

## Digital Britain and the new media landscape

### Introduction

Digital communications have fundamentally changed almost every aspect of our work and social lives over the past 10 years. Perhaps the most dramatic change has been in the way we consume media; news, music and television are now available on demand, and on the move.

Inexpensive broadband has spread internet access to 95 per cent of the nation's homes, while the rapid growth of mobile broadband and 3G smart phones promises no let up in the rise of consumers expecting content available 24/7, wherever they are.

The broad aim of the Digital Britain report is to ensure that the infrastructure exists to enable Britain to compete internationally in the digital world and to ensure broadband at a minimum speed of 2MBps is available to all by 2012.

Its five objectives are:

- i. Modernising and upgrading our wired, wireless and broadcasting infrastructure to sustain Britain's position as a leading digital economy;
- ii. Providing a favourable climate for investment and innovation in digital content, applications and services;
- iii. Securing a range of high quality public service content, particularly in news;
- iv. Developing the nation's digital skills at all levels; and
- v. Securing universal access to broadband, increasing its take-up and using broadband to deliver more public services more effectively and more efficiently.

### Key points

- Closing the digital divide – both for economic and social reasons, all who want to participate in Digital Britain should be able to do so
- Ultimate intention is to enable speeds of 50MBps in urban and 4-5MBps in rural areas
- Ofcom to gain two new duties – to encourage investment in next generation broadband and to report to government if there are deficiencies in coverage
- New powers for action against illegal filesharing, including court-based civil action and blocking internet access for persistent offenders
- Continuation of multi-annual Licence Fee (which pays for the BBC) settlements, but with the possibility of a contestable element to maintain and/or enhance coverage of older children's television and regional news
- ITV will not be allowed to drop its regional news coverage – to be reviewed in 2013
- Independently-financed news consortia could ultimately replace ITV regional news - consortia are likely to be able to produce news more cost-effectively than existing Channel 3 Licensees using assets designed for a different era. The result could be a greater investment in journalism, newsgathering and multi-media distribution and syndication than today, enhancing the quality of news in the Nations, regionally and locally. Pilots are due to start in spring 2010.
- Greater emphasis on IT at all levels of education to improve skill sets
- Removal of radio specific and cross-media ownership rules

## Digital Britain and the media

### To charge or not to charge?

November 15, 1994 was a significant day for the British newspaper industry. It was the day The Daily Telegraph became the first British newspaper to go online, starting the industry along a road which has seen content given away for free, circulations crumble, and print advertising migrate to a multitude of different websites.

Swathes of advertising revenue from cars, homes, and jobs has shifted online, and there are fears among publishers that [government](#) and local councils will cut their print advertising spend by millions of pounds a year to save cash as the country fights to restore its balance sheet. The growth of council-run publications carrying their own ads has added to regional publishers' woes.

A perfect storm comprising free and mobile online news, the credit crunch and an increasingly tech-savvy public had combined to devastate the traditional newspaper business model, which had reaped large profits just a few years previously.

To begin with, publishers hoped they could fill the hole left by falling circulations and print ad spend by selling ads online, with prices rising as more unique users (note: not readers in the traditional sense) flocked to view their free content.

The problem is that online advertising has only proved genuinely successful when used in conjunction with search (hence Google's massive revenue), where the adverts are highly likely to be relevant to the user. Research has shown that banner ads on websites are significantly less effective than traditional print advertising, with promiscuous web surfers spending a matter of minutes on any given news site before flitting to the next link posted on Twitter or Facebook or found via search engines.

All of which has led Rupert Murdoch to declare that enough is enough: he would not give his content away any longer. The public's perception that news is a free resource is unsustainable. From sometime in 2010 the content on his News International (NI) websites, including The Sun, News of the World and The Times, will be protected by paywalls, and possibly blocked from the free Google News service, which leads 14 per cent of web traffic to NI's sites.

But Murdoch says the fickle 14 per cent tend to read one story before moving elsewhere, so they are infinitely less important than the type of visitor he desires – loyal online subscribers who return again and again, pay to play online games like fantasy football, and leave vital data which can be used to target adverts.

His problem, of course, is that the publicly-funded BBC website will remain free, and other newspapers, such as The Guardian, show no sign of charging for content any time soon.

The idea that newspapers want to charge for the content produced by journalists they pay and have trained seems entirely fair and sensible; the grave error came in giving content away in the first place with no clear business model in mind. Since then, other free services have sprung up on the web, including social networking sites such as MySpace, Facebook and Twitter, as well as free email and photo-sharing services.

This has led to a culture where people expect internet content to be freely available, and they don't really care how it's funded. Paid-for music services such as iTunes have proved that people **are** prepared to pay for quality content from the web, but then Apple had a quick and easy payment system already in place and never gave away their tracks in the first place.

