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FOREWORD

Ken Fisher
Founder, Executive Chairman and Co-Chief Investment Officer
Fisher Investments®

Perception versus reality sways capital markets, political outcomes, and often costs global society hugely. That’s why the credibility of news matters. To you, your parents and your children.

As a corporate founder and entrepreneur my eyes are always focused primarily on my firm’s customers and potential customers. As an opinion writer for many years, and in multiple countries and continents, I am crucially interested in what matters to news consumers. Without credibility my message – and the attempts of media brands to reach consumers – fall flat.

Today’s news media face multiple headwinds: polarised perceptions, ubiquitous rapid change and financial stress. But above all, it’s credibility that matters in the long term – to me, to any news provider’s success and ultimately to the reader and newsroom journalist.

A story of complexity
It’s a big world. I recently read a story from a former Harvard president about an awakening of understanding of rural life that he gained initially from driving across America. As a rural westerner, I sneered. Rural is as complex as urban life—just different—and can’t be fathomed in several days’ drive. In today’s world, life is made up of so many parts and perspectives. And news providers can’t afford to abandon any material slice.

To better understand how news providers are embracing this reality, we partnered with Longitude, a Financial Times company, to complete this extensive compare-and-contrast survey among news consumers and news providers. We surveyed 9,500 consumers in 15 countries, as well as 300 news media professionals.

The research explores differences between what news providers think they’re generating and what consumers think; where they agree and differ and by how much. Where is news providers’ sense of quality not shared by consumers, and why? Where are big chunks of the consumer world that providers could reach but aren’t? Are news providers and opinion writers deluding themselves about what readers think of their output and, most importantly, how could they be better?

Journalism in transition
Some results from this research I found satisfying, even rewarding. Others surprised me. But, on reflection, they all make sense. Journalism hasn’t finished its transition from its pre-internet past. We have a way to go. This research adds some pointers on how to get there. It raises interesting questions about the perceptions of news providers and the realities in the mind of the consumer. Whether for news provider or consumers, I hope this provides some answers to the questions we face.
Despite widespread reports to the contrary, our research suggests that consumer trust in journalists remains intact. They may have concerns about misleading political news and partial reporting, but they remain convinced that good-quality, well-resourced journalism is as important as ever.

Video, data-led articles and voice will complement not nullify print.

Demand for news is morphing – and growing. The challenge for the news media is to develop business models that can meet these needs while delivering sustainable profitability.

OUR KEY FINDINGS INCLUDE:

**Trust may be fragile at times, but consumers still believe in high-quality journalism and do not want increasing regulation:**

- 40% of consumers believe it’s not possible for journalists to remain impartial in today’s partisan world; a third of news providers agree.
- 67% of consumers say it is becoming more difficult to distinguish between news and opinion.
- Three quarters (76%) of consumers agree well-resourced investigative journalism is “more valuable than ever”.
- 60% of consumers say they trust journalists the most to share or recommend news stories.
- 62% of news providers are concerned publishing or broadcasting inaccuracies could harm their reputation.
- 70% of consumers believe regulation of the press should not increase. But 91% of consumers believe organisations should be more accountable for the accuracy of their reporting. Two-thirds of news providers agree.
Demand for news journalism is healthy, but consumers want to receive their news in many different ways:

- 53% of consumers expect their readership of print news to decrease over the next five years; the other 47% anticipate it remaining the same or even increasing.
- Four in 10 consumers anticipate reading short or long articles in print over the next five years.
- 35% of consumers say online video is one of the news formats likely to be of most interest to them over the next five years.
- 30% of consumers say data-driven news is one of the formats likely to be of most interest to them over the next five years.
- Only 10% of consumers anticipate consuming news via voice.

Financing the news media will require new value propositions and a rethink of traditional business models:

- Close to four fifths (79%) of news providers say the inability of their leaderships to implement large-scale digital transformation represents some threat to their organisation.
- Less than a third (29%) of consumers currently have a paid-for subscription with a news provider.
- Only 20% of consumers would be prepared to make a voluntary donation to a news provider to support the cost of its journalism.
- 26% of news providers say that advertising placed next to questionable or inappropriate content is a high or very high threat to their commercial revenue over the next two years.
- 47% of news providers say they are using customer data effectively to develop new products and services.
- Just 15% of consumers say they are willing to share their data in exchange for free access to news.
- 58% of consumers believe large technology platforms can be neutral publishers of news, but only a fifth favour them playing a role as censor or gatekeeper.
The trust equation

The assertion that consumers are increasingly distrustful of journalists and the news media is a common one.

In a world where “fake news” has become the go-to response for those who are unhappy with a particular media report, irrespective of its accuracy and veracity, many analysts assume the public is more sceptical than ever about what journalists have to say. The reality, however, is more nuanced.

It is certainly the case that consumers and news providers alike worry about the creep of opinion and bias into reporting. In our research, around four in 10 consumers say it is simply not possible for journalists to remain impartial in today’s partisan world (this rises to 51% of consumers in Spain and 63% of consumers in Brazil), while a third of news providers agree.
Significant numbers demur, however, and demand for impartiality remains high – a third of consumers dismiss the suggestion that this is somehow unrealistic (rising to 41% in the US). Indeed, two-thirds of consumers say that it is becoming increasingly difficult to distinguish between news and opinion in media articles and reports. Moreover, news providers themselves seem to be less and less sure what should be filtered out.

One director warns that news providers must address this issue by making it much clearer what is news and what is comment. “On the one hand, we see that the more pointed the opinion pieces are, the more people read them,” he says. “But it can take years to build a brand and you can destroy that very easily by having false reports. We must be accurate – we want to be first, but first we want to be right.”

Three-quarters (76%) of consumers agree with the suggestion that well-resourced investigative journalism is “more valuable than ever in today’s era of short attention spans”.

