

European Media Markets

Student White Paper # 6 – May 2023

The European Newspapers Market:

Disruptors as opportunities in disguise

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Worldwide, newspapers have had a long and interesting history including in the Europe market. As an important part of democracy, newspapers have always had a strong societal role to play. Despite their position within society, they have been in a crisis for several years now due to the decreasing number of people reading newspapers and the related diminishing percentage of people paying for newspapers. Another problem involves the vanishing trust in newspaper's content and especially the diminishing trust in the veracity of their articles. Because of this also advertising clients increasingly withdraw from cooperating with newspapers which causes an exacerbation of the difficult financial situation. The goal of this White Paper is to describe the problems the newspaper market faces, with a strong focus on potential solutions and consequences of the COVID-19 pandemic.

Highlights

The main problems of newspapers rely on financial aspects: due to the loss of readers and the declining number of advertising clients.

Studies have shown that during the COVID-19 the demand for news consumption increased, as well as changes in general patterns of consumption. Younger generations tended to use more online content whilst the older generations consumed more printed press.

Other consequences of the COVID-19 crisis are the growing psychological pressure on journalists, combined with stress and/or anxiety.

Another problem, are increased press freedom violations and disinformation, caused by controversies surrounding COVID-19 including pro-vaccine and the anti-vaccine supporters. There is also a rising concern on the quality and authenticity of the information provided by newspapers during the pandemic.

Possible solutions identified are financial incentives (like subsidies, reduced taxes, and state advertising to mention a few); special training for journalists, as well as increased innovation in the newsrooms and among individual journalists.

1. The state of the newspaper market in Europe

The newspaper market mainly obtains revenue from the selling of newspapers, advertising, and subscriptions. They have also been earning revenue through other means like producing and selling other types of information formats, such as books, or organizing events. During the COVID-19 outbreak, the European and global newspaper market was already struggling to retain revenue, circulation, and readership numbers which is attributed to be impacted by

technological and digitalization processes among various other factors.^{1 2 3} In 2019, the European newspapers market had total revenues of about €26 billion, representing a compound annual rate of change (CARC) of -3.2% (2015-2019) while its market circulation had a total of 61.7 million copies in 2019 declining with a CARC of -4.3%. In Europe, Germany, Switzerland, and Austria are the countries with the highest newspaper circulation.⁴ In a 2020 survey conducted among personnel in newspaper newsrooms, over a third of the respondents were concerned with severe drops in revenue of about 30%. According to this survey, the hardest impact on newspapers is currently the loss of commercial advertising-based income.⁵

The availability of online newspapers increased considerably during the last two decades. For example, there were five newspaper websites available in Germany in 1995, whereas there were about 700 online offers in 2016.⁴ The decrease in printed newspaper usage also affected the industry earnings from advertising: newspaper advertising expenditure in the EU fell from €22 billion in 2009 to €15.7 billion in 2015.⁵ There is a clear pattern when its consumption is compared by age where older people consume more radio and written press whilst younger people are much more likely to use websites and, in particular, online social networks.⁶

2. Disruptors as opportunities in disguise

Although the COVID-19 outbreak further impacted the already troubled newspapers market,⁷ it is also important to pinpoint positive outcomes that came with it. This includes the increased demand for information and more news consumption among audiences, both online and via traditional media. However, it should be noted that this did not impact advertising income, which saw a decline creating what Carlini and Bleyer-Simon termed the “Covid-19 paradox”⁸. In other words, newspapers normally depend on having a large audience to attract more advertisers. However, despite this being the case during the pandemic, advertisers withdrew from advertisement spending. This can be simply explained because of the outbreak’s financial impacts on various sectors, a crisis that currently most institutions both, public and private, are still recovering from.

