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IMPACT**

# News sustainability

Investing in the future of Asia-Pacific's  
info-ecosystem



Supported by

  
News Initiative

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# Foreword



In recent years, it's become a common refrain to say that the media industry is changing—that print is dying, that digital platforms have destroyed traditional business models, and that social media has permanently altered how people consume information. But in the last two years, driven by the societal and economic changes caused by the covid-19 pandemic, the industry is changing in new and perhaps surprising ways.

Our mission at the Society of Publishers in Asia is to promote press freedom and the growth of the media industry in the region. With these values in mind, we partnered with Google News Initiative and Economist Impact to produce this survey on news sustainability—the first of its kind focused exclusively on Asia-Pacific.

Our objective was to understand the current state of the media industry, demonstrate its value to society and commerce, and spur conversations and ideas about its long-term sustainability.

Importantly, we surveyed regular media consumers and executive respondents including media industry, government, NGOs and corporate executives to gain insights from the supply and demand sides of the industry.

Our research revealed a complicated situation. News has never been more important, but it's also extremely undervalued. The contagion of digital misinformation causes measurable real world harm. Technology is both an opportunity and a threat to the media business. However, despite these challenges, the vast majority of the media executives that we surveyed feel bullish about the future commercial viability of the industry.

Whether you work in media or consume it, I encourage you to read the full report, which also includes insights from eight Asia-Pacific media experts.

I'd like to thank the Google News Initiative for its generous sponsorship and Economist Impact for its diligent, expert work on conducting the survey.

**Byron Perry**

Chair, Society of Publishers in Asia  
Founder and CEO, Coconuts Media

# About this project

*News sustainability: investing in the future of Asia-Pacific's info-ecosystem* is a report by Economist Impact. The report reflects the findings of two surveys, one of over 2,000 consumers and another of 500 executives, conducted across 12 of Asia-Pacific's markets. The executive respondents work in organisations that span over 20 industries, with 145 respondents from government, 55 from non-government organisations (NGOs), 150 from the media and publishing industries, and 150 from corporates. The report includes context and additional insight from in-depth interviews conducted with eight news media industry experts.

The report was commissioned by The Society of Publishers in Asia (SOPA), and supported by the Google News Initiative. The report was edited by

Naka Kondo and written by Georgia McCafferty and Jessica Mudditt. Economist Impact would like to thank all participants in the survey and the interviewees who generously offered their time and insights. Our thanks go to:

- **Alan Soon**, co-founder and CEO, Splice Media
- **Damien Cave**, bureau chief, Sydney, Australia, *The New York Times*
- **Saša Vučinić**, co-founder and managing partner, North Base Media
- **Ross Settles**, adjunct professor, Journalism and Media Studies Centre, The University of Hong Kong
- **Hiromi Ohnishi**, chief technology officer, Asahi Shimbun
- **Daichi Hiraguri**, director, Digital Growth Operations Center, The Asahi Shimbun
- **Oliver Wilkinson**, partner and entertainment and media leader, PwC Singapore
- **Ritu Kapur**, co-founder and managing director, Quint Digital Media Limited

The findings and views expressed in this report are those of Economist Impact and do not necessarily reflect the views of survey respondents, interviewees or the project sponsor.

## Considering China

From its sheer size alone, China plays a significant role in the Asia-Pacific news and media industry. However, it is a unique, highly insulated market, and including the results from consumers and news media executives from China in this survey may have significantly impacted the findings. As a result, China is not included in this report. This is not to underplay its significance. On the contrary, the news media industry in China could carry a report on its own, and would be an interesting area for future research.

# Executive summary

The digital transformation heralded by the Fourth Industrial Revolution, and its acceleration during the covid-19 pandemic, has dramatically altered business models globally. That change has been especially acute for the news media industry. Trusted mastheads had to upend their traditional models to embrace an entirely new digital landscape; consumers ditched news sourced from television and newspapers for that found on their digital devices; and myriad innovative social media and digital news competitors emerged.

News and information are vital for all aspects of societies to function. These keep people informed and connected, engender empathy and understanding, and alert people to impending danger. Free market economies require easily accessible, reliable information to function efficiently, and societies rely on credible information to inform decisions in vital areas like health, public safety, investment, leadership and politics.<sup>1</sup>

Conversely, news and information presented in silos can cause significant societal schisms. The covid-19 pandemic underscored the importance

of access to reliable news and information and simultaneously highlighted fundamental issues that the news media industry faces as it grapples with new technologies and changing business models in an era of misinformation.<sup>2</sup>

In Asia-Pacific, the changing news media landscape has underscored the need for investment in new and existing ventures and novel technology to ensure people and companies can maintain equal access to news and information and to cement the news media industry's sustainability.

The results from these surveys and in-depth interviews aim to provide insights that may help news media industry executives, investors and policymakers build more sustainable news media companies. The report includes an examination of the perceived value of the news media industry, the ways that transformed consumer behaviour has impacted the industry, the role of technology as both a disrupter and an enabler of news and information, and potential future business models that may help secure the future of Asia-Pacific's news media publishing industry.

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1 "Curbs on press freedom come with a cost new research reveals", The Conversation, April 5th 2021, <https://theconversation.com/curbs-on-press-freedom-come-with-a-cost-new-research-reveals-156297>

2 "Taking Journalism seriously – media in the age of Covid", Professor Kerry McCallum, Consumers Health Forum of Australia, November 11th 2021, <https://chf.org.au/blog/taking-journalism-seriously-media-age-covid>

The key findings are:

- **Market sentiment is bullish.** Rapid digitalisation caused by the covid-19 pandemic had a significant impact on news media companies in the region, but many organisations are rebounding. A large majority of executive respondents (82%) surveyed agree that profitability in the news media industry is healthy and sustainable, with news media executives (88%) especially positive. A further 83% of media and publishing executives surveyed expect healthy demand growth in their primary markets in the coming year.
- **Value can be difficult to convert into revenue.** Quality journalism is valued highly by consumers and executives. But fundamental changes in consumer behaviour in Asia-Pacific and the emergence of new digital media competitors have left the old model of advert-driven revenue redundant. Innovative models are required to drive growth.
- **It's clear that change is needed.** Fifty-three percent of news media and publishing executives agree that their organisation's current business model will not be viable in the next five years and 62% believe their organisation under-invested in digital strategies over the previous five years. Companies need to adopt innovative, technology-led business models that can grow revenue beyond advertising and subscriptions and enable news industry organisations to better adapt to the changed consumer behaviour and competitor landscape.
- **Technology is a disrupter but also a vital enabler for the future.** Technology has created wholesale change in the news media industry, but consumers and executives agree that the adoption of new technology will be critical to long-term sustainability. While 87% of all executive respondents—and 84% of news media executives—believe digital technologies have helped increase the profitability of news media companies, 53% of executives also agree that digital technologies represent a threat to the business viability of the news media industry.
- **Misinformation is costly to individuals and businesses and a serious threat to the news media industry.** It causes financial harm to people and businesses. Our survey found that 76% of consumers say they worry a lot about misinformation. Over three-quarters (81%) of executives surveyed believe that misinformation is a significant threat to the long-term sustainability of the news media industry.
- **A sustainable news media industry in Asia-Pacific requires creative, targeted content and innovative technology to further the news experience.** There is a dichotomy between the 54% of executives who believe that news media companies need to create new revenue sources or business models and the 46% who believe companies should intensify efforts to expand advertising sales or subscriptions. In comparison, experts are unified in their advice that news media companies will need to diversify into areas like events, podcasts and videos, online classifieds, or even cooking or game verticals, to build loyalty and revenue in the future.



# A changed news media landscape

Defined as any form of mass media that delivers news and information to the public via printed, broadcast or digital platforms, the news media industry in Asia-Pacific covers a remarkably diverse group of countries and a vast array of organisations.

