

**ECONOMIST
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Breaking news:

**the economic impact of Covid-19
on the global news media industry**

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Breaking news: the economic impact of Covid-19 on the global news media industry

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Foreword

We have seen multiple global crises over the past few years, including the Covid-19 pandemic. The world has never been more aware of the life-saving power of information.

Yet, independent, trustworthy journalism is under threat. The traditional business models and financial viability of the media sector now face serious challenges, not least by the rise of giant internet companies. In this context, the importance of media viability was recognised in the Windhoek+30 Declaration on Information as a Public Good. The Windhoek+30 Declaration was adopted at World Press Freedom Day in 2021 and its principles endorsed by UNESCO's 193 Member States.

In order to address media viability challenges, however, we must first understand them. To this end, UNESCO commissioned Economist Impact to produce original research, which resulted in this publication and also contributed to the *World Trends in Freedom of Expression and Media Development – Global Report 2021/2022 (World Trends Report)*.

Advertising revenues, which help pay for the production of news, have been eroding for years. But the financial impact of Covid-19 resulted in what some called an “extinction-level event” for journalism resulting in the loss of countless jobs in journalism and even the closure of whole titles. This crisis has become evident across the globe, though playing out in unique contexts at regional, national, and outlet levels.

The 10 country case studies presented in this report give insight into media viability around the world. These countries were selected on the basis of their diversity: in size, population, language, market structure, and legal environments around freedom of expression and access to information. And just as their contexts exhibit a diversity of experiences and challenges to financial viability, the impact of the Covid-19 pandemic varies from one region, country and outlet to the next.

The findings outlined in this report confirm that media outlets in low- and middle-income countries have been the most severely impacted by the Covid-19 pandemic, with a rate of decline almost two times faster than the global average.

To address this catastrophe, a multi-stakeholder, multi-layered approach is vital.

Confronting the media viability crisis calls for increased public financial support for independent media—“the kind that favours public interest over political, commercial, or factional agendas”, as outlined in UNESCO’s World Trends Report.

Now is the time for governments to set up national task forces to address these issues, with the international standards on freedom of expression as a starting point. But this is not only a country-level issue. Mobilisation on every level—local, national, regional, and global—is needed to adequately secure the viability of free and independent media.

Internet and advertising companies have a key role to play, and the media industry itself needs to continue down the path of digital transformation. Among other urgent needs, it is critical to increase the transparency of internet companies, so that all relevant stakeholders can have access to pertinent information to develop evidence-based policies in this field.

In order to protect and bolster information as a public good, we need to rally in favour of a robust media ecosystem as foreseen 30 years ago by the original Windhoek Declaration.

This report is a significant contribution to that ongoing effort.

Mr Tawfik Jelassi

**Assistant Director-General for Communication and Information
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Executive summary

It's been a strange pandemic for journalism. In one sense, Covid-19 was a boon for the profession: in many places news consumption increased sharply as people followed every twist and turn of the unfolding crisis.² And the value of accurate and timely news could hardly have been clearer. Several studies found those who consumed news more frequently, more diligently, or from 'traditional media', rather than solely social media, were more likely to get vaccinated.³ Trustworthy and independent journalism became a matter of life and death.

The news media industry has been in trouble for some time. While some news outlets have thrived over the last decade, many have struggled with a rapidly changing news environment. Numerous outlets have been forced to close their doors, and many others suffered a slow decline as circulation and advertising revenue marched inexorably downward. Local news outlets have suffered most: the US lost almost 1,800, mostly local, newspapers between 2004 and 2018.⁴ In their place have risen hyper-partisan digital 'junk news' sites whose origins and ownership are opaque, and whose business models are based on a social media engagement model that rewards the sensational.⁵ High-quality

journalism, according to DW Akademie, depends on a viable media sector.⁶ This increasingly fragmented and poorly funded news media ecosystem has real-world consequences. The absence of local news in particular has been tied to lower voter turnout, increased proliferation of misinformation and higher corporate misconduct.⁷

It was a paradox that as the industry's finances were under pressure, news became more important than ever. But has Covid-19 accelerated the economic pressures facing the global news industry? And if so, to what extent and which regions have been impacted most?

With support from UNESCO, Economist Impact set out to investigate and measure the impact of Covid-19 on the financial sustainability of private news media outlets. We quantified the speed at which Covid-19 accelerated the decline or growth of news media industry revenue streams as well as the size of the gap between print and digital revenues for news media outlets in different regions around the world. To explore the impact in the 'Global South', we also analysed the situation—and the policy context—in 10 countries, selected based on geographic diversity, GDP, size of the media market and availability of

2 <https://reutersinstitute.politics.ox.ac.uk/few-winners-many-losers-Covid-19-pandemics-dramatic-and-unequal-impact-independent-news-media>

3 <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0251095>

4 <https://www.usnewsdeserts.com/reports/expanding-news-desert/loss-of-local-news/loss-newspapers-readers/>

5 <https://www.nbcnews.com/tech/tech-news/trump-qanon-impending-judgment-day-behind-facebook-fueled-rise-epoch-n1044121>

6 <https://www.comminit.com/gestion-del-riesgo/content/more-money-rethinking-media-viability-digital-age>

7 <https://citap.unc.edu/local-news-platforms-mis-disinformation>; https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3889039



data (or lack thereof). These country case studies can be found in the 'regional findings' section of this report. These are: Brazil, El Salvador, Indonesia, Jamaica, Lebanon, Namibia, Nigeria, Pakistan, Senegal, and Tunisia.

We found that Covid-19 intensified economic pressures facing the global news media industry. It accelerated the decline of many news publishers' most profitable revenue stream—printed newspaper advertising and circulation. Outlets in low- and middle-income countries have been the most severely impacted, with a rate of decline almost two times faster than the global average. Record growth in digital advertising and online subscription revenue in 2020 will not be sufficient to make up the difference. This has led to newsroom closures, layoffs and pay cuts for journalists at a time when access to trustworthy information is desperately needed. Covid-19 could help drive innovation in the news media industry, as outlets find alternative revenue streams by developing new products and tapping into new audiences. But in low- and middle-income countries, where many outlets operate in an unstable business environment and have limited access to investment capital, philanthropy and government support, the pandemic threatens

the fundamental existence of free, fair, independent news media ecosystems.

GLOBAL FINDINGS

Covid-19 accelerated the decline of newspaper revenue by around 3 years.⁸

In 2020, global print circulation dropped by 13%, the steepest decline since the financial crisis. Assuming the rate of decline for both physical circulation and print revenue in 2019 (3.9% and 5.5% respectively) had continued, it would have taken until 2023 to fall to the levels seen in 2020. Revenue from print—a mixture of circulation and advertising—fell from US\$90bn in 2019 to US\$75bn in 2021, resulting in newsroom closures and layoffs at news outlets all over the world.⁹ With one or two country-level exceptions, neither print circulation nor revenue is expected to return to pre-pandemic levels.¹⁰ News outlets that produce print editions have traditionally been the main generator of original journalism in most countries, and therefore have been responsible for much of the available broadcast and online news. In many parts of the world—especially outside Western countries—print is, and will remain, the primary supplier of news, which means this decline will be keenly felt.¹¹

⁸ This includes revenue from both consumer spend on newspapers (physical and digital), and advertising in newspapers (physical and digital) and considers all daily newspapers, including weekend editions and free dailies. Weekly newspapers are included in markets where data is available, based on the same criteria.

⁹ <https://www.icfj.org/our-work/journalism-and-pandemic-survey>

¹⁰ PwC Global Entertainment and Media Outlook: 2016-2025, www.pwc.com/outlook; Economist Impact analysis

¹¹ https://cepr.org/sites/default/files/events/papers/995_Where%20Do%20People%20Get%20Their%20News.pdf

There has been a notable increase in digital news consumption and subscriptions.

According to one major survey across 46 countries, 2020 was the first time that more people read a newspaper online rather than in print.¹² Although many countries where print remains dominant were not included in the survey, this finding was mirrored by strong growth in paid-for digital subscriptions, which grew by 18% in 2020 alone, and by 2025, are forecast to reach 54 million worldwide.¹³

Digital news revenue is growing rapidly, but not fast enough to offset print losses.

Driven by growth in both online advertising and subscriptions, newspapers' digital revenue is expected to increase from US\$16bn in 2019 to US\$21bn in 2025.¹⁴ However, this is not enough to make up for the sharp fall in print revenue (roughly US\$24bn between 2019 and 2025), which means that the industry is expected to see an overall decline of approximately US\$19bn between 2019 and 2025.¹⁵ With print still representing a disproportionate share of most news media outlets revenues, a full transition to digital will not be sufficient to sustain high quality, independent media and will force independent outlets' to develop new business models and revenue streams.

In 2020, internet advertising accounted for over half of all advertising spending worldwide. Companies increasingly prefer the data-driven precision of online ads over traditional physical formats, such as billboards and print. In 2020, internet advertising accounted for over half of all ad spending for the first time, and by 2023 it is projected to increase to 58%.¹⁶ Legacy print news outlets will increasingly operate in a sometimes opaque

online advertising market. And, given the shift to ever-more-targeted digital advertising techniques, broadcast news outlets will also find themselves less able to compete for advertising.

Economist Impact estimates that as much as US\$10bn in newspaper advertising will be 'lost' to internet advertising by 2025.¹⁷

While newspaper¹⁸ advertising revenue is projected to plummet from US\$37bn in 2019 to US\$24bn in 2025, newspaper revenue from internet advertising is expected to grow from US\$11bn to US\$14bn over the same period.¹⁹ This represents an overall decline in total newspaper advertising revenue of almost US\$10bn. It is too simplistic to say this money flows directly from newspapers into one or two technology firms, but given spending on internet advertising in general is set to soar by 2025, it seems likely that much of this lost revenue is going to digital alternatives. A similar dynamic is taking place in radio and broadcast TV, which in many countries is the main way people access news.

Philanthropy and government assistance for news increased during Covid-19, although not enough to cover losses from print revenue declines.

Across the 10 countries studied in depth by Economist Impact, only Indonesia explicitly mentioned media organisations in their Covid-19 stimulus package. In some countries, media organisations would have fallen under general rescue packages, although vague language and unclear timelines makes it hard to assess the exact level of support. Although philanthropy for news increased sharply in 2020 from US\$226.5m to US\$457.5m, over 90% of this went to North American recipients.^{20,21} Interestingly, news media outlets in seven of

12 According to a global YouGov poll, more people said they'd read a newspaper online than had read a newspaper in print in 2020. (This however says little about the nature of how they engage with newspapers differently online than off.) <https://www.digitalnewsreport.org/survey/2020/>

13 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook

14 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook; % change was calculated based on a simple % change formula $((V2-V1)/V1) \times 100$ with 2019 as the base year.

15 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook; Economist Impact analysis

16 Zenith, Advertising expenditure forecasts, December 2020, <https://www.zenithmedia.com/product/advertising-expenditure-forecasts-december-2020/>

17 To do this, we combined the US\$ value of total print advertising revenue and digital advertising revenue. The change between 2019 and 2025 for print, digital and total advertising revenue was calculated by subtracting 2019 revenues from projected 2025 revenues.

18 Advertising revenue from printed newspapers and magazines.

19 Zenith, Advertising expenditure forecasts, December 2020, <https://www.zenithmedia.com/product/advertising-expenditure-forecasts-december-2020/>; Economist Impact analysis; PwC Global Media Outlook 2016-2025, www.PwC.com/outlook

20 The Foundation Center, Foundation Maps by Candid. <https://maps.foundationcenter.org/>

21 Philanthropic support includes foundation funding (2006-present) in support of all subject areas. Foundations are located in the US and elsewhere. When such information is available, grants are organised by population served, type of support and geographic area served. Candid compiles data from a number of sources, including direct reporting of grants by foundations, IRS information returns (Forms 990 and 990-PF), foundation websites and other public sources. This dataset does not have financial support available via general overseas development assistance from development agencies (e.g., USAID).

the 10 countries had received some form of support from Facebook, Google or similar in 2020/1. If this trend holds in other parts of the world, it could mean that some outlets are turning to corporate social responsibility initiatives for support and that internet companies see some benefit in ensuring the information ecosystem remains rich.

REGIONAL FINDINGS

While all regions experienced these global trends, the impacts will be felt differently. Indeed, the impact of Covid-19 is likely to be unevenly distributed even within countries: local news for example has historically been harder hit by falling circulation than well-known national titles.²²

Economist Impact analysed the impact of Covid-19 on the pace of media industry revenue decline or growth, calculated the gap

between forecasted print and digital revenue streams and evaluated the implications of this analysis for media viability for each region. Our analysis relies in part on PwC's regional forecasts and projections, which were calculated using historical and current data alongside assumptions based on expert input.