The pandemic led to news publishers suspending printing and delivery of newspapers whilst in newsrooms salaries were cut down and journalists were laid off e.g., between November 2019 and May 2020 in Indonesia, an estimate of 200 newspapers ceased operation leading to newsroom closure and downsizing.¹³ The European University Institute Centre for Media Pluralism and Media Freedom (CMPF) analysed the news media subsidies that EU member states have contributed to the media sector in order to avoid major shutdowns and job layoffs. The CMPF with its teams across Europe stated that the subsidies were consisted of direct subsidies (cash grants, access to preferential credit, etc.), indirect subsidies (such as tax exemptions, tax cuts or discounted distribution rates), and state advertising.⁹ On the other side of the ocean, the United States (US) have witnessed that more than 360 newspapers have ceased operations since shortly before the pandemic began, according to a recent report from Northwestern University’s Journalism School.¹⁰ Before the pandemic, a similar rate of closures, approximately two per week, was already observed.¹¹ Experts in the newspaper industry had anticipated a significant rise in closures due to the economic impact of the coronavirus, including a decline in advertising revenue. Hence, in the US an estimate of 36,000 journalists either lost

¹ Casero-Ripolles, A. (2020). Impact of Covid-19 on the media system. Communicative and democratic consequences of news consumption during the outbreak. *El Profesional de La Información*, 29(2). <https://doi.org/10.3145/epi.2020.mar.23>

² García-Avilés, J. A. (2021). Journalism as Usual? Managing Disruption in Virtual Newsrooms during the COVID-19 Crisis. *Digital Journalism*, 9(9), 1239–1260. <https://doi.org/10.1080/21670811.2021.1942112>

³ Guðmundsson, B. (2020). Icelandic newsrooms in a pandemic mode. *Veftímaritið Stjórnmal Og Stjórnsýsla*, 16(2), 147–166. <https://doi.org/10.13177/irpa.a.2020.16.2.4>

⁴ <https://www.statista.com/statistics/411086/newspapers-online-offers-in-germany/>

⁵ <https://www.statista.com/statistics/434708/newspaper-advertising-expenditure-in-the-eu/>

⁶ EUROPEA, U. (2020). Parlemeter 2020: A Glimpse of Certainty in Uncertain Times P.87.

⁷ Radcliffe, D. (2020). COVID-19 Has Ravaged American Newsrooms – Here’s Why that Matters. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.3693903>

⁸ <https://cadmus.eui.eu/bitstream/handle/1814/71004/Media%20economy%20in%20the%20pandemic%20-%20A%20European%20perspective.pdf?sequence=1> (p. 3)

⁹ <https://cmpf.eui.eu/news-media-subsidies-in-the-first-wave-of-the-covid-19-pandemic-a-european-perspective/>

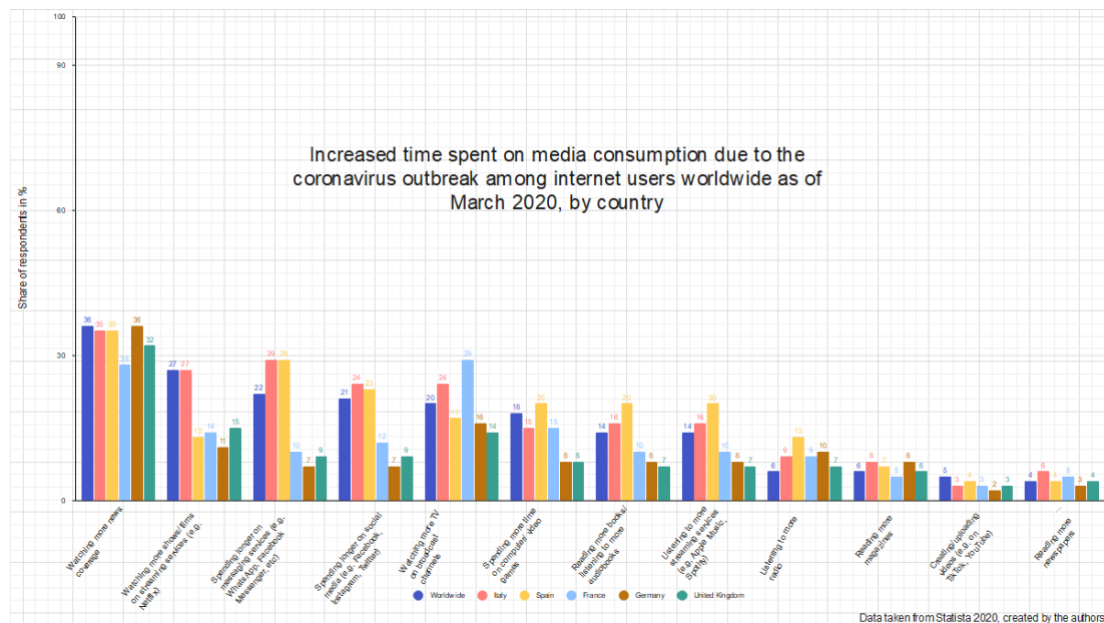
¹⁰ <https://news.northwestern.edu/stories/2022/06/newspapers-close-decline-in-local-journalism/>

