

Informing the UK

The role of TV news in the digital world

Robin Foster



Authors

Robin Foster, the report's main author, is an expert on communications policy and regulation, and is a founding member of consulting group Communications Chambers. Robin was recently a member of the Digital Britain Steering Board, the Convergence Think Tank, and Associate Director of the Global Communications Consortium at London Business School. He is currently a member of the Ofcom Spectrum Advisory Board and has previously held senior executive positions with Ofcom, the Independent Television Commission and the BBC.

Thanks are due also to **Aileen Dennis** from Communications Chambers for her significant contribution to the report, and to all those who provided advice and support.

All photographic images are courtesy of ITV News.

November 2011

TABLE OF CONTENTS

Introduction	2
Executive Summary	3
Section one: news under pressure	8
The importance of news media	8
Major structural challenges	8
Significant threats to print media	9
Digital media to the rescue?	10
The role of broadcast TV news	10
Section two: the importance of TV news	12
A critical role	12
Public support for TV news	14
Near universal reach	15
Resilience over time	17
Section three: key success factors	21
The importance of trust	21
Plurality of news supply	22
Competition and choice	22
Big channel effect	24
Security of funding	26
Section four: the role of ITV News	28
An important contribution	28
Scale of ITV News operations	28
Competition for quality	31
Extending reach	32
Support for the UK TV news ecology	34
Outstanding challenges	34
Section five: securing the future	37
Contrasting stories	37
Three key building blocks	37
Section six: in conclusion	41
Bibliography	42

INTRODUCTION

This report was commissioned by ITV plc as a contribution to the continuing and important debate about the future of the news media in the UK, and to examine the role that television news can play in future.

The report presents substantial evidence that TV news has a continuing and central role to play in future news provision in the UK, especially in a world in which print media face continuing economic challenges. TV news may not always provide the depth and breadth available from broadsheet newspapers at their best. It does not have the space for background detail and interactive discussion offered by emerging digital news media services. But it can and does provide its own special window on the world, with arresting images and stories, alongside objective and trusted analysis. It brings serious and engaging news to mass audiences. Every day it enables large numbers of viewers to find out what the most important news stories are, and its expert correspondents help put those stories in context. It provides the talking points for the nation, as its audiences respond to and share major news events. Its regulatory framework

insists on impartiality and accuracy. It is currently well-resourced and is available to every household.

In future, contrary to the expectations of those who once saw the inevitable decline of TV news, it could perform an even more vital role in filling a predicted gap in the market between high-priced specialist news services for those who choose to pay for them, and free/low cost commodity or infotainment news for the rest. And it could itself evolve into a wider cross-media proposition – providing trusted and impartial news in the new digital world, alongside existing broadcast services.

To help secure the future of TV news, an important challenge for policy makers is to ensure that plurality of supply is maintained, delivering TV news of real audience impact and profile outside of the BBC. ITV News has a particularly vital role to play here, given its wide reach and the resources it draws on. The policy levers to achieve this are still available. The prize is worth having.

EXECUTIVE SUMMARY

News under pressure

Although the story of increasing threats to the future of our news media has been frequently recounted, it is no less dramatic for its familiarity.

- Commercial news providers in the UK and around the world face significant economic challenges, threatening their ability to play what is still seen as a vital role in our democratic society.
- Consumption is falling, markets are fragmenting, advertisers are switching to new media, and as yet there is no clear new revenue model for broad-ranging online news provision.
- Print media have so far been the most badly affected, threatening the resources they have available for serious newsgathering and their ability to provide high quality coverage, analysis and investigation of domestic and world events.

Digital media offer promising new ways of gathering and disseminating news, but at the same time are undercutting the business models which have sustained well-funded traditional news media until the recent past. Other shortcomings are already evident: digital media too often supports opinion rather than reporting, prejudice rather than calm analysis.

Various commentators have predicted a future polarisation of news media – between a few elite providers of high quality and specialist news for those prepared to pay for it, and free provision of “infotainment” to the rest. Measures to increase regulatory scrutiny of news media risk adding to the impact of these economic pressures, precipitating newspaper

cutbacks or closures, rather than resolving the underlying concerns.

The importance of TV news

Against this background, TV news in the UK has an important role to play.

- TV news has for some time commanded significant public support and respect.
- It is considered by the UK public to be among the most important components of public service television, and is consistently acknowledged by a majority of those surveyed to be their main source of news.
- The regulatory framework for television in the UK guarantees universal free-to-air supply of news, and requires TV news services to take a fair and balanced approach in their reporting.

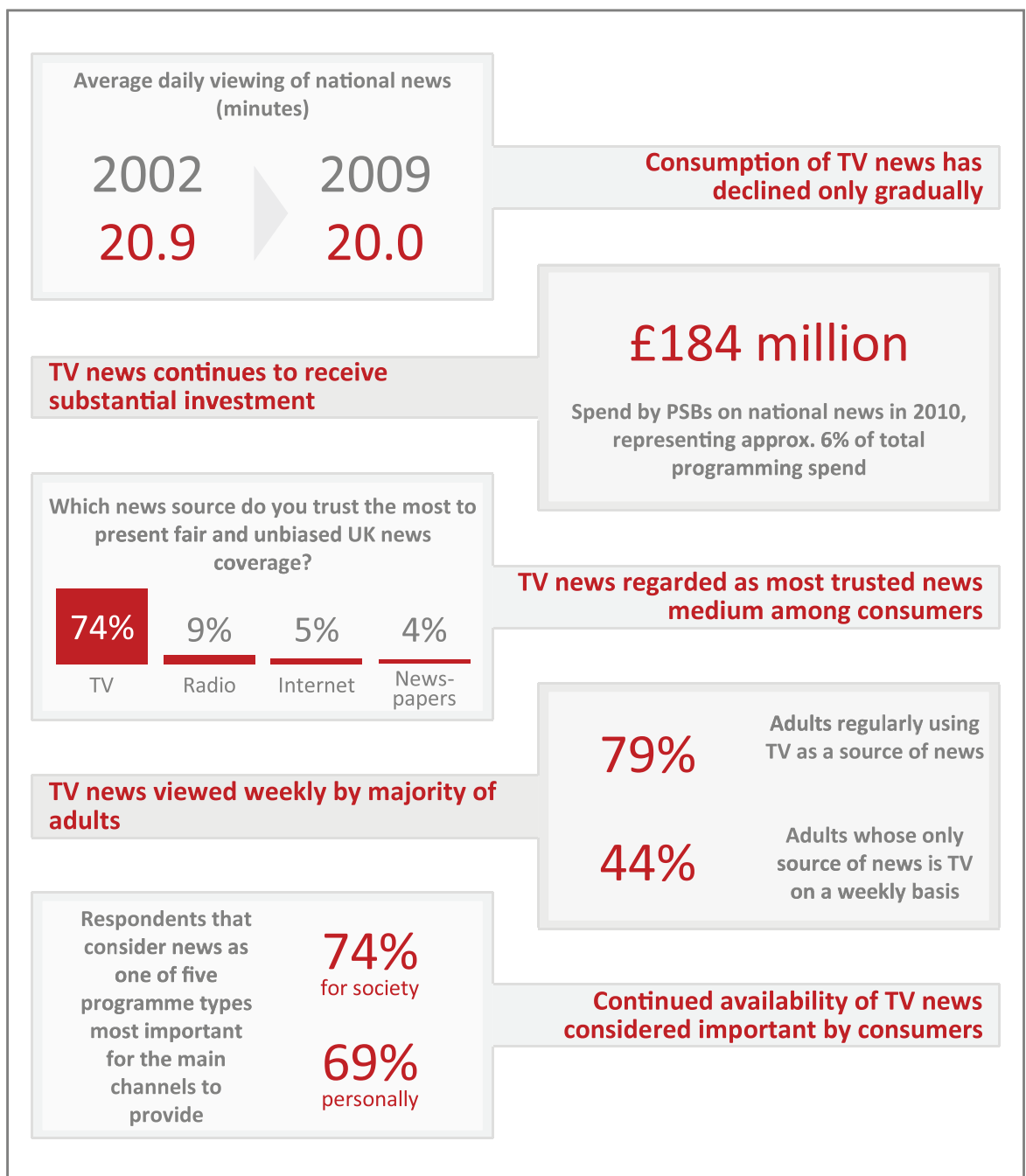
As a result, TV news is widely available (in over 98% of UK households), widely used, and widely trusted. Ofcom reports that TV news is trusted by 74% of those surveyed to present a fair and unbiased coverage of UK news (compared with newspapers, which are ranked last of all news media, with only 4%).

Although some expected TV news to suffer at the expense of digital media, it has maintained its relevance and popular appeal, both in its core bulletins and in new media. The main network news bulletins are still seen as the place to turn to for an expertly selected package of the day’s events, interpreted by respected reporters and specialist correspondents. 24-hour news channels are now seen as the place to go for breaking news, and TV news brands, especially the BBC’s, provide a trusted online news resource.

TV news cannot match the depth of specialist and investigative newspaper journalism at its best, or provide the same range of opinion and comment as newspapers and internet blogs, but its news agenda is more “broadsheet” than “tabloid” and it excels in the provision of live, on-the-spot coverage of stories from at

home and around the world. The main TV news bulletins provide large numbers of people every day with a good sense of the stories they “need to know about”, and at least some explanation of their context and relevance, reported as far as it is ever possible to do so in an objective manner.

Figure 1: The importance of broadcast TV news¹



¹ Communications Chambers, sourced from various Ofcom publications

Uniquely, the effect of vivid TV footage of the day's news stories, alongside expert commentary, can often provide the most powerful impact of any news media. The network news and 24 hour news together play a hugely valuable role in bringing the nation together to follow and share major news stories as they develop.

Far from declining, the volume of TV news available on the main UK TV networks has increased in recent years. Investment in network news has gone down slightly, but new digital production technologies have so far enabled the main news services to deliver more on-screen for less money spent.

Purality of supply

A key factor in the success of TV news is its plurality of supply.

- Ofcom's last PSB Review highlighted heavy public support for the provision of news on all the main public service channels, including ITV, Channel 4 and Channel 5, as well as the BBC. Many would be uncomfortable if TV news were left in the hands of the BBC alone, no matter how well regulated.
- Although the regulatory framework for TV news limits the extent to which different news programmes can differentiate themselves from each other by following different editorial lines, differences do exist – for example in presentational style, personalities, depth and range of coverage, and resource deployment.

Competition has played a significant role in the successful development of TV news. Throughout the history of TV news in the UK, innovations have been introduced by all of the

main providers – from ITV's more approachable and less deferential style, via Sky's revolutionary approach to rolling news, to the BBC's cadre of respected specialist correspondents. Each new development has spurred on the others to find similar improvements, to the benefit of news viewers across the UK.

Choice of providers also helps to increase the public's exposure to news, and hence augments its overall impact. The provision of news on different channels with their own audience profiles helps ensure that TV news reaches parts of the audience which might otherwise be missed. Different bulletins adopt different styles and approaches which appeal to different audience groups. As reported by Ofcom – 28% of TV news viewers never watch the news on BBC One.

Overall, the fact that TV news bulletins are given such high profile by the main popular appeal channels like ITV1 and BBC One helps underpin the important status of news. Audiences over time become accustomed to the significant role that TV news plays in the schedules and by extension in their own lives.

The role of ITV News

The BBC is by far the market leader in TV news provision. But ITV News has an important role to play in the TV news ecology as a competitor and counterweight to the BBC. ITV News is the main mass audience TV news choice outside the BBC and has a far wider audience reach than Sky or Channel 4.

ITV plc currently provides regional coverage via its nine different news programmes in England, the Borders and Wales (with STV and UTV providing bulletins for Scotland and Northern Ireland) and national and international news

through its contract with ITN. It employs some 470 news journalists and accounts for around 28% of investment in news by PSB channels.

ITV News accounts for 20% of all viewing to national and international news in the UK (with Sky at 7% and Channel 4 at 3%). Its share of peak hour news viewing is 27%. On ITV1, one third of peak weekday hours (6-10.30pm) are taken up by regional, national, and international news.

After a period in the early 2000s, when some observers concluded that ITV had downgraded the importance of news, more recent years have seen a revival in the quality and appeal of its news proposition. Evidence of this is seen not only in stable viewing figures (after a period of gradual decline), but also in a number of awards received by different aspects of ITV's news output: ITV News has won the BAFTA award for best news coverage for three years running and in 2011 ITV News at Ten won the RTS award for best programme of the year.

ITV News plays a significant role in reaching parts of the news audience which are not as well served by other broadcasters. Women, younger age groups, and C2DE social groups account for a higher proportion of its audiences compared with the BBC's main news. ITV News also plays a key part in sustaining the overall UK TV news ecology. Its investment in both its own newsgathering and through its contract with ITN sustains a "third force" in UK TV news alongside the BBC and BSkyB.

Looking to the future, ITV News faces three key challenges:

- Sustaining overall investment at a level sufficient to guarantee high quality coverage;
- Deciding the future of regional news – which is a net cost to the company;

- Extending into digital media, where ITV has lagged behind rivals in the past, but now has more ambitious plans.

If these challenges can be successfully met, it will ensure UK viewers continue to receive an effective choice in high quality TV news.

Securing the Future

TV news in general has a number of advantages to build on in securing its place in a rapidly changing news market.

- In some ways it is better positioned than newspapers to extend its reach into digital media. TV already understands how to tell stories, often as they happen, in a concise but captivating way, using video and graphics alongside pithily presented expert commentary. It can use its broadcast platform to build brand, profile and consumer loyalty online.
- TV news is also cushioned to a degree from the harsh economics of the changing news market. The BBC of course has access to public funding. Commercial public service broadcasters have been required to provide news in return for access to certain privileges such as spectrum.
- Part of the value of news to broadcasters is that it can enhance their overall brand and provide reasons for viewers to visit their channel on regular basis.

