HAVE THEY GOT NEWS FOR YOU?
The rise, the fall and the future of regional and local newspapers in the United Kingdom

by
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About the author
Neil Fowler was educated at Southend High School for Boys and the University of Leicester before beginning his journalistic career as a trainee reporter on the Leicester Mercury in 1978. He was appointed to the editorship of the Lincolnshire Echo at the age of 29 before subsequently editing the Derby Evening Telegraph, The Journal, Newcastle upon Tyne and The Western Mail, the national morning newspaper of Wales. He was publisher and Chief Executive Officer of the Toronto Sun, operating in the most competitive newspaper market in North America and then became editor of Which?, the United Kingdom’s best selling consumer campaigning magazine. He was the Guardian Research Fellow at Nuffield College for the academic year 2010-2011. He is now a media and communications consultant and remains an Associate Member of Nuffield College.
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In addition many other current editors and senior executives spoke to me but for sound future employment reasons requested anonymity.

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Thanks to Nuffield College

My thanks to the college and those who make it such a fascinating place in which to pass a brief period of one’s life.

I’ve probably used too much of my time observing life within these walls and indulging myself in what a tradesman such as I can only refer to as the intellectual sweetie shop that is Oxford University.

As I said in my contribution to the College’s annual report, spending a great deal of time in college has given me the opportunity to engage in many lively and wide-ranging conversations with other fellows, post docs and DPhil students from all over the world. The value of such an enjoyable and stimulating experience to this great example of a non-academic cannot be overstated.

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Abstract

The local and regional newspaper industry is in crisis. It needs action, both internally and externally. The following recommendations for the basis of the thoughts that conclude this lecture:

1. The government through culture secretary Jeremy Hunt and business secretary Vince Cable must show that they understand that there is a crisis in the funding of general news in this country – specifically for regional dailies as well as the quality end of the national market and that this is the real media issue of our times.

2. Consolidation and title swapping should be made easier, especially geographically. Plurality is a red herring with the competition for both advertising and comment created by the Internet and should not used to hold up further merger.

3. The industry should press this case as soon as possible – and the government should make the right signals too.

4. The industry should continue the bold moves instigated by Northcliffe in turning some of its daily titles to weekly production. In the last few months it has converted four of its daily titles to weeklies – on the back of a successful change to the Bath Chronicle four years ago. These are radical attempts to find solutions for the long-term and should be encouraged.

5. Readership, rather than sales and impressions should become the most important currency to sell to advertisers.

6. Moves should be made to help the three PLCs – Johnston Press and Trinity Mirror in this country – and Gannet in the US – to have, in the words of the moment, an orderly default on their debts. This is not to allow them off in any way – or to forge a path for them to continue as they have been operating. But it is an acceptance for both the businesses themselves and those who own their debts that it is almost impossible for that debt ever to be paid off and to have any business of substance remaining. Doing nothing is not an option. Massive restructuring, which could involve titles being sold off to local groups, leaving a core business of print and news service brokering, must be considered.
In this the case must be made for the return of the locally owned news business, supported by local enterprises, so that local engagement is maximised. It is good that towns and cities have their own newspapers.

And in the case of DMGT it must decide whether it is in or out. It must either love its Northcliffe division or dispose of it to those who will try to do so.

7. The government should include the recommendations of the recent Reuters Institute for the Study of Journalism report on the potential of charitable and trust ownership of newspapers in its forthcoming Communications Green Paper.

In this Green Paper the government should also examine ways in which the tax system can be used to assist local entrepreneurs, business people and individuals to buy back into the ownership of local media.

8. University media schools should move from their pre-occupations with the study of journalism to include much more of the study of the business of journalism. They should work more with their sibling business schools to help the industry find real solutions to its woes.

9. The industry still has time to experiment, to try new models and be brave. There remains a demand for local and regional news and no one else can provide it with the same level of expertise and independence than the existing news businesses. It should work together more to share risk and results. More online charging should be introduced and more use must be made of existing brands for online extensions. Restrict the mass free distribution of titles and move towards more pick-up. Concentrate on hyperlocal.

10. Let the industry have an intelligent and realistic debate about the real state of this business and how it got there.
Have They Got News For You?

1. What is success?

When I was interviewed for the position of Guardian Research Fellow, I asked the panel sat in front of me how it would judge the success of my time in these illustrious surroundings.

Larry Elliott, representing the Scott Trust, said that he thought it would depend on the quality of my research and whether it would be of assistance to the regional and local sector. Well, we’ll see about that later on.

Steve Nickell, the warden, added that my contribution to college life would be important, too.

I may not have played as much cricket for the college as one of my predecessors Malcolm Dean, but hopefully my help in working alongside friends and colleagues at the Reuters Institute for the Study of Journalism in continuing David Butler’s 53 years of Media and Politics seminars at Nuffield has ticked that particular box.

But recently I have been asking the same question of myself. How would I judge the success of my time here? And it’s a question I thought more about as I witnessed the ramifications of the phone hacking scandal unfold over the summer.

As an increasingly large and influential number of influential people who should really have known better than to make unsubstantiated comments jumped on the bandwagon, I became increasingly depressed about that was happening.

The Milly Dowler affair was a new low in journalism in this country and one that horrified all those with links to any part of the news industry – but all this act of criminality has done is to divert time, money and, most importantly, policy thinking away from the real issue facing journalism in this country – and this is the current and future funding of the provision of general news. And that is an issue that is magnified in the regional daily news sector, one of the principal areas of my research.

Of course the ethics of how we work are fundamental in any open society like ours, and is a vitally important issue, but if there isn’t a news industry to be ethical about, we are somewhat missing the point.

So gradually I worked out how I would answer myself.

I will judge my success of my time as Guardian Research Fellow by whether, at the end of all this, I have been able to raise the profile of this crisis in the regional sector – as crisis it is – sufficiently up the business and public policy agenda across the country to give it some meaningful hope for the future.
I must admit to not being too hopeful.

The political hierarchy in this country find it more fun to pontificate about Rupert Murdoch and his businesses; and as an industry the media has always found it more interesting to discuss the Manchester Guardian rather than the Winsford and Middlewich Guardian.

I’ve lost count of the number of different judicial and parliamentary inquiries that are taking place in to phone hacking and its first cousins of privacy and injunctions, but who is looking at the real issue – not journalism itself, but the business of journalism? Precious few, I’m sorry to say.

A classic example of this occurred in October (2011) when the Office of Fair Trading turned down the request of the Kent Messenger Group to be allowed to take over seven titles in its county from Northcliffe Newspapers.ii

The OFT maintained that the sale of the titles could mean that advertisers might end up paying higher rates if there was a newspaper monopoly in the areas of the seven publications and that therefore there ought to be a referral to the Competition Commission.

This the Kent Messenger Group, a £20m company that has seen its turnover fall by more than 45% in the last four years, felt was somewhat expensive at an estimated cost of £750,000 – so it withdrew the offer.

We have yet to see the end result – but it is likely that jobs will be lost anyway, titles will be shut down – and the chance that this lifeline could be thrown has been lost.

The Prime Minister may well have said that he shared Kent Messenger Group’s frustration as the deal fell apart, but that’s not of much use to the industry, all those who work in it – and those in society who rely on regional and local news businesses to provide scrutiny of councils and courts where they live.

It’s another example of how this government and the previous government – along with bodies such as the OFT – have completely ignored what has been happening in the industry over recent years and, worse still, in the OFT’s case, seem to have a naïve view that it all might come good and that life for the regional sector may go back to where it once was.

This is typified by the Secretary of State for Culture, Music and Sport Jeremy Hunt continuing to press the case for local television – even as a way of helping struggling regional and local newspapers to survive.

Local television is a nice-to-have idea – and would have been brilliant if it had been introduced when ITV was set up in the mid 1950s – but it is just 57 years too late. Not one senior executive I spoke to over the last year saw it in any ways as a move that would genuinely help them. Nice to have in the good times, but another distraction in the bad times.

So how has the industry got to where it is?
Over the last year I’ve spoken to and received written answers to questions from many current and former executives in the industry. Analysis of the comments received shows that, sadly, this position has been coming for a long time, over many decades, with some factors being outside the control of the industry, others issues having been very much self-inflicted.

But what is equally sad is that few people seemed to see what was coming along, or if they did, they chose to ignore it, perhaps feeling that nothing could knock them off their business perches.

I do not put myself forward as any kind of sage or prophet – but it was on December 12, 2005 that I first applied for this fellowship. Then as now that project was whether the regional press was in terminal decline and whether it had a future.

In the end I withdrew my application when I received an offer to edit Which? magazine – but a look back at my letter to the College makes for interesting reading.4

In that letter I wrote that the regional press was “on the edge of a precipice”. Classified advertising was haemorrhaging to the Internet, I said, and readers were going the same way.

It may have been that I was still bloodied by my experience in Canada where I had been publisher of a daily newspaper in Toronto. There, as in the rest of North America, havoc had been wreaked on the classified business by the free Internet listings site Craigslist. Great newspapers in San Francisco in particular, but also in other parts of the continent, had been brought to their knees by this start-up and no one had any idea how to deal with it.

Yet, seven days after I wrote that letter it was announced that Johnston Press, one of the country’s leading regional groups that had been on a 10-year spending spree of expanding from its small family-owned Scottish base, had bought The Scotsman and its associated titles from the Barclay Brothers for £160m.

That made a total spend of £500m for the year, most of it funded by institutions and brokers in the City which clearly felt that the Johnston magic of producing margins in excess of 30% would carry on for years to come. The City and Johnston’s senior team clearly did not see even a slight dip in the road ahead, let alone any form of precipice. They believed that what had been a most successful policy up until then – borrow, buy and pay back quickly – would be maintained.

So why could I say that the sector was on the edge of a precipice yet the City and its highly qualified analysts couldn’t see it? Johnston then made record profits in the following year – so perhaps the City was right.
Sadly that illusion was to be proved wrong very quickly. Earnings were maintained for a year or so – and then began dropping rapidly. Its share price at the end of 2005 was then at its all time high of £4.50. It now hovers around the 4½p level.

Three years later, at the end of 2008, I again put in an application for the fellowship; by then, my concerns for the industry had deepened from my precipitous prediction.

I said then that the UK regional newspaper industry was in crisis. It was in the jaws of an extraordinary pincer movement of structural change and economic downturn resulting in an increasing number of publications being closed and journalism jobs being lost, with potentially alarming ramifications for local democracy and the generation of news.

