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MEDIERNES UDVIKLING
I DANMARK

2017

GLOBALISATION OF THE DANISH MEDIA INDUSTRY

Studies of international players' impact on the Danish media market, Danish media providers and Danish media content

ISSN 2445-852X

Contents

COLOPHONE

The Danish Agency for Culture and Palaces, 2017
ISBN: XXXX-XXXX

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Preface

If there are two words that unquestionably define our times, they are disruption and globalisation.

Digital disruption is not only a matter of new technologies, robots and artificial intelligence. This type of disruption impacts our private life, working life, business community, democracy, society, everyday patterns of behaviour, culture and media consumption.

The same applies to globalisation, which is not simply concerned with major trade agreements, the free movement of labour and global economic interdependency. To a great extent, globalisation also impacts freedom of speech, human rights and privacy, our capacity to share sorrow and joy and, when necessary, to unite across the divides, and opportunities to conduct national cultural and media policies.

Disruption means interruption, disturbance or breakdown. The term "disruptive innovation" is usually used to describe a process, in which a small company with limited resources succeeds in challenging one or more established, mature enterprises.

This is, however, not typical of disruption in the media industry. Here, in the space of a few short years, small and innovative technology companies have become globally dominant giants that disrupt normal patterns in the wake of the collapse of the old media companies' business models, taken charge of key links in the media value chain, questioned the wisdom of a joint, centralised public sector, and upended the role of the publicist so that we have all become publicists on the social media, democratised freedom of speech and given us access to enormous volumes of content.

Can we curb disruption and globalisation or the influence of the huge global enterprises that now control both our cultural and media political infrastructure by controlling the Danes' favourite digital platforms, advanced data hosting systems and the use of algorithms to create digital profiles for each and every one of us. No. If the global technology giants themselves are disrupted, we can expect to see other companies pounce at the chance to fill the temporary vacuum. These are unlikely to be of Danish origin.

Danish cultural and media policy has never been under so much pressure to preserve that of which Danes are so fond: a diversity of high quality content that is made in Denmark, and controlled and managed in the Danish context and supplied by independent privately-owned media or by public service media owned by the State – and therefore ultimately by the Danes themselves.

Many industries are subjected to disruption. Things are moving fast and change is often devastating. Retail, finance – to name only two. You might say that the commercial media industry is merely one in a series of business sectors that are undergoing dramatic upheaval. In fact, the media industry was one of the first to engage in the digital odyssey of innovation and destruction. And that, you might say, is that. Such are the market conditions.

However, there is a distinction. In addition to running their businesses, private players in the media industry – like the State-owned public service media – have assumed a special role. As the watchdogs of democracy, they ensure that the democratic system remains healthy, uncorrupted and functional. The watchdog role also involves showcasing, developing and creating a debate about our natural, cultural and democratic values, thus creating common beacons, dialogues and debates between the general public and various groups within our society. We call this social cohesion. This is a third word – another one of the most important words widely used in recent decades.

This report aims to make an important contribution to giving very deep insight into the changes that disruption and globalisation are making in the Danish media industry and consequently to contribute to listing the challenges faced by the industry with regard to preserving a Danish diversity of high quality media and viable Danish content production. In a few years, it may be too late.

This report is compiled for the Danish Agency for Culture and Palaces, under the auspices of the "Reports on Media Development in Denmark" project.

We wish to express our thanks to the individuals and institutions that have made valuable contributions of content and inspiration to the report via conversations and interviews. Thanks not least to the project's advisory board, Professor Anker Brink Lund, CBS and Rector Jens Otto Kjær Hansen from The Danish School of Media and Journalism for excellent discussions in the project period.

The report is prepared by a consortium, comprising Mandag Morgen (media house and think tank), Copenhagen Business School (CBS) and Aalborg University Copenhagen (AAU CPH). Many thanks to all our contributors: Mikkel Flyverbom, Ph.d., Associate Professor of Communication and Digital Transformations at Copenhagen Business School; Lars Holmgaard Christensen, Ph.d., Associate Professor at Aalborg University, Campus Copenhagen, whose specialist subjects are digital communication and journalism and strategic communication via the social media; Jens Jørgen Madsen, journalist at Mandag Morgen and digitisation and disruption expert. Finally, we wish to express sincere thanks to Søren Schultz Jørgensen, Ph.d. in Media sociology and journalism and owner of media and communication consultancy Kontrabande. Søren Schultz Jørgensen took on the task of revising the report about halfway through the project period.

