Reuters Institute
for the Study of Journalism

KEY FINDINGS

REUTERS INSTITUTE
DIGITAL NEWS REPORT 2016

Background and methodology

One of the largest news surveys in the world – online news habits of more than 50,000 people in 26 countries. Research conducted online in January/early February 2016.

Additional analysis of key themes, country level insights from network of partners

Surveyed by

YouGov
What the world thinks

Supported by

Centre d'études sur les médias · University of Canberra · Hans-Bredow-Institut for Media Research at the University of Hamburg · Universidad de Navarra Center for Internet Studies and Digital Life School of Communication · Google · BBC Global News · Ofcom · Media Industry Research Foundation of Finland · BAI Broadcasting Authority of Ireland · Fritt Ord · 한국언론진흥재단 Korea Press Foundation · Edelman

COUNTRY	FINAL SAMPLE SIZE	TOTAL POPULATION	INTERNET PENETRATION	COUNTRY	FINAL SAMPLE SIZE	TOTAL POPULATION	INTERNET PENETRATION
USA	2,197	321,368,864	87%	Netherlands	2,006	16,900,726	96%
UK	2,024	64,767,115	92%	Switzerland	2,004	8,236,573	87%
Germany	2,035	81,174,000	88%	Austria	2,000	8,584,926	83%
France	2,162	66,132,169	84%	Hungary	2,056	9,849,000	76%
Italy	2,195	60,795,612	62%	Czech Republic	2,014	10,538,275	80%
Spain	2,104	46,439,864	77%	Poland	2,000	38,005,614	68%
Portugal	2,018	10,374,822	68%	Greece	2,036	10,812,467	63%
Ireland	2,003	4,625,885	83%	Turkey	2,157	77,695,904	60%
Norway	2,019	5,165,802	96%	South Korea	2,147	49,115,196	92%
Sweden	2,030	9,747,355	95%	Japan	2,011	126,919,659	91%
Finland	2,041	5,471,753	94%	Australia	2,021	22,751,014	93%
Denmark	2,020	5,659,715	96%	Canada	2,011	35,675,834	95%
Belgium	2,018	11,258,434	85%	Brazil	2,001	204,259,812	58%

Please note that in both Brazil and Turkey our samples are representative of urban rather than national populations and as such the internet penetration is likely to be higher than stated above, which must be taken into consideration when interpreting results. *Source:* Internet World Stats www.internetworldstats.com internet population estimate 2015

THE CHALLENGING NEW ECONOMICS OF JOURNALISM

Mark Thompson
CEO, New York Times

Winter is coming. How many times have we heard that on HBO's hit drama *Game of Thrones*? But though we have sat through five series so far, not to mention any amount of torture, murder, and all-round unpleasantness, the sun is still obstinately shining. The battle-weary inhabitants of Westeros must be beginning to wonder if those thermals were really such a good investment.

Here's my warning. Winter really is coming for many of the world's news publishers. Indeed, this year's *Digital News Report* suggests that for some of them it is already here.

The economic challenge for any legacy newspaper company is simply stated: it is to grow digital revenue far and fast enough to offset the inevitable declines in print revenue, and at sufficient margins to defend – or increase – profitability. Many publishers have responded to this challenge by putting their faith in a model based on audience scale and digital display advertising. Surely advertisers would pay handsomely for the privilege of connecting with the vast audiences that all that free digital distribution would unlock?

Most of the new digital news providers were launched with business models which were parasitic versions of the same idea. They aimed to rewrite and repackage other people's journalism for much less money than it cost to originate it, and then to use superior technology to out-compete the legacy companies in distribution and advertising monetisation. Again the result would be rapidly growing audience and revenue.

These models now look suspect. Digital display advertising is quite different from print advertising. Publishers enjoy far less pricing power, and even the largest of us are dwarfed by those who dominate the field, players like Facebook and Google whose immense scale allows them to undercut everybody else. The concept of adjacent display – carried over from print – makes little or no sense on smartphone, which is increasingly the platform on which people get their news. Consumption is also switching rapidly from the publishers' own environments to Facebook, Snapchat, and other social media platforms; the *Digital News Report* suggests as much as 46% of news is now seen on social and messaging platforms in the US, 35% in the UK. This too puts direct and indirect pressure on pricing.

Finally, the end-user's experience of digital display advertising is often grisly, with sites overloaded with intrusive ads, and even some quality publishers giving over space to third-party 'content discovery platforms', who sell space to God knows whom. No wonder so many users are opting to block ads altogether.

> "We believe that there is a good business to be built around offering digital advertising experiences which users actually find useful and enjoyable."

There is another way. At the *New York Times*, we believe that there is a good business to be built around offering digital advertising experiences which users actually find useful and enjoyable. T Brand Studio, our branded content studio, didn't exist two-and-a-half years ago. Today its staff includes 70 journalists, videographers, designers, and engineers. We recently opened a second centre of operations in London.

We expect T Brand to deliver more than $50m in revenue this year. Smartphone advertising revenue – driven by new flexible multimedia ad units which present inside the content stream – is currently doubling year over year. Video, sponsorship, audio, virtual reality, and other innovations at the frontier of storytelling are all also part of our advertising growth strategy. Display still has a place, but we believe that the digital advertising of the future will be dominated by stories conceived by advertisers, clearly labelled so they can be distinguished from newsroom journalism, but consumed alongside that journalism on their own merits.

This is a more compelling and creative vision of digital advertising than conventional digital display, and it requires new skills, talents, and technologies, and substantial fresh investment. Audience scale and global reach will still count, but the audience which publishers will need to find will not be super-light users, the one-and-dones who spend a few seconds on many different sites, but truly engaged readers and viewers who are prepared to devote real time to content of real quality

WHY TRUST MATTERS

Ed Williams
CEO, Edelman UK & Ireland

How often do we think about trust in our daily lives? There are numerous occasions on which we unconsciously test some experience against the question: is this the right thing for me to do/buy/eat/believe? Sniffing food before eating it is an example of an unconscious trust test. Will this ice take my weight? Do I trust that driver to respect the pedestrian crossing before I step out? But it's rarer for us to test consciously and deliberately whether we trust something.

One area where it does happen though, and often, is with the news. In print or on screen, we find ourselves challenging the veracity of news reports all the time. 'Life on Mars!' screams the headline. Really? Is that actually Kim Kardashian's [insert body part here]? Do I believe in anonymous sources? Did somebody pay the newspaper to run this story? Can I trust the journalist, or the editor, or the proprietor to give me an honest report? Or do I not care whether the 'news' I see is true or not, just so long as it's entertaining?

In Britain, we have a long history of independent journalism, although not as long as we like to think. The presence of august organisations such as the BBC, Reuters, or the *FT*, all of which we – and much of the world – instinctively trust to be unbiased, cements the feeling that we are protected rather than misled by the media.

Yet, as verified not only by the Reuters Institute research, but also our own Edelman Trust Barometer data, in Britain we do not actually trust the media overall. Even including those organisations of high reputation, the Barometer tells us that only 55% of Brits trust the traditional media (defined as broadcasters and newspapers, including their web offerings) to do the right thing. The *Digital News Report* offers a similar figure, showing trust levels at 50%.

This seems unimpressive, even worrying, but in fact the UK is about mid-table in terms of trusting the media, on the face of it. Dig down a little into the data, however, and another trend emerges: a disparity – perhaps unsurprising – between levels of trust based on the type of media.

This shows television news main bulletins score between 69% and 74% in the Edelman data (Edelman Trust Barometer 2016, UK supplementary research). At the other end of the scale, red-top newspapers score between 37% and 42%. Middle-market British papers scored between 46% and 55%, while what used to be called broadsheets are trusted, on average, by between 58% and 66% (Edelman Trust Barometer 2016, UK supplementary research).