The question of how to make online content pay has yet to be solved on either side of the Atlantic, but there is some hope in a number of new initiatives and pilots underway.

Regional publishing group Tindle Newspapers gained more cash, and more from local readers, than expected when it began an online payment trial in the summer on six of its papers (three free and three paid-for titles) using online page-turning software PageSuite.

The paid-for titles were offered on subscription, with readers paying by credit card or the online charging system Paypal for access. The group originally thought they would generate a few subscriptions in their core circulation areas, with most coming from people who had moved away from the area.

However, subscriptions worth thousands of pounds came from local people, indicating that some people would simply prefer to read their paper online. Time will tell if this affects the printed circulations, but the experiment has proved so successful that the group is rolling out the service to more than 100 of its 220 titles.

In November, Johnston Press (JP), which publishes more than 300 regional titles, began a payment trial on six of its titles, including the [Northumberland Gazette](#). Visitors can read the opening two or three paragraphs of a story before paying to read the rest. Many regional newspaper websites already use this “teaser” method, but encourage readers to buy the paper for the full story. JP is charging £5 for a three-month subscription to gauge how much readers are prepared to pay for web content.

Another possibility, thought to be on Murdoch’s mind, is to bundle web access to NI titles in with Sky subscriptions for, say, 50p a month. It doesn’t sound a lot, until you factor in Sky’s 9.5million subscriber base. Could other national newspaper groups fall in with Virgin or BT to offer similar deals?

The confusion over free versus paid-for web content has spread to the new growth area: iPhone and other smart phone applications and, of course, the recently-launched Apple iPad. Although it’s too early to accurately predict the iPad’s impact, its larger size certainly lends itself to a more satisfactory newspaper reading experience than a mobile phone.

Despite being gifted with a platform which has a ready-made payment system via iTunes, many publishers are producing free-to-download apps, including The Telegraph, Manchester Evening News and several other regional newspapers. The Guardian’s app costs £2.39 to download, and the newspaper is leaving its options open by saying: “We are committing to offering a core level of service for the one-off charge but that doesn’t rule out the possibility of charging for extra functionality at some point in the future.” There is a discussion about how The Guardian app can pay its way [here](#).

So, could mobile be a significant revenue opportunity for newspapers? Will readers pay? Certainly iPhone and iPad owners seem more likely to pay than most, so used are they to paying small amounts for games, music and other specialist apps.

Research undertaken by the Association of Online Publishers shows that more than half plan to develop paid-for apps in the next 12 months – not just for the iPhone/iPad, but also for BlackBerry, Nokia and handsets running Google’s Android platform.

The number of smartphones sold worldwide each year is expected to increase from about 165m this year to 423m in 2013, or just under a third of the total handset market, according to the market research firm Wireless Expertise.

The Spectator’s thus-far successful model could well be the way forward, charging 59p for a seven-day subscription or £2.39 for 30 days. Apps also appear to be a much safer bet than websites in engendering brand loyalty – but only if they are linked to a subscription model. People are unlikely to be prepared to download and pay for a multitude of apps, whereas they are currently happy to hop between free-to-use news websites.

The simple truth for those taking advantage of the past decade of free news content is that the model is unsustainable – unless people start paying for content then authoritative news as we know it will disappear, with potentially devastating consequences for democracy.

## Sustainable independent news

Independent local news is important for a number of reasons:

- holding elected representatives to account
- ensuring justice is seen to be done
- providing publicity opportunities for charities
- campaigning for community and social justice
- individual fundraising [campaigns](#)

In a [speech](#) to the Newspaper Conference annual lunch in November 2009, business secretary Lord Mandelson offered supportive words for the local newspaper industry, but no “silver bullet”. He described local newspapers as “vitaly important” and “the bedrock of local democracy and public life”.

Some forecasts suggest that the press advertising market could shrink by between £700m and £1.6bn by 2019, with the regional press worst hit. News on regional TV and commercial radio are also suffering and, taken together, these changes all reflect the diminution of the traditional offline advertising surplus, which funded court reporting, investigative journalism, considered and impartial coverage of the devolved institutions and much else in the fabric of our democracy in its widest sense.

With ITV looking to duck out of its responsibility to provide regional news, the Digital Britain report offers an opportunity for the continued plurality in local news via independently-financed news consortia (IFNC). These would ensure the continuation of a range of independent voices in the regional media.

Pilot schemes in the Tyne Tees and Border TV regions, plus one in each of Wales and Scotland, could begin as early as spring 2010, to be paid for using the underspend in the government’s digital switchover budget. Ongoing funding could come from retaining the 3.5 per cent element of the Licence Fee set up to pay for the switchover, though the government has not ruled out alternative funding.

All firms involved in the IFNC trials, including the third pilot in Scotland, will have to create a multi-platform local news model, including TV, radio and newspapers. It is thought that, in some areas, the schemes could see the convergence of print and broadcasting groups teaming up to form consortia.