That was the case at the end of 2008 and remains the case now.

But what hasn’t changed is this sector’s role in British society. It is the forerunner of all current media in the United Kingdom and whether it prospers or falls could fundamentally alter the free flow of information in this country. Its influence has been, and remains, immense. It is essential that that influence continues.

However, it is not all bad news and I shall shortly highlight where I believe there to be hope.

First I have to admit that this is not going to be a truly academic presentation. I always sought to bring to this arena a practitioner’s view of the world in which I have inhabited for most of my years since 1978.

Sadly it is a business where too few people have been willing to speak out, too little honest debate has taken place and the industry has been much for worse for it.

In the industry there has been substantial internal debate about the how the business operates but little about the ethics and practice of journalism. In academia the reverse has been true.

I believe that gap has been to the detriment of both sides. Academia – and I appreciate these are very broad brush strokes – generally likes to tell the industry what life ought to be like; the industry in return generally likes to tell academia what life is really like. And the two have rarely met – especially in discussions about the business of journalism.

So over the past 12 months I have tried to see myself as a kind of bridge between the two – and hopefully Lord Nuffield, who endowed this college with the aim of bringing industry and academia closer together would approve.

Therefore tonight will not include any great philosophical analyses of why local news is essential for the good of society. Much cleverer people than I have researched and written on that. And I’m pleased that colleagues
from other institutions such as David Levy and Natalie Fenton are here tonight; their work and that of others they have commissioned has given me more insight into the sociological and moral drivers behind what happens in journalism – and I have attempted to merge their thoughts in to how it can all work in the 21st century.

So with that in mind I’m going to start tonight with the assumption that society wants a thriving local press – and that if one exists then civic engagement is promoted and scrutiny of local institutions is maintained for the betterment of all.

Now let me return to first two subject areas of my topic for this evening – the rise and the fall of regional and local newspapers in the United Kingdom, why they are in the position they are, before concluding on what their future might be.

I’ve been fortunate enough to interview both former and current leaders in the industry. What I say tonight is an assessment of what they have told me – some on the record, some off – and has given me the ability to take hopefully an objective view of what has happened in the past three decades or so and then come to some conclusions.

I was also commissioned to contribute to three books over the year on various aspects of the sector and have used some of those findings in what you are about to hear.
2. A very brief history of the last 90 years…

A historical review of this story shows that a combination of political, economic and sociological factors has brought about this crisis.

In the time since the end of the last war the industry trundled to start with, basically held back by a combination of weak management and the intransigence of the print craft unions.

This meant that when three golden eggs were laid in the 1980s – the sale of Reuters shares being the first, which funded the second by buying out the unions and investing in new technology and colour presses, all of which was followed by the third of economic growth in the second and third Thatcher governments.

There were some innovations – notably the launching of a ring of suburban evening newspapers around London in the 1960s – but there was little else. Research and development, the staple of most other industries, was simply ignored.

Essentially the long-term decline in readership, which began in the early 1960s, and the decline in the sales of regional daily newspapers in particular, that began in the late 1970s, was masked by the massive growth in classified advertising – and especially the situations vacant category.

Newspaper paginations mushroomed, profits grew massively and all was rosy – and then the Internet came along and stole those rivers of gold, as Rupert Murdoch named them – and the dam broke. So technology and economic factors combined there, along with some gross managerial misjudgement.

Politically, as I have referred to already, ownership rules have lain untouched for a generation or more. Misguided views on plurality amongst policy makers have, I believe, held back the industry.

And all the while society and people’s lifestyles were changing. The industry knew it but hoped that its superficial responses would allow it to carry on in the same old way. It was wrong.

Below is a more detailed discussion of what happened and what has been the end result – it does not always make for comfortable reading.
3. The rise of the regional and local newspaper industry...or was it a fall?

I began this work with the central aim of investigating whether structural, social, economic and technological changes, as well as the then current economic issues, meant that the traditional regional and local newspaper industry in the UK was in terminal decline and to examine the ramifications for communities across the United Kingdom.

I was also seeking to investigate whether there were innovative practices and reforms that could be made to enable the industry to survive and prosper in the 21st century and to examine the role that communities and individuals could play in this.

In all this it is important to understand the traditional role and scope of the industry.

The simple view is that the Internet has been the sole cause of the industry’s ills. But it is a much more complex problem than that. Regional and local newspapers have faced a perfect storm of factors that have been developing over decades to bring them to their knees.

Arguably in talking about the rise and fall, I should really be talking about the fall, the rise and then another fall.

The regional and local press clearly had a good 1800s and early 1900s. Many publications were launched, often by local entrepreneurs who wanted a mixture of influence for themselves and their political allies – and for their home towns to have a voice, too.

But by the 1920s consolidation was under way. The first Lord Rothermere had established Northcliffe Newspapers in 1928 and began buying established newspapers around the country. Other family-based groups such as Allied Newspapers, Westminster Press, Kemsley Newspapers and Provincial Newspapers all developed. vi

But as early as 1932 it had been apparent that although competition was good in many ways for the regional daily industry, it was potentially ruinous for owners.

In that year a deal was struck between the then Associated Newspapers (owners of Northcliffe and now known as DMGT) owned by the Rothermere and Allied Newspapers (then owned by Lord Camrose and which included the Daily Telegraph). Broadly Associated’s newspaper in Newcastle upon Tyne, the Evening World, would close to allow the market free for the Evening Chronicle, while Allied would close its Times and Echo in Bristol and merge its Derby Daily Express in with Associated’s Derby Daily Telegraph. Rothermere also dropped plans for new newspapers in Cardiff, Sheffield and Aberdeen. There was no government intervention...
and the deals went through. Such wheeling and dealing would be unthinkable, today. Probably illegal, too.

However the good people of Bristol were not overly impressed and launched their own newspaper, the *Bristol Evening Post* in the same year, at a time when the cost of entry in to the newspaper business was comparatively much more expensive than it is now.

But again this newspaper war was costly and relatively short-lived. The ownership of Associated’s *Evening World* was merged in to a new management company in 1935, an arrangement that was formalised in 1939 with the setting up of the new Bristol United Press, 60% owned by local people, 40% in the hands of Lord Rothermere. Again – no competition issues and the arrangement continued until 1962 when the loss-making *Evening World* was closed.\(\textsuperscript{vii}\)

A similar understanding was agreed in Leicester when in 1931 one of Lord Rothermere’s companies acquired the bankrupt *Leicester Evening Mail* and competed aggressively against the other city incumbent, the locally owned *Leicester Evening Mercury*. In 1939 a new business along the lines of Bristol was developed to take over the interests of both newspapers with again 60% owned locally and 40% owned by Associated Newspapers. In 1954 complete ownership passed to Associated and then in 1963 the *Evening Mail* was closed.

Contrast all this to when DMGT (the Daily Mail and General Trust), in to which Associated Newspapers had morphed, purchased the *Nottingham Evening Post* in 1995 for £93m. Then it took the direct intervention of the President of the Board of Trade, Michael Heseltine, to ensure the deal went through against concerns of a lack of plurality in the East Midlands.

But Leicester and Bristol cases are just examples. Overall by the time of the 1961-62 Royal Commission on the Press, there were only seven towns outside London in England and Wales with more than one evening newspaper, and four of those were under common ownership.\(\textsuperscript{viii}\)

The numbers of regional morning titles had declined from 25 to 18 since 1947 and their circulations had fallen by a third. In the whole UK, only four cities where morning newspapers were published – Leeds, Belfast, Glasgow and Edinburgh – had evening titles in different ownership from the morning.

The concept of local monopoly that seems to currently stress so many, including the OFT, was therefore already well established, for good or bad.

The weekly market, though, had not changed to the same degree. The 1961-62 Royal Commission reported that there were just 137 publications out of 1219 that were owned by groups of more than 19 titles, a proportion of 11.2%, an increase from 87 in 1948 when the proportion was 6.7% of
1307 titles. However, the decline in the overall number of weekly publications of nearly 7% seems to have been ignored.

Therefore, even by the early 1960s, the trends of a downward slide by newspapers were already apparent. Indeed the 1961-62 Royal Commission did make two interesting recommendations for the regional and local sector that may have helped. One was that the greater sharing of press facilities should be considered and the second was that a move towards much higher cover prices that actually covered the cost of production should be examined.

Sadly both were ignored until relatively recently – perhaps they were lost in the Commission’s views on ownership, amalgamations and the overall inefficient way in which newspapers were still produced.
4. The fall becomes a sort of rise…

Newspapers did sell well in the post-war period. Newspaper paginations were able to increase as more newsprint became available and sales had been good. In 1937, 79 evening newspapers in England, Wales and Scotland were able to post total daily sales of 4.4m. This had increased to 6.8m but with four fewer tiles in 1947. Though by 1961 a small decline down to 6.7m had been noted.\

This was a sign of the slow process started in the 1950s when British society began moving out of its post-war gloom and economic growth took hold and gave the public more to do than read the cheap and the sometimes cheerful printed word of newspapers.

The beginning of the end of the age of the regional and local newspaper as a means of mass communication to the total audience of a particular community had begun.

However certain characteristics of the provincial sector had been established. It was not particularly well equipped to adapt and evolve in line with these changes taking place across wider society.

Economically, publications were stable but slow-moving entities, often encumbered with necessarily unimaginative managers who were weighed down with dealing with the might of the print unions; politically, ownership and consolidation were subjects that were never exposed above the parapet; and sociologically there was a sense that already they were seen as yesterday’s news.

Groups did not evolve too much after the pre-war swaps though there were occasional changes in ownership style to maintain the founding principles of certain newspapers, though their basic business activities remained the same.

For example, in 1944 a deed of trust was drawn up to ensure that the Birmingham Post and Evening Mail maintained for twenty-one years their local and independent nature, free from control by any political party, trade association, or London newspaper. But, generally, the basic composition of the sector didn’t change.\

From 1945 to the early 1980s the industry trundled along. Profits were solid but not spectacular. Innovation was rare but one new factor had come in that enabled the industry to mask its fall – as readership of all newspapers was already seen to be declining.

This was the introduction in the early 1960s of bulk classified advertising from North America by Canadian Roy Thomson, who had acquired The Scotsman in 1954, followed by Kemsley Newspapers in 1959 to establish a major foothold in the UK marketplace.
This lucrative stream – Rupert Murdoch called these advertisements rivers of gold – was to reach its height of benefit to the industry in the very early 2000s – which was good for profits but enabled managers and shareholders to ignore the true picture of what was really happening.

