Challenges and opportunities for news media and journalism in an increasingly digital, mobile, and social media environment

Council of Europe report
DGI(2016)18

Rasmus Kleis Nielsen
Alessio Cornia
Antonis Kalogeropoulos

UNIVERSITY OF OXFORD
Reuters Institute for the Study of Journalism

COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Challenges and opportunities for news media and journalism in an increasingly digital, mobile, and social media environment

Rasmus Kleis Nielsen
Alessio Cornia
Antonis Kalogeropoulos

October 2016

Prepared by the Reuters Institute for the Study of Journalism for the Council of Europe Steering Committee on Media and Information Society[1]
Ref DGI(2016)18

[1] The opinions expressed in this document are personal and do not engage the responsibility of the Council of Europe. They should not be regarded as placing upon the legal instruments mentioned in it any official interpretation capable of binding the governments of member States, the Council of Europe's statutory organs or the European Court of Human Rights.

About the Reuters Institute for the Study of Journalism

The Reuters Institute for the Study of Journalism is a research centre at the University of Oxford and a part of the Department of Politics and International Relations.

Anchored in the recognition of the key role of independent media in open societies and the power of information in the modern world, the Institute aims to serve as the leading forum for a productive engagement between scholars from a wide range of disciplines and the practitioners of journalism.

It brings the depth and rigour of academic scholarship of the highest standards to major issues of relevance to the world of news media. It is global in its perspective and in the content of its activities.

More at http://reutersinstitute.politics.ox.ac.uk

About the authors

Rasmus Kleis Nielsen is Director of Research at the Reuters Institute for the Study of Journalism and serves as editor-in-chief of the *International Journal of Press/Politics*. His work focuses on changes in the news media, on political communication, and the role of digital technologies in both. He has done extensive research on journalism, politics, and various forms of activism, and a significant amount of comparative work in Western Europe and beyond, and has furthermore worked as a consultant for a range of private and public media organisations and governments across the world and been responsible for both contract research and executive education activities in Oxford.

Alessio Cornia is Research Fellow at the Reuters Institute for the Study of Journalism. His research interest is comparative research on journalism, with a focus on news industry developments and digital media.

Antonis Kalogeropoulos is Research Fellow at the Reuters Institute for the Study of Journalism. His research interests include political communication, journalism, and audience research.

EXECUTIVE SUMMARY

This report reviews challenges and opportunities for news media and journalism in today's changing media environment.

It documents that we are moving towards an increasingly digital, mobile, and social media environment with more intense competition for attention. More and more people get news via digital media, they increasingly access news via mobile devices (especially smartphones), and rely on social media and other intermediaries in terms of how they access and find news.

In this environment, a limited number of large technology companies enable billions of users across the world to navigate and use digital media in easy and attractive ways through services like search, social networking, video sharing, and messaging. As a consequence, these companies play a more and more important role in terms of (a) the distribution of news and (b) digital advertising.

Legacy media like broadcasters and especially newspapers by contrast are becoming relatively less important as distributors of news even as they remain very important producers of news. They are also under growing pressure to develop new digital business models as their existing sources of revenue decline or stagnate. The general response from legacy media has been a combination of (a) investment in pursuing digital opportunities, (b) cost–cutting and (c) attempts at market consolidation in pursuit of market power and economies of scale.

Because of the competition for attention and advertising, and the limited number of people who pay for online news, there are very few examples of legacy media that make a profit from their digital news operations—despite twenty years of often substantial investments and sometimes significant audience reach. It is not clear that the new environment is significantly more hospitable for digital-born news media organisations. While they often have a lower cost base and can be more nimble in adapting to change, they face similar competition for both attention and advertising and so far represent a small part of overall investment in journalism.

For citizens, the move towards an increasingly digital, mobile, and social media environment represent the development of a more high-choice environment in most respects—though there is less diversity in terms of original, professionally produced news on some issues and areas, especially locally.

Internet users have access to more information in convenient formats and often for free, across a range of increasingly sophisticated personal and mobile devices, and in ways that enable new forms of participation. Those most interested embrace these new opportunities to get, share, and comment on news, but a larger number of people opt for more casual and passive forms of use and mostly use the many opportunities offered by digital media for things that have little to do with news.

In combination, these developments mean that internet users have access to more and more information from more and more sources, increasing the opportunities most people have to use diverse sources and encounter different perspectives. At the same time the environment is increasingly dominated by a limited number of very large players and accompanied by consolidation and cost-cutting elsewhere in the media landscape. This can over time reduce media pluralism by undermining the diversity of news production.

The move to an increasingly digital, mobile, and social media environment also means that forms of policy intervention developed in and designed for twentieth century media environments will need reform to be effective and efficient in twenty-first century media environments, in particular when it comes to (1) effectively addressing potential market failures in the production of the public good of independent, professional, quality journalism, (2) securing an efficient and competitive media market place, and (3) ensuring that citizens develop the media and information literacy necessary to navigate the media environment effectively in their own best interest.

Contents

1. INTRODUCTION

A well–functioning democracy requires free and diverse news media capable of keeping people informed, holding powerful actors to account, and enabling public discussion of public affairs. Existing research suggests that quality journalism can increase levels of political knowledge, participation, and engagement and can furthermore help reduce corruption and encourage elected officials to represent their constituents more effectively.

The freedom, diversity, and ability of news media to enable democracy depend on the institutional structure of individual countries' media environment. Today, these media environments are changing in part as a result of technological and market developments largely associated with the rise of digital media. The purpose of this report is to review evidence–based research on the opportunities and challenges these developments represent for news media and their role in democracy in different contexts. We will rely on research carried out at the Reuters Institute for the Study of Journalism, other up–to–date relevant academic work, as well as industry data and analysis. Our primary focus is on Europe with some additional consideration of developments in other high– to medium–income regions with relatively high levels of digital media use.

The precise nature of change in the media environment varies in important ways from country to country, but there are some clear, high–level commonalities that represent both opportunities and challenges for journalism, media organisations, and public debate. The three most important developments driven by technological and market forces today are—

1. The move to an increasingly digital, mobile, and social media environment with increasingly intense competition for attention where legacy media like broadcasters and especially newspapers, while remaining very important news producers are becoming relatively less important as distributors of news and are under growing pressure to develop new digital business models as their existing operations decline or stagnate.
2. The growing importance of a limited number of large technology companies that enable billions of users across the world to navigate and use digital media in easy and attractive ways through services like search, social networking, video sharing, messaging, etc. and who as a consequence play a more and more important role in terms of (a) the distribution of news and (b) digital advertising.
3. The development of a high–choice media environment where internet users have access to more and more information in convenient formats and often for free, across a range of increasingly sophisticated personal and mobile devices, and in ways that enable new forms of participation—an environment where those most interested in news embrace these new opportunities to get,

share, and comment on news, but a larger number of people opt for more casual and passive forms of use.

These three developments are broadly common across most high– and medium–income countries with wide access to digital media. They are enabled by technology and some of the most pressing accompanying challenges to journalism are associated with the market implications, but it is important to recognize that they are driven by media users. Technology is changing media and media markets, but primarily because audiences and advertisers have embraced them. Technologies enable change. People and organisations enact change.

The consequences for informational diversity and media pluralism, key to freedom of expression (understood as the ability to impart and receive information) are mixed. An increasingly digital media environment gives internet users access to more and more information from more and more sources, increasing the opportunities people have to use diverse sources and encounter different perspectives. At the same time the environment is increasingly dominated by a limited number of very large players and accompanied by consolidation and cost-cutting elsewhere in the media landscape which can over time reduce media pluralism by undermining the diversity of news production—especially in small markets, in less lucrative niche issue areas, and at the local level. The internet has made information available. Search engines and social media have played a key role in marking information more accessible, useful, and engaging. At the same time, their success with audiences and advertisers also challenges many of the media organisations—especially news media—that produce much of the information in the first place.

In the second part of the report below, we go through the main technological and market developments underway. In the third part, we turn to the way in which media have responded to these changes. In the fourth part, we turn to legal and policy responses to recent changes in the media environment. In the concluding part we summarize the main trends identified.

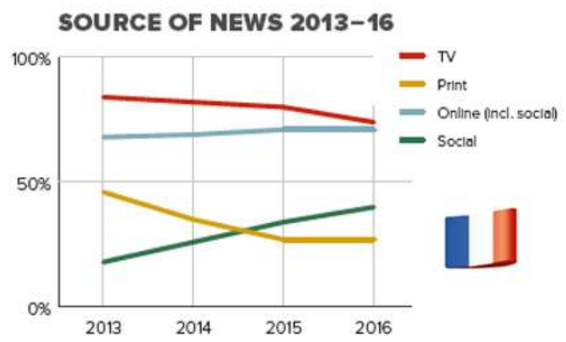
2. TECHNOLOGICAL AND MARKET DEVELOPMENTS

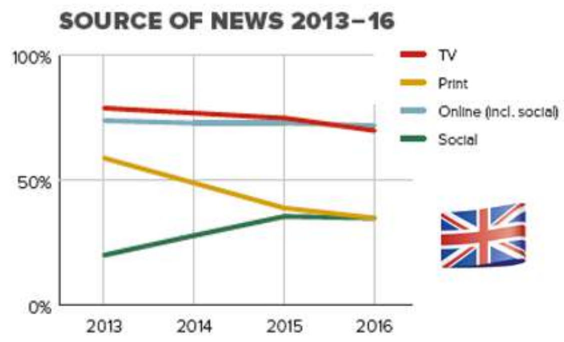
2.1. A more and more digital media environment

During the last two decades, the media environment has become increasingly digital with the development of ever more advanced and often cheaper digital devices, improved connectivity, and increased supply of digital media content, products, and services. Generally speaking, print readership is declining, television viewing has been broadly stable (but the audience is aging), and time spent with digital media has increased rapidly. In high income democracies with high levels of internet use, over half of all time spend with media is now spend with digital media, including both internet use via personal computers and the use of mobile devices like tablets and especially smartphones.[2] Most medium income countries with a relatively developed technical infrastructure are rapidly developing in the same direction as more and more people get internet access at home and via mobile devices and as digital media account for a larger and larger share of overall media use.

The implications for how people get news can be illustrated by the cases of France and the United Kingdom, two European countries with historically quite different media environments. As is clear from Figure 2.1, television remains an important, but gradually eroding, source of news in both countries, print is far less widely used, and more and more people name online media, especially social media, a source of news—in the United Kingdom more than name television.

Figure 2.1 – Sources of News in France and the UK (2013–2016)





Data from the Reuters Institute Digital News Report 2013–2016. Q3. Which, if any, of the following have you used in the last week as a source of news? Please select all that apply. Base: Total 2013–2016 sample in each country.[3]

The importance of digital media as a part of people's overall media use, and the increasing number of people who rely on online sites for news has been a gradual development unfolding since the late 1990s with the rise of internet. In recent years, however, the gradual move towards digital media has accelerated and changed in potentially profound ways as the desktop and search–based internet of the 2000s is increasingly complemented by a mobile and social internet in the 2010s.

