

AD WARS

**DIGITAL CHALLENGES FOR AD-FINANCED
NEWS MEDIA IN THE NORDIC COUNTRIES**

Jonas OHLSSON & Ulrika FACHT

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University of Gothenburg

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NORDICOM

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Content

Preface	5
Executive Summary	7
1. Introduction	13
1.1 Various perspectives on the development of the advertising market	14
1.2 The study's constraints, data and limitations	15
1.3 Outline of the report	19
2. Advertising's Digital Transformation	21
2.1 Digitalisation is changing the rules of play	21
2.2 Game-changer 1: New advertising platforms	22
2.3 Game-changer 2: New consumer behaviours	25
2.4 Game-changer 3: New advertising solutions	31
2.5 Game-changer 4: New advertiser behaviours	37
2.6 Game-changer 5: New infrastructures for distributing advertising	41
2.7 Summary and conclusions	46
3. The Nordic Advertising Markets	49
3.1 The importance of advertising in different media systems	49
3.2 Advertising investments lag behind GNP	51
3.3 Large differences in digital advertising sales	55
3.4 Summary and conclusions	56
4. The Nordic News Media Companies' Position in the Advertising Market, 2011–2016	57
4.1 Denmark	58
4.1.1 The digital advertising market	59
4.1.2 The newspaper market	61
4.1.3 The broadcast media market	64
4.1.4 Independent news sites	68
4.1.5 Conclusions	69
4.2 Finland	71
4.2.1 The digital advertising market	72
4.2.2 The newspaper market	75
4.2.3 The broadcast media market	78
4.2.4 Independent news sites	80
4.2.5 Conclusions	81
4.3 Iceland	82
4.3.1 The Icelandic advertising market	83
4.3.2 The Icelandic media market	86
4.3.3 Media companies' market position and economic development	88
4.3.4 Conclusions	92

4.4	Norway	94
4.4.1	The digital advertising market	96
4.4.2	The newspaper market	98
4.4.3	The broadcast media market	101
4.4.4	Independent news sites	105
4.4.5	Conclusions	106
4.5	Sweden	109
4.5.1	The digital advertising market	111
4.5.2	The newspaper market	113
4.5.3	The broadcast media market	118
4.5.4	Independent news sites	119
4.5.5	Conclusions	120
4.6	Summary and conclusions	121
4.6.1	The digital advertising markets	122
4.6.2	The newspaper markets	124
4.6.3	Commercial TV markets	127
4.6.4	The commercial radio markets	129
4.6.5	The markets for independent news sites	131
4.6.6	Some concluding comments	133
5.	Concluding discussion	135
5.1	Similarities and differences between the Nordic countries	136
5.2	Similarities and differences between different forms of media	139
5.3	Similarities and differences between different types of media companies	142
5.4	Strategic considerations	147
5.5	Political considerations	150
	References	154
	Appendix 1.	
	IRM's Calculation of the Advertising Market's Turnover	161
	Appendix 2.	
	Media in the Nordic Countries	169
	Appendix 3.	
	Studies of the Nordic Advertising Market	209
	Appendix 4.	
	Regulation of Advertising in the Media	223

Preface

Digitalisation has changed how we communicate with one another, how we search for information, how we use media and, not least, how media are financed. This report focuses on media financing, specifically the portion of financing that comes from advertisers. Global companies such as Google and Facebook are increasingly challenging domestic media companies' position in their national advertising markets. The growing influence of foreign advertising platforms is one expression of a more far-reaching transformation that encompasses both audience and advertisers and is being propelled by technological developments in the media area.

The change that follows in the footsteps of digitalisation is affecting the entire media market, but this study is restricted to analysing the media that contain news and current affairs journalism. These are the cornerstones of democracy, both nationally and locally. Freedom of expression and democracy require free and independent media, with financing through advertising being an important basis.

A large proportion of the journalism that is produced nationally and locally in the Nordic countries comes from newspapers. At the same time, it is the newspaper companies that have been hardest hit by the fall in advertising revenues, which has been expressed through substantial cut-backs in editorial staff. All in all, this makes the financing of news journalism an issue that is extremely pertinent – not just for the Nordic media companies, but also for the Nordic societies as a whole.

Nordicom was commissioned to conduct an analysis of the changes to the advertising market and its consequences for advertising-financed news journalism in the Nordic countries by the Nordic Council of Ministers and the Norwegian Ministry of Culture in autumn 2016 and this has been a challenging assignment. No similar comparative study of the Nordic advertising markets has been undertaken previously. The assignment was made more difficult by the fact that it is currently difficult to gain access to the type of material that is required in order to illustrate the development of individual industries and individual companies in the advertising market – particularly the digital market. The transparency of the companies that sell advertising is limited as regards the reporting of digital revenues. This applies to companies in the Nordic countries to the same extent as those based outside of the region.

Nordicom has been greatly assisted in completing this study by the results of the frequent data collections concerning the advertising and media markets' development that are conducted in the Nordic countries. Special thanks are extended here to the IRM

Institute for Advertising and Media Statistics, which commendably provided both data and assistance with processing data from the Nordic advertising statistics. Our warm thanks also to Tobias Hedström, who has provided valuable assistance with the analysis. Hedström has also read parts of the report and provided his comments on them.

We have also obtained valuable information from the around 90 people who agreed to be interviewed within the scope of this project. The interview study, which encompassed both media companies and advertisers, media agencies, public authorities, trade organisation and individual researchers and experts in the five Nordic countries, has provided us with more knowledge about the development of the Nordic advertising and media markets. The interviews have also provided us with a clear indication that a study such as this is highly relevant to the industry.

The study has been financed by the Norwegian Ministry of Culture, the Nordic Council of Ministers and Nordicom. Data collection and analysis has been conducted by Jonas Ohlsson, PhD and Ulrika Facht, BA at Nordicom. Jonas Ohlsson has been responsible for the interview study and is also responsible for the written presentation of the study's results. Ulrika Facht has had responsibility for compiling and processing the statistical data. The authors have designed the study themselves and are also solely responsible for the analyses and conclusions that are presented.

Gothenburg, 3 April 2017

Ingela Wadbring
Director of Nordicom

Executive Summary

This report is about the consequences that the current reshaping of the world's advertising markets – a development that can be traced in various ways to the growth of the internet as an advertising platform – has had on opportunities to finance journalism using advertising in the Nordic countries.

The accelerating digitalisation of the media landscape has released enormous forces of change in the Nordic advertising markets. The overall impression from the results of this study is that the sweeping changes digitalisation is bringing about are not just undermining the business model on which the majority of commercially financed media companies in the Nordic countries have based their journalistic operations, they are also making it more difficult for the same companies to find a sustainable business model in a digital environment.

The battle for advertising revenue is now an unfair fight. Media companies at the national and local level are finding it increasingly difficult to compete with the advertising solutions that global digital actors such as Google and Facebook are bringing to the market. The latter are not just more sophisticated than the domestic alternatives, they are also significantly cheaper. The results of this study indicate unequivocally that the differences in competitiveness between Nordic and non-Nordic advertising platforms will be exacerbated as digital advertising investments grow.

Information about the study: data and limitations

The results and conclusions of the study are based on extensive source material. The analysis of Nordic advertising sales is based on adaptations of the national statistics concerning the size and composition of the advertising market that are compiled in the five Nordic countries. Over sixty interviews with actors in and around the Nordic advertising markets have also been conducted within the scope of this study.

Overall, the data collected provide a solid empirical basis on which to shine a light on the questions asked in this study. At the same time, there are circumstances of a more structural nature that make it more difficult to conduct analyses of this type. Industry statistics concerning the advertising and media markets in the Nordic countries are collected in various ways and to varying extents, which in some cases limits the level of comparability within the region. In addition, there is the overall tendency for the transparency of the advertising markets' development and composition to deteriorate increasingly as companies move their operations online.

The situation with respect to sources means that we have been forced in some cases to rely on estimates in our description of the development of the Nordic advertising markets. This is especially the case in the assessment of the shares of Nordic advertising investments that go to non-Nordic digital advertising platforms.

Five *game-changers*

Digitalisation of the media market has radically altered the conditions for buying, selling and consuming advertising. This study identifies five central factors – five *game-changers* – that together sum up a large portion of the changes that digitalisation has brought with it and have had significant consequences for the media companies that turn to the advertising market to finance their journalistic operations. These are:

1. *New advertising platforms* – that, as a first stage, have involved a shift from traditional linear advertising platforms to digital and, in a second stage, a shift from stationary digital platforms to mobile.
2. *New consumer behaviours* – that have resulted in a shift in the media market of media consumption from traditional media to social media and a shift in the consumer market from traditional retail trade to online shopping.
3. *New advertising solutions* – that have, on the one hand, enabled a transition from mass-communicated to individually adapted advertising messages and on the other, a shift of focus from the reach of advertising to its effects.
4. *New advertiser behaviours* – that have resulted in both greater decentralisation of marketing decisions that were previously made locally and a shift from one-way to dialogue-based marketing.
5. *New infrastructures for distributing advertising* – that, on the one hand, has enabled a shift from manual to automatic (or programmatic) advertising purchases, and on the other, has resulted in a transition from collectively negotiated to competitive “advertising currencies”.

Even though we are choosing to break the development down into five distinct factors in this way, it is important to point out that the change in one single area cannot be understood without taking into account the other four. The contemporary advertising market is developing in a complex interaction between advertisers, media and consumers – and is driven forward by accelerating developments in the field of media technology.

The development of the Nordic advertising markets, 2011–2016

The Nordic advertising markets differ in terms of both size and structure. Differing economic cycles in recent years have also contributed to propelling developments in the various markets in somewhat different directions.

At an overall level, however, recent years have seen a decline in total advertising investments in the Nordic countries. Between 2011 and 2016, Nordic advertising investments (excl. Iceland – where no historical data is available) fell by an estimated four per cent at constant prices, from around EUR 9.2 to 8.8 billion. Norway accounts for the largest decline, with investments falling by 13 per cent. In Denmark and Finland, the decline amounted to an estimated eight and nine per cent, respectively. The development has been best in Sweden, which, because of strong macroeconomic development, is the only country where advertising investments have increased since 2011 (+5 %).

The growth in the Swedish advertising market is explained by a strongly growing interest in digital advertising among the country's advertisers. In 2016, online advertising accounted for around 45 per cent of Swedish advertising sales, which was about the same as in Denmark and a little higher than in Norway. This means that digitalisation of the advertising market has come farther in the Scandinavian countries than in Finland and Iceland, where digital sales accounted for an estimated 25 and 20 per cent, respectively, of total advertising sales (in the latter case, this figure is from 2015).

The relationship between Nordic and non-Nordic advertising platforms

In parallel with advertisers having increasingly come to reconfigure their advertising budgets from traditional to digital platforms, an extensive restructuring is also taking place *within* the digital advertising market. What we are seeing is, firstly, a shift from desktop advertising to mobile advertising, secondly, a shift from “static” to “moving” advertising (i.e. digital video) and thirdly, a sharp increase in the interest in search marketing. The results of these shifts are that American platforms such as Google (search marketing), Facebook (mobile advertising) and YouTube (digital video advertising) have taken an ever larger share of Nordic digital advertising investments.

This trend has had the most significant consequences in Sweden and Denmark, where non-Nordic digital platforms accounted for an estimated over 60 per cent of digital advertising investments in 2016. This was significantly higher than in Norway, where this share amounted to around 45 per cent. In both Sweden and Norway, non-Nordic platforms accounted for essentially all the growth in digital advertising investments in both 2015 and 2016. There is much to indicate that the situation is also the same in Denmark.

In Finland, where the statistics pertain specifically to Google, Facebook and YouTube, the foreign market share was just over 40 per cent, while the Icelandic figures from 2015 indicate a foreign market share of digital advertising investments of just under 20 per cent.

All in all, this means that Nordic advertisers invested an estimated EUR 2.2 billion in non-Nordic digital advertising platforms in 2016. This was about 30 per cent more than just one year before. The rate of growth has increased very rapidly.

The consequences for Nordic media companies

The large-scale shifts in the Nordic advertising markets in recent years have primarily been at the expense of the newspaper industry. Since 2011, Nordic advertising investments in print newspapers have fallen by a total of EUR 1.2 billion, or around 40 per cent. This decline, which encompasses both paid-for and freely distributed newspapers, has gone hand in hand with a reduction in the readership of print newspapers in the Nordic countries.

Nordic newspaper companies have only been able to compensate to a limited extent for the decline in print advertising with digital advertising sales. The latest reports also indicate that newspapers' digital advertising sales are also about to start falling. These patterns – which have primarily become prominent in Norway – suggest that Nordic newspaper companies will find it even harder to withstand the digital competition in the advertising market.

However, there are also differences in this respect both between and within the Nordic countries. Differing market structures means that the conditions in the newspaper market vary within the Nordic region. The single newspaper category that has been most successful in attracting digital advertising revenue is the nationally distributed evening or tabloid press. At the local level, however, the contribution of digital advertising can still be regarded as limited. For the majority of local newspapers this accounts for a proportion of around or less than ten per cent.

The local journalism that is produced by the Nordic newspaper companies is thus largely dependent on revenue from sales of print newspapers. Even though there has been an increase in the number of totally digital local news providers setting up in recent years, this is still a relatively marginal addition to the range of local news in the Nordic region as a whole.

For those companies who are operating in the Nordic broadcast media markets, the impact of the advertising market's increasing digitalisation has so far been more limited. While total sales of TV advertising have decreased somewhat in the Nordic region as a whole, sales of radio advertising have increased. However, as the requirements with regard to news distribution placed on private TV and radio companies have been eased by policy makers, the total range of commercial broadcast media has decreased in the Nordic countries.

Consequences for media policy

The changes in the advertising market are also challenging media policy in the Nordic countries. Digitalisation of the media landscape is reducing the efficiency of traditional media and advertising policy tools. The report highlights some of the political considerations that are brought to the fore by the digitalisation of the advertising market and the consequences this process has had for the advertising-financed news media in the Nordic countries. These are 1) Considerations pertaining to competition law,

2) Considerations pertaining to advertising law, 3) Considerations pertaining to privacy law, 4) Considerations concerning public service, 5) Considerations concerning industry specific support and 6) Considerations pertaining to tax law. These considerations transcend the traditional ministerial boundaries – a fact that demonstrates not just how many different forces are at play in the contemporary media market, but also the difficulties involved in pursuing a coherent policy in an area that is becoming increasingly transnational and complex.



This report has been commissioned and financed by the Nordic Council of Ministers and the Norwegian Ministry of Culture. The study has been undertaken by Nordicom at the University of Gothenburg. The reports' authors are solely responsible for the analyses and conclusions presented within.

1. Introduction

This report is about advertising and journalism in the Nordic countries. More specifically, it is about the position of advertising as a source of income for Nordic media companies engaged in the business of producing and distributing journalistic content. Even more specifically, it is about the consequences that the current reshaping of the world's advertising markets – a development that can be traced in various ways to the growth of the internet as an advertising platform – has had for Nordic media companies' opportunities to finance their journalism.

The world's advertising markets are rapidly digitalising – but compared to the pre-digital era, when traditional national media such as print, radio and TV were the dominant carriers of advertising, a different order prevails online. Google and Facebook – two companies that have in many ways revolutionised the entire logic of the advertising market – were together responsible for more than half of global online advertising sales in 2016.¹ Forecasts consistently indicate that this is a market share that will only increase further.²

The advertising market and the market for commercially financed journalism have a long, shared history; a history that can be traced back at least 150 years in the Nordic countries. Mass media has been an attractive channel for advertisers, through which they can distribute promotional messages to their consumers – at the same time as the opportunity for media companies to package together journalism with commercial messages has been an effective means by which to keep the price to the public low and thus reach a larger market. Advertising sales have thus made it possible to significantly subsidise the journalism that has been provided day after day to consumers of media. Consequently, the advertising has come to constitute a powerful ally, not just for individual media companies, but also for journalism as a societal institution.

However – as professor of mass media economics Karl Erik Gustafsson has pithily concluded – it is also an ally that is astoundingly disloyal.³ Advertisers do not purchase advertising space in news media in order to subsidise journalism *per se*, let alone the building of a democratic society. They do it with the cynical expectation of

1. The global digital advertising market is estimated to amount to USD 160 billion in 2016 (eMarketer, 27 Oct 2016). The same year, Google's owner Alphabet had a turnover of USD 90 billion, 88 per cent of which was from advertising. Facebook's turnover, the clear majority of which is from sales of digital advertising, amounted to USD 27 billion.

2. Cf. Zenith Media, 5 Dec 2016; *Fortune*, 4 Jan 2017.

3. Gustafsson, 2005, p. 118.

increasing sales of their products or services. At the moment a better (*cheaper, faster, more efficient, more modern*) way to reach consumers comes to light, advertisers tend to turn to this instead. The success of commercial journalism is, and has thus always been, dependent on its ability to appear as a competitive environment in which to bring together advertisers with their current and potential customers. And at the present, when digitalisation has released enormous forces of change in the world's advertising markets, this ability is more decisive than it has ever been. Because while the dependence of news media on advertisers has remained high, the advertisers' need for news media has never been smaller.

In the space of only a few years, the internet has changed the rules for both advertisers and the media companies that have made themselves dependent on these advertisers' money. New information technology has changed the behaviour of both media users and consumers. New platforms have appeared through which media content and advertising can be communicated and consumed. The digital media landscape has also paved the way for entirely new types of advertising solution, at the same time as many of the geographical boundaries that once demarcated local and national advertising markets have been torn up.

In this way, online advertising has developed into a formidable challenger to traditional mass media. Global online actors now compete with local media companies for both an audience and advertising revenue. This is especially the case in the Nordic countries, which is one of the regions of the world where new information technology has gained its strongest foothold. The intention of this study is to shine a light on the most important driving forces behind this development and then analyse the economic consequences for Nordic media companies that turn to the advertising markets for their revenue.

1.1 Various perspectives on the development of the advertising market

Analyses of the advertising market and its actors usually use one of the following three perspectives as their starting point: 1) *the advertiser's perspective*, i.e. how the advertisement is to be used as part of a company's overall marketing efforts, 2) *the media perspective*, i.e. how the advertisement becomes part of the media offering and thus contributes to the financing of media content and 3) *the consumer's perspective*, i.e. how people are exposed to advertising via their consumption of media and how this influences both their attitudes and purchasing decisions.⁴

However, there are grounds to add a fourth to these three actors' perspectives, namely *the political perspective*. Politics does not simply set the overall framework for the mode in which the advertising market functions, for example through tax legislation and the determination of VAT rates; on individual occasions, decision made

4. Gustafsson, 2005, pp. 8.

at the political level can completely reshape the conditions in a country's advertising market. The introduction of advertising financed terrestrial radio and TV in the Nordic countries is one such example. The digitalisation of the same terrestrial network (or the decision to retain the analogue network) is another that is more contemporary. On top of this is advertising as a phenomenon has a comparatively sizeable tendency to attract regulation.

As has already been hinted at, the media perspective is at the centre of this study. *The aim of the analysis is to chart the economic consequences of the revolutions in the field of advertising for advertising financed news media in the Nordic countries in recent years.* By extension, this involves making an assessment of the status of the position of advertising as a source of revenue for the journalism that is pursued in the Nordic countries. Is the financing model that has supported Nordic commercial news journalism for at least 150 years breaking up? Or are there differences between the Nordic countries that mean the situation is different in different places and in different media?

However, an approach of this type means that it is not sufficient to restrict the investigation to simply media companies. To really understand the major changes that are currently taking place in the world's advertising markets, the advertisers and the audience – what they are doing and thinking – must be included in the analysis. As the Danish media researcher Preben Sepstrup has concluded, it is at the intersection of these two “forcefields” that the structure of media takes shape.⁵

Given this comparative approach, it is of course not possible for our analysis of the Nordic advertising markets to ignore the political perspective. Differing regulations and legal traditions mean that the rules of play in the advertising markets vary between the Nordic countries. However, as the advertising market becomes increasingly boundless – a development that is of course being driven by the expansion of the internet – it is becoming increasingly difficult to maintain national boundaries between different sets of regulations. The Nordic countries are also all more or less dependent on decisions made at the EU level (which have tended to push Nordic advertising legislation and regulations in the direction of greater market liberalisation⁶). In an age of globalisation and media technological convergence, the scope in which to pursue a powerful and distinct domestic policy in the field of advertising is becoming increasingly restricted.

All in all, it can be concluded that the conditions for paying for the cost of producing commercially financed journalism with the help of advertising develop in a close interaction between audience and advertisers and technology and policy. The ambition of this report is to highlight the most important components of this interaction.

1.2 The study's constraints, data and limitations

A study of the type presented in this report depends on certain initial constraints. The first of these is what we have chosen to call the market for advertising financed jour-

5. Cf. Sepstrup, 2004.

6. Cf. Ohlsson, 2015.

nalism. (For linguistic reasons we have chosen henceforth to use the terms *advertising* and *adverts/advertisements/ads* synonymously). This is a market that is not entirely simple to circumscribe. The convergence and fragmentation of the media landscape is blurring the boundaries between both genres and types of media. Many of today's Nordic media companies are involved in a range of different activities, on a range of platforms and within a range of different genres. For pragmatic reasons, we have chosen to base our market constraints on those subdivisions of the media market that are used internally within the industry and which are also reflected essentially in the advertising statistics. Accordingly, we have chosen to include in our definition of the market for advertising financed journalism those subdivisions of the industry that are labelled in the prevailing industry terminology as "the newspaper market", "the radio and television market" and "independent news sites". The first two of these encompass both the traditional publication platform – and associated advertising revenue – and any digital platform.

For various reasons we have chosen to exclude the magazine market from the analysis. Although there are magazines that are engaged in both current affairs and social journalism in the Nordic countries, they constitute a very small part of the total range of Nordic magazines, which consists of hundreds of titles – of which the vast majority can be categorised as either trade publications or the popular press. In addition, unlike the situation in the newspaper market, there is also a lack of overall statistics concerning the structural and economic development of the magazine markets in the Nordic countries (cf. below). Accordingly, there are no robust empirical data with which to make an overall assessment of the significance of advertising sales for this section of the media market – let alone for the specific section of the magazine market that is relevant to this study. The practical difficulties involved in discerning and analysing those parts of the Nordic magazine markets that are engaged in news or current affairs journalism within the timescale for this study mean that the segment as a whole has been excluded. (However, one general observation is that advertising accounts for a less significant proportion of the industry's total turnover than is the case for newspapers, for example.)

Another important constraint concerns the time perspective. As a process, the digitalisation of both the media and advertising markets is a relatively old phenomenon. The first digital advertising-financed Nordic news sites are now over 20 years old. At the same time, development in this area can be described as almost exponential, which means that both the scope and consequences of digitalisation are becoming increasingly extensive every year. This means that the focus of the study is primarily on developments in recent years, with 2011 having been chosen as the start.⁷ In cases where a longer time perspective has been deemed valuable, we take 2008 as a starting point instead.

7. One significant reason for the choice of 2011 as the starting point is that the period immediately preceding it (2009 to 2010) was marked to a large extent by the major impact of the financial crisis on the media market in general and the advertising market in particular.

Given the rapid development of both the media and advertising markets, our ambition has been to base our analysis on information that is as up-to-date as possible, which has in practice meant information from financial year 2016. However, this ambition is restricted by the study's schedule and the prevailing situation with regard to source data. As our empirical data is largely based on second-hand sources in the form of publicly available industry statistics (see below), our analyses have been dependent on access to this type of material. Consequently, in some cases we have only had access to data from 2015. Primarily, these data are from recurring analyses of media companies' economic development that are conducted in the Nordic countries, the 2016 summaries of which had not yet been presented at the time the study was completed.

The empirical data for the analysis is based on an extensive and varied range of source material. In the study, we have made substantial use of the plentiful industry reports, research studies, reviews by public authorities and government inquiries concerning the development of the media and advertising markets conducted continually in the Nordic countries. Even pure trade publications from both the Nordic countries and elsewhere have been an important source of data for the analysis. Information about the Nordic countries' economic development has been gathered from the authority responsible for official statistics in each of the countries. Information about the consumption of news in the Nordic countries has been gathered primarily from Reuters Institute's *Digital News Report* from 2016, which covers a total of 28 countries, including Denmark, Finland, Norway and Sweden (but not Iceland). This study is a valuable source with respect to comparisons of the reach of various types of news media in the Nordic countries. A list of all second-hand sources that are used in this study can be found in the report's list of references.

With regard to structural development in the Nordic advertising markets, we are leaning on the national statistics on advertising investments that are produced annually by TNS Kantar (Finland), the Association of Danish Media (Denmark) and the IRM Institute for Advertising and Media Statistics (Sweden and Norway). There are no corresponding statistics for Iceland, which means that we have had more difficulty making any statement about the overall development in the advertising market in that country, as well as about the advertising investments that can be specifically ascribed to the market for advertising financed journalism. With respect to Sweden and Norway, we have also had access to the databases covering individual newspapers' advertising revenues that are kept by the Swedish trade organisation the Swedish Media Publishers' Association (TU) and the Norwegian Media Authority, respectively. One condition for us being permitted to use this material has been that it is not to be possible to distinguish the outcome for an individual newspaper by reading the report.

With regard to advertising statistics specifically, it is important to point out that the data collection methods vary somewhat from country to country. The same applies to the division of the advertising market into various subcategories. The methodological differences have an impact on the feasibility of achieving the comparative ambitions that characterise the aim of the analysis. With the aim of possibly remedying this problem,

IRM has been tasked with drawing up reworked statistics that make it possible to conduct a more consistent comparison between the development and composition of the advertising markets in the four countries. The values and percentages presented in this report therefore deviate in certain respects from the national statistics. The comparative Nordic statistics are reported consistently in euros. For the Danish, Norwegian and Swedish currencies, the average exchange rate against the euro for the period 2008 to 2015 is applied in order to neutralise the effect of any exchange rate fluctuations.

In addition, IRM has, in another study, produced an estimate of the proportion of the total advertising investments in Norway and that Sweden invests in media companies engaged in journalism more specifically.⁸ The fact is that this sort of information cannot be deduced directly from the ordinary advertising statistics. For methodological reasons it has not been possible to conduct corresponding analyses of the Danish, Finnish and Icelandic advertising markets. A more detailed presentation of IRM's study can be found in one of the report's appendices.

A third study, which aimed to estimate the market share of the non-Nordic companies in the Norwegian and Swedish digital advertising markets in the years 2008 to 2016 has been conducted by the media analyst Tobias Hedström. Hedström has previously been head of analysis at IRM and TU. This study complements the analyses of the corresponding situation conducted in Denmark (on behalf of the trade organisation the Association of Danish Media) and in Finland (by IAB Finland).

In addition to the written and database source material, we have in conclusion conducted a wide range of interviews within the scope of the study with actors in and around the five Nordic media markets. The interviewees have been representatives of individual companies, trade organisation and public authorities, as well as researchers and industry analysts. The interview study has been designed to provide as broad and multi-faceted a view of the subject as possible. Accordingly, it has been important to include all four of the perspectives discussed above in the selection. The interview study has also been designed with the ambition of obtaining an even distribution of respondents across national and media boundaries.

The interview study, encompassing 61 interviews (with a total of over 90 individuals) was conducted in the period September 2016 to March 2017. With one single exception, all interviews have been conducted face to face at the interviewee's place of work. The interview study has constituted a very valuable basis for a deeper understanding of not just the similarities and differences between the Nordic advertising markets, but also of how developments are perceived and managed locally by individual companies. A list of all the interviews that have been conducted can be found in the report's list of references.⁹

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8. This study is therefore a complement to the Swedish analyses on the same theme that IRM has conducted for Institutet för mediestudier in Stockholm (cf. Egge et al., 2015, 2016).
 9. In spite of repeated reminders, eight companies have chosen not to respond to our interview request. These are TV 2, Dagbladet, Amedia and Polaris in Norway, Keskiuomalainen in Finland, Berlingske Media and the media bureau Group M in Denmark and Umeå Tidning in Sweden. One company has explicitly chosen not to take part in an interview – Facebook.

In summary, our assessment is that the data collected provides a solid body of empirical data with which to adequately achieve the aim of the study. At the same time, it is important to draw attention to the shortcomings in the source data that are nevertheless present and that in various ways impair our chances of analysing the development of the advertising markets in the Nordic countries in more detail.

One general trend is that today's media companies only choose to report revenue from their digital advertising sales separately as an exception. This applies to Nordic media companies to the same extent as those that are non-Nordic. In addition, none of the large non-Nordic online companies, such as Google and Facebook, publish their revenue from individual national markets. The industry-wide statistics of digital advertising sales in the Nordic countries are based on various types of estimate in all cases. This automatically means that there is an element of uncertainty of which the reader needs to be aware.

Another shortcoming related to source data is that there is, in some respects, a lack of overall statistics covering the development of individual subdivisions of the industry in the Nordic countries. This is especially the case for the markets for advertising-financed free newspapers and independent local news sites, which are interesting from an advertising perspective. It has not been possible to undertake such supplementation of the statistics within the scope of this study. As a result, it has not been possible in certain cases for us to make any comprehensive statement about the overall economic development of these subdivisions of the industry.

One final circumstance that has, at least indirectly, some bearing on the empirical quality of the study concerns the fact that the digital world – in contrast to the pre-digital world – is characterised by an apparently increasing lack of accord with respect to the principles used to measure media companies' reach and status among their audience. This means that it is difficult, or simply impossible, in some cases to make a coherent independent assessment of the Nordic media companies' position in the digital audience market. As indicated in the following chapter, however, this *market insufficiency* is a consequence of the advertising market's digitalisation and thus as much a research result as it is a methodological problem.

1.3 Outline of the report

Following this introductory chapter, there are a further four.

Chapter 2 contains a discussion of how digitalisation has come to influence the composition and mode of function of the advertising market in both the Nordic countries and globally. This chapter identifies five radical changes – or *game-changers* – that have in various ways come to alter the market conditions for media companies that have chosen to completely or partly finance their operations through the sale of advertising.

The importance of the advertising market as a source of revenue for the Nordic media industries is discussed in a broader international perspective in Chapter 3. This

chapter concludes with a comparative analysis of the overall development of Nordic advertising markets with respect to total size and degree of digitalisation.

A more detailed description of the development of the Nordic advertising markets since 2011 is presented in the subsequent chapter, Chapter 4. This account is broken up by country and by section of the media industry. The development of the digital advertising market is analysed in a separate section. Chapter 4 is the chapter of the report that contains the bulk of the empirical data.

Chapter 5 contains a summary and discussion of the main results of the report. Particular attention is paid to the similarities and differences between countries, types of media and individual companies. The chapter concludes by looking ahead: What can the advertising financed media companies do to cope with competition that by any assessment only looks like becoming increasingly tough? And what role can media policy play?

The report has four appendices, primarily consisting of tables and figures. These present statistics concerning the Nordic advertising markets (Appendix 1) and media access and media and news consumption in the Nordic countries (Appendix 2). There is also a presentation of the methods used in the three studies implemented within the scope of this study (Appendix 3). The appendices conclude with an overview of the legal regulations that have a bearing on the Nordic advertising markets (Appendix 4).

2. Advertising's Digital Transformation

This chapter presents and discusses the most important forces of change that lie behind the increasing digitalisation of the Nordic advertising markets. In the light of the aim of this study, this account is presented primarily from the perspective of advertising financed media companies.

Five central shifts that can all be linked to digital media technology are identified and problematised in this chapter; together these have contributed to radically altering the advertising market. This first of these is new *advertising platforms*, second is new *consumer behaviours*, third is new *advertising solutions*, fourth is new *advertiser behaviours* and the fifth is new *infrastructures* for purchasing and distributing advertising. Even here, it is not too early to point out that one individual change cannot be understood without the context of the other four. The advertising market is currently developing in a complex interaction between advertisers, media and consumers – and is driven forward by accelerating developments in the field of media technology.

2.1 Digitalisation is changing the rules of play

The advertising market in the pre-digital world as based on a simple logic. At advertisers' disposal were newspapers, magazines and catalogues that carried advertising, with commercial radio and television arriving later – i.e. mass media designed to reach one and the same audience with one and the same message. In addition, there was outdoor advertising and direct mail in the letterbox, which were based on a similar model. There was limited potential for the marketing communication to isolate specific target groups – or in fact individuals. Advertisers who wanted to get their message out were forced to take a high and wide aim.

The “currency” that determined an individual medium's attractiveness as an advertising platform was its *reach*. The greater the reach an individual newspaper, radio station or TV channel had (measured in number of readers, listeners or viewers), the greater the probability that an advertiser would actually reach the people they were interested in reaching. This enabled large newspapers, TV channels and radio stations to charge more for advertising space than their smaller counterparts.

In countries like the Nordic countries, where there was little competition in the media market and a high level of media consumption – especially of newspapers – the

challenge to the advertiser lay more in the design of the advertisement itself rather than in the choice of advertising platform. The latter was, it could be said, more or less a given. Of course, neither the media company nor the advertiser knew the extent to which the individuals that made up the advertiser's target groups actually *took in* the advertisement's message. Consequently, the *return* on the investments in advertising (in terms of, for example, awareness, recognition, altered buying intentions) was often hard to judge. Accordingly, the era of the mass media and the anonymous mass audience was also that of mass advertising and mass consumers.

All this has been changed by digital media technology. Marketeers today have a completely new set of tools at their disposal, compared with the situation of only a decade ago. The tools used to reach and influence consumers are becoming increasingly numerous and more sophisticated.

But this does not mean that the advertising buyer's job has become easier. It has actually become more difficult. This is because digitalisation has not simply meant that competition for consumers' attention (and wallets) has become tougher, they are also no longer found to the same extent in the places where it was once normal to reach them – reading the newspaper at the breakfast table or gathered in front of the TV in the evening. The increasing fragmentation of the media audience has thus come to have as much of a significance to advertisers as it has to media companies.

All in all, this means that the digitalisation of the media market has radically altered the conditions for buying, selling and consuming advertising. In the following section, we will be highlighting the five central shifts – five *game-changers* – which we believe together summarise a large proportion of the changes that have resulted from digitalisation. The intention is for this run-through to act as background to the analyses of the Nordic advertising markets economic and structural development that are presented in chapters 3 and 4.

2.2 *Game-changer 1*: New advertising platforms

The first and most fundamental change that has come out of digital technology, and which has had far-reaching consequences for media companies that sell advertising, is, understandably, the shift from traditional advertising platforms to digital. This encompasses, on the one hand, the opportunities that are presented by the internet's properties as a mediator of advertising and, on the other, the opportunities – and limitations – resulting from the rapid and comprehensive shift currently taking place from stationary digital platforms to mobile. This is particularly the case in the Nordic countries, where three quarters of the population used a mobile phone with an internet connection in 2016. For comparison, the average for the EU region as a whole was just over half.¹⁰

10. See Appendix 2, Table 2.3.

In the pre-digital – or analogue – era, the route to local consumers was through local media. Digital technology has dramatically altered these conditions. As a local advertiser, you no longer need to turn to the local newspaper company in order to reach out to your consumers. In practice, you can advertise on pretty much any website you like, local or national, domestic or foreign, as long as it is only visited, via a smartphone or tablet, within the geographical boundaries of interest to you. The prospective consumer can be transferred from the advert directly to the advertiser's online shop with the simple click of a button. Digitalisation has effectually erased the geographical and temporal distance between exposure to advertising and purchasing opportunity.

The shift to mobile

The smartphone now constitutes the central basis of an increasing number of people's internet use. For young people, the mobile phone is the primary platform for the majority of their social activities. This is especially true for media use and communications, but also for buying goods and services. Accordingly, the mobile phone has become an increasingly important platform for the distribution of advertising.

Each individual advertising platform has its own specific logic that in turn has an influence on its attractiveness to advertisers. In print newspapers, for example, large advertisements are more likely to be read than those that are smaller. Which is why they cost more. The same applies to adverts that are placed at the beginning of the newspaper, compared with those that are placed further back. On TV, it is more attractive – and thus also more expensive – for an advertiser to be associated with popular programmes.

In addition, there are fundamental differences that are a consequence of the platform *itself*. Whether an advertising platform involves printed content, moving images or simply sound naturally has a central importance to what messages it can and cannot convey.

An advertising platform's inherent characteristics also encompass the context in which they are consumed, i.e. how, when and in what way the platform is used. This is of course also of major importance to the advertiser. Different consumption contexts – in the morning at the breakfast table, in the car on the way to work, on the tram on the way home, at the football stadium or in the supermarket – are more or less well suited to different types of advert.

It is also the case that digital platforms have their own distinguishing features in terms of their qualities as mediums for advertising. In many ways, these are positive from an advertiser's perspective. The digital platforms make it possible to integrate text, sound and moving images and thus offer a more dynamic environment for the design of advertising.

What the *mobile* digital technology has brought with it in addition is a more adaptable consumer-facing contact surface. The potential to geographically locate an individual mobile phone or tablet – and thus also its user – has involved a fundamental shift in terms of the ways in which an advertiser is able to reach out with its advertisements.

The downsides of digitalisation

But digital platforms also have their limitations, in particular if we take the comparison with traditional media such as newspapers and TV as our starting point. Media that are conveyed through the internet also have their own logic as regards consumption patterns. The distinguishing features of digital technology are reinforced when the consumption is moved from the desktop computer to the mobile phone. In particular, this is because of the simple fact that the screen shrinks. The space in which to display the advert thus decreases significantly. While a normal newspaper website in desktop mode is able to display several advertising boxes, it is difficult to squeeze in more than one visible advertising box at any one time on a mobile phone. It is therefore consequential whether the user is visiting the site on a desktop computer or smartphone in terms of how many individual advertising slots an individual site is actually able to sell.

There has been an ongoing discussion within the advertising for several years concerning what has been dubbed *viewable impressions* or *viewability*, which, in short, involves attempting to find a standard for how much of an advertising box needs to be visible, and for how long, in order for the advertiser to be liable to pay for it. The background to this discussion is criticism on the part of advertisers that they are being forced to pay for online advertising that is never displayed. The question of advertising sellers' ability to offer advertisements that are actually seen and paid attention to by users is brought to a head in the mobile advertising environment.

When it comes to TV advertising, the differences between mobile and the traditional TV medium are less obvious. In addition to this also involving differently sized display surfaces, the moving format's inherent limitations mean that the adverts have to be shown sequentially, i.e. one individual advert after the other. This applies to the television set in the same way as the mobile. A TV channel cannot show more adverts simply because the audience is watching on a 52-inch widescreen TV. This means that the shift from the larger to the smaller platform is less of an issue for adverts that are based on moving images.

In this context, it is also impossible to ignore the fact that different media are more or less well thought of as advertising platforms. For example, studies frequently show that advertising on mobile phones is not particularly popular among consumers. Online advertising in general, mobile advertising in particular, is perceived by many consumers as being significantly more disruptive and irritating than advertising in print media or the cinema, for example.¹¹

The increasing use of *ad blockers* is one expression of this dissatisfaction. An ad blocker is software that filters out advertising on a website or in an app. When the advertising is blocked, the website is often perceived to load faster and be more easy to navigate, at the same time as there are fewer potentially disruptive elements (e.g. pop-up boxes or videos that start automatically).

11. Cf. Mindshare, 2013; Association of Swedish Advertisers, 1 Aug 2016.

The use of ad blockers is currently growing very rapidly. It is estimated that some form of ad blocker is installed on 600 million computers, tablets and mobile phones around the world.¹² According to a study by Reuters from 2016, around one in five people in the Nordic countries stated that they used some form of ad blocker. The situation is very similar in the four Nordic countries examined in the study.¹³

Blocked adverts are of course unsellable, which means that the websites' advertising revenues decrease as the use of ad blockers increases. The problem of increasing use of mobiles is also accentuated here. Ad blockers are significantly more common among mobile users than desktop users. More or less logically, this phenomenon is also significantly more widespread among younger generations.

2.3 *Game-changer 2*: New consumer behaviours

The mobile revolution – and there are certainly grounds to speak in such terms – has fundamentally altered the contact between media companies and their audience and thus the contact between advertisers and their target groups. However, digitalisation of the media landscape has not just had major consequences in terms of *how* we consume media content, it has also had an impact on *what* media content we consume. Digital technology has split up the media audience between various platforms and between different content providers. Accordingly, for the traditional news media, this means that it is not simply their traditional publication platforms that are coming up against new and ever tougher competition – this applies to at least the same extent to the content they produce.

The reach of the traditional news media is decreasing

With regard to consumption of news via various platforms, there are patterns that both unify and differentiate the Nordic countries. In the following account, we are leaning on the comparative study of digital media consumption in different countries conducted by the Reuters Institute for the Study of Journalism in 2016. The data for this study includes all the Nordic countries except Iceland. The major advantage of the Reuters study is that it allows direct comparisons to be made between the Nordic countries. The greatest disadvantage is that it used an online survey, which means it only includes people who use the internet. Consequently, the figures presented are not to be seen as representative of the populations of the Nordic countries as a whole. Individual estimates are therefore to be regarded with due caution. Detailed descriptions of developments in the individual countries can be found in Appendix 2.

The clearest *difference* with respect to news consumption in the Nordic countries can be found for the print newspaper (Table 2.1). For example, it is significantly more

12. Cf. Page Fair, 2017; Birkemose, 2016.

13. Reuters Institute for the Study of Journalism, 2016; see Appendix 2, Table 2.18.

common in Finland to read a newspaper regularly¹⁴ than it is in Denmark. In Finland, over 50 per cent were regular newspaper readers in 2016, whereas this figure was under 30 per cent in Denmark in the same period. Norway and Sweden were somewhere in between, with a reach of around 40 per cent. The differences between the Nordic countries with respect to newspaper reading has been relatively stable over time.¹⁵

Table 2.1 News consumption via various platforms, Nordic countries, 2016 (percentage of the population)

	TV	Radio	Print media	Computer	Smartphone	Tablet
Denmark	73	47	29	63	60	37
Finland	75	47	53	74	59	30
Norway	72	47	41	66	64	36
Sweden	72	47	43	64	69	34

Note: Denotes the adult population aged 18–80 years. The survey was conducted online and therefore only encompasses people who use the internet. Iceland was not included in the survey.

Source: Reuters Institute for the Study of Journalism (*Digital News Report 2016*).

However, the situation for TV and radio was similar in all four countries. In 2016, three quarters of those who took part in the Reuters study watched TV news at least once per week, while just under half listened to the news on the radio. However, substantial age differences are hiding behind these results. For example, according to *Nordicom-Sweden's Media Barometer*, the daily reach of TV news in 2016 was over three times as high among people over the age of 65 than among those aged 25 to 44.¹⁶ The Norwegian equivalent – *Norwegian Media Barometer* – shows a similar distribution in Norway (at least if we look at the outcome in 2015 – the results for 2016 had not yet been presented at the time this report was written).¹⁷

In terms of the change over time for the traditional news platforms, it is primarily the printed newspaper that has been affected by the digital transformation of the media landscape. The total reach of print newspapers has decreased rapidly in all of the Nordic countries. This decline has been particularly marked among the younger generations.

However, studies from individual countries also indicate that the consumption of TV news specifically has decreased more rapidly than TV viewing more generally. In Sweden, the daily reach of TV news fell from 57 to 37 per cent between 2011 and 2016. This is just as great a decline as for the print newspaper, the daily reach of which fell over the same period from 66 to 46 per cent.¹⁸

The consumption of radio and TV news in all four countries is dominated by the respective country's public service broadcaster.¹⁹ But while the TV market also contains

14. Unless otherwise stated, regular reach denotes that the respondent consumed the medium at least once in the past week.

15. Cf. Ohlsson, 2015.

16. See also Appendix 2, Table 2.3.

17. *Norwegian Media Barometer 2015*.

18. *Nordicom-Sweden's Media Barometer 2016*, see also Appendix 2, Table 2.56.

19. See Appendix 2, Table 2.16.

in all cases a large advertising financed channel that broadcasts news, the Nordic range of commercially financed radio news is significantly more limited. With the exception of Norway, where there are commercial radio stations with a specific news mandate and a requirement to have their own news editorial staff written into their broadcasting licences, private advertising financed radio can be regarded as a comparatively small news medium in the Nordic countries (further information in Chapter 4).

The mobile is increasingly important as a news channel

There are also differences between the Nordic countries with respect to the consumption of news via digital platforms. As above, Finland is to some extent the exception to the rule (see Table 2.1). This exception consists of a comparatively higher consumption of news via traditional computers and a comparatively lower consumption of news via smartphones and tables. However, it was more common (among the respondents) in all four countries in 2016 to read the news on a mobile phone than in a print newspaper. In Sweden, which is the Nordic country where consumption of news via mobile is most widespread, the smartphone has overtaken the computer as a platform for news and is – it appears – also on the way to overtaking the TV set as the single most used news platform among the Swedish population.

The decline in the traditional news media's reach offline is not necessarily to be interpreted as a reduced total reach. Several Nordic media companies have been very successful in terms of attracting an audience online. The differences between and within the Nordic countries are substantial however. While the Reuters Institute's list of the largest national news providers online is dominated by newspapers in Finland, Norway and Sweden, the Danish list is topped by two broadcasters: Danmarks Radio (DR) and TV 2 Danmark. The online reach of the most popular Danish newspaper (Ekstra Bladet: 32 %) is broadly only half that of its Finnish, Swedish and Norwegian counterparts (Ilta-Sanomat: 60 %, VG: 64 % and Aftonbladet: 55 %). The relatively weak position of the Danish press in print format is reflected online in this respect.²⁰

What all four countries share is that their most popular newspaper sites in terms of regular reach can be ascribed to the evening or tabloid press. In all cases, the local press has a significantly weaker position online, with weekly reach figures (at the national level) of between 20 and 25 per cent. Online news consumption in Iceland is also dominated by two media companies that operate in traditional newspaper publishing (365 miðlar and Árvakur; more information in Chapter 4).

Social media are competing for the audience's attention

Domestic news media are now not just competing against each other for the digital audience. They are also coming up against increasingly stiff competition from completely different types of actor that are offering a completely different type of media

20. See Appendix 2, Table 2.16.

content. If the smartphone has revolutionised the way we consume media, the emergence of social media has involved a revolution on at least as large a scale with regard to the type of media we consume. Table 2.2 shows the regular use of various social media by different generations. In several cases, the reach matches or even exceeds that of the traditional news media.

Table 2.2 Weekly use of various social media by different age groups in the Nordic countries, 2016 (percentage of the population)

	18–80 years				18–24 years				25–34 years			
	DK	FI	NO	SE	DK	FI	NO	SE	DK	FI	NO	SE
Facebook	71	64	74	72	78	79	79	78	77	69	77	77
YouTube	49	62	57	59	56	72	73	70	62	75	63	69
Instagram	21	20	29	37	44	47	53	58	35	31	38	52
WhatsApp	4	44	7	14	4	74	5	16	7	59	14	21
LinkedIn	24	14	15	18	15	6	7	11	33	13	12	20
Snapchat	17	4	33	11	53	23	60	48	30	7	52	18
Twitter	10	15	16	16	14	24	22	21	14	16	20	21

	35–44 years				45–54 years				55–80 years			
	DK	FI	NO	SE	DK	FI	NO	SE	DK	FI	NO	SE
Facebook	77	68	76	74	74	63	73	70	61	56	70	68
YouTube	54	70	59	65	50	64	57	59	37	46	45	46
Instagram	21	20	30	41	14	15	25	34	7	8	17	20
WhatsApp	6	49	6	18	4	43	7	14	3	25	4	8
LinkedIn	34	21	17	21	29	18	23	22	17	11	14	14
Snapchat	10	2	32	5	9	1	29	7	3	0	13	2
Twitter	11	17	16	20	9	14	17	16	6	10	12	11

Note: Denotes the adult population aged 18–80 years. The survey was conducted online and therefore only encompasses people who use the internet. Iceland was not included in the survey.

Source: Reuters Institute for the Study of Journalism (*Digital News Report 2016*).

In terms of the Nordic population as a whole, Facebook is in a class of its own in terms of total reach. What primarily distinguishes Facebook is not its widespread use – rather it is that the differences between different age groups are so limited. That is, the oldest age group (which in the Reuters Institute’s study consists of people between 55 and 80) Facebook reaches a substantial majority of Nordic internet users. Among the total group of respondents, Facebook has a weekly reach of between 64 and 74 per cent in the Nordic countries, which is also at the same level as that of traditional TV news (see Table 2.3). With a few individual exceptions, YouTube also reaches a majority of people in each individual age group.

Unfortunately, the Reuters statistics do not cover Iceland; however, surveys conducted by the polling company Gallup indicate that Facebook has a similar dominant position there as well. In 2016, Facebook had a reach of 91 per cent among those people in the population who used social media. After Facebook came Snapchat and Instagram, with shares of 58 and 40 per cent, respectively.²¹

21. Gallup, Iceland.

Facebook as a source of news

Another feature that differentiates Facebook from other social media is its significance as a source of news. In the Nordic countries as a whole, two fifths of the respondents in the Reuters study say that they consume news via Facebook on a regular basis (Table 2.3). The proportion is lowest in Finland, which is primarily explained by the comparatively weaker position among the older age groups (55+). Sweden has the most even distribution as a source of news in Sweden, with there being pretty much no age-related differences.

Table 2.3 Weekly use of Facebook as a source of news by different age groups in the Nordic countries, 2016 (percentage of the population)

	Denmark	Finland	Norway	Sweden
18–24 years	55	51	56	41
25–34 years	42	38	46	44
35–44 years	46	37	46	44
45–54 years	42	32	41	44
55–80 years	36	27	42	40
18–80 years	43	34	45	42

Note: Denotes the adult population aged 18–80 years. The survey was conducted online and therefore only encompasses people who use the internet. Iceland was not included in the survey.

Source: Reuters Institute for the Study of Journalism (*Digital News Report 2016*).

From an advertiser's perspective, these shifts in media habits are naturally of major significance. As the reach of the traditional news media decreases, their status as an advertising platform also deteriorates. At the same time, social media are advancing their positions. Facebook now has a status within the audience market that either matches or exceeds that of the traditional advertising financed media. In the market for moving images, YouTube has a status that is on a par with that of the commercial TV broadcasters.²²

E-commerce is increasing

Let's move on from media and news consumption. Digitalisation has also had a major impact on consumption more specifically. Digital technology has made new consumption patterns possible by allowing goods and services that were previously sold in physical shops to be ordered online.

The Nordic countries are also taking the lead in the digital transformation in this respect. The proportion of the population who have ordered goods or services online was significantly higher in the Nordic countries than in the EU as a whole in 2016 – albeit with Finland a little behind the Scandinavian countries in this case (Table 2.4).

22. See Appendix 2, Table 2.15 and Table 2.16.

Table 2.4 Purchases of goods or services online in the past 12 months in the Nordic countries and the EU, 2011–2016 (percentage of the population)

	2011	2012	2013	2014	2015	2016
Denmark	70	73	77	78	79	82
Finland	62	65	65	68	69	67
Iceland	49	54	56	66	-	-
Norway	73	76	73	77	76	78
Sweden	71	74	73	75	71	76
EU 28	42	44	47	50	53	55

Note: Iceland is not included in the data from 2015 and subsequently.

Source: Eurostat.

According to Eurostat's European survey, eight out of ten people in Denmark, Norway and Sweden – and seven out of ten in Finland – had engaged in e-commerce in 2016. That same year, per capita turnover from e-commerce in the Nordic countries amounted to EUR 600 – an increase of 9 per cent on the figure for the previous year.²³ Iceland has not been included in the Eurostat for some time, but the results of the survey from 2014 indicate that the country was at roughly the same level as Finland.

The increased use of smartphones is also reflected in the e-commerce statistics. In 2016, the proportion of online purchases completed with the aid of a mobile phone increased by 30 per cent. As in the majority of other cases, the younger generations are at the forefront of this development and as with the consumption of news, Sweden is slightly ahead of the other Nordic countries.²⁴ According to the trade organisation Svensk Handel, one in four purchases in an online shop were made using a mobile phone in Sweden in 2016.²⁵

E-commerce as a phenomenon has had major consequences, not just for trade as a whole, but also for the advertising market. The digital transformation allows marketing and purchasing to be more intimately connected. This is particularly explicit in search marketing (more on this below). Studies from Norway and Sweden indicate that searches using search engines are clearly the single most important way to find an online shop.²⁶

Traditional advertising in the broadcast media and newspapers have a very limited role in this respect – a fact that leads us on to the next *game-changer*; namely the one which concerns the new advertising solutions that have been made possible by digitalisation – and the companies that have most successfully cashed in on these solutions.

23. Postnord, 2017.

24. AudienceProject, 2016.

25. HUI Research, 2017: p. 10.

26. AudienceProject, 2016.

2.4 *Game-changer 3*: New advertising solutions

The internet offers a wide range of different ways to distribute advertising. However, there are roughly four distinct subcategories that, to varying extents, have an equivalent in the world of pre-digital advertising. With the odd variation, this is the subdivision applied in the industry statistics used internally in the Nordic advertising markets. Accordingly, it is reasonable to use them as a basis for this synthesis.

The digital advertising market's subcategories

The first subcategory is display advertising. A display advert can take many forms, but by far the most prevalent display format is the *banner ad*, which can be described simply as an advertising box that is placed on a website or in an app. A banner ad can be distributed via computers, smartphones and tablets.

The analogue equivalent of the banner ad is the print advertisement, which has been appearing in newspapers and magazines ever since the emergence of the modern newspaper industry. Both of these advertising formats are also strikingly similar in terms of their content and design. Nevertheless, there are important differences between the print and digital advert. In contrast to the print edition, a digital banner ad can contain both moving elements and sound. It can also be furnished with a clickable link that leads the consumer on to the advertiser's website or online shop.

Another important difference concerns pricing. While a traditional print advert relies on a relatively rough pricing model that is based on the print publication's circulation and reach, the display ad offers a more dynamic model. This means that the advertiser generally only pays for the extent to which the ad is actually displayed to the user. The price can also be based on the extent to which the user clicks on the link and goes through to the advertiser's own website. In contrast to the print equivalent, the display ad thus paradoxically works on the principle that the user is encouraged to *leave* the medium in which the ad is displayed.

The second subcategory can be summarised under the name *classified advertising* (or *classifieds*). As hinted at by the name, this category has its historical origin in the traditional print classified advertisement. This also encompasses "guidance media", with such publications as the phone book (and its commercial equivalent the Yellow Pages) being among the more classical examples. As the name suggests, the main focus is on a digital version of the daily papers' classified advertising, i.e. short text-based adverts (normally priced per printed line) offering goods or services. The format is intended not just for companies, but also for private individuals who are interested in selling personal possessions. In the print media, these ads have traditionally been placed after the editorial content. Examples of goods and services usually offered via "classifieds" are cars, residential property, second-hand items and job vacancies.

Accordingly, there is a clear connection to the traditional advertising market within this subcategory, even if digital technology has taken the format one or two steps for-

ward. Online classifieds are generally searchable. They are generally also priced using a model that is more dynamic, with the advertiser often paying only in the event of a completed transaction.

The third subcategory is *digital video advertising*, which can consist of both moving and static content and is displayed in connection to video clips or streaming video sequence. The analogue equivalent here is of course the traditional TV ad.

One important difference compared with the broadcast version is that digital video advertising can be shown in connection to both editorial material (e.g. a traditional TV broadcast or a music video) and user-generated content (e.g. on YouTube or Facebook). This means that advertisers in the digital environment are not restricted to the advertising solutions offered by the traditional TV channels. As with the other subcategories, digital video advertising can also be combined with links to the advertiser. Pricing in this subcategory is also based on dynamic models (e.g. on completed views or conversions).

The fourth and final subcategory in the world of digital advertising is *search marketing*. Unlike the other three subcategories, this covers an advertising tool that does not have a direct equivalent in the analogue environment. Instead, search engine marketing emerged from the commercial potential that arose as a result of the growth of digital search engines; something which has fundamentally altered how we search for and take in information. The aim of search engine marketing here is to make the advertiser visible when a users searches for the keywords or phrases relevant to the advertiser (e.g. “second-hand bicycles” or “flights to Majorca”).

Search engine marketing can be divided into two separate parts. The first involves the opportunity to buy sponsored links from the search engine company (known as *search engine marketing* – SEM) that appear when a user searches for something specific, i.e. a word or phrase. The pricing is based on either the number of times the ad is displayed or on the number of clicks, i.e. each time someone clicks on the ad. More commercially desirable words and phrases generally command a higher price than is the case for those which a lower commercial value. The price is generally set on the basis of bids made by prospective advertisers.