Western Europe and North America: an increasingly mature digital marketplace

In Western Europe, newspapers are projected to see a dramatic decrease in print revenue, with sharp increases in digital revenue. By 2025, new digital revenue streams are expected to make up for 26% of the loss from print revenue since 2019. By then, over a quarter of all newspaper revenue will be digital.²³

North America is projected to be the most digital region in terms of news consumption in the world by 2025, with one third of all legacy newspaper revenue expected to be generated online.²⁴ Unlike Western Europe, however, this will mostly come from digital advertising rather than subscriptions and there are signs the latter might be dominated by a small number of already well-known outlets, such as *The New York Times* and *The Wall Street Journal*.

Asia Pacific (APAC): dealing with rapid transition

In APAC, digital growth is projected to be faster but the overall 'digital pot' will be smaller. Between 2019 and 2025, digital subscriptions are projected to grow significantly faster year-on-year in Asia Pacific than Western Europe or North America. However, per capita,²⁵ the number of digital subscriptions will remain much lower in APAC, with much of the growth driven by relatively inexpensive digital subscriptions in China. By 2025, internet-based revenue will still only account for 17% of all newspaper revenue.²⁶



22 <https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2018-04/JenkinsNielsenDigitalTransitionLocalNews.pdf>

23 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook; Economist Impact analysis

24 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook

25 Subscriptions per capita were calculated by dividing the number of subscriptions by the total population that year. National level population was sourced from Economist Intelligence Country Data for each of the 60 countries. Global and regional population totals were calculated by adding the population of all countries in each region as defined by PwC.

26 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook; Economist Impact analysis

Latin America, Middle East & North Africa (MENA), and Sub-Saharan Africa (SSA): the hardest hit

Latin America, MENA and SSA are expected to be hit the hardest by accelerating digital transformation. In these regions, print revenues are falling rapidly and although digital subscriptions are growing faster than in North America or Western Europe, it's from a very low starting point. New digital revenue is projected to cover just 9% of the loss of print revenue by 2025 in Latin America; in MENA and SSA it is projected to be just 12% (compared to 26% in Western Europe).²⁷

CONCLUSION

There is no single best response for media outlets and each faces its own unique challenges. Many have spent years planning for revenue diversification, including a push for more philanthropy, subscription and memberships, and even developing alternative funding streams, such as workshop delivery or training. And while 'digital only' titles have grown significantly over the last decade, they face similar challenges to the print media sector in terms of generating sufficient income from online subscription or ads, and there is little evidence available to judge how successful they have been.

As in all industries, creative destruction can create real value. Given the continued popularity and importance of journalism, the next decade is likely to see unprecedented innovation in the sector, both in business models, the platforms they use to reach audiences, and in the nature of journalism itself.

Nevertheless, the accelerating pace of digitalisation could create a similar dynamic visible in other digital industries: those with the resources and right products can grow very quickly since their available market will increase—*The New York Times* now competes for the same paying readers as local newspapers—while those without wither away. There is little evidence to suggest digital subscriptions and other revenue streams will be sufficient for most news outlets, especially outside the major markets. In this scenario, it's possible that a small number of outlets will thrive, while other sections of the news media have no viable business model, particularly local news outlets and outlets in low-income countries. This would have potentially disastrous consequences for media independence, truth, transparency, sustainable development issues, political stability, government accountability and in the end, democracy itself.



27 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook; Economist Impact analysis

Introduction

“Information wants to be free”, internet pioneer Stewart Brand famously once said. His iconic phrase has come to encapsulate how digital technology has increased the amount and range of content available to millions of people for little or no cost. But hardly anyone remembers what Brand said next: “Information also wants to be expensive. That tension will not go away.” Few sectors understand that tension better than the news media industry. News—especially the detailed, informative and public-interest variety—costs money to make and is valuable. But not enough people seem willing to pay for it.²⁸

DISRUPTION TO REVENUE

Things were very different 30+ years ago, when, in many countries, a combination of strong sales and physical advertising funded an independent, well-resourced and (reasonably) trusted print news media. It was pretty profitable too.²⁹

But the internet freed consumers from the single newspaper or a handful of news broadcast channels, and offered an almost infinite selection of information. Many of the useful things that used to be bundled together, particularly in local newspapers, such as

weather forecasts, job adverts, or things-to-do, were suddenly available elsewhere for free. As internet connectivity increased through the 2000s fewer people—especially young people—were buying and reading newspapers. In the US, newspaper circulation fell from 53 million in 2005 to half that in 2019.³⁰

The newspaper industry’s other source of income—advertising—was also being disrupted by the internet. In the US, newspaper advertising revenue fell from US\$48bn in 2000 to US\$46bn in 2006. During the financial crisis in 2008, advertising spending almost halved, dropping to just US\$24bn in 2009.³¹ Companies started to cut back marketing budgets as they looked for cheaper ways to reach consumers. Technology seemed to offer a solution: ‘search’ and ‘digital banner’ ads available through companies like Facebook and Google with the ability to reach hundreds of millions of people offered greater precision at lower prices.

It’s too simplistic to say that a couple of companies have sucked up revenue directly from news outlets. For one thing, no-one knows how much of the traffic (or revenue) on Facebook or Google is thanks to people clicking and sharing news stories, rather than all the other things people do online. Both platforms also drive a

28 <https://whatsnewinpublishing.com/53-consumers-are-willing-to-pay-for-news-in-future-up-from-16-now-highlights-for-publishers-from-the-world-economic-forum-report/>

29 <https://www.pewresearch.org/journalism/fact-sheet/newspapers/>

30 Ibid

31 <https://web.archive.org/web/20120918094825/http://www.naa.org/Trends-and-Numbers/Advertising-Expenditures/Annual-All-Categories.aspx>

lot of traffic to news websites that can itself be monetised in the form of ads or subscriptions. What's more Facebook and Google both say that a chunk of their ad revenue comes from new smaller buyers who could never have afforded newspaper ads anyway.³² Some studies have suggested that the loss of classified ads was also driven by more specialist online players like Craigslist rather than the Silicon Valley giants.³³ There were also other indirect but equally important consequences of digital connectivity that big tech helped propel but didn't create. Newspapers suddenly found themselves competing for attention with a thousand other online options—everything from high-end documentaries on Netflix to free public service news and Facebook neighbourhood groups.

Nevertheless, tech companies have been able to dominate the new digital advertising world thanks to their ability to collect and use vast amounts of personal data in a way that news media cannot, which is what allows them to offer advertisers more precise ways to target audiences and measure performance. And by turning advertising into a data-led industry which they themselves dominated, big tech firms have made it harder for printed news outlets in particular to sustain themselves through adverts at the same moment as print circulation started to fall. Who exactly is responsible is less important than the troubling consequences this transformation has for the volume and quality of the news we receive. This is especially (although not uniquely) true for printed news. Although in many countries radio and television remain the most popular way to consume news, print newspapers occupy a unique place in the wider news media ecosystem. Most original journalism, particularly investigative and public interest journalism, is generated by organisations that still offer printed newspapers, which then feed the rest of the sector.³⁴

Like most other industries, news organisations were slow to realise just how much the internet would transform their business. Faced with this sudden change in fortune most outlets tried one of two things. Some offered their wares for free online and hoped that digital ads running next to their stories, which usually came via 'third-party banners' placed via either Google or Facebook, would make up the shortfall. But in a world of near infinite choice, digital ad revenue was meagre, especially for less-well known outlets and smaller markets.³⁵ News media outlets worked hard to maximise traffic and clicks to increase this new revenue stream, which some analysts think has encouraged the growth of 'clickbait' and sensationalism.³⁶



32 https://newsmediaanalysis.s3-ap-southeast-2.amazonaws.com/accenture_analysis_WesternEuropeNewsMedia.pdf

33 Ibid

34 <https://www.niemanlab.org/2019/09/local-newspapers-are-suffering-but-theyre-still-by-far-the-most-significant-journalism-producers-in-their-communities/>; <https://www.pewresearch.org/journalism/2010/01/11/how-news-happens/>

35 PwC Global Media Outlook 2016-2025, www.pwc.com/outlook

36 <http://www.revistalatinacs.org/074paper/1323/RLCS-paper1323en.pdf>

Many also attempted to make up for declining advertising revenue by placing a greater emphasis on subscription revenue. And while that worked for some, many lesser-known outlets around the world found it difficult to differentiate their news content, especially when so much was free online. Although there are many well-known exceptions, such as *The Guardian's* membership model, which helped the newspaper break even in 2019, even today, 'reader revenue models' (typically either donations, memberships or subscriptions) are unlikely to be the sole business strategy for news outlets and those that work require a lot of careful organisational change.³⁷

Because of these difficulties, it's easy to overlook the positive changes. Shifting from print to digital production can eliminate what is usually the largest cost of news production: physically producing and shipping the paper itself. The lower cost of creating and disseminating news has made the sector far more diverse and varied than a decade ago, with more specialist and niche outlets reaching previously underserved groups. But the result of these changes meant that the business model of news overall was stretched to breaking point. As a result, much of the sector struggled. Local news was especially hard hit: the US lost almost 1,800, mostly local, newspapers between 2004 and 2018.

ENTER COVID-19

Into this already difficult context arrived Covid-19, and the biggest economic recession since the Great Depression³⁸. Global advertising budgets contracted along with economic activity, while tight restrictions on movement drove down print circulation. For an industry already struggling, some were concerned that the pandemic risked becoming an "extinction-level event" for news.³⁹

The impact of Covid-19 on journalism is about more than just the news. At its best, a well-resourced and independent news media, especially those outlets that generate original journalism, keeps citizens engaged and informed, providing them with accurate and useful information. That can bring societies together around a set of shared facts and information that provide the basis for meaningful debate and discussion. Studies also find that an independent media keeps a lid on corruption and is associated with other sustainable development goals, including respect for rule of law, access to justice, and a more responsive public sector.⁴⁰ It has been argued that the loss of local news in London partly explains why the fire risk of high-rise buildings like Grenfell Tower was ignored for so long.⁴¹ And ironically the majority of studies and stories about news deserts and their impact appear in wealthy countries—places with reasonably healthy news ecosystems. In many developing countries, the lack of media density has long meant a deficit in local news in local languages for local audiences. That problem is amplified in countries where there is only a small number of professional news outlets, which are often operating in unfavourable economic and political conditions.

Ten years ago, *The Economist's* Tom Standage wrote a Special Report ("Bulletins from the Future") about the future of the news industry. The central theme was how journalism itself was becoming more participatory and citizen-led, and how outlets were experimenting with new and interesting business models to sustain themselves. In some ways, little has changed except for the pace of change. The threat is the same as it ever was: if the news media doesn't have a sound and reliable business model, democracy and society also suffer.

37 Columbia Journalism Review, 2018, Guide to Audience Revenue and Engagement

38 <https://news.un.org/en/story/2020/06/1065902>

39 UNESCO. 2020. *Journalism, press freedom and COVID-190*. Paris: UNESCO, <https://unesdoc.unesco.org/ark:/48223/pf0000373573>

40 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/779882/021919_DCMS_Cairncross_Review_.pdf <https://www.sdg16hub.org/system/files/2019-02/Entry%20points%20for%20media.pdf>

41 <https://www.theguardian.com/media/media-blog/2017/jun/25/grenfell-reflects-the-accountability-vacuum-left-by-crumbling-local-press>

METHODOLOGY

To assess the economic impact of Covid-19 on the news media industry, Economist Impact identified and collected data on media viability trends from 2015 to 2021. Our goal was to answer the following questions:

- What was the economic impact of Covid-19 on the news media industry?
- How has the impact of Covid-19 been felt differently in different countries or regions around the world, with a particular focus on the Global South?
- What types of alternative funding mechanisms (government subsidies, philanthropy and investment) are available to news media organisations?

Key definitions

Our key definitions for this project were as follows:

- **Media:** According to the Reuters Institute for the Study of Journalism, 'media' is defined as mass communication through print, digital and broadcast news media. This definition does not cover entities that are involved in creative industries such as cinematography, videogames or book publishing.
- **Media viability:** Our definition of media viability synthesises definitions from Free Press Unlimited, DW Akademie, and the UNESCO/International Programme for the Development of Communication (IPDC)'s framework of media viability indicators. Economist Impact defines media viability as the factors and conditions that support the existence of media organisations and make it possible for them to obtain the resources and capabilities necessary to maintain their activities independently.

Country Case Studies

In order to explore the impact of the pandemic on media viability in the Global South, Economist Impact chose a selection of countries for in-depth case studies. Countries were selected to capture diversity in geography, GDP, size of media market and availability of data (or lack thereof). They include Brazil, El Salvador, Indonesia, Jamaica, Lebanon, Namibia, Nigeria, Pakistan, Senegal and Tunisia. We provide a brief summary of relevant data and policy initiatives for each of these countries in discrete case study boxes in the section below where we present our findings at regional level.

Data collection

To validate our research approach and to identify potential data sources, Economist Impact convened 14 leading experts on media viability representing 12 countries (as listed in the Acknowledgements to this report). The goal of this panel was to validate data collection indicators as well as potential data sources. Working with in-country analysts, we then set about identifying and collecting datasets on media viability trends for each of the 10 priority countries as well as at the global level. In addition to desk research, Economist Impact analysts outreached to 50+ experts from civil society, the private sector and government to help identify datasets for inclusion in the study.