These figures seem reasonable until one explanatory aspect is introduced: these are the trust figures for people who actually read those titles. Among those who are not paying customers, trust in the lower end of the market is in a range of 9% to 17%, in the mid-30s for mid-market, and mid-50s for the 'heavies' (Edelman Trust Barometer 2014, unpublished research). Accordingly, it's tempting to assume that this is a recent phenomenon, provoked perhaps by the phone-hacking scandal of 2011 and a series of high-profile trials that followed in which journalists were cast in an unfavourable and disagreeable light. But that is not supported by research. Again, from two sources: our tracking data from before the time that phone-hacking hit the headlines shows trust levels in the media immediately after the scandal only three percentage points lower than in our most recent survey; and EU study from 2010 places UK newspapers rock bottom in a survey of 27 member nations when people were asked if they trusted newspapers to tell the truth. Britain's press scored 18%, compared with an EU average of 43%. The next least trusted national newspaper industry, in Greece, recorded a trust level of 28%.

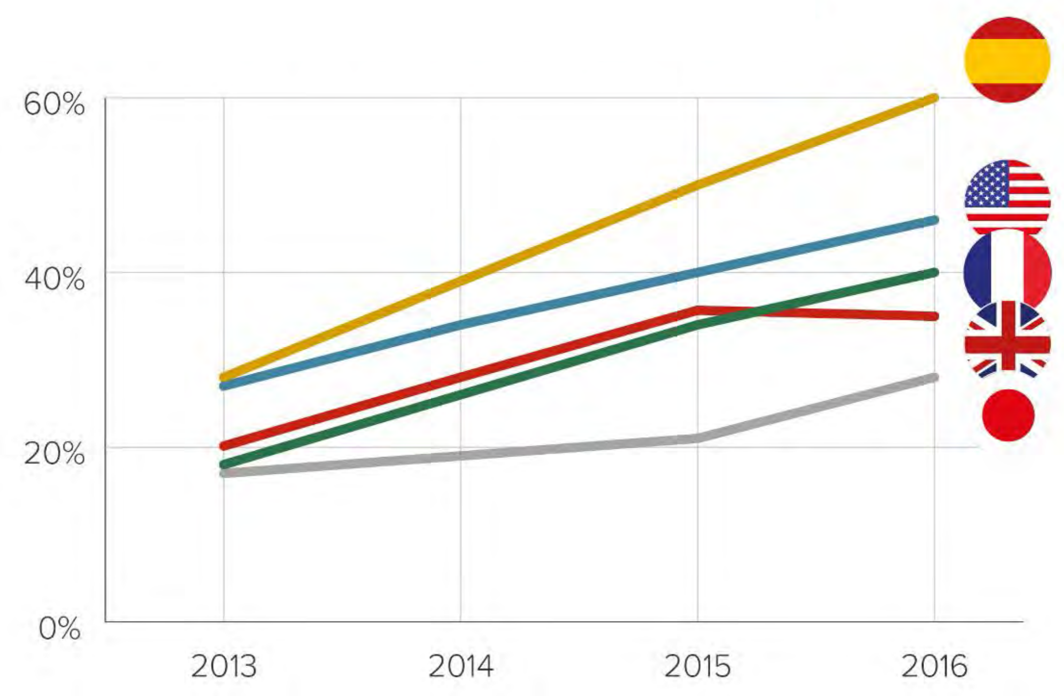
Of course, to some extent this is a global issue. The wider news spreads, the more it gets questioned. The more information people are exposed to, the more they have to exercise their critical faculties. It is a supply-side issue as well: the more sources that come into being, the more contradictions in reports of the same story will be thrown up. And it is an issue of technology and malign intent: the more digital tricks that become available to propagandists and hoaxers, the less trust we ought to place.

Key findings

- Increase in usage of social media for discovery and consumption
- Smartphone use up sharply again
- Video growing more slowly than might expect, though faster offsite
- Ad blocking significant issue with little growth in people paying for news
- Traditional brands remain valued but digital born competitors are gaining ground

Distributed news

% Using social media for news



Q3. Which, if any, of the following have you used in the last week as a source of news? Showing social media code

51%

Average across 26 countries

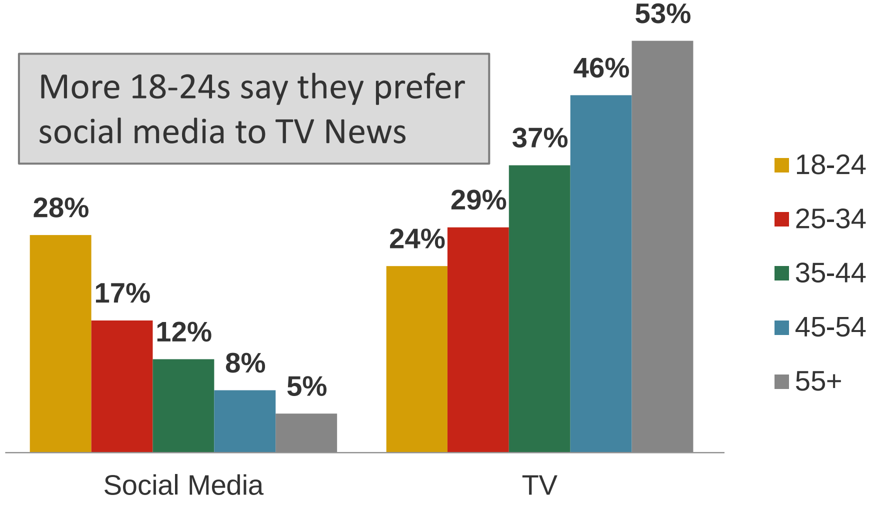
EVEN HIGHER ELSEWHERE…

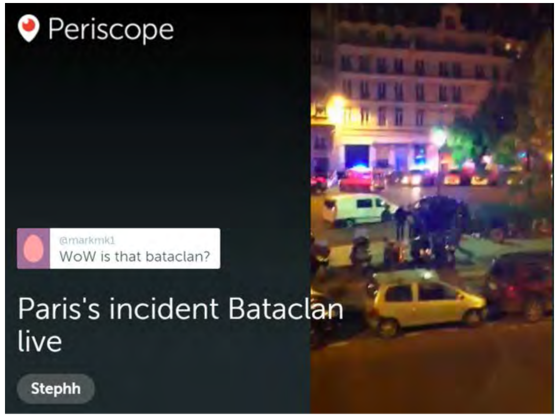
GRE	74%	POR	66%
TUR	73%	HUN	64%
BRA	72%	SPA	60%