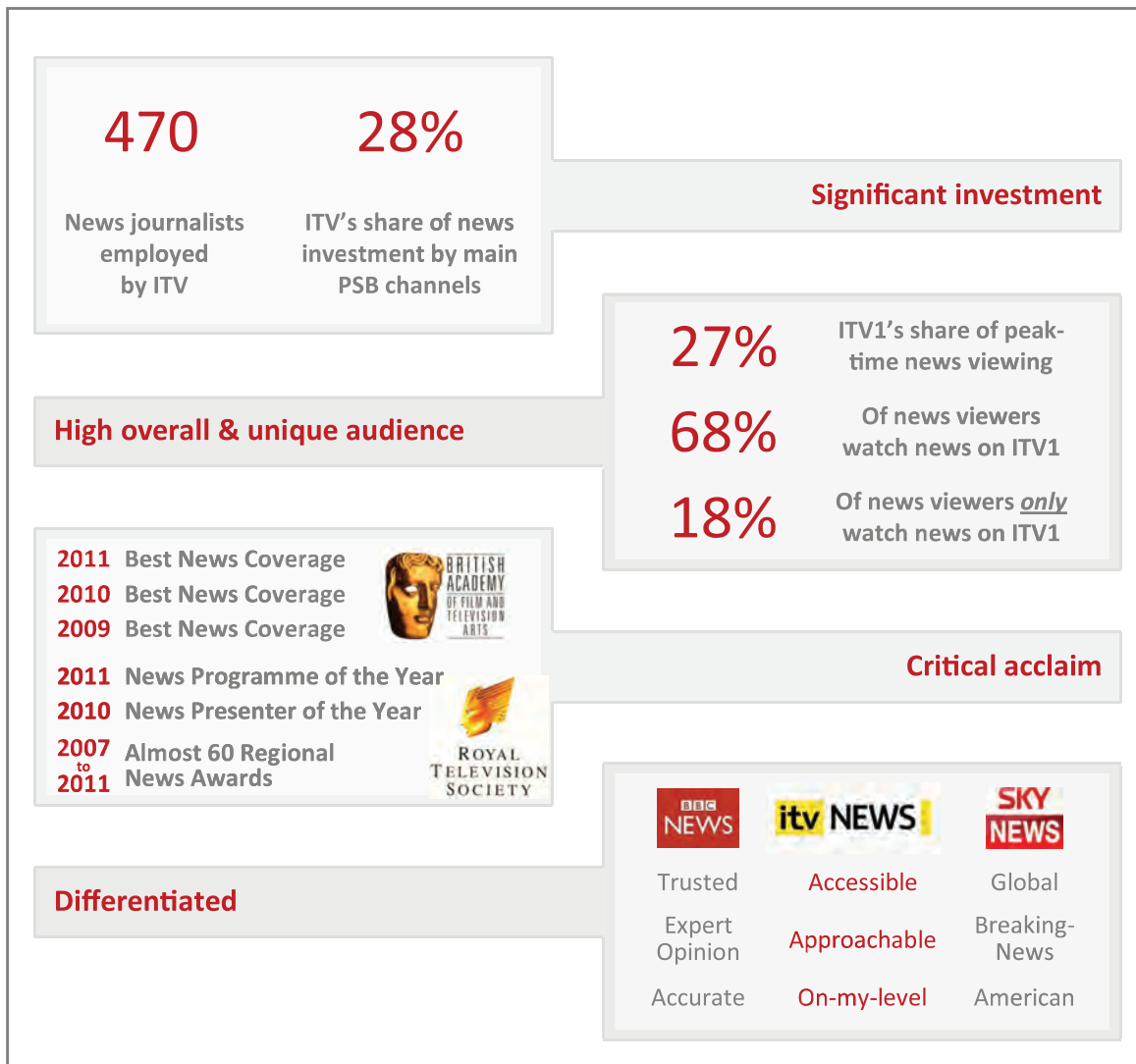
There comes a point where even this value is offset by the costs involved, however. Here there is scope for government to adopt practical policies to help secure its continuing provision. ITV, for example, has been able to subsidise news provision in the past – especially regional news – from the benefits it has gained from having a PSB broadcast

licence. In future, as has been widely recognised, these benefits will be worth much less, but they still offer a potentially useful lever to government if it wishes to add certainty to provision of high quality TV news on ITV into the future.

If the future of TV news is preserved in this way, there are potentially significant public benefits. In a world in which other news providers might be forced to choose between offering specialist, news services to those

prepared to pay for them, or low cost “infotainment” to the rest, TV news can perform an even more valuable role in occupying the middle ground of news provision than it does today. And as TV news extends inevitably into digital media, it offers scope for extending its current values of impartiality, trust and accuracy into that digital world, hence helping to address some of the acknowledged shortcomings of existing digital news provision.

Figure 2: ITV News²



² Communications Chambers, sourced from various Ofcom publications, ITV research from 2CV, and BARB analysis

SECTION ONE: NEWS UNDER PRESSURE

The importance of news media

News media – traditional print, broadcast, and more recently new digital media – play a vital role in sustaining our democratic society.

Through the provision of information, analysis, investigation and interrogation, news media can hold politicians and the powerful to account and help ensure that the electorate is more informed and better equipped to engage in the democratic process.³ News media can also play an important campaigning role, publicising and promoting specific interests on behalf of their users. By encouraging a sense of shared interests and values they may help their users to feel more connected with the society in which they live.

Plurality of supply – usually taken to mean the existence of a reasonable number of media owners or suppliers across different media platforms – is also seen as essential to the proper functioning of news media, ensuring that a wider range and diversity of views and perspectives is available to the public, and that no single news provider can control the news agenda.

Given that much of our news media are supported by commercial enterprises, the current and future economic health of those enterprises is understandably of great public interest. News media can only perform the roles ascribed to them above if they are well-funded and continue to reach significant numbers of readers or viewers. A well-resourced and plural media market is therefore the goal. Much of the on-going debate about media ownership and regulation

in the UK is fuelled by arguments about how best to achieve this outcome.

Major structural challenges

But commercial news providers in the UK and around the world – especially newspapers – face significant economic challenges. Although some of these are connected to a cyclical economic downturn, many are structural, linked to seismic changes in technology and consumer preferences.

This is by now a largely familiar story, but no less dramatic for that. It features:

- A huge increase in availability of news from many different sources across traditional and new platforms⁴;
- Businesses which were historically in separate markets competing head to head for attention and revenues;
- Fragmentation of news consumption across many different suppliers, with some groups of consumers increasingly getting news online or via their mobile device;
- Decline in value of display advertising in traditional media, and a shift of classified advertising from newspapers to the internet;
- As yet, no clear new revenue model for broad-ranging online news provision – pay walls are in their infancy, and online users have become used to free content⁵.

³ Steven Barnett, Professor at Westminster University, for example, talks about the role of news in informing, representing, campaigning, and interrogating. Michael Schudson, Professor at Columbia University, identifies six key functions of news media which contribute to effective democracy: informing the public, an investigative or watchdog function, analysis, promoting social empathy, providing a public forum, and advocacy. David Levy and Rasmus Kleis Nielsen, for the Reuters Institute, argue that “journalism and democracy are intimately connected” See endnotes for references.

⁴ Robert Picard, Director of Research at the Reuters Institute, describes how the impact of this is to “drown audiences in a flood of news”. Picard, “The Future of the News Industry”, in *Media and Society*, ed. James Curran, Bloomsbury, 2010

⁵ Steven Barnett, for example, has described the current market environment as a “perfect storm”, powered by the impact of new digital media, and the convergence it brings in supply, distribution and consumption.

The biggest changes have occurred in the behaviour of younger more affluent users – they are at the same time the most valuable to advertisers and often the early adopters / heavy users of new technologies and services. Increasingly, too, these groups are seeking news on-demand and tailored to their own interests.

Significant threats to print media

These trends have had their main impact so far on the print media. Many newspapers have already engaged in aggressive cost cutting. If US experience is a guide, weaker newspapers will go to the wall or be swallowed up by stronger rivals, leading to significant industry consolidation. In parallel, we are seeing rapid development of cross-media news services, as print media attempt to offset losses in traditional markets by moving online.

The risks are clear. First, the economic pressures faced by commercial news providers threaten funding for quality journalism. Second, there may be fewer voices available to the public if, as seems possible, the market can sustain only a limited number of well resourced news providers. As Andrew Currah of Oxford University puts it⁶, news media business models are breaking down, resulting in reduced spend on original newsgathering and investigative reporting, a weakening of editorial standards, and a news agenda shaped increasingly by the “noise of the crowd”.

Other commentators agree that we are unlikely to see the simple re-creation of existing newspapers in an online format. Some suggest that the future is more likely to bring a mix of free news and a myriad of separate specialist strands⁷. Others see a polarisation between a few elite providers of high quality news and information for those consumers

really interested in paying for in-depth news, and low-cost or free providers of quick and easy news for the rest, with significant amounts of sport, entertainment and lifestyle content⁸.

It is worth observing here that the increased regulatory scrutiny and tougher cross-media ownership rules being called for by some in the current UK debate might simply add to the economic pressures facing news media, and hence precipitate newspaper closures, rather than resolve the underlying problems. Indeed, there may be no simple regulatory or public policy solution to hand.

We should also note that many of the most successful news providers today are only able to survive through commercial or public cross-subsidy. They are not profitable in their own right. As Jeremy Hunt noted in his speech to the RTS Cambridge conference: “We must also recognise that much of the plurality we enjoy is the result of cross-subsidy. Subsidy of the BBC through the licence fee. Subsidy of ITN by

News media under threat

“The media industry is in the midst of a perfect storm”

Steven Barnett

“The business of journalism is widely held to be in serious crisis today”

David Levy

“If you knew what you know now, would anyone have invented a newspaper in the first place?”

Peter Preston

“A clear danger of sharp reduction in spending on original newsgathering”

Andrew Currah

“News is expensive. It is subsidised or it dies”

Peter Bazalgette

⁶ Andrew Currah, “What’s Happened to our News?”, Reuters Institute, 2009

⁷ Peter Preston, “The Future may be Online, but many will slip through the net”, Observer, August 2011

⁸ Robert Picard, “A business perspective on challenges facing journalism”, in The Changing Business of Journalism, Reuters Institute, 2011

ITV and Channel 4. Subsidy of Sky News by Sky. Subsidy of the Evening Standard and the Independent by the Lebedevs”⁹.

Digital media to the rescue?

What is bad for newspapers is not necessarily all bad for news media as a whole. Many of the digital media developments which are undermining the economics of traditional print media may in future add a new dimension to journalism.

A number of experts have discussed the potential of the internet and social media to enhance the democratic nature of news provision¹⁰. They point to:

- Many new sources of both commercial and not-for profit-news services on the web, which improve both the accessibility of news and the range of information and different perspectives available;
- Social and community media, which enable people to take a more active/ participative role in news gathering and dissemination – sharing news and opinion via social networks, influencing the news agenda via blogs and twitter, contributing to local news sites;
- Searching and sorting of news, so that consumers can focus more on things which interest them, can search many different news sources from around the world as and when they want them, and can access news stories via many different devices on the move and at home / work.

Online media reach certain audience groups more effectively than traditional media. The internet is now the main source of news for 15-24 year olds¹¹, and online sites were the

most important source of election news for 18-24 year olds in the UK 2010 general election¹². The potential exists, therefore, for digital media to transform news provision and dissemination for the better, possibly in conjunction with some of the very news organisations currently under threat from its impact.

Digital media in itself does not, however, fully address the funding problems affecting the industry as a whole. Newsgathering infrastructure and resources are costly and digital business models as yet show little sign of generating enough income to cover such costs. Pressures of the 24-hour newsroom and cross-platform demands mean journalistic resources are stretched ever more thinly. Skills developed for one medium do not necessarily transfer easily to another. Recent business models suggest a move towards exclusion and pay walls – higher quality news restricted to those who can afford to pay for it – but it is less clear that general purpose news will generate user fees or advertising revenues at levels which can turn a profit.

And other shortcomings are already evident. Digital media too often supports opinion rather than real reporting, prejudice rather than calm analysis, entertainment rather than serious journalism. Seekers of serious news may find it difficult to separate out the trustworthy from the speculative. Search-driven news may mean that users are only exposed to the stories of immediate interest to them, rather than to a wider range of news and opinion.

The role of broadcast TV news

Against this background, TV news has a valuable and positive role to play, both now and in future.

⁹ Jeremy Hunt, SoS for Culture Media and Sport, Speech to the RTS Cambridge Convention, September 2011

¹⁰ Including Charlie Beckett, Director of Polis at the LSE, William Dutton, Director of the Oxford Internet Institute

¹¹ “The Future of News and the Internet”, OECD, 2010

¹² Nic Newman, “UK Election 2010: Mainstream Media and the role of the Internet”, Reuters Institute, 2010

The volume of TV news consumed in the UK has stabilised in recent years after a period of decline. National and international TV news in the UK still receives substantial investment, is highly regarded by the public as the most trusted and accurate source of news, and is still used by most of the UK adult population on a weekly basis.

The rest of this report examines the state of TV news in more detail, looking at the changing role of TV news, the value of plurality of provision, including the important role played by ITV News, and practical steps for securing its future.



SECTION TWO: THE IMPORTANCE OF TV NEWS

A critical role

TV news is sometimes unfavourably compared with broadsheet newspapers. Broadsheet newspapers, it is true, support at their best a level of in-depth investigation, background reporting, features, opinion and analysis which TV news – even 24 hour news – does not have the space or capacity to offer. TV news is seen by some to be lightweight in comparison, more concerned with headlines and live action (in the case of 24 hour news) than with explanation and analysis. Even a half-hour bulletin can carry only a limited number of stories, each of which has a relatively short time in which to convey the key points. Commentators also point to the influence of newspapers in setting the news agenda – from MP’s expenses to the “phone hacking” saga. In these and in other examples, newspapers invested time and journalistic resource to uncover and break the story, often over long periods. TV news coverage largely followed their lead.

But this is only part of the picture. The BBC and commercial TV news providers like ITV, Channel 4 and Sky News jointly employ several thousand journalists¹³ and do pursue their own stories at home and around the world. Their news agendas are of course influenced by stories covered in the press, but also by a range of other factors¹⁴: the news calendar (budgets, summit meetings, and elections), breaking stories (natural disasters, financial crises), relevance to audiences (NHS, climate change) and even resource deployment (where editors have decided to locate news crews on any particular day). Even where a story does originate in the press, TV news has the ability to ensure it reaches the widest possible audience, adding significantly to its impact.

The main TV news bulletins also typically provide a relatively serious editorial mix, with substantial coverage of national and international news and political stories (see later for further discussion). In doing so, they provide a convenient way for viewers to get across the day’s headlines, find out what the important stories are (the stories you “need to know”), and gain at least some understanding of the background to each story.

24-hour TV news services like Sky News and the BBC News Channel play a complementary role, providing unparalleled access to breaking stories and pictures. Both network news and 24 hour news are capable of bringing the nation together to share major news stories as they develop. The effect of vivid TV video footage of the day’s main news stories, alongside expert commentary, can often provide the most powerful impact of any news media. This editorial mix and impact is in contrast with some of the popular press, where commercial pressures risk squeezing serious news reporting in favour of lighter celebrity news and gossip.

Most importantly, and partly because of the regulatory framework within which it operates, TV news provides – as far as it is possible to do so – *objective* coverage of the day’s news. TV news strives for a much clearer separation of reporting and comment than is often the case in print news.

Because of its acknowledged impact, TV news has long been seen to play a critical role in news provision in the UK. The 2003 Communications Act reflected this view, by securing high quality and *impartial* news from the commercial public service broadcasters – Channels 3, 4 and 5 – alongside that provided by the BBC. Although some argue that true

¹³ By comparison, as noted by Peter Preston, op cit, UK broadsheet newspapers are each thought to employ around 500 full time staff journalists.

¹⁴ See discussion, for example, in “Past and future trends in plurality and the setting of the news agenda”, Perspective, November 2010

“impartiality” is an impossible goal, TV news by and large does succeed in reporting the facts of the story, and its viewers repeatedly tell us in surveys that they value and trust its approach.

Over time, this framework has ensured that everyone in the UK benefits from guaranteed access to free- to-air TV news, wherever they might live. The regulatory regime means that the main PSB channels, which must include news in their peak schedules, have the scale and impact to reach large numbers of viewers with services that are easy to find on electronic

programme guides. The obligation on ITV to provide regional news ensures that all viewers receive a choice of news services which relate to their own region of the UK, whether they live in a large city or rural village¹⁵.