Analysis

For this report, Economist Impact analysed the most comparable, recent and comprehensive datasets identified in the data collection process. Only 10 indicators had datasets that met these criteria. The majority of the analysis in this report is based on data and forecasts developed by PwC Global Media Outlook 2016-2025 and Zenith Advertising Expenditure Forecasts (2020). These sources were validated by our panel of experts and recommended by the majority of the 50+ additional experts we connected with during the data collection phase. You can find detailed methodologies on how those forecasts were developed and how the data was collected on their respective websites.

Economist Impact calculations

The findings in this report are based on a range of different analyses at country, regional and global levels. In some instances, this involved quite simple calculations using the PwC/Zenith datasets. In those instances, we provide details in the report footnotes. For the more complex calculations, we provide further details of our approach below.

Calculating the rate of change (growth/decline) in news media revenues

To estimate the extent to which Covid-19 accelerated existing trends (decline of print circulation, growth of digital subscriptions etc.) we created a simple model that compares the pace of change in a Covid-19 vs. No-Covid scenario for our indicators.

- The No-Covid scenario assumes that the pace of change in 2020 occurs at the same pace as the average rate from 2018 and 2019.
- The Covid-19 scenario is based on the PwC dataset that includes actual revenue data from 2020 as well as projections out to 2025. These projections account for the impact of Covid-19.

The results of the No-Covid scenario were then compared with the Covid-19 scenario to establish when revenue declines (or growth) would have reached the real-world levels observed in 2020. In other words, had a significant change (whether growth or decline) of existing trends in 2020 not happened, how long would it have taken for a specific trend to reach levels actually observed in 2020? To answer this question, the following calculations were performed:

- Calculate annual rate of change shown by the PwC actual and forecast data.
- Calculate a new forecast for a specific indicator, replacing the rate of change in 2020 and 2021 with the rate of change observed in 2019.
- Determine at which point in the new forecast print circulation would match the actual level seen in 2020. If that point fell between two years, we used linear monthly interpolation to determine a more precise crossing point.

UNESCO's work on media viability

As part of its mandate to promote freedom of expression and access to information, UNESCO is leading an ongoing effort to support media viability. This mandate was further strengthened through the Windhoek+30 Declaration on Information as a Public Good, whose principles were endorsed by UNESCO's 193 Member States in 2021. Subsequently, the 2021/2022 Global edition of the World Trends in Freedom of Expression and Media Development report featured a special focus on "Journalism as a Public Good".

In a new initiative, started in November 2020 in the context of the Covid-19 pandemic, UNESCO partnered with the World Association of News Publishers (WAN-IFRA), to catalyse original research on the viability crisis and develop a framework for solutions.

This initiative is led by UNESCO's Communication and Information Sector. It benefits from the support of UNESCO's International Programme for the Development of Communication (IPDC), an intergovernmental council that has worked for over 40 years to promote media development in developing countries, as well as the expertise of the Section for Freedom of Expression and Safety of Journalists. The initiative has also received support from Sweden, current chair of the IPDC, as well as the Multi-Donor Programme for Freedom of Expression and Safety of Journalists.

The data collected by Economist Impact, presented in this report, is a significant contribution to this effort. Complementing this are regional consultations and knowledge exchanges between media outlets led by Free Press Unlimited, the findings of which are being localised through roundtables involving the Global Forum for Media Development.

UNESCO has also produced a handbook in five languages on innovative practices at the media outlet level: *After the pandemic, building back a stronger media: Inspiring initiatives in ensuring media viability*. A forthcoming policy brief includes recommendations targeted at policymakers for supporting the viability of free and independent media.

The Organisation has also convened international discussions on the challenge, as well as supported a pilot application of Media Viability Indicators in Jamaica, and a study on the impact of the pandemic on media sustainability in Latin America.

Resources:

Kilman, L. 2022. *After the pandemic, building back a stronger media: Inspiring initiatives in ensuring media viability*. Paris: UNESCO and IPDC. <https://unesdoc.unesco.org/ark:/48223/pf0000380807?1=null&queryId=21d2bf4e-80b7-4d3f-be77-bfdb92fd2925>.

UNESCO. 2022. *Journalism Is a Public Good: World Trends in Freedom of Expression and Media Development, Global Report 2021/2022*. Paris: UNESCO. <https://unesdoc.unesco.org/ark:/48223/pf0000380618>.

Espada, A. 2021. *Impact of the Covid-19 pandemic on media sustainability in Latin America: Changes and transformations in the production models, sources of income, and products of Latin American media*. Paris: UNESCO. <https://unesdoc.unesco.org/ark:/48223/pf0000377631>.

Free Press Unlimited. 2021. *National consultations on solutions to promote media viability while preserving media independence*. Paris: UNESCO and IPDC. https://en.unesco.org/sites/default/files/fpu_report_national_consultations_unesco.pdf.

UNESCO. 2021. Windhoek+30 Declaration: information as a public good, World Press Freedom Day 2021. Windhoek: UNESCO. <https://unesdoc.unesco.org/ark:/48223/pf0000378158?3=null&queryId=b72c999b-8717-48ba-bfd6-68ae866c5c7f>

WAN-IFRA World News Media Congress. 2021. "Press Freedom Round Table: A crisis of our times: ensuring media survive." Dame Frances Cairncross (former journalist and economist), Camille Eiss (OCCRP), Mijal Iastrebnier (SembraMedia), Antonia Kerle (Economist Impact), and Lisa MacLeod (FT Strategies), moderated by Guy Berger (UNESCO). <https://www.youtube.com/watch?v=k3dQVYHM2VQ>.

IPDC. 2020. "IPDC 40th Anniversary: The Future of Media Development." <https://en.unesco.org/programme/ipdc/40years>.

UNESCO. 2015. *Draft Indicators for Media Viability*. Paris: UNESCO and IPDC. http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/CI/CI/pdf/IPDC/ipdc59_Media_viability_indicators.pdf.

Global Findings

Like many other industries, the immediate effect of a global pandemic and restrictions on the news media were uncertain. In a way, the crisis was a boon for journalism. In many countries, news consumption *increased* as people tried to follow every phase of the unfolding crisis and recognised the value of trustworthy, accurate news reporting.⁴²

But behind the headlines there was a significant change in how people were accessing information. While much of the world slowed down, the internet sped up. Global internet traffic surged as physical connection was replaced with virtual. Online shopping exploded, along with the use of streaming platforms. Consulting firm McKinsey found that 'digital interaction' between consumers and business has been sped up by approximately seven years.⁴³ Relatively young digital firms, such as Zoom and TikTok, became household names.

On three key measures, 2020 was a symbolic tipping point for the news media too. First, Covid-19 accelerated the decline of print revenue by up to three years. Second, trapped at home, more people chose to access their newspaper online than in print⁴⁴ (although that does not

mean they paid for that access). Finally, for the first time, more than half of all global advertising revenue was spent online. More importantly, these new habits are likely here to stay.

GLOBAL TRENDS: DECLINING PRINT, ACCELERATING DIGITAL

Covid-19 accelerated the decline of print newspaper revenue by around 3 years. In most countries newspaper circulation has been falling fairly consistently for over a decade. But in 2020, global print circulation dropped by 13%, the steepest decline since the financial crisis of 2008-09. Economist Impact estimates that Covid-19 accelerated the decline of print news revenue by at least three years.⁴⁵ In per capita terms, 9.2 people per 100 bought a print newspaper in 2016 and at current rates of decline this is expected to fall to 6.8 by 2025.⁴⁶ This decline was visible in all regions, although in some regions it was even more pronounced: in Central and Eastern Europe it was 20%. Overall, print circulation is not expected to return to pre-pandemic levels.⁴⁷ Given the significant role print newspapers play in generating original journalism, this decline is likely to have consequences for the rest of the news sector.

42 <https://reutersinstitute.politics.ox.ac.uk/few-winners-many-losers-Covid-19-pandemics-dramatic-and-unequal-impact-independent-news-media>

43 <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-Covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever>

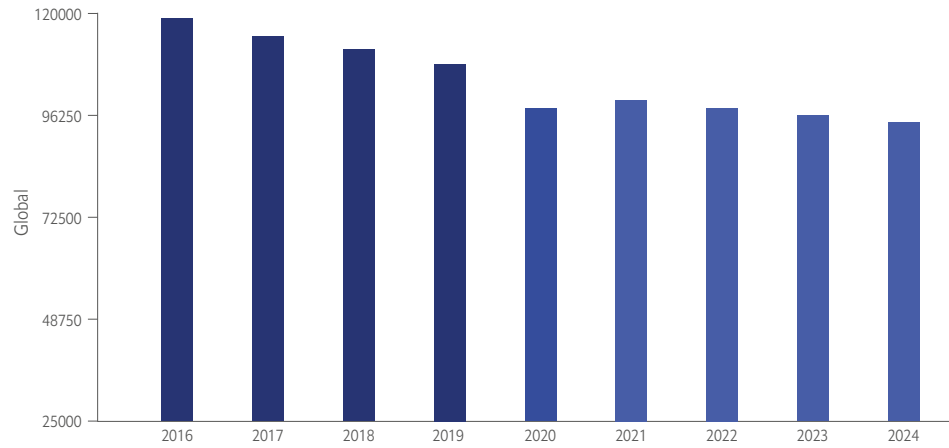
44 Ibid

45 Economist Impact analysis of PwC Global Media Outlook 2016-2025, www.PwC.com/outlook. The three-year estimate is based on taking the rate of decline in 2019, and assuming the same rate of decline for the following years. On that basis, the decline in 2020 would otherwise not have been seen until around 2023. This is a rough estimate as it is not certain that the 2019 rate of decline would have continued year on year.

46 Per capita calculations based on Economist Impact analysis of PwC Global Media Outlook 2016-2025, www.PwC.com/outlook.

47 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook; Economist Impact analysis

FIGURE 1. Downward spiral
Global newspaper revenues (US\$ m)



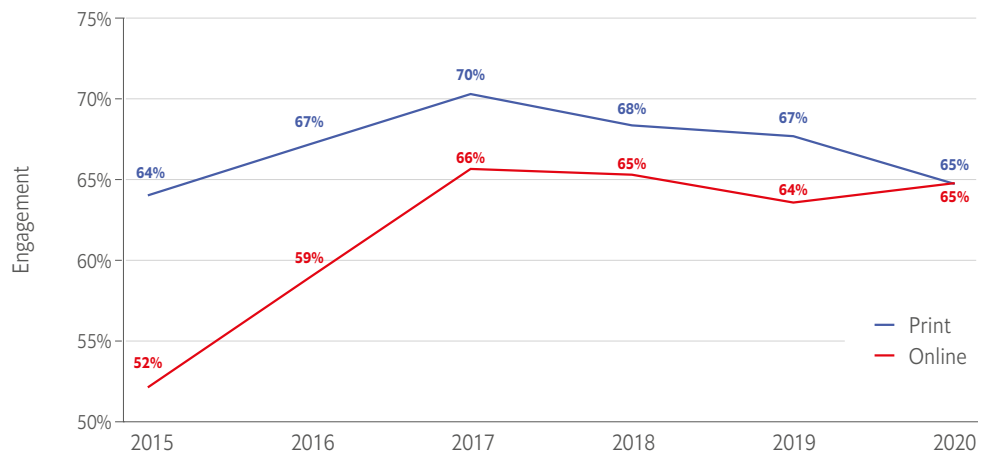
Source: PwC Global Media Outlook 2016-2025, www.PwC.com/outlook

A sharp increase in digital news consumption and subscriptions

It's hardly surprising that people now read news online. Even before Covid-19 struck, many people got their news from the internet (and in many places, TV) rather than a physical newspaper.⁴⁸ But thanks to restrictions on

movement, one major study found that 2020 was the first time that more people read a newspaper online rather than in print.⁴⁹ A separate poll found that online news consumption in the UK increased in every age group and income category between 2019 and 2020 (with the exception of over 55s), while print went the other way.⁵⁰

FIGURE 2. Road to convergence
Primary source of news



Source: Reuters Institute Digital News Report

48 <https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/news-media/news-consumption>; https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2019-03/India_DNR_FINAL.pdf

49 <https://www.digitalnewsreport.org/survey/2020/>

50 Ibid

From a business perspective, more significant is how many of those digital readers actually pay for news. The number of paying digital subscribers around the world has been growing consistently for several years, and this accelerated in 2020. In 2019, digital subscriptions grew by 10%, while in 2020 they increased by 18%. This shift towards paying for digital is expected to continue beyond Covid-19, albeit at a slower rate. Other studies bear this out: according to the 2021 Digital News Report, there was a 2% increase in paid subscriptions in 2020 (although this study

mostly covered wealthy countries, where the rate of increase is lower).⁵¹

Indeed, middle- and low-income countries have seen annual growth in digital subscriptions above the global average, albeit from a much lower base.⁵² Since 2016, growth in digital subscriptions has outpaced the global average (105%) by 4 percentage points in Brazil; 26 percentage points in Indonesia; 34 percentage points in Nigeria and 66 percentage points in Pakistan.⁵³ For some outlets, digital subscription revenues are now greater than physical print sales.

