

My name is Patrick Crewdson and I am the editor of Stuff. I write in support of the application to merge Fairfax NZ and NZME as I believe it is vital to the continued survival of our provision of high-quality local journalism. This is a public submission.

My comments here will be limited to the online news market, which is my primary current field of expertise. In my opinion, the Commerce Commission's draft determination takes too narrow a view of the competitive environment in which we operate, and overstates the impact of the particular competition between Fairfax and NZME in maintaining quality levels.

The benefit to the public of a merger is obvious: the continuation of the journalism currently provided by Fairfax and NZME's leading journalists. It is naive to conclude that, in the absence of the merger, Fairfax and NZME will continue to operate at existing levels. As its counterfactual for a merger, the commission has taken the status quo. That could only be valid if the status quo is considered as a shifting point on a downward trajectory. Both Fairfax and NZME have conducted multiple (and accelerating) rounds of restructuring and downsizing in the last 5 years to put their operations on more sustainable footings. But with print revenue continuing to decline and digital revenue (and alternative income sources) not growing at a sufficient rate to compensate, further cuts to editorial resourcing are inevitable without the economies of scale a merger would allow. It is also worth noting that's the optimistic outlook - more bleak scenarios are also entirely realistic.

As someone who directs news and editorial coverage (and has done for the last six years in a variety of digital and print newsroom leadership roles within Fairfax), I do not consider the online news market section of the draft determination paints an accurate picture of how we work.

While the NZ Herald is one key competitor for Stuff, we consider our rivals to be any other source where readers could potentially find a story. The 'sting' of the quote from one reporter in the E Tu submission claiming they've never been directed to match an RNZ story is that we're single-mindedly focused on beating the NZ Herald. That's simply not the case. Likewise, the comparison between a 600-word story online and a radio report, suggesting our formats are so different that we're not interchangeable, is an utterly misconceived representation of how we work.

Stuff is a fully multimedia platform that employs all the storytelling methods of our rivals - video, audio, text, infographics - as well as specialised online tools such as live blogs and data visualisation. We are not in the business of publishing words; we are in the business of conveying information, and that puts us in competition with all other news outlets, regardless of platform. To put it in simple terms, if a person hears a story on RNZ, they're not going to consume the exact same story on Stuff an hour later - it won't matter to them if one story uses audio and the other uses words or video; what matters is the transmission of information. As a journalist my news consumption patterns will be exaggerated, but I'm typical of modern consumers in the sense that I care less about brand loyalty and more about individual stories, units of information, or experiences that are interesting or relevant to me. On top of Stuff and the Herald, my phone is set to receive push alerts from Newshub, 1 News, BreakingNews.com, The Guardian, Nuzzel, and more. I get email news alerts from RNZ, the Washington Post, and the BBC. I follow dozens of news accounts on Facebook and Twitter. I monitor all local news websites, and broadcasts by Newstalk ZB, RNZ, 1News, and Newshub. Among journalists, such an arrangement would be typical. The average news consumer may be less active in comparatively tracking news sources, but displays the same

tendency to migrate easily between outlets. While other New Zealand outlets may not enjoy the same digital audience reach as Stuff, that doesn't lessen our competitive drive toward them.

For the same reasons, it is an unrealistically narrow view of competition to think that if either a reader or a newsmaker doesn't like Stuff's reporting they're denied an alternative outlet without NZME. If someone doesn't like a Stuff story now, they're just as likely to go to 1News, RNZ or Newshub as to NZME. That sort of binary thinking about competitors belongs to a bygone world of print, not to a modern multi-platform world where consumers transition seamlessly on demand.

To draw a sporting analogy, the commission appears to envision our competitive environment as a tennis match, where we're focused on one key rival. A more accurate analogy would be a footrace. As we're striving for the gold medal we will of course be keeping a close eye on the silver medalist, but we're actually competing with a crowded field of runners. Our competition is all media, regardless of whether they consider themselves primarily digital, print, or broadcast. What matters is not their legacy setup, it's whether they're a source of news and information.

Furthermore, I believe the commission has overstated the importance of one particular competitive relationship - between Stuff and the Herald - to the maintenance of quality. Healthy competition is important (though as I argue above, we would still operate in an ultra-competitive environment post-merger), but professional pride and audience satisfaction are greater drivers of quality than competition. To suggest that a merger will encourage us to settle into a complacent slumber is deeply insulting. My primary motivation is not the fire competitors light at my feet; it's the fire that burns inside me.

I believe the commission is also mistaken in its assumptions about barriers to entry or scale for digital news competitors. 1News, Newshub, and RNZ - to take just 3 domestic competitors - all already have both the content and the infrastructure required. They currently exist as major digital media players. It's not as though they need more reams of paper or more delivery trucks to achieve scale - they already have deep reservoirs of content (which they already deliver both online and through broadcast platforms) and the means of delivery. If consumers were not satisfied with the shape of a merged entity's digital offering, they could vote with their clicks and turn to another major news outlet. To say that those competitors publish fewer stories than Stuff each day and therefore cannot be considered true alternatives is too narrow a conception of the market. It's akin to suggesting that Pizza Hut is not a fast food competitor to McDonald's because it has fewer menu items - what really matters is the ability to serve a similar volume of customers, and the major news providers all have the depth of content and technical infrastructure to serve a mass audience if consumer preferences changed.

Lastly, the commission expressed concern that a merged entity could speak with a "single editorial voice". The simplest rebuttal to this fear is that Stuff doesn't have a single editorial voice now. Fairfax's editorial structure - which gives regional editors and vertical heads end-to-end responsibility within a digital-first environment - means Stuff encompasses a broad range of editorial viewpoints and initiatives. As Stuff editor, I may choose to take an editorial stance on an issue or to support a campaign, and that would obviously be apparent on Stuff. But equally, the editor of the Sunday Star-Times or the head of Fairfax's Sport vertical or the editor-in-chief of the Wellington region could freely choose to editorialise and that would also be represented on Stuff. When you also factor in our user-generated content system Stuff Nation, it is apparent that Stuff hosts and promotes a remarkable diversity of editorial voices.

Plurality is a key plank of our audience appeal and I do not see any incentive to decrease that in a post-merger environment.

I would appreciate the opportunity to be heard in person during the next phase of consultation.

Kind regards,

Patrick Croudson

Editor

Stuff.co.nz