

Stationers Speech - 25th March

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Introduction

It's a real pleasure to be with you this evening and an honour to be delivering this address.

People talk about the challenges our industry faces as though it's something new, but the Stationers' Company has been successfully navigating a changing media landscape since 1403.

It's hard to imagine life back then in the Middle Ages, a time of plague, pestilence, famine and war... mind you, the way Brexit is going, we'll all get a chance to experience it for ourselves any day now.

Of course, unlike in 1403, we'll Instagram and Snapchat every moment, and use our smartphones to read the latest analysis and order the last packet of toilet rolls from Amazon.

Yes, this is truly a digital age, so you may wonder what on earth I am going to say this evening to justify the title of this speech - "The Power of Print".

It's easy to dismiss print as about as powerful as Theresa May's negotiating position or perhaps it should be part of a series, including "the future of fax machines"

People have been writing its obituary since we first started dialling up to our Freeserve accounts to read the news about that bright young hopeful Tony Blair and Geri leaving the Spice Girls.

But print is still here, unlike Freeserve, Myspace, Friends Reunited, and plenty of other websites that were supposed to be banging the nails into its coffin.

I have spent most of my career in print one way or another. For 9 years I ran a company called Office World which amongst other things sold vast quantities of paper and all other manner of products for the far-from-paperless office.

I've worked in the book industry running Waterstones, and for the last six or so years I've been in the publishing industry at Reach, previously known as Trinity Mirror. We publish over 100 newsbrands across the country including the Daily Mirror and the Daily Express. Every day we print over 4 million newspapers. Although we are transforming to a digital led business, print remains vital to our current economics

This evening I'd like to touch on the history of print; whether the future of newspapers has relevant parallels with the book market; how we and the industry are transforming to a digital future. And why despite diminishing circulation, printed newspapers still retain an unrivalled power and impact.

History of Print

The power of print hit its zenith in the 17th and 18th Century following the invention of Gutenberg's printing press in 1439 and the explosion of the printing industry thereafter. Suddenly ideas and information could be spread quickly and accurately; messages could be magnified and preserved for posterity; scientists could share their ideas and so advance knowledge and understanding across the world and there were profound implications for Europe's religious unity, with Martin Luther successfully using the printing press to drive the Protestant reformation.

That's quite an impact, genuinely world-changing and also a reminder that the arguments we are having today about the power of social media to influence events, have echoes in history.

It was not until the beginning of the 20th Century that the power of print was challenged with the invention of radio and in October 1922 the BBC started its first daily radio service in London. Presented by

Steve Wright, I believe, and still going strong after 96 years, or maybe it just feels like that.

Just 14 years later in 1936 the BBC started a regularly scheduled television service. 50 years later, thanks to Tim Berners-Lee and his team of researchers at Cern in Switzerland, the World Wide Web was born and indeed celebrated its 30th birthday last week, and life for print was never going to be the same again.

The Book Industry

Before I turn to talking about the news industry, it's worth reflecting on what's happened to printed books.

In 2009, I was running Waterstones and we'd had a pretty good year, but that Christmas, sitting under about a million sparkling Christmas Trees were a million beautifully wrapped A4 size boxes. When those boxes were unwrapped on Christmas Day, a million Kindles suddenly sprang into life and, unlike the iPod, onto which you could transfer the music you'd previously purchased on CDs, the only way to use your Kindle was to purchase a digital book. The people who were given Kindles that Christmas were book lovers; people who until that very moment had been regular Waterstones customers. The impact on the printed book market was immediate and dramatic, particularly adult fiction sales which declined by over £150 million in the 5 years after that Christmas.

That's an awful lot of copies of 50 Shades of Grey.

But here's the really interesting thing. Digital books found their level and in fact last year physical book sales rose in the UK by 2% which was the fourth consecutive year of growth. So what happened?

Well, readers realised that they still loved physical books. Books have an intrinsic value; they make great gifts; they can be proudly displayed on your book shelves; they can be resold secondhand or given to charity or schools; for young children, picture books are far more robust and pleasurable than handling fragile technology.

The News Industry

So what's different about news publishing and book publishing? Apart from the fact people get very upset if news publishers write fiction.

The main difference is the lifespan and nature of the content itself. The strong emotional engagement that consumers have with books or music makes them ideal for owning, gifting and collecting, whilst news content is generally much more functional.

Whereas books are consumed slowly one by one and do not degrade over time and music often improves with repeated listening, the news cycle is relentless and ever changing. Whilst yesterday's news is no longer today's fish and chip paper, yesterday's news is being constantly updated. The newspaper is out of date as soon as it hits the newsstands and therefore has none of the longer lasting values of a book.

So in news, the printed newspaper is likely to continue to decline. Today 5.2m newspapers are sold each week day - 5 years ago it was around 8 m. Print advertising has declined by almost 50% over the past 5 years to £1.2bn last year.

My day job is therefore to ensure that we as an organisation successfully navigate to a future that is significantly less dependent on the printed product and is based upon a sustainable, profitable, growing digital news business, and I am genuinely excited about the opportunities that digital opens up.