Of course, it may well be in the commercial interest of the main TV channels to provide some news, whether or not obliged to do so by regulation, but the advantage of the current regulatory regime is that it *guarantees* news provision at a certain level of quality, at peak viewing times, and with the highest level of geographical coverage.

The Regulatory Framework for TV News

2003 Communications Act

- Broad requirement for Ofcom to ensure high quality delivery of UK national news on PSB channels and to ensure that news covers both national and international matters.
- All licensed PSB channels (Channel 3 (ITV), Channel 4, and Channel 5) required to carry news, with nations/regions news additionally on ITV1. Quotas for hours broadcast set by Ofcom.
- Channel 3 news must be able to compete effectively with other television news programmes broadcast nationwide (i.e. the BBC), hence Ofcom can examine financial resources available.
- BBC Trust to consult with Ofcom on levels of BBC One news proposed (as part of overall BBC public purposes – see later)
- News must be presented with due impartiality and reported with due accuracy.

Ofcom Broadcasting Code

- Views and facts must not be misrepresented and be presented with due weight.
- Personal interests of presenters or reporters which might affect the impartiality of their presentation must be made clear to the audience.
- No undue prominence must be given to the views of any particular person or body on matters of particular public controversy.

2010 Digital Economy Act

- Requires Channel 4 to participate in the making of relevant media content that consists of news and current affairs.

BBC Charter and Agreement

- BBC public purposes include “sustaining citizenship and civil society”, which incorporates accurate and impartial news.
- BBC One must carry appropriate levels of news (Ofcom to be consulted).
- Service licences specify news commitments for other services e.g. BBC Three must carry hourly news bulletins.

¹⁵ In contrast, new local TV services are likely to cover urban areas only. As Ofcom notes in its recent report “Licences of Channel 3 and Channel 5”, Ofcom, September 2011: “it is clear that local services focussed on the UK’s larger conurbations would not offer a whole solution to Nations and/or regions provision”.

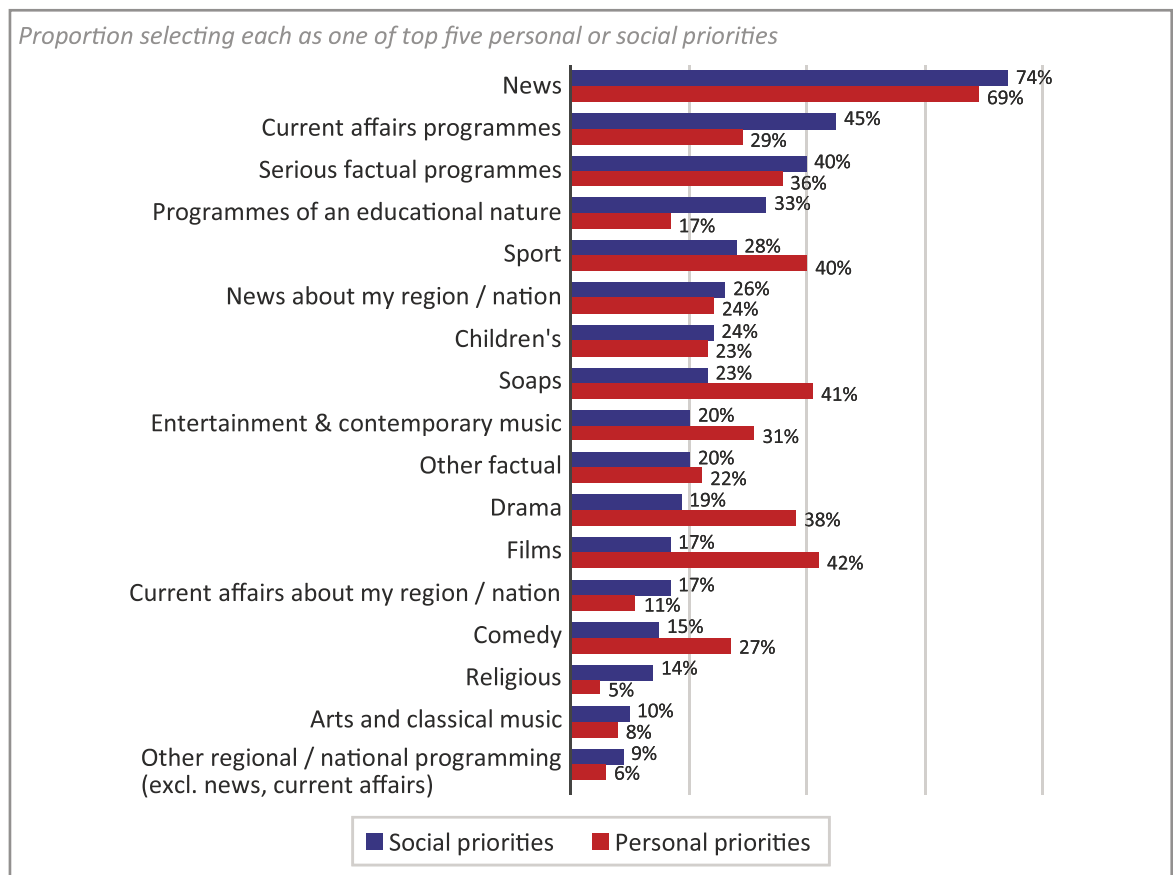
Public support for TV news

TV, above all other media, has a special role to play in our lives, through its universal availability, wide reach among all audience groups, high impact, and its significant share of total media consumption. This is still true even in an increasingly fragmented on-demand world, as noted in a recent report on the UK audiovisual sector and its economic success¹⁶.

And news is seen by viewers as a key part of the TV programme mix. For example, Ofcom reported in its most recent review of public service broadcasting that three quarters of people surveyed selected news as one of the top five priorities for the main TV channels.

Ofcom's more recent research, presented in its Public Service Broadcasting Annual Report for 2011, also showed that news is seen by the public as being among the most important components of PSB: 86% of respondents to Ofcom's survey thought that it is important for PSB to have news programmes which are trustworthy, 84% said it is important for PSB to have programmes that "help me understand what's going on in the world today", 80% said PSB should cover big national events well like sports, music or major news stories, and 79% thought it important for PSB to include regional news programmes which provide a wide range of good quality news about my area.

Figure 3: Top five personal and social priorities for main TV channels¹⁷



¹⁶ Robin Foster and Tom Broughton, "Creative UK", a report commissioned by Channel 4, ITV, Pact and BSkyB, 2011

¹⁷ "Second Review of Public Service Broadcasting, Phase 1 report", Ofcom, 2008 / PSB Review survey Q30 2,260 interviews with UK adults aged 16+, October – December 2007

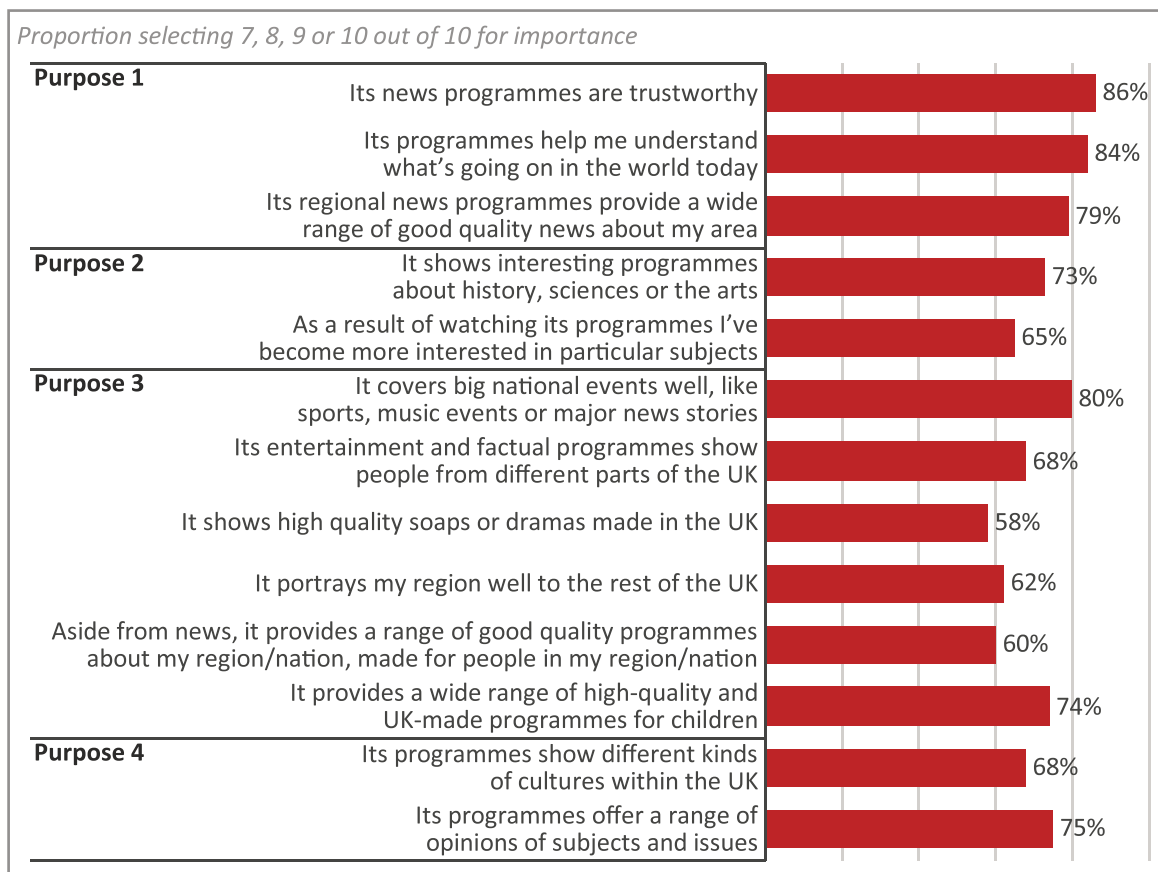
TV is generally thought to be very effective at delivering these purposes. For example, in the same survey, 70% of Ofcom’s respondents thought the PSBs did a good job in providing programmes which helped their understanding of what is going on in the world, and 68% thought they delivered trustworthy news and covered big national news events well. The exception is regional news, which 52% of those surveyed thought TV was delivering effectively. Research suggests that TV regional news is insufficiently local in its coverage for some viewers, although it continues to attract a significant audience share.

Near universal reach

TV is still the only news medium which is used by nearly everyone, respected by most, and is capable of reaching across the whole of the UK.

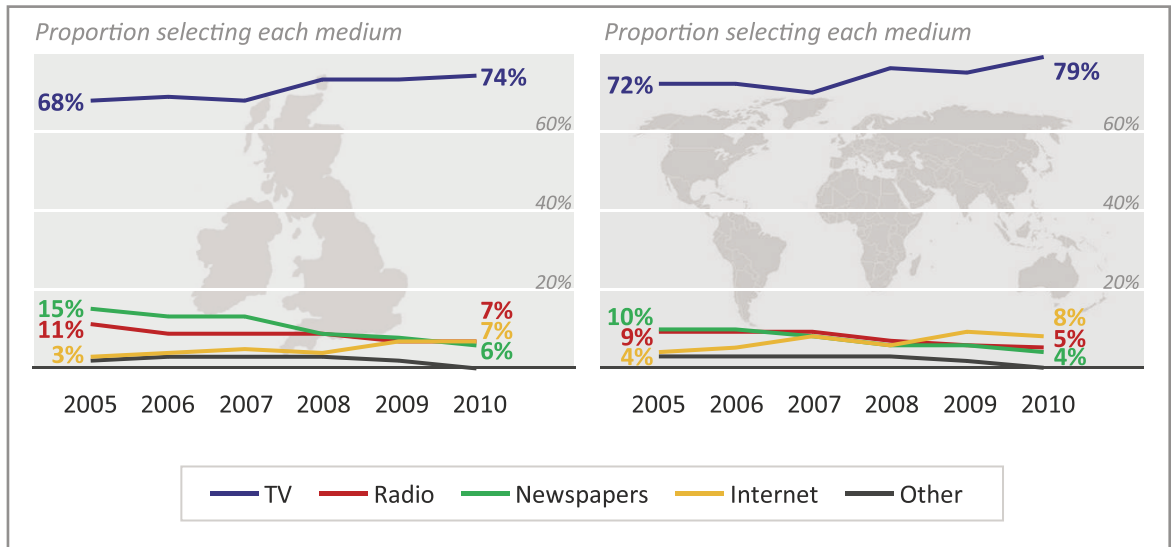
TV news is reported by the public to be its most-used source of news across media platforms – Ofcom Media Tracker reports 74% saying TV is their main source of UK news (the next most important is the internet at 7%), and 79% saying TV is main source of world news (internet next at just 8%). Both these percentages are higher than 4 years ago.

Figure 4: The public’s attitude towards the importance of public service broadcasting purposes¹⁸



¹⁸ “Public Service Broadcasting Annual Report 2011”, Ofcom, 2011 / PSB Tracker

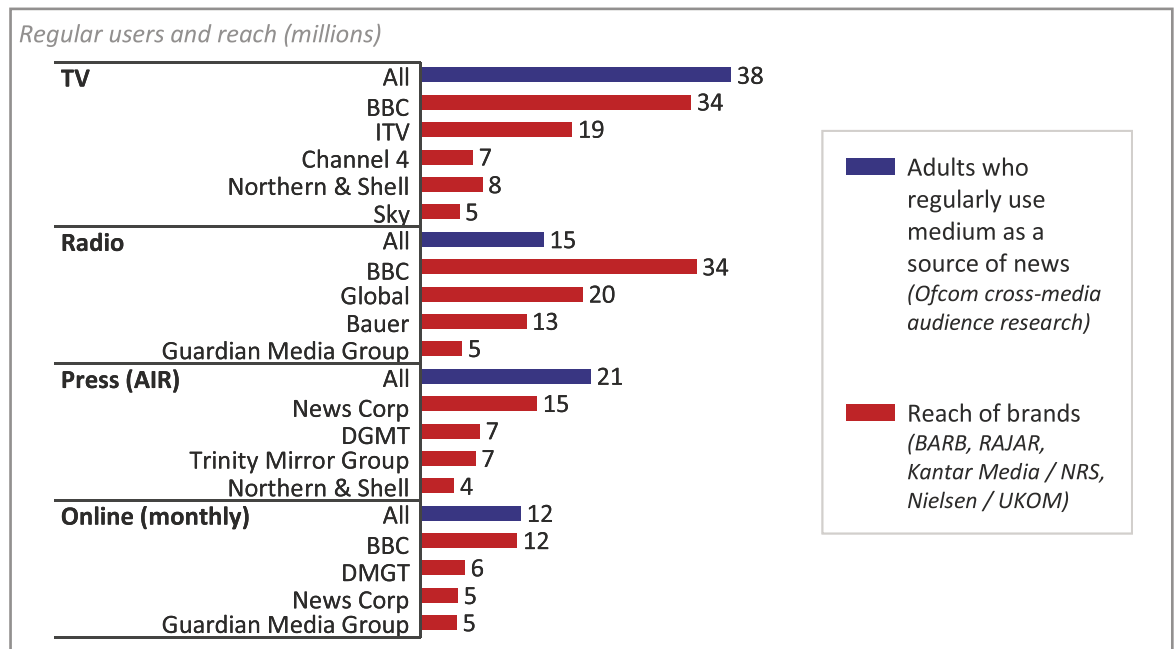
Figure 5: Main sources of UK and World News for UK consumers²¹



Actual consumption data bear out this important role. According to Barb audience data, TV news achieves a very wide reach: 38.6m adults (79.4% of the 16+ population) watched at least 3 consecutive minutes a week of news in October 2010¹⁹. Overall viewing of

news on TV was 135 hours per adult in 2010 (88 of which were on PSB channels). On average, viewers are watching 22 minutes per day of TV news (up from 20 minutes²⁰ per day in 2006).

