New threats for traditional news organisations as mobile and social disruption gathers pace says international study

As the smartphone becomes the defining device for online news, publishers will increasingly struggle to make money, according to the world's most authoritative report on digital news.

Many news brands are struggling to cut through on mobile with access to content increasingly mediated by third-parties such as Facebook, Apple and Google. These problems are compounded by the difficulty of selling effective advertising space on small screens, and the increasing use of ad-blocker technology, says the fourth annual Digital News Report from the Reuters Institute for the Study of Journalism at the University of Oxford.

More widely, news providers have seen little increase in the number of people who are willing to pay for their journalism while there is evidence of audience resistance to so-called sponsored content – seen as a possible cure to the ailing ad business in digital news.

Reuters Institute Director of Research Rasmus Kleis Nielsen said:

"Our research documents that most people like news and use news, but they don't want to pay for it, don't want to see advertising around it, and don't want to see it mixed up with sponsored content. This means sustainable business models remain elusive even for those who succeed in building an audience."

The report, based on research conducted in 12 countries, shows a quickening of the pace towards social media platforms as routes to audiences, together with a surge in the use of mobile for news, a decline in the desktop internet and significant growth in video news consumption online.

Growing influence of smartphones

News accessed from smartphones has jumped significantly over the last year with average weekly usage growing from 37% to 46% [31% to 44% in the US and from 33 to 42% in the UK]. This growth does not benefit all providers equally. The report suggests that smartphone news is often dominated by a few successful brands, with others struggling to reach a wider audience, both via apps and browsers.

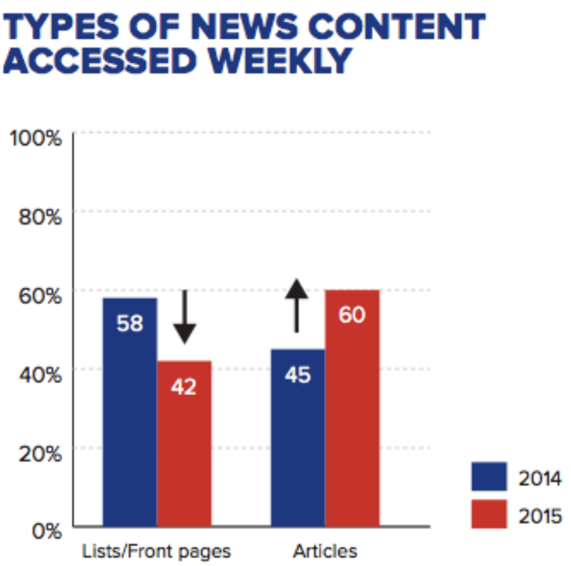
On average people use a small number of trusted news sources on the mobile phone – just 1.5 per person - significantly fewer than on a tablet or computer. Although 70% of smartphone users have downloaded a news app, only a third *use* news apps on a weekly basis.

Mobile news consumption is heavily weighted to under 45s who are also more likely to discover news through social networks and other mobile aggregators than go directly to news brands. It is getting harder and harder for news brands to earn a place on the homescreen, according to lead author Nic Newman.

"The reality is that only the most loyal users are downloading and using apps. For others social

media, messaging apps, email and mobile notifications are becoming an increasingly important route to news."

The Reuters Institute data shows that, across all platforms, significantly fewer people are accessing the front page of a news website where a list of stories is displayed. More people are going directly to stories via search or social media.

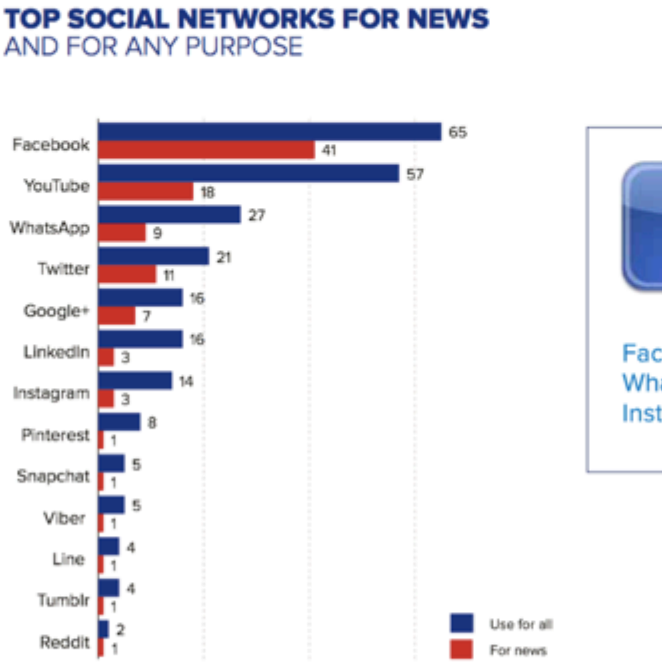


Q11. Thinking of the way you looked at news online (via any device) in the last week, which of the following ways of consuming news did you use? Please select ALL that apply. *Base: 2014/2015 All = 18859/23557.*