They enabled the financial structure of the sector to change, too. In the first 15 years or so after the end of the war regional and local newspapers were generally funded by two-thirds’ circulation revenue, one third advertising. The 1960s were to change all that with the proportions swapping, so that an over reliance on certain pillars of advertising for many publications was established.

An examination of circulation figures from the late 1970s shows that sales of the overwhelming majority of regional daily newspapers were declining, but little concern was shown through the subsequent 20 or so years.

But this was not to say the whole sector sat back and did nothing. In the 1960s and 1970s there was an attempt to ring London with a circle of suburban evenings by Thomson, Westminster Press and others. New evening titles were launched in Southend/Basildon, Colchester, Slough, Reading, Hemel Hempstead, Luton, Chelmsford, Guildford and two in Kent. Others outside the south east were launched in places such as Wrexham. They were brave efforts, but only Southend/Basildon and Wrexham from that era have survived.

But the economy was changing. Industrialisation was in decline and the factories outside which regional daily newspapers had sold hundreds of thousands of copies every day were shutting.

The growth of driving to and from work, rather than by walking or by bus, exacerbated this effect.

The print unions were feared by managements, which had little success in combating them.

The three Royal Commissions on the Press in 1949, 1962 and 1977 did little to stimulate the regional sector, merely commenting on the inexpensiveness of the UK’s system of distributing news.

It is ironic that there were three Royal Commissions in a 28-year period where very little changed in how newspapers were produced and how consumers interacted with the news process. There had been the introduction of ITV but local BBC services and commercial radio were still very much in their infancy. Yet in the 34 years since the last report the change has been of a revolutionary nature – but hardly a squeak from government has been heard.

I appreciate many people believe that Royal Commissions fail to achieve much – and the evidence of the three on the press tends to support
that – but I feel the government has lost an opportunity with Leveson to have an open debate on where the industry is headed. But, again, more of that later.

So the state of play can be summarised thus at the time of the publication of that final Royal Commission in 1977.

Sales had been generally (with some notable exceptions) in gentle decline from the late 1960s. Newspaper paginations were small with smaller selling evening publications often producing just 10-page broadsheet or 20-page tabloid editions.

They weren’t always that exciting but they remained at the heart of their communities. They weren’t just supine products, either. They were good at reporting local councils, police and the courts, asking difficult questions to those involved in the local community and, of course, finding good human interest that enterprising freelances would then sell on to the nationals.

That was, and still remains, the basic raison-d’être for the regional and local press. But regional newspapers at the time would uncover the occasional nugget that might be termed ‘investigative journalism’.

A good example of this was in 1977 when the Preston-based Lancashire Evening Post investigated allegations of serious wrongdoing by the then Chief Constable of Lancashire, Stanley Parr. The investigation was led by the Post’s then editor Barry Askew, who included in his team Bob Satchwell, now executive director of the Society of Editors, who was Askew’s assistant editor at the time.

The newspaper had heard that an outside force had been brought in to carry out an investigation into a whole range of serious complaints against the Chief Constable and they strived to get a copy of the report that many were trying to keep secret. Eventually a copy was obtained and published. Parr was sacked and his career ended in disgrace with 26 breaches of discipline including showing favours, improper use of police vehicles and falsification of records.xii

Askew and Satchwell, as well as the Post’s chief reporter David Graham, were named Journalists of the Year in the 1977 British Press Awards, an honour rarely given to anyone from outside Fleet Street. This was perhaps the best instance of the 1960s and 1970s in the regions, but there would have been other titles producing stories of a similar nature.

And at the same time, regional and local newspapers were exceptional at, and remain so today, campaigning, mainly on local issues, but sometimes on subjects that touched the national conscience. The best of a regional paper touching the nation’s psyche was the Darlington-based Northern Echo which, arguably, undertook and succeeded in possibly the finest campaign ever undertaken by any British newspaper, when it battled
in 1965 for a posthumous pardon for Timothy Evans, who had been hanged in 1950 for the murder of his baby daughter in the horrific story of 10 Rillington Place.\textsuperscript{xiii}

Harold Evans (no relation), later to become editor of both the \textit{Sunday Times} and \textit{The Times}, raised the issue, raised it again and continued to raise it until the government and courts agreed to review the case and (Timothy) Evans was eventually pardoned.

This wasn’t investigative journalism (although Evans did originate investigations on the \textit{Echo}, such as an exposé on the cause of noxious fumes on Teesside), as Evans pointed out all the evidence was there to show that (Timothy) Evans was innocent and that John Christie, executed in 1953, was the culprit. But it was campaigning journalism at its best and a story that set the gold standard across the whole industry and not just in the regions.

And this remains the strength of both the regional and local press. Even in these days of greatly reduced sales, they still have the ability to unite their communities in a way that few other organisations can. A look at the sector’s website – holdthefrontpage.co.uk – shows that there are scores of campaigns being driven by provincial newspapers taking place at any one time across all areas of the country.

In 1977 major groups dominated. The top five chains owned 52 out of 89 daily publications, but only 200 out of the estimated 1070 weekly titles. So family firms were still very evident in weekly newspapers, and they tended to be tightly managed, although the print unions remained very strong.\textsuperscript{xiv}

This had an effect as managers and owners often believed that only unions such as the NGA and Sogat would benefit from investment in print. Thus it didn’t take place. It led to Associated Newspapers and Thomson, as an instance, investing in to North Sea Oil – a much safer and lucrative bet. It also led to some more bizarre tie-ups. For example, when I began my career as a trainee reporter on the \textit{Leicester Mercury}, owned by Associated, I was informed that a sister company was Pizzaland restaurants – along with a business that provided support services for London taxis.

Local people certainly related to their local papers, but not always totally in reverential terms. However, the slow decline in readership was an indication of changing lifestyles and patterns that were to be so painstakingly reflected by Robert Putnam in his 2000 book \textit{Bowling Alone}.\textsuperscript{xv}

I get the impression that this work is a standard text for anyone associated with Nuffield and although it is an American study its finding are very reflective of what has happened in this country over the last 50 years.
Broadly Putnam showed that civic engagement, of which reading newspapers was an integral part, across all age groups was declining, culminating, as he put it, in people bowling alone, rather than with work mates or other friends.

But while all this was happening a storm broke towards the end of the 1960s that would be the first of a number that industry would respond to in a lackadaisical manner.

It was the arrival of free newspapers that were introduced in to the UK in the mid-1960s, generally by local small-scale entrepreneurs looking to challenge the established order.

This should have sparked worries – but didn’t. Traditional owners launched their own spoilers, generally very poor imitations, against the upstarts and hoped they would go away and that their rivers of gold would be protected. Some did, others, like Lionel Pickering and Keith Barwell, did not and became multi-millionaires when they sold out to bigger groups a couple of decades later.

Pickering, who was the first to make a success when he launched the Derby Trader in 1966, sold out to Thomson in 1989. “I thought of a figure, doubled it and then added 50%,” he said, “and they called my bluff.”xvi

But, again, this threat of the new entrepreneur-backed free newspaper was masked by the laying of three golden eggs in the 1980s.
5. The rise, again…

First came the quiet rout of the print unions on the back of regional industrial confrontations, initially at Nottingham in 1973, followed by Wolverhampton and Portsmouth in the early 1980s, and then the Warrington dispute in 1983 that helped to inspire News International to move its national titles to Wapping without its traditional print work force in 1986.

Most regional businesses, notably the big groups, which had been happy to watch smaller, independent organisations in places such as the Nottingham Evening Post and the Wolverhampton Express and Star take the risks, subsequently carried out their own reorganisations without any of the attendant confrontation. After years of obduracy and the lack of any real progress on negotiations over new technology, the speed at which the print unions were willing to accede to redundancy was astonishing.

Perhaps they knew that managements had been preparing for years for this occasion. The change from hot metal to photo-composition had made it easier to produce type without traditional compositors. The fact that most of the big groups at least had sent advertising and circulation managers to printing presses in Stranraer and Oklahoma to learn how to run the machines was also known.

There was never any problem with bringing journalists onside. In the winter of 1978-1979 there had been a seven-week journalists’ strike in the provinces. Barely a paper had been lost as compositors and machine minders walked through picket lines, so when the time came for printers to go, there wasn’t much sympathy to be found in newsrooms. Managements introduced individual contracts and the National Union of Journalists (NUJ) strangely abandoned the national agreement that covered all newspapers in the Newspaper Society (the trade organisation for the regional and local industry). This meant that local managements were able to get through new deals with scarcely any trouble – and led to the derecognition of unions across the sector.

The industry then enjoyed its golden years and was able to invest properly in capital equipment and buildings. Colour presses were purchased, inserting equipment allowing pre-printed supplements to be collated much more cheaply than before were ordered and new offices were built.

Northcliffe Newspapers, the provincial division of Associated Newspapers, for example, virtually re-equipped its entire 14-strong chain of daily newspapers at great expense. It brought in younger editors and managing directors and encouraged tabloid conversions and new forms of content. Other groups did the same.
Thomson Regional Newspapers brought over editorial advisers from the United States and challenged its editors to think differently about the content of their publications – daring them to think outside the established orthodoxy of newspapers filled with just crime and council stories.

But talking to many of that era brought me to the conclusion that many managers were still battered from the time when it was a relief just to publish the newspaper without any aggravation from the print unions. Before the mid 1980s general managers of regional and local newspapers were in the main glorified HR executives charged with getting the paper out, as near to time as possible and at the lowest possible cost with the hope that some profit would be left.

It was never as bad as the anarchy that ruled Fleet Street for much of that period. A reading of trade magazine UK Press Gazette of the time reveals millions – and often tens of millions – of newspapers being lost every year in the 1960s and 1970s. The picture was never so grim outside the capital but was still pretty bloody at times.

But certainly these managers weren’t equipped to appreciate the vast freedoms to explore new vehicles for carrying the news – they were merely relieved to be able to work in a less hostile environment.

Much of the initial investment in the new computers, plant and buildings was funded by the second golden egg created by the 1984 flotation of Reuters, owned in part since 1941 by many different UK national, regional, and local newspapers (through their memberships of both the Newspaper Publishers Association and their ownership of the Press Association), along with some Commonwealth press agencies.试题

Reuters suddenly and unexpectedly began producing both profits and dividends in the early 1980s and the opportunity was taken to exploit this newfound value.

Most of the industry had shed its compositors by the early 1990s and journalists and advertising staff were writing straight to the system – single keystroking – and profits, assisted by the third golden egg – the growing economy, in the second and third Thatcher governments – advanced rapidly.