The section part of search marketing involves paying for services that aim to increase the number of relevant hits for a site and this ensure that it appears high in the list of search results (know as *search engine optimization* – SEO). Search engine optimization uses knowledge of how search engines select which pages are to be displayed at the top of the search results and thus involves designing an advertiser’s website in a way that makes it able to compete better with other websites. Accordingly, search engine optimization is more a matter of procuring consultancy services rather than traditional advertising.

Shifts over time

In the internet’s infancy, display advertising was the dominant form of digital advertising investment. As the new subcategories have emerged and as a result of changes

in consumption patterns discussed above, the composition of the digital advertising market has changed.

Figure 2.1 shows how the four subcategories have developed since 2005. Although we have used statistics from Norway in the figure, the Norwegian pattern does not diverge to any significant degree from what we see in the rest of the Nordic countries.

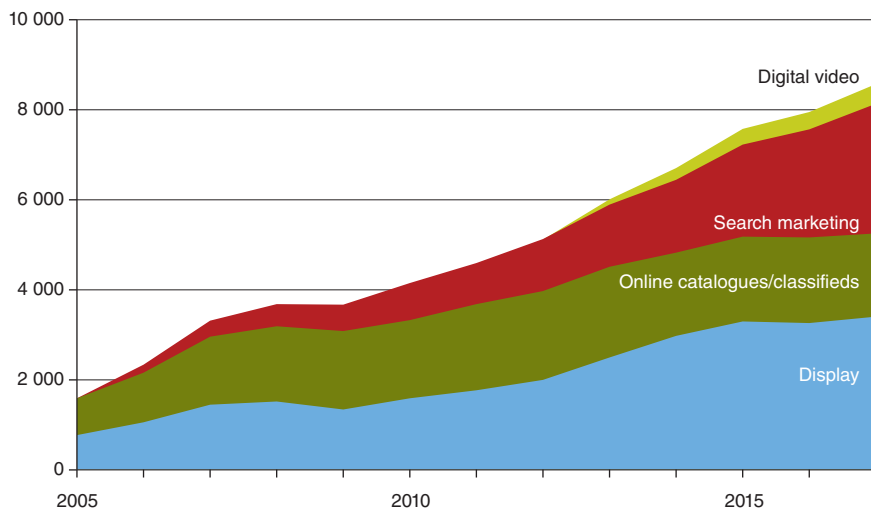


Figure 2.1 Advertising investments in different digital advertising categories in Norway, 2005–2017f (MNOK, current prices)

Note: All categories encompass advertising investments in desktop and mobile. The outcome for 2017 is based on forecasts made by IRM.

Source: IRM Institute for Advertising and Media Statistics (adapted).

Alongside the total growth – which is undoubtedly sizeable – the figure reveals a number of long-term trends concerning the composition of the digital advertising market. In the first decade of the 21st century, the overall trend was for all digital advertising categories to report strong growth. It was only in conjunction with the financial crisis of 2008/2009 that the brakes were applied somewhat to investments in digital advertising.

But what has happened over the course of the past few years is that increasing competition *within* the digital advertising market between the different advertising categories. Among the trends that are most important are that investments in display advertising have stagnated at the same time as investments in search marketing have continued to grow at a much faster rate. Digital video advertising – which is included in the Norwegian statistics as of 2013 – also shows a very high rate of growth, despite starting from a comparatively low level. The figure also indicates that investment in classifieds has come to a standstill. This is primarily due to a reduced interest in

investments in classified advertising, which has been decreasing steadily in Norway since 2009 (more about this in Chapter 4).

New actors are helping themselves to advertising investments

The overall shifts in the advertising market are also reflected at the actor level. The rapidly growing interest in digital advertising has opened up the advertising market to a wide range of new actors, that have come to compete in various way with the traditional media companies over advertising revenue. In this respect, at least four important shifts are taking shape, each of which has in its own way come to challenge not just the established media companies' traditional advertising business, but also to an increasing extent their digital advertising business.

The first shift took place in conjunction with the establishment of the first purely digital marketplaces at around the turn of the millennium. Among the more successful Nordic examples are Norway's Finn and Sweden's Blocket. At the global level, America's eBay and Craigslist can be mentioned. These were among the first actors to target the analogue market for classified ads. For the newspaper industry, this meant that a large proportion of the advertising investments in classifieds were lost to other actors in the space of only a few years.

The second shift can be traced to the growth of social media, which has become an increasingly attractive environment for commercial messages as its appeal to the public has grown (see above). Facebook and YouTube occupy unique positions, the former within mobile advertising and the latter within video advertising. While YouTube has primarily come to compete for the traditional TV advertising money, Facebook stands out as a competitor for pretty much all advertising streams that previously turned to the traditional advertising platforms. We return to this a little later in the chapter.

The third shift is linked to the increasingly important position of search engines as guides in the digital media environment. Thanks to its popularity as a search engine, Google has also cornered a large proportion of the market for search engine marketing (via the Google Adwords system). At least in the Nordic countries, there is only limited competition from other search engines. According to the Swedish Media Inquiry, Google – as an example – currently accounts for 95 per cent of the Swedish search market.²⁷

The fourth and final shift has resulted from the growth of advertising systems that are work on a user-based rather than a media-based logic. The most common such system is Google's AdSense, which is an application a company can install for free on its website and which automatically directs advertising (e.g. banner or video ads) to the site on the basis of a range of predefined parameters encompassing everything from the website's content to the geographical location of the user. Advertising revenue is then shared between the seller and the supplier of the system. In the case of Google AdSense, there is also the potential to target advertising on the basis of past user patterns.

27. SOU 2016:80, p. 208.

This type of non-site-specific advertising system has resulted in the the geographical boundaries between individual advertising markets being torn down. As a local advertiser, you are no longer referred simply to the local media companies' advertising platforms, instead you can reach out with your advertising to all the site that your target groups visit. At the same time, you also have the opportunity to reach out to markets that stretch outside of the local media companies' distribution areas.

And on the other side, these services provide an opportunity for very small companies to compete for advertising investments without needing to carry the cost of developing their own advertising platforms of employing advertising sales staff themselves. Several of the Nordic media companies use Google AdSense or similar services to attract advertising to their websites.

From reach-driven to data-driven advertising distribution

Digital advertising technology has revolutionised the way in which advertising is bought and distributed. However, what is revolutionary not primarily *what* is distributed: a banner ad appears to much the same as a print ad, and a digital video ad is often the same as an advert on traditional TV. No, the essential difference between digital and analogue advertising is the question of *how*, *when* and *why* the advert reaches the consumer.

Unlike the traditional analogue business model, which was based on using attractive – and thus expensive – editorial content to attract a large audience, which was then sold in bulk to advertisers, the digital business logic is based on user-generated – and thus cheap – content, interactive services, simple and effective user interfaces and customised advertising solutions.

One keyword of the new business logic is *data*. Another is *synergies*. Every digital interaction with your audience now presents the opportunity to register enormous amounts of information – information that can then be sold on to advertisers. And the more types of digital services a company is able to offer, the more it can learn about its users and the more detailed and sophisticated the advertising solutions it can offer the advertising market.

This is how data has become one of the most important creators of value in the digital society. The value has increased as more and more societal functions are digitalised and as technological development has reduced the cost of data storage and simplified data processing.

User data generated from various services and systems is creating synergies that are enabling not just the development of better and more efficient user services, but also better and more efficient advertising solutions. For Google, the enormous amount of information generated by the company's search engine is being used to give greater power to the advertising services Adwords and AdSense. Advertising solutions are being refined further using data generated from other parts of the company's global product portfolio such as the mapping tool Google Maps and the email program Gmail.

In the case of Facebook, the user data is becoming, if possible, even more sophisticated, especially as the average user is also identified by their name, age and place of

residence. The company knows what friends and other contact the user has and what they like and share with others. In addition, Facebook, via logins, is able to track its users regardless of which platform they are using. The company is also able to track users' activity on other parts of the internet using embedded "Like" buttons that can be found on millions of websites around the world. Given that Google and Facebook's respective services are used by the vast majority of the world's internet users, this guarantees them enormously powerful advertising services – even at the local level.

The global giants are increasingly dominant

From a media perspective, the most important consequence of the digital transformation is thus that competition for advertising investments has significantly stiffened. Competition is becoming increasingly intensive as the major actors enter new market segments. This means that the digital advertising market – as with the pre-digital market²⁸ – is characterised by an inherent mechanism that drives the emergence of companies with a quasi-monopolistic position – although with the significant difference that instead of local actors in well defined markets, this involves global giants with an all-encompassing reach.

In a short time, Google and Facebook has positioned themselves as two of the largest media companies in the world in terms of overall turnover. This growth has taken place both organically and through strategic acquisitions. Several of the advertising services currently offered by Google and Facebook are the result of takeovers. The company behind Google's AdSense system was acquired in 2003. YouTube was bought up three years later and the purchase of DoubleClick came the following year. DoubleClick is an integrated advertising system targeted at users such as media companies (in that case under the name DoubleClick for Publishers – DFP). Facebook's major acquisitions include Instagram (2012) and the messaging service WhatsApp (2014). Access to a large pool of venture capital has been a key to the success of both Google and Facebook.

In 2016, Alphabet, the company that owns Google, reported a total turnover of USD 90 billion, 90 per cent of which came from advertising revenue (Table 2.5). Facebook's turnover was about one third of this. On the other hand, it reported faster growth. Since 2010, Google has been reporting an average annual growth rate of over 20 per cent. Facebook's average annual growth is as much as 70 per cent.

As indicated in the table, both these companies are not simply large, they are also very profitable. Both Google and Facebook have reported profit margins of over 20 per cent in recent years. Facebook's profit margin amounted to 37 per cent in 2016, which was the best result so far in the 2010s for the company. In real terms, this involved a tripling of net operating profit compared with the year before, from USD 3.7 billion to 10.2 billion.

28. Cf. Gustafsson, 2005.

Table 2.5 Key performance indicators Alphabet Inc. (Google) and Facebook Inc., 2010–2016 (MUSD, current prices)

Alphabet Inc.	2010	2011	2012	2013	2014	2015	2016	%10/16	%15/16
Revenue	29,321	37,905	46,039	55,519	66,001	74,989	90,272	+208%	+20%
Net result	+8,505	+9,706	+10,619	+12,733	+14,136	+16,348	+19,478	+129%	+19%
Employees	24,400	32,467	53,861	47,756	53,600	61,848	72,053	+195%	+17%
<i>Growth</i>	+24%	+29%	+21%	+21%	+19%	+14%	+20%	...	...
<i>Profit margin</i>	+29%	+26%	+23%	+23%	+21%	+22%	+22%	...	...
Facebook Inc.	2010	2011	2012	2013	2014	2015	2016	%10/16	%15/16
Revenue	1,974	3,711	5,089	7,872	12,466	17,928	27,638	+1,300%	+54%
Net result	+606	+1,000	+53	+1,500	+2,940	+3,688	+10,217	+1,586%	+177%
Employees	2,127	3,200	4,619	6,337	9,199	12,691	17,048	+702%	+34%
<i>Growth</i>	+154%	+88%	+37%	+55%	+58%	+44%	+54%	...	...
<i>Profit margin</i>	+31%	+27%	+1%	+19%	+24%	+21%	+37%	...	...

Source: Annual reports (adapted).

2.5 *Game-changer 4*: New advertiser behaviours

Another – but no less important – consequence of the digitalisation of the advertising market is that the advertiser has been given the place of honour. The range of advertising solutions has never been greater than it is today. Nor has it ever been easier – or cheaper – to buy advertising. A Google of Facebook campaign can be put together in just a few minutes and need not cost more than a few hundred kronor. Digitalisation has enabled advertisers to tailor advertising campaigns in a way that was never possible in the past. They have also been given the opportunity to monitor the impact of a campaign in real time.

But this does not mean that it is now easier to be an advertiser now than it was in the pre-digital era. Competition for consumers' attention and money is becoming increasingly tough as each year passes. As discussed previously, digitalisation has also involved a globalisation of the consumer market – particularly through the growth of e-commerce. Local merchants and service companies are now coming up against competition from global actors, which is putting increasing pressure on prices and requiring efficiency savings.

As has also been discussed, the fragmentation of the media market has split up the media audience between not just different media, but also between different platforms. The reduced reach of traditional media means that it is becoming increasingly difficult for individual advertisers to reach out to a broad target group in on single way. Advertisers are also – as a result of digitalisation – coming up against greater consumer demand for a more individualised approach and individualised offers.

On top of this are the increased demands for financial resources and new expertise that accompany the new data-driven business logic; a development that also – of course – involves the advertisers. All in all, this means that it has become *both easier and more difficult* to act as an advertiser in an advertising market that appears increasingly multifaceted and complex.

Increased competition from other marketing channels

Even though this report is focused on the advertising market, it is important to remember that for most companies investments in media advertising are part of a more extensive marketing operation. In the advertising industry, there is often a subdivision into *bought*, owned and *earned* communication in which advertising can be assigned to the first category. In this way, advertising can be described as paid content distributed via a platform that the advertiser does not own themselves.²⁹

Owned communication refers instead to the communication that the company conducts via its own channels or platforms, for example a website, blog, newsletter or app. The company's own social media pages are also often considered owned communication.

Earned communication denotes exposure the advertiser receives “free” thanks to the company or its goods or services being discussed and spread further by either individuals users or in traditional media. One example of earned communication is when a satisfied customer “likes” or tells their friends about a product on social media. Another is video adverts that go “viral” and are therefore distributed and seen without the company having to pay for it.

The majority of companies attempt to find a mix of different types of communication, although the character of that which is being marketed and, not least, the company's own resources are both of importance to the choices that are made. At the same time, this means that investments in regular advertising are competing for internal resources with other types of marketing campaign.

As companies are increasingly moving their operations online, it is not simply the need for the “owned” communication to be competitive and effective (which naturally costs money) that increases, the potential to communicate directly with its own customers, *without* taking the detour through bought advertising also increases. Websites for large consumer companies such as supermarket chains, banks and insurance companies now have reaches that are very similar to those of the traditional media. This makes these companies very well connected with their customers.

On top of this is the fact that many companies are becoming better and better as collecting and utilising their own user data. The commercial potential of relatively old phenomena such as customer clubs and loyalty cards has grown sharply as a result of digitalisation. Companies' customer registers (which normally encompass both mobile numbers and email addresses) can, when combined with data about past purchasing

29. A more detailed discussion on this theme can be found in, for example, Broberg et al., 2016.

patterns, be used to reach out to customers at an individual level with personally targeted messages and offerings. One expression of the increased interest in direct communication with individual consumers is the increasing use of personally adapted email campaigns targeting people in a company's customer database.

Accordingly, the significance of owned communication has increased over time – and it is not unusual for this to be at the expense of bought advertising channels. Even though there is a lack of comprehensive Nordic data in this area, individual surveys indicate that investments in companies' own communication channels and digital business systems are increasing faster than investments in traditional bought advertising.

Many companies also perceive the attractiveness of obtaining free assistance from earned communication, which in today's digitalised media landscape has come to occupy a much talked about – and cherished – status within the world of marketing. There are many examples of companies that have actively attempted to give earned communication a helping hand. One expression of such an ambition is the increased interest in allying with “influencers” on social media. The most successful actors in this area (especially what are known as “YouTubers”) not only have audience levels on a par with those of the majority of traditional media, their followers are also comparatively more engaged and dedicated – and thus also more likely to share the messages being conveyed. In the case of influencers, their followers are often a well-defined, homogeneous group, which can be very interesting to individual companies from a target group perspective.

For traditional media companies, what all this adds up to is that digitalisation has come to acquire a major significance to the relationship with not just media consumers, but also advertisers. Advertisers' demands and needs differ on many crucial points from those in the pre-digital world. The reduced reach of the traditional advertising channels – the print newspaper especially – has driven down the price of this type of advertising solution. Added to this is the fact that traditional advertising media (press, radio and TV) are characterised by an ageing and, to advertisers, increasingly uninteresting, audience.

But it is in the digital advertising market that the biggest changes are taking place. As technological development progresses, the interest in – and with that also the willingness to pay for – low-quality user data in the form of traffic volumes and clicks. The existence of actors such as Google and Facebook and their respective advertising solutions is making advertisers demand more detailed data about individuals – a demand that is difficult for the majority of media companies to meet. Technological development is also accompanied by an increased interest in advertising solutions that can be linked to actual sales results, or “conversions”, with the advertiser only paying in the event of actual purchases.

Consequently, there is good reason to speak of a transfer of power over the advertising transaction from the seller to the buyer. Media companies that want to continue to be a competitive option in the advertising market must have the capability to tailor their advertising offering to the individual advertiser's needs to a greater extent. One

concrete example of this is the rapidly growing proliferation of content marketing, which involves media companies making editorial space available for communication content produced according to the advertiser's wishes and at their expense. We also have reason to return to this phenomenon later on in this report.

The changed role of the media agency

Aside from the advertising buyer and advertising seller, there are a range of other types of actor that influence the advertising purchase in various ways. One of the most important is the media agency. A media agency is a company that helps advertisers to design their marketing campaigns. This involves both working out overall marketing strategies and more specific campaign planning. In the latter case, the media agency is responsible for procuring advertising space from individual media companies on behalf of the advertiser. This gives the media agency a position between the buyer and seller of advertising, which gives them a potentially great influence over what advertising investments are made (and not made). In the Nordic countries, ad purchases made via agencies account for an estimated one half of total advertising investments. It is thought that the trend is for this proportion to have increased somewhat over time.

The digitalisation of the advertising market has also resulted in major challenges for the media agencies' traditional business model. As it becomes easier for individual advertisers to buy advertising space themselves, the need for outside assistance of this type decreases. Consequently, one clear trend is for more and more media agencies to have reconfigured their operations to focus on more advanced services such as target group analyses and strategic planning. Many agencies are now working on their own data collection and data process in order to enable them to offer added value to advertisers. The majority of the large domestic media agencies are included in international networks of agencies, which allows them to exchange data across national boundaries. In recent years, a wide range of new actors that have chosen to specialise in market communication via social media have entered the media agency market.

The position of media agencies in the advertising market is not uncontroversial. Among traditional media companies, there sometimes criticism that media agencies overestimate the value of digital advertising and underestimate the value of traditional advertising such as print newspapers and broadcast media. A closely associated criticism is that media agencies direct far too many resources at acquiring digital expertise, while knowledge of traditional media channels is deprioritised. It is claimed, not least by the newspaper industry, that media agencies have in this way contributed to hastening the decline of the traditional media channels' advertising revenue.

This criticism of media agencies has been put forward by many of those we interviewed in the study and can be found in all five Nordic countries. At the same time, there are actors among both media companies and advertisers who say they have a good relationship with the world of media agencies and that the agencies will continue to fulfil an important function in the market.

Regardless of what role the media agencies play (or do not play), this criticism is an expression of the tougher competition for advertisers' money. As we will see later on in this report, advertising investments have not increased at the same rate as the number of actors in the advertising market. In some cases, they have even declined.

2.6 *Game-changer 5*: New infrastructures for distributing advertising

The final game-changer we have chosen to highlight in the discussion of the consequences of the digitalisation of the advertising market concerns the overarching infrastructure of the advertising market. This primarily involves two aspects: 1) how advertising is bought and sold in the digital environment and 2) the systems and principle used to value and price advertising space on various digital platforms. While the first aspect deals with both the business transaction between seller and buyer, the latter deals with the opportunities an advertisers has to assess and compare, independently and in a well-informed manner, individual advertising platforms potential to supply the target groups they are interested in reaching. Another way of expressing this is to talk about the *transparency* of the digital advertising market. In both of these cases, this involves basic measures of the overall health of the market. Is the digital advertising market as a whole more efficient and functional than its analogue counterpart? Or is it actually the opposite that is true?

From manual to programmatic trade

In the pre-digital era, business transactions in the advertising market were generally taken care of via direct connections between the advertiser and the media company. Newspapers and then broadcast media generally had constant price lists for individual advertising formats, which were open to negotiation to varying extents. Within the local press, newspapers' sales staff often had a personal and close relationship with the local advertisers' marketing staff. Private individuals who wanted to advertise in the newspaper either phoned in with their ad or delivered it directly to the paper's advertising office. They could also send it by mail.

As more advertising platforms were introduced onto the market during the 1990s, several of the large national advertisers chose to engage media agencies to assist in coordinating their advertising distribution. In particular, a large proportion of TV advertising came to be distributed via agencies. Media agencies also came to play an important role in the newspaper markets in which individual local newspapers teamed up in order to coordinate the sale of advertising to national advertisers through common sales companies. However, the need for media agencies remained limited in local advertising markets.

The basic elements of the relationship between advertiser and media company live on today in the traditional media. Much of the local advertising in print newspapers is the result of a direct personal connection between buyer and seller.

In the internet's infancy, the same system was also applied to digital advertising. But as the technology has developed, the personally managed business transaction is increasingly being replaced by automated systems. The shift from manual to automatic trade has accelerated very rapidly in recent years.

Automated trade in digital advertising falls under the collective term "programmatic trade". In brief, this involves a system in which advertising buyers and advertising sellers hand over responsibility for the business transaction to connected computer systems that act on the basis of a range of preprogrammed parameters. On the part of the advertising seller, this involves registering what advertising space is available for sale and what target groups can be supplied (a collective term for this is *inventory*). For the advertising buyer, it involves registering which target groups they are interested in reaching and at what price. The advertising purchase is then completed through an automated bidding process known as *real-time bidding* (RTB) that involves prices and advertising placements being determined on the basis of supply and demand.

The programmatic trade in advertising has been made possible by the type of data-based digital advertising system discussed in section 2.5. Google Adwords is built more or less exclusively on this technology. But there are also other systems, both globally and nationally, that encompass advertising spaces from both competing companies (known as *open auction*) and individual actors (known as *private auction*). Google Adwords and Facebook Ads (which is responsible for distributing ads on Facebook) can be regarded as examples of the latter.

There are many benefits to be gained from handing over responsibility for the trade in advertising to computers. From the seller's perspective, the technology offers an opportunity to sell its stock of digital adverts in a simple and efficient manner. In particular, it provides a new opportunity to fill the advertising spaces that it has not been possible to sell via traditional sales channels. Given that what we are talking about are systems that are often global in scale, the individual media companies have the opportunity to attract advertising from outside of their own sales area.

For the advertising buyer, programmatic trade offers entirely new opportunities to isolate and address the target groups they are interested in reaching. The advertiser also does not need to devote time and resources to contacting and negotiating with individual media companies. The new technology thus allows the transaction cost of advertising distribution to be significantly reduced.

The growth of programmatic trade is currently moving at a rapid pace, especially within the field of mobile advertising and digital video advertising. In the United States, which is at the forefront of the majority of areas of digital advertising, programmatic trade is estimated to account for just over 70 per cent of all banner ads in 2017.³⁰

30. *eMarketer*, 5 Apr 2016.

At the Nordic level, there are no comprehensive data for 2016 concerning the scope of programmatic trade. Analyses from the Scandinavian countries indicate rapid growth in 2015, although from somewhat varying levels.

In Norway, programmatic trade accounted for 14 per cent (MNOK 512) of total sales of display and digital video advertising in 2015. The figure for Sweden was 17 per cent (MSEK 730). Norway and Sweden were trailing Denmark by some margin in this respect, with the programmatic proportion of display advertising sales (including digital video) there in the same year amounting to 49 per cent (MDKK 983). However, growth in Norway (+144 %) and Sweden (+134 %) were double that in Denmark (+64 %) in 2015, which hints that the differences between these countries may be evening out somewhat.³¹

Risks and hazards of automatic trade

Like many other things in the digital world, programmatic trade also has its disadvantages. This is the case for both the buyer and the seller – although in slightly different ways.

At first sight, programmatic trade can appear to be a two-party relationship between seller and buyer – although under automated forms. But that is not actually the case. What it actually involves is a relatively complicated ecosystem that, aside from the seller and buyer, also encompasses both media agencies – which are often responsible for the practical purchases – and technology companies that supply either the software used of the digital marketplace. And all of them have to have their piece of the pie. According to an estimate produced by the international trade organisation the World Federation of Advertisers (WFA), this means that as much as 60 per cent of the amount paid by the advertising buyer for programmatic purchases vanish to various intermediaries. As a result, only 40 per cent ends up with the company that is selling the advertising.³² Criticism has been directed at the underlying infrastructure of programmatic trade by bodies such as the Norwegian trade organisation ANFO, which represents Norway's advertisers. This organisation contends that programmatic trade suffers from a lack of transparency, which ultimately affects both advertisers and media companies.³³

In addition there is the obvious – and recently highly pertinent – risk that results from the fact that programmatic trade opens up the advertising market to the internet's more dubious actors. For an advertising buyer, engaging in trade in advertising that takes place on the open programmatic exchanges carries a risk that your advert is placed on a website or beside content with which you do not want your company and brand to

31. IRM, 25 Apr 2016 (Norway); IRM, 19 May 2016 (Sweden); Association of Danish Media, 2016: 9 (Denmark). There are no corresponding data for Finland and Iceland. Because of some differences with respect to the categorisation and calculation principles used, some caution is necessary when making direct comparisons between Denmark and the other Scandinavian countries.

32. WFA, 2014.

33. Interview, ANFO, 9 Nov 2017.

be associated. As recently as March 2017, several large American advertisers decided to pull their advertising from YouTube when it was discovered that their adverts were being shown in connection with YouTube clips that had been posted by extremists.³⁴

This type of negative exposure can quickly cause substantial financial harm to major global players such as Google and Facebook. Google AdSense alone has around two million websites in its partner network, which makes checking up on the ownership and content a delicate task. The same problem applies to a service like YouTube, where around 300 hours of new material is being uploaded every minute.

Another risk involved in programmatic trade is the apparently growing number of actors who are attempting in various ways to fraudulently obtain the advertising revenue on offer (a phenomenon that is usually termed *ad fraud*). There are various ways of doing this, but among the more common is to artificially inflate the number of visits to individual sites using special computer programs called bots. This is used to generate advertising revenue without the advertising having been seen by actual people.

Of course no one knows what proportion of programmatic trade disappears from the market in this way. However, estimates from the United States show that it may involve as much as 20 per cent of total global digital advertising investments. This phenomenon is also thought to have grown very rapidly.³⁵ Regardless of the size of this problem, *ad fraud* affects both advertising buyers and advertising sellers. By extension, it therefore affects the entire programmatic trade in advertising.

Digital advertising currencies

Advertising is a business phenomenon that can be regarded as an investment for the advertiser. As an expenditure item in companies' budgets, this is thus a financial investment – i.e. a cost – founded in the hope of a future return. Advertising that does not provide a return in one way or another can therefore be equated to a loss. As with the majority of other investments, advertising investments are therefore associated with a certain degree of risk.

One not insignificant aspect of this uncertainty relates to the question of whether the advertiser actually gets what the advertising seller promises. The question of the extent to which an advertising medium actually delivers what it has promised is just as old as the advertising market itself. In the infancy of the newspaper industry, advertising was priced, in the absence of other measures, on the basis of the size of a newspaper's print run. There was thus a direct financial incentive for companies in the newspaper industry to report a higher print run than they actually had as they could then charge higher prices for their advertising. Which many of them actually did.³⁶ Industry-wide third-party measurements of the newspaper market, which were introduced in the Nordic countries in the middle of the last century, were intended as a means by which

34. Cf. *Dagens Media*, 27 Mar 2017.

35. Cf. *Business Insider*, 15 Mar 2017.

36. Cf. Gustafsson & Weibull, 1992.

to bring order to the advertising market and increase the transparency and comparability for advertisers. The subsequently introduced measurements of reach – which worked out the actual number of newspaper readers, TV viewers and radio listeners rather than the number of newspapers distributed – were based on the same principle.

Being outside of these industry-wide measurements was a strong indication that you were up to something suspect. Both advertising buyers and advertising sellers thus have a financial interest in recognising and signing up to these “measured values”. For several decades, this gave the independent third-party measurements an important self-regulatory function in the national advertising markets.

A medium's reach was – and remains – the principal basis on which to set the price of advertising distributed via traditional media. The *actual* effects of an advertising campaign in a newspaper, on TV or on Radio – in terms of, for example, increased brand awareness or actual purchases resulting from the exposure – can still only be estimated. The reach of a traditional medium may, in the absence of other more advanced measures of efficacy, thus act as a *proxy* for its qualities as a conveyor of commercial messages. This means that investments in traditional media advertising will continue to be associated with a not insignificant degree of uncertainty for the advertiser.

In many respects, digital technology has contributed to reducing this uncertainty – and has in some cases completely erased it. As stated above, digital advertising has enabled a direct link to be made between exposure to advertising and a desired effect. One of the key factors behind many of today's most successful advertising systems is that they are based on a model in which the advertiser only pays for the extent to which an ad actually results in altered user behaviour in the form of, for example, a click through to their own website or a completed purchase. As this model is based on “guaranteed delivery”, the question of reach is of no consequence.

New technology – old problems

At the same time, not all advertising is aimed at generating immediate purchases. For example, the need to create and maintain awareness of and loyalty towards a brand or to attract new target groups has not disappeared with the arrival of digital technology. Instead it has increased as the competition for consumers' time and money has become increasingly stiff. This means that the need to pay to be seen in “reach media” – both offline and online – is just as great today as in the pre-digital era for many advertisers.

Which brings us back to the age-old problem of how reach is measured and valued for individual advertising media – albeit now in a digital format. Quantifying media exposure on the internet is not as uncertain an enterprise as it was in the analogue world. The difficulty lies in finding a reliable estimate of actual exposure. The original measurement technique, which was based on an automatic registration of the number of IP addresses that visited a certain website, suffers from a fundamental deficiency in that it measures technical units rather than actual individuals. Consequently, this says nothing about which people (with which characteristics) are taking in the content. The

IP address statistics are also becoming increasingly misleading as people are using the internet via ever more platforms.

The attempt to come to an industry-wide agreement on common measurement currencies has had mixed success thus far. Conflicts of interest between companies and between types of medium – e.g. the needs of text-based media differ from those of media based on the moving image – have meant that many countries lack a common measurement currency on which all actors agree. In many countries, there are also many competing currencies that are based on different techniques and encompass different media companies. Added to this is that fact that the largest international actors – primarily Facebook and YouTube – have chosen, as a result, to remain outside of the initiatives to produce common measurements of traffic that have been undertaken at the national level. The consequences of this attitude became clear in autumn 2016 when The Wall Street Journal revealed that for two years Facebook had been reporting substantially higher reach figures for the video clips posted on the site.

The lack of consensus regarding common measurement systems is of course not good for advertisers. In many cases, it is difficult – or simply impossible – to compare an individual company's digital advertising package with that of another. In that respect, this situation is reminiscent of the advertising market's infancy, when the advertiser was, quite simply, referred to the figures supplied directly by the media companies.

2.7 Summary and conclusions

Digital technology has fundamentally altered the way in which advertising is bought and distributed. In this chapter, we have identified and discussed five central shifts that can be linked to digital media technology and have together contributed to the transformation of the advertising market. We have chosen to call these “game-changers”.

In the order they appear, these are:

- 1) *New advertising platforms* – that, as a first stage, has involved a shift from analogue to digital distribution techniques and, in a second stage, a shift from stationary platforms to mobile.
- 2) *New consumer behaviours* – as expressed in a waning interest in analogue media to the benefit of online media, an increased interest in social media at the expense of traditional news media and an increased interest in e-commerce at the expense of traditional retail in shops.
- 3) *New advertising solutions* – that have involved a shift from a reach-driven to a data-driven business logic and have moved market dominance in the advertising market from local to global actors.
- 4) *New advertiser behaviours* – as expressed in increased demands for individualised rather than mass-communicated advertising messages and in market communication based on dialogue rather than monologue.

- 5) *New infrastructures for distributing advertising* – as the result of a transition from manual to automated, or “programmatic”, trade and from a system of industry-wide measurement currencies to one that involves less transparency and fewer impartially validated third-party measurements.

Digitally distributed advertising has several benefits over its analogue counterpart: It is cost-effective, it is measurable, it offers dynamic and interactive forms of presentation, it can be tailored to both individual target groups and individuals, it has a global reach and, last but not least, it is very fast. All this is of course good news for the advertiser.

But digital advertising also has several disadvantages that an advertiser has to take into account. It is – in general – not particularly well liked by consumers; an ever higher proportion of internet users are choosing to install ad blockers on their computers and phones. It relies on – in order to be used effectively – both new types of resource and new types of expertise; orientating oneself in the today's data-driven, highly technological and, in particular, highly fragmented media world places greater demands on the advertiser. It is characterised by comparatively limited transparency in terms of comparable and independent measures of different advertising platforms' reach and performance; as an advertising buyer, you are largely at the mercy of the advertising medium's own figures when it comes to evaluating the effects of the advertising. And this placing you in a context in which you, as an advertiser, do not want to end up – or are simply hijacked by online fraudsters who illegally snatch the flows of digital advertising.

In more concrete terms, digitalisation is presenting major challenges to the traditional news media companies.

Firstly, this means that competition from the internet is attracting both audience and advertisers away from traditional media platforms, which is a challenge to their entire business model.

Secondly, it is difficult to replace lost advertising spaces in the analogue world with new digital advertising spaces; in particular, the increasing use of smartphones is making it more difficult to capitalise on media users.

Thirdly, it involves a sharp increase in the pressure on prices in the advertising market – a pressure on prices that is being driven by companies whose business concept is largely based on user-generated – and thus free – content.

Fourthly, this means there are greater demands being placed on media companies' sales organisations to meet increasing demands from advertisers in terms of, for example, target group analyses and marketing strategies.

And fifthly, it involves significantly higher demands for data-driven – rather than reach-driven – advertising deals more generally.

The digital transformation of the advertising market is being propelled by global technology companies that have built their success on the back of offering interactive

and easily used services to users whose patterns of use are registered and packaged in order to then be sold on to advertisers. The digital business logic is therefore bound up in knowledge and data. In the past, a local newspaper could boast, in its interaction with its advertisers, that it knew its readers best. There is now ever more evidence to indicate that is no longer the case. In the following chapter of this report, we will be looking in more detail at how the altered balance of power between local and global actors has been expressed in the Nordic advertising markets.

3. The Nordic Advertising Markets

General characteristics

The size and development of the advertising market displays a not unexpected relationship with the size and development of the overall economy. Comparatively “rich” countries – measured in GNP per capita, for example – tend to have larger advertising markets (per capita) than countries that are comparatively “poor”. In the same manner, the advertising market tends to grow in countries where GNP is growing, while it tends to shrink in countries where the economic development is worse.

However, the relationship to overall economic factors are not sufficient as a sole explanation when we take a closer look at the size and composition of the advertising market in different countries. It actually appears that the character of the *media system* itself has an impact on the scope of the advertising market.

In this chapter, advertising’s role in the Nordic media markets is placed in a wider international perspective. There is then an analysis of the overall development of the Nordic advertising markets in the years 2008 to 2015. As in latter parts of this report, the comparisons between countries are the focus. Because even though there are many similarities to seize on with regard to the impact digitalisation on total advertising investments in the Nordic countries, there are also differences. This applies to both the total size and development of the advertising markets and the altered relationship between investments in traditional and digital advertising platforms. These are differences that are important to carry with us into the analysis in the next chapter of the consequences of the digitalisation of the advertising market for advertising-financed news media in the Nordic countries.

3.1 The importance of advertising in different media systems

In their seminal study of the historical growth of media markets in the West – *Comparing Media Systems* – the media researchers Daniel Hallin and Paolo Mancini identify three distinct media systems that differ from one another in a systematic way.

³⁷ The first is a *Southern European system*, which is characterised by substantial state influence in the media and a comparatively weak press, chiefly targeted at society’s elites. The second is a *Northern and Central European system*, which is characterised by an active state media policy and a strong, widely distributed press. The third is a *North Atlantic system*, which is marked by limited state involvement in the media and

37. Hallin & Mancini, 2004.

a press that can be categorised and medium strong. A later study extends the original three-system model to encompass a fourth that also covers the former Eastern Bloc.

The Nordic countries are usually highlighted as emblematic of the Northern European media system.³⁸ The factors that set the Nordic region apart include a press that, at least historically, has been distinguished by close links to the political system, a professional corps of journalists and an extensive public service system.

Although Hallin and Mancini do not analyse the composition of the advertising market specifically, it is clear that their outline also has a substantial bearing on this part of the media landscape. This is particularly evident in Table 3.1, which describes the size and composition of the advertising market in the four media systems. This comparison is based on data from 2000, a year that can be said to constitute the end-point of Hallin and Mancini's historical comparison. What we see in the table is that the character of the different media systems has had a major impact on the advertising markets in the different countries. In several cases, these differences are dramatic.

Table 3.1 Advertising investments per capita in different media systems, 2000 (average per country, EUR)

	Total advertising investments	Of which:		GNP/PPP (USD)
		Press (% in parentheses)	Television (% in parentheses)	
The Northern and Central European media system	246	120 (49)	54 (22)	32,148
of which the Nordic countries (DK, FI, NO, SE)	229	126 (55)	52 (23)	32,135
The Southern European media system	134	32 (24)	59 (44)	24,622
The North Atlantic media system	341	151 (44)	108 (32)	33,732
The Eastern European media system	43	8 (19)	21 (49)	14,946

Note: Data concerning advertising investments is taken from IRM's report *Internationella reklammarknader* (Trotzig et al., 2002) and encompasses the following countries: Austria, Belgium, Denmark, Finland, Germany, the Netherlands, Norway, Switzerland, Sweden (the Northern and Central European media system), France, Greece, Italy, Portugal, Spain (the Southern European media system), Ireland, Canada, the United Kingdom, the USA (the North Atlantic media system), the Czech Republic, Hungary and Poland (the Eastern European media system). Data about GNP denotes purchasing power parity (PPP) figures and is taken from the World Bank's database.

Source: Trotzig et al., 2002 (categorisations based on Hallin & Mancini, 2004); World Bank (World Bank Open Data).

The media system that has by far the largest volume of advertising sales per capita in 2000 was the North Atlantic system – a system that encompasses the United States, Canada, the United Kingdom and Ireland. These are countries where the media market developed in the 20th century more or less exclusively on the terms of the market. State influence in the media has, with a few exceptions (e.g. the British public service broadcaster the BBC) been limited.

In 2000, average per capita advertising sales were almost 40 per cent higher in the North Atlantic media system than in the Northern and Central European system. This

38. The Nordic countries here denotes Denmark, Finland, Norway and Sweden. As with the other countries in Europe that have small populations, Iceland is not included in the data used in the analysis.

is a difference that cannot be explained simply by economic factors. The difference in GNP per capital between the two systems is only five per cent.

The single most important explanation is instead that there is a substantially larger commercial TV market in the North Atlantic countries, with TV advertising sales twice as high as in Northern and Central Europe. The reason is of course that the North Atlantic TV markets, in particular the American market, have come to consist to a significantly higher extent of strong commercial actors and a weak public service sector (again with the BBC as an important exception).

Distinctive to the Northern and Central European system was a comparatively high proportion of the advertising market that was invested in the newspaper industry (although not in absolute figures; even here advertising sales were apparently higher in the North Atlantic system). Even at the beginning of the 2000, the newspaper industry was responsible for just under half of total advertising sales in the Northern and Central European countries. This proportion was 55 per cent in the four Nordic countries.

Hallin and Mancini's study preceded the dramatic changes in the media area that came along with technological development. It is therefore dated as empirical evidence to use when describing today's media landscape. But the overall message of *Comparing Media Systems* still appears relevant; namely that developments in the media area cannot be understood without taking into account economic, technological and political developments in the surrounding society. As stated above, this is just as pertinent with regard to the sale of advertising. Which is why we are bringing this lesson with us into the analysis of modern developments in the Nordic advertising markets.

3.2 Advertising investments lag behind GNP

Digital technology has penetrated the world's advertising markets with full force. Investments in digital advertising channels have grown rapidly and have done so at the expense of traditional channels. An ever larger number of companies are choosing to invest an ever greater proportion of the advertising budgets in digital advertising solutions. This applies to both very large and very small companies. In this way, digitalisation has not just had a major impact on how advertising is distributed and consumed – but also for the flows of capital that are taking place between advertising buyers and advertising sellers in the marketplace.

The advertising market has traditionally developed in close symbiosis with macroeconomic development. When the economy is booming, companies have tended to increase their investments in advertising. When the economy deteriorates, advertising investments have instead decreased. This has meant that media companies whose business models have been supported by advertising revenues have correspondingly become sensitive to fluctuations in the overall economic situation.³⁹

39. There are also studies that indicate there is a converse relationship between the advertising market and the overall economy. For example, in a report from January 2017, the trade organisation *the World Federation of Advertisers* was able to show that every euro spent on advertising invested within the EU returned seven to GNP (WFA, 2017).

At the same time, what is important to specify that digital technology has not had a consistently positive impact on the size of the advertising market as a whole. Despite the number of advertising platforms having increased and the competition for consumers' attention having grown, there has been no growth in many national advertising markets. In some cases, total advertising investments have instead decreased as digitalisation has taken off. The stagnation – or even contraction – in many of today's advertising markets underlines how competition for advertising revenue has stiffened as advertising becomes increasingly digitalised.

Developments in the Nordic countries supports the contention that the close relationship between GNP and the advertising market has been broken – or at least been weakened.⁴⁰ This matter is also linked to the fact that the Nordic economies have developed in completely different directions since the financial crisis in 2009/10. If we look at the period 2008 to 2015, economic development in terms of GNP growth has been best in Sweden (+18 %) and worst in Finland (-3 %). Denmark (± 0 %), Iceland (+3 %) and Norway (+6 %) are in between. In the final case, however, the economy deteriorated in the final year of the measurement period.

If in the next stage we go on to look at corresponding developments in the advertising market, we see two clear patterns (Figure 3.1).⁴¹ Initially we see that the overall relationship between GNP and the advertising market is thought to be intact. The advertising market has developed most strongly in Sweden and least strongly in Finland. Denmark and Norway are also placed in accordance with their growth in GNP.

But what is especially clear is that the advertising markets in all four cases have developed at a significantly lower rate than the overall economy. This applies just as much to Sweden – which has had strong growth over the course of the period – as to Finland, where growth has been worst. In constant values, the Swedish advertising market was smaller in 2015 than it was in 2008. In Finland, the advertising market shrunk by a full 25 per cent over the same period. For Denmark and Norway the figures were -22 and -14 per cent, respectively. In total, advertising sales across all four countries declined by 14 per cent between 2008 and 2015. This corresponds to a decrease of EUR 1,450 million.

There are also other ways in which to illustrate the development of advertising in relation to economic development in a country. One such way is to relate the size of the advertising market to the *size* of GNP. In this way, we put a value on the contribution of the advertising market to a country's economic activity as a whole.

This context also confirms the general decline of the Nordic advertising markets in recent years – as it does the fact that the decline has varied in scale in different

40. It is only following a complete business cycle that we should have sufficient empirical data to test how digitalisation influences the relationship between GNP and the advertising market.

41. Please refer to Appendix 1 for a more detailed table. Because of the current situation with regard to sources, the following analysis is restricted to Denmark, Finland, Norway and Sweden, with Iceland excluded. As mentioned in Chapter 1, there are no collected historical statistics of the development of the advertising market in Iceland.

3. The Nordic Advertising Markets

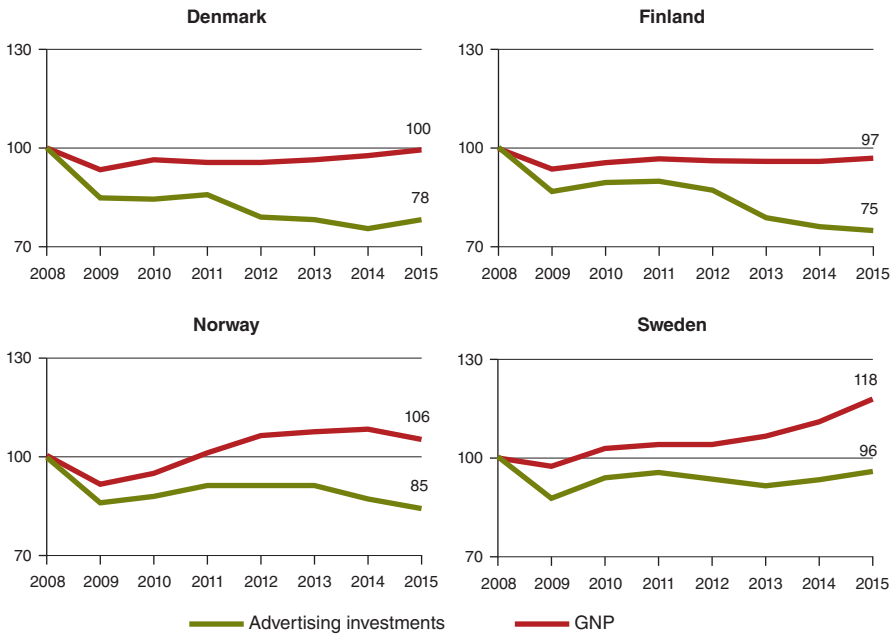


Figure 3.1 Advertising investments and GNP in Denmark, Finland, Norway and Sweden, 2008–2015 (index, 2008 = 100, constant prices)

Source: IRM Institute for Advertising and Media Statistics (adapted).

countries. In 2008, sales of advertising accounted for 0.90 per cent of total GNP in the four countries in the statistics (Table 3.2). The proportion was highest in Sweden and Denmark (0.97 and 0.96 %, respectively) and lowest in Norway (0.78 %). Seven years later, the proportion of total GNP attributable to advertising in the four countries had decreased to 0.72 per cent (-0.18 %). In relative terms, this is a decline of around one fifth.

This decline applies to all four countries, but was greatest in Denmark (-0.21 %) and Finland (-0.20 %) and smallest in Norway (-0.15 %). Sweden was in between (-0.18 %). All in all, this means that the advertising market was also larger in relative terms in Sweden than in the other countries in 2015 and that it was smallest in Norway.

As has already been said, there are no overall statistics covering the Icelandic advertising market. According to estimates from the Icelandic Media Commission (refer to section 4.3 below), Icelandic advertising investments amounted to ISK 9.5 billion (c. MEUR 61) in 2014 and ISK 10.2 billion (MEUR 65) in 2015. This equates to a proportion of GNP of 0.57 and 0.59 per cent, respectively, over the course of these two years. Which means advertising sales' proportion of GNP is somewhat lower than Norway's.

Table 3.2 Advertising investments as a percentage of GNP in Denmark, Finland, Norway and Sweden, 2008–2015

	Denmark	Finland	Norway	Sweden	Nordic countries (ex. Iceland)
2008	0.96	0.88	0.78	0.97	0.90
2009	0.87	0.82	0.74	0.87	0.83
2010	0.84	0.83	0.73	0.89	0.82
2011	0.86	0.82	0.71	0.89	0.82
2012	0.79	0.80	0.67	0.87	0.78
2013	0.78	0.73	0.66	0.84	0.75
2014	0.75	0.70	0.63	0.82	0.73
2015	0.75	0.68	0.63	0.79	0.72

Source: IRM Institute for Advertising and Media Statistics (adapted).

Having said that, Norway also remains the Nordic country in which *per capita* advertising investments are highest. In 2015, Norwegian advertisers invested the equivalent of EUR 467 per capita on advertising (Table 3.3). Compared with 2008, this is decline in constant values of EUR 60, or around -12 per cent. There are also reductions in the other three countries included in the data: EUR 424 to 355 for Denmark (-16 %), EUR 383 to 362 (-6 %) for Sweden and EUR 322 to 257 (-20 %) for Finland. Measured in this way, the Norwegian advertising market was around 80 per cent larger than the Finnish in 2015. The gap between them has widened over time. This also means that Sweden has ousted Denmark from second place after Norway in terms of advertising per capita annual advertising investments.

Table 3.3 Per capita advertising investments in Denmark, Finland, Norway and Sweden, 2008–2015 (EUR, constant values)

	Denmark	Finland	Norway	Sweden	Nordic countries (ex. Iceland)
2008	424	322	527	383	407
2009	362	278	458	333	352
2010	366	290	475	358	368
2011	380	300	492	372	382
2012	359	296	490	363	373
2013	355	272	491	353	364
2014	346	264	474	356	358
2015	355	257	467	362	359

Note: All currency conversions into euro are based on average exchange rates for the period 2008–2015.

Source: IRM Institute for Advertising and Media Statistics (adapted).

Using the aforementioned estimates of size of the Icelandic advertising market as a basis, per capita advertising investments in Iceland amounted to EU 186 in 2014 and EUR 198 in 2015, which is a level that is just over 20 per cent lower than the Finnish and around 50 per cent of the Scandinavian average.

3.3 Large differences in digital advertising sales

Moving on from the advertising markets' overall development. In the next stage, when we move on to analyse digital advertising sales in the Nordic countries, further light is shed on the question of why the Nordic advertising markets have developed (so differently) as they have in recent years. What appears to be the case is that the digital transformation of the advertising market has to some extent been expressed differently in the different Nordic countries.

In 2008, which is the first year for which there are comparable statistics on digital advertising sales in the four Nordic countries, around one sixth of total advertising spend was invested in digital platforms (Table 3.4). The differences between the four countries were very large, however, and it was primarily Finland that stood out. The Finnish digital advertising market was proportionately only have the size as in the Scandinavian countries.

Table 3.4 Per capita advertising investments in traditional (offline) and digital (online) advertising platforms in Denmark, Finland, Norway and Sweden, 2008–2015 (EUR, constant values)

	Denmark		Finland		Norway		Sweden		Nordic countries (ex. Iceland)	
	Offline	Online	Offline	Online	Offline	Online	Offline	Online	Offline	Online
2008	348	76	293	28	432	96	322	61	343	64
2009	285	77	244	34	364	95	271	63	286	66
2010	278	88	251	38	371	104	287	71	294	74
2011	280	100	260	41	378	115	290	82	298	84
2012	250	109	251	45	365	125	270	93	280	93
2013	237	118	223	49	345	146	249	105	260	104
2014	216	130	209	55	314	160	236	120	241	116
2015	209	146	199	58	290	177	219	143	227	132

Note: All currency conversions into euro are based on average exchange rates for the period 2008–2015. "Offline" includes the advertising categories cinema, newspapers, direct mail, catalogues, radio, magazines and outdoor advertising. "Online" includes the advertising category internet.

Source: IRM Institute for Advertising and Media Statistics (adapted).

Looking at the absolute size of the digital advertising investments, these differences were even larger. While Norwegian advertisers invested EUR 96 per capita in digital advertising platforms in 2008, Finnish advertisers were satisfied with EUR 28. In Denmark and Sweden, digital advertising investments amounted to EUR 76 and 61 per capita, respectively.

When looking at the traditional advertising channels (print media, broadcast media, outdoor advertising, etc.), the differences between the countries were significantly smaller. By virtue of its stronger economy, Norway held a leading position here as well.

The patterns that stood out with regard to the propensity to invest in digital channels in the Nordic advertising markets in 2008 have essentially remained the same – aside from the fact that total digital investments in all four countries have increased substantially. Which means that Finnish advertisers are still significantly less inclined to

invest in digital advertising platforms than their Scandinavian counterparts. The digital proportion of advertising investments continues to be only half as large in Finland as in the Scandinavian countries.

One conclusion that could be drawn on the basis of these development patterns is that Finnish advertisers are more faithful to traditional advertising channels than advertisers in Norway. However, that is not the case. Investments in traditional advertising platforms have fallen at about the same rate in all the Nordic countries, although the decline was greatest in Denmark.

This also encapsulates an important explanation of why total advertising investments have decreased so dramatically in Denmark and Finland since 2008 and why they have decreased least in Sweden. The propensity to invest in traditional advertising platforms has fallen in all of the Nordic countries since 2008. What sets them apart is instead the extent to which these cutbacks have been compensated for by investments in digital advertising platforms.

In Sweden, 79 per cent of the cutbacks in traditional advertising platforms since 2008 have been reinvested in digital platforms in 2015. The remaining 21 per cent had not been reinvested and had therefore left the advertising market. The corresponding figures in Norway were 57/43, in Denmark 50/50 and in Finland 32/68. Accordingly, only one third of the relatively extensive cutbacks in traditional advertising investments made by Finnish advertisers since 2008 had been channelled into digital channels. Therein lies the explanation of why digital advertising only amounted to 58 EUR per capita in Finland in 2015, while the Scandinavian average was EUR 155 – in other words, three times as high.

3.4 Summary and conclusions

In summary we are able to conclude the following:

- As the Nordic countries' advertising markets have become increasingly digital, total advertising investments in the region have decreased. Nordic advertisers invested less money in advertising in 2015 than they did in 2008. This is the case in terms of both absolute figures and in relation to GNP.
- Different development curves in terms of economic growth appear to moderate both the decline in total advertising investments and the growth of digital advertising. Sweden, where economic growth has been strongest over the course of the period, displays both the most limited decline for traditional advertising platforms and the strongest growth for digital.
- At the same time, there are major differences in total advertising investments within the region; differences that can only be explained to a limited degree by differences in the countries' economic strength. Norwegian advertisers continue to invest more money in advertising than their Danish and Swedish colleagues, at the same time as Finnish advertisers are investing less money in advertising than advertisers in Scandinavia. These patterns also apply to the digital advertising market.

4. The Nordic News Media Companies' Position in the Advertising Market, 2011–2016

This chapter contains a more detailed analysis of developments in the Nordic advertising markets. These developments are also linked to the Nordic news media companies' financial performance.

This analysis covers the period 2011 to 2016. In those cases where data for 2016 has not been available, 2015 has been used as the end year, or – as is the case for, for example, Danish advertising sales in 2016 – estimated values are used. Figures are presented in local currency and denote current exchange rates, unless otherwise stated. Given the aim of this study, the focus of the account is on advertising financed news media. This means that a comparatively large amount of attention is devoted to the newspaper industry in each of the Nordic countries.

The structure of both the advertising market and the media market is described in somewhat different ways in the Nordic industry statistics. In some cases, there are statistics covering individual media sectors' economic development (in terms of, for example, total turnover and profit levels), while in others there are none. This means that the account is not entirely comparable from country to country in some sections. Because there are a lack of overall industry statistics covering the advertising and media market in Iceland in several important respects, the analysis of developments in Iceland is more restricted than that of the other countries.

This chapter contains a country-by-country account and begins with a general description of the development of the advertising market over the course of the period studied. This is followed by an analysis of developments in the digital advertising market, after which the account then moves on to analysing developments in the markets for, in this order, newspapers, broadcast media (i.e. radio and TV) and independent news sites.⁴² The latter denotes digital news sites that are not linked to a traditional news medium (e.g. a newspaper or TV channel). The account primarily revolves around the outcome at the industry level. Revenues and results for individual companies are only reported as an exception and only when the number of actors in the market is limited.

The chapter concludes with a discussion of the overall development in each respective part of the market in the five Nordic countries. This section thus functions as a summary of the principal results of the study.

42. Because of the limited source data, the account of developments in Iceland (section 4.3) has a somewhat simplified structure.

4.1 Denmark

The Danish advertising market has been characterised by major shifts since the financial crisis of 2008/09. This pattern differs from those of the other Scandinavian countries in this respect. While advertising sales in both Norway and Sweden started rising again as early as 2010, there was no swift recovery following the crisis years in the Danish advertising market (Figure 4.1).

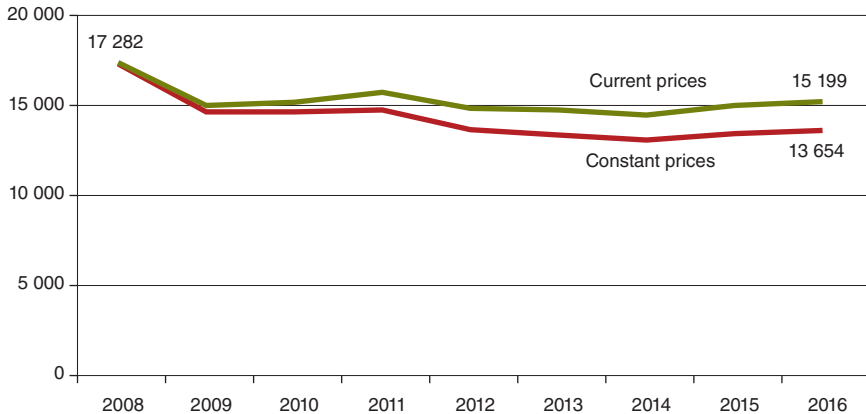


Figure 4.1 Advertising investments in Denmark, 2008–2016f (MDKK, current and constant prices)

Note: The figures for advertising investments in 2016 are based on forecasted values (see Table 4.1).