And now as main source

12%

Average across
26 countries



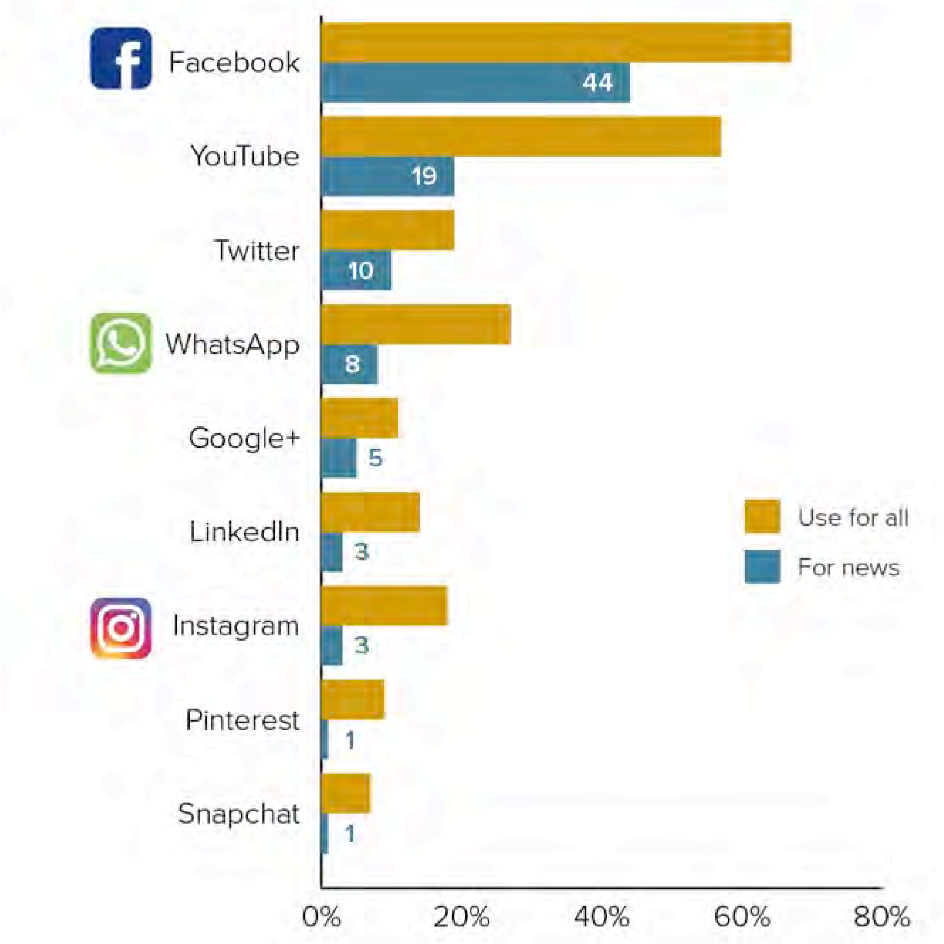


"The stories that come through are usually the breaking stories that I would otherwise have to go to NewYorkTimes.com. Now I don't."

(35–54 year old, US Focus Group)

Facebook dominates

TOP SOCIAL NETWORKS FOR NEWS (ALL COUNTRIES)



44%
Use for news

IT'S DIFFERENT IN ASIA (USE FOR NEWS)

KOREA	
Facebook	24%
Kakao Talk	22%
YouTube	16%
Kakao Story	9%

JAPAN	
YouTube	26%
Facebook	16%
Twitter	16%
Line	13%

Why people use social networks for news ….

1. ALERTS ME TO STORIES I MIGHT MISS

60%

2. SIMPLE WAY TO ACCESS VARIETY OF SOURCES

50%

3. EASY TO COMMENT AND SHARE

35%

How different groups use social media

OLDER

YOUNGER

“I still watch the news once a day
Social media and Facebook are rather secondary”
GERMANY 50+

“In the refugee crisis I got a lot of my news through Facebook, blogs, videos from the camps”
UK 18-34

“When David Bowie died everyone flocked to Facebook so I would find it there, but I don’t think I would click into an article because
I don’t feel social media has got integrity

UK 35+

“Social media has brought a wonderful community. It has taken the newspaper and the chat room culture and has smashed them together”

USA 18-34

Aggregators

Different kinds of aggregators
Selected countries

KOREA	JAPAN	PORTUGAL	CZECH REPUBLIC	POLAND
NAVER 66% DAUM 41%	YAHOO NEWS 59%	SAPO 36%	SEZNAM 66%	ONET 60% WP 52%

Q5B. Which, if any, of the following have you used to access news in the last week?
Base: Total sample in each country

Mobile news aggregators
Selected countries

UK

1. APPLE NEWS: 3%
2. FLIPBOARD: 3%
3. SMART NEWS: 1%

USA

1. APPLE NEWS: 4%
2. FLIPBOARD: 4%
3. SMART NEWS: 1%

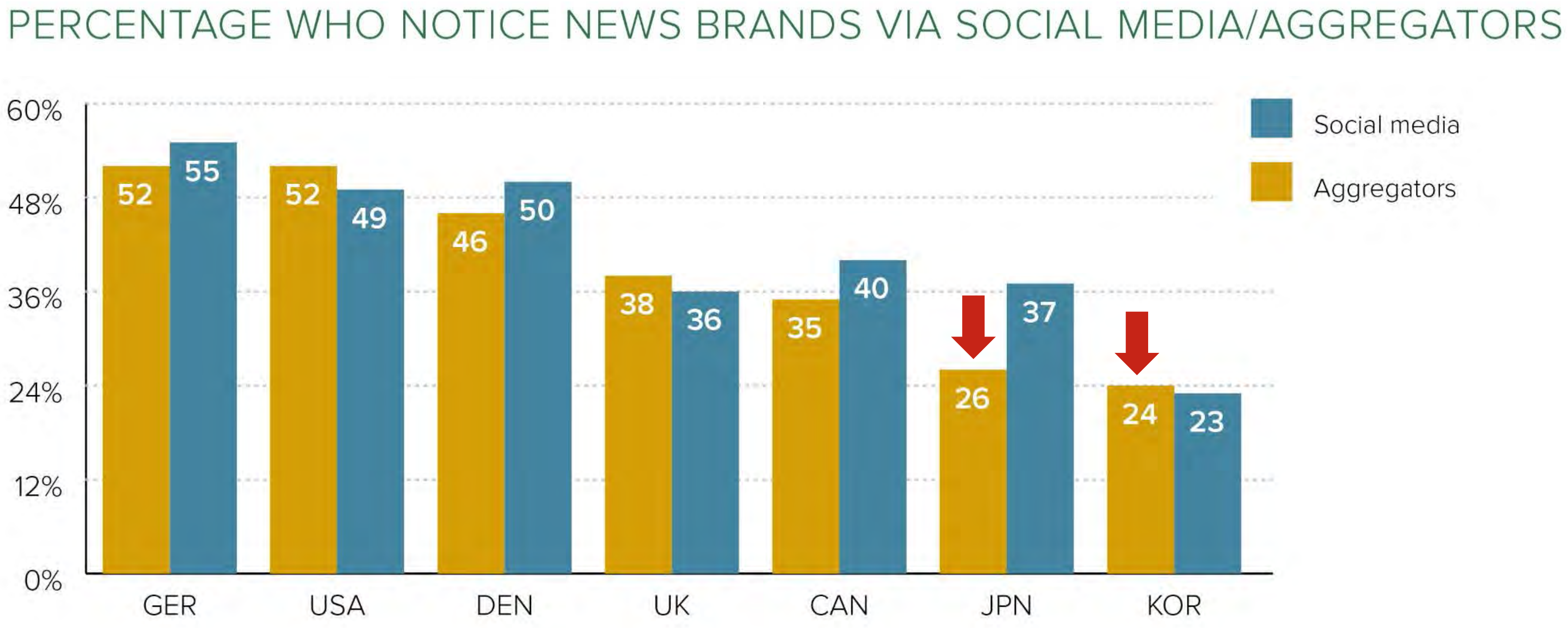
AUSTRALIA

1. APPLE NEWS: 4%
2. FLIPBOARD: 4%
3. SMART NEWS: 2%

"I usually go through Apple News. It gets a variety of things, like I'm interested in certain topics that I probably wouldn't find or I'd have to search for it myself so it's like a one stop shop of things that interest me."