2.2. The move towards a mobile–centred media environment

Since the launch of the iPhone in 2007 and the first Android models in 2008, smartphone use has spread very rapidly across the world, and not only in high

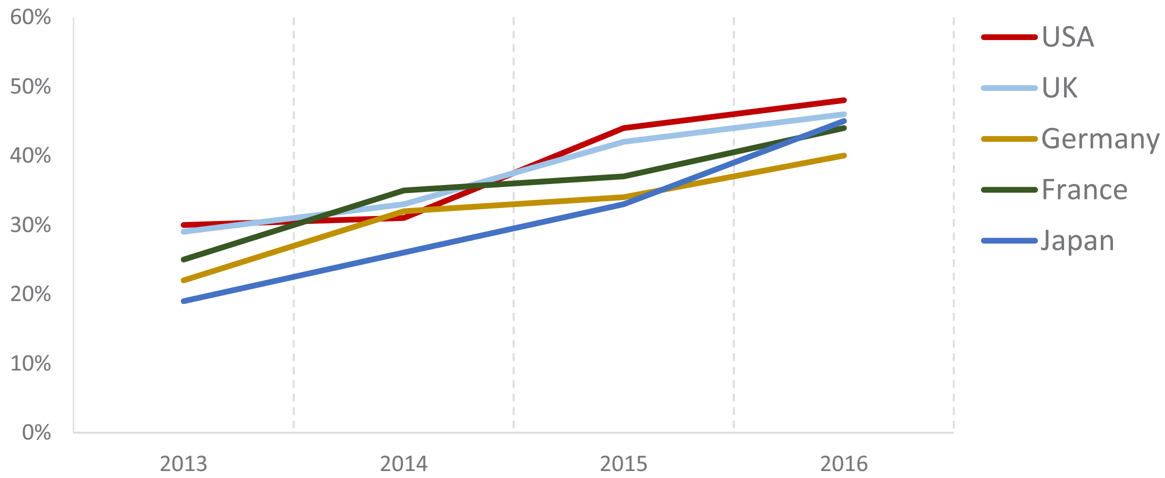
[2] See e.g. Meeker (2016).

[3] The Reuters Institute Digital News Report is the largest ongoing cross–national study of news media use in the world. First fielded in 2012, the survey covered 26 countries in 2016 (Newman et al 2016). The report is based on an online panel and will thus underrepresent the media habits of those who are offline, predominantly older, less affluent people. The advantage of using the data here is that it provides a consistent cross–national perspective and tracks key developments over time. More information at digitalnewsreport.org.

income countries. In 2010, mobile media use accounted for an estimated 8 percent of the time Americans spend using media, and internet access via personal computers 25 percent. By 2015, mobile media had grown to 25 percent and overtaken internet access via personal computers, which was down to 22 percent.[4]

As is clear from Figure 2.2, the number of people who say they rely on mobile media for news has grown rapidly in parallel and show no signs of slowing down. In a number of countries including several of the Nordic countries, the UK, and highly developed markets in the Asia–Pacific region, more people rely on smartphones than on personal computers for accessing digital news.

Figure 2.2 – Smartphone Use for News in Selected Countries



Data from the Reuters Institute Digital News Report 2013–2016. Q8b. Which, if any, of the following devices have you used to access news in the last week? Base: Total 2013–2016 sample in each country.

2.3. An increasingly social media environment

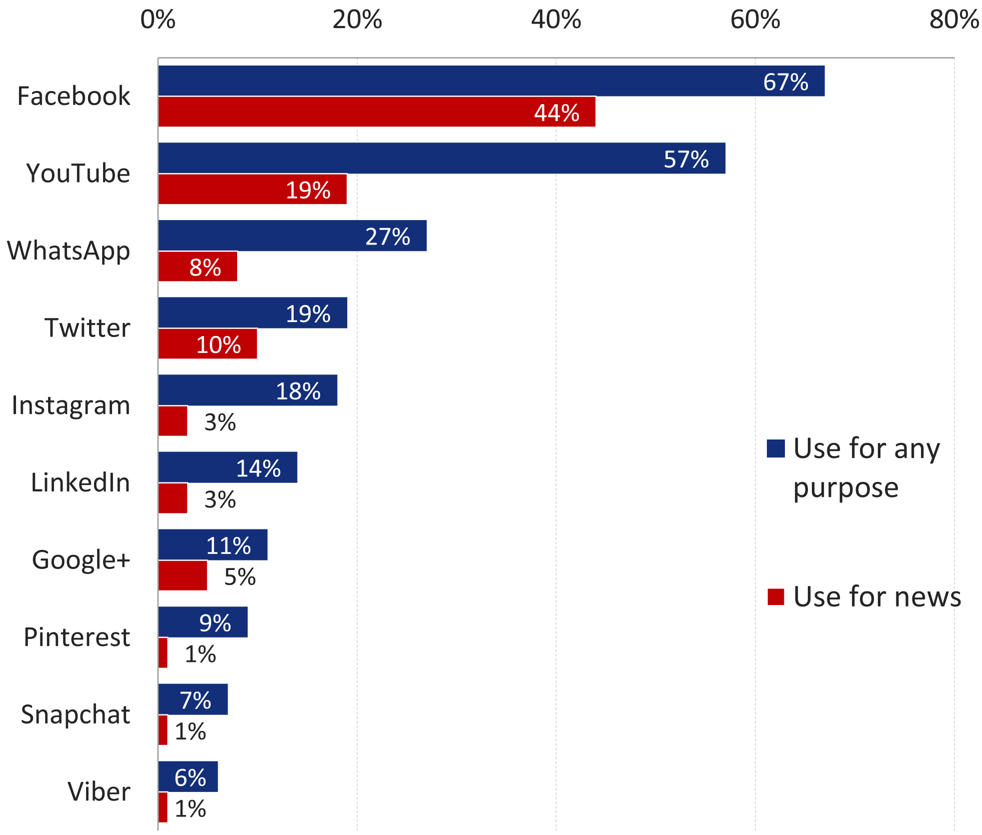
The move to mobile media has been accompanied by the rise of social media, most importantly Facebook but also increasingly video–sharing sites like YouTube and Vimeo, messaging services likes WhatsApp and Snapchat, photo–sharing sites like Instagram and Pinterest, and microblogging tools like Twitter. Several of these services are offered by a small number of large technology companies that occupy a central position in the digital media environment—Google owns YouTube, for example, and Facebook owns WhatsApp and Instagram.

Social media are not only widely used to share experiences and stay in touch with friends and family. They also play an increasingly important role as sources of news as more and more people come across news on these platforms. Figure 2.3 below presents first the percentage of all respondents across the 26 countries covered in the 2016 Reuters Institute Digital News Report that say they have used the

[4] Meeker (2016).

platform in question for any purpose in the last week (in blue), and second, the percentage who say they have used it as a source of news (in red). With 44 percent reach across 26 countries and 1.7 billion active users globally, Facebook, a company founded in 2004, now reaches more people with news than any media organisation in the world. The biggest platforms are increasingly important for the distribution of news, but invest little or nothing in news production.

Figure 2.3 – Top social networks for news (and for any purpose) in all countries



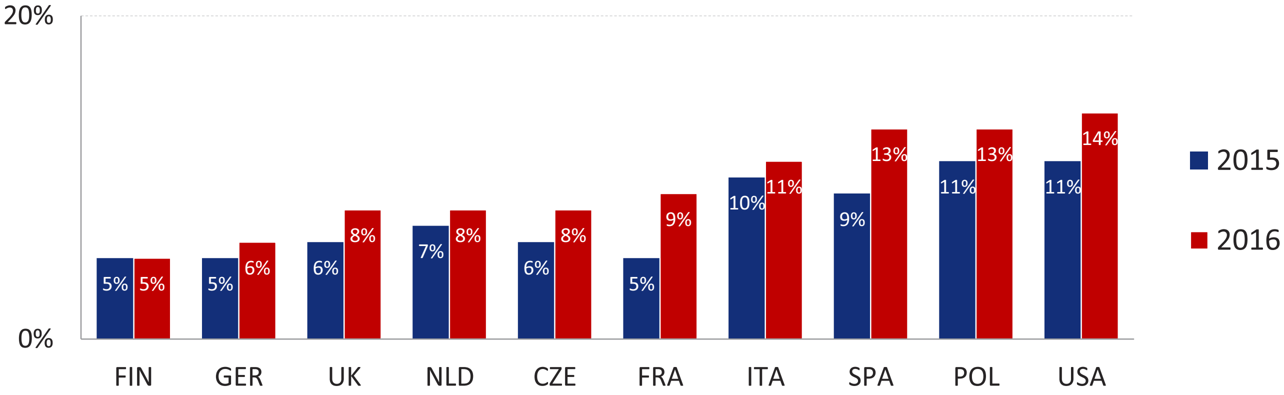
Data from the Reuters Institute Digital News Report 2016. Q12A. Which, if any, of the following have you used for any purpose in the last week? Please select all that apply, and Q12B. Which, if any, of the following have you used for finding, reading, watching, sharing or discussing news in the last week? Please select all that apply. Base: Total sample in each country.[5]

Social media are an increasingly widely used way of accessing and finding news. How important varies significantly across countries, as can be seen in Figure 2.4. In countries characterized by historically strong news media who enjoy

[5] Along with country–based figures, throughout the report we also use aggregate figures based on responses from all respondents across all the countries covered in the Reuters Institute Digital News Report. These figures are meant only to indicate overall tendencies and should be treated with caution, because of country–to–country differences and the difficulties of generalising across countries on the basis of nationally representative samples.

relatively high levels of trust and have aggressively invested in building attractive digital products and services—like the Nordic countries and the United Kingdom—social media are widely used for news, but rarely named as people's main source of news. In countries where news media have either historically been weaker, or have been harder hit by digital disruption in recent years, and where people tend to truest news media less—like parts of Southern Europe and the United States—social media is more frequently named a main source of news.

Figure 2.4 – Growth in social media as main source of news between 2015 and 2016



Data from the Reuters Institute Digital News Report 2015–2016. Q4. You say you've used these sources of news in the last week, which would you say is your MAIN sources of news. Base: All in 2015/2016 who used a source of news in the last week: (between around 1500 and 2000 in each country).

2.4. From direct contact to distributed media

The move towards a more digital, more mobile, and more social media environment points towards a situation where news media are still very important for news production, but are relatively less important for news distribution than they were in the past.

We are moving from an environment where audiences found news by going directly to the various channels offered by news media—broadcast and print, websites and email newsletters, and today increasingly mobile apps and alerts—to an environment characterized by "distributed discovery", where direct access is still important, but increasingly supplemented by people coming across news via search engines, social media, aggregators, and the like.

As is clear from Figure 2.5, the relative importance of each form of discovery varies significantly from country to country, but overall, distributed discovery via third party platforms like search engines and social media are clearly becoming more widespread and important.

Figure 2.5 – Ways of coming across news online – 2016

	UK	GER	FRA	FIN	GRE	POL
Direct entry	47%	27%	27%	62%	44%	27%
Search	20%	37%	35%	15%	54%	62%
Social Media	25%	21%	26%	24%	55%	38%
Aggregator	6%	6%	5%	9%	6%	8%
Email	7%	15%	22%	6%	21%	14%
Mobile Alerts	9%	8%	14%	5%	8%	7%

Data from the Reuters Institute Digital News Report 2016. Q10. Thinking about how you got news online (via computer, mobile or any device) in the last week, which were the ways in which you came across news stories? Please select all that apply. Total sample in each country.

The move towards distributed discovery has been going on for some time as first aggregators, then search engines, and later social media have become more and more important for how people find news online. The development is continuing with the rise of "distributed content", where news is not only found via, but consumed on, platforms controlled by third–parties that do not produce their own content. The most important examples of this are the launch of Snapchat Discover (2015), Facebook Instant Articles (2015), and Apple News (2015), all initially open only to a few partners but gradually opened up to and embraced by more and more media organisations.

The rise of these "off–site" formats, where publishers can reach audiences without relying on their own websites or apps, and the way in which brands like BuzzFeed have built significant reach beyond their own channels, have led some to suggest the future of news will be entirely distributed with news organisations focusing on production and platform companies controlling distribution.[6] Most news organisations still, however, insist on investing in channels for direct communication with their target audiences through legacy channels as well as digital channels including websites, mobile apps, alerts, notifications, and email letters.[7] There is a keen awareness amongst both private sector and public service news media that what a platform gives, it can also take away—sometimes suddenly—and that technology companies are primarily focused on what they see as their users' and their own best interests.