In a print world, our audiences are limited by the geographic footprint of each title. In a digital world our audience is unconstrained by this physical reach. Each month our digital brands reach 38m people in the UK and a similar number overseas. We have never had such a huge readership as we have now. It also enables us to create far more content, unrestricted by the constraints of a fixed pagination paper. In addition, digital enables us to expand beyond words and pictures into video, podcasts, email newsletters and social media story formats. Digital enables us to deeply understand what our readers find most interesting so that we can adapt our content accordingly. In a newspaper we don't know

how many people read each article, whether they finished that article or how long they spent on it. Digital therefore enables us to better personalise our news to the individual interests of different readers. In print, reader feedback is restricted to the letters page. In digital we can have a real time and two-way dialogue with our readers. Digital also gives us access to a whole new toolbox for finding new stories by analyzing what's happening on Twitter, Facebook and elsewhere.

However building a profitable digital news business is not wholly straightforward.

Perhaps, the main challenge is that people expect their online news to be available for free. In the early years of digital, music piracy was a massive issue for the music labels, with services like Napster, Limewire, Pirate Bay and others enabling users to exchange music files for free and without any regard for copyright laws. It took awhile for the music industry to get hold of internet piracy but they did, thus enabling services like Spotify and iTunes to prosper. In news, it wasn't piracy but rather the BBC, which expanded rapidly into publishing written news stories online and for free, thereby making it impossible for all but the most niche news publications to build a digital paid-for subscription business. I am a big supporter of the BBC but I am happy that one of the recommendations of the recent Cairncross report was to ask Ofcom to review whether the online content of the BBC has crept too far away from its Charter obligations and has lost the distinctiveness, relevancy, quality and trust which underpins these obligations.

Given the difficulty of asking people to pay for news in the UK (indeed only 7% said they would be willing to do so in the latest Reuters survey), most news publishers have therefore adopted a strategy of building significant online scale and making money through digital advertising. Given that advertising money tends to flow to where people are spending their time, the digital advertising market has exploded in recent years and in 2018 was worth £12bn in the UK; that's more than twice the amount spent on TV advertising.

Digital has opened up whole new opportunities for advertisers. In print, every reader sees the same advert. In digital we can serve relevant advertising to the reader based on their exact location, demographic and interests and we can track the response and return on marketing investment for our advertisers in real time. But it also carries risks including fraud and brand safety. Consumers are becoming worried about how their personal data is being used for commercial purposes and regulators are becoming increasingly concerned about the emergence of a small number of big players in digital markets. Digital advertisers want to ensure that their adverts appear in a brand safe environment, and as such will increasingly seek to advertise on trusted digital news brands rather than allowing their ads to appear randomly in the wild west of the world wide web.

I'm proud that at Reach we are making a successful digital transition. Last year we attracted over £100m of digital advertising to our news sites. That's £100m we didn't have a few years ago. In other industries that have been slower to adapt their business models, the incumbent players have been overthrown by new entrants - like Spotify in music; Uber in taxis; Airbnb in accommodation. In news the big digital newsbrands are I'm pleased to say the same big traditional offline news brands. The BBC, MailOnline, New York Times, ourselves. The new entrants like Vice, BuzzFeed, Huffington Post have struggled to make an impact. Indeed in 2018, Vox Media, Vice and BuzzFeed all cut jobs.

Why it matters

I would contend that it really matters that we are successful with this transformation.

It matters because what we do is more vital than ever because of the explosion over the past few years of so called 'fake news' or 'post-truth'. There's always been exaggeration; or propaganda; or genuine mistakes but over the last couple of years we have seen the conflation of politicians, social media and troll farms coming together to move the fake news problem from mild irritant to major threat to democracy.

The Russians in particular, use fake news for political reasons. Researchers have found evidence that hundreds of Twitter bots created by a Kremlin backed cyber offensive unit, that at one point employed some 1000 people, tweeted 45,000 times about Brexit in the 3 days before the vote. Theresa May in her Mansion House speech accused Putin of planting fake news and “attempting to sow discord in the West”. Facebook finally conceded that it may have had an influence on the US presidential election. Just a few weeks ago, Facebook said that it had removed hundreds of Russian initiated accounts which it judged to be involved in coordinated inauthentic behaviour on its platforms, including some linked to the state-owned news agency Sputnik. In the coming months the spread of false and misleading information is likely to undermine democracies around the world with polarising elections in India, Indonesia and Europe coming up.

The other reason for the explosion of fake news on social media is economic. If you can write an article without the bother of needing to actually research or verify it, you can produce vast amounts of content at minimal cost against which you can sell adverts. The town of Veles in Macedonia used to make porcelain for the whole of Yugoslavia. Now it makes fake news. This town is home to dozens of website operators who churn out bogus stories designed to attract the attention of Americans. Each click adds cash to their bank account and the scale is industrial

At the same time as fake news is being mass produced, real professional journalists are being imprisoned or killed.

