

CHAPTER 2

The newspaper industry

2.1. It is now eight years since the Royal Commission on the Press 1974–1977 (Cmnd 6433 and Cmnd 6810–1) provided a detailed account of the structure of the newspaper industry and of its ownership and control. Chapter 2 of our 1981 report on *The Observer* and George Outram and Company Limited reviewed briefly the principal changes that had taken place in the intervening four years. This chapter reviews the principal changes that have taken place since 1981 and provides the latest information available about the circulation of national daily and Sunday newspapers. As in our earlier report, we have followed the same convention as the Royal Commission in distinguishing between quality and popular newspapers.

2.2. Since 1981 Pergamon Press Ltd has acquired from Reed International PLC the ownership of the *Daily Mirror*, *Sunday Mirror* and the *Sunday People*, together with two Glasgow newspapers, the *Daily Record* and the *Sunday Mail*. Associated Newspapers Holdings PLC (Associated Newspapers) has launched a new Sunday popular newspaper, the *Mail on Sunday*.

National newspapers

2.3. The following tables show the circulation of national newspapers in 1961, 1966, 1975, 1980 and 1984.

TABLE 2.1: Circulation of paid-for national morning newspapers in the United Kingdom – average net sales per publishing day

	1961	1966	1975	1980	1984
					'000
Qualities					
<i>The Daily Telegraph</i>	1,248	1,353	1,331	1,439	1,235
<i>The Guardian</i>	240	281	319	377	472
<i>The Times</i>	257	282	319	297	457
<i>Financial Times</i>	132	152	181	197	218
Total	1,877	2,068	2,150	2,310	2,382
Populars					
<i>Daily Express</i>	4,321	3,978	2,822	2,194	2,002
<i>Daily Star</i>	—	—	—	1,034	1,633
<i>The Sun</i>	1,407	1,238	3,446	3,741	4,084
<i>Daily Mirror</i>	4,578	5,132	3,968	3,625	3,494
<i>Daily Mail</i>	2,649	2,318	1,726	1,948	1,864
<i>Daily Sketch</i>	991	857	—	—	—
Total	13,946	13,523	11,962	12,542	13,077

Source: Royal Commission on the Press, Final Report, 1977; and The Press Council.

TABLE 2.2 Circulation of paid-for national Sunday newspapers in the United Kingdom – average net sales per publishing day

	1961	1966	1975	1980	'000 1984
Qualities					
<i>Sunday Times</i>	994	1,363	1,380	1,424	1,260
<i>Sunday Telegraph</i>	688	650	752	1,017	713
<i>The Observer</i>	722	881	730	973	744
<i>Sunday Citizen/</i> <i>Reynolds News</i>	318	216	—	—	—
Total	2,722	3,110	2,862	3,414	2,717
Populars					
<i>Sunday Express</i>	4,113	4,181	3,715	3,045	2,542
<i>News of the World</i>	6,689	6,152	5,479	4,335	4,698
<i>Sunday Mirror</i>	5,320	5,219	4,251	3,831	3,489
<i>Sunday People</i>	5,446	5,560	4,188	3,847	3,253
<i>Mail on Sunday</i>	—	—	—	—	1,607
Total	21,568	21,112	17,633	15,058	15,589

Source: Royal Commission on the Press, Final Report, 1977; and The Press Council.

2.4. In our 1981 report we remarked that the most significant trend for the period 1961 to 1980 was the overall increase in the share of quality newspapers of the total market both for daily and for Sunday newspapers. Since 1980 this trend has been reversed, the proportionate increase in the daily circulation of the quality newspapers having been slightly less than that of the popular newspapers. This change is even more marked in the case of the Sunday nationals where since 1980 the circulation of the popular newspapers has increased, but that of the quality newspapers has actually declined. However, the circulation of the popular Sunday newspapers still remains well below the levels reached in the 1960s and the first half of the 1970s.

2.5. In terms of circulation 87 per cent of the national daily newspapers (quality and popular) are owned by the four largest newspaper publishers: News Corporation Limited, Fleet, the Mirror Group Newspapers Limited and Associated Newspapers, which publish between them all the national daily popular newspapers and *The Times*. These four newspaper owners also publish 92 per cent of the national Sunday newspapers (quality and popular). So far as Fleet's newspapers are concerned, in 1961 the *Daily Express* accounted for 31 per cent of the circulation of the national daily popular newspapers. In 1984 this figure, including now both the *Daily Express* and the *Daily Star*, had declined to 28 per cent. In 1961 the *Sunday Express* accounted for 19 per cent of the circulation of the national Sunday popular newspapers; in 1984 this figure had also declined to 16 per cent.