FT FOCUS - THE FUTURE OF NEWS
CONTINUED

SECTION ONE

Rigour and revenue
Many in the media are committed to meeting that need. Take the Spanish language television news organisation Univision, which invested heavily in an investigative journalism unit six years ago that has subsequently won a string of awards and collaborated on projects with groups such as the Columbia University School of Journalism. “Maintaining your reputation requires rigorous journalism, backed up by good reporting and documentation of everything you do,” says José Zamora, a senior vice president at Univision. “It’s about staying true to the principles and mission of journalism.”

Resources at many organisations are tight, but there is an industry-wide willingness to pool funding and collaborate – and new sources of revenue are being made available to such initiatives. In the US, for example, the Scripps Howard Foundation, the philanthropic arm of media giant EW Scripps Company, had provided $3 million in grants to launch investigative reporting centres at Arizona State University and the University of Maryland. The Omidyar Network has invested $4.5 million in the International Consortium of Investigative Journalists, the group that broke the Panama Papers story.

More noise, less certainty?
Consumers are worried about how the proliferation of the media and the broader information network through which they receive news and views, including social media, may undermine its trustworthiness; nearly two-thirds (64%) say that advances in technology are likely to make it harder to identify false or misleading news. This is particularly pronounced among respondents in Asia.

The ongoing row over whether social media platforms did enough to identify and delete inaccurate stories published via their networks during the US presidential campaign is just one example of how technology has changed the game. The consequences can be tragic. In India, an incorrect news story about two child abductors spread quickly via WhatsApp, leading to the accused being confronted by a lynch mob and burned to death; they were entirely innocent.

Importantly, however, consumers see credible journalists as crucial allies in this regard.

In Canada, 71% say they trust journalists’ opinion most when it comes to recommending stories – 42% say the same in Hong Kong.

Whose opinion do you trust most when it comes to recommending/sharing news stories?

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Politicians</td>
<td>6%</td>
</tr>
<tr>
<td>Brands</td>
<td>17%</td>
</tr>
<tr>
<td>Journalists</td>
<td>60%</td>
</tr>
<tr>
<td>Celebrities</td>
<td>4%</td>
</tr>
<tr>
<td>Friends</td>
<td>36%</td>
</tr>
<tr>
<td>Other</td>
<td>9%</td>
</tr>
</tbody>
</table>

\[1\] Donors Invest Millions in Investigative Journalism Centers at US Universities, Global Investigative Journalism Network, November 2018.
\[2\] A new era for investigative journalism, Medium.com, April 2017.
\[3\] Did Facebook help get Donald Trump elected?, Grazia, November 2016.
\[4\] Burned to death because of a rumour on WhatsApp, BBC News, November 2018.
This mixed picture is evident in other research too. In 2018, the Edelman Trust Barometer, a global survey of consumer trust across a range of institutions, found the media ranked below any other group, prompting widespread warnings about a crisis of confidence in news.

But scratch below the headline findings and Edelman’s research shows that one explanation for this decline lies in the perception that the media now encompasses a much wider group of content providers and sources than ever before. On journalism specifically, Edelman’s research suggests trust actually increased, from 54% to 59%, the highest figure since it launched the annual barometer in 2012. The research also showed that perceptions of the media are nowadays often polarized in line with political allegiances. In the US, for example, Edelman’s researchers found 61% of Hillary Clinton voters trusted the media while only 27% of Donald Trump’s supporters agreed.

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As few as 11% of consumers in France say that online news from a brand with a printed publication is more trustworthy than online news from a brand without.

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In your opinion, is online news from a brand with a printed publication more/less trustworthy than online news from a brand without?

- More trustworthy: 26%
- About the same: 65%
- Less trustworthy: 9%

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In your opinion, is paid-for news more/less trustworthy than free news?

- More trustworthy: 13%
- About the same: 76%
- Less trustworthy: 11%
No consensus on where misleading news is to be found
It would be easy to fall into the trap of thinking that any erosion of trust in news providers is attributable to the digital transformation of the media sector. For incumbent news providers with long and proud histories of delivering high-quality journalism, the idea that new entrants to the industry, particularly online news providers and the broader digital sector, are to blame for lower standards or greater inaccuracy is an alluring one. Yet our research suggests the majority of consumers do not see it this way.

Indeed, Laura Sanz Garcia, Product Director at El Español, a digital newspaper launched in Spain in 2015, argues that, with time and the right editorial tone, new players can secure credibility. “Digital natives with more years on the market have more credibility than the recent ones, except for those with the most extremist editorial lines,” she says. “You see the same when print media goes digital - whether on the left or the right side, the extreme outlets have less credibility than those with a moderate editorial line.”

Trusted sources
This is not to suggest channel is irrelevant. Consumers typically believe television news and national print newspapers are more likely to be accurate than other sources. Local print newspapers score relatively highly, while online news publishers and news aggregators are less trusted. Nevertheless, even here there is a distinction between these publications and platforms, and social media. Asked which sources of news are likely to be less accurate, 56% of consumers pick out social media, while only 4% and 6%, respectively, cite online newspapers and aggregators. The number of consumers using the latter as curators of news may be growing, but they retain the ability to weigh up the likely veracity of the source material they are offered. Against this backdrop, one other point is important: the best journalists, still held in high regard by many consumers, need protecting too. Reporters Without Borders reports 80 news professionals as having lost their lives doing their jobs in the first eleven months of 2018 alone.

In praise of new technologies
In fact, consumers are realistic about the way in which technology will change the media. For example, half agree that artificial intelligence (AI) is likely to play an increasingly important role in the production of news – a view shared by 52% of news providers. They are right – and the change will often be positive. Already, for example, news organisations are exploring AI applications that enable more personalised news and support investigative journalism through faster and more sophisticated data analysis.