It includes government-funded news groups like The Australian Broadcasting Corporation (ABC), Radio Television Hong Kong (RTHK) and the semi-government Yonhap News Agency in South Korea, to privately owned companies like the South China Morning Post (SCMP, owned by Alibaba Group) in Hong Kong and The Asahi Shimbun (owned by the Murayama and Ueno families) in Japan. It encompasses well-known international media groups like CNN International and Reuters, as well as vital digital news groups like Rappler in the Philippines, The Quint in India and Malaysiakini in Malaysia. As social media exploded, it also now includes digital media platforms like Facebook, TikTok—7% of TikTok users now access it purely for news<sup>3</sup>—and Twitter.

The shape and structure of the news media industry in Asia-Pacific has altered dramatically

over the past five years. As print and broadcast companies were adapting their business models to a rapidly changing digital environment, the impact of the covid-19 pandemic accelerated the immediacy of these changes.

The shifts in consumer behaviour have been the largest long-term driver of change. Where once people would turn on their televisions or visit their local newsstand to remain informed, 73% of people globally now use their smartphone for news, and 25% start their daily news journey with a website or an app.<sup>4</sup> Digital platforms have become a vital tool, especially for younger news consumers—people aged 18-24, for example, are almost twice as likely as the older population to prefer to access news through social media, aggregators or mobile alerts.<sup>5</sup>

The entire way news is researched, produced and shared has changed as a result. “I’m not sure why anybody should be breaking news anymore. With digital media, news breaks itself,” explains Ross Settles, adjunct professor of the Journalism and Media Studies Centre at The University of Hong Kong.

3 “2021 Digital News Report”, Reuters Institute and The University of Oxford, 2021, [https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2021-06/Digital\\_News\\_Report\\_2021\\_FINAL.pdf](https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2021-06/Digital_News_Report_2021_FINAL.pdf)

4 Ibid

5 Ibid



Business models in India and Thailand, which were traditionally advertising-focused, have been profoundly disrupted, while news media businesses in South Korea, the Philippines and Japan saw significant revenue drops. Australia was particularly hard hit, with more than 150 news titles closed or suspended in 2020, and the newswire service, Australian Associated Press, was slated for closure before being rescued by a group of philanthropists.<sup>6</sup>

Singapore, Hong Kong, Malaysia, the Philippines, Thailand and India also face significant challenges to freedom of the press and editorial independence in their economies. Trust in the media increased significantly for most countries during the pandemic due to the greater reliance

on news media while in a crisis. However, this was not reflected in companies' bottom lines.<sup>7</sup>

"The impact of the pandemic was twofold: the audience increased dramatically for all people, as they were staying at home. It was a dramatic time, and they wanted more information," says Saša Vučinić, co-founder and managing partner of North Base Media, a venture capital company. "That's the good news. The bad news is that it did not translate into revenue."

Indeed, while internet advertising in Asia-Pacific is growing in terms of absolute numbers, it is not able to generate revenue at the levels previously seen by traditional media companies like print, radio and television.

**Figure 1: Internet advertising in Asia-Pacific**

	2019	2020	2021	2022*	2023*
Internet advertising (US\$ m)	108,135	117,577	126,838	140,214	153,908
Newspaper and consumer magazine (US\$ m)	65,451	56,631	59,526	58,265	57,303
OTT video (US\$ m)	14,887	18,369	21,376	24,305	27,928
Traditional TV and home video (US\$ m)	55,305	54,393	55,742	56,954	57,645
TV advertising (US\$ m)	48,165	43,473	46,226	49,357	50,557
Newspaper average daily unit circulation digital ('000)	21,906	26,211	27,115	30,201	32,891
Newspaper average daily unit circulation print ('000)	383,506	338,599	346,102	345,068	342,419
Newspaper average daily unit circulation total ('000)	405,412	364,810	373,217	375,269	375,310
Pay DTT households (m)	1	1	1	1	1
Cable TV households (m)	266	258	254	249	245
Cable TV penetration (%)	34	32	32	32	30
Satellite TV households (m)	100	100	101	103	105
Satellite TV penetration (%)	13	13	13	13	13

\*2022 and 2023 figures are projected

Source: PwC.

6 "2021 Digital News Report, Reuters Institute and The University of Oxford", 2021, <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2021/australia>  
 7 "2021 Digital News Report, Reuters Institute and The University of Oxford", 2021, [https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2021-06/Digital\\_News\\_Report\\_2021\\_FINAL.pdf](https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2021-06/Digital_News_Report_2021_FINAL.pdf)

Oliver Wilkinson, partner and entertainment and media leader at PwC Singapore, a consultancy, says that prior to the pandemic Asia-Pacific was one of the last global regions where print circulation was growing. Yet the switch from traditional media to digital during covid-19 was so immediate that companies have floundered as they determine how to make their digital replacements profitable.

"Growth in digital [media] is in solid double digits across Asia-Pacific, but it is from such a low base that it is not offsetting the decline in non-digital," he says. The reasons for this "are complex" but include the lower revenue that digital ad impressions earn in comparison to print ads and tighter purse strings among consumers when it comes to paying for media. "Asia-Pacific is, I think, quite a long way behind that picture we're seeing in the US and the bigger Western European markets of consumers being prepared to pay for content," Mr Wilkinson adds.



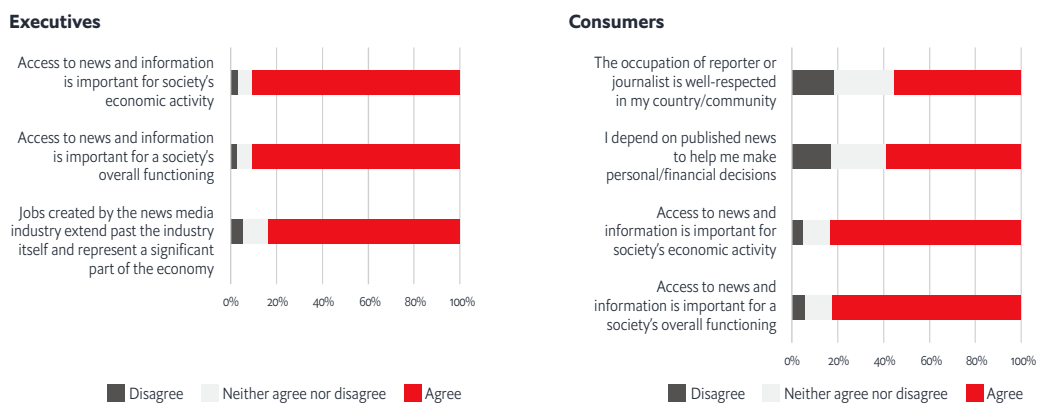
# The value in news

Consumers in Asia-Pacific may be less willing to pay for content than their Western counterparts, but our survey shows that news and information provided by the news media industry is still highly valued in the region.

Among consumer respondents, 83% and 82% say that access to news and information is

important for society's economic activity and overall functioning, respectively, while 60% say they depend on published news to help them make personal or financial decisions. Contrary to many published polls on the public's lack of respect for journalists,<sup>8</sup> 57% also agree that the occupation of reporter or journalist is well respected in their country.

**Figure 2: Thinking about the economic vitality of the news media industry, to what extent do you agree or disagree with the following statements?**



Source: Economist Impact

8 "Ipsos MORI Veracity Index 2021: Trust in Professions Survey", <https://www.ipsos.com/en-uk/ipsos-mori-veracity-index-trust-police-drops-second-year-row>

Executives as a whole place an even greater value on news and information, with 93% agreeing that access to news and information is important for society's overall functioning and 92% believing that access to news and information is important for society's economic activity. A further 84% agree that jobs created by the news media itself extend past the industry and represent a significant part of the economy.