2.6. Table 2.3 shows the circulation of popular newspapers over the past five years.

TABLE 2.3 Circulation of paid-for popular newspapers, 1980 to 1984

	'000					
	1980	1981	1982	1983	1984	% change 1984 on 1980
<i>Daily Express</i>	2,194	2,126	1,980	2,054	2,002	-8.8
<i>Daily Star</i>	1,034	1,508	1,289	1,407	1,633	+57.9
<i>The Sun</i>	3,741	4,137	4,179	4,137	4,084	+9.2
<i>Daily Mirror</i>	3,625	3,459	3,206	3,268	3,494	-3.6
<i>Daily Mail</i>	1,948	1,887	1,861	1,850	1,864	-4.3
Total	12,542	13,117	12,515	12,716	13,077	+4.3

Source: The Press Council.

Provincial newspapers

2.7. As far as paid-for newspapers are concerned, in 1984 there were 19 provincial morning newspapers in circulation in the United Kingdom, 78 provincial evening newspapers and six provincial Sunday newspapers. 868 weekly and bi-weekly newspapers were also published.

2.8. The circulation of provincial morning newspapers has fluctuated with an increase in the late 1970s, but a decline since 1980. In 1970 the total circulation was 1,982,000; it increased to 2,086,000 in 1975 and to 2,132,000 in 1978. Since 1980 the circulation has declined as shown in more detail in Table 2.4, though the number of titles has remained constant. There seems to have been a very slight upturn in 1984, but this is largely accounted for by the increase in the circulation of the *Glasgow Daily Record* owned by Pergamon Press Ltd.

2.9. The circulation of provincial evening newspapers has over the years steadily declined particularly from 1975 when it stood at 6,515,000 to 1980 when it was 5,866,000. In 1984 it was 5,219,000. (See Table 2.5.) Table 2.6 shows for the period 1980 to 1984 the trends in the circulation and ownership of provincial evening newspapers by publishers who in 1984 had a circulation of over 100,000 and accounted for 87 per cent of the total circulation of provincial evening newspapers.

2.10. There has also been an overall decline in the circulation of weekly newspapers, particularly since the mid-1970s. Table 2.7 shows the total circulation of paid-for weekly and bi-weekly newspapers since 1965. It is clear that the decline has been sharpest since 1980. It is the weekly newspaper that is likely to be most affected by the increase in circulation of the free newspaper. Table 2.8 shows the ownership of paid-for weekly newspapers for the period 1980 to 1984 by publishers who in 1984 had a circulation of over 200,000.

TABLE 2.4 Owners of paid-for provincial morning newspapers 1980 to 1984

	1980		1981		1982		1983		1984	
	Number of titles	Aggregate circulation '000	Number of titles	Aggregate circulation '000	Number of titles	Aggregate circulation '000	Number of titles	Aggregate circulation '000	Number of titles	Aggregate circulation '000
England and Wales										
International Thomson Organisation PLC	2	164	2	155	2	147	2	145	2	142
Eastern Counties Newspapers Group Ltd	2	136	2	134	2	130	2	129	2	133
United Newspapers PLC										
Pearson PLC*/The Cowdray family interests	1	98	1	94	1	92	1	90	1	86
Trinity International Holdings PLC (formerly Liverpool Daily Post & Echo PLC)	1	73	1	73	1	76	1	70	1	70
Bristol Evening Post PLC	1	74	1	71	1	66	1	63	1	64
Associated Newspapers Holdings PLC	1	59	1	58	1	60	1	59	1	57
Iliffe family interests	1	40	1	36	1	37	1	34	1	32
Courier Press (Holdings) Ltd/Heart of England	1	11	1	11	1	10	1	11	1	11
Scotland and N Ireland										
Pergamon Press Ltd (Glasgow Daily Record, formerly owned by Reed International PLC)	1	732	1	736	1	736	1	743	1	766
International Thomson Organisation PLC	2	212	2	202	2	200	2	202	2	205
D C Thomson & Co Ltd	1	136	1	132	1	130	1	129	1	128
Lonrho PLC	1	115	1	110	1	110	1	112	1	112
Century Newspapers Ltd	1	55	1	52	1	46	1	52	1	45
Irish News Ltd	1	45	1	43	1	41	1	42	1	42
Total	19	2,085	19	2,034	19	2,007	19	2,001	19	2,012

Source: The Press Council.