Work on revising this report was completed on 1 June 2017.

Lisbeth Knudsen

Director,
Mandag Morgen

Summary

This report describes how, in recent decades, the Danish media market has become increasingly and fundamentally impacted and dependent on the actions of foreign technology companies. The report focuses on foreign players that, since the millennium, have increasingly determined the conditions under which Danish media companies produce and distribute content to Danish media consumers, how this content may be commercialised and the type of competition these media companies face for Danish consumers' loyalty.

The main conclusion of the report is that in 2017 Danish media companies are manifestly no longer capable of determining the technological, distributive or commercial standards they use when they provide Danish content to Danish media consumers. The standards are now determined – and continually changed – by global players. Danish media companies no longer have the final say about significant parts of their own commercial value chain. Globalisation impacts private and State-owned media alike.

This report is subdivided into four sections. Each describes from its own perspective how foreign players are affecting the Danish media industry. The sections cover the technological, commercial, journalistic and the wider social and cultural perspectives.

Part I Technological upheaval and new players, concludes that, in the last 30 years, the Danish media market has changed so much that it is almost unrecognisable. There were three rushes or paradigm shifts that together produced an avalanche of changes in the commercial opportunities open to Danish media companies – and clearly narrowed their scope of impact on their own market conditions. A *global* market, internet-based, *digitised* distribution of content to the user and *datafication* of the interactions between users and companies on the market. What was, until the end of the 1980s, a nationally circumspect market for Danish print TV and radio media based on familiar technologies, centuries-old value chains and business models, is today an unbounded global market. The business models and value chains, on which Danish media companies rested for much of the 20th century, have vanished because, thanks to new technologies, media users and advertisers can now search beyond the platforms and content provided by Danish media.

These developments are driven by a narrow circle of global companies – spearheaded by Facebook, Google, Netflix and Apple. In little more than a decade, these players have conquered a dominant position in Danish media users' daily lives. They not only dictate the technological infrastructure, but also the commercial standards and market conditions, under which Danish media companies must work if they seek contact with Danish citizens. Each of these players has many activities, services and business areas – which they consistently evolve and expand. Development is taking place at a tempo and with a degree of innovation that no Danish media company has capacity to compete with.

The players can be categorised in three very general categories:

* Social media, e.g. Snapchat, Instagram, LinkedIn, Twitter and, not least, Facebook. In 2016, 56 percent of all Danes used the social media to get news. In 2013, this share was only 31 percent. Among 18-24 year olds, 30 percent regard the social media, especially Facebook, as their primary source of news. In recent years, the social media have expanded to include a number of new TV and live formats, which occupy ever more of the Danes' media consumption: Snapchat Discover, Instagram Stories, Twitter Live, Facebook Live, etc.

* Streaming-services, Netflix is big in Denmark and used by 32 percent of Danes on a weekly basis. Other streaming services are TV 2 Play, Viaplay, HBO Nordic, YouSee Play and some new streaming players: Amazon Prime Prime Video, Snapchat Discover, YouTube Red and YouTube TV. Together these players and their services are changing TV habits. Even now, conventional or flow TV is secondary to streaming for much of the population. Among 15-29 year olds, Netflix and YouTube are the largest TV channels in Denmark – (measured on time spent watching them). This makes them larger than DR and all the other TV channels.

* Technological conglomerates, e.g. Apple, Google and MSN/Microsoft that have e.g. software, operating systems, browsers, platforms, search machines – and, in the case of Apple, even physical products – that either directly or indirectly provide the basic infrastructure for the Danes' day-to-day media consumption.

One of the consequences of the technology companies' influence on the Danish media market is that the media companies' value chain has dissolved. Online interaction between a Danish medium and a Danish media user is now colonised by a myriad of other players, in which Google and Facebook dominate and all of whom effectively bridge the gaps in and capitalise on the consumer's liaison with the media. The study in Chapter 3 shows, for example:

* that news coverage involves complex and invisible networks of players that are connected to news stories in the shape of market research tools, links to social media platforms and aids to advertising sales. For privately-owned Danish media companies, each news product involves an average of 102 partners, each of whom adds and consumes resources.