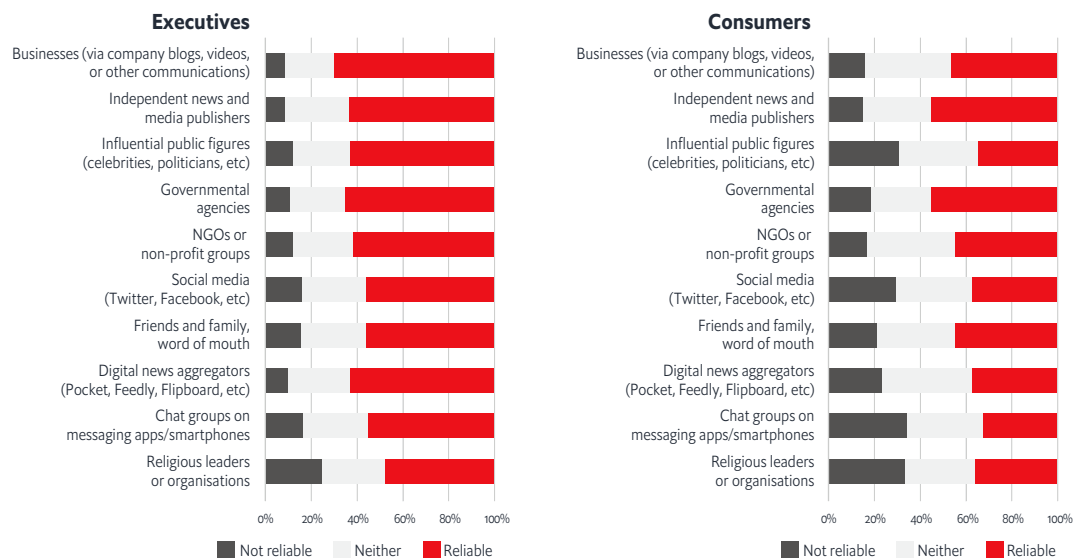
Alan Soon, the co-founder and CEO of Splice, a news media consultancy, says the reason for the value-revenue disconnect that emerged during the pandemic is that while consumers have always valued news, they never had to pay for it under traditional media models. He argues that the price of news media was heavily subsidised by advertising, and that people often didn't buy newspapers or a cable subscription for the news itself, but for entertainment, sports updates or classifieds.

"The number of people who actually went out to buy and seek out news is a fantasy that we [the news media industry] have in our heads," Mr Soon says. "Because now that people have a multitude of choices on their phones, they are choosing very different things."

Daichi Hiraguri, director of Asahi Shimbun's Digital Growth Operations Center, which manages the media company's digital site and business strategy, says the revenue link is broken. "There is real demand for quality news, especially in the time of global emergencies. The problem today is that 'quality news' is not tied to the action of 'payment'," he says.

As the range of news media options has grown and people have become more discretionary in their media choices, one of the factors that helps determine how consumers choose news media, according to the survey, is quality and reliability. Perceptions of this vary significantly between the two survey groups.

**Figure 3: To what extent do you perceive the following sources of news and information to be reliable for your decision-making?**



Source: Economist Impact

Executives, for example, view news from other businesses (72%), independent news and media publishers (65%), and governmental agencies (65%) as the most reliable sources. By contrast, news from social media (57%), chat groups on messaging apps (55%) and religious leaders or organisations (48%) are perceived as the least reliable.

Consumers are far more cynical of the organisations they receive their news from. They rank government agencies, independent news and media publishers (55% each), and NGOs or not-for-profit groups (45%) as the most reliable, albeit at much lower percentages than executives. Chat groups on messaging apps (33%), influential public figures (37%) and religious leaders or organisations (37%) are ranked as the least reliable.

It's not immediately clear what factors drive the differences in consumer and executive perceptions of value and reliability, but Mr Settles says savvy media companies could use values to help rethink the way revenue models work and explore more targeted approaches that are "someplace in between business-to-business and consumer enthusiast verticals".

Mr Soon agrees, explaining that digital media enables news media companies to use the unique value that consumers place on different types of media to their advantage and provide niche news and information. "In 2022, the internet will always favour niche audiences. You and I can Google and YouTube up anything related to our interests...and that shows you how well the internet and digital do when it comes to delivering into those niche categories."

Perceptions of news media among Asia-Pacific executives differs depending on the sector in which they work. Executives from corporate organisations are more cynical of news and information sources than those from government, non-government organisations (NGOs), and media and publishing groups. For example, where 83% of news and media publishing executives rate news from businesses as reliable, only 65% of corporate executives feel the same. Almost three-quarters (73%) of NGO and news and media executives also rate influential public figures as reliable, compared with just 47% of corporate executives.



### Business

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### Technology

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### Lifestyle

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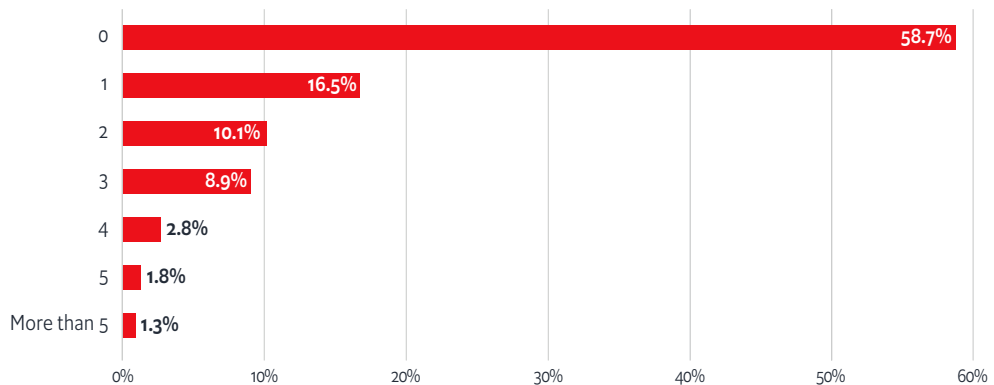
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# Demand drivers

To take advantage of growth potential, news media companies need to understand the drivers of demand, and among consumers that often starts with subscription levels. Despite more digital publishers introducing paywalls in the past two years, subscription levels, according to our data, appear surprisingly strong with 41% of consumer respondents having one or more paid subscriptions to a news or media publication.

When asked which factors most influence their decision to subscribe to a news media service, the quality and accuracy of the reporting (70%) is far and away the most important consideration for consumers. The way in which news is delivered—whether through print, digital, video or a technology platform, for example—(43%) and the speed of reporting (36%) are also essential.

**Figure 4: To how many news or media publications do you currently maintain a paid subscription?**



Source: Economist Impact



The reasons consumers believe revenue among news media companies are shrinking provides some additional insight into subscription levels. They rank reduced consumer demand due to social media, chat apps and other free sources that deliver news adequately (26%) first, followed by eroding public trust in published news, and e-commerce or online markets displacing consumer demand for classified ads (25% each, respectively).