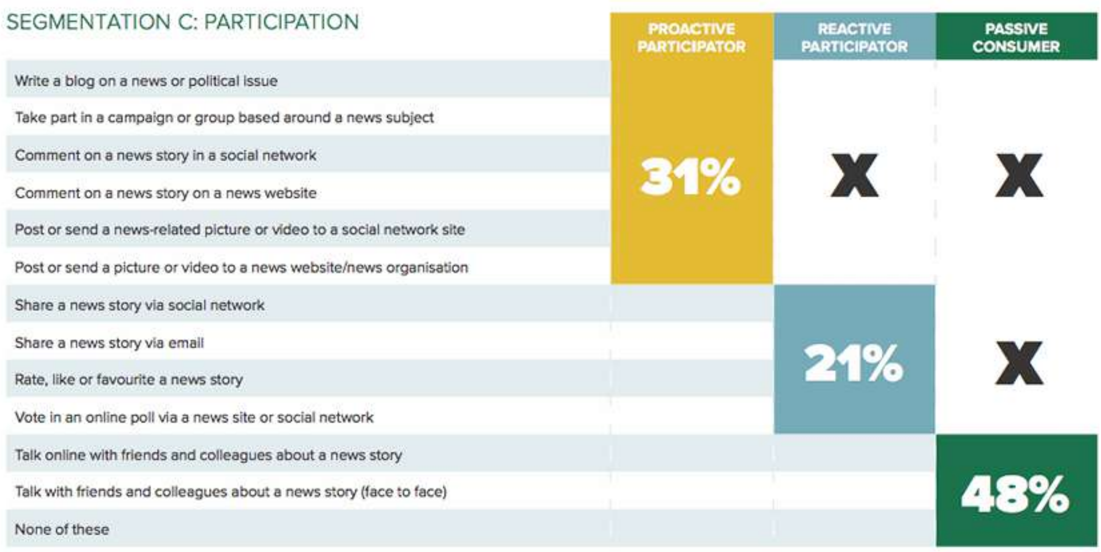
[6] See e.g. http://www.cjr.org/analysis/facebook_and_media.php.
[7] Cornia et al. (2016), Sehl et al. (2016).

2.5. A more participatory media environment for many

The development of a more digital, mobile, and social media environment not only empowers the large technology companies that have most successfully developed products and services for making use of it. It also provides digital media users with new opportunities to engage with the news by commenting on stories, sharing them, discussing them with others, or even publishing their own material via user–friendly tools like blogs or social media. News media have encouraged engagement by offering opportunities to comment on stories, and social media offer many options for posting, sharing, and discussing content.

According to data from the 2016 Reuters Institute Digital News Report, slightly more than half of all online news users across the 26 countries covered there have embraced these new opportunities for engagement. To better understand how people use the participatory potential of digital media, we can break down online news users into three categories as per Figure 2.6 below.

Figure 2.6 Share of population that engages with news to various degrees



Data from the Reuters Institute Digital News Report 2016. Q13. During an average week in which, if any, of the following ways do you share or participate in news coverage? Please select all that apply. Base: Total sample in each country.

48% are what we term "Passive Consumers" who may talk with friends and colleagues about news online and offline but does not engage in more participatory forms of media use like sharing or commenting, 21% are "Reactive Participators", who share and like stories, but do not comment, and 31% are "Proactive Participators" who post articles, comments on them, and sometimes blog or take part in campaigns. As with most of the other trends discussed here, there is significant variation in how many participate—in Southern European countries with low levels of trust and highly polarized political environments, levels of participation are high (48% Proactive Participators in Greece, 43% in Spain, and 42% in Italy), while the numbers in Northern European countries with higher levels of trust and less polarized political environments tend to be lower (18% in Germany, 21% in the Netherlands, 23% in the UK).

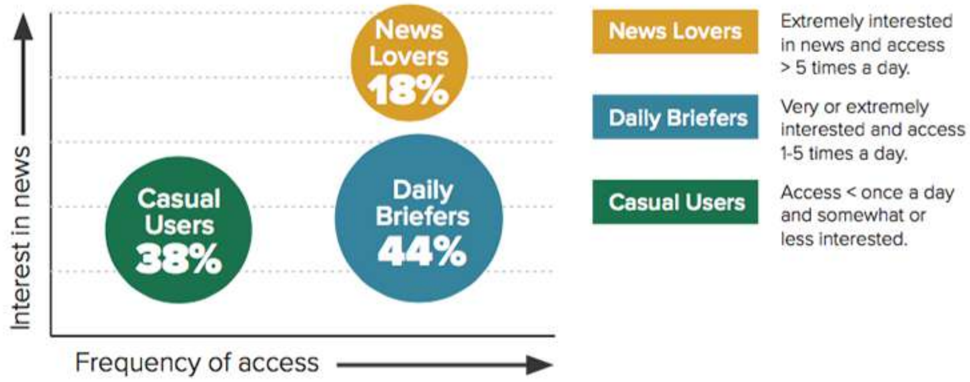
2.6. A more polarized pattern of news media use

How people engage with the changing media environment depends in part on their access to digital media and news, in part on socio–economic factors like age, gender, education, and income, and in part on interest in news. A general tendency is towards a more and more polarized environment along lines of interest, which in turn is associated in part with education and income. The move from a low choice media environment towards a high choice media environment that started with the spread of cable and satellite television has accelerated with the rise of digital media, and increasingly, the gap between those most interested in news (who embrace many of the new opportunities available) and those least interested (who embrace digital media, but not necessarily for news) is likely to grow.[8] Internet users have access to more and more information from more and more different sources, increasing the opportunities people have to use diverse sources and encounter different perspectives. An increasingly digital media environment offers more diverse opportunities than ever before in most respects (though, as we note below, the diversity of original professionally produced content in small markets, less lucrative niche issue areas, and at the local level is under pressure as media industry revenues and investment in news production decline).

How much people avail themselves of these opportunities depend on access to digital media as well as on interest in news. On the basis of interest in news and frequency of use, we can break down online news users across the 26 countries covered in the 2016 Reuters Institute Digital News Report into three segments: "News Lovers", who say they are extremely interested in news and access it several times a day, "Daily Briefers", who express high interest in news and access news at least once a day, and "Casual Users", who are less interested and use news less often than once a day. Across the 26 countries, Casual Users outnumber News Lovers by more than 2 to 1—as shown by Figure 2.7. Clearly, an abundant supply of diverse information and ease of access does not in itself guarantee wide dissemination of news.

[8] Prior (2005).

Figure 2.7 – Segmentation by frequency of access and interest in news

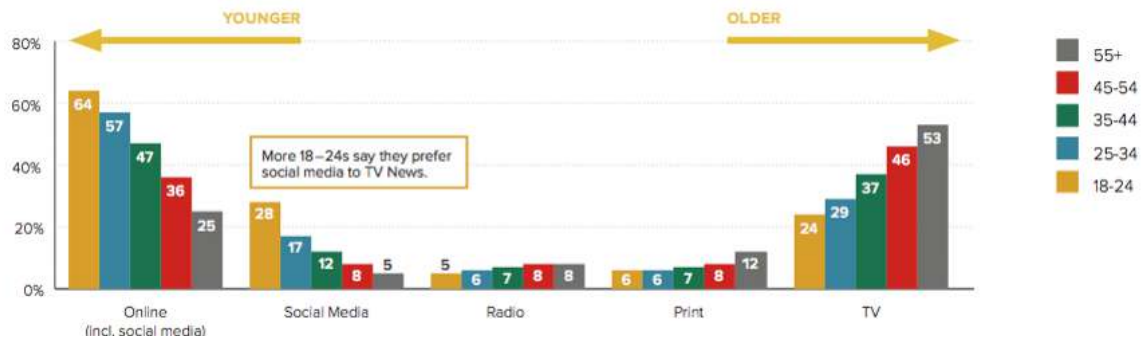


Data from the Reuters Institute Digital News Report 2016. Q1b. Typically, how often do you access news? Q1c. How interested, if at all, would you say you are in news? Base: Total sample in each country.

2.7. Generational differences in news and media use

News and media use is highly habitual and people's media habits are generally shaped in their youth. Older people adopt new media and new forms of media use, but often as a supplement to rather than instead of their established routines. Today, the majority of the population has grown up in a pre-digital media environment, but many of those who are under 35 have grown up with digital media. The generational differences are very pronounced when we look for example at what people identify as their main source of news (see Figure 2.8).

Figure 2.8 – Main source of news by age



Data from the Reuters Institute Digital News Report 2016. Q4. You say you've used these sources of news in the last week, which would you say is your MAIN source of news? Base: Total number of respondents in each country who have used a news source in the last week.

As they grow older, people's media habits change as their circumstances evolve (professionally and personally), but they rarely age into previous generations' dominant forms of media use. People who came of age in the 1960s did not abandon television in favour of print and radio, and we should not expect people who come of age in the 2010s to abandon digital media in favour of linear scheduled television and newspapers.

3. MEDIA RESPONSES

3.1. The business of news in a more digital, mobile, and social media environment

To understand how media have responded to the technological and market developments outlined above, it is necessary to briefly explain the state of the business of news in the late twentieth and early twenty-first century. Historically, the business of news was based on advertising (for both newspapers and commercial broadcasters) and consumer sales (for paid newspapers and pay television). Precise distributions vary from country to country, but the bulk of investment in professional journalism has generally come from newspapers. Data from the United Kingdom can serve to illustrate the relative importance of different sectors in investment in news. In 2012, a piece of research commissioned by the independent media regulator Ofcom estimated that newspapers accounted for 69 percent of all editorial investment in the UK, commercially funded broadcasters another 10 percent, the licence–fee funded BBC 21 percent, and online–only news providers 1 percent.[9] In countries with less well–funded public service media, private sector media will account for an even larger share of overall news investment. While an important supplement and sometimes popular with some parts of the audience, online–only news media generally only represent a very small part of overall investment in news production.

The majority of the money invested in news still comes from legacy operations like print newspapers and terrestrial, cable, or satellite television. Precise figures are not available, but interviews with senior industry leaders across a range of European countries suggest that most news companies in 2016 still generated at least 80 to 90 percent of their revenues and in most case all their profits from legacy operations.[10] For broadcasters, digital is an even smaller share of overall revenues. As digital revenues are still limited, the money invested in digital operations normally come from cross–subsidies and cost–cutting elsewhere in legacy organisations.