Source: IRM Institute for Advertising and Media Statistics (adapted) (original source: Association of Danish Media).

Instead, advertising investments started declining again in 2012 and in 2014, the Danish advertising market was around one quarter smaller than it was in 2008 (at constant values). Since then, however, advertising sales have increased again. In 2015, growth of 3.1 per cent was noted and, according to IRM's forecast for 2016 – the final outcome was not yet published at the time the report was being completed – the market grew by a further 1.6 per cent. This means that Danish advertising investments amounted to an estimated DKK 15.2 billion in 2016. In spite of the past two years of growth, the Danish advertising market is still only just over 80 per cent as large as was prior to the outbreak of the financial crisis (if we control for the general development of prices).

The growth of the past two years has been driven by increased investments in internet advertising. In 2015 and 2016, Danish online advertising increase by an estimated 26 per cent (DKK 1.4 billion) to DKK 6.9 billion (Table 4.1). As with the advertising categories presented below, the outcome for 2016 is based on predicted values and is therefore to be regarded with some caution.

At the same time, the steady decline in sales of newspaper advertising (including free newspapers here) of between seven and eight per cent per year that has been

taking place since 2011 continued. The Danish newspaper industry has seen its revenues from print newspapers decline by a total of DKK 1.3 billion (-32 %) over the period 2011 to 2016.

Table 4.1 Advertising investments in different advertising platforms in Denmark, 2011–2016f (MDKK, current prices)

	2011	2012	2013	2014	2015	2016f	% 11/16f	% 15/16f
Internet	4,144	4,543	4,924	5,459	6,138	6,861	+66%	+12%
Newspapers	3,967	3,659	3,387	3,112	2,896	2,685	-32%	-7%
TV	2,517	2,350	2,251	2,170	2,203	2,137	-15%	-3%
Direct mail	2,672	2,213	2,251	1,769	1,796	1,652	-38%	-8%
Magazines	1,281	1,165	1,077	1,083	996	904	-29%	-9%
Outdoor	537	452	409	394	405	417	-22%	+3%
Radio	270	278	288	307	329	365	+35%	+11%
Cinema	59	67	80	85	97	101	+71%	+4%
Catalogues	310	192	145	127	101	76	-76%	-25%
Total	15,757	14,919	14,812	14,506	14,961	15,199	-4%	+2%

Note: The data is based on calculations conducted by IRM (see section 1.2) and thus differs somewhat from the national statistics (see <http://danskemedier.dk/>). The outcome for 2016 is based on forecasts produced by IRM.

Source: IRM Institute for Advertising and Media Statistics (adapted) (original source: Association of Danish Media).

The development of TV advertising has been more uneven over the course of the same period. An increase in 2015, turned into a decrease in 2016. However, TV advertising sales in Denmark have decreased by 15 per cent since 2011, a reduction of around MDKK 380.

At the same time as investments in TV advertising have declined, both radio advertising and cinema advertising achieved record turnovers in 2016. In both cases, advertising investments have increased by an estimated 19 per cent since 2014. Sales of outdoor advertising have also developed positively over the same period.

4.1.1 The digital advertising market

The Danish advertising market positioned itself as one of the most digitalised advertising markets in the world at the beginning of the 2010s. In 2011, just over one quarter of advertising spend (26 %) was invested in digital advertising platforms, which was more than in all the other Nordic countries. This proportion has subsequently only continued to grow. According to IRM's forecasts, digital advertising accounted for 45 per cent of total advertising investments in Denmark in 2016.⁴³

43. Calculation methods that are somewhat different mean that the Danish advertising statistics worked out by IRM within the scope of this analysis (see section 1.2) are not directly comparable with the annual advertising use study conducted by the Association of Danish Media (cf. Danish Agency for Culture and Palaces, 2016a). Using IRM's method, the digital portion of the Danish advertising market amounted to 41 per cent in 2015, while the Association of Danish Media's estimate was 47 per cent. IRM's calculations are used in the following briefing unless otherwise stated.

The principle motor that lies behind the growth of the Danish digital market is search marketing, which increased by 70 per cent (DKK 1.1 billion) between 2011 and 2015. In 2015 alone, Danish investments in search marketing increased by 20 per cent. On the other hand, growth in the other dominant advertising category – banner advertising – is thought to have slowed. There was an increase in 2015 of around six per cent (to MDKK 1,728), which was a rate of growth half that of 2014. The distribution between different platforms in 2016 was not known at the time of this report's publication.

Table 4.2 Advertising investments in different advertising platforms in Denmark, 2011–2015 (MDKK, current prices)

	2011	2012	2013	2014	2015	% 11/15	% 14/15
Search marketing	1,610	1,793	2,037	2,285	2,740	+70%	+20%
Display	1,324	1,447	1,566	1,794	2,001	+51%	+12%
of which banners	1,221	1,366	1,455	1,629	1,728	+42%	+6%
of which digital video	25	39	63	102	180	+620%	+77%
Marketplaces	971	1,016	1,014	1,070	1,132	+17%	+6%
Permission marketing	226	268	287	290	250	+11%	-14%
Other	13	18	20	19	15	+15%	-21%
Total	4,144	4,542	4,924	5,458	6,138	+48%	+13%

Source: Association of Danish Media, 2016 (adapted).

The relationship between domestic and foreign advertising platforms

The development of the Danish advertising market is a good example of how digitalisation of the national advertising markets has been driven by global actors. The analyses conducted by the Association of Danish Media on behalf of the Danish Agency for Culture and Palaces indicate that growth in the digital advertising market in the period 2008 to 2015 can essentially be ascribed primarily to Google and secondly to Facebook.⁴⁴ Between 2011 and 2015, Danish investments in non-Nordic digital advertising platforms increased by DKK 1.5 billion, from DKK 1.9 billion to just under 3.5 billion (Figure 4.2). The growth in domestic advertising platforms was limited to just over MDKK 300 over the same period. This means that foreign actors have accounted for around 85 per cent of the growth in Danish digital advertising sales since 2011.

There are still no figures ready for 2016, but if the outcome in Denmark is the same as in Norway and Sweden (see below), the foreign proportion of digital advertising sales has continued to grow. Assuming this is the case, Danish advertisers' investments in foreign digital advertising platforms rose to an estimated DKK 4.2 billion in 2016, while investments in domestic advertising platforms remained largely unchanged.

In 2015, foreign-controlled digital advertising platforms accounted for 56 per cent of investments in digital advertising in Denmark and 23 per cent of the entire advertising

44. Cf. Danish Agency for Culture and Palaces, 2016a, pp. 29 ff., on which the following account is based.

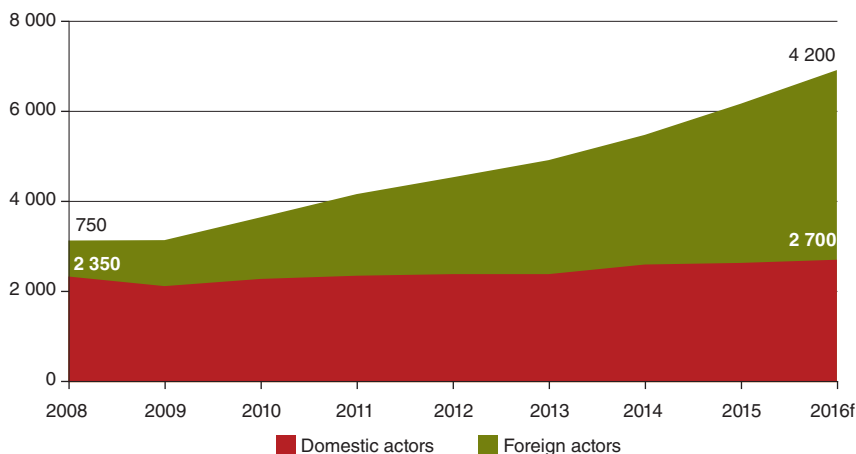


Figure 4.2 Advertising investments in digital advertising divided by domestic and foreign actors, Denmark, 2008–2016f (MDKK, current prices)

Note: Data for the years 2008 to 2015 are based on statistics from the Danish Agency for Culture and Palaces and Danske Medier Research. Data for 2016 are based on forecasts produced by IRM (cf. Table 4.2) and assume that the distribution of growth between domestic and foreign actors was the same as in Norway and Sweden (see Figures 4.8 and 4.10).

Sources: Danish Agency for Culture and Palaces, 2016a, p. 31 (original source: Danske Medier Research); IRM Institute for Advertising and Media Statistics (adapted).

market.⁴⁵ On the basis of the above forecast, these proportions increased in 2016 to an estimated 61 and 28 per cent, respectively. In terms of the foreign portion, Google alone (incl. YouTube) was responsible for 77 per cent of advertising investments in 2015 and Facebook for 18 per cent. Google's strong position in the digital advertising market is primarily a result of the sharply increasing interest in search marketing among Danish advertisers in recent years.

4.1.2 The newspaper market

The Danish newspaper industry is characterised by a structure that differs from that of its Norwegian, Finnish and Swedish counterparts. At the same time as the number of paid-for newspapers is comparatively low, the number of free newspapers is comparatively high. The Danish newspaper market is largely built up around an extensive system of free local newspapers. In 2016, the Danish newspaper market consisted of over thirty paid-for newspapers and around 200 free newspapers.

This structure is also reflected in the distribution of advertising investments. Denmark is the Nordic country (excluding Iceland) in which advertising investments in

45. The latter portion is somewhat lower than that which is stated by the Danish Agency for Culture and Palaces and Danske Medier Research (cf. Danish Agency for Culture and Palaces 2016a, p. 30). The explanation for this is the somewhat different methods used to calculate total advertising sales in the IRM statistics on which we are basing this account.

the free press is largest and advertising investments in the paid-for press is lowest. This applies in terms of both relative and absolute figures.

Advertising investments in print newspapers

Both the paid-for and freely distributed press have seen their position as advertising platforms challenged in recent years. In both cases, the shifts in the advertising market have resulted in significant reductions in advertising investments. However, this decline has been significantly larger in the paid-for section of the newspaper industry.

An important shift took place in 2009. This year was the first in which Danish advertisers invested more money in free newspapers than paid for newspapers. The gap between these two section of the market has only continued to grow since then. Advertising sales in free and paid-for newspapers amounted to DKK 1.7 billion and 1.2 billion, respectively, in 2015 (Table 4.3). Compared with 2011, these are reductions of 20 and 35 per cent, respectively (or MDKK -402 and -699).

The decline in the free press is also to be seen in the light of the fact that the number of free newspapers in Denmark has decreased. The number of free newspapers included in the official Danish circulation statistics decreased from 234 to 216 between 2012 and 2015.⁴⁶ Since 2013 there has only been one high frequency free newspaper in Denmark. This is MetroXpress, which is published on Monday to Friday throughout the entire country. There were ten in 2006.

Table 4.3 Advertising investments in print newspapers in Denmark, 2011–2015 (MDKK, current prices)

	2011	2012	2013	2014	2015	% 11/15	% 14/15
Paid-for press	1,908	1,699	1,509	1,349	1,239	-35%	-8%
Free press	2,059	1,960	1,878	1,763	1,657	-20%	-6%
Total	3,967	3,659	3,387	3,112	2,896	-27%	-7%

Source: Association of Danish Media.

A more detailed analysis of advertising sales in the paid-for press in the period 2012 to 2015 shows a relatively similar pattern in the regional/local press and that of the nationally oriented press (Table 4.4). The decline in advertising revenue was around 25 per cent in both cases.

Table 4.4 Advertising investments in paid-for print newspapers in Denmark, 2012–2015 (MDKK, current prices)

	2012	2013	2014	2015	% 12/15	% 14/15
National newspapers	1,083	957	880	810	-25%	-8%
Regional/local newspapers	532	470	425	394	-26%	-7%

Source: Association of Danish Media.

46. See Appendix 2, Table 2.21.

Statistics from the first half of 2016 indicate that the fall in print advertising sales has accelerated – and that this has taken place primarily in the regional/local section of the press. The decline in the first half of 2016 amounted here to 23 per cent, compared with 15 per cent in the national press.⁴⁷

The decline in advertising revenue for the newspaper industry in Denmark reflects the decline in the market for readers. Between 2010 and 2015, the daily reach of the national press fell by 23 per cent, of the regional newspapers by 33 per cent, for other provincial newspapers by 29 per cent and for the national tabloid press by 51 per cent.

The total reach of all paid-for newspapers fell from 59 to 42 per cent (-29 %) over the same period. The weekly reach of local free newspapers decreased from 69 to 56 per cent (-19 %). The decline has been greatest among younger generations for both the paid-for and freely distributed press.⁴⁸

Newspapers' digital revenue

The Danish advertising statistics lack comprehensive data covering newspaper companies' digital advertising sales. For the fourteen newspaper companies that are included in the Association of Danish Media's list of members however, digital advertising sales increased by a moderate three per cent (MDKK 12) between 2014 and 2015 (Table 4.5). The companies in this group were responsible in 2015 for the publication of a total of 40 newspapers, both paid-for and freely distributed.

Table 4.5 Consolidated key performance indicators for the Association of Danish Media's 14 member companies, 2011–2015 (MDKK, current prices)

	2011	2012	2013	2014	2015	% 11/15	% 14/15
Advertising revenue	4,093	3,898	3,327	3,158	3,017	-26%	-5%
of which digital	n/a	n/a	408	429	441	n/a	+3%
Audience revenue	3,889	3,678	3,442	3,351	3,249	-17%	-3%
of which digital	n/a	n/a	21	61	117	n/a	+93%
Other revenue	2,007	2,032	2,386	2,592	2,823	+41%	+9%
Total net turnover	9,989	9,607	9,155	9,101	9,089	-9%	±0%
Operating expenses	-10,372	-9,851	-9,588	-9,506	-9,357	-10%	-2%
Operating results (EBIT)	382	244	433	405	268	-30%	-34%

Note: The data concern the overall outcome for the (current) members of the Association of Danish Media. In 2015, these companies were responsible for the publication of a total of 40 titles, encompassing both paid-for and freely distributed newspapers.

Source: Association of Danish Media.

Because print advertising declined by MDKK 152 (-6 %), the newspaper companies' total advertising revenue decreased by five per cent in 2015. That same year, fifteen per cent of newspapers advertising revenue came from digital sales. This was one percentage point higher than the previous year. All in all, total advertising investments in this group fell by 26 per cent – around DKK 1 billion – between 2011 and 2015.

47. Association of Danish Media.

48. Danish Agency for Culture and Palaces, 2016b.

The decline in advertising sales has gone hand in hand with falling audience revenues for Danish newspaper companies. This decline was three per cent in 2015 (Table 4.5). Compared with 2011, the decline is 17 per cent. However, as revenue from other sources increased by 41 per cent in the same period, the companies in this group were able to maintain their revenues at around the same level as the previous year. The item “other revenue” accounted for 30 per cent of total turnover within this group in 2015.⁴⁹ Advertising revenue as a proportion of total turnover was 33 per cent – a decrease of twelve per cent since 2008.

The newspaper industry’s profit levels

In spite of falling revenues, the profit margin of the fourteen companies in the group have remained stable at between three and five per cent throughout the 2010s. In 2015, ten of the fourteen companies made a profit. This proportion has also been relatively stable over time. Danish newspaper companies have therefore been able to keep themselves in the black.

The Association of Danish Media’s statistics do not report outcomes for paid-for and freely distributed newspapers separately. According to syntheses made by the Danish Agency for Culture and Palaces, total revenues for the free newspaper segment (which includes magazines here) fell by 31 per cent between 2008 and 2011 – from DKK 4.5 billion to 3.1 billion.⁵⁰ The decline in the paid-for newspaper segment amounted to 19 per cent – from DKK 6.9 billion to 5.6 billion.

Because of differing collection and classification methods, the statistics from the Agency for Culture and Palaces are not directly comparable with those of the Association of Danish Media. Nevertheless, the Agency for Culture and Palaces’ statistics indicate that recent changes to the media market have had a more severe impact on the free newspaper/magazine segment has been worse than on the paid-for newspaper segment. This is particularly evident when looking at staffing. Between 2008 and 2014, the number of staff in the free newspaper/magazine segment decreased by 29 per cent. The decline was 12 per cent among the paid-for newspapers.

4.1.3 *The broadcast media market*

In 2016, traditional TV and radio advertising accounted for an estimated 16 per cent of the total volume of Danish advertising investments – which was about two percentage points less than five years before. The advertising-financed TV market in Denmark is dominated by TV 2 Danmark, a company that is owned by the Danish State, but primarily financed through traditional advertising and audience revenues. TV 2 Danmark is the only commercial actor in the Danish national TV market that produces its own news.

49. Exactly what is included in the “other income” item does not appear in the source, but examples could include rental income or income from publishing operations.

50. Danish Agency for Culture and Palaces, 2017, p. 11.

TV 2 Denmark – offering and market position

In 2016, TV 2 Denmark's operations encompassed a total of eight national TV channels, the news site tv2.dk, the streaming service TV 2 Play and a number of different apps. In addition, there were eight regional and partly licence fee-financed TV 2 stations that, aside from their own range of programmes, also produce regional news programmes and features for the main TV 2 channel. The regional stations are run as independent operations and receive licence fee funds directly from the state. One of the eight TV channels is the 24-hour national news channel TV 2 News.

The main channel, TV 2, is encompassed by similar public service requirements to Danmarks Radio (DR). The channel has to have a wide range of programmes, encompassing news, sport, information, art, culture and entertainment. News has to be a significant portion of what is offered and encompass at least one main prime-time news broadcast.⁵¹ In 2015, news broadcasts accounted for 20 per cent of TV 2's total offering – an increase of ten per cent since 2011.⁵² Other programme services within TV 2 Denmark are not affected by the same obligations and can be set up, run and terminated on entirely commercial grounds.

TV 2 is Denmark's largest TV channel in terms of market share. In 2015, the channels share of total TV viewing was 24 per cent. The share for TV 2 News was four per cent. The total market share of all TV 2 channels was 36 per cent, which was a little more than that of DR's channels (34 %).⁵³

The trend for both the main TV 2 channel and TV 2 Denmark's family of channels as a whole is a weak decline in market share over time. As TV viewing in Denmark has gradually decreased, total viewing hours for TV 2 Denmark's range of channels has also declined.

Nevertheless, TV 2 Denmark is the undisputed number two national news provider – both “offline” and “online” – in Denmark after DR. According to the Reuters Institute, TV 2's traditional TV broadcasts had a regular reach of 64 per cent in 2016. The share for tv2.dk's news reports was 44 per cent.⁵⁴

TV 2 Denmark – revenue and results

In 2015, TV 2 Denmark's total advertising revenue amounted to DKK 1.3 billion (Table 4.6). This was 15 per cent higher than four years previously. TV 2 Denmark's advertising sales had thus developed somewhat less favourably than TV advertising sales as a whole in the country (-12 % between 2011 and 2015). This comparison also includes TV 2 Denmark's digital advertising revenue (which is generally not reported separately, but increased by 23 % in 2015, according to the company's annual report). With a total advertising revenue of DKK 1.3 billion, TV 2 Denmark accounted for nine per cent of the total Danish advertising market in 2015. This was 1 percentage point lower than four years previously.

51. Cf. TV 2 Denmark, 2016, p. 49 f.

52. Cf. TV 2 Denmark, 2016, p. 18.

53. See Appendix 2.

54. Reuters Institute for the Study of Journalism, 2016; see Appendix 2, Table 2.16.

Table 4.6 Revenue, expenditure and operating results, TV 2 Danmark A/S, 2011–2015 (MDKK, current prices)

	2011	2012	2013	2014	2015	% 11/15	% 14/15
Advertising revenue	1,498	1,359	1,269	1,268	1,270	-15%	±0%
Audience revenue	735	1,027	1,109	1,234	1,312	+79%	+6%
Other revenue	78	69	72	68	56	-28%	-18%
Total turnover	2,311	2,455	2,450	2,570	2,638	+14%	+3%
Expenditure	-2,206	-2,276	-2,281	-2,354	-2,443	+11%	+4%
Operating results (EBIT)	+105	+179	+169	+216	+195	+86%	-10%

Source: TV 2 Danmark A/S Annual Report 2015.

As TV 2 Danmark's advertising revenue has declined, revenue from the audience market has grown rapidly – 79 per cent between 2011 and 2015. At the same time, advertising revenue as a proportion of the company's total revenue decreased from 65 to 48 per cent. This means that TV 2 Danmark as a whole has been able to increase its total revenue over the same period (from DKK 2.3 to 2.6 billion) and to maintain an operating margin of between seven and eight per cent. The initial quarterly reports from 2016 (Q1–Q3) indicate that this pattern was also repeated last year.⁵⁵

The market for advertising-financed radio news

As in the rest of the Nordic countries, Danish commercial radio has been the beneficiary of an increased interest in radio advertising in recent years. Between 2011 and 2016, investments in radio advertising in Denmark increased by around 35 per cent. Between 2015 and 2016 alone, this growth amounted to an estimated eleven per cent, which took total investments in radio advertising to a record figure of MDKK 365 (predicted value).

The terrestrial broadcast radio network has three privately owned national radio stations: Nova FM, POP FM⁵⁶ and Radio24syv. The first two are owned by Bauer Media and the other is jointly owned by Berlingske Media and the communications company Peplegroup. The three stations operate under different broadcasting licences. Radio24syv can be characterised as a purely – although privately owned – public service station, with comprehensive content requirements and financing from licence fees. The station is not permitted to broadcast advertising. Nova FM is also encompassed by some public service obligations. There are no such requirements for POP FM; the station is essentially permitted to structure its offering on purely commercial grounds. As suggested by the name, the station is focused on popular music. Both Nova FM and POP FM are financed by advertising revenue.

55. TV 2 Danmark A/S Quarterly Report 3rd quarter 2016.

56. POP FM does not have complete nationwide coverage, reaching an estimated 45 per cent of the Danish population.

All in all, this means that Nova FM is the only commercially financed national radio stations in Denmark that broadcasts more comprehensive news reports. The station's broadcasting licence obliges it to broadcast a minimum of 400 hours of news per year (i.e. around one hour per day). This is a substantial reduction on the previous licence period, 2006 to 2014, which also included a range of other content-related obligations of a public service nature.⁵⁷ However, Nova does not have its own newsroom and bases its news reports on bought-in material from agencies.

Danish radio listenership has remained relatively stable over time. The average listening time has varied over the course of the 2010s (2010–2015) around 120 minutes per person per day.⁵⁸ This means that the Danes are the Nordic population that listens most to the radio after the Finns. As with the other Nordic radio markets, radio listenership in Denmark is characterised by large and growing age differences.⁵⁹

The Danish radio market is dominated to a very great extent by DR, which, despite a weakly falling market share in recent years, was responsible for around three quarters of Danish radio listening. Radio Nova, which is the largest commercial radio station, had a market share of a moderate four per cent in 2015. Licence fee-financed Radio-24syv has a market share of two per cent.⁶⁰

In addition to national radio, the Danish FM network also encompasses around 280 local broadcast frequencies, the majority of which are classified as commercial. All local broadcast licences run out at the end of 2017. No specific requirements are placed on stations' content in the new licence period.⁶¹ As a result of a decision made by the Danish Parliament, the Danish FM band is being turned off at the end of 2019 and replaced with a digital terrestrial network – provided that digital listenership is in excess of 50 per cent of total radio listenership.

As mentioned previously, the market potential of Danish commercial radio has increased as investments in radio advertising have increased. There are not comprehensive statistics of the Danish radio industry's economic development. With regard to Bauer Media, which is the dominant actor in the advertising radio market, changes in the group's structure make it more difficult to assess its development over time. Ahead of 2016, the German-owned company choose to group all its Danish radio operations into one company – Bauer Media ApS – which does not report the outcome for individual stations separately. The annual accounts for 2016 showed a gross turnover of MDKK 72 and an operating result (EBIT) of MDKK 33.⁶² Bauer Media ApS thus appears to be a profitable media company.

57. The previous licence period, which pertained to what was then the station P5, encompassed requirements including 1000 hours of news per year.

58. TNS-Gallup Radio-Meter; cf. Danish Agency for Culture and Palaces, 2016c, p. 9.

59. TNS-Gallup Radio-Meter; cf. Danish Agency for Culture and Palaces, 2016c, p. 11.

60. TNS-Gallup Radio-Meter; cf. Danish Agency for Culture and Palaces, 2016c, p. 16.

61. Danish Agency for Culture and Palaces/www.slks.dk.

62. Bauer Media ApS, annual report 2016. Gross turnover denotes the net turnover and other operating revenue with deductions for production costs and other external overheads. Neither net turnover nor other operating revenue are reported separately by the company.

4.1.4 Independent news sites

The Danish online market for news is dominated to a very large extent by the traditional media companies' online services. At the beginning of 2017, the first entirely independent news site was in eighth place in Danske Medier Online's list of the most visited Danish online news providers (which does not include JP/Politikens three large newspapers Jyllands-Posten, Politiken and Ekstra Bladet⁶³). The site in question is Avisen.dk, 51 per cent of which is owned by Danish Confederation of Trade Unions (through the company A-pressen) and 49 per cent by Freeway ApS, which owns a wide range of online services and portals. The newspaper, which is free for readers, has a particular focus on news about working life and labour market issues.

Other large independent news sites in the Danish online market at the beginning of 2017 were Jubii (eleventh place), Newsbreak.dk (thirteenth place) and Altinget.dk (seventeenth place). However, the site mentioned last is the largest in terms of both revenue and staff costs (see Table 4.7).

Table 4.7 Key performance indicators for some large independent news sites in Denmark, 2013–2015 (MDKK, current prices)

ApS Altinget.dk	2013/14	2014/15	2015/16
Gross turnover ¹	16	24	31
Staff costs	-14	-21	-28
Net result (EBIT)	1	1	2
Number of employees	20	30	39
Jubii A/S	2013	2014	2015
Net turnover	34	37	38
Staff costs	-9	-10	-11
Net result (EBIT)	7	7	3
Number of employees	14	15	18
Avisen.dk ApS	2013	2014	2015
Gross turnover ¹	-1	4	3
Staff costs	-9	-12	-12
Net result (EBIT)	-10	-8	-8
Number of employees	n/a	n/a	n/a
Newsbreak.dk ApS	2013/14	2014/15	2015/16
Gross turnover ¹	-	1	2
Staff costs	-	-1	-2
Net result (EBIT)	-	0	0
Number of employees	-	n/a	n/a

Note: ¹Gross turnover denotes the net turnover and other operating revenue with deductions for production costs and other external overheads.

Source: Annual reports.

63. At the end of 2016, PP/Politikens Hus chose to exclude itself from the official reach measurements conducted by Danske Media Research together with Kantar Gallup (Dansk Online Index). Reuters Institute's study covering the most popular Danish news sites placed JP/Politikens three newspapers ahead of avisen.dk (see Appendix 2, Table 2.16).

Altinget.dk content leans towards Danish politics. The site is divided into a range of portals the majority of which are subscription-based. However, it is Jubii (owned by the newspaper group Nordjyske Medier) that has the highest operating surplus, while Avisen.dk reports the largest deficit. Jubii, which began as Denmark's first search engine, is now a site for entertainment-focused news, with an emphasis on moving images. Altinget.dk, Avisen.dk and Newsbreak.dk – but not Jubii.dk – are currently recipients of the state editorial production subsidy.

With regard to the existence of independent news sites at the local level, the situation in Denmark is more difficult to assess. In our review of the evidence concerning the structure of the media market in the Nordic countries, we have not found any overview or survey of the incidence of this type of actor in Denmark. By all accounts, however, this is, at least so far, an insignificant phenomenon. Of the total of 65 media that are currently (2017) receiving the Danish production subsidy for editorial production, none can be characterised as an independent news site with a local focus.

4.1.5 Conclusions

The Danish media market has often been depicted as perhaps the most digitally advanced market, not just in the Nordic countries, but also in the world. This also applies to the advertising market. In 2014, Denmark was at the very top in terms of both consumption of digital news and digital advertising sales (in relation to traditional).⁶⁴ However, the latest statistics indicate that the other Nordic countries – or at least the other Scandinavian countries – have eaten into this lead. According to the Reuters Institute, consumption of news via mobile phones was higher in both Norway and Sweden in 2016 and the IRM statistics covering the development of the advertising market indicate that Sweden is now at the same level as Denmark in terms of the proportion of the advertising market accounted for by digital.

Denmark's historically strong position as a "digital advertising market" is explained not just by increased investments in digital advertising platforms, but also by a relatively early start point for the decline in traditional advertising platforms – especially print media. Between 2008 and 2011, advertising revenues in the Danish print press fell by 25 per cent, which was about twice as much as the average for Finland, Sweden and Norway. Throughout the entire 2010s, Denmark has been the Nordic country with the lowest per capita investments in print newspaper advertising. Although there are no entirely comparable figures in this area, most evidence indicates that Danish paid-for newspapers receive a significantly lower proportion of their revenue from advertising than their Nordic counterparts.

At the same time, Danish newspaper companies have been successful in terms of creating other sources of revenue. In 2015, the Association of Danish Media's 14 member newspapers obtained 30 per cent of their turnover from "other revenue" –

64. Cf. Reuters Institute for the Study of Journalism, 2014 and IRM, 2015.

an increase of 41 per cent since 2011 and nine per cent on the figure for 2014. This is an important explanation of why the Danish newspaper companies have been able to maintain their profits during a period characterised by falling audience and advertising revenues.

It is, however, uncertain whether these patterns persist in the future. The advertising statistics for the first half of 2016 indicate that the decline in print advertising is accelerating. This increases the pressure on the Danish newspaper companies to compensate for this decline through digital revenue. This is no easy task – the paid-for newspapers in the Association of Danish Media's statistics received only ten per cent of their newspaper revenues from digital sales. If the latest trends in Sweden and Norway (see below) also make themselves felt in Denmark, there has also been a substantial brake put on digital advertising sales for newspaper companies in 2016 as well. On top of this is the fact that statistics comparing different countries from the Reuters Institute indicate that Danish news consumers are less inclined to pay for digital news content than those in Norway and Sweden.

There is much to indicate that companies in the free newspaper market, which is so prominent in Denmark, have been affected by the increasing competition in the advertising market to about the same extent as the paid-for newspaper industry. At the same time, the free press has no audience market to help compensate for falling advertising revenues. The falling reach of freely distributed newspapers challenges their position as an attractive advertising platform for the country's advertisers. Unfortunately there are no comprehensive statistics covering the Danish free newspaper market, which is why it has not been possible to say anything definitive about the economic development of this segment in this analysis.

In spite of increasing competition in the media market, state-owned TV 2 Denmark was the most popular advertising financed domestic news medium among the Danish media audience in 2016 – both offline and online.⁶⁵ Thanks to a rapid growth in audience revenues, TV 2 Denmark has not only been able to increase its turnover since 2011, but has also kept its profits at a relatively stable level. TV 2 Denmark thus stands out as the domestic news company that is perhaps best equipped to tackle the challenges of the years to come in both the audience market and the advertising market. In this context, it is worth stressing that commercial news journalism in Denmark also continues to rely heavily on the traditional news media (and their digital channels). Sites focused solely on news that do not have roots in a traditional mass medium still play a relatively limited role in the Danish news market as a whole.

65. Reuters Institute for the Study of Journalism, 2016; see also Appendix 2, Table 2.16.

4.2 Finland

As has already been touched on, the Finnish advertising market differs from those of the Scandinavian countries in two important ways. The first is that it is significantly smaller. Per capita investments in advertising are appreciably lower than in Denmark, Norway and Sweden. Secondly, it is based to a greater extent on print advertising channels. Advertising on digital platforms is significantly more limited in Finland than is the case in Scandinavia. This is true in both relative and absolute terms.

Since the financial crisis, the Finnish advertising market has also been characterised by weaker growth than has been the case in the Scandinavian countries. Between 2008 and 2016, Finnish advertising investments fell by an estimated 18 per cent – or 28 per cent if inflation is also taken into account. If the time perspective is limited to 2011–2016, this decline is 14 or 20 per cent, respectively (Figure 4.3).

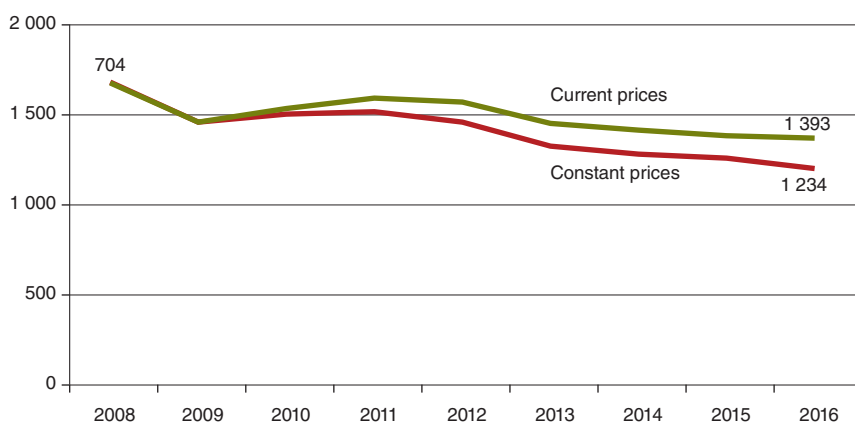


Figure 4.3 Advertising investments in Finland, 2008–2016 (MEUR, current and constant prices)

Note: Data concerning Finnish advertising sales covering 2008 to 2016 are based on calculations performed by IRM (see Appendix 1).

Sources: IRM Institute for Advertising and Media Statistics (original source Kantar TNS); Statistics Finland (adapted).

Having said that, the Finnish advertising statistics for 2016 gave some indications of improvement. The decline on the previous year was limited to one per cent. This was the smallest one-year decline since 2011.

The explanation for this weakly positive trend can be traced mainly to the decline in paid-for print newspapers eased off somewhat at the same time as the growth in online advertising increased. Advertising sales in the print newspaper industry (incl. free newspapers) declined by six per cent in 2016. Since 2011, Finnish advertising investments in print newspapers have decreased by 32 per cent (MEUR 180). This decline is a similar percentage to that in Denmark, but substantially lower than in both Sweden and Norway.

Table 4.8 Advertising investments in different advertising platforms in Finland, 2011–2016 (MEUR, current prices)

	2011	2012	2013	2014	2015	2016	% 11/16	% 15/16
Internet ¹	219	241	266	297	317	357	+63%	+13%
TV	283	280	275	265	256	253	-11%	-1%
Direct mail ¹	212	219	209	207	201	191	-10%	-5%
Magazines (incl. supplements)	157	135	112	95	82	75	-52%	-9%
Radio	57	55	52	58	59	61	+7%	+3%
Outdoor advertising	44	43	42	44	48	50	+12%	+3%
Catalogues ¹	59	48	34	23	17	15	-75%	-14%
Cinema	3	2	3	3	5	5	+88%	+13%
Total	1,614	1,598	1,477	1,439	1,404	1,393	-14%	-1%

¹ Investments in online catalogues (included in the category Internet), direct mail and catalogues are not reported in the Finnish advertising statistics from Kantar TNS. The size of these categories has therefore been estimated by IRM.

Source: IRM Institute for Advertising and Media Statistics (original source: Kantar TNS) (adapted).

Unlike in the Scandinavian countries, the print newspaper industry is still the largest advertising category in Finland in terms of turnover. In 2016, three tenths of Finnish advertising spend was invested in print newspaper advertising. In principle, this proportion was twice as high as the corresponding proportions in Scandinavia.

The comparatively strong position as an advertising platform of the newspaper industry in Finland is reflected primarily in a relatively less extensive market for online advertising. With regard to growth, however, 2016 was a very strong year for digital advertising sales. This growth of an estimated MEUR 40 (+13 %) was the highest ever for a single year in Finland. This resulted in a total turnover of around MEUR 357, which is 26 per cent of the total Finnish advertising market.

In terms of broadcast media, 2016 ended with a smaller decline for TV (-1 %) and a somewhat larger upturn for radio (+3 %). In terms of radio, this is the highest turnover ever for a single year, at the same time as TV again declined. Since 2011, investments in TV advertising have decreased by eleven per cent in Finland.

Cinema advertising also displayed strong growth in 2016 (+13 %). This meant that the cinema medium also reported its highest ever revenue in the Finnish advertising market. The same applied to outdoor advertising.

4.2.1 The digital advertising market

Finnish digital advertising investments are now advancing on a broad front. As indicated in Table 4.9, all digital advertising categories increase between 2015 and 2016.

Search marketing (which in practice can be equated to Google) accounts for the largest single portion of the digital advertising market in Finland. However, growth in this specific segment was significantly lower than the average for the digital advertising market as a whole.

Table 4.9 Advertising investments in different digital advertising platforms in Finland, 2015–2016 (MEUR, current prices)

	2015	2016	% 15/16
Search marketing	96	100	+5%
Display	87	97	+12%
Facebook	32	41	+30%
Classifieds	33	36	+7%
Online catalogues ¹	29	33	+13%
Mobile	18	24	+30%
Video	15	18	+17%
YouTube	7	8	+18%
Total	317	357	+13%

¹ Investments in online catalogues have been estimated by IRM.

Sources: IAB Finland (Kantar TNS); IRM Institute for Advertising and Media Statistics (adapted).

Instead, Facebook and mobile advertising were responsible for the largest percentage growth. Compared with 2015, the growth in both cases was 30 per cent. Digital video advertising (categorised here as “Video” and “YouTube”) also grew more than the average.

The relationship between domestic and foreign advertising platforms

Compared with the Scandinavian countries, the Finnish advertising statistics indicate that foreign digital advertising platforms have a somewhat lower market position in relation to advertising investments as a whole. In 2016, total sales for Google (including YouTube) and Facebook in Finland amounted to an estimated MEUR 150, which was just over ten per cent more than the previous year. According to the estimates produced by IAB Finland – which we use as a basis – it was mainly Facebook that grew rapidly in 2016, with search marketing (i.e. Google) reporting weaker growth.

The latter result deviates substantially from those of the Scandinavian countries, where search marketing increased sharply in 2016 in all three. Unfortunately, an external assessment has no way of judging whether the outcome in Finland is the result of a different market structure or of differing measurement techniques underestimating Google’s market share in Finland (or overestimating that in Scandinavia). As has already been mentioned, it is estimates that have been used in all four countries.

Subject to this proviso, Google/YouTube and Facebook accounted for 42 per cent of total digital advertising investments in Finland in 2016 (Figure 4.4). In terms of the total advertising market, these companies’ market share amounted to eleven per cent. The outcome in both cases was very similar in 2016 to that of 2015.

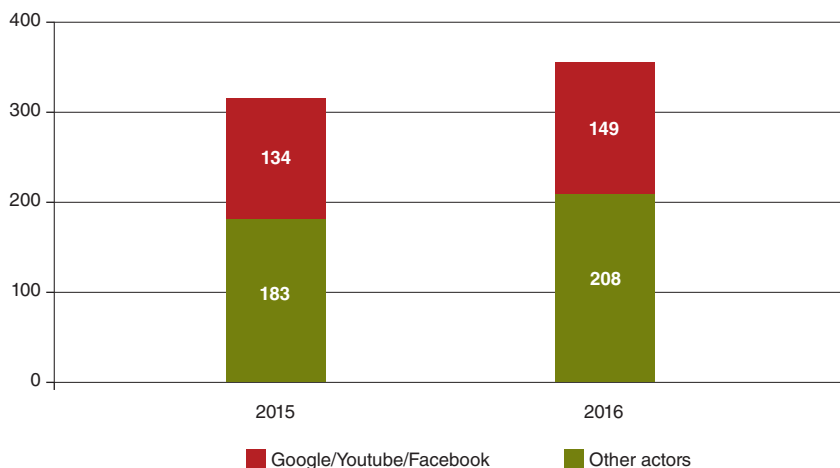


Figure 4.4 Advertising investments in digital advertising divided by Google/YouTube/Facebook and other actors, Finland, 2015–2016 (MEUR, current prices)

Note: Finnish sales for Google, YouTube and Facebook have been estimated by IAB Finland. The size of the total digital advertising market has been estimated by IRM.

Sources: IAB Finland (Kantar TNS); IRM Institute for Advertising and Media Statistics (adapted).

Unlike the advertising statistics covering the Scandinavian countries, the advertising statistics for Finland also encompass estimates for the digital advertising sales for traditional media. In 2016, total digital advertising investments in newspapers, TV, radio, business media and magazines amounted to a total of MEUR 107 (Table 4.10). This equated to an estimated 30 per cent of the total Finnish online advertising market that year.

Table 4.10 Advertising investments in traditional media’s online platforms in Finland, 2013–2016 (MEUR, current prices)

	2013	2014	2015	2016	% 13/16	% 15/16
Newspapers	38	48	51	65	+70%	+26%
TV and radio	19	21	26	26	+36%	+1%
Magazines	5	8	9	10	+104%	+13%
Business media	10	11	9	6	-32%	-24%
Total	72	87	94	107	+49%	+13%

Source: IAB Finland (adapted).

The majority of these investments can be attributed to the newspapers. Advertising investments in Finnish newspapers’ digital platforms increase in 2016 by 26 per cent, which was significantly higher than the growth in digital advertising sales as a whole. Newspapers accounted for an estimated 18 per cent of digital advertising sales in Finland in 2016. Three years previously, this proportion was 14 per cent. For TV

and radio, which account for the next highest proportion, the outcome for 2016 was instead more or less unchanged on the year before. This means that the broadcast media companies' share of digital advertising sales decreased from eight to seven per cent between 2015 and 2016.

4.2.2 *The newspaper market*

It is justifiable to describe Finland as having the highest newspaper readership figures in the Nordic countries⁶⁶ – a fact that has made the print newspaper a comparatively popular advertising medium among the country's advertisers. In 2015, the Finnish newspaper market contained about 180 paid-for newspapers and a little over 50 free newspapers.⁶⁷

Newspaper companies' revenue

However, in spite of a relatively strong position in both the audience and advertising markets, the Finnish newspaper industry has seen its revenues fall over time. In 2011, the combined paid-for newspaper industry in Finland reported a total turnover (audience and advertising revenue) of EUR 1.1 billion (Table 4.11).⁶⁸ Four years later, this turnover had fallen by MEUR 166 – or fifteen per cent – to MEUR 963. The synthesis in the table was produced by the trade organisation the Finnish Newspapers Association.

The synthesis pertains to the newspaper market as a whole and therefore does not take into account changes in the number of individual titles. Over the course of the period in question, the number of high frequency (4–7/week) newspapers in Finland decreased from 48 to 43, while the number of low frequency (1–3/week) newspapers decreased from 140 to 137.⁶⁹

On the basis of the outcome in Table 4.11, however, it is clear that it is primarily the high frequency newspapers that have had a problem maintaining their revenues. Between 2011 and 2015, there was a decline of 17 per cent (MEUR 171). This decline has gone hand in hand with a reduced reach for the print newspaper in the audience market. Between 2011 and 2015, the average reach of Finland's ten most subscribed to print newspapers decreased by 25 per cent.⁷⁰

On the other hand, revenues remained more or less the same among the low frequency press. The total turnover of the industry has remained relatively stable at around MEUR 130 over the course of the period 2011 to 2015. In spite of the significant

66. Cf. Reuters Institute for the Study of Journalism, 2016.

67. Statistics Finland (original sources: Media Audit Finland; Finnish Newspapers Association).

68. The annual statistics covering the Finnish newspaper industry's economic development that are produced by Statistics Finland, on which this account is based, do not report newspapers' revenue from other areas ("other revenue").

69. See Appendix 2, Table 2.31.

70. See Appendix 2, Table 2.32.

excess in terms of number of titles, low frequency newspapers in Finland accounted for only around one seventh of the paid-for press' total revenue in 2015. This outcome reveals that this is a market segment consisting primarily of small newspapers with a limited turnover.

Table 4.11 Consolidated operating revenues for the Finnish newspaper industry, 2011–2015 (MEUR, current prices)

	2011	2012	2013	2014	2015	% 11/15	% 14/15
Paid-for newspapers (total)							
Operating revenue ¹	1129	1132	1043	1004	963	-15%	-4%
of which advertising revenue	585	567	491	461	445	-24%	-3%
of which audience revenue	544	565	552	543	518	-5%	-5%
Paid-for newspapers (4–7/week)							
Operating revenue ¹	1,001	996	911	874	831	-17%	-5%
of which advertising revenue	521	498	428	393	374	-28%	-5%
of which audience revenue	480	498	483	481	457	-5%	-5%
Paid-for newspapers (1–3/week)							
Operating revenue ¹	128	136	132	130	132	+3%	+2%
of which advertising revenue	64	69	63	68	71	+12%	+5%
of which audience revenue	64	67	69	62	61	-4%	-3%
Free newspapers							
Advertising revenue	83	76	73	73	73	-12%	±0%

Note: ¹ Operating revenue denotes only revenue from the advertising and audience markets. Revenue from other sources is absent from the data.

Source: Statistics Finland (original source: Finnish Newspapers Association) (adapted).

The industry statistics from the Finnish Newspapers Association say nothing about either newspaper companies' revenues from other sources or their overall expenditure. However, statistics compiled by the University of Turku indicate that the average profit margin of Finnish newspapers has decreased over time, from +11 per cent in 2010 to +5 per cent five years later. This decline has been more marked among high frequency newspapers than among those that are low frequency. Between 2010 and 2015, the average profit margin of this group fell from +14 to +4 per cent. For the less frequent newspapers, the decline was from +8 to +6 per cent. The outcome for 2015 was the worst thus far in the 2000s for the Finnish newspaper industry.⁷¹

The newspaper companies' advertising revenues

The chief explanation for the loss of revenue in recent years within the high frequency press is decline in advertising sales. Between 2011 and 2015, advertising revenues – from print and digital – in this group fell by 28 per cent to MEUR 374. On the other

71. The statistics have been compiled by Mikko Grönlund (2016) at the University of Turku and are based on data taken from the business database Orbis. The data encompass the majority of Finland's newspapers.

hand, there was an increase for the low frequency press, from MEUR 64 to 71 – or +12 per cent. However, what both groups shared was that their audience revenues both declines; the decline here amounting to -5 and -4 per cent respectively.

In terms of the high frequency press, this meant that the proportion of total revenue from newspaper operations made up of advertising sales decreased from 52 to 45 per cent between 2011 and 2015. There was instead an increase for the low frequency press, from 50 to 54 per cent. Accordingly, this meant that the low frequency press' proportion of total advertising revenues in the paid-for newspaper industry in Finland increased from 11 to 15 per cent.

The free press in Finland also saw its advertising sales decline in the period 2011 to 2015. Over the course of this period, Finnish free newspapers' revenues fell by 12 per cent, from MEUR 83 to 73 (Table 4.11). However, this decline took place entirely between 2011 and 2013. Accordingly, the Finnish free press was able to maintain its advertising revenues in both 2014 and 2015. However, the statistics are affected by the fact that the number of free newspapers has changed over time. The number of free newspapers in Finland decreased from 59 to 53 between 2011 and 2013. However, this number rose in 2015 to 56, which can be presumed to have contributed to maintaining advertising sales within the free newspaper industry that year.⁷²

The combined revenue figures for the Finnish newspaper industry in 2016 were not known as the time of this report's publication. But as indicated by what appears above, (see Table 4.8), the decline in print newspaper advertising slowed further in 2016. The decline of six per cent was substantially lower than in the Scandinavian countries. Among the paid-for press, the decline was limited to four per cent, while it was somewhat larger among the free press (-6 %). As mentioned previously, this decline among the free press followed a couple of years of stability in the advertising market.

The newspaper companies' digital revenue

In parallel with falling investments in print newspapers, Finnish newspaper companies' digital advertising sales increased. As stated in Table 4.10, investments in the Finnish press' digital platforms amounted to around MEUR 65 in 2016. This was 25 per cent more than the year before and 70 per cent higher than in 2013. It is estimated that the growth in digital of around MEUR 13 in 2016 compensated for more than half of the decline in print advertising among Finnish newspaper companies (cf. Table 4.8).

This means that the total fall in advertising last year was limited to an estimated two per cent across the industry as a whole and that digital advertising accounted for around 15 per cent of newspaper companies' total advertising sales in 2016. Because the data available varied between print and digital advertising, both of these results are to be interpreted with caution and seen more as an indication than as the actual state of affairs. They do of course tell us nothing about the situation of individual titles.

72. See Appendix 2, Table 2.31.

According to the Finnish Newspapers Association, Finnish paid-for newspapers received 91 per cent of their total advertising and audience revenues from paper production in 2015 and nine per cent from digital sales. Four years previously, these figures were 96 and four per cent, respectively.⁷³ These figures indicate that the Finnish newspaper industry has been, at least up to and including 2015, better at creating digital advertising revenue than digital audience revenue.

4.2.3 *The broadcast media market*

Finnish media consumers of today are characterised not just by widespread newspaper readership, they also watch a lot of TV – at least in comparison with the situation in the other Nordic countries. For many years, Finns have been the Nordic population that watches most traditional broadcast TV. The average viewing time for traditional TV in Finland was relatively stable at around three hours (180 minutes) per day over the course of the period 2010 to 2015. The decline in the TV viewing noted in the Scandinavian countries in the 2010s (an average of -9 % between 2010 and 2015) has so far not been seen in Finland. One contributory factor in explaining television's relatively strong position may be that the range of channels in the Finnish TV market has grown. Between 2011 and 2015, the average number of channels available to Finnish households increased from 14 to 19.⁷⁴

In spite of TV viewing figures that remain high and a wider range of channels, the Finnish TV market as a whole has seen its advertising revenues decline. As mentioned previously, Finnish investments in TV advertising have been decreasing slowly since 2011. This means that competition for advertising investments has become tougher in the Finnish commercial TV market. According to IAB Finland, the Finnish TV and radio industry sold digital advertising with a value of around MEUR 26 in 2016 (Table 4.10 above). The equates to about ten per cent of total revenues from traditional TV and radio advertising for Finnish broadcasting companies.

MTV3 – offering and market position

The increased competition in the Finnish TV market has had a major impact on the country's largest commercial television company, MTV Media. Throughout the 2000s, the company has seen its market share of Finnish TV viewing fall, from 37 per cent in 2005, to 30 per cent in 2011 and 24 per cent in 2016. Its share of viewing time was equivalent to just over 40 per cent of the total for commercial broadcast TV in Finland in 2016.⁷⁵

The majority of the decline for MTV Media is accounted for by its main channel MTV3, the market share of which has decreased from 33 per cent in 2005 to 16 per

73. Finnish Newspapers Association.

74. Statistics Finland (Finnpanel Oy).

75. See Appendix 2, Table 2.34.

cent in 2016. In terms of total daily reach, the decline is from 62 to 45 per cent. As of 2011, MTV3 is no longer the largest single TV channel in Finland. This position is now held by the public service channel YLE 1, which increased its market share from 23 to 28 per cent between 2011 and 2016. YLE has been financed by a special public service tax since 2013. However, MTV3 continues to be the single Nordic commercial TV channel that has the highest daily reach. The channel, which began as long ago as 1957, is one of Europe's oldest commercial TV channels.⁷⁶

MTV Media has been a wholly owned subsidiary of the Swedish Bonnier group. The company is part of the business area Bonnier Broadcasting (along with others including Swedish TV4 and C More). In addition to MTV3, MTV has eight channels with the right to broadcast on the Finnish terrestrial network and the online service mtv.fi.

MTV3 is the only Finnish commercial TV channels that has regular news broadcasts. The channel's current broadcasting licence stipulates that the channel has to offer daily news, current affairs and entertainment programmes – a situation that gives MTV3 the character of a commercial public service channel.

In 2016, MTV3's news broadcasts were the next most widely used traditional news service in Finland after YLE. Online, mtv.fi was in fifth place in the list of Finland's most popular news sites.⁷⁷

However, the company has not produced its news in-house since 2015. In conjunction with a restructuring of the MTV group, MTV3's newsroom was moved to the production company Mediahub (which is also a subsidiary of Bonnier). This reorganisation was conducted as part of an extensive programme of savings. Since 2011, the number of staff employed in editorial operations has been cut almost in half, from 150 to around 80.⁷⁸

MTV3 – revenue and results

The cutbacks within news operations at MTV3 is one expression of the financial problems that have marked MTV Media's operations over the course of the 2010s. However, changes in the structure of the Bonnier group prevent more precise descriptions of the development over time. According to a preliminary report from Bonnier Broadcasting, MTV Media reported an operating loss (EBITDA) in 2016 of MSEK 55 (c. MEUR 6) on the basis of a turnover of SEK 1.1 billion (c. MEUR 203).

Ahead of the forthcoming licence period (5 May 2017–10 Jan 2027), MTV3 has chosen not to renew its public service licence and instead to broadcast on a similar licence to its commercial competitors. The reason for this decision is that the commercial public service licence is no longer associated with an obligation for TV distributors to carry the channel (known as a *must carry*).⁷⁹ There are therefore no obligations in the new broadcast licence for MTV3 in terms of news broadcasts.

76. See Appendix 2, Table 2.33.

77. Reuters Institute for the Study of Journalism, 2016; see also Appendix 2, Table 2.16.

78. Interview, MTV3, 19 Dec 2016; see also YLE, 11 June 2015.

79. Interview, MTV3, 19 Dec 2016.

The market for advertising-financed radio news

As already established, the Finnish radio advertising market developed in the opposite direction to that of TV. Twenty sixteen was a record year for investments in radio advertising in Finland. This growth has taken place in spite of a weak decline in total radio listening in Finland. With a market share of four per cent, Finland is the Nordic country in which radio advertising has, in relative terms, the strongest position in the total national advertising market. Finns are also – more or less logically – the Nordic population that listens most to the radio.⁸⁰

The current broadcast licences for the Finnish commercial radio stations generally contain no requirements with respect to news content produced in house. In the majority of cases, news broadcasts are a very limited element of the station's offering. The exception is Radio Nova, which was introduced as a competitor for the public service broadcaster YLE and is the only nationwide commercial radio station in Finland.⁸¹ Radio Nove, which has been owned since 2015 by the German Bauer Media Group, is obliged by its licence to broadcast at least one hour of news and current affairs content per day. In that sense, the station's licence is reminiscent of that of MTV3.

When Radio Nova was part of the Bonnier groups, its news broadcasts were produced by the same editorial staff as MTV3's. In conjunction with the establishment of the production company Mediahub in 2015, news material is bought from there instead. Consequently, Radio Nova no longer has its own newsroom.

As with its former Bonnier stable mate, MTV3, Radio Nova has suffered from a gradual reduction in market share over time – from eleven per cent of total Finnish radio listening in 2009 to seven per cent in 2015. This means that the station has been surpassed as the largest commercial station in the marketplace by Radio Suomipop, which is owned by Sanoma. However, similarly to the situation in the other Nordic countries, the Finnish radio market is dominated by the domestic public service broadcaster (YLE).

4.2.4 Independent news sites

The Finnish media market encompasses two large national news sites that do not have roots in a traditional form of media. In both case, however, these were once print newspapers that can now only be read digitally. The first is the business newspaper *Taloussanomat*, the print edition of which was discontinued in 2007. The second is *Uusi Suomi*, which can be characterised as a site focusing on more general news. The print newspaper of the same name was established as long ago as 1847 (at that time called *Suometar*) and was closed down in 1991. In 2007, the rights to the name were purchased by the Finnish company *Nikotiimi*, which re-established the newspaper

80. See Appendix 2, Table 2.35.

81. Information provided by Marko Ala-Fossi, media researcher at the University of Tampere.

as a purely digital publication. In the Reuters Institute's list of the most visited news sites in Finland in 2016, Taloussanommat and Uusi Suomi were in seventh and ninth place, with a respective reach of 21 and eleven per cent.⁸²

Taloussanommat is part of the Sanoma group, while Uusi Suomi has been owned for the past year by Alma Media. Both these sites are financed by advertising revenue. Revenues or results are not reported separately in either case, which is why it has not been possible for us to analyse the economic development of these sites.