TO SUBSCRIBE OR NOT TO SUBSCRIBE?

As more media outlets look for new revenue streams, one of the biggest decisions many face is whether or not to introduce some version of a paywall to charge readers to access digital content. When the first media outlets experimented with online subscriptions models in the early 2000s they mostly failed—the payment technology was clunky and broadband speeds snail-like. In recent years however more and more major outlets have introduced a paywall of some form. Even when relying on paywalls, news outlets have sometimes demonstrated a willingness to be flexible if there is a public interest in doing so: several outlets for example made Covid-19 related content free and available for everyone.

For some outlets it has been a success story. In 2020 alone, *The New York Times* added another 2.3 million digital subscriptions, which equated to an extra US\$600m in income. Conversely, its ad sales that year (both in print and digital) fell by a quarter to US\$392m, which meant that for the first time digital subscriptions became its main source of readers and income. While most news outlets don't publish detailed accounts, there are signs that other large and well-known outlets have also enjoyed a significant boost in paying subscribers over the last 18 months. *The Wall Street Journal's* digital subscriptions increased by 13% between Q2 2019 and Q2 2020 while *The Atlantic* added an extra 36,000 subscribers in March 2020 alone, something the editor puts down to 'quality, quality, quality' and their extensive Covid-19 coverage. Gannet, the company that owns *USA Today* and 260 local publications saw a 30% jump in its subscriptions in 2020 (although they still had layoffs and furloughs). According to *New York Times* CEO Kopit Levien, around 100 million people will be willing to pay for news online by 2030 (around half of them based in the US). The pandemic also coincided with another important, albeit less eye-catching change: in some wealthier countries readers became more willing to subscribe to more than one publication – possibly seeing it as some kind of civic duty to support good journalism. Invariably, ever improving payments technologies will also make paying for things online quicker, easier and cheaper (in many countries, setting up payment systems, especially for overseas customers, is still very difficult and costly).

51 Reuters Institute, "Digital News Report 2021", https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2021-06/Digital_News_Report_2021_FINAL.pdf

52 PwC Global Media Outlook 2016-2025, www.pwc.com/outlook; Economist Impact analysis

53 Ibid

However, things are not quite that simple. When it comes to subscriptions, there is a growing inequality between the best and rest, both between and within countries. There is limited evidence that digital subscriptions work for everyone, especially outlets that aren't differentiated and don't serve audiences that are willing to pay for online news. *The New York Times* has roughly the same number of digital subscribers as all of the hundreds of local, regional or city news sites across the US combined. A related but slightly different model is 'membership' – where people donate money rather than subscribe. The most well-known success story is the UK's *The Guardian* newspaper, which has approximately 1 million members. However, this is the exception rather than the norm, and represents approximately 42% of all UK newspaper donations. There are fewer examples of successful membership models from the Global South. One notable exception is the *Daily Maverick* in South Africa, which launched a 'pay-what-you-can' membership scheme in 2018, which now covers over 30% of the company's payroll.

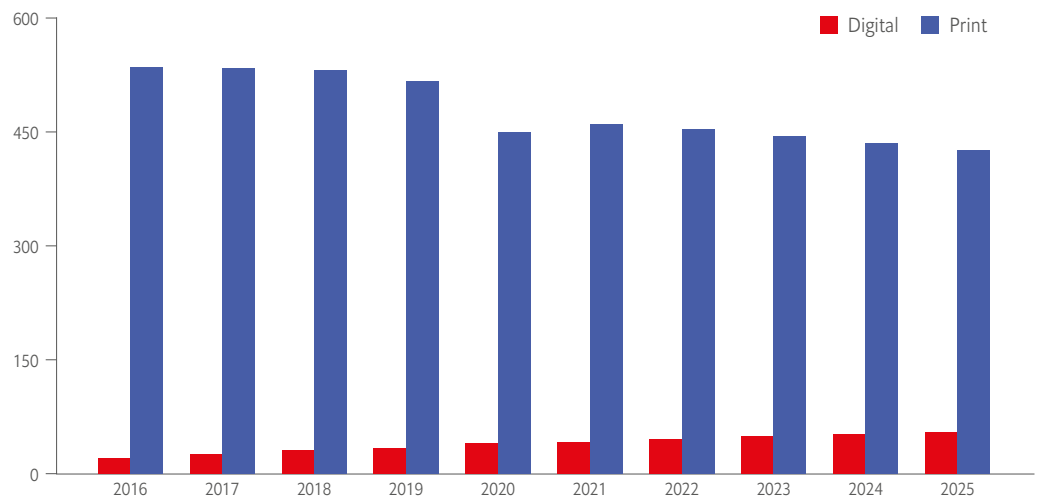
Digital news revenue is growing rapidly – but not fast enough to offset print losses

Digital news revenue is growing in every region. Driven by growth in both online advertising and subscriptions, it is expected to increase from US\$16bn in 2019 to US\$21bn in 2025.⁵⁴ However, the collapse of print revenue over the same period means the print

news industry is expected to see an overall drop in income of approximately US\$19bn between 2019 and 2025.⁵⁵ In 2020 alone, total newspaper revenue (which combines both print and digital income) fell from US\$105.1bn in 2019 to US\$91.8bn in 2020, a 12.6% drop.⁵⁶ Economist Impact estimates that Covid-19 has accelerated the decline of overall newspaper revenue by over three years.⁵⁷

FIGURE 3. Preference for print?

Digital and print newspaper average daily unit circulation (m)



Source: PwC Global Media Outlook 2016-2025, www.PwC.com/outlook

54 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook

55 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook; Economist Impact analysis

56 Ibid

57 Economist Impact analysis of PwC Global Media Outlook 2016-2025, www.PwC.com/outlook. The three-year estimate is based on taking the rate of decline in 2019, and assuming the same rate of decline for the following years. On that basis, the decline in 2020 would otherwise not have been seen until around 2023. This is a rough estimate as it is not certain that the 2019 rate of decline would have continued year on year.

NEWSROOMS UNDER PRESSURE

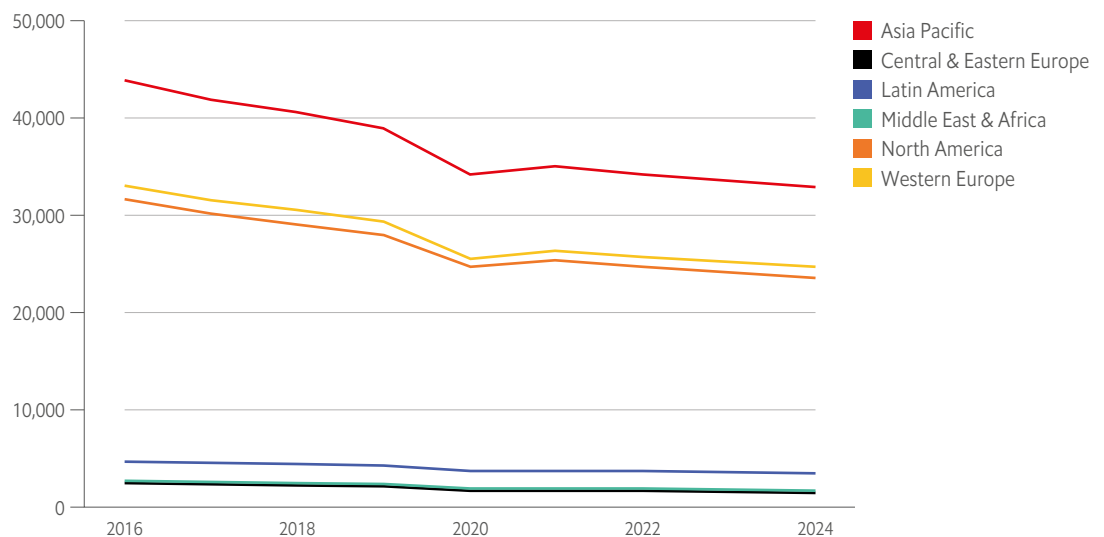
The consequences of falling revenue caused by Covid-19 was felt quickly in newsrooms. In a 2020 survey, the International Centre For Journalists found that 89% of respondents had seen at least one Covid-related austerity measure at their place of work, one-fifth had experienced a salary cut and a one-in-seven had even sought psychological help. All over the world there were similar stories of redundancies and salary cuts: 1,400 newsroom staffers laid off in the US, 300 lost jobs in Kenya, with those remaining suffering pay-cuts. HiviSasa.com, a popular Kenyan digital news outlet with a self-reported monthly readership of 2 million users, closed in 2020 after its CEO said it was “unable to identify a viable advertisement-led business model” in response to collapsing sales.

However, the growth in digital revenue might explain why the pain was not felt equally across markets. In Brazil, for example, the total number of media organisations increased in 2020, from 13,732 to 15,216. There was also a large increase in the number of people working in digital news outlets in the US that year.

Similar figures are found in self-reported surveys. Almost half of the 1,400 English-speaking journalists surveyed by the International Centre for Journalists said their outlet’s income had fallen by 50% or more in 2020.⁵⁸ The result of this sudden economic shock is a predictably disastrous impact on newsrooms all around the world.

The last decade has also seen the rise of ‘digital native’ news outlets, a term which covers titles that only publish online. Some are very large and well-established, such as US-based *Politico*, while others offer niche or specialist material, such as *Bellingcat*’s open-source approach to investigation.⁵⁹ While there are plenty of

FIGURE 4. No return
Newspaper revenues by region (US\$ m)



Source: PwC Global Media Outlook 2016-2025, www.PwC.com/outlook

58 International Centre for Journalists (ICF), 2020, Journalism and the Pandemic: a Global Snapshot of Impacts. The top 5 countries by rate of completion were: the US, India, Nigeria, UK, and Brazil. https://www.icfj.org/sites/default/files/2020-10/Journalism%20and%20the%20Pandemic%20Project%20Report%201%202020_FINAL.pdf

59 <https://www.journalism.co.uk/news/deep-fakes-dis-information-and-detection-how-can-journalists-know-what-s-real-s2/a831519/>; <https://www.niemanlab.org/2018/11/how-the-wall-street-journal-is-preparing-its-journalists-to-detect-deepfakes/>

examples of excellent original journalism from these outlets, evidence as to their financial viability is limited. While they benefit from not bearing printing and distribution costs, they face possibly greater challenges in terms of monetising their audience, with some turning to corporate events or training programmes as additional revenue streams.⁶⁰ Unfortunately, there is no clear way to know how well these new models work, how many fail, or whether they could be successfully replicated. According to the University of North Carolina’s ‘News Desert’ project, independent digital sites, “once seen as potential saviours, are failing to achieve long-term financial security”. More than 80 local online sites were established in the US in 2019; but an equal number disappeared.⁶¹

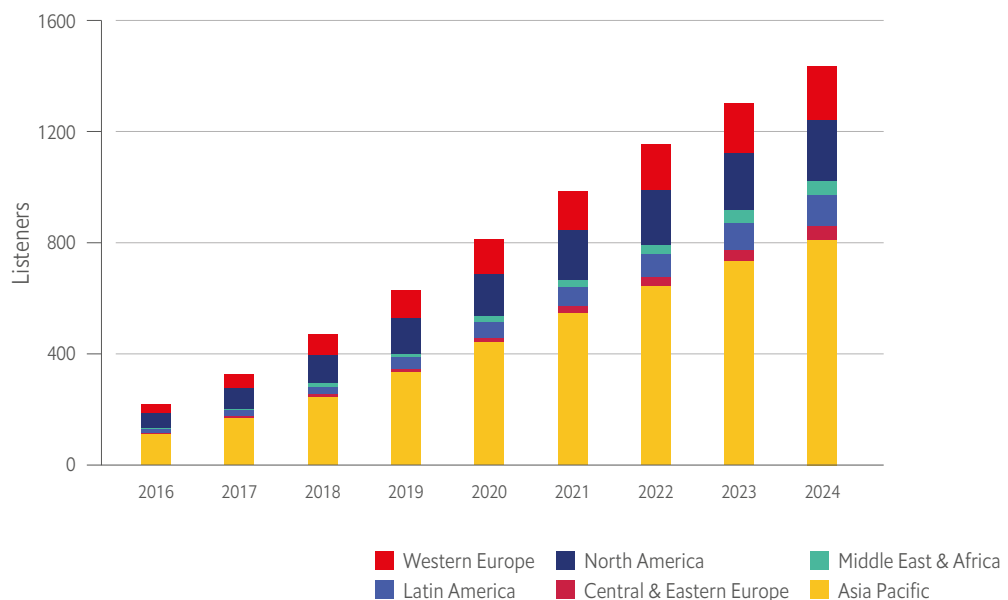
Broadcast TV, which in many countries remains the most widely viewed source of news consumption (although not news production—the majority of stories and investigations are sourced

from legacy newspaper outlets) also suffered a 12% decline in revenue in 2020. And although the sector is forecast to return healthy increases in revenue in 2021 and 2022, this will not be enough to return to pre-pandemic levels.