**“Well over three-quarters of all executives surveyed and 88% of media and publishing executives agree that profitability in the news media industry is healthy and sustainable.”**

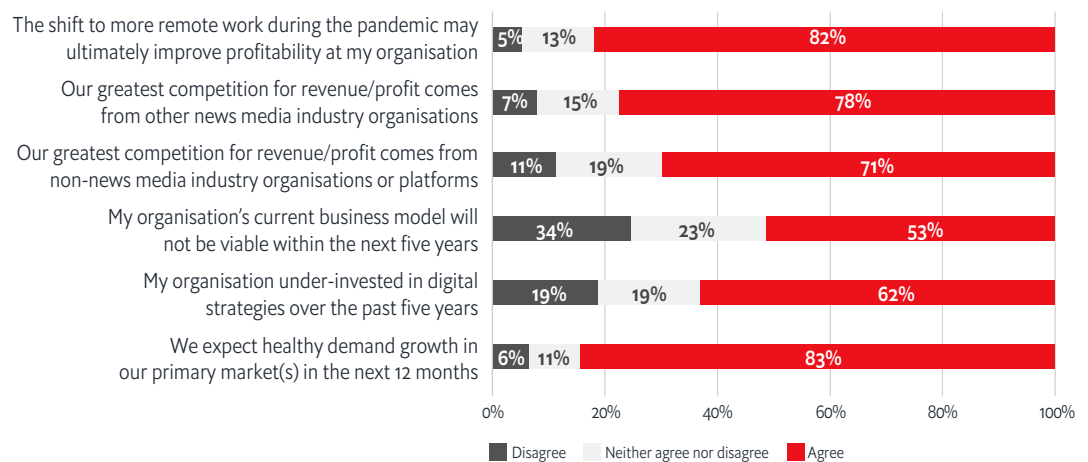
Hiromi Ohnishi, the chief technology officer at Asahi Shimbun, says one of the factors behind low subscriber rates is that younger generations do not have the understanding that news articles from a

particular media house have a distinct identity. “This is probably due to the fact that most are reading news via aggregation services. But then how do we go about branding our business going forward? If people don’t identify with the identities of publishers, how do we get subscriptions?” she asks.

Subscriptions are only a small indicator of news media industry health, however, and executives in the region are bullish about the future. Although 70% of executives believe increasing business costs are a significant threat, well over three-quarters (82%) of all executives surveyed and 88% of media and publishing executives agree that profitability in the news media industry is healthy and sustainable.

A further 83% of media and publishing executive respondents also expect healthy demand growth in their primary markets in the next year. Indeed, many large<sup>9</sup> and small news media companies<sup>10</sup> in the region continue to turn significant profits, while many others<sup>11</sup> have seen a post-pandemic jump in revenue.

**Figure 5: Thinking about the economic future of the new media industry, to what extent do you agree or disagree with the following statements (media and publishing executives only)**



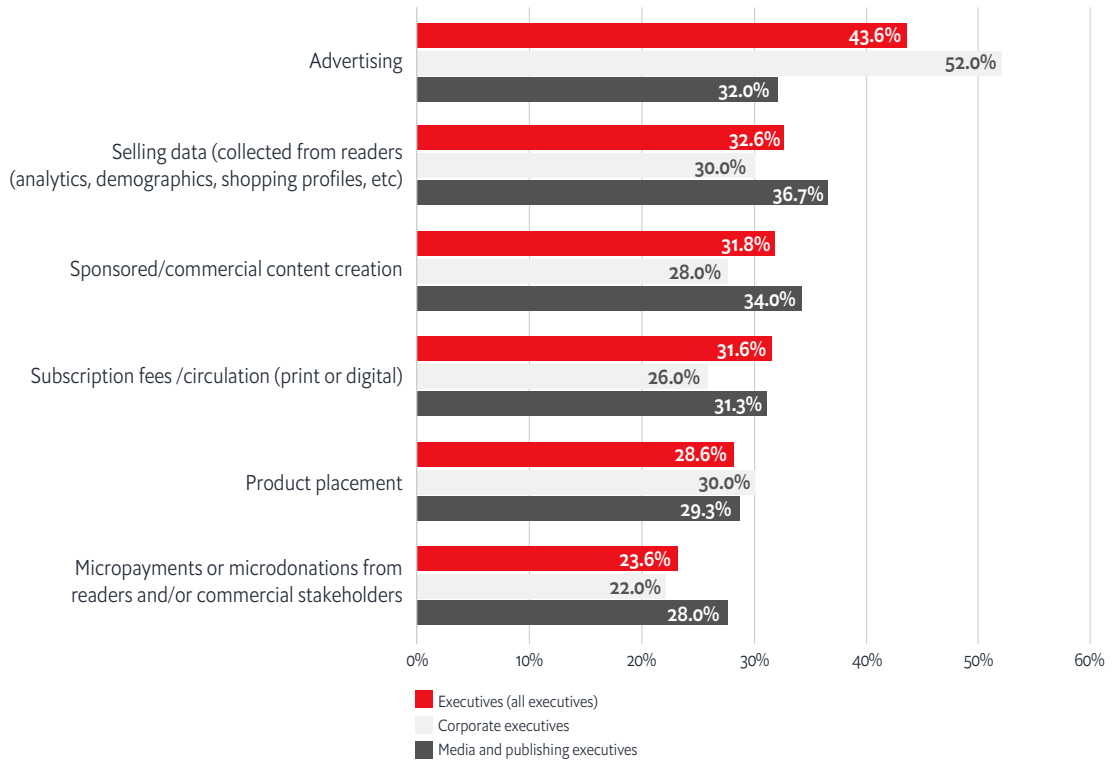
Source: Economist Impact

9 “DB Corp Ltd Financial results 2020-2021”, <https://dbcopltd.com/financial-results.php>

10 “The Quint’s operational revenue up 70% YoY in 9M FY22”, exchange4media, February 8th 2022, <https://www.exchange4media.com/digital-news/the-quints-operational-revenue-up-70-yoy-in-q3-118322.html>

11 “NewsCorp recovers from horror year with \$445m profit”, The Guardian, August 6th 2021, <https://www.theguardian.com/media/2021/aug/06/news-corp-recovers-from-horror-year-with-445m-profit>

**Figure 6: Which of the following do you believe are the largest revenue sources for news media companies in your country today?**



Source: Economist Impact

Looking at the results from news media executives, however, it's clear that change is needed. More than half (53%) agree that their organisation's current business model will not be viable in the next five years and 62% believe their organisation had under-invested in digital strategies over the previous five years.

Competition for revenue is also fierce, and media and publishing executives identify their greatest competitors as being both within the news media industry and from external organisations or platforms. If Amazon's growing advertising

revenue<sup>12</sup> is anything to go by, there is reason to be concerned, especially as business executives believe traditional revenue models remain the dominant income source for news media companies.

For future growth, Mr Settles says revenue models need to focus more on technology and content than advertising and subscriptions. "General media has a wallet problem. By that, I mean you can only subscribe to so many," he says "There's a new breed of digital media companies that understand that a media company is about having a sophisticated layer of technology. And at the top of that layer of technology are content verticals."

12 "Amazon has a \$31 billion a year advertising business", Jordan Novet, CNBC, February 3rd 2022, <https://www.cnbc.com/2022/02/03/amazon-has-a-31-billion-a-year-advertising-business.html>

In contrast, Damien Cave, the Sydney, Australia, bureau chief for *The New York Times* says subscriber models like those adopted by *The Straits Times*, *The Jakarta Post* and *The Australian* have proven viable in the region. “But I think that saturation levels are simply not as high as media companies or maybe democracies would like to see. That suggests there’s potential for growth,” he says. Yet, while subscriptions may work for some, many industry analysts argue they cause further concentration of media, as most digital subscriptions go to just a few big national brands in a country.<sup>13</sup>

Others, like Mr Vučinić, believe news media companies simply need to become more innovative. “The SCMP went back into their archives to some of those iconic Hong Kong photographs and sold them as NFTs [non-fungible tokens],” he enthuses. “I think that’s fantastic.”

## **“More than half of media and publishing executives agree that their organisations’ current business model will not be viable in the next five years.”**

Ritu Kapur, co-founder and managing director of Quint Digital Media, an India-based media company, believes revenue models need to fit the type of product. She says advertising revenue is the main income source for *The Quint*, a mainstream digital news site. In comparison, the specialist *BloombergQuint*, a business and financial news and analysis platform run in partnership with Bloomberg, operates behind “a very expensive paywall, and it has seen success because it’s a necessity, it’s a utility product”.

