



Submission to the Australian Senate's Murdoch Media Inquiry

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Submission Overview

I am pleased to have been asked to provide a submission to the Senate's Murdoch Media Inquiry. My expertise is in the field of advertising expenditure with the experience initially gained across 20 years as a business journalist during which time I reported on the commercial side of Australia's media industry. Then 14 years ago I co-founded the advertising intelligence company Standard Media Index (now part of the Guideline group). Among our services is the creation of ad spend databases to track advertising demand across all media and product categories.

The difference in our service is the data we provide is not estimated or derived from surveys or other third-party sources. We instead collect the actual advertising payments as they are made by media agencies on behalf of their advertiser clients. Those payments are then aggregated and the brand detail anonymized to create accurate ad spend databases for all ad spend that comes via media agencies.

We estimate our databases represent 98% of the total value of Australia's media agency advertising revenues.

Comments on Specific Terms of Reference

The Concentration of Media Ownership in Australia

This term of reference focuses on the apparent concentration of ownership of large media in our market.

A few points I'd raise are as follows:

- Media concentration among the bigger media is often a result of government regulation. For example, the Government only allows three FTA TV channels. In the early 2000s the Government led an inquiry into the possible launch of a 4th FTA TV channel when the TV industry was in the process of moving from analogue to digital transmission.
- Radio ownership is limited by the availability of spectrum, again regulated by the Government
- The purchase of any local media is also subject to Foreign Investment Review Board approval, but large foreign companies can operate their businesses here without any scrutiny ie Netflix, Amazon Prime etc

While these well-known media brands attract the largest audiences, the reality is there is a dynamic world of smaller media that also operates in this market.

We know this as during the process of collecting the advertising payments from our media agency partners we also collect ad spend for all the new media on which they buy advertising for the first time. And when we see these new media we need to create new records for each so they can be included in the database.



Each month SMI must create on average at least 30 new media records as there's 30 new media properties on which our agency partners have bought advertising for the first time. These new mediums are listed each month in our monthly report.

I've provided below a sample list of new media for which we created records in July 2023:

- Australian Financial News (AFNDaily) – a financial news website
- Double Helix Extra - Science education website from the CSIRO
- Eskimi - Programmatic trading platform
- EV Central – Electric Car website
- Women In Engineering At Monash
- Mums and Co – website for professional women
- Ringers from the Top End – Cattle station worker website
- Urological Society of Australia & NZ website
- TransPerfect – Translating services website
- KKDay – Travel booking website
- LGBTI Jobs – Specialist recruitment site
- Spiritual Care Australia – Association for religious/spiritual workers
- The Nimban Good Times – new community newspaper
- Adlink Media – Consumer travel magazine group
- Cyclist – Bicycle consumer magazine
- Study In Australia Guidebook

As you'll see the majority of new media launching in Australia are in the Digital media space but we've also recently seen the launch of more independent newspapers and magazines. One of the more high profile recent launches is Capital Brief, the new financial news website by the former head of Fairfax Publishing Chris Janz.

And some of these new media become very successful. A good example is Mamamia.com.au. Others like Spotify and Pinterest are examples of foreign-owned media that have now established strong footholds in the Australian media scene. And then of course there's other new media that don't rely on advertising but instead on subscriptions and therefore aren't included in the SMI numbers. Examples of these groups are Michael West Media and The Squiz.

As is the case in every industry, some of these new businesses will survive and thrive and others will not find an audience and close. But at any point in time there are a number of companies putting their toe in the water and dreaming of becoming successful media groups. And the digitization of print has enabled this trend to accelerate in recent years as you no longer have the economic moat of huge printing costs which has previously stymied competition in the newspaper industry.



SMI AU: Media Concentration by the Numbers

SMI ensures the integrity of our data by creating a clear data structure for our database, and that necessarily requires strict definitions of each type of media so the database can be easily understood and relied upon.

In relation to categorising media groups, we apportion those groups in the database according to their size and standing within the market.

The largest or most well known companies are grouped together under a data dimension called 'Parent Owners' and they are defined as being companies either listed on the ASX or another international stock exchange (ie publicly traded) and/or they are a globally recognised media brand.