In terms of the local level, there are currently no comprehensive data about the incidence of independent local news sites in the Finnish media market. However, our overall impression is that, at least until now, this is a relatively limited market segment.⁸³

4.2.5 Conclusions

Over the course of the 2010s, Finnish media companies have been forced to deal with not just new and tougher competition resulting from the digitalisation of the media landscape, but also with an unfavourable economic cycle in Finnish society as a whole. The altered market conditions, within and outside of the media industry, have hit all sectors of the media market that are devoted to advertising-financed news provision hard. In the TV market, the MTV group has been operating at a loss for a prolonged period – resulting in extensive savings in its news-related operations – and revenues from both audience and advertisers are falling in the newspaper market.

At the same time, Finland is the Nordic country in which the digital transformation has been moving at the slowest pace. Finnish investments in digital advertising still amount to under 30 per cent of the total advertising market, while this share has already surpassed 40 per cent in the Scandinavian countries.

This is thought to have been both good and bad for Finnish media companies. On the one hand, it means that a comparatively large proportion of Finnish advertising investments are still invested in traditional news media – particularly print newspapers. On the other, it means that Finnish media companies have performed worse than their Scandinavian counterparts in terms of capitalising on the increasing news consumption taking place online. A study by the Reuters Institute in the UK indicates that regular news consumption online is just as widespread in Finland as in Sweden and more so than in Norway and Denmark. In 2016, 89 per cent of Finns stated that they read online news at least once per week. The equivalent proportion for news via print publications was only 47 per cent.⁸⁴ At the same time, the Finnish newspaper industry only received around 15 per cent of its advertising revenue from digital sales in 2015. This is only half the equivalent proportion in Norway, which is the Nordic country whose newspaper market is most similar to that in Finland. According to the

82. Reuters Institute for the Study of Journalism, 2016; see Appendix 2, Table 2.16.

83. Information from Carl-Gustav Lindén, media researcher, University of Helsinki.

84. Reuters Institute for the Study of Journalism, 2016; see Appendix 2, Table 2.13.

same Reuters study, 15 per cent of Finnish respondents stated that they paid for news online in 2016. The Finnish proportion is also only half that of the figure in Norway in this respect.

An alternative explanation for the relatively weak development of the Finnish news media's digital position is of course that Finnish advertisers have been less inclined than their Scandinavian counterparts to pay attention to and take advantage of the significant media consumption now taking place online. Finnish advertising investments still revolve to a large extent around traditional print platforms. In 2016, these accounted for 40 per cent of all advertising investments in the country – compared with just over 20 per cent in Sweden, Norway and Denmark.

The relatively low degree of digitalisation in the Finnish advertising market is also expressed in the fact that the global digital advertising platforms have a relatively weak position in Finland. Google and Facebook accounted for an estimated eleven per cent of total advertising sales in the country in 2016, which was substantially lower than in the Scandinavian countries. This means that a relatively large share of total advertising investments remain in Finland (and with Finnish media companies) than is the case in Denmark, Norway and Sweden.

Understandably, there is also an alternative reasoning that can be put forward in this respect: A contributory explanation for why the Finnish advertising market has lagged behind its Scandinavian counterparts could very well be that the Finnish market has (so far) not been processed in the same systematic way by Google and Facebook. Both these American companies apparently have a comparatively limited presence in Finland, compared with Scandinavia.

4.3 Iceland

Iceland is the Nordic country that has been affected most perceptibly by the after effects of the financial crisis. The country's GNP fell by around 10 per cent between 2008 and 2010. The economy has subsequently recovered and surpassed its pre-crisis level for the first time in 2015. This means that the Icelandic economy was around three per cent larger in 2015 than in 2008.

The collapse of the economy in 2008 has been described as devastating for traditional news media in Iceland.⁸⁵ The large media companies' revenues almost halved in the space of just a couple of years – primarily a result of investments in advertising decreasing dramatically.

Limitations in the data

The opportunities to analyse the consequences of digitalisation for the advertising-financed news media differ in several important respects from those in the other

85. Guðmundsson, 2016, p. 41.

Nordic countries. In Iceland, there is a lack of overall statistics covering structural and economic development for both the media and advertising markets. In this respect, the companies in the Icelandic media market have been significantly less inclined to agree to common industry key performance indicators than their Nordic counterparts. The most important reason behind this is – at least from an external perspective – that the Icelandic market is substantially smaller and has significantly fewer actors. One basic prerequisite for industry-wide initiatives with the aim of drawing up consistent industry statistics, is that it is not to be possible to distinguish the outcome for individual actors. This basic prerequisite is challenged in a small market such as that in Iceland, which is largely dominated by three competing companies.

As of financial year 2014, however, the Icelandic Media Commission is now producing a summary of advertising investments distributed by the country's five largest media agencies. This survey is thus reminiscent of the media barometers that are conducted internally by the media agency industries in the Scandinavian countries. The Media Commission falls under the Ministry of Education, Science and Culture and is responsible for supervising the Icelandic media market (in accordance with the country's media legislation).

For financial year 2015, the Media Commission also attempted to collect sales data from the country's media companies in order to create a more coherent picture of the advertising market's development and composition, but was unsuccessful.⁸⁶ The exact size and distribution of those advertising investments that do not go through a media agency are therefore not known. Nevertheless, the Media Commission estimates agency-distributed advertising investments to amount to about 50 per cent of total advertising investments in the country.

In terms of the analysis of the development of Icelandic advertising, we are therefore referred to the agency-distributed portion of the advertising market. This means that the statistics covering the composition of the Icelandic advertising market presented in the following section are not directly comparable with the equivalent tables for the other Nordic countries, which in all cases cover total advertising sales in each country. The Icelandic statistics also lack sales of direct mail, which account for just over ten per cent of total advertising sales in the other Nordic countries. We have also not had access to the sales figures for 2016. These had not been compiled by the time this report went to press. All comparisons with the other countries' advertising statistics must therefore be made with a great deal of caution.

4.3.1 The Icelandic advertising market

With these provisos in place, we are able to establish that Icelandic advertising sales displayed strong growth in 2015. Agency-distributed advertising investments rose over the course of the year by seven per cent, to around ISK 5 billion. This means

86. Interview, Icelandic Media Commission, 12 Dec 2016.

that advertising sales as a whole amounted to an estimated ISK 10 billion, or around MEUR 65, in 2015.

According to the available forecasts, growth in the Icelandic advertising market continued at an even faster rate in 2016.⁸⁷ A strong economic cycle, combined with a number of major news events such as success for the Icelandic men's football team in Europe and both presidential and parliamentary elections at home, constituted fertile ground for growth in advertising sales in Iceland in 2016.

Of all the different advertising platforms, it was only print media that declined in 2015 (Table 4.12). Investments in print advertising (newspapers and magazines) fell by two per cent over the course of the year. The largest growth was in online advertising, which grew by 25 per cent compared with the previous year. The category "Other", which encompasses cinema and outdoor advertising, also reported strong growth (+20 %). In the broadcast media market, radio advertising increased by 14 per cent and TV advertising by four per cent. This pattern does not differ in any significant way from those of the other countries. However, the decline in print advertising was significantly lower in Iceland than in the other the Nordic countries.

Table 4.12 Media agency-distributed advertising investments in different advertising platforms, 2014–2015 (MISK, current prices)

	2014	2015	% 14/15	Proportion 2014	Proportion 2015
Print media	1,761	1,730	-2%	37%	34%
TV	1,385	1,435	+4%	29%	28%
Internet	742	931	+25%	16%	18%
Radio	752	855	+14%	16%	17%
Other (cinema/outdoor)	114	137	+20%	2%	3%
Total	4,758	5,088	+7%	100%	100%

Note: The statistics pertain to advertising investments distributed via Iceland's five largest media agencies.

Source: Icelandic Media Commission (adapted).

Based on the media agency statistics, it is clear that print advertising retains a strong position in the Icelandic advertising market. In 2015, Icelandic media agencies invested a significantly higher proportion of their advertising budgets in print media than their counterparts in, for example, Norway and Sweden (Table 4.13). Radio advertising's share of the market was also appreciably higher in Iceland, at the same time as investments in TV advertising were somewhat lower than in these two Scandinavian countries.

87. Email correspondence, Icelandic Media Commission, 13 Mar 2017.

Table 4.13 Media agency-distributed advertising investments in different advertising platforms in Iceland, Norway and Sweden, 2015 (percentages)

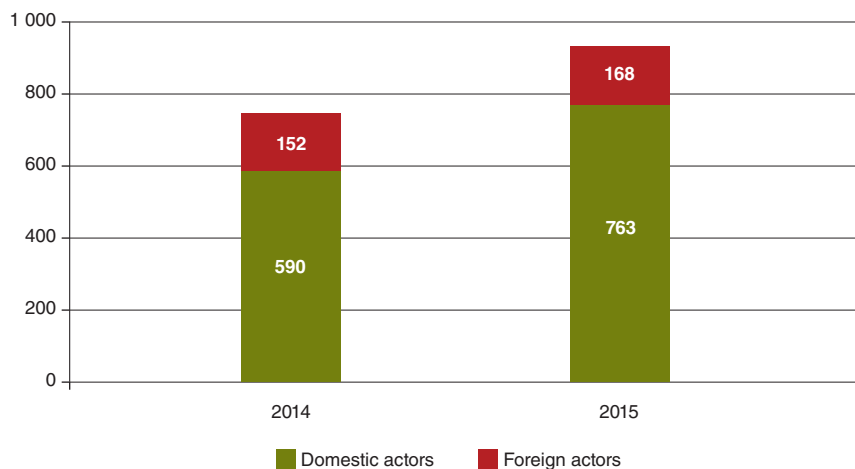
	Iceland	Norway	Sweden
Print media	34	14	20
TV	28	42	38
Internet	18	32	31
Radio	17	5	3
Other (cinema/outdoor)	3	7	8
Total	100	100	100

Sources: Icelandic Media Commission; Sveriges Mediebyråer (*Mediebyråbarometern*); Mediebyråföreningen (*Mediebarometert*) (adapted).

The digital advertising market

Print advertising's strong position in Iceland is reflected in a comparatively weak position for online advertising. The market share of 18 per cent in 2015 was just over half that in Norway and Sweden. But as indicated in Table 4.12, this is a market share that is thought to also be growing very fast in Iceland.

Another difference between Iceland and the other Nordic countries is the relatively low proportion of online advertising that is invested in foreign digital platforms. In 2015, this foreign share of agency-distributed digital advertising was 18 per cent (Figure 4.5). Compared with the previous year, this is a reduction of three percentage points.

**Figure 4.5 Advertising investments in agency-distributed digital advertising divided by domestic and foreign actors, Iceland, 2014–2015 (MISK, current prices)**

Note: The statistics pertain to advertising investments distributed via Iceland's five largest media agencies.

Source: Icelandic Media Commission (adapted).

This means that the majority of the significant growth in online advertising among the agency-distributed advertising investments in 2015 were invested in domestic media. In total, there was a growth of 29 per cent (+173 MISK) for Iceland-based online advertising in 2015. Growth in foreign-based advertising ended up growing ten per cent (MISK 16). Only three per cent of the total volume of investments distributed by Icelandic media agencies in 2015 were invested in foreign digital platforms. This was the same as in the previous year.

At the same time, it has to be emphasised that this low proportion is not to be equated to the situation in the advertising market as a whole. As mentioned in Chapter 2, a major benefit of platforms such as Google and Facebook is that advertisers are able to purchase advertising space directly from the platform without going through a media agency. Nevertheless, the Icelandic figures do indicate that foreign platforms have a position in Iceland that is relatively weak compared to that in the other Nordic countries. Among Nordic media agencies – which can act here as an illustrative example – 25 per cent of investments in online advertising were invested in either search marketing or social media, which are two categories in which foreign actors have an especially dominant market position. This equated to eight per cent of total media agency investments (when measured in the same way as in Table 4.13) – which can then be compared with three per cent in Iceland.

4.3.2 The Icelandic media market

As mentioned previously, the Icelandic advertising-financed media market is dominated to a very great extent by three companies. The first of these is the state-owned public service broadcaster RÚV, which as well as a state public service tax, also has the right to broadcast advertising on TV and radio. The second is the private media group 365 miðlar, which operates within TV, radio and the free press. The third is Árvakur, the operations of which are dominated by the paid-for morning newspaper Morgunblaðið. All three companies also have extensive online operations. In the case of RÚV, its online operations do not encompass advertising sales. The Icelandic public service broadcaster does not have permission to sell digital advertising.

The newspaper industry

At the end of 2016, the paid-for print newspaper industry in Iceland consisted of one high-frequency morning newspaper, one tabloid published twice per week and eight weekly newspapers. In addition to the paid-for press, there was also a free newspaper published six days per week and just under ten that were published once per week. If we look at developments in recent years, the total range of newspapers has decreased somewhat in Iceland. This reduction has been expressed in both a reduction in the number of titles and a reduction in the publication frequency of the more frequent newspapers.

The dominant paid-for newspaper in Iceland is Morgunblaðið, which has been published six days per week since 2011. It was daily prior to this. The majority of the newspaper's print run is sold in south-western Iceland, with a centre of gravity in the Reykjavik area. The company that owns it, Árvakur, also owns the news site mbl.is, a free weekly newspaper (Monitor) and the commercial radio station Stöð 3. The latter was acquired in 2016.

Morgunblaðið's main competitor in the Icelandic newspaper market is the free newspaper Fréttablaðið, which is distributed to homes in the majority of the country six days per week. The newspaper was started in 2001 by 365 miðlar, Iceland's largest media company.

The third Icelandic newspaper with more regular publication is the tabloid DV (Dagblaðið Vísir), with the news site dv.is. This newspaper was published three times per week for many years, but has been twice weekly since 2014. The majority owner of DV is the company Pressan ehf., which is also behind the news site pressan.is.

The other larger newspapers in Iceland include Fréttatíminn, which, as with Fréttablaðið, is delivered free to people's homes, mainly in the area around the capital, and the business newspaper Viðskiptablaðið. Both Fréttablaðið and Viðskiptablaðið are published weekly in paper form.

TV and radio

As in the other Nordic countries, the Icelandic TV and radio market is dominated by the country's public service broadcaster. RÚV broadcasts TV on one main channel (RÚV) and radio on two stations: Rás 1 and Rás 2. In addition, there is the radio station Rondó, which is a music channel for classical music and jazz, the online service ruv.is and a varied range of podcasts and apps. For approximately the past ten years, RÚV has had one common newsroom that is responsible for all the news distributed via TV, radio and online.

The largest private actor in both the radio and TV markets is 365 miðlar, whose history can be traced back to the introduction of privately owned broadcast media in Iceland just over 30 years ago. The company operates seven TV channels, of which Stöð 2 is clearly dominant. While Stöð 2 is financed entirely by advertising, the other channels are completely or partly subscription-based. In the field of radio, 365 miðlar's main station is called Bylgjan. In addition, there are a handful of smaller radio stations. Online, 365 miðlar runs the news site visir.is. The company's operations also include magazine publication and telecoms.

365 miðlar distributes daily news via the free newspaper Fréttablaðið, TV (Stöð 2), radio (Bylgjan) and online (visir.is). Since 2013, the company has had one common newsroom that is responsible for distributing news through all publication platforms. 365 miðlar is the only private actor in the Icelandic broadcast media market that has its own news operations.

Independent news sites

Online, the established media companies in Iceland are also competing for the news audience with other domestic actors. Among these are the aforementioned *pressan.is*, established in 2009, *kjarninn.is*, established in 2013, and *stundin.is*, established in 2015. The latter is also published in print form twice a month. *Pressan.is* and *stundin.is* were established at the instigation of actors from outside of the larger media houses in the country.

4.3.3 Media companies' market position and economic development

As has already been mentioned, it is difficult to make an overall assessment of the Icelandic news media companies position in the media market. In Iceland, there are no coherent industry statistics concerning companies' economic development. Nor so any of the Icelandic media companies publish their revenue from digital sales.

Market development and reach

In terms of the newspaper industry more specifically, there are no publicly available statistics covering sales of print newspapers. What is available, however, are frequent measurements of the reach of the Icelandic press conducted by the auditor Gallup. The outcome for the larger Icelandic newspapers over the period 2011 to 2016 is presented in Table 4.14. Declines can be seen in most cases. This applies to both the country as a whole and in the capital region.

Table 4.14 Reach of the print editions of Iceland's largest newspapers, nationally and in the capital region, 2011–2016 (percentages)

	2011	2012	2013	2014	2015	2016	% 11/16	% 15/16
Fréttablaðið, nationwide	60	58	57	54	50	46	-24%	-9%
in the capital region	73	73	69	66	61	55	-25%	-9%
Fréttatíminn, nationwide	39	41	40	38	36	31	-20%	-15%
in the capital region	53	53	52	49	47	42	-21%	-10%
Morgunblaðið, nationwide	32	33	31	29	28	26	-17%	-6%
in the capital region	33	34	33	30	29	27	-18%	-7%
Viðskiptablaðið, nationwide	9	12	10	10	12	10	+10%	-14%
in the capital region	11	13	12	12	15	12	+16%	-16%
DV, nationwide	11	12	11	10	8	8	-27%	+1%
in the capital region	12	13	12	9	8	8	-36%	-4%

Note: Refers to individuals aged 12 to 80 years. All measurement points pertain to the outcome in October.

Source: Gallup, Iceland.

The total reach of the daily free newspaper *Fréttablaðið*, which in terms of readers is Iceland's largest newspaper, has decreased by around 25 per cent and the reach of *Fréttatíminn*, which is in second place, has decreased by about 20 per cent since 2011. In both cases, the decline accelerates in 2016 (-9 and -15 %, respectively).

The reach of paid-for newspaper *Morgunblaðið* fell by 17 per cent between 2011 and 2016 and by six per cent between 2015 and 2016. The paper that suffered the largest single decline since 2011 – 27 per cent – was the tabloid *DV*. This decline can mainly be traced to the years 2014 and 2015, when the paper decreased its publication frequency. Its reach has stabilised since then. The reach of the business newspaper *Viðskiptablaðið* has also displayed a relatively stable trend over time, with an average reach of between nine and twelve per cent since 2011.

The pattern for TV viewing essentially tracks that of newspaper readership. Between 2011 and 2016, the average viewing time in the country decreased by around 25 per cent (Table 4). While the public service company RÚV has been able to maintain a market share of over 50 per cent, the largest commercial actor, 365 miðlar, has seen its market share decline over time, from 42 per cent in 2011 to 29 per cent five years later. At the same time, other actors' market share has doubled – from nine to 18 per cent. The latter group includes the TV channel *Sjónvarp Símans*, which is owned by the Icelandic telecoms company *Síminn*.

Table 4.15 The Icelandic TV market, 2011–2016 (percentage of viewing time)

	2011	2012	2013	2014	2015	2016
Ríkisútvarpið – RÚV	50	57	58	62	51	53
of which the main channel RÚV	50	57	56	61	51	53
365 ehf.	42	35	33	33	31	29
of which the main channel Stöð 2	36	27	27	25	26	26
Other actors	9	7	8	5	18	18
of which Sjónvarp Símans (Síminn hf.)	9	7	8	5	17	15
Total	100	100	100	100	100	100
<i>Daily average viewing time (min.)</i>	<i>134</i>	<i>131</i>	<i>121</i>	<i>114</i>	<i>117</i>	<i>99</i>

Note: The results in the table refer those aged 12–80 years and are based on PPM (Portable People Meter) measurements.

Source: Gallup, Iceland (adapted).

In the radio market, the trend has been comparatively stable, although even here the overall consumption of radio has declined somewhat. Between 2011 and 2016, there was a decline in total radio listening of approximately 13 per cent. Although RÚV also has a total share of the radio market of over 50 per cent, *Bylgjan*, which is owned by 365 miðlar, is the single largest radio station in terms of share of listeners. Since 2011, *Bylgjan* has accounted for a little over one third of radio listening in Iceland. The total market share for 365 miðlar's various channels currently amounts to just under 50 per cent, which gives RÚV and 365 miðlar a duopoly-like position in the Icelandic radio advertising market.

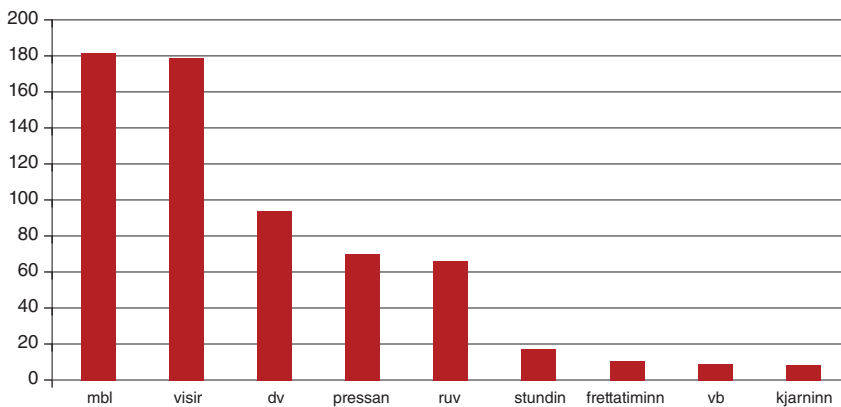
Table 4.16 The Icelandic radio market, 2011–2016 (percentage of listening time)

	2011	2012	2013	2014	2015	2016
Ríkisútvarpið – RÚV	55	50	51	51	51	51
365 ehf.	45	47	46	46	45	46
of which Bylgjan	31	34	34	35	33	34
Other actors	–	2	3	3	4	3
Total	100	100	100	100	100	100
<i>Daily average listening time (min.)</i>	<i>113</i>	<i>109</i>	<i>106</i>	<i>98</i>	<i>104</i>	<i>98</i>

Note: The results in the table pertain to week 42 and are based on PPM (Potable People Meter) measurements among people aged 12–80 years.

Source: Gallup, Iceland (adapted).

With regard to the market structure online, competition is significantly more developed. However, the traditional media companies have a very strong position among the Iceland online audience. In a class of their own were mbl.is (Morgunblaðið) and visir.is (365 miðlar), each of which had a daily average reach of around 180,000 visitors in March 2017 – equivalent to just over half of the population (Figure 4.6).

**Figure 4.6 Daily average reach of Iceland's largest news sites, March 2017 (1000s)**

Note: Denotes unique domestic visitors in week 10.

Source: Gallup, Iceland.

Over the same period, dv.is had a reach of around 90,000 and pressan.is around 70,000. This was about the same as the public service broadcaster's ruv.is, which was thus only in fifth place in the list of Iceland's largest online news providers. For the purely news sites stundin.is and kjarninn.is and the free newspaper Fréttatíminn's and business newspaper Viðskiptablaðið's respective sites, the reach figures were between 10,000 and 20,000.

The finances of the largest media companies

As mentioned previously, the financial crisis resulted in dramatic falls in revenue for companies in the Icelandic media market. The revenues of privately owned 365 miðlar and Árvakur fell by around 50 per cent in just two years. Since then, however, both the Icelandic economy and the Icelandic media industry have recovered. The period since 2011 has been characterised by growth for both 365 miðlar and Árvakur. With a few exception, both these privately owned media companies have also reported surpluses during this period (Table 4.17).

Table 4.17 Key performance indicators for 365 miðlar, Árvakur and RÚV, 2011–2015/2016 (MISK, current prices)

365 miðlar ehf.	2011	2012	2013	2014	2015	% 11/15	% 14/15	
Turnover	9,047	9,230	10,477	10,079	11,155	23%	11%	
Operating results (EBIT)	+605	+855	+1,227	-968	+586	-3%	...	
Number of employees	n/a	n/a	442	391	364	n/a	-7%	
Árvakur hf.	2011	2012	2013	2014	2015	% 11/15	% 14/15	
Turnover	3,010	3,156	3,260	3,232	3,290	9%	2%	
Operating results (EBIT)	-135	+7	+74	+14	-93	...	...
Number of employees	n/a	170	181	n/a	184	n/a	n/a	
RÚV (Ríkisútvarpið)	2010/11¹	2012	2013	2013/14¹	2015²	2016	% 11/16	% 14/16
Turnover	4,791	5,341	5,341	5,400	n/a	6,038 ⁴	26%	12%
of which advertising/ sponsorship ³	1,734	2,038	1,932	1,844	n/a	2,236	29%	21%
Operating results (EBIT)	+376	+88	+190	-14	n/a	+316 ⁴	-16%	n/a
Number of employees	298	311	294	270	259	258	n/a	-4%

Note: ¹ Partial financial year (Sep–Aug); ² Comparable data unavailable due to extended financial year (15 months); ³ Reported alternately as “commercial revenue”; ⁴ Turnover and operating results for 2016 do not encompass a one-off earning from the sale of construction rights (MISK 1,535).

Sources: The business database Orbis; annual reports (adapted).

The turnover of 365 miðlar increase between 2011 and 2015 by just under 25 per cent and of Árvakur by just under ten per cent. RÚV has also grown over time; its turnover increasing by just over 25 per cent between 2011 and 2016. Nevertheless, all three companies remain smaller than prior to the crisis. This is the case in terms of both turnover and number of employees. Between 2008 and 2015, the number of journalists working for three media houses decreased by close to 30 per cent.⁸⁸ At the beginning of 2017, the number of staff in their newsrooms were just under 70 at RÚV, 92 at Morgunblaðið and between 70 and 80 at 365 miðlar.⁸⁹

88. Guðmundsson, 2016.

89. Interviews 365 miðlar, 21 Dec 2016; Morgunblaðið, 20 Dec 2016; and RÚV, 20 Dec 2016 According to information provided on the free newspaper Fréttatíminn's website (<http://www.frettatiminn.is/starfsfolk/>), the newspaper's staff over the same period amounted to over thirty, one third of which are reporters. The tabloid DV listed a similar composition of personnel (<http://www.dv.is/dv/starfsfolk/>).

The editorial staff at the three companies together constitute a significant proportion of the total number of journalists in Iceland. In 2015, RÚV, Morgunblaðið and 365 miðlar accounted for an estimated 70 per cent of all professionally active members of the Icelandic journalists union.⁹⁰

With a turnover of ISK 11.2 billion (c. MEUR 72), 365 miðlar was by far the largest media company in Iceland in 2015. Its turnover was twice that of RÚV and close to four times that of Árvakur. With the exception of 2014, 365 miðlar has reported relatively stable surpluses throughout the period since 2011. The same applies to the public service broadcaster RÚV. Árvakur's has been somewhat less profitable.

Neither 365 miðlar nor Árvakur separately report their exact revenues from the advertising and audience markets, respectively. 365 miðlar also does not report the financial outcome for its individual publication channels (i.e. press, radio, TV and online). According to Árvakur's own data, the audience market accounted for around 30 per cent of the company's turnover in 2016, which the remaining 70 per cent came from advertising and other marketing activities.⁹¹

For RÚV – where revenues come partly from the public service tax and partly from advertising – the revenue item “advertising/sponsorship” has grown by close to 30 per cent since 2011 and by over 20 per cent since 2014. Throughout this period, RÚV has obtained just over one third of its revenue from commercial sales. Between 60 and 65 per cent of RÚV's advertising revenue can be ascribed to the TV market and the rest to the radio market.⁹² In total, this gives the Icelandic public service broadcaster a market share of the Icelandic advertising market of an estimated 20 per cent.

4.3.4 Conclusions

The Icelandic media market has been through a very eventful decade. The financial crisis of 2008/09 shook both the Icelandic economy and its media companies to their foundations. The subsequent recovery period also coincided with the digitalisation of both the media and advertising markets seriously increasing in pace; a development that involved additional challenges for an already hard-pressed media market.

Ten years later, we can conclude that both the country and its media industry have come through the crisis. All the larger media companies in the country have survived the economic ordeals, at the same time as a range of new, smaller actors have appeared. The advertising market, which is so vital to the media industry, appears by all accounts to have wind in its sails again.

Nevertheless, the overall assessment is that the Icelandic media market is, in terms of both turnover and number of employees, significantly smaller than it was prior to the financial crisis. As indicated in other parts of this report, however, this is situation

90. Guðmundsson, 2016.

91. Interview, Morgunblaðið, 20 Dec 2016.

92. Interview, RÚV, 20 Dec 2016.

that is far from unique to Iceland. (It is thought here to be purely down to the fact that the Icelandic media companies enter the digital transformation with already slimmed down and cost-conscious organisations that the cutbacks in terms of personnel have been smaller than in the majority of other Nordic media companies in recent years.)

In addition to the comparatively large impact of the financial crisis on the Icelandic economy, the Icelandic media market displays a range of distinctive features that make the market conditions appear different to those of the other Nordic countries. This is a situation that also has a significance to the position of advertising as a source of revenue for the domestic news media companies.

Firstly, this is a substantially smaller market with a significantly smaller number of actors. The Icelandic media market is dominated to a very great extent by three companies.

Secondly, Icelandic media policy differs from that of the other Nordic countries. Firstly, the opportunity RÚV has to generate revenue from the selling TV and radio advertising, in addition to the public service tax, means that the domestic public service broadcaster is a real competitor of the private companies in terms of not just audience, but also national advertising investments. Secondly, there are no specific subsidies for the private news media industry in Iceland similar to the press and media subsidies in the Scandinavian countries (and in Finland until recently). The private news media industry as a whole is, in this respect, operating entirely on the terms of the market.

Thirdly, the Icelandic newspaper market is characterised by intense competition between freely distributed and paid-for newspapers. The fact that the country's most read newspaper is a daily that is delivered free to people's homes (i.e. *Fréttablaðið*) gives the Icelandic newspaper market a distinctive character.

Fourthly, the Icelandic media market is characterised by a comparatively tight bond between the political sphere and the domestic enterprise sector. The links with external stakeholders contribute – at least based on an external assessment – to the relationships in the media market being more problematic than they are in the other Nordic countries. This also contributed to the market as a whole being characterised by less transparency and cooperation across corporate boundaries.

A fifth and final distinctive feature of the Icelandic media market is that the influence of foreign advertising platforms in the national advertising market appears to be more limited than in the other Nordic countries (Scandinavia in particular). Another way to express this is of course that the domestic media companies also have a relatively strong status among the country's advertisers. This also applies to the digital environment.

Having said that, there are also circumstances in which developments in Iceland are consistent with those in the Nordic countries as a whole. As in the other Nordic countries, the Icelandic populations is characterised by very widespread internet use, with the mobile phone having come to play an increasingly important role. The reach of traditional news media is decreasing, while the use of social media is increasing. The development trends in terms of newspaper readership and TV viewing are essentially in line with those of Scandinavia and Finland.

As traditional news media have declined, digitalisation has enabled the establishment of new actors in the market for advertising-financed journalism. But, as is the case in the other Nordic countries, the digital news market is also dominated by companies from the “pre-digital era”.

As mentioned in several places in this report, there are no comprehensive statistics for the economic development of either the advertising market or the media market. This means that we have not had the opportunity to make any overall assessment of the economic development of the market of advertising-financed journalism in the Nordic countries. However, the annual accounts of the three largest media companies – 365 miðlar, Árvakur (Morgunblaðið) and RÚV – indicate relatively stable development patterns. All three companies have been able to increase their revenues in recent years. 365 miðlar’s and Árvakur’s comparatively high reach among the Icelandic online audience also appears to be a good foundation for continued growth in the future.

4.4 Norway

The Norwegian advertising market is, taking into account the size of the population, not just the largest in the Nordic countries, but also the largest in the world. Having said that, recent years have been marked by the stagnation of Norwegian advertising investments. The Norwegian advertising market has shown the weakest growth of that of all the Nordic countries in 2015 and 2016. In 2016, Nordic advertising investments decreased by two per cent to NOK 19.2 billion (Figure 4.7). Taking into account the fact that the Norwegian consumer prices index rose by 3.55 per cent that same year, this decline was instead seven per cent.

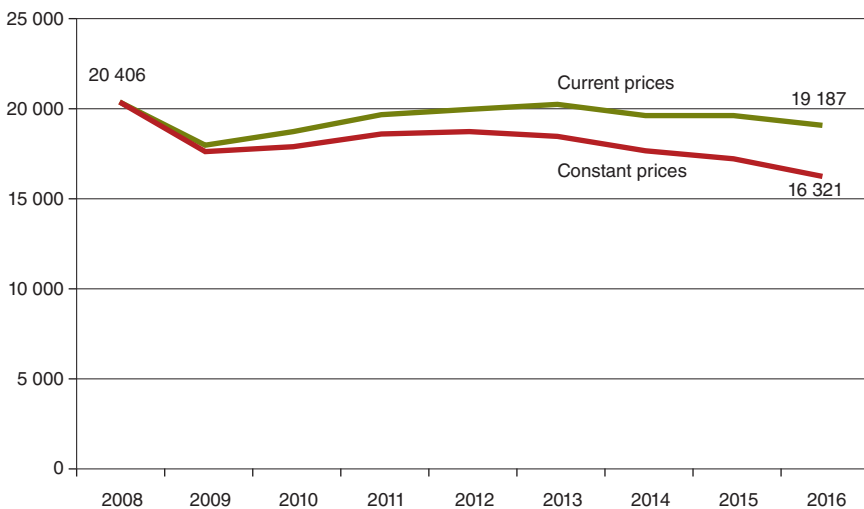


Figure 4.7 Advertising investments in Norway, 2008–2016 (MNOK, current and constant prices)

Source: IRM Institute for Advertising and Media Statistics (adapted).

Adjusted for inflation, 20 per cent of Norwegian advertising investments have vanished since 2008. Apparently, this decline goes along with the slowdown in the Norwegian economy as a whole. However, the assessment from IRM is that the decline has come to a halt and that investments in the Norwegian advertising market will stabilise in 2017.⁹³

The comparatively large decline in Norwegian advertising investments is expressed in both a sharp decline in advertising investments in traditional platforms and a relatively weak growth in the digital advertising market. Norwegian online advertising's growth of 19 per cent between 2014 and 2016 was the lowest among all of the four Nordic countries in the statistics.

The biggest change in the Norwegian advertising market in 2016 took place in the print newspaper industry, where advertising investments fell by 19 per cent (Table 4.18).⁹⁴ The nationally oriented papers and those in the major cities were responsible for the largest decline in relative terms. In absolute terms, however, the decline was greatest in the local press. Since 2011, print newspapers in Norway have lost 51 per cent of their advertising revenues, equivalent to just over NOK 3.2 billion. As a result, the newspaper industry's share of the total Norwegian advertising market has halved, from 32 to 16 per cent. The decline in advertising investments in the print newspaper industry in Norway in 2016 is by far the largest in the Nordic countries.

Table 4.18 Advertising investments in different advertising platforms in Norway, 2011–2016 (MNOK, current prices)

	2011	2012	2013	2014	2015	2016	% 11/16	% 15/16
Internet	4,612	5,099	6,015	6,676	7,545	7,931	+72%	+5%
TV	3,394	3,670	3,829	3,807	3,867	3,941	+16%	+2%
Newspapers (incl. supplements)	6,337	5,936	5,446	4,541	3,839	3,101	-51%	-19%
Direct mail	2,440	2,329	2,099	2,072	1,941	1,863	-24%	-4%
Radio	642	684	682	715	764	739	+15%	-3%
Magazines	1,090	1,046	968	842	748	664	-39%	-11%
Outdoor	567	585	594	557	590	637	+12%	+8%
Cinema	147	157	147	130	138	160	+9%	+16%
Free newspapers	140	117	200	188	140	123	-13%	-13%
Catalogues	198	118	74	54	41	29	-85%	-30%
Total	19,567	19,741	20,054	19,583	19,612	19,187	-2%	-2%

Source: IRM Institute for Advertising and Media Statistics (adapted).

There has been a different trend in the field of broadcast media. With regard to TV, 2016 ended with a growth of two per cent to NOK 3.9 billion. Its market share of 21 per cent was the largest ever for TV advertising in a single year in Norway. TV thus defends its position as the single largest advertising medium after the internet in

93. IRM, press release, 15 Mar 2017.

94. Including the newspapers' sales of supplements, this was instead a decline of 19 per cent, or MNOK 738.

Sweden. With regard to radio advertising, 2016 ended with a decline of three per cent to MNOK 739. This brought to an end a period of sustained growth in Norwegian radio advertising investments.

However, it was neither the internet nor TV that was responsible for the largest increase in relative terms in 2016, this honour went to cinema advertising (+16 %), followed most closely by outdoor advertising (+8 %). However, with market shares of one and three per cent, respectively, cinema and outdoor advertising can be regarded as small advertising categories in Norway.

4.4.1 The digital advertising market

Digital advertising sales accounted for 41 per cent of total Norwegian advertising investments in 2016. This was lower than in Denmark and Sweden where digital had a market share of 45 per cent. As has already been mentioned, digital advertising sales have developed at a somewhat slower pace in Norway than in the other two Scandinavian countries. In 2016, Norwegian investments in digital advertising increase by five per cent, or MNOK 387 (Table 4.19). In 2016, the digital advertising market in Norway displayed its slowest growth since 2003, with the exception of the crisis year of 2009. This is the case in both relative and absolute terms.

Table 4.19 Advertising investments in different digital advertising platforms in Norway, 2011–2016 (MNOK, current prices)

	2011	2012	2013	2014	2015	2016	% 11/16	% 15/16
Search marketing	922	1,120	1,334	1,595	2,009	2,395	+160%	+19%
Display, desktop	1,765	1,868	2,011	2,084	2,029	1,656	-6%	-18%
Display, mobile/tablet	n/a	106	476	817	1,257	1,591	n/a	+27%
Classifieds	877	1,013	1,107	1,086	1,118	1,234	+41%	+10%
Online catalogues	1,047	992	945	848	819	700	-33%	-15%
Digital video	n/a	n/a	143	245	312	355	n/a	+14%
Total	4,612	5,099	6,015	6,676	7,545	7,931	+72%	+5%

Note: For definitions see www.irm-media.no.

Source: IRM Institute for Advertising and Media Statistics (adapted).

Growth in Norwegian advertisers' investments in digital advertising have therefore slowed. One contributory explanation is a sharp reduction in interest in traditional display advertising for desktop, which was, until 2015, the single largest subcategory of the Norwegian digital advertising market. In 2016, investments in this category fell by 18 per cent, or MNOK 373. There was also a distinct decline reported for the smaller category online catalogues.

This means that, beginning in 2016, search marketing is the single largest digital advertising category in Norway. Following growth of 19 per cent over the course of the year, investments in search marketing ended up at NOK 2.4 billion. However, it was mobile display advertising that was responsible for the largest increased in relative

terms on 2015. The growth here for 2016 was 27 per cent, which meant that investments in this category have almost doubled in only two years.

The relationship between domestic and foreign advertising platforms

The relatively dramatic changes *within* digital advertising sales in Norway in recent years are reflected in the internal relationship between domestic and foreign-based advertising platforms. In 2011, non-Nordic advertising platforms accounted for an estimated 20 per cent of Nordic investments in digital advertising (Figure 4.8). This share has subsequently first increased slowly – in 2014 it was 25 per cent – before accelerating over the course of the past two years at an ever increasing pace. By 2015, this share had risen to 35 per cent and to 44 per cent the subsequent year. This means that Norwegian advertisers invested and estimated NOK 3.5 billion in digital advertising platforms belonging to non-Nordic actors in 2016. In relation to the total Nordic advertising market, this is a share of 18 per cent.

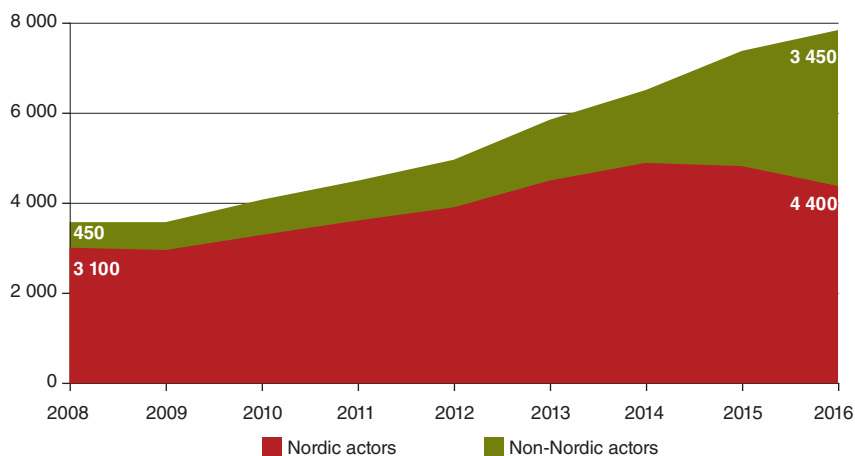


Figure 4.8 Advertising investments in digital advertising divided by Nordic and non-Nordic actors, Norway, 2008-2016 (MNOK, current prices)

Note: The distribution of advertising investments between Nordic and non-Nordic actors is based on estimates worked out by Tobias Hedström (Smartplanner) using IRM's statistics (see section 1.2 and Appendix 1).

Source: Tobias Hedström/Smartplanner (original source: IRM)

One contributory explanation for the relatively large-scale shifts in the Norwegian digital advertising market over the past two years is that advertising investments in domestic (and other Nordic) digital platforms has decreased. Between 2014 and 2016, there was a decline of ten per cent (c. MNOK 500). At the same time, investments in foreign platforms increased 116 per cent over the course of this period, an estimated NOK 1.9 billion. Norway is the Nordic country in which the decline in investments in domestic digital advertising channels has been the most marked in recent years.

4.4.2 The newspaper market

In terms of number of individual newspapers in relation to the size of the population, the Norwegian press is the largest in the world. In 2015, 228 paid for newspapers were published in Norway, which can be compared with 159 in Sweden, 180 in Finland and around 30 in Denmark.⁹⁵ The Norwegian Media Authority's statistics covering the economic development of newspapers in Norway divide the newspaper market up into six categories: 1) Leading daily newspapers, 2) secondary daily newspapers, 3) national niche newspapers, 4) non-daily newspapers, 5) weekly newspapers and 6) single-copy sales newspapers. However, these groups vary in both number and size. The majority of the newspapers in Norway are small, local and have a low publication frequency. The Norwegian newspaper industry is in this respect characterised by a very decentralised structure.⁹⁶

The newspaper companies' advertising revenues

The various newspaper groups also vary in terms of the extent to which they finance their operations through advertising sales. The consequences of the major shifts in the advertising market in recent years have therefore affected Norwegian newspapers in a variety of ways. This is particularly evident in Table 4.20, which uses statistics compiled by the Norwegian Media Authority. The table presents the indexed change (2003=100) in advertising revenues for the various newspaper groups in the years 2011 to 2015 at constant prices.⁹⁷

Table 4.20 Advertising revenues (print + digital) in different newspaper categories in Norway, 2011–2015 (index, 2003=100; constant prices)

Category (number 2015)	2011	2012	2013	2014	2015	% 11/15	% 14/15
Leading newspapers (59)	127	124	116	103	91	-29%	-12%
Secondary newspapers (5)	107	108	112	101	93	-13%	-8%
National niche newspapers (5)	121	125	125	115	112	-7%	-3%
Non-daily newspapers (79)	148	149	147	139	130	-12%	-6%
Weekly newspapers (66)	177	179	179	175	173	-2%	-2%
Single-copy sales newspapers (2)	148	148	156	153	135	-8%	-12%
All newspapers (221)	131	129	124	112	100	-24%	-11%

Note: All data in the table has been compiled and processed by the Norwegian Media Authority. The starting point for calculating the index is 2003 (=100). The account reflects constant prices.

Source: Norwegian Media Authority (adapted).

Between 2011 and 2015, Norwegian newspapers' total advertising sales (print + digital) fell by 24 per cent. The category leading newspapers, which includes the newspapers

95. See Appendix 2, Table 2.5.

96. Cf. Høst, 2016b.

97. The outcome for 2016 had not been compiled by the time this report was completed.

with the greatest number of subscribers in the country, accounted for the largest decline in both relative and absolute terms. Advertising revenues fell by 29 per cent here. Weekly newspapers were responsible for the smallest decline (two per cent). The decline in the other categories amounted to between seven and 13 per cent.

The decline in total advertising sales has taken place in spite of strong growth in digital sales. Between 2011 and 2015, digital advertising in the Norwegian press increased by 64 per cent – from NOK 1 billion to 1.6 billion (Table 4.21). In 2015, however, was a clear break in this positive trend. That year, growth was limited to a moderate one per cent (MNOK 17). As print advertising declined by eleven per cent at the same time (MNOK 766), this meant that the decline in total advertising revenues accelerated somewhat compared with the previous year.

Table 4.21 Consolidated key performance indicators for the Norwegian newspaper industry, 2011–2015 (MNOK, current prices)

	2011	2012	2013	2014	2015	% 11/15	% 14/15
Advertising revenue	7,292	7,148	6,869	6,229	5,553	-24%	-11%
<i>of which digital</i>	999	1,179	1,432	1,617	1,635	+64%	+1%
Subscription revenue	3,726	3,824	3,912	4,026	4,038	8%	0%
Single-copy sales revenue	2,202	2,134	2,026	1,970	1,862	-16%	-6%
<i>of which digital</i>	21	39	131	363	502	+2,247%	+38%
Other revenue	658	644	590	482	474	-28%	-2%
Total net turnover	13,879	13,749	13,395	12,706	11,927	-14%	-6%
Operating expenses	12,772	13,083	12,529	12,110	11,201	-12%	-1%
Operating results (EBIT)	1,107	666	866	597	726	-34%	+22%

Note: All data in the table has been compiled and processed by the Norwegian Media Authority. The account reflects current prices.

Source: Norwegian Media Authority (adapted).

However, the data available thus far concerning developments in 2016 indicate that the negative trend in digital advertising deals for Norwegian newspapers have continued. Norwegian newspapers obtain a not insignificant proportion of their advertising revenue from desktop display advertising – a category that declined by 18 per cent in 2016 (see Table 4.21). IRM's forecast for 2017 is for a continued decline of ten per cent.

In 2015, 29 per cent of Norwegian newspapers' advertising revenue came from digital sales. This is almost exactly double the figure for four years previously (2011: 14 %). The contribution of digital advertising sales has also doubled in relation to total revenues, from seven to 14 per cent. However, the relationship between advertising revenues from print and digital, respectively, varies markedly between different parts of the Norwegian press.

Single-copy sales newspapers – the evening tabloids VG and Dagbladet – is the category that has, by some margin, been the most successful in the hunt for digital advertising revenue. In 2015, digital advertising accounted for 73 per cent of advertising revenues in this category. This adds up to total digital advertising sales of MNOK

638, which is equivalent to 29 per cent of the entire Norwegian newspaper industry's digital advertising sales. It is worth noting, however, that digital advertising sales in this category decreased by five per cent in 2015.

Table 4.22 Advertising revenues in different newspaper categories in Norway, 2011–2015 (MNOK, current prices)

	2011	2012	2013	2014	2015	% 11/15	% 14/15
Leading newspapers	5,385	5,228	4,900	4,335	3,828	-29%	-12%
of which digital	553	640	760	853	892	+61%	+5%
Secondary newspapers	167	169	176	158	145	-13%	-8%
of which digital	24	26	36	47	44	+88%	-5%
National niche newspapers	67	70	70	64	62	-7%	-3%
of which digital	5	2	6	7	10	+86%	+29%
Non-daily newspapers	625	628	620	588	551	-12%	-6%
of which digital	26	28	33	39	46	+76%	+18%
Weekly newspapers	94	96	96	93	92	-2%	-2%
of which digital	2	3	3	4	5	+141%	+25%
Single-copy sales newspapers	955	957	1,008	990	874	-8%	-12%
of which digital	389	479	594	668	638	+64%	-5%

Note: All data in the table has been compiled and processed by the Norwegian Media Authority. The account reflects current prices.

Source: Norwegian Media Authority (adapted).

By way of comparison, digital advertising accounted for only eight per cent among the non-daily newspapers (2011: 4 %). Among the group of leading newspapers, which, in terms of both turnover and circulation, is the largest newspaper category in Norway, 23 per cent of advertising revenues came from digital channels (2011: 10 %). Over the course of the entire five-year period, this group of newspapers has accounted for 55 per cent of total digital advertising revenue among the Norwegian press.

The newspaper companies' finances

As advertising revenues have fallen, the Norwegian press has seen its subscription revenues increase. Between 2011 and 2015, there was growth here of eight per cent, from NOK 3.7 to 4.0 billion (Table 4.21). On the other hand, there was a decline in single-copy sales of 15 per cent, from NOK 2.2 to 1.9 billion. The latter fall is primarily explained by a sharp decline in sales of the print evening papers.

Over the course of the same period, the total turnover of the Norwegian newspaper industry decreased by 14 per cent – or NOK 2.0 billion – to NOK 11.9 billion and the average profit margin decreased from 8.0 to 6.1 per cent. The relatively limited decline in profit margin is explained by the newspaper companies having simultaneously reduced their costs. This applies particularly to salary costs, which decreased by eleven per cent between 2011 and 2015. One hundred and seventy of the 221 newspapers in the Norwegian Media Authority's statistics made a profit in 2015. In the record year, 2007, this was the case for 181 of 212.

The chief explanation for rising audience revenues is that Norwegian newspapers have increased their subscription and cover prices at a significantly faster rate than Norwegian prices on the whole.⁹⁸ These price increases have therefore compensated for the gradual falls in circulation that have marked this period. Between 2005 and 2015, the proportion of local households subscribing to Norway's 20 biggest local newspapers decreased by 20 percentage points, from 61 to 41 per cent. Over the same period, the decline in terms of circulation amounted to 27 per cent⁹⁹, at the same time as the daily reach of print newspapers decreased from 63 to 42 per cent.¹⁰⁰

The free press

From a Nordic perspective, one of the most interesting features of the Norwegian newspaper market is the relative lack of freely distributed newspapers. Norway does not have the historical tradition of free local newspapers that can be found in the other Nordic countries. Beginning in the initial decade of the 21st century, however, the Norwegian free newspaper market began to expand. This involved actions such as the Orkla group establishing a range of local free newspapers in the Oslo area. Most of these have been closed down due to a lack of profitability. The number of titles in the market has decreased as a result, from 34 at the end of 2012, to 18 in the middle of 2016.¹⁰¹

The changes in the size of the market segments is reflected in the advertising statistics. The free newspaper segment accounted for 0.6 per cent of total Norwegian advertising investments in 2016. In 2016 alone, the Norwegian free press suffered a 13 per cent drop in advertising sales, from MNOK 140 to 123.

4.4.3 The broadcast media market

The Norwegian broadcast media market has at least two features that distinguish it from those of the other Nordic countries. The first is that there is a comparatively varied market for privately owned local radio in Norway. The second is that Norway is the only Nordic country where no less than three privately owned broadcast media channels – one TV channel and two radio stations – are covered by public service legislation, which includes requirements such as having their own news operations.¹⁰²

98. Cf. Høst, 2016a, pp. 26 ff., 60.

99. Høst 2016b, p. 22; also Høst 2016a.

100. *Norwegian Media Barometer 2015*, p. 12.

101. Høst 2016b, p. 27 f.

102. With regard to the private local TV market in Norway, there is currently no comprehensive overview of the number of operational channels. However, this number has decreased over time. The combined turnover of the eight local channels that reported their annual accounts for 2015 to the Norwegian Media Authority amounted to MNOK 32. The majority of local TV channels in Norway are now part of one of the larger newspaper groups and constitute an integrated part of the newspaper publisher's operating finances (Norwegian Media Authority, 2016a). There are currently no content requirements associated with broadcasting local TV in Norway (further information in NOU 2017:7).

TV 2 – offering and market position

The commercial TV market in Norway is dominated by TV 2 Gruppen, which has been owned by Danish company Egmont since 2012. Since 2011, TV 2 Gruppen has accounted for around one quarter of total TV viewing in Norway. A significant proportion of the group's total viewing time can be ascribed to the main channel TV 2.

In addition to TV 2, which is Norway's biggest commercial TV channel, TV 2 Gruppen also has six niche TV channels and range of services for various digital platforms. TV 2 Nyhetskanalen was started in 2007 and is a 24-hour news channel.

TV 2's broadcasting licence makes it Norway's only commercial public service TV channel and is therefore obliged to fulfil certain content and organisational requirements that do not apply to other commercial TV channels. Among these are requirements for a varied range of programming, including daily news broadcasts. The licence also stipulates that the company has to have its head office in Bergen. TV 2 Gruppen's channels are broadcast from Norway and are therefore subject to Norwegian TV and advertising legislation.

Since 2009, when TVNorge (then owned by German ProSiebenSat.1, now American Discovery Communications) chose to discontinue news broadcasts in order to focus more on entertainment, TV 2 Gruppen is now the only nationwide producer of TV news other than NRK. In 2015, TV 2 broadcast 393 hours of news, equivalent to six per cent of total broadcasting time.¹⁰³

TV 2 – revenue and results

TV 2 and other advertising-financed TV channels in Norway appear to have been in a stagnant market for some time. Since 2013, total Norwegian TV advertising investments have remained relatively stable at around NOK 3.8 billion (setting aside the fact that the TV advertising market grew by two per cent in 2016). TV 2 Gruppen's revenue from advertising sales has also remained largely unchanged over the same period.

The company has succeeded in making up for lost traditional TV advertising revenue through digital advertising. As with other commercial TV companies in the Nordic countries, TV 2 Gruppen does not report its broadcast and digital advertising revenues separately. However, with total advertising sales of MNOK 2,100 in 2015 (Table 4.23), TV 2 Gruppen appears to have a relatively strong position in the Norwegian TV advertising market. This represents a share of the Norwegian advertising market as a whole of just over ten per cent.

At the same time as growth in advertising sales has stagnated, TV 2 Gruppen has increased its revenue from other sources. Between 2011 and 2015, the group's revenue from sources other than advertising increase by MNOK 547 (44 %). This means that the group's turnover as a whole increased by 22 per cent over the same period and that advertising revenue's share of this fell from 61 to 54 per cent. In 2015, TV 2

103. Norwegian Media Authority, 2016b.

Gruppen delivered and operating profit of MNOK 328, which was a profit margin of eight per cent.

Table 4.23 Revenue, expenditure and operating results, TV 2 Gruppen, 2011–2015 (MDKK, current prices)

	2011	2012	2013	2014	2015	% 11/15	% 14/15
Advertising revenue	1,949	2,050	2,052	2,136	2,100	+8%	-2%
Other revenue (incl. audience revenue)	1,248	1,391	1,421	1,641	1,795	+44%	+9%
Total turnover	3,197	3,441	3,473	3,777	3,895	+22%	+3%
Expenditure	-2,790	-3,103	-3,167	-3,058	-3,567	+28%	+17%
Operating results (EBIT)	407	338	306	719	328	-19%	-54%

Source: medianorway (adapted, annual reports TV 2 Norge).

The final annual report for 2016 had not yet been presented at the time this report was written. However, the company has announced that the year ended with a record high turnover. The growth compared with 2015 was nine per cent (to NOK 4.3 billion). At the same time, expenditure rose by MNOK 547, which means that the operating profit fell by around 42 per cent. The increase in expenditure is primarily explained by expensive rights to sporting events.

In May 2016, TV 2 announced an extensive programme of savings, which ended up covering the cutting back of 177 services.¹⁰⁴ According to the company's senior management, TV 2 Gruppen will be saving MNOK 350 (equivalent to around ten per cent of total expenditure) in the period up to 2020.

Advertising-financed radio news

As mentioned previously, commercial radio in Norway is one of the mediums that has moved against the tide in an advertising market that has otherwise been characterised by decline in the past three years. In 2016, Norwegian investments in radio advertising amounted to MNOK 748, equivalent to just under four per cent of the total Norwegian advertising market. Norwegian radio listening has remained stable in recent years, with a daily reach of around 60 per cent.¹⁰⁵

The Norwegian commercial radio market encompasses two nationwide broadcast licences. One is held by P4 Radio Hele Norge (MTG) and the other by Radio Norge (Bauer Media). As with TV 2, both stations' broadcast licences are covered by the Norwegian public service rules. In both cases, the current licences apply through 2017. In addition to the expectation that these stations offer a wide range to both narrow and wide target groups, P4 and Radio Norge have to have their own newsrooms and offer news broadcast produced in house.

104. *Kampanje*, 14 Mar 2017.

105. *Norwegian Media Barometer 2015*.

