and angle - are being made not just at the group level, but at the individual station level. This represents substantial plurality, and makes it entirely inappropriate to seek to allocate some or all of radio news consumption to Sky on a wholesale basis.

Finally regarding radio, I note that radio stations are bound by impartiality regulations. While these do not necessarily eliminate plurality concerns, they greatly attenuate them. To suggest that Sky's contract with IRN is a significant threat to plurality, notwithstanding *both* clear editorial control at the station level *and* the impartiality requirement, is simply not credible.

#### *Inconsistency in MRC's proposed approach*

For the reasons set out above, MRC's approach cannot be accepted. Moreover, it is in any event applied inconsistently by MRC. If MRC feels that any common content is an indicator of influence (even when day-to-day editorial control sits elsewhere), then it cannot just apply this logic to commercial radio and Sky. It should apply it to other areas of news provision also – notably to newspapers and the wire services (such as Bloomberg, Reuters, AP and PA).



The newspapers have heavy dependence on such services. In their evidence to the Leveson Inquiry, MRC itself (then CCMR) noted that:

“Surveys of working journalists and news content both suggest that news-gathering and production has suffered in a variety of ways. One of these is the increased dependency of journalists on outside ‘information subsidy’ supply, in the form of public relations material and news wire copy. Lewis et al.’s study (2008) of 2,207 newsprint items and 402 broadcasts, found that 19% of press stories and 17% of broadcasts were entirely or mainly reproduced PR material. 49% of press stories were either entirely or mainly dependent on news wire agency copy, much of which itself has come from press releases”<sup>7</sup>

It seems likely these figures would be even higher today, given continuing pressure on newsroom budgets and the need (in a digital environment) to post stories ever more quickly. This was the finding of a recent Dutch study, *A Gatekeeper amongst Gatekeepers*, which concluded:

“For the four newspapers with [Dutch wire service] ANP subscriptions we even found that between 50% and 75% of political news consisted of (partial) copies of ANP articles.”<sup>8</sup>

Ofcom’s view is that “[w]hen a retail provider is drawing on a third party for content as well as producing its own content we would consider it to be acting as the wholesale provider of the news source”. MRC has proposed a different definition, arguing that “the logical basis for defining wholesale news provision” is whether an outlet’s news is “*predominantly* sourced from their own original newsgathering” [emphasis in original].<sup>9</sup> The very figures MRC cited in its evidence to the Leveson Inquiry show that newspapers’ output is *not* predominantly sourced from their own original newsgathering.

Thus to be consistent, MRC should apply the same approach it proposes for radio to newspapers, and in particular to the *Sun* and the *Times*. This would have the effect of materially reducing the

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<sup>7</sup> Co-ordinating Committee for Media Reform, [Promoting a democratic and accountable media](#), November 2011 [submission to the Leveson Inquiry]. The Lewis et al study cited is: Justin Lewis, [“A compromised fourth estate?”](#), *Journalism Studies*, 6 February 2008

<sup>8</sup> Kasper Welbers et al, [“A Gatekeeper among Gatekeepers: News agency influence in print and online newspapers in the Netherlands”](#), *Journalism Studies*, June 2016

<sup>9</sup> Media Reform Coalition and Avaaz, [Fox/Sky merger proposal: Submission of evidence to Ofcom in lieu of the public interest test](#), March 2017

wholesale share of references of the News titles. However, MRC makes no such proposal.

[W]e mapped out news stories across 29 outlets at several daily time points over an extended period in September 2017. This enabled us to identify particular brands as significant agenda 'leaders' (covering stories first that are picked up by other outlets at a later time point) ... News UK accounted for the highest share of agenda leading stories, and was also the dominant agenda leader in our sample based on levels of salience (headline prominence).

There are several problems with the analysis which MRC sets out<sup>10</sup>:

- It does not distinguish between leading the agenda and breaking news
- It omits entirely other sources which set the agenda
- It does not appear to distinguish between agenda setting within vs across organisations
- The results are substantially inconsistent with another similar study
- The resulting numbers are, on their face, highly surprising
- Even if they are accepted, they are not as significant as MRC appears to believe

#### *Leading the agenda vs breaking news*

In its analysis MRC confuses two quite different issues – leading the new agenda, and being the first to publish a story.

For example, if a major story breaks, all outlets are likely to cover it. However, one outlet is bound to be the first to publish the story. Does that mean that outlet has lead the news agenda? Has the story been 'picked up by other outlets' because of the first outlet? Certainly not, it was just quickest to break the news.

As far as I can tell MRC makes no attempt to distinguish between leading the agenda and simply being first to publish. For this reason alone, the analysis is limited in what it can tell us regarding agenda setting power.

This is doubly so since the BBC (which ranks relatively low in MRC's analysis) has traditionally been somewhat slower to break news,

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<sup>10</sup> MRC's analysis is set out in greater detail in pages 15-16 of their report

preferring to wait for greater levels of verification.<sup>11</sup> Its focus has tended to be on "scoops of interpretation".<sup>12</sup> The fact that the BBC (in particular) has not published a story at a particular point in time does not mean it isn't working on such a story. For this reason the MRC approach may inappropriately credit other outlets with 'leading' the BBC.

### *Omission of other agenda setting sources*

MRC notes that it has (in part) followed the approach of Harder et al.<sup>13</sup> However, in one crucial regard MRC has deviated from this approach – namely, they have not included Twitter in its analysis. The contribution of Twitter to the news agenda is widely accepted, with Donald Trump's tweets being a case in point. Harder et al found that Twitter had a material role:

"Having no fixed schedule, news Web sites and Twitter are both comparatively fast to carry news stories, attesting their prominent agenda-setting role. Television news and newspapers, in contrast, have fewer occasions to publish and are consequently relatively slow to cover news. Their ability to set other media platforms' agenda is therefore limited."

Harder et al noted that journalists, media organisations and politicians were important on Twitter as agenda setters, and noted:

"though politicians and parties on Twitter do not seem to set the agenda of Twitter media users that often (38 percent), their discussions of particular news stories precede Web sites' news coverage in a (small) majority of cases (55 percent). This pattern suggests that political Twitter accounts may function as inspiration or source material for Web site news more often than that they directly influence "other" actors' tweets."

Thus MRC's omission of Twitter from its analysis is doubly significant. Instances MRC records a news outlet leading the agenda may in fact simply be a case of that outlet 'following quicker' an agenda that has in fact been set on Twitter. Further, even if we set aside potential misallocation in MRC's analysis, if Twitter were

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<sup>11</sup> For a discussion of these issues by TV news editors, see ["News executives debate the accuracy of online breaking news coverage"](#), *Television Magazine*, October 2017

<sup>12</sup> Roy Greenslade, ["Let's get BBC news back to the future, urges scoop-loving James Harding"](#), *The Guardian*, 4 December 2013

<sup>13</sup> Harder, R.A., Sevenans, J. and Van Aelst, P., ["Intermedia Agenda Setting in the Social Media Age: How Traditional Players Dominate the News Agenda in Election Times"](#), *The International Journal of Press/Politics*, 28 April 2017

included, its role as an agenda-setter would dilute the apparent influence of traditional media organisations (such as News).

Nor is Twitter the only such omission. For example, at the time of writing substantial coverage is being given to a spreadsheet listing alleged inappropriate sexual behaviour by MPs. This story was broken by the Guido Fawkes blog<sup>14</sup> – but in MRC’s analysis would have been credited to whichever outlet in their set was first to follow an agenda already set by Guido Fawkes.

#### *Agenda leading within vs across organisations*

MRC’s approach appears to be to count any instance where one source reports a story before all other sources as an example of ‘agenda leading’. However, MRC includes multiple sources for certain outlets. For example, both the Sun and theSun.co.uk are included. It would appear therefore (again, based on MRC’s limited description), that a story which first appeared on theSun.co.uk and later in the Sun – but nowhere else – would (wrongly) be counted as an instance of the Sun leading the agenda. If this is indeed the case, MRC’s methodology will overstate the importance of organisations with multiple sources.

#### *Inconsistency with other study*

MRC highlights another study of agenda setting by Cardiff University.<sup>15</sup> This considered the influence of newspapers over television during the 2015 election. For our purposes here, what is most relevant is that study’s ranking of the claimed agenda-setting power of different newspapers.

Cardiff found the *Telegraph* to be most important, somewhat or appreciably ahead of the *Times*, depending on the metric. By contrast, the MRC analysis finds that the *Telegraph* has perhaps one-half the agenda setting power of the *Times*.<sup>16</sup> To take another example, the Cardiff study finds that the *Independent* is somewhat or significantly ahead of the *Mail*. Conversely, MRC finds that the *Mail*<sup>17</sup> is well ahead of the *Independent*<sup>18</sup>.

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<sup>14</sup> [Order-order](#)

<sup>15</sup> Cushion et al, [Newspapers, Impartiality and Television News](#), 28 April 2016. For a detailed discussion of this paper (and the limits to what it tells us regarding intermedia agenda setting) see Robert Kenny [for 21CF], *A critique of MRC/Avaaz’s ‘Consolidating Control’*, March 2017

<sup>16</sup> Based on the discussion in MRC’s text, we assume that the bulk of News UK’s claimed agenda setting power derives from the *Times*

<sup>17</sup> MRC label the relevant bar on their graph ‘DMGT’, but they do not appear to have included the *Metro* or any other DMGT outlets other than the *Mail*

<sup>18</sup> MRC label the relevant bar ‘Independent Print’. I assume this is a typo for ‘Independent’, since the *Independent* no longer has a print edition

Such inconsistencies have many possible explanations. They may be due the different time periods examined; they may be due to subjective judgements embedded in the approach; or it may be small differences in the design of the approaches makes material differences to the outcome. Regardless, it suggests that such analyses of agenda setting power are an unstable basis on which to reach judgements.

### *Perplexing results*

Whatever the details of MRC's methodology, the results are, on their face, perplexing.

First, it identified only 108 'units of analysis' – separate political stories (potentially covered by multiple outlets). This seems surprisingly low, given that these stories were from 29 different outlets, at four different time points across ten days. While it is not practical to retrospectively review the exact period reviewed by MRC, I have reviewed for just one source – the *Times* – the period 20-29 October.<sup>19</sup> Across these ten days I identified 122 distinct political stories<sup>20</sup> in this one outlet. Thus it is puzzling that MRC, across all 29 outlets, identified only 108 distinct political stories.<sup>21</sup>

Second, MRC suggests that out of these 108 stories, 66 had a 'clear agenda leader'. This is surprising, since so much news is inherently unlikely to be 'led' by any one outlet. It is by its nature public and of broad interest, likely to be covered by multiple outlets. Examples (amongst many others) include: a debate in the House of Commons; an announcement by the PM or other politicians; a press conference after a Brexit negotiation; latest crime, immigration or economic figures; and so on. Such stories are fundamentally newsworthy, and it is fanciful to think that one outlet would cover such a story simply because another outlet had. Thus MRC's suggestion that for over 60% of stories one particular news organisation sets the agenda (rather than the topic being inherently public and newsworthy) is counterintuitive.

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<sup>19</sup> To be consistent with the MRC time period, this was selected to include two weekends. I have no reason to believe that 20-29 October was in any way a particularly heavy news period

<sup>20</sup> As did MRC, we excluded international, social and 'non-political' stories. Inevitably there is a measure of judgement in this. I excluded political sketch items and comment pieces, but included items on politically charged issues such as crime, immigration or the economy if they were 'macro' (for example, reporting crime figures rather than a particular crime)

<sup>21</sup> One possible explanation is that MRC has only looked at the top five stories at each point of time for each outlet. But this raises a different problem. Imagine two outlets covered a story at the same time, and were later followed by other outlets. However outlet X ran the story at #5 and outlet Y ran the story at #6. MRC's analysis would not pick up outlet Y, and thus outlet X would be deemed to have 'led the agenda' on this story, even though it was not even first to report it



### *Significance overstated*

Even if we set aside all of the above concerns and simply take MRC's figures at face value, their findings are not as significant as they claim. Based on salience (which appears to be MRC's preferred metric<sup>22</sup>), News UK would have a 'salience share' of 19%, just ahead of DMGT's 17%. It is hard to reconcile this with MRC's claim that News UK is "the dominant agenda leader".

We can also consider the purported agenda setting power in absolute terms. MRC seems to have found 13 stories which it claims News UK led, and that these stories had salience of 156.<sup>23</sup> To calculate total salience, MRC appear to assign a 1-5 score for each follower article, based on whether that article was first headline (getting a score of 5) or below, with the fifth headline getting a score of 1. If we assume an average salience of 3, then these figures imply that the 13 stories in which News UK notionally led were each picked up by an average of just 4 outlets – out of the 29 outlets in MRC's sample. That News UK managed, over ten days, to lead the agenda on just 13 stories, and these stories appeared in just one-seventh of the wider media market also does not suggest dominant agenda setting power.

### *Caveat*

I conclude by again underlining that the discussion above is based on the very limited description of methodology provided by MRC. It may be that the details of that methodology would mitigate some of the concerns above. However, until that greater detail is interrogated, no weight should be attached to MRC's analysis of agenda-setting.

Sky and News UK titles combined account for the largest share of headline stories featured on major news aggregators (Yahoo News UK, MSN News UK, and Facebook Trending).

The fundamental point regarding MRC's claim is that even if it were accurate, it would have little significance, since the outlets in question are so small. Yahoo News' share of references is just 0.5% (less than Al Jazeera's), and MSN's is even smaller, at 0.3%.<sup>24</sup> (It is not clear why MRC has not considered Google News, which is as large as Yahoo News and MSN combined).

<sup>22</sup> For instance, it is the basis on which it ranks providers in Figure 6. However, if we instead used the number of stories, similar logic would apply: News UK would have a 20% share, slightly ahead of AOL with 17%

<sup>23</sup> MRC has not provided actual numbers, so these are estimated from MRC's Figure 6

<sup>24</sup> Communications Chambers analysis of data from Kantar Media [for Ofcom], [Ofcom News Research 2016](#), 30 June 2017

There are no figures available for Facebook Trending<sup>25</sup> specifically, but the available evidence suggests that it is also minor. According to Adweek “Facebook’s Trending box has never been terribly popular”,<sup>26</sup> and click-through rates are dropping. On smartphones (which generate over 70% of Facebook’s UK usage)<sup>27</sup> it can be difficult to find. A user must hit the ‘more’ button on the app home-screen, then scroll down past two screens of other options, and then select ‘trending’ before seeing any stories.<sup>28</sup>

Thus even if consumption through these aggregators *were* skewed to News or Sky outlets, the impact on share of overall consumption would be de minimis.

Further, these sources are inherently plural, with multisourcing effectively embedded. Each draws on multiple third-parties (plus, in Yahoo’s case, its own news team). Indeed, Facebook Trending presents multiple sources *on each story*. According to the company:

“when you click on a Trending topic, you’ll see a carousel with stories from other publications about a given topic that you can swipe through. By making it easier to see what other news outlets are saying about each topic, we hope that people will feel more informed about the news in their region”.<sup>29</sup>

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<sup>25</sup> ‘Facebook Trending’ is not to be confused with the Newsfeed on Facebook, which dominates screen real-estate and likely also Facebook usage

<sup>26</sup> Kimberlee Morrison, [“Facebook’s Trending Topics Are Not So Useful or Popular \(Report\)”](#), Adweek, 13 March 2017

<sup>27</sup> UKOM, [UK Digital Market Overview – June 2017](#), 2017

<sup>28</sup> On an iPhone 8. iOS and Facebook app current as of 1 November 2017

<sup>29</sup> Facebook, [Update on Trending](#), 24 May 2017

Shown right is a sample screenshot of top items on Facebook Trending on an iPhone, showing that for all but one topic, Facebook is offering at least 20 different sources. (Note also, that despite this being a UK phone and a UK Facebook account, in UK business hours, not one UK news story is shown – as we will see, this is a common pattern).

This inherent plurality on these aggregator services means that consumers are exposed to multiple perspectives. Further, both story selection and ordering is the aggregators' hands. Underlying providers have no control over the news agenda on such services – they cannot determine which stories are picked up by the aggregators, nor which are shown to particular users, nor what prominence they are given. This is a radically different position from the underlying providers' own outlets – where if an editor puts a given item at the top of their bulletin or on their front page, they know virtually every one of their audience will see it. Thus the aggregators are a very poor route to influence for an underlying provider.

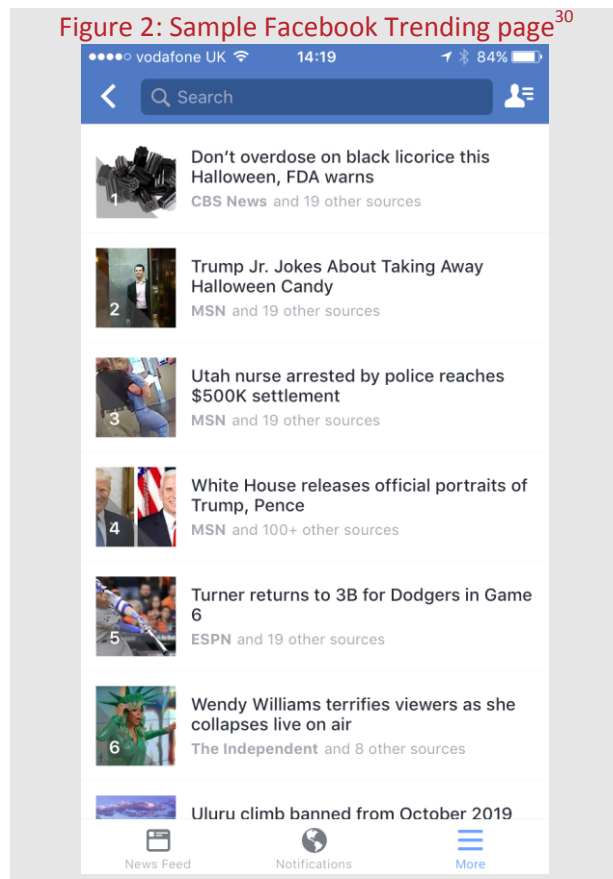
Finally, aggregators can and do change their algorithms for selecting stories at will, which can have significant impact on traffic referred to third party sites. Therefore aggregators are at best an unstable path to influence.

Thus the relevance of MRC's claims is very much in doubt. In addition, my attempts to replicate them – described below – suggest that it would be worth understanding in greater detail the methodology MRC used.

### *Yahoo News*

I have used the Wayback Machine to review the Yahoo News UK home page each day, for the period 10-19 September.<sup>31</sup> The Wayback Machine does not store a consistent number of captures

Figure 2: Sample Facebook Trending page<sup>30</sup>



<sup>30</sup> UK phone and Facebook account. Screenshot as of 14:18, 1 November 2017

<sup>31</sup> MRC did not specify that they used exactly these dates, noting just that they examined a 10 day period in September. However, these dates are consistent with those used in MRC's analysis of news agenda setting

each day, so I cannot exactly replicate MRC’s analysis of multiple, consistent time points each day. Instead, I have used one capture each day, selected to lie (as near as possible) in the afternoon peak of daily internet usage.

The layout of the Yahoo News page is one banner headline plus five boxed items across the screen immediately below. This represents the content which is consistently above the fold on the site. Thereafter there is a long list of other stories.

To be consistent with MRC’s review of the top five headlines, I have reviewed the banner headline and the first four of the boxed stories. The Wayback Machine also allows us to identify the source of each such story. Across the 50 stories reviewed, my findings are as follows:

Figure 3: Sources of top 5 Yahoo News stories, 10-19 Sep 2017<sup>32</sup>

| Underlying source | Story Count | Saliency | Count share | Saliency share |
|-------------------|-------------|----------|-------------|----------------|
| Yahoo             | 30          | 95       | 60%         | 63%            |
| Telegraph         | 8           | 25       | 16%         | 17%            |
| HuffPo            | 8           | 22       | 16%         | 15%            |
| Independent       | 1           | 5        | 2%          | 3%             |
| Guardian          | 1           | 1        | 2%          | 1%             |
| Evening Standard  | 1           | 1        | 2%          | 1%             |
| Sky               | 1           | 1        | 2%          | 1%             |
|                   | 50          | 150      | 100%        | 100%           |

These results paint a very different picture than that suggested by MRC. Firstly, at least for these lead stories, Yahoo is substantially its own wholesale supplier, with its own by-lines for 60% of the stories (and 63% on MRC’s saliency measure). Secondly, far from Sky or News being an important underlying supplier, these two organisations together supplied just one story out of 50.

I do not know how to explain our starkly different results. I note that Yahoo does appear to make heavier use of third-party content at weekends, and it is at least possible they would make heavier use in weekday off-peak periods. These may have been captured in MRC’s analysis, though clearly off-peak periods are less relevant to understanding the impact of wholesale supply to news consumption.

<sup>32</sup> Author’s analysis of Yahoo News UK home page, via [Wayback Machine](#). Screen captures can be provided on request

Regardless, even if the inclusion of off-peak hours upped the percentage of third-party content, it may or may not up the percentage of News or Sky content. (In my sample, there was no such content at weekends). If Sky's apparent importance in MRC's analysis of Yahoo *does* derive from off-peak hours, then clearly it needs to be down-weighted accordingly.

### MSN News

Our replication of MRC's analysis for MSN is necessarily more approximate, since the Wayback Machine has appreciably fewer captures, and omits some days entirely. There was no data for 10<sup>th</sup> and 15<sup>th</sup> September, and for other days I needed to use off-peak time points. For the eight days I tracked, I found the following:

Figure 4: Sources of top 5 MSN UK news stories, 10-19 Sep 2017<sup>33</sup>

| Underlying source | Story Count | Salience | Count share | Salience share |
|-------------------|-------------|----------|-------------|----------------|
| PA                | 10          | 24       | 25%         | 20%            |
| Sky               | 9           | 20       | 23%         | 17%            |
| Guardian          | 5           | 21       | 13%         | 18%            |
| Telegraph         | 4           | 9        | 10%         | 8%             |
| Independent       | 4           | 15       | 10%         | 13%            |
| Mirror            | 4           | 15       | 10%         | 13%            |
| Evening Standard  | 1           | 3        | 3%          | 3%             |
| Liverpool Echo    | 1           | 5        | 3%          | 4%             |
| Birmingham Mail   | 1           | 4        | 3%          | 3%             |
| Esquire           | 1           | 4        | 3%          | 3%             |
|                   | 40          | 120      | 100%        | 100%           |

These figures suggest greater importance for Sky, which is the #2 player behind PA. However, it is far from dominant, with just 23% and 17% count share and salience share respectively. As with Yahoo, the News Corp titles do not appear. It is also clear that MSN is a highly diverse source, with ten different underlying providers represented in these eight snapshots.

### Facebook Trending

There is no public source of historic Facebook Trending results. I have therefore captured results for the period Tuesday 31 October to Friday 3 November. I captured results at 5pm each day. This time was chosen to allow prior UK consumption choices to influence Facebook's algorithm for its Trending results (should those have

<sup>33</sup> Author's analysis of MSN News UK home page, via [Wayback Machine](#). Data missing for 10<sup>th</sup>, 15<sup>th</sup> September. Screen captures can be provided on request



been relevant). However, as a practical matter spot checks at other times provided very similar outcomes.

The results are shown below. I have highlighted in red the instances of stories by UK news outlets. There are just two, both from the Guardian. Moreover, there are literally no stories *related to UK topics*. There are just two News Corp or 21CF stories (highlighted in green) out of the 40 listed, both from Fox News relating to President Trump.