Social media and the increasing influence of Facebook

The report shows the increased importance of Facebook in the distribution of online news with 41% using the network to find, read, watch, share, or comment on the news each week – more than twice the usage of its nearest rival and up six percentage points on last year.

The report also shows strong growth for other newer networks such as WhatsApp, Instagram, and Snapchat and provides evidence that the increased importance of social platforms is a trend not confined to the US or a few markets but is playing out all over the world.



Q12a. Which, if any, of the following have you used for any purpose in the last week?
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: All = 23557.*

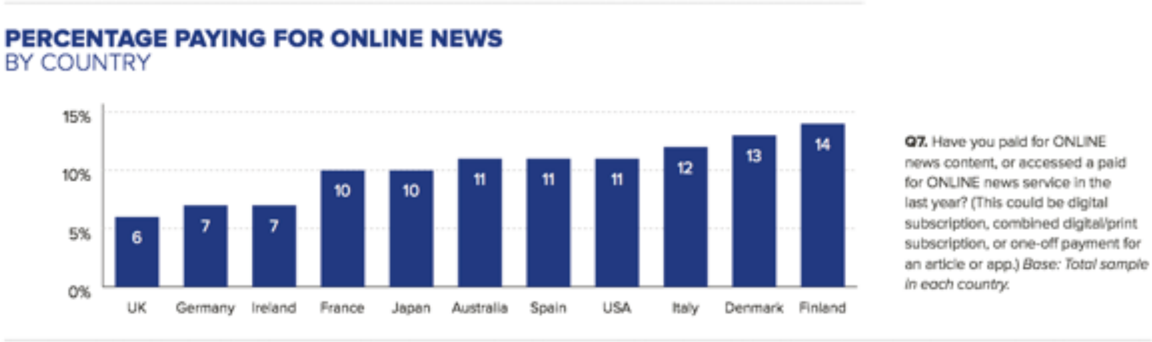
When asked about the value of different news sources, users generally praised social media for bringing them new stories they would not have seen otherwise, but had reservations about the accuracy and reliability of news found via social media.

As social networks talk to publishers about hosting more content on their platforms with services like Facebook Instant Articles, there is renewed concern about the power of these networks, the lack of transparency around algorithms that surface content and about whether news organisations will get a fair return. Writing a lead commentary for the Digital News Report, Emily Bell Director of the Tow Center at Columbia University says:

> *"Fragmentation of news provision, which weakens the bargaining power of journalism organisations, has coincided with a concentration of power in platforms. The only remaining question is how fast will we see a shift from the old models of distribution to the new."*

The business of journalism

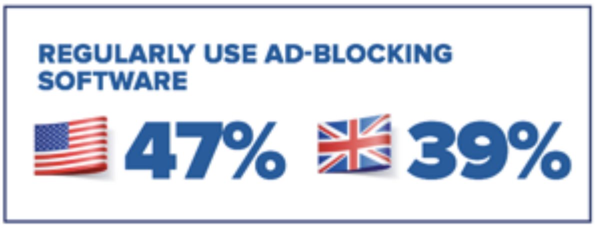
Sales of printed newspapers have continued to fall in most countries but this year's data show no discernible increase in paid online content – or in willingness to pay. A small number of loyal readers have been persuaded to pay for brands they like but it is proving hard to convert casual readers when there is so much free news available from both commercial media companies and public service media. People in Finland (14%) and Denmark (13%) are around twice as likely to pay for online news as those in the UK (6%), Germany (7%) and Ireland (7%).



These numbers, however, do conceal some significant shifts – and a rise in overall revenue as publishers have signed up users to on-going subscription rather than one off payment for apps or day access.

The report also reveals problems for business models based on online advertising. Smartphone content is proving hard to monetise and consumers appear increasingly resistant to any format that interrupts the reading experience.

47% of our US sample and 39% in the UK say they regularly use ad-blocking software to screen out popups and banners. The rise of ad blockers is combined with industry concern about fraud and a lack of transparency is leading some publishers to abandon the old models in favour of new 'native' advertising or sponsored content.