In any case, the majority of consumers positively welcome the arrival of new entrants in news media. No provider has the monopoly on trust and competition is regarded as a force for good.

65% of consumers agree with the suggestion that the idea of a single trusted source of news is no longer valid – 48% of news providers share this view. 55% of consumers say it is vital for there to be more not less competition among news media – 49% of news providers share this view.

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6 Reporters without Borders.
Nevertheless, this will need to be monitored carefully. It is true that new and independent news providers and platforms continue to emerge almost constantly, but those that gain traction rapidly become targets for the giants of the media industry. For example, Univision, Comcast and Walt Disney have bought sizeable stakes in, respectively, The Onion, Buzzfeed and Vice Media⁸.

Nevertheless, technology can be a substantial force for good, including offering new opportunities to build trust. News providers point out that allowing misleading news to proliferate is far from being in their commercial interests, whichever channel they are focused on. Well over half (62%) are concerned about the damage that broadcasting or publishing inaccuracies could do to their organisation’s reputation; almost half worry about the potential impact on their revenues.

This has always been the case – take the UK example of The Sun’s lost sales following its inaccurate reporting of the Hillsborough football stadium disaster⁹ – but new tools offer a mechanism to manage such risk. The Reuters Institute, for example, points to the rapid development of automated fact-checking tools with which journalists can track false claims and identify bogus information¹⁰.

In fact, this is linked to a broader trend of news providers’ increasing the resources devoted to fact-checking and exposing “fake news”. News organisations throughout Europe and the US have launched fact-checking outlets, while globally, more than 100 independent fact checkers have launched over the past decade¹¹. Groups such as the BBC have even launched micro sites dedicated to exposing the growth of “fake news”¹².

To what extent are you concerned about the damage that the publication/broadcast of inaccurate news could do to your organisation’s reputation

<table>
<thead>
<tr>
<th>Concerned to a great degree</th>
<th>10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Not at all concerned</td>
<td>3%</td>
</tr>
</tbody>
</table>

ALL NEWS PROVIDERS

NEWS PROVIDER VIEW

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⁸ The Onion has a new owner, Mashable, January 2016.
⁹ Liverpool versus The Sun, Vice, May 2017.
¹⁰ Understanding the Promise and Limits of Automated Fact-Checking, Reuters Institute, February 2018.
¹¹ The Rise of Fact-Checking Sites in Europe, Reuters Institute, 2017.
SECTION ONE

Focusing on the splits
Where should the priorities be as the media sector attempts both to improve and prove the accuracy of its journalism? Right now, news providers and consumers share a view that two types of coverage in particular – political and entertainment news – are less likely to be accurate. This underlines the difficulties posed by polarised views, for, in a society that is deeply divided politically, the news becomes a lens through which such splits are magnified.

News providers are trying to address these issues in a number of ways. Some are focusing on representation issues, recognising that distrust of the mainstream media is partly fuelled by its lack of diversity – news consumers often regard journalism as an elitist institution to which they do not have access. Others are focused on greater transparency, publishing more detail about the qualifications of their journalists to report on a particular story, for example, as well as more information on sources and the reporting process. Shining a light on polarity is another tactic. The Wall Street Journal’s widely followed Blue Feed Red Feed feature enables readers of any political persuasion to see how each side views the same issue.

New types of media can play a positive role here, too. For example, research published in 2018 by the University of Pennsylvania suggests that social media can play its part in reducing political polarisation and establishing the facts. It found that, where people with opposing views were encouraged to debate data online, the interpretation of this information by both sides improved.

An initiative from Kaleida, the media research group, is interesting in this regard. It has launched a social news app, bringing together coverage of key stories from a variety of different publications, often of very different political persuasions, in one place. “People need to get their news in a way that is different,” says Kaleida co-founder and CEO Matt McAlister. “When people are able to see across the market and understand how different publishers are treating the same story, it is helpful in building trust.”

Which of the following types of news do you believe are more/less likely to be accurate?

<table>
<thead>
<tr>
<th>Seen as likely to be most accurate (news providers and consumers)</th>
<th>Seen as likely to be least accurate (news providers and consumers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sport/Technology</td>
<td>Politics, Lifestyle/entertainment</td>
</tr>
</tbody>
</table>

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13 Wall Street Journal
14 Social media may help reduce political polarisation, Financial News, September 2018.
A third of consumers in the UK, Spain and Italy say there should be more regulation of news output

Do you believe that news output in your country of residence should be more/less regulated?

<table>
<thead>
<tr>
<th>Option</th>
<th>ALL CONSUMERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>It needs more regulation</td>
<td>29%</td>
</tr>
<tr>
<td>Regulation is currently at the right level</td>
<td>39%</td>
</tr>
<tr>
<td>It needs less regulation</td>
<td>15%</td>
</tr>
<tr>
<td>There should be no regulation at all</td>
<td>17%</td>
</tr>
</tbody>
</table>

The research also reveals anxiety about giving government additional powers to police the news media, though there is greater support for regulation by an independent third party. For news providers, self-regulation is the preferred method of regulation, followed closely by oversight from an independent advisory body – again, consumers broadly agree, though they are more likely to see a role for an autonomous regulator.

Less trust, more regulation?
The erosion of public trust in some parts of the news media has led to calls for more stringent regulation of journalism. In Germany, for example, new laws require social media platforms to remove “fake news” within 24 hours or face large fines. Singapore is considering similar regulation.

Our research suggests news providers themselves do not wish to see the regulatory burden increase. Perhaps more surprisingly, however, consumers appear broadly to agree. The majority say that regulation is already appropriate or that it needs reducing.