Newspaper paginations increased substantially, the days of 10-page broadsheet editions went and more journalists were recruited to fill the demanding hunger of the expanding news hole.

The style of newspaper changed, too. Some regional dailies tried to ape their national tabloid cousins, and overall there was an increase in the use of human interest lifestyle reporting and information provision, the so-called ‘news you can use’.

New titles were launched: Thomson introduced three Sunday publications for the nations – Scotland on Sunday, Wales on Sunday, and
Sunday Life in Northern Ireland. It also launched an evening title for a city that had never had such a publication – Chester Tonight.

There were moments of joy when newspapers sale spiked, generally on the back of relaunches from broadsheet to tabloid, but sales still maintained their slow decline and businesses did not seem to be too concerned as recruitment advertising, in particular, funded substantial returns.

And here the seeds of the industry’s dependency on one single revenue stream came about. And it was not just a dependency that was to afflict the regional and local sector, it is the core of the financial problems facing the quality national press, too.

As a customer you could negotiate on any category of advertising bar one – recruitment. Whatever print product you approached – whether it was The Guardian, The Sunday Times, any regional daily or local weekly – or the Dog Breeder’s Gazette, come to that – there was only one rate available and you liked it or lumped it, for there was nowhere else to go as even competitors did not discount situations vacant.

These rates were increased dramatically – often in direct contrast to falling sales figures – so much so that by the mid 1990s for virtually every regional and local product there as only one figure that mattered – and that was the weekly jobs advertising measure. Reach your target and good money was made – and all was good. Miss it and the business suffered.

This was a time when there was the opportunity – and the resource – to take stock of what the industry was doing and how it could change. But it didn’t.

Investment did take place, as I have said before, but not in the way that an FMCG company might have invested. News is arguably the fastest of all fast-moving consumer goods – but virtually everyone I have spoken to for this project agrees that there has been a striking lack of genuine research and development – old fashioned R&D – that is the backbone of any FMCG business.

Yes, businesses were involved in their communities, reader research did take place – but this was generally to support or confirm tabloid conversions. Little took place in the way of genuine lifestyle investigations – in that way that Unilever and Proctor and Gamble did and will continue to be doing consistently – and as result regional and local newspapers carried on broadly in the same old way.

The print unions had disappeared but there wasn’t much difference from how newspapers were produced, distributed and organised by the end of the 20th century compared to 100 years before.
That may have been right at the time but the signs were still in place that decline was still happening – all kinds of sales tactics were tried and passed around the industry but broadly the downward trend continued.

Despite this much continued to happen, especially on the business front. Consolidation began at an unprecedented level not seen since the rise of the initial chains in the 1920s and 1930s. Some of the older names disappeared and new ones came in to replace them.

In the 12 years from 1995 to 2007 four of the five major groups of the 1990s – Thomson Regional Newspapers, Westminster Press, United Provincial Newspapers, and Reed Regional Newspapers – had largely disappeared to be replaced by the groups that had acquired and merged in an aggressive fashion – Trinity Mirror, Johnston Press, and Newsquest (owned by the USA’s Gannett). But many families had seen the chance to cash in and sold out to the bigger groups.

Bringing this up to date, this means in current figures that 78 out of 101 dailies (this number had been swollen with the introduction of the free Metros around the country) were now controlled by the five major publishers, against 52 out of 89 in 1977 – but the significant shift had been that these groups now controlled 636 out of 1066 weekly tiles – up from 200 out of 1070.

The only constant major group was Northcliffe Newspapers, which was largely in the same form (with some additions and subtractions) that had been developed by the first Lord Rothermere before the war.

But in 2007 these four largest groups were responsible for some 75% of the market, including daily, weekly, paid-for, and free publications (including the daily free Metro and the London Evening Standard).

Three other groups – Archant, Iliffe, and Tindle Newspapers – all published at least 40 titles each and there were substantial local businesses that had very strong micro presences, such as the CN Group in Cumbria, the Kent Messenger Group in Kent, and the Midland News Association in Wolverhampton and Shropshire.

Overall there were 91 separate groups publishing slightly more than 1,300 titles, turning over nearly £4bn producing an estimated £848m operating profit. The top 20 groups were responsible for around 97% of total circulation and distribution and 85% of all titles.xx

At that time shares of the two principal publicly quoted regional businesses, Johnston Press and Trinity Mirror, were holding up well, targeting 30% margins from their constituent businesses, generally on the back of high jobs advertising rates and yields; acquiring debt to fund further purchase of other newspaper businesses was not seen as a problem.
The City enjoyed the 30% margins too – bear in mind that the retail sector is content with about 5% – and seemed to believe the rhetoric that they would carry on for many years in the future. But sales still continued their decline although profits grew.

At this time circulation sales declines were largely confined to the daily sector. Weekly newspaper sales were standing up well. Towns and rural areas that did not go through the same radical social and economic changes that altered the demographic and employment foundations of many cities were able to prosper. Free newspapers had tended to gain greater success in areas where there was more movement of the people. Northcliffe had calculated that in its core areas it needed an annual 6% increase in newspaper sales just to counter readers either dying or moving away – so these were challenging times.

At the same time, the dynamics outlined in Putnam’s *Bowling Alone* were gaining pace – though no one seemed to realise it. And then came the Internet.

The 18-year period from 1989 to 2007 was when the industry – and those associated with it – had the opportunity to look at the structure, the products, the customers, and the future of where it was all headed – but failed to do so.

I have been told of one business budget meeting in this period where the team for a centre had put together a three-year plan that would have increased dramatically both the top line and bottom line in cash terms and it would have expanded the business base of the company – but its margins would have fallen from 40% to a mere 35%.

Sadly the team made the mistake of mentioning this in the first five minutes of its presentation – in a form of executive summary. A senior director stepped in, told them to leave and come back when they had a margin of 40% – there wasn’t even a discussion about the plan. Talking to many in the industry, along with my own experiences, tells me that that kind of thinking was all too common before the dam broke.

What clearly happened – and most senior executives agree with this – is that the 30% plus margin led by Johnston became the norm that others had to follow. Trinity took over Mirror group in 1999 and then had the same expectations placed upon it by the City.

DMGT saw the delights of such margins and encouraged Northcliffe to go the same way – and Gannett, very heavily indebted in the US, needed the cash that its UK subsidiary Newsquest could generate.

Despite all this, there remained at the start of 2007 the perception that all was rosy. The Newspaper Society, the representative organisation of the regional press, said that the industry still accounted for 16.1% of all UK
advertising spend – behind the internet (16.5%) and television (23.1%); and that more than 40m of the country’s population saw a regional paper at least once a week. The sector employed more than 40,000 people, including 12,000 journalists.
6. Palpitations – and the fall…. 

In 2008 the industry began to suffer some palpitations. Share prices of Johnston and Trinity Mirror began to fall steeply and have barely recovered since. What was then the country’s longest established major regional newspaper group, Northcliffe, had been placed on the market by its owners at the end of 2005 – but a buyer could not be found – or rather DMGT declined an offer of £1.1bn, a decision it began to regret just a few months later.

Although consolidation had taken place over the years, wholesale amalgamation was restricted by regulation, which meant that already there were examples of newspapers, including one of the UK’s first free weekly newspapers, the Derby Trader, which could have been saved by a takeover but which had been closed.

The regionals’ staple diet of the classified advertising categories of motoring, property and jobs, which had been developed in the early 1960s, was haemorrhaging to the Internet where advertising revenue quadrupled between 2004 and 2009.

Sites such as Craigslist, which had wreaked mayhem on North American newspapers, began forays into the UK. But even where they were not as successful as on the other site of the Atlantic, others such as eBay and Gumtree came in to fragment the market successfully.

In addition, retail advertising was diminishing even before the bank crisis-inspired recession struck; readership was getting older while not being replaced by any inroads into younger demographics.

However, at the same time businesses were continuing to make the 30% margins, some of the most envied in business as a whole. These though began to decline rapidly from 2007 onwards.

Regional daily newspapers (including the free Metro and London Evening Standard) were still selling and distributing some 5m copies every day. And there were still 8m Sunday and weekly paid-for newspapers sold and more than 24m free newspapers distributed every week.

At the end of 2008, the outlook seemed bleak. Analyst Claire Enders predicted that a third of the UK’s regional newspapers and half of the jobs in the regional media would disappear in the next five years.\textsuperscript{xxi}

She said that by 2013 she would expect the local press to have declined very substantially, saying that more than a third of regional publications would go out of business.

But two years after that prediction, although the industry had gone through a major downturn, with some titles closing and jobs lost, the perceived general structural picture at the beginning of 2011 had not
changed that much. She later said that she hadn’t expected newspaper owners to cut costs by so much.xxii

By the middle of 2011, the top 20 regional press publishers accounted for 87% of all regional press titles and 97% of total weekly circulation, about the same as 2007. There were 87 regional press publishers producing a total of 1,167 titles. This included thirty-nine publishers producing just one title.xxiii

In 2009 there had been 1,290 titles, so 123 had been lost over the two years, but of those four were regionalised daily editions of the free Metro, seventeen were weekly paid-fors and the overwhelming majority, seventy-three, were free titles and there had been a substantial decrease in the number of paid-for titles offering free copies.

Regional morning and evening sales in 1961 reached 8.7m copies a day. Fifty years later that figure, including various editions of the free Metro as well as the Evening Standard in London, was down to 4.73m. Strangely the number of publications was broadly similar, perhaps showing that there is some resilience in the brands. There were 92 dailies in 1961 compared with 85 now – a number that increases to 105 when free titles, not around in 1961, are taken into account.

The majority of the closed publications were positioned two or three in their market places so no area was bereft of coverage. No daily titles were lost, with a net reduction of four publishers, all of which owned one title. There remained ninety-three paid-for daily titles.

The major groups were still Trinity Mirror, Johnston Press, Newsquest, and Northcliffe and they accounted for 66% of titles and about 70% of total sales after the London Evening Standard had been sold by DMGT to Russian Alexander Lebedev.

The intermediate businesses were still largely the same, too, with Tindle Newspapers, Iliffe Media, DC Thomson, the Kent Messenger Group, the CN Group in Cumbria, and Midland News Association being the main players.

Many of these businesses had suffered enormously. Some had seen top-line revenues decline by 45%. These businesses had reduced paginations and staff since 2007 but, where they had little debt, they were seen to be surviving, albeit it on vastly reduced profits.