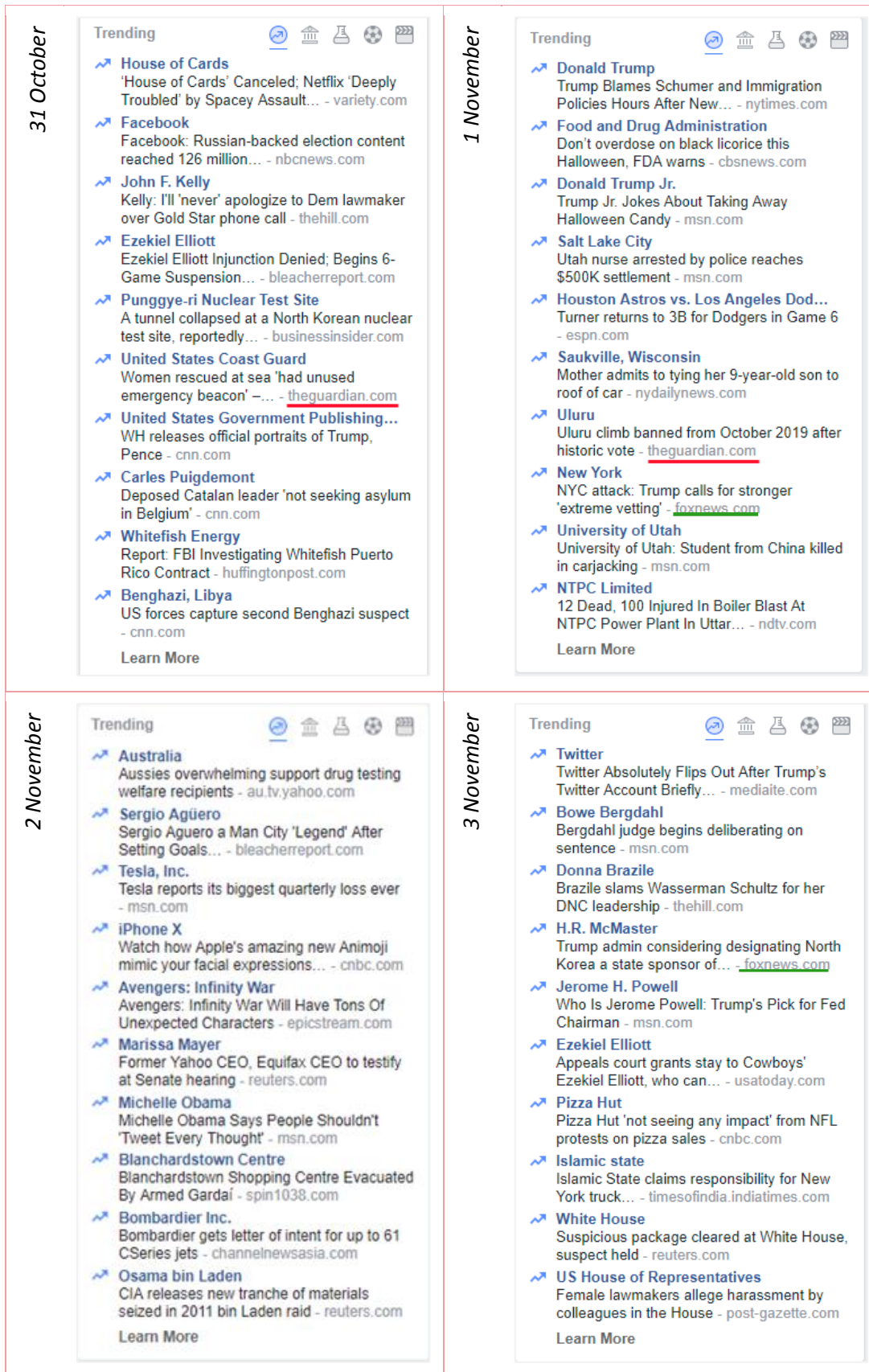
On the basis of this evidence, Facebook Trending would appear to have no relevance to a discussion of UK news plurality.<sup>34</sup>

Based on the limited description of MRC's methodology, I am unable to explain why it reached a different conclusion. I recognise that it covered a different period, and had a larger sample size. However, the results above are so stark that they strongly suggest a need for further interrogation of MRC's figures before attaching weight to them.

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<sup>34</sup> Even if there were a narrow focus on plurality of international news, Fox News would not be particularly powerful via Facebook Trends. Its two items compares to seven for MSN

Figure 5: Facebook Trending, 31 October – 3 November 2017, at 5pm



### Conclusion re aggregators

The above evidence suggests that:

- The outlets MRC has focused on are less significant than it claims
- Aggregators are inherently plural, making them a poor route to influence
- MRC may (for reasons that are unclear) be overestimating the importance of Sky and News within one or more of them.

Finally we consider MRC's summary results in their Figure 4, which shows articles on aggregators by source. It is (as they note) limited to the top 10 news sources via aggregators.<sup>35</sup> However, this leaves out the long tail of other sources – a crucial omission.

Based on the figures in the graph, the top 10 sources provided just over 300 of the aggregator articles in MRC's sample. However, MRC's sample was of 600 articles (3 aggregators x 10 days x 4 times x 5 headlines). Thus the articles shown in Figure 4 are just half of their total sample. This has the effect of exaggerating the importance of the outlets shown. In particular, it means that the 58 'Sky + News Corp' articles they have identified are less than 10% of their sample.

Thus its own figures are inconsistent with its claim that News and Sky combined would have a 'dominant presence' on aggregators.

*The Times and Sunday Times newspapers were particularly influential in our sample, in spite of their relatively low audience reach. This underscores the view expressed by a News UK spokesperson in 2015, defending a controversial story as "responsible journalism and another example of The Sunday Times setting the news agenda."*

Of course there are examples of the *Sunday Times* setting the news agenda – virtually every outlet will from time to time. But it is not a natural read of this quote to take it to mean that the *Sunday Times* generally sets the news agenda or is particularly influential.

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<sup>35</sup> Strictly, by including 'Sky+News Corp' they include the top 10 plus News Corp, which does not rank in the top 10

According to standard metrics of consumption and reach, as well as Ofcom's bespoke survey data, the merged entity will give the Murdoch family unparalleled control of news providers both within and across all news platforms. In terms of platform breadth, this dominance would be unmatched even by the BBC

Ofcom's bespoke survey suggests that on a cross media basis, even if News and Sky were to be treated as a single entity (a hypothetical 'News+Sky'), they would be a #3 player, behind ITN and far behind the BBC.

Looking at individual platforms:

- For online, News+Sky's share of time spent with 'News and Information' sites would be just 6.5%, far behind the BBC (51.8%) and after the Mail (8.8%), and only moderately ahead of the Guardian (4.9%).<sup>36</sup> Even this overstates the case, since it does not address news consumption on social media sites
- For TV, News+Sky would remain a third place player, with weekly reach a seventh that of BBC One and a quarter that of ITV<sup>37</sup>
- For radio, News+Sky would have minimal (2.8%) share via the Wireless Group<sup>38</sup>
- For newspapers, News+Sky would remain smaller than DMGT (taking into account the *Metro*, with its 3.0m circulation)<sup>39</sup>

It is hard to see how this represents "unparalleled control of news providers both within and across all news platforms".

MRC note that "[i]n terms of platform breadth, this dominance would be unmatched even by the BBC". MRC has raised this issue in each of their three papers. However, it still offers no rationale as why *breadth* of platforms is significant to assessment of plurality – and nor (to my knowledge) has anyone else.

Further, the only reason that the BBC does not have similar breadth is because it does not offer print newspapers – a platform of rapidly diminishing importance.

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<sup>36</sup> Communications Chambers analysis of Comscore data, June 2017. Includes mobile consumption

<sup>37</sup> Adults 16+, 3 minute consecutive weekly reach. Ofcom, [Public interest test for the proposed acquisition of Sky plc by 21st Century Fox, Inc.](#), 20 June 2017. ¶6.12

<sup>38</sup> RAJAR, Q3 2017

<sup>39</sup> NRS, [Newsbrands July '16 – June '17](#), 21 September 2017

Contrary to conventional wisdom, plurality in the UK national news market has not improved over recent years and there is strong empirical evidence suggesting it has contracted, especially as regards the multi-sourcing of news by consumers at the wholesale level. According to Ofcom's research, 46.7% of consumers in 2010 relied on just one or two wholesale news sources. By 2015, that figure had increased to 60%.

There are numerous problems with MRC's claim.

- The figures are not directly comparable, since they are based on different survey questions. In 2010 it was based on weekly use. In 2015 it is based on sources used 'nowadays'. While Ofcom has published results over time from its surveys 2013-2016, to my knowledge it has never sought to compare them to its 2010 figures
- MRC is using 2015 figures, though 2016 figures are available.<sup>40</sup> These show that multisourcing in 2016 was appreciably higher in 2016 than 2015, at 3.8 retail sources per news user, up from 3.5
- Ofcom has not directly published a 2016 figure for those using one or two wholesale news sources, but it can be calculated from respondent level data which Ofcom has published<sup>41</sup> – the figure for 2016 is 54%, not the 60% MRC cites for 2015. Any concern regarding influence of this 54% taking only one or two sources is mitigated by the fact that 38 percentage points of this group have the BBC as one of their sources
- Ofcom's approach treats each social media outlet (such as Facebook and Twitter) as a single source for the purposes of this calculation. In reality, exposure to multiple underlying sources via such platforms is a key and growing driver of multi-sourcing. Thus these figures inevitably understate the rise in multi-sourcing<sup>42</sup>
- Finally, one of the reasons measured multi-sourcing isn't even higher is because of the collapse of newspaper readership (an area where News was historically strong). The number of print retail sources per news consumers fell by 0.3 between 2013 and 2016, compared to a 0.6 *increase* in the number of online sources per person

<sup>40</sup> Ofcom, [News Consumption in the UK: 2016](#), 29 June 2017

<sup>41</sup> Ofcom, [News consumption in the UK: 2016 raw data](#) [accessed 27 October 2017]

<sup>42</sup> Note that we do not criticise Ofcom's approach. Via a survey of this type, it would be challenging to capture the range of sources respondents use via social media



Looking specifically at a hypothetical News+Sky, multisourcing is intense amongst those who consume from these sources. Based on my own analysis of respondent-level data<sup>43</sup> from Ofcom's latest news consumption survey, the average respondent taking news from Sky or News sources also takes news from 3.2 *other* wholesale sources. (There also appear to be *no* respondents who took news from Sky and News but no one else).

In other words, even if (hypothetically) News+Sky had a homogeneous view of the world across and within its outlets, this would still represent just one of four perspectives to which News+Sky consumers were exposed.

### **“Problems with evidence used by 21CF”**

21CF's initial submission to the CMA on plurality includes reports by two commercial media consultancies: Communications Chambers and Enders Analysis. Both organisations have listed the merging parties (21CF and Sky) as well as News Corp/News UK as clients for a number of years. It is worth also noting that in the case of Enders Analysis, this situation did not pertain in 2010 when the organisation opposed the merger between News Corporation and BSkyB [sic] on plurality grounds

BSkyB was listed as a client of Enders on that firm's website in October 2010 (and at several earlier dates),<sup>44</sup> at which point Clare Enders had already taken a very public position against the proposed News / BSkyB merger.<sup>45</sup>

To imply that Enders' position has changed as a result of changes in its client relationships is not supported by the facts.

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<sup>43</sup> Ofcom, [News consumption in the UK: 2016 raw data](#), 18 July 2017

<sup>44</sup> BSkyB was shown as a client of Enders Analysis as of 6 October 2010, based on a Wayback Machine [capture](#) of Enders' 'Clients' page of that date. It had been listed as a client at least since [January 2010](#)

<sup>45</sup> See, for example, James Robinson, [“Rupert Murdoch's Sky takeover should be blocked, Vince Cable told”](#), *The Guardian*, 13 September 2010, discussing a paper submitted by Clare Enders in July 2010

We note that the initial submission by 21CF to the CMA consists of over 200 pages ... with virtually no reference to scholarly research.

Scholarly research cited in the Communications Chambers paper submitted to the CMA includes:

Backshy, Eytan, Solomon Messing & Lada Adamic, ["Exposure to ideologically diverse news and opinion on Facebook"](#), *Science*, May 2015

Cushion et al, ["Newspapers, Impartiality and Television News"](#), *Journalism Studies*, 28 April 2016

Bell, Emily ["Facebook is eating the world"](#), *Columbia Journalism Review*, 7 March 2016

Bell, Emily & Taylor Owen [Columbia Journalism School]. [The platform press: How Silicon Valley reengineered journalism](#), April 2017

Buchanan, Margot [University of Stirling], "From the Scottish Referendum 2014 to the General Election 2015", in [UK Election Analysis 2015: Media, Voters and the Campaign](#), May 2015

Ceron, Andrea, ["Internet, News, and Political Trust: The Difference Between Social Media and Online Media Outlets"](#), *Journal of Computer-Mediated Communication*, June 2015

Cision & Canterbury Christ Church University, [2015 Global Social Journalism Study](#), 30 July 2015

Katholieke Univeriteit Leuven et al, [Independent Study on Indicators for Media Pluralism in the Member States – Towards a Risk-Based Approach](#), April 2009

Lee, Lewis & Powers, ["Audience Clicks and News Placement: A Study of Time Lagged Influence in Online Journalism"](#), *Communications Research*, 2014

Loughborough University Centre for Research in Communication and Culture, [Media coverage of the EU Referendum \(report 5\)](#), 27 June 2016

Newman, Nic for Reuters Institute [Oxford University], [\*Mainstream media and the distribution of news in the age of social discovery\*](#), September 2011

Newman, Nic for Reuters Institute [Oxford University], [\*Journalism, media, and technology trends and predictions 2017\*](#), January 2017

Newman, Nic & Antonis Kalogeropoulos for Reuters Institute [Oxford University], [\*Mapping Online News Discovery for Computer Users in the UK\*](#), 28 August 2017

Polonski, Vyacheslav [Oxford Internet Institute], [\*Impact of social media on the outcome of the EU referendum\*](#), 12 September 2016

Reuters Institute [Oxford University], [\*Digital-born news media in Europe\*](#), 6 December 2016

Reuters Institute [Oxford University], [\*Digital News Report 2016\*](#), 14 June 2016

Reuters Institute [Oxford University], [\*Digital News Report 2017\*](#), June 2017

Reuters Institute [Oxford University], for the Council of Europe, [\*Challenges and opportunities for news media and journalism in an increasingly digital, mobile, and social media environment\*](#), October 2016

Sagan, Paul & Tom Leighton [MIT], [\*"The Internet & the future of news"\*](#), *Daedalus*, 2010

Tambini, Damian & Sharif Labo for LSE, [\*Monitoring Media Plurality after Convergence\*](#), December 2015

Temple, Mick (Staffordshire University), [\*"It's the Sun wot lost it"\*](#), *Election Analysis*, June 2017

Vargo, Chris & Lei Guo, [\*"Networks, Big Data, and Intermedia Agenda Setting: An Analysis of Traditional, Partisan, and Emerging Online U.S. News"\*](#), *Journalism & Mass Communication Quarterly*, December 2016

Weimann, G. and Brosius, H. "A New Agenda for Agenda-Setting Research in the Digital Era" in *Political Communication in the Online World: Theoretical*

*Approaches and Research Designs*. Ed. Vowe, G. & Henn, P.,  
December 2015

Welbers et al, ["News selection criteria in the digital age:  
Professional norms versus online audience metrics"](#),  
*Journalism*, 2016

In addition, I cited numerous academics offering views of the market in less formal contexts, such as newspaper columns and letters.

21CF cites secondary data analysis conducted by Communications Chambers of Ofcom's latest news consumption survey, stating that "Social media (such as Facebook and Twitter) and aggregators (such as Google) are amongst the largest retail sources of news". In fact, Ofcom has made clear in its plurality measurement framework that social media and search engines *should not* be classified as retail news sources if they are neither an exclusive carrier for a wholesale provider nor independent news producers in their own right

This mis-categorisation results in a significantly distorted picture of plurality, whereby search and social media platforms are considered as *competing* news sources with wholesale or retail brands such as Sky or News UK titles. In fact, the very opposite is more likely to be the case, with intermediaries amplifying the voice of dominant news brands.

Setting aside the semantic issue of how we label Facebook et al, the key question for a plurality assessment is whether they act to dilute or increase the influence of traditional news brands.

This is a quite different question from whether they increase the *reach* of traditional news brands or, in MRC's language, amplify their voice. There is no debate that they do so. Social media and aggregators are now an important route to audiences for all traditional news brands.

However, a particular player's voice being louder doesn't necessarily increase their influence. To extend MRC's analogy, at a cocktail party everyone may talk louder, but this doesn't mean anyone is more audible – quite the opposite.

Thus, the two critical questions are whether a given traditional news brand is *proportionately* larger on Facebook et al, and whether the inherently plural nature of social media and

aggregators dilutes the influence even of those who do have reach on that platform.

21CF argue that the reach and impact of mainstream and Conservative-leaning press (typified by News UK titles) has been profoundly challenged in the online environment, not least by 'alt-left' sources such as The Canary or Evolve Politics.

This misrepresents the argument made, and again demonstrates the confusion in MRC's thinking I discussed above. I have argued that *impact* of traditional outlets has been diluted by (for example) alt-left sources, but have not argued that their *reach* has been challenged by these sources

MRC appears to believe the two are the same, but increasing reach of countervailing sources will dilute the impact of traditional sources, even if the reach of the latter remains the same

Much of this argument [re reach and impact] is made with reference to a report by BuzzFeed [which also said] "BuzzFeed News' analysis does not take into account the substantial number of readers who visit newspaper websites without sharing articles"

The BuzzFeed article was cited to support the specific claim that "Social media both enabled newer publications to reach mass audiences, and had a significant impact on which articles from traditional media outlets were actually seen." Far from being 'Inappropriately contextualised evidence',<sup>46</sup> as MRC suggest, the BuzzFeed article goes directly to the claim I was making.

I made no suggestion that direct visits to newspapers had become irrelevant, and indeed such traffic is discussed extensively elsewhere in 21CF's submissions. For example, Figure 13 of the Communications Chambers report sets out that:

- The *Sun*'s online reach is 29m, behind the *Mail* (31m) and the BBC (41m), and moderately ahead of the *Independent* (26m)
- *Sky*'s is 16m, well behind the *Mirror* (the immediately larger provider, at 23m) and just ahead of USA Today at 15m
- The *Times*' is 6m, below CNN and the *Star*, both at 7m

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<sup>46</sup> The section heading for the MRC language quoted above

These figures underline that Sky and News outlets are appreciably less important online than they are offline. For example, the *Independent* is only slightly behind the *Sun* online – but offline it does not even have a print edition.

[T]he latest Reuters Digital News Report 2017 shows that most consumption of news in the UK bypasses social media and other intermediaries altogether, noting that “strong commercial and public service brands have built and marketed powerful news destinations”.

Again, MRC attacks a straw man of its own creation. There is no claim that consumption via intermediaries has replaced all or most news consumption.

However, what is not (or should not) be in question is that intermediaries become a profound presence in the news environment. According to Ofcom, they now have (in aggregate) a 15% share of references, higher than all but the BBC. Facebook by itself has a 7% share of references, ranking it third (behind the BBC and ITV).<sup>47</sup> It is an inherently plural presence in the market, since multi-sourcing is embedded within consumption via aggregators.

Further, this is not simply a change in consumption, it is also an increase in participation. Social media also allows citizens to rebut arguments made in off-line coverage. See, for example, the extensive online discussion of the balance of the BBC’s coverage of the Labour Party and of Brexit.

This is clearly a significant shift in the market, and one entirely unimagined in 2003 – and indeed largely unimagined even in 2010.

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<sup>47</sup> Ofcom, [News Consumption in the UK: 2016](#), 29 June 2017

Part of the confusion stems from the fact that 21CF conflate ‘readership’ with ‘sharing’ in the context of online news consumption. But the number of times a given article is ‘shared’ tells us very little about the degree to which it is actually read.<sup>48</sup> Though sharing in itself can be considered a form of consumption, it should not be considered – in impact terms – as equivalent to page views

The *Slate* article MRC cites does not in fact say “the number of times a given article is ‘shared’ tells us very little about the degree to which it is actually read”. Rather it says:

- All web pages are often read incompletely, regardless of how consumers come across them
- What portion of a particular page is read (across all visitors) is not correlated with the number of visitors who tweet it

Given the first of these points, if MRC were consistent, it should be discounting *all* online consumption (including direct to traditional sites), not simply shared articles on social media. But on the contrary, they have sought to emphasise the importance of direct consumption.

*Slate*’s second point- that depth of readership is not correlated with likelihood to tweet- is about whether readership of an article drives sharing, *not* whether sharing drives readership. MRC has confused two entirely separate issues, and the *Slate* article certainly does not argue against the intuitive assumption that an article shared twice as much is likely to be read by twice as many recipients.

MRC then sets up another straw man – “sharing ... should not be considered – in impact terms – as equivalent to page views”. I have made no such claim. Sharing is only a proxy for consumption, as indeed are page views themselves. It is precisely the point of the *Slate* article that a page view does not guarantee that the article has been read.

However I note that it is plausible (and indeed perhaps probable) that one share represents greater consumption than one page view. Except in exceptional circumstances,<sup>49</sup> one page view represents a maximum of one reader. By contrast, one share may go out to tens, hundreds or thousands of readers, depending on how many followers the sharer has. Of course, not all these recipients will

<sup>48</sup> MRC here cite : Farhad Manjoo, ["You Won't Finish This Article - Why people online don't read to the end"](#), *Slate*, 6 June 2016

<sup>49</sup> For instance two people reading the same article together on one smartphone



necessarily see or open the share, but nonetheless that one share could result in multiple views of the content in question.

It is for such reasons that shares (and other measures of user engagement) are viewed as the best metrics to understand consumption via social media. Indeed, one of the articles MRC cites later in the same paragraph states that:

“Although not perfectly indicative of overall post views on Facebook and referral traffic to publisher sites, shares are the best publicly available proxy metric for audience reach on the platform. Because Facebook’s news feed algorithm favours engagement and perceived personal relevance, each share both exposes a post to more personal news feeds as well as improves its ranking on them. Estimates of how many post views each share on average corresponds to range from 2 to 20 or more.”<sup>50</sup>

Data from Comscore for April 2017 shows that 8 out of the top 10 news websites based on page views are owned by traditional newspaper groups, the majority of whom peddle Conservative-leaning editorials. TheSun.co.uk attracted 270 million page views in that month compared to just 1 million for the Canary

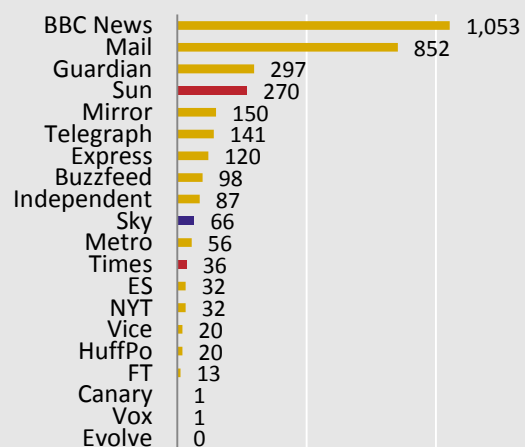
The data MRC cites (shown right) shows that

- The *Sun* ranks #4, behind the BBC, the *Mail* and the *Guardian*
- Sky is at #10 and the *Times* at #12
- *In combination*, a hypothetical News+Sky would be significantly less than half the size of the *Mail* (and well behind the BBC)

Thus in reality the figures MRC cites underline the *lack* of a plurality problem associated with a merger. Moreover, these figures actually overstate the importance of News+Sky outlets online.

Firstly, the page views measured are not like for like, since the nature of the content is very different on the different sites. For

Figure 6: News page views (m), April 2017<sup>51</sup>



<sup>50</sup> Matti Littunen [Enders Analysis], ["An analysis of news and advertising in the UK general election"](#), openDemocracy, 7 June 2017. Cited by MRC at Footnote 16

<sup>51</sup> Ibid. Note that we have adapted the data to combine the Daily Mail and Mail Online figures, shown separately in the original chart

example, the *Sun* carries substantial soft news, such as celebrity gossip, which has little relevance for a plurality assessment. By contrast, The Canary (say) is almost entirely political news.