<table>
<thead>
<tr>
<th>Option</th>
<th>ALL NEWS PROVIDERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>It needs more regulation</td>
<td>5%</td>
</tr>
<tr>
<td>Regulation is currently at the right level</td>
<td>49%</td>
</tr>
<tr>
<td>It needs less regulation</td>
<td>21%</td>
</tr>
<tr>
<td>There should be no regulation at all</td>
<td>26%</td>
</tr>
</tbody>
</table>

FT FOCUS - THE FUTURE OF NEWS

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15 Germany starts enforcing hate speech law, BBC News, 1 January 2018.
16 Singapore set to tackle spread of fake news with new laws, Bloomberg, 20 September 2018.
And yet the status quo is not necessarily delivering either. Increased regulation may not be especially popular, but consumers are clear that a free press must also be a fair press. Nine in 10 consumers say organisations should be more accountable for the accuracy of what they publish; most news providers agree, with 69% sharing this view.

Squaring the circle of ensuring greater accountability without increasing the regulatory burden will not be straightforward, but new mechanisms, some enabled by digital technologies, will have a role to play. The Organisation of News Ombudsman, for example, points to a recent proliferation in the number of news organisations with roles such as an ombudsman or readers’ editor, often with a remit to publish formal corrections and clarifications. The Trust Project, an international consortium of news organisations committed to greater transparency in the media, has developed “trust indicators” that organisations which meet basic standards on accountability are entitled to display.

New forms of accountability
Outside the media industry, consumers are increasingly exerting their collective power through co-ordinated social media campaigns. In the Ukraine, for instance, the founders of StopFake have set up a system that relies upon “peer-to-peer counter propaganda” to dispel false stories. Elsewhere, websites run by non-profit organisations such as Politifact, Factcheck.org, and Snopes have emerged to educate their users about news sources that may be misleading.

Journalists give increasing regard to the role of these new authorities in policing their work. A study from the European Journal of Communication suggests that, while traditional accountability mechanisms such as press councils and media laws remain more likely to curb journalists’ behaviour – not least because they are backed by powerful sanctions – “digital age” instruments are fast gaining traction. There is, however, a problem. Our research suggests

Nine in 10 consumers say organisations should be more accountable for the accuracy of what they publish; most news providers agree, with 69% sharing this view.

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17ONO 2018.
18The Trust Project.
19How effective is media self regulation?, European Journal of Communications, 2015.
there is a disconnect between what consumers and news providers regard as the essential ingredients of high-quality news. News providers may imagine that having impeccable sources will engender trust, and that catching the eye is crucial, but consumers say they value impartiality above all else. Building greater trust may be difficult while this disconnect remains in place.

Christian Broughton, the editor of The Independent, launched in 1986 on a platform of providing a new source of journalistic impartiality, believes the key will be to bring such values up-to-date. “The debate around news versus views has moved on because the world has moved on,” he says. “You can’t simply quote all sides of a debate and claim to have delivered neutrality, or impartiality. There is so much spin everywhere – in politics, in business, in marketing. Everyone seems to have a ‘comms department’ these days, managing and massaging the message. Instead the need is to identify the valid views, formed by people who have looked at and are staying true to the facts, and to filter out and directly call out the deliberate bias – and that applies to your news content and your comment pages.”

### Ingredients of high-quality news

#### What matters most to news consumers

1. Impartiality
2. Authoritative and credible sources referenced
3. Deep knowledge of the subject

#### What matters most to news providers

1. Authoritative and credible sources referenced
2. Deep knowledge of the subject
3. An eye-catching headline
An industry that is supposed to be first with the news was slow to see its own disruption coming.

The internet era, offering an endless choice of new news services, often free of charge, has already had a devastating effect on the traditional news media.

The print media has been hit hardest. UK newspaper circulation fell 37% between 2011 and 2017 according to Enders Analysis\textsuperscript{20}. In the US, the Pew Research Center reports that newspaper circulation has been falling for 28 consecutive years, resulting in print sales that are now at their lowest levels since 1945\textsuperscript{21}.

\textsuperscript{20} The slow death of British newspapers, Business Insider, February 2017.
\textsuperscript{21} Despite subscription surges for largest U.S. newspapers, circulation and revenue fall for industry overall, Pew Research Center, June 2017.
Switching on and off

However, it isn’t only newspapers that have suffered in the digital age; television news, too, has seen declining consumption. In the UK, Ofcom, the communications regulator, reports a steady decline in the reach of national television news: the market leader, BBC One, reached 65% of the UK population in 2010, but this had fallen to 58% by the end of 2017\(^2\).\(^2\)

Countries across the Western world report similar declines, though the pattern is different in other parts of the globe – notably Asia, where print circulations continue to rise and where China, India and Japan now account for more than 60 of the world’s biggest-selling daily newspapers\(^2\).\(^3\)

Still, those media analysts who have confidently been proclaiming the death of the newspaper for some years now continue to look premature. Our research suggests that the market for print news is likely to continue to decline – but not so dramatically that it will disappear any time soon.

To see why print still very much has its place, we must look at what consumers want from the news and how they want to get it.

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\(^2\) News consumption in the UK, Ofcom, June 2018.
\(^3\) World Press Trends 2017.
Which of the following news formats/channels will be of most interest to you/consumers over next two years/five years?