* that a single player – Google – is the predominant source of invisible streams of data in Danish media websites. Via a large number of services and tools, – e.g. Google Analytics, Google Display Network, Google DoubleClick and Google Tag Manager – Google is indisputably the protagonist in the networks, on which Danish news media produce, distribute and commercialise content.

* that the networks prevent opportunities for the news media to exert control of news production and distribution. By means of data extraction and addition, the large crowd of players in overlapping production networks affect media companies' opportunities to govern direct user contact.

* that data is passed on to other parties than the media house that was responsible for the original production of content.

Part II of the report, Economic displacement and the search for new business models, describes the international players' significance for Danish media's business opportunities – with focus on trends in the advertising market and the market for subscription-based media content. The primary conclusion of this part of the report is that, within a period of 10 years, Danish media companies have become increasingly heavily dependent on foreign technology companies, chiefly Google and Facebook. To a great extent, these two players dictate how Danish media companies interact with users and advertisers. Therefore, in many ways, they also define how media companies can generate revenue via their most important sources of income: advertising and user subscriptions.

With regard to advertising market trends, the report's principal conclusions are:

* that the digital advertising market is *bipolar* – i.e. a market dominated by two players, Google and Facebook, which have predominating influence on online market price levels, and technical standards and formats. These two companies account for roughly 85 percent of every dollar spent on online advertising in the US and 90 percent of every pound spent on online advertising in the UK.

* that online advertising is growing fast while the market for printed ads continues to shrink and TV advertising tends to fluctuate in line with the economic climate.

* that more or less all online market growth will go to Google and Facebook – estimated 75-90 percent globally.

* that Google and Facebook's new tools, technologies and acquisitions serve only to increase the Danish media's and distributors' dependency on these two companies because none has the capacity to compete with the innovative drive and raise the capital needed to invest in such development.

* that programmatic advertising – digital sales to selected target groups – will largely replace conventional customer contact between the medium and the advertiser or advertising/media agency. This is another sphere, in which the media no longer manage their own value chain.

* that the media companies' belief in *native advertising* as the advertising market's lifeline is called into question. Facebook and others have spotted this market. The professional media will therefore find themselves party to a scramble to benefit from new ad types that also present a risk that users may find it impossible to differentiate between independent and sponsored information.

* that the TV advertising market is in the throes of *disruption* as other parts of the media industry have been disrupted in the past. Facebook, Google, Amazon, Netflix, HBO and many other global players are ready to pounce on the advertising potential on streaming TV and file-sharing services with video, e.g. YouTube.

As for the trend regarding media content paid for by subscription, the report reaches the following main conclusions:

* that growth in subscribed media content is significant for TV and video streaming but limited for journalistic content.

* that Danish media users prefer to spend money on international services and international content rather than on services and content that is made in Denmark.

* that Facebook and Google, supplemented by Amazon, Snapchat, etc. via ownership of a variety of services, are expected to make significant inroads into the subscription market.

* that the conventional media houses are beginning to devise their own digital payment models, price levels and technological solutions, although the majority of these levers seem only to satisfy the needs of existing customers.

* that media companies are forced offer free content in order to attract new users. Free content is posted on the social media to attract attention, generate traffic and reach a wider readership. Once again increasing dependency on Google and Facebook.

* that the media companies in Denmark – unlike their counterparts in The Netherlands and USA – have not yet begun to work together and sell content via joint portals.

Part III of the report, Upheavals in distribution and new journalistic processes, describes how international technology companies – not least, the social media including the dominant platform, Facebook – influence Danish news media content, how Danish journalists produce this content and how content originating from news media and social media respectively is distributed and interacts in a new Danish news loop. The principal conclusion of this part of the report is that the social media have transformed the distribution of news media content, reorganised work processes and created strong pressure on Danish media companies to adapt accordingly.

This part of the report concludes (among other things):

* that Danish news media rely heavily on Facebook as a distribution channel. The media themselves post 92 percent of their stories on the social media.

* that there is a steadily growing news loop to, from and between the Danish news media and the social media. 14 percent of all traffic to Danish news media websites comes from the social media.