Secondly, Comscore is only able to measure consumption on the publishers' own websites. It does not track consumption within social media or aggregators. This is material, since social media in particular are such an important element of online news. For example, according to figures from Ofcom's News Consumption survey, Facebook alone has a 25% share of online news references, appreciably bigger than all the newspaper websites combined.<sup>52</sup>

Thus Comscore provides an incomplete picture of news consumption, particularly for social-media friendly outlets such as The Canary and the *Independent*. The importance of these non-traditional sources on social media dilutes the influence of outlets such as Sky, the *Sun* and the *Times*.<sup>53</sup>

Finally I note that the MRC statement that most newspapers 'peddle' Conservative-leaning editorials is revealing as to its biases.

Professor Angela Phillips of Goldsmiths points out, "Far from attacking Corbyn and supporting the Conservatives, according to Loughborough University's content analysis, the newspapers almost all changed direction halfway through the campaign. The number of anti-Corbyn stories dropped in the second fortnight and the number of stories critical of Theresa May soared."

This is a significant misrepresentation of the Loughborough University study, which concluded:

"[T]he Labour Party received the overwhelming majority of negative evaluations published by the press, largely due to the hostile coverage provided by higher circulation papers such as the Sun, the Daily Telegraph and the Daily Mail. Newspaper treatment of the Conservatives was broadly more sympathetic but not consistently: during the third week of the campaign, for instance, coverage of the party was more negative than positive, and negativity towards Labour was at its weakest. ... Although the party subsequently saw improvements in its evaluations by the

<sup>52</sup> Communications Chambers analysis of data in analysis of Ofcom, [News consumption in the UK - 2016 data](#), 13 February 2017

<sup>53</sup> For discussion of the importance of smaller and non-traditional news outlets on social media, see pages 36, 39 and 67-68 of the Communications Chambers paper submitted to the CMA

press, newspaper coverage was mainly characterised by its negativity towards Labour and party leader Jeremy Corbyn.

Ultimately, however, this formidable advantage did not help the Prime Minister realise her ambition to win an enhanced parliamentary majority and mandate to negotiate Brexit. Theresa May's claim that anything other than a vote for her would result in a 'coalition of chaos' has come back to haunt her and embarrass once loyal followers among the 'Tory press'”<sup>54</sup>

Thus the study MRC highlights concludes with exactly my point – a formidable advantage in press coverage did not lead to electoral victory.

It is also highly likely that factors extraneous to the media coverage influenced the election results, not least the way in which the main parties ran their campaigns, and the individual performances and ideas put forward by party leaders.

Of course other factors matter – no one has claimed otherwise. On the contrary, it is precisely the point that press influence is declining, so other factors are more important. Indeed Prof James Curran of Goldsmiths, an MRC founder, felt that it was the decline of the press which was critical. As I have noted in a previous submission, in the aftermath of the election he wrote:

“[T]he reign of the tabloids is over. For weeks, the ancient bazookas controlled by Murdoch, Dacre and other press oligarchs were trained on Corbyn and McDonnell ... The campaign failed because the British press is more distrusted than any other press in Europe (as revealed by the 2016 Eurobarometer survey), its circulation is in freefall, and young people in particular get their news and political information from the internet.”

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<sup>54</sup> Loughborough University / Centre for Research in Communication and Culture, [A tale of two leaders: news media coverage of the 2017 General Election](#), 19 June 2017

## “What we’ve learnt so far”

The Murdoch family also occupy the most senior positions within 21CF, including James Murdoch as CEO, Rupert and Lachlan Murdoch as joint executive chairmen, and Rupert Murdoch as Chairman and acting CEO of Fox News. Ofcom rightly considered this issue to be unambiguous, and it is inconceivable under these conditions that 21CF could meaningfully act in ways that run contrary to the MFT’s wishes.

Even if this were true, it is not the relevant control test for a plurality assessment. The issue is whether the change in ownership would lead to a material homogenisation of Sky and News output, which is very different. (Beyond the issue of control, such a homogenisation would also need to result in insufficient plurality).

There are numerous reasons to see such a homogenisation as highly unlikely, including:

- The regulatory restrictions on Sky
- Audience expectations
- The inherently different nature of TV and print news
- The history of editorial independence of Sky News reflected in the newsroom culture (including under James Murdoch’s tenure as CEO)
- The majority-independent boards of both News Corp and 21CF

That these factors have substantial impact is evident in the lack of existing homogenisation notwithstanding the MFT’s *current* interest in Sky. Moreover, there is little homogenisation even between the *Times* and the *Sun*, although both are currently 100% owned by News Corp – the two are highly distinct, offering substantial internal plurality.

One recent study investigated the levels of owner influence in 211 different print and broadcast outlets in 32 different European media markets, and concluded that the more concentrated the ownership structure of a news organisation is in individual or family control, the more likely its editorial independence will be compromised

The study in question<sup>55</sup> was by Chris Hanretty of the University of East Anglia. The study used the Banzhaf score, a measure of voting power defined in the report as:

“for a given ownership interest ... the percentage of winning coalitions of ownership interests (under some decision-making rule) which would cease to be winning if actor *i* voted differently”

The study’s key finding was that the Banzhaf score of the owner was correlated with owner influence. Thus Hanretty’s study can *only* be informative regarding owner influence for transactions *which change the owner’s Banzhaf score*, as calculated per the study’s methodology. Ownership changes and Banzhaf score changes are not the same thing, contrary to MRC’s assumption. To take a trivial example, the Banzhaf scores for a 51% ownership and a 100% ownership are identical, since both represent absolute control of a voting process.

This issue is particularly important because the study made some practical approximations. It noted that in analysing ownership interests:

“Where we were unable to locate information on 100% of the ownership of a media outlet, we assume that remaining ownership stakes are infinitesimally small and can be ignored; the Banzhaf index can then be calculated as if the identified ownership shares represent 100% of the voting stock.”

It is not clear whether Sky was included in the Hanretty study. But regardless, it seems highly likely that Hanretty’s methodology would allocate a Banzhaf score of 100% to 21CF’s *current* holding in Sky. Absent detailed information on the final 22% of Sky’s smallest shareholders (which would be unlikely to be available), these remaining ownership stakes would be ignored. Consequently, 21CF’s approximately 39% would represent an absolute majority for

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<sup>55</sup> Hanretty, C. , “Media outlets and their moguls: Why concentrated individual or family ownership is bad for editorial independence”, *European Journal of Communication*, 27 March 2014 [Preprint [here](#)]

the purposes of Hanretty's methodology, resulting in a Banzhaf score of 100%.

Thus 21CF is *already* at the upper bound of the level of control assessed within the paper, and an increase in its stake in Sky would make no difference to its Banzhaf score (as calculated per Hanretty's method). Consequently, the Hanretty study cannot be used to demonstrate that an increase in 21CF's shareholding would lead to any greater influence. On the contrary, it suggests that the increase in shareholding would *not* bring incremental influence.

The National Readership Survey (integrating data from Comscore on digital reach) estimates that the *Sun* now has a net audience across print, pc and mobile devices of over 29 million. By way of context, the *Sun*'s print edition rarely sold over 4 million copies at its peak of circulation during the 1990s. Though circulation is not an equivalent measure to reach (one newspaper copy could be read by more than one person), there is simply no credible evidence to suggest that the reach, or indeed influence of most major newspaper brands has substantially declined, taking into account their online platforms.

MRC's acknowledgement of the difference between circulation and reach is seriously incomplete. The reach figure cited here is monthly – anyone who has had any contact with the *Sun* over 30 days. This is very different from average daily consumption (for which circulation is a proxy). To take a simple example, if there are two people, each of whom reads the *Sun* every other day, monthly reach will be 2, but average daily circulation will be 1.

This is a critical point for online consumption, which is characterised by many users occasionally sampling different sources (for instance, as a result of a link on social media), but far fewer consistent readers. The *Sun*'s *monthly* worldwide unique browsers in September were 83.6m. Its *daily* figure was just 5.2m.<sup>56</sup> Thus MRC introduces a significant distortion by comparing monthly reach to daily circulation.

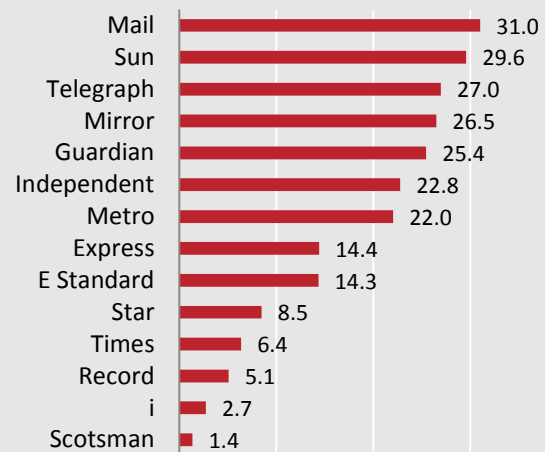
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<sup>56</sup> ABC, [Online Property Activity Certificate, September 2017, The Sun](#), October 2017. Note that these figures are not exactly comparable to the Comscore figures, since they are for browsers not users, and are worldwide not UK only

However, setting aside the comparison to historic circulations, the figures MRC cites<sup>58</sup> for current monthly reach demonstrate that the *Mail*, *Telegraph*, *Mirror* and *Guardian* are all on a rough scale with the *Sun*, and the *Independent* and *Metro* are not far behind. The *Metro* (the *Mail*'s stablemate within DMGT) is far ahead of the *Sun*'s stablemate the *Times*.

Thus even on MRC's preferred metric, it is clear there has been a massive diminution of the *Sun*'s power, since the days when it was head-and-shoulders above its rivals in print circulation.

Figure 7: Net print & digital reach (m), Jun 2017<sup>57</sup>



At the retail level, multi-sourcing across platforms has remained relatively constant over the four years since Ofcom began its annual news consumption surveys (averaging 3.7 in 2013 and 3.8 in 2016). However, at the wholesale level, Ofcom's research suggests a marked contraction over recent years. In 2010, 29.2% of people used four or more sources of news across platforms whilst in 2015, this figure fell to 20%. Perhaps more significantly, the proportion of consumers relying on just one or two wholesale news sources was 46.7% in 2010 compared to 60% in 2015.

See discussion at page 25.

Access to politicians [is] the closest available indicator of the *potential* to leverage editorial control for political influence and strongly suggests that if desired, media proprietors can open doors at the top of government at a rate that is unmatched by others. The testimony of politicians to the Leveson Inquiry in 2012 gives further weight to this, as cited in Ofcom's report.

MRC assert that access is a good indicator for the ability to leverage editorial control into political influence. There is nothing to suggest this is the case. Moreover, their figures for visitors to Downing Street<sup>59</sup> showed no visits by the management of DMGT, compared to four by Evgeny Lebedev. If visit numbers are indeed a proxy for

<sup>57</sup> NRS, [NRS NPADD June 2017](#), 21 September 2017

<sup>58</sup> Ibid

<sup>59</sup> Media Reform Coalition and Avaaz, [Fox/Sky merger proposal: Submission of evidence to Ofcom in lieu of the public interest test](#), March 2017, page 21



potential for political influence, this would seem to suggest the *Independent* and *Evening Standard* are far more politically influential than the *Mail* – which is, to say the least, counterintuitive.

The Leveson Inquiry is itself five years old, and the events described in testimony are far older. For instance, Tony Blair’s testimony related to his time as Prime Minister, 1997-2007. MRC (referencing the 2003 Communications Act) notes that there have been “profound changes in the ways that news is produced, distributed and consumed today compared to 14 years ago”. This is certainly true, and thus such historic testimony can tell us little about the influence of media today.

### “New research: key findings”

Video content is fast becoming the gold standard of digital news delivery and it’s clear that Sky has exploited its strength in this area to leverage its brand on third party platforms.

MRC provides no evidence for its ‘gold standard’ claim. On the contrary, a Reuters Institute study found that just 2.5% of time spent on news sites is spent on video.<sup>60</sup>

We showed how Sky is in fact by some measure the dominant wholesale provider of headline news content to Yahoo

See discussion of MRC’s analysis of aggregators at page 16 above.

[Sky] outperforms other leading brands in terms of its audience on both Facebook and Twitter (as measured by numbers of followers).

MRC’s analysis is incomplete. For reasons which are not clear it omits multiple important sources, such as Channel 4, ITV and the *Metro*. This has the effect of exaggerating Sky’s importance.

Further, the numbers it offers for the sources it does include do not appear correct. For instance, MRC’s Figure 1 indicates 9m Twitter followers for the BBC. While this matches the followers of BBC

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<sup>60</sup> Antonis Kalogeropoulos, Federica Cherubini & Nic Newman [Reuters Institute], [The future of online news video](#), 29 June 2016

News UK (@BBCNews), this is just one of many BBC Twitter accounts, and not even the largest. BBC Breaking News (@BBCBreaking) has 35m followers.

In addition, MRC (as throughout its paper) focus narrowly on news outlets as a source of influence. They make no allowance for the growing ability of politicians and others to use social media to go directly to citizens. So, while they include the *Times* (1.7m followers across Twitter and Facebook), they omit Jeremy Corbyn (2.9m).<sup>61</sup>

Sky News is also one of the leading wholesale brands on UK news aggregators

See discussion at page 16 onwards of this paper.

[w]hilst it may not be appropriate, as Ofcom has stated, to classify Sky News as the exclusive wholesale provider for Global and Bauer stations, discounting it altogether skews the picture in the other direction. We consider that apportioning a 50% weighting to Sky would be most appropriate in light of the evidence we have submitted.

See discussion at page 5 onwards of this paper.

The potential impact of the merger on wholesale provision also calls attention to News Corp's ownership of Storyful, a social media newswire agency that services many of the leading global news brands including the *New York Times*, *Washington Post*, BBC and Channel 4 News.

Here MRC again takes a one-sided approach to wholesale provision.

If, in contrast to all previous work by Ofcom, MRC feels that a niche wire service like Storyful is relevant, why is it not including in its scope PA, Reuters and so on?

Storyful, which gathers and packages material from social media, is in fact another example of how traditional news gathering and outlets is being supplemented and shaped by social media, diluting the influence of owners.

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<sup>61</sup> Followers as of 1 November 2017

## Agenda leading

See discussion of MRC's analysis of 'agenda leading' at page 12 above.

## "Conclusion"

[O]ur research suggests that News UK and Sky News combined will have a dominant presence on intermediaries

It doesn't.

Even MRC's incomplete analysis found that a hypothetical News+Sky would have only one-third the reach of the BBC on Facebook/Twitter/YouTube (and only somewhat more than the *Mail* and the *Guardian*). On a share-of-users basis, MRC's figure suggest a 15% share for News+Sky.

On aggregators, MRC's figures<sup>62</sup> suggest a 10% share of stories and a 9% of 'salience' for News+Sky, compared to 9% and 10% respectively for the *Independent*.

These figures – even if we take MRC's analysis at face value – do not support a claim of dominance.

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<sup>62</sup> Figure 4 of their paper

# Plurality implications of the Fox/Sky transaction

An economic assessment of Dr Schlosberg's study on behalf of the MRC and Avaaz

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## 1. INTRODUCTION AND SUMMARY

1. We have been asked by Allen and Overy, counsel for 21<sup>st</sup> Century Fox (21CF), to consider the issues raised in the submission of Dr Julian Schlosberg on behalf of the Media Reform Coalition (MRC) and Avaaz to the CMA's investigation into the plurality implications of 21CF's proposed purchase of the 61% of shares in Sky that it does not already own and to conduct independent analysis of these issues.<sup>1</sup>
2. We have not commented on every point made by Dr Schlosberg in his submission, but rather focus on what we consider to be the key themes raised by his submission and put forward additional insights based on empirical analysis of existing data sources (most notably Ofcom's news consumption surveys) and our assessment of the economics literature.
3. When doing so, we proceed on the basis that the transaction brings about a change in 21CF's level of corporate control over Sky and evaluate the proposition posited by the MRC and Avaaz that, as a result, 21CF may seek to influence the editorial stance of Sky News by aligning it with that of News Corp (specifically the News UK titles the Times, the Sunday Times, the Sun and the Sun on Sunday), given the degree of common ownership between 21CF and News Corp. However, we understand that this proposition is in dispute. We focus our assessment on the economic mechanisms that might act to safeguard media plurality in these circumstances and disregard regulatory constraints and other factors such as internal plurality that might be expected to provide this protection in any event.<sup>2</sup>
4. This report covers four principal questions. What does the economics literature say about the ability and incentive of media proprietors to influence news coverage and the extent to which this occurs in practice (Section 2)? Based on current patterns of news consumption, is it plausible that a hypothetical alignment of coverage between Sky News and News Corp would materially reduce media plurality (Section 3)? What is the impact of intermediaries such as Facebook and Google on the consumption of news sources in the UK (Section 4)? And how credible is the evidence provided by Dr Schlosberg that traditional news brands play a disproportionate role in shaping the news agenda (Section 5)?
5. Our main findings are as follows:
6. **The academic economics literature (both theoretical and empirical) does not support a presumption that concentrations in ownership have adverse effects for media plurality: the scope for such impacts needs to be considered based on the specific facts of the present case.** We explain how the economics literature finds that demand-side constraints can play a key role in disciplining potential owner influence on coverage. Slanting a title's coverage away from that of its readers will involve a profit sacrifice that reduces the incentive to behave in this manner. Indeed, while there are papers which find owner influence effects, a leading contribution in the economics literature on media bias

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<sup>1</sup> See "21<sup>st</sup> Century Fox / Sky merger inquiry: Submission to the Competition and Markets Authority on plurality" dated 24 October 2017; and Competition and Markets Authority, "Anticipated Acquisition by 21<sup>st</sup> Century Fox, Inc of Sky PLC: Issues Statement" dated 10 October 2017.

<sup>2</sup> The role of regulatory factors is discussed at paragraphs 2.24-2.27 of 21CF's response to the CMA's issues statement.

- (that of Professors Gentzkow and Shapiro) finds that observed media bias is primarily demand, rather than supply, driven (i.e. that it results from titles slanting their coverage to match the views of their consumers rather than attempts to impose their proprietors' views). We explain how the variation in electoral endorsements both across and within News UK titles is consistent with demand-side factors being a key influencer of coverage.
7. In contrast, Dr Schlosberg presents the academic literature as displaying a consensus view that concentrations in ownership have malign effects. We explain how his discussion omits important studies reaching the opposite conclusion (most notably the work of Gentzkow and Shapiro mentioned above) and that the single study he relies upon in support of his conclusion (by Christopher Hanretty of the University of East Anglia) is far more nuanced than suggested by Dr Schlosberg. A closer assessment reveals that it relies on a highly questionable methodology and, in any event, identifies effects of ownership that are both small in magnitude and imprecisely estimated.
8. **The pattern of consumption of Sky News and News UK titles is such that the transaction does not raise plurality concerns.** Based on standard models of media bias we explain why the transaction is unlikely to raise plurality concerns if: i) consumers “multi-source” and consume Sky News and News UK as part of a broad news mix; ii) there is limited overlap between Sky News and News UK titles such that these news sources are rarely consumed together and, in those instances where they are, are accompanied by other news sources; and iii) consumers tend not to identify Sky News and News UK titles as their most important sources of news.
9. We use respondent-level data from the 2016 Ofcom News Consumption Survey<sup>3</sup> to assess these propositions and conclude that:
- Both Sky News and News Corp titles are typically consumed as part of a broad range of news sources: consumers of these sources consume around three other wholesale news sources on average. The average number of sources consumed by Sky News and News Corp consumers is higher than that for consumers in general.
  - Just 4.8% of consumers consume news from both Sky News and News Corp titles and not a single consumer relies on just Sky News and a News Corp title as their sole source of news. Indeed, 81.7% of consumers of both Sky News and News Corp source their news from three or more additional wholesale news providers.
  - Just 24.7% of Sky News consumers (or 5.2% of all consumers) cite this source as their most important source of news and the equivalent figure for News Corp consumers is 12.4% (or 1.8% of all consumers). The BBC tends to be these consumers' most important source of news with just under 40% of Sky News consumers citing the BBC as their most important source and around 44% of consumers of News Corp titles citing the BBC as their most important source.
10. Based on this evidence, the transaction does not raise plurality concerns. These findings are likely to be *understated* as a result of the fact that, for practical reasons, the Ofcom survey treats intermediaries such as Google and Facebook as individual news sources whereas in fact these sources typically show users news from a range of sources.

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<sup>3</sup> Ofcom, News Consumption in the UK: 2016, 29 June 2017. The report, together with underlying data and accompanying documents, are available at <https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/news-media/news-consumption>

11. Dr Schlosberg's paper, in contrast, did not conduct a thorough analysis of consumer consumption patterns. We explain how the two data comparisons given by Dr Schlosberg in support of his claim that "the phenomenon of news multi-sourcing – especially at the wholesale level – has not turned out to be a boon for media plurality" are not germane to the issue at hand and suffer from a number of methodological errors. Overall, we conclude that the data on news consumption patterns in the Ofcom survey are clear and are inconsistent with the transaction raising plurality concerns.
12. **Although Sky News and News Corp sources are accessed via intermediaries such as Google and Facebook, the net quantitative impact of the rise of intermediation services has been to dilute Sky News' and News Corp's combined share of reference. Thus, even before one considers the other, qualitative implications of the rise of news intermediation, its impact has been to reduce the influence of Sky News and News Corp.** We explain how evidence that News Corp and Sky News perform well on various metrics of social media engagement is only part of the story. This is because, even though these sources have a clear presence on online platforms, the shift from direct consumption to consumption via intermediaries will still tend to dilute traditional players' influence as long as their share of intermediated consumption is not sufficiently large.<sup>4</sup>
13. In order to examine this issue, we collect data on the share of Facebook "likes" accounted for by a broad range of news outlets and use these to reallocate the share of reference accounted for by intermediaries in the Ofcom survey data among the underlying wholesale news brands. We show that, even if one ignores the clear qualitative differences between direct consumption of news brands and consumption via an intermediary (i.e. even if one ignores the inherently pluralistic nature of online platforms) the mechanical effect of increased consumption via intermediaries has been to dilute the combined share of reference of Sky News and News Corp.
14. As well as this key, quantitative point, we also discuss other issues with Dr Schlosberg's analysis. As well as relying on unreliable data, Dr Schlosberg's analysis focuses inappropriately on changes in the *ranking* of news brands brought about by the transaction rather than on the overall *magnitude* of the changes (which, even based on his own analysis, are small). He also makes no attempt to assess the importance of the platforms he considers for online news consumption as a whole and, in particular, presents no analysis of news-related items in general search.
15. **The evidence on agenda-setting by newspapers put forward by Dr Schlosberg is unconvincing and fails to acknowledge the important caveats and nuances in the existing literature. In any event, the quantitative effects identified by these analyses are small.** Dr Schlosberg points to an existing study by Cushion et al. and his own analysis of the proportion of news articles which first appear in a newspaper to argue that newspapers play a dominant role in shaping the news agenda.
16. Dr Schlosberg's analysis is unconvincing. It relies on an inadequate time-series methodology which equates "getting there first" with "setting the agenda" and he does not conduct any analysis to assess whether the articles that he deems to have set the agenda

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<sup>4</sup> Note that, while the rise of intermediation services such as search engines and social media is likely to result in consumers consuming news from a broader range of outlets, it may also have other, more malign, impacts if it results in a more fragmented news ecosystem that lends credibility to low-quality outlets and/or undermines incentives to invest in high quality content. However, these other issues, while important, are not relevant for the question of media plurality that is the focus of the present case.

are in fact stories of clear public interest (e.g. government policy announcements) that would have been published by the other outlets in any event. He also largely ignores the role played by online-only providers and social media as news originators such that his analysis will overstate the importance of traditional news brands.

17. A detailed review of the studies cited by Dr Schlosberg reveals a far more complex picture than acknowledged in his report. In particular, this literature suggests that other media sources (e.g. broadcasters) are able effectively to identify and follow stories of genuine public interest while giving no or limited coverage to stories which attempt to shape the news agenda in a more partisan fashion.
18. Overall, **having reviewed the arguments of Dr Schlosberg and analysed the available data, we conclude that the present transaction does not raise media plurality concerns.**

### About the authors

19. Professor Gregory Crawford, Dr Helen Weeds and Dr Oliver Latham have conducted academic research in the fields of industrial organization and political economics with an emphasis on issues relating to the media. Their research has been published in leading academic journals including the American Economic Review, Econometrica, the Review of Economic Studies, the Economic Journal, the European Economic Review, the RAND Journal of Economics and the International Journal of Industrial Organization.
20. Professor Crawford was previously Chief Economist at the US Federal Communications Commission and Dr Weeds was previously Chief Economist at Ofcom. The authors' CVs are included as an annex to this report.