Indeed though 30% margins, or indeed more, had become the norm for the bigger groups, the medium-sized companies were surviving on much smaller returns.

Although the smallest sixty-seven publishers accounted for just 3% of total circulation and distribution they were responsible for 13% of titles. These publishers included many family firms, focusing on tight
geographical areas, and the country’s only charitable trust-owned newspaper, The Maidenhead Advertiser.

Circulation declines were having a marked effect on usage. In 2009 TGI (Target Group Index) data showed that 80.4% of all adults read a regional newspaper at least once a week. A year later this figure had declined to 75.6% – a major fall, but still a healthy penetration.

However, underneath the perceived structure, many changes had taken place. The sector’s share of the advertising revenue was continuing to decline. Total spending fell from £3.13bn in 2004 to £1.71bn in 2009. Market share also fell substantially, too. In 2004 the regional press took 20% of the UK’s advertising spend; by 2009 the share had declined to 11.6%. The Internet’s share had grown from 4% to 24% and had taken percentages from every other advertising sector with the exception of cinema. The other two print sectors, magazines and national press, also declined markedly.

Circulation was being reduced at an industry average of 5% per annum but aggressive cover price increases had helped to soften circulation revenue losses. All companies, especially the major groups, took part in long-running cost-cutting programmes through making the most of improved communications technology.

Many presses were closed and evening publications were printed overnight, often in remote group print centres. Editions were cut, back offices were merged, sales teams were outsourced, and paginations were reduced.

Daily and weekly editorial teams were merged and in morning/evening centres joint staffs producing material for both titles were created. District offices were closed, pay freezes were imposed and, in groups, companies were merged under a smaller layer of senior management.

This meant that in 2010 the major groups were able to report either a return to profitability or an increase in earnings. However Johnston Press, in particular, and Trinity Mirror, to a certain extent, were still held back by the serious debt they had both developed over the previous years in expanding and this acted as a drag on their share prices.

But it wasn’t all doom and gloom. Sir Ray Tindle, proprietor of Tindle Newspapers, was bullish in a speech to a conference in May 2010:

“Our profits for the two years of this dreadful recession are as near as dammit the same as those of the normal pre-boom times of a decade ago. We were happy then and we are not unhappy now with both sets of figures.”

“I can tell you that the recession year 2009/10 just ended at March 31 and the recession year before that 2008/9 – taken together had profits over
half of the boom years of 2006/7 and 2007/8. So with recession results roughly equal to normal years before the boom and over half the boom profits, and with the recession now hopefully fading and revenue rising again, and Ernst & Young having just forecast strong growth next year – 2011.\textsuperscript{xxiv}

But Tindle in many ways was seen as outside the norm – he has a business model that worked and still continues to work. He bought his first newspaper with his demob money after the war and has only expanded when there were sufficient funds in his bank account. He also tends to concentrate on smaller, more rural and stable markets.

In Mr Micawber terms he is happy as long as his businesses bring in at least one more penny than they spend each year. I am sure he is more demanding than that, but I hope you appreciate my point.

After a hesitant start to how the sector should approach the Internet, all newspapers had worked out their web policies, drawn up their rate cards, and were writing in real time for their sites.

Some experiments had been tried, paywalls of various kinds had been trialled but there was little consistency across the sector.

Some were completely open, some offered limited access until after publication of their print titles, others sold online page-turning paid-for editions, but there was no consensus on what was the optimum model. Others even turned away from brands built over more than a century in the belief that this new web needed new names.
7. What else had happened?

How newspapers covered their patches had clearly been affected by the reduction in staff numbers.

There was growing concern that local government in particular and some courts, too, were beginning to lack scrutiny by regional and local newspapers, so producing a democratic deficit whereby county and district councils in England, for example, could operate without any outside input.

However, in a report for the Press Association in 2009, I said this effect was found to be patchy.xxv

Broadly daily editors whose newspapers covered larger urban areas believed they were doing a good job when there was just one or two councils to cover, while the coverage of authorities which were outside those areas was diminishing.

Multi-title centres that had retained some district offices were still able to scrutinise to a reasonable level of effectiveness. Ironically the introduction of single-tier local authorities had assisted this. City dailies, where a unitary authority now exists, could still cover those authorities with a lot of detail. Larger centres, which had retained bigger staffs, were able to invest more hours into local government and courts reporting.

Smaller daily titles and weeklies were having more problems. A council is a council, whatever sized newspaper covers it, and so small papers need to invest relatively more time to cover them.

Areas where two-tier government still existed had the main issues. The county council was losing out and major policy issues of county-wide importance (social services and education are the main county-level responsibilities) were going unreported and failing to be examined for communities covered by such newspapers.

My report found that some weekly publications were relying too much on council press offices, merely reproducing their release verbatim, and experience of local government reporting was being lost. As older staff left, they were not being replaced with those who saw the value in both career and financial terms of such a role in the long term. Knowledge of how local government works was lacking and trainees were not being equipped with the correct skills.

For some weekly titles this was not a problem. For generations they had existed on being genuinely local and could concentrate on their core area as they had always done so.

But many daily papers in particular found themselves in a vicious downward spiral. Advertising revenue was in freefall, circulation revenue was slipping as sales fell despite more assertive pricing policies, which resulted in the need to cut more costs.
This meant that editions and district offices were further reduced, the coverage of outlying areas declined, councils and courts went unreported; there was less reason to purchase and read the paper if you lived outside the core area.
8. 2011 and beyond – the future…

As I speak the sector faces some stark dilemmas.

Advertising revenue has declined but is still sizeable with a slow but noticeable increase in online income. However, online remains barely 10% of most businesses’ income.

Higher yielding classified had disappeared (as much a problem for the serious end of the national newspaper market), online recruitment has dipped for the time being, and there were fewer display advertisers.

The cost of newsprint has risen by 30% in the last 18 months and shows no sign of falling because of demand from India and China. In the past newsprint cost have been cyclical, shadowing the ups and downs of the economy. That link seems now to have been broken.

Shares in the two public limited companies highly dependent on regional publications are not viewed at all favourably by the City; Johnston Press is very low, while Trinity Mirror had risen slightly on the back of rumours of a merger with another European regional publisher earlier in the year but remains depressed.

What must be worrying for Trinity Mirror in particular is that following the closure of the *News of the World* its various Sunday titles seem to have benefited by about 1.6m copies every Sunday. After wholesaler and retailer payments that amounts to an annual top line revenue increase of £50m – about a 16% increase for the business – yet its impact on its share price has been negligible at best.

The third publicly traded UK company which had interests in the regional sector, the Daily Mail and General Trust, has been performing well on the back of a massively changed and diversified business helped by its Northcliffe Newspapers division playing an increasingly less significant role in the total profile of the business where profits were down but appeared to be steadying.

Gannet claimed that its Newsquest division was still highly profitable and Johnston reported that in the first half of 2011 it had maintained its profit, basically on the back of very tight cost controls, having lost substantial sums in both 2008 and 2009.

Its operating margin was 17.4% for the period, though there was an acceptance that the 30% margins were no longer sustainable, with Trinity Mirror now asking for 10%.

Circulation of the daily market continued to be down and the signals that the rate of decrease was slowing in 2010 seem to have been dashed. Weeklies whose sales had been generally resilient were now affected but many titles still sold significant numbers.
Costs, which were always closely monitored in the regions, have been heavily reduced even more as many functions were centralised as technology allowed and others outsourced.

Printing press sites have been reduced enormously and the remaining centres are worked 24 hours a day. There is now no issue with one group printing another’s titles. Johnston Press’s accounting and financial services for all its centres are now handled from one office in Peterborough. Its HR comes out of Preston. Financial services happen for Northcliffe on one floor of its Leicester office.

Most evening newspapers are now printed overnight, with few having on-the-day editions, though they are not produced as true morning titles.

Cover prices had been neglected since the war, the belief being that they were too price-inelastic to be increased too rapidly. But more aggression had allowed this revenue to play a more significant role in businesses.

However, the sign for the future in 2011 was the sales performances of the twenty-two daily paid-for newspapers owned by businesses outside the big four – generally family or non-traded companies.

For the first half of 2011, 11 of these twenty-two were in the top 20 of best performing year-on-year circulation figures. Conversely this meant that only nine out of 71 owned by the big four were in the same top 20. All but three of these sales performances were down, but there was a clear relationship between the type of ownership and achievement.

The best example of this is in the Midlands. The Wolverhampton Express and Star, while under the same technology and new media pressures as the rest of the industry, has benefited by family ownership. It has not cut as much, it has still invested in its brands, and it is now the biggest regional newspaper in Britain at 113,000 a day – more than twice the sales of neighbouring Birmingham Evening Mail, which exceeded it in the 1970s. The Express and Star has had just one owner in this time, the Evening Mail changed hands on four occasions.

And most newspapers have a long way to go before they are unviable. Media analyst Jim Chisholm showed in 2009 that for many regional companies the main problem was debt, not profitability, and that they had expanded by buying other businesses that were declining, rather than investing in ways of reversing long-established falling sales trends. He argued that they could develop other revenue streams in linked marketing activities and not just depend on an advertising sector of a rapidly changing overall marketing expenditure. xxvi

Currently in the UK there are the numerous business models. The big four dominate, but groups have thrived for many decades. In the 1960s and 1970s Thomson, Westminster Press, United Provincial Newspapers, Reed
Regional Newspapers, and Northcliffe were the leaders, but indebtedness has brought problems to the current major players.

Underneath them lies a whole range of different styles of company, which despite falling advertising revenues may well be placed to not only survive but also potentially prosper.

Privately-owned Archant runs four daily newspapers in East Anglia but has expanded into consumer and country magazines. It has low debt and good cash flow. The Tindle group owns 200 small weekly tiles and has no debt. The family-owned Midland News Association owns the *Express and Star* in Wolverhampton, the UK’s biggest-selling evening publication, and maintains eight on-the-day editions.

None of these companies has the need to satisfy City-based pension funds – though keeping family shareholders can be an issue. Clearly they need profit to survive and all have made tough decisions on costs but their needs for such high margins, especially when their debt levels are low, is negated.

But it is at what is deemed the lower end of the market that the existing model changes significantly.

Here 20% of all weekly paid-for newspapers are owned by publishers which account for just 1% of total combined regional and local newspaper weekly circulations.