(18–34 year old, US Focus Group)

Impact on brand recognition

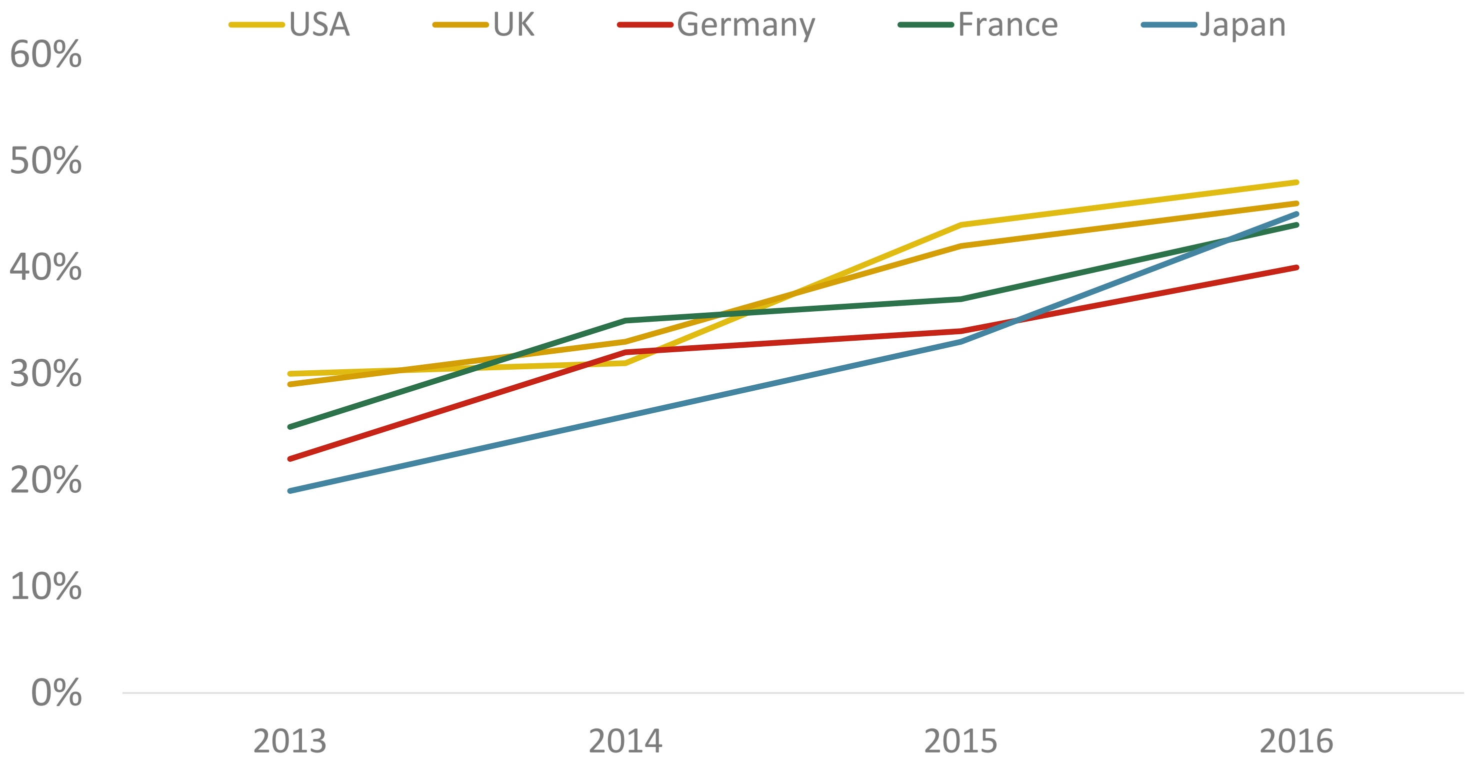


Q10b/cii_2016. Thinking about when you have used social media/aggregators for news, typically how often do you notice the news brand that has supplied the content? *Notice* = those who always or mostly notice the brand

Impact of Mobile

Smartphone usage continues to rise, some countries reach tipping point

% Using smartphone for news

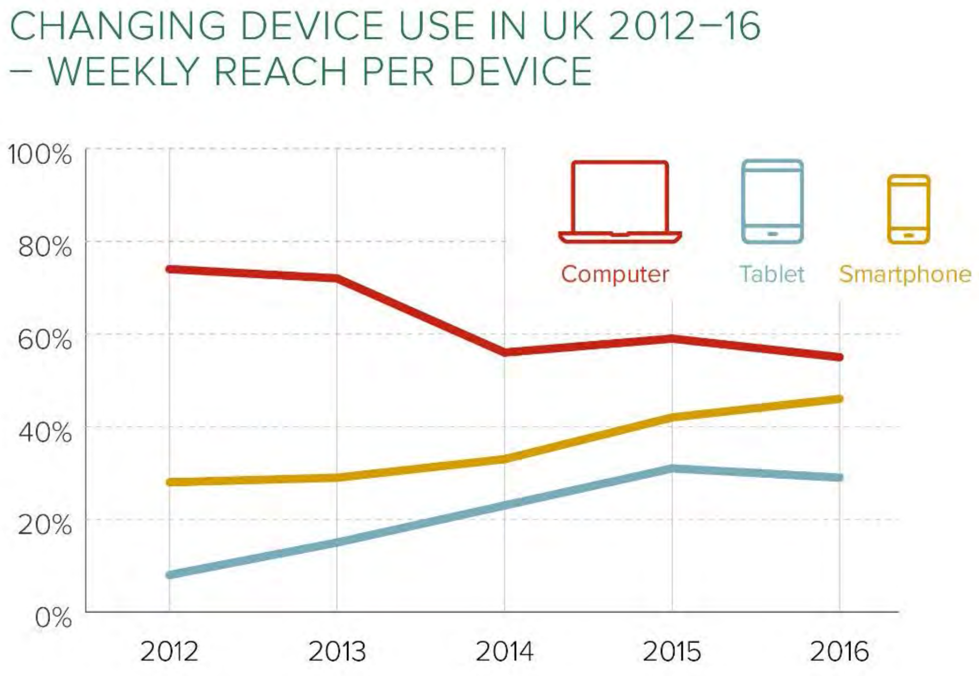


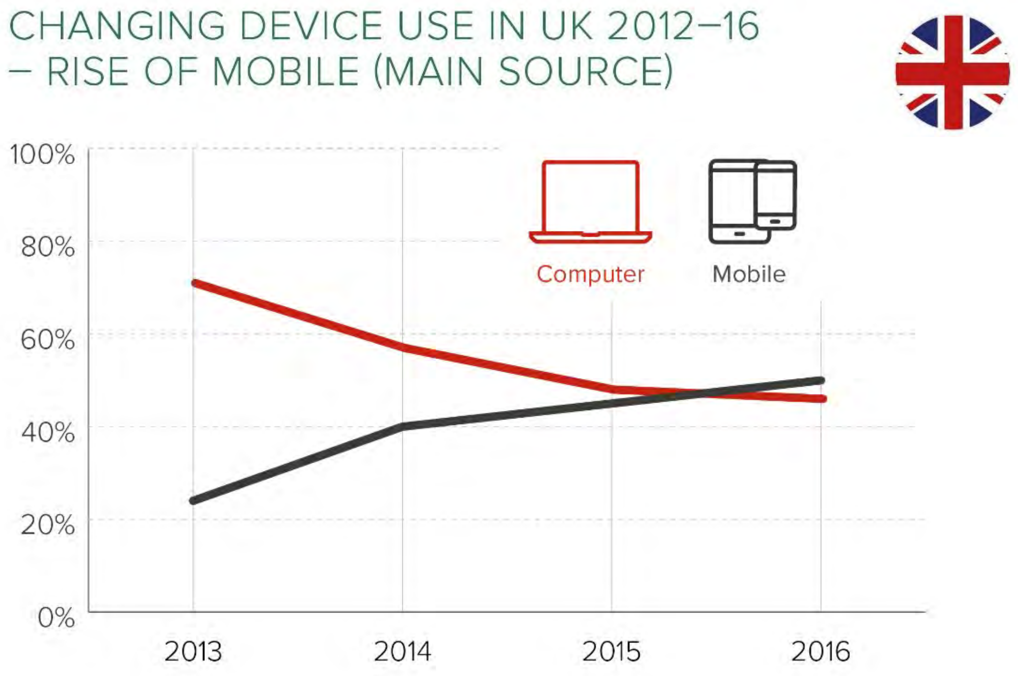
8b Which, if any, of the following devices have you used to access news in the last week?
Base: All markets 2016 – USA: 2197; UK: 2024; Germany: 2035; France: 2162; Japan: 2011