* that the volume of content from the social media continues to grow in the shape of references, quotes and sources in the news media's online journalism. 10 percent of all news items on the internet contain reference to a source or statement from or a debate on the social media.

* that classic debate content is the content that flows strongest throughout the news loop between the news media and the social media. News items refer increasingly to events or debates in the social media.

* that, when it comes to traffic to and from the Danish news media, Facebook is the predominant social medium used. Facebook generates 378 times more social interactions on news items researched than Twitter. Facebook also accounts for more than 95 percent of all traffic received by an editorial news site via the social media.

* that the social media are both directly and indirectly implicated in the new media's journalistic processes – via surveillance of activity on the social media, research, idea generation, and production and distribution of content.

* that Facebook is the predominant social media used by journalists. 48 percent of them use Facebook in the production phase and 83 percent in the distribution phase. 20 percent of the journalists use Twitter in the production phase, and 25 percent use Twitter to distribute their journalistic products.

* that the “invisible hand of the algorithm” has become a new production criterion. Digital quantification of news stories’ performance – on the social media and their own platforms – plays an important role in the editorial office. KPIs are a new benchmark for the relevance and importance of practical journalism.

Part IV, Trends and perspectives describes the technological breakthroughs and trends that can be expected to impact the Danish media industry within a few years – e.g. artificial intelligence, robots and virtual reality. The report’s final chapter then outlines the challenges and dilemmas stakeholders in and around the industry must tackle if they are to ensure viable production of media content in the Danish language in the short and medium term.

The final chapter of the report concludes that upheavals in and globalisation of the Danish media industry are the most urgent cultural and political challenges of our time. This chapter also covers the wider-reaching consequences of the developments described in the report and outlines six areas of concern:

1. Danish media development capacity is impaired. Few Danish media companies are large enough or have sufficient resources or capacity to transform themselves – or to reduce their dependency on the international media giants.

2. The weak link in the publicistic food chain Publishing’s “middlemen” – independent regional, local and medium-sized publications that seek to provide general news – risk first losing journalistic clout, then gradually their raison d’être and finally becoming extinct.

3. Limited journalistic diversity. Market consolidation and the weak links in the publicistic food chain may mean that certain geographic and subject areas – those of no great commercial value – risk losing journalistic attention and coverage entirely.

4. Weakening the role of the press as the watchdogs of democracy. Independent investigative journalism, which is one of the news media’s most demanding and democratically most important areas, currently risks debasement as a result of the consolidation of and economic pressures on the media industry.

5. Media credibility is undermined. Public confidence in the news media and journalists generally is dwindling fast. Public confidence – and journalistic integrity – is crucial if the new media are to continue to make an important and legitimate journalistic contribution to democracy.

6. Blurring of the distinctions between commercial and editorial content. There is a risk that the new forms of advertising may blur important distinctions between editorial and commercial content in the media – and thus further impair media integrity.

These six issues should be prioritised in any discussion of Denmark’s future cultural and media policy. However, this chapter also examines how it is possible to work with a national media policy in a country like Denmark: Now that the media market is global and boundless, national media policy and media subsidies face an elementary challenge in that national players exert less influence on supply than in the past – and have no influence at all on the framework conditions, under which Danish media companies must work.

Finally, the report lists eight essential issues that politicians and media stakeholders should consider in connection with impending negotiations regarding Danish media subsidies:

1. If consumers prefer to pay for international streaming channels and spend time on the international social media and video services, does it make any sense at all to provide state subsidies for specifically Danish media production?

2. Is it at all possible to sustain media subsidies based on current criteria in the face of a deeply fragmented media ecology and financial impoverishment of the Danish media industry?

3. Will subsidies at the current level be sufficient to preserve a diverse, nationwide supply of high quality Danish media in the foreseeable future?

4. How can we prevent high quality journalism and cultural dissemination from becoming services for an elite that is prepared to pay for them while the majority make do with free content and the social media as their access point to social debate and development of a Danish culture and identity?

5. What is the role of public service in the future described in this report?

6. How do we prevent the loss of local news coverage and local community anchorage in local media in some parts of Denmark as the national media lose their grip on the population, i.e. focus solely on selected segments and target groups?