These legacy operations are under pressure, dramatically so for newspapers, increasingly also so for television. Printed newspaper circulation in Europe declined 21 percent from 2010 to 2015, and print advertising fell by 23 percent (WAN–IFRA 2015). Television viewing has so far held up better even as digital media have become more and more popular, but viewing has begun to decline especially amongst younger people in more technologically advanced markets, and many

---

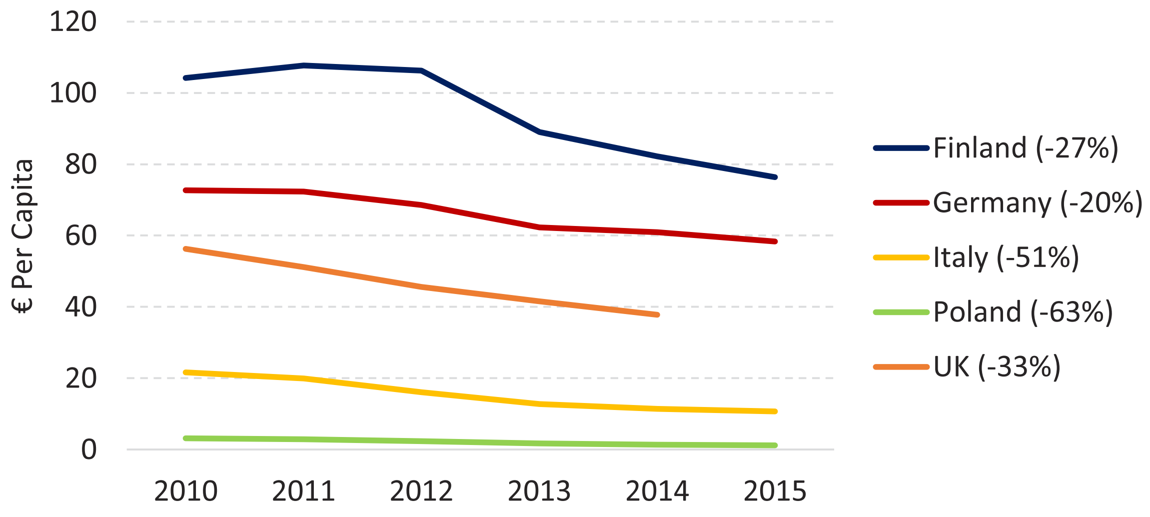
[9] Mediatique (2012). Due to rounding, the percentages add up to more than 100%.
[10] Cornia et al (2016).

observers expect significant pressure on television advertising and sales revenues in the near future as services like Netflix become more and more popular.[11]

Recent shifts in advertising, with a marked decline in newspaper advertising, stagnation and sometimes erosion in television advertising, and rapid growth in digital advertising provides an indication of how the overall media market is developing. Figure 3.1, 3.2, and 3.3 provides comparable per capita figures for a selection of European countries. The numbers are given in nominal Euro per capita. Figure in parenthesis is the change from 2010 to 2015 (2010–14 for the UK).[12]

In response to these changes, the general reaction of most news media organisations have been a combination of (a) investment in pursuing digital opportunities, (b) often dramatic cost–cutting and (c) attempts at market consolidation in pursuit of market power and economies of scale. As we continue to move towards a more digital, mobile, and social media environment, legacy operations will provide fewer and fewer resources for news production, and the importance of the digital business of news will become more and more pronounced. Cost-cutting and consolidation can help ensure profitability short-term, but do not on their own ensure a sustainable business of news long-term.

Figure 3.1 – Newspaper print advertising revenues 2010–2015



[11] Meeker (2016); Nielsen and Sambrook (2016).

[12] Source for Figure 3.1, 3.2 and 3.3: Our calculation based on WAN–IFRA (2016) data on advertising expenditure per medium (exchange rate GB£/€ and Zloty/€ 31 Dec. 2014) and Wold Bank (2016) data for population per country in 2010–15. All figures in nominal terms.

Figure 3.2 – Television advertising revenues 2010–15

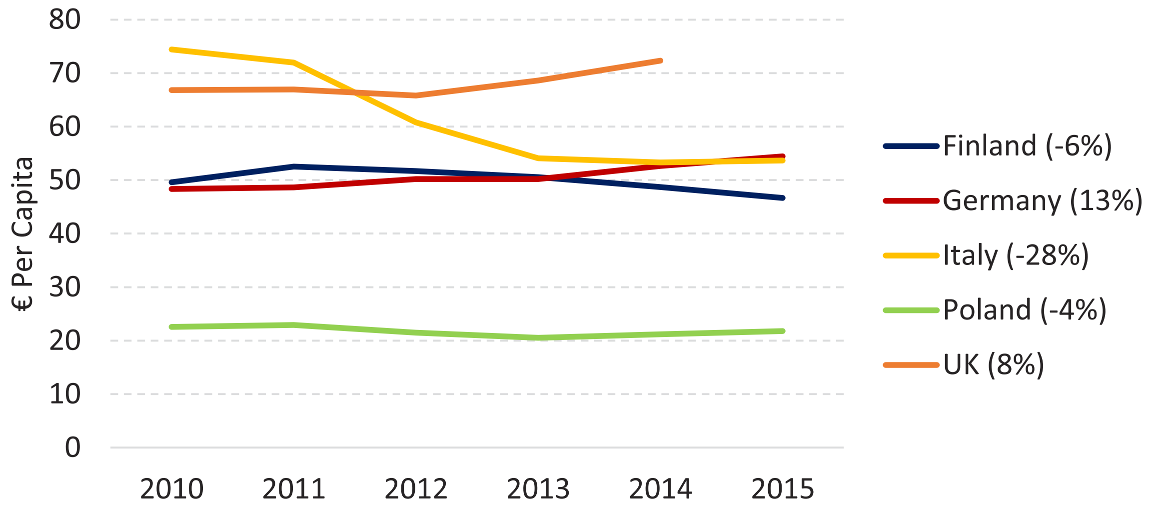
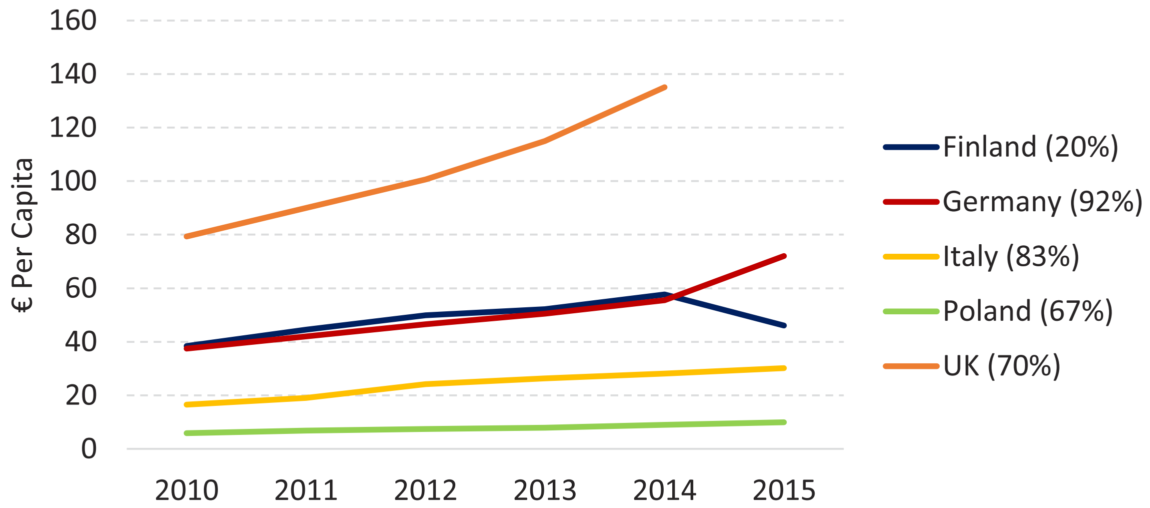


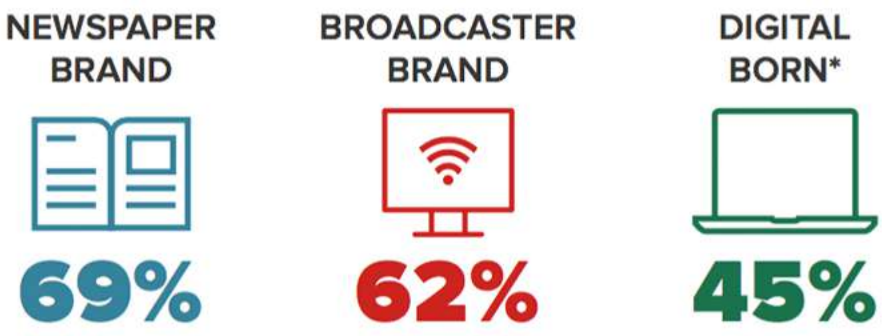
Figure 3.3 – Internet advertising expenditure 2010–15



3.2. Opportunities and challenges for news media

Many news media, including both newspapers and broadcasters, already have therefore invested substantial resources in digital media and have built significant audience reach online. Across the 26 countries covered in the 2016 Reuters Institute Digital News Report, the majority of internet users go to established news media organisations for online news, and more people go to newspaper brands and broadcaster brands than go to digital–born outlets like BuzzFeed, the Huffington Post, or various domestic online–only news sites. (See Figure 3.4.) The most successful media today have digital audiences far larger than what they have historically been able to attract to their legacy print or broadcast offerings. News organisations are clearly still not only key producers of news, but also important distributors of news, even as people also rely on aggregators, search engines, and social media.

Figure 3.4 – Proportion that use each type of news brand online



Data from the Reuters Institute Digital News Report 2016. Q5B. Which, if any, of the following have you used to access news in the last week? Base: Total sample

Audience reach, however, does not necessarily translate into a significant share of audience attention and by extension advertising and consumer sales. The developing digital media environment is in important ways dominated by a few large players who have developed very successful and popular products and services used frequently by large numbers of people. They in turn attract a large share of attention and advertising.

The trend towards the concentration of audience attention around a few large players can be seen across both the internet and in the mobile/tablet app environment and can be illustrated with data from the United Kingdom. Based on ComScore data from June 2016 on where users spend their time online, we have calculated the percentage drawn by the top ten players first across open websites and second across mobile/tablet apps, shown in Figure 3.5 and 3.6.

The top ten players account for half of time spend on websites and more than sixty percent on apps. In both cases, only one media organisation—the BBC—makes it into the top ten. According to ComScore data, the BBC attracted 6% of audience attention on the open web, 11% in the app environment in June 2016. By comparison, the combined BBC audience share in UK television viewing is 33% and the BBC share of all radio listening is around 55%.[13]

[13] OfCom (2016), Winter (2016).

Figure 3.5 – Time spent across top ten sites in the UK (June 2016)

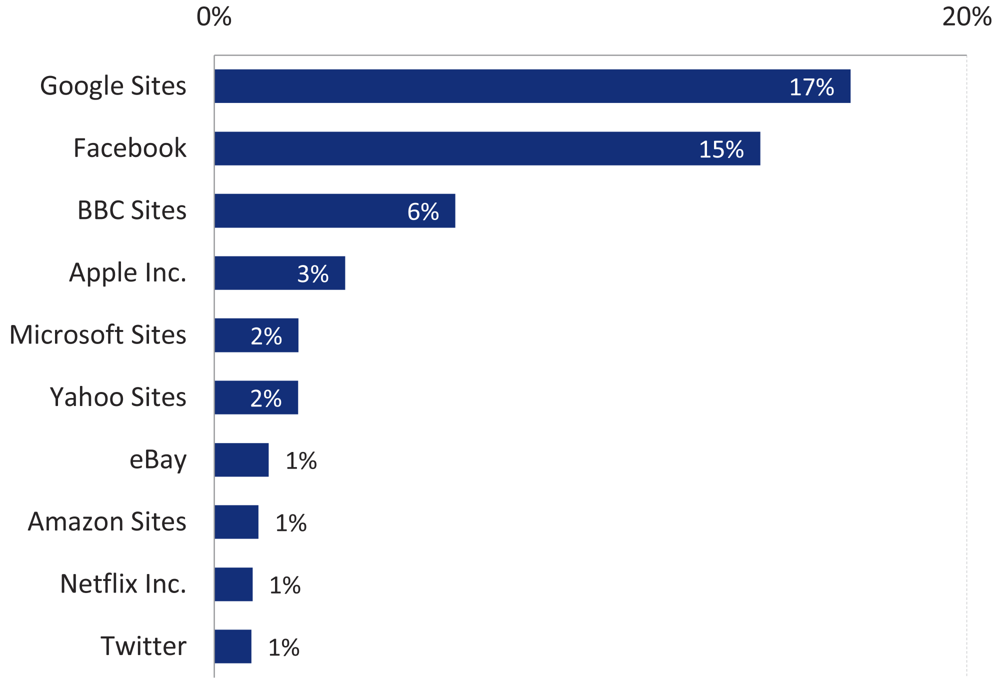
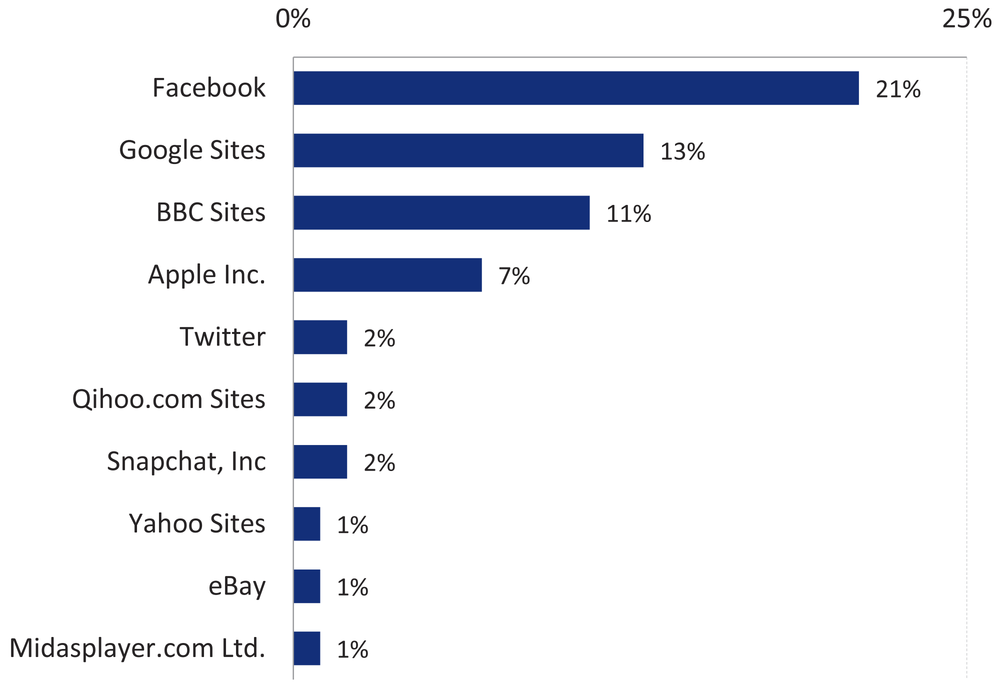