Some 39 companies own just one paid-for weekly title, often, but not always, accompanied by a free supporting publication. They are low cost but with high story counts often producing significant penetrations in their local populations. They also tend to have considerable links with their communities.
9. Models for the future...
Structurally not much has changed over the decades. Regional and local newspapers are owned by a mixture of larger groups and smaller individual businesses, as they have been since the 1930s. The balance is more heavily weighed to the group now, but the overwhelming majority operate under standard business rules and limited company methods. Over the years few experiments have taken place to see if any variations on these themes can be successful.

Ofcom, in its 2009 review *Local and Regional Media in the UK*, recognised the importance of the local press to the food chain of news and expressed concern at its future. Andrew Currah, in a paper for the Reuters Institute for the Study of Journalism in the same year, put forward a series of recommendations to enable local news to be maintained if established businesses were to fail.

There are some basic questions for regional and local news organisations as they face the future.

Is there a demand for local and regional news? What do readers actually want? If there is, how will it be owned, structured and funded? How will consumers receive their news? Will readers pay for it? Or can news producers provide enough readers to gain sufficient response for advertisers? Will advertisers continue to look elsewhere? Who will the industry employ in providing this news? And in what numbers? What role will local bloggers and personal websites have?

For democracy there are genuine fears of a deficit as no one is left to report on councils, courts, and the police, let alone to scrutinise them. What will happen to the news flow that originates at local level and ends up in national newspapers and on the broadcast media?

Underneath all these questions lies a more basic conundrum – can the business of news gathering bring in more money than it costs to produce?

In the UK the sources of revenue have been evaporating for many years. High-yielding jobs classified advertising has disappeared from print (as much a problem for the quality nationals as it is for regional titles) and is only slowly being replaced with much lower value online equivalents.

Motoring (where yields have been lower since the introduction of free and specialist car magazines such as Autotrader) and property (where rates have been almost at cost for many newspapers following the threat by estate agents to pull out and publish their own co-operatively owned publications in the late 1980s and early 1990s) categories have stabilised to a certain extent but will never replace what has been lost in jobs.
Local display advertising has been more settled but in the period of austerity in which the UK is now situated in 2011 indicates that the downward pressure will be maintained.

There is a layer of advertising that remains to be exploited. Across the country there are many small, very local, glossy magazines being launched, often super parish magazines, but full of advertisements from businesses that just wish to target closely defined communities.

These advertisers are too small for the Internet, the search engine algorithms favouring the mass-market directory style of aggregators (Yell, etc.) so they are difficult to find. They are opportunities for existing publishers to utilise if they can find models that offer good returns for these smaller businesses.

The big four are experimenting with hyperlocal websites but they are in their early days and there is no evidence that they can support a professional team of journalists, even in the background.

The other source of income is circulation revenue. Publishers have tended to be more aggressive over cover prices in the last five years. This has added to circulation declines but has meant that the imbalance between the two principal sources of income has been levelled slightly, although generally only amongst older readers.

Younger consumers of news have been brought up with a different model. If they are interested in news they see it as free, either through newspapers such as Metro, or passed on by friends via Facebook. Their desire to pay for access to a service that they understand to be unrestricted is absent and all evidence so far indicates that they are unlikely to accept any change in the right to view what they perceive as free.

Existing publishers are trying all kinds of new-age methods.

They all have websites of varying quality, they sell advertising, and attempt to monetise their links with search engines, but they mostly give away their news for free. Blogs, tweets, hyperlocal sites, and reader-generated content are all used and encouraged – but none brings in much revenue.
10. Can the future be charitable?

Despite the massive problems of revenue generation, regional and local businesses can approach this new era with opportunity on their side. They have esteemed brands, often invested with massive local loyalty and of great embedded value.

This is why new forms of ownership should be examined if the existing versions cannot work in the medium and long term. In the UK the overwhelming majority of newspapers are structured traditionally with shareholders (institutional or family) seeking some return on their investment or ownership.

Clearly major plcs such as Johnston Press and Trinity Mirror are doing all they can to stem the flow of declining revenues, to steady the weight of their debt issues, and to maintain readership across both print and electronic platforms in order to retain a presence in their communities.

If they cannot, either voluntary or forced break-ups may happen which could result in opportunities for local individuals or groups to step in.

Most regional newspaper businesses have gone through huge stresses in cost reduction exercises to get where they are. Certainly all the smaller businesses outside the big four will have suffered from the dramatic fall in advertising revenues in recent years. But clearly some are better placed than others to stabilise and develop.

In 2009/10 Archant had a turnover approximately 30% of that of Johnston Press – yet its total debt was just 5% of Johnston’s and its debt management costs were correspondingly lower. This gives it a substantial advantage to consolidate and grow again.

The one traditional regional newspaper that is run by a trust with purely charitable aims is the Maidenhead Advertiser that has been owned and managed by the Baylis Trust since 1962. The trust was given ownership of the newspaper with the requirement for newspaper profits to be used to distribute charitable grants to local good causes.

By 2009 a total endowment of nearly £12m had been established with annual total grants of around £500,000 regularly being achieved. The evidence is that local readers buying their local paper appreciate that some of what they spend will be recycled back into their community.

The Maidenhead Advertiser is having similar advertising issues as the rest of the industry, but its charitable status gives it an excellent image story to present to its readers and its wider community.

Newspapers like the Barnsley Chronicle, managed by what might be termed old-fashioned patrician owners – in this case the Hewitt family – are in strong positions too. They are part of their community and have earned customer loyalty.
The Wolverhampton *Express and Star* and its sister title the *Shropshire Star* are big daily newspapers, still with advertising issues, but with owners who are seen to be part of the community.

The Tindle group is more widespread but its constituent newspapers make no attempt to be anything but very local. Their year-on-year circulation performances tend to reflect this.

In Europe some non-traditional models have been developed. Regional title *Ouest-France* (another case study later in this book) became not-for-profit in 1990 with all its surpluses being invested back in to the company. Its 44 editions and near 800,000 sales make it the best read French-language newspaper in the world. It has a trustee structure of 62 members, but because it has no share capital, this can lead to problems of borrowing, so a complex third-party arrangement is in place to allow it to be treated more normally by the banking sector.

In Ireland, the Irish Times Trust was established in 1974 as a company limited by guarantee to ensure that *The Irish Times* would be published as an independent newspaper ‘concerned with serious issues for the benefit of the community throughout the whole of Ireland free from any form of personal or of party political, commercial, religious or other sectional control’.

It has no beneficial shareholders (its former owner gave up his rights in return for a ‘substantial’ payment), cannot pay dividends, and any profits made must be used to strengthen the newspaper. But it is not a charity, nor does it have charitable status. Its 11 trustees are required to be ‘representative broadly of the community throughout the whole of Ireland’, but they play no part in the day-to-day management of the company.

Internationally, organisations such as Torstar, owner of the *Toronto Star*, and Thomson Reuters are governed by founding liberal principles, yet still have a strong profit motive driving all their activities.

Similarly the Poynter Institute, one of the world’s leading schools of journalism, requires the *St Petersburg Times*, which it was bequeathed, to be efficient and effective in all that it does, though like Torstar and Thomson Reuters, it does have guiding founding principles too.

There is also a model in the United States based on philanthropy. The Investigative Reporting Workshop at American University in Washington, DC, was established to produce in-depth reports and inquiries for news organisations that no longer have the ability or resource to carry out such tasks. It has strong ethical rules that govern how it functions, but seeks donations from third parties to fund its operations.

This is a possible solution for some businesses in countries where there is a strong tradition of giving, such as the USA, but in the UK it might not
be so feasible. Certainly the current coalition government will endeavour to create such an environment but there will be many competing sectors for such funding.

All these challenges and business factors facing the regional and local press bring in to play a new style of ownership that could bring tax and image advantages and develop more cohesion with a local audience – that of a charity.

At a time when there have been significant declines in the level of trust in both private and public institutions, the idea and representation of charity and the third sector have remained relatively unsullied. Regional and local newspapers have a residue of trust from existing, lapsed, and non-readers that could be exploited with that considerable goodwill vested in the concept of charitable status.xxx

Charitable ownership of media is not completely unknown in the UK and there already exist in the United Kingdom two examples of charities owning significant publications. The Baylis Trust, which provides charitable donations to organisations mainly in the Maidenhead, Berkshire area, was granted the ownership in perpetuity of the *Maidenhead Advertiser* through its subsidiary trading arm, now called Baylis Media.

Similarly Which?, the charity formerly known as Consumers’ Association, owns and publishes through its trading arm Which? Ltd, the consumer campaigning magazine *Which?* Therefore models exist, though not in the technically and legally pure form of the charity being the newspaper/magazine and vice versa. But in the eyes of their publics these two examples are charities.

Similarly many charities, and particularly larger ones, already have what are effectively newspapers for their members, and sometimes for the wider community. Many churches publish parish magazines, which are a form of newspaper, as do many colleges and schools. These publications attract advertising in exactly the same way as newspapers do now.
11. The benefits of charitable status

There are substantial benefits that would be available to a newspaper business that had gained charitable status, or those seeking to change their status.

Louis Baylis transferred the Maidenhead Advertiser to the newly formed Baylis Trust because he did not wish the paper to be swallowed up by a larger group. He had talked of the ‘standing menace’ posed to small, family-owned provincial weekly papers by large newspaper groups and of the importance of keeping alive what he saw as the ‘invaluable’ tradition of public service established by papers like the Advertiser. He believed that the formation of the trust would protect the paper and his analysis has proved correct.

He directed that the Baylis Trust would own the Advertiser in its entirety and that its profits should be used for charitable donations, mainly in its local area. He wanted it to continue as an essential element of the community it served. It seems to have worked. Since 1962 funds of £12.5m have been established, allowing for the distribution of often more than £500,000 annually to around 100 local good causes, many receiving repeat grants annually.

Even in the tough year of 2009/10 more than £200,000 of grants were made, despite the newspaper losing £284,000 on a turnover of £4.5m in 2008/09. Since then its performance has improved, with an operating profit of £42,000 over the following 12 months. The trustees at the time were cautious, with signs of optimism about the future: “Whilst there are some small signs of encouragement, the organisation will continue to look to reduce its costs where possible and invest in areas of the business where it is felt progress can be made, even in these difficult times.”

What has clearly been of help to the trust is that local readers know that their newspaper sales payments, the costs of their small ads, and their clicks on the Advertiser’s website all find their way back into the local community – a strong selling message.

The newspaper’s chief executive officer, Jeremy Spooner, said that ownership of this kind made the organisation better placed to take longer-term business decisions. Its circulation figures in recent years have been in line with the general 5% decline trend in the industry but it still claims to reach 80% of all adults in its core area.