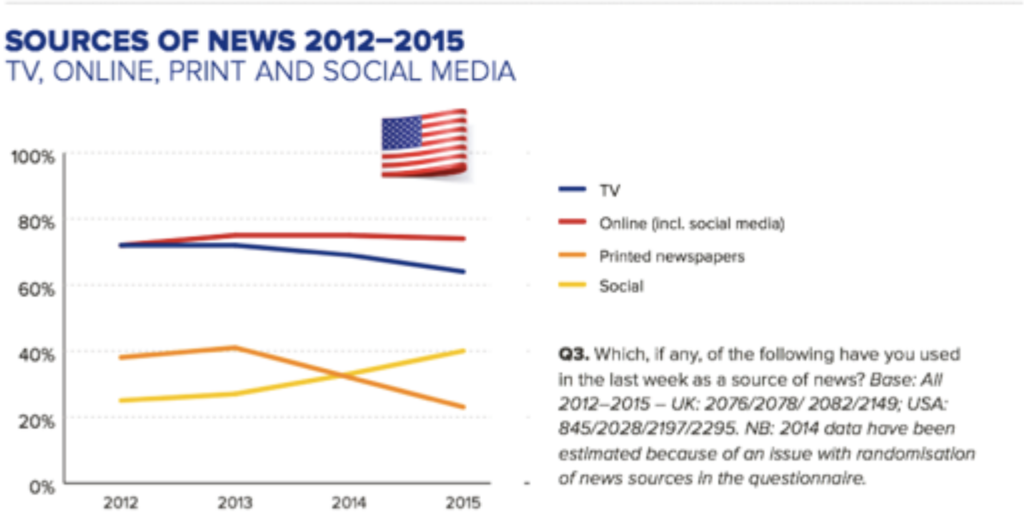
This year's report contains a separate section, which explores consumer attitudes to this growing and controversial area based on qualitative and quantitative research in both the UK and US. The main headlines are:

- A third or more say they have felt disappointed or deceived after reading an article they later found had been sponsored.
- Half say they don't like sponsored content but accept this is part of how they get free news.
- Over a quarter feel more negatively towards the news brand as a result of sponsored content or native advertising.

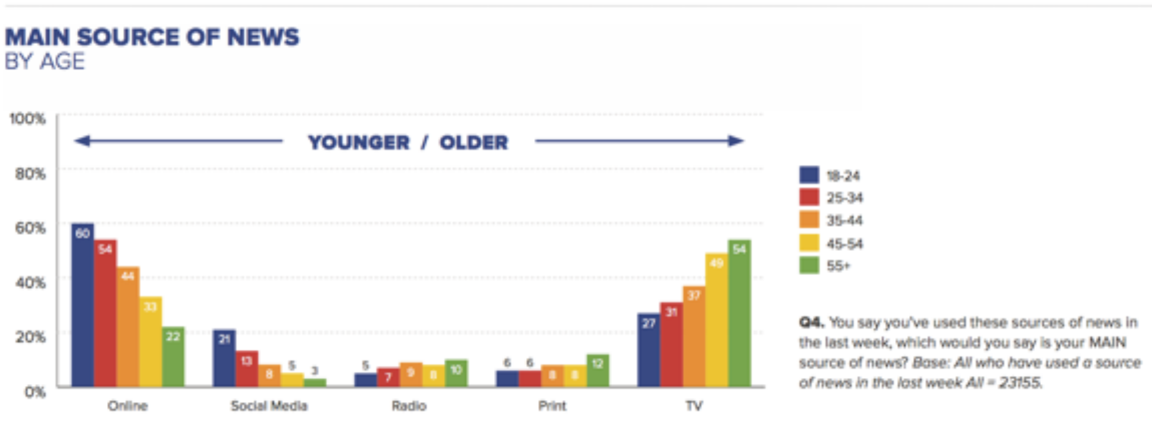
(see separate release detailing the research into native advertising and sponsored content)

Changes over time

Derived from a detailed a survey of the news consumption of over 20,000 people in 12 countries, the Reuters Institute Digital News Report has become the prime source for identifying changes that have already struck the fast-changing news environment, as well as forecasting trends for the future. Four years' worth of data show online now rivalling television as the most important news source in many countries with print readership falling and social media growing in influence year on year as a source of news.



In most countries, fewer people are watching scheduled TV bulletins and programmes. This is particularly the case with the younger half of the population where in the United States less than a third (31%) of under-45s now watch a scheduled TV bulletin compared with 42% two years ago. It is a similar story in the UK – 46% down from 56% in 2013. More widely we see stark generational splits in consumption patterns.