## **2. OWNERSHIP INFLUENCE ON NEWS OUTPUT IS MITIGATED BY DEMAND-SIDE FACTORS**

21. Dr Schlosberg's summary of the academic literature on the influence of media ownership on news coverage is emphatic: "[d]ecades of research in the fields of both industrial organization and journalism studies have tended to confirm that precisely this kind of consolidation can have a material impact on the extent of proprietorial influence over news output." In making this claim he cites a single study by Chris Hanretty of the University of East Anglia.<sup>5</sup>
22. This statement overlooks the existence of a substantial literature in economics and political science that analyses the impact of owner preferences on how media outlets present the news. This literature analyses the possibility of "supply driven bias" (including that outlets reflect the views of their owners), but also considers the possibility of "demand driven bias": that consumers select media that match their own preferences or prior beliefs, and hence that outlets that do not care directly about influencing consumer beliefs may nonetheless choose to present biased reports in order to satisfy these preferences. The theoretical branch of this literature shows that both demand-side factors and competition can play an important disciplining role on owner influence. Indeed, these notions are supported by the fact that News Corp titles display a range of political views. Furthermore, a number of prominent studies in this literature find that media bias is driven primarily by demand-side factors rather than owner influence.
23. Turning to the Hanretty study itself, we consider that its findings are overstated (both by the original author, but particularly by Dr Schlosberg) and that it suffers from a number of methodological drawbacks which mean that it cannot be considered a particularly informative contribution, and much less the definitive answer, to the question of how ownership affects news coverage.
24. This is not to say that the academic literature provides no evidence that ownership can influence coverage: different studies find differential levels of demand and supply side effects. However, this mixed picture implies that analysis of the present transaction should be conducted with an open mind and without the presumption that all news output will reflect the views of its proprietors or that all concentrations in media ownership have material implications for editorial independence.

### **2.1. The academic literature on influence of ownership is nuanced and a common empirical finding is that media slant is demand driven**

25. The economics literature on media bias distinguishes between supply-side bias (instances where a media outlet alters its coverage so as to further its political objectives or those of its proprietors) and demand-side bias (instances where media outlets produce coverage that concurs with their consumers' existing beliefs or preferences). Demand-side bias can occur both in cases where consumers have in-built tastes for certain views<sup>6</sup> or when

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<sup>5</sup> Hanretty, C. (2014). Media outlets and their moguls: Why concentrated individual or family ownership is bad for editorial independence. *European Journal of Communication*.

<sup>6</sup> The classic theoretical reference on demand-side bias is Mullainathan, S. and Shleifer, A. 2005. "The market for news". *American Economic Review*. This paper presents a model in which consumers have intrinsic tastes for like-minded news and assesses how profit-maximising media outlets respond to such preferences by competing on both price and content.

consumers rationally infer that outlets whose reporting mirrors their existing views are likely to be of higher quality.<sup>7</sup>

26. Demand side factors tend to temper supply-side bias. This is because an owner who alters a title's coverage in the direction of his or her own political preferences makes a profit sacrifice in doing so: moving coverage away from that which would be chosen by a purely profit-maximising entity risks alienating marginal consumers and result in loss of customers to rival news brands whose coverage is more in keeping with these consumers' beliefs.<sup>8</sup> Evidence of this disciplining effect is found in the work of Durante and Knight who found that, while Silvio Berlusconi's post-election control of public television news in Italy resulted in a rightward-shift in coverage, this effect was substantially (albeit not completely) reduced by customers switching to other (more left-leaning) sources.<sup>9</sup>
27. A key question is therefore whether differences in coverage or emphasis across news outlets are due primarily to supply- or demand-side factors. If slant across news brands is primarily demand-driven, then changes in ownership are unlikely to have material effects. Dr Schlosberg emphasises the importance of supply-side factors, but ignores a number of influential studies which show that demand-side factors predominate.
28. The most prominent example is Gentzkow and Shapiro's 2010 *Econometrica* article, "What Drives Media Slant?"<sup>10</sup> This seminal contribution in the media economics literature on media bias finds that demand-side factors are substantially more important for driving coverage than is media ownership.
29. The study proceeds in two steps. First, the authors use text analysis tools to construct an objective measure of bias which is not reliant on manual coding or value judgments. This is done by comparing the language used by newspapers with those used by politicians to determine whether the textual content of newspapers' coverage is more similar to left-wing

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<sup>7</sup> This reputation-based mechanism is considered in Gentzkow, M. and Shapiro, J. 2005. "Media Bias and Reputation", *Journal of Political Economy*. The basic intuition is that, if outlets differ in their ability to observe the true state of the world and consumers, while rational, have strong prior beliefs about this state, then consumers can rationally conclude that outlets mirroring their existing views have a higher probability of being high quality. This in turn gives low-quality outlets an incentive to pander to consumers' pre-existing views. The authors show that these incentives are tempered if consumers have access to multiple sources of information, an issue we return to later in this document.

<sup>8</sup> In their review article in the *Handbook of Media Economics*, Gentzkow, Shapiro and Stone put forward a simple model of supply-side bias and show that: i) even a monopoly outlet with political preferences tempers its coverage to reflect the views of its readership, and ii) introducing a second competing media outlet can be sufficient to entirely remove supply-side bias *even if both outlets share the same policy preferences*. See proposition 14.1 and related discussion in: Gentzkow, M. Shapiro, JM. Stone, DF. 2016. "Media bias in the Marketplace: Theory" in Anderson, S.P. Stromberg, D. and Waldfogel, J. (eds.) "Handbook of Media and Economics". Note that this disciplining mechanism may be absent for outlets that are not reliant on market revenue (e.g. public broadcasters).

<sup>9</sup> See, Durante, R. and Knight, B. 2012. "Partisan Control Media Bias and Viewer Response: evidence from Berlusconi's Italy". *Journal of the European Economic Association*.

<sup>10</sup> This paper was the first citation in the American Economic Association's testimonial when awarding Professor Gentzkow the John Bates Clark medal (the second most prestigious prize in economics after the Nobel Prize, awarded to economists working in the USA) in 2014. <https://www.aeaweb.org/about-aea/honors-awards/bates-clark/matthew-gentzkow>

or right-wing politicians.<sup>11</sup> Second, the authors estimate a structural model of newspaper coverage that allows for such coverage to be influenced both by demand-side factors (the ideological make-up of consumers in newspapers' target markets) and supply-side factors (the ideology of the newspapers' owners).

30. The impact of supply-side factors is estimated by comparing the actual level of slant estimated for each newspaper with the level that the authors' structural model predicts would be chosen by a profit-maximising newspaper with no intrinsic ideological preferences. They then explore whether deviations from the actual and profit-maximising level of slant are consistent with owner influence. To isolate the effect of ownership, they exploit variation in the estimated slant of newspapers that operate in different geographic markets but share a common owner.
31. Gentzkow and Shapiro's analysis provide strong support for the existence of demand-side bias, but very limited evidence of supply-side effects. In respect of the demand side, they conclude that "slant is highly related to consumer ideology" and that "in more Republican markets, newspapers adopt a more right-wing slant."<sup>12</sup> In contrast, their conclusion on the supply side is that "once we account for the propensity of owners to own newspapers in politically and geographically similar markets, we find no evidence that two jointly owned newspapers have a more similar slant than two randomly chosen newspapers." They similarly find that, conditional on consumer factors, there is no relationship between slant and owner ideology as measured by political donations.<sup>13</sup> Overall, they conclude that observed newspaper slant in the US is extremely close to the level that would arise if all newspapers were operated on the basis of pure profit maximisation.<sup>14</sup>
32. Of course, this work is not definitive (most notably, it uses data for the USA and may not be as representative of the UK).<sup>15</sup> However, it is an extremely rigorous and influential piece of work and, while there are other studies in the economics literature which *do* find evidence

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11 Formally, the authors proceed by examining Congressional Speeches and identifying the two- or three-word phrases which have the greatest predictive power for determining whether a speaker is a member of the Republican or Democratic Party. Phrases endogenously identified by this methodology include "death tax" as a strongly Republican phrase and "estate tax" as a strongly Democratic phrase.

12 This finding is robust to controlling for newspaper ownership, including state-specific fixed effects, and to accounting for the reverse causality between newspaper coverage and political beliefs (i.e. that consumers are more Republican because they read papers that express Republican views) by using religiosity as an instrument for political beliefs.

13 See Gentzkow and Shapiro (2010), section 7.2.

14 See Gentzkow and Shapiro (2010), section 8.

15 Although, by the same token, the Hanretty study relied upon by Dr Schlosberg uses data for Europe as a whole and so similarly is based on a selection of media markets which may have different characteristics to the UK. Some suggestive evidence of the strength of demand-side factors in the UK is provided in Latham (2015), which shows that newspapers tend to give more coverage to political scandals when the incumbent government is unpopular. He finds that this tendency is not correlated with the time until the next election (as one would expect if this form of slant was due to a supply-side mechanism in which popular governments could more credibly commit to future policy favours) and concludes that this provides suggestive evidence that the identified effect is demand-driven.



of ownership effects,<sup>16</sup> Dr Schlosberg's failure to acknowledge the role of demand-side factors or high-profile academic articles that contradict his summary of the literature, or even to cite much supporting literature at all, casts significant doubt on his conclusion that media ownership definitively impacts news coverage.

## **2.2. The fact that News Corp titles have taken contrary policy positions is consistent with demand-side factors playing an important role**

33. Gentzkow and Shapiro's finding that demand-side factors are more relevant than owner ideology was based on the fact that, in their sample of US newspapers, newspapers with the same owner displayed differing levels of slant based on the composition of their reader base. This finding applies also to the News Corp stable of newspaper titles: as noted in 21CF's submissions to Ofcom and the CMA, News Corp titles adopted different positions on key political events such as the 2016 Brexit referendum (with The Sun supporting leave and The Times supporting remain).
34. This anecdotal finding is also found in a systematic review of electoral endorsements by News Corp titles, shown in Figure 1 below. Two important points are evident in the figure. First, since its acquisition by News Corp (or its predecessor companies), both the Times (since 1981) and the Sun (since 1969) have endorsed different political parties at different points in time. This contrasts sharply with the endorsement policies of the Mirror and the Telegraph (who have been consistent supporters of the Labour and Conservative parties, respectively).<sup>17</sup>
35. Furthermore, since 1981 (when Rupert Murdoch purchased the Times), there have been general elections (1997 and 2015) when the Sun and the Times endorsed *different* political parties despite their common ownership. Similarly, the Times and the Sunday Times have also sometimes endorsed different parties.<sup>18</sup> In the lead-up to the Brexit referendum in 2016 the Sun and the Times took opposite views, and the Scottish Sun adopted a different approach from that of the Sun in England and Wales. This is clearly inconsistent with the notion that these titles take a common editorial line reflecting the view of their proprietor.<sup>19</sup>

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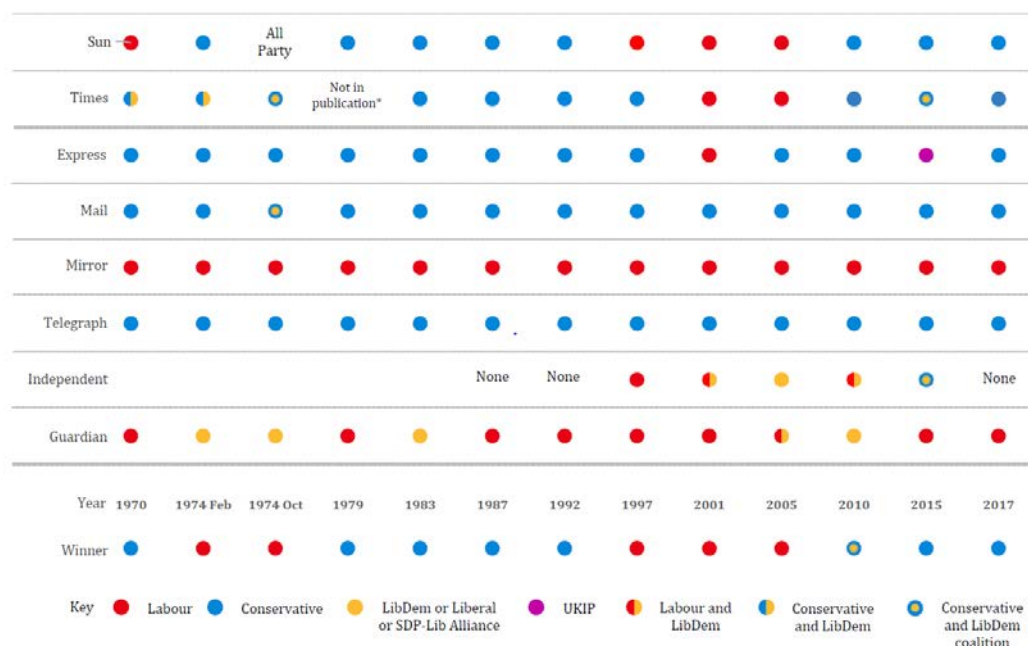
<sup>16</sup> See, for example, Larcinese, V., R. Puglisi, and J. Snyder, 2011. "Partisan bias in economic news: Evidence on the agenda-setting behavior of US newspapers," *Journal of Public Economics* (which looks at coverage of economic news in US newspapers); and the Durante and Knight study discussed above (which looks at Silvio Berlusconi's media holdings in Italy). Notably, Durante and Knight find that following the change in editorial stance consumers tend to switch to other sources, partially offsetting the impact of the change in ownership.

<sup>17</sup> Following on the insights of the previous section, the consistent support of the Labour and Conservative parties by the Mirror and Telegraph need not represent supply driven bias: the readers of those newspapers may simply have stronger preferences for those parties than do readers of The Times and The Sun have for any particular party.

<sup>18</sup> In the 2015 General Election the Sunday Times endorsed a Conservative majority government whereas the Times favoured a continuation of the Conservative/Lib Dem coalition.

<sup>19</sup> We understand that the subsidiary of News UK that owns the Times and the Sunday Times is subject to undertakings that these titles will continue to operate with separate editorial decision making. See paragraph 2.8 of 21CF's response to the CMA's issues statement.

**Figure 1: Electoral endorsements of major UK daily newspapers**



Source: The Guardian; Twentieth Century British Political Facts 1900 - 2000 and British Political Facts Since 1979, David and Gareth Butler

36. Indeed, Latham (2015) estimated ideological scores for a panel of UK newspapers based on electoral endorsements using a regression-based approach and found that, while the Times fell within a group of “centrist” titles with ideology scores relatively close to zero, the Sun was in a group of “right-wing” titles with a tendency to endorse the Conservatives.<sup>20</sup> While this looks at only a single, observable dimension of news coverage (electoral endorsements), it does illustrate that other factors (e.g. demand-side factors or editorial independence) lead News Corp titles to present differentiated coverage to their consumers.

### 2.3. The Hanretty study cited by Schlosberg suffers from methodological flaws and identifies weak effects of ownership changes

37. We now turn to the academic paper cited by Dr Schlosberg in support of his conclusion that media ownership influences news coverage: the Hanretty study. This paper uses data on the ownership structure of 211 print and broadcast outlets in 32 European countries and correlates this information against responses to the results of an expert survey assessing the independence of these outlets. In our view this study suffers from a number of methodological problems that caution against reliance on its conclusions and that, even disregarding these concerns, Dr Schlosberg overstates the strength of its findings.

*The reliance on subjective expert assessments is unsatisfactory and potentially circular*

38. The Hanretty study (unlike that of Gentzkow and Shapiro discussed above) is not based on an econometric assessment of the impact of ownership on editorial coverage of the outlets under examination. Rather, the influence of ownership on editorial content is

<sup>20</sup> See Latham, O. 2015. “Lame Ducks and the Media,” Economic Journal.

assessed using a 2010 expert survey conducted by Popescu et. al. (2012).<sup>21</sup> This survey was sent to around 1,800 experts on the mass media landscape in each of 34 European countries. In the question used by Hanretty in his analysis, these experts were asked to rate on a scale of 0 (low levels of influence) to 10 (high levels) their answer to the question “how much is the political coverage in the [relevant] media outlet influenced by its owners?”

39. We do not think such survey evidence forms a reliable basis for the conclusions drawn by Dr Schlosberg. Indeed, this is why the economic literature has moved away from such subjective judgments towards objective metrics based on text analysis techniques. Our specific concerns are as follows.
40. First, no information is provided on who the experts were and relatively little on the extent to which their opinions are likely to provide an accurate and impartial measure of the effects of ownership on editorial control. For example, academics tend to have left-of-centre political views; this is supported by a UK-based survey conducted in 2015 by Times Higher Education.<sup>22</sup> If the expert judgments are themselves systematically biased then this will undermine any conclusions based on them.<sup>23</sup> While it is impossible fully to assess the extent of this issue we note that respondents to the Popescu survey gave substantially more favourable scores to the left-leaning Guardian than either the Times or the Telegraph on questions of balance, accuracy, propensity for advocating for particular views or policies, and advocating for its favoured political parties.<sup>24</sup>
41. Second, the survey questionnaire did not allow respondents an opportunity to answer “don’t know” to the questions. This is problematic given that an assessment of whether titles

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21 Popescu M, Gosselin T and Santana Pereira J (2012). European media systems survey 2010. Available at: <http://www.mediasystemsineurope.org>. Details of the survey design are described in Popescu, M. et al (2011), “EUROPEAN MEDIA SYSTEMS SURVEY 2010: RESULTS AND DOCUMENTATION”, particularly pp 6 (re: selection of experts), 11 (re: response rates), and 158 (re: the survey question asked regarding influence of ownership on political coverage).

22 An online survey of 1,019 respondents with UK university email addresses conducted by Times Higher Education (THE) in 2015 found that 46% of respondents intended to vote labour, 22% Green, and 9% Liberal Democrats. This compares to just 11% who intended to vote Conservative. While the statistical representativeness of this survey of UK academics as a whole is unclear given the self-selected nature of the respondents, the figures differ markedly from vote shares of the overall UK population in the 2015 General Election where the respective figures were 30%, 4%, 8%, and 37%. THE found that the Conservative share of the vote was lower among academics (8%) than support staff (15%) but that support staff were somewhat more likely to vote Labour (48% vs. 45%). <https://www.timeshighereducation.com/news/almost-half-of-sector-to-back-labour-the-election-poll-suggests/2019944.article#survey-answer>

23 Hanretty reports (at page 21) that the expert judgments in the Popescu paper have high “reliability coefficients”, a measure put forward by Steenbergen and Marks. However, this measure looks at the extent of *dispersion* between experts (i.e. whether they disagree in their categorisations) with the original article stating that “[t]he key to assessing expert judgments, then, is to assess the variance in those judgments”. Thus, by construction, this measure cannot detect a situation in which the experts share a common, though biased view (i.e. a situation in which the mean response is biased, but the variance between responses is low). <http://www.unc.edu/~qwm/assess/data/pp/steenbergen.marks.evaluating%20expert%20judgments.pdf>

24 The Guardian received an average score of 5.14 in response to the question “does each present equally well the arguments of all sides in political debates” vs. 3.10 for the Telegraph and 3.29 for the Times. The equivalent scores for “to what extent do these media provide accurate information on facts backed by credible sources and expertise” were 7.10, 6.16 and 5.90; for the question “to what extent does each advocate particular views and policies” the scores were 7.43, 8.00 and 8.10.

respond to their owners' interests relies upon respondents knowing who a title's owners are, what their interests are, and to be familiar with the title's coverage.

42. Third, to the extent that Hanretty's research hypotheses about the relationship between ownership and coverage may be shared by the respondents, there is a risk of circularity (i.e. of respondents saying that those titles whose ownership they knew to be concentrated were influenced by their owners' views). In this case, Hanretty's work would not be providing independent evidence but would simply show that other academics working in the same field have common prior beliefs on this issue.

*The findings of the Hanretty study are more nuanced than suggested by Dr Schlosberg and the identified effects are small*

43. Even if one sets aside these methodological concerns, Dr Schlosberg does not discuss the materiality or precision of the effects identified in the Hanretty study. These effects are in fact relatively small and, in some cases, highly imprecise.
44. **Impact of reducing the number of owners.** The magnitude of this effect in the study is extremely small. Increasing the number of owners by one (which corresponds to a roughly one standard deviation change) is estimated to reduce owner influence (as measured by the expert survey) by around 0.246. This corresponds to just over one-tenth of a standard deviation, an extremely small effect.<sup>25</sup> Hanretty himself acknowledges that "[t]he substantive magnitude of changes in the effective number of owners is slight."<sup>26</sup>
45. **Impact of moving from corporate to individual or family ownership.** Hanretty estimates that the impact on owner influence (as measured by the expert survey) of full control by a corporate entity or group of corporate relative to full control by a family or group of families is around 0.6 (just over a quarter of a standard deviation); this effect is found to be statistically significant at only the 5% or 10% level (not the 1% level). Even moving from full control by a corporate entity to full control by an individual is estimated to move owner influence by around 1 (around half a standard deviation). Hanretty describes this effect as "moderate."<sup>27</sup> Even if taken at face value, they do not support the claim made by Dr Schlosberg that they show that "the more concentrated the ownership structure of a news organisation is in individual or family control, the more likely its editorial independence will be compromised."<sup>28</sup>

*The Hanretty study conducts very little sensitivity analysis*

46. A further concern we have with the Hanretty study is its lack of sensitivity analysis: the study reports estimates from just two regression models. It is standard practice in statistical analysis to estimate a far broader range of models to ensure that one's results are robust (i.e. that they are not driven by the specific variables that are included in the model or by

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25 Table 1 reports that the number of owners ranges from 1 to 7 with a standard deviation of 1.2 while owner influence ranges from 1.2 to 10 with a standard deviation of 2.1. The 0.246 figure is taken from the regression coefficients in Table 2, but we note that Hanretty himself refers to figures in the text which do not match those in the regression tables and suggest effects which are smaller still.

26 Hanretty (2014), page 346.

27 Hanretty (2014), page 346.

28 Schlosberg, page 8.

the presence of outlier observations).<sup>29</sup> The lack of such analysis is particularly concerning given the small magnitudes of the estimated effects and their sometimes-low levels of statistical significance.

*The Hanretty study does not support a blanket presumption that owner concentration has malign effects*

47. As well as the quantitative analysis discussed above, the Hanretty study also presents a qualitative discussion of the impact of media ownership on reporting. Once again, the discussion is substantially more nuanced than suggested by the summary in Dr Schlosberg's report.
48. In particular, Hanretty highlights the acquisition of the Times and the Sunday Times as an instance where concentration in ownership may have *increased* media plurality. Hanretty states that "[i]f access to a wide range of titles is valuable in democracies, this [the desire to maintain both papers as important and prestigious titles] is one non-pecuniary benefit which we might wish to encourage by concentrated individual ownership."
49. Overall, Dr Schlosberg's summary of the literature in general, and of the Hanretty paper in particular, are oversimplified, thus his conclusion that there exists a broad consensus in the literature that concentration in media ownership influences editorial independence and news coverage is unfounded. The impact of this particular transaction on plurality is an empirical question and should be assessed based on the specific evidence to hand. Relying on a poorly-founded presumption of adverse effects on plurality is insufficient.

### **3. ANY POTENTIAL PLURALITY CONCERNS ARE REFUTED BY A DETAILED ANALYSIS OF OFCOM DATA ON NEWS CONSUMPTION AND MULTI-SOURCING**

50. In this section we provide an extensive analysis of the consumption behaviour reported in Ofcom's 2016 News Consumption Survey and explain why the consumption patterns of consumers of Sky News and News Corp titles are inconsistent with the transaction raising plurality concerns. After summarising up front the key conclusions from this analysis, the rest of this section sets out the hypotheses we intend to test and explains why these are relevant for the assessment of plurality, before analysing each one in turn. Finally, we discuss why the dismissal of the evidence on multi-sourcing in Dr Schlosberg's report is unconvincing.