7. How can we foster a viable media industry in Denmark and a strong and creative production environment – by means other than media subsidies?

8. How can we via media policy ensure that the Danes generally are media literate and that every Dane is informed and competent to move in the media universe described in this report?

Introduction

The Danish media landscape is changing at an exceptional tempo and with unprecedented thrust and unpredictability. The man-in-the-street continues to accept an almost daily flow of new media technologies, new media platforms and new types of media content – increasingly turning his back on the technologies and media that have been the central nervous system in modern society's communication, public sphere and democracy throughout the 20th century.

The media landscape in 2017 has changed radically compared with the landscape adult Danes will remember from the turn of the century – and completely unrecognisable compared with the media landscape of the 1980s. Predicting conditions in five years' time would be sheer guesswork. A number of the companies and technologies that are currently upturning the global, and therefore also the Danish, media landscape, e.g. Facebook, Netflix, Instagram and Snapchat, are at most only ten years old.

This report describes selected but signally important aspects of these radical changes: The global technology companies' significance for the Danish media market.

This report includes studies by Mandag Morgen Danmark, CBS and Aalborg University Copenhagen, of these issues in response to a request in spring 2016 from the Danish Agency for Culture and Palaces for a report entitled *International players' influence on the Danish media market, media providers and media services with specific focus on the media companies' opportunities to continue to finance and produce Danish media content*.

Throughout the last decade, the players in question – for example, Google, Facebook and Netflix – and their consistent launches of new technologies and platforms have been an omnipresent encumbrance whenever Danish media moguls, editors, journalists, researchers and politicians have discussed the challenges facing the Danish media industry. The international players are inconceivably large and entirely impossible to circumvent. This report is the first complete description of the international players' impact on the Danish media.

In nine chapters, the report covers, among others, the following issues that the Danish Agency for Culture and Palaces emphasised in its tender:

* A description of the international players in the Danish market, including their activities and media services.

* The international players' impact on fundamental market conditions for the Danish media institutions, value chains and media market networks, media content prices and the business models used.

* The international players' role in Danish media services, including distribution and communication of news, information and knowledge to the Danish public.

* How and to what extent have Danish producers of media content lost income as a result of internationalisation and international competition?

* How do technological development and globalisation impact Danish media institutions' opportunities

to function and achieve commercial success – and finance and offer Danish language content on the Danish media market?

The issues are not simply far-reaching and important. They are also complex. The overarching repercussion of globalisation and digitisation of the Danish media market in recent decades is in fact not only that a number of foreign technology companies have entered a circumscribed Danish media market with the devices, platforms, software and media that Danes now use to find information and news and to communicate with each other on a daily basis. The technology giants and their digital products also set off an avalanche in the media market that has fundamentally altered the depth and breadth of the market such that it is now in practical terms both impossible and meaningless to speak of the Danish media market or the Danish media industry as definitive singular entities.

For example: On paper, companies like Google and Facebook are neither producers nor providers of media content. In fact, they insist on describing themselves as technology companies. However, via their technologies, platforms and services, they provide the infrastructures, in which media companies have to work if they wish to maintain contact with Danish consumers. For this reason, Google and Facebook and many similar players lie both within and beyond the boundaries of the traditional definition of the media industry. The specific boundaries and definition of the media market are erased by structural industrial drift, in which. in many respects, the media, technology and telecommunications industries have melted into one. Similarly, the term *media* has gradually come to mean so many things and take so many different forms and expressions that its pre cise meaning is no longer clear. Is YouTube a medium, a platform or a distributor – or all three?

Questions like this make it imperative initially to define terms and accurately prescribe the focus of this report and the premises, on which it written.

Focus of the report and key terms

The main focus of this report is the Danish media market and the players in it. As this is an empirical and descriptive report rather than a theoretical discussion, all three terms – media, market and player – are used specifically and pragmatically in the following.