Figure 3.6 – Share on time spent across top ten apps in the UK (June 2016).



Source: Our calculations on the basis of data from ComScore.

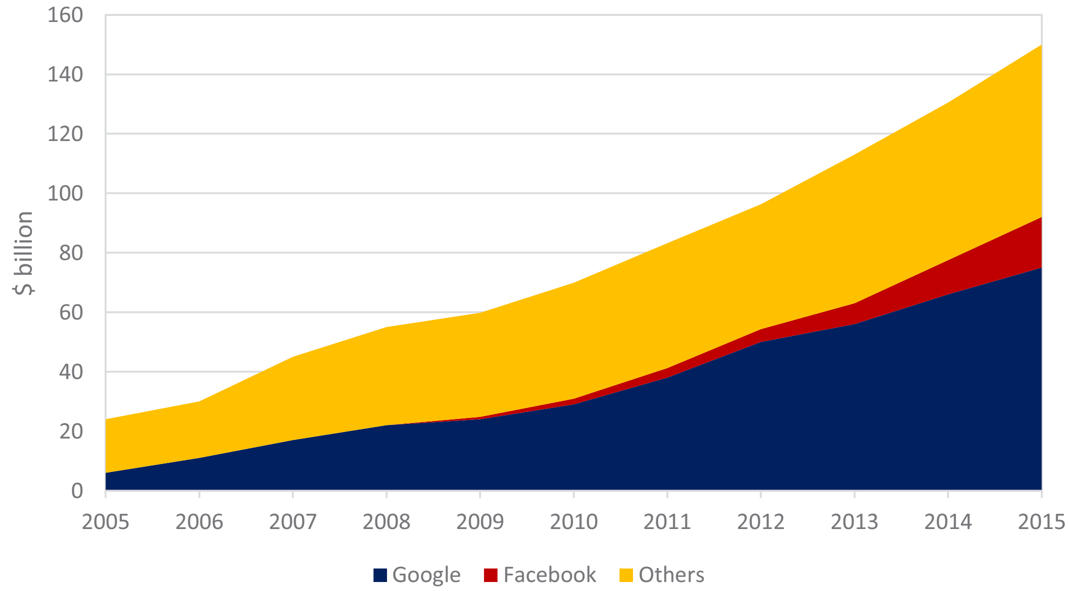
Despite substantial investments and the significant audiences that many news media have succeeded in attracting online, the business of digital news is therefore difficult. The market power of media organisations enjoyed until the 1990s, where audiences and advertisers had few alternatives to print and television, have been drastically reduced in the 2000s and 2010s, where audiences and advertisers have many digital media alternatives. News media, including both legacy organisations and digital–born organisations, consequently face significant challenges. The main sources of revenue they pursue are advertising and consumer sales, though more and more are pursuing alternative sources of revenue (discussed in more details below).

3.3. Digital Advertising

In terms of advertising, news media face (1) fierce competition from large technology companies that provide high audience reach, data for highly targeted advertising, and low rates enabled by their economies of scale and capture the majority of digital advertising, as well as a very large number of other, less prominent websites where advertisers can advertise at very low prices enabled by advertising exchanges, (2) the move to a more mobile environment with less space for advertising and so far lower advertising rates and (3) the increasingly widespread use of ad–blockers.

First, the central positions occupied by the most successful large technology companies is reflected not only in their large number of users, their increasingly important role in how people discover news, or their significant share of attention online. It is also reflected in their success when it comes to attracting digital advertising. Precise estimates vary, but some suggest that Google alone accounts for more than 30 percent of digital advertising globally, and Facebook more than 10 percent. Figure 3.7 provides an estimate of their share over time.

Figure 3.7 – Estimated Global Digital Advertising Revenues 2005–2015

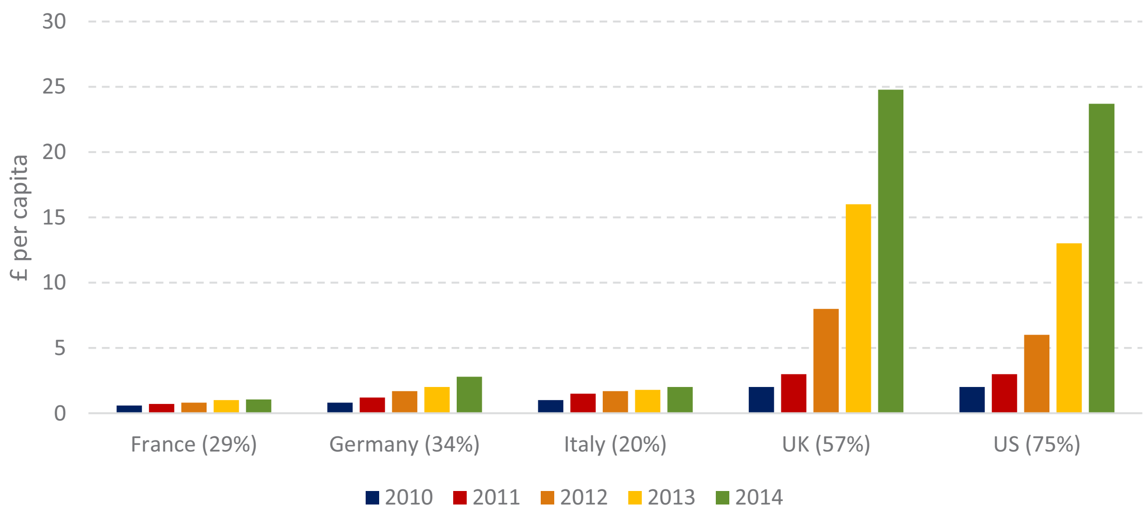


Sources: Ian Maude, Be Heard Group, data from Google, Facebook, and estimates from Enders Analysis.

Considering the prominent role played by a handful of other companies including Amazon, Apple, Microsoft and Yahoo (the latter now owned by Verizon), large international technology companies account for more than half of all digital advertising in many media markets, leaving domestic content producers and other actors to compete for the rest. This means that while digital advertising is growing rapidly (as shown in Figure 3.3 above), much of it goes to a few very successful companies who do not invest in news production, even as they do enable news distribution (through distributed discovery) and increasingly news consumption (through distributed content).

Second, the rapid move from a desktop internet to a mobile web is changing the business of digital news. Several media organisations already get a large majority of their traffic from mobile devices.[14] But the mobile advertising market is particularly challenging because the space on the screen for ads is more limited, the rates are low, and technology companies are even more dominant than in desktop advertising. Audiences have also in many cases moved to mobile much faster than advertisers have, as illustrated by the variable advertising spend per mobile user observed across Europe seen in Figure 3.8. Mobile advertising will grow for years to come, but news organisations face tough competition for a share of these revenues.

Figure 3.8 – Mobile advertising expenditures per head, 2010–2014



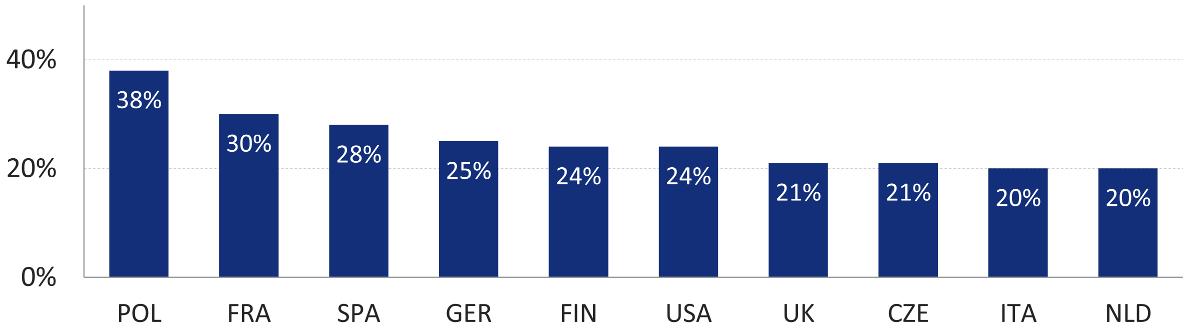
Source: 2015 Ofcom International Communication Markets (figure in parenthesis last year–on–year growth).

Third, online news users frustrated by slow load times and intrusive advertising on many sites are increasingly installing and using ad–blocking software. Ad–blockers are popular across the world, but particularly so in some countries such as Poland and Greece (see Figure 3.9). Although it is a worry in many

[14] Cornia et al. (2016).

news organisations, only a few have adopted concrete actions to combat it: The German tabloid *Bild* is one of the first European national bands to block all content on its website for users with an active ad–blocker.[15] Fundamentally, ad–blocking is an industry built on audiences' response to a poor user experience resulting in large part from the advertising surrounding content that people otherwise value.

Figure 3.9 – Use of Ad–blocking software across select markets



Data from the Reuters Institute Digital News Report 2016. QAD3. And do you currently use software on any of your personal devices (e.g. laptop, smartphone etc.) that allows you to block adverts on the internet (e.g. Adblock Plus)? Base: Total sample in each country.

Despite the pressures on digital advertising, a significant number of news media still offer digital news free at the point of consumption, and base their business primarily on advertising. This is the strategy of a number of newspapers with very large online audiences (e.g. the British *Mail Online*, the Italian *La Repubblica*, and the Polish *Fakt*), most commercial broadcasters (Sky, RTL, Mediaset, etc.), as well as many digital–born news media (both international players like BuzzFeed and the Huffington Post and domestic players like Uusi Suomi in Finland and the Lad Bible in the UK). But it is clear that more and more publishers no longer believe that digital display advertising alone can support professional content production, and more and more, including both newspapers and digital–born news sites like MediaPart in France, are pursuing pay models instead.