Looking at SMI's data history it's clear the number of Parent Owners within our database has almost doubled over the past 15 years. And that's despite numerous companies being merged over that time. Examples of Parent Owners no longer in this market include Time Inc, APN Outdoor, AdShel, Conversant Media, Macquarie Radio, Prime TV, Beyond International and Viacom Inc.

Examples of new Parent Owners include Samsung TV, Twitter, Snapchat, Amazon, Cartology, Hivestack, Pinterest, Finder and Reddit.

SMI AU Number of Records: Large Media Owners*	
*AU or Global Stock Exchange Listed Companies, or with Global Brands	
CY2007	CY2022
102	193
SMI AU Number of Records: Large Content Site Publishers*	
*Large Websites the Use Content to Attract Audiences	
CY2007	CY2022
41	72

SMI's database for Digital media also breaks down into the various component sectors, one of which is Content Sites. And that's where we house ad spend for all websites that use content of any sort to drive audiences.

And this sector of the market has also seen strong growth in the number of Parent Owners despite the numerous media mergers in recent years. Examples of content companies no longer in the database include Fairfax Media, IPMG Group and Authentic Entertainment.

But more new ones have emerged. Examples of current media groups that were not in our market in 2007 include Guardian Media, Acast, Broadsheet Media, Domain, Spotify, BuzzFeed, The Urban List and Pinstripe Media.



Print Media Concentration

The outline of this Bill references a comment about “News Corp owning more than two thirds of all print media outlets in Australia” and that the Murdoch empire wields “enormous power and influence”.

My comment on this is that the extent of a group’s influence is in large part determined by the resources available to them. And in recent years it’s clear that the economics underpinning print media has changed substantially. When we started SMI in 2009 we were reporting Print ad spend to be about 20% of all ad spend by large advertisers...but in CY2022 that had fallen to 2.4% (per the table below).

Even when we add back Digital ad spend for the print titles to create a larger whole, the News Publishing industry’s total ad spend still only represents 3.6% of all national marketer ad spend. And it should be noted a much larger proportion of the industry’s ad spend now comes from small business-style advertising.

History of Ad Spend to Newspaper Media

SMI AU: Media Agency Shares CY2007 - CY2022			
With Digital \$ Reassigned to Offline Content			
Competitive Media Type	Media Type	CY-2007	CY-2022
Video	Television	51.1%	35.5%
Video	Digital	0.1%	2.1%
Video Total		51.2%	37.7%
Digital	Digital	3.5%	36.1%
Digital Total		3.5%	36.1%
Outdoor	Outdoor	7.3%	11.7%
Outdoor Total		7.3%	11.7%
Audio	Radio	7.5%	7.6%
Audio	Digital	0.0%	0.9%
Audio Total		7.5%	8.5%
News Publishing	Newspapers	19.8%	2.4%
News Publishing	Digital	1.3%	1.2%
News Publishing Total		21.2%	3.6%
Magazines	Magazines	8.4%	0.6%
Magazines	Digital	0.0%	0.2%
Magazines Total		8.4%	0.8%
Cinema	Cinema	0.7%	0.8%
Cinema Total		0.7%	0.8%
Other	Other	0.2%	0.7%
Other Total		0.2%	0.7%
Grand Total		100.0%	100.0%



SMI AU: Media Agency Shares CY2007 - CY2022		
Media Type	CY-2007	CY-2022
Digital	4.9%	40.5%
Television	51.1%	35.5%
Outdoor	7.3%	11.7%
Radio	7.5%	7.6%
Newspapers	19.8%	2.4%
Cinema	0.7%	0.8%
Other	0.2%	0.7%
Magazines	8.4%	0.6%
Grand Total	100.0%	100.0%

Having said that, we do still occasionally see new Newspaper titles emerge, especially in the Community newspaper sector.

But it's clear that over the past 14 years there has been a sad decline in the availability of print newspapers with the number of print mastheads in the SMI database declining from 1,228 in 2007 to 1,003 in CY2022.

Conclusion

Despite protestations about media concentration, the reality is that concentration mostly exists in areas regulated by the Government.

Outside of those media there exists a vibrant media industry which arguably leads the world in terms of innovation and development.

Numerous new media emerge in any year – some of which are in the news media field – and over time SMI has seen continued growth in the competition among media owners for the advertising revenues that largely drive the media industry.

Australia has a highly sophisticated media industry that continues to find new and interesting ways to reach Australian audiences.