The recent case of the murder of Jamal Khashoggi the Washington Post journalist murdered in the Saudi embassy in Turkey has caught the headlines. But let's not forget the Maltese journalist Daphne Galizia who was assassinated by a car bomb last year for writing about corruption in Maltese politics. Or Jan Kuciak, a Slovakian investigative reporter and his fiancée who were gunned down at their home. He had been investigating Slovakia's prime minister's links with organised crime.. Or the 79 other journalists murdered last year in the pursuit of true news...and the 348 who were imprisoned and the 80 held hostage last year for doing their

job. Time magazine's 2018 'Person of the Year' was in fact 4 individuals and one group, which it collectively referred to as "The Guardians". All are journalists who have helped expose "the manipulation and the abuse of truth".

Reasons to be positive/Returning to print

This is why it is so important - utterly essential in fact - that we make sure the industry that supports and defends heroic journalists and campaigners like these, and provides a platform for thousands more all over the world, is fighting fit for the future.

In the war against fake news, our most powerful weapon is truth, but we can only deliver it from strong and secure foundations.

And I believe the digital future for our industry will provide those foundations. Digital revenue is a fast-growing pie and we will get an ever larger share of it.

And print too remains an important part of our future.

Its ability to drive revenue may be diminishing, but it still retains enormous power and influence for both readers and for advertisers.

Just like Mark Twain, reports of its death have been grossly exaggerated.

The biggest national stories in today's news agenda still originate in print. When Boris Johnson wants to make an impact - which is most days really - he writes a letter or a column in the Daily Telegraph. The same is true in America with op-eds in the New York Times setting the agenda there. The moving front page photograph of a Syrian refugee child, Alan Kurdi, washed up on a beach in Turkey, changed public opinion, at least for a while about the refugee crisis. A change in Editor at The Daily Mail changed the tone of one of the country's most strident voices on Brexit. Today's newspaper headlines set the agenda for radio and television news and their impact is magnified on social media.

And newspaper campaigns can still change the world.

More than a century ago the Daily Mirror led the campaign for more lifeboats on ships after the deaths of the poorest onboard the

Titanic. We campaigned against the Ivory Trade and seal clubbing and helped create the World Wildlife Fund. We campaigned relentlessly for justice for the Hillsborough victims and this year we have campaigned and achieved a change in the law on organ donation.

Every single day the power of print is evident and I'm hugely proud of that. It was very reassuring to see that in last year's Edelman Trust barometer there has been a huge increase in trust in traditional media, reaching levels not seen since 2012.

Millions of readers still enjoy the physicality of the printed newspaper. There is nothing like the serendipity of browsing through a paper and coming across a stunning photo, a witty political observation, an insightful opinion piece or a moving human interest story. There is something deeply satisfying about finishing a newspaper - in a way that you can never achieve online. Indeed, I believe that the newspaper still represents extraordinary value for money and as an industry we have undervalued and underpriced it for years.

For advertisers, newsbrands continue to represent a cost effective and powerful route to market. In our world of multi tasking, newspapers are still one of the few media that achieve a reader's undivided attention and that's probably why recent research showed that campaigns using newsbrands are 43% more likely to deliver market share growth and more than twice as likely to deliver an increase in customer loyalty. This same research shows that print advertising makes a TV campaign twice as effective and online display 4x as effective.

It seems that advertisers have realised that the pendulum may have swung too far towards digital advertising and needs to swing back towards traditional media such as print. In addition, public opinion and the legislative process is also finally catching up with some of the negative consequences of the digital world. The recent reports from Caincross, the DCMS Select Committee, and the Furman report in the UK; the Copyright directive going through the European Parliament and the huge fines being imposed on Facebook, Google and Apple for anti-trust, privacy and tax avoidance violations by the EU combined with the calls to break up

'Big Tech' from Senator Elizabeth Warren in the US, all point to tightening digital regulation across the globe. And the tragic suicide of Molly Russell, whose father blamed, in part, the images of self-harm she had seen on Instagram and the horrors of the New Zealand mosque atrocity, broadcast live on Facebook, feel like seminal moments in galvanising public opinion and political energy towards creating a more level playing field between the digital and physical worlds.

At the same time as the mood shifts away from social media, there are great print success stories to be told. The Economist is seeing increases in print subscriptions. The Guardian have launched a new international weekly print publication. The Week and Week Junior were sold last year to Exponent for £166 million and we ourselves have made significant investments in print, buying the Regional titles of Local World in 2015 and the publishing assets of Northern & Shell in 2018. We recently opened a Sunday print edition of the Manchester Evening News.

And print is increasingly attracting the Silicon Valley tech tycoons. Amazon chief Jeff Bezos owns The Washington Post, biotech entrepreneur Patrick Soon-Shiong bought the Los Angeles Times, and Alibaba boss Jack Ma purchased the South China Morning Post. Recently US billionaire Marc Benioff, who founded Salesforce, acquired Time magazine and a Thai businessman has bought Fortune magazine

Print may not have the power it had in the 18th Century, but don't write it off just yet.

Thank you.