Figure 6: Reach and regular use of news sources across platforms and their brands²²



¹⁹ "Report on public interest test on the proposed acquisition of British Sky Broadcasting Group plc by News Corporation", Ofcom, December 2010

²⁰ BARB / Advantedge

²¹ Ofcom Media Tracker, as reported in "Public Service Broadcasting Annual Report, 2011", Ofcom, 2011

²² "Report on public interest test on the proposed acquisition of British Sky Broadcasting Group plc by News Corporation", Ofcom, December 2010. Data sourced from BARB, RAJAR, Kantar Media / NRS, Nielsen / UKOM. Press figures show Average Issue Readership. Online figures show monthly unduplicated audience and exclude regional and international titles, and those outside the top 50 news sites.

Interest in TV news, compared with other sources of news, remains strong, as reported by McKinsey in a 2009 survey. Interest in TV news is also reasonably evenly spread across age and socio-economic groups. Despite being the age group most likely to have adopted a suite of online and mobile technology, 16-34 year olds are still more interested in TV news than in any other news medium.

Independent Television Commission, highlighted decline in viewing numbers, funding pressures, disengagement of younger audiences and ethnic minorities, and the challenge posed by what he described as an increasing availability of “ambient” news²³. Some of these concerns remain relevant today, but, overall, the evidence is that TV news has fared better in retaining its relevance and impact than many other traditional news media.

Resilience over time

There have been periodic concerns about the health of TV news – for example Ian Hargreaves, in his 2002 report for the

TV news consumption trends

TV news consumption in the UK, in fact, has been quite resilient over time compared with newspaper readership.

Figure 7: Interest in news source by media and age group²⁴

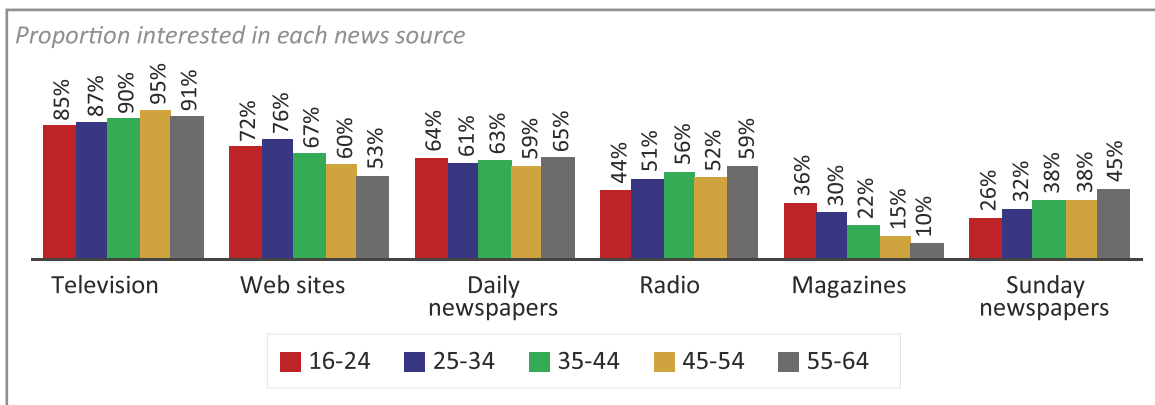
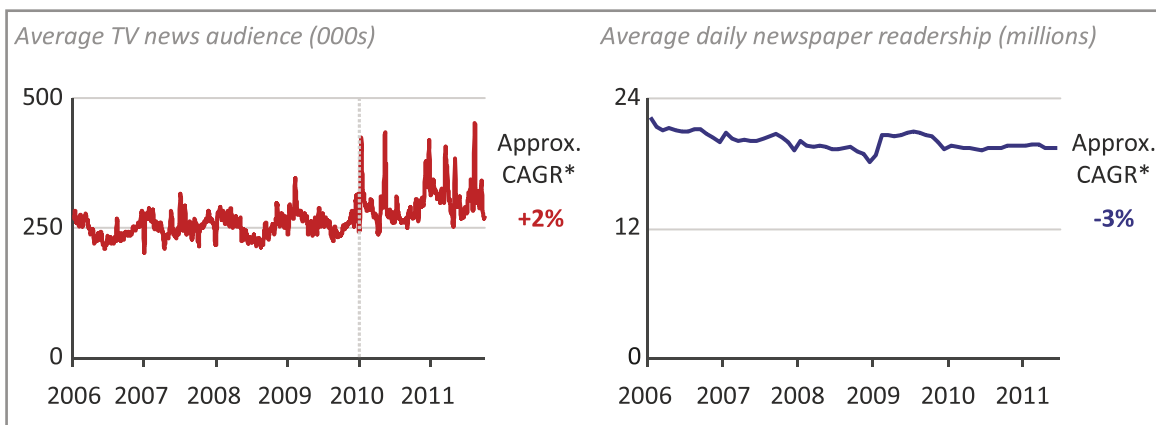


Figure 8: Average audience to news programming and average newspaper readership²⁵



²³ Professor Ian Hargreaves, “New News, Old news”, ITC, 2002

²⁴ “Media and entertainment news survey”, McKinsey, 2009

²⁵ Communications Chambers, based on BARB / Advantagedge, January 2006 to September 2011, average audiences to news programming, all hours, on BBC One, BBC Two, ITV1, Channel 4, Five, BBC News and Sky News. Note that due to a change in methodology in January 2010, BARB data captured before and after this date should be compared with caution. Note CAGR is calculated from Jan 2006 to Jan 2010. ABC / NRS. Figures from September 2010 to June 2011 are based on 12 month rolling data.

The changing role of TV news

More generally, digital media are being used to complement rather than substitute for the use of traditional media. Consumers are increasingly multi-sourcing their news from a range of different providers across different platforms. Our choice of news source depends on where we are, the time of day, and our immediate needs – for example, headlines or more in-depth analysis. Digital media are complementary to traditional news media, and TV remains an important part of the news mix.

A recently published report by Nic Newman²⁶ notes how mainstream media content is the lifeblood of topical social media conversations in the UK, providing the vast majority of news links that are shared. Newman also cites a Stanford University study which concludes that social media behaves as a “selective amplifier” for the content generated by traditional media. TV news, which remains highly trusted by its users, is finding a new role as a verifier of news stories first circulated via digital media.

Figure 9: The types of media regularly used by consumers as a source of news²⁷

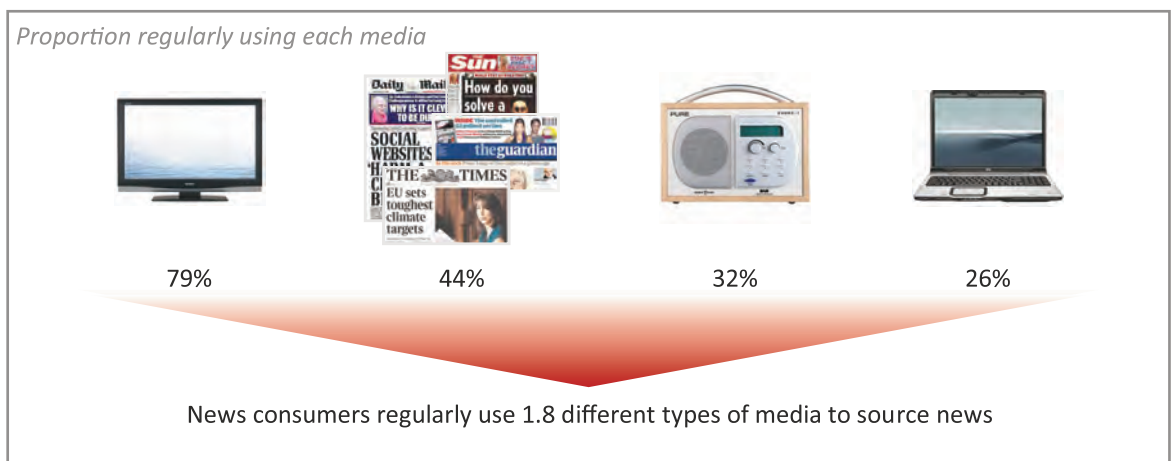
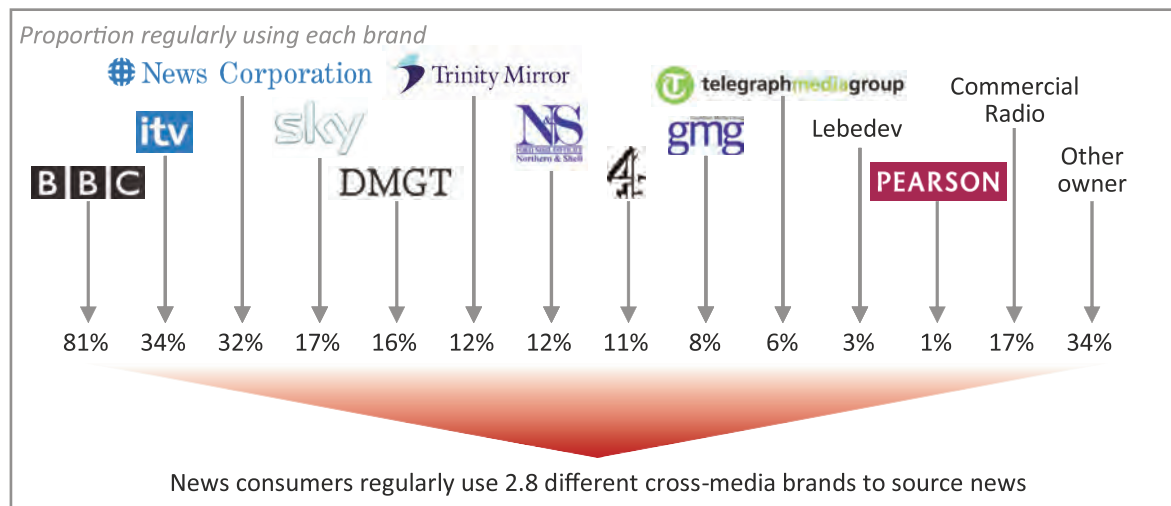


Figure 10: The cross media brands regularly used by consumers as a source of news²⁸



²⁶ Nic Newman, “Mainstream media and the distribution of news in the age of social discovery”, Reuters Institute, September 2011

²⁷ “Report on public interest test on the proposed acquisition of British Sky Broadcasting Group plc by News Corporation”, Ofcom, December 2010/ Cross Media Audience Research

²⁸ “Report on public interest test on the proposed acquisition of British Sky Broadcasting Group plc by News Corporation”, Ofcom, December 2010 / Cross Media Audience Research

Output and investment

Ofcom’s PSB Annual Report reports that all hours of national / international news broadcast on the main PSB channels have risen slightly between 2006 and 2010, especially in peak, helped by a more regular peak-time ITV late evening bulletin. But the biggest volume changes have come with digital channels. We now have access to around 15 hours a day of TV news on the PSB channels as well as two UK-focused 24 hour news channels and at least five others with extensive coverage of international news.

Spend on the main network bulletins is slightly down on 2006, at £184m a year, while it is estimated that the digital channels, including the editorial budget of the BBC News Channel, spend a further £150m a year²⁹.

While there are understandable concerns about the long term effects of budget constraints on the quality of news provided, so far the on-screen impact has been limited. Digital production advances and other operational changes have meant that more can be delivered for less money. Examples of major changes in TV news production efficiency include the introduction of digital capture and editing, the move from satellite

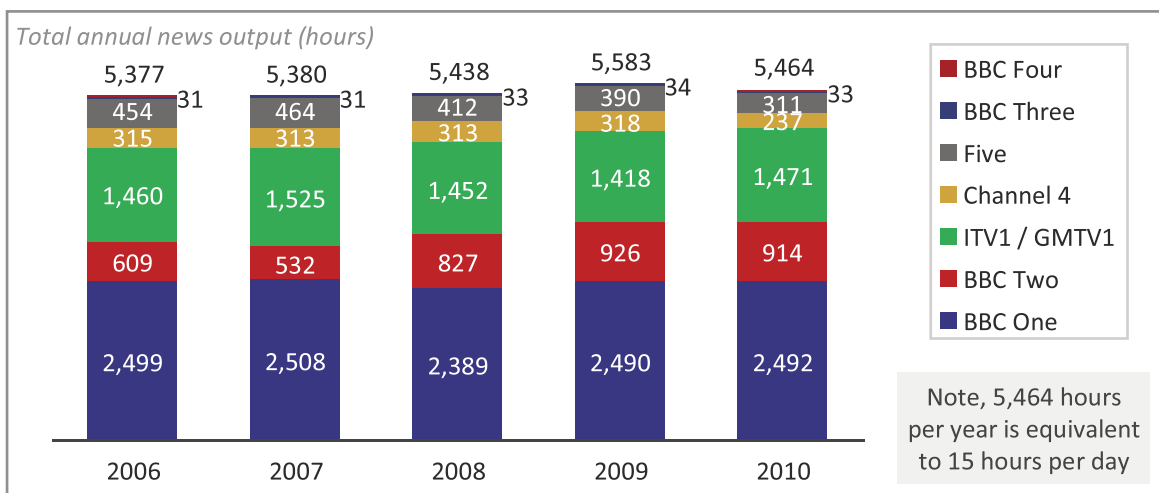
trucks to the use of portable equipment capable of being operated by one or two-person crews, and the replacement of expensive fixed-cost overseas bureaux with smaller more mobile crews equipped for digital filming and lap top editing. So-called “back pack” or “one-man band” journalists can operate at much lower cost than traditional crews, and can be more quickly and flexibly deployed to the scene of breaking stories.

A “broadsheet” agenda

Despite economic pressures, there is little evidence of any recent “dumbing down” of TV news. Research into the content of TV news is famously difficult, entailing as it does judgements about the nature of each news story, and the need to find broad but meaningful classifications (such as hard or soft, tabloid or broadsheet). Nevertheless, the evidence that does exist seems to suggest that TV news is in good health.

In 2007, for example, Ofcom concluded that “hard news” remained at the foundation of all network news bulletins, although bulletins differed in style³⁰. Channel 4 featured the highest number of international stories of the main bulletins across channels, but international news was an important part of

Figure 11: Annual Volume of Hours Broadcast of UK / National News, all day³¹



²⁹ Based on data in Ofcom’s PSB Annual Report, op cit, and BBC Annual Report

³⁰ “New News, Future News”, Ofcom, July 2007

³¹ “Public Service Broadcasting Annual Report 2011”, Ofcom, 2011. Excludes non-network news, BBC Parliament and BBC News

the news agenda for all channels. All broadcasters devoted significant resources to on-screen news presentation through the use of VT, graphics, location reports, and live links. Ofcom found that key stories tend to be treated with similar prominence by all channels, and it was often the case that the top three stories were consistent across broadcasters.