When the newspaper was redesigned in 2009, its editor Martin Trepte said: “In our research no one had a bad word to say about the Advertiser. Readers all liked it but some just did not buy it every week for reasons of time.”
This is a model that existing small altruistic family-owned businesses could follow, or one that bigger organisations looking to divest or downsize could adopt. But is it a model that start-up business could follow? Possibly if the new business is derived from an existing company or charity, but more difficult if the business is a pure launch from virgin territory, as these tend to be entrepreneur-driven with profits as a strong motive.

The opportunities offered by under-the-radar business advertising described above would allow small new publishers to develop local public interest principles and guidelines for covering their chosen area objectively and accurately and then to apply for charitable status to develop local news production, both print and electronic.

The main obstacle to alternative ownership models in the UK is the status quo. The bigger groups are still generating cash for their shareholders, albeit in much reduced quantities, and still see value in their properties.

Newsquest proprietor Gannet said in late 2010 that its UK titles were still very profitablexxxiv and, although mergers are said to be being examined if ownership regulations change, as the coalition government has said they will do, there is no indication that the big four will do anything in the short or medium term to change structural matters dramatically. DMGT said in early 2011 that it remained open to offers for its Northcliffe chain, but no early sale seemed likely. It seems that only an intervention by debtors would provoke such an event and there has been no indication yet of that happening.xxxv

There remains a free-market attitude, too, which believes that news provision (notwithstanding the BBC) should remain outside of government assistance. Most existing businesses do not see the need to change while their newspapers maintain a level of viability, and they would clearly have serious competition issues if a newcomer with a more favourable tax and liability regime created by charitable status were to enter one of their market places.

For even when a newspaper is trading in what may ostensibly be a monopoly market, and where rival publications have disappeared, the remaining business and competitive challenges are immense, whether they be from the BBC, hyperlocal magazines and websites, or straight lack of interest from potential readers. The prospect, therefore, of another entrant to their market and playing under different rules is the last thing they will accept.

It may be that an owner of an existing small publisher could convert the business into a Baylis-style model, with public interest guidelines in its founding articles, but that would take a major philanthropic leap.
The big four groups still see substantial worth in their publications and their values will be aggregated on their balance sheets. Smaller, family-owned companies will still retain hopes of passing down some assets to younger generations, so there is unlikely to be a stampede of opportunities.

However, the Baylis example does show that local support can assist such a move.

A possible solution is for the return of the patrician owner or owners, from which all newspapers emerged in the eighteenth, nineteenth, and twentieth centuries, and to aim for charitable status if they believe the tax and perception benefits are worthwhile. But they would have to either buy an existing business or launch in a very mature market.

Unfortunately, the image of local and regional news businesses, often propagated by the businesses themselves, has taken such a battering over the last five years, and their financial health has been viewed as so poor, that there have been no examples of local consortia getting together to bid for individual businesses of the big four. Broadly, the groups still profess their franchises to have value when outsiders do not believe them.

In the UK the position therefore remains unclear. There are examples of different methods of structure and working, generally from abroad, that may be adopted, but none has taken the opportunity.

Baylis offers the best route – but it will take shareholders of all kinds of sizes to make decisions that write down and give away substantial values if that is to happen.
12. Where the industry is now – the basics are in place…

The basic tool of how newspapers cover their patches is clearly the reporter, regardless of what technology is to be employed.

The Newspaper Society says that there are still 10,000 local and regional journalists working on some 1200 titles. Clearly the reduction in journalistic staff numbers has had effects on coverage and there has been a growing concern that local government and some courts were beginning to lack scrutiny by regional and local newspapers, so producing a democratic deficit.

After a hesitant start to how the sector should approach the internet, all newspapers have now worked out their web policies, drawn up their rate cards and most are generally writing in real time for their sites, when necessary.

They are not always cutting-edge sites, but most are trying to adapt their resources with the regional and local market’s needs and desires to make some business sense out of it all.

The 1167 newspapers in the Newspaper Society now account for 1500 websites as well as 600 niche and ultra local titles, along with 43 radio stations and two TV stations. So there has been substantial investment.

There is no consistency but most of the larger regional sites now include blogging, reader comments and live news as a matter of course. Video streaming is used by an increasing number of publishers and podcasts, apps, mobile services and e-editions are gaining ground.

Some have dedicated staffs but most have material originated by multi-skilled journalists with an overview from a specialist web manager. Some publish news online as it is written; others hold it until the print edition has hit the streets. Some hold back feature material off the site, others publish it all. Some offer free page turning e-editions, others charge for them.

Most will publish regional and local major breaking news stories as they happen as they have the presence of the BBC to balance.

Recent innovations include iPhone apps being developed by newspapers as diverse as the Bristol Evening Post to the Rotherham Advertiser, which even launched its own births, deaths and marriages app. In these examples Bristol is part of the publicly quoted DMGT group while Rotherham is a family-owned business. Other newspapers are launching their own apps almost on a weekly basis.

Trinity Mirror now owns Fish4 in its entirety and aggregates its own group classified advertisements as well as those from other businesses. And all Trinity Mirror’s daily newspaper sites now include hyperlocal sites, often linking to and from existing community sites that they had already been established.
The *Manchester Evening News* blogs and tweets live from meetings of Manchester City Council while Media Wales, the umbrella company for *The Western Mail*, the *South Wales Echo* and *Wales on Sunday*, produces its own weekly online rugby show.

Most sites use their original brand to attract visitors and to build numbers, while others using the material for more than one newspaper use more generic titles such as WalesOnline.

All Northcliffe group titles use the ‘thisis...’ prefix, generally followed by a county name (e.g. thisisleicestershire.co.uk), and using a templated format, with the aim of being seen to be all encompassing of a region. But in doing this it has abandoned brands often well over 100 years old.

Their usage is increasing. The *Belfast Telegraph’s* audited online figures shows it has more than 1m unique visitors, looking at more than 11m page impressions. Its jobs pages attract nearly 100,000 unique visitors.

And the desire to use these statistics more proactively has persuaded the Audit Bureau of Circulations (ABC) to develop a new cross-platform certificate which includes a transparent view of the circulation of digital editions, including those specially designed for tablets, alongside print circulation.

The industry readership organisation Jicreg has also launched a new measurement tool called Locally Connected that will produce joint web traffic and print usage to indicate the spread of any newspaper brand.

Over the last 15 years many experiments have been tried. Paywalls of various kinds have been trialled but there has been little consistency across the sector. Some sites are completely open, some offer limited access until after publication of their print titles. But what is true is that there remains no consensus on what is the optimum model for regional and local newspapers, or news organisations as they should be called now, is for the future.

The big four groups are experimenting with hyperlocal websites but they are in their early days and there is no evidence that they can support a professional team of journalists, even in the background.

These existing publishers are trying all kinds of new-age methods. They all have websites of varying quality, they sell advertising and attempt to monetise their links with search engines, but they mostly give away their news for free. Blogs, tweets, hyperlocal sites and reader-generated content are all used and encouraged – but none brings in much revenue, yet.

It looks grim for them, but online revenue is growing, albeit at a much lower yield than in the days of print only.

This, of course, is not just an issue for regional and local media. The quality nationals and trade magazines that have been subsidised for years by
high-end jobs advertising are in exactly the same position, if not worse. And viewing online is continuing to increase.

The Newspaper Society claims that total readership of all regional and local titles is now at an all-time high when depressed print sale figures are combined with burgeoning online visits.

The trick is for news organisations to be able to monetise their sites to a maximum level. Costs, especially in the big groups, have been pared down greatly. This has been a painful exercise but puts them in a reasonable position to survive and prosper. Broadly in the main groups, if it can be centralised or outsourced, it has been. The only staff directly employed by the titles are frontline – reporters and advertising reps.

Monetisation has generally to be through advertising. That online free news was allowed to become a reality will always be rued by news organisations, but was always going to happen after the BBC was allowed to grow its online base so rapidly in the early days of the net.

The development of the app and the consumer willingness to pay for it is a hopeful sign. But tablet use remains in its infancy and will be of marginal assistance initially to the regional and local press, though its importance will grow significantly.

The government is restricting local authority publications and encouraging statutory advertising back into the sector; editors are more comfortable with a joint online/print presence in the market place; overall interest in regional and local news remains substantial; businesses have a greater awareness and understanding of the online and mobile world and have laid the low-cost foundations to try to exploit it.
13. The questions that need to be answered…

A surprising revival happened in May 2011. Driven by the Society of Editors, new life was breathed into the UK Regional Press Awards.

Two years before, in 2009, the event had been like a wake, and a miserable wake at that. In 2010 the National Union of Journalists had arranged its own event, but it not been able to match the glamour or excitement of previous years when under the stewardship of Press Gazette it had been a genuine industry highlight.

But in 2011, some 350 journalists from reporter through to editor, with a few managing directors thrown in for good measure, attended a remarkably upbeat lunch at a London hotel to celebrate the best of the local newspaper industry.

But was the optimistic atmosphere merely a cheerful pre-death rattle of a sector mortally wounded in the maelstrom created by the effects of the growth of the Internet? Or was it an indication that there was still resilience of some kind still propping up the industry’s somewhat shaky foundations?

Interestingly, the winners of most of the 23 categories showed that if regional and local newspapers were dying, some of them, at least, were going down with a fight.

And I understand that some further research commissioned by the Society of Editors to be published next week at the Society’s annual conference will show editors to be quite optimistic.

But what must be done now?

As I conclude I summarise the mistakes that I believe have been made following my interviews and discussions:

1. The regional and local newspaper sector did not research the future in the way that almost every other sector of industry does as a matter of course. During the golden years of high profits between 1989 and 2005 it could have looked ahead but failed to do so.
2. It did not research its customer base effectively. It looked at how they interacted with the newspaper products themselves but did not look at how their lifestyles were changing.
3. New Product Development was seen as short-term way of making more money, rather than a long-term way of possibly finding new routes for the business.
4. The groups failed to experiment as the changing market place became apparent. Having 13 or 14 daily centres meant that different business models could have been tried. They weren’t. The sole attempt to be truly radical was by the Manchester Evening News in the mid-2000s when it launched its part-paid/part-free
distribution system. Few other trials of any other radical note ever took place.

5. Giving all a newspaper’s output away for free on the web has been a disaster. The message that the Internet would be the new rivers of gold was always false.