ALSO

69% Sweden
61% Switzerland
60% Denmark
59% Ireland
59% Finland
58% Spain
51% Austria
40% Canada

Mobile tipping point





First contact with news (in the morning)

UNITED KINGDOM

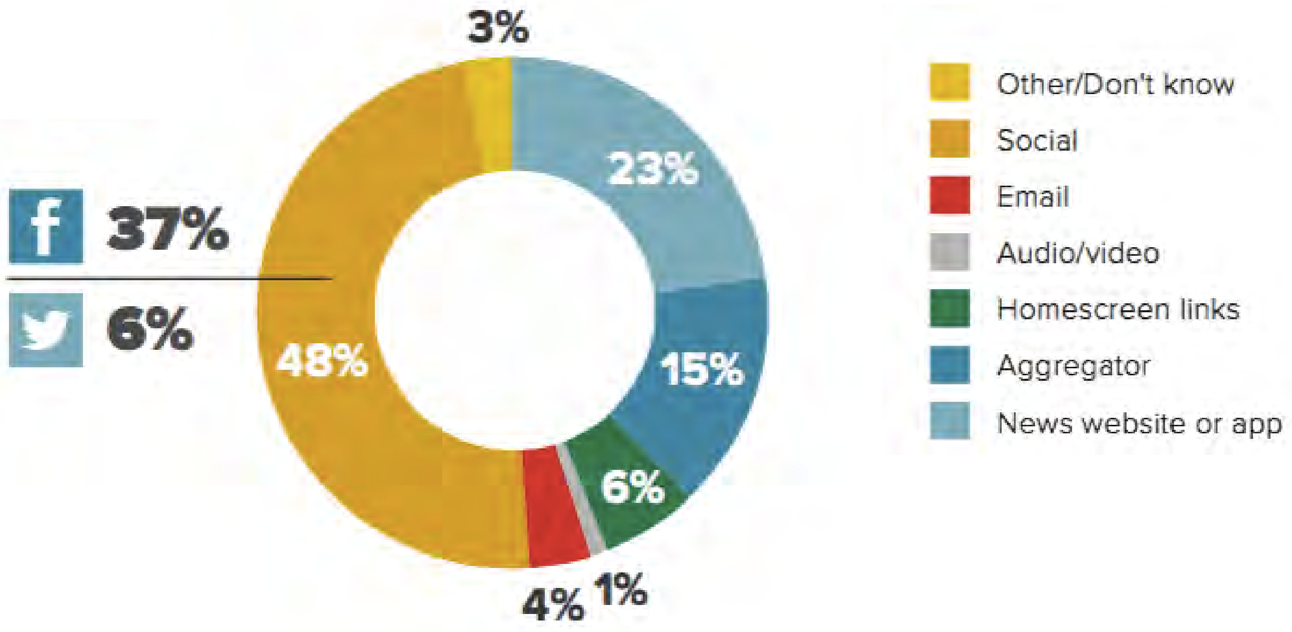
24%

16%

UNITED STATES

12%

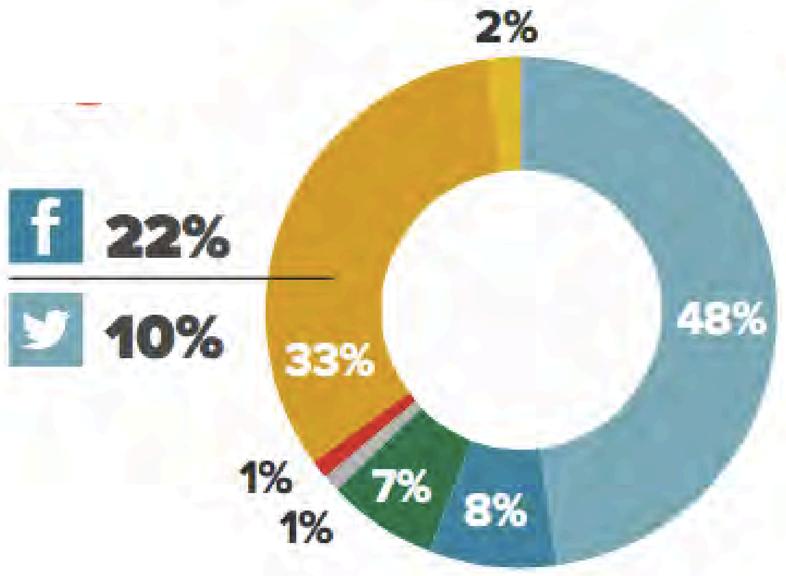
17%



First contact with news (in the morning)