The University of Westminster has been tracking content mix in UK TV news bulletins³². They have reported the split between “broadsheet”, “tabloid” and “foreign” news from 1975 to 1999, and will shortly update the research to cover 2004 and 2009. It is not possible in the space of this report to provide a comprehensive account of their analysis. Among the headlines of relevance are:

- There are differences between the main bulletins on ITV and the BBC (and variations in each from period to period), but overall TV news in the UK still carries a healthy balance of serious, light and international coverage;
- The early evening bulletins on ITV and the BBC were remarkably similar in content mix in 1999, although ITV News had a slightly higher proportion of “tabloid” stories than the BBC. Early indications from the more recent research are that this slight divergence has been consolidated but not widened;
- While in 1999, ITV’s late evening bulletin had a markedly more “tabloid” agenda than the BBC’s, the more recent research suggests that this trend on ITV has been to an extent reversed³³.

Casual observation supports these findings. Indeed the wider news climate over the past 12 months and more has made it almost certain that the main TV bulletins will have featured a high proportion of hard news, including all the big political, economic and international stories. The main bulletins on ITV, Channel 4 and the BBC have increasingly fielded a range of respected specialist editors and correspondents to help put these big stories into context. Sky News, too, has made strong use of expert presenters to add depth to its coverage of business and politics.

A good example of the key role played by TV news is given by research into media coverage of the 2010 UK general election. When asked which was most helpful to you when trying to understand what the election was about, 26% said TV news (the top score), 22% the prime ministerial debates, 16% the internet, and only 14% newspapers³⁴. In other words, almost half of respondents cited TV coverage – either news or the debates.

In his recently published book, Steven Barnett concludes that “research as well as anecdotal evidence suggests that the UK has maintained a consistent and broadly serious approach to the issues covered by television news. Partly because of the presence of a well-funded public broadcaster and partly because of the regulatory obligations that allowed a strong competitor to flourish, viewers on the mass-audience channels still have access to serious coverage of important domestic and foreign issues alongside a reasonable proportion of lighter, more tabloid issues”³⁵.

³² “Changing Patterns of Broadcast News”, funded by Leverhulme Trust, at University of Westminster

³³ Part of the reason for this may be the nature of the news agenda during that period.

³⁴ “Leaders in the Living Room”, Table 3.3, Edited by Stephen Coleman, Reuters Institute, February 2011

³⁵ “The Rise and Fall of Television Journalism”, Steven Barnett, Bloomsbury Academic, October 2011

SECTION THREE: KEY SUCCESS FACTORS

What lies behind this relatively robust performance? Why is TV news still the most used and most respected news medium in the UK?

The importance of trust

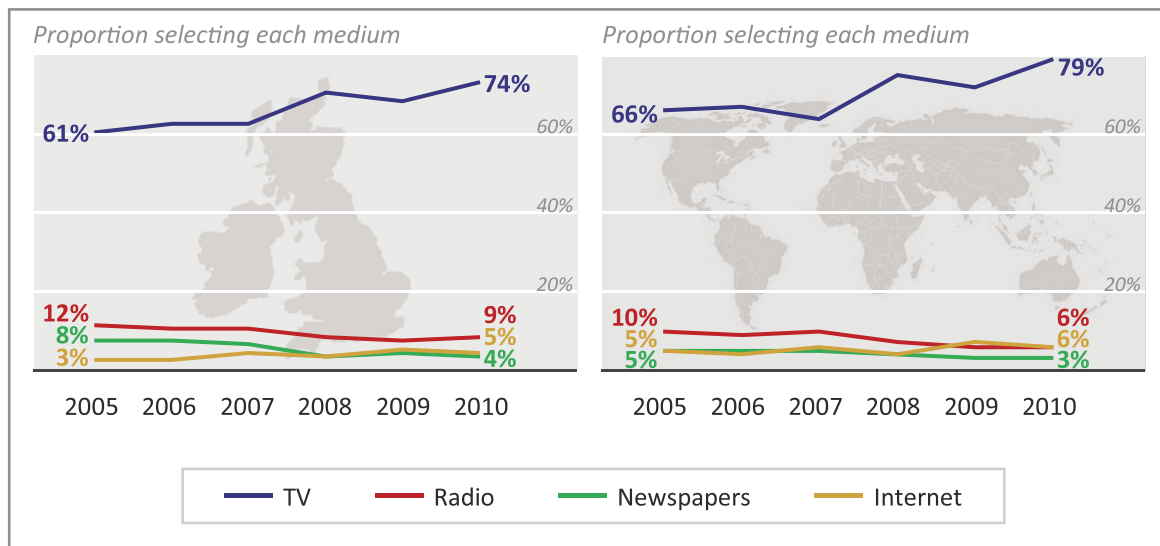
Trust is a key factor. The Ofcom Media Tracker finds that TV is most trusted to present fair and unbiased coverage of UK news (74%) and world news (79%). Newspapers are bottom in both categories at 4% and 3% respectively.

Part of this trust may be associated with the impartiality of TV news, especially relative to newspapers. Its impartiality is seen by the public as both important and effectively delivered. According to the Ofcom Media Tracker in 2010, 66% of respondents gave TV impartiality a score of 1 or 2 on a five point scale of impartiality³⁶, compared with 25% for newspapers and 17% for websites not associated with either TV or print brands.

This reputation for impartiality, trust and fairness has been built over 50 years of operating within a clear regulatory framework which has, in turn, shaped audience expectations about what they want from TV news. While spectrum scarcity is no longer as strong a rationale as in the past for TV's special regulatory treatment, public expectations of TV news, and the value to TV news brands of being seen to operate within clear rules on matters such as impartiality, seem likely to support this special approach for some time to come.

The public's trust in TV news is likely also to be connected to the environment within which it is found. TV news is found alongside popular programmes, features familiar presenters and well known journalists, and is positioned as a core component of well-loved channel brands such as ITV 1 and BBC One.

Figure 12: Sources most trusted to present fair and unbiased news coverage³⁷



³⁶ Those who are less impressed by TV news's claim to impartiality include younger viewers and those belonging to some ethnic groups. This may reflect the fact that these groups do not feel that their own voices and perspectives are as accurately reflected in TV news as the views of the "mainstream".

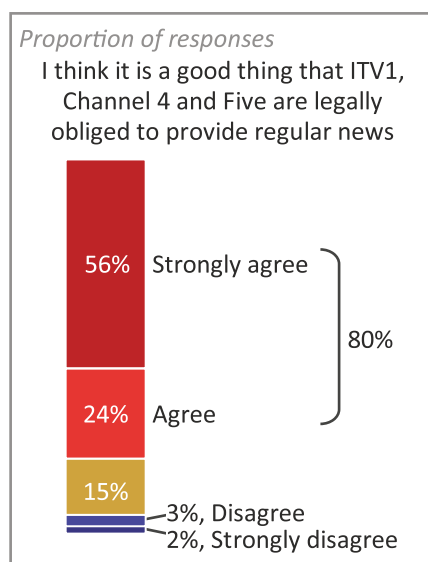
³⁷ "Public Service Broadcasting Annual Report 2011", Ofcom, 2011 / Ofcom Media Tracker

Plurality of news supply

Plurality of supply has also played a key role in helping TV news sustain its popularity. Audience surveys do seem to identify a genuine value to the public in having a range of different news providers. Ofcom's 2007 report on the future of TV news highlighted the public view that news should be on all the main PSB channels – 80% surveyed said they agreed that it is a good thing that the commercial PSBs are obliged to provide regular news. Similarly, in Ofcom's second PSB Review, 93% said news should be on all channels at the time of the survey and 92% wanted to see plurality of supply for the future.

Many experts agree that plurality is important. Tim Gardam, Ofcom Board member and Principal of St Anne's, Oxford, for example, describes plurality in broadcasting as a "recognised social good"³⁸.

Figure 13: Consumer support for plurality in news provision³⁹



The case for plurality of TV news is, however, slightly different from that which is made for news media as a whole. The regulatory framework for TV news, which insists on due impartiality and due accuracy, limits the extent to which TV news programmes can differentiate themselves by taking different editorial lines. Peer pressure and the need to reflect the big stories of the day means that news agendas of the main TV bulletins are often very similar. Their journalists are expected to report different viewpoints in a balanced rather than partisan way. This similarity of approach is underpinned by the existence of a shared TV news culture and a common talent pool across the industry. It also reflects a response to audience expectations built up over time.

Even so, differences do exist – for example in presentational styles and personalities. And the existence of several different suppliers does offer some comfort to those who are concerned that they may not always receive a fair hearing from one or other of the main news providers. Even now, it could be argued, TV news editorial decisions are in the hands of a relatively small number of key people. Notwithstanding the effectiveness of the BBC Trust and Ofcom's oversight of due impartiality, many viewers clearly conclude that the UK public is better served by having several TV news providers, with different owners and editors, rather than just the single voice of the BBC.

Competition and choice

But this is only one aspect of plurality. At least as important are two key features which have contributed immensely to the continued success of TV news and its position as the UK's leading news medium: competition, which spurs quality and innovation, and choice,

³⁸ Tim Gardam, in "The Price of Plurality", Reuters Institute, 2008

³⁹ "New News, Future News", Ofcom, 2007

which allows more viewers to find news programmes which suit their tastes and needs and hence increases the overall reach of TV news programming. Together, they enable TV news to make much more of an impact than would be possible if it were only available from a single broadcaster⁴⁰.

Competition, quality and innovation

Famously, it took the introduction of a livelier and more modern approach to news on ITV to prompt the BBC to revamp its then rather formal and staid approach to news. ITV, through its contract with ITN, forced the early competitive pace with the first regular half hour news bulletin (News at Ten), the use of joint-anchors, and the introduction of a more challenging, less deferential approach to interviewing, now standard across all news services. Sky News revolutionised TV news again, with the first UK 24-hour news channel, emphasis on breaking news, innovative use of graphics and digital technology and, more recently, the first HD news channel. Channel 4 introduced greater depth of coverage in its main bulletin, more international news, a more discursive approach to the main stories

than its rivals, and an appetite for challenging consensus views. More recently, the BBC's network bulletins have competed strongly for viewers with their investment in a cadre of respected specialist correspondents.

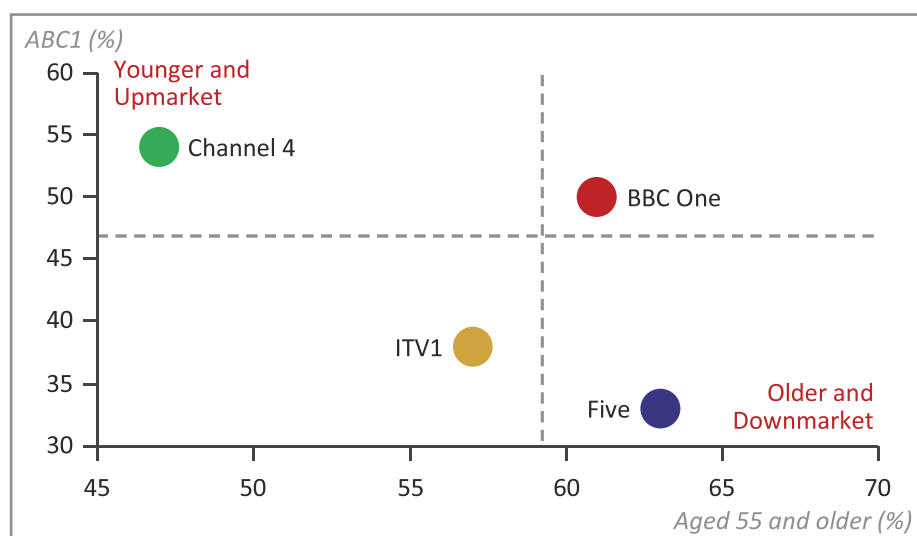
The result has been highly beneficial to viewers in terms of quality and choice of approach. This competitive effect is made real by the weight of hours broadcast and spend on news outside of the BBC. Just less than 40% of news hours on the main PSB channels are provided by commercial broadcasters, and commercial channel spend on news accounts for around a third of the total.

Choice and reach

Choice of providers also helps to increase the public's exposure to TV news. There are several reasons for this:

- News is shown on channels which have different audience profiles, making it more likely that the different bulletins collectively increase reach across all those different demographics.

Figure 14: Demographic profile of viewers of news on PSB Channels⁴¹



⁴⁰ For example, see the discussion in "Plurality and the Broadcasting Value Chain", Robin Foster, in The Price of Plurality, Reuters Institute, 2008

⁴¹ Communications Chambers, based on BARB / Advantedge, demographic profile of average audiences to all news programming on selected channels

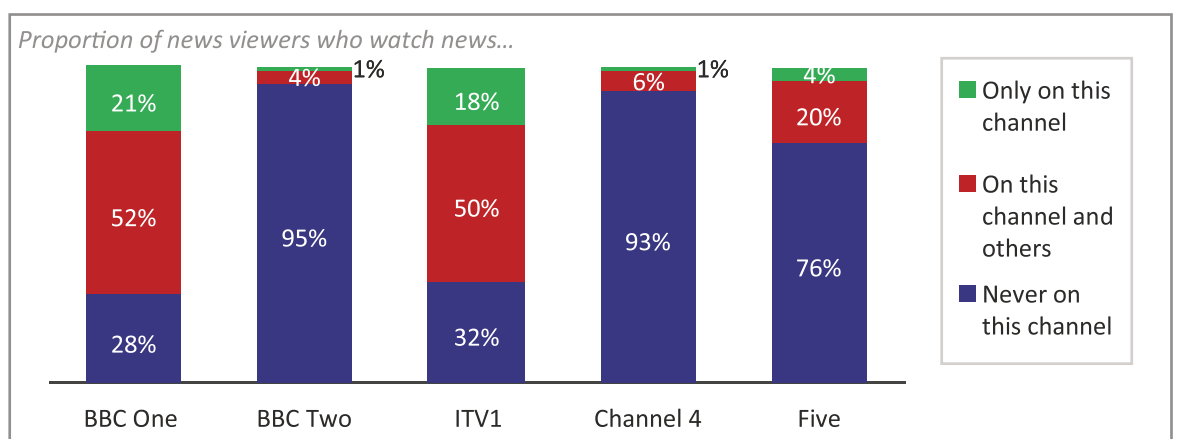
- News is available at different times and in different formats, so increasing convenience to viewers.
- Different news bulletins offer different styles and approaches which are of appeal to certain types of audience. ITV, for example, described its approach to news (to the House of Lords Select Committee⁴²) as being more accessible than the BBC, without being frivolous. Channel 4 stressed its greater depth of coverage and a broader range of stories than other main bulletins.

We can look at the audience reach of different bulletins and their unique reach, to see the importance of having several sources of TV news. For example, 28% of TV news viewers never watch the news on BBC One; 18% only view news from ITV1⁴³.

Figure 15: Illustration of availability of evening news on PSB channels⁴⁵



Figure 16: Reach of news programming from PSB broadcasters – “% of viewers who watch news...”⁴⁶



⁴² Evidence given to “Ownership of the News”, House of Lords Select Committee on Communications, 2008

⁴³ “Second Review of Public Service Broadcasting, Phase One”, Ofcom, April 2008

⁴⁴ James Curran of Goldsmiths University, for example, describes the ability of main channel TV news bulletins to attract the “inadvertent” viewer - people who might generally be disinclined to follow the course of public affairs, but who encounter news while tuning in for their evening’s entertainment. “Media Diversity and Democracy”, in the Price of Plurality, Reuters Institute, 2008.