* The Westminster Press.

TABLE 2.5 Trends in paid-for provincial evening newspapers, 1965 to 1984

Year	Number of titles	Circulation ('000)
1965	72	6,704
1970	78	6,767
1971	79	6,676
1972	79	6,700
1973	79	6,599
1974	79	6,560
1975	81	6,515
1976	82	6,420
1977	80	6,172
1978	79	6,146
1979	83	5,975
1980	83	5,866
1981	83	5,636
1982	81	5,345
1983	79	5,251
1984	78	5,219

Source: The Press Council.

Effects of the proposed transfer

2.11. Table 2.9 shows the combined circulation of newspapers of the enlarged company if the transfer took place. The only changes in shares of total circulations in the various categories which the new company would have would arise from the bringing together of the two groups' provincial evening and weekly newspapers.

2.12. Table 2.10 shows how, if the proposed transfer took place, the newspaper circulation of the combined company would compare with circulation of national and provincial newspapers of other newspaper publishers. It would combine the third largest publisher of national newspapers (after the Mirror Group and News Corporation Ltd) with the fifth largest publisher of provincial morning, evening and weekly newspapers. In total circulation of all categories of newspapers the new company would be third largest, after the same two companies.

2.13. Table 2.10 shows the extent to which the largest newspaper publishers have interests in both, or only one, of the national and provincial sectors. Following are comments on those companies (in the order in which they appear in the table) which have provincial as well as national newspaper businesses, as the merged company would have if the proposed transfer took place:

- (a) Pergamon Press Ltd owns both national and provincial newspapers, but its provincial interests are limited to the ownership of two Glasgow newspapers: the *Daily Record* and the *Sunday Mail*. They are thus much narrower in scope than United's.
- (b) Associated Newspapers has a considerable and widespread provincial newspaper business, larger than the combined provincial business of Fleet and United, but the circulation of its national newspapers is little more than half that of Fleet's.

- (c) The provincial newspapers in the same ownership as the *Guardian* are comparatively small, in Manchester and parts of Surrey and Kent.
- (d) *The Financial Times* serves a small and distinctive national market. It is in the same ownership as the Westminster Press which has a provincial newspaper business similar in scope to United's but very much larger.
- (e) Finally, Lonrho PLC, which owns *The Observer*, also has provincial newspaper interests in Scotland which are somewhat smaller than United's, but comprise all three categories of provincial newspapers covering Southern Scotland.

Competitive environment

2.14. In our report on Reed International PLC and Benham Newspapers Ltd/St Regis International Ltd in 1981 we said that the growth of local media, the beginnings of cable television, and the expansion of orthodox television transmission through breakfast television and ITV 2 were widening the scope of sources of information and advertising media in ways which weakened the importance of newsprint generally, and paid-for newspapers in particular. It has been heavily represented to us that this trend has continued, and that, though newspapers clearly continue to influence public opinion, they are increasingly having to share this function in particular with television and radio. The increase in circulation of free newspapers increases competition, especially for advertising revenue for which there is in any event competition from among all the media sources. Nevertheless the circulation statistics set out in this chapter indicate that these other media have not as yet made any dramatic impact on the circulation of paid-for newspapers, in particular of the national daily newspapers, both quality and popular.

Free newspapers

2.15. In their 1977 report the Royal Commission on the Press (paragraph 3.13) estimated that in 1976 there were about 130 free newspapers compared with 150 in 1974. The Royal Commission thought (paragraph 6.35) that the evidence at that time suggested that it was difficult to establish a free newspaper with any expectation of long life and that there were only a very few cases where a free newspaper became a traditional newspaper. There are still free titles that have a short life and disappear, and free titles that contain mainly advertisements and little editorial content. But it seems clear at present that free newspapers have become established both as an advertising medium and as a vehicle for local news and opinion.