The term medium (plural: media) is used in the following to describe a *provider and distributor of content*. The report focuses primarily on the news media, i.e. media that provide, on a daily or weekly basis, current affairs content that is produced and/or edited in accordance with journalistic principles. Jyllands-Posten is one example of a news medium on a par with all the other Danish national dailies – print or online. TV 2 Nyhederne, TV-Avisen, radio news bulletins on DR and Radio24-syv are all news media, whereas other content on public service stations, e.g. light entertainment, drama and music, is not. News-based web media, such as

Altinget, Zetland and Føljeton, are also news media. However, the news media definition does not include web platforms whose news coverage is a matter of secondary importance. Magazines and weeklies, such as Euroman and Alt for Damerne, are not strictly speaking *news*media but the privately-owned magazine market is included in the studies in this report because this market is subject to the same market conditions as the other media types. Professional journals and specialist media, e.g. Sygeplejersken (journal of nursing) and Kommunikationsforum (debate and network forum for anyone interested in communications) are important parts of the Danish media landscape but these are not included in the report's studies because they are not impacted by international market conditions in the same way as other privately-owned media that react to market conditions.

The expressions *editorial* media and *publicistic*news media are sometimes used in the following to highlight specific aspects of the media. If a medium is described as editorial, it is produced in accordance with journalistic principles. If a medium is described as publicistic, it contains original contributions that have been subject to professional editing with a view to their inclusion in public debate and political decision-making processes in society (Lund 2013, p. 24).

The main focus of the report is the relationship between the Danish media and the foreign platforms mentioned above. The studies in the following examine these media's and platforms' content, technology and commercial foundations and describe them as *players* – i.e. companies that provide specific products or services – in the Danish media market.

In the following, the term Danish media market is used pragmatically to describe the shoal of media suppliers that produces, sells and distributes the entire supply of Danish language content in Denmark that is destined for the Danish democratic public sphere, comprising the general public, business community, organisations and politicians.

A Danish media provider is a company, organisation or person that produces and/or distributes and/or commercialises content in the Danish language.

Overall, the report focuses on the following types of Danish media and media providers:

* Public service players (DR) and privately-owned players, operating under market conditions (with or without public media subsidies).

* Large, established media providers (e.g. Berlingske Media, JP/Politikens Hus, TV 2, Radio24syv) and new media providers (e.g. POV International, Føljeton and Zetland).

* Media providers that distribute publicistic content but that are also relevant as players that distribute light entertainment content and hybrid content (in the interface between publicistic content and entertainment).

The term media ecology is used throughout the report to describe the wider context, in which the Danish media and media providers operate. All the players that either directly or indirectly impact the Danish media market operate within the media ecology.

The international technology companies, on which the report's studies focus, are described consistently throughout the report specifically as *technology* companies. There are two reason for this: Firstly, players, such as Facebook and Google, consistently describe themselves as technology companies. Secondly, these companies are distinct from those that, in the context of this report, are defined as media companies by virtue of the fact that they *do not produce content*.

What the report does not cover

Even though this report investigates a comprehensive field, the authors had to make choices and prescribe limits. Certain issues and questions have been axed even though they are closely associated with or extremely relevant for the different parts of the studies contained in the report.

The axing of four of these issues requires an explanation:

* Intellectual property is a matter of key importance to any discussion of how the Danish media are affected by and function in a media market that is largely based on an unending digital infrastructure developed by foreign technology companies: Who is entitled to communicate (and pass on) and commercialise content produced, for example, by a Danish-owned newspaper? The Danish Agency for Culture and Palaces did not include intellectual property in its definition of the assignment. This issue is therefore not included in the studies below.

* The media companies' financial situation – i.e. Danish media providers' accounting and profits, their investments, etc. – are, of course, an important parameter in the study of how the Danish media market is impacted by the foreign technology companies. However, specific analysis of the Danish media companies' finances is beyond the scope of this report. The report focuses rather on their overarching strategies, business models and sources of income.

* Issues regarding the licence-financed media – DR, regional TV 2 channels and Radio24syv – their role, size and content – are currently hot topics in public and internal debate regarding the Danish media landscape. The report does not cover these media's financial situation as it focuses primarily on the privately-owned sector of the market.

* The issues regarding subsidies for privately-owned media in the shape of some direct economic support based on specific criteria and a VAT exemption scheme, are, of course, decisive for the future of the Danish media industry and, in recent years, subsidy schemes have been the subject of heated debate. However, a specific study of these schemes and delivery of specific studies of these subsidies is beyond the scope of this report.