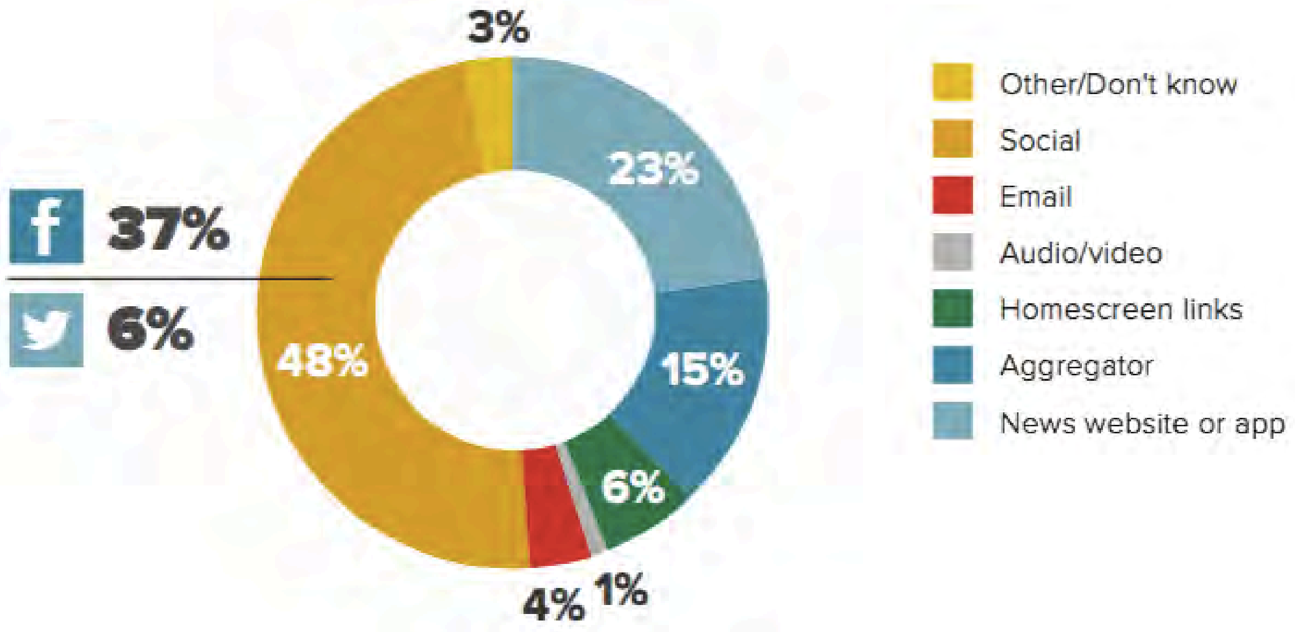
UNITED KINGDOM

24% 16%



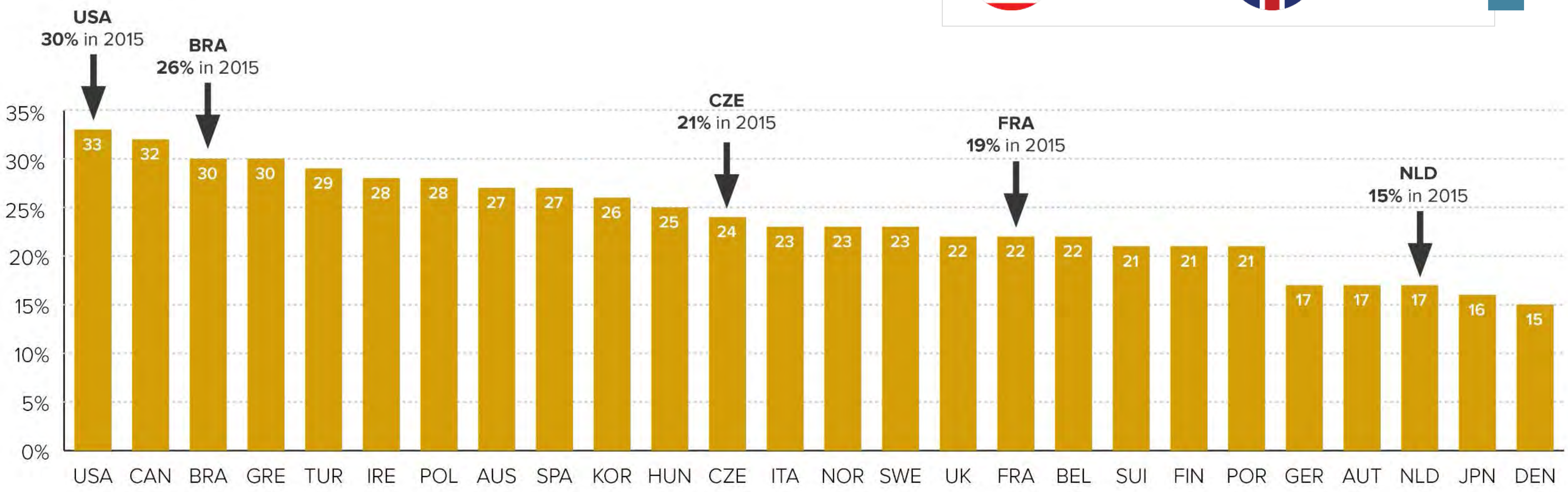
UNITED STATES

12% 17%



Video not growing so fast

Video not growing so fast



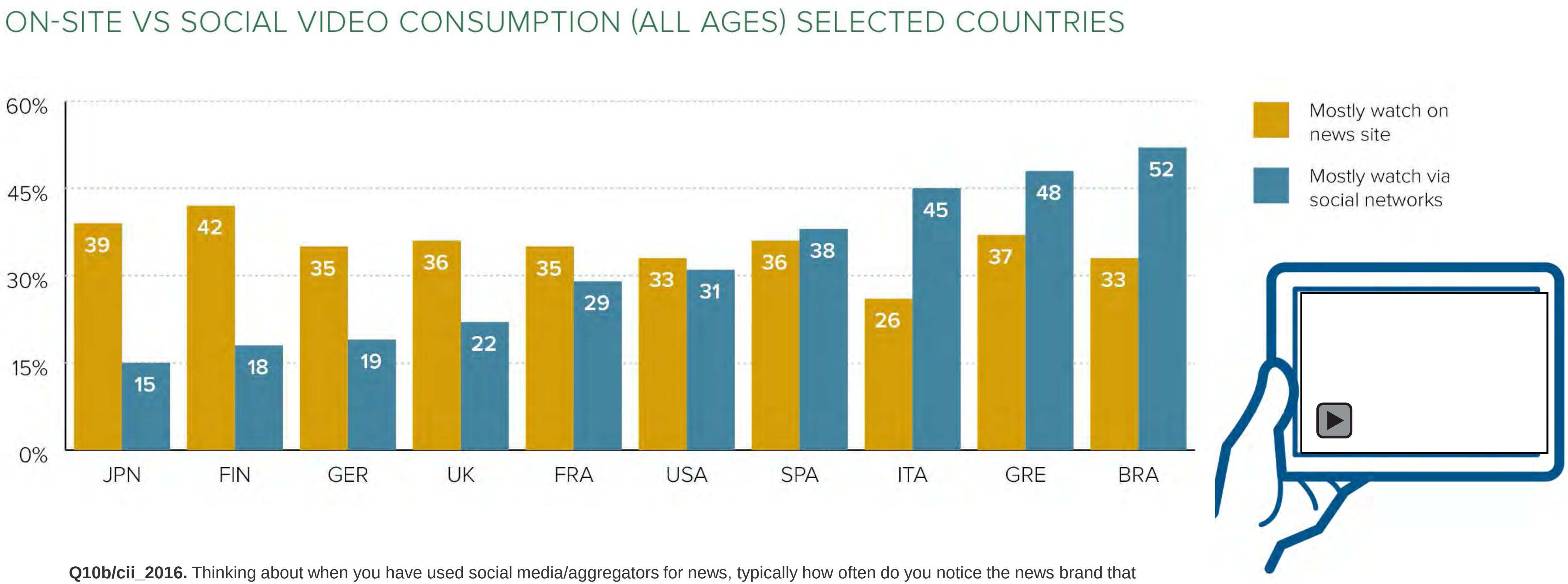
Text still dominates news usage

MAIN BARRIERS TO USING VIDEO

78% mostly read news on the internet (only **occasionally** use news video)

1. Reading is quicker and more convenient
2. Pre-roll ads tend to put people off
3. Videos don’t add to the text story

Video consumption moving off-site



Q10b/cii_2016. Thinking about when you have used social media/aggregators for news, typically how often do you notice the news brand that has supplied the content? Notice = those who always or mostly notice the brand

