

6 Views of other parties

6.1. In this chapter we summarize the views we received from other parties who replied to our requests for evidence about the proposed transfer.

Representative bodies

Chartered Institute of Journalists

6.2. The Chartered Institute of Journalists (CIJ) told us that its general policy on newspaper mergers was to protect the choice for readers and security and conditions for employees. Commenting on this particular case, the CIJ said that it believed the readers' choice of titles would be largely preserved, and that employment prospects and security under the aegis of the Daily Mail would probably be enhanced.

Guild of Editors

6.3. The Guild of Editors told us that it did not expect the merger to have an adverse effect on the accurate presentation of news or on the free expression of opinion in any of the newspapers concerned.

Incorporated Society of British Advertisers Ltd

6.4. The Incorporated Society of British Advertisers Ltd said that it had received no comments from its members to indicate concern regarding the proposed transfer.

National Federation of Retail Newsagents

6.5. The National Federation of Retail Newsagents (NFRN) was not in support of the merger. It said that the transfer would give Northcliffe a virtual monopoly of evening and weekly titles over a considerable geographical area. The NFRN believed such a concentration of media ownership had, in the past, served to exacerbate the abuse of monopoly strength against the interests of the retailers selling that publisher's titles. This included taking such newspapers out of the hands of independent retailers in favour of direct delivery to the consumer, or undue pressure being exerted on independent retail newsagents to carry out home delivery free of charge. The NFRN was also concerned at the potential which such a concentration in media ownership gave publishers to manipulate public opinion.

Newspaper Society

6.6. The Newspaper Society (NS) told us that the regional and local newspaper titles owned by DMGT were of high editorial quality and had an acknowledged reputation for serving the communities in which they circulate. It considered that DMGT's editorial and investment record showed that its newspapers had developed their own identities based on individual editorial independence.

6.7. The NS believed the proposed transfer would provide the titles with extra financial resources, proven professional management skills and a culture of editorial independence and would also help to safeguard employment.

Trade unions

Graphical, Paper & Media Union

6.8. The Graphical, Paper & Media Union (GPMU) told us that wherever there was increasing concentration of ownership there was consequently an increased risk of media bias and threat to free expression of opinion. In this context, it noted that DMGT, through Associated Newspapers, had two strong national newspapers covering the areas in question, the *Daily Mail* and *The Mail on Sunday*.

6.9. The GPMU said that over the years concentration of ownership, amongst other factors, had been identified as being responsible for the decline in the standards of press reporting. The GPMU argued that owners often stressed that they gave their editors complete editorial freedom, yet in its view there was evidence to suggest that the temptation, through the exercise of monopoly power in particular areas, was too great for owners to resist. The GPMU believed the uniformity of reporting within newspaper groups supported this contention—particularly where party political matters arose. Owners used their press interests to push their own political views which were, in the main, most favourable to their business interests.

6.10. The GPMU told us that these issues affected freedom of expression and, ultimately, democracy. The more newspapers groups controlled, the less opportunity there was for the diversity of views held in this country to be aired. It added that whilst there continued to be no right of reply for those misrepresented by newspapers, any further increase in control by the media entrepreneurs should be treated with caution.

6.11. With regard to competition in the area, the merger would add TBF's *NEP* to the four evening newspapers already owned by Northcliffe in Derbyshire, Lincolnshire, Staffordshire and Leicestershire, increasing the monopoly in evening newspapers across the region. The GPMU said that both groups also had large circulations of weekly newspapers in their respective counties of Derbyshire, Nottinghamshire, Lincolnshire and Staffordshire and that the increase in circulation gained from merging the two groups would be significant. It explained that available figures for circulation suggested that the merged titles would command 26 per cent of circulation for weekly newspapers in Derbyshire and around 33 per cent in Nottinghamshire. It estimated that in each county the merger would add a further 1.4 per cent to the group's circulation. Furthermore in the nearby counties of Lincolnshire and Staffordshire the market penetration of Northcliffe and TBF in weekly newspapers was 32 and 21 per cent respectively.

6.12. We were told by the GPMU that many of the competitor publications had small circulations compared with DMGT and TBF, and therefore that the increased market power resulting from a merger would reduce still further the ability of other local titles to compete effectively. The GPMU said that the merged group would dominate the market as far as advertising was concerned.

6.13. Commenting on employment, the GPMU noted that TBF had recently announced an investment programme to update its presses. Northcliffe, however, had up-to-date, under-utilized plant in Stafford and Lincolnshire, and the GPMU believed this would enable these plants to print some, if not all, of the titles published by TBF. The GPMU said that at best it was doubtful if both the TBF printing plants at Huthwaite and Nottingham would be kept open, which would lead to a loss of jobs for printworkers in Nottingham.

6.14. The GPMU concluded that given the implications for employment and the threat to healthy competition, free expression and accurate reporting, the proposed merger should not be allowed.

National Union of Journalists

6.15. The NUJ made a submission and gave oral evidence. The NUJ told us that, while there had been severe industrial relations problems in the past, it now had constructive relations with the *NEP*. The staff it represents were concerned that the take-over by DMGT would herald a deterioration in that relationship because of the group's known hostility to trade unions. The NUJ added that the DMGT group operated a climate of fear in which union membership was discouraged and union activity penalized.