13 “2021 Digital News Report, Reuters Institute and The University of Oxford”, 2021, [https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2021-06/Digital\\_News\\_Report\\_2021\\_FINAL.pdf](https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2021-06/Digital_News_Report_2021_FINAL.pdf)



# Contradictions in technology

One of the key themes to emerge from the surveys is the importance of investment in new technology to drive sustainability among news media organisations. Without it, they will struggle to compete with the growing list of new industry entrants, many of which are nimbler and more tech-savvy. However, the results show that technology is both a vital enabler, but has also been a disrupter of growth.

## **“87% of executives believe digital technologies have helped increase the profitability of news media companies.”**

As an enabler, most executives (87%) believe that digital technologies have helped increase the profitability of news media companies and create more jobs (83%). Although news media companies struggled to keep up with the pace of digitalisation during the pandemic—a problem that is not unique to this industry<sup>14</sup>—most (83%) executives also believe the news media industry is innovative.

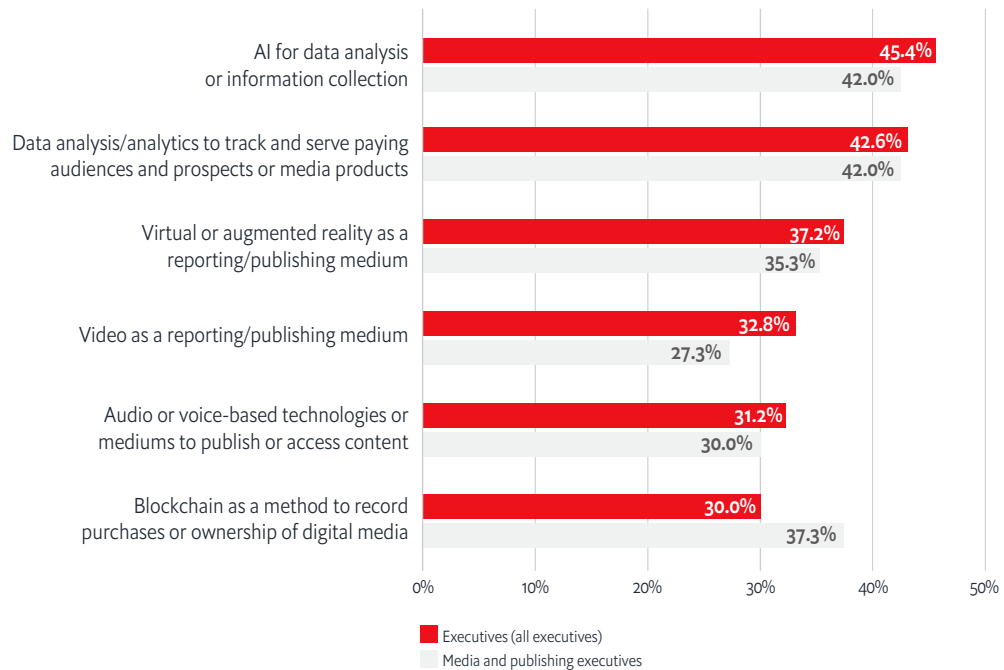
Many media and publishing experts agree. Mr Soon says the digitalisation of news media has “been net positive” overall and is vital for future success. “We now have a generation of people who don’t ever think about buying a physical newspaper,” he explains. “And I think that’s a good thing, because it means they can get the news whenever they want it...they have more platforms to choose from, and more formats that fit in their day.”

Ms Kapur describes technology as a “critical pillar” of news media companies today and says she now spends more time on technology strategy and management than the content side of the business.

All executives surveyed also see myriad future opportunities from technologies like artificial intelligence (AI), virtual reality and blockchain to grow or revive news media industry revenue in the next five years. The response was relatively similar across all executive segments, although corporate and government executives (48% each) have greater faith in AI for data analysis or information collection than those in media and publishing (42%) and NGOs (40%).

14 “Riding the Next Wave – Digital Transformation Strategies in Asia Pacific”, Baker McKenzie, July 8th 2021, <https://www.bakermckenzie.com/en/newsroom/2021/07/businesses-in-asia-pacific-race-to-digitalize>

**Figure 7: In terms of technology use, which of the following approaches do you believe represent a significant opportunity for news media industry companies to grow or revive revenue in the next five years?**



Source: Economist Impact

Mr Vučinić also believes that AI is likely to be the biggest disrupter for news media companies in the immediate future, and he warns that it cannot be ignored and needs to be embraced and used creatively. “AI is much more competitive in some things than humans,” he says, adding that many journalism jobs are likely to be eroded by the technology. Indeed, one of the first mainstream AI-written stories was published by the *Los Angeles Times* in 2014,<sup>15</sup> while large global news companies like The Associated Press,<sup>16</sup> Bloomberg<sup>17</sup> and the *Financial Times*<sup>18</sup> are already using or trialling AI for some of their articles.

“People who are writing opinion pieces are safe, and investigative journalism is safe. Anything else, like presenting facts as news, can be done by AI,” Mr Vučinić adds.

AI also opens up media companies in Asia-Pacific to new audiences, as it reduces “linguistic barriers”, according to Ms Ohnishi. “The improvement in the quality of [digital] translation has improved exponentially. So in that world, local media companies will potentially become global media companies,” she says.

15 “The Impact of AI on Journalism”, Calum Chase, Forbes, August 24th 2020, <https://www.forbes.com/sites/calumchace/2020/08/24/the-impact-of-ai-on-journalism/?sh=7c0e4a7f2c46>

16 “Leveraging AI to advance the power of facts”, The Associated Press Website, <https://www.ap.org/discover/artificial-intelligence>

17 “Using Bloomberg automated news stories to predict market events”, Bloomberg, <https://www.bloomberg.com/professional/blog/using-bloomberg-automated-news-stories-to-predict-market-events/>

18 “My battle to prove I write better than an AI robot called ‘Emma’”, Sarah O’Connor, The Financial Times, May 4th 2016. <https://www.ft.com/content/92583120-0ae0-11e6-b0f1-61f222853ff3>

This reflects the disruptive aspect of digitalisation that emerges from the survey results. Over half (53%) of the executives surveyed—57% among news and media executives—agree that digital technologies represent a threat to the business viability of the news media industry. And when asked which forces they believe could be the most disruptive to the news media industry in their country over the next five years, 35% of executives said competition from new media sources or business models, 34% chose cybercrime, and 31% said technological change.

**“53% of the executives surveyed agree that digital technologies represent a threat to the business viability of the news media industry.”**

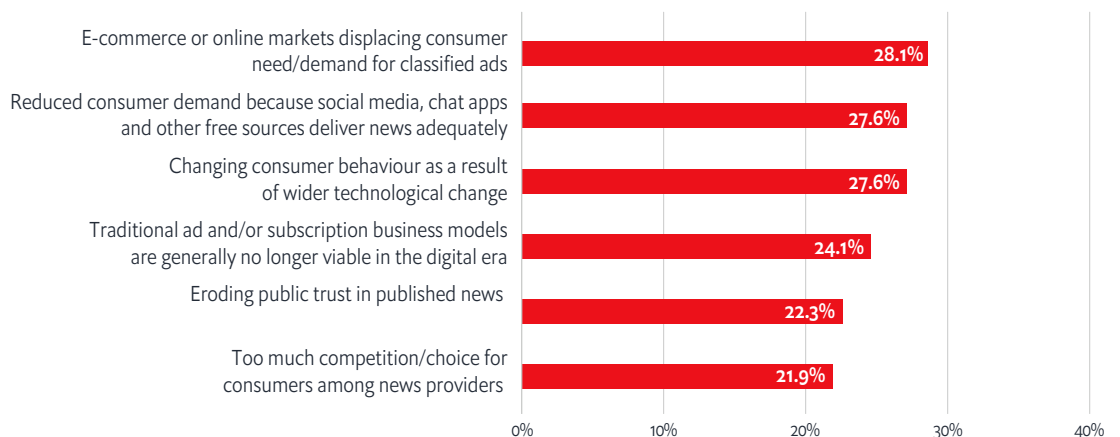
Among consumers, the top three factors they believe will be significant causes of declining revenue over the next five years are also technology-based.