3.4. Digital Sales

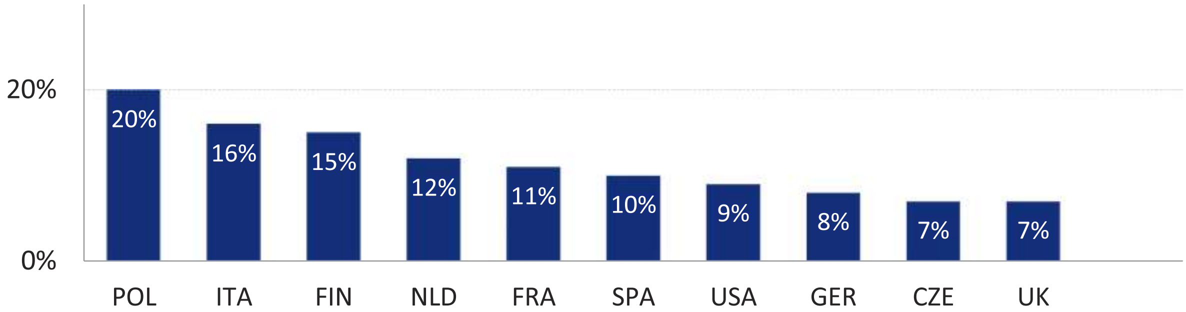
Starting with experiments in France and Germany in 2010 and in the United States from 2011, various pay models have been developed, ranging from hard paywalls where only paying readers can access content, over 'freemium' models where some content is only for paying readers with the rest being freely accessible, to metered models where users can read a set number of articles per month or week before they are asked to pay. Examples of major European newspapers that have introduced pay

[15] Cornia et al. (2016).

solutions in recent years are the Finish *Iltalehti*, the French *Le Figaro*, *Süddeutsche Zeitung* in Germany, and the Italian *Il Corriere della Sera*.

So far, however, the combination of a long period where most online news was available for free at the point of consumption combined with the large number of free alternatives on offer and the fierce competition for attention means that only a limited number of online news users have been willing to pay. The predictions that pay models would not work for news are clearly wrong, as some titles have built significant bases of paying subscribers and continue to see incremental growth, but it is clear that pay models will not work for all media organisations and that it is still only a minority of online news users who are willing to pay. How many varies by country, as can be seen from Figure 3.10.

Figure 3.10 Proportion who paid for online news in the last year – select countries



Data from the Reuters Institute Digital News Report 2016. Q7a. Have you paid for ONLINE news content, or accessed a paid–for ONLINE news service in the last year? (This could be digital subscription, combined digital/print subscription or one–off payment for an article or app or e–edition). Base: Total sample in each country.

3.5. Other sources of digital revenues

In light of the challenges surrounding both advertising and sales revenues online, both legacy and digital–born news organisations are increasingly exploring alternative sources of revenue. It is hard to assess the performance so far as there is little data available, but three types of initiatives are worth highlighting—

First, a growing number of newspaper organisations are developing new content offerings such as new 'verticals' (i.e. new content–based projects with distinct brands), new sections of the main brand and other new products based on re–packaged content (e.g. apps re–publishing content already produced in different forms and with different kind of selection to better meet the needs of certain users at almost no additional cost).

Second, news organisations are investing in strengthening their native advertising and branded content operations. Brand messages adopting formats similar to editorial contents have been a part of many news organisations' strategies for some time, but the growth of ad–blockers, the rise of distributed content, and the low rates of generic display advertising have all led to renewed interest. Some research suggest users have reservations about native advertising unless very clearly marked as such and the overall demands from brands is still hard to establish, but a some news organisations reports that this already represents a significant part of their digital revenues and expect the market to significantly grow in the future.[16]

Third, many news organisations have adopted diversification strategies to explore new sectors outside their core market (e.g. by moving into e–commerce, business–to–business services, and offline operations such as events and merchandising). Diversification is generally considered by newspaper publishers as a way to explore new streams of revenue beyond digital advertising and subscriptions, which are not yet producing the expected results in term of revenue, but still being based on their main assets (their brand reputation and the perspective they share with their audience).

Beyond this, a limited number of often larger private sector media companies have also pursued strategies that are viable only for a limited number of players (and not realistic for a larger number of smaller ones), including the creation of advertising networks aimed at reaching a scale closer to the large technology companies, attempts to transform themselves into platform-like enterprises, as well as diversification out of the content business through investments in other activities including classified advertising sites and other activities with no direct connection to news production and distribution.

3.6. Digital–born players

Digital–born news media face many of the same basic business challenges online as legacy news media organisations such as newspapers and broadcasters—a very competitive advertising market, difficulties in convincing users to pay, and at best incremental advances in terms of generating other revenues. Even if their organisations are often cheaper, leaner, and more adaptable than those of older companies, they lack the legacy revenues, brand reputation and loyal audiences some of these have. Generally, digital–born media have not done significantly better than legacy media in terms of building a sustainable business of digital news. The main actors in this space include the following—

1. Portals and other actors from the early days of the web 1.0, including MSN, Yahoo, and domestic equivalents like t–online in Germany or Onet in Poland.
2. US–based digital–born players with international ambitions, like BuzzFeed, the Huffington Post, and Vice, whose expansion is generally fuelled by investors or deep–pocketed owners, who operate on the basis of the visibility, revenue, and reach generated in their large domestic US market, and who operate on the growth–first, revenues–later model of many digital start–ups.

[16] Newman et al. 2015, Cornia et al. 2016.

3. Newer domestic digital–born players with national or regional ambitions, often started by journalists with a past in comparable legacy media. Some of these are editorially–led private media like MediaPart in France, others are non–profits like Correctiv in Germany.

Generally, only very few digital–born media have managed to survive, establish themselves, and grow to make significant contributions to news production and news distribution. Several recent studies have documented how difficult it is for journalistic start–ups to get off the ground, especially as they face a combination of (a) a challenging market, (b) a fast–changing environment, and (c) still–strong incumbent legacy media.[17]

A possible alternative is non–profit media and volunteer media or "citizen journalism". Some initiatives exist in this domain, and in a few areas in the United States, new digital–born non–profit media and local volunteer media have established themselves as significant players. So far, however, there are few examples across Europe of sustainable non–profits or volunteer–driven news media.[18] Generally, research from the US suggest that these types of initiatives can add real value to a local media environment but are far more likely to emerge and sustain themselves over time in relatively affluent and resource–rich areas than in thinly populated rural areas and poor urban areas.[19]

3.7. Media responses and media pluralism

The technological and market developments outlined in section 2 and the media responses discussed in this section together means that while an increasingly digital media environment offers internet users easier access to more and more information, media pluralism is likely to be reduced in some areas. Large parts of the media market is increasingly dominated by a limited number of very large players and accompanied by consolidation and cost-cutting elsewhere in the media landscape. This development means that less money is invested in original, professional news production, especially in small markets, in less lucrative niche issue areas, and at the local level.

4. LEGAL AND POLICY RESPONSES

4.1. General legal and policy responses

Broadly, legal and policy interventions in the media market takes three forms: (1) broad investments in infrastructure and capacity, (2) direct and indirect intervention

[17] Bruno and Nielsen 2012; Sirkkunen and Cook (2012).
[18] Sirkkunen and Cook (2012); Williams, Barnet, Harte and Townend (2014).
[19] Napoli et al. (2015).

specifically aimed at media, and (3) wider legal regulations aimed at enabling a well-functioning and competitive marketplace.

Many governments have invested heavily in broad information society policies meant to increase connectivity and equip citizens, businesses, and other relevant actors to make use of digital technology. These initiatives are often launched with some general reference to the opportunities that digital technology presents for news and media. But they rarely include targeted initiatives aimed at news and media. Insofar as they accelerate the adoption and use of digital media, they simultaneously make it easier for internet users to access news, benefit domestic and international technology companies, and intensifying the structural pressures on legacy media organisations.

The main forms of intervention aimed more specifically at media has remained the same as in the late twentieth century—primarily public funding for public service media (PSMs), secondarily, indirect and direct support for private sector news media, primarily newspapers. Some countries also offer some direct support for other private sector media including digital–born media and commercial broadcasters.

In terms of the wider legal framework, a range of broad areas are relevant for news media developments, including laws on contempt, data protection, defamation, freedom of information, and privacy. One of the issues most frequently raised by news media organisations themselves is copyright, in particular in connection with the rise of large technology companies like search engines and social media that in part serve their users as intermediaries to content created by others.

4.2. Public service media

Public Service Media (PSM) confront the same technological challenges that private sector news organisations face, and the changing market means that they face intensified competition for audiences' attention, even if their revenues are not directly impacted by the structural transformation underway in our media environment. Beyond these technological and market challenges, PSMs face additional unique economic and political challenges in some countries.[20] Economically, public funding for PSM has remained stable in some countries but decreased in several European countries, for example Italy, in part due to wider austerity measures and in part due to reduction of funding directed specifically at PSM. Politically, private media and some political parties are questioning the current scale and scope of PSM and calling for more narrowly defined roles and remits, especially when it comes to online activities.[21]

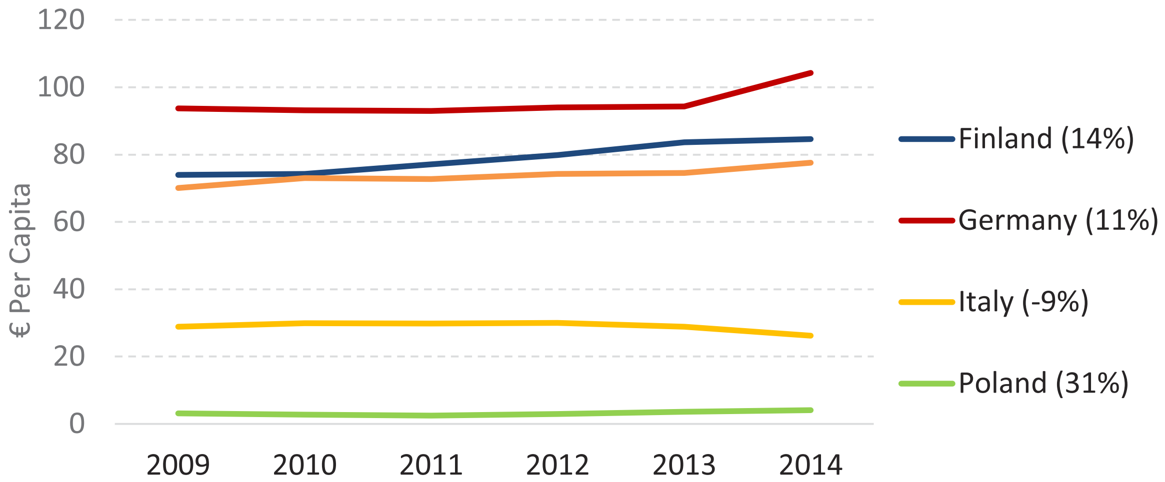
Public funding for PSMs normally takes the form of a licence fee, an ear–

[20] Sehl et al. (2016).

[21] Additionally, PSM in some European countries under pressure in terms of their independence from governments and other political actors (EBU 2013; Arriaza Ibarra et al. 2015).

marked media tax, or in some cases direct government appropriations.[22] Given the risk that direct government and/or parliamentary control of revenues would reduce public service media autonomy and might effectively render them state media rather than public service media, money is often channelled through administrative boards/trusts rather than through government, and funding is often guaranteed for multiyear periods.[23] As can be seen in Figure 4.1, developments in public funding for public media vary by country. (Numbers given in nominal Euro per capita. Figure in parenthesis is the change from 2010 to 2014.). In some countries, per capita funding has remained broadly stable in recent years, increasing in line with inflation. In others, there has been some reductions, either as in the case of Italy, where the per capita figure has decreased, or as in the case of the UK, where per capita funding has increased in nominal terms, but the BBC has taken on a range of expenses previously funded by the government (the BBC World Service, S4C, free licence fee for those over 75), resulting in what some estimate is a twenty percent net reduction in overall resources.