6.16. The NUJ said that the addition of the *NEP* to the neighbouring evening newspapers owned by Northcliffe would give it a control of newspaper advertising and an unhealthy command of newspaper readership in the area. The NUJ believed in plurality of ownership and that where there was competition between newspapers, the public was given a better choice which itself led to better journalism. It was worried that the merger would create an atmosphere not conducive to free and independent journalism and what had been a lively local newspaper might become bland as part of the Northcliffe group.

6.17. Because of the group's control over evening newspapers across the country, it would be able to compel its titles to take the DMGT-owned news agency service, UK News, rather than any competitor. The *NEP* was already a subscriber to UK News but this was a commercial decision made by the existing management of the newspaper. Under the ownership of DMGT, this commercial freedom might be denied to them.

6.18. The NUJ considered that given the level of interest shown by other bidders, there could be no argument that TBF was unprofitable and that it would not survive if the transfer were disallowed. The NUJ submitted that DMGT was prepared to pay a premium for the company precisely because of the degree of control they could exercise in the area.

6.19. The NUJ was also concerned at employment prospects under the aegis of DMGT which it feared would be jeopardized. The production centres at the group's operations in Lincoln, Derby and Hull were all relatively new and there was a risk that the group would take the opportunity to rationalize production capacity. This would not only put local jobs and future employment prospects at risk but also deprive the area of a major production facility, further restricting the possibilities for competition in the future.

6.20. In conclusion it was the NUJ's view that the transfer to DMGT would operate against the public interest and that of all the prospective purchasers, DMGT was the least suitable.

Journalists at the NEP

6.21. During our visit to Nottingham we met representatives of the editorial staff of the *NEP*, including a local NUJ representative.

6.22. The journalists told us that they saw the newspaper as a strong independent voice of Nottingham. It adopted a campaigning style and had won awards for its journalism. While they welcomed the money that the merger would make available for investment in the *NEP*, they had several reservations about the effects of becoming a Northcliffe-controlled newspaper, and wondered to what extent it would remain an independent campaigning newspaper.

6.23. The journalists' main objection was to the regional concentration that would result from the merger rather than to becoming part of a larger group. As part of a regional grouping the newspaper would have less choice over how to conduct its affairs. There could be a loss of identity as a result of standardization across Northcliffe titles, for example if they all had the same pages of national news or regional news. In those circumstances the priority for local news issues could be sacrificed.

6.24. We were told that relations between journalists and management were exceptionally good at the newspaper and employees felt they had an influence on the newspaper and on the policies which it adopted. They were also well paid. These factors might be expected to lead to a lower staff turnover and a higher-quality product. Northcliffe's failure to recognize the union gave cause for concern.

Local authorities

Derby City Council

6.25. Derby City Council said that in its experience the style and editorial content of the *NEP* showed a much more positive attitude towards the local issues of Nottingham than did the *Derby Evening Telegraph* to Derby. The Council believed this was because the ownership of the *NEP* had remained local, whereas the *Derby Evening Telegraph* was owned by the much larger DMGT group.

6.26. In the Council's view the addition of the *NEP* to the titles already owned by DMGT would remove an element of competition which would be to the detriment of the East Midlands.

Nottingham City Council

6.27. Nottingham City Council told us that it was not concerned about the ownership of the *NEP* and associated newspapers. Its sole concern was that they should not lose the editorial independence for which they were respected.

Nottinghamshire County Council

6.28. Nottinghamshire County Council (NCC) was concerned about the merger. It believed the *NEP* should continue to concentrate largely on reporting local issues and that its views should be free from any partisanship on behalf of political party or other vested interests. As a major advertiser it was concerned that there should be no exploitation of the paper's near monopoly position by a significant increase in advertising rates, the rate in the Leicester-based Northcliffe title being 26.55 per cent more than that in the *NEP*. NCC hoped that the production of the titles would continue to be based in the local area, so continuing their contribution to the local economy.

Newspaper publishers

Advertiser Group

6.29. The Advertiser Group, which comprises the *Newark Advertiser*, *South Notts Advertiser*, *Dukeries Advertiser*, *Sleaford Advertiser*, and the *Herald* and *Express* series, was in favour of the transfer. It told us that the Daily Mail and its Northcliffe group had a proven track record of competition among their own newspapers and cited the *Leicester Mercury* and *Derby Evening Telegraph*, both owned by Northcliffe, as local examples of the public benefiting from varying advertising rates.

6.30. The Advertiser Group said that the introduction of Northcliffe quality into the East Midlands should produce a sharpening of standards in the region and that the public would benefit as a result.

Echo Newspaper Series

6.31. The Echo Newspaper Series (Echo), which publishes the *Loughborough Echo*, *Shepshed Echo* and *Echo Extra*, told us that it competed with the TBF group of newspapers in its northern circulation area. Echo said that the success or failure of any newspaper is governed by the strength of its advertising and, with this in mind, thought that the merger would enable TBF to sell jointly with its Leicester- and Derby-based titles with the likely effect of excluding other newspapers in the region.