2.16. The editorial content of free newspapers varies from practically none to virtually as much as there is in some paid-for newspapers, but it has been represented to us that publishers probably have an incentive to include as much editorial content as economically possible, in order to encourage consumers to read the publication, and thus to satisfy advertisers that their advertisements will be seen by the intended audience. As advertising revenue of free newspapers has grown, so the argument runs, the income available for improving the editorial content has grown also. We were told that many traditional paid-for weeklies derive only about 10 per cent of their revenue from the cover price and the balance from advertising. since free newspaper publishers generally contract out their printing on a highly competitive, marginally costed basis, they should, we were told, be in a position to improve their editorial content.

TABLE 2.6 Owners of paid-for provincial evening newspapers 1980 to 1984 (with a circulation of over 100,000 in 1984)

	1980		1981		1982		1983		1984	
	Number of titles	Aggregate circulation '000	Number of titles	Aggregate circulation '000	Number of titles	Aggregate circulation '000	Number of titles	Aggregate circulation '000	Number of titles	Aggregate circulation '000
Associated Newspapers Holdings PLC	14	858	14	844	13	818	13	821	13	817
International Thomson Organisation PLC	10	924	10	873	10	842	8	761	8	761
United Newspapers PLC	7	553	7	521	7	474	6	477	5	459
Pearson PLC	11	525	11	506	10	461	10	458	10	456
Iliffe family interests	5	486	5	447	3	288	4	297	6	434
Claverley Company	2	331	2	326	2	325	2	328	2	331
The Guardian & Manchester Evening News PLC	1	331	1	313	1	301	1	296	1	302
Trinity International Holdings PLC (formerly Liverpool Daily Post)	1	236	1	226	1	204	1	201	1	205
Portsmouth & Sunderland Newspapers PLC	2	178	3	206	3	200	3	201	3	194
Lonrho PLC	2	225	2	203	2	187	2	189	2	180
Southern Newspapers PLC	3	185	3	177	3	175	3	173	3	173
Bristol Evening Post PLC	1	110	1	117	1	110	2	121	2	118
Reed International PLC	—	—	2	35	3	90	4	118	4	113
Total	59	4,942	62	4,794	59	4,475	59	4,441	60	4,543
Total for all provincial evening newspapers in the United Kingdom	83	5,866	83	5,636	81	5,345	79	5,251	78	5,219

Source: The Press Council.

TABLE 2.7 Trends in paid-for weekly and bi-weekly newspapers in the United Kingdom

Year	Number of titles	Circulation (million)
1965	1,185	13.6
1966	1,159	13.8
1967	1,164	13.3
1968	1,160	13.3
1969	1,166	13.4
1970	1,170	13.0
1971	1,150	13.2
1972	1,134	12.8
1973	1,137	12.7
1974	1,128	12.6
1975	1,079	12.3
1976	1,101	13.4
1977	1,086	11.8
1978	1,049	11.9
1979	1,058	12.2
1980	1,019	12.3
1981	1,003	11.5
1982	939	10.4
1983	890	10.2
1984	868	9.1

Source: The Press Council.

2.17. In paragraph 2.15 of our report on the proposed acquisition by Reed International PLC of Benham Newspapers Ltd and St Regis International Ltd we estimated that, compared with about 140 free titles in 1974, there might have been as many as 500 in 1982 and we stated that some estimates put the total circulation of free newspapers at 15 or 20 million. The number of free newspaper titles registered with British Rate and Data (BRAD) by the end of 1983 was 704, and the latest figure for 1985 is estimated to be 851. We were given several estimates of the total weekly distribution of free newspapers; these varied between 32 and 40 million copies, compared with the weekly circulation of the 950-odd paid-for newspaper titles which is around 9 million. We are aware of only one free newspaper appearing more frequently than weekly, and that is the *Birmingham Daily News* which started in October 1984 and is distributed on Tuesdays, Wednesdays, Thursdays and Fridays.

Possibility of new paid-for newspapers

2.18. The Royal Commission on the Press took a somewhat pessimistic view of the prospects for new entry into the market by a new national or provincial morning newspaper, but, as we have already noted, Express Newspapers has launched the new national title, the *Daily Star*, in November 1978, and Associated Newspapers has launched a new Sunday title, the *Mail on Sunday*, in May 1982. Several people or companies have said that they are considering the launching of new national titles. The most advanced of these appears to be Mr Shah's project for a new national newspaper to appear, according to reports, in 1986.

