

 ForumEurope

# THE NEWS MEDIA LANDSCAPE

The Evolution of Advertising

Conference Report

23 June 2021

ONLINE EVENT



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## The News Media Landscape: The Evolution of Advertising

Since the turn of the century, the internet has become irrevocably woven into the daily fabric of our life. It's increasingly where we work, play and meet our life partners: it's also where we get our news, stay up to date, and discuss the big issues of the day. That has meant fundamental changes to the media landscape.

In order to understand these changes, their impact and what comes next, Accenture was commissioned by Google to analyse changes in news media revenues over the past two decades. They looked at 10 countries, using a combination of public and proprietary data on newspaper revenues. The results give insights into why newspaper revenues have declined, where the growth in online advertising has come from, evolving audience preferences, and the interplay between large and small media publishers, journalists and internet platforms.

To discuss this in-depth report and what comes next in terms of audience, advertising and regulation, Forum Europe partnered with Accenture, Kreab, and European Innovative Media Publishers (EIMP) to hear from one of the report's authors and a panel of experts about their expectations for the coming decade.

### State of Play: Turbulent Times, Major Disruptions



Amit Singh, Managing Director,  
Accenture Australia

"The media landscape has fundamentally changed in the last two decades," across Western Europe, said **Amit Singh**, Managing Director Australia, Accenture, introducing the report which he co-authored with

**Sriram Srikumar**. "These changes have significantly disrupted traditional newspaper revenues." From 2003 to 2019, newspaper revenues fell €16.2 billion. The largest share (44%) of this decline was from the loss of printed classifieds revenue, which once contributed €9.9 billion to newspaper coffers and now contributes just €2.6 billion.

"The shape of this curve is consistent across all Western economies that we studied," he added.

Loss of classified adverts accounts for 44% of the overall newspaper revenue decline. Classified advertising now mainly happens on specific websites which offer job advertisements, second-hand cars, real-estate listings or similar niches, while "the real story is probably even worse for newspapers," he noted, because social media has replaced announcements of births, deaths, and marriages in local papers.

At the same time, a significant majority (64%) of the expansion of online advertising has come from new growth rather than displacing the existing traditional markets. This comes partly from SMEs, which can now choose from a diverse array of advertising platforms at a range of prices. And there's no shortage of readers: the amount of people who report regularly reading the news has grown 38% and global trends show that people are increasingly willing to pay for news.



## A Bigger Pie, With More Slices

"I certainly recognise some of my own behaviours in some of the observations on news consumptions," said **Lara Natale**, Director for Tech, Media, and Telecom at CERRE, The Centre on Regulation in Europe, a think tank dedicated to improving regulation across multiple sectors. As the research shows, the "overall advertising market pie has increased," she said. "Displacement is significant, but we don't see the legacy media being completely out of the ad game, far from it."



Lara Natale, Director for Tech, Media, and Telecom, CERRE

Advertising technology is a growing focus for potential regulatory activity, she said, but it's also important to consider that lines are blurred between new and legacy media. "The report suggests a fairly steady state in ad revenue for radio

and TV," she said. "These businesses have leveraged innovation," with broadcasters providing on-demand programming and radio stations creating podcasts. That should be factored into any regulation, **Natale** noted -- along with the raft of new regulatory proposals already coming as part of the EU's update of the Digital Single Market.

## Local Adverts for Local People

Some of the chief beneficiaries of this bigger pie have been Europe's SMEs, which can now afford online advertising tailored to those who need to see it. **Anne Sofie Christensen-Dalsgaard** of Nye Medier (Denmark) is a member of the European Innovation Media Publishers (EIMP), a platform for innovative, regional outlets that rely on online channels to grow and reach audiences, which was started to represent their interests during the recent EU copyright reform.

"There's been a lot of worry about the local media, about how well they would deal with the digital transition," **Christensen-Dalsgaard** said. "A lot of our members are quite successful in gaining membership subscriptions... we have business models that work well in this digital world."

