UK Corporate Media: Social Media Platforms Must Pay

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The British corporate media is in desperate straits. With revenues collapsing, they are begging government to act.

Back in March, Matt Hancock, then Secretary of State for Digital, Media, Culture and Sport, gave a speech to the Oxford Media Convention.

Hancock expressed his concern about the rise of "fake news", it's impact on the corporate media, and on society as a whole. He highlighted the lack of regulation for individuals making Youtube videos from their bedrooms meant unfair competition with the corporate media for the narrative.

But it was the commercial side of the media that he was particularly concerned with; its "sustainability". So he spent some time discussing the "Cairncross Review", announced a month or so previously.

Chaired by Dame Frances Cairncross, who "will bring her experience as a journalist, in business and in academia to bear on the thorny and complex questions at the heart of press sustainability", the review will "take a clear-eyed view of how the press is faring in this new world, explore where innovation is working well, and explore whether intervention may be required to safeguard the future of our free and independent press."

Corporate media has been slow to react to the rise of the internet, and particularly the impact of social media platforms such as Facebook and Twitter. The "free" availability of content via these platforms has left them with a funding black hole that they expected internet advertising to fill.

But internet advertising is different to print advertising. In the days of print, publishers could charge for advertising space based on their circulation figures. Advertisers had no way of knowing exactly what percentage of a publication's readership actually saw an ad, or, more importantly, what the conversion rates were.

Today, advertisers only pay based on ad impressions, and these are tracked. Worse (for the publishers), advertisers now know exactly how often their ad is clicked on, and how often that results in a sale.

The prices advertisers are willing to pay for ads on websites is set accordingly, and are orders of magnitude less than in "the good old days".

Even worse for the publishers is the impact of having ads on their websites at all. Websites become so slow as readers wait for the ads to load, that many now use ad blockers, immediately cutting revenues to zero.

The result has been devastating for corporate media. They have purged their best journalistic talent. They have imposed article quotas on the inexperienced staff they now employ. They have put their content behind paywalls, restricting their narratives to the few willing, or stupid enough, to pay.

As a result, each publisher, desperate for eyeballs, churns out low quality, unverified content rehashed from each other, and from corporate and government press releases. All the while they accuse social media of being an echo chamber.

The question remains, then, how do they fund themselves?

Paywalls and memberships are the two main non-advertising based revenue models being used right now. Others are being discussed.

For example, a "platform" for print media similar to that for broadcast television. A branded platform, equivalent to Sky or Freeview, which only "approved" publishers can join, with a single subscription allowing access to all content, and then they get a share of the subscriptions and advertising revenue generated by the platform as a whole.

Or how about NGO's and campaign groups funding "investigative" journalism? The possibility of Greenpeace or Friends of the Earth paying for content to be produced is being considered.

These options, and others, are being considered, although whether they gain any serious traction remains to be seen.

In the meantime, the Cairncross Review is their best option: perhaps the social media platforms will pay?

The News Media Ass., the "voice" of the UK corporate media, has submitted the idea of a "fair and equitable content licence fee agreement" to the Cairncross Review, which would "ensure that news media publishers are appropriately rewarded for the use of their content by the tech giants, safeguarding the future of independent journalism which underpins our democracy".

"The primary focus of concern today," said the NMA, "is the loss of advertising revenues which have previously sustained quality national and local journalism and are now flowing to the global search engines and social media companies who make no meaningful contribution to the cost of producing the original content from which they so richly benefit."

Some may argue that they have a point: publishers see their revenues collapse, while Google and Facebook in particular pull in billions. For them it is the fault of "giants" who make "no meaningful contribution".

Is this the case? Or is it more likely that what we're seeing are market forces at work here: no-one is buying what they are selling?

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