#### **3.1. Key conclusions**

51. As shown by our analysis of Ofcom's 2016 News Consumption Survey, Dr Schlosberg's analysis fails to draw the most relevant conclusions from the data. These are as follows:
- consumers of Sky News and News Corp titles consume content from a broad range of sources – around 4.5 on average (more than consumers on average);
  - less than 5% of Sky or News Corp consumers rely on only these sources for news and around 80% of these consumers use three or more sources;

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<sup>29</sup> The classic reference in this regard is "Let's take the con out of econometrics" by Edward Leamer, which is often credited with launching a "credibility revolution" in applied microeconomics. See Leamer, EE. 1983. "Let's take the con out of econometrics". American Economic Review.

- there is limited overlap between Sky News and News Corp consumers – and *no* respondents in Ofcom’s survey consumed both News Corp and Sky News with no other third-party news source; and
  - Sky News and News Corp titles are rarely consumers’ most important source of news, and even consumers who use these sources generally regard other sources – especially the BBC – as more important.
52. We believe that these conclusions, which are of clearly greater significance than the claims made by Dr Schlosberg, provide compelling evidence that the transaction does not raise plurality concerns. We also find that Dr Schlosberg’s claims are not supported by the relevant data.

### 3.2. Framework and data for the empirical analysis

53. The CMA’s first theory of harm is that “[t]he Transaction reduces the range of viewpoints available to and consumed by members of the public.” The CMA explains that, under this theory of harm, “the Transaction would raise plurality concerns if it materially reduced the range of viewpoints available and consumed in UK news and current affairs content, such that plurality was no longer sufficient”, and raises the specific concern that “the Transaction might reduce the independence of Sky’s news and current affairs content from the rest of Fox and News Corp, and [...] lead to a reduction in diversity of viewpoints across the news and current affairs offerings controlled by the Parties and News Corp [...]”.<sup>30</sup>
54. Because the merger-specific effect is a potential change in the editorial position of Sky News, the primary focus should be on the consumption patterns of Sky News consumers and how the range of views they are exposed to might change post transaction. However, for completeness, we also conduct extensive analysis of News Corp consumers.

#### 3.2.1. Hypotheses considered

55. In particular, we use the Ofcom survey data to explore the following questions:
56. **To what extent do Sky News and (less critically) News Corp consumers multi-source across news outlets? The greater the extent of multi-sourcing the less is the risk of plurality concerns.** Regardless of whether media slant arises from the demand or supply side the economic literature finds that the ability of consumers to cross-check information across sources is a strong constraint on outlets’ ability and incentive to slant their coverage and to influence consumer decision making.<sup>31</sup> Accordingly, we begin our empirical analysis by looking at the extent of multi-sourcing behaviour.
57. Our finding is that both Sky News and News Corp titles are typically consumed as part of a broad range of news sources: consumers of each of these sources consume around 3 other wholesale news sources (as defined below) on average.

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30 CMA Issues statement paragraph 41.

31 This finding applies across almost all models of bias. In Mullainathan and Shleifer’s model (which assumes bias arises from the demand side as a direct result of consumer preferences), introducing the ability for consumers to cross check news sources increases the informativeness of the information they receive. Similarly, in Gentzkow and Shapiro 2006 (in which coverage is slanted in favour of consumers’ prior beliefs due to demand-driven reputational concerns), the ability to cross-check sources “may discipline firms’ incentives to bias their reports.” We have already described also how the ability to choose between different sources tempers the ability and incentive of owners to introduce supply-side bias.

58. **To what extent do consumers use both Sky News and News Corp? Do consumers of both Sky News and News Corp titles also consume other sources of News? The greater the share of consumers who consume both of these news sources, and few others, the greater the potential plurality concerns.** The consumers that experience a reduction in media plurality (in terms of a reduction in the number of independent sources that they consume) will be those who consume news from *both* Sky News and News Corp. Plurality concerns will be exacerbated if these consumers also consume few other news sources besides News Corp titles and Sky News. This is our second line of analysis.
59. According to the 2016 Ofcom survey, just 5% of consumers consume news from both Sky News and News Corp titles and not a single consumer relied on just Sky News and a News Corp title as their sole source of news. Indeed, over 80% of consumers of both Sky News and News Corp also consume news from a minimum of three additional wholesale providers.
60. **How important are Sky News and News Corp titles as part of their consumers' consumption bundle, and how important are other news sources to their consumers? The greater the importance placed on the other news sources they consume, the less the plurality concerns arising from the transaction.**
61. Sky News is cited as the most important source of news by just 24.7% of its consumers (or 5.2% of all consumers) and a News Corp title is cited as the most important source of news by just 12.4% of its consumers (or 1.8% of all consumers). The BBC tends to be these consumers' most important source of news with just under 40% (39.4% on a retail basis and 39.8% on a wholesale basis) of Sky News consumers saying the BBC is their most important source and 43.8% of consumers of News Corp titles saying the BBC is their most important source.
62. We believe this analysis, set out in more detail below, is compelling evidence against the transaction raising plurality concerns. Dr Schlosberg, in contrast, is dismissive of the role of multi-sourcing arguing that "[c]ontrary to arguments put forward by 21CF, the phenomenon of news multi-sourcing – especially at the wholesale level – has not turned out to be a boon for media plurality." As well as documenting the facts set out above – which are in our view sufficient to refute Dr Schlosberg's conclusion – we also discuss the (brief) analysis Dr Schlosberg puts forward in support of his claim and why we consider it to be unconvincing.

### 3.2.2. Data used

63. The analysis in this section focuses on consumers' multi-sourcing of news from different sources. All statistics presented here have been produced using respondent-level data from Ofcom's 2016 News Consumption Survey of 2,894 survey participants throughout the UK.<sup>32</sup> We consider only those respondents who report that they consume some news (referring to these simply as "consumers"); this reduces the sample to 2,659 of Ofcom's

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<sup>32</sup> The raw Survey data were accessed from <https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/news-media/news-consumption>



original 2,894 respondents. The data have also been weighted according to Ofcom's methodology better to reflect the UK population.<sup>33</sup>

64. The survey asked consumers about a granular range of news sources which were then aggregated into groups relating to a common owner or publisher. Different classifications were created at the wholesale and retail level. The retail provider is the outlet offering news to the consumer. Generally, the retail provider and the wholesale provider for an outlet are deemed to be one and the same. However, in a few instances the retail provider's news content is entirely created for it by a third party. In this case, the third party is deemed the wholesale supplier for that retail outlet. An example of this is Channel 4 News: Channel 4 is the retail provider but its bulletins are created by ITN, thus ITN is the wholesale provider. Full details of the classification of wholesale and retail providers in Ofcom's survey is presented in Appendix A.
65. One drawback of these data is that, even under the wholesale definition, social media and digital intermediaries are treated as single news sources. As Ofcom notes,<sup>34</sup> social media and digital intermediaries in fact draw on content from a range of online news providers, hence this methodology understates the range of news sources accessed by users using social media and other online intermediaries.<sup>35</sup> Thus the analysis presented below is likely to give a conservative picture as to the extent of multi-sourcing by consumers.

### **3.3. Consumers of Sky News and News Corp titles consume content from a broad range of sources**

#### **3.3.1. Sky News and News Corp consumers consume around 4.5 sources of news, more than consumers on average**

66. The more alternative news sources consumed by consumers of Sky News and News Corp, the less plausible it is that the transaction could raise plurality concerns. Given that the alleged merger-specific effect of the transaction is increased control of Sky News, the extent of multi-sourcing by current Sky News consumers is of particular interest.
67. In order to explore the current extent of multi-sourcing, Figures 2 and 3 show the average number of wholesale/retail news sources consumed by consumers of different news sources.<sup>36</sup> News Corp and Sky News consumers generally consume news from a variety of news sources, with Sky News consumers averaging 4.3-4.4 news providers and News Corp consumers averaging slightly more still at 4.7-4.8 news providers (depending whether

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33 In Ofcom's raw data, Bauer and Global Radio each appear twice as across-platform wholesale news providers, with the data provided being exact duplicates. Since this appears to be an error, to avoid double-counting of these two sources we omitted one set from our analysis. There was no duplication of these sources in Ofcom's raw data on retail providers.

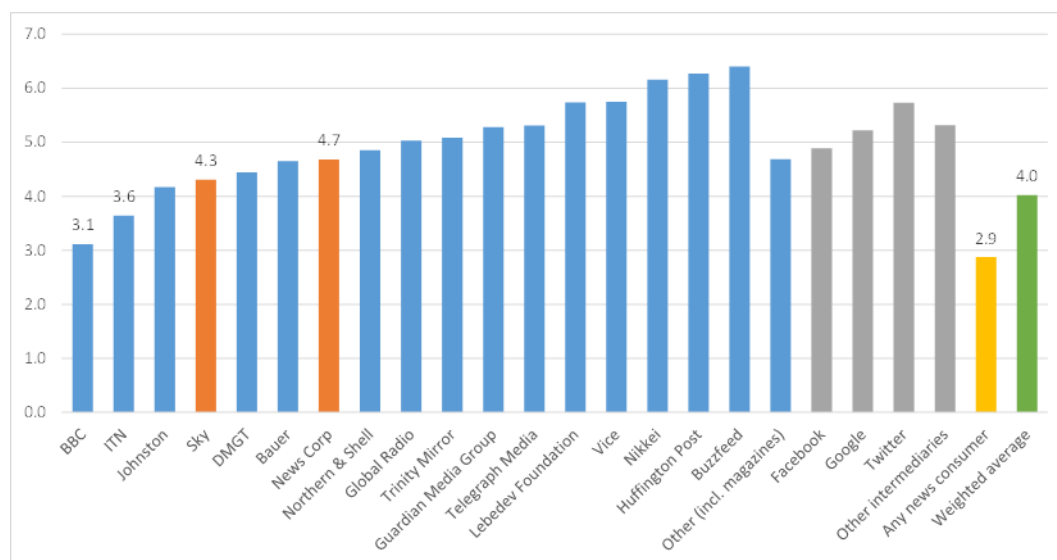
34 News Consumption in the UK: 2015 report. <https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/news-media/news-consumption> (accessed 29/10/2017).

35 A further issue is that the recall-based nature of the survey means it is likely to underestimate ad hoc news consumption online relative to more formal consumption (e.g. an evening news bulletin or a Sunday newspaper).

36 The Ofcom 2016 News Consumption Survey dataset includes Fox/Fox News as a source of news for UK consumers. This channel is no longer available in the UK and we understand it has surrendered its Ofcom broadcast licence. Although we have included data relating to Fox in the calculations presented in the report, removing it would have a negligible effect on the resulting figures (and it is unclear what, if any, sources the relevant consumers would replace it with).

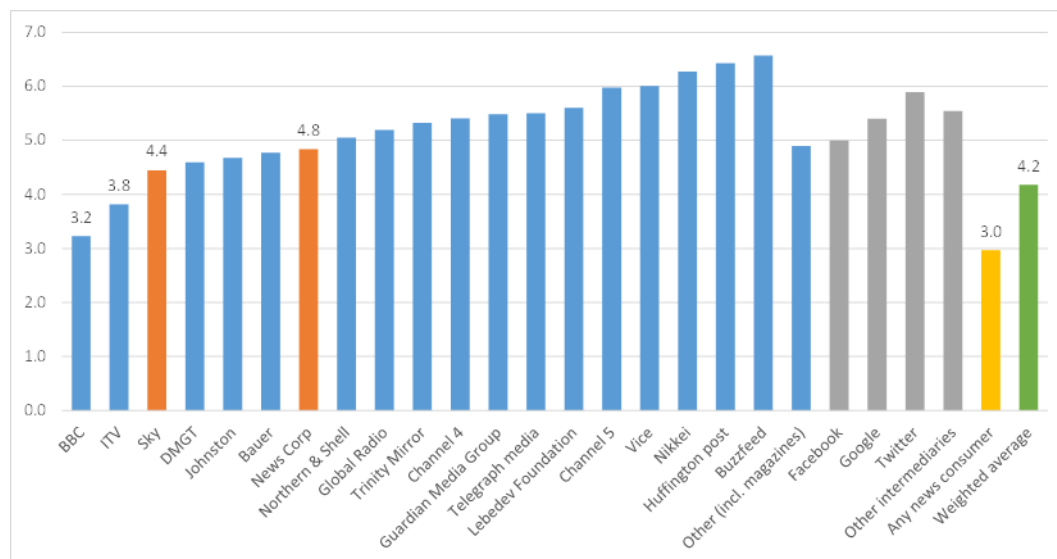
a wholesale or retail basis is used). Thus, even if the transaction were to lead to a change in control over Sky News' editorial policies, the affected consumers would still be consuming three other sources of news on average.

**Figure 2: Average number of wholesale providers to consumers of different news providers, 2016**



Source: CRA analysis of Ofcom 2016 News Consumption Survey data

**Figure 3: Average number of retail providers to consumers of different news providers, 2016<sup>37</sup>**



Source: CRA analysis of Ofcom 2016 News Consumption Survey data

Notes on Figures 2 and 3: Sky and News Corp coloured in orange, intermediaries in grey. The averages for any news consumer do not include observations in which individuals report that they consume news on at least one

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Ofcom's 2016 report gives the average number of individual sources used by news consumers as 3.8. Our figure (3.0, above the yellow bar) is lower than this because (we believe) Ofcom's calculation treats individual titles/channels (e.g. BBC1 and BBC2) as separate sources whereas we treat these as a single provider.

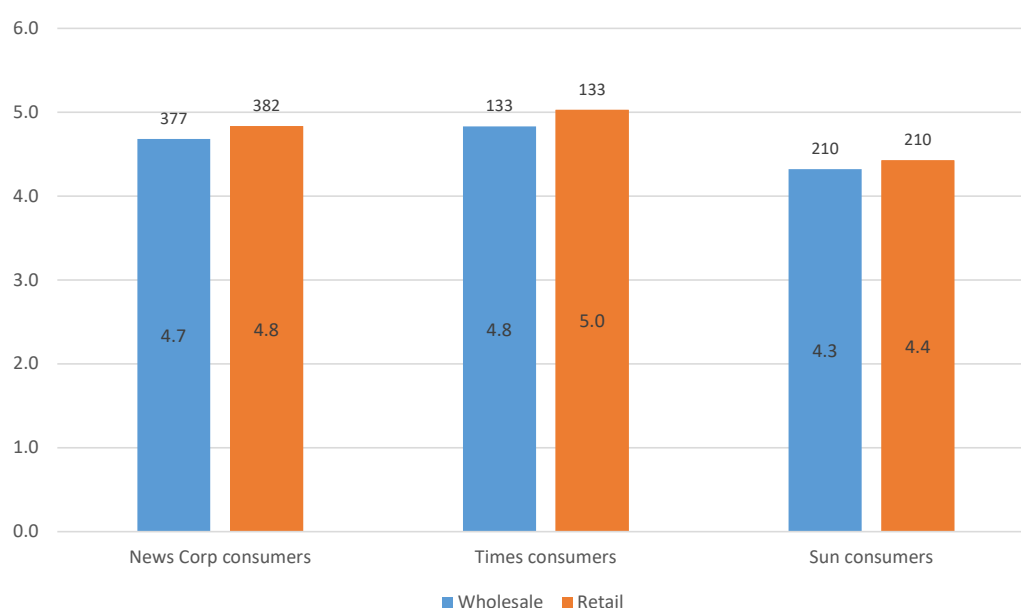
platform but do not state a wholesale/retail source (this results in a base of 2,577 consumers of wholesale news sources and 2,575 consumers of retail news sources). "Other (incl. magazines)" also includes Fox News.

68. To put these numbers in perspective, Figures 2 and 3 provide two measures of the average level of multi-sourcing for consumers in general. The "any news consumer" measure (the yellow column) is the average *across all consumers* of the number of providers used by the consumer. The "weighted average" (the green column) is the average *across news providers* of the average number of sources used by that provider's consumers (where the weights correspond to each provider's share of reference as provided in the Ofcom data) – i.e. the average of the figures given for the individual sources to the left in the figure. The two measures are different (with the first measure being lower) because individuals who multi-source appear as consumers of more than one of the individual sources, thus are counted multiple times in the "weighted average" measure (and more so the greater the number of sources they consume), while this overlapping is eliminated in the "any news consumer" measure, which counts each consumer only once.
69. On both measures, Sky News and News Corp consumers consume a larger number of sources than do consumers in general. This effect is driven largely by the tendency of BBC and ITV consumers to consume fewer complementary news sources.

*Among News Corp consumers, those consuming the Times display particularly high levels of multi-sourcing*

70. Disaggregating News Corp consumers into those consuming the Times (Times/Sunday Times newspaper, website or app) and those consuming the Sun (Sun/Sun on Sunday newspaper, website or app), Figure 4 shows that, on average, consumers of the Times source their news from more sources than consumers of the Sun. Of the 382 consumers who use News Corp as a wholesale source of news, 210 (55%) consume the Sun, 133 (35%) consume the Times but only 6 (2%) consume both. This suggests that while consumers of the Sun and the Times are distinct groups of consumers, both groups generally source their news from more than four providers even at the wholesale/retail level.

**Figure 4: Average number of wholesale and retail providers to consumers of the Sun and the Times, 2016**



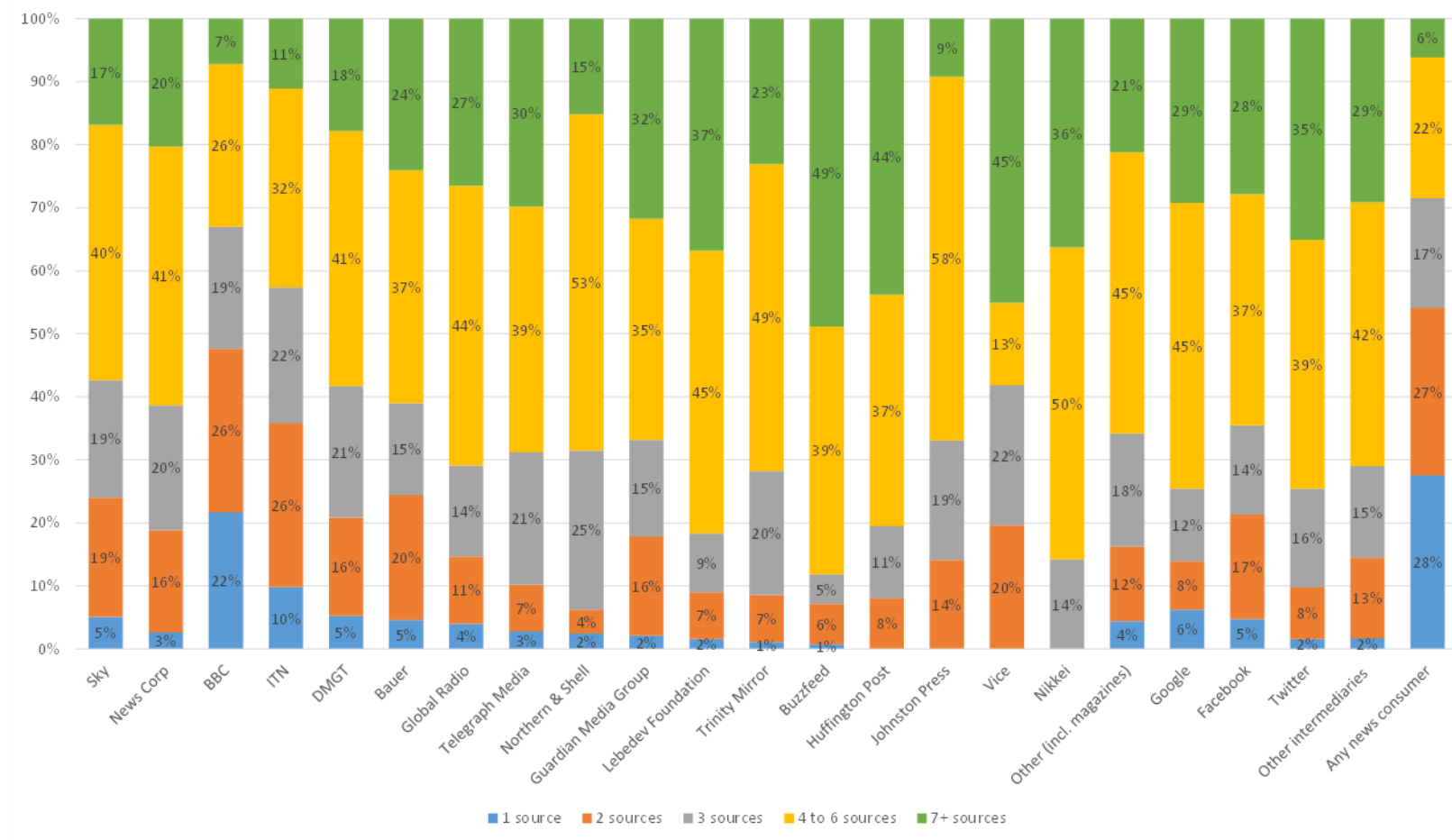
Source: CRA analysis of Ofcom 2016 News Consumption Survey data

Notes: Average number of news sources for consumers of that source displayed in centre of columns. Weighted number of consumers in the sample displayed above columns.

**3.3.2. Less than 5% of Sky News or News Corp consumers rely on only these sources for news and around 80% of these consumers use three or more sources**

71. The averages presented above give an indication of the extent of multi-sourcing. We now look at the distribution of multi-sourcing in more detail to provide a more in-depth indication of how reliant consumers are on particular news providers. Once again, current Sky News consumers are of greatest interest as these are the ones who will allegedly experience a change in editorial control.
72. Figure 5 below shows that only around 5% of Sky News consumers are dependent solely on Sky News for wholesale news provision, 76% of Sky News consumers consume Sky News as part of a selection of three or more sources and 57% consume it as one of four or more sources. News Corp consumers display an even lower level of dependence: just 3% of News Corp consumers are dependent solely on News Corp for wholesale news provision, 81% consume News Corp titles as one of three or more sources and 61% consume them as one of four or more sources. These statistics are broadly similar for retail news provision, shown in Figure 6.