¹¹ <https://www.nytimes.com/2022/06/29/business/media/local-newspapers-pandemic.html>

their jobs or had pay cuts.^{12 13 14} Also, in a survey conducted in the US, Brazil, UK, India, and Nigeria, 70% of journalists interviewed referred to stress and work overload resulting in psychological and emotional impacts like increased anxiety, helplessness, burnout, and dealing with the COVID-19 crisis as the most difficult aspect of their work.

Other identified effects are increased press freedom violations and disinformation caused by politicians and online platforms e.g., Twitter, Facebook, and WhatsApp.¹⁵ Furthermore, the media-consuming behaviour changed during the pandemic because nearly in every part of the world the citizens had to stay at home and isolated due to some kind of government-imposed lockdown or (voluntary) self-protection. Consequently, media habits changed and increased massively.¹⁶ In a 2020 EU survey, television was the most used medium, while the written press was the least favoured. Correspondingly, a study by Global Web Index found that media consumption changed across generations, with younger ones embracing online content and older generations favouring broadcast TV.

Figure : Increased media consumption by country and worldwide, 2020¹⁷



During the COVID-19 outbreak, news viewing increased by 36%, but newspaper reading saw a minor rise. Trustworthy sources for COVID-19 information included the WHO website and government-provided information, while video sites and podcasts were considered least trustworthy. Radio, TV, and newspapers were traditionally trusted media sources.¹⁷ However, it is important to note that this data reflects general information, not specifically during a pandemic. These pandemic effects steered reaction among policymakers at both, EU, and national levels, as well as within newsrooms. Various measures have been put in place since the COVID-19 outbreak. First, governments applied different incentives to newspapers which included direct support such as financial aids and indirect subsidies like deliberate state advertising, reduced tax rates (VAT), and special training for journalists. For example, in 2019, the Austrian government-directed €8.9 million worth of subsidies to its daily and weekly newspapers; In France, a total of €106 million of subsidies was set aside to help with the newspaper's continued

¹² Hess, K., & Waller, L. J. (2021). Local newspapers and coronavirus: Conceptualising connections, comparisons and cures. *Media International Australia*, 178(1), 21–35. <https://doi.org/10.1177/1329878X20956455>
¹³ Supadiyanto, S. (2020). (Opportunities) Death of Newspaper Industry in Digital Age and Covid-19 Pandemic. *Jurnal The Messenger*, 12(2), 192. <https://doi.org/10.26623/themessenger.v12i2.2244>
¹⁴ Olsen, R. K., Pickard, V., & Westlund, O. (2020). Communal News Work: COVID-19 Calls for Collective Funding of Journalism. *Digital Journalism*, 8(5), 673–680. <https://doi.org/10.1080/21670811.2020.1763186>
¹⁵ Posetti, J., Bell, E., & Brown, P. (2020). Journalism & the pandemic: a global snapshot of impacts. *Washington, DC: International Center for Journalists and the Tow Center for Digital Journalism, Columbia University*. Retrieved March, 21(2021), 2020-10.
¹⁶ Global Web Index (2020). Coronavirus Research. April 2020. Series 4: Media Consumption and Sport. [https://www.gwi.com/hubfs/1.%20Coronavirus%20Research%20PDFs/GWI%20coronavirus%20findings%20April%202020%20-%20Media%20Consumption%20\(Release%204\).pdf](https://www.gwi.com/hubfs/1.%20Coronavirus%20Research%20PDFs/GWI%20coronavirus%20findings%20April%202020%20-%20Media%20Consumption%20(Release%204).pdf)
¹⁷ <https://www.statista.com/statistics/1106766/media-consumption-growth-coronavirus-worldwide-by-country/>