New global digital-born disrupters

The report provides evidence that digital-born global franchises The Huffington Post and Buzzfeed are beginning to rival old media giants the BBC, CNN in terms of online reach. Buzzfeed has doubled its market share in the US in the past twelve months (5% to 10%) while The Huffington Post is up to 22% comfortably beating The New York Times and with significant market share in almost a dozen countries around the world (see next chart). But not all digital-born disrupters have built a mass audience for news. Vice News, for example, reaches on average only 1% of online news users.

TOP GLOBAL BRANDS

	Huff Post	Buzzfeed	Vice	MSN	Yahoo	D Mail	Guardian	NY Times	BBC	CNN
US	22%	10%	3%	11%	23%	3%	4%	12%	10%	14%
UK	12%	5%	1%	5%	8%	14%	12%	1%	48%	1%
France	8%*	1%	1%	7%	8%	-	-	1%	3%	2%
Germany	6%*	1%	1%	4%	5%	-	-	1%	3%	3%
Spain	8%*	1%	1%	9%	8%	-	-	3%	5%	4%
Italy	7%*	1%	1%	8%	11%	-	-	2%	3%	4%
Ireland	8%	6%	1%	5%	9%	7%	4%	4%	17%	5%
Brazil	2%*	2%	1%	20%	18%	-	-	6%	8%	9%
Australia	12%	7%	1%	25%*	21%*	3%	7%	4%	14%	7%
Japan	2%*	1%	-	10%	52%*	-	-	2%	3%	5%
Weighted[1]	**10%**	**4%**	**1%**	**8%**	**18%**	**2%**	**2%**	**5%**	**8%**	**6%**

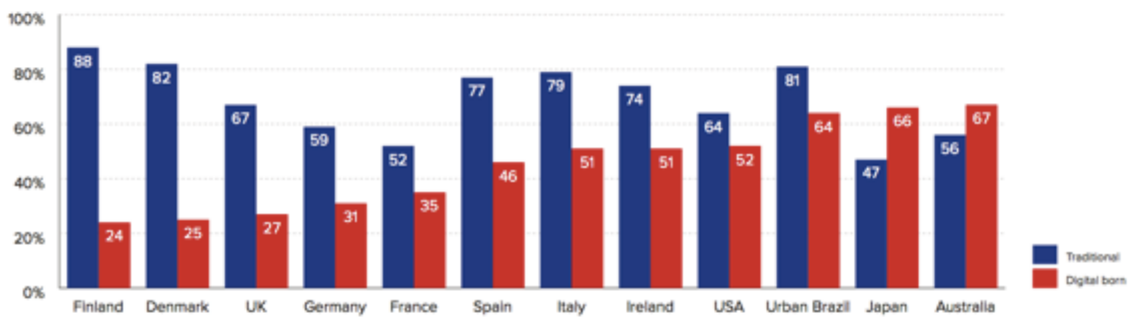
Q5b. Which, if any, of the following have you used to access news in the last week? Via online platforms (web, mobile, tablet, e-reader). *Base: Total sample in each country.*

[1] *Weighted percentage calculated using population data from Internet World Stats and the World Bank: weighted = (country population * percentage adults * percentage accessed)/total population of all countries surveyed. Brazil is not included due to the absence of reliable data about its urban population.*

* *Represent joint ventures and some cases (e.g. Australia's NineMSN) where MSN retains the name but has sold the business.*

Along with first wave disrupters Yahoo, MSN and Google News, these sites are disrupting the dominance of traditional news organisations in countries like the US, Japan and Australia. But in other countries like Denmark, Finland, and the UK, strong newspaper brands and strong public service broadcasters have captured most of the online market, leaving little room for new players.

DISRUPTION BY DIGITAL BORN PLAYERS
ALL COUNTRIES



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Trust in news

The report finds significant differences in people's trust in news across countries, with over two-thirds (68%) agreeing that they trust the media in Finland, compared with only one-third in the United States (32%), Spain (34%), and Italy (35%).

TRUST IN THE NEWS
ALL COUNTRIES

	FIN	BRA	GER	DEN	UK	JPN	IRE	AUS	FRA	ITA	SPA	USA
Trust in general	68%	62%	60%	57%	51%	46%	46%	39%	38%	35%	34%	32%
Trust in my sources	73%	70%	68%	65%	64%	50%	57%	53%	49%	48%	46%	56%

MORE TRUST / LESS TRUST

Q6a. Thinking about news in general, do you agree or disagree with the following statement? 'I think you can trust most news most of the time'/ **Q6b.** 'I think I can trust most of the news that I use most of the time'. *Base: Total sample in each country.*

Reuters Institute Director David Levy said:

"Overall trust levels in news vary greatly across the 12 countries. While people everywhere trust most the news sources they personally 'use most of the time' as opposed to 'news in general', the discrepancy between those two figures seems greatest in countries with the most partisan and hence polarised media".