Both P4 and Radio Norge have experienced growth in recent years. In the case of P4, which is the larger of the two by a clear margin, revenues rose by ten per cent between 2011 and 2015 (Table 4.24). Radio Norge grew by 20 per cent. In terms of profitability, however, it is P4 that has been the most successful by a clear margin. Over the period from 2011 to 2015, the station reported an average profit margin of 21 per cent. Radio Norway ended 2015 with a surplus of MNOK 6 (3 %). This was the station's first profit since it was started in 2004.

Table 4.24 Key performance indicators P4 Radio Hele Norge and Radio Norge, 2011–2015 (MNOK, current prices)

P4 Radio Hele Norge (MTG)	2011	2012	2013	2014	2015	% 11/15	% 14/15
Turnover	313	342	336	349	344	+10%	-1%
Expenditure	238	250	275	284	287	+21%	+1%
Operating results (EBIT)	75	92	61	65	57	-24%	-12%
Radio Norge (Bauer Media)	2011	2012	2013	2014	2015	% 11/15	% 14/15
Turnover	160	167	163	187	192	+20%	+3%
Expenditure	184	185	195	192	186	+1%	-3%
Operating results (EBIT)	-24	-18	-32	-5	6	n/a	n/a

Source: medianorway (original source: annual reports).

The Norwegian local radio market encompasses three types of broadcast licence: for 24-hour stations, for general stations and for niche stations. The combined Norwegian local radio industry reported a total operating profit of MNOK 34 in 2015 on a turnover of MNOK 324 (Table 4.25).

Table 4.25 Key performance indicators for the local radio industry in Norway, 2014–2015 (MNOK, current prices)

	24-hour stations		General stations		Niche stations	
	2014	2015	2014	2015	2014	2015
Advertising/sponsorship	132	149	77	77	9	6
Other revenues	15	13	42	45	42	34
Total turnover	147	162	119	122	51	40
Expenditure	133	133	113	115	56	42
Operating results (EBIT)	14	29	6	7	-5	-2
Number of stations	29	27	70	63	109	99
Turnover per station (MNOK)	5.1	6.0	1.7	1.9	0.5	0.4

Source: Norwegian Media Authority, 2016a (adapted).

Advertising sales accounted for MNOK 231 of the local radio industry's revenues in 2015. This was a record for the period in question. Advertising revenues increased among the 24-hour stations, but declined for the general and niche stations. The 24-hour stations accounted for two thirds of the Norwegian local radio industry's advertising revenue in 2015. Advertising revenue made up an average of 92 per cent

of total revenue in this group. This share was 63 per cent among the general stations and 15 per cent among the niche stations. Niche radio in Norway is largely run with the help of donations and bingo revenue (which is a very distinctive phenomenon for the Norwegian local radio market).

Boosted by the increased advertising revenues, the 27 24-hour stations reported a combined profit margin of 18 per cent in 2015 (2014: 9 %). The equivalent figure for the general stations was six per cent (5 %) and minus six per cent (-9 %) for the niche stations. The 24-hour stations were the single most profitable part of the Norwegian media market in 2015. The number of local radio stations in Norway decreased from 208 to 189 in 2015. Ten of the total of 19 stations that closed were niche stations.

4.4.4 Independent news sites

In addition to the established news media, Norwegian news consumers have become acquainted with a number of entirely online national news media that do not have roots in a newspaper, radio station or TV channel. The first was Nettavisen – started as long ago as 1996. With a daily reach of 467,000, Nettavisen was Norway's fourth largest online newspaper in 2016, beaten only by VG (1,920,000), Dagbladet (1,237,000) and Aftenposten (827,000). There was another purely online newspaper in fifth place – E24 (321,000). The third online newspaper with a more extensive nationwide coverage is ABC Nyheter (152,000).¹⁰⁶ While Nettavisen and ABC Nyheter are regarded as general news sites, E24 has a more distinct focus on business and stock market journalism.

In spite of the lack of links to more traditional publication platforms, in all three cases there are clear ties to the more established part of the media market. Nettavisen is owned by Amedia and Egmont, while E24 is part of the Schibsted group. ABC Nyheter was owned for several years by the telecoms company Telenor (via the company ABC Startsiden). However, it was announced in March 2017 that the company had been bought by Hegnar Media, which is owned by the Norwegian financier Trygve Hegnar. Hegnar Media was already represented in the Norwegian media market through the business newspaper *Finansavisen*.

All three companies in the group reported surpluses over the course of the period 2013 to 2015 (Table 4.26). The largest in terms of both turnover and operating profit is ABC Nyheter, which reported a turnover of MNOK 163 and an operating profit of MNOK 38 in 2015, which equates to a profit margin of 24 per cent. These figures include revenues from the online portal Startsiden and the TV guide MeeTV. In 2015, Nettavisen had 96 employees, while ABC Startsiden has 72 and E24 Dine Penger 49.¹⁰⁷

According to communiqués published recently, Nettavisen and E24 reported record results in 2016 – in spite of falling revenues. In the case of the former, the operating surplus doubled, from MNOK 10 to 21. Of total revenue of MNOK 139, a little over

106. medianorway (original source: Kantar TNS/Consumers & Media).

107. The business database Proff (www.proff.no).

40 per cent (MNOK 59) came from content marketing.¹⁰⁸ At the beginning of 2017, the company's content department employed around 20 people.¹⁰⁹

Table 4.26 Key performance indicators ABC Startsiden, Mediehuset Nettavisen and E24 Dine Penger, 2011–2015 (MNOK, current prices)

ABC Startsiden AS	2011	2012	2013	2014	2015	% 11/15	% 14/15
Revenue	156	155	161	163	163	+5%	±0%
Expenditure	87	101	118	120	125	+44%	+4%
Operating results (EBIT)	69	53	43	43	38	-44%	-11%
Mediehuset Nettavisen AS	2011	2012	2013	2014	2015	% 11/15	% 14/15
Revenue	73	83	114	132	144	+96%	+9%
Expenditure	71	75	101	113	134	+88%	+18%
Operating results (EBIT)	2	8	14	19	10	+332%	-46%
E24 Dine Penger AS	2011	2012	2013	2014	2015	% 11/15	% 14/15
Revenue	33	37	77	77	73	+119%	-6%
Expenditure	31	32	74	72	72	+130%	-1%
Operating results (EBIT)	2	5	3	5	1	-46%	-78%

Source: Proff (proff.no) (adapted).

It is more difficult to assess the development of independent news sites or online newspapers at the local level. As in the majority of other countries, there are no comprehensive statistics of this market segment in Norway. However, the overview of the Norwegian newspaper market written by Norwegian media researcher Sigurd Høst wrote on behalf of the Norwegian Media Pluralism Commission at the end of 2016 establishes that the local independent online newspaper will continue to be regarded as “a marginal phenomenon at the periphery of the [Norwegian] media landscape”.¹¹⁰

4.4.5 Conclusions

Compared with developments in the Nordic countries as a whole, the advertising market in Norway is the advertising market that has developed most poorly in recent years. At the end of 2016, total Norwegian advertising investments had reduced for three years in a row. However, the size of the fall was comparatively high; in relation to the size of the population, the Norwegian advertising market in 2013 was almost 40 per cent larger than those in Sweden and Denmark and 80 per cent larger than that in Finland.

Having said that, Norway is the Nordic country in which total advertising investments account for the lowest share of GNP. The size of the whole Norwegian econ-

108. *Kampanje*, 14 Mar 2017; *Medier24*, 21 Mar 2017.

109. Interview, Nettavisen, 13 Nov 2017.

110. Høst, 2016b, p. 16.

omy, combined with a higher cost situation more generally, means that Norwegian advertising investment, which appear at first glance to be sizeable, are not really so impressive. This also means that negative growth in the advertising market also has major repercussions in the media sector in a country such as Norway.

The decline in Norwegian advertising investments have primarily affected the newspaper industry – which has been forced to make substantial savings in recent years. The Norwegian Media Authority's analysis of the Norwegian media industry's development concludes that the newspaper companies saved their way to increased profitability in 2015 – but that there was much to indicate that they would find it difficult to repeat this performance in 2016.¹¹¹

There are still no combined results covering the outcome for 2016, but the results in this analyses provide greater support to the Media Authority's fears. The decline of 23 per cent in print advertising in the paid-for press is the largest decline in a single year in Norway and significantly larger the corresponding declines in both Finland and Sweden (where the newspaper industries are structured most similar to that of Norway).

At the same time, there are clear indications that Norwegian newspaper companies' digital advertising sales have also declined. Prior to 2016, the Norwegian press was the single Nordic newspaper market (excl. Iceland for which there is no data) that has been most successful in terms of earning money from digital advertising. With a share of revenue from digital of 29 per cent in 2015 – equivalent to around NOK 1.6 billion – the Norwegian press was at a significantly higher level than its Danish, Finnish and Swedish counterparts. Last year's substantial decline in traditional desktop advertising – an advertising category that has come to account for the majority of the Norwegian newspaper companies' advertising revenues – means, by all accounts, that the Norwegian newspaper industry's business model is coming under further pressure.

A decidedly more positive piece of news from an otherwise rather gloomy year for the Norwegian press was that several newspaper companies reported sharp increases in sales of digital subscriptions in 2016. Compared with 2015, the total share of purely digital subscriptions increased by nine per cent, which means that around 13 per cent of all subscriptions sold over the course of the year were digital.¹¹²

In the case of Amedia, which with a total of 62 newspapers is the largest Norwegian newspaper group by number of titles, the number of purely digital subscriptions increased by 134 per cent to 128,000 in 2016.¹¹³ One year earlier, digital sales amounted to eight per cent of the Norwegian press' combined audience revenues, which by all accounts was more than in any other Nordic country. That same year, audience revenues also overtook advertising revenues in the Norwegian press as a whole.

The conditions for the Nordic newspaper industry to successfully attract new audience revenues online are comparatively very favourable. In a Nordic perspective,

111. Norwegian Media Authority, 2016a.

112. Norwegian Media Businesses' Association, 7 Mar 2017.

113. Amedia, 3 Mar 2017.

Norway is at the forefront in terms of reading the newspaper online. The figures from the Norwegian media barometer show that the online reach of the Norwegian press has been stable since 2011 at around 50 per cent and that the Norwegian press has had a higher reach online than in print since 2013.¹¹⁴ The Reuters Institute's latest survey concerning willingness to pay for news online placed Norwegian media consumers at the top in Europe – and a clear margin ahead of those in other Nordic countries.¹¹⁵ The abolition of VAT on digital newspaper subscriptions at the beginning of 2016 arrived very much at the right time for the Norwegian newspaper industry.

The largest Norwegian commercial broadcast media company – TV 2 – also suffered financial setbacks in 2016. In May 2016, the company announced an extensive programme of savings covering the next four years.¹¹⁶ At about the same time, TVNorge, which is the next biggest actor in the Norwegian commercial TV market (although without news broadcasts), also gave notice of a substantial programme of savings.¹¹⁷

However, the principal explanation for the programme of savings at TV 2 is not falling revenues – a small decline in advertising sales has been compensated for with other revenue – it is instead rising costs. Competition over exclusive broadcast rights is making itself increasingly felt for Nordic TV companies.

In the Norwegian radio market, the trend is comparatively bright. Investments in radio advertising were higher in 2016 than in 2011. Unlike in the other Nordic countries, there is a relatively extensive commercial radio sector as an alternative to the public service broadcaster – especially at the local level. However, the trend is for it to be primarily the larger commercial stations that are doing well financially, while the smaller, so-called niche stations – which still account for the bulk of local radio stations – have had it much harder. Between 2010 and 2016, the number of local radio stations in Norway decreased from 250 to around 200, which is a reflection of the increasing difficulties in making this type of operation economical.¹¹⁸

In the light of this, the outcome for 2017 is particularly interesting. The Norwegian radio market is, beginning this year, undergoing an extensive structural transformation in conjunction with the ongoing close-down of the analogue terrestrial network. In the local segment of the market, there is a worry that digitalisation will amplify the smaller radio station's financial problems.¹¹⁹

One consequence of the shifts in the Norwegian advertising market of recent years, is that investments in advertising media that devote themselves to journalism have decreased. In 2008, an estimated NOK 8.4 billion were invested in Norwegian news media (Figure 4.9). This equated to 41 per cent of all Norwegian advertising investments. Seven years later, investments in news media had decreased to NOK 5.8 billion and the relative market share had declined to 29 per cent.

114. *Norwegian Media Barometer 2015*, p. 15.

115. Reuters Institute for the Study of Journalism, 2016; see Appendix 2, Table 2.17.

116. *Dagens Næringsliv*, 3 May 2016.

117. *Kampanje*, 19 Apr 2016.

118. Interview, Norsk lokalradioforbund, 5 Oct 2016.

119. *Ibid.*

Just over 80 per cent of this decline of NOK 2.6 billion is matched by the growth for foreign digital advertising platforms – which could delight in a growth of an estimated NOK 2.2 billion in the Norwegian market. The pace of the shift between these two advertising categories has increased very rapidly. Although the data for 2016 have not yet been compiled, the results unambiguously point to this trend having continued.

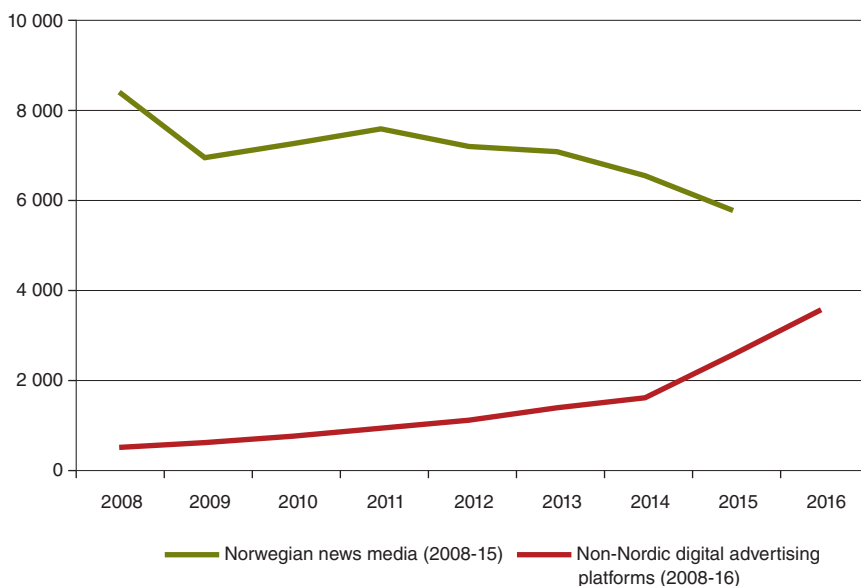


Figure 4.9 Advertising investments in Norwegian news media and in non-Nordic digital advertising platforms, 2008–2016 (MNOK, current prices)

Note: Data concerning advertising investments in non-Nordic advertising platforms are based on estimates worked out by Tobias Hedström (Smartplanner) using IRM's statistics (see section 1.2 and Appendix 3). Advertising investments in Norwegian news media have been estimated by IRM (see Appendix 3).

Source: Tobias Hedström/Smartplanner (original source: IRM); IRM (adapted).

4.5 Sweden

As mentioned previously, the Swedish advertising market – helped by strong economic development in Sweden as a whole – has developed very positively in the past three years (Figure 4.10). In 2016, Swedish advertising investments increased by six per cent – or around SEK 2 billion – to SEK 34.9 billion. This was the highest ever advertising turnover for a single year in Sweden – even when inflation is taken into account.

Accordingly, the Swedish advertising market as a whole has the wind in its sails. IRM's forecast for 2017 is for continued growth of five per cent.¹²⁰ The growth in advertising investments is being driven by a sharp increase in the interest in digital

120. IRM, 15 Mar 2017.

advertising among the country's advertisers. Between 2014 and 2016 alone, Swedish investments in online advertising increased by 46 per cent, or SEK 4.9 billion (Table 4.27). This is more than digital advertising investments grew in Denmark, Finland and Norway combined over the same period. In total, Swedish advertisers invested SEK 15.7 billion in online advertising in 2016.

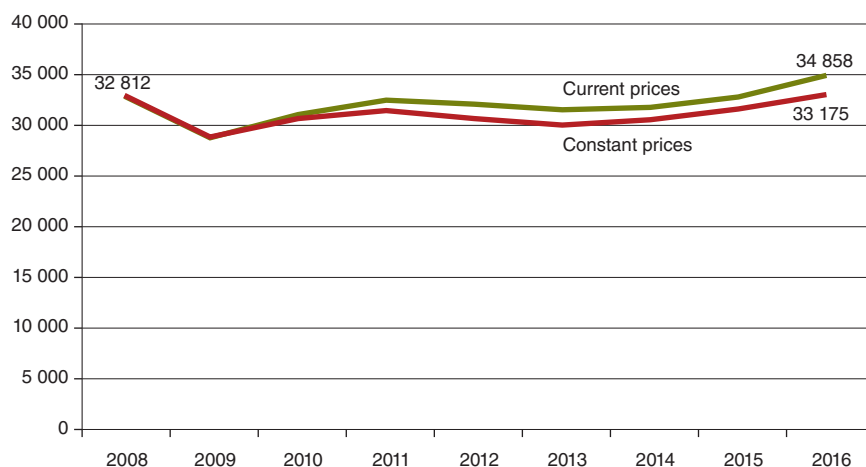


Figure 4.10 Advertising investments in Sweden, 2008–2016 (MSEK, current and constant prices)

Source: IRM Institute for Advertising and Media Statistics (adapted).

Table 4.27 Advertising investments in different advertising platforms in Sweden, 2011–2016 (MSEK, current prices)

	2011	2012	2013	2014	2015	2016	% 11/16	% 15/16
Internet	7,202	8,206	9,315	10,796	12,979	15,732	+118%	+21%
TV	5,720	5,946	5,961	5,769	5,494	5,453	-5%	-1%
Newspapers (incl. supplements)	8,199	7,237	6,293	5,692	5,041	4,516	-45%	-10%
Direct mail	3,980	3,837	3,743	3,580	3,464	3,357	-16%	-3%
Outdoor advertising	1,172	1,111	1,018	1,150	1,242	1,436	+23%	+16%
Free newspapers	1,949	1,901	1,780	1,717	1,530	1,404	-28%	-8%
Magazines (incl. supplements)	2,091	1,874	1,641	1,519	1,339	1,163	-44%	-13%
Radio	757	671	609	706	757	843	+11%	+11%
Free newspapers	446	426	393	422	435	406	-9%	-7%
Advertising sheets	210	209	208	208	195	174	-17%	-11%
Cinema	126	113	117	135	142	150	+18%	+5%
Retail media	111	95	99	114	135	136	+23%	0%
Catalogues	686	486	327	189	133	89	-87%	-33%
Total	32,649	32,112	31,505	31,997	32,885	34,858	+7%	+6%

Source: IRM Institute for Advertising and Media Statistics (adapted).

In parallel with the online growth, advertising investments in both print newspapers and TV are declining. For the paid-for press, 2016 ended with a decline of ten per cent. The decline amounted to eight per cent among the free press. Investments in print newspapers have therefore fallen by 42 per cent since 2011 – or SEK 4.2 billion. As a result, the newspaper industry's share of the total Swedish advertising market has decreased from 31 to 17 per cent.

The decline in TV advertising in 2016 was one per cent, which was significantly less than the previous year (5 %). Since 2013, which was a record year for Swedish TV advertising, investments in TV advertising have decreased by eight per cent, or MSEK 504. This means that TV advertising's share of total advertising investments has fallen from 19 per cent in 2013 to 16 per cent three years later.

When it comes to the other advertising media, the trends seen in Sweden in recent years continued. While advertising investments in print magazines, direct mail and catalogues declined, investments in cinema, radio and outdoor advertising increased. Since 2013, investments in radio advertising and outdoor advertising have increased by 38 and 41 per cent, respectively, or a total of MSEK 652. This trend demonstrates a growing interest among the country's advertisers in the type of traditional – non-digital – “reach media” represented by commercial radio and outdoor advertising. As we have seen, this is a trend that is also present in the other Nordic countries.

4.5.1 The digital advertising market

Digital advertising investments accounted for 45 per cent of total Swedish advertising investments in 2016. This means that Sweden is level with Denmark as the country in the Nordic region – and possibly also the world – where the digital transformation of the advertising market has gone furthest. The rate of growth in Swedish digital advertising sales also shows no signs of easing off. According to IRM's latest forecasts, the digital share of the advertising pie is expected to exceed 50 per cent in 2017.

Table 4.28 Advertising investments in different digital advertising platforms in Sweden, 2011–2016 (MSEK, current prices)

	2011	2012	2013	2014	2015	2016	% 11/16	% 15/16
Search marketing desktop	2,349	2,887	3,368	3,970	5,004	5,959	+154%	+19%
Other mobile marketing	n/a	n/a	n/a	1,174	1,917	3,534	n/a	+84%
Display desktop	2,223	2,295	2,350	2,534	2,553	2,462	+11%	-4%
Online catalogues/ classifieds desktop	2,213	2,219	2,102	1,867	1,764	1,578	-29%	-11%
Digital video, incl. mobile	229	288	412	648	922	1,170	+410%	+27%
Display mobile	189	517	1,083	603	819	1,030	+444%	+26%
Total	7,202	8,206	9,315	10,796	12,979	15,732	+118%	+21%

Note: For definitions see www.irm-media.se.

Source: IRM Institute for Advertising and Media Statistics (adapted).

The growth in the Swedish digital advertising market is essentially explained by two factors: an sharply increasing interest in search marketing and an even more sharply increasing interest in mobile advertising (see Table 4.28). In the past two years, Swedish search marketing has grown by SEK 2 billion – or 50 per cent – to SEK 6 billion. Mobile advertising (which includes the categories “display mobile” and “other mobile marketing”, but not mobile digital video advertising) has grown by SEK 2.8 billion over the course of the same period, to SEK 4.8 billion. This equates to a growth of 157 per cent since 2014. Digital video advertising has also grown very rapidly – although from a comparatively low level. Traditional display advertising (the categories “display” and “online catalogues/classifieds”) is moving in the opposite direction. Advertising investments here fell by three and 15 per cent, respectively, between 2014 and 2016.

The relationship between domestic and foreign advertising platforms

The rapid growth in search marketing and mobile advertising means that foreign technology companies have taken a strong hold of the Swedish digital advertising market. The global search marketing market is essentially dominated entirely by Google, while the mobile advertising market is increasingly becoming dominated by Facebook. In this respect, Sweden is probably no exception.

In 2016, non-Nordic advertising platforms accounted for an estimated SEK 9.9 billion of total investments in digital advertising in Sweden (Figure 4.11). This equates to a market share of 63 per cent. This share has increased very rapidly over time, from 32 per cent in 2011 and from 49 per cent since 2014.

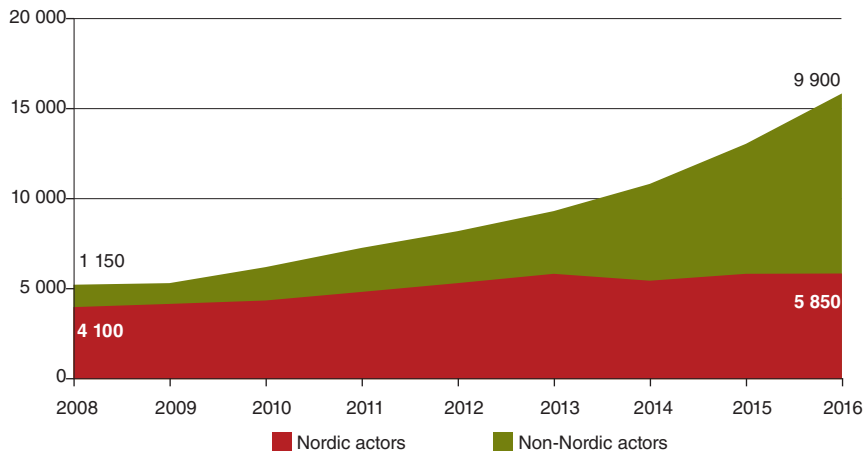


Figure 4.11 Advertising investments in digital advertising divided by Nordic and non-Nordic actors, Sweden, 2008–2016 (MSEK, current prices)

Note: The distribution of advertising investments between Nordic and non-Nordic actors is based on estimates worked out by Tobias Hedström (Smartplanner) using IRM’s statistics (see section 1.2 and Appendix 3).

Source: Tobias Hedström/Smartplanner (original source: IRM).

Between 2014 and 2016 alone, Swedish investments in non-Nordic digital advertising platforms increased by 45 per cent – or SEK 4.9 billion. This corresponds to 94 per cent of the total growth in digital advertising sales in Sweden over the course of the same period. Accordingly, this left only six per cent of the growth in this period for the Swedish platforms (and those of other Nordic countries) to share amongst themselves.

4.5.2 *The newspaper market*

In 2016, a total of 163 print newspapers were published in Sweden, 66 of which were published at least six times per week. Swedish newspapers are normally divided up into four main categories: provincial press, major city press, evening press and free press. The provincial press encompasses all subscription newspapers published outside of the three major cities Stockholm, Gothenburg and Malmö. The major city press encompasses the major cities' subscription morning newspapers, of which at least Dagens Nyheter, Svenska Dagbladet and Dagens Industri (all published in Stockholm) can also be said to be aimed at a nationwide audience. The category encompasses a total of six newspapers, all of which are published in paper format six or seven days per week. The evening press consists of Aftonbladet and Expressen, both of which are published in Stockholm and are aimed at a nationwide audience (although there are regional editions of Expressen in Gothenburg and Malmö). The evening papers are published in print format seven days per week and are single-copy sales papers. The more active free newspaper segment encompassed an estimated 290 titles in 2016, essentially all of which were local weekly papers aimed at a single municipality, town or neighbourhood.¹²¹ The most important exception was Metro, which is published five days per week in the three major city regions, and the regional thrice weekly newspaper Extra Östergötland.

The subscription daily newspaper industry's advertising revenues

In terms of advertising sales, the four newspaper categories have developed in somewhat different direction in recent years. This applies to both print and digital advertising sales. For the provincial press, which accounts for the largest share of the Swedish newspaper industry's total advertising sales, print advertising fell by seven per cent in 2016 to SEK 2.6 billion (Table 4.29). Swedish provincial newspapers have lost 39 per cent (SEK 1.7 billion) of their print advertising revenues in the space of five years.

Over the course of the same period, these newspapers' digital advertising sales have increased by MSEK 186 to a total of MSEK 375. However, the provincial press' digital advertising sales fell by one per cent in 2016. This means that the rapid expansion that characterised provincial newspapers' digital advertising since 2011 has come to a halt. The most important explanation for this decline was a reduction in sales of traditional display advertising.

121. Leckner & Nygren, 2016.

When sales of print and digital advertising are added together, the provincial press' total advertising revenues decreased by MSEK 183 (-6 %) in 2016, which is a slightly smaller drop than in the previous year (-7 %). Print advertising accounted for 87 per cent of the provincial press' total advertising sales in 2016, with digital sales making up the remaining 13 per cent. Compared with 2011, the provincial press' total advertising sales have fallen by 33 per cent, or just under SEK 1.5 billion.

Table 4.29 Advertising revenues (print + digital) in different newspaper categories in Sweden, 2011–2016 (MSEK, current prices)

	2011	2012	2013	2014	2015	2016	% 11/16	% 15/16
Provincial press								
Print	4,205	3,715	3,243	3,005	2,734	2,553	-39%	-7%
Digital	189	206	243	334	377	375	+98%	-1%
Major city press								
Print	2,838	2,435	2,115	1,875	1,590	1,324	-53%	-17%
Digital	281	294	311	375	421	449	+60%	+7%
Evening press								
Print	803	746	622	498	407	356	-56%	-13%
Digital	470	500	708	861	963	1,079	+130%	+12%
Free press								
Print	1,949	1,901	1,780	1,717	1,530	1,404	-28%	-8%
Digital	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Note: ¹ The digital advertising revenues for the evening press are based on estimates.

Sources: IRM Institute for Advertising and Media Statistics; Swedish Media Publishers' Association (TU); Swedish Press and Broadcasting Authority; annual reports (adapted).

The trend among the Swedish major city press since 2011 is essentially similar to that of the provincial press, but differing only in that the decline in print has been somewhat larger and that the growth in digital has been somewhat weaker. Sales of print advertising by the major city press fell by 17 per cent (MSEK 266) in 2016. This means that the six major city newspapers in this group have lost SEK 1.5 billion (53 %) of their print advertising revenues over the course of five years.

Unlike the provincial press, however, the major city press increased its digital advertising sales in 2016. The total growth here was seven per cent. Nevertheless, this outcome means that the rapid growth of previous years has slowed. All in all, this means that the newspapers total advertising sales have declined by 12 per cent in 2016. Digital advertising sales accounted for 25 per cent of total advertising revenues in the group. Since 2011, the Swedish major city press' total advertising revenues have fallen by 43 per cent, or SEK 1.3 billion.

Accordingly, the overall impression with regard to the subscription morning press in Sweden – both provincial and major city – is that total advertising revenues have decreased substantially over the course of the past five years and that the decline increased somewhat in 2016. This decline is primarily explained by a reduced interest in print advertising, combined with the rapid growth seen in digital advertising seen in previous years having levelled off.

The evening press' advertising revenues

The trend in the Swedish subscription press' advertising sales stands in stark contrast to that of the evening press. Both Aftonbladet and Expressen have grown their advertising revenues in recent years. In the case of Expressen, advertising sales increased in 2016 by two per cent – or around six per cent since 2013. Aftonbladet's sales figures for 2016 were not known at the time of this report's deadline, but between 2013 and 2015, the paper's total advertising sales increased by two per cent.

The evening papers' increased sales volumes have taken place in spite of a dramatic decline in print advertising – in 2016 alone, advertising investments in the evening papers' print editions fell by 14 per cent. There has been a 56 per cent decline since 2011. This means that Aftonbladet and Expressen, unlike the morning papers, have succeeded in compensating for the decline in print advertising sales with increased sales of digital advertising.

Aftonbladet, which is by a wide margin Sweden's biggest news website, had digital advertising sales in 2015 estimated at between MSEK 600 and 700, while print advertising amounted to around MSEK 200. In 2015, the evening press sold digital advertising worth just under one billion kronor.¹²² This was more than the entire subscription morning press combined. There is much to indicate that the distance between the evening press and the morning press has continued to increase after 2015. In the case of Expressen, 2016 ended with a growth in digital advertising revenue of twelve per cent.

The newspaper industry's finances

Developments in the advertising market have had a major impact on the finances of Swedish newspaper companies – in terms of both revenue structures and profit levels. Taking the annual analyses of the newspaper industry's economic development produced by the Swedish Press Subsidies Council (now part of the Swedish Press and Broadcasting Authority), we are able to deduce the following: The subscription press – or morning press – (a group that encompasses both the major city and provincial press) has seen its advertising revenues fall by twelve per cent over the years 2011 to 2015, from SEK 16.1 to 14.1 billion (Table 4.30). The entire decline, and more, is explained by falling advertising revenues.

While sales of advertising (both print and digital) have decreased by SEK 2.4 billion (32 %), revenues from other sources – mainly audience revenues – have increased by SEK 0.4 billion (5 %). The latter is due primarily to the Swedish morning press having been characterised throughout this period by sharp rises in subscription prices.¹²³ All in all, this means that advertising revenue's share of the subscription press' total revenue has decreased from 47 to 36 per cent between 2011 and 2015.

122. Swedish Press and Broadcasting Authority, 2016.

123. Ohlsson, 2015.

For the single-copy sales evening press (i.e. Aftonbladet and Expressen), the trend has been almost the opposite. However, total revenues have also decreased over time here. Between 2011 and 2015, there was a decline of eleven per cent, from SEK 3.6 to 3.2 billion. However, the explanation for the loss of revenue is not to be found in the advertising market – the evening press increased its advertising revenues by eight per cent over these four years – rather it is in the audience market (“Other revenue”), where revenues declined by 21 per cent. Consequently, the share of the evening press’ total revenue made up of advertising revenue increased from 35 to 42 per cent between 2011 and 2015.

Table 4.30 Consolidated key performance indicators for the Swedish morning and evening press, 2011–2015 (MSEK, current prices)

	2011	2012	2013	2014	2015	% 11/15	% 14/15
Morning press							
Turnover	16,053	17,428	16,426	16,526	14,057	-12%	-15%
Advertising revenue	7,513	6,650	5,912	5,589	5,122	-32%	-8%
Other revenue (incl. audience revenue)	8 540	8 553	8 485	8 950	8 935	+5%	±0%
Expenditure	15,307	16,689	16,119	16,052	13,786	-10%	-14%
Operating results (EBIT)	746	739	307	474	271	-64%	-43%
Evening press							
Turnover	3,632	3,471	3,359	3,346	3,236	-11%	-3%
Advertising revenue	1,273	1,246	1,330	1,359	1,370	+8%	+1%
Other revenue (incl. audience revenue)	2,359	2,225	2,029	1,987	1,866	-21%	-6%
Expenditure	3,369	3,094	3,016	3,148	2,970	-12%	-6%
Operating results (EBIT)	263	377	343	198	266	+1%	+34%

Sources: Swedish Press and Broadcasting Authority/Swedish Press Subsidies Council (*Dagspressens ekonomi*) (adapted).

The fall in revenues for the Swedish morning press has gone hand in hand with an increasing hunt for cost savings in the newspaper companies. Between 2011 and 2015, total operating expenses in the Swedish newspaper industry fell by ten per cent, or just over SEK 1.9 billion. The reduction in costs has been greater in both of the evening papers, which means that the evening press as a whole has, in spite of the loss of revenue, been able to maintain – and actually increase – its profit margin compared with 2011, from seven to eight per cent. For the morning press, the total profit margin has instead fallen from five to two per cent. There are however significant variations within this relatively disparate group.

The free press

The trend for the Swedish free press is more difficult to assess than for the other newspaper categories. There is a lack of data about the size of revenues from digital advertising. The number of free newspapers in the market has also fluctuated significantly more than has been the case in the paid-for press in Sweden. One thing that is certain, however, is that the number of high-frequency free newspapers has decreased

substantially in recent years. In 2011, there were eleven in Sweden. Only Metro's three major city editions remain (all of which have essentially the same content).

Of a total of 291 free newspapers in 2016, over 60 were part of one of the traditional paid-for newspaper groups and just over 100 were part of one of the three dominant free newspaper groups: Lokaltidningen Mitt i Stockholm, Lokaltidningen Mediacenter (which is owned by Denmark's JP/Politikens subsidiary Lokalavisen) and DP Direkt Press Tidningsförlag. Around 70 of these just over 100 newspapers are neighbourhood newspapers in the Stockholm area.¹²⁴ While the first two groups made a loss in 2015, the latter made a small surplus (Table 4.31).¹²⁵ In January 2017, JP/Politikens announced an extensive programme of savings in the Swedish free newspaper business, which included the closing down of nine of the company's around 40 local titles. According to the company, these savings were justified by profitability problems.¹²⁶

Table 4.31 Key performance indicators for the largest companies in the local free newspaper market in Sweden, 2011–2015 (MSEK, current prices)

Lokaltidningen Mitt i Stockholm AB	2011	2012	2013	2014	2015
Revenue	342	319	300	307	254
Operating results (EBIT)	107	69	68	52	-49
Number of employees	154	161	159	157	151
Number of titles	31	31	31	31	31
Lokaltidningen Mediacenter Sverige AB	2011	2012	2013	2014	2015
Revenue	151	155	153	168	162
Operating results (EBIT)	0	8	14	6	-8
Number of employees	156	153	119	131	137
Number of titles	n/a	n/a	n/a	40	39
DP Direkt Press Tidningsförlag AB	2011	2012	2013	2014	2015
Revenue	127	142	121	112	157
Operating results (EBIT)	5	6	2	1	8
Number of employees	97	93	80	80	89
Number of titles	20	19	19	37	40

Source: Annual reports.

In total for the segment “print free press”, advertising sales fell by nine per cent in 2016 (Table 4.29). Compared with the peak year of 2011, the free press has lost 28 per cent (around MSEK 545) of its advertising revenues. With a total advertising revenue of SEK 1.4 billion, the free press accounted for four per cent of the total Swedish advertising market in 2016. Five years previously, this share was 6 per cent.

124. Leckner & Nygren, 2016.

125. Lokaltidningen Mitt i Stockholm was one of Sweden's most profitable media companies in the initial years of the 2010s. As a result of the establishment of around 15 neighbourhood newspapers in Stockholm by DP Direktpress in 2015, the company became subject to a sharp increase in competition – which probably partly explains the sudden decline in profits that year.

126. Interview, Politikens lokalavisen, 18 Jan 2017; see also e.g. *Journalisten*, 30 Jan 2017.



The changes in the Swedish press' advertising sales in many ways reflect developments within the audience market for Swedish newspapers. As the reach of print newspapers has decreased, advertising investments in print newspapers have declined. In all cases, however, the trend is for advertising investments to have left the print newspapers at a faster rate than newspaper readers.¹²⁷

4.5.3 *The broadcast media market*

The repercussions of the advertising market's increasing digitalisation have so far been less extensive in the Swedish TV and radio markets than in the newspaper market. With regard to radio in Sweden, advertising investments have risen to new record levels in recent years. As the contemporary Swedish commercial radio market does not encompass any substantial news operations,¹²⁸ the following account is focused on television.

TV4, which is Sweden's largest commercial TV channel by some margin, has since 1992 – when it was given a licence to broadcast advertising-financed TV on the Swedish terrestrial network – held the role of one of Sweden's largest news distributors. In addition to daily news broadcasts in the morning, the news programme TV4Nyhetererna (which includes weather, sport and financial news) is broadcast every day between 7 and 10 pm. In terms of share of viewers, TV4Nyhetererna is Sweden's second most watched news programme after Rapport on SVT.¹²⁹ TV4's range of programming also includes the weekly *Kalla fakta*, a news programme focusing on investigative journalism. TV4 news can also be seen online at tv4.se and via the on demand service TV4 Play.

TV4's news operations (and editorial staff) have been part of the production company Nyhetsbolaget Sverige since 2012. Both TV4 and Nyhetsbolaget are wholly owned subsidiaries of the Swedish Bonnier group (and part of the business area Bonnier Broadcasting).

The TV4 Group – revenue and results

The TV4 Group, which encompasses, in addition to TV4, tv4.se and TV4 Play, seven niche channels, has been able to maintain both its revenue and profits in recent years,

127. The decline in reach (i.e. the number of unique people who read an average issue of the paper) between 2011 and 2015 amounted to 20 per cent for the provincial press, 31 per cent for the major city press and 37 per cent of the evening press. The corresponding declines in advertising sales were 35 per cent of the provincial press, 44 per cent for the major city press and 49 per cent for the evening press. There are no equivalent total reach statistics for the free press. The reach of Metro, which is the only free newspaper in Sweden published five times per week, fell by 21 per cent between 2011 and 2015, which is exactly the same as the decline in total advertising investments in print free newspapers over the same period.

128. Cf. Ohlsson, 2015.

129. MMS (Mediemätningar i Skandinavien AB).

in spite of increasing competition over both the TV audience and advertisers. In 2016, the company's turnover increased by two per cent to SEK 4.3 billion and its operating results (EBITDA) increased by eleven per cent to MSEK 734, which is a profit margin of 17 per cent.¹³⁰ This result cements the TV4 Group's position as one of Sweden's largest and most profitable media organisations.

The TV4 Group does not report revenue from digital operations separately, but the annual accounts communiqué for 2016 indicates that both analogue and digital advertising revenues were higher than ever. In 2015, the company TV4 AB reported advertising revenue of SEK 3.4 billion, which corresponded to just over ten per cent of total advertising sales in Sweden. In relation to the company's total turnover, this equated to a share of revenue of just under 80 per cent. With regard to Nyhetsbolaget, 2016 ended with an operating result (EBITDA) of MSEK 1 on a turnover of MSEK 463. In 2015, the company had 302 employees, which was just over 150 fewer than two years previously.¹³¹

The reduction in staff at Nyhetsbolaget reflects a change in TV4's efforts involving news journalism. In the years TV4 had the sole right to broadcast commercial television in Sweden, there was also relatively extensive requirements placed on the channel's content in the broadcast licence issued by the Swedish Government. This included an obligation to broadcast regular national and regional news. In conjunction with the digitalisation of the Swedish terrestrial TV network between 2005 and 2007, the TV market was opened up to additional actors and many of the content requirements placed on TV4's programming were done away with. The period without more detailed content requirements has coincided with a gradual reduction in the range of informational content in favour of more entertainment-oriented content.¹³² In 2014, TV4 decided to discontinue all of its local news broadcasts. This decision, which affected over 20 local newsrooms and over a hundred journalists, was justified by the rationale that there was too little demand for this type of programme in the advertising market.¹³³

4.5.4 Independent news sites

Thanks to the ongoing research project *Hyperlokal journalistik* (Hyperlocal Journalism) at Södertörn University, there are up-to-date statistics in Sweden concerning the incidence of independent local news sites around the country. In 2016, there were a total of 89 sites, the majority of which had one municipality or part of a municipality as their main area of coverage. The segment is dominated by small actors with limited editorial resources. Only a few of these news sites are part of any larger newspaper group.¹³⁴

130. The TV4 Group, 10 Feb 2017.

131. Nyhetsbolaget Sverige AB, annual report 2015.

132. Asp, 2016.

133. *Medievärlden*, 13 Jun 2014.

134. Leckner & Nygren, 2016.

The largest actor at the national level is Nyheter24, which was the ninth largest commercial news site in Sweden in 2016 according to the Reuters Institute's audience survey.¹³⁵ In 2015, the company turned over MSEK 49, made an operating profit of MSEK 0.7 and had 45 employees. The company is part of the 24 Media Network group, which focuses its operations on digital advertising.

The largest actor at the local level is 23 Journalistik, which has established a range of local news sites in southern Sweden since 2014. At the end of 2016, the company had five local newsrooms and around 20 reporters.¹³⁶ 24 Journalistik is based in Kalmar and is owned by a local marketing company. What both Nyheter24 and 24 Journalistik have in common is that their revenues come exclusively from the sale of advertising. In both cases, social media act as an importance channel through which traffic is driven to their own sites.

4.5.5 Conclusions

The positive development that the Swedish advertising market has displayed since 2013 has only benefited news-producing media companies to a limited extent. At the same time as advertising has declined sharply, especially in print newspapers, domestic news media companies' share of the Swedish digital advertising market is falling. Of the just under five "new" billions added to the digital advertising market in Sweden since 2014, only two per cent (MSEK 115) has been invested in the morning press' digital platforms. It is estimated that just under double this amount has gone to those of the evening press.

What we are seeing is a broad and extensive shift of advertising investments from news-producing advertising media to advertising media that do not have their own journalistic content. Between 2011 and 2016, total advertising investments in Swedish news media fell from SEK 11.2 to 8.0 billion (Figure 4.12). This decline of SEK 3.2 billion equates to a loss of revenue of 29 per cent.

Over the course of the same period, total advertising investments in other advertising platforms increased by SEK 5.4 billion (25 %) to a record level of SEK 26.9 billion. Non-Nordic online advertising platforms accounted for a little over one third of these. Between 2011 and 2016, Swedish investments in non-Nordic digital advertising platforms increased by an estimated SEK 7.6 billion. In 2016, for the first time ever, Swedish advertisers invested more money in foreign online platforms than in the combined Swedish commercial news media.

A total of SEK 2.1 billion was invested in Swedish commercial online news media in 2016, which is equivalent to just over one fifth of total advertising investments in Swedish news media companies. (The remaining four fifths was therefore invested in traditional platforms). An estimated 90 per cent of the money ended up with the newspaper industry's websites – a result that indicates it is the traditional newspaper

135. Reuters Institute for the Study of Journalism, 2016; see Appendix 2, Table 2.16.

136. Interview, LindMarkmedia/24 Journalistik, 27 Dec 2016.

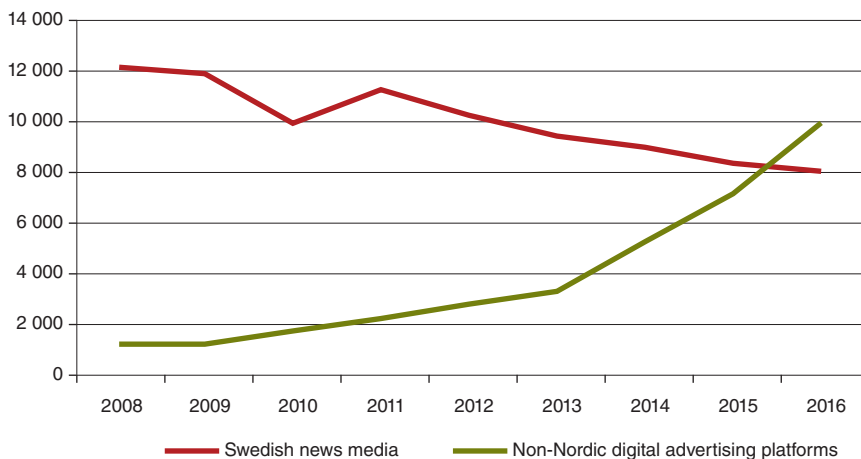


Figure 4.12 Advertising investments in Swedish news media and in non-Nordic digital advertising platforms, 2008–2016 (MSEK, current prices)

Note: Data concerning advertising investments in non-Nordic advertising platforms are based on estimates worked out by Tobias Hedström (Smartplanner) using IRM's statistics (see section 1.2 and Appendix 3). Advertising investments in Swedish news media have been estimated by IRM (see Appendix 3; Egge et al., 2016).

Source: Tobias Hedström/Smartplanner (original source: IRM); Institutet för mediestudier; IRM (adapted).

companies that also dominate the Swedish market for commercial journalism in the field of digital advertising.

At the same time, this reinforces the impression that there is a different power relationship between the various parts of the Swedish press online. When Swedish advertisers choose, in spite of everything, to advertise in Swedish news media, they mainly choose nationally oriented newspapers – while only a small proportion end up with local media.

4.6 Summary and conclusions

As we have seen in this and the previous chapter, Nordic advertising markets have developed in somewhat different directions in recent years. If we look at the situation in 2016, it was only the Swedish advertising market that displayed a higher turnover than that of the year prior to the outbreak of the financial crisis in 2008/09. Advertising investments have decreased in the other countries. The Swedish advertising market has benefited from a comparatively strong development of the Swedish economy as a whole.

In the light of this, the intention of this chapter has been to analyse in slightly more detail developments in the five Nordic advertising markets in the period from 2011 to 2016. Developments in these advertising markets have also been related to financial outcomes for the advertising-financed Nordic news media over the same period. The principal results of the analysis are pulled together and discussed in this concluding section.

4.6.1 *The digital advertising markets*

The period of recovery following the financial crisis – an event that cut a deep trench into the world’s advertising curves – has coincided with the digitalisation of the advertising market seriously taking off. This is particularly the case in the Nordic countries. The Nordic populations are among the most connected in the world. Accordingly, Nordic advertisers have comparatively good conditions in which to process their customers in a digital way. Investments in digital advertising have also increased at a steady rate in both relative and absolute terms. But this does not mean that there are not important differences between the Nordic countries in these respects.

Different degrees of digitalisation in the Nordic advertising markets

As has already been described in Chapter 3, Sweden accounts, by some margin, for the largest percentage growth in digital advertiser over the period from 2008 to 2015. Developments in Norway, Denmark and Finland have been similar – but at a lower level than in Sweden. However, Finland has been the Nordic country in which the digital market has accounted for the lowest share of total national advertising investments throughout the entire period. In 2015, the digital had a share of the Finnish advertising market of 23 per cent – while the average for the Scandinavian countries was around 40 per cent.

The trend in which the digital advertising market has developed more strongly in Sweden than in the other Nordic countries has been reinforced further in 2016 – a year that was the best ever for digital advertising sales in Sweden. The growth of 21 per cent was four times higher than that in Norway (5 %) and almost double that in Finland (13 %) and Denmark (prel. 12 %). These digital advertising sales clearly explain the positive trend that has characterised the combined Swedish advertising market since 2013. In the non-digital section of the market there was instead – in spite of assistance from the performance of the Swedish economy as a whole – a reduction in turnover.

Non-Nordic platforms take half of all digital advertising investments

If we take the Swedish trend as our starting point, it is clear that there is extensive restructuring currently taking place *within* the digital advertising market. What we are seeing is, firstly, a shift from desktop advertising to mobile advertising, secondly, a shift from “still” to “moving” advertising (i.e. digital video) and thirdly, a sharp increase in the interest in search marketing.

Expressed differently, this therefore involves – somewhat critically – a shift from national to global advertising platforms. The results of these extensive shifts are that American actors such as Google (search marketing) and Facebook (mobile advertising) and YouTube (digital video advertising) have taken an ever larger share of Nordic digital advertising investments. In 2016, non-Nordic advertising platforms accounted for an estimated 63 per cent of total Swedish investments in digital advertising, which is an

increase of eight percentage points in just one year. This also means that non-Nordic platforms accounted for all of the combined growth in digital advertising sales in Sweden in 2016.

The pattern in the other Nordic countries is the same as in Sweden – although at different levels. In this context, it has to be emphasised once again that the Nordic estimates in this area are based on somewhat different calculation procedures, which is why comparisons between individual countries have to be made with some caution. Having said that, the Danish statistics also indicate the foreign actors also account for a substantial majority of digital advertising sales in Denmark. There is still not outcome here for 2016 – but there is much to indicate that the trend of recent years has continued and that the situation is thus similar to that in Sweden (i.e. a share of over 60 per cent). In Norway (where the estimates are made in the same way as in Sweden) – and in Finland (where the statistics pertain to Google, YouTube and Facebook, specifically) – foreign influence in the digital advertising market is also increasing. However, the market shares in Norway and Finland are thought to be a bit under those in Sweden and Denmark.

Based on the country by country estimates, we can conclude overall that Nordic advertising investments in non-Nordic digital advertising platforms amounted to an estimated EUR 2.2 billion in 2016. This corresponds to just over half of total digital advertising investments in Denmark, Finland, Norway and Sweden (which amounted to just over EUR 3.9 billion the same year). This a market share of total Nordic advertising sales of between 20 and 25 per cent. In 2015, investments in non-Nordic platforms amounted to EUR 1.7 billion, which equates to a growth of close to 30 per cent, or around EUR 500 million, in 2016 alone.

There is currently nothing to indicate that the increasing market dominance of non-Nordic advertising platforms is going to diminish. This conclusion is supported by the latest indications from Norway and Swedish, which point to the newspaper industry's digital advertising sales having begun to decline in 2016 (see below). This development indicates that we are heading towards a future in which Nordic advertisers invest an ever greater proportion of their advertising budgets with American companies. And in which they will continue to do so at the expense of domestic alternatives.

Iceland continues to be dominated by domestic actors

In Iceland, there are no equivalent statistics covering overall national advertising sales. What is available is an overview of the advertising that passes through the country's largest media agencies – which equates to an estimated half of total advertising investments in the country. In this segment of the market, foreign advertising platforms accounted for 18 per cent of digital advertising investments in 2015. This result is an indication that the Icelandic advertising market, unlike those of the other Nordic countries, is still dominated by domestic media companies – even in the digital environment.

4.6.2 *The newspaper markets*

When it comes to the development of newspaper advertising, there is reason to speak of a negative mirror image of the trend in digital advertising. This is especially true if we only look at print advertising, which – with a handful of exceptions – still accounts for the absolute majority of Nordic newspaper companies' total advertising revenues.

Newspaper advertising is down 40 per cent since 2011

Digitalisation has ridden roughshod over print advertising in all of the Nordic countries. Since 2011, Nordic advertising investments (excl. Iceland, for which there are no data) in print newspapers have fallen by a total of EUR 1,2 billion, or around 40 per cent. In 2016, this involved a decline of an estimated EUR 200 million (or around 10 %).

This decline in advertising sales has gone hand in hand with a reduced reach for the print newspaper as a product. However, the overall trend is for Nordic advertisers to have left print newspapers behind at a faster rate than Nordic consumers.

At the same time, there are important structural differences between the Nordic newspaper markets that mean the consequences of the shift in the advertising market in recent years are expressed somewhat differently. The Norwegian press accounts for the single largest decline – 50 per cent since 2011 and around 20 per cent in 2016 alone. A contributory factor is that Norway entered this period with by far the highest per capita investments in print newspaper advertising in the Nordic countries. In the case of Denmark and Finland, the decline since 2011 has been around 30 per cent and around 40 per cent in Sweden.

Large differences in digital advertising revenues

The Nordic newspaper companies have only been able to compensate for the decline in print advertising with digital advertising sales to a limited extent. There are however large variations both between and within the different countries. The situation as regards the data available also makes it more difficult for make more precise comparisons in this respect. This is especially the case within the free press, where in there is a lack of comprehensive digital advertising sales statistics in all Nordic countries. It was also the case that the sales data for 2016 had not been compiled completely by the time this report went to press, which means that we have not had access to the most up-to-date data in some cases.

However, if we look at the situation in 2015, we can establish that digital advertising revenue's share of the paid-for press' total advertising sales in 2015 was substantially higher in Norway (29 %) than in Finland (an estimated 15 %) and Sweden (12 %).¹³⁷ In Norway, newspaper companies digital advertising sales amounted to around EUR 200 million and in Finland and Sweden to EUR 65 and 190 million, respectively.

137. The digital market share was 15 per cent in the Association of Danish Media's statistics, which encompass 14 newspaper companies. There are no equivalent statistics for Iceland.

The most detailed data concerning the outcome *within* each newspaper industry can be found in Norway and Sweden. In both cases, there are significant differences between different types of newspaper company. What both countries share is that the single-copy sales evening papers with nationwide distribution have cornered a substantial share of digital advertising sales in their respective markets. In Norway, Dagbladet and VG account for around 40 per cent of the newspaper industry's total digital advertising revenue. In Sweden, the corresponding share for Aftonbladet and Expressen was an estimated 55 per cent. The most important explanation for the digital success of the evening press in Norway and Sweden is the strong position of these four newspapers among the domestic news audience. Both VG and Dagbladet and Aftonbladet and Expressen hold first and second places in the list of the most used online news providers in their respective countries.¹³⁸

In 2015, the evening press in Norway and Sweden obtained around 70 per cent of their advertising revenues from digital sales.¹³⁹ However, the trend is heading in somewhat differing directions in Norway and Sweden. While the Norwegian evening press has suffered a decline in total advertising sales in recent years, the Swedish evening press has been able to maintain, and even increase, its total advertising sales. This puts them in a position that is thought to be unique, not just in the Nordic countries, but also in Europe.

The main observation as regards the other parts of the Norwegian and Swedish newspaper markets is that the digital share of advertising revenues is significantly higher among the national newspapers than among those that are smaller and more local. This is due partly to the decline in print advertising having been greater in the former group than in the latter. Among the around 70 Norwegian low-frequency newspapers – which can be said to constitute the hub of the Norwegian local press' decentralised structure – digital advertising sales accounted for a moderate eight per cent of total advertising revenues in 2015. The local press in both Norway and Sweden thus continues to be relatively highly dependent on revenues from print newspapers. The same can be presumed to also apply to the local press in the other Nordic countries.

Signs of a downturn in newspapers' digital advertising sales

In the light of this, the most recent advertising statistics from Sweden are ominous for newspaper companies in the Nordic countries. In spite of a spirited digital advertising market in Sweden in 2016, the local press' revenues from digital advertising fell. There is much to indicate that the marked drop in interest in traditional display advertising among the country's advertisers is the most important explanation for this decline.

138. Reuters Institute for the Study of Journalism, 2016; see also Appendix 2, Table 2.16. Revenues for the Danish and Finnish evening/tabloid newspapers are unfortunately not reported separately. However, given their strong position, it appears reasonable to assume that there are similar circumstances in these countries as well.

139. At the Danish equivalent, Ekstra Bladet, digital advertising sales accounted, according to Stig Ørskov for 80 per cent of total advertising revenue in 2016 (*Medievärlden Premium*, 14 Mar 2017).

In Norway – which, unlike Sweden, is not benefiting from a favourable economic cycle – desktop display advertising fell by 21 per cent in 2016. This indicates that the comparatively large share of the digital advertising market the Norwegian press has been able to corner is under pressure.