The report restricts itself to the aspect that is probably quintessential to the upheaval that is so heavily imprinted on Danish and global media landscapes alike: Radical changes in *media consumers' patterns of behaviour.* More than any other factors, radical changes in consumer behaviour have driven changes in the flow of money, sources of income and business opportunities open to the Danish media providers. The new patterns of consumer behaviour have also determined the foreign technology companies' position in the Danish media ecology.

Changes in consumer behaviour are not specifically examined in this report because this factor of media development is one of those best described in recent years. Media research in Denmark and abroad – including surveys compiled under the auspices of the Danish Agency for Culture and Palaces' "Media development in Denmark" project – regularly and systematically examines these fundamental changes. Therefore, in many ways, changed consumer media usage is *the basic assumption* of this report – not its point of focus. However, to ensure that this basic assumption is unequivocal, the report does summarise the most important changes in consumer media habits.

Basic assumption: new consumer media habits

Since the mid 1990s, consumer media behaviour has changed in a general shift in one direction only: Away *from* the classic mass media and analogue technologies and *to* new digital and internet-based media. The impact of the shift away from the classic mass media is clear:

* In 1964, 92 percent of the Danish population stated that they read a newspaper "almost daily". By 2015, the share had plummeted to 41.5 percent (Media development in Denmark, 2016).

- From 2010-2015, the 12-18's daily consumption of flow TV fell by a total of 71 minutes – a fall of more than 52 percent in only five years (Media development in Denmark).
- In 2016, 64 percent of Danes over 12 years used their mobile phone to access the internet. In 2011, this share was 20 percent (DR, 2016).
- In 2016, 35 percent of Danes used social media, e.g. Facebook, as their *main gateway* in the search for news (Reuters Digital News Report, 2016).
- Today, more than 78 percent of Danes are Facebook users. Among the 15-18s, 97 percent use the social media. Of these, 86 percent use Facebook on a daily basis.
- 32 percent of Danes currently use Netflix' streaming services at least once a week. Netflix was launched in the Danish market in 2012.
- 48 percent of 12-29s uses Snapchat on a daily basis.

The demise of the daily newspaper over 50 years

Share of adult Danes who read a newspaper "daily" or "almost daily" (percent).

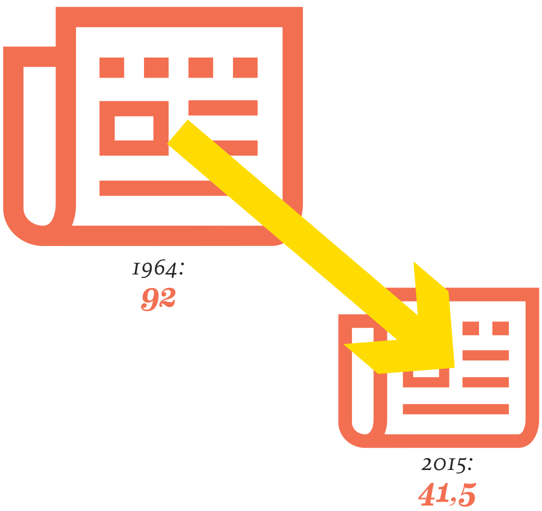

Figure 1 — More than half of the people who read Danish newspapers have disappeared since the 1960s, when 9 out of 10 adult Danes read a printed newspaper almost daily.

Sources — Media development in Denmark, 2016; Jørgensen, 2016.

For young people, the social media have becomea main source of news

On which media do you prefer to find news and background information? 2015 (percent).

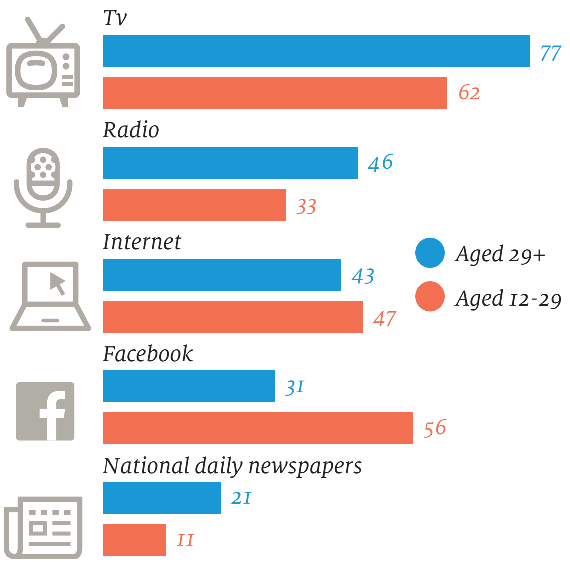

Figure 2 — Facebook is now a much more important news source for Danes than the daily newspapers.