Podcasts, the fastest growing medium

Podcasts represent an exciting new format for news. It is projected that between 2016 and 2025 global podcast listeners will have increased by 609%.⁶² The number of monthly listeners is forecast to reach 1.5 billion worldwide by 2025, with advertising expected to rise from US\$1.3bn in 2019 to around US\$3.4bn in 2025.⁶³ However, this remains very small relative to the size of the news advertising industry as a whole, which is estimated to be US\$86bn in 2025. In addition, dedicated news podcasts, such as *The New York Times*’ “The Daily” are only one sub-section of the podcast industry.

FIGURE 5. The podcast era
Podcast monthly listeners (m)



Source: PwC Global Media Outlook 2016-2025, www.PwC.com/outlook

60 <https://wan-ifra.org/2021/07/how-tortoise-is-building-an-engaged-community-using-events-and-audio/>
 61 <https://www.usnewsdeserts.com/reports/news-deserts-and-ghost-newspapers-will-local-news-survive/the-news-landscape-in-2020-transformed-and-diminished/>
 62 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook
 63 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook

According to one study of podcast advertising in the US, 'news' podcasts account for 22% of ad revenue, the highest of any category.⁶⁴ The increase in podcast advertising revenue is expected to be concentrated in a small number of major markets in North America, Western Europe and Asia Pacific.⁶⁵ The US alone is expected to account for almost half (US\$1.7bn of US\$3.4bn) of all global podcast ad revenue by 2025, with the next largest, by some distance, being China (US\$618m).

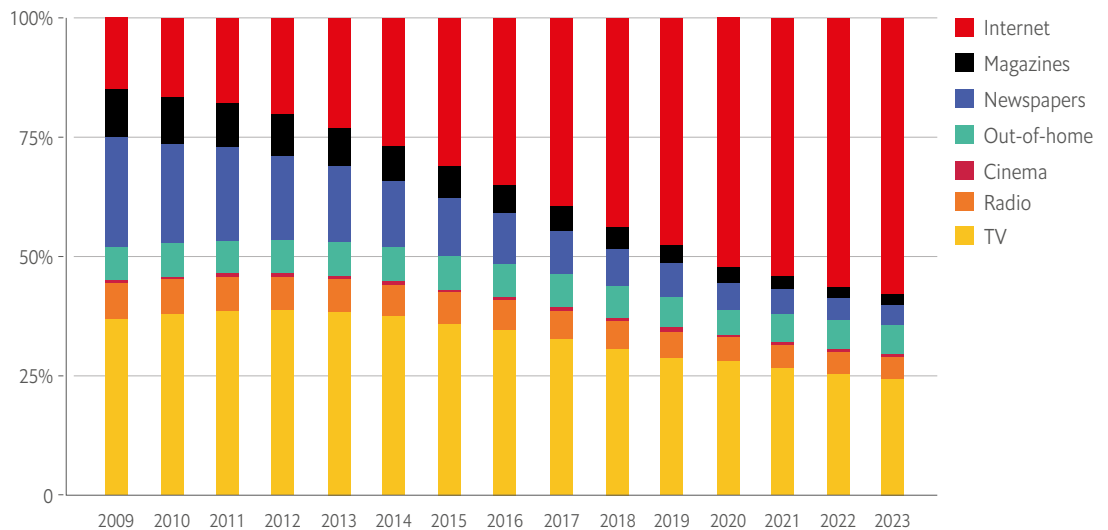
In 2020, internet advertising accounted for over half of all advertising spending worldwide for the first time. The internet is dominating the world of advertising in every sector. Global advertising across all sectors fell from US\$619bn in 2019 to US\$573bn in 2020, caused in part by marketing departments tightening their belts, as is common during recessions. But internet advertising remained relatively unscathed, growing in 2020 from

US\$295bn to US\$299bn.⁶⁶ It now accounts for more than half of all advertising spent globally, compared to 2011 when this figure was just 18%.⁶⁷ By 2023, it is projected to account for 58% of all advertising.⁶⁸

Economist Impact estimates that as much as US\$10bn in newspaper advertising will be 'lost' to internet advertising by 2025.

While newspaper print advertising revenue is forecast to plummet from US\$36.5bn in 2019 to US\$24bn in 2025, newspaper revenue from *internet* advertising is projected to grow from US\$11.1bn to US\$13.6bn over the same period.⁶⁹ This represents an overall decline in total newspaper advertising revenue of almost US\$10bn. It is too simplistic to say this money flows directly from newspapers into one or two technology firms, but given that spending on internet advertising in general is set to soar by 2025, it seems likely much of this lost revenue will go into digital alternatives.

FIGURE 6. Internet advertising boom
Share of advertising expenditure per media outlet 2009-2023



Source: Zenith, Advertising expenditure forecasts, December 2020

64 https://www.iab.com/wp-content/uploads/2021/05/IAB_2020_Podcast_Advertising_Revenue_Report_2021-05.pptx.pdf

65 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook

66 Zenith, Advertising expenditure forecasts, December 2020, <https://www.zenithmedia.com/product/advertising-expenditure-forecasts-december-2020/>; Economist Impact analysis

67 Zenith, Advertising expenditure forecasts, December 2020, <https://www.zenithmedia.com/product/advertising-expenditure-forecasts-december-2020/>

68 Ibid

69 Zenith, Advertising expenditure forecasts, December 2020, <https://www.zenithmedia.com/product/advertising-expenditure-forecasts-december-2020/>; PwC Global Media Outlook 2016-2025, www.PwC.com/outlook; Economist Impact analysis

AUSTRALIAN NEWS BARGAINING CODE

Despite uncertainty about the extent to which advertising revenue is shifting directly from news outlets to technology companies, there have been a number of commercial deals struck recently between Google, Facebook and parts of the news industry. The most high-profile of these is the 'News Media Bargaining Code' which was signed into law in Australia in February 2021. The law requires digital platforms, most notably Facebook and Google, to pay local media outlets to link content on their news feed or search. The platforms and publishers agreed a deal between themselves, with the former also encouraged to invest in local journalism. Not all deals have been disclosed, although Google signed deals with Nine Entertainment and Seven West Media worth tens of millions of dollars. The law will be reviewed in early 2022 and other countries are reportedly watching closely and considering issuing similar laws of their own.

News outlets will compete for advertising revenue with a relatively small number of companies who dominate the sector. While much of the economy, including news, was badly struggling, Facebook and Google in particular enjoyed stellar profits. Alphabet, Google's holding company, posted its highest ever revenue in Q2 of 2021 (US\$62bn). In the same quarter, Facebook saw revenue grow 35% year-on-year to US\$29bn. It is unlikely these tech giants will be displaced any time soon. The fastest-growing segment of internet advertising is social media, which has grown rapidly from 4% of total internet advertising expenditure in 2009 to 35% in 2020. It also has the highest growth forecast of any internet advertising medium and is expected to capture a third of online advertising by 2023. Today, a significant proportion of people claim to get their news from social media, suggesting that at least some digital news consumption is not directly from the publisher's website, but rather via newsfeeds on social media platforms. This has implications for how much publishers are able to learn about their audience (and advertisers), and ultimately monetise those clicks.⁷⁰

This shift toward internet-based advertising may have ramifications for the wider news media ecosystem beyond print. Driving the growing dominance of digital advertising is technology companies' collection and use of vast amounts of user data, which allows them to offer advertisers more precise

audience targeting and performance metrics. Newspapers, with their limited readership (and reader data) find it difficult to compete. The same disadvantage is broadly true for broadcast news too. Although data is not available for advertising revenue derived from news broadcasts—both TV and radio broadcast a very wide range of content—overall budgets are being affected. Global radio advertising revenue fell from US\$34.2bn in 2019 to US\$29.3bn in 2020, and will recover only slightly by 2023 to US\$29.8bn. However, according to one study of podcast advertising in the US, 'news' podcasts account for 22% of ad revenue, the highest of any category.⁷¹ Similarly, overall TV advertising revenue fell from US\$178bn in 2019 to US\$161bn in 2020, and is projected to recover to only US\$163bn by 2023.⁷² However, this may also be affected by the growth in streaming services, which are subscription rather than advertising funded. It could also have a significant impact on the quality and quantity of news coverage available, especially in the context of declining revenue for print media.

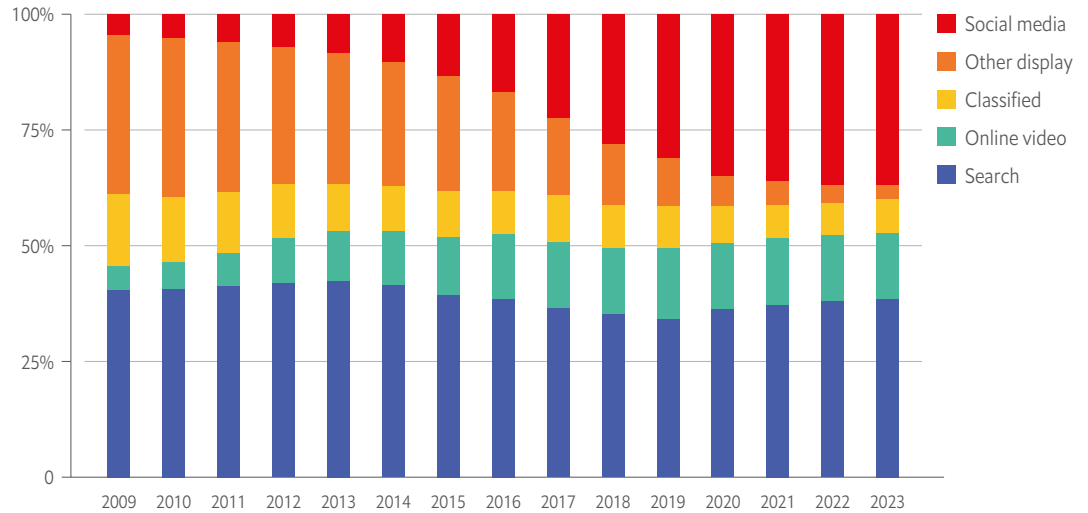
One rule of digital technology, however, is that change is constant and several things could quickly shift the dynamics of the global advertising industry. For one thing, platform popularity can change, drawing users onto new (perhaps not-yet invented) sites that have quite different business models. Mobile internet advertising revenue has already overtaken desktop (another trend accelerated

70 <https://yougov.co.uk/topics/politics/trackers/how-brits-get-their-news>; <https://www.pewresearch.org/journalism/2021/09/20/news-consumption-across-social-media-in-2021/>; <https://www.digitalnewsreport.org/survey/2019/south-africa-2019/>

71 https://www.iab.com/wp-content/uploads/2021/05/IAB_2020_Podcast_Advertising_Revenue_Report_2021-05.pptx.pdf

72 Zenith, Advertising expenditure forecasts, December 2020, <https://www.zenithmedia.com/product/advertising-expenditure-forecasts-december-2020/>

FIGURE 7. The social age
Internet advertising expenditure by segment



Source: Zenith, Advertising expenditure forecasts, December 2020

by Covid-19) and is set to reach over two-thirds of all internet advertising revenue by 2025.⁷³ This shift could cause problems for news media as smaller screens might mean advertisers are less prepared to spend on higher-quality digital real estate.⁷⁴ Then there’s the tech sector itself: users have an increasing taste for online privacy that could dampen the data gold rush.⁷⁵ Partly in response, Apple recently made changes to its operating system that could impact mobile advertising revenue for Facebook in particular. Google is considering phasing out tracking cookies in its Chrome browser by 2022, which could make it harder for media publishers to learn about their digital readers.⁷⁶ These dynamics could also work in the news industry’s favour. There are several news outlet initiatives to sell their digital advertising space directly to buyers (known as ‘first party’) rather than via technology firms (‘third party’). ‘Ads for News’ helps connect brands to local news outlets all over the world, while in the UK, ‘Ozone’ allows rival publishers to collectively sell digital ad space directly

to clients. In Uganda, the East African Radio Advertising Service is trying to help local stations collectively bargain in a similar way.⁷⁷ Some recent research even suggests this might be more cost-effective for the advertiser.⁷⁸



73 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook; <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2021/dnr-executive-summary>

74 <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2021/dnr-executive-summary>

75 <https://www.economist.com/business/2021/10/30/the-three-unknowns-of-the-modern-ad-age>

76 Ibid

77 <https://www.cima.ned.org/publication/local-radio-stations-in-africa-sustainability-or-pragmatic-viability/>

78 <https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2018-01/RISJ%20Trends%20and%20Predictions%202018%20NN.pdf>; <https://www.newsworks.org.uk/research/the-value-of-quality/>

THE STRANGE WORLD OF AUTOMATED DIGITAL ADVERTISING

In the fraction of a second it takes your computer to load a webpage a small miracle takes place: a near instantaneous auction is held between companies who are all bidding to flash their latest advert at you—the highest bidder wins. Powering all this is data. There are dozens of companies that build and sell sophisticated profiles of users, based on web browsing history, credit card purchases and a hundred other things. When a company decides it wants to push its wares on a user (or a demographic of users), they bid a certain price and the auction matches it with any website that's willing to sell the space.