Newspaper companies keeping themselves in the black through savings

In spite of the often dramatic decline in advertising sales, the Nordic paid-for newspaper market as a whole continued to report a surplus in 2015. (There are also no comprehensive results for 2016 compiled here.) The continued profitability is explained to some extent by the newspaper companies having been able to increase their revenues from other sources, especially their audience. But the most important reason is that the companies have driven down their costs. Recent years have been characterised by extensive programmes of savings in the Nordic newspaper markets – programmes that have involved cuts in the number of journalists and local newsrooms, more shared material, reduced publication frequencies and generally thinner paper editions.

Declining figures for the free press as well

Advertising revenues have also fallen over time among the freely distributed press. As we have seen, this is also a segment that varies relatively sharply in size between the Nordic media and advertising markets. The extremities being Denmark on the one side and Norway on the other. Advertising investments in freely distributed newspapers were more than ten times higher in Denmark than in Norway in 2015 (MEUR 222 and 17, respectively). Sweden and Finland were somewhere in between (MEUR 165 70, respectively). The Danish free press accounted for 57 per cent of total advertising in print newspapers in 2015, which can be compared with four per cent in Norway (2016), 25 per cent in Sweden (2016) and 15 per cent in Finland (2015).¹⁴⁰ Unfortunately, there are no overall figures covering the free press' digital advertising revenues. Nevertheless, the interview material indicates that these are relatively modest.¹⁴¹

At the same time as the decline in print advertising revenues has been somewhat smaller among the free press than the paid-for press, for obvious reasons there is no audience market the free newspaper companies can utilise to make up for falling advertising sales. The reduced advertising revenues have therefore hit the Nordic free newspaper segment hard and it has been forced into making savings in the same manner as the paid-for press. Although there are no reliable statistics covering the combined Nordic free newspaper market, the trend is thought to be that the number of

140. There is no data for Iceland.

141. For Politikens Lokaltidiser (which is part of Denmark's JP/Politiken group), digital advertising sales accounted for around four per cent in 2016 (interview, Politikens Lokaltidiser, 18 Jan 2017). With over 70 local free newspapers in Denmark and Sweden and a total turnover of MDKK 510 (2015) Politikens Lokaltidiser is the largest free newspaper group in the Nordic countries.

free newspapers is gradually decreasing. This is especially true for the high-frequency section of the free press where the number of titles has fallen dramatically over the course of the past decade.

4.6.3 Commercial TV markets

The development of the Nordic markets for advertising-financed radio and TV differs in many ways from that of the newspaper industry. The most important difference is that the Nordic broadcast media as a whole has been spared the dramatic decline in advertising revenues that have afflicted the region's newspaper markets. With regard to the Nordic TV advertising markets, a record level was set in 2013. That year, total investments in Nordic TV advertising (excl. Iceland for which there are no data) amounted to just under EUR 1.7 billion. The trend made a downward turn in the years that followed, which means that advertising investments in 2016 decreased to an estimated EUR 1.6 billion, corresponding to a decline of four per cent compared with 2013. The country that diverges from this pattern the most is Norway, which instead reported growth of three per cent over the same period. Sweden accounted for the largest decline (-9 %), with Denmark and Finland somewhere in between (-5 % and -7 %, respectively).

The TV companies are being pressured by expensive programme purchases

The comparatively small changes at an aggregated level are also reflected in the TV companies' annual accounts. The bulk of the falls in advertising revenues from traditional TV have been compensated for with other sources of revenue – especially the audience market. Both Sweden's the TV4 Group and Norway's TV 2 reported their highest ever turnover in 2016 and by all accounts, Denmark's TV 2 will be doing the same.¹⁴² All three companies also made a profit – in the case of the formed the profit margin was a record high 17 per cent (MSEK 734).

However the TV4 Group's Finnish colleague in the Bonnier group, MTV3, ended the year having made a loss. The company has been forced to make substantial savings following several years of weak revenue. Norway's TV 2 also announced an extensive programme of savings in 2016. However, the main reason given here for the cut-backs was not deficient revenue, rather it was accelerating costs associated with the purchase of programming rights.

The financial situation is more unclear for the dominant commercial broadcaster in Iceland. 365 miðlar does not report the results of different media operations separately. The outcome for 2016 was also not known at the time the report was written. However, the annual accounts for the company as a whole for 2015 were closed with

142. See TV 2 Danmark A/S Quarterly Report 3rd quarter 2016.

increased sales and a positive operating result. In the case of RÚV, which, unlike other state-funded public service broadcasters in the Nordic countries is also allowed to sell TV advertising, advertising revenues (including radio) have grown at a relatively stable rate in recent years. 365 miðlar has, for some time now, chosen to combine all its editorial operations into a single common newsroom. RÚV has also done so.

As is the case for the newspaper industry, Nordic TV companies are not just coming up against increased commercial competition from foreign actors in the media market, they also have to deal with changes in audience behaviour that are expressed through reduced traditional TV viewing and increased online viewing. All TV companies in the study are also investing extensively in their digital platforms. However, what this group have in common is that they do not report digital revenues separately. This applies to both the audience and advertising markets. This means it is not possible to assess what position Nordic TV companies have in the digital environment.

Commercial TV news is popular among the news audience

In spite of a small decline in total TV viewing, the TV medium retains a comparatively strong position among the Nordic news audience. Nevertheless, audience figured from both Norway and Sweden indicate that regular viewing figures for traditional TV news broadcasts have fallen at a relatively stable rate throughout the 2010s. This also applies to the TV audience specifically: Between 2011 and 2015, daily viewing of TV news among Norwegian and Swedish TV viewers fell by around 20 per cent. This is a decline that is almost on a par with that of the print morning newspaper.¹⁴³

According to the Reuters Institute, three quarters of people in the Nordic countries watched news on the TV at least once per week in 2016.¹⁴⁴ In this respect, the commercial TV channels do not just constitute an important complement to the Nordic public service broadcasters within traditional broadcasting – they are also the most popular online news providers. Denmark's TV 2 has the strongest position in both relative and absolute terms (Table 4.32). According to the Reuters statistics, TV 2 Denmark is the second most popular news provider both offline (i.e. in the traditional publication format) and online in Denmark – beaten only by Danmarks Radio (DR) in both cases.

The comparatively weakest position in terms of regular reach is held by Sweden's TV4. Having said that, TV4 is the second most widely used news provider offline in Sweden (after Sveriges Television). Online, the channels is only in only in sixth place, with a reach – as a news channel – that is less than half that of those of both Norway's and Denmark's TV 2. Compared to other Swedish media companies, TV4 is not a major player in the market for online news. The same applies to an even even greater extent to Sveriges Television, which is only in eleventh place (with a weekly online reach as

143. Between 2011 and 2015, regular newspaper readership declined by 24 per cent in Sweden and 33 per cent in Norway (*Nordicom-Sweden's Media Barometer 2015, Norwegian Media Barometer 2015*).

144. Reuters Institute for the Study of Journalism, 2016; see also Appendix 2, Table 2.13. Iceland is not included in the data.

a news provider of a moderate 13 per cent). SVT's Danish, Finnish and Norwegian counterparts are in significantly more prominent positions in this respect. In terms of online news consumption, the Swedish market is dominated to a very large extent by the country's larger newspaper companies.

Table 4.32 Weekly reach as a news provider of the commercial TV companies (national ranking in parentheses) in the Nordic countries, 2016 (percentage)

	Reach, % (ranking)	
	Offline	Online
TV 2 (Denmark)	64 (2)	44 (2)
MTV3 (Finland)	58 (2)	32 (5)
TV 2 (Norway)	52 (3)	44 (4)
TV4 (Sweden)	50 (2)	21 (6)

Note: Denotes the adult population aged 18–80 years. The survey was conducted online and therefore only encompasses people who use the internet. Iceland was not included in the survey.

Source: Reuters Institute for the Study of Journalism (*Digital News Report 2016*).

4.6.4 The commercial radio markets

Looking at developments in recent years, radio is the traditional medium that has coped best in the stiffening competition over advertisers' money. Investments in radio advertising in the Nordic countries were at their highest ever level in 2016. In Denmark, Iceland and Sweden, the radio advertising market grew by over ten per cent compared with 2015 and in Finland, the corresponding increase was three per cent. The exception to the general trend was Norway, where radio advertising investments shrunk by three per cent in 2016. However, this decline followed a long period of growth in the Norwegian commercial radio market.

A small – but growing – advertising medium

One important explanation for the success of radio vis-à-vis other traditional advertising media is that radio – unlike the press and, to some extent, television – has successfully retained a very high reach among the Nordic media audience. This makes it an attractive – and also relatively cheap – advertising channel for many advertisers. Compared with both the press and television, however, radio is also still a very small advertising medium in the Nordic countries. In 2016, radio advertising accounted for around three per cent of total advertising investments in the region.

The market conditions in which to run commercially financed radio are therefore currently very favourable. However, looking at overall radio listening figures shows that all five Nordic markets are dominated by the domestic public service broadcaster. This is especially true for news delivered via the medium of radio. The range of commercially financed radio news is, with a few exceptions, very limited if we look at the situation in the Nordic region as whole. In Sweden, the two dominant commercial

radio companies, Bauer Media and MTG, do not have any news operations at all. There are also no requirement here for this type of content in the advertising-financed radio stations' broadcast licences.

The situation is somewhat different in Denmark and Finland. The national commercial radio stations Nova FM (Denmark) and Radio Nova (Finland) are both obliged by their broadcast licences to provide regular news broadcasts. Nevertheless, neither of these stations has its own newsroom. Denmark's Nova FM buys in its news content from news agencies, while Finland's Radio Nova buys theirs from the production company Mediahub (which is part of Sweden's Bonnier group and also supplied the TV channel MTV3's news programmes).

In Iceland, the dominant commercial radio station Bylgjan provides regular radio news produced by 365 miðlar's common newsroom. Bylgjan is the only private commercial radio station in the Nordic countries that occupies the top position in the market in terms of share of listeners. As with the TV market, 365 miðlar's stations come up against competition over both audience and advertisers from the public service broadcaster RÚV.

The most comparatively extensive and varied range of private radio in the Nordic countries can be found in Norway. To some extent this is due to the public service obligations that still apply to the national radio stations P4 and Radio Norge. Both of these stations are thus obliged to produce and broadcast news. In addition there is a relatively extensive, in Nordic terms, market for private local radio.

Norway is, more or less, consequently, the Nordic country (excl. Iceland for which there are no comparable data) in which commercial radio listenership is most widespread. According to the Reuters Institute, just over one in four Norwegians listened to the news on P4 at least once per week in 2016. The corresponding figure for Radio Norge and locally produced radio was just under one in five. According to the same study, however, it is only on the airwaves that the Norwegian commercial radio stations have a strong position as a news medium. The corresponding shares for the radio companies' reach as online news channels are significantly more modest. This applies to an even greater degree in the other Nordic countries.¹⁴⁵

Good times – but primarily for the largest actors

Success in the advertising market is also reflected in the annual accounts of the radio companies. (Or at least those that are published.) Neither Bauer Media nor MTG – which are by far the two largest private actors in the Nordic commercial radio market – report the outcome for the individual national markets in which they operate separately. This lack of transparency can also be found in Iceland, where the market is instead entirely dominated by the domestic companies 365 miðlar and RÚV. Neither report revenues and results from radio operations separately.

145. Reuters Institute for the Study of Journalism, 2016; see Appendix 2, Table 2.16.

The exception in terms of the lack of insight into the commercial radio market is again Norway, where both P4 (MTG) and Radio Norge (Bauer Media) reported their highest ever turnover in 2015.¹⁴⁶ Looking at the annual syntheses produced by the Norwegian Media Authority, it appears that 2015 was a very successful year for the 24-hour stations – an outcome that is primarily down to increased advertising revenues. The situation was not so good for local niche radio, which accounts for the majority of the local stations in the Norwegian radio market. Advertising revenues in this segment are also very modest.

4.6.5 The markets for independent news sites

The internet has not only increased competition over advertising revenue for the traditional news media companies, it has also paved the way for increased competition over the news audience. This is because even though all newspapers and broadcast media are competing with one another over the news audience, online they are also coming up against, to a varying extent, competition from entirely new actors. There are now media companies in all of the Nordic countries that undertake and distribute news journalism via the internet without having roots in a print newspaper or a broadcast media channel. Expressed differently, an entirely new category of news providers in addition to those the traditional actors has emerged online. In this report, we have chosen to call this category independent news sites.

National upstarts

As with the traditional news market, it is possible to split up the the market for independent news sites into actors whose coverage has a national focus and those that have a more local (or even “hyperlocal”) focus. The single largest – and probably also oldest – national independent news site in the Nordic countries is Norway’s Nettavisen, established in 1996. According to the Reuters Institute, this Oslo-based website reached just under one in three Norwegians on a regular basis in 2016, making it Norway’s sixth largest online news provider (Table 4.33).

According to the same measurement, the Nordic countries’ second largest independent news site is Finland’s Taloussanommat, which was formerly the name of a print business newspaper, but now provides business news online only. Taloussanommat had a weekly reach of around 20 per cent in 2016 and was in seventh place in the list of Finland’s largest providers of online news.

The largest independent news sites in Sweden and Denmark – Nyheter24 and Avisen.dk, respectively – had comparatively low rankings (9 and 14, respectively). What both of these sites have in common is that they are owned and run without any connection to the traditional media houses in their respective countries. Nettavisen

146. The outcome for 2016 was not known at the time the report went to press.

and Taloussanomat are both owned, partly or wholly, by established media companies (Amedia and Alma Media, respectively).

Table 4.33 The largest independent news sites in the Nordic countries in terms of regular reach, 2016 (weekly reach in per cent; national ranking in parentheses)

	Reach, % (ranking)
Denmark:	
Avisen.dk	8 (14)
Finland:	
Taloussanomat	21 (7)
Uusi Suomi	10 (9)
Norway:	
Nettavisen	31 (6)
ABC Nyheter	13 (10)
Sweden:	
Nyheter24	16 (9)

Note: Denotes the adult population aged 18–80 years. The survey was conducted online and therefore only encompasses people who use the internet. Iceland was not included in the survey.

Source: Reuters Institute for the Study of Journalism (*Digital News Report 2016*).

In Iceland, which is not included in the comparative Reuters data, the largest independent actor – pressan.is – was in fourth place in the list of Iceland’s most visited news sites at the beginning of 2017. Its reach was about one third that of mbl.is (Morgunblaðið) and visir.is (365 miðlar), which are at the top. This news site is now part of the same group (Pressan) as the print tabloid DV.

The overall conclusions in terms of the presence of independent news sites in the Nordic countries is thus – firstly – that there are, in all cases, actors that have succeeded in creating a comparatively large audience without competing at the absolute top level in this respect in terms of the largest national news providers online. This position is still retained by the more established media. Secondly, we can conclude that many of the larger independent advertising-financed news sites – in spite of them not formally having roots in a traditional mass medium – are still owned by more traditional media companies.

It is also not possible in the market for independent news sites to obtain a comprehensive overview of the companies financial position and development. However, in those cases where the annual accounts for the news sites are reported separately, the results indicate that the majority are growing operations – that also make a profit. In all cases, the basis of the revenue model consists of digital advertising sales, even though many of the companies have also succeeded in acquiring other sources of revenue.

Little is known about the local market

When it comes to the incidence of independent news sites with a local focus to their coverage, the empirical data are even more problematic. Systematic overviews of the

size and character of this market segments are notable by their absence in the Nordic countries. One important exception can be found in Sweden, where a recent survey has been able to show that there is a relatively high incidence of this type of actor. In 2016, there was an independent news site devoted to continuous coverage of local news in 89 of Sweden's 290 municipalities. In the majority of cases, these were very small actors, normally with only one or two reporters and with an operation that to a varying extent is based on voluntary contributions. (In this respect, the segments displays many similarities to Norwegian local radio market.) 24 Journalistik – which at the end of 2016 was running a handful of local news sites with a total of over 20 reporters – is one example of an actor that in the space of just a couple of years has succeeded in establishing itself as a relatively major player in the local markets in which it operates.

The lay of the land is less well known in the other Nordic countries. However, most evidence points to the incidence of local independent news sites being at a lower level than in Sweden. Looking at the Nordic region as a whole, responsibility for local news coverage is still largely in the hands of the traditional media companies – especially local newspapers.

4.6.6 Some concluding comments

In 2016, EUR 9.5 billion worth of advertising was sold in the Nordic countries. This was just over one per cent higher than five years previously. At an overarching level, this weak development reflects the economic development in the Nordic countries.

This relatively stable surface conceals some dramatic shifts. Investments in digital advertising increased by EUR 1.8 billion, or 86 per cent, to EUR 3.9 billion between 2011 and 2016. At the same time, advertising investments in print media decreased by EUR 1.2 billion, or 40 per cent. The rate at which the advertising market has been transformed over the course of the 2010s lacks any equivalent in the history of Nordic advertising.

Different power relationships to those of the non-digital advertising market prevail in the digital market. When Nordic advertisers buy advertising online, they often do so from different actors to those they buy from offline. Three overall shifts between the companies selling advertising in the advertising market stand out in our analysis of the economic development of advertising-financed news media in the Nordic countries. These have become increasingly evident as advertising investments have moved from traditional to digital channels:

The first of these is a shift of advertising investments *from Nordic to non-Nordic actors*, primarily those from the United States.

The second – which is a consequence of the first – is a shift in advertising investments *from news-producing actors to those that do not produce news*. These include, in particular, search engine companies and social media.

The third and final shift pertains to the digital advertising investments that, in spite of everything, remain among the domestic news media and is a shift of advertising investments *from local to national actors*. We have reason to return to this final trend in the report's final chapter.

5. Concluding discussion

Digitalisation of the media landscape has changed the conditions under which advertising is bought and sold in a fundamental way. In the space of only a few years, developments in terms of media technology have resulted in new platforms for distributing advertising, new consumer behaviours, new digital advertising solutions, new advertiser behaviours and completely new infrastructures for distributing advertising.

One consequence of these shifts – or *game-changers* as we have chosen to call them in this report – is that advertising investments in the Nordic countries and in other places are increasingly being moved from traditional advertising platforms to digital. This is happening at a very fast pace and shows no signs of slowing down. If anything, it is instead thought to be accelerating. In 2016, digital advertising accounted for a little over 40 per cent of total advertising investments in the Nordic countries. This equates to EUR 3.9 billion.

The changes in the advertising market have challenged the business models of media companies that completely or partly built their operations around the sale of advertising on traditional advertising platforms. Among these are, in particular, the news media, for which advertising sales have, in the majority of cases, become essential to the business they conduct.

The aim of the report has been to chart the economic consequences of the revolutions in the field of advertising for advertising financed news media in the Nordic countries in recent years. The analysis has obtained empirical support from the frequent syntheses of the media and advertising markets' economic development undertaken in the Nordic countries. This has also encompassed a wide range of interviews with actors in and around the Nordic advertising markets.

The approach has been comparative. This means that the study has been designed so as to identify both similarities and differences between different countries, between different types of media and between different types of media company. The intention of this concluding chapter is to bring together the principal results of the analysis in this type of comparative discussion. The chapter concludes by looking ahead: What can the advertising-financed media companies do in order to deal with competition that by any assessment will only become increasingly tough? And what role can media policy play?

5.1 Similarities and differences between the Nordic countries

From a macro-perspective, the Nordic countries have more factors that unite them than set them apart. This is especially true when we compare the Nordic region with other parts of the world. These are rich countries with small, homogeneous populations. In the media sector, all five Nordic countries can be considered as digitally mature, with a very well-developed digital infrastructure. The Nordic populations are also at the forefront in terms of the availability and use of smartphones.

The digital Nordic region

All in all, this provides the Nordic countries with fertile ground for digitally distributed advertising. This also means that the region as a whole is characterised by a perceptible presence of global technology companies such as Google and Facebook, the popularity of which in the user market has made them platforms that are of great interest to advertisers. In 2016, an estimated just over half of all investments in digital advertising in the Nordic countries was invested in non-Nordic digital platforms such as Google and Facebook. This market share has increased very rapidly.

With regard to the media market more specifically, all Nordic countries are characterised by a gradually falling audience reach for the traditional media – or “the mass media” if we are using pre-digital terminology. This is, as it were, the *downside* of Nordic media users’ digital dependency. The shift from traditional to digital platforms is also distributed differently between different sections of the population. Nordic media consumption is now characterised by significant differences dependent on age. This applies to both the choice of platform and the choice of content.

Another distinctive feature of the Nordic region that is of relevance to this context is the presence of one or more strong national public service broadcasters, which compete with the privately owned media companies over the audience’s time and attention (and – in some cases – even advertisers’ money). The Nordic media markets are characterised through the public service broadcasters by a level of state involvement that is more perceptible than in many other countries.

Differing economic cycles

But there are also factors that separate the Nordic countries and their media markets from one another – factors that in various different ways also have an impact on the structure and composition of the advertising market. The first is that the countries are different sizes; the difference in terms of number of inhabitants, population density and economic resources, in the form of average income and gross national product, are in some cases significant. These are factors that have an impact on the size and composition of the advertising market in individual countries.

If we look at developments over the past few years, the Nordic countries’ economies have also been marked by differing economic cycles. In recent times, it has mainly been

Sweden that has reported strong growth figures, while things have been less favourable in mainly Norway and Finland. In the latter case, what we are looking at is a recession that has been in place for the majority of the 2010s. The differences in economic growth are reflected in the advertising investments in the different countries. The Swedish advertising market is the only advertising market in the Nordic countries that has a higher turnover now than it did prior to the financial crisis of 2008/2009. At the same time, Finland is the country in which advertising investments have fallen the most.

Differences in media structure

In terms of the development of the individual media industries, the greatest differences between the Nordic countries are found in the newspaper market. The home-delivered subscription newspaper has traditionally had a very strong position in Finland and Norway, primarily. Newspaper readership has also been very widespread in these countries. In Denmark, on the other hand, the incidence of paid-for newspapers has been significantly lower. Instead, the Danish newspaper market is characterised by an extensive freely distributed local press. This is a form of publication that is significantly less common in Norway especially, but also in Finland to some degree. Sweden is somewhere in between the two extremes. In Iceland, which is a much smaller country than the other four, the market is dominated by one large free newspaper and one large subscription newspaper.

The size of the market itself also appears to have an impact on the presence and influence of large foreign actors in the digital advertising market. There is much to indicate that both Google and Facebook have a significantly larger staff presence in Sweden than in the other Nordic countries.¹⁴⁷ Sweden is also, by all accounts, the Nordic country in which foreign technology companies' share of the advertising market has grown the fastest in recent years. In 2016, Sweden accounted for almost half of the non-Nordic advertising platforms' total digital advertising sales in the Nordic countries. In Iceland, the presence of foreign actors in the digital advertising market is much less perceptible. Neither Google nor Facebook have any staff in the country.¹⁴⁸

In terms of advertising sales per capita, Norway is at the top, followed by Sweden and Denmark and then Finland and Iceland. The Scandinavian advertising markets are also digitalised to a much greater extent than those in Finland and Iceland. In the latter cases, the print press – in spite of the decline in recent years – still has a comparatively strong status among these countries' advertisers.

There are also important differences in terms of media policy between the Nordic countries that have an impact on the advertising market and its actors. One such concerns public service broadcasters, with RÚV in Iceland and TV 2 in Denmark – which are both state-owned – having the right to sell advertising on radio and TV. They are

147. Neither Google nor Facebook have chosen to report how many people they have working for them in the individual Nordic countries.

148. Information provided by the Icelandic Media Commission, 12 Dec 2017.

also among the larger actors in the advertising market in their respective countries. TV 2 Danmark is also permitted to sell advertising online. However, RÚV does not have the same right.

In addition to the state-owned broadcasters, the Nordic TV markets are also home to companies that, in spite of private ownership, are obliged to undertake various types of public service duties, e.g. with regard to news reporting. There are also important differences between the Nordic countries in this respect. This is most common in Norway, while in Sweden and Iceland, this essentially does not happen at all. Both the TV channel TV 2 Norge and the Norwegian radio stations P4 and Radio Norge broadcast on licences that oblige them to maintain their own newsrooms. In Finland and Denmark, private national radio stations (Radio Nova and Nova FM, respectively) are required to broadcast daily news, but not to produce this in-house (which they do not). The Finnish TV channel MTV3 is also subject to a similar licence. However, the latter runs out in May 2017. The forthcoming licence contains no requirements regarding news broadcasts.

Differences in advertising legislation

Another central legislative area for the advertising-financed media concerns the content and extent of advertising. It has not been possible within the scope of this limited study to chart and analyse the consequences of differences between the different countries in detail. Advertising law is a complicated field with a range of detailed regulations. The rules are also different for different advertising platforms. We content ourselves with highlighting two areas that have tended to attract both legislation and debate within the industry in recent years. These are alcohol advertising and gambling advertising. On a general level, Denmark and Finland have the most liberal alcohol advertising legislation, while Norway and Iceland have the most restrictive. Alcohol advertising is essentially banned there.¹⁴⁹ In Sweden, alcohol advertising is permitted in print and online, but not on radio and television. However, the latter ban only applies to domestic channels, which is why channels that broadcast from abroad but are targeted at the Swedish market are able to broadcast such advertising (provided that the country from which they broadcast permits this). The same also applies to Norway.

In terms of gambling advertising, the situation is harder to assess, which is mainly due to legal uncertainty in some cases. The most important controversy concerns adverts for foreign gaming companies. This issue has had attracted particular attention in Sweden, where both the evening newspapers, *Aftonbladet* and *Expressen* (with the support of the trade organisation TU), as well as TV4, have been involved in a long-standing battle to abolish the ban on foreign gambling advertising. In 2016, foreign gaming companies invested SEK 2.7 billion (gross) in Swedish advertising purchases, 70 per cent of this on TV. As with alcohol advertising, channels that do not

149. A more detailed description of the Nordic advertising regulations can be found in Appendix 4.

broadcast from Sweden are able to circumvent the Swedish advertising regulations in this area. Gambling advertising accounted for 16 and 18 per cent, respectively, of MTG's and Discovery's total advertising time on Swedish TV in the second half of 2016.¹⁵⁰

All in all, this means that the external market conditions differ in several important ways between the different Nordic advertising markets. This means that news media companies in the Nordic countries that turn to the advertising markets for their revenue do so on the basis of somewhat differing premises, depending on the country in which they operate.

5.2 Similarities and differences between different forms of media

In addition to the overarching national differences (and similarities), the advertising-financed news media have come to be affected differently by the digitalisation of the advertising market depending on which form of publication they use. The properties that are more medium-specific are also reflected in the media companies' ability to compete over the digital audience and digital advertising revenue.

The newspaper industry is worst affected

As indicated very clearly in this report, the print newspaper is the individual form of publication that has been worst affected by the digital transformation of the advertising market. Since 2011, investments in print newspaper advertising have decreased by EUR 1.2 billion – or around 40 per cent – in the Nordic countries (excl. Iceland for which there are no data). This decline has gone hand in hand with a reduction in newspaper readership. Even though the comparison is to some extent halting, it is nevertheless believed that advertisers have left print newspapers faster than readers have.

In addition, the decline in readership does not solely explain the reduced attractiveness of newspapers as an advertising platform. One just as important explanation is of course that other more effective – and cheaper – alternatives to the traditional forms of newspaper advertising have appeared online.¹⁵¹

The decline in the newspaper industry's advertising sales differs somewhat between the Nordic countries. However, differing market structures – particularly different "initial values" – hinder more precise comparisons of the five countries. It is also not possible to say anything unequivocal about any differences between paid-for and freely distributed newspapers – aside from that advertising revenues have fallen in both cases.

However, one overall trend is thought to be that national and large regional newspapers have lost a larger proportion of their *print* advertising revenues than smaller local

150. *Dagens Media*, 15 Feb 2017. This information is based on syntheses produced by Mediavision.

151. Cf. Lithner, 2016, for a more detailed discussion on this theme.

newspapers. Most hard affected appear to be the national single-copy sales evening/tabloid newspapers. At least, this is how it looks in Norway and Sweden (which are the only countries where advertising sales for individual newspaper titles are reported separately in a more systematic way). At the same time, it is the large – primarily national – newspapers that have had the most success in terms of attracting an audience and advertisers to their digital platforms (more on this below).

Commercial broadcast media are coping better

The situation looks somewhat different in the field of broadcast media. The decline in traditional TV advertising has – at least thus far – been relatively limited; in Norway, investments in TV advertising have actually increased somewhat in recent years. The situation in the radio market looks even better: Total investments in radio advertising in the Nordic countries have never been higher than they were in 2016. As stated in this report, however, advertising-financed radio news plays only a minor role in the Nordic media market. The exceptions can be found mainly in Norway and Iceland.

In terms of commercial broadcast media's presence in the news market, it is instead television that plays a more prominent role. In all five Nordic countries, the dominant commercial TV company (in all cases this is just *one* company) is also one of the most popular news media among the news audience.

At the same time, the commercial TV companies are faced with different challenges to those facing the newspaper industry. Unlike the newspapers, which are largely responsible for their own content, Nordic TV companies are operating in a content market that is international. Competition for the most attractive content drives up prices in this market. This is especially applicable to the rights to sport – domestic football in particular.

Although the Nordic TV companies are large from a Nordic perspective, they are very small players in the global market for moving images. America's Netflix, which in only a few years has positioned itself as the global market leader in streaming video, has recently announced major investments in locally produced content in the European market. Although Netflix is purely a subscription service (known as SVOD), it competes directly over the audience with the commercial TV channels – a fact that also risks compromising their status as an advertising medium. Whether the TV medium will be able to maintain the level of its advertising revenue in the future, or if TV advertising is at the threshold of a fall in revenue like that of the newspaper industry is among the more debated issues within the advertising industry today.

An uncertain position for commercial TV news

Even though the TV companies' news operations are not directly affected by the international trade in broadcast rights, they are still affected by this, at least indirectly. Developments within the TV market are presenting the news-producing TV companies with difficult choices. TV news is a “premium product” that strengthens trust

in the channel among both the audience and advertisers. The ability to demonstrate that the company plays an important role in society as a distributor of news has also been shown to be an advantage in negotiations with the political sphere concerning regulations in the field of TV.

At the same time, the advertising-financed TV companies' business model is dependent on their ability to supply the target groups that the advertising market demands. From what can be read from the data used in this study (which is partly incomplete), the viewing figures for traditional TV news are declining at a steady rate. This is particularly the case for the target groups that are of most interest to advertisers (i.e. younger people). In the long term, the negative audience trend is a threat to the TV channels' willingness to focus resources on news content produced in-house. As stated in the analysis in Chapter 4, the privately owned Nordic TV companies have chosen, in many cases, to cut editorial resources in recent years.

All of the TV companies that broadcast news also distribute their news content online, in some cases with reach figures that are at the same level as those of other large national news distributors (more on this below). However, the financial strength of the commercial TV companies' digital presence is difficult to assess. None of the advertising-financed TV companies in the Nordic countries report their revenues from digital advertising sales. This applies just as much to companies that are state-owned as to their privately owned counterparts. Unfortunately, this means that the question of the TV companies' ability (and willingness) to establish a strong online news presence evades an external assessment.

Digital challengers

The report has also touched on the market for purely digital news sites in the Nordic countries, both nationally and locally. However, it is not easy – as has become evident – to gain an overview of the situation here. With one solitary exception, this is a market segment that is poorly charted in the region as a whole. This is the case in terms of both the number of actors and their activities and financial position. On the basis of what can be discerned from the available data, this is a market segment that is growing, even though it is primarily at the national level where the phenomenon is most common. The incidence of actors at the local level is thought to be relatively modest so far when we look at the situation in the Nordic region as a whole. However, those companies that have succeeded in establishing themselves in the national news media markets in the Nordic countries are, in many cases, reporting very good profitability. Among the most successful examples are Norway's Nettavisen and ABC Startsiden (ABC Nyheter).

Traditional media companies' continued dominance

Nevertheless, it is still the established news media that also largely dominate digital news consumption in the Nordic countries. The most popular domestic news sites in Finland,

Norway and Sweden are all those of newspapers. In Denmark, however, the two largest TV companies, DR and TV 2, top this list.¹⁵² The power relationships between the press and the broadcast media in the “analogue” section of the Nordic media markets are thus also reflected online. This also applies to Iceland, where the battle for the position of the countries largest online news distributor is between the two largest newspaper publishers, Árvakur (Morgunblaðið) and 365 miðlar (Fréttablaðið).

At the same time, this means that it is the commercial and primarily advertising-financed news media that dominate the Nordic populations’ online news consumption. With the exception of DR, which also has a very strong position digitally among Danish news consumers, the licence fee or tax-financed public service broadcaster has a less prominent position on the lists of the most used online news sites.¹⁵³ This result confirms the significance advertising has as a revenue base for Nordic news distribution, even in the digital environment.

5.3 Similarities and differences between different types of media companies

The Nordic markets for advertising financed news media together encompass several hundred companies. If we look at the number of individual newspapers, TV channels, radio stations and news sites, this number becomes even larger. In the five Nordic newspaper markets alone there are over one thousand titles that are devoted to news distribution in one way or another. The vast majority of these are newspapers that are regional or local in terms of both content and distribution. The majority are also very small.

Diversity in size and financial strength

The Nordic news media market as a whole is very diverse. This is true in terms of both the size of the companies involved and the focus of their operations. While some actors are only involved in local news operations, others have a broad range of products with interests in both other industries and other countries. In the same way, this means that individual news media (newspapers, TV channels, radio stations, news sites) can either be part of a larger group or be run separately, without a link to other media. And while some only reach a few thousand users, others have a reach of several million.

All of this naturally has a major impact on the individual media companies’ ability to compete for advertisers money – especially online. The substantial variation in conditions at the actor and title level makes it difficult to give a general answer to the question of the commercially financed news media’s position in the digital advertising

152. Reuters Institute for the Study of Journalism, 2016. See also Appendix 2.

153. Reuters Institute for the Study of Journalism, 2016. See also Appendix 2.

market. Quite simply, there are major differences between them. Nor has it been possible within the scope of this study to analyse the situation for individual companies in a systematic way.

If you would still like to get closer to an answer to this question, it is reasonable to take these three distinctions as a starting point:

1. Resource-strong and resource-poor companies, respectively
2. Locally and nationally oriented companies, respectively
3. Diversified versus niche companies

Although it is essentially free to publish online, financial resources are required in order to do this successfully. Succeeding in a competitive market for digital advertising revenue requires continual investment in systems for collecting and processing data. It also requires investment in employees who are able to manage these systems. In addition, news media companies need to invest in both editorial operations and the packaging of editorial content. Without attractive editorial content that is able to attract a large audience, it is impossible to attract advertisers.

Companies with different strengths in terms of resources

All else being equal, financially strong media companies have better chances of offering an attractive product than those with less resources. The size of the organisation itself is thought to be of secondary importance. Among the group of companies that can be regarded as resource-poor in the Nordic media markets are those that are both very large and very small (although the latter are naturally predominant). It is also the case there are companies among the very largest in the Nordic media markets that are suffering from major – and often self-inflicted – financial problems that have forced them to make substantial cut-backs in recent years.¹⁵⁴ Similarly, there are comparatively small media companies in the Nordic countries that can be considered as pretty wealthy.

Media companies' financial position is also intimately linked to their ownership. The Nordic media markets are also diverse in this respect; they contain both listed companies with a diffuse ownership and companies that are owned by foundations, individuals, unions or organisations. Although a stock market listing provides access to a significantly larger capital market, this form of ownership is characterised by a profit logic that generally requires a higher level of financial dividends to be paid out to the companies investors. A stock market listing can be contrasted here with ownership by a foundation – which lacks both traditional investors and a traditional profit motive. Ownership by a foundation accounts for an increasingly large proportion of the private news media market in Denmark, Norway and Sweden.

154. Please refer to Ohlsson, 2017, for some Swedish examples.

Local and national companies

The second distinction relates to whether the news medium in question is directed at a local or national audience. In the pre-digital world, the most profitable media companies in the Nordic countries were generally found at the local level. A dominant position among audience and advertisers in a market that was, in both cases, geographically delimited and where the barriers to entry were high was very profitable. The strong position of the local media gave the nationally oriented media a comparatively subordinate role – which also made an impression on the companies accounts.

As digital technology has opened by both the audience market and the advertising market to new competition, these conditions have been altered. In what systematic surveys of newspapers' digital business there are in the Nordic countries, the majority of the figures indicate that it is the national media that have been most successful online in the competition for both advertisers and audience. In the case of the latter, this also appears to apply to the share of the audience that choose to pay for digital content.

The shift in power from local to national news media in the transition from analogue to digital has several causes. The most important, however, relates to the fact that the national news media have access to a much larger audience – which, as we have seen in several places in this report, is of vital importance, especially to the digital advertising business. On top of this, is the fact that the national news media in general have greater editorial resources, which means that they are able to offer a more attractive digital product in the audience market. (This is thought to be particularly important when it comes to attracting digital subscribers – an area in which the large national newspapers are thought to be in the lead.)

By offering their product to a national market, the relative cost of each individual news element also decreases. Unlike the traditional business model – which here means the print newspaper – there are no new costs, in the form of print or distribution costs, for each new user on the internet. This means that each new pair of eyes can be considered pure profit.

All in all, this means that the economies of scale in moving from a local to a national market are significantly greater in the digital world than in the analogue world. As mobile technology has made it possible for the national news media to offer targeted local advertising, this effect is being reinforced further. As a local advertiser, you no longer need to turn to the local newspaper in order to reach out your target groups. You can just as easily turn to the national news media, which in many cases have a higher local digital reach than the local media companies. This is especially true of the Nordic evening and tabloid newspapers, which have taken the lead in the digital transformation of the domestic news media markets. In both Norway and Sweden (and probably also in Denmark and Finland – unfortunately there are no sales data at the title level here), the evening press accounts for a significant share of online advertising investments in the newspaper industry.¹⁵⁵ This is thanks to their strong

155. This does not apply in the case of Iceland due to its different market structure.

position among the digital audience. The audience survey conducted by the Reuters Institute for the Study of Journalism on which we have based our comparative analyses of Nordic news consumption indicates that the single-copy sales evening and tabloid newspapers have a significantly higher online reach than both the subscription national press and the local press.¹⁵⁶

One important cause of the evening and tabloid newspapers' digital success is that they were early to make conscious investments in digital publication. But that is not the only explanation. From the very start, these newspapers built their business model around attracting readers with the help of interesting and preferably sensationalised news, sport and entertainment. Unlike the local press, whose business model was based on home delivery direct to readers (via subscription or free distribution), the evening papers, thanks to their dependent on single-copy sales, were forced to attract the newspaper purchaser again each day. This is an experience and a way of working that has proved very valuable in the digital environment. The continual coverage of the local area that was the basis of the local press' success in the pre-digital media landscape has found it harder to stand its ground in the battle against all the other content that the media consumer encounters online.

One factor that unites that Nordic evening and tabloid newspapers¹⁵⁷ is that all of them are part of one of the larger Nordic media groups. Norway's VG and Sweden's Aftonbladet are owned by Schibsted, while Sweden's Expressen is owned by Bonnier and Norway's Dagbladet by Denmark's Aller. In Denmark, Ekstra Bladet is part of JP/Politikens Hus and BT is owned by Berlingske Media. In Finland, Ilta-Sanomat is part of the Sanoma group and Iltalehti part of Alma Media. Being part of a larger group of companies has undoubtedly been an important factor behind the digital success of the Nordic evening and tabloid newspapers. Large companies often (but not necessarily) have bigger muscles to flex when making investments in digital technology.

Breadth and specialisation

At the same time, the large Nordic media groups are characterised by relatively varied directions in terms of the organisation as a whole. This leads us on to the third and final distinction with respect to the advertising-financed news media's competitiveness in the digital advertising market, namely the one that relates to media companies that are diversified and those that are more niche.

In traditional newspaper publishing, the most important potential economies of scale are to be found in the ability to group several newspapers together in order to coordinate expensive functions such as printing, distribution and administration. This was also the main reason behind the growth of the large local newspaper chains in the Nordic countries – a development that took off mainly in the final decades of the 20th century.

156. Reuters Institute for the Study of Journalism, 2016. See also Appendix 2.

157. Again with the exception of Icel and, where the market structure is different.

However, the digital media market – in particular that which revolves around a digital advertising deal – adheres to a different logic. There are no expensive production costs here to cut back on – although there is of course value to be gained from coordinating the buying of computer systems and development costs across several titles. The potential added value of growing horizontally (for example by purchasing the local newspaper in an adjacent town) is also limited from an advertiser's perspective. In today's data-driven advertising world, where the main currency is knowledge about the individual consumer's characteristics and behaviour, no *new* data about individual users is generally added in the event of a horizontal expansion. This means that the benefit to the business of being in a horizontally organised media group is more limited in the digital media market than in the analogue market.

On the other hand, what is more interesting is growing vertically – or perhaps more diagonally – in order to create more contact surfaces (or “data points”) with the same users. The company then suddenly has an opportunity to learn more about its users (in addition to the types of news they like and do not like to read).

At the Nordic level, this development is being spearheaded by Norway's Schibsted group, which is able, thanks to its network of various types of websites, to track its users in more context than simply news consumption. This might be what they buy and sell online (finn.no), if they want to borrow money (lendo.no), if they are looking for a new home (eiendomsmeleglriguiden.no) or a new love (moteplassen.com). The breadth of the product portfolio makes it possible to gain richer user data that is thus more attractive from the advertiser's perspective.

However, the opportunity for local news media companies to copy Schibsted's strategy by setting up new sites or through acquisitions is limited. User data that can be used to sell advertising is hard currency in today's digitalised media landscape, which drives up the prices of these types of operation. And for every successful attempt to establish a new and profitable digital service online, there are many more that have failed.

This means that the vast majority of Nordic news media companies that turn to the digital advertising market do so with advertising solutions that have difficulty competing with more sophisticated alternatives. This is especially the case because revenues from advertising sales have to be sufficient to support a publicity operation, which necessitates another price level. Here in also lies the perhaps most important explanation for the gradually weakened position of the local press in the digital advertising market. Their product is simply not perceived as sufficiently competitive.

Accordingly, what we are seeing is a situation in which the large Nordic media groups have taken the lead in the digital transformation in the domestic news markets. Local actors are still very much in an analogue business that is based on a loyal – but also increasingly ageing – audience base. There is a decidedly limited influx of new paying readers. The carrying capacity of the local news media's business model is therefore weakening as their audience becomes older and disappears.

5.4 Strategic considerations

Nordic advertising-financed news media are now in a competitive situation that is very challenging. A consistent picture emerges in our interviews with media companies from all over the region (with the possible exception of Iceland) in which the main competition is not coming from other media companies, but from Google and Facebook. The results of this study support such an assertion. Non-Nordic technology companies accounted for an estimated over half of the total digital advertising market in the Nordic countries (Iceland excluded) in 2016; most evidence indicates that Google and Facebook were the recipients of the absolute majority of these investments.

In a digital advertising market that is becoming increasingly technology intensive and data-driven, size becomes decisive. Mittmedia, Sweden's largest provincial newspaper group – and the individual newspaper company outside of the major Nordic cities that has had perhaps the most explicit focus on digital – has 35 people working on technological development.¹⁵⁸ Google has 27,000.¹⁵⁹ The competition for digital advertising revenue will continue becoming tougher as the global actors continue to advance their positions in the advertising market and new actors appear.¹⁶⁰

Concurrent with the stiffening competition over digital advertising revenue, the traditional business model is being eroded, especially for the local press. This is money that still accounts for a very large proportion of news media companies' revenues. (In the case of Mittmedia, this is 90 per cent¹⁶¹; the proportion is higher in many other Nordic local newspaper companies.) Falling advertising revenues are forcing many media companies to make cut-backs in the product that forms the basis of their ability to earn money.

Developments in the media market in general and in the advertising market in particular are presenting the news media companies with a range of strategic choices. Given what has been said in above about the, in some respects, very varied circumstances under which news media companies in the Nordic countries operate, the following is an attempt to point out a number of overarching considerations that the Nordic news media companies have to bear in mind, regardless of location, platform and size.

The relationship between advertising and audience

The first such consideration involves *the relationship between advertising revenue and audience revenue*. The newspaper industry's business model in the analogue world as based on a simple logic. More readers resulted in more advertisers – and more advertisers resulted in the potential to make a better newspaper and get more readers. The

158. Interview, Mittmedia, 25 Jan 2017.

159. Alphabet Inc., annual report 2016.

160. One company that has is increasingly being talked about in this context is America's Amazon (cf. The Economist, 15 March 2017).

161. Interview, Mittmedia, 25 Jan 2017.

symbiosis between both parts of the market are not so clear online. If anything, it is thought instead to be an antagonistic relationship.

The difficulties newspapers have in compensating for the loss of print advertising revenue with digital advertising revenue brings the need to persuade readers to pay for the digital product to the fore. Concealing parts or all of the content behind a pay wall risks reducing the number of visitors to the site. This also puts their attractiveness to advertisers at risk.

Developments in recent years indicate that the Nordic newspaper companies are facing a choice online – either focus on a product that attracts paying users and thus potentially fewer advertisers – or on a product that is free for users and is financed entirely by advertising revenue. The trend, at least in the past year (history has taught us that the pendulum can shift rapidly in this world), is for an increasing number of newspaper companies, especially those that are local, to focus their attention on the paying audience.

The relationship between editorial and commercial content

A second consideration involves *the relationship between editorial and commercially motivated content*. The decline in sales of traditional advertising has resulted in an increased interest among media companies in other ways to attract advertisers' money. One such way is to offer advertisers the opportunity to market themselves or what they are selling in a way that looks like editorial content. This phenomenon, which has its historical origin in the product placement, has several names – “native advertising”, “content marketing”, “branded content”, to name a few – and the boundaries between individual categories are not clear. But in all cases, the aim is to bed the advertising-financed material into the editorial content in order to increase its readability and hopefully also its credibility – and thus also advertising revenues.

This phenomenon is probably just in its infancy, but there is already a widespread consensus among Nordic media companies that this type of revenue stream will become increasingly important in the future. Many news media companies are currently building up their capability to provide this type of service. The downside is that it is as yet unclear how this type of intermingling of editorial and commercial content is received by the audience. The consideration thus lies in the question of what the long-term commercial consequences of what appears as a way to increased the company's revenue in the short term will be.¹⁶²

The relationship to other domestic media companies

A third consideration involves *the relationship with other actors in the domestic news media market*. The notion that Google and Facebook are the main competition for today's media companies brings the issues of collaboration and cooperation *within*

162. An up-to-date review of the literature on this theme can be found in Truedson (ed.), 2017.

the industry to the fore. Even though all Nordic media markets have undergone an extensive process of concentration in recent decades – especially the newspaper industry – there are those who are now arguing that this consolidation must go even further. One pronouncement that recurs in many of the interviews we conducted within the scope of this study is that media companies “must become better at collaborating with each other”.

However, this consensus regarding the need to help each other along in the increasingly stiff competition from global actors appears to be difficult to translate into practical action. Current examples (e.g. from Denmark¹⁶³ and Sweden¹⁶⁴) of companies giving up on common measurements of digital reach are an indication that things are moving instead in the opposite direction. There are also conspicuous examples of different media groups coming together in order to collaborate on more advanced work involved in digital advertising systems. One of the more noted examples in the latter area is Schibsted’s attempt to persuade other Nordic media groups to join up to Schibsted’s own advertising platform (which is run in partnership with the technology company AdNexus). However, this initiative hit the buffers in January 2017 when the second largest actor in the Nordic media market, Amedia, chose instead to team up with Google.¹⁶⁵

The relationship to global actors

This brings us to the fourth and final consideration that today’s Nordic news media companies have to bear in mind, namely that which involves *the relationship to global actors*. Some of the media companies in the Nordic countries currently choose to sell advertisements via Google’s advertising system AdSense, while other have chosen not to.¹⁶⁶ Both Google and Facebook are now working actively to initiate more far-reaching partnerships with individual publishers. This might involve the opportunity to publish content directly on the company’s platforms (which is the case with Facebook’s Instant Articles). It can also involve providing the service more as a supplier of digital business systems (which is the case with Google’s DoubleClick for Publishers).

The benefits of collaborating with a global actor is that the media company are given access to complete business systems and an opportunity to reach a wider audience with their content (and thus hopefully attract more advertisers). The large companies’ invitations have so far been greeted with a cautious scepticism by media companies in the Nordic countries. Their critics question the commercial value of the terms and conditions offered by the global companies. There is also a worry that the media companies will be giving up their principal competitive advantages by teaming up with their largest competitors, namely the unique editorial content they produce. Whether the

163. Cf. *MediaWatch*, 11 Aug 2016.

164. Cf. *Dagens Media*, 9 Mar 2017.

165. Kampanje, 1 Jan 2017.

166. The latter is especially true in Iceland (interviews with Morgunblaðið, 20 Dec 2016; 365 miðlar, 21 Dec 2016).

Nordic media companies will continue to see the value of competing under their own flag in future is without a doubt among the most fundamentally important questions in the Nordic market for advertising-financed news journalism in the years ahead.

5.5 Political considerations

The revolutionary changes that have been the result of the advertising market's digitalisation now apply not just to the news media market and its actors. They also apply to the political sphere, in so much as they are apparently making the traditional media and advertising policy tools increasingly ineffective, at the same time as they are also challenging more fundamental standpoints that are grounded in a pre-digital context.

To conclude this report, we will be highlighting some of the political considerations that are brought to the fore by the digitalisation of the advertising market and the consequences this process has given rise to for the advertising-financed media in the Nordic countries. This touches on a total of six policy areas – or domains – which cut across the traditional ministerial boundaries. This fact in itself not only shows how many different forces are in play in the contemporary media market, but also demonstrates the difficulties involved in pursuing a coherent media policy in an area that is becoming increasingly international and complex.

1. Considerations pertaining to competition law

A desire for diversity and competition is among the foundations of media policy in many countries, as it is in the Nordic countries. The concentration of ownership and formation of chains in the media area has long been regarded with great concern by politicians. One important question when evaluating individual actors' market power is that which concerns "the relevant market". This question often had a simple answer in the pre-digital era, as there were clear and easily defined dividing lines between both national and local media and advertising markets. That is certainly no longer the case. In the digital world, both audience and advertisers circulate freely across the former market boundaries. Those who dominated the pre-digital market have, in many cases, been forced to hand over the opportunity to dictate terms in their home market to global actors. The new market structure has resulted in a pressure from within the media industry to merge into larger units in order to cope better with the new foreign competition. What attitude politicians are to adopt to this pressure is a central consideration when drawing up a digitally adapted media policy.

2. Considerations pertaining to advertising law

Another area that has tended to attract the attention of legislators – especially in the Nordic countries – is advertising itself. This applies to both the extent and placement of advertising and its content. Regulations in the field of advertising have primarily

come to pertain to the broadcast media, with the Nordic countries, at least historically, having come to be characterised by comparatively strict regulations. Advertising – and its potentially harmful influence on the population – has often been seen as a necessary evil for increasing competition and diversity in the media.

Individual countries' positions in this area are also being challenged by digitalisation. Adverts from which politicians have chosen to protect the domestic audience are now able to reach Nordic TV viewers and internet users on a daily basis via foreign channels and websites. This is big business for the media companies. There is also an intensive lobbying effort on the part of companies and trade organisation to further liberalise Nordic advertising regulations. Whether politicians will give in to this pressure is a new and difficult consideration that is a consequence of technological developments in the media field.

3. Considerations pertaining to privacy law

A problem related to advertising legislation involves the safeguarding of the privacy of the country's inhabitants. As we have seen in this analysis, the ability of both the advertising market and the media market to create economic value is based largely on the extensive and systematic collection of data concerning individuals' habits and behaviour online. This development is being led by the global technology companies and Nordic companies are trying to keep up as best they can. This is also an area in which politicians have to adopt an attitude to a large and growing conflict between conflicting interests; namely, that which deals with, on the one hand, people's right to privacy in the digital world and, on the other, the domestic media companies' chances of constituting a relevant option for advertisers and audience in the media and advertising markets of the future.

4. Considerations concerning public service

One of the most obvious expressions of the Nordic "media welfare state" is the extensive focus on having an independent public service sector in the broadcast media. The competition between a strong public service sector and a commercial sector has been highlighted in the international research literature as a key to the fact that the Nordic countries are characterised by comparatively well-informed citizens and limited information gaps.¹⁶⁷

As an increasing proportion of media consumption is moved online, the issue of what role public service is to play in the digital environment is brought to the fore. The current system has also been met in this area by increasingly loud (and unanimous) criticism from commercial actors. It is claimed that the presence of public service broadcasters online (and perhaps especially on social media) makes it more difficult for private actors to compete in this market.

167. Cf. Syvertsen et al., 2014.

This results in a consideration having to be made that balances, on the one side, the public service broadcasters' potential to constitute a relevant alternative for contemporary media consumers (as well as fee- and taxpayers) – who are increasingly abandoning the traditional platforms – and, on the other, the private companies' opportunities to create a sustainable business model online. In addition to this, not to be forgotten, is the issue of the extent to which citizens are also to have access in the digital world to a range of media that is not based on their commercial potential as consumers – and if so, whether it is the role of politicians to supply this.

5. Considerations concerning industry specific support

Another area that has become characteristic of Nordic media policy (although to somewhat varying extents) is that involving direct or indirect support that is intended to promote the domestic range of news and information. All Nordic countries currently have VAT relief for print media.¹⁶⁸ In addition, there are direct support systems that are applied in various ways in the Scandinavian countries (but not in Finland and Iceland).

In all countries, the developments in the media in recent years have resulted in more discussion about the extent and focus of both targeted and general support to media companies that are involved in news journalism. This is particularly true for digital newspaper subscriptions, with Norway being the only country so far that has chosen to apply the same rules to print and digital publications (which means exemption from VAT in the case of Norway). Everything else being equal, VAT constitutes a tangible and obvious barrier standing in the way of newspaper companies ability to earn money from their digital products – a fact that is becoming increasingly evident as competition over advertising revenue becomes tougher.

6. Considerations pertaining to tax law

The sixth and final – not not least by any means – political area that is brought to the fore by the digitalisation of the advertising market concerns what attitude individual countries are to adopt to the sizeable and apparently growing market influence being exercised by global technology companies. As we have seen in this report, an increasingly large proportion of Nordic advertising investments are being invested in non-Nordic advertising platforms – platforms that are based outside of the Nordic countries and are therefore not subject to Nordic tax legislation.

In the interview study conducted within the scope of this study, it was this single circumstance as regards the competitive conditions in the advertising market that was highlighted in the most consistent manner by the Nordic media companies. The fact that digital platforms are not taxed in the markets in which they operate is perceived as a major and serious anomaly by domestic actors, which is believed to harm the competitive neutrality of the market.

168. Refer to Appendix 4 for details.

As indicated in Chapter 4, there are substantial sums of money involved. In 2016, an estimated EUR 2.2 billion left the Nordic advertising markets in this way (Iceland excluded). Placed in a media policy context, this is an amount that is on a par with the Nordic countries' combined spending on public service.¹⁶⁹ A little pointedly, this means that just as much money as Nordic licence fee payers and taxpayers supply to the Nordic media market via the public service system is extracted from the same via the digital advertising market. And herein lies not just the biggest challenge in terms of drawing up a powerful media policy aimed at preserving domestic production of commercially financed news and current affairs journalism in the Nordic countries, but also that which is most complicated for our politicians to deal with.

169. In 2015, total appropriations for public service in Denmark, Finland, Norway and Sweden amounted to just under EUR 2.4 billion.

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Swedish Advertising Ombudsman, 27 Jan 2017, Elisabeth Trotzig (advertising ombudsman), Stockholm

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- Swedish Media Publishers' Association (TU), 22 September 2016, Jeanette Gustafsdotter (CEO); Tobias Lindberg (chief analyst), Stockholm
- TV2 Danmark, 16 Jan 2017, Flemming Rasmussen (commercial director); Peter Olafsson (sales director), Copenhagen
- TV4, 26 Jan 2017, Mathias Berg (COO); Viveka Hansson (head of programmes); Magnus Törnblom (head of corporate press), Stockholm
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Appendix 1.