Source — Kantar Gallup Social Media Life.

Simple percentages like these suffice to describe the upheavals facing Danish media providers provoked by the new media and communication habits of the population of Denmark. Foreign technology companies have taken centre stage as they provide platforms, services and functionalities that are the basic and inescapable infrastructure for Danish media consumers and Danish media providers alike.

Report methods and sources

This report is based on seven studies that describe the impact of foreign technology companies on the Danish media market. The report does not contain a single cohesive study, but a collection of studies, each with its own perspectives and method. There are quantitative and qualitative, content analytical, interview-based and ethnographic studies among them.

The methods used in the individual studies are described at the beginning of each chapter.

Report structure

The report is composed in four thematic parts, each of which contains 2-3 chapters that describe specific questions and issues regarding the impact of the foreign technology companies on the Danish media industry.

Part I: Technological upheaval and new players focuses on technological breakthroughs that have transformed the Danish media market in the last 30 years or so – and the new players and data streaming to us as a result of market upheavals.

- Chapter 1: *Media industry transformation:* Based on recognised academic sources, *From analogue stronghold to endless digital vistas* provides an overview of 30 years of globalisation in the Danish media industry. Author: Mikkel Flyverbom.

- Chapter 2: *Foreign technology giants recreate Danish media market infrastructure* describes the Top Ten dominant foreign technology companies in the Danish media market. This chapter is based on comprehensive desk research and research interviews. Author: Jens Jørgen Madsen

- Chapter 3: *The invisible streams of data in news production* describes the top-line results of a new and comprehensive quantitative study of and about 20 Danish news sites. Author: Mikkel Flyverbom.

Part II: Economic displacement and the search for new business models zooms in on how the foreign technology companies entry into the Danish media market impacted business and financial conditions for the Danish media.

- Chapter 4: *Growing influence of Google and Facebook on the advertising market* describes tendencies in the Danish and foreign advertising markets and how the technology companies impact these markets. This study is based on desk research, research interviews and new market surveys by Megafon. Author: Lisbeth Knudsen.

- Chapter 5: *Subscription-based journalism on the internet: An unresolved issue* describes trends in the Danish and foreign market regarding subscription-based media content and how this is affected by the technology giants. This chapter is based on desk research and research interviews. Author: Lisbeth Knudsen.

Part III: Upheavals in distribution and new journalistic processes describes how the international technology companies' social media including Facebook fit into the new news media food chain and how

Danish news media's editorial content is affected by the popularity of the social media among media users.

* Chapter 6: Based on the main results of a recent Infomedia research study, *Danish news media post 90 percent of stories on Facebook* describe the interaction of the Danish news media with the international technology companies' social media. Author: Lars Holmgaard Christensen.

* Chapter 7: *The Danish media include Facebook in every aspect of journalism* describes how the Danish news media apply and incorporate the international technology companies' platforms and functionalities into their editorial work. This chapter is based on new quantitative and ethnographic studies. Author: Lars Holmgaard Christensen.

Part IV: Trends and perspectives describes technological upheavals and trends that can be expected to impact the Danish media industry in a few years' time. The report's final chapter outlines the challenges stakeholders in and around the industry must tackle if they are to continue to produce news content in the Danish language in the medium term.

* Chapter 8: Based on desk research, *Future technological trends in the media industry* describes the technologies that threaten to gain a foothold in the media companies in the immediate future – and that will impact and change the way content and journalism are produced and distributed. Author: Jens Jørgen Madsen

* Chapter 9: Based on the main conclusions of this report, *Media and cultural policy: Challenges in a global media universe* discusses consequences for the Danish media industry – and the options open to stakeholders in and around the industry to influence development. Author: Lisbeth Knudsen.


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