2.19. As shown in this chapter, few provincial morning titles have disappeared; the number of provincial evening titles had been growing until recently (see Table 2.5) while the number of provincial weekly titles has not declined noticeably until the last five years (see Table 2.7). Within these overall changes, we understand that some new titles have appeared, even at times when the overall trend has been one of decline.

TABLE 2.8 Owners of paid-for weekly and bi-weekly newspapers 1980 to 1984 (with a circulation of over 200,000 in 1984)

	1980		1981		1982		1983		1984		'000
D C Thomson & Co Ltd	3	1,210	3	1,142	3	1,079	3	1,044	3	993	
Pearson PLC	104	1,155	102	1,109	95	1,016	92	925	84	761	
Associated Newspapers Holdings PLC	36	384	32	349	32	332	33	374	33	379	
Reed International PLC	9	45	43	346	41	366	26	350	32	373	
British Electric Traction Co PLC	17	150	17	139	47	336	44	304	44	309	
United Newspapers PLC	40	344	40	325	40	297	46	298	41	265	
F Johnston & Co Ltd	31	372	30	354	27	337	27	333	20	274	
Lonrho PLC	22	306	22	302	17	233	18	231	18	247	
Home Counties Newspapers PLC	15	250	15	240	14	227	14	213	14	217	
International Thomson Organisation PLC	35	350	36	346	36	291	26	217	26	210	
The Guardian and Manchester Evening News PLC	37	262	34	233	32	207	32	205	28	201	
Total	349	4,828	374	4,885	384	4,721	361	4,494	343	4,229	
Total for all weekly and bi-weekly newspapers in the United Kingdom	1,019	12,311	1,003	11,498	939	10,442	890	10,169	868	9,137	

Source: The Press Council.

TABLE 2.9 Combined circulations of paid-for newspapers if the transfer took place

	<i>Fleet Holdings</i> 1984		<i>United Newspapers</i> 1984		<i>Fleet plus United</i> 1984	
	<i>Circulation</i>	<i>% of total</i>	<i>Circulation</i>	<i>% of total</i>	<i>Circulation</i>	<i>% of total</i>
National						
(a) Morning	3,635	23.5	—	—	3,635	23.5
(b) Sunday	2,542	13.9	—	—	2,542	13.9
National total (a + b)	6,177	18.3	—	—	6,177	18.3
Provincial						
(c) Morning	—	—	117	5.7	117	5.7
(d) Evening	64*	1.2	459	8.8	523	10.0
(e) Weekly & bi-Weekly	74	0.8	281	3.1	355	3.9
Provincial total (all categories) (c + d + e)	138	0.8	857	5.2	995	6.0
Total daily (ie national and provincial) (a + c + d)	3,699	16.3	576	2.5	4,275	18.8

Source: The Press Council.

* Including the *Greenock Telegraph*.

TABLE 2.10 Ownership of paid-for national and provincial newspapers (and weeklies), 1984

	<i>National circulation (daily and Sunday) '000</i>	<i>Provincial circulation (daily, Sunday and weekly) '000</i>	<i>Comments</i>
Popular newspapers			
Fleet Holdings PLC	6,177	130*	
Mirror Group (Pergamon Press Ltd)	10,236	1,594 ^(a)	(a) The <i>Daily Record</i> and the <i>Sunday Mail</i> in Glasgow. No English newspaper.
Associated Newspapers Holdings PLC	3,471	1,253 ^(b)	(b) Fairly widespread geographically.
News Corporation Ltd	8,782	—	
Quality newspapers			
The Daily Telegraph Ltd	1,948	—	
The Guardian & Manchester Evening News PLC	472	503	
News Corporation Ltd	1,717	—	
Pearson PLC	218	1,303 ^(c)	(c) The <i>Westminster Press</i> , Widespread geographically.
Lonrho PLC	744	539 ^(d)	(d) Only in Scotland.
Provincial newspapers only			
D C Thomson & Co Ltd	—	2,690 ^(e)	(e) Entirely in Scotland, including the <i>Glasgow Sunday Post</i> with a circulation of 1,519,000
International Thomson Organisation PLC	—	1,443 ^(f)	(f) Fairly widespread geographically.
United Newspapers PLC	—	841	
Iliffe family interests	—	732	
Reed International PLC	—	486	
Trinity International Holdings	—	312	
Fleet plus United Newspapers	6,177	971	

* Including the *Greenock Telegraph* (circulation 21,000)