⁴⁵ Communications Chambers

⁴⁶ “Second Review of Public Service Broadcasting, Phase One”, Ofcom, April 2008

Big channel effect

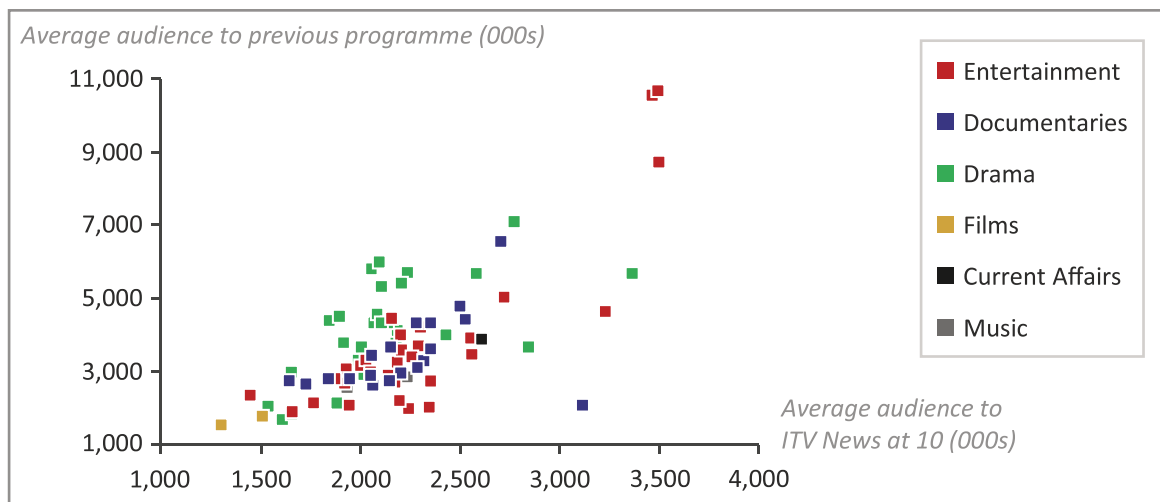
More difficult to measure, but likely to be as important, is the increased impact which TV news has by virtue of being widely available at peak viewing times on the main popular appeal channels. That TV news bulletins are given a high level of prominence by commercial broadcasters as well as the BBC helps underline the important status of news. Audiences over time become accustomed to the significant role that TV news plays in the TV schedules and by extension in their own lives⁴⁴.

More pragmatically, even in a world of increasing use of time-shifted and on-demand

viewing, the fact that news is often scheduled after very popular programmes can increase its viewing and hence impact.

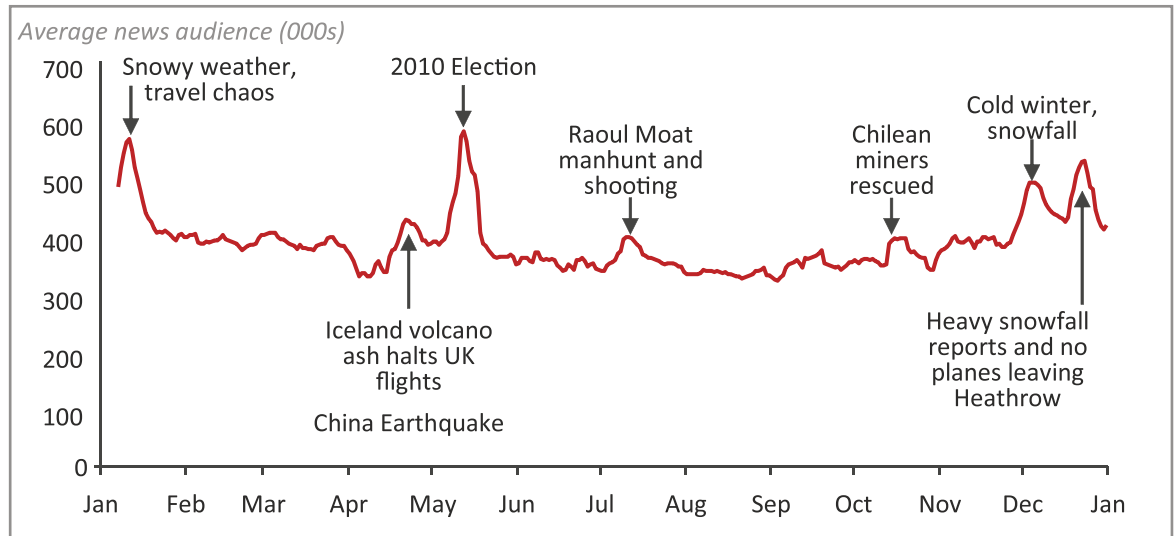
The main PSB channels are still the places people turn to for moments of shared experience – the big sporting events and major news stories. TV news bulletins benefit from this effect. While 24-hour news channels are increasingly the place people go to for the latest on a breaking story, the network bulletins have a clearly understood role in marking and explaining an event to a broad range of audiences.

Figure 17: Average audience of ITV News at Ten versus average audience for the programme directly before the News⁴⁷



⁴⁷ Communications Chambers, based on BARB / Advantedge, average audiences of ITV News at Ten and previous programmes, June - August 2011

Figure 18: Average news audiences across all channels, 2010⁴⁸



Security of funding

None of the above factors would be sufficient to secure the continuing delivery of TV news without its ability to pay its way, either directly or indirectly.

The BBC, of course, receives substantial amounts of public funding which can underpin its wide ranging news provision. Roughly two-thirds of TV news spend in the UK is supported by the licence fee, enabling the BBC to sustain an unrivalled newsgathering resource at home and around the world.

The picture is different for the commercial PSBs like ITV, who, like their newspaper counterparts, do face more pressing budgetary constraints. As their overall broadcasting businesses have come under pressure, news has had to bear its share of cost savings.

Although many news services, in print as well as broadcasting, now rely on cross-subsidy from other sources of funding to survive, TV news benefits from two additional factors.

- First, TV news has typically been seen as a cost which the PSBs have been willing to subsidise as part of their “regulatory compact” – that is, they provide news in part exchange for their broadcast licences. Those licences then allow them access to valuable terrestrial broadcast spectrum.
- Second, TV news plays a relatively small role in the overall economics of a general interest TV channel. In many ways, its real value is its role in helping to define the brand of the channel with which it is associated, and in ensuring audiences have a reason to visit that channel regularly. Of course, there will come a point where costs of provision outweigh any of the more intangible benefits generated. At that point, commercial TV news is at risk. We return to this point in section five.

⁴⁸ Communications Chambers, based on BARB / Advantagedge, average audiences to all news on BBC One, BBC Two, ITV1, Channel 4, Five, BBC News and Sky News



SECTION FOUR: THE ROLE OF ITV NEWS

An important contribution

If plurality of TV news supply is, as is argued above, a critical factor in ensuring a successful UK news ecology, then ITV News has an important role in that ecology as a competitor and counterweight to the BBC.

The other main commercial TV news providers of course play valuable roles, too. But ITV News is the main mass-audience TV news choice outside the BBC, and has a far wider reach than either Sky or Channel 4. Like the BBC, ITV News also extends from regional news coverage through to the big national and international stories. It is that wide-ranging role combined with its scheduling at peak times on ITV1, the most popular commercial channel, which makes ITV News so important, both in terms of overall impact but also in the resources it is capable of deploying.

Scale of ITV News operations

Share of consumption

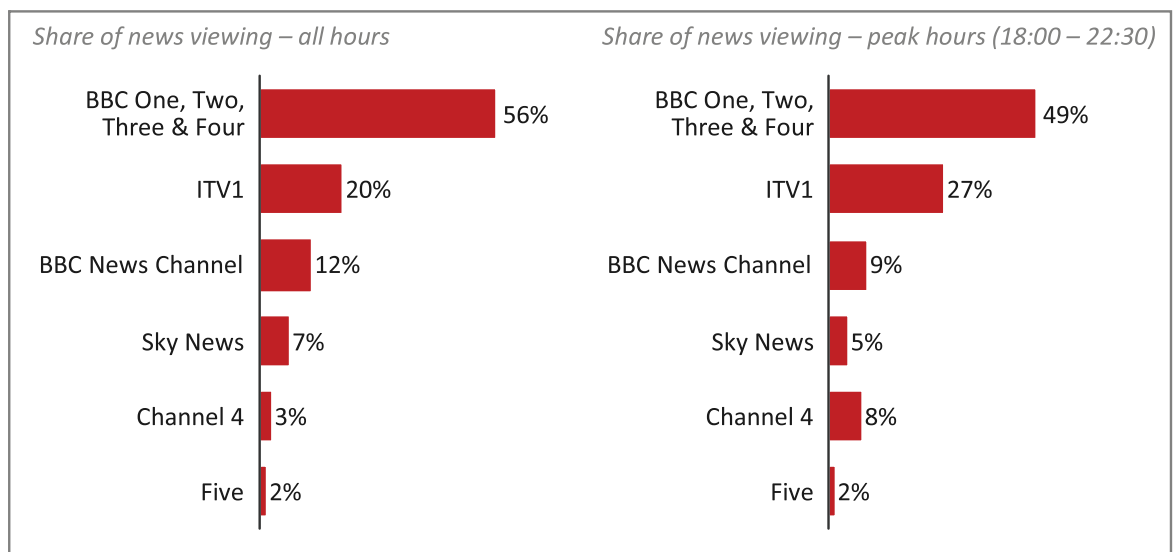
In terms of viewing, ITV News is still the largest

TV news provider in the UK outside of the BBC. In 2011 to date, ITV has accounted for 20% of all viewing to national and international news in the UK (with Sky at 7%, Channel 4 at 3%, and Channel 5 at 2%)⁴⁹. ITV's share of peak viewing of news is 27%.

The past decade has seen the BBC increase its share, while ITV's has fallen. Since 2002, ITV's share of all news viewing has dropped from 27%, while the BBC's share of news consumption has risen from 60 to 70%. Most recently, however, ITV's news audiences have stabilised and even evidenced some growth (although the latter may be explained by a general uptake in news interest in recent months).

While part of this change can be attributed to increased viewing of the BBC News Channel, some is also a result of the scheduling changes made to ITV's late evening news bulletin over the period, which many external commentators at the time considered to be misconceived. The bulletin was fully restored to 10 pm on weekday evenings in 2009, head to head with the BBC's main bulletin.

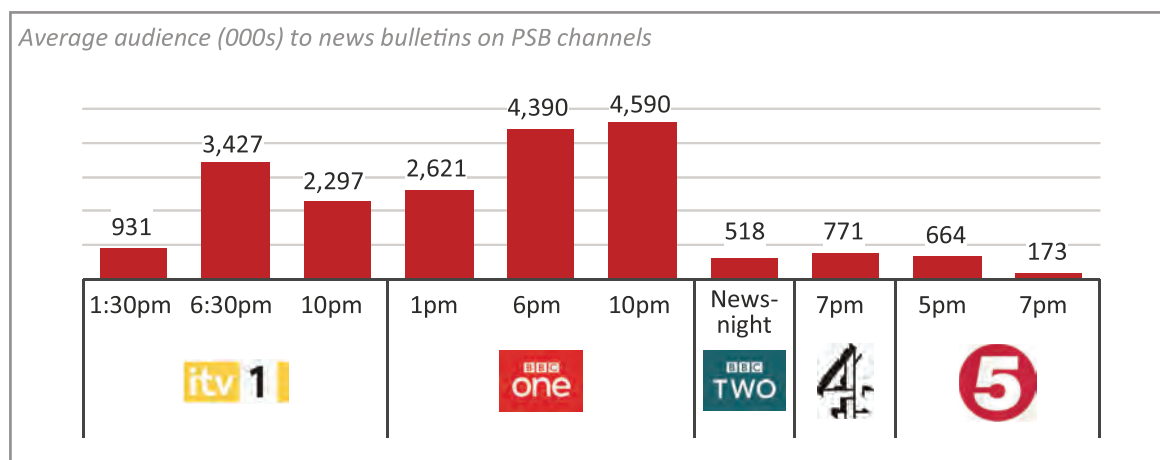
Figure 19: Share of news viewing in all hours and peak hours (18:00 – 22:30)⁵⁰



⁴⁹ These figures can be compared with those for 2009 in Ofcom's public interest test report, which show ITV with an 18% share. We have tried to replicate Ofcom's approach in calculating the more recent audience shares quoted above, but our figures may include slightly more hours of breakfast news for ITV (Ofcom included part of GMTV in its calculation, we include all of Daybreak).

⁵⁰ Communications Chambers, based on BARB / Advantedge, share of volume of news viewing, 2011 to date. Note that all figures have been rounded to the nearest whole number and include all news programming on each channel.

Figure 20: Average audience to news bulletins on PSB channels⁵³



Contribution to investment

ITV News also accounts for a significant part of TV news investment in the UK. It supports around 1,500 hours of UK / national news a year (27% of the UK total, excluding 24 hour channels), and 2909 hours of regional news a year⁵¹. On ITV1, one third of peak weekday hours (6 – 10.30 pm) are taken up by regional, national and international news.

The total annual ITV News expenditure is around £114m⁵², of which network news is about £40m and regional news accounts for £67m. This compares with Ofcom’s estimate of total regional and network news spend by all PSBs of around £411m. ITV plc therefore accounts for approximately 28% of TV news spend on the main PSB channels.

ITV News: Network, Regional and Daybreak

Network news

- The flagship half hour evening bulletins (6.30 and 10 pm), plus early morning, lunchtime and weekend news bulletins.
- Provided under contract from ITN, the “nominated news provider” [Note: ITN is part owned by ITV plc, and also supplies news to Channel 4]
- Supports around 140 journalists
- International bureaux in Washington, Brussels, Dubai, Johannesburg, and Beijing

Regional news

- Weekday half hour bulletin at 6pm, plus lunchtime, late evening and weekend bulletins
- Nine regions (covering England and Wales) each with own programme
- Six of these have opt-outs for part of the region: three are 15 minute opts at 6pm (Tyne Tees and Border, Meridian, West and West Country); three are shorter 6 minute opts (Anglia, Central, Yorkshire)
- Supports around 300 journalists
- Fleet of 13 satellite trucks
- 37 bases around the UK (mix of newsrooms, bureaux and home offices)

Daybreak

- ITV news regular contributions to the morning Daybreak programme
- Supports 29 journalists

⁵¹ “Public Service Broadcasting Annual Report 2011”. STV and UTV provide a further 690 hours of Nations' news between them each year. Ofcom, 2011

⁵² Data for ITV News provided by ITV plc; other data from Ofcom PSB Annual Report

⁵³ Communications Chambers, based on BARB / Advantagedge, average audiences of programmes, 2011 to date

The ITV network news budget has been held level since 2008, but with an uplift in 2011 to reflect the higher cost of covering the range of big stories during the year. Significant regional news cost savings have been made over the past five years – headcounts were reduced by around 40% as a result of major restructuring. There are now over 800 people working across ITV News – on air and online. Of this total, around 470 are news journalists, including a small number of local managers, planners and presenters as well as on-screen reporters⁵⁴.