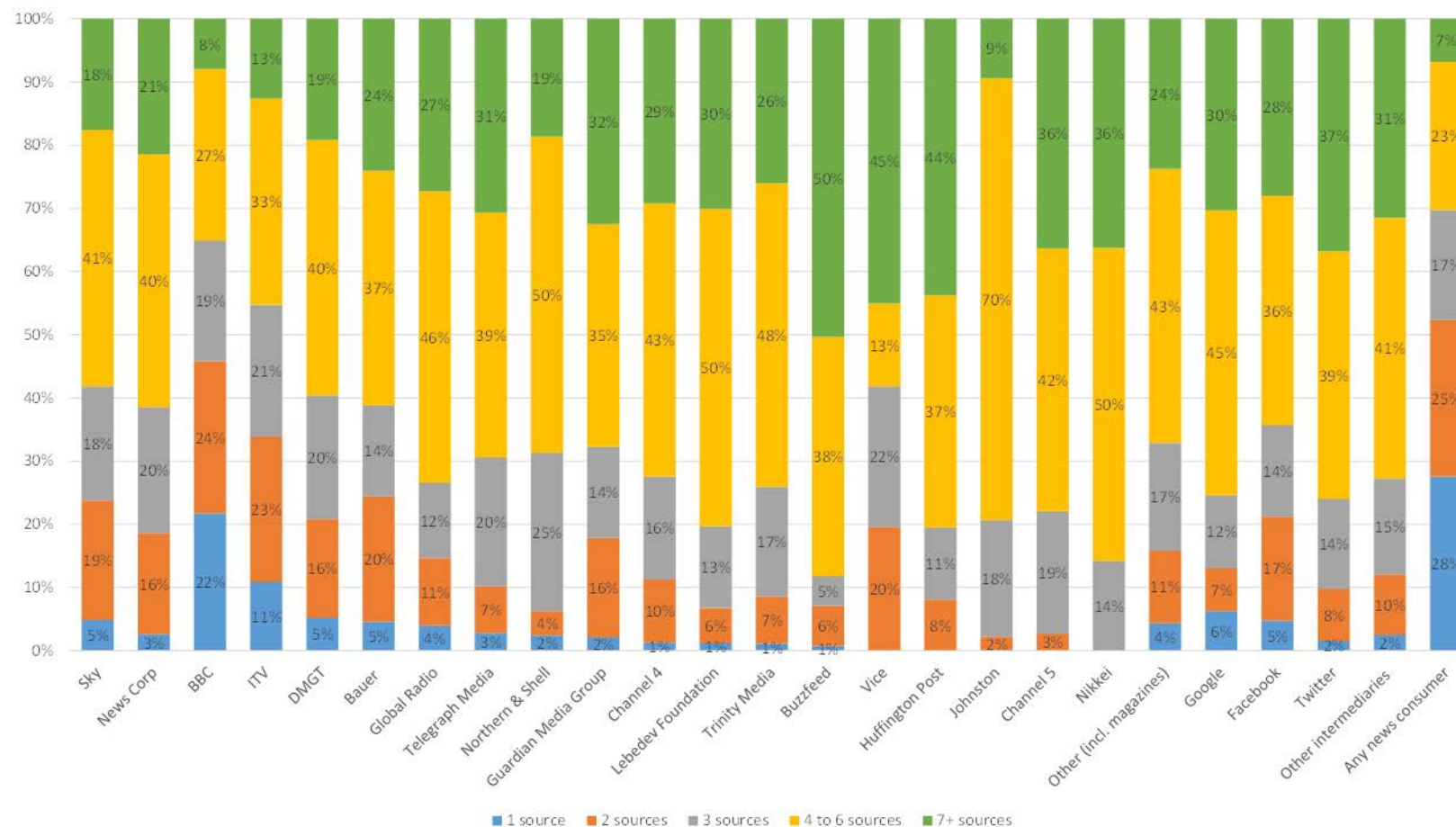
**Figure 5: Breakdown of number of wholesale news providers by consumers of different news provision, 2016**



Source: CRA analysis of Ofcom 2016 News Consumption Survey data

Notes: % share of “any news consumer” that source their news from 4+ providers is much smaller than that for any individual provider, and from 1 provider is much larger than for any individual provider, due to the overlap between consumers of different news sources. “Any news consumer” does not include respondents who said they did consume news on at least one platform but did not provide any wholesale news providers (75 out of 2659 unweighted observations). Other (incl. magazines)” includes Fox News.

**Figure 6: Breakdown of number of retail news providers by consumers of different news provision, 2016**



Source: CRA analysis of Ofcom 2016 News Consumption Survey data

Notes: % share of “any news consumer” that source their news from 4+ providers is much smaller than that for any individual provider, and from 1 provider is much larger than for any individual provider, due to the overlap between consumers of different news sources. “Any news consumer” does not include respondents who said they did consume news on at least one platform but did not provide any retail news providers (76 out of 2659 unweighted observations). Other (incl. magazines)” includes Fox News.

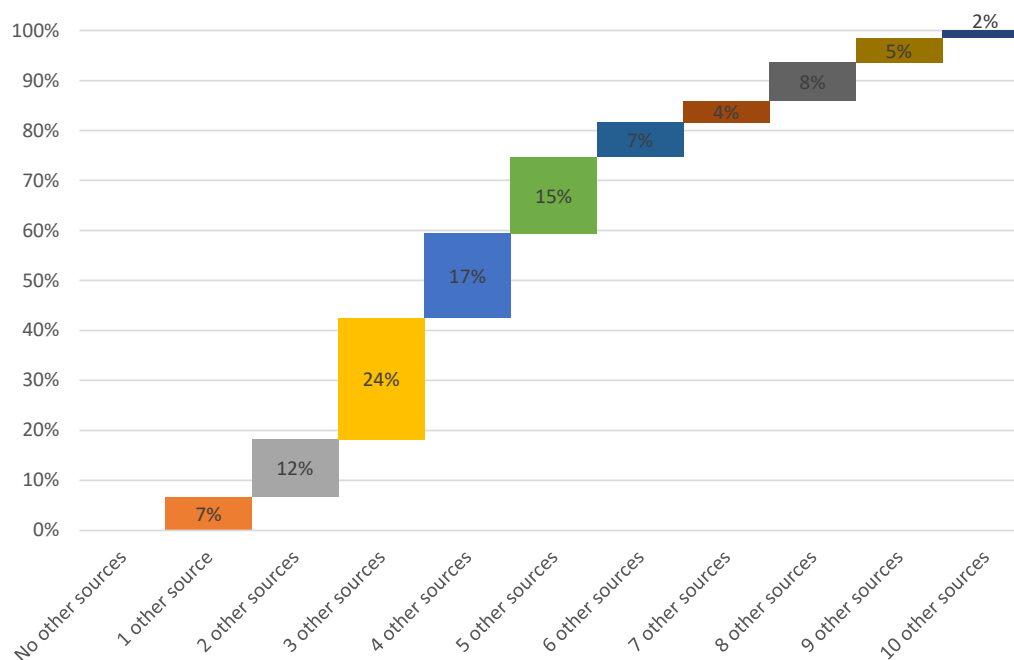
73. In cases where consumers consume news from Sky News or News Corp in conjunction with just one other source, this tends to be either the BBC or ITN. Of the 19% of Sky News consumers who consume news from just one other wholesale news provider, this provider is the BBC for 67% of these consumers and ITN for 15% of these consumers. Of the 16% of News Corp consumers who consume news from just one other wholesale news provider, this provider is the BBC for 63% of these consumers and ITN for 24% of these consumers. Full details of this breakdown are provided in Appendix B.

### 3.4. There is limited overlap between Sky News and News Corp consumers

74. The smaller the overlap between Sky News consumers and News Corp consumers, the less likely the transaction is to raise potential plurality concerns. Similarly, concerns could be more likely to arise if a significant proportion of consumers consumed news from Sky News and News Corp with few or no other news sources. We have therefore explored the Ofcom data to examine the proportion of consumers in these categories.
75. The key starting point from the Ofcom survey data is that:
- **Only 4.8% of news consumers consume news from both News Corp and Sky.** This conclusion is based on 128 weighted respondents to the Ofcom survey consuming both sources (on a wholesale basis).
  - **No respondents consumed both News Corp and Sky News with no other third-party news source.** Of the respondents who consume both Sky News and News Corp (23.6% of Sky News consumers and 33.5% of News Corp consumers), none was found to consume Sky News and News Corp alone for their wholesale news provision. The same is true for retail news provision.
76. Figure 7 breaks down the extent of multi-sourcing by those 5% of news consumers who consume news from both News Corp and Sky. This shows that 81.7% of consumers of both Sky News and News Corp source their news from at least three other wholesale news providers.



**Figure 7: Breakdown of number of other sources of wholesale news for consumers of both News Corp and Sky News, 2016**



Source: CRA analysis of 2016 Ofcom News Consumption Survey

Notes: Base is the 128 weighted respondents who consume both News Corp and Sky wholesale news. As such, total number of wholesale sources of these respondents is always two greater than the number of other sources.

### 3.5. Sky News and News Corp titles are rarely consumers' most important source of news

77. The transaction may be more likely to raise concerns if there is a significant proportion of consumers for whom Sky News or News Corp titles are their most important source of news. We show that, even among consumers who consume one or two other news sources besides Sky News or News Corp, these sources are rarely considered by consumers to be their most important source of news.
78. **Sky News.** Overall, 5.2% of news consumers stated that Sky News was their most important source of news. This corresponds to 24.7% of those consumers who reported Sky News as a source of news.
79. **News Corp.** News Corp is reported as the most important source of news by just 1.8% of news consumers. This corresponds to around 12.4% of those consumers who include a News Corp title as a source of news.
80. In Tables 1 and 2 below these data are broken down further according to the number of news sources consumed by the consumers. The upper panel of each table shows, for four wholesale providers – the parties (Sky News and News Corp) and the two providers most frequently named as most important (the BBC and ITN) – the share of consumers of who report that provider as their most important source of news, for those consuming that source plus one, two, three or any number of other sources. The right-hand column displays the share of all consumers that report that provider as their most important source of news. The lower panel of each table shows, for each of the categories described above, the provider named most frequently as those consumers' most important source of news (with the percentage of the relevant base naming that source given in brackets).

**Table 1: Importance of wholesale news providers for different samples of consumers, 2016**

| Source           | Source + 1 other  | Source + 2 others | Source + 3 or more others | Source + any number of others | All news consumers |
|------------------|---|-------------------|---------------------------|-------------------------------|--------------------|
|                  | % saying source is most important wholesale source of news                            |                   |                           |                               |                    |
| <b>Sky</b>       | 24.3%   | 27.7%             | 18.6%                     | 24.7%                         | 5.2%               |
| <b>News Corp</b> | 19.5%   | 15.5%             | 8.4%                      | 12.4%                         | 1.8%               |
| <b>ITN</b>       | 37.6%   | 21.6%             | 16.9%                     | 30.8%                         | 11.9%              |
| <b>BBC</b>       | 64.3%   | 53.0%             | 45.6%                     | 62.6%                         | 48.3%              |
|                  | <b>Most important wholesale source of news (% answering most popular in brackets)</b> |                   |                           |                               |                    |
| <b>Sky</b>       | BBC (45.6%)   | BBC (45.6%)       | BBC (38.9%)               | BBC (39.4%)                   | BBC (48.3%)        |
| <b>News Corp</b> | BBC (43.2%)   | BBC (44.8%)       | BBC (45.5%)               | BBC (43.8%)                   | BBC (48.3%)        |
| <b>ITN</b>       | BBC (45.4%)   | BBC (44.5%)       | BBC (42.9%)               | BBC (39.7%)                   | BBC (48.3%)        |
| <b>BBC</b>       | BBC (64.3%)   | BBC (53.0%)       | BBC (45.6%)               | BBC (62.6%)                   | BBC (48.3%)        |

Source: CRA analysis of 2016 Ofcom News Consumption Survey data

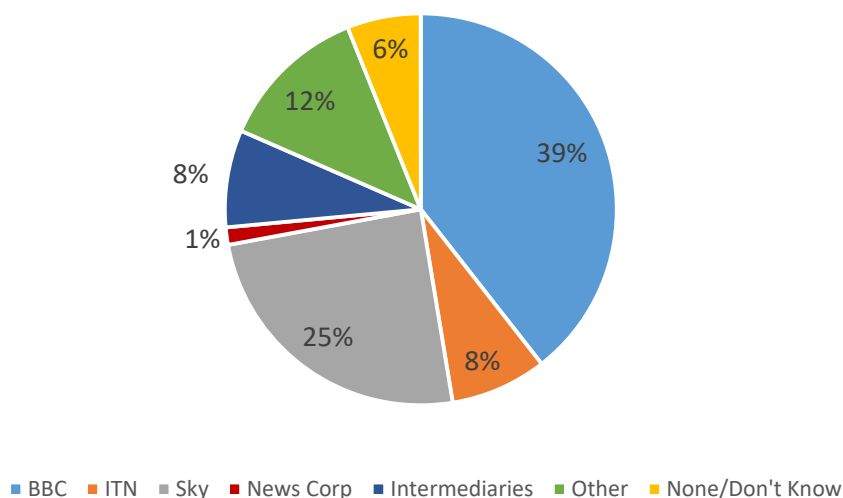
**Table 2: Importance of retail news providers for different samples of consumers, 2016**

| Source           | Source + 1 other   | Source + 2 others | Source + 3 or more others | Source + any number of others | All news consumers |
|------------------|--|-------------------|---------------------------|-------------------------------|--------------------|
|                  | % saying source is most important retail source of news                            |                   |                           |                               |                    |
| <b>Sky</b>       | 25.1%  | 27.7%             | 19.4%                     | 25.5%                         | 5.2%               |
| <b>News Corp</b> | 19.8%  | 15.4%             | 9.1%                      | 12.9%                         | 1.8%               |
| <b>ITV</b>       | 40.7%  | 25.0%             | 17.5%                     | 32.7%                         | 11.0%              |
| <b>BBC</b>       | 63.5%  | 54.4%             | 46.5%                     | 62.6%                         | 48.3%              |
|                  | <b>Most important retail source of news (% answering most popular in brackets)</b> |                   |                           |                               |                    |
| <b>Sky</b>       | BBC (46.2%)  | BBC (43.4%)       | BBC (39.9%)               | BBC (39.8%)                   | BBC (48.3%)        |
| <b>News Corp</b> | BBC (43.8%)  | BBC (43.1%)       | BBC (45.9%)               | BBC (43.8%)                   | BBC (48.3%)        |
| <b>ITV</b>       | ITV (40.7%)  | BBC (41.4%)       | BBC (42.2%)               | BBC (37.0%)                   | BBC (48.3%)        |
| <b>BBC</b>       | BBC (63.5%)  | BBC (54.4%)       | BBC (46.5%)               | BBC (62.6%)                   | BBC (48.3%)        |

Source: CRA analysis of 2016 Ofcom News Consumption Survey data

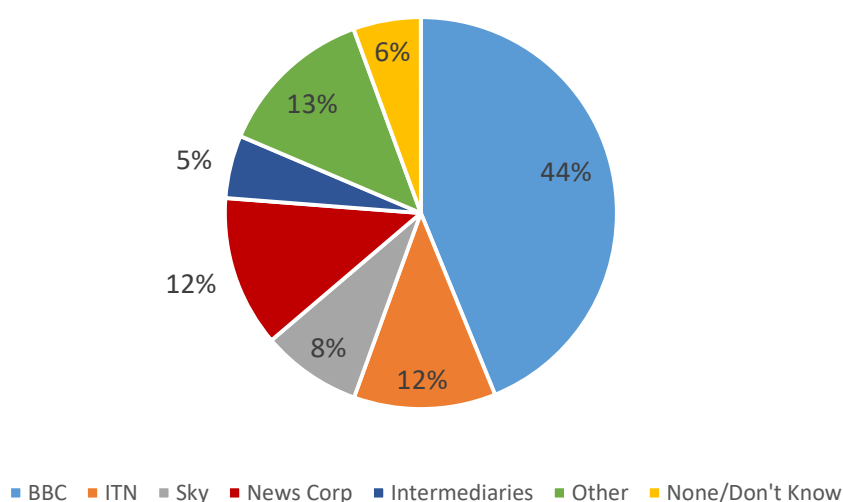
81. Notably, even among consumers who name Sky News as one of just two wholesale sources of news they consume, only 24.3% report Sky News as their most important news source. The equivalent figure for News Corp is 19.5%. The primary driver of this result is the fact that many (around 40% of) consumers of News Corp and Sky News regard the BBC as their most important source of news. Figures 8 and 9 below show the most important wholesale source of news specified by consumers of Sky News and News Corp titles respectively. It is notable that very few (around 1% of) Sky News consumers place importance on News Corp as a news source.

**Figure 8: The most important wholesale source of news reported by consumers of Sky News**



Source: CRA analysis of Ofcom 2016 News Consumption Survey data

**Figure 9: The most important wholesale source of news reported by consumers of News Corp**



Source: CRA analysis of Ofcom 2016 News Consumption Survey data

Notes to Figures 8 and 9: "Intermediaries" includes sources identified individually by Ofcom (Google, Facebook and Twitter) as well as Ofcom's "Other intermediaries" category. Similarly, "Other" includes all (non-intermediary)

sources identified individually by Ofcom other than those shown separately in the charts, as well as Ofcom's "Other (incl. magazines)" category.

### 3.6. Dr Schlosberg's discussion of multi-sourcing

82. The most important flaw in Dr Schlosberg's paper is that it fails to draw the most relevant conclusions from the dataset, as described above. However, we also note that the claims Dr Schlosberg does make are not based on a thorough assessment of the multi-sourcing behaviour of consumers. Instead, he supports his claim that "the phenomenon of news multi-sourcing – especially at the wholesale level – has not turned out to be a boon for media plurality" with two intertemporal comparisons, for multi-sourcing at the retail and wholesale levels respectively, derived from Ofcom sources. We do not think that these data points support Dr Schlosberg's conclusions and, moreover, they are outweighed by the detailed and systematic analysis presented earlier in this section.
83. **The declines in the proportion of consumers multi-sourcing at the wholesale level do not compare like-with-like and are in any event reversed in the latest data.** Drawing on Ofcom's 2010 Public interest test and its 2016 News consumption report, Dr Schlosberg reports that the share of consumers using four or more wholesale news sources fell from 29.2% in 2010 to 20% in 2015, while the share of consumers relying on just one or two wholesale news sources rose from 46.7% to 60% over the same period.<sup>38</sup> We have several concerns with this analysis.
84. First, the data are affected by changes to the wording of questions put to respondents in the Ofcom surveys, thus do not compare like with like. Specifically, the 2010 figures are based on questions asking consumers which outlets they used for news "at least weekly" whereas the 2015 figures come from questions which ask consumers which sources they used "nowadays". It is generally unreliable to pool survey data based on different questions in this way. It is also unnecessary when data based on a comparable set of questions are available for the period 2013 to 2016.
85. Second, the period 2010 to 2015 saw a significant increase in the use of online platforms such as Facebook and Twitter to access news content. As discussed above, a limitation of the Ofcom data is that it treats these platforms as a single wholesale source of news even though consumers on these platforms consume news from multiple underlying sources. Thus, the data for later years are likely to understate the extent of multi-sourcing at the wholesale level and, as we discuss in more detail in the following section, the rise of online platforms is likely to have acted to dilute the influence of traditional news brands.
86. Finally, Dr Schlosberg does not use up-to-date examples in his analysis, as Ofcom did not provide the corresponding figure in its 2016 news consumption report. Without prejudice to our point above that comparisons with the 2010 survey are not like-for-like, we have carried

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38 Ofcom, News consumption in the UK: research report, 15 December 2015, page 14. The full report is available at [https://www.ofcom.org.uk/data/assets/pdf\\_file/0020/77222/News-2015-report.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0020/77222/News-2015-report.pdf). The 20% figure cited for the share of consumers using four or more sources is an understatement of the actual percentage in the underlying data. Notice that the 78% that use 3 or fewer and the 20% that use 4 or more providers reported in the text boxes sum to only 98%, not 100% as must logically be the case, indicating that these figures have been derived by summing the rounded numbers shown on the bars in the figure rather than calculated from the underlying data. Assuming that these numbers have been rounded appropriately, the percentage that use 3 or fewer sources is at most 79.5%, implying that at least 20.5% use 4 or more sources, while the percentage that use 4 or more providers could be as high as 22.5%. So, a correct statement of the Ofcom data would be that the share of consumers using four or more wholesale sources in 2015 lies between 20.5% and 22.5%.

out the calculations for 2016 using the raw survey data for that year made available by Ofcom. These figures, presented in the final “any news consumer” bar in Figures 5 and 6 above, show that the share of people using four or more sources of wholesale news in 2016 is 28.5%, just 0.7 percentage points lower than in 2010, and the share of people reliant on just one or two wholesale news providers in 2016 is 54.1%, still 7.4 percentage points greater than in 2010 but around 5 percentage points lower than in 2015.

87. **Evidence on changes in the extent of multi-sourcing at the retail level over time.** The second piece of evidence referred to by Dr Schlosberg is that multi-sourcing at the retail level across sources on any platform type (TV, newspapers, radio and internet) has risen from only 3.7 to 3.8 between 2013 and 2016.<sup>39</sup>
88. The trend in multi-sourcing across all platforms masks important changes in multi-sourcing within each platform type. Data presented in the Ofcom chart cited by Dr Schlosberg (replicated in Table 3 below) show that the level of multi-sourcing within each platform type rose across the four-year period except for that within newspapers (which fell slightly from 2.1 to 2.0 over the period). Most notably, multi-sourcing on the Internet has risen from 1.9 in 2013 to 2.3 in 2016. Combined with the inherently plural nature of many internet-based sources (discussed next), this suggests that the actual extent of multi-sourcing at the wholesale level has increased more significantly.

**Table 3: Average number of individual news sources used nowadays by platform, 2013-2016**

|                  | 2013 | 2014 | 2015 | 2016 |
|------------------|------|------|------|------|
| Across platforms | 3.7  | 3.8  | 3.5  | 3.8  |
| TV               | 1.9  | 2.0  | 2.0  | 2.0  |
| Newspapers       | 2.1  | 1.9  | 1.9  | 2.0  |
| Radio            | 1.4  | 1.4  | 1.5  | 1.5  |
| Internet         | 1.9  | 2.0  | 2.1  | 2.3  |

Source: Ofcom, News consumption in the UK: 2016, 29 June 2017, page 56

89. Overall, the underlying data on multi-sourcing in the Ofcom survey – as analysed in earlier sections of this report – are clear and inconsistent with the transaction being capable of raising plurality concerns.

#### 4. ONLINE INTERMEDIARIES ARE LIKELY TO DILUTE, NOT INCREASE, THE INFLUENCE OF TRADITIONAL NEWS BRANDS

90. One of the key trends in news consumption in recent years is the increasing role of intermediaries in news consumption, most notably Google and Facebook, but also other social media sites such as Twitter.

<sup>39</sup> Ofcom, News consumption in the UK: 2016, 29 June 2017, page 56. The full report is available at [https://www.ofcom.org.uk/data/assets/pdf\\_file/0016/103570/news-consumption-uk-2016.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0016/103570/news-consumption-uk-2016.pdf)

91. Dr Schlosberg states that it is likely to be the case that “intermediaries [are] amplifying the voice of dominant news brands.”<sup>40</sup> Later in the paper he supports this conclusion by presenting various measures of audience reach and consumption of leading news brands via intermediaries, specifically their cross-platform audiences, numbers of Facebook fan pages, numbers of YouTube subscribers and appearances in the top five news headlines on Yahoo News UK, MSN News UK and Facebook Trending topics. He finds that on these measures Sky News is either the second, third or fourth biggest player on these intermediaries.
92. Dr Schlosberg’s discussion ignores the indirect and inherently plural nature of news consumption via online intermediaries. This has two important implications. First, a consumer that consumes news from Sky News and News Corp via an intermediary *also* receives news from many other sources through the same site, making this a poor route to influencing consumer opinions. Second, when consumption takes place via an intermediary the news provider has little or no control over the agenda or the presentation of their story, which is instead in the hands of the intermediaries’ algorithms and consumers themselves. For example, a news article may be shared by a consumer in order to rebut it, and even if shared favourably the article may then attract a rebuttal from the consumer’s friends.
93. Dr Schlosberg claims that the omission in Ofcom’s data of an analysis of news consumption via intermediaries if anything understates the importance of News Corp and Sky News because, he claims, these sources account for a significant share of news consumption on those platforms. However, Dr Schlosberg does not consider whether these sources’ shares of consumption via intermediaries are sufficiently large to outweigh the first-order effect that fewer people are consuming Sky News and News Corp titles directly, rendering this analysis incomplete. While, for the reasons discussed above, we do not consider it appropriate simply to treat consumption via intermediaries as equivalent to direct consumption of the set of sources consumed thereon, the first part of this section examines the issue raised by Dr Schlosberg using a relatively simple approach to allocate Ofcom’s shares of reference data for intermediaries between underlying news sources. The subsequent part of the section then turns to our specific critiques of Dr Schlosberg’s analysis of intermediaries.

#### **4.1. Sky News and News Corp shares of news consumption via intermediaries is insufficient to offset the decline in direct consumption**

94. In this section we adopt a simple methodology to reallocate the Ofcom shares of reference for intermediaries (which, as discussed above, are not then attributed to the underlying news providers) and reallocate these among news sources in accordance with the sources’ shares as measured by relative numbers of Facebook page fans or “likes”.<sup>41</sup> We find that,

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40 Schlosberg p.5.