IRM's Calculation of the Advertising Market's Turnover

Table 1.1 Turnover in the advertising market in Denmark, Finland, Norway and Sweden, 2008–2015 (constant prices, millions in local currency)

	Denmark MDKK		Finland MEUR		Norway MNOK		Sweden MSEK	
	Advertising turnover	GNP	Advertising turnover	GNP	Advertising turnover	GNP	Advertising turnover	GNP
2008	17,282	1,797,500	1,704	193,711	20,406	2,605,380	32,812	3,387,599
2009	14,691	1,693,524	1,479	181,029	17,598	2,379,442	28,845	3,298,934
2010	14,583	1,736,912	1,532	184,881	18,022	2,475,465	30,896	3,486,935
2011	14,804	1,722,517	1,541	187,960	18,679	2,635,674	31,515	3,529,537
2012	13,688	1,727,314	1,485	185,530	18,706	2,777,908	30,723	3,525,422
2013	13,480	1,732,377	1,352	186,124	18,585	2,817,113	30,155	3,608,458
2014	13,122	1,757,312	1,304	185,923	17,766	2,836,159	30,682	3,757,217
2015	13,481	1,789,206	1,275	188,085	17,388	2,757,366	31,569	3,989,645

Notes: Fixed prices, not seasonally adjusted, base year 2008.

Advertising turnover = advertising revenue (distribution) among newspapers, freely distributed newspapers, magazines, print catalogues, direct marketing, TV, radio, cinema, outdoor advertising, in-store advertising and internet advertising.

GNP from the use side.

Source: IRM Institute for Advertising and Media Statistics.

Table 1.2 Turnover in the advertising market in Denmark, Finland, Norway and Sweden, 2008–2015 (constant prices, MEUR)

	Denmark MDKK		Finland MEUR		Norway MNOK		Sweden MSEK	
	Advertising turnover	GNP	Advertising turnover	GNP	Advertising turnover	GNP	Advertising turnover	GNP
2008	2,319	241,214	1,704	193,711	2,499	319,008	3,518	363,200
2009	1,971	227,261	1,479	181,029	2,155	291,344	3,093	353,694
2010	1,957	233,083	1,532	184,881	2,207	303,101	3,313	373,850
2011	1,987	231,152	1,541	187,960	2,287	322,718	3,379	378,418
2012	1,837	231,796	1,485	185,530	2,290	340,133	3,294	377,977
2013	1,809	232,475	1,352	186,124	2,276	344,933	3,233	386,879
2014	1,761	235,821	1,304	185,923	2,175	347,265	3,290	402,828
2015	1,809	240,101	1,275	188,085	2,129	337,618	3,385	427,748

Notes: Fixed prices, not seasonally adjusted, base year 2008.

Advertising turnover = advertising revenue (distribution) among newspapers, freely distributed newspapers, magazines, print catalogues, direct marketing, TV, radio, cinema, outdoor advertising, in-store advertising and internet advertising.

GNP from the use side.

Source: IRM Institute for Advertising and Media Statistics.

Sources for the advertising market's turnover

GNP and CPI data

Denmark – Statistics Denmark

Finland – Statistics Finland

Norway – Statistics Norway

Sweden – Statistics Sweden

Exchange rates

Denmark – Danmarks Nationalbank

Norway – Norges Bank

Sweden – The Riksbank

Data concerning media and advertising investments

Data in local currency are primarily taken from Nordic reports based on net data from:

Denmark – Association of Danish Media

Finland – TNS Gallup

Norway – IRM

Sweden – IRM

Values for 2016 taken from IRM's latest forecasts published:

Denmark – 4 October 2016

Norway – 29 November 2016

Sweden – 9 December 2016

Regional data for Sweden taken from IRM's report Regionala Marknader.

The categorisation of advertising revenues among print newspapers is taken directly from each measurement actor's annual report/interim reports.

IAB Adex is also used for an internationally comparable categorisation of digital. This is based on net data from the above suppliers that has, however, been recalculated in accordance with international standards by IHS on behalf of IAB Europe.

Exchange rates

DENMARK	1 EUR=X DKK (LCU)	Average of daily exchange rates 01/01/2008 to 31/12/2015
2008	7.46	7.45
2009	7.45	
2010	7.45	
2011	7.45	
2012	7.44	
2013	7.46	
2014	7.45	
2015	7.46	

NORWAY	1 EUR=X NOK (LCU)	Average of daily exchange rates 01/01/2008 to 31/12/2015
2008	8.22	8.17
2009	8.73	
2010	8.01	
2011	7.79	
2012	7.47	
2013	7.81	
2014	8.35	
2015	8.95	

SWEDEN	1 EUR=X SEK (LCU)	Average of daily exchange rates 01/01/2008 to 31/12/2015
2008	9.61	9.33
2009	10.62	
2010	9.54	
2011	9.03	
2012	8.71	
2013	8.65	
2014	9.10	
2015	9.36	

IRM's measurement method

IRM reports net advertising investments for the advertising market as a whole and divided up into a number of types of media and advertising. The statistics are based on data concerning advertising revenue that is collected by IRM from companies that offer advertising space.

Net advertising investments are advertising revenues with deductions for any commission and discounts are excluded. Net investments are appropriate as a basis for analysing the development in the advertising market as a whole and individual types of advertising.

The data for IRM's statistics are compiled through survey. Media companies and other relevant actors in the advertising market provide IRM with data concerning invoiced sales, including advertising tax, but excluding VAT, production costs and commissions over the course of a given period. Barter is not included, as this is an exchange and not invoiced sales. In order to provide as complete and accurate picture of the advertising market as possible, IRM estimates the sales revenues of those minor actors that do not submit data. These estimates are based on many different parameters, for example information about the company's turnover, advertising sales among similar actors and various forms of reach measurements.

IRM's definitions

Newspapers

Newspapers encompass advertising revenue in print newspapers. Newspapers' revenue from digital advertising is not included in this category, but in the respective internet category.

Revenue from distribution of advertising supplements is reported separately in the category advertising supplements and is therefore not included in the newspapers category unless explicitly stated otherwise.

Freely distributed newspapers

Freely distributed newspapers encompass free newspapers, advertising sheets and free magazines.

Freely distributed means the consumer is not charged with any subscription fee. Distribution takes place either through home delivery or stands that are set out. This category is divided up into three subcategories – free newspapers, advertising sheets and free magazines.

The above categories pertain to advertising revenues from print editions.

The statistical data for freely distributed newspapers is collected by IRM.

Magazines

The popular press is defined as magazines, regardless of their area of interest, that are targeted at private consumers, while the trade press denotes titles that are targeted at those working within a certain industry. The popular press and the trade press involve a cost to the consumer, either a subscription or a cover price for casual sales, which sets them apart from free magazines and customer magazines that are distributed free of charge to the target group.

Revenue from distribution of advertising supplements is reported separately in the category advertising supplements and is therefore not included in the magazines category unless explicitly stated otherwise. Digital advertising revenue is also not included as this is encompassed by the internet category, unless stated otherwise.

Advertising supplements

The definition of supplements here is restricted to encompass advertising supplements that are distributed together with a print newspaper or magazine. Sales of advertising in editorial supplements are not included in this category, but in the newspapers and magazines categories.

The statistics are made up of the newspaper and magazine actors' revenue from the distribution of advertising supplements.

Print catalogues

Print catalogues, or guidance media, primarily denotes print telephone directories. Please note that advertising revenue from the corresponding digital products is reported under internet (online catalogues/classifieds)

The statistical data is gathered by IRM and encompasses all actors in the market.

Direct mail

Direct mail denotes advertising sheets that are posted through the letterbox. IRM reports two subcategories of direct mail: addressed direct marketing and unaddressed direct mail. Advertisers can choose to send out unaddressed direct mail in a certain geographical area or they can send out addressed direct mail to a certain target group based on other demographic parameters, etc.

Please note that direct mail is not the same as direct marketing. Direct mail is a media channel, while direct marketing is a communications strategy that is independent of the media channel.

The statistical data for direct mail are collected by IRM and encompass data concerning distribution revenue for addressed and unaddressed direct mail from all actors operating in the industry. Production of direct mail is reported separately from the distribution revenue.

TV and teletext

The TV category denotes advertising in linear broadcast TV, including programme sponsorship, but excluding advertiser-financed production. Please note that the measurements are restricted to channels and advertising that is directed at domestic consumers, i.e. not all of the channels that are available via satellite, for example. As of 2016, teletext is included in TV. Advertising on online TV is reported under internet and is therefore not included in this category. The statistical data for TV is collected by IRM.

Radio

Radio denotes all advertising in radio broadcasts, regardless of means of distribution. Radio encompasses the actors' sales of advertising in radio broadcasts. Advertising that is broadcast in streaming sound broadcasts on digital platforms is also included. Revenue from advertising that is unique to digital channels, for example banners, is reported separately and is included in internet or mobile marketing. Please note that the measurements are restricted to channels and advertising that is directed at domestic consumers, i.e. not all of the channels that are available in border areas or digitally.

The statistical data for radio is collected by IRM.

Cinema

IRM's statistics for cinema advertising include the actors' advertising sales on screen and off screen, but not revenue from digital advertising as this is included in internet and mobile marketing. One example of off-screen sales that is included is event marketing. Revenue for advertising production such as conversion is not included.

The statistical data for cinema is gathered by IRM and encompasses all actors in the market.

Outdoor advertising

Outdoor advertising is largely transport advertising – billboards beside roads, on bus stops and in railway stations and airports. IRM's statistics include both analogue and digital billboards. The closely related category in-store media is reported separately and is not included in outdoor advertising (does not apply to Norway). The difference between outdoor advertising and in-store media are that outdoor advertising is in a more public environment.

The statistical data for outdoor advertising is collected by IRM.

Internet, including mobile, is reported quarterly, the category is divided up into display, digital video, online catalogues/classifieds and search. Unless otherwise stated, the categories encompass both desktop and mobile in both Norway and Sweden.

Norway: The statistical data is largely collected by Nettforum in conjunction with INMA and encompasses the majority of large websites. IRM adds to these with information from further actors and estimates.

Sweden: Turnover and growth within internet advertising is based on the trend in the collected data. The category encompasses invoiced revenue among sales networks, sales companies and websites that provide advertising space. The statistical data for internet is primarily collected by IRM and consists encompasses over 100 actors with various types of website and digital services. Internet revenue among actors originating in the newspaper industry is collected in conjunction with the Swedish Media Publishers' Association.

Display

Desktop: Encompasses traditional internet campaigns and content partnerships in which the website, the seller, receives payment for publishing the purchaser's content. Display advertising encompasses a large number of formats; primarily various types of banner and advertising in the form of text and advertising on social platforms. All advertising in connection to editorial video is reported separately in digital video. Native advertising, i.e. display advertising created in a way that makes it look like editorial content is not include in the display category.

With a few exceptions, email marketing is usually included in display and denotes revenue that derives from advertising distributed via email.

Mobile: Encompasses traditional internet campaigns and content partnerships on mobile websites and in apps in which the website, the seller, receives payment for publishing the purchaser's content. Note 1: All advertising in connection to editorial video is reported separately in digital video. Note 2: In Sweden, social platforms on mobile are included in "other mobile advertising".

Digital video

Desktop and mobile. Advertising, both video and static, that is shown or sold in connection to editorial video, including user-generated content. For example, revenue for a static banner in an digital video window is included. What is known as advertiser-financed production is NOT included. The actors that are included in the calculations are TV companies, newspapers, actors with user-generated content and sales companies.

Other

Online catalogues/classifieds: Sweden: Desktop, not mobile. Norway: Desktop and mobile. Revenue that comes from digital catalogues and classified advertising, for example job advertisements and buy and sell ads, are reported here. This category includes both actors originating in print and those that are purely internet phenomena.

Search marketing: Sweden: Desktop, not mobile. Norway: Desktop and mobile. Encompasses revenue from search engine marketing (SEM) and search engine optimisation (SEO). SEM denotes paid-for advertising space provided by search engines. SEO denotes revenue for services that aim to increase the number of relevant hits for a site and ensure that it ends up high in the list of search results.

Other mobile advertising: This category is used for Sweden, but not for Norway. It includes mobile search marketing, investments in online catalogues/classifieds on mobile and mobile advertising on social media networks.

Read more about IRM's methods and definitions at:

www.irm-media.no/om-statistikken/malemetode-definisjoner (in Norwegian only)

www.irm-media.se/om-statistikken/matmetod-definitioner (in Swedish only)

Appendix 2.

Media in the Nordic Countries

Information about the statistics

The Nordic statistical compilation contains information from all five of the Nordic countries: Denmark, Finland, Iceland, Norway and Sweden. It is not always possible to compare statistics from the different countries – this is partly because there is not always information from all of them and partly because the method used to collect the information or its format do not make them suitably comparable.

Nordicom uses several different international sources that cover up to all five and at least three of the countries. To some extent, national sources can provide more and better information about a specific market, but the statistics used in this section, because they come from the same source, provide as information about the countries that is comparable as possible.

Eurostat
(European Commission)

The EU countries: i.e. always Denmark, Finland and Sweden. To some extent Iceland and Norway. Iceland is included in Eurostat's database up to and including 2014. Norway is included in all data that has been looked up for this report. Statistics concerning ICT/IT are taken primarily from the *Digital Economy and Society* section of the database. Use of the internet is measured annually in late winter/early spring. Data collection is conducted by each country's statistical institute.

Eurobarometer
(European Commission)

The EU countries: i.e. always Denmark, Finland and Sweden. Iceland up to and including 2012. Somewhat general statistics about media use that are measured each autumn and are reported in the Eurobarometer standard. Special surveys with a link to media are more spread out. When data is available for four countries, this source is used to show general media use. The data is collected by a survey institute in each country.

Digital News Report (Reuters Institute for the Study of Journalism)

Denmark, Finland, Norway and Sweden. Denmark has been included since 2013, Finland since 2014 and Norway and Sweden since 2016. Statistics concerning news consumption and platforms for news consumption 2016. The survey is conducted using an online questionnaire, which means that the data only represents those who have access to – and use – the internet.

Table 2.1 Proportion of households with access to broadband in the Nordic countries and EU28, 2008–2016 (per cent)

	Denmark	Finland	Iceland	Norway	Sweden	EU 28
2008	74	66	73	83	71	48
2009	76	74	78	87	79	56
2010	80	76	83	87	83	61
2011	84	81	80	92	86	67
2012	85	85	86	93	87	72
2013	87	88	88	95	...	76
2014	85	89	88	93	87	78
2015	84	90	91	...	83	80
2016	92	91	96	...	89	83

Note: Of the population aged 16–74 years old

Source: Eurostat.

Table 2.2 Proportion of households with access to different types of broadband and broadband speeds in the Nordic countries and EU28, 2015 (per cent)

	Broadband coverage (% of households)				
	Broadband total ¹	Fixed-line broadband total ¹	Fibre broadband ²	Speed, broadband	
				>30 Mbps ²	>100 Mbps ²
Denmark	99.5	99.0	91.7	92	87
Finland	100.0	97.0	75.1	67	34
Iceland	99.3	98.1	90.8	90	53
Norway	99.5	94.7	79.6	79	39
Sweden	99.5	99.0	76.4	76	58
EU28	99.8	97.4	70.9	68	49

¹ Broadband total including mobile broadband.

² Mbps = Megabits per second.

Source: European Commission/IHS Inc., VVA Consulting.

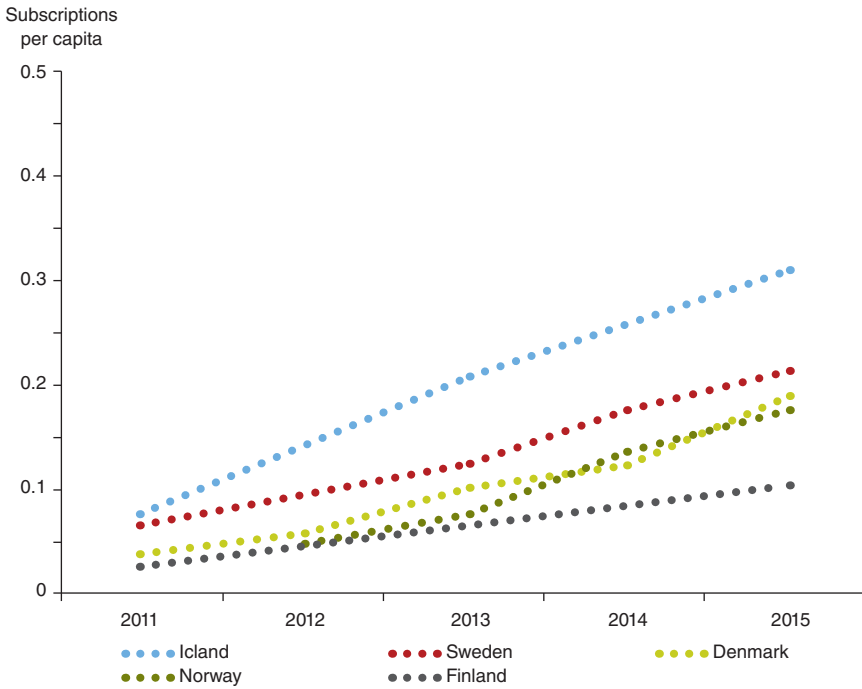


Figure 2.1 Per capita fixed-line broadband subscriptions with a speed of at least 30 Mbps in the Nordic countries 2011–2015

Note: Denotes megabits per second downstream, i.e. speed from the internet in to the computer/device. Denotes subscriptions taken out and advertised speed. The speed the user actually receives is then dependent on their distance from the base station etc. (especially for xDSL subscriptions).

Source: Swedish Post and Telecom Authority (2016).

Table 2.3 Use of the internet on mobile phones in the Nordic countries and EU28, 2011–2016 (per cent)

	Denmark	Finland	Iceland	Norway	Sweden	EU 28
2011	33	33	25	31	33	19
2012	50	45	42	56	59	27
2013	57	52	46	65	65	35
2014	69	59	58	72	70	44
2015	75	68	...	77	74	52
2016	78	71	...	74	76	56

Note: Of the population aged 16–74 years old Denotes mobile phone and/or smartphone.

Source: Eurostat.

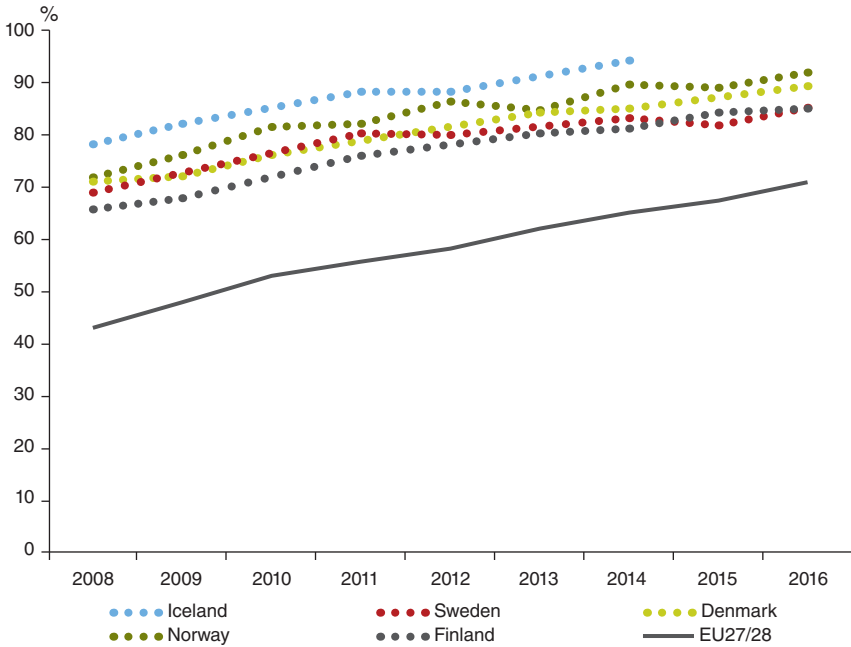


Figure 2.2 Daily internet use in the Nordic countries and EU28, percentage of the population aged 16–74, 2008–2016

Source: Eurostat.

Table 2.4 Use of social networks daily/almost every day in Denmark, Finland, Iceland, Sweden and EU28, 2011–2015 (per cent)

	2011	2012	2013	2014	2015
Denmark	37	43	49	55	59
Finland	31	34	43	43	45
Iceland	54	60	...	...	...
Sweden	35	43	48	53	56
EU28*	20	27	30	32	35

Note: Of the population aged 15 years or more.

Source: Standard Eurobarometer 76, 78, 80, 82, 84.

Table 2.5 Number of newspapers, paid-for and free, in the Nordic countries in 2015

	Denmark 2014	Finland 2015	Iceland 2015	Norway 2015	Sweden 2015
<i>Paid-for newspapers</i>					
Daily (4–7 days/week)	30	43	1	72	76
Non-daily (1–3 days/week)	1	137	9	156	83
Paid-for newspapers, total	31	180	10	228	159
<i>Free newspapers¹</i>					
Daily (4–7 days/week)	1	1	1	0	5 ⁵
Non-daily (1–3 days/week)	216 ²	55 ³	10 ⁴	18 ⁴	131 ⁵

¹ Free newspapers encompass a varied range that has to fulfil at least two criteria: contain editorial material/journalism and be published at least once per week.

² Only includes local and regional weekly titles whose circulation is audited by the Danish Audit Bureau of Circulations.

³ Only includes members of the Finnish Newspapers Association.

⁴ Iceland: data for 2014; Norway: data for 2016.

⁵ Only includes newspapers whose circulation is audited by TS Mediefakta AB. The total number of free newspapers is around 290 titles.

Source: Danish Audit Bureau of Circulations; Danish Agency for Culture and Palaces; Statistics Finland; MediaAuditFinland; Finnish Newspapers Association; Statistics Iceland; Høst, Sigurd (2016a); Høst, Sigurd (2016b); TS Mediefakta AB; Swedish Press and Broadcasting Authority; Leckner, Sara and Nygren, Gunnar (2016).

Table 2.6 Number of newspaper copies per 1,000 inhabitants, 2008–2015 (paid-for titles)

	2008	2009	2010	2011	2012	2013	2014	2015
Denmark ¹	215	202	186	179	163	150	143	...
Finland ²	577	554	538	509	470	438	410	320
Iceland	252	252	235	233	229	218	210	174
Norway	576	547	523	502	479	436	416	391
Sweden ²	401	386	368	322	268	234	246	191
Total	2,021	1,941	1,850	1,745	1,609	1,476	1,425	1,076

¹ The Danish newspaper market consists of many freely distributed local newspapers; in 2014 there were 216 of them (they are not included in this table).

² Data for Finland 2015, and for Sweden beginning in 2011 do not include a number of titles that have chosen not to have their circulations audited. However, this does not alter the trend for the newspaper market as a whole.

Source: Danish Agency for Culture and Palaces; Danish Audit Bureau of Circulations; Statistics Finland; Finnish Newspapers Association; MediaAuditFinland; Statistics Iceland; Høst, Sigurd (2009–2016a); TS Mediefakta AB.

Table 2.7 Reading of print newspapers daily/almost every day in Denmark, Finland, Iceland, Sweden and EU28, 2011–2015 (per cent)

	2011	2012	2013	2014	2015
Denmark	50	54	49	47	48
Finland	73	72	71	71	67
Iceland	66	65	...	...	...
Sweden	76	74	75	70	66
EU28	36	37	33	33	31

Note: Of the population aged 15 years or more.

Source: Standard Eurobarometer 76, 78, 80, 82, 84.

Table 2.8 Reading of newspapers online in the Nordic countries and EU28, 2008–2016 (per cent)

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Denmark	52	64	63	66	73	70	71	66	70
Finland	57	64	74	76	80	79	78	82	80
Sweden	45	50	54	77	80	80	82	76	81
Iceland	69	72	88	85	91	83	93	...	...
Norway	73	76	78	79	85	87	89	90	92
EU28	25	31	34	40	45	48	52	54	58

Note: 2007 up to and including 2012: “reading/downloading online newspapers/news”. As of 2013: “reading online news sites/newspapers/news magazines”. Reading in the past three months. Of the population aged 16–74 years old

Source: Eurostat.

Table 2.9 Watching TV on a TV set daily/almost every day in Denmark, Finland, Iceland, Sweden and EU28, 2010–2015 (per cent)

	2011	2012	2013	2014	2015
Denmark	82	90	89	88	81
Finland	78	81	79	86	84
Iceland	80	75	75	...	...
Sweden	86	83	80	73	69
EU28	...	87	86	86	84

Note: Of the population aged 15 years or more.

Source: Standard Eurobarometer 76, 78, 80, 82, 84.

Table 2.10 Watching TV via the internet daily/almost every day in Denmark, Finland, Iceland, Sweden and EU28, 2010–2015 (per cent)

	2011	2012	2013	2014	2015
Denmark	8	9	11	13	15
Finland	9	13	15	15	13
Iceland	12	16	...	...	...
Sweden	9	13	12	16	18
EU28	7	7	8	9	8

Note: Of the population aged 15 years or more.

Source: Standard Eurobarometer 76, 78, 80, 82, 84.

Table 2.11 Listening to the radio daily/almost every day in Denmark, Finland, Iceland, Sweden and EU28, 2011–2015 (per cent)

	2011	2012	2013	2014	2015
Denmark	68	69	69	63	63
Finland	55	58	61	63	58
Iceland	83	83	...	...	...
Sweden	69	69	63	63	63
EU28	51	53	50	53	50

Note: Of the population aged 15 years or more.

Source: Standard Eurobarometer 76, 78, 80, 82, 84.

Table 2.12 Access to home electronics in Denmark, Finland, Sweden and EU28, 2015 (percentage of households)

	TV set	Desktop computer	Portable computer	Tablet	Smartphone
Denmark	98	45	84	66	80
Finland	97	38	73	51	68
Sweden	86	40	78	52	84
EU28	96	37	54	32	56

Note: Of the population aged 15 years or more.

Data for Norway from the Norwegian Media Barometer survey in 2015 show that access among the population aged 9–79 is 94 % for personal computers, 75 % for tablets and 85 % for smartphones. Please note that the age intervals vary between Eurobarometer and the Norwegian Media Barometer.

Source: Special Eurobarometer 438.

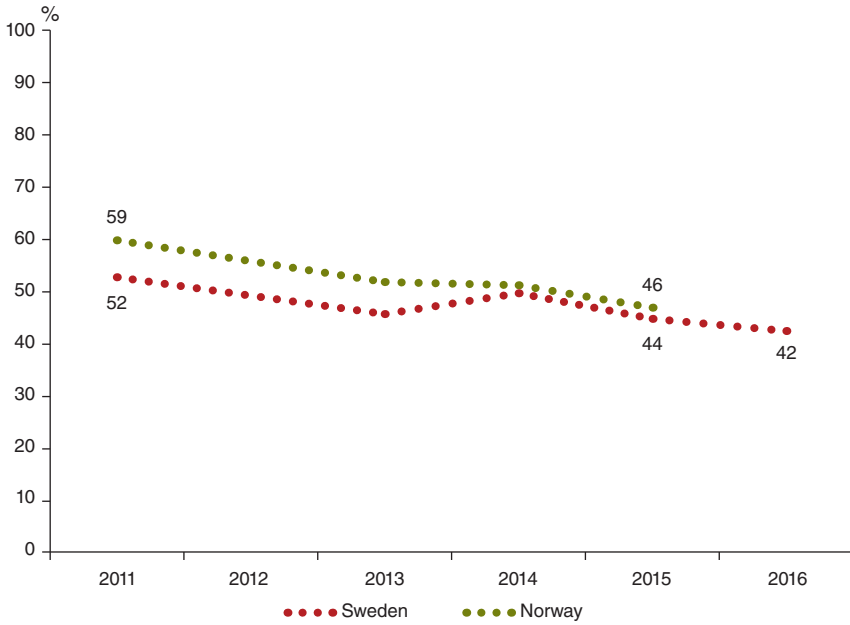


Figure 2.3 Watching TV news among TV viewers aged 9–79 on an average day in Norway and Sweden, 2011–2016 (per cent)

Note: Please note that the data are taken from two independent surveys. However, what they do have in common is that they ask respondents about their use yesterday and are based on a random representative sample of the population aged 9–79 years.

Source: medianorway (Norwegian Media Barometer 2015); Nordicom-Sweden's Media Barometer.

News consumption in Denmark, Finland, Norway and Sweden according to Digital News Report 2016

The Reuters Institute for the Study of Journalism at the University of Oxford has been undertaking the Digital News Report study each year since 2013. This study investigates how people consume the news and how different platforms are used to consume news. The focus is primarily on consumption via digital platforms.

In 2016, the survey encompassed 26 countries, 19 of which were European. The Nordic countries included were Denmark, Finland, Norway and Sweden.

The questionnaire is issued to participants aged 12 to 80, who respond online. The survey thus does not capture those who do not have access to or use the internet. Consequently, the consumption of news online is probably favoured in relation to the consumption of news via traditional media (TV, radio, print newspaper). The number of respondents is around 2000 in each country.

The study is financed by several actors, among them the Hans Bredow Institute, the BBC, Ofcom, Google Digital News Initiative, the University of Navarra, etc. The fieldwork is conducted by YouGov.

Table 2.13 Use of various media to consume news in the past week, 2016 (per cent)

	Denmark	Finland	Norway	Sweden	Total, 26 countries
TV	73	75	72	72	73
Radio	47	47	47	47	66
Paper newspaper	29	53	41	43	24
Online (incl. social media)	84	89	86	89	46
Social media	56	45	54	56	51

Note: Of the population aged 18–80 years old. The survey is conducted online.

Source: Reuters Institute for the Study of Journalism (2016).

Table 2.14 Use of various equipment to consume news in the past week, 2016 (per cent)

	Denmark	Finland	Norway	Sweden	Total, 26 countries
Computer	63	74	66	64	65
Smartphone	60	59	64	69	53
Tablet	37	30	36	34	23

Note: Of the population aged 18–80 years old. The survey is conducted online.

Source: Reuters Institute for the Study of Journalism (2016).

Table 2.15 Use of social media to consume news in the past week, 2016 (per cent)

	Denmark	Finland	Norway	Sweden	Total, 26 countries
Facebook	43	34	45	42	44
YouTube	7	9	9	11	19
Twitter	4	6	7	8	10
WhatsApp	1	6	1	2	8
LinkedIn	5	2	2	3	...
Instagram	2	2	4	5	...
Google Plus	1	4	3	2	5
Snapchat	1	0	4	1	...
Pinterest	1	0	1	...	...

Note: Of the population aged 18–80 years old. The survey is conducted online. Only the five most popular services are reported in the total for all countries.

Source: Reuters Institute for the Study of Journalism (2016).

Table 2.16 Use of various news services in the past week, 2016 (per cent)

DENMARK			
Online	(%)	Offline ¹	(%)
DR news online	49	DR news (incl. P1, P4, etc.)	71
TV2 news online	44	TV2 news (incl. regional news)	64
EkstraBladet online	32	Local weekly free newspaper	21
BT online	27	Metroxpress	16
Politiken online	23	Sondagsavisen	14
Jyllandsposten online	19	Local/regional newspaper	14
Local weekly free newspaper's website	18	Radio 24syv news	10
Berlingske online	18	News on commercial radio	9
Local/regional newspaper's website	15	Politiken	9
Borsen online	11	BT	9
Metroxpress	10	Jyllandsposten	8
Information.dk	9	Berlingske	8
Dagens.dk	9	Ekstrabladet	8
Avisen.dk	8	Borsen	5
Radio24syv news online	8	Fagblade	5
Sondagsavisen online	7	BBC News	4

Appendix 2. Media in the Nordic Countries

FINLAND

Online	(%)	Offline ¹	(%)
Ilta-Sanomat online	60	Yle news	70
Italehti online	58	MTV3 news	58
Yle news online	44	Regional/local newspaper	35
Helsingin Sanomat online	36	Free newspaper (in major city)	32
MTV news online	32	Helsingin Sanomat	23
Regional/local newspaper's website	26	Ilta-Sanomat	22
Taloussanomat online	21	Italehti	19
Kauppalehti online	18	News on commercial radio	18
Uusi Suomi online	10	HSTV news on Nelonen	9
Free newspaper's (in major city) website	8	Kauppalehti	7
Foreign newspaper's website	8	Foreign TV channel's news	4
News on foreign TV channel's website	6	BBC News	4
BBC News online	5	CNN	3
MSN News	5	Maaseudun Tulevaisuus	3
News on commercial radio online	5	Hufvudstadsbladet	2
Nelonen news online	4	Other foreign newspaper	1

NORWAY

Online	(%)	Offline ¹	(%)
VG Nett online	64	NRK news	61
Dagbladet online	46	VG	53
NRK news online	45	TV2 news	53
TV2 news online	44	Dagbladet	37
Aftenposten online	35	Aftenposten	30
Nettavisen	31	Local/regional newspaper	29
Local/regional newspaper's website	25	P4 news	26
Dagens Naeringsliv online	18	Radio Norge news	18
Bergens Tidende online	13	News on local radio	17
ABC news	13	Dagens Naeringsliv	15
Adresseavisen online	9	News on local TV	13
BBC News online	8	Bergens Tidende	12
Huffington Post	8	BBC News	8
P4 news online	7	Adresseavisa	8
Mail Online	7	CNN	7
Dagsavisen online	7	Dagsavisen	6

SWEDEN

Online	(%)	Offline ¹	(%)
Aftonbladet online	55	SVT news	57
Expressen online	38	TV4 news	50
Dagens Nyheter online	25	SR news	40
SR news online	24	Aftonbladet	19
Svenska Dagbladet online	22	Metro	16
TV4 news online	21	Regional/local newspaper	15
Regional/local newspaper's website	19	Expressen	14
Göteborgs-Posten online	16	Dagens Nyheter	13
Nyheter 24	16	Svenska Dagbladet	12
Dagens Industri online	14	Göteborgs-Posten	9
SVT news online	13	Dagens Industri	8
Sydsvenska Dagbladet online	10	CNN	8
Metro online	10	BBC News	7
BBC News online	8	Sydsvenska Dagbladet	5
CNN online	7	Foreign TV/radio/newspaper	4
MSN News	6	Uppsala Nya Tidning	2 ¹

¹ Offline in the questionnaire is clarified to mean radio, TV print newspapers (traditional media).

Note: Of the population aged 18–80 years old. The survey is conducted online.

The respondents have had to state on the basis of a nationally adapted list of named media – traditional/offline and digital/online – which they have used in the past week.

Source: Reuters Institute for the Study of Journalism (2016).

Table 2.17 Have paid for news digitally in the past year, 2016 (per cent)

	Denmark	Finland	Norway	Sweden	Total, 26 countries
Total	15	15	27	20	13
<i>Gender</i>					
Women	11	13	22	16	11
Men	18	17	31	24	15
<i>Ages</i>					
18–24	10	10	24	16	13
25–34	14	14	24	16	16
35–44	16	15	27	17	14
45–54	12	17	29	26	12
55+	18	16	27	23	12

Note: Of the population aged 18–80 years old. The survey is conducted online.

Source: Reuters Institute for the Study of Journalism (2016).

Table 2.18 Use of adblockers, 2016 (per cent)

	Denmark	Finland	Norway	Sweden	Total, 26 countries
Total	24	24	23	27	24
<i>Gender</i>					
Women	31	32	29	38	20
Men	17	17	17	17	29
<i>Ages</i>					
18–24	47	40	44	38	42
25–34	31	45	37	43	33
35–44	18	28	19	28	24
45–54	20	17	20	25	21
55+	16	10	11	16	16

Note: Of the population aged 18–80 years old. The survey is conducted online.

Source: Reuters Institute for the Study of Journalism (2016).

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Table 2.19 VAT on newspapers in the Nordic countries, 2000–2016

		Standard VAT	Print newspaper	Digital newspaper
Denmark ¹	1997–2012	25	– ¹	25
	2013–2016	25	– ¹	25
Finland	1998–2009	22	–/22 ²	22
	2010–2011	23	–/23 ²	23
	2012	23	9/23 ²	23
	2013–2016	24	10/24 ²	24
Iceland	2007–2008	24.5	7	24.5
	2009 ³	24.5	7	24.5
	2010–2011	25.5	7	25.5
	2012–2014	25.5	7	25.5
	2015–2016	24	11	24
Norway	2006–2015	25	–	25
	2016	25	–	–
Sweden	1997–2001	25	6	25
	2002–2016	25	6	25

– Exempt from VAT.

¹ In Denmark there are no different levels of VAT, but companies that operate in areas that are exempt from VAT pay a specific payroll tax. For media that are exempt from VAT, this charge is based on revenues from print newspapers. Up to and including 2012, this charge was 2.5 % of sales revenue, as of 2013, the fee is 3.54 %.

² The layout denotes subscriptions/single-copy sales. Subscriptions to newspapers were exempt from VAT up to and including 2011, while single-copy sales were subject to the standard tax rate.

Source: Danish Agency for Culture and Palaces; Statistics Finland; Statistics Iceland; medianorway; Nordicom; national tax authorities.

Denmark

Table 2.20 Daily use of media among the population aged 16–89, 2013–2015 (per cent)

	2013	2014	2015
Watch traditional TV	72	71	70
Watch traditional TV – public service total	64	63	62
Watch traditional TV – regional public service (TV 2 window)	18	16	15
Watch traditional TV – not public service	49	46	46
Listen to radio	76	76	75
Listen to public service radio	63	63	61
Listen to commercial radio	30	31	30
Read a newspaper	46	44	43
Read a national newspaper	32	31	30
Read a regional newspaper	22	20	19
Read a local weekly newspaper (week)	64	60	58
Use the internet	80	81	83
Stream films/series/TV programmes	...	12	15
Visit online news media	...	...	47
Visit national newspapers online	...	...	32
Visit regional newspapers online	...	...	6
Visit some form of public service medium online	...	...	23

Note: Reach encompasses at least five minutes of consistent use. TV and radio daily reach, newspaper readership daily/weekly use, internet and streaming daily use/almost every day, use of websites is daily reach.

Source: Danish Agency for Culture and Palaces (2016) (Gallup/TV-Meter ; Gallup/Radiometer; Index Danmark/Gallup; Lokal Index Danmark/Gallup; Statistics Denmark; Gemius SA – gemiusAudience).

Table 2.21 Number of newspapers 2009–2014

	2009	2010	2013	2014
Paid-for newspapers, total	32	32	34	31
4–7 editions/week	31	31	33	30
1–3 editions/week	1	1	1	1
Freely distributed newspapers ¹	...	...	...	...
4–7 editions/week	3	3	1	1
1–3 editions/week	232 ²	232 ²	224 ³	216 ²

¹ Freely distributed newspapers that fulfil at least two criteria: that they have editorial content and are published at least once per week.

² Denotes members of "Ugeaviserne", a trade organisation for local weekly free newspapers and Denmark's largest free newspaper *Søndagsavisen*.

³ Denotes local and regional weekly titles whose circulation is audited by the Danish Audit Bureau of Circulations. (2014: 233 if all regional editions of *Søndagsavisen* are counted as separate titles).

Source: Danish Audit Bureau of Circulations; Dansk Dagblades Forening; Dansk Dagblades Forening; Danish Agency for Culture and Palaces.

Table 2.22 Paid-for newspapers' daily reach among various age groups from 12 years old in 2010 and 2015 (per cent)

	Proportion of the population who read a newspaper (%)		Change 2010–2015	
	2010	2015	Percentage points	Percentage
Total ages 12 and older	59	42	-17	-29
<i>Ages</i>				
12–18 years	42	25	-16	-39
19–34 years	46	26	-20	-43
35–54 years	57	35	-22	-39
55–70 years	73	58	-15	-21
71 and older	74	68	-6	-8

Source: Danish Agency for Culture and Palaces (2016b) (Index Danmark/Gallup).

Table 2.23 Local weekly newspapers' reach among various age groups from 12 years old in 2010 and 2015 (per cent)

	Proportion of the population who read a newspaper (%)		Change 2010–2015	
	2010	2015	Percentage points	Percentage
Total ages 12 and older	69	56	-14	-20
<i>Ages</i>				
12–18 years	33	21	-13	-39
19–34 years	48	24	-24	-49
35–54 years	77	60	-17	-22
55–70 years	86	80	-7	-8
71 and older	89	85	-4	-4

Source: Danish Agency for Culture and Palaces (2016b) (Lokal Index Danmark/Gallup).

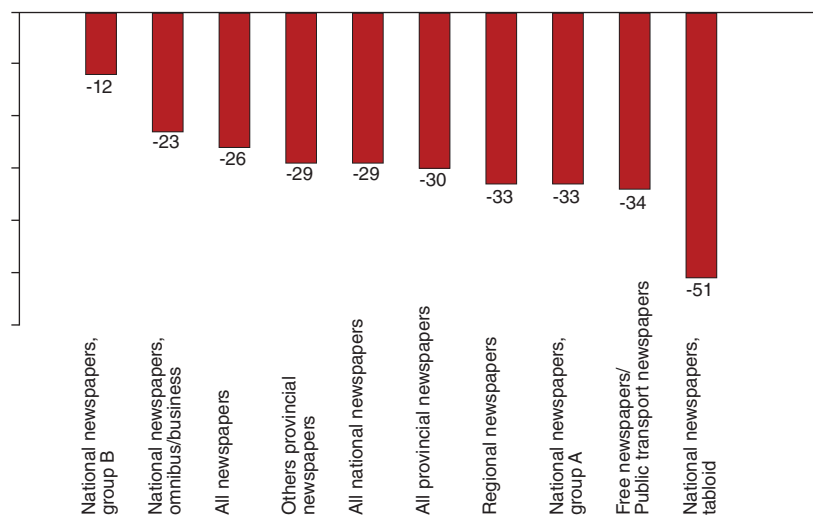


Figure 2.4 Change in daily readership for various newspaper groups among the population aged 12 and over, 2010–2015 (per cent)

Note: An explanation of which titles are included in the different groups can be found in the appendix to the Danish Agency for Culture and Palaces' report *Mediernes udvikling i Danmark 2016: Avis/print, grafer og tabeller*.

Source: Danish Agency for Culture and Palaces (2016b) (Index Danmark/Gallup).

Table 2.24 Average daily readership for various groups of newspapers among the population aged 12 and over in 2014 and 2015 (1000s)

	Daily readers (1000s)	
	2014	2015
All newspapers	2,065	2,034
All national newspapers	1,455	1,458
National newspapers, broadsheet/business	892	898
National newspapers, tabloid	296	253
Free newspapers/newspapers on public transport	484	521
All regional newspapers	937	899

Source: Danish Agency for Culture and Palaces (2016b) (Index Danmark/Gallup).

Table 2.25 Top 20 Danish websites in January 2017

	Publisher	Unique visitors (1000s)
1	dr.dk (DR)	3,076
2	tv2.dk (TV 2)	2,989
3	bt.dk (Berlingske Media)	2,379
4	krak.dk (Eniro Danmark A/S)	2,288
5	berlingske.dk (Berlingske Media)	1,652
6	dba.dk (Ebay Classifieds)	1,571
7	pricerunner.dk (Pricerunner)	1,464
8	dmi.dk (Danmarks Meteorologiske Institut)	1,278
9	business.dk (Berlingske Media)	1,099
10	netdoktor.dk (Netdoktor Partners ApS)	1,013
11	rejseplanen.dk (Rejseplanen A/S)	963
12	Denstoredanske.dk (Gyldendal)	949
13	degulesider.dk (Eniro Danmark A/S)	932
14	jobindex.dk (Jobindex Media)	849
15	mx.dk (metroXpress A/S)	838
16	edc.dk (EDC-gruppen A/S)	807
17	samvirke.dk (Coop)	763
18	information.dk (Dagbladet Information)	753
19	kino.dk (Kino.dk)	740
20	guloggratis.dk (Jysk Fynske Medier)	717

Note: Denotes Danish users aged 7 and older who are part of Gallup's panel. The data are the totals for all platforms (PC, tablet, mobile).

Source: Dansk Online Index/Kantar Gallup.

Table 2.26 The largest TV channels' market shares among the population aged 3 and over, 2011–2016 (per cent)

Channel	Share of viewing time (%)					
	2011	2012	2013	2014	2015	2016
TV 2	27	24	23	24	24	25
DR1	19	19	20	22	22	24
DR2	4	4	5	4	5	5
TV3	5	4	5	5	5	4
TV2 News	4	3	4	4	4	4
Other channels	42	45	43	42	41	37
Total (per cent)	100	100	100	100	100	100
Total daily viewing time (minutes)	198	195	180	173	172	158

Source: Kantar Gallup; DR Medieforskning (2016).

Table 2.27 The TV broadcasters' market shares among the population aged 3 and over, 2011–2016 (per cent)

	Share of viewing time (%)					
	2011	2012	2013	2014	2015	2016
TV 2	38	37	35	35	36	38
DR	28	29	31	34	34	37
MTG Danmark	10	9	11	11	11	10
Discovery Networks (formerly SBS) ¹	7	8	9	10	10	9
Other	15	18	14	11	9	7
Total (per cent)	100	100	100	100	100	100
Total daily viewing time (minutes)	198	195	180	173	172	158

¹Discovery Communications bought SBS Nordic in 2012 and formed SBS Discovery Media. In 2015, the company was renamed Discover Networks Northern Europe.

Source: DR Medieforskning (2016) (Kantar Gallup Denmark); Danish Agency for Culture and Palaces.

Table 2.28 Radio stations' market shares among the population aged 12 and over, 2011–2015 (per cent)

	Share of listening time (%)				
	2011	2012	2013	2014	2015
<i>Public service</i>					
DR/P1	7	6	6	7	6
DR/P2	4	3	3	3	4
DR/P3	20	21	21	21	19
DR/P4	43	43	41	37	36
DR/P5 (digital)	–	–	–	–	5
DR/P7 Mix (digital)	–	–	–	–	4
DR total	78	76	76	73	74
Radio24Syv ¹	...	1	2	2	2
<i>Private, commercial</i>					
TV2 Radio / NOVA FM	4	4	4	4	4
POP FM	2	3	2	3	3
The Voice, total	2	2	2	2	2
Other commercial radio	13	13	13	15	...
Commercial radio total	22	23	22	25	24
Total (per cent)	100	100	100	100	100
Total daily listening time (minutes)	121	119	117	116	121

¹ Radio24Syv is a privately owned station with public service status.

Source: Kantar Gallup; Danish Agency for Culture and Palaces (2016c).

Table 2.29 Access to media and home electronics among the population aged 16–89, 2011–2016 (per cent)

	2011	2012	2013	2014	2015	2016
Personal computer	91	92	93	95	92	95
Tablet	19	33	45	45	50	61
Smartphone	33	50	63	73	77	83
DAB radio	32	35	37	35	36	37
E-book reader	2	4	5	6	8	6

Source: Statistics Denmark.

Finland

Table 2.30 Daily media use among the population aged 15–69, 2011–2015 (per cent)

	2011	2012	2013	2014	2015
Internet	82	85	84	87	87
Mobile internet	18	27	37	49	59
TV ¹	83	84	81	79	81
Radio	59	58	57	55	55
Newspaper, print and digital	45	44	41	39	36
Magazine, print	44	42	38	34	31
Book	36	36	35	34	31
Newspaper website	22	23	22	21	20
Free daily newspaper, print paper and digital	14	14	13	13	13
Magazine website	12	11	11	11	11

¹ Online digital video is included as of 2015.

Source: Statistics Finland TNS Atlas Intermedia/TNS Gallup Oy).

Table 2.31 Number of newspapers 2008–2015

Editions/week	2008	2009	2010	2011	2012	2013	2014	2015
7	31	31	31	31	31	31	27	26
6	8	7	7	7	6	6	8	9
5	8	10	8	8	9	9	10	8
4	4	3	3	2	1	0	1	0
3	18	18	14	15	14	15	14	14
2	59	59	60	57	55	52	40	35
1	73	73	71	68	67	70	82	88
Total number of titles	241	241	230	223	217	222	232	239
Free newspapers ¹	...	46	55	59	53	54	53	56

¹ Members of the Finnish Newspapers Association.

Source: Statistics Finland (MediaAuditFinland Oy; Finnish Newspapers Association).

Table 2.32 Newspapers with the highest readership among the population aged 12 and over, 2011–2015 (1000s)

Title	2011	2012	2013	2014	2015
Helsingin Sanomat	905	859	837	742	676
Ilta-Sanomat	650	576	544	548	484
Iltalehti	585	533	428	368	316
Aamulehti	306	279	270	252	227
Turun Sanomat	241	224	213	205	177
Kauppalehti	196	187	171	151	154
Kaleva	184	176	176	158	148
Keskisuomalainen	169	162	149	137	124
Savon Sanomat	150	145	137	125	124
Etelä-Suomen Sanomat	125	121	108	104	99
Top 10 total	3,511	3,262	3,033	2,790	2,529

Note: Denotes reading the newspaper in print format and/or the print edition in a digital format.

Source: Statistics Finland (MediaAuditFinland Oy).

Table 2.33 The largest TV channels' market shares among the population aged 10 and over, 2011–2016 (share of viewing time in per cent)

Channel	Share of viewing time (%)					
	2011	2012	2013	2014	2015	2016
Yle TV1	23	25	26	26	29	28
MTV3	22	20	19	17	18	16
Yle TV2	17	13	12	13	11	12
Nelonen	9	9	9	8	8	10
Sub	6	6	5	5	4	3
Other channels	23	27	29	30	31	30
Total (per cent)	100	100	100	100	100	100
Total daily viewing time (minutes)	178	183	182	184	179	172

Note: TV-meter data. Retrospective viewing within seven days is included.

Source: Finnpanel, YLE audience analysis.

Table 2.34 The largest TV broadcasters' market shares among the population aged 10 and over, 2011–2016 (share of viewing time in per cent)

	Share of viewing time (%)					
	2011	2012	2013	2014	2015	2016
YLE	44	42	42	44	43	45
MTV Media (incl. CMore)	30	31	30	28	27	24
Nelonen Media	15	15	15	15	15	17
Discovery Networks (formerly SBS) ¹	3	4	5	5	7	7
Other	7	8	7	8	8	8
Total (per cent)	100	100	100	100	100	100
Total daily viewing time (minutes)	178	183	182	184	179	172

¹Discovery Communications bought SBS Broadcasting in 2012 and formed SBS Discovery Media. The company changed its name in 2015.

Note: TV-meter data. Retrospective viewing within seven days is included.

Source: Finnpanel, YLE audience analysis.

Table 2.35 Radio stations' market shares among the population aged 9 and over, 2011–2015 (per cent)

	Share of listening time (%)				
	2011	2012	2013	2014	2015
<i>Public service</i>					
Yle Radio1	8	7	8	7	8
YleX	5	5	5	5	4
Yle Radio Suomi	36	35	33	34	32
Yle Puhe	2	2	2	3	3
Yle Radio Vega	2	3	3	3	3
Yle X3M	1	1	1	1	1
<i>Private/commercial</i>					
Radio Nova	11	9	8	9	7
Suomipop	5	4	7	8	9
Iskelmä	7	6	6	5	5
Radio Rock	4	4	4	4	4
NRJ	4	5	4	3	2
The Voice	2	2	2	2	2
Radio Aalto	2	2	2	2	2
Groove FM / Loop	1	1	1	2	2
Radio City	–	1	2	2	2
Radio Nostalgia	–	1	1	2	2
Classic	0	1	1	1	1
Other private stations	10	9	9	10	11

Note: Radio listening is measured using diaries.

Source: Statistics Finland (Finnpanel Oy, YLE audience analysis).

Table 2.36 Radio broadcasters' market shares among the population aged 9 and over, 2011–2015 (per cent)

	Share of listening time (%)				
	2011	2012	2013	2014	2015
YLE total	53	53	51	52	50
Nelonen Media ¹	6	12	15	16	17
SBS/Bauer Media ²	10	11	10	10	22
Metroradio ¹	6	–	–	–	–
Private radio total	47	47	49	48	50
Total (per cent)	100	100	100	100	100
Total daily listening time (minutes)	188	187	183	181	179

¹ Nelonen Media bought Metroradio's Finnish stations from Communicorp Group in 2012.

² Bauer Media bought SBS Discovery Radio and Suomen Utisradio (Radio Nova) in 2015.

Note: Radio listening is measured using diaries.

Source: Statistics Finland (Finnpanel Oy, YLE audience analysis).

Table 2.37 Access to media and home electronics among the population aged 15–74, 2011–2016 (per cent)

	2011	2012	2013	2014	2015	2016
TV	88	91	93	95	94	96
Flat-screen TV/widescreen	64	70	78	83	85	88
HD TV	29	37	43	51	53	61
Smart TV	...	...	...	20	24	33
DVD or Blu-ray	55	59	58	55	53	52
Set-top box	45	48	49	47	44	...
Home cinema system	...	23	23	22	20	22
Cable TV	40	46	45	45	47	48
Satellite dish	7	7	7	8	6	7
IPTV	8	11	12	17	18	21
Pay TV	25	27	26	26	23	21
Personal computer/PC	89	90	91	89	90	89
Laptop	74	74	77	76	77	79
Tablet	...	14	28	43	54	58
Internet	...	...	...	...	94	93
broadband	79	80	80	82	...	...
mobile broadband	42	51	53	59	68	69
WLAN	37	48	52	56	62	66
Games console	...	32	31	31	32	33
Mobile phone	99	100	99	99	99	99
Smartphone	38	52	64	72	78	84

Note: Data from November of each year.

Source: Statistics Finland

Iceland

Table 2.38 Number of newspapers 2008–2015

Editions/week	Number of titles							
	2008	2009	2010	2011	2012	2013	2014	2015
7	1	1	1	–	–	–	–	–
6	–	–	–	1	1	1	1	1
5	1	–	–	–	–	–	–	–
4	1	–	–	–	–	–	–	–
3	–	1	1	1	1	–	–	–
2	–	–	–	–	–	1	1	1
1	9	10	10	10	10	8	8	8
Total number paid-for titles	12	12	12	11	11	10	10	10

Source: Statistics Iceland.

Table 2.39 Change in reach for Icelandic newspapers among the population aged 12–80, 2011–2016 (per cent)

	Reach (%)						
	2011 Oct	2012 Oct	2013 Oct	2014 Oct	2015 Oct	2016 Oct	
Fréttablaðið	60	58	57	54	50	46	
Fréttatíminn	39	41	40	38	36	31	
Morgunblaðið	32	33	31	29	28	26	
Viðskiptablaðið	9	12	10	10	12	10	
DV	11	12	11	10	8	8	

Source: Gallup Iceland.

Table 2.40 The largest TV channels' market shares among the population aged 12–80, 2011–2016 (per cent)

Channel	Share of viewing time (%)					
	2011	2012	2013	2014	2015	2016
RÚV	50	57	56	61	51	53
Stöð 2	36	27	27	25	26	26
Sjónvarp Símans (formerly Skjár 1)	9	7	8	5	17	15
Other channels	6	8	9	10	7	6
Total (per cent)	100	100	100	100	100	100
Total daily viewing time (minutes)	134	131	121	114	117	99

Note: TV meter. Measurement period week 42 of each year.

Source: Gallup Iceland.

Table 2.41 The TV broadcasters' market shares among the population aged 12–80, 2011–2016 (per cent)

	Share of viewing time (%)					
	2011	2012	2013	2014	2015	2016
RÚV-TV	50	57	58	62	51	53
365 ehf.	42	35	33	33	31	29
Other	9	7	8	5	18	18
Total (per cent)	100	100	100	100	100	100
Total daily viewing time (minutes)	134	131	121	114	117	99

Note: TV-meter measurements in week 42 of each year.

Source: Gallup Iceland.

Table 2.42 Radio stations' market shares among the population aged 12–80, 2011–2016 (per cent)

Channel	Share of listening time (%)					
	2011	2012	2013	2014	2015	2016
<i>Public service</i>						
RÚV /Rás 1	17	16	17	17	20	19
RÚV /Rás 2	38	34	34	34	31	32
Rondo	0	0	0	0	0	0
<i>Private stations</i>						
Bylgjan	31	34	34	35	33	34
Other private radio	14	15	15	15	16	15
Total (per cent)	100	100	100	100	100	100
Total daily listening time (minutes)	115	109	106	97	104	98

Note: Measurement period week 42 (PPM).

Source: Gallup Iceland.

Table 2.43 Radio broadcasters' market shares among the population aged 12–80, 2011–2016 (per cent)

Broadcaster	Share of listening time (%)					
	2011	2012	2013	2014	2015	2016
RÚV	55	50	51	51	51	51
365 miðlar ehf.	45	47	46	46	45	46
Other	–	2	3	3	4	3
Total (per cent)	100	100	100	100	100	100
Total daily listening time (minutes)	113	109	106	98	104	98

Note: Measurement period week 42 (PPM).

Source: Gallup Iceland.