A level playing field for SMEs is essential, CERRE's **Natale** added, with smaller companies making up the backbone of Europe's economy and the German Mittelstand and other national equivalents a popular cause in Brussels. "Increased SME participation in advertising is going to be politically compelling here, even as the space becomes more scrutinised and regulated," she said.

## New Markets, New Strategies

Digital newspaper display advertisements have grown from nascency in 2003 to a market that generated €1.7 billion in 2019, according to Accenture's research. Online advertisements now account for 22% of newspaper display advertising revenues. As adverts get cheaper, more companies are getting into advertising, while consumer behaviour drives new trends.

As the dust settles from the GDPR and tracking cookies are gradually phased out, publishers are realising they still have a wealth of information at their fingertips. First-party data (publishers' data on audience attributes and behaviours) can enhance value by matching advertisers with the audiences they want to reach, **Singh** said. Newspapers can also create private markets for premium ad sales, launch new ad products and increase audience segmentation through advanced analytics capabilities.

"It's clear that there's a shift to mainstreaming first party data, the way we think about subscriptions, and other types of innovation," he said. And that relies on trust in the media, which is far from uniform across Europe, as the research showed.

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“In Germany they’ve been able to increase circulation revenue because of basically a very strong innovative and trusted industry,” **Singh** said. “Daily newspaper readership in Germany is much higher than the Western European average.” Companies such as Axel Springer have responded quickly to changing market demands, offering good digital products alongside print, and seeing digital growth while not seeing the losses experienced in other countries. This virtuous circle between quality and trust can help companies negotiate the changing landscape.

## Different Companies, Different Asks



**Anne Sofie Christensen-Dalsgaard**,  
Chairman of the Board, Nye Medier  
(Denmark), member of European  
Innovative Media Publishers (EIMP)

Big tech could be considered the elephant in the room during this discussion, CERRE’s **Natale** noted. As the Accenture report points out, improving the underlying technology of digital news including front and back-end technology for content profiling, aggregation and dispersal is key to attracting and building audiences. But while some legacy publishers have railed against US tech giants and their role in Europe, others see it as a case for just creating new business models.

“For our members we do believe that our content is high quality and our business model supports the high quality journalism they produce,” said **Christensen-Dalsgaard** of EIMP. For forthcoming discussions on regulation, legacy media are interested in “getting money from the tech companies, and we’re not interested in this part.” She pointed to the fundamentally different way they use platforms such as Facebook as an example of this new aspect of media plurality. “We bring something new to the table, we have different solutions, it’s going to be really interesting to see if we do get an impact on this.”

## Conclusion: A New Normal

In this new landscape, innovation is everything. According to Accenture’s research, increasing digital revenue requires new subscription and membership options such as multi-newspaper, multi-user or business subscriptions, and simplifying payments methodologies. And where innovation goes, regulation often follows.

Europe needs to “create a model where you can reflect a quickly-evolving, innovative market better,” said CERRE’s **Natale**. “The big shift is that we’re seeing a shift towards centralised EU enforcement,” she said, while media regulators work on a national basis. “How do we maintain measured and evidence-based negotiations around regulation that might follow from what we see in these trends?” Regulation could also be crafted to reflect concerns about so-called European values, and to ensure media plurality is protected. Above all, changes are here to stay.

“What we’re hoping this report shows is that as people find new ways to change models, there’s a bigger advertising pie to access,” added Accenture’s **Singh**. While there was a period of “rivers of gold” in classified advertising at newspapers, that is over, and it’s time for a



**Moderated by: Paul Adamson**,  
Founder and Editor, Encompass;  
Chairman, Forum Europe Director

mature discussion about the future of news media, that involves everyone: not just for policymakers, regulators and think tanks but also people buying advertising, especially SMEs, as well as publishers, broadcasters and journalists.