“Half the money I spend on advertising is wasted”, an American businessman famously once said. “The trouble is I don't know which half.” Digital advertising allows for advertising clients to know a little better and spend accordingly, even if the performance of micro-targeting in digital markets is being increasingly revealed to be less powerful than touted. Newspapers that run digital adverts rarely have the data or technology to sell their online space directly to advertisers, so tend to put their space up for sale on the auction and hope to get a decent bid.

Clearly advertisers value this new technique, as digital advertising now accounts for more than half of all global advertising spend. And because they have the most data and the best profiles, Google and Facebook tend to dominate. According to the Competition and Market Regulator in the UK, Facebook and Google account for 80% of the digital advertising market there. Critics, including some of the companies that actually stump up the ad money, complain that the whole system is opaque and inefficient. Whereas classified ads are a straightforward deal between newspaper and advertiser, one study estimates only around 60 cents in every online ad dollar spent goes to the publishers, with the rest divided between all the other parts of the sector, such as the trading desk, 'display side provider', the verification system, and more. Some advertisers have said they don't really know how the automated auctions are run or the various pricing models calculated and suspect lack of choice might push prices higher. There are also possible conflicts of interest since Google both sells ad space and runs many of the auctions where it is sold. As a result, there is growing regulatory interest in the mechanics of the online ad sector, and several ongoing lawsuits relating to Google and Facebook's dominant position.



Regional findings⁷⁸

All regions are expected to see an acceleration away from print and towards digital revenue, causing difficulties everywhere. However, each region entered into Covid-19 with a different media ecosystem, and at a different stage of digitalisation. They will therefore experience these global trends in different ways.⁸⁰

THE MARKET LEADERS: AN INCREASINGLY MATURE DIGITAL MARKETPLACE

In Europe and North America, the pre-Covid print news market was in transition. A significant minority of revenue was already digital by 2019 (16% in Western Europe, 23% in North America). And while North American print news revenue is slightly more tilted toward advertising than sales, both have a loosely balanced mix. Digital subscriptions in both regions have been growing steadily for years, and by 2019 numbered around 6 million in Western Europe and almost 4 million in North America.⁸¹

Western Europe in particular also had a wide and varied set of government incentives and initiatives in place before the pandemic struck. Small newspapers in Norway, Portugal, Austria and Denmark, for example, all receive direct financial assistance from the government.

There are also many examples of news outlets having experimented for years with developing new products, such as events, delivering workshops or specialist training materials in media literacy and open-source research techniques, for example.⁸²

Both markets experienced a dramatic fall in print revenue in 2020, which is projected to continue.

In 2020, print news revenue in North America fell by 16%, in Western Europe by 17%. In both regions, a small 'rebound' in print revenue (of 3% and 2.6% respectively) is expected in 2021. But it is then forecast to continue to fall by roughly 4% per year in both regions until 2025. At that point Western Europe print revenue is projected to be nearly US\$12bn lower compared to 2016. However, it is still expected to account for US\$17bn in Western Europe and US\$15bn in North America.⁸³

Covid-19 stimulated healthy increases in digital revenue, although not enough to make up the difference.

In North America digital revenue is projected to increase by over US\$1bn between 2019 and 2025; in Western Europe by over US\$2bn. By 2025, online adverts and subscriptions are expected to generate roughly one third of all newspaper revenue

79 Regional divisions are based on those designated by PwC's Media Outlook dataset. They do not correspond to the regional groupings as defined by UNESCO.

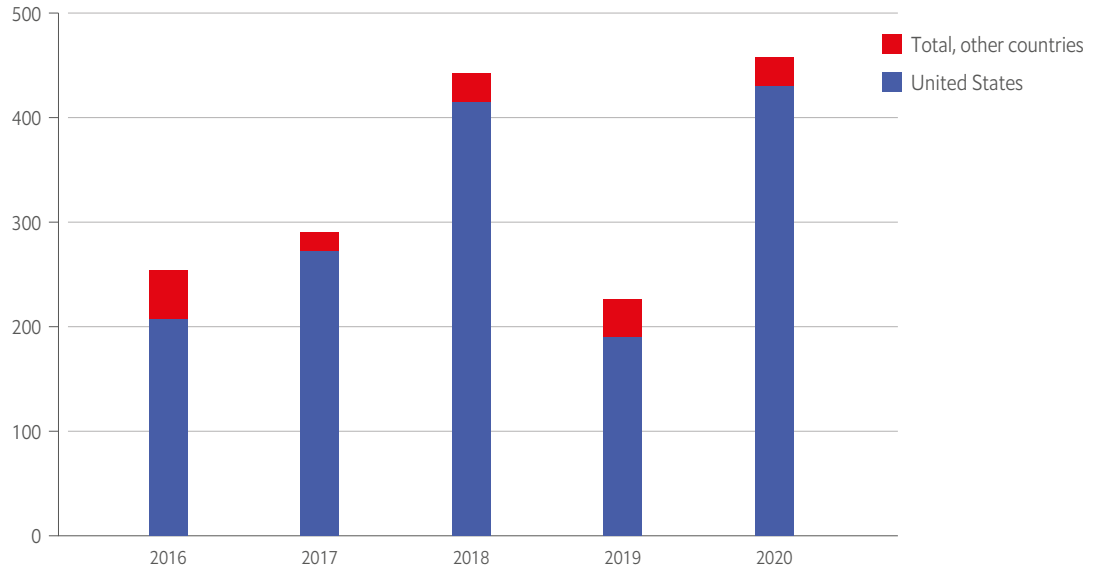
80 In each country case study, all subscription and revenue data is from: PwC Global Media Outlook 2016-2025, www.PwC.com/outlook

81 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook

82 <https://www.journalism.co.uk/news/deep-fakes-dis-information-and-detection-how-can-journalists-know-what-s-real-/s2/a831519/>; <https://www.niemanlab.org/2018/11/how-the-wall-street-journal-is-preparing-its-journalists-to-detect-deepfakes/>; <https://wan-ifra.org/2021/07/how-tortoise-is-building-an-engaged-community-using-events-and-audio/>

83 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook

FIGURE 8. Deep pockets
Philanthropy for news (US\$ m)



Source: The Foundation Center, Foundation Maps by Candid

in North America.⁸⁴ This will be the highest proportion of anywhere, although in Mexico it will be less than 10%.⁸⁵ Unlike in Western Europe, digital revenue in North America will mostly come from digital advertising rather than subscriptions. By 2025, digital revenue streams are projected to make up over a quarter of all revenue in both regions. Similarly, overall revenue in both regions is expected to be down by roughly US\$5bn in 2025 compared to 2019.⁸⁶

Strong evidence of closures and cuts.

Western Europe and North America have the most data available relating to the impact of Covid-19 on newsrooms. As of March 2021, there were 65 permanent newsroom closures in the US, while over 300 experienced cutbacks.⁸⁷ In Europe, outlets also suffered. In Italy, for example, 1,410 newspaper kiosks were closed in the first half of 2020 alone, while British publishers claimed almost £1.5m in support

through the government’s furlough job retention scheme in 2021.⁸⁸

In the US, there is limited direct government assistance relative to Europe, but more alternative sources of funds.

In several European countries, such as Finland, France and Italy, small newspapers receive direct government subsidies.⁸⁹ Similar schemes do not exist in the US, although local news outlets could receive almost US\$2bn in aid from Biden’s Build Back Better bill.⁹⁰ However, the US in particular benefits from a significant amount of philanthropic funding. In 2020, philanthropic funding available to journalism increased from US\$225m to US\$457.5m, with around 90% of this going to outlets based in the US.^{91,92} There are potentially new revenue streams too: in North America podcast ad revenue is set to increase from US\$748m in 2019 to US\$1.5bn by 2024.⁹³

84 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook

85 In this study Mexico is considered part of North America.

86 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook; Economist Impact analysis

87 https://www.cjr.org/business_of_news/the-journalism-crisis-across-the-world.php

88 <https://de.ejo-online.eu/redaktion-oekonomie/die-corona-krise-trifft-europas-medien-hart>

89 <https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2017-11/Public%20support%20for%20Media.pdf>

90 <https://www.nytimes.com/2021/11/28/business/media/build-back-better-local-news.html>

91 The Foundation Center, Foundation Maps by Candid. <https://maps.foundationcenter.org/>

92 The Foundation Maps data set includes foundation funding 2006-present in support of all subject areas. When such information is available, grants are organised by population served, type of support, and geographic area served.

93 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook.



IMPLICATIONS

The economic shock of Covid-19 presents an enormous challenge for news media outlets in Western Europe and North America. In particular, local and smaller outlets appear to be faring worse than those that are larger and better known.

In these regions, the most likely impact could be an increasingly two-tiered news media ecosystem. We expect to see large, national outlets thrive, with some already raising more than half of their entire budgets through online revenue. However, despite the new opportunities, there will still be a very significant funding shortfall for the sector as a whole, resulting in more news deserts and closures.

Many outlets have been working to diversify their revenue sources for some time. Outlets

here may need to bring forward or develop plans for diversifying their revenue base to survive, and given the growth in digital revenue and associated expertise in marketing, payments technologies and data analysis, many will succeed in doing so. From what we know, however, reader-revenue models do not work everywhere, and despite well-known exceptions like *The New York Times* and *The Guardian* they tend to be most successful where readers see 'unique value', where publishers have 'strong international audiences in specific industries' and where 'employers can pay'.⁹⁴

Further government assistance may be necessary to sustain those parts of the sector that provide a socially useful role.

Despite occasional success stories, many important parts of the media ecosystem will struggle to find a sustainable business model as traditional revenue continues to dry up (e.g., local political reporting). Government assistance, usually through tax-breaks or subsidies, will present some challenges relating to independence, although this will vary considerably from country to country. Outlets that provide more favourable coverage of the governing party, for instance, may be more likely to receive support through paid advertising, subsidies, or tax-breaks.

In North America, Economist Impact anticipates increased reliance on digital advertising rather than subscriptions.

Revenue from classified ads is falling, while digital advertising will continue to grow. While some hyper-local sites might be able to sell ads directly to companies for very targeted and specific products, that is unlikely to be enough to cover costs based on current trends.⁹⁵ As a result, many outlets will continue to need online advertising, which could see growth in 'clickbait' and the drive to maximise traffic. This could damage trust in the media further, which is already low in the US, and often divided along partisan lines.⁹⁶

⁹⁴ Columbia Journalism Review, 2018, Guide to Audience Revenue and Engagement

⁹⁵ <https://www.poynter.org/business-work/2018/study-successful-online-local-news-outlets-often-located-in-wealthy-communities-and-advertising-still-pays-the-bills/>

⁹⁶ Edelman, 2021, Edelman Trust Barometer, <https://www.edelman.com/sites/g/files/aatuss191/files/2021-03/2021%20Edelman%20Trust%20Barometer.pdf>

DEALING WITH RAPID TRANSITION: ASIA PACIFIC (APAC)

Asia Pacific's daily newspaper circulation (384 million copies in 2019) was more than all other regions combined. Much of that is from just two countries: China and India. Overall, the region entered Covid-19 with around 91% of all newspaper revenue coming from print, with the remainder digital.

Print revenue has been less affected in Asia Pacific than elsewhere. Print revenue decreased by 14.6% in 2020. While still a dramatic fall, it was the lowest of any region and although print revenue is forecast to decline by around US\$8.5bn between 2019 and 2025, this is also the lowest proportion of any region.⁹⁷ In India, which is an outlier (albeit a very large one that accounts for over a third of all newspaper circulation in the region), print circulation and print revenue is expected to increase from 2021 on, one of the few countries where this is expected to occur. However, it will only represent a moderate increase in per capita terms, from 9.4 per 100 in 2021 to 9.5 by 2025).⁹⁸

Digital revenues are increasing rapidly.

Although starting from a lower base than Western Europe or North America, digital revenues are growing much faster in Asia Pacific. Revenue from digital news is expected to increase by around US\$1.9bn between 2019 and 2025. It will enjoy the fastest growth in podcast advertising revenue, increasing by almost 39% a year between 2016 and 2025 to top US\$1bn.

In China, internet advertising is far more dominant than elsewhere. The rapid growth of digital revenues may be partly accounted for by the 'China Effect'. In 2020, internet advertising (across all sectors) accounted for 69% of ad spend in China, compared with 52% on average in other countries. By 2023, newspaper print advertising in mainland China is anticipated to collapse to just US\$174m, compared with US\$2.5bn in 2016.⁹⁹ This is partly due to the popularity of digital platforms as the main source of news and partly to increasing government control over advertising spending.