**OVER 2 YEARS**

<table>
<thead>
<tr>
<th>Format/Channel</th>
<th>Over 2 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short articles in print</td>
<td>27%</td>
</tr>
<tr>
<td>Short articles online</td>
<td>48%</td>
</tr>
<tr>
<td>Long articles in print</td>
<td>17%</td>
</tr>
<tr>
<td>Social media newsfeeds</td>
<td>26%</td>
</tr>
<tr>
<td>Imagery only</td>
<td>5%</td>
</tr>
<tr>
<td>Animations</td>
<td>5%</td>
</tr>
<tr>
<td>Podcasts</td>
<td>10%</td>
</tr>
<tr>
<td>Data-led articles</td>
<td>31%</td>
</tr>
<tr>
<td>Voice (Amazon Alexa, Google Home etc.)</td>
<td>8%</td>
</tr>
<tr>
<td>Video online</td>
<td>32%</td>
</tr>
<tr>
<td>Long articles online</td>
<td>20%</td>
</tr>
<tr>
<td>Long articles in print</td>
<td>17%</td>
</tr>
<tr>
<td>Short articles online</td>
<td>27%</td>
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</table>

**OVER 5 YEARS**

<table>
<thead>
<tr>
<th>Format/Channel</th>
<th>Over 5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short articles in print</td>
<td>28%</td>
</tr>
<tr>
<td>Short articles online</td>
<td>36%</td>
</tr>
<tr>
<td>Long articles in print</td>
<td>19%</td>
</tr>
<tr>
<td>Social media newsfeeds</td>
<td>24%</td>
</tr>
<tr>
<td>Imagery only</td>
<td>15%</td>
</tr>
<tr>
<td>Animations</td>
<td>8%</td>
</tr>
<tr>
<td>Podcasts</td>
<td>18%</td>
</tr>
<tr>
<td>Data-led articles</td>
<td>17%</td>
</tr>
<tr>
<td>Voice (Amazon Alexa, Google Home etc.)</td>
<td>30%</td>
</tr>
<tr>
<td>Video online</td>
<td>36%</td>
</tr>
<tr>
<td>Long articles online</td>
<td>19%</td>
</tr>
<tr>
<td>Long articles in print</td>
<td>31%</td>
</tr>
<tr>
<td>Short articles online</td>
<td>28%</td>
</tr>
<tr>
<td>Short articles in print</td>
<td>22%</td>
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**ALL CONSUMERS. RESPONDENTS COULD CHOOSE UP TO THREE OPTIONS**

**NEWS PROVIDER VIEW**

<table>
<thead>
<tr>
<th>Format/Channel</th>
<th>Over 5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social media newsfeeds</td>
<td>43%</td>
</tr>
<tr>
<td>Animations</td>
<td>19%</td>
</tr>
<tr>
<td>Interactive graphics</td>
<td>7%</td>
</tr>
<tr>
<td>Podcasts</td>
<td>14%</td>
</tr>
<tr>
<td>Data-led articles</td>
<td>18%</td>
</tr>
<tr>
<td>Imagery only</td>
<td>17%</td>
</tr>
<tr>
<td>Voice (Amazon Alexa, Google Home etc.)</td>
<td>23%</td>
</tr>
<tr>
<td>Video online</td>
<td>35%</td>
</tr>
<tr>
<td>Long articles online</td>
<td>14%</td>
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<tr>
<td>Long articles in print</td>
<td>7%</td>
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<tr>
<td>Short articles online</td>
<td>25%</td>
</tr>
<tr>
<td>Short articles in print</td>
<td>43%</td>
</tr>
</tbody>
</table>

**ALL NEWS PROVIDERS. RESPONDENTS COULD CHOOSE UP TO THREE OPTIONS**
Similarly, four in 10 consumers describe the way they consume news as depending on a handful of sources that they then consume in depth; this approach favours newspaper readership as much as online news consumption.

This is not to argue that newspaper publishers can afford to be complacent – or even that the worst of the circulation decline is over. However, while our research suggests that the future of news lies in channels such as mobile and video, often in short-form journalism, television and print look set to retain pivotal roles. In any case, the end of print is not the end. “It was a big moment for us, but a new beginning rather than an endpoint,” says Christian Broughton of The Independent’s decision to go digital only in 2016.

“How do you prefer to consume news? Ranked first choice out of top three.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Print</td>
<td>16%</td>
</tr>
<tr>
<td>Radio</td>
<td>7%</td>
</tr>
<tr>
<td>Television</td>
<td>28%</td>
</tr>
<tr>
<td>Mobile (smartphone, tablet)</td>
<td>31%</td>
</tr>
<tr>
<td>Desktop</td>
<td>18%</td>
</tr>
</tbody>
</table>

*ALL CONSUMERS. RESPONDENTS WERE ASKED TO RANK THEIR TOP THREE PREFERENCES*
New skills for new formats

The challenge, then, for news providers will be to master these new disciplines even if some continue to maintain their traditional publications. Naturally, this will change the skills mix required in the newsroom. News providers will continue to need reporters, but as demand for online video increases they will need more producers. Similarly, as the demand for data-driven news rises data analytics skills will be much sought after.

Journalists will need to be more adaptable. The essence of what makes a good story does not change – recognising and developing that story will remain a core skill – but news providers must also learn how to tell the story most effectively. A director tells us that you have to get used to the fact that every single story has to work and be relevant on its own. He says: “That’s a crucial skill – how to tell your particular story, how to use different formats and how to judge whether it works better as text, infographic or video, say.”

Greater transparency will be part of the picture, adds Kaleida’s Matt McAlister. “You can put total transparency into story development – from what was pitched and by whom, and why that person should get support to write that story – all the way through the editing process, including the edits that happen after drafts.” This will be uncomfortable for many journalists, he concedes, but such approaches encourage greater engagement from readers and facilitate collaboration on ongoing projects.

Thinking about the type of skills required in the newsroom, which of the following will be needed most/least over the next two years?