Online news video on the rise

The report also picks up a significant increase in the consumption of online news video, notably in Spain (+10), Denmark (+8), UK (+5), Italy (+5), and Japan (+5). This reflects the new strategies from social networks to display and play more video and a greater supply of video from publishers.

News organisations have set up or expanded teams over the last year to create – or repackage video – partly because advertising premiums are far higher than for text news, partly to take advantage of new distribution opportunities.

More of us are using video but others remain to be convinced. Of those who don't use video, four in ten (40%) say they find reading text more convenient, almost a third (29%) are put off by pre-roll ads, and a fifth (21%) say they'd rather watch on a bigger screen.

Of those who *are* using news video the most popular format is short-recorded clips (66% weekly access) that add drama or context to a news event. But streaming of live news events is almost as popular (57% weekly access) and may be fuelled further by the arrival of popular apps Periscope and Meerkat.

METHODOLOGY

All figures, unless otherwise stated, are from YouGov Plc. Survey conducted in US, UK, Germany, France, Spain, Italy, Denmark, Finland, Ireland, Brazil, Japan, and Australia.

Total sample size was 23,557 adults with around 2000 per country . Fieldwork was undertaken at the end of January/start of February 2015.

The survey was carried out online. The data were weighted to targets set on age and gender, region, newspaper readership and social grade to reflect the total population. The sample is reflective of the population who have access to the internet and respondents were screened out if they had not accessed news in the last month.

Please note that Brazil is representative of an urban population rather than a national population. As such the internet penetration is likely to be higher than for the country as a whole, which must be taken into consideration when interpreting results.

Interview requests should be sent to **Kate Hanneford-Smith** at the Reuters Institute kate.hanneford-smith@politics.ox.ac.uk + 44 (0)1865 611091, mobile: 07515 417 828

General inquiries, including requests for data, charts, high res images should be sent to Edelman:

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MORE INFORMATION ON 2015 REPORT

The research and report can also be found on a dedicated website (www.digitalnewsreport.org) from 16th June containing slidepacks, charts, and raw data tables, with a licence that encourages reuse. A description of the methodology is available with the complete questionnaire.

This is the fourth in an annual series of reports that will track the transition of the news industry towards an increasingly digital and multi-platform future.

Sponsors of this year's report include Google, BBC Global News, France Télévisions, L'Espresso group in Italy, Ofcom, the Broadcasting Authority of Ireland (BAI), Edelman UK as well as RISJ's academic partners the Hans Bredow Institute in Hamburg, Roskilde University in Denmark, the University of Navarra, the Tow Center at Columbia University's Graduate School of Journalism, and the University of Canberra.

However, sole responsibility for the analysis, interpretation and conclusions drawn lies with the authors and editors of the Report

Reuters Institute for the Study of Journalism

The Thomson Reuters Foundation is the core funder of the Reuters Institute, based in the Department of Politics and International Relations at the University of Oxford. The Institute was launched in November 2006 and developed from the Reuters Fellowship Programme, established at Oxford 32 years ago. The Institute, an international research centre in the comparative study of journalism, aims to be global in its perspective and provides a leading forum for scholars from a wide range of disciplines to engage with journalists from around the world.
See http://reutersinstitute.politics.ox.ac.uk/

Nic Newman - Study Author and Joint Editor

Nic Newman is a journalist and digital strategist who played a key role in shaping the BBC's internet services over more than a decade. Nic is currently a Research Associate at the Reuters Institute for the Study of Journalism at the University of Oxford and a consultant on digital media.

David Levy – Joint Editor

David Levy is Director of the Reuters Institute, a Fellow of Green Templeton College and an expert in media policy and regulation. He previously worked at the BBC both as a news and current affairs producer, reporter, and editor, and later as Controller of Public Policy.

Rasmus Kleis Nielsen – Joint Editor

Rasmus Kleis Nielsen is Director of Research at the Reuters Institute for the Study of Journalism and Editor in Chief of the *International Journal of Press/Politics*. His work focuses on changes in the news media, political communication, and the role of digital technologies in both.

About YouGov

YouGov is an international market research agency and pioneer of market research through online methods. YouGov has a panel of 3 million people worldwide, including over 600,000 people in the UK representing all ages, socio-economic groups and other demographic types.

For further information visit yougov.co.uk