INDONESIA

Between 2019 and 2020:

- Newspaper revenues declined by 16%, from US\$1.9bn to US\$1.6bn.
- Average daily print news circulation fell from 5.67 million to 4.55 million, a fall of almost 20%.
- Average digital subscriptions increased by 22%, from 318,000 to 388,000.

On 24 July 2020, the Minister of Finance announced a wide-reaching set of policies to help the sector. These included abolishing VAT for printed newspapers, delaying or suspending news outlets' electricity charges and suspending social security contributions for media workers for 12 months. The government also pledged to provide corporate tax relief to employees in the sector who earn less than IDR200m (~US\$14,000) per year and instructed all ministries to divert their advertising budgets to local media companies.

In addition to government support, Indonesia's news-media organisations received both financial and non-financial support from Facebook and Google. Ahead of the 2019 national election (and in partnership with 22 other media companies), the Google News Initiative (GNI) launched CekFakta, a collaborative fact-checking and verification project in Indonesia. According to Google's 2020 GNI Impact Report on Asia Pacific, the GNI Indonesia Training Network trained more than 10,800 journalists, academics and journalism students through this initiative. Facebook's Journalism Project, in partnership with WAN-IFRA, has supported business transformation accelerator programmes through print publication *Bisnis Indonesia*.

⁹⁷ PwC Global Media Outlook 2016-2025, www.PwC.com/outlook; Economist Impact analysis

⁹⁸ Economist Impact analysis; PwC Global Media Outlook 2016-2025, www.PwC.com/outlook; In 2019, Indian newspaper circulation accounted for 144 million of the region's 383 million

⁹⁹ Zenith, Advertising expenditure forecasts, December 2020, <https://www.zenithmedia.com/product/advertising-expenditure-forecasts-december-2020/>

A patchy and uneven picture of digital growth. Digital subscriptions are growing rapidly. By 2025, the region is expected to have 36.7 million subscribers paying for online news, more than twice as many as all other regions combined (17.7 million). However, in per capita terms, the region will have 0.9 digital subscribers per 100 people by 2025, compared with 2.1 per 100 in Western Europe. Excluding China, it is only 0.7 per 100, which suggests the country is driving some of the region's growth. Moreover, the revenue per subscription ratio is the lowest of all regions, partly driven by very cheap subscription fees in China. As such, digital advertising, not subscriptions, is expected to account for over 60% of all digital revenue by 2025.¹⁰⁰

Significant divergence across countries.

Because Asia Pacific is such a large region, important variations are masked. While overall there is a strong and fairly rapid shift to new digital revenue streams, in many places this is not the case. For example, by 2025, print is

still expected to account for 92% of Indonesia's newspaper revenue, while in Australia it is projected to be only 52%.¹⁰¹

IMPLICATIONS

Rapid digital growth could create growth for some, but problems for many. Despite rapid digital revenue growth, PwC projects a drop of US\$8.5bn in overall news outlet budgets across the region between 2019 and 2025. This is partly because, in most countries, the *proportion* of revenue from print will remain far higher than in Western Europe and North America, even as it declines. And those countries and outlets reliant on classified and print sales for revenues can expect a continued decline in revenue and further cuts and closures.

Shifting to digital revenue models won't make sense for everyone. Although the total number of digital subscribers is by far the largest of any region, it is also the least profitable per subscription compared to any other region,

PAKISTAN

Between 2019 and 2020:

- Newspaper revenues declined by 7% from US\$240m to US\$222m.
- Average daily print news circulation fell from 6.6 million to 5.8 million, a decline of 13%.
- Average daily digital news circulation increased by 29%, from 235,500 to 303,100.

In April 2020, there were reports that the Cabinet of Pakistan had approved a special Covid-19 support package for journalists and journalistic organisations. The Minister for Information was tasked with finalising procedures for the disbursement of the grant to journalists and journalistic bodies. However, the official figures for this package (including funding allocation and recipients) were not publicly disclosed.

News media organisations in Pakistan have limited options when it comes to investment and access to capital. Only two media outlets are listed on Pakistan's Stock Exchange—Hum Network Limited and Media Times Pakistan—and only Hum Network Limited has a credit rating.

In May 2021, the Facebook Journalism Project and Reuters launched a free e-learning programme in eight Asian countries, including Pakistan, which helps journalists build a foundation in digital reporting and editing. The course includes modules on digital news gathering, news verification and reporting, publishing on social media, and resilience training while reporting.

100 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook; Economist Impact analysis
101 Ibid

including MENA and SSA.¹⁰² In many countries, digital subscriptions remain tiny, although there are notable exceptions. In Thailand, a country with a population of 70 million people, the total value of digital subscriptions is expected to reach US\$61m in 2025. In New Zealand, with a population of 5 million, it will be US\$54m. However, the lack of a single predominant language across the region might dampen the effect of a 'winner takes most' market.

THE HARDEST HIT: LATIN AMERICA, MIDDLE EAST AND AFRICA (MENA AND SSA)¹⁰³

In Latin America, MENA and SSA, the pre-Covid market was marked by an overwhelming reliance on physical newspaper sales and classified ads for revenue. In 2019, they accounted for 94% of all newspaper revenue in these regions. In Africa, in particular, radio remains the most important source of news in many places, partly because of scattered rural populations, lower literacy levels, and high data costs. It is mostly funded by advertising, which is why the decline in radio advertising revenue is potentially very damaging.¹⁰⁴ There are also

some structural disadvantages at play. In many poorer countries the available online advertising market is relatively small as advertisers aren't willing to pay as much per click. However, a lack of clarity on how tariffs are calculated by the tech companies makes it hard to know if other disadvantages are at play too.¹⁰⁵

All markets experienced a dramatic fall in print revenue in 2020, which is projected to continue. In 2020, print revenue in Latin America fell by 15.5% and in MENA and SSA by 21.7%. By 2025, print revenue in Latin America is expected to be roughly US\$1bn lower compared to 2019, in MENA and SSA it is expected to be US\$739m lower.¹⁰⁶

Latin America, MENA and SSA will be hit the hardest by the accelerating digital transformation. In Latin America, new digital revenue is expected to cover just 9% of the loss of print revenue by 2025. In MENA and SSA it is projected to be just 12% (compared with 28% in Western Europe).¹⁰⁷

Other revenue streams are limited. Less than 3% of over US\$3bn in projected podcast ad

EL SALVADOR

Data on the news media industry (including newspaper revenues from advertising and circulation) was not available for El Salvador.

In March and April 2020, the Salvadoran government deferred tax payments for businesses within the country, including news media organisations. In July 2020, the government issued Decree No. 685, which created the Trust for the Economic Recovery of Salvadoran Firms. The Trust provides credit and subsidies for businesses (which, although not targeted at the sector, includes news media outlets). In February 2021, the government issued Decree No. 756, which temporarily reduced the cost of spectrum concession payments for broadcasters.

In 2018, Facebook's Journalism Project, in collaboration with Storyful, provided training to journalists in El Salvador and other countries in the region. Google's Journalism Emergency Relief Fund provided some financial support to eight newsrooms in El Salvador, however the exact amount of support is unknown.

102 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook; Economist Impact analysis

103 Middle East and Africa regions exclude the following countries: Algeria, Bahrain, Jordan, Kuwait, Lebanon, Morocco, Oman & Qatar. These are included in the 'Rest of MENA' category.

104 <https://www.africanews.com/2017/02/13/radio-is-africa-s-most-influential-information-outlet-unesco-survey/>

105 <https://ifpim.org/wp-content/uploads/2021/04/IFPIM-Feasibility-Study-Final-April-29.pdf>

106 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook; Economist Impact analysis

107 Ibid

BRAZIL

Between 2019 and 2020:

- Newspaper revenues declined by 15%, from US\$1.52bn to US\$1.3bn.
- Average daily print news circulation fell from 7.7 million to 6.2 million, a decline of 20%.
- Average daily digital news subscriptions increased by 24%, from 426,400 to 526,600.

The Brazilian government provided no support to the news media industry in response to Covid-19.

However, Brazilian news media outlets received both financial and non-financial support from Facebook and Google. Brazil is included in Facebook's Latin America Accelerator Programme, which offers "specific tools, resources, and training" and awards up to US\$250,000 total in grants to select news organisations. In 2018, the Google News Initiative funded 13 projects in Brazil, providing R\$1m (US\$196,880) per selected project.

JAMAICA

Data on the news media industry (including newspaper revenues from advertising and circulation) was not available for Jamaica.

Economist Impact found no evidence of government support, private investment or philanthropic support for the news media industry in Jamaica. Although the government of Jamaica approved a JMD25bn (US\$168m) COVID-19 stimulus package in 2020, it was limited to the "hotel, tours, attraction, and segments of the industry that are registered with the Tourism Product Development Company" with no mention of news media outlets.

Only one news media organisation is listed on the Jamaican stock exchange; the RJR Gleaner Communications Group, which is Jamaica's largest traditional media corporation. While it is publicly traded on the Jamaica Stock Exchange, it does not appear to have a credit rating.

revenue in 2025 is expected to be available to these regions.¹⁰⁸ In both, we find limited evidence of government support for independent news media outlets in the form of tax credits, direct subsidies or Covid-19 stimulus (with the notable exception of *Al Jazeera*, which is funded by the Qatari government) and low levels of available philanthropy. In 2020, philanthropic funding available to journalism (not including possible overseas development assistance) increased from US\$226.5m to US\$457.6m, but over 90% of this went to outlets based in the US.¹⁰⁹

Print news advertising revenue collapsing in MENA and SSA. Print ad revenue is expected

to shrink by two thirds between 2016 and 2025, from US\$775m to US\$244m.¹¹⁰ This is the biggest percentage drop anywhere by a large margin. Total digital revenue available in MENA and SSA is expected to reach US\$217m in 2025, an increase of around US\$81m compared to 2019, while print revenue will decline by US\$1.1bn over the same period: an overall fall of over US\$650m.

Digital revenue growth in Latin America is rapid, but from a low base. Economist Impact expects 1.4 million paying digital subscribers by 2025, who will account for just US\$222m in revenue. The digital advertising

108 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook

109 The Foundation Center, Foundation Maps by Candid. <https://maps.foundationcenter.org/>

110 PwC Global Media Outlook 2016-2025, www.PwC.com/outlook

NIGERIA

Between 2019 and 2020:

- Newspaper revenues declined by 7%, from US\$85m to US\$79m.
- Average daily print news circulation fell from 491,500 to 446,100, a decline of 9%.
- Average daily digital news circulation increased by 25%, from 15,500 to 19,300.

Nigeria's Covid-19 stimulus package provides general aid to 'creative industries', which suggests the inclusion of media organisations. However, vague language makes it difficult to assess the level of financial support available.

The Nigerian Federal Government provides direct subsidies for media organisations, although they seem to be exclusive to state/public-owned media. These subsidies seem to be regarded more as an infrastructure deficit, for example, subsidising signal distribution.

Nigerian news media organisations have limited access to private investment or philanthropic support. Currently, there is only one news media organisation listed on the Nigerian stock exchange (DAAR communications – DAARCOMM). There is some indication that Nigerian news outlets are eligible for support from Facebook and Google, although the true scope of that support is unknown.

NAMIBIA

Data on the news media industry (including newspaper revenues from advertising and circulation) was not available for Namibia.

Namibia's Covid-19 stimulus package does not contain measures explicitly aimed at news media organisations. However, existing measures could benefit the sector, including small business loan schemes and accelerated invoice payment measures.

There are some indications that the Namibian news-media sector has received financial support from technology companies. For example, the Google News Initiative provided emergency financial support to eligible media outlets which included Namibia.

market available is also projected to grow, but only to US\$128.1m. Therefore, roughly 63% of total digital revenue will be from subscribers. Total digital revenue available in Latin America is projected to be US\$350m by 2025, an increase of around US\$126m compared to 2019, while print revenue is expected to decline by over US\$1bn over the same period. That means an estimated fall in overall income of around US\$900m.

The majority of digital revenue growth is projected to come from advertising not subscribers in MENA and SSA. Economist

Impact expects just over 600,000 digital subscribers by 2025, who will account for US\$76m in revenue, by far the least of anywhere. Unlike Latin America, almost two thirds of new digital revenue is projected to come from advertising rather than subscriptions.

Classified advertising revenue collapsing in MENA and SSA. Classified ad revenue is expected to shrink by two thirds between 2016 and 2025, declining from US\$775m to US\$244m. This is the largest percentage drop anywhere by a large margin. Total digital revenue available in MENA and SSA will reach

LEBANON

Data on the news media industry (including newspaper revenues from advertising and circulation) was not available for Lebanon.

A Covid-19 stimulus package was announced in April 2020, but beyond a general commitment to “help daily workers in the public sector, support the health sector and farmers, and give small industrial enterprises subsidised loans”, no specific mention of the media was made.