Meanwhile, some of the core challenges that executives believe digitalisation poses for news media industry companies include competition from new tech-based offerings (35%), finding a profitable way to incorporate new technologies into their business models (26%) and having properly trained staff (18%).

Talent is likely to be a continuing challenge, agrees Ms Kapur, who says she finds it particularly hard to find IT people with the right skills and retain them on a media budget when they are in such demand elsewhere. However, online platforms that enable people to get their news for free are the biggest threat, according to Mr Wilkinson, who says it forces companies to either have premium content that people are willing to pay for or such a large regional or global audience that it doesn’t matter.

Mr Hiraguri also believes aggregation has become one of the most challenging aspects of technology. “Today, young people read the news via social media and they believe they are

**Figure 8: Which of the following dynamics do you believe will be the most significant causes of revenue losses in news media companies over the next five years?**



Source: Economist Impact

reading “Twitter news” or “Yahoo news” when in fact such articles were written by other media companies. The likes of Asahi do not make enough money from offering content to these platforms and this is not sustainable,” he explains.

Mr Cave sees both the good and the bad in technology. He says it has the potential to help people access good information, and to compare reporting and be news literate. But, like Wilkinson, he believes that competition from new tech-based offerings has dramatically changed the news media landscape—and not necessarily in a good way.

“I think of social media as an enabler, competitor and a problematic system that often undermines the best journalism and the ability of more people to see the best journalism,” he says. “It’s a black box with a lack of transparency about what gets amplified, and I think that’s a serious challenge for media companies and for quality journalism.”

In many ways, whether technology is an enabler or a disrupter may depend on the type of industry or media organisation you work for. Mr Wilkinson and Mr Soon both highlight how platforms like Substack and Medium are enabling journalists to create their own following and incomes, and facilitating the creation of new, more nimble news media. “We think that you could create a very viable media business with about five people, for example, instead of 500 now,” says Mr Soon.

However, with rapidly evolving competition and the types of content that can be created, how that content is delivered, distributed and accessed, and the way it is paid for, is all likely to change rapidly due to technology. News media executives will need to be thinking on their feet to survive.



## The real costs of misinformation

"Misinformation is like polio or some other virus that spreads through the world and makes it harder for everything else to stay healthy...It affects trust and creates hyper partisanship, which undermines not just journalism, but democracy," says Damien Cave, the Sydney, Australia, bureau chief for *The New York Times*. "We must keep prioritising good journalism over bad journalism and misinformation and continue to lobby governments to create systems that help manage the problem."

Misinformation is not a new problem for news media organisations and societies,<sup>19</sup> but the advent of social media has amplified its impact and the damage it's causing in Asia-Pacific.

In India, for example, rumours that began circulating on WhatsApp in 2018 led to a lynch mob killing five migrant workers.<sup>20</sup> In South Korea, fake news was found to have significantly increased political polarisation after the 2017 presidential election.<sup>21</sup> And in the Philippines, a co-ordinated group of "social media marketing consultants" helped to spread fake news and influence voters in the 2022 election.<sup>22</sup> On May 10th 2022 Ferdinand Marcos Jr, the son and namesake of the infamous late Philippines dictator, won a landslide election to become president.<sup>23</sup>

According to our survey of consumers, misinformation in Asia-Pacific has resulted in a personal financial loss for almost half (47%) of all respondents and more than three-quarters (76%) worry a lot about misinformation. Despite this, 50% agree that news or information on new digital channels like social media and chat groups tend to be as reliable as that from independent news media.

### **"47% of consumers say misinformation has resulted in a financial loss for me personally."**

Business leaders are also affected. Most executive respondents (83%) say they are concerned about the impact that growing misinformation could have on their country's economy, and 32% believe misinformation could be the most disruptive force to their national news media industry. Well over three-quarters (82%) of executives also agree that misinformation is a significant threat to the long-term sustainability of the news media industry.

19 "The Long and Brutal History of Fake News", Jacob Soll, Politico, December 18th 2016, <https://www.politico.com/magazine/story/2016/12/fake-news-history-long-violent-214535/>

20 "India fake news problem fueled by digital illiteracy", Akanksha Saxena, DW, March 2nd 2021, <https://www.dw.com/en/india-fake-news-problem-fueled-by-digital-illiteracy/a-56746776>

21 "Analysis of Fake News in the 2017 Korean Presidential Election", Go Seon-Gyu and Lee Mi-ran, Asian Journal for Public Opinion Research, Vol. 8 No. 2, May 2020, <https://www.ajpor.org/article/12982-analysis-of-fake-news-in-the-2017-korean-presidential-election>

22 "Philippines election: 'Politicians hire me to spread fake news stories'", Kayleen Devlin, BBC, May 8th 2022, <https://www.bbc.com/news/blogs-trending-61339293>

23 "Ferdinand 'Bongbong' Marcos wins the Philippine presidency in a landslide", The Economist, May 10th 2022

**“Well over three-quarters (78%) of media executives agree that misinformation is a significant threat to the long-term sustainability of the news media industry.”**

Managing the threat of misinformation is not easy. It requires government, corporate and legal intervention, and better news literacy education in schools, universities and societies<sup>24</sup> in Asia-Pacific. This is supported by consumers, with 42% believing that providing media-literacy education to the public is appropriate government involvement in the news media industry, the highest ranked intervention.

There is no quick fix, says Saša Vučinić, co-founder and managing partner of North Base Media, who believes it is likely to be one of the biggest problems for the news media industry for the next five to ten years, or until the technology required to combat it is developed. “Misinformation goes far beyond media. It attaches itself to the fabric of society and democracy itself. I’m afraid the problem is just going to get bigger with deep fakes,” he says.

Technology may be a long-term solution, but journalists in the region also need to be careful of their role in helping to abate or potentially facilitate misinformation, according to Ross Settles, adjunct professor of the Journalism and Media Studies Centre at The University of Hong Kong—even though 73% of executives surveyed believe the news media industry companies in their country do a good job preventing and correcting misinformation.

“Corporate involvement in the media is incredible,” he says. “Is that competition? No, but it’s giving the media a particular patina that makes people very sceptical.”

24 “How to combat fake news and disinformation”, Darrell M West, The Brookings Institute, December 18th 2017, <https://www.brookings.edu/research/how-to-combat-fake-news-and-disinformation/>



# Rethinking business models

Despite the many challenges the news media industry faces, it's an exciting time to be a part of it. Change is hard, and new business models will be vital to business success, but if our survey is to be believed, there are many opportunities for publishers, journalists and media organisations to explore.

Among executives, however, there is a dichotomy between the small majority who believe that news media companies need to create new revenue sources or business models (54%) and the significant number of others who believe companies should intensify efforts to expand advertising sales or subscriptions (46%). A further 46% also believe that news media companies should establish micropayment or microdonation systems.