<table>
<thead>
<tr>
<th>Role</th>
<th>Required More</th>
<th>Needed More</th>
<th>About the Same</th>
<th>Needed Less</th>
<th>Needed Much Less</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data journalists</td>
<td>2%</td>
<td>48%</td>
<td>43%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Data analysts</td>
<td>4%</td>
<td>44%</td>
<td>44%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Interactive designers</td>
<td>6%</td>
<td>46%</td>
<td>43%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Investigative journalists/reporters</td>
<td>4%</td>
<td>38%</td>
<td>54%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Foreign correspondents</td>
<td>2%</td>
<td>26%</td>
<td>59%</td>
<td>12%</td>
<td>1%</td>
</tr>
<tr>
<td>Local/community correspondents</td>
<td>3%</td>
<td>24%</td>
<td>61%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Video/audio specialists</td>
<td>6%</td>
<td>58%</td>
<td>32%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Story verifiers/fact checkers</td>
<td>7%</td>
<td>37%</td>
<td>53%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Multimedia producers</td>
<td>6%</td>
<td>54%</td>
<td>36%</td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>
Still charting the future

However, the direction of travel is not yet entirely clear, with consumer appetites still evolving and news providers developing new products and services to test on the marketplace.

At Univision, José Zamora says that, with over 75% of the digital audience now coming through mobile, the company continues to prioritise the experience, trialling a series of new ideas. “We focus on mobile first and we're building from that, doing stories that are engaging for people to see on their phones, as well as having a strong presence on social,” he explains. Univision has focused and invested in its Instagram strategy. “When everyone moved to Snapchat we decided to continue improving our Instagram content and it has paid off, with Univision Noticias being the biggest and fastest-growing Spanish-language news account in the U.S.” It has also focused live streaming on Facebook, its own site, and launched new programmes on Facebook Watch, including Real America with Jorge Ramos.

Voice provides another good example. A sizeable minority of providers expect voice, delivered through home assistants such as Amazon’s Alexa or Google’s Home, to be an attractive format in the years to come. Consumers are not yet convinced: only 10% anticipate consuming news via this channel over the next five years. Still, El Español’s Laura Sanz Garcia argues: “We see a potential revolution in voice search if the big players can integrate successfully with local media; no-one wants their assistant to read them the news, but where news is local and filtered, there could be huge demand. We are currently working on a project that uses voice summaries that can be filtered by topics or keywords.”

Getting personal

In other areas, by contrast, there is growing consensus about the shape of future news provision. Personalisation, in particular, is set to be one important trend: already, 60% agree that consumers increasingly prefer to receive news that has been personalised to their interests.

This will require news providers to think much harder about how to cater for this demand. Many providers already offer readers the opportunity to customise the news and information they receive – to set up their homepage in a particular way, for example, or to prioritise a feed of news on particular subjects.

However, those providers that are unable to continue developing their personalisation services risk leaving themselves at the mercy of aggregators that perform this task at one level removed, potentially with serious consequences. For instance, the announcement from Facebook in 2018 that it was revamping its newsfeed services to downplay news from sources such as the media in favour of updates from friends or family, sparked panic in some parts of the industry. This will force news providers to continue seeking out new formats or new ways to connect and engage with their audiences. One good example is the way in which publishers are focusing on the value of Reddit as a potential source of audience, with the site’s communities offering specialist audiences that news providers can target. Reddit itself is reaching out to the industry, developing partnerships with publications including The Washington Post, Time and National Geographic.

The essence of what makes a good story does not change – recognising and developing that story will remain a core skill – but news providers must also learn how to tell the story most effectively.

24 Facebook’s newsfeed changes: a disaster or an opportunity for news publishers?, LSE Media Policy blog, January 2018.
25 Publishers are waking up to the potential of Reddit for engagement, WPP, November 2018.
Financing the news

How will news providers ensure journalism remains profitable in a world where the traditional cash cow of print publishing is declining, and media fragmentation means a smaller share of the pie for all concerned?

The short answer is that the path to profitability is not yet established. While the news providers in our research stress that increasing revenues from digital products and developing multiple subscription models are strategic priorities, achieving these goals is not straightforward.
Consumers do not appear ready to ride to the rescue, with the new business models dependent on their wallets struggling to gain traction and the successes so far isolated.

In theory, it shouldn’t be this way. One irony of the decline of newspaper readership is that news readership is actually at an all-time high, with providers’ online content reaching more eyeballs than ever before. According to research from FIPP, The New York Times now has 2.8 million digital-only subscribers[^26], the Financial Times has more than 930,000 paying readers[^27], far ahead of these titles’ print circulations. Add in readers beyond the subscription base and the digital reach of news providers is even greater. In September 2018, the UK’s Audit Bureau of Circulation said Mail Online enjoyed total daily unique browsers averaging almost 11.5 million.

Yet many news providers have been unable to translate an increased digital audience into revenue growth. One problem is that few have been unable to persuade significant numbers of consumers to pay for their news; there are now signs that increasing numbers of publications are moving more content behind a paywall, but most remain unconvinced that consumers will follow them[^28].

[^26]: Digital subscription revenue displacing digital advertising as a core revenue stream, Fipp, June 2018.
[^27]: The FT will next year hit 1m subscribers, 17 years after putting up its paywall, The Drum, August 2018.
[^28]: More paywalls go up online, UK Press Gazette, May 2018.
CONTINUED

SECTION THREE

programmatic power

An even tougher headwind is the dynamics of the online advertising market. While online news providers offer advertisers large audiences, they are not commanding the revenues that should accrue accordingly – instead, by some estimates, they get as little as 25% of the marketing spend coming from these advertisers. This reflects the huge power of the intermediaries in the advertising value chain – most significantly, Google, Facebook and the other controllers of programmatic advertising.

El Español’s Laura Sanz Garcia says digital news regularly runs up against this twin-track challenge. “On advertising, everything can be measured, so brands demand greater success when they invest their budgets and if your readers don’t respond, you don’t get paid,” she says. “Meanwhile, growing subscriptions is not easy in a country like Spain where there is no culture of paying for digital content, though the growth of platforms such as Spotify and Netflix is helping to shift attitudes slowly.”