The Lebanese government does not provide funding to support news media organisations. In 2016, former Minister of Information, Ramzi Joreige, announced the creation of a US\$10m fund to back Lebanese newspapers, but the plan was never voted on in parliament. Conversations around the protection of journalists had yielded no concrete measures as of late 2021.

The Facebook Journalism Project, in collaboration with the International Centre for Journalists, has announced that it will invest US\$300,000 in a new programme that aims to support the stabilisation and recovery needs of journalists and news organisations in Lebanon affected by the explosion in Beirut on 4 August 2020. The Supporting Beirut: Response and Recovery Fund will assist in supporting local news outlets that suffered damage to infrastructure and resources.

TUNISIA

Data on the news media industry (including newspaper revenues from advertising and circulation) was not available for Tunisia.

There is a lack of transparency regarding government funding for news media. The Independent High Authority for Audio-visual Communication (HAICA) does offer financial support to specific groups, including news media outlets.

While Tunisia’s Covid-19 stimulus packages do not specifically target media companies, help offered to Small and Medium Enterprises, such as tax rate reductions, may apply.

The Google News Initiative offers training for Tunisian journalists as part of a new partnership with the International Centre for Journalists. This programme provides training on digital tools to 4,000 journalists across six countries in the Middle East, including Tunisia.

US\$217m in 2025, an increase of around US\$81m compared to 2019. This compares with declining print revenue of US\$1.1bn over the same period: an overall fall of over US\$650m.

A major lack of data for countries in all regions. Seven of the ten countries studied in detail by Economist Impact were either in Latin America, MENA or SSA regions. However, there was very little country-level data available to gauge the scope of the challenges on the ground. Available data on the state of the news media in these countries is rarely recent, comparable,

disaggregated or time-series, which makes it challenging to establish any clear trends. While the global picture is relatively clear, we don’t know the number of news media organisations in each country, structures of ownership, degree of government or philanthropic funding, how many journalists are employed, how many newsroom closures there have been or who has access to the news. As we enter a period of continued uncertainty and upheaval for the industry it is worrying that our ability to track and understand these trends is so limited.

IMPLICATIONS

Although there are important differences, in each region the rapid increase in digital revenue will not cover the losses from declines in overall print revenue.

The result could be a massive squeeze on finances for nearly all outlets, even those already experimenting with new forms of digital revenue. There are several good examples of outlets developing subscription models around the world. *Animal Político* is an online-first Mexican outlet that prides itself on deep investigations, reader collaboration and funding transparency.¹¹¹ They launched a membership programme during Covid-19 and saw membership double from 700 to 1600 within a year, but that accounts for only 10-15% of funding.¹¹² Similarly the *Daily Maverick* in South Africa has a long-term business plan for subscriber (and one-off member) donations to make up just one third of its revenue.¹¹³ Even in these stand-out examples, digital subscriptions are insufficient to make up even half of revenue.

In these regions experimentation with new journalistic techniques and a growing diversification of revenue streams will be vital. Print sales (and less so adverts) will remain the mainstay of newspaper revenue. But new sources of funding beyond digital subscriptions need to be identified to supplement them. There are already some interesting examples that are not always reflected in official data, for example in fact-checking initiatives. There have been several such initiatives in Africa in recent years, including The Africa Fact Checking Alliance. However, these are mostly funded by grants and donations at present. By contrast, Chequeado in Mexico, a popular digital fact-checking outlet, is one example of monetising journalism's wider applications.¹¹⁴ Its funding documents—available online—show a diverse range of

revenue streams. It is a fact-checking partner with Facebook; it receives independent grants for general fact-checking work; charges speaking and media appearance fees for its staff, works in partnership with educational organisations to create learning materials, and teaches teachers about fact-checking.

Given the large fall in funding, philanthropy and government support may become more important, which risks impacting independence. There are several examples of news outlets receiving financial support from governments, where available. Some—although very few—are Covid-19-related. In some countries, state support—either direct assistance or via classified and digital advertising—is politically aligned, which means reliance on it can harm independent reporting. In most countries, paid partnerships with private companies are common, although it's usual for outlets to make a clear distinction between partnerships and journalism. That's not true everywhere. A recent study of local radio stations in Africa found that paid airtime for politicians—sometimes subtly framed as a talk show—makes up a 'significant portion' of their income.¹¹⁵ Government assistance seems likely to grow but, as many analysts have observed, this will have implications for real and perceived independence, especially in places where government funding is used as a means of encouraging loyalty or control, often called 'media capture'.¹¹⁶ Others are actively investigating new sources of philanthropy, including from US-based technology firms, although the sums are no substitute for a loss of subscription, circulation and advertising revenue. This also brings risks. Tech firms are becoming one of the most significant concentrations of power and influence that journalists will need to investigate, which might become more difficult as they become major donors.

111 <https://www.dw.com/en/media-start-up-animal-politico-in-mexico/a-53517964>

112 <https://reutersinstitute.politics.ox.ac.uk/few-winners-many-losers-Covid-19-pandemics-dramatic-and-unequal-impact-independent-news-media>

113 Ibid

114 <https://chequeado.com/financiamiento/>, <https://en.unesco.org/news/portalcheck-resource-hub-support-countering-disinformation>

115 Mary Myers & Nicola Harford, 2020, Local Radio Stations in Africa: Sustainability or Pragmatic Viability? Centre for International Media Assistance (CIMA)

116 UNESCO. 2020. *Reporting facts: free from fear or favour*. Paris: UNESCO. <https://unesdoc.unesco.org/ark:/48223/pf0000375061>

SENEGAL

Data on the news media industry (including newspaper revenues from advertising and circulation) was not available for Senegal.

In April 2020, the Senegalese government proposed a Covid-19 stimulus package (Economic and Social Resilience Programme) consisting of approximately XOF966bn (US\$1.6bn), of which XOF100bn (US\$177m) is specifically dedicated to support the hotel, catering, transport, and cultural industry sectors. Companies in these sectors (including, presumably, news media organisations) benefitted from a suspension of the recovery of localised debts until 15 July 2020, however, there is no evidence that this has continued.

State subsidies to state-run broadcast media amount to around XOF1.5bn (US\$2.82m) per year. An Aid and Development Fund for the Press was created in 1996, which grew to XOF700m (US\$1.32m) in 2017. With the rapid increase in the number of media outlets, the sums received by media companies have dwindled and private media operators often criticise the lack of transparency in the distribution of these funds.

In 2019, Bloomberg Africa Media Innovators expanded its Financial Journalism Training programme to five new markets, including Senegal. Google News lab offered journalists across Africa training in digital skills such as mobile reporting, mapping, data visualisation, verification, and fact checking. This project aimed to train more than 6,000 journalists by February 2018, in 12 major African cities, one of which was Dakar.

In MENA and SSA, the reliance on digital advertising could increase clickbait and 'churnalism'. In MENA and SSA, 65% of all digital revenue will come from online ads by 2025, the highest anywhere outside North America. The relationship between revenue and style of journalism is uncertain. In the US, for example, it appears that subscriptions create more polarising news as publishers rely on highly engaged audiences to pay to sign-up.¹¹⁷ By contrast, digital advertising could incentivise cheaper clickbait and controversy, which are designed to attract attention and generate clicks rather than inform. Growth in mobile advertising could make this more pronounced, because smaller screens might make quality differentiation harder. So too could advances in automated content software, which is steadily improving.¹¹⁸



117 <https://www.economist.com/books-and-arts/2020/07/16/how-objectivity-in-journalism-became-a-matter-of-opinion>

118 PwC Global Media Outlook 2016-2025, www.pwc.com/outlook; <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2021/dnr-executive-summary>

Conclusion



For several decades, analysts have incorrectly predicted the impending ‘death of print’.¹¹⁹ Covid-19, however, has precipitated a catastrophic decline in revenue and circulation for the printed press. The good news is that digital revenue is growing quickly and, for some outlets, Covid-19 might even have accelerated the shift to a more sustainable long-term business model. The next decade is likely to see innovation in both business models and journalistic techniques.

On the other hand, a growing proportion of media consumption is mediated via technology platforms, which creates problems for news producers, specifically around better understanding audiences and getting paid for news consumption. On social media, high-quality journalism and sometimes extremely engaging disinformation compete evenly, and the former doesn’t always win. As targeted digital ads increase their dominance of the advertising sector, there could be increased pressure from governments to encourage or enforce revenue-sharing agreements, which could help.

If we continue on our current course, we are likely to end up in a media landscape where a small number of outlets thrive while large sections of the news media have no viable business model. This would be similar to the dynamic seen in other digital industries: those with the resources and right products grow very quickly, while those without wither away. There is little evidence to suggest digital subscriptions and other revenue streams will be sufficient for the majority of outlets. In most countries outside of North America and Western Europe, digital revenue remains a very small proportion of overall income. While there are cases of successful subscription or membership models being offered in smaller markets, even the best still account for only a minor percentage. Technical and data-led advantages also favour large well-regarded incumbents, in both print and digital native titles. The more established players now invest large sums in IT and internal data analytics to experiment with different

119 <https://www.sipa.columbia.edu/academics/capstone-projects/future-print-media>

paywall types, special offers, ad-free models, or metered access rights to figure out how to persuade readers to part with cash.¹²⁰ But very few have the skills or money to do that. According to Miguel Paz, whose company Revenu sells simple payment solutions for news outlets, most newsrooms have little or no tech experience beyond the odd developer. “Maintaining code on a payment gateway and a subscription management platform” is usually outside their scope.” That, he suggests, can cut any experimentation off at the knees.¹²¹

While having a handful of highly successful media outlets is better than none at all, this would still have dramatic implications. The news media would not disappear overnight but would become more unequal and enfeebled, with an accompanying fall in quality. The probable result will be more so-called ‘news deserts’—areas not covered by dedicated outlets. This will affect how accountable local institutions are and might even increase political polarisation as news becomes increasingly about big ‘wedge’ social issues rather than smaller and less divisive concerns, such as improving roads or schools.¹²² Other studies have found that the freer the press the less corruption.¹²³

Political challenges may also complicate the future of independent media. In regimes with limited press freedom, it appears that the seriousness of the pandemic may have been used to justify censoring Covid-19 coverage, or indeed clamping down on the press more widely. The International Press Institute’s ‘Press Freedom Tracker’ has already documented almost 700 press freedom violations linked to Covid-19.¹²⁴ A less visible implication of a weakened business model is the ownership structure. The 25 largest newspaper chains now own one third of all newspapers in the US, up from one fifth in 2005. According to the *Financial Times*, roughly half of all daily newspapers in the US are owned by financial firms, and some appear set on hollowing out newsrooms and maximising short-term profit.¹²⁵ An economic catastrophe like Covid-19 might have increased the vulnerability of publications to this kind of buy-out and, more widely, the ability for some governments to use advertising and sponsorship to increase ‘media capture’.

For journalism to survive it will have to change, as it has always done. For decades newcomers have been stretching the definition of news and blurring the boundaries between journalist and citizen, between reporter and activist. Journalists will increasingly be skilled data scientists who can mine through large and complex data sets, use crowd-sourced data during fast-moving emergencies or design and use software to identify co-ordinated bot and troll behaviour. Their platforms will be more varied too—podcasts, documentaries on streaming platforms, journalistic training courses and collaborative investigations—to supplement the more traditional written and televised reports. As society changes, so do the institutions that help to understand and control it, and that’s no bad thing.

Ultimately, the shift towards digital advertising and online news consumption reflects the preferences of advertisers and readers alike. And although there are problems with the way online advertising works, outlets that continue to rely solely or overwhelmingly on physical sales and adverts are, in many places, likely to see revenue and readership shrink. Unless more sustainable sources of income can be found, this will have political and social consequences far beyond the newsroom. The news media of the future could be a tiny number of behemoths alongside a smaller, more varied set of journalists and outlets dependent on a wider mix of revenue streams than readers and advertisers. Creative destruction has its uses but also its limits, especially in parts of the economy that play a vital social function. It remains an open question as to whether what comes next will be large, varied, and independent enough to ensure journalism remains more than just another business.

120 <https://eu.usatoday.com/story/money/2021/01/14/gannett-aims-10-m-digital-subscribers-within-5-years-ceo-says/4159441001/>

121 <https://en.unesco.org/news/strengthening-media-viability-handbook-innovative-practices>

122 <https://www.usnewsdeserts.com/reports/news-deserts-and-ghost-newspapers-will-local-news-survive/the-news-landscape-in-2020-transformed-and-diminished/>; <https://www.theguardian.com/media/media-blog/2017/jun/25/grenfell-reflects-the-accountability-vacuum-left-by-crumbling-local-press>

123 <https://ifpim.org/wp-content/uploads/2021/04/IFPIM-Feasibility-Study-Final-April-29.pdf>

124 International Press Institute. IPI Covid-19 Press Freedom Tracker.

125 <https://www.theatlantic.com/magazine/archive/2021/11/alden-global-capital-killing-americas-newspapers/620171/>

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