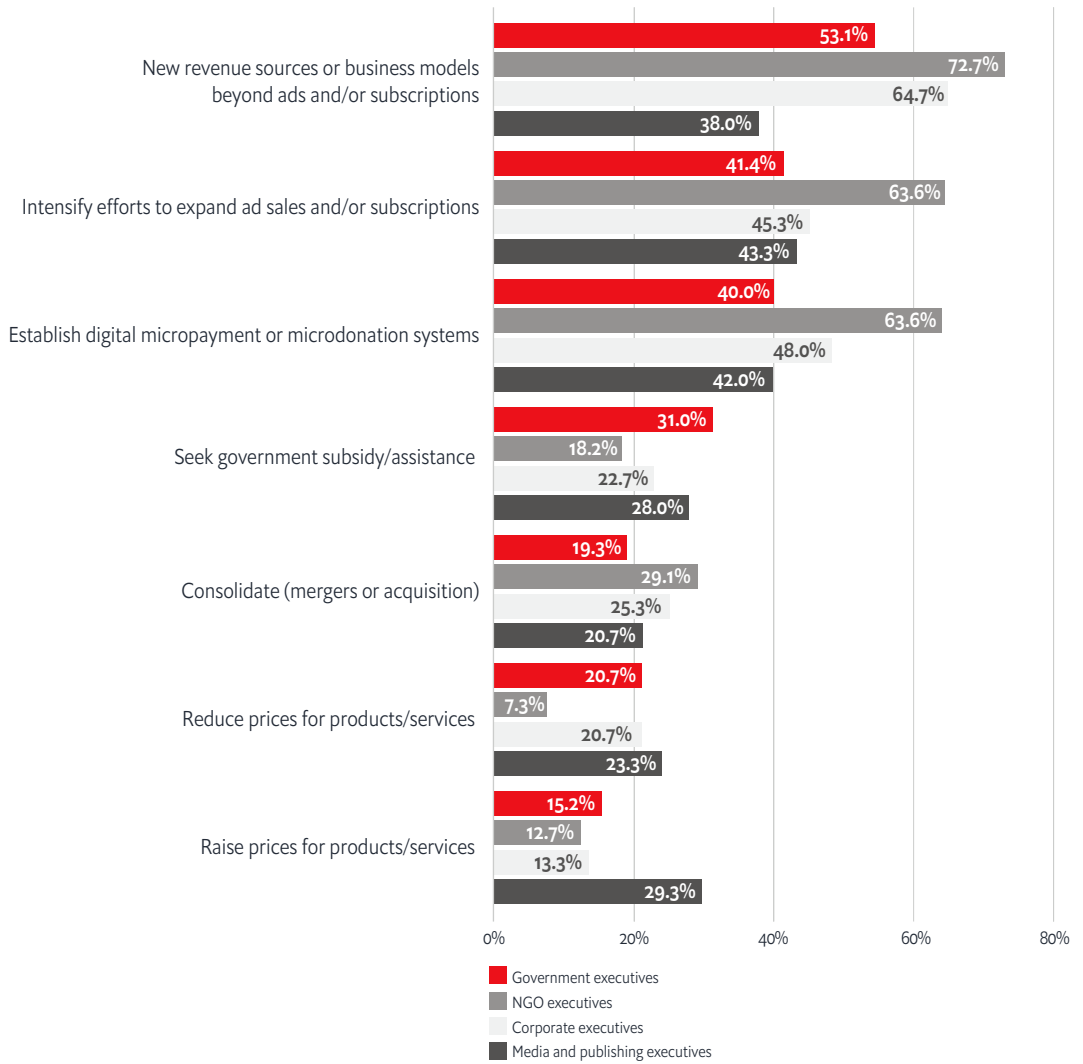
There is also a significant difference between the business models that corporate and media executives recommend. While 73% of NGO executives and 65% of corporate executives believe new revenue sources or business models beyond advertising or subscriptions represent a significant opportunity for news media companies to grow or revive revenue in the next five years, just 38% of media and publishing executives agree with them. And while 28% of media and publishing executives believe government

assistance may help, just 23% of corporates agree—although, surprisingly, 31% of government executives think this approach may work.

Looking further ahead to specific revenue sources that may prove profitable in the next five years, expansion of strategies like sponsored or commercial content creation (36%) and selling data (29%) are also expected to gain traction according to executives as a whole, along with product placement (23%) and new business lines like events (19%). Here, again, there are some significant differences in opinion on what may work, with media and publishing executives less willing to believe in the viability of different approaches like microdonations than corporate respondents.

Despite the dichotomy, when it comes to capital allocation most executives agree that creative business models will be required. When asked the one single area where news media companies should concentrate their investment over the next year to support longer-term growth, over a quarter (28%) chose integrating new technologies, 26% said improving core reporting, 24% said developing new business models and 22% indicated that companies need to better adapt to new consumer behaviour.

**Figure 9: In terms of business structures or operations for news media industry companies, which of the following strategies do you believe represent a significant opportunity to grow or revive revenue in the next five years? (Select up to three)**

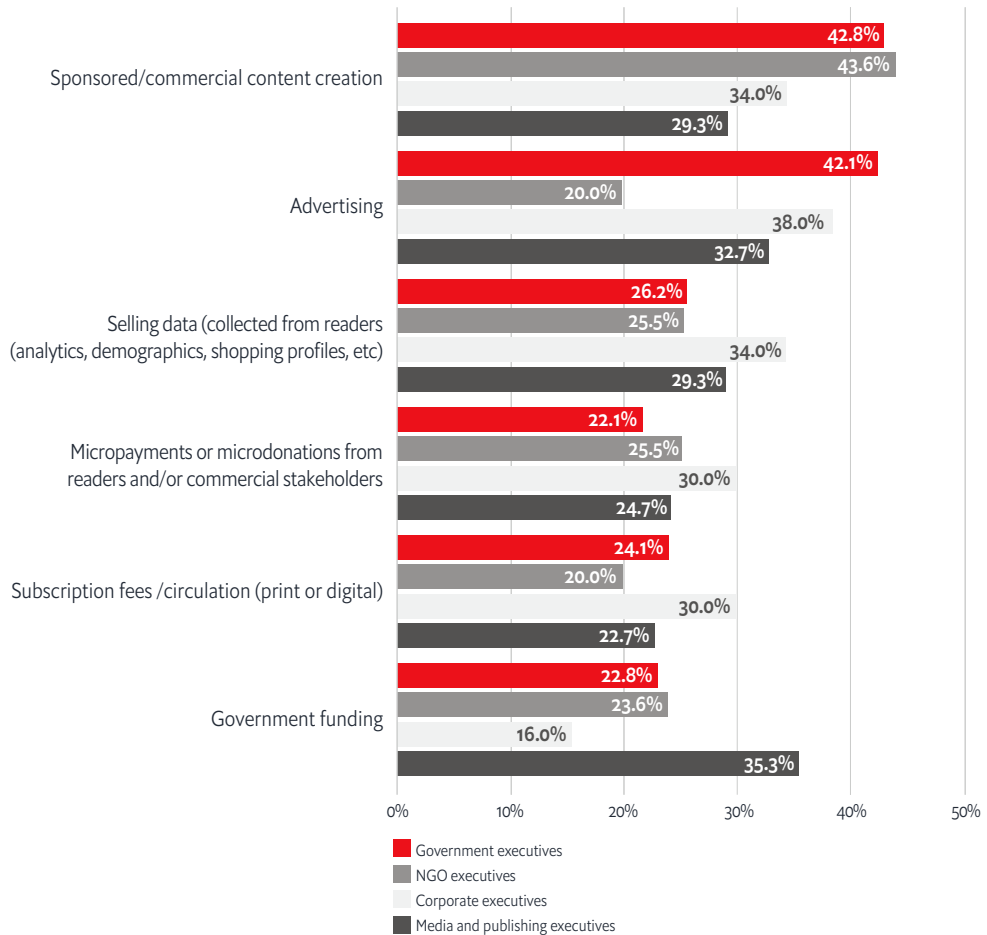


Source: Economist Impact

The results here show that media executives are aware of the need to change—29% rank the development of new revenue models as their top area of investment over the next year while 27% choose adapting to new consumer behaviour, which is second. However, just 22% of media & publishing executives believe

they should be investing in integrating new technologies, compared with 38% of corporate executive and 31% of government executive respondents. This is a significant gap, and it shows that media and publishing executives may be underestimating the need to embrace technological disruption.

**Figure 10: Which of the following do you believe will be the largest revenue sources for news media industry companies in your country in five years? (Select up to three)**



Source: Economist Impact

Among media experts, they advocate a range of different approaches to rethinking news media models and making them more sustainable, many of which are technology or new revenue streams.