Figure 4.1 – Public funding for public service media, 2009-2014



Data: Our calculation based on EAO (2016 and 2014-2010) data on breakdown of revenues of public broadcasting organisations and Wold Bank (2016) data for population per country in 2009-14.

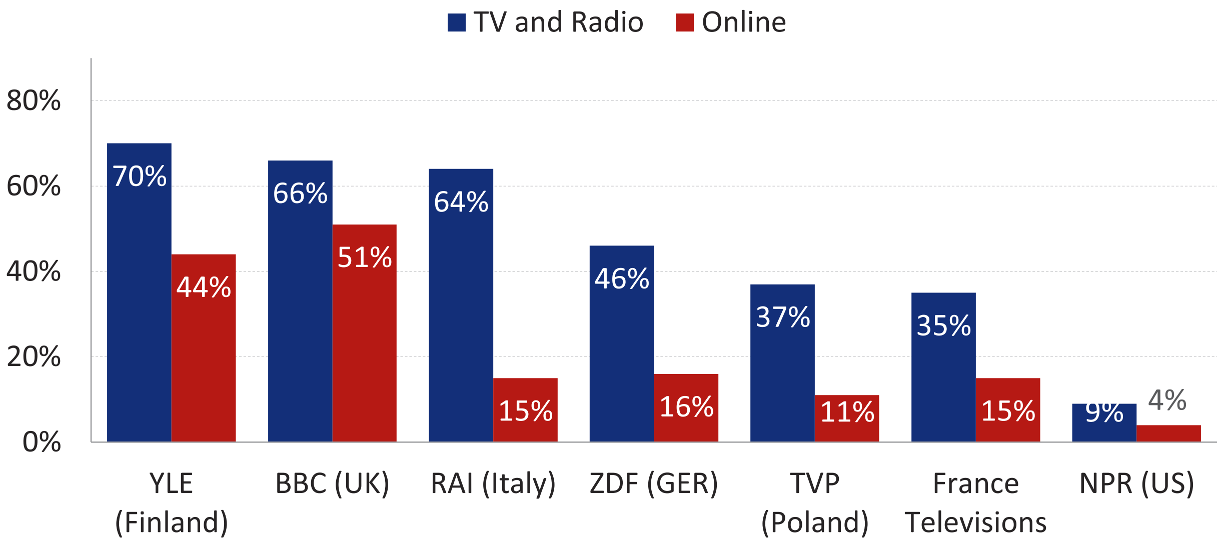
Beyond their politically–defined funding situation, PSMs across Europe have reacted in different ways to the move towards an increasingly digital, mobile, and social media environment where their traditional broadcast channels are relatively less important than they have been in the past and increasingly primarily serve an older audience while having limited reach amongst younger people. Their ability to reach a wide audience not only via offline channels like television and radio, but also via increasingly important online channels like websites, mobile apps, and

[22] Nielsen and Linnebank (2011); Herzog and Karppinen (2014).
[23] Benson and Powers (2011).

distributed content strategies varies greatly from organisation to organisation, as illustrated in Figure 4.2.

Recent research suggests that both external and internal factors influence PSMs ability to reach a wide audience with public service via digital, mobile, and social channels. The most successful ones, like YLE in Finland and the BBC in the UK, (a) operate in technologically advanced markets, enjoy relatively high levels of per capita funding, are integrated multi–platform organisations, and have a relatively high level of strategic autonomy from direct political influence and (b) are internally characterized by a pro–digital culture and senior leadership committed to delivering public service via digital as well as traditional broadcast channels.

Figure 4.2 – Public Service Media reach offline and online (2016)



Data from the Reuters Institute Digital News Report 2016. Q5a/b. Which, if any, of the following have you used to access news in the last week? Please select all that apply. Via offline/online platforms (web, mobile, tablet, e-reader). Base: Total sample in each country.

4.3. Indirect and direct support for private sector media

Indirect support for private sector media have historically primarily come in the form of VAT exemptions or other tax benefits normally targeted specifically at newspaper publishers, in some countries also other indirect forms of support including reduced rates for travel, postal and telephone services. Indirect support has provided significant support for private sector news media and researchers have suggested these arrangements have helped increase both news provision and news plurality.[24] Indirect support through tax benefits today however faces a series of challenges. First, these benefits are normally tied to printed newspapers specifically and not available for digital media products. Changing this is difficult because it is easier to define who exactly are entitled to indirect support offline (newspapers with

[24] See the literature reviewed in Nielsen and Linnebank (2011).

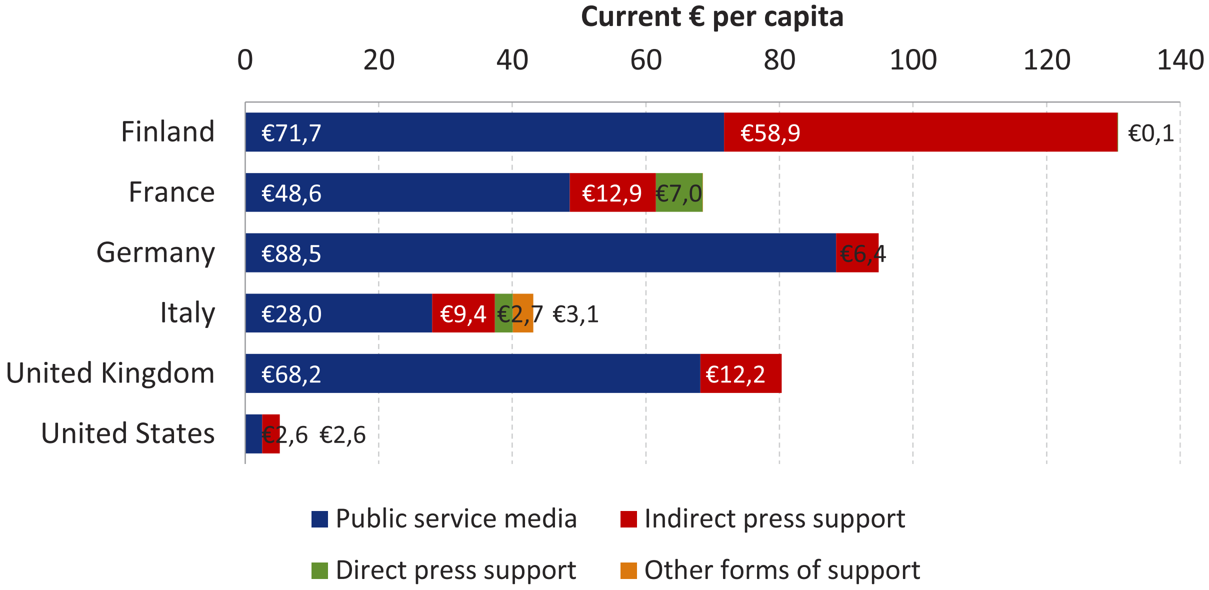
a defined proportion of general interest news that appear with a certain regularity) than who are entitled to indirect support if these schemes were moved online. Second, the value of these benefits is directly tied to the revenues generated by the news organisations that benefit from them, and are thus cyclical rather than counter–cyclical forms of intervention—very valuable when revenues are high, less significant as revenues shrink.

Finally, some countries have in addition provided direct subsidies to some or all newspapers to reduce distribution costs, increase circulation, and increase diversity. [25] The exact arrangements vary by country, from general subsidies (available to all titles meeting certain minimum requirements) to targeted subsidies (available only to a minority of news organisations). As a policy tool, direct subsidies face many of the same issues as indirect subsidies—historically they have frequently been tied to print, defining who exactly should benefit if similar support was made available for digital media can be difficult. Recently, a vivid debate has taken place in Italy and France regarding the direct press subsidies, and there are calls for reallocation of funds towards media research for online strategies.[26] In Denmark, direct subsidies have been shifted from support for distribution to support for news production and are now available to legacy media and digital-born media equally provided they employ professional journalists. These forms of intervention have the advantage over indirect support that they unlike tax benefits do not necessarily depend on target organisations' existing revenues. They have the disadvantage that direct support can create the perception or reality that news media organisations are dependent on public money and thus more vulnerable to government and political influence.

No up-to-date estimates exist of the overall value of different forms of direct and indirect public support for media, but as policies in this area have generally change only incrementally, the 2008 figures reported in Figure 4.3 provides an indication of the relative composition in a range of different high income democracies, including both public funding for public service media, indirect support for private sector media, and direct support for private sector media.

[25] Nielsen and Linnebank (2011).
[26] Brüggemann et al. (2015).

Figure 4.3 – Public support for media (2008)



Source: Nielsen and Linnebank (2011).

Other possible forms of indirect or direct support for private sector include (1) legal changes to make it easier to operate non-profit news organisations and more attractive to support them and (2) public investments in incubators like Media Lab Bayern intended to enable innovation in digital journalism to benefit the wider media environment rather than individual existing companies.

4.4. Legal and policy responses to policy issues

Given the pressures in particular newspaper publishers are under in a changing media environment, and the perception that many other actors in a digital media environment benefit directly and indirectly from content produced and published by newspapers, publishers have in several cases called for reform of copyright to strengthen their position. Much of the discussion has focused on whether aggregators, search engines, and social media that present snippets of content published elsewhere should compensate the original publisher. Newspapers in particular have frequently argued these large technology companies unfairly benefit from news produced by others. Technology companies have in turn argued that publishers are free to opt out of being presented on their platforms, and that their services create value for publishers by driving traffic and revenue their way.

The exact nature of this debate varies by country, depending on existing legislation, the outcome of litigation, and new legislative intervention. Consider just three different examples—

1. In Denmark, publishers acted together and successfully used litigation to prevent news from being copied by aggregators. No new legislation has been sought by news organisations or passed by legislators. Aggregators like Google News (and domestic rivals) are not active in Denmark, but news content is still available through search engines and social media.
2. In Spain, in contrast, publishers felt existing legislation failed to protect their rights adequately and a group of publishers successfully pushed for a law requiring services which post links and snippets of news articles to pay a fee to the newspaper industry association AEDE. Publishers cannot opt out or offer their content for free (the right is inalienable). The law took effect in 2015. In response, a number of aggregators have pulled out of the Spanish market, including both international players like Google News and domestic players.[27] News content is still available through search engines and social media.
3. In Germany, publishers, unhappy with existing legislation and the outcome of attempts to use litigation to protect news content, pushed for the introduction of an ancillary copyright for newspaper publishers (similar to the related rights already held by for example film producers and database creators). In principle, the rules would have required aggregators, search engines, and others to pay publishers a license fee in return for the right to publish snippets of articles. After much debate, the ancillary copyright was introduced in 2013. In practice, large technology companies have moved to an opt–in system where publishers opt to have snippets appear and forego the license fee.[28] Many publishers have chosen to embrace this option. News content is thus still available through aggregators, search engines, and social media in Germany.

As of September 14 2016, the European Commission has presented a proposed directive on copyright in the single market which incorporates elements of the German ancillary copyright approach.[29] The proposal has been praised by publishers’ associations like EMMA, ENPA, EPC, and NME but criticized by both technology companies and members of the European Parliament.

More broadly, both incumbent media organisations and a variety of digital-born players including domestic and international players have in a number of different countries and at the European Union level voiced concerns that some large technology companies have engaged in anti-competitive practices exploiting their dominant position in some areas to favour their own services over those of potential competitors.

