



NEWS RELEASE
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Local Media Mergers: Modernising the Approach to Safeguard Industry's Multimedia Future

The local and regional merger regime must be modernised to reflect the realities of today's local media markets and safeguard the healthy long-term future of UK local newspapers as multimedia businesses, publishers have told the Office of Fair Trading.

In a 108-page report submitted yesterday (Monday 31 March) for the OFT's review of the Local Media Merger Regime, the Local Media Alliance, representing seven of the largest local media publishers alongside the Newspaper Society, underlines the importance of allowing greater flexibility over newspaper mergers and acquisitions to enable the industry to continue its transition into a successful multimedia sector delivering local news and information across print, online and broadcast platforms.

"This consolidation will support local efficiency and effectiveness to the benefit not only of the larger publishing organisations but also smaller publishers who will be able to grow their businesses through title acquisition or exchange that has previously been prevented." said **Roger Parry, chairman of the LMA**, in his introduction to the submission, entitled *The Case for Modernising the Approach to Local Media Mergers*.

Despite the challenges currently facing local media businesses *"a profitable long-term future for the industry is achievable,"* he said. *"It is the firm belief of the LMA members that print publications will continue to play a pivotal role in the local multimedia business of the future."*

Local newspapers are the backbone of the UK media industry, fulfilling a vital local democratic role not matched by the many competitors for local audiences and advertising, including local authority publications and websites. People are increasingly interested in local news and information and local newspapers – in print and online – are the only source of local investigative journalism.

As well as reaching 40 million readers a week in print across 1300 newspaper titles, 24 million users a month access 1200 local newspaper websites. These local multimedia businesses are well placed to come through the current economic difficulties provided they are given the freedom to innovate, develop and invest.

Compared with other media sectors, the local newspaper industry remains remarkably diverse with 87 separate publishing groups. Further consolidation would enable publishers to make necessary investments in media services and content, product quality, digital platforms and training, allowing them to capture economies of scale in relation to management, distribution networks, printing and more efficient sales structures while repositioning their businesses for growth.

The report outlines three arguments to support the industry's view that changes to the merger regime are urgently needed:

- The highly competitive local advertising market enables local advertisers to exercise significant choice when allocating their media spend, and this choice has not been, and will not be, damaged by local newspaper mergers.
- Local audiences consume news and information content from a wide range of media, but local newspapers offer the only source of local investigative journalism. There has not been, and will not be, any damage either to audience choice or the local press proposition as a result of newspaper merger.
- The creation of publishing organisations with a clear focus on local media and with greater local scale ('clusters') are the most effective way to protect the viability of local titles and maintain plurality of editorial voice.

Notes to editors:

OFT discussion paper: Review of the Local and Regional Media Merger Regime, March 2009: http://www.offt.gov.uk/shared_offt/business_leaflets/general/oft1069.pdf

OFT Seeks Initial Views on Review into Local and Regional Media Merger Regime, 13 February 2009: <http://www.offt.gov.uk/news/press/2009/14-09>

The Local Media Alliance (LMA) has been formed by seven of the largest local media publishers in the UK alongside the Newspaper Society (NS) to create a vehicle to supply the Office of Fair Trading and other interested parties with data, analysis and other evidence to demonstrate the true state of the local media marketplaces. The seven publishing groups are: Archant, DC Thomson, Guardian Media Group, Johnston Press, Newsquest, Northcliffe Media, and Trinity Mirror.

The NS, the voice of local media, represents 1300 regional and local newspapers, 1200 websites, 450 magazines, 250 ultra local titles, 45 radio stations and two TV stations.

The report has been compiled on behalf of the LMA by OC&C Strategy Consultants. Due to the commercial sensitivity of the data, it will not be made publicly available.

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