Business of journalism

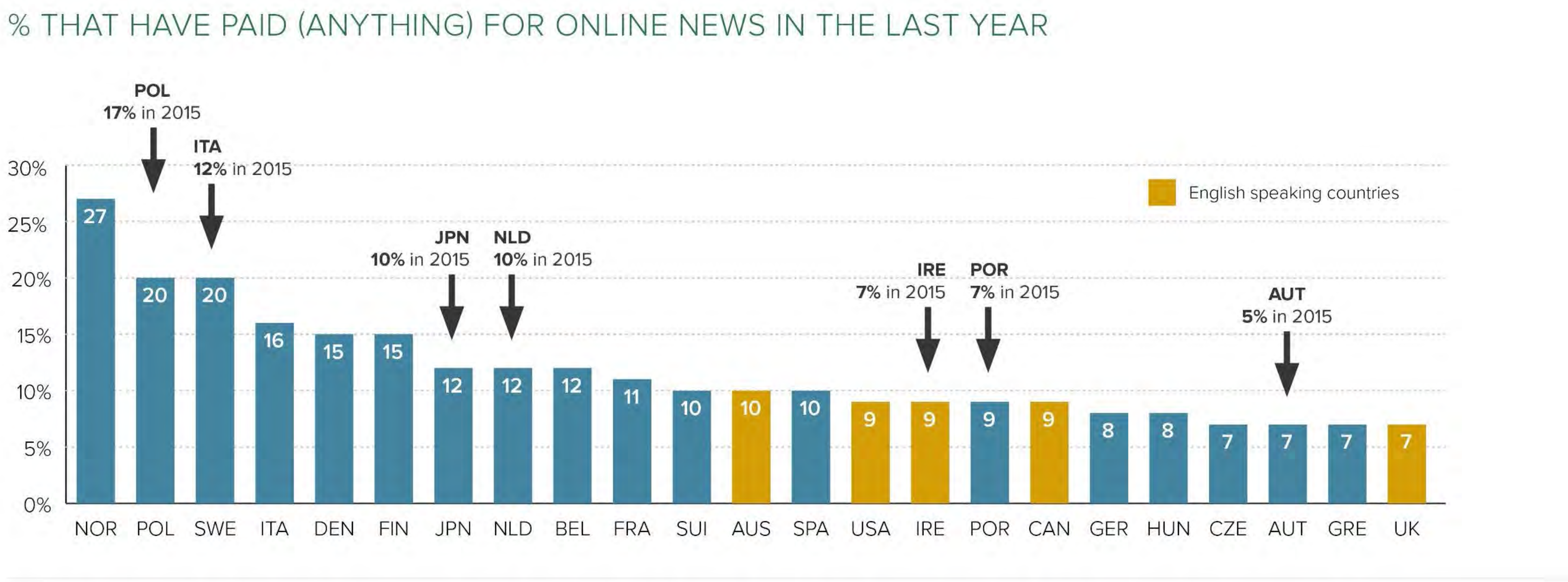
Widespread use of ad blocking

Heavy news users block most along with the young…
But only 8% of smartphone users are using the software

Reasons for ad blocking

	USA	UK	GER
I was fed up with the volume and distracting nature of advertisements in general	68%	74%	64%
I dislike ads that follow me around from one site to another (privacy concerns)	55%	56%	57%
To improve the speed at which pages load	50%	42%	38%
So I don't use as much data on my mobile phone plan	10%	9%	14%
To save battery life	13%	11%	13%

Reluctance to pay for online news



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Average payment higher

UK:
Highest average payment

Poland:
Lowest average payment

COUNTRIES GROUPED BY DOMINANT METHOD OF PAYMENT FOR ONLINE NEWS

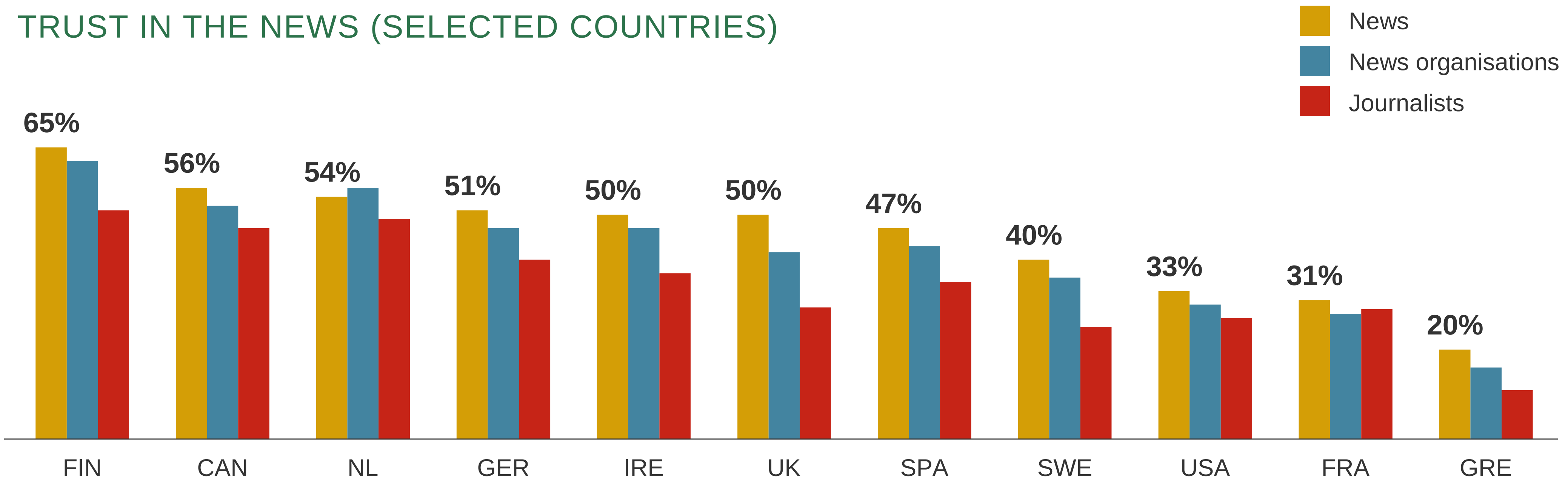
MOSTLY ONGOING PAYMENTS	HALF AND HALF	MOSTLY ONE-OFF PAYMENTS
Denmark	Austria	France
Norway	Germany	Ireland
Sweden	Portugal	Spain
Finland	Netherlands	Poland
UK	Switzerland	Turkey
Australia	Brazil	Italy
Belgium	Canada	Czech Republic
Japan	Greece	
USA	Hungary	

Trust in news

Trust high in Finland, low in Greece

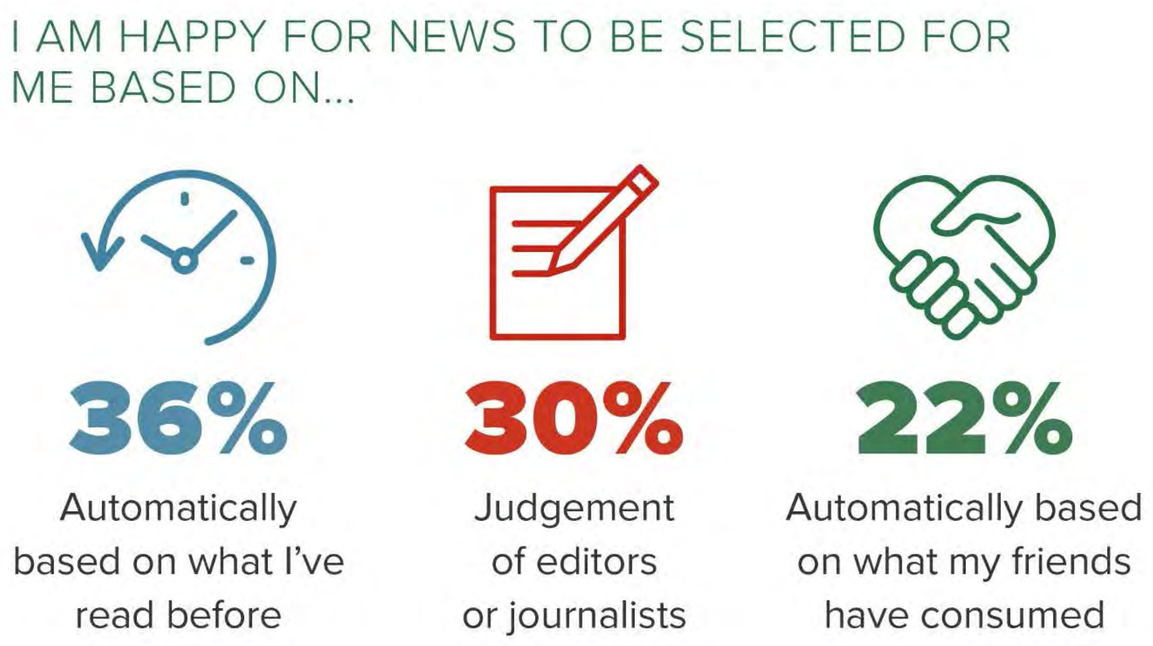
News organisations not journalists carry the most trust with exception of France

TRUST IN THE NEWS (SELECTED COUNTRIES)



Q6. Thinking about news in general , do you agree or disagree that you can trust news/news organisations/journalists most of the time?