distribution and printing; In Belgium, tax reduction and exemptions were created for the first two quarters of the year 2020 for newspapers; In the Netherlands, programmes for skills development for journalists and innovation in the media sector were created. However, despite such efforts which may be temporary solutions in times of crisis, it is crucial to point out that such crisis support always comes with concerns of interference of political motivation on newspaper outlets. Additionally, concerns arose about the bureaucratic nature of such support measures, which may hinder timely, equally, and fairly distribution of support among newspapers.^{18 19 20}

Though newspapers have been seen as more reluctant to adopt new technology so far, the pandemic aided in pushing them towards it. For example, newsrooms embraced innovation and e.g., virtual tools like teleworking and online collaboration.² On the other hand, the crisis forced newspapers to adopt new business models for monetization, especially those that work hand in hand with the digital environment e.g., subscriptions (also paywalls) and using analytics to personalise content. Additionally, journalists had to better understand business strategies of their news organisations to achieve desired goals. Newsrooms also saw the increased importance of having strong organisational structures and management with the right skills to handle crises;² and mergers with stronger newspaper institutions to keep the weaker ones in operation.³

3. Conclusion

Of all types of media in Europe, newspapers have been hit hardest by the COVID-10 outbreak between at the end of 2019 and 2021. The crisis has brought many of them to the breaking point, after which, according to our research, they will either disappear or be transformed. But only time can confirm either. Newspaper journalism has already found it difficult to compete with online media, but it was COVID-19 that has exacerbated the situation. In the newspapers market, most players are almost entirely dependent on advertising revenue, which is inevitably shrinking because of the financial crisis which is now even further escalated by another crisis – Russia’s war in Ukraine.

Recommendation 1 – Development of joint business model “Paper and Digital”

The rivalry between printed newspapers and digital as business strategy is not future proof. Newspapers should develop dual business development of paper and digital.

Recommendation 2 – Production of digitally-driven quality content

Newspapers need to put an emphasis on quality content including moving on from unyielding traditional journalistic practices and convergence with existing digital tools.

Recommendation 3 – Develop new platforms for monetization

Newspapers should work on their own websites, maintain accounts on social networks, and work on channels such as the use of instant messengers to stay independent and reach their audiences and increase both their online and offline revenues.

*This White Paper is part of the Student White Paper Series on European Media Markets. It was written with further Anna Marie Gómez Neumann, Annastazia Nyakahoza Gura & Asipa Altymysheva.



This White Paper Series is part of the European Media Markets course at the VUB. The course was headed in 2022 by Prof. Dr. Marlen Komorowski (marlen.komorowski@vub.be).

¹⁸ <https://europeanjournalists.org/blog/database/covid-19-what-financial-support-has-the-media-and-journalists-received-in-europe/>

¹⁹ <https://cmpf.eui.eu/news-media-subsidies-in-the-first-wave-of-the-covid-19-pandemic-a-european-perspective/>

²⁰ <https://europeanjournalists.org/blog/2020/04/22/journalists-unions-urge-covid-19-recovery-plans-to-sustain-the-media-sector-now-and-into-the-future/>