Despite recent cost saving measures, ITV still supports a considerable news resource. As with all TV news providers, changing

technologies and newsroom practices have enabled more to be delivered on screen for less. ITV News has access to portable single operator live newsgathering capability alongside more traditional satellite trucks. To spread resources more effectively, the ITV network news is increasingly operating a flexible resource for international coverage, with reporters and correspondents ready to move to wherever the latest important story is taking place, whether an earthquake in Japan, or the Arab Spring. In the UK regions, there is an increasing use of single-operator newsgathering, with reporters filming and editing each story on site.

CASE STUDY: General Election, 2010

ITV Network News, ITV Regional News, the ITV breakfast franchise, the UK’s first ever televised Leadership Election Debate and bespoke current affairs output combined to provide full election coverage in the run up to polling day 2010.

ITV News Election Special

- Results programme fronted by Alastair Stewart and Julie Etchingham.
- Live cameras at 30 counts; covered 100 declarations.
- Coverage drove an increase in brand perception, as measured by the ITV Brand Tracker (2CV)

Bespoke current affairs

- Series of special reports from Britain’s most popular current affairs series – Tonight – in which Mark Austin profiled the three main party leaders, as well as the key issues for voters.
- Weekly discussion strand – Campaign 2010 – hosted by Jonathan Dimbleby scrutinising and explaining the evolving campaign.

ITV News

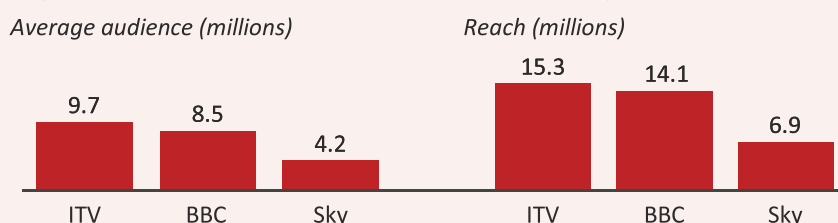
- Teams led by Political Editor Tom Bradby, despatched to follow each of the party leaders.
- Worked closely with ComRes, the opinion pollster, to track voting intentions.

ITV Regional News

- Regular reports from regional political teams in crunch constituencies – Battleground 2010
- Deployed sixteen satellite trucks to ensure that ITV’s coverage was served – regionally, on the network and in all day parts.

Leaders’ Election Debate

- The first leaders’ debate, broadcast live in peak time, was the first of its sort in UK broadcasting history.
- Of the three broadcast during the campaign, ITV’s attracted the largest average audience and the largest reach. Of these, 6.5 million saw the ITV debate only.



Competition for quality

ITV News plays its part in ensuring that competition in the provision of TV news in the UK helps secure high quality and innovative journalism.

Behind this success, lies a fundamental strategic re-examination of the role and value of ITV News. For the network news, ITV's reported aim is to increase investment and profile for authoritative special correspondents, especially around economy

and business. Although it does not have access to the scale of budget which would support an extensive network of foreign bureaux on the scale of the BBC's, ITV News will continue to tackle big breaking stories at home and around the world with fast and flexible use of resourcing – so journalists can be rapidly re-positioned to where the news is breaking. A similar approach is being introduced at regional level, with more specialist correspondents (for example, for business, health and education) and a move to a slightly "harder" news agenda.

Figure 21: Examples of ITV news' recent awards

	<p>2011 Best News Coverage Coverage of the Cumbria murders</p>	<p>"ITV anchor Mark Austin was on his way by helicopter to Whitehaven within minutes of Derrick Bird's shooting spree. Twelve lay dead. ITV News' reporters were the first national journalists on the scene, and within a few hours ITV had reinforced its coverage teams there from its national and regional newsrooms."</p>
	<p>2011 News Programme of the Year ITV News at Ten</p>	<p>"Outstanding use of picture power, coupled with crisp, strong writing. In the words of one judge, it's the programme which consistently 'gets Britain right' when deciding the stories which appeal to audiences."</p>
	<p>2010 Best News Coverage Coverage of the Haiti Earthquake</p>	<p>"This (ITV News) programme starts with the dramatic rescue of Ginette Saintfort who had been under the rubble for six days after the Haitian earthquake. This is followed by poignant pieces about US troops administering vital aid and a British rescue team arriving at a village too late to help the population"</p>
	<p>2009 Best News Coverage Coverage of the China Earthquake</p>	<p>"The biggest earthquake in China for 30 years dominated ITV News programmes for ten days. A series of reports saw International Editor Bill Neely obtain exclusive and unique footage of the earthquake, capturing its full force and the terrifying ordeal of the survivors. China Correspondent John Ray was the first western journalist to reach the city of Beichuan, where a school collapsed on 3,000 pupils."</p>
	<p>2007 - date Almost 60 regional RTS awards</p>	<p>Including excellence of story coverage, quality of on-screen reporting, best overall news programme, best presenters and major backgrounders. Key stories recognised include: West Country floods, Morecambe Bay tragedy, Cumbria shootings, Weston pier fire and Hillsborough anniversary.</p>

- ITV News at Ten was named RTS News Programme of the Year in 2006, 2007 & 2008
- ITV's Julie Etchingham was named by RTS as the News Presenter of the Year in 2010

⁵⁴ Data provided by ITV plc

Extending reach

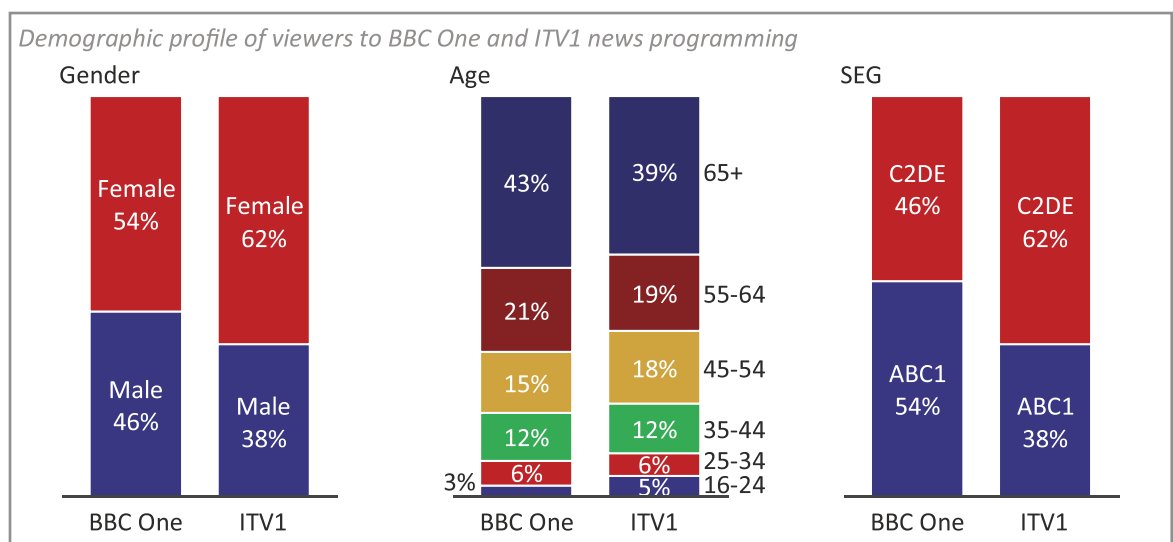
ITV News also plays a key role in reaching parts of the news audience which are not well served by other broadcasters.

ITV News’s own research reveals that it is perceived by its audiences to have a mix of brand values which help differentiate itself from BBC and other TV news. According to this research, ITV News is seen as warm, accessible, approachable and with a human interest focus. BBC news in contrast is highly trusted, expert and accurate, but at the same time is seen as more establishment, dry and traditional. These distinctive ITV brand values, combined with viewers’ loyalty to individual presenters, play a part in attracting a loyal

audience, who might not otherwise choose to consume news.

As noted earlier, the scheduling of news on the most popular commercial channel also helps to raise its profile and increase consumption. This is not just because the news is cross-promoted on ITV1 (at least two daily cross promotion slots for network news and two for regional news) but because large audiences attracted by popular programmes shown before the news often pass on a significant part of their audience to the news bulletin (the “inheritance” effect). This inheritance effect, working with ITV1’s loyal audience, contributes towards a substantial level of unique news viewership on ITV1, as shown below.

Figure 22: Average audiences watching national news across channels and by demographic group⁵⁵



⁵⁵ Communications Chambers, based on BARB / Advantagedge, demographic profiles of viewers of news on selected channels

Figure 23: Brand perceptions of news providers in the UK⁵⁶

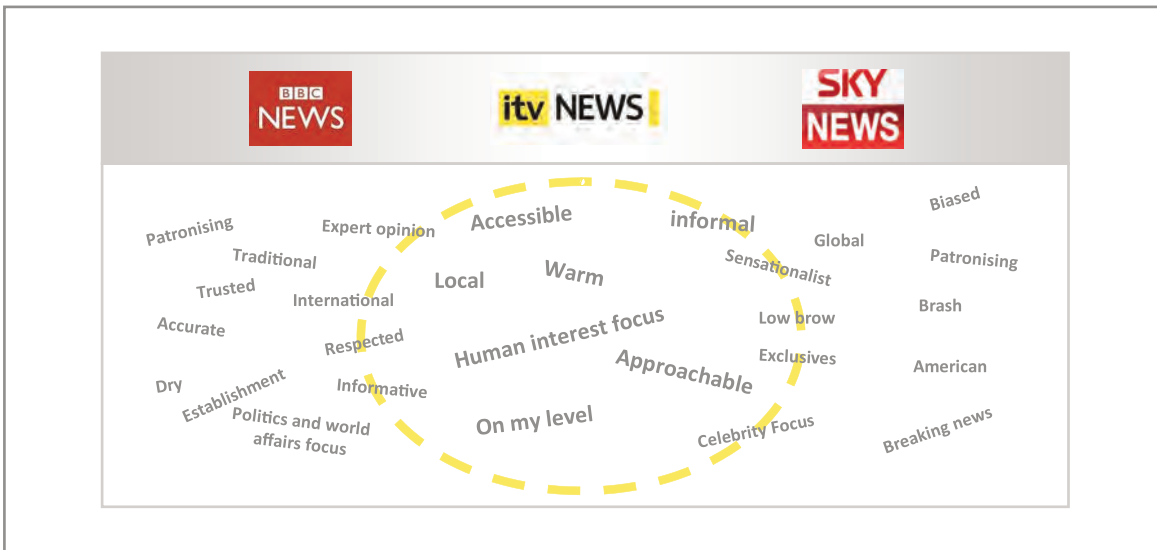
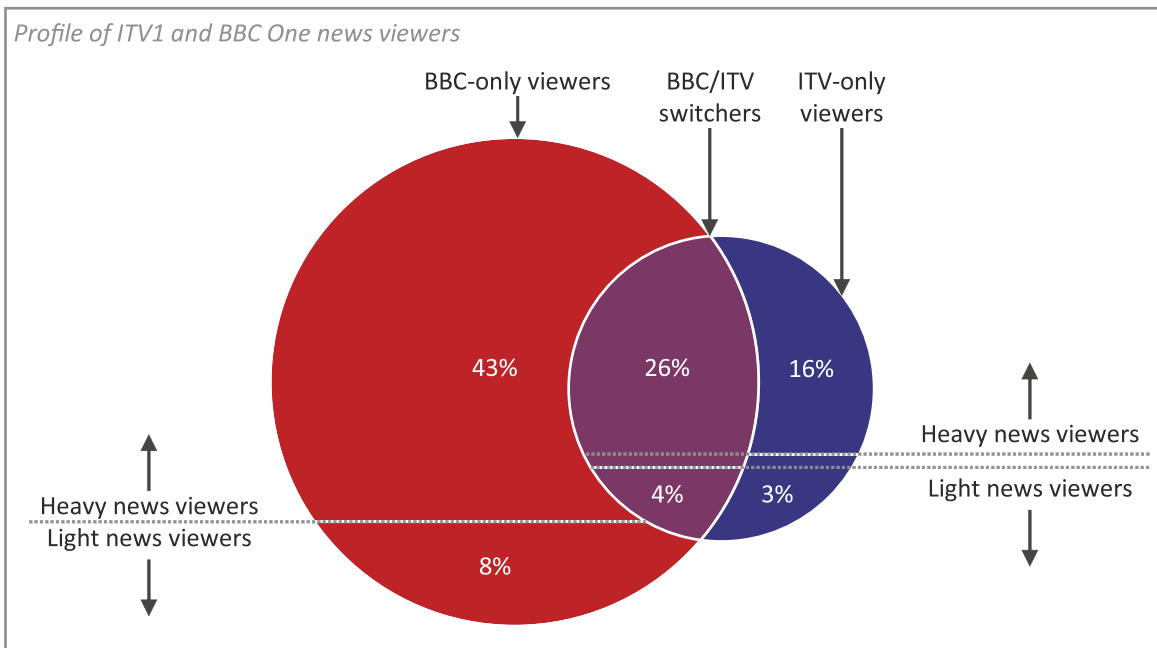


Figure 24: Viewers of ITV and BBC Evening news⁵⁷



⁵⁶ Qualitative Consumer Analysis undertaken by 2CV for ITV, March 2011

⁵⁷ Communications Chambers, based on BARB / Advantagedge, ITV Consumer News survey, 2010

Support for the UK TV news ecology

Beyond its direct value to audiences, ITV News also supports the wider TV news ecology in important ways.

Most importantly, its investment in news on current scales helps sustain a vital “third force” in TV newsgathering (alongside the BBC and BSkyB). This third force is a combination of ITV’s own regional newsgathering capacity, its breakfast news team, and its contract for the supply of national/international news from ITN. Without ITV’s commitment to news, it is hard to see how a UK “third force” could be sustained on a sufficient scale. This would have knock-on implications for Channel 4’s ability to source a high quality news service at current cost levels. Current arrangements are mutually beneficial to both ITV and Channel 4. Channel 4 benefits, for example, from access to regional news pictures and coverage provided by ITV. Both Channel 4 and ITV benefit from economies of scale and cheaper supply deals by using the same network news supplier.

ITV News also makes a wider contribution through its support for key training initiatives. For example, the ITV News Trainees Scheme, which in its first year won the DTI’s National

ITV News Trainee Scheme

The scheme, which actively targets social groups who are under-represented in the media, has helped more than 70 trainees since its start in 2005. Based in an ITV Region, trainees also spend a month in ITV Network newsrooms and are intensively trained in every aspect of modern broadcast journalism. Most have continued to work in the industry – 39 with ITV News and others moving on to Channel 4, BBC, CNN and Sky.

Training Award in the broadcast category. ITV News has also invested a substantial resource in training and equipping the growing breed of self-shooting journalists.

Outstanding challenges

Any account of ITV News would be incomplete without some reflection on three areas which still pose challenges for the future: overall investment, regional news and digital media.