Our research underlines the scale of the challenge news providers face in this market environment. Three quarters (79%) say the inability of their leaderships to implement large-scale digital transformation represents a threat to their organisation, including 24% who characterise the threat as high or very high.

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Which of the following are the most important strategic priorities for your organisation as a whole over the next two years?

- Grow the paid subscriber base: 37%
- Offer multiple subscription models to attract new consumers: 39%
- Expand the editorial headcount: 4%
- Expand the commercial headcount: 13%
- Invest in investigative journalism: 6%
- Invest in data-led journalism: 5%
- Win prizes for the quality of the news journalism: 5%
- Increase revenue from print products: 21%
- Increase revenue from digital products: 45%
- Acquire new businesses/business units: 37%
- More effectively monetise consumer data: 31%
- New advertising partnerships/collaboration: 36%

ALL NEWS PROVIDERS. RESPONDENTS COULD CHOOSE UP TO THREE OPTIONS

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Problems and solutions for national newspapers – can advertising still be the saviour?, The Drum January 2017.
If you build it, they may not pay
Consumers do not appear ready to ride to the rescue, with the new business models dependent on their wallets struggling to gain traction and the successes so far isolated. In the UK, the Guardian says it now has 570,000 members who provide regular financial support by making a donation to cover the cost of its journalism, but in our research, only a fifth of consumers say they would countenance doing the same.

Larger donors may provide some comfort, with philanthropists increasingly prepared to support journalism. In Australia, for example, the billionaire Judith Neilson has announced a $100m donation that will fund an institute for journalism in the country, supporting independent journalism. Worldwide, such donors gave $1.3bn a year to journalism and the media between 2011 and 2015 according to one study.

However, this is not a reliable source of income. And, similarly, while a select few titles have managed to attract significant numbers of paying subscribers for their digital news services, most consumers are reluctant to invest.

**By approximately what percentage has your organisation’s investment in news journalism changed in each of the past two years, on average**

<table>
<thead>
<tr>
<th>Percentage Range</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>6%</td>
</tr>
<tr>
<td>1 - 24%</td>
<td>68%</td>
</tr>
<tr>
<td>25 - 49%</td>
<td>10%</td>
</tr>
<tr>
<td>50 - 74%</td>
<td>7%</td>
</tr>
<tr>
<td>75 - 100%</td>
<td>1%</td>
</tr>
</tbody>
</table>

**NEWS PROVIDER VIEW**

24% of consumers in the US say they would be willing to make a regular donation/contribution to fund an organisation’s investment in journalism – only 10% in France say the same.

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31 Philanthropist Judith Neilson to fund a $100m institute for journalism in Sydney, Guardian, November 2018.
CONTINUED

SECTION THREE

In search of new models for growth
Against this backdrop, it is no wonder that at least a minority of news providers in our research still regard increasing revenue from print products as a strategic priority. Others are pursuing new opportunities, such as an increase in the amount of sponsored content they carry and a move into events.

There are many possibilities. Time Out magazine, for example, reports strong revenue growth from a food venue it has launched in Lisbon, which it is able to promote through its website and magazine, while the London Evening Standard, now distributed free to readers, is increasing sales from events that piggy-back on its much-expanded circulation.

Digital will clearly be central. A more productive relationship with the global technology giants (see “Making friends with the FAANGs” box) may prove valuable, but also, “The core focus of publishing houses is going to have to be building up a reliable and sustainable digital business model,” says one director.

“We are optimistic because, when we built up our subscription models, we put a lot of effort into finding a pay model that is able to monetise that fraction of the audience that is loyal enough to be willing to pay for the content, without destroying the large part of your audience that doesn’t visit your site often enough to be really relevant for paid content.”

Only **29%** of consumers currently have one or more paid-for subscriptions with a news provider. Japanese consumers are most likely to be paid-for subscribers (**44%**). Among those who don’t have one, only **10%** expect this to change over the next year.

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**33** How publishers are navigating the perilous path to diversification, DCN, September 2018.
News providers can’t simply expect to surround their current output with a paywall and begin raking in sales. The most successful pay sites are developing a more attractive value proposition and trialling different models. An approach adopted by the New Yorker and Bloomberg in the US and Telegraph Media in the UK is to offer a limited number of free articles each month. Titles such as The Atlantic are charging for a premium version of their site while leaving much of it free. Both models maintain larger audiences to attract advertising while also monetising the core audience. Elsewhere, New York Media has developed a paywall that can flex open or shut depending on readers’ willingness to pay.

Another alternative now being explored by many publishers is a deal with readers: the increasing number of users who have installed ad-blocking software on their browsers are asked to pay a modest subscription fee to view content, while those prepared to accept advertising content pay nothing.

“I think we offer tremendous value, so if we see that our readers are using ad-blocking software, it doesn’t seem unreasonable to ask them to pay for the product in a different way,” says Broughton. Its approach is to seek to move such readers into one of two subscription services it now offers: its long-standing Daily Edition, which offers an ad-free, newspaper-like experience most often consumed on iPads and tablets; plus its newly launched Independent Minds membership proposition, which offers premium articles and ad-free content, and looks to build engagement through events and audience participation.

Digital dangers
There will be many challenges along the way. Digitalisation of the advertising process causes headaches that go beyond the dominance of the tech giants. Take the row last year that saw Google forced to apologise after the advertising of a number of prominent brands was placed alongside extremist videos on its YouTube platform. In our research, 73% of news providers said advertising placed next to questionable or inappropriate content could be a moderate to high threat to their revenues over the next two years.

Similarly, digital channels are giving consumers greater power to exert commercial pressure on news providers; more than half now fear this is as a potential threat to their revenue. In the UK, the pressure group Stop Funding Hate has successfully persuaded a string of advertisers to stop campaigns in publications it regards as “spreading hate and division” – typically because of their coverage of immigration – by using social media to mobilise its members to lobby these brands.