41 While acknowledging that measuring engagement on social media platforms empirically is difficult, Dr Schlosberg appears to view page likes as a reasonable metric of relative consumption, writing on page 10: “[c]onventional measures also do not capture the kind of news consumption typified by social media engagement (likes, shares, replies, etc). As previously mentioned, we do not consider this kind of consumption equivalent (in impact terms) to news *readership*. But it is nevertheless an important emergent area of inquiry when it comes to plurality assessment.”

even when one accounts for the effect highlighted by Dr Schlosberg, the shares of reference accounted for by Sky News and News Corp titles remain small.

#### 4.1.1. Data on news brands' shares of "likes" on Facebook

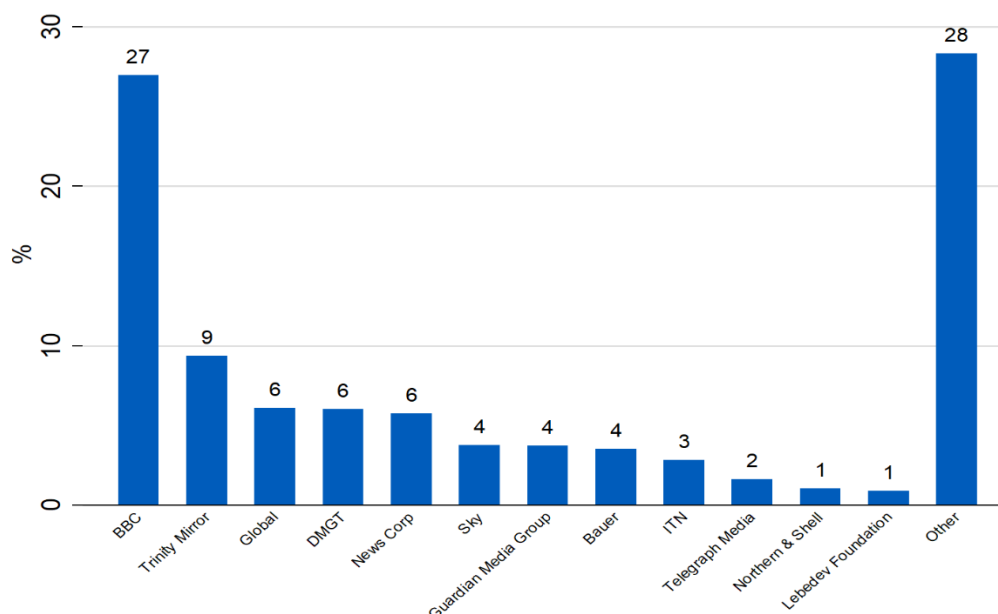
95. As a proxy for the relative presence of news brands on Facebook and other online intermediaries, data were obtained from Socialbakers on the number of likes given by UK Facebook users on news pages.<sup>42</sup> The initial sample consisted of the 200 most popular media Facebook pages according to this metric. This sample was then reduced to 69 by excluding pages that did not provide news content (music pages, social network pages, web portals, magazines, journals etc.) as well as pages with significant focus on sports or entertainment as well as news.<sup>43</sup>
96. This approach has certain limitations. By using likes rather than engagement metrics (such as shares), the approach may underplay the importance of non-traditional news sources on intermediaries. The Socialbakers' media category consists largely of mainstream players and excludes, for example, The Canary, which if it were included would rank well within the top 200 sources. Thus, if anything, the results reported below are likely to overstate the importance of Sky News and News Corp.
97. Figure 10 below shows the percentage shares of likes given by UK Facebook users to different news pages (grouped by corresponding brands). As in Dr Schlosberg's analysis, the BBC accounts for the largest share, although we find that News Corp and Sky News are somewhat lower down the rankings (while still being not insignificant players). Crucially, by including a much larger sample of news sites rather than just the ten leading online news providers in the UK considered by Dr Schlosberg, and including the combined share of "other" sources, our approach highlights the importance of smaller providers: as can be seen in Figure 10, "other" accounts for 28% of Facebook likes within our sample. Naturally, our application of a cut-off point limiting our sample to the top 200 Facebook pages tends to *understate* the importance of this "long tail".

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42 <https://www.socialbakers.com/statistics/facebook/pages/local/united-kingdom/media/> (accessed on 02/11/2017). We use the first 200 Facebook pages from the "Media" section. The Socialbakers website does not provide historical data and provides only the current data as of November 2017. These data were used for analysis of both 2016 and 2013 shares. However, this approach is a conservative estimate of trends in brands' shares since social media consumption is likely to be diffusing amongst brands over time, and thus the reallocation of 2017 Facebook shares to 2013 brands shares will probably understate any loss in Sky/News Corp's shares.

43 Sensitivity analysis in which pages of sports news and/or pages with mixed content were included only slightly affected the results and did not change the direction of the trends, which confirms the robustness of the findings.

**Figure 10: Wholesale provider share of likes on Facebook, November 2017**



Source: <https://www.socialbakers.com/statistics/facebook/pages/local/united-kingdom/media/> (accessed on 02/11/2017). This report used the first 200 Facebook pages from the "Media" section.

Note(s): The brands displayed separately were chosen to match the most popular brands in Ofcom's survey.

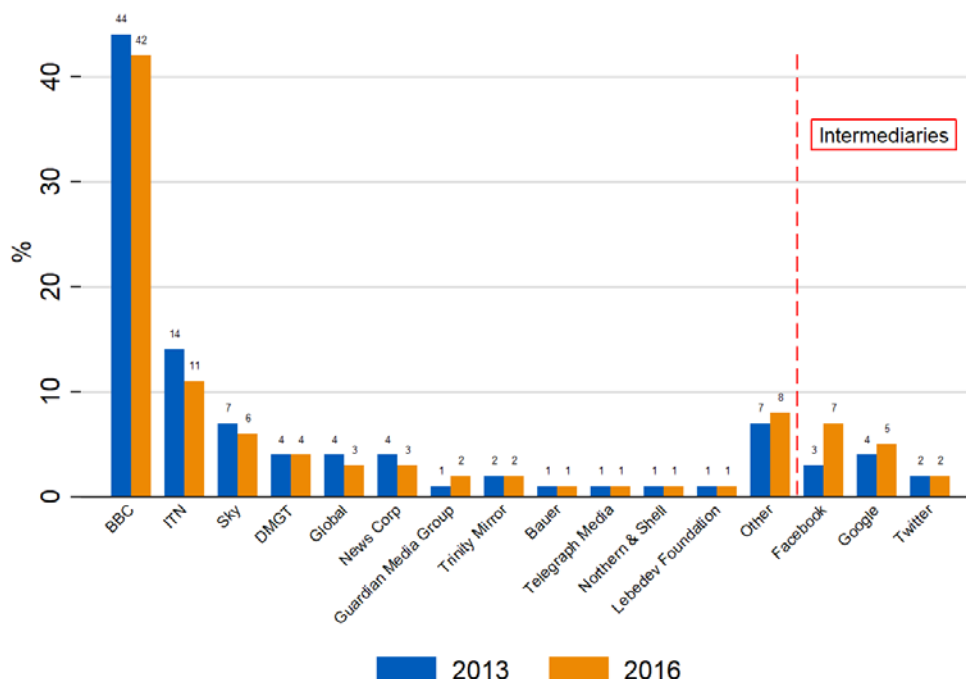
98. This analysis ignores the fact that social media platforms allow other actors (e.g. political parties or individual politicians) to communicate with their followers directly. This will again tend to overstate the relative importance of traditional news brands such as Sky News and News Corp titles on Facebook.

#### **4.1.2. Impact of accounting for shares on intermediaries Sky News and News Corp shares of reference**

99. Figure 11 below shows the original Ofcom share of reference data for 2013 and 2016. This shows that consumption via intermediaries has significantly increased in prominence, growing by around five percentage points, or more than 50% of their combined initial level, between 2013 and 2016. Over the same period News Corp's share of reference has declined notably (by one percentage point or around 25%) while Sky News' has also declined somewhat. Intuitively, because their direct share of reference has fallen by around two percentage points, Sky News and News Corp titles would need to account for 40% of consumption on intermediaries for this decline to be offset by the five-percentage point growth of consumption via intermediaries. The data in Figure 10 above indicate that this is not the case.



**Figure 11: Wholesale provider share of reference before the reallocation of intermediaries' shares**



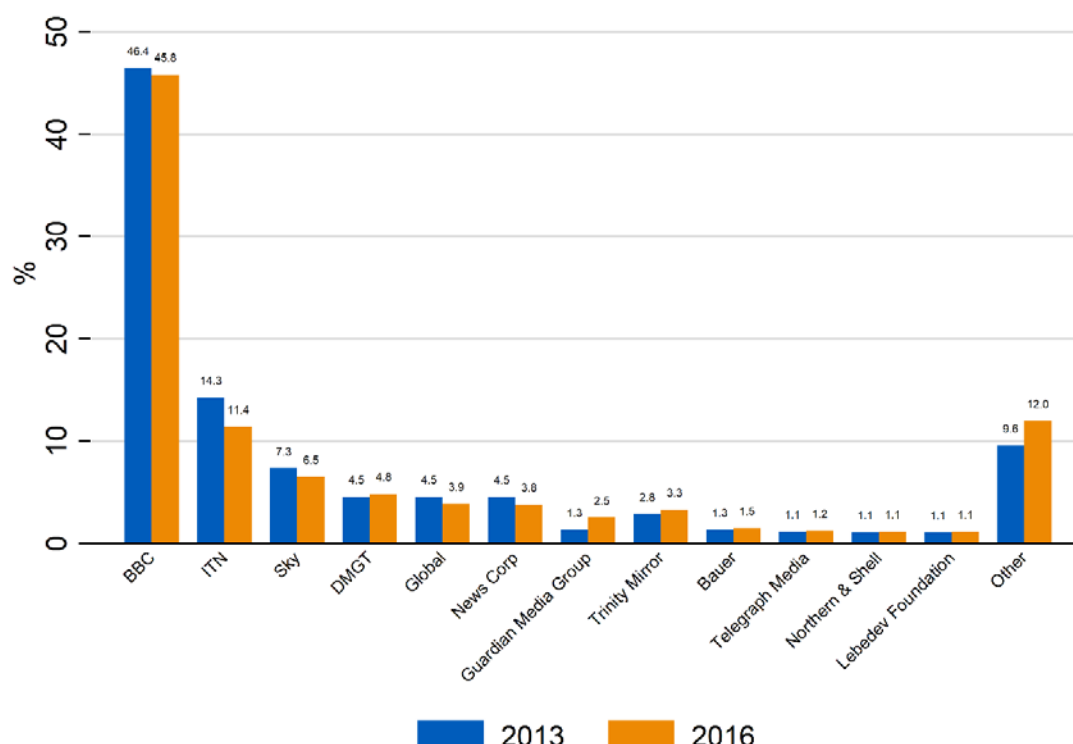
Source: Ofcom's "News consumption in the UK" report, 2016.

Note(s): Relatively small brands (Buzzfeed (1%) and Huffington Post (1%)) as well as "Other intermediaries" (1%) were included in "Other" for 2016 to account for differences between Ofcom's graphs for 2013 and 2016. Wholesale shares of intermediaries in 2013 were assumed to be equal to retail shares. Ofcom's figures were only available rounded to the nearest integer.

100. In order to confirm this intuition, we reallocate consumption via intermediaries to underlying sources in proportion to their relative shares of Facebook likes given in Figure 10, applying this approach to the Ofcom wholesale data for 2013 and 2016.<sup>44</sup> The resulting shares of reference are shown in Figure 12 below. This shows that both News Corp's and Sky News' shares of reference (including via intermediaries) have declined over the period even when consumption via intermediaries is taken into account.

<sup>44</sup> Due to the absence of other data, this approach involved applying the shares of Facebook likes for 2017 to reallocate the wholesale shares of references for (i) all online intermediaries, and (ii) both 2013 and 2016 data. While measures of relative presence of news sources on other intermediaries, and historic shares for the relevant year, would be preferable, current shares of Facebook likes would seem to be a reasonable proxy.

**Figure 12: Wholesale provider share of reference after the reallocation of intermediaries' shares**



Source: CRA analysis

101. While somewhat crude, this approach to attributing consumption via online intermediaries to underlying sources suggests that the shares of reference accounted for by Sky News and News Corp, taking account of consumption via intermediaries in addition to direct consumption, remains small. Moreover, these sources' shares of reference have declined between 2013 and 2016 despite – or perhaps because of – the growing popularity of news consumption via online intermediaries, the opposite of what might be expected if Dr Schlosberg's view that intermediaries enhance the position of traditional news brands were correct.
102. In any case, as noted above the inherently pluralistic nature of online platforms implies that the number of *other* sources consumed by consumers that use these platforms is likely to be higher than suggested in the analysis of multi-sourcing earlier in this report, further mitigating any plurality concerns. Consumption via intermediaries also deprives news outlets of the ability to influence which of their stories consumers read or the presentation of the story, since this may depend upon the working of an algorithm or sharing by a friend, rather than the outlet's decisions regarding prominence and presentation. Accordingly, when their role and impact is properly taken into account, the rise of online intermediaries mitigates any plurality concerns arising from the transaction.

#### 4.2. Other issues with Dr Schlosberg's analysis of consumption via intermediaries

103. As well as his failure properly to assess the impact of online intermediaries on consumption of the underlying sources, or to take account of the inherently plural nature of these platforms, we have the following specific concerns about Dr Schlosberg's analysis.<sup>45</sup>
104. **Dr Schlosberg's discussion of intermediaries focuses on changes in rankings among the top news sources on these platforms rather than the potential magnitude of the effects brought about by the transaction.** When interpreting his data, Dr Schlosberg focuses on the claim that the merger "puts Murdoch-controlled brands [including non-UK titles] in first position based on number of articles in the top five headlines" on the online platforms he considers. However, this eye-catching change in rankings results from a rather small effect. Looking at the data in Dr Schlosberg's Figure 4, which shows the presence of wholesale news brands in the top five headlines on Yahoo News UK, MSN News UK and Facebook Trending Stories over a 10-day period in September 2017, it appears that the incremental impact of the transaction would be to move from a situation in which Sky News has around 10% fewer such articles than the highest-placed non-Sky/News Corp player (Lebedev Holdings) to one in which Sky News in combination with News Corp has fractionally more articles than this player.
105. Moreover, by focusing merely on the relative presence of the top ten news brands, Dr Schlosberg's analysis abstracts from the fact that news stories from a multitude of sources are carried by online intermediaries, giving an overall picture of news coverage which is *unconcentrated*. In this context, even when restricting attention to the ten news brands Dr Schlosberg has chosen to consider, it is difficult to see how these data can be taken to imply that the transaction raises material plurality concerns.
106. **Facebook Trending articles and citations on Yahoo News and MSN News seem unlikely to provide reliable indicators of news brands' relative influence online.** Based on our own limited sampling of Facebook Trending articles over a three-day period, it seems unlikely that this measure provides a reliable basis for Dr Schlosberg's analysis. As we show in the Appendix C, many of these articles are international in nature and they are often of limited news value.
107. It is notable that, in contrast to his reporting of data on cross-platform audiences, Facebook page fans and YouTube subscribers, when presenting this data source Dr Schlosberg does not partition between individual News Corp and Sky/Fox outlets. It is possible that his analysis may be skewed by the presence of articles originating from non-UK outlets, which are of little relevance to the issue of media plurality in the UK.<sup>46</sup> In the absence of a breakdown between individual outlets this issue is impossible to determine.
108. **Dr Schlosberg does not discuss the importance of these particular intermediaries for online news consumption as a whole.** While Facebook, Twitter and YouTube may be the leading social media sites, Dr Schlosberg makes no attempt to assess the importance of the platforms he considers for online news consumption as a whole. Online

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45 As with the other aspects of Dr Schlosberg's findings, we have not reviewed his underlying data and analysis (as this is unavailable to us), hence our comments are based only on the material presented in his report. We note that Dr Schlosberg has offered to provide his underlying data and analysis to the CMA.

46 We note that when discussing these data on page 12 Dr Schlosberg mentions the Wall Street Journal, Fox News and New York Post, all of which are US-focused outlets.

news is also accessed via general search engines (among which Google leads the field by far in Europe). Dr Schlosberg presents no analysis of the importance of traditional news brands for news-related items in general search.<sup>47</sup> Overall, Dr Schlosberg's assessment of the impact of the rise of intermediaries (that it *enhances* the role of traditional news brands) is counterintuitive and lacks a proper quantitative analysis. Once one considers the rise of intermediaries in the context of other industry trends, the data do not support Dr Schlosberg's conclusions.

## 5. DR SCHLOSBERG'S FINDINGS ON AGENDA SETTING ARE UNRELIABLE AND OVERSTATED

109. In section IV.c. of his report, Dr Schlosberg argues that measures of revenue and reach understate the importance of Sky News and News Corp because they do not account for the agenda setting power of newspapers (i.e. their ability to influence the coverage of other news outlets). He discusses an existing study by Cushion, Kilby, Thomas, Morani and Sambrook looking at agenda setting from newspapers to TV in the 2015 election<sup>48</sup> and puts forward results from his own analysis based on coverage in September 2017, which professes to show that News Corp titles, and the Times and the Sunday Times in particular, significantly influence other news brands. This latter piece of analysis is based on a methodology developed in a paper by Harder, Sevenans and Van Aelst (2017).<sup>49</sup>
110. Dr Schlosberg's arguments are unconvincing. In this section we explain how: i) the Cushion et. al. study is much more nuanced than suggested by Dr Schlosberg and comes with a number of important caveats; ii) the methodology on which Schlosberg's analysis relies is opaque and, to the extent it is based on the Harder et al. study, flawed and/or incomplete for this research question; iii) whatever the current level of newspapers' agenda-setting power, it seems very likely to have declined in recent years as a result of the growth of online-only players and social media; and iv) as with his analysis of social media, Dr Schlosberg erroneously focuses his attention on changes in the ranking of news sources (e.g. whether News Corp/Sky would be the combined second or third largest agenda setter) without properly considering the magnitude of the effects he is identifying.

### 5.1. The Cushion et al. study's findings on agenda setting are significantly caveated and the quantitative effects are small

111. Dr Schlosberg cites the Cushion et al. study as showing that "national newspapers – including News Corp titles – played a significant agenda leading role over television news."<sup>50</sup> However, as with the Hanretty paper discussed above, our assessment is that Dr

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47. Athey provides some information on the importance of news aggregators relative to other traffic sources such as search and concludes that "Google News is small, but Search is big." Susan Athey, "The Internet and the News Media", presentation slides.

48. Cushion, S., Kilby, A., Thomas, R., Morani, M. and Sambrook, R. (2016). "Newspapers, impartiality and television news: Intermedia agenda-setting during the 2015 UK general election campaign." *Journalism Studies*, pp.1-20.

49. Harder, R.A., Sevenans, J. and Van Aelst, P. (2017). "Intermedia Agenda Setting in the Social Media Age: How Traditional Players Dominate the News Agenda in Election Times." *The International Journal of Press/Politics*, 22(3), pp. 275-293.

50. Schlosberg, page 15.

Schlosberg overstates the findings of this paper and conflates the question of whether there is an effect with whether it is *material*.

112. The Cushion et al. study consists of a quantitative analysis of how many “policy stories” covered by TV broadcasters in the 2015 general election campaign were initially covered in a newspaper the day before. This is accompanied by a qualitative discussion of agenda setting based on interviews with broadcast media journalists and a case study of the coverage of the SNP coalition issue in the latter days of the campaign.
113. The quantitative study looked at 140 different “policy stories” covered by TV news during the election campaign and showed that 31% of these originated in a newspaper, with the Times/Telegraph the most likely to be the originator (at 16-20% of newspaper-originated stories). We have a number of concerns with Dr Schlosberg’s interpretation of this study.
114. **Even accepting the study’s methods, the implied magnitudes are small.** Around 38% of TV items were deemed “policy related”,<sup>51</sup> while of the 140 policy-related stories, 31% were identified as appearing in a newspaper first (although, weighted by air time this share was closer to 60%),<sup>52</sup> of which 16% appeared in the Times or Sunday Times and 6.7% in the Sun. Thus, even before one considers other mitigating factors the potential scale of the effect seems limited.
115. **It is necessary to distinguish between genuine agenda setting (newspaper coverage that results in broadcasters running stories they would not otherwise have run) and instances where newspapers report first on a story that would have been covered anyway.** While the Cushion et al. study makes efforts to distinguish between these effects by looking at articles that were published by newspapers the previous day, it appears that many of the “agenda setting” stories relate to issues of obvious public interest that would almost certainly have been covered by broadcasters in any event.
116. Most notably, and as acknowledged by the authors, 9 of the 12 most significant “agenda setting” stories were in fact newspapers getting a first look at parties’ policy announcements. The fact that, for example, the Conservative Party might provide policy announcements to more Conservative-friendly papers such as the Daily Telegraph or Daily Mail before providing them to broadcasters or other newspapers does not imply that these papers set the agenda because such policy announcements are of sufficient interest to be covered by broadcasters anyway. A review of the other significant stories covered by the press before the major broadcasters in the Cushion et al. study seem similarly likely to have generated significant coverage in any event.<sup>53</sup>
117. As we discuss further below, Dr Schlosberg’s own agenda-setting analysis is even more susceptible to these issues.
118. **The impact of agenda setting is tempered by the fact that broadcasters can filter stories reported by newspapers while also applying their own perspective.** A further

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51 This is based on the total number of election-related items reported as 843 on page 6 of Cushion et al. and the total number of policy-related items (reported as 321 on page 10 of that paper).

52 Page 9. Note the distinction between a policy *story* (a distinct issue that was potentially covered by one or more outlets) and a policy *item* (an individual broadcast segment). The number of the latter is naturally always less than that of the former.

53 The other three items were an Office of National Statistics report on GDP growth, a speech by Tony Blair on the EU referendum and a letter from 105 business leaders supporting the Conservative Party.

mitigating factor is that broadcasters can decide which stories to follow and, when doing so, can determine for themselves whether covering a story is in the public interest. Similarly, a decision to cover a story previously covered by a newspaper still allows broadcasters to cover the story in their own way while accounting for a range of views.

119. While broadcast journalists' assessments of the quality of their own coverage need to be evaluated cautiously, the qualitative evidence presented in the Cushion et al. study is consistent with this kind of filtering. The study gives the example of how a letter from prominent business leaders supporting the Conservative Party first published by the Daily Telegraph received significantly more coverage than a subsequent letter from owners of small businesses because it was considered to be of greater public interest and to be less obviously partisan.<sup>54</sup>
120. Indeed, the interview extract that was deemed by the authors of the Cushion et al. study to be the "strongest acknowledgement [among the broadcasters interviewed by the researchers] that newspapers can [...] have agenda-setting power" is in fact rather nuanced and concludes with the assessment "did we slavishly follow their agenda? No, absolutely not".<sup>55</sup>
121. Our concern is that these important caveats to the Cushion et al. study are lost in Dr Schlosberg's summary of the literature and that, as we now discuss, his own analysis, as well as suffering from other drawbacks, fails to consider these issues at all.

## 5.2. Schlosberg's analysis suffers from important methodological limitations

122. Dr Schlosberg's own analysis is based on a 10-day period during September 2017. He reports that he looked at headlines in 29 outlets<sup>56</sup> and identified 108 distinct news stories covering UK political news topics.<sup>57</sup> He then identifies which publisher was the "agenda leader" for each story and reports being able to identify a "clear agenda leader" in 66 of these cases.
123. The lack of access to Dr Schlosberg's underlying data and analysis is particularly problematic in this respect as Dr Schlosberg provides no detailed information on how he identified agenda leaders or on the stories identified as having been led by newspapers. He simply states that "[w]e identified and categorised headlines according to discreet [sic] news stories covering UK political, economic and social issues and, following Harder et al.

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54 See Cushion et al. page 15.

55 The full quote provided by the authors is "do I accept that we follow a newspaper agenda? Sometimes. I think it's true today as it would have been during the campaign. There is, as you'll know, the feeding off each other kind of mentality a little bit because if someone's going to get a story, if it stands up, you're going to look at it. But I hope that that is the same as the other way round...my job is to make sure that we lead the news as much as possible but of course do we pick up stories from the papers? Of course we do. But did we slavishly follow their agenda? No, absolutely not. (Katy Searle, BBC)".