Overall investment

High quality news remains expensive to provide. So far, despite budget constraints, ITV News has been able to provide an award-winning service which still appeals to substantial audiences, as described above. Staff costs account for a relatively high proportion of total costs for any serious newsgathering operation, however, which is likely to constrain room for continuing efficiency savings without affecting quality. Investment will need to be found for replacing some existing infrastructure, such as the main newsrooms. Even if technology advances do offer further scope for savings, there must be a point at which any new funding pressures will adversely affect the range and scope of news coverage. ITV’s ongoing commitment to a well-funded news service is therefore of critical importance to all those interested in plurality of TV news supply.

The longer term future for investment by ITV in news is likely to depend on a combination of factors, ranging from ITV’s overall commercial performance to the perceived value of news as part of its channel proposition. But a supportive regulatory regime which encourages long term investment in the ITV News service and brand will clearly have an important role to play.

Regional news

ITV began its life as a regional channel, and its regional news programmes were once an important means of helping viewers identify with each regional ITV franchisee. As financial pressures mounted during the late 1990s and the first decade of the current century, so the value delivered by those (expensive to produce) programmes came into question:

- Audiences, although stressing their support for local news, have declined, albeit gradually;
- There was no market for the sale of regional advertising in those programmes (and indeed, ITV now reserves the advertising minutes from its regional news for use at more valuable times later in the evening);
- ITV, in response, focused on cutting costs;
- Ofcom, in its PSB Reviews, concluded that the costs to ITV of maintaining regional news programming would eventually outweigh any benefits to ITV of remaining a licensed PSB;
- Most recently, the current government is pursuing its local TV news initiative (at a town or city level) as an alternative and perhaps better way of satisfying demand for local news on TV.

Against this, ITV 1's Nations and regional news programmes (from ITVplc, STV and UTV) still consistently attract around 3 million viewers on average every weekday, which is an 18% audience share⁵⁸, showing that an audience appetite for such news still exists. At the same time, the regional dimension to ITV's news coverage remains an important component overall in its news proposition and (arguably)

helps strengthen its main channel brand. In parallel, developments in digital technology are cutting the costs of local newsgathering while providing new low cost ways of distributing local news online.

A challenge now for ITV, working with regulators and policy makers, is to explore the scope for re-engineering its regional news proposition to take advantage of these emerging and potentially positive trends. One solution might lie in using more flexible and cheaper newsgathering approaches to create a service more locally focused than now. The nature of such local news might not sustain a full half hour bulletin every night, but could well provide a valuable service to viewers if combined with imaginative use of online distribution. Scope for working with new local TV licensees might also add value to the mix. The future of regional and local TV news is especially important as it is regional and local newspapers which have seen the biggest economic pressures in recent years and whose future looks most challenged.

Digital media

ITV has until recently lagged behind its rivals, especially the BBC, in its recognition of the potential of digital media as a complement to its core broadcast activities. This is as true of news as other types of content. 24-hour news was left to ITN to develop, and later branded as the ITV News Channel, but it never competed effectively with Sky or the BBC, and closed in 2005. In the absence of a rolling news outlet, and partly because of its focus on mainstream news bulletins, ITV has not until recently devoted much attention to building its online news proposition.

Now, however, ITV has ambitious plans for digital media across the board⁵⁹. News is seen as part of this strategy. Its plans are to deliver

⁵⁸ "Public Service Broadcasting Annual Report 2011", Ofcom, 2011

⁵⁹ For example, in his speech to the Changing Media Summit in March 2011, ITV plc CEO Adam Crozier said that "we have to make sure we embrace the digital revolution ... ITV has lagged behind for far too long but this is now changing"

a significant increase in the number of news stories being posted each day on ITV.com/news (150 compared with 40 currently), alongside more use of blogging from key journalists and correspondents, and extensive interaction with social media. Recent press reports explain that digital media will be the home for what in effect becomes ITV's version of a rolling news service, bringing together the resources from its national and regional newsrooms. Digital media will be supported by cross-promotion from the main on-air bulletins, and mobile / tablet versions of the digital news service will be offered.

Better late than never, some might say, and ITV has some distance to go to approach the success of other cross-media news brands such as the BBC, Guardian and Daily Mail. The importance of these plans are that they signpost ITV's commitment to high quality news going forward, and also demonstrate its understanding that successful news provision in future will depend on satisfying consumers' demands for news they can trust across different media, platforms and devices.



SECTION FIVE: SECURING THE FUTURE

Contrasting stories

As this report has explained, the provision of news in the UK is facing some of its biggest challenges yet. Digital media are shaking up traditional patterns of news consumption and forcing old business models to be scrapped. Yet these trends are affecting different news media in very different ways.

Newspapers, especially regional and local titles, are seeing circulations and revenues decline, giving rise to concerns about the quality and type of journalism which the future marketplace will support. Policy makers are focused on securing plurality of supply, while the real challenge may be to secure any economically sustainable supply at all.

Television news, in contrast, although also seeing a slow decline in consumption, is still highly regarded, is trusted for being fair and impartial, has a high impact, and is engaging enthusiastically with the opportunities provided by the online world. In so doing, it is extending traditional TV news values into digital media, addressing some of the concerns often raised about the quality and reliability of digital news sources.

Can the relative success of TV news be sustained? What are the particular features of its funding and regulation which need to be secured into the future?

Three key building blocks

The future development and success of TV news depends on at least three key building blocks: transition to digital, strategic commitment, and supportive policy / regulation.

Transition to digital

In some ways, TV news is better positioned than newspapers to extend its reach into digital media, and especially to appeal to users of tablets and smart-phones who are in the market for engaging and creative applications which provide a good overview of the news:

- TV news already understands how to tell stories to audiences in a concise but captivating way, using graphics and video alongside expert commentary;
- TV news has easy access to the type of rich audio-visual material which will increasingly be demanded in bite-sized chunks on high quality digital devices;
- TV news has the capacity to feed pictures and news “live”, direct to users;
- TV news can use its broadcast platform to build brand, profile and customer loyalty, with extensive cross-promotion.

TV news in digital formats will not satisfy those in search of hundreds of pages of in-depth analysis of the news, nor will it provide the range of expert opinion common to high quality websites like those of the Financial Times or Wall Street Journal. But it is well-placed to provide a good mix of coverage in sufficient depth and in accessible formats, to satisfy the vast majority of news consumers, just as it does in the broadcast environment⁶⁰. In a world in which, as increasingly seems likely, most people use multiple sources of media to obtain their news, services which contain TV as part of their mix, with strong branding and well-understood news values, stand a good chance of success.

⁶⁰ Pew Research Center’s latest report on the state of the news media in the US, for example, remarks that “for all that network TV news may be considered a dinosaur, two of the three network news divisions made a profit in 2010 and all three hope to in 2011”. Pew sees the transition to the next wave of wireless platforms and social media as being key to the future of network news in the US.

Figure 25: Illustration of the potential polarisation of news services⁶¹



If, as predicted by some, other news media become more polarised between high-end pay news services and low-end infotainment news, then broad appeal TV news-based services will have an even more important role to play.

Strategic commitment

A second key factor will be the strategic commitment (or otherwise) of the main TV news providers to continue to offer news both in the broadcast and digital media markets. The BBC, for example, has single-mindedly pursued an impressive strategy of building its news brands and services across different media. Its success has been extensively analysed and reported. BSkyB likewise has played an important role in offering news across different platforms – so much so that News Corporation last year saw the great potential of combining Sky’s TV news operations with News Corps’ key newspaper resources as a means of securing success in cross-media news provision.

ITV News has sometimes seemed left behind in the race, but now has an opportunity to follow suit. A few years ago, it was not obvious that ITV saw news as being a central part of its future strategy. Signs are that this has changed. If so, there is an opportunity for the UK to continue to have a strong “third voice” alongside the BBC and BSkyB in the provision of high quality TV and digital news media.

Policy support

Given the uncertainty facing wider news media, and the apparent absence of effective policy levers to address consequent public interest concerns, a great prize for the UK would be to sustain plural provision of TV news, and to encourage it to extend existing TV values of impartiality, trust and popular appeal into the digital media world.

The starting point should be continued support for the BBC’s publicly funded news service, and for its strong online presence. For ITV, public policy implications are more complicated. As noted above, commercial broadcasters see news as a means of strengthening their brand and maintaining the relevance and profile of their main channels. TV news providers will also have an incentive to continue to operate within a tried and trusted framework of accuracy, fairness and impartiality. But this does not mean that the approach to news and particularly the scale of its funding which makes best commercial sense to ITV is necessarily the same as that which best serves the public interest.

Ofcom has examined the economic pressures faced by the Channel 3 licensees in the provision of regional and network news, and has concluded that:

- As in the rest of the news market, economic pressures are mounting;

⁶¹ Communications Chambers

- Network news on Channel 3 is probably only marginally profitable;
- Regional news on Channel 3 is unprofitable in its current form, and is the biggest single contributor to the overall cost of PSB to the Channel 3 network, estimated by Ofcom to be in the region of £38-64m a year in 2012⁶²;
- The value of the PSB licences to Channel 3 are of diminishing value, and may not be enough to offset the costs of news plus other PSB obligations into the next decade.

Adjusting for the cost savings made on regional news since this Ofcom analysis, and focusing only on ITV plc, it seems plausible that the regional news “cost gap” for ITV is less than the Ofcom figure quoted above, but still substantial enough to give ITV executives pause for thought when considering the future viability of current levels of news provision.

Against this background, ITV’s PSB licences are due for renewal shortly. Ofcom has recently issued a report⁶³ which sets out three options: renewing for a further 10 years from 2015, extending for a period during which public policy for commercially provided PSB can be reviewed, and blocking licence renewal to enable a re-tendering of the licences from scratch.

Re-tendering the licences has the significant downside that it would result in several more years of uncertainty about the future of

commercially provided PSB, including the role of news. This is unlikely to be conducive to encouraging long term investment by ITV in its news service. More widely, should ITV decide not to tender for Channel 3 licences and instead to operate as a fully commercial network in competition with a new “Channel 3”, that new provider of “Channel 3” would find it difficult to attract the high levels of audience support currently delivered by ITV. According to Ofcom, “ITV has the scale and “must have” content to become a purely commercial broadcaster”. Ofcom also noted that “any possible surrender of PSB status by ITV plc could also put the independent licensees at serious risk in Scotland, Northern Ireland, and the Channel Islands”⁶⁴.

The choice between renewal and extension requires more careful evaluation than has been possible for this report, but as part of that process, the scope for encouraging ITV to build on its commitment to high quality news should be a key factor. Options for an up-dated form of regional news provision to be retained as part of the ITV news mix could also be explored. Both outcomes would be in the public interest.

A satisfactory outcome here should therefore be an important public policy priority. Unlike some of the options being discussed for regulating news media more widely, it is practical, achievable, does not require a new regulatory framework to be invented from scratch, and would deliver significant public benefit by securing continued provision of another powerful source of independent, fair and highly trusted TV news alongside the BBC and Sky.

⁶² “Sustainable independent and impartial news; in the Nations, locally, and in the regions”. Ofcom, September 2009.

⁶³ “Licensing of Channel 3 and Channel 5”, Ofcom, September 2011

⁶⁴ “Sustainable independent and impartial news; in the Nations, locally, and in the regions”. Ofcom, September 2009.



SECTION SIX: IN CONCLUSION

This report has presented substantial evidence that TV news has a continuing and central role to play in future news provision in the UK. It may not always provide the depth and breadth available from the best of broadsheet print or even some new digital media. But it can and does provide its own special window on the world, with arresting images and stories, alongside informed and respected analysis. Its wide reach allows it to provide the talking points for the nation, as its audiences respond to and share major news events.

TV news can be a source of serious as well as engaging news for mass audiences. It could in future perform a vital role in filling a predicted gap between high-priced specialist news for those who choose to pay for it and free / low cost commodity or infotainment news for the rest. And it can be a key part of a wider cross-media proposition – translating PSB values into new media world.

To secure its future, one challenge for policy makers is to ensure that plurality of supply is maintained, delivering TV news of real audience impact and profile outside of the BBC. ITV News has a particularly important role to play, given its wide reach and the resources it draws on. The policy levers to achieve this are still available.

The challenge in turn for all UK TV news broadcasters is still similar to that identified by Ian Hargreaves all of ten years ago in his major report for the ITC – to continue to bring in people past the headlines and to a broader mix of stories with a deeper understanding and analysis than would otherwise be available if they did not exist.

BIBLIOGRAPHY

Steven Barnett, "Journalism, Democracy and the Public Interest: rethinking media pluralism for the Digital Age", Reuters Institute, September 2009

Steven Barnett, "The Rise and Fall of Television Journalism", Bloomsbury Academic October 2011

Peter Bazalgette, "News is expensive. It is subsidised or dies", Times newspaper, 28/7/2011

Charlie Beckett, "Supermedia: saving journalism so it can save the world", Blackwell, May 2008

Stephen Coleman (ed), "Leaders in the Living Room", Reuters Institute, February 2011

Andrew Currah, "What's Happening to Our News", Reuters Institute, January 2009

William Dutton, "The Fifth Estate Emerging Through the Network of Networks", Prometheus, 2009

Robin Foster, Tim Suter, Rob Kenny, "Past and Future Trends in Plurality and the Setting of the News Agenda", Perspective, November 2010

Robin Foster and Tom Broughton, "Creative UK: The audiovisual sector and economic success", Communications Chambers, April 2011

Tim Gardam and David Levy (ed), "The Price of Plurality", Reuters Institute, 2008

Ian Hargreaves and James Thomas, "New news, old news", ITC, October 2002

Charles Leadbetter, "The Genie is out of the Bottle", in Communications the Next Decade, Ofcom 2006

David Levy and Rasmus Kleis Nielsen (ed), "The Changing Business of Journalism and Its Implications for Democracy", Reuters Institute, November 2010

McKinsey, "A glimmer of hope for newspapers", McKinsey Quarterly, April 2010

McKinsey, "Media and entertainment news survey", McKinsey, 2009

Mintel, Consumer Perceptions of News Media, Mintel Leisure Intelligence, September 2010

Nic Newman, "UK Election 2010: Mainstream media and the role of the internet", Reuters Institute, 2010

Nic Newman, "Mainstream media and the distribution of news in the age of social discovery", Reuters Institute, September 2011

OECD, "Evolution of News on the Internet", OECD 2010

Ofcom, "New News, Future News, Ofcom, July 2007

Ofcom, "Second Public Service Broadcasting Review, Phase One, the Digital Opportunity", Ofcom, April 2008

Ofcom, "Sustainable independent and impartial news in the Nations, locally, and in the regions" Ofcom, September 2009

Ofcom, "Report on public interest test on the proposed acquisition of British Sky Broadcasting Group plc by News Corporation", Ofcom December 2010

Ofcom, "Public Service Broadcasting Annual Report", Ofcom, 2011

Ofcom, "Licensing of Channel 3 and Channel 5", Ofcom September 2011

Pew Research Center, "The State of the News Media 2011", Pew Center for Excellence in Journalism, 2011

Robert Picard, "The Future of the News Industry", in Media and Society, ed James Curran, Bloomsbury Academic, 2010

Robert Picard, "A business perspective on challenges facing journalism", in The Changing Business of Journalism, Reuters Institute, 2011

Peter Preston, "The future may be online, but many will slip through the net", Observer newspaper, 28/8/11

Michael Schudson, "Why Democracies Need an Unlovable Press", Polity, September 2008