Such issues raise difficult questions around press freedom. The traditional bogeyman in news journalism has been the large advertiser that threatens to pull its spending because of coverage it dislikes – though in our research only a minority of news providers say their journalists have come under pressure to change or drop their coverage because of commercial considerations. Now providers must contend with similar pressures from consumer campaigns.
Could data be the new hope?
Many news providers are now beginning to wrestle with the question of how to monetise data. Right now, only half the providers in our research say they are currently effective at using their customer data to develop new products and services. This will need to change: better exploitation of data represents an opportunity to develop more bespoke products, for example, as well as a potential lure for advertisers targeting at a more individual level.

Much of the industry is at an early stage in exploring these ideas, not least because audiences are now fragmented. “It used to be that Univision’s audience was only its TV audience and that was what we measured,” says José Zamora. “Now our audience is everywhere and parts of it, watching on mobile, don’t show up in the ratings – the challenge and the opportunity is to find new ways to measure the massive audience you have throughout all the different platforms.”

For those able to do so, the prizes on offer look attractive. The International News Media Association reports that the most successful news groups are now using data to optimise subscription sales, drive targeted advertising sales and underpin their strategic planning.37

Still, caution will be important, given consumer anxieties – an industry that already has trust issues cannot afford to risk alienating its audience. In our research, just 15% of consumers say they are willing to share their data in exchange for free access to news. Those customers are right to be prudent: only a quarter of news providers told us they are effective or very effective at handling customer data with care. That represents an urgent priority for change.

### Which of the following would you agree to in exchange for free access to news?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>29%</td>
</tr>
<tr>
<td>Promotional offers (such as subscriptions)</td>
<td>30%</td>
</tr>
<tr>
<td>Sign up to newsletters</td>
<td>41%</td>
</tr>
<tr>
<td>Allow organisations to share my personal data</td>
<td>7%</td>
</tr>
<tr>
<td>Provide organisations with my personal data</td>
<td>9%</td>
</tr>
<tr>
<td>More personalised advertising</td>
<td>25%</td>
</tr>
</tbody>
</table>

**ALL CONSUMERS. RESPONDENTS COULD CHOOSE UP TO THREE OPTIONS**

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37 Monetising audience data for media companies, INMA, August 2017.
Many consumers are wary of the role of the large technology platforms in the news cycle, particularly where the likes of Facebook, Apple, Amazon, Netflix and Google – the so-called FAANGs – operate more subjectively. While 58% believe these platforms can be neutral publishers of news, only 22% want them to play the role of censor or gatekeeper (as high as 35% in Italy and as low as 12% in Germany), while only 19% favour their selectively curating the news.

News providers, by contrast, are comfortable with a more interventionist approach (71% believe these platforms could be neutral publishers of news) – perhaps because they recognise the power of the platforms. Indeed, their challenge now is to find more profitable ways of working with the FAANGs.

There is cause for optimism. In November 2018, Facebook announced it would invest £4.5 million in local newspapers in the UK, while Google is already supporting publishers through its News Initiative programme. Regulators may also help: the European Union is promising to tax search engines that provide a link to publishers’ news stories, with the revenues potentially then made available to content creators. Such initiatives are partly intended to address the dominance of the platforms in the advertising sector and the power their search results give them in directing traffic around the web. But for news providers, this dominance and power is a reality with which they will have to contend for the foreseeable future. “We can produce as much quality content as we want, but there is no point if we can’t get it to the readers,” warns one director. “That is really difficult and dangerous, because whenever Google or Facebook changes their algorithms, or whenever other portals make technical changes, we see an effect on our traffic statistics – sometimes for good, and sometimes for bad.”

Nevertheless, the FAANGs offer plenty of opportunities. At The Washington Post, Amazon, which bought the title in 2013, has been instrumental in developing Arc Publishing, a suite of publishing tools the group uses itself and has also been able to sell to other major publishers38. Elsewhere, Facebook has done deals with CNN, Fox News, Univision, and ABC News to produce content for its Facebook Watch platform.

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What’s next for the news media?

Not only do consumers believe in the importance of a free press, their demand for news is healthy. Nevertheless, any sense of complacency would be misplaced.

News providers must now work even harder to ensure they retain consumers’ trust. Concern about partiality and bias is rising. The proliferation of social media has the potential to deepen mistrust, and misleading news is a theme that resonates with many. And while there is no great appetite for additional regulation of the news media, the vast majority of consumers do want to see greater accountability.

Above all, news providers must find a way to meet the increasingly diverse tastes and preferences of consumers with business models that offer a clear path towards profitability. Disruption of the traditional news media continues at pace, threatening the viability of organisations wedded only to print. New sources of revenue are now emerging, albeit tentatively.
These include progress in the digital realm, with some organisations now winning on subscriptions, driving up advertising revenues and pursuing new partnerships with large technology platforms. Data also represents a huge opportunity. But more traditional activities can also generate growth, with news providers gravitating towards sponsored content and events, for example.

Transformation is still at an early stage, with news providers experimenting in areas such as voice, while moving more quickly on formats such as video. Proven business models are in short supply. However, a trusted news media can prosper in a world still convinced it has a crucial role to play in underpinning democracy.

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Longitude, a Financial Times company, surveyed 9,500 consumers in 15 countries (UK, France, Germany, Spain, Italy, USA, Canada, Australia, Japan, Singapore, China, Hong Kong, India, South Africa and Brazil) for their opinions on issues related to trust, transparency and quality of journalism, news products and paying for news. The survey was a nationally representative online sample.

Longitude also conducted an online survey with 336 news professionals from news media organisations across the Americas, EMEA and APAC (54% of respondents were from a mix of functions, including advertising, operations and product development, and 46% from editorial roles, including reporters, editors and editorial directors).

Both surveys were conducted in September and October 2018.