The consortia will be run on a commercial basis, but a key aim will be to determine the level of top-up public funding required, which Ofcom believes to be between £65m and £100m a year. The ultimate aim is to see IFNCs replace ITV regional news, which the company claims is unsustainable in the long term. Its requirement to provide regional news under the terms of its licence will remain in place until a review in 2013, when the pilots are due to end.

The one fly in the ointment in all of this is that the Conservatives have opposed IFNCs, and seem likely to scrap the plans if they win the election. What they will put in their place is not yet clear.

Meanwhile, Ofcom has recommended to the government that it should relax the rules on the ownership of local radio stations and cross-media ownership. This would allow radio groups to consolidate around a local area, helping independent commercial operators compete with the BBC.

Regional groups would be able to own a combination of two news mediums in an area. The only combination that would not be allowed is the ownership of a local radio station, local newspaper with a market share of 50 per cent plus, and a regional television licence.

"We have found that even though consumers are increasingly using the internet as an alternative source of news, there is still strong reliance on television, newspapers and radio. However, these industries are facing significant economic changes," said Ofcom.

"These are most acute in local media. Some relaxation of the local ownership rules will benefit citizens and consumers by helping to ensure that local content continues to be commercially provided."

The Tories say they will [abolish the restrictions all together](#), saying that they have been “throttling local media”.

Much of the debate around plurality in local news concerns the unequal battle that commercial operators face with the publicly-funded BBC. The Corporation’s plans for 60 ultra-local websites had

been roundly condemned by commercial broadcasters and regional newspapers, who feared that the BBC would take readers and, consequently, advertisers away from their websites.

The plans have since been scrapped, and the BBC, fearing it could lose some of its Licence Fee under a Conservative government, has since pledged to be a “better neighbour” to commercial rivals, offering to place links to local newspaper websites on the home pages of its own local sites.

And finally, the unlikely scenario of regional newspaper groups starting their own PR agencies [was raised](#) at the 2009 Society of Editors conference by Neil Benson, editorial director of Trinity Mirror regionals. Benson also suggests moves into marketing for clients, running web TV channels for local councils and producing videos for advertisers. All things which independent PR agencies are already doing or looking to pursue themselves...

## PR in the digital age – integrating traditional and social media roles

So what does the changing media landscape mean for the future of PR, and how do we use new digital channels to ensure the best return on investment for our clients?

First, let's not write off traditional news media just yet. Despite the rise in the number of blogs, message boards and hyper-local websites, people still generally look to their trusted news sources for the definitive versions of news stories, whether that's online or in print.

Despite falling circulations and staffing levels, local newspapers remain the prime source of regional news. More people may watch the regional TV bulletins than read the EDP or Evening News in Norfolk, but most TV and radio news stories still have their origins in the local press. Blogs and tweets will invariably comment on and link to stories on newspaper websites, providing even larger audiences to these traditional news-gathering operations. News-link aggregators like [addictomatic.com](http://addictomatic.com) and [stumbleupon.com](http://stumbleupon.com) do a similar thing: neither creates their own content, but merely point users in the direction of trusted news sources.

Many more stories will continue to be broken on social networking sites such as Twitter, because of their immediacy and the sheer number of eyes and ears around the world, but after the initial tweeted "OMG, a plane has just crashed into the Hudson River", it is to the professional news gatherers people will turn for the detail.

In terms of newspapers going digital, the requirements on PR agencies remain the same – newsworthy stories, professionally presented. So it would be a mistake to focus too much on social media at the expense of established, trusted news sources, which still have a vital and influential role in communities.

The key is integration: good quality mainstream content will be picked up, commented upon and disseminated around the online community. Similarly, social networking sites can be used to point to content to try to kick start this viral effect.

With the spread of ever-faster Broadband speeds and most of the population connected at home, at work and ultimately via mobile, news – both good and bad – will spread quicker than ever. So it's essential for organisations to monitor all media channels, mainstream and social, in real time – and then respond quickly and positively using the appropriate channel.

Because in the new Digital Britain what people say about you online has become the key factor in consumer purchasing decisions. Research carried out by Weber Shandwick showed that online advocacy was the single biggest factor in the decision to choose one product over another.

The evidence is succinctly put together in this series of videos by social media bloggers at [socialnomics.net](http://socialnomics.net)

It's this shift in how we make our purchasing decisions and the potential return on investments from social media that means we need to view PR as much more than just media relations.

And it's up to PR professionals to understand how to manage and make the most of the virtual world, and how to both steer clients towards it by clearly explaining the benefits and then how to harness its undoubted power for meeting the goals of the organisation.

Some examples of how PR agencies can help in this area can be found [here](#) and some tips on how to use Twitter for business [here](#), while some of the best PR 2.0 campaigns are explained [here](#).