As well as believing in niche content to meet the way consumers and digital media have changed the news media landscape, Mr Soon says news media companies need to diversify their income sources and not rely solely on subscriptions or advertising.

He notes that publishers like Nikkei Asia, which started out in print but expanded into events and consulting, have a more robust business model.

“Every single player in this space must be able to work across multiple revenue lines, whether that’s subscriptions, memberships, events, consulting, and understand all of those. You can’t just have one because you can’t build a business that way,” he says.

Mr Wilkinson agrees and says that news media companies need to be more focused on “monetising those eyeballs” that they attract through content. He suggests using travel or automotive or even wine content and then creating a vertical enabling the sales for that—like what Australia’s Nine media group does with its capital-city based publications, which feed property content into its property classifieds site, Domain.com.au. “Linking it to e-commerce, I think will be the key thing that is underexplored in Asia-Pacific so far,” he says.

Mr Cave, of *The New York Times*, has a similar perspective, but says it needs to be things that are beyond news, which become brands in themselves, like NYT Cooking or NYT Games. “There’s always been advice columns and TV and sports listings, but they are becoming individual business models on their own,” he explains. “We can’t underestimate the value of things that help people’s lives become a little bit more fun or are useful or valuable.”

Despite the related challenges, there is agreement that technology will be key to growth, but Mr Settles says you need to think about investment in technology relative to the audience a news media attracts or is targeting. “I don’t think anybody would have told you three years ago that TikTok would have a news element to it. It was just talking cats and stuff. And I don’t think anybody would have told you five years ago that BuzzFeed would win a Pulitzer Prize,” he says.

Technology still has a long way to go before it can replicate “the simple acts of discovery that used to come from flipping through a newspaper, according to Mr Cave, who believes there will also be large steps forward in the future in the way the news experience is designed and delivered.

Ms Ohnishi says technology has to be thought of beyond straight news to extend the way people interact with a media brand. “I think we have to ensure that room for dynamic interaction exists to create a more sustainable news business—the exchange of opinions and room to execute on feedback and communication.”

Without creativity and a unique point of view, however, Mr Vučinić says news media companies will go nowhere. He highlights how companies like IDN Media, which targets Millennials and Gen Z in Indonesia, and Malaysiakini, which provides a platform for news and political coverage and discussion in Malaysia<sup>25</sup> have worked hard to target a distinct audience through clever, creative content and approaches, and have been able to turn that into loyalty and revenue.

“I think the future of news media will still be about sticking to the basics at the core—to deliver accurate, trustworthy news. But I think news media will have to think and be creative about how to deliver news,” agrees Mr Hiraguri.

The need to combine creativity with a clear voice could well be the key for news media companies moving forward, as it gives them a foundation to build a clear brand and identity that isn’t lost in aggregation and that people are willing to pay for. This becomes apparent when speaking with Ms Kapur. When asked who her main competitors are, she says she didn’t have a quick answer for that “because we’re uniquely placed”.

25 “Malaysiakini: The upstart that changed Malaysia’s media landscape”, Jonathan Head, BBC, February 19th 2021, <https://www.bbc.com/news/world-asia-54277437>





# Conclusion

The news media industry in Asia-Pacific is emerging from a period of profound change. Adapting is proving difficult for many news and media industry companies, but the sentiments and business expectations expressed in our survey make it clear that the future for the industry is bright—even if it is not yet known what the best business models to shape that future may be.

The survey results provide some key findings, which could help the news media industry understand how to facilitate a transition to become more sustainable.

- Investment in new and innovative technologies that can provide not just new formats but also new audiences and engagements are vital for a healthy profitable news and media industry. Technology now dictates how people consume news and media information, where they consume it, the competitors in a news media segment and has a huge impact on bottom lines.
- As a result of this, regardless of their industry segment, news and media industry executives must accept that their roles now need to include technology as a key part of their remit. The IT department is no longer a service provider, it is key to business success and needs to be embraced as such.
- It can be difficult when faced with rapidly changing consumers and competitors, but news and media industry executives need to view the disruption that digitalisation and the pandemic have delivered as an opportunity and become more creative in the way they approach rethinking their newsrooms and verticals. Investments will be needed to integrate new technologies, and these need to generate the returns that justify the outlay.
- Future business models cannot rely solely on subscription and/or advertising, unless the news and media service is a necessity, like a unique news and financial analysis service. Whether it be new verticals, links with e-commerce, product placement, third party content creation or just games and recipes to bring in readers, tomorrow's news media companies need to be thinking well outside of the traditional black and white box.
- New models are needed, but that doesn't mean a reduction in quality. Consumers are discerning and their behaviours have changed for the long term. No media industry publication can compromise on quality, or consumers will very quickly find something else online or on their mobile to fill their news and information gap.

Contrary to some industry commentary that paints a bleak picture for the news media industry in Asia-Pacific, the future of the industry is at a tipping point. It is exciting to witness some of the transformation that is occurring. Change of such magnitude always makes people uncomfortable. But it also drives people to seek out news and information to help them make sense of the world around them. The way people do this may be very different in a decade, but that inherent need is not going away any time soon.

# Methodology

The following surveys were conducted by Economist Impact in February, 2022.

## Executive survey

The executive survey received 500 responses. The breakdown was 100 from ASEAN (excl. Singapore), 50 from Australia, 50 from Hong Kong, 50 from India, 50 from Japan, 50 from New Zealand, 50 from South Korea, 50 from Singapore and 50 from Taiwan.

There was a minimum 30% each from media and publishing, government and NGOs, and a range of other corporates. The different segments were included as they are viewed as heavy consumers of media that has purpose behind the consumption. Corporate executives, for example, come from sectors including financial services, manufacturing and IT that must have access to timely and correct information and analysis to manage their organisations effectively. NGOs also need news and information to make positive change rather than profits. For government, news and information is vital not just to understand the changes and challenges occurring in their societies, economies and in geopolitics, but also to understand the new and publishing industry and its future.

The survey was conducted using an online and phone methodology and took place in December 2021, and January and February 2022.

## Consumer survey

The consumer survey received 2,054 responses. The breakdown was 840 from ASEAN (excl. Singapore), 151 from Australia, 151 from Hong Kong, 154 from India, 150 from Japan, 153 from New Zealand, 152 from South Korea, 151 from Singapore and 150 from Taiwan.

Fifty-five percent were men, 44% were women and 1% were non-binary. Half were Millennials (1981-96) and Generation Z (1997 onward) and 50% Generation X (1965-80) and Baby Boomers (1946-64).

The survey was conducted using an online methodology and took place in December 2021, and January and February 2022.

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**LONDON**

20 Cabot Square  
London, E14 4QW  
United Kingdom  
Tel: (44.20) 7576 8000  
Fax: (44.20) 7576 8500  
Email: london@eiu.com

**GENEVA**

Rue de l'Athénée 32  
1206 Geneva  
Switzerland  
Tel: (41) 22 566 2470  
Fax: (41) 22 346 93 47  
Email: geneva@eiu.com

**NEW YORK**

750 Third Avenue  
5th Floor  
New York, NY 10017  
United States  
Tel: (1.212) 554 0600  
Fax: (1.212) 586 1181/2  
Email: americas@eiu.com

**DUBAI**

Office 1301a  
Aurora Tower  
Dubai Media City  
Dubai  
Tel: (971) 4 433 4202  
Fax: (971) 4 438 0224  
Email: dubai@eiu.com

**HONG KONG**

1301  
12 Taikoo Wan Road  
Taikoo Shing  
Hong Kong  
Tel: (852) 2585 3888  
Fax: (852) 2802 7638  
Email: asia@eiu.com

**SINGAPORE**

8 Cross Street  
#23-01 Manulife Tower  
Singapore  
048424  
Tel: (65) 6534 5177  
Fax: (65) 6534 5077  
Email: asia@eiu.com