

CCWLSIR IIC 06

Senedd Cymru | Welsh Parliament

Pwyllgor Diwylliant, Cyfathrebu, y Gymraeg, Chwaraeon, a Chysylltiadau

Rhyngwladol | Culture, Communications, Welsh Language, Sport, and International Relations Committee

Effaith costau cynyddol / Impact of increasing costs

Ymateb gan Unigolyn / Response from Individual

Submission to The Culture, Communications, Welsh Language, Sport, and International Relations Committee

Inquiry into the impact of rising costs on the news industry in Wales.

Overview

I have been involved with the Welsh news industry since December 2019 when I started the New Media Wales project in order to develop a new national news service for Wales. This led to a partnership with Newsquest Media Group Ltd for the launch of The National Wales on March 1st 2021.

The National Wales was developed as a digital news service funded through a combination of subscriptions and advertising, it needed to reach a subscription level of around 1500 in order to become profitable.

The long term business plan took this into account and the service was expected to run at a loss for the first 12 to 18 months of operation.

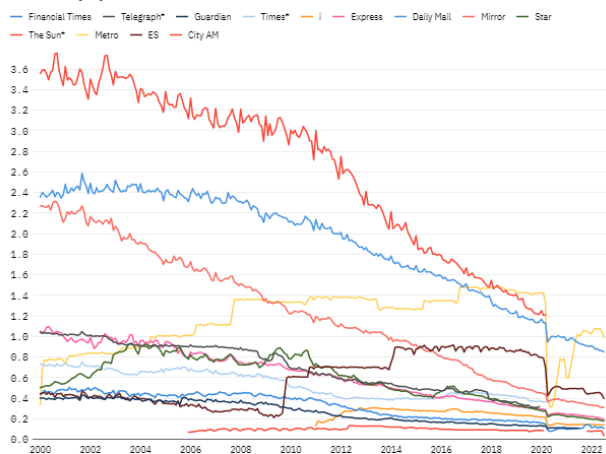
The first twelve months went according to plan, despite some errors from an editorial and staffing perspective. Subscriber growth was steady and reached a peak of 822, commercial revenues were positive.

In March 2022, 12 months post launch and following Russia's invasion of Ukraine, subscription growth stalled and started to reverse, by August subscriptions had fallen to 611. Ad revenues declined during the same period.

On Friday the 19th of August it was announced that following a management restructure control of the south Wales business would transfer from Newport into the midlands south division with the managing director role for south Wales being made redundant. On Monday the 22nd of August Newsquest announced that The National Wales would cease publication at 5:30pm on Wednesday the 31st of August.

The closure led to the loss of three full time jobs and Wales lost one of its few objective national news services.

UK daily newspaper average circulation per issue by month, 2000 - 2020 (m)



*The Telegraph last reported print circulation figures in December 2019. The Sun and The Times last reported in March 2020
 Chart: Press Gazette • Source: Audit Bureau of Circulations

The current state of the industry

The news industry in Wales and the wider UK has been reliant on physical sales and print as an advertising platform for decades.

These sales are in a terminal decline as the graph shows. This decline will likely accelerate as the cost-of-living crisis deepens. Faced with a choice between heating or eating the purchase of a newspaper will feature low on peoples lists of priorities.

The global economic crisis has seen the cost of newsprint increase by almost 100% since the beginning of 2022, this has accelerated the process of news companies seeing the

print element of their businesses becoming unprofitable.

The industry has failed to get to grips with the shift in audience habits towards digital. Some have succeeded, partially, by transitioning to subscriber-based models, providing content that readers value.

In Wales there are three main companies operating. Reach Plc are the largest publishing The Daily Post, The Western Mail, The Echo and South Wales Evening Post, they also publish the nationals The Mirror and The Express. Newsquest publish 15 titles in Wales, the largest three being The Leader in the north, the Western Telegraph and The South Wales Argus in Newport. Tindle publish the Cambrian News and some titles in Monmouthshire.

Reach – The Western Mail sold 40,000+ copies in 2007, its last published figures, for 2021, confirmed a daily average circulation of 7,177. This number is now likely below 7,000 and falling. Reach’s digital strategy is based on programmatic advertising which means their commercial revenues are based on page views, this has led to an increase in populist non news content at the expense of real news.

Of Newsquests three larger titles The South Wales Argus sells under 5,000 copies a day and the Leader under 4,000.

The future

In order to remain viable we are likely to see paginations decrease (papers having fewer pages) this will inevitably lead to less news being published.

As digital subscriptions fall and advertisers seek better value on their investments we will see smaller titles stop publishing in print and their digital offerings less news and more content designed to drive traffic.

The next two years could well see the collapse of the news industry in Wales with familiar brands disappearing from news-stands never to return, companies retreating from Wales and centralising their operations in fewer centres, reducing head counts, creating more centralised content leading to less news produced at a local level.

The space for discussing politics and current affairs and for government and the third sector to share news and information relating to their activities. A civic and cultural vacuum will appear, much sooner than expected.

The impacts are numerous. Being able to access trusted, objective fact based news is becoming more challenging. This impacts people of a lower socioeconomic status disproportionately, the likelihood of people being impacted by rising energy costs having money to spare for newspapers and digital subscriptions are slim.

Any intervention in existing businesses would be short lived. These businesses are not in a position to change course without reducing news coverage. They will continue to exist but as content platforms that share information on this weeks content of the middle isle at Aldi or fish and chip shop reviews.

The Government need to prepare themselves to support new entrants to the market, companies who are not driven by generating profits for shareholders, companies who see a value in news and the importance objective, fact based news coverage at a local and national level can deliver to Welsh civic society.