6. Dreaming up new brands for newspaper websites has also been and continues to be, with a few exceptions, a disaster too. I can buy a Mars bar in a variety of forms, I can buy Fairy detergent in different styles – but if I want to read the Leicester Mercury online I have to go to thisisleicestershire.com website and then struggle to be sure that it actually is the same brand that has been established for well over 125 years.

7. Politicians have believed that phone hacking on one newspaper out of 1200 is the real issue that bedevils the media. They are wrong and need to begin listening to the industry – and, perhaps, to those who read newspapers, too.

8. The fear of the concentration of ownership and a lack of plurality has been overblown. The editor dancing to the tune of a power-crazed proprietor does not exist in the regions. And never has done.

9. But the groups allowed distant ownership to become a problem, when careful management could easily have negated it.

   Senior executives have been viewed by their staffs, both senior and junior, as being too focused on one figure, the bottom line, and not taking more of a longer-term view. Even now, in this economic climate, there are some (not many I admit) news businesses making 30% margins. No one I have spoken to understands how this will help the survival of brands in the future.

   At one point in the 1980s the CEOs of the big four chains were all graduates of various parts of the Thomson empire – with Thomson-trained being worn as a badge of honour – and Roy Thomson, in particular, as having been seen as a businessman who combined care of the profit figure along with a desire for future security.

   As those leaders left the industry they were replaced with those from a different school of business and from outside the industry. That many were to enjoy substantial monetary rewards, and continue to enjoy them in times of businesses shrinking rapidly, has not helped their image at all.

   Most worryingly of all is that they did not believe it would end. An end to boom and bust was not just a parliamentary cry.
Senior executives did not see the damage that the Internet would bring. They did not see that its arrival would merely conclude what had been happening for decades.

But equally I must say what has been done correctly:

1. The industry has been right to cut costs as much as possible. The mistakes of high operating margins was not in making them, it was not using some of them for genuine research and development. Press sharing should have taken place years ago and back office centralisation is a necessity that every business of whatever sector seeks to achieve.

   Cost cutting has been painful but has been necessary. Even the family-owned businesses that have seen their circulations perform better have not been protected from this assault. But managements must ensure that enough resource remains to provide the right kind of service that readers will pay for.

2. I say this because no one I have spoken on all sides of the debate has been able to say what could have been done differently to prevent the advertising model changing so radically with the Internet.

   It may be that local newspapers are a victim of an unstoppable alliance of a changed socio-economic environment and advanced technology. Even the most far-sighted of managements may not have proved to be up to the challenge.

3. There was an attempt by the industry to seek unity of purpose when it developed the Fish4 brand for classified advertising – but no agreement could be reached and that is why it struggled until it came under one owner in Trinity Mirror.

   But to have succeeded it would have had to have done something so counter-intuitive that it would have been almost impossible to sell to its shareholders and to maintain credibility – and that would have been to have included jobs advertising at knock-down prices – and so losing vast amounts of revenue before the power of the Internet really became apparent. They would have had to invent Monster.com or even eBay before they’d been invented themselves.

4. There have been attempts to diversify – brand extensions have taken place into books, events and other activities – but they were never going to replace the core purpose of the business – the collating and the passing on of local information.

5. They have been right to become more aggressive on cover prices.
6. Small can be beautiful. Sir Ray Tindle has proved that success can come about with careful husbandry and without acquiring huge debt. His papers may be small – but they have retained their markets and look after them. And at the age of 82 he is not finished. He has just launched a new paid-for newspaper in Chepstow, his third new title this year, with a fourth on the way.

He also has a pay wall on his websites. Some news is offered – but you pay if you want to read the product in full.
14. What must happen now?

I hope people are willing to listen. There needs to be a fully rounded debate – and I hope that my recommendations can act as some form of catalyst.

The current coalition government has said it recognises the difficulties the regional and local press is facing.

It has said that it intends to change ownership regulations to make it easier for groups to buy, sell, and swap titles to enable some greater geographical grouping – well, as discussed already, it has failed at the first attempt with what should have been a logical, easy and straightforward decision.

The Kent Messenger is not a business that has milked huge profits over the years. Arguably if it had been more ruthless and driven for higher margins in the 1989 to 2007 period, its path through the last four years would have been easier. As its profit margins didn’t have so far to fall, once the pincers of structural and economic change came it had immediate problems.

This deal would have been good for Kent, good for the industry and a sign that the government actually understood what the position of the sector is.

My first recommendation is that the government through culture secretary Jeremy Hunt and business secretary Vince Cable show that they understand that there is a crisis in the funding of general news in this country – specifically for regional dailies as well as the quality end of the national market and that this is the real media issue of our times.

Having said that, getting Vince Cable onside may be difficult as this week his local weekly newspaper, the Richmond and Twickenham Times, caught his office throwing away unshredded personal correspondence from his constituents.

But Messieurs Hunt and Cable should instigate the debate and do so as a matter of priority. The model of news being subsidised by advertising is broken and cannot be easily fixed, but more than just platitudes from our policy-makers is now required.

Earlier this week I gave evidence to the Joint Lords/Commons Committee on Privacy and Injunctions with four serving editors. Asked whether we were frustrated by the PCC’s failure to prevent the phone-hacking scandal, I said:

“I believe this has been a huge diversion from what really matters in newspapers right now, and that is the financial state of the regional and local newspaper industry. I think you should be looking at that rather than this business.”
“Thirty to thirty-five million people touch on a local newspaper every week in the UK. The financial model has changed dramatically and these guys who work at the sharp end each day are facing the real issues, which is can their newspapers survive?

“Can there be a newspaper scrutinising local MPs, local authorities and local courts going forward? This is a big diversion because regional and local newspapers act in a certain way and nationals in another way, and this is taking away from what we should really be discussing.”

Second, consolidation and title swapping should be made easier, especially geographically. Plurality is a red herring with the competition for both advertising and comment created by the Internet and should not used to hold up further mergers. These changes will not necessarily produce vast savings – but will help.

Third, the industry should press this case as soon as possible – and the government should make the right signals too.

Fourth, the industry should continue the bold moves instigated by Northcliffe in turning some of its daily titles to weekly production. In the last few months it has converted four of its daily titles to weeklies – on the back of a successful change to the Bath Chronicle four years ago. These are radical attempts to find solutions for the long-term and should be encouraged.

Fifth, readership, rather than sales and impressions should become the new currency to sell to advertisers. In Canada newspapers focus on NadBank, the agency that produces readership figures. ABC sales figures are very much second division. It means that it can be difficult to cancel a home subscription of some newspapers there – you’ll get it whether you want it or have paid for it. But if you read it then NadBank picks you up – and provides figures that the advertising industry trusts and ones that are true comparisons against broadcasting reach.

Sixth, moves should be made to help the three PLCs – Johnston Press and Trinity Mirror in this country and Gannet in the US – to have, in the words of the moment, an orderly default on their debts.

This is not to allow them off the hook in any way – or to forge a path for them to continue as they have been operating. But it is an acceptance for both the businesses themselves and those who own their debts that it is almost impossible for that debt ever to be paid off and to have any business of substance remaining.

They are all stuck in a no-man’s land of inertia. Their shares are all very low – the individual parts of their companies are clearly more than the
present sums – Johnston has a market capitalisation of around £30m and Trinity Mirror just over £100m – but their debts are holding them down.

They are having to pull as much cash as possible out of their businesses to service those debts – which is in turn causing those businesses long-term damage.

They have futures as news business brokers, providing print, back office and technology services to the industry – but I believe a way of returning titles to local ownership is required. Here there is a very basic analogy with the 72 football clubs outside the Premiership that, in the main, are supported by groups of local business people. Those business people tend to believe often for vanity purposes, that it is good for their home town to have a high profile football club.

(Indeed it can be no coincidence that of all the daily newspapers remaining on the UK mainland, only three do not have a team from the senior tiers of English, Welsh and Scottish football alongside them.)

The case must be made for the return of the locally owned news business, supported by local enterprises, so that local engagement is maximised. It is good that towns and cities have their own newspapers.

And in the case of DMGT it must decide whether it is in or out. Its Northcliffe division has made handsome profits for it for 90 years and propped up its *Daily Mail* for decades. To be fair Northcliffe is now being highly innovative in it approach to the market – but for DMGT it barely merits a mention in the annual report. DMGT could lead the way and find a home for these titles amongst local businesses.

**Seventh,** the government should include the recommendations of the recent Reuters Institute for the Study of Journalism report on the potential of charitable and trust ownership of newspapers in its forthcoming Communications Green Paper. This important piece of work sets out the case for a new way of looking at the funding of news and should become part of the agenda.

In this Green Paper the government should also examine ways in which the tax system can be used to assist local entrepreneurs, business people and individuals to buy back into the ownership of local media I mentioned before.

**Eighth,** university media schools should move from their pre-occupations with the study of journalism to include much more of the study of the business of journalism. They should work more with their sibling business schools to help the industry find real solutions to its woes. I believe there is a gap in the market here ripe for filling.

**Ninth,** the industry still has time to experiment, to try new models and be brave. There remains a demand for local and regional news and no one
else can provide it with the same level of expertise and independence than the existing news businesses. It should work together more to share risk and results – what will work for one may well work for another.

Start charging for some online content – and hold your nerve.

Ditch fancy website names and use your brands – their value is immense.

And it may be the time to restrict mass free distribution of titles. Competition law does not allow rival titles to co-operate but with the cost of newsprint the move towards pick-up must be accelerated as well as the move back to some form of pay wall.

There remains a level of local advertising that is available to traditional businesses – but much of it is being scooped under the radar by local entrepreneurs and franchises that are developing solid advertising-driven glossy magazines delivered to highly targeted areas.

In all this bloggers and members of the public will have their part to play, but the fundamental question remains: who will cover Hartlepool Magistrates’ Court on a wet Wednesday afternoon? It will not be a well-meaning amateur and has to be a professional journalist – the question is how will it be paid for?

**Tenth**, let all of us in the industry have an intelligent and realistic debate about the real state of this business and how it got there.

And finally – the overall title of this talk tonight is Have They Got News For You?

I leave you with a figure – 11,150,000.

That’s the number of stories of all kinds that I estimate are in regional and local newspapers in the UK every year.

That’s an awful lot of scrutiny, human interest and fact about our localities that we risk losing if we don’t get this right.

Politicians and bankers have a role to play with the industry in getting this right for the future. This a genuine society issue – whether you call it Big Society or Good Society – and society will lose if a route is not found through this current crisis.
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