Norway

Table 2.44 Use of media among the population aged 9–79 on an average day, 2011–2015 (per cent)

	2011	2012	2013	2014	2015
Internet	80	80	85	88	87
Television	81	77	74	72	67
Radio	55	60	59	64	59
Newspaper, total	79	77	76	75	72
Newspaper, digital	48	49	52	54	51
Newspaper, print	63	55	51	49	42
Video/film	14	12	15	22	21
Magazine, print	12	9	9	9	8
Weekly magazine, print	12	10	8	8	7

Source: Statistics Norway (2016).

Table 2.45 Number of newspapers 2011–2015

	2011	2012	2013	2014	2015
Single-copy sales newspaper	2	2	2	2	2
Major city newspaper	4	4	4	4	4
Other newspaper, major city	3	3	3	2	3
National broadsheet newspaper	8	8	8	8	8
Local newspaper, leading	56	54	53	54	53
Local newspaper, secondary	2	2	2	2	2
Local 2–3 day newspaper	82	84	84	84	77
Local weekly newspaper	62	60	64	65	71
National low frequency newspaper	8	9	9	9	8
Aftenposten Aften	1	1	–	–	–
Newspapers, total	75	73	72	72	72
Low frequency newspapers, total	153	154	157	158	156
Total	228	227	229	230	228

Source: medianorway (Avisåret, Host, Sigurd).

Table 2.46 Total newspaper readership (print and/or digital) among the population aged 9–79 on an average day, 2011–2015 (per cent)

	2011	2012	2013	2014	2015
9–79	79	77	76	75	72
<i>Ages</i>					
9–12	29	25	25	18	12
13–15	57	50	47	41	43
16–19	72	63	61	71	61
20–24	81	80	70	78	71
25–34	80	80	77	79	72
35–44	83	81	84	81	81
45–54	83	84	84	82	78
55–66	88	86	88	84	87
67–79	90	88	87	86	78

Source: medianorway (Norwegian Media Barometer, Statistics Norway).

Table 2.47 Print newspaper readership among the population aged 9–79 on an average day, 2011–2015 (per cent)

	2011	2012	2013	2014	2015
9–79	63	55	51	49	42
<i>Ages</i>					
9–12	23	21	20	13	5
13–15	42	21	17	18	9
16–19	47	24	19	27	27
20–24	52	35	32	26	19
25–34	49	42	34	32	26
35–44	59	55	48	47	42
45–54	75	68	62	63	53
55–66	82	79	79	74	71
67–79	88	83	83	82	71

Source: medianorway (Norwegian Media Barometer, Statistics Norway).

Table 2.48 Digital newspaper readership among the population aged 9–79 on an average day, 2011–2015 (per cent)

	2011	2012	2013	2014	2015
9–79	48	49	52	54	51
<i>Ages</i>					
9–12	10	7	8	8	7
13–15	27	38	35	35	37
16–19	61	55	58	68	53
20–24	67	73	64	71	67
25–34	69	71	69	71	65
35–44	62	61	70	66	68
45–54	49	48	58	60	55
55–66	39	43	44	46	42
67–79	19	25	25	27	26

Source: medianorway (Norwegian Media Barometer, Statistics Norway).

Table 2.49 Use of various news websites among the population aged 9–79 on an average day, 2011–2015 (per cent)

	2011	2012	2013	2014	2015
Aftenposten.no	25	24	24	21	25
VG.no	72	73	72	70	71
Dagbladet.no	41	42	40	42	36
Dagens næringsliv	..	6	5	5	7
Bergens Tidende	..	6	7	6	5
Bergensavisen	..	3	3	3	2
Aftenbladet.no	..	2	3	2	2
Adressa.no	..	5	5	6	3
Other print newspapers	16	10	8	13	8
Nettavisen.no	14	11	10	13	11
Nrk.no	7	12	17	17	18
TV2.no	29	9	10	10	11
ABCnyheter	..	5	3	3	3
E24	..	2	2	3	2
Hegnar.no	..	1	1	1	2
Other websites	39	31	40	34	31

Source: Statistics Norway (2016).

Table 2.50 The largest TV channels' market shares among the population aged 12 and over, 2011–2016 (per cent)

Channel	Share of viewing time (%)					
	2011	2012	2013	2014	2015	2016
NRK1	32	32	32	30	32	31
TV 2	19	19	19	21	18	18
TVNorge	8	8	8	8	7	7
NRK2	5	5	5	5	5	5
TV3	5	4	5	4	4	5
Other channels	30	32	31	33	34	34
Total (per cent)	100	100	100	100	100	100
Total daily viewing time (minutes)	178	175	168	174	173	167

Source: medianorway (Kantar TNS Norge).

Table 2.51 The TV broadcasters' market shares among the population aged 12 and over, 2011–2016 (per cent)

	Share of viewing time (%)					
	2011	2012	2013	2014	2015	2016
NRK	41	41	41	38	40	39
TV 2	26	25	25	28	26	26
Discovery Networks (formerly SBS) ¹	12	13	17	17	17	17
MTG Norge	8	7	7	7	7	8
Other	13	14	11	10	10	9
Total (per cent)	100	100	100	100	100	100
Total daily viewing time (minutes)	178	175	168	174	173	167

¹ Discovery Communications bought SBS Nordic in 2012 and formed SBS Discovery Media. In 2015, the company was renamed Discover Networks Northern Europe.

Source: medianorway (Kantar TNS Norge).

Table 2.52 Radio stations' market shares among the population aged 12 and over, 2011–2015 (per cent)

	Share of listening time (%)				
	2011	2012	2013	2014	2015
<i>Public service</i>					
NRK/P1	52	53	52	46	45
NRK/P2	5	5	5	5	4
NRK/P3	6	8	7	7	7
NRK other ¹	...	...	...	8	10
NRK total	63	66	65	66	65
<i>Private/commercial</i>					
P4	22	20	20	19	19
P4 other	...	...	...	0	2
Radio Norge	12	10	11	11	10
Local radio ²	3	4	–	–	–
All commercial radio	–	–	35	34	35
Total (per cent)	100	100	100	100	100
Total daily listening time (minutes)	99	92	90	90	89

¹ A selection of NRK's digital stations, incl. NRK P1+, the market share of which was 4.3% in 2015. 2015. The digital stations have been included in the survey since 2014.

² This category has been abolished.

Source: medianorway (TNS Gallup Norge).

Table 2.53 Print weekly magazine readership among the population aged 9–79 on an average day, 2011–2015 (per cent)

	2011	2012	2013	2014	2015
9–79	12	10	8	8	7
<i>Ages</i>					
9–15	6	5	5	4	3
16–24	8	7	4	5	1
25–44	11	9	7	7	4
45–66	14	12	9	10	9
67–79	20	19	17	15	17

Note: Denotes, for example, family magazines and magazines for women and men.

Source: Statistics Norway (2016).

Table 2.54 Readership of trade magazines among the population aged 9–79 on an average day, 2011–2015 (per cent)

	2011	2012	2013	2014	2015
9–79	12	9	9	9	8
<i>Ages</i>					
9–15	2	2	1	1	1
16–24	7	3	4	2	3
25–44	13	8	9	12	8
45–66	16	12	13	12	11
67–79	17	15	9	9	10

Note: Denotes, for example, magazines about science and politics, trade union and association magazines, hobbies/home/recreational activities.

Source: Statistics Norway (2016).

Table 2.55 Access to media and home electronics at home among the population aged 9–79, 2011–2015 (per cent)

	2011	2012	2013	2014	2015
NRK TV	96	97	96	96	96
TV 2	90	89	89	89	87
TVNorge	88	88	88	88	86
TV 3	87	87	86	86	84
DVD player	83	79	79	75	73
PVR	41	43	45	49	50
Satellite dish	32	32	32	29	28
Cable TV connection	49	47	53	56	55
Terrestrial TV reception	25	28	26	24	19
DAB radio	22	28	32	44	53
CD player	95	93	92	91	88
MP3 player	65	65	70	67	79
Personal computer	93	95	96	95	94
Tablet	...	37	61	70	75
Own mobile phone	96	98	98	98	98
Smartphone	..	57	73	80	85
Internet	92	95	96	96	96
Newspaper subscription	68	62	58	54	50
Digital newspaper subscription	...	...	...	9	12
Number of TVs	1.8	1.9	1.9	1.8	2.1
Number of newspaper subscriptions	1.0	0.9	0.9	0.8	0.7

Source: Statistics Norway (2016).

Sweden

Table 2.56 Use of media among the population aged 9–79 on an average day, 2011–2016 (per cent)

	2011	2012	2013	2014	2015	2016
Television	85	83	83	82	81	81
Internet	74	74	77	81	81	83
Radio	67	67	67	68	69	68
Social media	42	47	47	48	52	62
Newspaper, print	66	61	55	54	50	46
Magazine, print	34	32	32	31	31	26
Digital newspaper	18	19	21	24	26	25
Magazine, digital	2	2	2	2	2	3
Book (paper, audio, ebook)	36	34	34	36	36	35

Source: Nordicom Media Barometer 2016.

Table 2.57 Number of regional and local news media, 2016

	Number of titles/ channels/stations	Proportion (%)
Paid-for print, at least 3 days/week	84	14
Paid-for print, 1–2 days/week	50	9
Paid-for print, less frequent	3	1
Free print	291	50
Local independent news sites	89	15
Sveriges Radio local radio	27	5
Sveriges Television	21	4
Community radio	15	3
Local TV	7	1
Total	587	100

Source: Leckner, Sara and Nygren, Gunnar (2016).

Table 2.58 Number of paid-for newspapers 2011–2016

Editions/week	Number of titles					
	2011	2012	2013	2014	2015	2016
7 ¹	14	14	14	14	24	29
6	56	53	53	53	42	37
5	4	4	4	5	4	4
4	3	3	3	3	6	6
3	15	15	15	15	14	13
2	10	10	10	11	11	14
1	61	63	65	60	58	61
Total number of titles	163	162	164	161	159	164

¹ The change between 2015 and 2016 is explained by a number of newspapers now offering digital editions seven days per week but continuing, as before, to publish print editions six days per week.

Source: Tidningsstatistik AB/TS Mediefakta AB; National Library of Sweden.

Table 2.59 Total newspaper readership (print and/or digital) among the population aged 9–79 on an average day, 2011–2016 (per cent)

	2011	2012	2013	2014	2015	2016
Total 9–79 years	74	69	66	67	65	62
<i>Ages</i>						
9–14 years	34	30	27	25	21	17
15–24 years	57	47	42	45	41	33
25–44 years	70	66	63	62	63	54
45–64 years	84	79	74	76	74	74
65–84 years	90	88	83	79	83	84

Source: Nordicom-Sweden's Media Barometer 2011–2016.

Table 2.60 Print newspaper readership among the population aged 9–79 on an average day, 2011–2016 (per cent)

	2011	2012	2013	2014	2015	2016
Total 9–79 years	66	61	55	54	50	46
<i>Ages</i>						
9–14 years	32	26	23	18	14	14
15–24 years	46	33	26	27	20	16
25–44 years	56	52	42	37	34	26
45–64 years	78	72	67	63	60	55
65–79 years	87	86	80	79	77	75

Source: Nordicom-Sweden's Media Barometer 2011–2016.

Table 2.61 Digital newspaper readership among the population aged 9–79 on an average day, 2011–2016 (per cent)

	2011	2012	2013	2014	2015	2016
Total 9–79 years	18	19	21	24	26	25
Ages						
9–14 years	3	6	5	9	9	4
15–24 years	19	22	23	24	26	19
25–44 years	29	30	35	37	40	35
45–64 years	18	20	22	28	28	32
65–79 years	12	11	12	15	19	19

Source: Nordicom-Sweden's Media Barometer 2011–2016.

Table 2.62 Top 20 Swedish websites among the population aged 16–80 in January 2017

Website	Individuals (1000s)	Reach (%)
aftonbladet.se mobile	4,812	63
expressen.se mobile	4,012	53
aftonbladet.se	3,617	48
SVT (network)	2,836	37
widespace	2,790	37
expressen.se	2,644	35
MK Web	2,110	28
MK Mobile	1,946	26
svt.se	1,830	24
hemnet.se	1,727	23
Citypaketet Web	1,668	22
svtplay.se	1,662	22
Citypaketet mobile	1,659	22
blocket.se	1,582	21
Svt.se mobile (network)	1,300	17
svt.se mobile	1,163	15
svd.se mobile	1,120	15
dn.se	1,087	14
dn.se mobile	1,050	14
app.blocket.se	976	13

Note: The list is based on websites that are signed up to reach measurement via Kantar-TNS-Sifo's panel.

Source: ORVESTO-internet (Kantar-Sifo).

Table 2.63 The largest TV channels' market shares among the population aged 3-99, 2011-2016 (per cent)

	Share of viewing time (%)					
	2011	2012	2013	2014	2015	2016
SVT1	23	24	23	22	24	25
TV4	20	19	20	20	20	21
SVT2	7	7	7	7	7	7
TV3	7	6	6	7	5	6
Kanal 5	7	6	6	5	5	4
Other channels	37	38	38	38	38	38
Total (per cent)	100	100	100	100	100	100
Total daily viewing time (minutes)	162	164	159	153	155	148

Sources: MMS AB.

Table 2.64 The TV broadcasters' market shares among the population aged 3-99, 2011-2016 (per cent)

	Share of viewing time (%)					
	2011	2012	2013	2014	2015	2016
SVT	35	37	35	35	36	36
TV4 (incl. CMore)	30	29	30	29	31	31
MTG/Viasat	18	17	17	17	15	16
Discovery Networks (formerly SBS) ¹	9	8	11	12	12	11
Other	9	10	8	7	7	7
Total (per cent)	100	100	100	100	100	100
Total daily viewing time (minutes)	162	164	159	153	155	148

¹ Discovery Communications bought SBS Nordic in 2012 and formed SBS Discovery Media. In 2015, the company was renamed Discover Networks Northern Europe.

Source: MMS AB.

Table 2.65 Radio stations' market shares among the population aged 12–79, 2011–2015 (per cent)

	Share of listening time (%)				
	2011	2012	2013	2014	2015
<i>Public service</i>					
SR/P1	...	...	13	14	15
SR/P2	...	...	2	1	1
SR/P3	...	...	10	10	10
SR/P4 total	...	...	54	53	51
SR total	69	69	79	79	76
<i>Private/commercial</i>					
Private local radio	26	25	21	21	24
Other radio	6	6	–	–	–
Total (per cent)	100	100	100	100	100
Total daily listening time (minutes)	136	134	111	107	107

Note: As of 2013, among the population aged 12–79 (PPM measurement), prior to this, aged 9–79 (telephone interviews).

Source: TNS-Sifo.

Table 2.66 Readership of weekly/monthly magazines among the population aged 9–79 on an average day, 2011–2016 (per cent)

	2011	2012	2013	2014	2015	2016
Total 9–79 years	27	26	25	25	24	21
<i>Ages</i>						
9–14 years	26	16	19	19	16	13
15–24 years	16	14	13	12	10	8
25–44 years	22	24	18	19	19	13
45–64 years	27	27	26	25	25	22
65–37 years	39	38	39	79	38	32

Source: Nordicom-Sweden's Media Barometer 2011–2016.

Table 2.67 Readership of specialist/trade magazines among the population aged 9–79 on an average day, 2011–2016 (per cent)

	2011	2012	2013	2014	2015	2016
Total 9–79 years	11	11	11	11	12	11
<i>Ages</i>						
9–14 years	3	3	2	3	5	3
15–24 years	5	5	4	4	6	4
25–44 years	12	13	12	12	11	10
45–64 years	14	15	15	14	15	14
65–79 years	13	12	13	79	14	13

Source: Nordicom-Sweden's Media Barometer 2011–2016.

Table 2.68 Access to media and home electronics at home among the population aged 9–79, 2011–2016 (per cent)

	2011	2012	2013	2014	2015	2016
Newspaper subscription	62	59	57	55	53	50
only one	55	53	51	49	47	46
two or more	7	6	6	6	6	4
Radio	99	100	99	98	98	98
TV	98	97	94	94	92	93
normal TV set	96	95	92	92	88	88
Smart TV	...	...	21	28	36	38
TV reception						
via aerial	...	...	...	...	26	26
via broadband/cable	...	...	...	...	46	47
via satellite dish	...	...	...	...	19	17
DVD player	82	79	80	78	75	71
MP3 player	36	35	38	33	31	24
PVR	26	25	30	27	32	23
Personal computer total	91	92	91	91	92	92
Portable computer	75	77	78	79	81	81
Tablet	7	18	37	51	59	62
Internet via computer	86	90	90	90	92	92
Smartphone	36	54	67	73	76	80
E-book reader	2	4	6	8	10	10

Source: Nordicom Media Barometer 2016.

Appendix 3.

Studies of the Nordic Advertising Market

Study 1: Norwegian and Swedish media with news journalism content
(conducted by IRM)

Table 3.1 Advertising sales in media with news journalism content in Norway and Sweden, 2008–2015 (current prices, millions in local currency)

	NORWAY MEUR			SWEDEN MEUR		
	News media total	Advertising turnover total	GNP	News media total	Advertising turnover total	GNP
2008	8,371	20,406	2,605,380	12,087	32,812	3,387,599
2009	6,983	17,970	2,429,698	11,823	28,754	3,288,509
2010	7,320	18,856	2,590,089	9,917	31,189	3,519,994
2011	7,579	19,787	2,791,973	11,198	32,649	3,656,577
2012	7,268	19,968	2,965,208	10,241	32,112	3,684,800
2013	7,133	20,260	3,071,134	9,357	31,505	3,769,909
2014	6,550	19,758	3,154,104	8,924	31,997	3,918,199
2015	5,798	19,686	3,131,436	8,271	32,904	4,158,728

Current prices, not seasonally adjusted.

GNP from the use side.

Table 3.2 Advertising sales in media with news journalism content in Norway and Sweden, 2008–2015 (current prices, MEUR)

	NORWAY MEUR			SWEDEN MEUR		
	News media total	Advertising turnover total	GNP	News media total	Advertising turnover total	GNP
2008	1,025	2,499	319,008	1,296	3,518	363,200
2009	855	2,200	297,497	1,268	3,083	352,576
2010	896	2,309	317,136	1,063	3,344	377,395
2011	928	2,423	341,855	1,201	3,500	392,038
2012	890	2,445	363,066	1,098	3,443	395,064
2013	873	2,481	376,036	1,003	3,378	404,189
2014	802	2,419	386,195	957	3,431	420,088
2015	710	2,410	383,420	887	3,528	445,876

Current prices, not seasonally adjusted.

GNP from the use side.

Local currency → EUR Average exchange rate over the course of the period 2008–2015.

Definition of news journalism

In the Swedish study, IRM's original client, Institutet för Mediastudier, used the Swedish Press Subsidies Council's guidelines as a basis, i.e. that the content has to be general news distribution or the moulding of general political public opinion. In order to apply for press subsidies, the general rule is that a newspaper has to be published at least once per week, be written in Swedish and distributed within Sweden. IRM has used the same basic definition when selecting Norwegian titles/programmes/sites.

In this study, titles/programmes/sites have to have:

- A relatively high publication frequency (at least one edition/broadcast per week)
- A Norwegian/Swedish editorial staff
- A high proportion of in-house produced content, or its own exclusive content produced by a Norwegian/Swedish editorial staff

IRM has started out from each actor and included its title/programme/site, provided it principally contains news and social affairs coverage.

Actors/media categories affected

Newspapers: Print edition (excl. supplement), digital display (incl. mobile), digital video (incl. mobile), digital classified advertising (incl. mobile).

Free newspapers: Print edition, digital display (incl. mobile), digital video (incl. mobile), digital classified advertising (incl. mobile).

Magazines: Print edition, digital display (incl. mobile), digital video (incl. mobile), digital classified advertising (incl. mobile).

Television: Linear TV, digital display (incl. mobile), digital video (incl. mobile).

Radio, Norway: Broadcast radio. Includes digital in-stream advertising and digital display revenue.

Radio, Sweden: Not included. There are no commercial stations that broadcast news and have their own editorial staff.

Definitions

Advertising turnover: Advertising revenue (distribution) among newspapers, freely distributed newspapers, magazines, print catalogues, direct marketing, TV, radio, cinema, outdoor advertising, in-store advertising (in Sweden) and internet advertising.

Please refer to Appendix 1 for specific definitions of each category.

A new survey of free newspapers in Norway in 2013 indicates that the market was undervalued in IRM's statistics. For this comparison (and in a Nordic comparison of local/national newspapers, but nowhere else), turnover has been adjusted upwards retrospectively and assumed to be c. 200 million per year in the period 2007–2012. Turnover for free newspapers in IRM's current statistics is not comparable prior to and after 2013.

Individual titles/sites that do not have or have only partially reported data

The study is based on reported data. For the titles for which IRM lacks data, estimations are made on the basis of a number of parameters, for example information about the company's turnover, advertising sales among similar actors and reach figures.

Estimations in Norway

Digital classified advertising: Revenue within this category from INMA is not reported separately to IRM. Given this, the news media's share of and the development of this category is estimated using known relationships, in terms of size, to the category classifieds and online catalogues in Sweden. The growth in the estimation is presumed to have tracked the country's economic cycle.

Radio: Listener data has been supplied by Kantar TNS Norge. However, it has not been possible to obtain a breakdown of individual radio programmes' listenership, with listener figures being divided up by sections of time. IRM has worked on the basis of the available information about broadcast times and lengths of broadcast (which are relatively static) for news and other editorial programmes. These have then been multiplied by the average listenership in order to obtain a figure for news broadcasts' share of the gross listenership. This share estimates the distributed of the news broadcasts' advertising revenue.

Television: A breakdown of Norwegian TV programmes with journalistic (news, social affairs, discussion programmes) content has been undertaken and supplied by Kantar TNS Norge. The calculations are based on advertising data. The total gross rating points (GRPs) for advertisement breaks in news and social affairs programmes have been divided by the total number of GRPs for all advertisement breaks. This proportion is multiplied by the registered revenue for the actors. IRM's assessment is that the difference in the end result between the Norwegian and Swedish method should be small.

Display advertising and digital video Revenue for news journalism within digital display and digital video advertising among TV actors has been estimated using the linear share of journalistic content that is calculated. In other words, IRM has made an assumption that revenue is distributed in a similar way digitally as it is linearly with respect to journalistic content.

Estimates in Sweden

Television: A breakdown of Swedish TV programmes with journalistic (news and social affairs programmes) content conducted by IRM on the basis of MMS AB's genre classification. The calculations are based on programme data. IRM has made the assumption that the advertising time and the programme time are distributed in the same way. The selected news and social affairs programme's registered broadcast time is multiplied by its average viewing figures in order to obtain a share of gross viewing time. This proportion is multiplied by the registered revenue for the actor. IRM's assessment is that the difference in the end result between the Norwegian and Swedish method should be small.

Display advertising and digital video Revenue for news journalism within digital display and digital video advertising among TV actors has been estimated using the linear share of journalistic content that is calculated. In other words, IRM has made an assumption that revenue is distributed in a similar way digitally as it is linearly with respect to journalistic content.

Sources

GNP and CPI data

Norway – Statistics Norway

Sweden – Statistics Sweden

Exchange rates

Norway – Norges Bank

Sweden – The Riksbank

Data concerning media and advertising investments

Advertising data in local currency is primarily taken from IRM's Nordic reports. In Sweden and Norway, it is IRM that compiles net data concerning advertising investments, with the latest revisions from the reports for either country having been used here.

Norwegian TV data – Kantar Gallup AS

Norwegian Radio data – Kantar Gallup AS

Swedish TV data – Mediamätning i Skandinavien AB (MMS)

Selected titles/sites in Norway

Adresseavisen	Bodø Nu	Eiker Bladet
Aftenposten	Byavisa	Enebakk Avis
Agder Flekkefjords	Byavisa Drammen	Fædrelandsvennen
Tidende	Byavisa Fredrikstad	Fagbladet
Agderposten	Byavisa Moss	Finansavisen
Akershus Amtstidende	Byavisa Sarpsborg	Finansfokus
Altaposten	Byavisa Tønsberg	Finnmark Dagblad
Andøyposten	Bygdanytt	Finnmarksposten
Arbeidets Rett	Bygdeposten	Firda
Asker og Bærums	Dagbladet	Firdaposten
Budstikke	Dagbladet Finnmarken	Fiskeribladet
Askøyværingen	Dagens Næringsliv	Fjordabladet
Aura Avis	Dagsavisen	Fjordenes Tidende
Aust Agder Blad	Dalane Tidende	Fjordingen
Avisa Nordhordland	Drammens Tidende og	Fosna-Folket
Avisa Nordland	Buskeruds Blad	Fredriksstad Blad
Avisa Romsdal	Driva	Fredrikstad-Avisa
Bergens Tidende	Eidsvold Blad/Ullensaker	Demokraten
Bergensavisen	Blad	Fremover
Bladet Vesterålen	Eiker Avis	Gjengangeren

Gjøviks Blad	Malvik Bladet	Sunnhordland
Glåmdalen	Media Midt-Norge	Sunnmørsposten
Gratisaviser i Trondheim	Mediehuset Innherred	Svelviksposten
Gudbrandsdølen	Moss Avis	Sørlandsavisen
Dagningen	Namdals-Avisa	Sør-Trøndelag
Hadeland	Nationen	Telemarksavisa
Halden Arbeiderblad	Natt & Dag	Telen
Hamar Arbeiderblad	Nordlys	Tidens Krav
Hamar Dagblad	Nordstrands Blad	Totens Blad
Hardanger Folkeblad	Opdalingen	Troms Folkeblad
Harstad Tidende	Oppland Arbeiderblad	Tromsø
Haugesunds Avis	Oslo By	Trønder-Avisa
Hegnar.no	Porsgrunns Dagblad	TS-avisen (Arendal)
Helgelendingen	Rakkestad Avis	Tvedestrandsposten
Hordaland	Rana Blad	Tønsbergs Blad
Indre Akershus Blad	Raumnes	Valdres
Jærbladet	RB Ullensaker Eidsvoll	Varden
Jarlsberg Avis	Ringerikes Blad	Verdens Gang
Kapital	Ringsaker Blad	Vestby Avis
Kommunal Rapport	Rjukan Arbeiderblad	VestNytt
Kragerø Blad Vestmar	Rogalands Avis	Vårt Land
Kvinnheringen	Romerikes Blad	Åndalsnes Avis
Laagendalsposten	Romsdals Budstikke	Ås Avis
Levanger-Avisa	Røyken og Hurums Avis	Østlandets Blad
Lierposten	Sande Avis	Østlands-Posten
Lister	Sandefjords Blad	Østlendingen
Lofotposten	Sarpsborg Arbeiderblad	
Lofot-Tidende	Smaalenene Avis	Selection of news
Lokalavisen Grenland	Sogn Avis	and social affairs
Lokalavisen Kristiansand	Solungavisa	programmes on TV
Lokalavisen Oppegård	Stavanger Aftenblad	made by Kantar TNS
Lokalavisen Stavanger	Stjørdalens Blad	
Lokalavisen Øyene	Stjørdals-Nytt	The news on P4
Lokalavisene i Oslo	Strilen	The news on P5

Selected titles/sites in Sweden

Adaktusson	Ekonominyheterna	Jönköpings-Posten
Aftonbladet	Emmaboda Tidning	Kalla fakta
Affärsvärlden	Enköpings-Posten	Kalmarposten
Akhbar Skåne	Eskilstuna-Kuriren	Karlskoga Tidning/ Karlskoga-Kuriren
Alekuriren	Expressen	Katrineholms-Kuriren
Alingsås Kuriren	Extra Östergötland	Knallebladet
Alingsås Tidning	Fagersta-Posten	Kristianstadsbladet
Angeläget med Adaktusson	FalkenbergsPosten	Kvällsposten
Annonsmarkna 'n Arbetarbladet	Falköpings Tidning	Kävlinge nya lokaltidning
Arvika Nyheter	Filipstads Tidning	Lerums Tidning
Avesta Tidning Barometern	Folkbladet Östgöten	Linköpingsposten/Stan vid Stångån
Blekinge Läns Tidning	Fokus	Ljusdals-Nytt
Bohusläningen	Fryksdals-Bygden	Ljusdals-Posten
Bollnäs-Nytt	Från Riksdag och departement	Ljusnan
Borås Tidning	Gefle Dagblad	Lokala nyheter i TV4
Bålsta Upplands Bro-bladet	Gestrikemagasinet	Lokaltidningen Västbo Andan
Bärgslagsbladet/Arboga Tidning	Gotlands Allehanda	Lokaltidningen Avenyn
Bättre liv	GotlandsTidningar	Lokaltidningen Bjuv/ Åstorp/Klippan/ Perstorp/Örkelljunga
City HD	Gratistidningen STT	Lokaltidningen Båstad/ Laholm
City Kristianstad	Svenljunga/Tranemo/ Ulricehamn	Lokaltidningen Carlshamn
City Malmö/Lund	GT	Lokaltidningen Centrum Malmö
Commersen	Göteborgs-Posten	Lokaltidningen Halmstad
Corren Bostad	Hallands Nyheter	Lokaltidningen Helsingborg
Dagbladet Nya Samhället	Hallandsposten	Lokaltidningen Hässleholm
Dagen	Halmstad 7 dagar	Lokaltidningen Höganäs
Dagens ETC	Haparandabladet	Lokaltidningen i Alvesta
Dagens Industri	Helsingborgs Dagblad	Lokaltidningen i Strömsund
Dagens Nyheter	Hjo Tidning	Lokaltidningen i Västerbotten
Dala-Demokraten	Hudik-Nytt	
Dalarnas Tidningar	Hudiksvalls Tidning	
Dalslänningen	Hälsinge-Kuriren	
Din Lokaltidning	Tidningen Härjedalen, tidningen	
Gästrikland	Härrydaposten	
Din veckotidning 3:an	Informationspressen i Kronoberg	
Efterlyst	Insider	
	Just nu Linköping	

Lokaltidningen i Älmhult	Lokaltidningen Växjö	Nya ST-tidningen
Lokaltidningen Karlskrona	Lokaltidningen Ystad	Nya Wermlands- Tidningen
Lokaltidningen Klippan/ Örkelljunga	Lokaltidningen Ängelholm	Nyheterna
Lokaltidningen Kristianstad	Lokaltidningen Österlen	Nyheterna Extra
Lokaltidningen Laholm	Lokaltidningen Östra Malmö	Nyheterna Special on TV4
Lokaltidningen Landskrona	Lysekilsposten	Nyhetskanalen
Lokaltidningen Limhamn	Länstidningen Södertälje	Nyhetsstimmen
Lokaltidningen Bunkeflo	Länstidningen Östersund	Nynäshamns-Posten
Lokaltidningen Lomma/ Kävlinge	Magazin 24	Näringsliv Lund
Lokaltidningen Lund	Malmömagasinet	Orust/Tjörn-tidningen
Lokaltidningen Mellanskåne	Mariestads-Tidningen	Partille Tidning
Lokaltidningen Mjölby	Markbladet	Piteå-Tidningen
Lokaltidningen Motala	Melleruds nyheter	Provinstidningen Dalsland
Lokaltidningen Norra Uppland	Mera Finspång	Punkt SE
Lokaltidningen Ronneby	Mera Linköping	Sala Allehanda
Lokaltidningen Simrish- amn/Sjöbo/Tomelilla/ Skurup/Ystad	Mera Norrköping	Sigtunabygden
Lokaltidningen Sjöbo	Metro	Skaraborgs Allehanda
Lokaltidningen Staffanstorps	Mitt i Stockholm	Skaraborgs Läns Tidning
Lokaltidningen Storsjön	MittDalarna	Skånska Dagbladet
Lokaltidningen Svedala	MittGävle	Sméjournalen
Lokaltidningen Söderåsen	Motala Tidning	Smålandsposten
Lokaltidningen Södra Malmö	Nacka-Värmdö Posten	Smålands-Tidningen
Lokaltidningen Sölvesborg/Olofström	Nerikes Allehanda	Smälänningen
Lokaltidningen Tomelilla	Nordöstra Småland/ nordöstran/mera	Ljungbytidning
Lokaltidningen Västbo Andan	västervik	Stockholm City
Lokaltidningen Västra Malmö	Norra Halland	Strömstads Tidning
	Norra Skåne	Sundsvalls Nyheter
	Norra Västerbotten	Sundsvalls Tidning
	Norrbottnens-Kuriren	Sunne-nytt
	Norrköpings Tidningar	Svenska Dagbladet
	Norrländska	Sydsvenska Dagbladet
	Socialdemokraten	Sydöstra Sveriges Dagblad
	Norrrelje Tidning	Säffle-Tidningen
	Nu Tidningar i Syd	Söderhamns-Nytt
	Nya	Söderhamnsnytt/ Bollnäsnytt
	Kristinehamns-Posten	Södermalmsnytt
	Nya Läns-Tidningen-Nya Lidköpings Tidning	

Södermanlands Nyheter	Uppsalatidningen	Västerbottens-Kuriren
Södertäljeposten	Uppsala Nya Tidning	Västerviks-Tidningen
Tempus	Varbergs Posten	Västerås tidning
Tidningen 7	Vi i Vasastan	Västgöta-Bladet
Tidningen Liljeholmen/ Älvsjö	Vimmerby Tidning m Kinda-Posten	Västkustkuriren
Tidningen Ångermanland	Veckans affärer	Ystads Allehanda
Tidningen Årsta/Enskede	VLT	Ölandsbladet
Torslanda Tidningen	Vårt Kungsholmen	Örebroarn
Trelleborgs Allehanda	Vänersborg just NU	Örnsköldsviks Allehanda
Trollhättan 7 dagar	Vänersborgaren	Österlenmagasinet
TTELA	Världen i Fokus	Östermalmsnytt
Uddevalla 7 dagar	Värmlands Folkblad	Östersunds-Posten
Ulricehamns Tidning	Värnamo Nyheter	Östgöta Correspondenten
	Västerbottens Folkblad	Östra Småland/ Nyheterna

Study 2: Advertising investments on the internet in Norway and Sweden (conducted by Tobias Hedström)

Norway

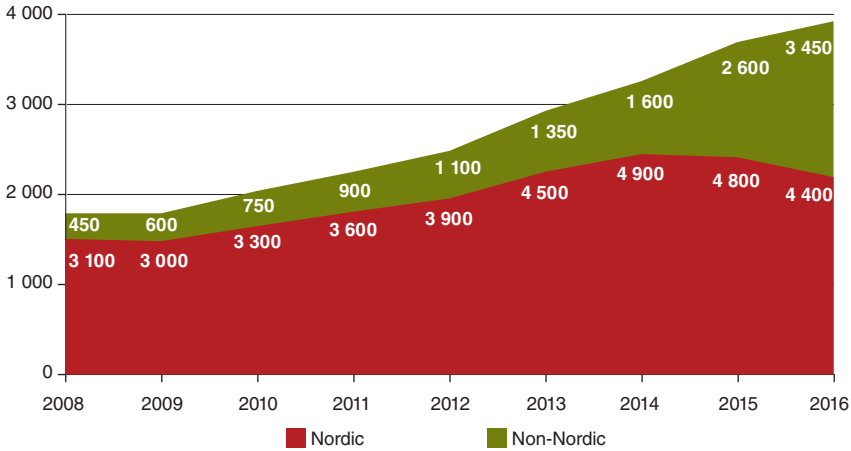


Figure 3.1 Advertising investments on the internet in Norway, 2008–2016 (NOK billions, current prices)

Table 3.3 Advertising investments on the internet in Norway, 2008–2016 (NOK billions, current prices)

NOK (billions)	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nordic	3,100	3,000	3,300	3,600	3,900	4,500	4,900	4,800	4,400
Non-Nordic	450	600	750	900	1,100	1,350	1,600	2,600	3,450
Proportion non-Nordic (%)	13%	17%	19%	20%	22%	23%	25%	35%	44%

Estimates of advertising investments on the internet in Norway

The background is to assess the proportion of advertising investments on the internet that accrue to media companies whose principal ownership is outside of the Nordic region. IRM’s statistics concerning media investments on the internet are used as a basis to define the proportion.

IRM publishes figures for media investments on the internet (incl. mobile/tablet) that have the following subcategories:

- Desktop
- Display mobile incl. tablet
- Digital video incl. mobile

- Online catalogues
- Classifieds incl. mobile
- Search (SEM & SEO) desktop and mobile

In addition, figures are published for media investments in social media that cross over the above categories. An overview of the method used for each category is presented below.

Social media: This category is counted as entirely non-Nordic as the statistics for the use of social media in Kantar TNS measurements show only American/international services. The distribution between desktop and mobile is unimportant as the entire category is non-Nordic.

Desktop Consists primarily of the print media's websites, although the majority of advertising media have some share of display advertising. This category also includes agency commissions. These are not included in other categories and have therefore been deducted. To simplify matters, this display advertising with non-Nordic media is counted in their respective main category. After we remove the social media's share from this category, we then obtain an entirely Nordic ownership among the media.

Display mobile incl. tablet: This category is a reflection of the previous one, with the difference being that it concerns visits from mobile devices. After we remove the social media's share from this category, we then obtain an entirely Nordic ownership among the media.

Digital video incl. mobile: This category contains major non-Nordic actors such as YouTube and Discovery Channel, primarily. This category must be divided up into the subcategories *play services* and *clips* as there is a significant difference in the advertising prices the media charge in these two categories. Following this division, the non-Nordic actors are ascribed a value based on the Swedish calculation.

Online catalogues: Primarily Norwegian and Nordic actors, which is why this category is counted as entirely Nordic.

Classifieds incl. mobile: This category is primarily made up of Norwegian or Nordic actors. However, there are actors such as Monster and Kelkoo. These media investments are based on each site's ranking in Alexa.

Search (SEM & SEO) desktop and mobile: To calculate this category, we have defined the Norwegian SEO market. SEM is what remains once we have removed SEO. The small part that is Norwegian can be ignored and this category is regarded as entirely non-Nordic.

Sweden

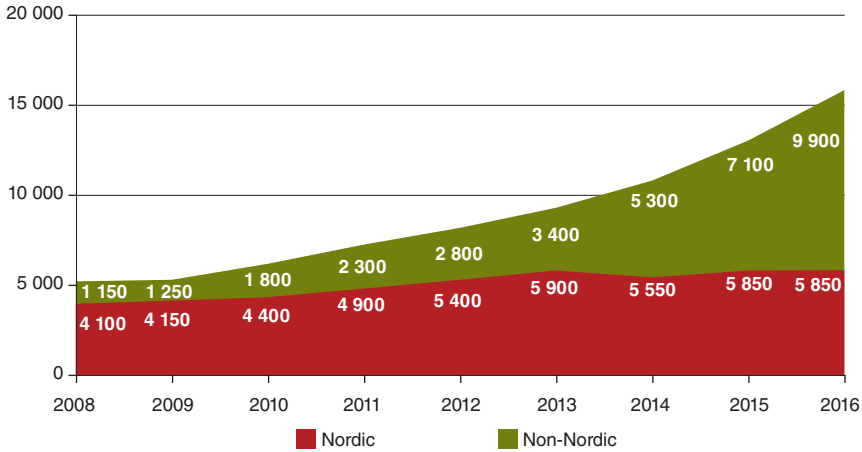


Figure 3.2 Advertising investments on the internet in Sweden, 2008–2016 (SEK billions, current prices)

Table 3.4 Advertising investments on the internet in Sweden, 2008–2016 (SEK billions, current prices)

SEK (billions)	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nordic	4,100	4,150	4,400	4,900	5,400	5,900	5,550	5,850	5,850
Non-Nordic	1,150	1,250	1,800	2,300	2,800	3,400	5,300	7,100	9,900
Proportion non-Nordic (%)	22%	23%	29%	32%	34%	37%	49%	55%	63%

Estimates of advertising investments on the internet in Sweden

The background is to assess the proportion of advertising investments on the internet that accrue to media companies whose principal ownership is outside of the Nordic region. IRM's statistics concerning media investments on the internet are used as a basis to define the proportion.

IRM publishes figures for media investments on the internet (incl. mobile/tablet) that have the following subcategories:

- Display desktop
- Display mobile incl. tablet
- Digital video incl. mobile
- Search (SEM & SEO) desktop
- Online catalogues/classifieds desktop
- Other mobile marketing incl. tablet

In addition, figures are published for media investments in social media that cross over the above categories. An overview of the method used for each category is presented below.

Social media: This category is counted as entirely non-Nordic as the statistics for the use of social media in Kantar Sifo's measurements show only American/international services. The distribution between desktop and mobile is unimportant as the entire category is non-Nordic, but such a classification is needed for later calculations, which is why for the sake of simplicity they are said to be evenly distributed.

Display desktop: Consists primarily of the print media's websites, although the majority of advertising media have some share of display advertising. To simplify matters, this display advertising with non-Nordic media is counted in their respective main category. After we remove the social media's share from this category, we then obtain an entirely Nordic ownership among the media.

Display mobile incl. tablet: This category is a reflection of the previous one, with the difference being that it concerns visits from mobile devices. We do not need to deduct social media as their mobile visits are found in the category "Other mobile marketing incl. tablet". This is why this category is considered entirely Nordic.

Digital video incl. mobile: This category contains major non-Nordic actors such as YouTube and Discovery Channel, primarily. This category must be divided up into the subcategories *play services* and *clips* as there is a significant difference in the advertising prices the media charge in these two categories. Following this categorisation, the non-Nordic actors are ascribed a value based on statistics from MMS concerning reach and usage among these media.

Search (SEM & SEO) desktop: To calculate this category, we have defined the Swedish SEO market on the basis of the companies who operate in it. With a few exceptions, these are generally Swedish, which means this category is considered entirely Nordic.

SEM is what remains once we have removed SEO. The small part that is Swedish can be ignored and this category is regarded as entirely non-Nordic.

Online catalogues/classifieds desktop: This category is primarily made up of Swedish or Nordic actors. However, actors such as Monster and Kelkoo are present, as well as formerly Swedish media such as Pricerunner and Tradera that are now owned by non-Nordic actors. These media investments are based on each site's ranking in Alexa.

Other mobile marketing incl. tablet This category is divided up into three subcategories. The first, SMS and newsletters on mobile, is considered entirely Nordic and the second is the share of social media that we ascribe to mobile and is entirely non-Nordic. The final category is mobile search, which consists of the money that remains in this category when the first two are deducted. This subcategory, as with desktop search, is regarded as entirely non-Nordic.

Appendix 4.

Regulation of Advertising in the Media

The five Nordic countries' laws, regulations and rules concerning advertising comply with and have implemented international rules such as the International Chamber of Commerce's self-regulation of marketing and advertising (www.iccwbo.org), EU consumer protection and the EU audiovisual directive (e.g. advertising time on TV, rules concerning sponsorship and product placement). The EU regulations constitute minimum regulations and countries are free to tighten their legislation and self-regulation on the basis of their own national needs and cultures, but cannot be more liberal. Nor may they encroach on European competition legislation – where the line is drawn is not entirely clear. This is seen, for example, in the Nordic countries' legislation concerning advertising for gambling/lotteries, which allows companies with domestic gambling permits to advertise, but is circumvented by foreign gaming companies. These regulations are cherished at the national level, but are questioned by the industry with reference to EU competition regulations.

The system of self-regulation consists of advertisers, advertising agencies and advertising carriers (that have traditionally been media). These have to adopt a stance that takes into account international and domestic legal frameworks and international industry agreements concerning advertising and marketing ethics. Both the legislation and self-regulation can be general, but more detailed regulations covering different areas and/or specific media can be imposed through legislation.

The area-specific rules that are highlighted by self-regulations (and which there is an interaction with legislation) are primarily alcohol, tobacco, gambling, children and adolescents, food and drink, digital marketing, misleading advertising, depiction of gender, ethnicity, online behaviour. International self-regulation is based on the International Chamber of Commerce's rules concerning advertising and marketing. These then trickle down into international collaborative organisation such as WFA (World Federation of Advertisers), EASA (European Advertising Standards Alliance) and the European Interactive Digital Advertising Alliance and on to national bodies such as Finland's Council of Ethics in Advertising (MEN) and Board of Business Practice (LTL) and the Swedish Advertising Ombudsman.

What is regulated in law and regulated by various industries themselves varies between the Nordic countries. The general rules concerning marketing and advertising can be found in each country's marketing legislation. Legislation concerning various areas and products exist for such things as tobacco, alcohol and gambling/lotteries.

Denmark, Finland, Norway and Sweden have laws that specifically regulate TV and radio broadcasts, while other media are governed by marketing laws, product laws and self-regulation. Iceland's media law encompasses both marketing in the media in general and in TV and radio broadcasts. The radio and TV legislation regulates, for example, the terms and conditions regarding when and how advertising may be broadcast and regarding programme sponsorship and product placement. Laws concerning online marketing of tobacco and alcohol can be found in Finland, while in other countries this has so far been managed through the marketing act (e.g. advertising labelling) and self-regulation. The marketing act is applied when there is no specific legislation.

It is not always clear to the layperson when marketing is governed in law or when self-regulation applies. Compliance with the law is reviewed by various authorities, while self-regulation is dealt with by various councils, collaborative bodies and ombudsmen in the Nordic countries.

In the Nordic countries, there is cooperation on guidelines and harmonisation in which each country is represented by its consumer ombudsman. In efforts involving guidelines and harmonisation in the Nordic countries, the consumer ombudsmen have also published reports/texts concerning their attitude to various issues, for example social media marketing, advertising targeted at children and digital advertising. The latest reports from the consumer ombudsmen have focused on advertising and marketing on the internet:

- *De nordiske forbrugerombudenes standpunkt om skjult reklame*, May 2016
- *De nordiske forbrugerombudsmænds standpunkt til handel og markedsføring på internettet*, Oct 2015
- *De nordiske forbrugerombudenes standpunkt til markedsføring via sosiale medier*, May 2012

The Nordic countries' consumer ombudsmen gather together laws and regulations concerning advertising on their websites, primarily those that are domestic, but also international regulations and directives.

Here is a compilation of *some* of the rules that apply to advertising in news media. This overview does not claim to be comprehensive or detailed. It is an attempt to provide an overview of where the five Nordic countries are very similar and where some countries more clearly have regulations that are not like those of the others. The interested reader who would like further information is referred to the consumer ombudsmen's and media authorities' websites.

Media authorities

Danish Agency for Culture and Palaces	www.slks.dk
Finnish Communications Regulatory Authority	www.viestintavirasto.fi
Icelandic Media Commission	fjolmidlanefnd.is
Norwegian Media Authority	www.medietilsynet.no
Swedish Press and Broadcasting Authority	www.mprt.se

Consumer ombudsmen

Denmark	www.forbrugerombudsmanden.dk/Retningslinjer-og-lovgivning
Finland	www.kkv.fi/Tietoa-KKVsta/kuluttaja-asiamies/
Iceland	www.neytendastofa.is/log-og-reglur/
Norway	www.forbrukerombudet.no/lov-og-rett/markedsforingsloven
Sweden	www.konsumentverket.se/for-foretag/marknadsforing/

Collections of legal texts

Retsinformation, Denmark	www.retsinformation.dk
Finlex, Finland	www.finlex.fi
Altinget, Iceland	www.althingi.is/lagasafn
Lovdata, Norway	lovdata.no
Riksdagen, Sweden	www.riksdagen.se/sv/dokument-lagar

Area-specific regulation

	Denmark	Finland
Alcohol	Permitted, but self-regulated. Rules for radio and TV: may, for example, not encourage excessive consumption or depict high alcohol content as positive. Forbidden to target alcohol advertising at young people and in and around radio and TV programmes targeted at children and adolescents. Also applies to on-demand services. Advertising for beverages with an alcohol content higher than 2.8 per cent by volume is not permitted in the Faeroe Islands.	Permitted for products up to 22 per cent by volume, but with restrictions in format for beverages stronger than 1.2 per cent by volume. Alcohol advertising may not be broadcast on TV between 07:00 and 22:00. Outdoor advertising is not permitted, with exceptions (e.g. at restaurants and ice hockey rinks).
Tobacco	Banned	Banned
Children as recipients	<i>Children have to be protected from unsuitable advertising:</i> Consideration for children's innocence and people in positions of trust may not be abused, people/dolls from TV programmes may not appear in adverts on the same TV channel. Adverts for chocolate and similar, soft drinks, snacks and similar may not imply that the products can replace meals. With a couple of exceptions, children under the age of 14 may not participate in advertisements. Does not apply to on-demand services.	Advertisements may appear in programmes targeted at children if the programme is longer than 30 minutes. Children may only appear in advertisements if they are naturally connected to the product.
Age limits for children's considerations	14 years	No advertisements five minutes before and after programmes targeted at children.

Appendix 4. Regulation of Advertising in the Media

Iceland	Norway	Sweden
<p>All advertising for alcoholic beverages with an alcohol content higher than 2.25 per cent by volume is banned.</p>	<p>All advertising for alcoholic beverages with an alcohol content higher than 2.5 per cent by volume is banned.</p>	<p>Permitted in print publications and online for products up to 15 per cent by volume. The advertising has to be restrained May not be directed at children and adolescents Contain warning text (minimum 20% of the advertising space) No alcohol advertising at all on TV and radio broadcast in/from Sweden</p>
<p>Banned</p>	<p>Banned</p>	<p>Banned</p>
<p><i>Children have to be protected from unsuitable advertising and teleshopping:</i> Advertisements may not exploit children's inexperience, may not encourage them to persuade parents, may not encourage them to eat and drink unhealthy products, may not abuse children's trust in parents, teachers and other people, may not show children in dangerous situations without justification. No product placement on TV programmes/AVM targeted at children.</p>	<p>Advertising for products specifically targeted at children is not permitted. No advertisements in the ten minutes before and after children's programmes.</p>	<p><i>Children have to be protected from unsuitable advertising:</i> Advertising targeted at children is not permitted on radio and TV (that is broadcast from Sweden). More stringent requirements concerning trustworthiness. May not contain calls to convince children and adults to buy the product.</p>
<p>12 years. No advertisements five minutes before and after programmes targeted at children.</p>	<p>18 years. No advertisements ten minutes before and after programmes targeted at children (programmes that are targeted at children under 13)</p>	<p>12 years. Children's programmes may not be interrupted, no advertisements immediately before or after programmes.</p>

Gambling	Gambling and lotteries without state licences not permitted	Gambling and lotteries without state licences not permitted
Medicines (prescription)	Advertisements for prescription medicines not permitted on TV and radio	Advertisements for prescription medicines not permitted on TV and radio
Comparisons	Have to be trustworthy and not misleading.	Have to be trustworthy and not misleading.
Text advertising	Requirement to clearly identify the material as advertising. Concealed advertising and subliminal advertising banned	Requirement to clearly identify the material as advertising. Concealed advertising and subliminal advertising banned
Political advertising	Banned on TV, political messages may not appear in advertisements during announced election campaign periods.	Permitted
Public service	DR may not broadcast advertisements. Product placement not permitted. Some sponsorship permitted.	YLE may not broadcast advertisements. Product placement not permitted. Some sponsorship permitted.
Other		

Appendix 4. Regulation of Advertising in the Media

Gambling and lotteries without state licences not permitted	Gambling and lotteries without state licences not permitted	Gambling and lotteries without state licences not permitted
Advertisements for prescription medicines not permitted on TV and radio	Advertisements for prescription medicines not permitted on TV and radio	Advertisements for prescription medicines not permitted on TV and radio
Have to be trustworthy and not misleading.	Have to be trustworthy and not misleading.	Have to be trustworthy and not misleading.
Requirement to clearly identify the material as advertising. Concealed advertising and subliminal advertising banned	Requirement to clearly identify the material as advertising. Concealed advertising and subliminal advertising banned	Requirement to clearly identify the material as advertising. Concealed advertising and subliminal advertising banned
Permitted	Banned on TV. Political organisations may not sponsor TV-programmes either.	Permitted
RÚV may broadcast advertisements on TV and radio, but only for 8 min/hour, while commercial TV actors can broadcast 12 min/hour. Programmes may not be interrupted if they are less than 60 minutes long. The exceptions are in-house productions and events/galas that are longer than 60 minutes. The price list has to be published and discounts transparent. Public service may not have any independent advertising online. Product placement not permitted. Some sponsorship permitted.	NRK may not broadcast advertisements. Product placement not permitted. Some sponsorship permitted.	SVT/UR/SR may not broadcast advertisements. Product placement not permitted. Some sponsorship permitted (applies to SVT and SR). Does not apply to teletext.
	<i>TV advertising-free days:</i> Good Friday, Easter Sunday, Pentecost and Christmas Day. Religious services may not be interrupted by advertising. By law, weapons and toy weapons may not be advertised.	Religious services may not be interrupted by advertising.

NORDICOM's activities are based on broad and extensive network of contacts and collaboration with members of the research community, media companies, politicians, regulators, teachers, librarians, and so forth, around the world. The activities at Nordicom are characterized by three main working areas.

- **Media and Communication Research Findings in the Nordic Countries**

Nordicom publishes a Nordic journal, *Nordicom Information*, and an English language journal, *Nordicom Review* (refereed), as well as anthologies and other reports in both Nordic and English languages. Different research databases concerning, among other things, scientific literature and ongoing research are updated continuously and are available on the Internet. Nordicom has the character of a hub of Nordic cooperation in media research. Making Nordic research in the field of mass communication and media studies known to colleagues and others outside the region, and weaving and supporting networks of collaboration between the Nordic research communities and colleagues abroad are two prime facets of the Nordicom work.

The documentation services are based on work performed in national documentation centres attached to the universities in Aarhus, Denmark; Tampere, Finland; Reykjavik, Iceland; Bergen, Norway; and Göteborg, Sweden.

- **Trends and Developments in the Media Sectors in the Nordic Countries**

Nordicom compiles and collates media statistics for the whole of the Nordic region. The statistics, together with qualified analyses, are published in the series, *Nordic Media Trends*, and on the homepage. Besides statistics on output and consumption, the statistics provide data on media ownership and the structure of the industries as well as national regulatory legislation. Today, the Nordic region constitutes a common market in the media sector, and there is a widespread need for impartial, comparable basic data. These services are based on a Nordic network of contributing institutions.

Nordicom gives the Nordic countries a common voice in European and international networks and institutions that inform media and cultural policy. At the same time, Nordicom keeps Nordic users abreast of developments in the sector outside the region, particularly developments in the European Union and the Council of Europe.

- **Research on Children, Youth and the Media Worldwide**

At the request of UNESCO, Nordicom started the International Clearinghouse on Children, Youth and Media in 1997. The work of the Clearinghouse aims at increasing our knowledge of children, youth and media and, thereby, at providing the basis for relevant decision-making, at contributing to constructive public debate and at promoting children's and young people's media literacy. It is also hoped that the work of the Clearinghouse will stimulate additional research on children, youth and media. The Clearinghouse's activities have as their basis a global network of 1000 or so participants in more than 125 countries, representing not only the academia, but also, e.g., the media industries, politics and a broad spectrum of voluntary organizations.

In yearbooks, newsletters and survey articles the Clearinghouse has an ambition to broaden and contextualize knowledge about children, young people and media literacy. The Clearinghouse seeks to bring together and make available insights concerning children's and young people's relations with mass media from a variety of perspectives.

Digitalisation has changed how we communicate with one another, how we search for information, how we use media and, not least, how media are financed. This report focuses on media financing, specifically the portion of financing that comes from advertisers. Global companies such as Google and Facebook are increasingly challenging domestic media companies' position in their national advertising markets. The growing influence of foreign advertising platforms is an expression of a more far-reaching transformation that encompasses both audience and advertisers and is being propelled by technological developments in the media area.

This book presents an analysis of how the digitalisation of the advertising market has impacted the business model of Nordic news media companies. As the competition for the advertising investments has been increasing, many media companies have been forced to see their ad revenues decline, in some cases dramatically. Is the financing model that has supported Nordic commercial news journalism for at least 150 years breaking up? Or are there differences between the Nordic countries that mean the situation is different in different places and in different media?



Ad Wars builds on a rich empirical dataset from Denmark, Finland, Iceland, Norway, and Sweden, which includes both industry statistics and interviews with a large number of actors on and around the Nordic advertising markets. The study has been commissioned and financed by the Nordic Council of Ministers and the Norwegian Ministry of Culture. The data collection and the analysis have been conducted by Jonas Ohlsson and Ulrika Facht at Nordicom.

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