Algorithms or editors?



Prefer algorithms

"If Facebook can give me suggestions, great. It is tailoring to my needs"

Prefer editors

"Editors provide more variety. It can get boring if I only see things that I know I like"

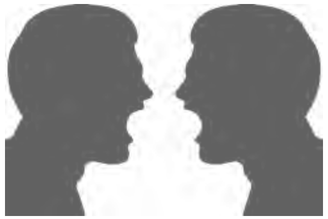
Concerns about personalisation

1. MISSING OUT ON IMPORTANT INFORMATION

57%

2. MISSING OUT ON CHALLENGING VIEWPOINTS

55%

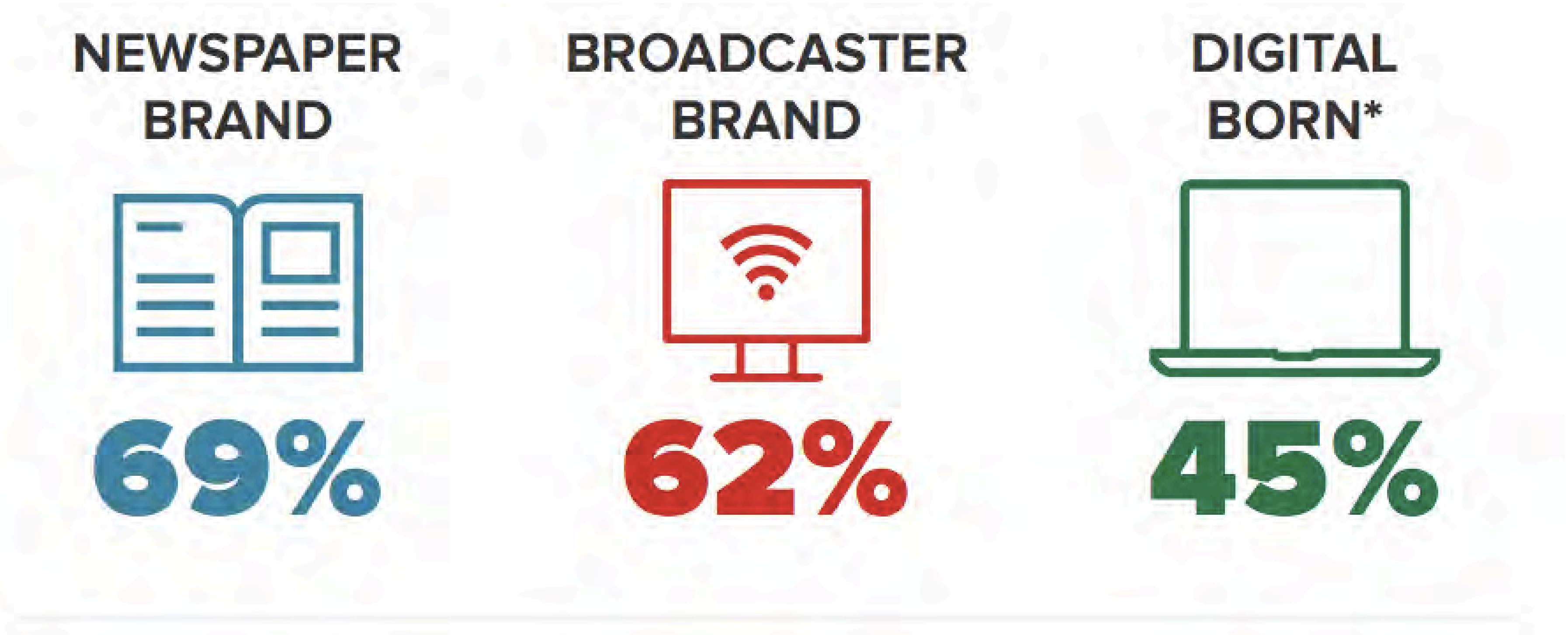


3. CONCERNS ABOUT PRIVACY

48%

The role of brands

Old brands, new brands



Q5B. Which, if any, of the following have you used to access news in the last week?
Base: Total sample *Digital born brands like Buzzfeed and Huffington Post that produce their own content

Digital born brands

15 international editions
Including Australia

Q5B. Which, if any, of the following have you used to access news in the last week? Via online platforms (web, mobile, tablet, e-reader)

SELECTED DIGITAL-BORN BRANDS' WEEKLY NEWS REACH, COMPARED WITH SELECTED TRADITIONAL BRANDS

	HUFF. POST	BUZZFEED	VICE	BBC	CNN	NEW YORK TIMES
USA	25%	16%	4%	10%	21%	14%
UK	14%	9%	2%	51%	2%	2%
France	13%*	4%	2%	3%	2%	2%
Germany	8%*	2%	1%	4%	3%	2%
Spain	14%*	3%	3%	6%	7%	–
Italy	13%*	2%	2%	8%	6%	3%
Greece	13%*	4%	7%	15%	11%	–
Ireland	11%*	10%	2%	22%	6%	5%
Australia	10%	10%	2%	14%	8%	4%
Canada	19%	13%	4%	9%	15%	6%
Japan	5%*	2%	–	4%	6%	2%
Weighted average (24 countries)	11%	6%	2%	8%	8%	5%

Digital born brands

New edition in Japan, expanded news teams in UK and US

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Germany	8%*	2%	1%	4%	3%	2%
Spain	14%*	3%	3%	6%	7%	–
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Australia	10%	10%	2%	14%	8%	4%
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Digital born brands

VS VS

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Germany	8%*	2%	1%	4%	3%	2%
Spain	14%*	3%	3%	6%	7%	–
Italy	13%*	2%	2%	8%	6%	3%
Greece	13%*	4%	7%	15%	11%	–
Ireland	11%*	10%	2%	22%	6%	5%
Australia	10%	10%	2%	14%	8%	4%
Canada	19%	13%	4%	9%	15%	6%
Japan	5%*	2%	–	4%	6%	2%
Weighted average (24 countries)	11%	6%	2%	8%	8%	5%

Main news sources

UK		FRA		SPA		SWE		US	
BBC	47%	20 Minutes	19%	El Pais	12%	Aftonbladet	30%	Yahoo	15%
Mail	9%	Le Monde	18%	El Mundo	7%	Expressen	7%	Fox News	12%
Sky News	6%	Le Figaro	15%	20 Minutos	6%	Dagens Nyheter	7%	CNN	12%

“You kind of like have a serious news source and then the sort of guilty pleasure sources.”

(20–34 year old, UK Focus Group)

? So do these news brands still matter then?

M *Yeah.*

F *Yeah.*

? And in the future they'll still matter?

F *I would be disappointed if they didn't because then how do we know if we're getting accurate information or not.*

M *I still think brand matters, I still think you go to the more reputable ones by far, I don't think that's going to change.*

Recap and discussion points

- More of us are getting news through social networks and aggregators
- Mobile news consumption is becoming more important
- Editors now compete with algorithms for the right to select stories
- Video is growing, but text remains king
- News brands are still valued but most people aren’t prepared to pay online (or watch ads)

UNIVERSITY OF OXFORD

Reuters Institute
for the Study of Journalism

KEY FINDINGS

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DIGITAL NEWS REPORT 2016