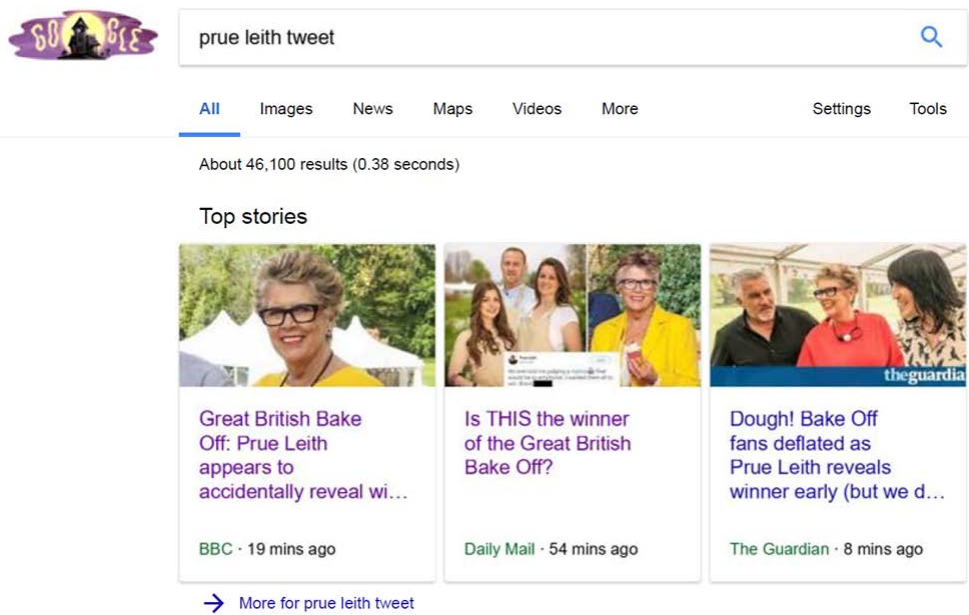
56 These included 5 newspaper websites, 3 online-only news sites, 3 online aggregators, the news websites of the BBC and Sky, the print editions of the 5 newspaper websites plus an additional title and their Sunday editions, news bulletins on 4 radio stations and the peak bulletins and news programmes on BBC1, BBC2, ITV, Channel 4 and Sky News.

57 Dr Schlosberg reports that he excluded "international and non-political/social news stories".

(2017). We then used a time series analysis to identify key agenda leaders and rank them according to ownership.”

124. **The level of agenda setting identified by Dr Schlosberg is implausible given the methodology he describes.** Dr Schlosberg says that he identified agenda leaders by looking for those instances “in which a single outlet carried the story at a time point in the sample prior to attracting wider coverage”. He refers to sampling outlets at four regular daily time points,<sup>58</sup> suggesting that a lead time of around six hours was necessary to identify a clear agenda setter; indeed, this is the approach used by the Harder et al. study he cites. However, given the rapidity with which news brands are able to replicate one another’s stories, especially online (recent academic research suggests that one quarter of news stories are replicated within just 4 minutes<sup>59</sup>) it seems unlikely that such a methodology would have delivered a unique agenda setter 61% of the time as Dr Schlosberg reports.
125. Conversely, if Dr Schlosberg used a lower threshold than six hours to identify agenda leading, then his analysis will be susceptible to the issue discussed above of wrongly identifying instances where a title is the first to report a story of clear public interest as a case of shaping the news agenda. Since Dr Schlosberg does not provide details of the stories included in his study we cannot assess the degree to which this is the case. However, to illustrate this danger, Figure 13 below presents a recent example, Prue Leith’s accidental leaking of the winner of the Channel 4 programme “The Great British Bake Off”.<sup>60</sup>

**Figure 13: Example of falsely-attributed agenda setting using a time series methodology**



Source: Google Search

58 Schlosberg, page 15.

59 See J. Cagé, Hervé N and Viaud M-L. 2017. “The Production of Information in an Online World: Is Copy Right?”, working paper.

60 Dr Schlosberg included only political coverage in this analysis; this example is included for illustrative purposes.

126. A naïve time series methodology that equates “getting there first” with “setting the agenda” would treat this as a case of the Daily Mail leading the coverage of both the Guardian and BBC. In reality this was a story of public interest which, in all likelihood, would have been covered by all these titles independently of each other’s editorial approach. This suggests the next reason why Dr Schlosberg’s analysis is likely to be overstated.
127. **Dr Schlosberg does not assess the qualitative content of the stories benefiting from follow on coverage and hence does not measure true agenda setting.** Dr Schlosberg does not mention any of the caveats raised in the Cushion et al. study. Importantly, he does not consider whether the agenda setting he identifies may be due to certain outlets getting more quickly to stories that would break anyway (either because they are particularly quick off the mark or because they are given advanced access by other actors such as political parties). Moreover, he does not consider the behaviour of outlets that may follow the leader, in particular whether other outlets ignore partisan stories and focus only on those that add value to the debate, and whether the tone or political slant of follow-on coverage differs from that of the earlier article so as to mitigate the influence of the agenda-setting stories. Thus, his findings are likely to be significantly overstated.
128. **Dr Schlosberg’s analysis is concentrated on a selected and small set of outlets which excludes many online news sources, and so tends to overstate the agenda-setting power of the outlets for which he collects data.** Many stories do not originate in a traditional news outlet at all, but rather in another source such as an online blog or on social media. By focusing on a select group of largely traditional media outlets Dr Schlosberg’s methodology ignores these other potential influencers by design.
129. Agenda leaders are identified within the small set of news brands that Dr Schlosberg chose to track, and the importance of the Sky News and News Corp brands is assessed as a percentage of the leaders within this set. Yet it is very likely that there are many agenda leaders (most notably other online news sources) which are not included. By excluding these other potential agenda setters, Dr Schlosberg’s analysis will overstate the influence of the titles he has followed and most likely to a significant degree.
130. An illustrative example in this regard is the MP sexual abuse scandal that has been a major item on the news agenda in recent days. This story was not broken initially by a news brand, but rather the blog written by Guido Fawkes.<sup>61</sup>
131. Finally, there is a risk that more technical data collection decisions are having an impact on Dr Schlosberg’s findings. For example, the Harder et al. study upon which Dr Schlosberg’s methodology is based restricts attention only to those stories which appear on multiple platforms. Given that outlets are likely to filter stories reported by their rivals to focus only on those they believe to be true or of sufficient public interest to be worth reporting, this aspect of Harder et al.’s approach, if applied by Dr Schlosberg, would exaggerate the importance of agenda setting power by failing to account for articles that failed to spread at all.
132. As a result of the above limitations, Dr Schlosberg’s conclusion that “[t]hese results are consistent with previous research showing that newspapers continue to play a dominant

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61 Guido Fawkes first broke the story about Labour MP Jared O’Mara. <https://order-order.com/2017/10/23/vile-homophobic-slurs-jared-omara/> as well as the story of a dossier of Tory MPs against whom allegations had been made: <https://order-order.com/2017/10/29/tory-aides-spreadsheet-names-36-sex-pest-mps/>



role in inter-media agenda setting” is not supported either by the existing literature or his own analysis.

## 6. CONCLUSIONS

133. In this report we have considered four principal questions in light of our own analysis and Dr Schlosberg's report on behalf of MRC and Avaaz. Our overall conclusions in respect of each question are as follows.
134. **What does the economics literature say about the ability and incentive of news proprietors to influence coverage and the extent to which this occurs in practice?** The economics literature shows that demand-side constraints play an important role in reducing or removing proprietors' ability and incentive to influence their titles' coverage. Hence there can be no presumption that a concentration in ownership has malign implications for media plurality: this is instead an empirical question that depends on the facts of the present case. The fact that individual News UK titles display marked differences in policy positions (e.g. in terms of their electoral endorsements) provides support for the importance of demand-side factors in shaping their coverage.
135. **Based on current patterns of news consumption, is it plausible that a hypothetical alignment of coverage between Sky News and News Corp would materially reduce media plurality?** Consumers of Sky News and News UK titles typically consume news from a wide variety of wholesale providers. The overlap between News UK and Sky News is limited and, even when these sources are consumed together, consumers do so in conjunction with a range of other sources, most notably the BBC. Sky News and News UK titles are rarely identified as consumers' most important source of news. Overall, the available data on consumption patterns are inconsistent with the transaction posing a threat to media plurality.
136. **What is the impact of intermediaries such as Facebook and Google on the consumption of news in the UK?** Although traditional news brands are consumed via online intermediation services such as Facebook and Google, the net impact of the rise of these intermediaries has been to reduce Sky News' and News UK's share of reference. This, along with the other, qualitative changes brought about by consumption via intermediation services, implies that the net effect of these changes has been to increase media plurality.
137. **How credible is the evidence provided by Dr Schlosberg that traditional news brands play a disproportionate role in shaping the news agenda?** The available evidence does not support the hypothesis that traditional news brands play a particularly significant role in leading the news agenda. These analyses typically rely on an unreliable time series methodology that equates “getting there first” with “setting the agenda”. This, along with the fact that these studies do not tend to account for the agenda-setting power of other actors such as online-only providers or politicians and political parties themselves, means that they are likely significantly to overstate the agenda-setting role of traditional news brands. Even taken at face value, the results of these studies imply effects that are relatively small.
138. In view of the above, together with the weight of evidence considered in this report, we conclude that the present transaction does not raise plurality concerns.

## APPENDIX A: DETAIL OF OUTLETS IN THE OFCOM NEWS CONSUMPTION SURVEY

Table 4: Across-platform wholesale/retail news providers and their reach

| Across-platform wholesale news provider                              | Reach (% of news consumers that consume source) | Across-platform retail news provider                                 | Reach (% of news consumers that consume source) |
|--|---|--|---|
| 1. BBC   | 77%   | 1. BBC   | 77%   |
| 2. ITN   | 39%   | 2. ITV   | 34%   |
| 3. Sky   | 21%   | 3. Channel 4   | 10%   |
| 4. DMGT  | 17%   | 4. Channel 5   | 3%  |
| 5. News Corp   | 14%   | 5. Sky   | 21%   |
| 6. Global Radio  | 10%   | 6. DMGT  | 17%   |
| 7. Guardian Media Group  | 7%  | 7. News Corp   | 14%   |
| 8. Trinity Mirror  | 7%  | 8. Global Radio  | 10%   |
| 9. Bauer   | 6%  | 9. Guardian Media Group  | 7%  |
| 10. Telegraph Media  | 5%  | 10. Trinity Mirror   | 7%  |
| 11. Northern & Shell   | 4%  | 11. Bauer  | 6%  |
| 12. Lebedev Foundation   | 4%  | 12. Telegraph Media  | 5%  |
| 13. BuzzFeed   | 3%  | 13. Northern & Shell   | 4%  |
| 14. Johnston Press   | 3%  | 14. Lebedev Foundation   | 5%  |
| 15. Huffington Post  | 2%  | 15. BuzzFeed   | 3%  |
| 16. Nikkei   | 1%  | 16. Johnston Press   | 3%  |
| 17. Fox/Fox News   | 1%  | 17. Huffington Post  | 2%  |
| 18. Vice   | 1%  | 18. Nikkei   | 1%  |
| 19. Other (incl. magazines)  | 20%   | 19. Fox/Fox News   | 1%  |
| 20. Facebook   | 14%   | 20. Vice   | 1%  |
| 21. Google (Youtube/Google Search Engine/Google News/Google Finance) | 13%   | 21. Other (incl. magazines)  | 20%   |
|  |   | 22. Facebook   | 14%   |
|  |   | 23. Google (Youtube/Google Search Engine/Google News/Google Finance) | 13%   |

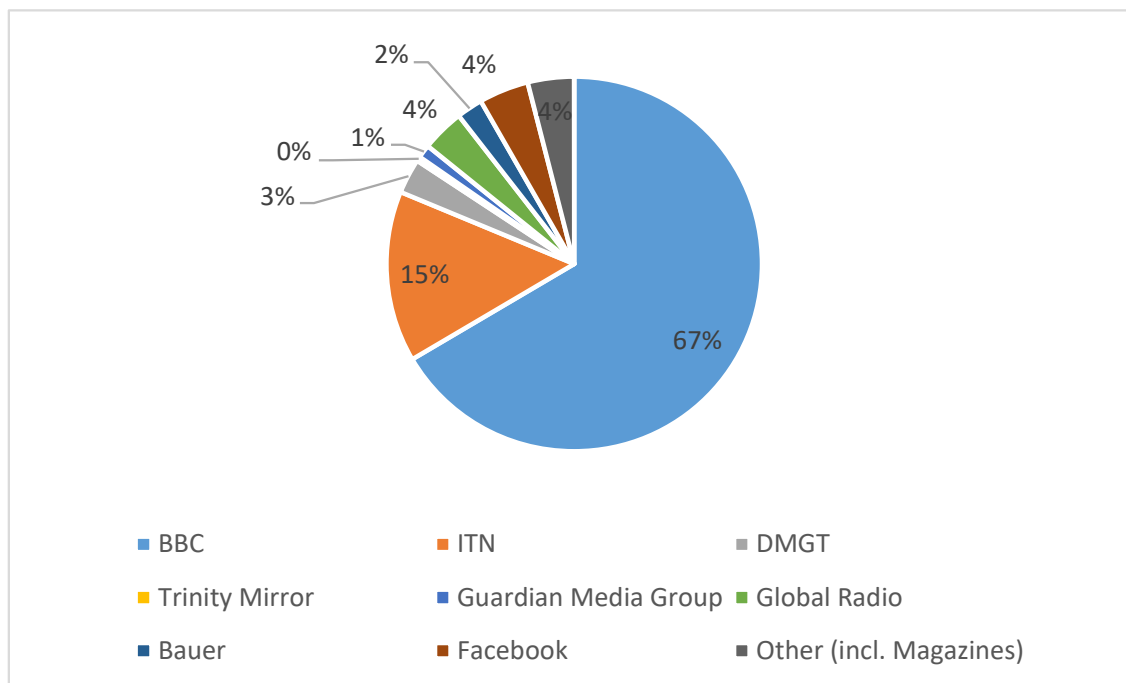
|   |    |   |    |
|---|----|---|----|
| 22. Twitter   | 5% | 24. Twitter   | 5% |
| 23. Other intermediaries (MSN News, Yahoo News, AOL News, Other News Search Engines, Feedly, Flipboard, News Now) | 5% | 25. Other intermediaries (MSN News, Yahoo News, AOL News, Other News Search Engines, Feedly, Flipboard, News Now) | 5% |

Source: CRA analysis of Ofcom News Consumption Survey data

Notes: Reach is calculated using weighted number of consumers of that provider as a share of the weighted base of respondents who consume news on at least one platform (2,666). Facebook, Twitter and Google are acknowledged as "intermediaries" but are treated as singular providers in the same way as any other provider. These classifications have changed since Ofcom's 2015 News Consumption Survey, in particular disaggregating online news providers.

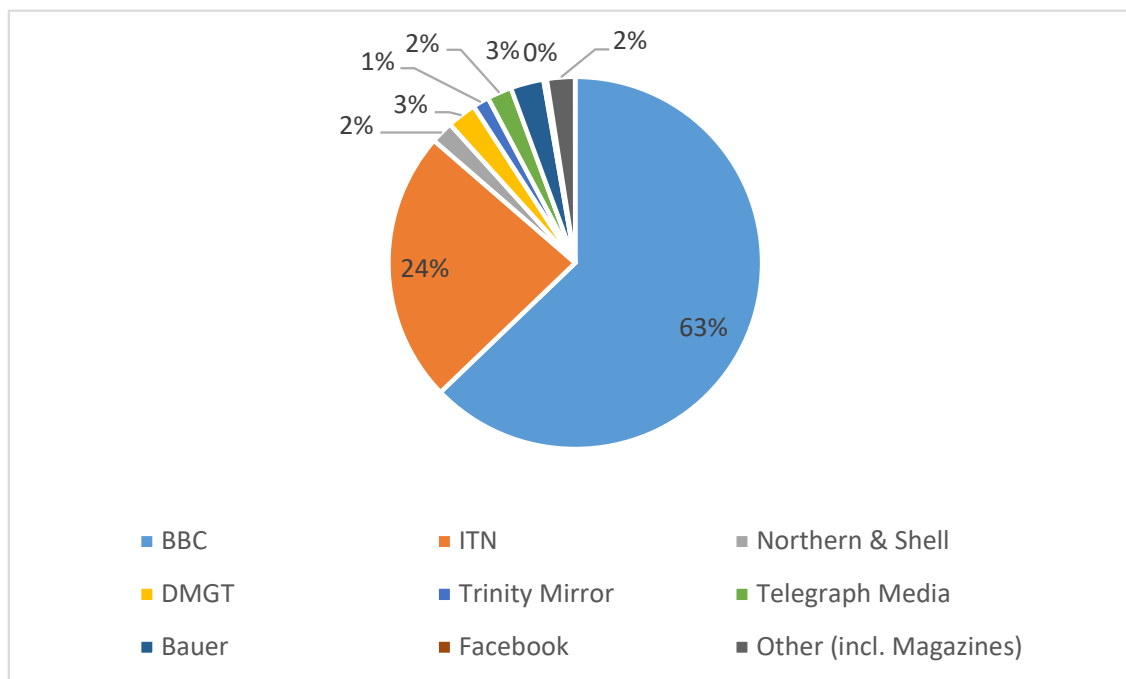
## APPENDIX B: OTHER SOURCES USED BY CONSUMERS OF SKY NEWS OR NEWS CORP AND ONE OTHER SOURCE

**Figure 14: Share of other (non-Sky) wholesale news sources for consumers of Sky News and one other wholesale news source, 2016**



Source: CRA analysis of Ofcom News Consumption Survey 2016 data

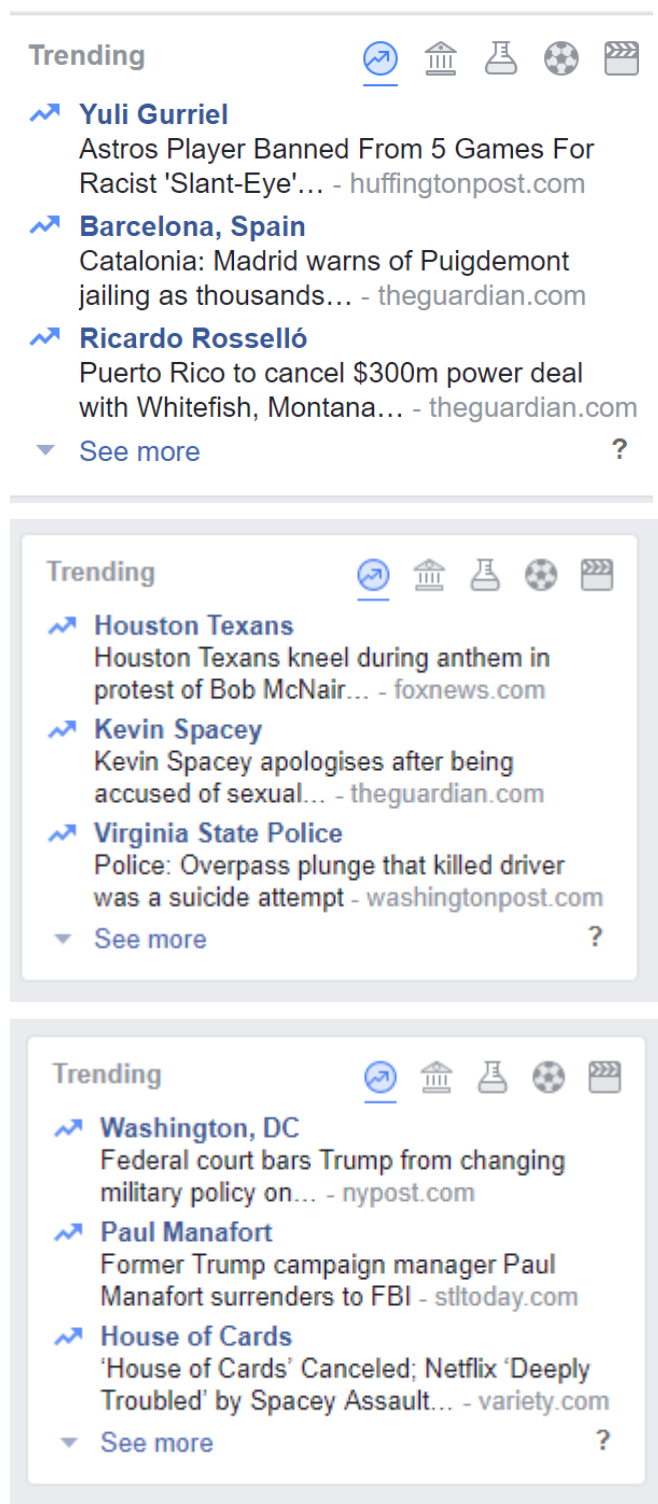
**Figure 15: Share of other (non-News Corp) wholesale news sources for consumers of News Corp and one other wholesale news source, 2016**



Source: CRA analysis of Ofcom News Consumption Survey 2016 data

## APPENDIX C: SAMPLE OF FACEBOOK TRENDING STORIES

Figure 16: Facebook Trending stories on Sunday 29 October at 21:15, Monday 30 October at 11:38 and Tuesday 31 October at 10:41



Source: Facebook

## APPENDIX D: ABOUT THE AUTHORS

### D.1 Professor Gregory Crawford

1. Professor Gregory S. Crawford is a Professor of Applied Microeconomics at the University of Zurich and co-Director of the Industrial Organization Programme at the Centre for Economic Policy Research (CEPR). After earning his PhD in Economics from Stanford University in 1998, he held academic positions at the University of Warwick, the University of Arizona, and Duke University. In 2007-08, he was the Chief Economist at the Federal Communications Commission (FCC), the United States media and communications regulator.
2. Prof. Crawford's research interests focus on media markets. He has published papers analysing topics in media markets in the American Economic Review, Rand Journal of Economics, and Journal of Law and Economics, among others, and was recently invited to write a chapter analysing the economics of television markets in the Handbook of Media Economics. He recently submitted a grant proposal to the Swiss National Science Foundation to measure media bias and its determinants in Public Service Broadcasters' news content across four European countries.

### D.2 Dr Helen Weeds

3. Dr Helen Weeds is an Honorary Senior Research Fellow in the Management Department at Imperial College Business School, where she has taught a Masters course in Digital Economics, and a Member of the Centre for Competition and Regulatory Policy at City University London. After obtaining a PhD in Economics from the University of Oxford she held academic positions at the Universities of Cambridge, Warwick and Essex, and visiting positions at MIT and Northwestern University. In 2003-04 she was Chief Economist at Ofcom and in 2016-17 she served as a Specialist Adviser to the House of Commons Culture Media and Sport Committee.
4. Dr Weeds has research interests in the economics of media markets and, more generally, in industrial organisation and the economics of information. She has published papers in the Review of Economic Studies, Economic Journal, European Economic Review, International Journal of Industrial Organization and Information Economics and Policy, among others, and a number of policy papers on current issues in broadcasting. She has completed an ESRC grant-funded research project on "The Economics of Broadcasting in the Digital Age" and a research project on "The Impact of Technology on Market Structure in Media Industries" funded by Microsoft.

### D.3 Dr Oliver Latham

5. Dr Oliver Latham is a Principal in Charles River Associates' European Competition Practice. He specialises in the application of econometric techniques to competition assessments as well as in cases involving multi-sided platforms and innovative industries.
6. He holds a PhD in Economics from the University of Cambridge where his thesis was entitled "The Political Economy of Mass Media and Intelligence" and looked at issues relating to bias in information transmission from both a theoretical and empirical perspective. A chapter of his thesis "Lame Ducks and the Media" was published in the Economic Journal.
7. Prior to joining CRA he was a teaching fellow in the Faculty of Economics at the University of Cambridge and a consultant at the Centre for Policy Studies. While at the CPS he

authored a report “Bias at the Beeb. A quantitative assessment of slant in BBC online reporting” and also wrote a column in the Sunday Times summarising these findings.