NuNews Ltd

6.32. NuNews Ltd (NuNews), a small independent newspaper, said that the merger would lead to a co-ordinated advertising monopoly in Derby, Nottingham and Leicester, which would present significant commercial difficulties for the small independent newspapers. NuNews told us that larger customers who may have used its newspapers would doubtless be tempted by the opportunity to buy combined advertising in the three main titles that Northcliffe would control. This advertising pressure would be too powerful for it to withstand and in time NuNews would be limited to local advertising only. However, NuNews believed that whilst it was worrying for a newspaper like itself to be surrounded by much larger newspapers all controlled by the same group, it did not expect the struggle for survival to be any greater.

A newspaper publisher

6.33. A newspaper publisher which publishes newspapers in the East Midlands made a submission and gave oral evidence. It did not believe the merger would be in the public interest.

6.34. The company commented that the historical divide between evening and weekly newspapers had changed. Many evening newspapers, traditionally city newspapers, spurred on by excess press and production capacity had launched extremely low-cost weekly newspapers into county towns. The effects had been devastating because in many cases the true production and selling costs had not been passed on to those new weekly newspapers but rather had been absorbed by their parent companies. The new weeklies were merely used as a discounting tool for drawing further advertising into the prominent evening newspaper. For an independent, traditional weekly newspaper to survive it had to cut costs, thereby inflicting grievous damage on the editorial content and values of its original weekly newspaper.

6.35. The company told us that DMGT, through Northcliffe, had been particularly aggressive in Leicestershire, Derbyshire and Lincolnshire, with its series of free *Express* and *Target* newspapers and that because these newspapers were not editorially led in the communities in which they circulated, the editorial standards were generally low. These low editorial costs together with the low allocations of production and administration costs meant that DMGT was able to sell advertising at substantially lower rates than the traditional weekly newspaper. The company added that because 90 per cent of the traditional weekly newspapers' revenue came from advertising, any loss of that revenue would impact heavily on the newspaper and result in the decline of standards on the editorial side. Examples of aggressive DMGT activity in Lincolnshire, in particular against Mortons of Horncastle, were given.

6.36. Regarding its own situation we were told that it would not be able to compete with the merged group on advertising rates and that in order to survive it would have to change its cost structure resulting in a much diminished editorial service.

6.37. It also noted that independent locally-owned newspapers had played an active role in communities hit by many types of difficulties. The company itself was heavily involved in fund-raising for local charities and believed the pressure of competing with larger, distant newspaper groups, which were unlikely to be as financially committed to the community, would see a curtailment of the funds being generated for those initiatives.

6.38. [

Details omitted. See note on page iv.

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Advertisers

Mr N W Crosby

6.39. Mr N W Crosby, a businessman from Nottingham, told us that the merger would result in a monopoly of editorial content across the entire East Midlands region and that this would not be in the public interest. Mr Crosby also expressed concern at the danger that advertising rates would not be competitive and did not believe the merger should be allowed.

Dockholme Garage Ltd

6.40. Dockholme Garage Ltd told us that the merger would have no detrimental effects on the public interest and that it was not concerned at the level of advertising rates, which compared favourably with similar publications.

Evans Halshaw (Northern) Ltd

6.41. The Sutton-in-Ashfield branch of Evans Halshaw (Northern) Ltd (Halshaw) believed the merger would increase the quality and professionalism of the publications but was worried that the local feel of individual newspapers would be lost. As an advertiser, Halshaw would be opposed to any increase in advertising rates which might result from the transfers.

Lonsdale Travel Limited

6.42. Lonsdale Travel Limited (Lonsdale) of Derby said that DMGT had a strong and forceful presence in the East Midlands, as a result of the local newspapers it already owned, and was also creating its own national and local news agency based in the region, at Leicester. In Lonsdale's view, if the merger was allowed DMGT would have a total monopoly of daily, evening and free newspapers in the East Midlands and the general public would not have any independence in respect of accurate reporting of news and free expression of opinion. Moreover, local businesses would have no options when placing their advertising budgets.

6.43. Lonsdale consequently believed the merger would be against the public interest and against the interests of the local communities of Nottingham, Leicester and Derby.

Zenith Media Limited

6.44. Zenith Media Limited (Zenith) is the largest national buyer of regional press space. It told us that, although there was some local competition for advertising in Nottingham from the *Herald and Post* (a free newspaper), a large number of advertisers required the flexibility and strong brand identity of daily newspapers. Zenith was concerned that the acquisition would give Northcliffe control over all the regional daily newspapers in the East Midlands and Humberside and added that the *Yorkshire Post*, owned by United Newspapers, circulated in Humberside but penetration was less than 5 per cent. It noted that the rate card cost per thousand copies of the TBF titles was below average, although TBF adopted an inflexible discounting policy which to a certain extent counterbalanced its lower rates.

A local advertiser

6.45. A local advertiser told us that TBF had a virtual monopoly in local advertising in the Nottingham area. In order for a company like it to advertise, it had to use a TBF newspaper which had advertising rates that were amongst the highest in the country. The company said that some independent newspapers that had tried to start up in the area had been bought out by TBF.