---

[27] https://www.theguardian.com/world/2014/dec/16/google–news–spain–publishing–fees–internet
[28] https://infolawcentre.blogs.sas.ac.uk/2014/12/11/can–copyright–save–news–and–should–it/
[29] https://ec.europa.eu/digital–single–market/en/modernisation–eu–copyright–rules

5. CONCLUSION

In this report, we have provided an overview of opportunities and challenges for news and media in an increasingly digital, mobile, and social media environment and reviewed responses from media and policymakers. Our overall analysis is that we are moving towards a media environment where most people have access to more and more news and information about many issues, in large part enabled by digital media and the products and services of large technology companies, but where many do not necessarily engage with this information (because they find other offers more relevant, interesting and valuable than news) and where the media industry that has historically produced most of this news is under significant pressure.

We have identified three underlying trends in how news and media in otherwise different high– and medium–income countries are evolving—

1. The move to an increasingly digital, mobile, and social media environment with increasingly intense competition for attention. This puts increasing pressure on legacy media like broadcasters and newspapers. These remain important news producers but are becoming relatively less important as distributors of news. As their existing operations decline or stagnate, the development of new, sustainable business models for digital news production become more urgent.
2. The growing importance of a limited number of large technology companies with billions of users across the world who play an increasingly important role in the distribution of news through services like search, social networking, video sharing, messaging and who capture a large share of attention and advertising by virtue of their attractive products.
3. The development of a high–choice media environment where internet users have access to more and more information, a range of increasingly sophisticated devices, and new forms of participation, and where people increasingly engage on the basis of interest—those most interested in news embrace these new opportunities to get, share, and comment on news, but a larger number of people opt for more casual and passive forms of use.

These developments mean that Internet users will have access to more and more information from more and more sources even as the media environment they navigate is increasingly dominated by a limited number of very large players and see consolidation and cost-cutting elsewhere in the media landscape which can over time reduce media pluralism by undermining the diversity of original, professional news production.

All of these three developments are underway across otherwise different countries and all three of them are likely to continue for two reasons. First, digital technologies continue to develop at a rapid pace, with industry observers predicting further disruptions of existing media industries if digital technologies like virtual reality, messaging apps empowered by artificial intelligence/machine learning, and new user interfaces across a more distributed internet–of–things become mainstream.[30] Second, the passing of time will continue to change the overall shape of the audience as people who have grown up with legacy media like linear, scheduled broadcasting and printed newspapers and use digital media more as a supplement than instead of older media forms are gradually replaced by new generations who have grown up native to a more digital and on–demand media environment accessed via personal and mobile devices with few reasons to seek out broadcast and print media.

The implications for news production and distribution depend on the details of these general developments in media technology and media markets and how they vary from country to country, and in particular on how audiences and the business of media evolve. But they also depend on media policy makers and whether they identify and implement policies to enable the kind of free and diverse news media capable of keeping people informed, holding powerful actors to account, and enabling public discussion of public affairs that a well–functioning democracy depends on. This concerns basic issues like protecting professional journalists and individual citizens alike from censorship, intimidation, and legal harassment that are real issues in many countries but beyond the scope of this report. It also highlights the importance of revisiting twentieth century media policies to ensure they are fit for a twenty–first century media environment and strike the right balance between the interests of media organisations, technology companies, and media users.

Key policy issues in this latter area from the perspectives of access to information, media diversity and democracy raised by our analysis of ongoing changes in our increasingly digital, mobile, and social media environment are the following—

1. Can direct and indirect intervention specifically targeted at media be reformed (or developed) to effectively underwrite the production of independent original, professionally-produced quality journalism in cases where audience demand and market forces alone are insufficient to deliver this public good? Current forms of intervention including both public funding for public service media and direct and indirect support for private sector media are still in many countries primarily tied to legacy platforms like broadcast and print and often primarily aim to underwrite distribution of news and information rather than production. Unless they evolve in line with the media environment they are meant to intervene in, these forms of intervention will become less and less effective and efficient as the older

[30] Newman (2016).

media platforms they are tied to become less and less important and digital media more and more important.

2. Can policymakers find a suitable balance between (a) broader information society policies aimed at enabling citizens, different businesses, and other actors realise the opportunities afforded by digital technologies, (b) facilitate technology companies' attempts to develop new ways for people to access information online while also protecting the interests of content creators concerned over copyright issues, and (c) maintain a well-functioning and competitive marketplace in a media environment where some companies have become very large, powerful, and potentially dominant, without simply punishing successful new (often international) entrants to protect old (often domestic) incumbents?
3. Can policymakers help ensure that citizens develop the media and information literacy necessary to navigate an increasingly high choice media environment in their own best interest and understand both the origins of the news they rely on, how it was produced, what interests are involved in the production, and what editorial, technological, and other forces are involved in filtering the information as it is distributed?

REFERENCES

Arriaza Ibarra, Karen, Eva Nowak, and Raymond Kuhn, eds. 2015. *Public Service Media in Europe: A Comparative Approach*. London & New York: Routledge.

Benson, Rodney, and Matthew Powers. 2011. Public media and political independence. Lessons for the Future of Journalism from Around the World. http://newstv.mediasapiens.ua/sites/mediaosvita.com.ua/files/mariastv/public–media–and–political–independence_4.pdf. (Accessed in September 2016).

Bruno, Nicola, and Rasmus Kleis Nielsen. 2012. Oxford: Reuters Institute for the Study of Journalism.
http://reutersinstitute.politics.ox.ac.uk/sites/default/files/Survival%20is%20Success%20Journalistic%20Online%20Start-Ups%20in%20Western%20Europe_0.pdf

Brüggemann, Michael, Edda Humprecht, Rasmus Kleis Nielsen, Kari Karppinen, Alessio Cornia, and Frank Esser. 2015. "Framing the Newspaper Crisis." *Journalism Studies* 17, no. 5 : 533–51. doi:10.1080/1461670x.2015.1006871.

Cornia, Alessio, Annika Sehl and Rasmus Kleis Nielsen. 2016. Private Sector Media and Digital News.
http://reutersinstitute.politics.ox.ac.uk/sites/default/files/Cornia%20-%20Private%20Sector%20Media%20and%20Digital%20News%20FINAL.pdf.

EAO. 2010-2014. Yearbook 2010-2014: Television, Cinema, Video and On-Demand Audiovisual Services – the Pan-European Picture. Strasbourg: European Audiovisual Observatory. (Printed publications, Vol. 2, yearly issues from 2010 to 2014).

EAO. 2016. Yearbook 2015: Television, VOD, Cinema and Video in 39 European States: Markets and Players, Services and Usage. Strasbourg: European Audiovisual Observatory. (Yearbook Online Service accessed September 2016).

EBU (European Broadcasting Union). 2013. Viewpoint: Media Freedom and Pluralism, Jan., http://www3.ebu.ch/files/live/sites/ebu/files/Publications/ebu-viewpoint-MediaFreedom_eN.pdf.

Herzog, Christian and Karppinen Kari. 2014 "Policy Streams and Public Service Media Funding Reforms in Germany and Finland." *European Journal of Communication* 29, no. 4 : 416–32. doi:10.1177/0267323114530581.

Mediatique. 2012. The provision of news in the UK.

http://stakeholders.ofcom.org.uk/binaries/consultations/measuring–plurality/statement/annex6.PDF. (Accessed in September 2016).

Meeker, Mary. 2016. "Internet Trends 2016", http://www.kpcb.com/internet–trends. (Accessed in September 2016)

Napoli, Philip et al. 2015. "Assessing the Health of Local Journalism Ecosystems: A Comparative Analysis of Three New Jersey Communities." Prepared for the Democracy Fund, the Geraldine R. Dodge Foundation, and the John S. and James L. Knight Foundation, http://wp.comminfo.rutgers.edu/mpii-new/wp-content/uploads/sites/129/2015/06/Assessing-Local-Journalism_Final-Draft-6.23.15.pdf

Newman, Nic. 2016. 'Media, Journalism and Technology Predictions 2016'. Oxford: Reuters Institute for the Study of Journalism. http://digitalnewsreport.org/publications/2016/predictions-2016/.

Newman, Nic, David A. L Levy, and Rasmus Kleis Nielsen. 2015. 'Reuters Institute Digital News Report 2015'. Oxford: Reuters Institute for the Study of Journalism. http://www.digitalnewsreport.org/.

Newman, Nic, Richard Fletcher, David A. L Levy, and Rasmus Kleis Nielsen. 2016. 'Reuters Institute Digital News Report 2016'. Oxford: Reuters Institute for the Study of Journalism. http://www.digitalnewsreport.org/.

Nielsen, Rasmus Kleis, and Geert Linnebank. 2011. Public support for the media: A six-country overview of direct and indirect subsidies. Oxford: Reuters Institute for the Study of Journalism. http://reutersinstitute.politics.ox.ac.uk/sites/default/files/Public%20support%20for%20Media_0.pdf.

Nielsen, Rasmus Kleis, & Richard Sambrook. 2016. What is Happening to Television News? Oxford: Reuters Institute for the Study of Journalism. http://reutersinstitute.politics.ox.ac.uk/sites/default/files/What%20is%20Happening%20to%20Television%20News.pdf.

Ofcom. 2016. PSB Annual Research Report 2016 TV Viewing annex. http://stakeholders.ofcom.org.uk/binaries/broadcast/reviews–investigations/psb–review/psb2016/Annex–B.pdf (Accessed in September 2016).

Ofcom. 2015. International Communications Market Report 2015. London: Ofcom.

Prior, Markus. 2005."News Vs. Entertainment: How Increasing Media Choice Widens Gaps in Political Knowledge and Turnout." *American Journal of Political Science* 49, no. 3 : 577–92. doi:10.1111/j.1540–5907.2005.00143.x.

Sehl, Annika, Alessio Cornia, and Rasmus Kleis Nielsen. 2016. Public Service News and Digital Media. http://reutersinstitute.politics.ox.ac.uk/sites/default/files/Public%20Service%20News%20and%20Digital%20Media.pdf (Accessed in September 2016)

Sirkkunen, Esa, and Clare Cook. 2012 "Chasing sustainability on the net: International research on 69 journalistic pure players and their business models." http://tampub.uta.fi/handle/10024/66378 (Accessed in September 2016)

WAN–IFRA. 2015. World Press Trends 2015. Paris: WAN–IFRA.

WAN–IFRA. 2016. World Press Trends Database, http://www.wptdatabase.org. (Accessed in September 2016)

Williams, Andy, Barnett, Steven, Harte, Dave, & Townend, Judith (2014). The State of Hyperlocal Community News in the UK: Findings from a survey of practitioners. https://orca–mwe.cf.ac.uk/68425/1/hyperlocal–community–news–in–the–uk–2014.pdf (Accessed in September 2016).

Winter, Alison. 2016. BBC All radio report Quarter 1 2016. http://downloads.bbc.co.uk/commissioning/site/radio–indie–rajar–summary–q1–2016.pdf (Accessed in September 2016).

World Bank. 2016. Online database, http://data.worldbank.org/indicator/SP.POP.TOTL. (Accessed in October 2016).

A well-functioning democracy requires free and diverse news media capable of keeping people informed, holding powerful actors to account and enabling public discussion of public affairs. Existing research suggests that quality journalism can increase levels of political knowledge, participation and engagement, and can furthermore help reduce corruption and encourage elected officials to represent their constituents more effectively.

The freedom, diversity and ability of news media to enable democracy depend on the institutional structure of individual countries' media environment. Today, these media environments are changing in part as a result of technological and market developments largely associated with the rise of digital media. This report reviews evidence-based research on the opportunities and challenges these developments represent for news media and their role in democracy in different contexts.

www.coe.int/freedomofexpression

PREMS 181616

ENG

www.coe.int

The Council of Europe is the continent's leading human rights organisation. It comprises 47 member states, 28 of which are members of the European Union. All Council of Europe member states have signed up to the European Convention on Human Rights, a treaty designed to protect human rights, democracy and the rule of law. The European Court of Human Rights oversees the implementation of the Convention in the member states.

University of Oxford
Reuters Institute for the Study of Journalism

Council of Europe
Conseil de l'Europe