

## Overview

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In 2011, the digital revolution entered a new era.

The age of mobile, in which people are connected to the web wherever they are, arrived in earnest. More than four in ten American adults now own a smartphone. One in five owns a tablet. New cars are manufactured with internet built in. With more mobility comes deeper immersion into social networking.

For news, the new era brings mixed blessings.

**New research** released in this report finds that mobile devices are adding to people's news consumption, strengthening the lure of traditional news brands and providing a boost to long-form journalism. Eight in ten who get news on smartphones or tablets, for instance, get news on conventional computers as well. People are taking advantage, in other words, of having easier access to news throughout the day – in their pocket, on their desks and in their laps.

At the same time, a more fundamental challenge that we identified in this report last year has intensified — the extent to which technology intermediaries now control the future of news.

Two trends in the last year overlap and reinforce the sense that the gap between the news and technology industries is widening. First, the explosion of new mobile

platforms and social media channels represents another layer of technology with which news organizations must keep pace.

Second, in the last year a small number of technology giants began rapidly moving to consolidate their power by becoming makers of “everything” in our digital lives. Google, Amazon, Facebook, Apple and a few others are maneuvering to make the hardware people use, the operating systems that run those devices, the browsers on which people navigate, the e-mail services on which they communicate, the social networks on which they share and the web platforms on which they shop and play. And all of this will provide these companies with detailed personal data about each consumer.

Already in 2011, five technology companies accounted for 68% of all online ad revenue, and that list does not include Amazon and Apple, which get most of their dollars from transactions, downloads and devices. By 2015, Facebook is expected to account for one out of every five digital display ads sold.<sup>1</sup>

A year ago, we wrote here: “The news industry, late to adapt and culturally more tied to content creation than engineering, finds itself more a follower than leader shaping its business.” In 2012, that phenomenon has grown.

All this raises the question of whether the technology giants will find it in their interest to acquire major legacy news brands — as part of the “everything” they offer consumers. Does there come a point, to ensure the much smaller media

company's survival, for instance, where Facebook considers buying a legacy media partner such as The Washington Post?

There are already signs of closer financial ties between technology giants and news. As a part of YouTube's plans to become a producer of original television content, a direction it took strongly last year, it is funding Reuters to produce original news shows. Yahoo recently signed a content partnership with ABC News for the network to be its near sole provider of news video. AOL, after seeing less than stellar success with its attempts to produce its own original content, purchased The Huffington Post. With the launch of its Social Reader, Facebook has created partnerships with The Washington Post, The Wall Street Journal, The Guardian and others. In March 2012 Facebook co-founder Chris Hughes purchased the 98-year-old New Republic magazine.

In 2011, traditional news operations also took new steps to monetize the web in their own right. The Associated Press launched a partnership with more than two dozen news companies to license news content and collect royalties from aggregators. About a tenth of surviving U.S. dailies have launched some sort of digital subscription plan or pay wall. News companies are creating their own digital ad sales networks to cut out third parties and are moving into digital marketing and consulting. And a few organizations, such as The Financial Times and The Boston Globe, have opted out of the "app" worlds controlled by Apple and Google by creating mobile pages using HTML 5.

But our research over the last year finds that these efforts are still limited and that few news companies have made much progress in some key new digital areas.

Among the top news websites, there is little use of the digital advertising that is expected to grow most rapidly, so-called “smart,” or targeted, advertising. So far, news organizations are mainly using the popular networking platform, Twitter, to **push out their own content** rather than to engage with audiences, solicit information or share information they themselves did not produce.

The problems of newspapers also became more acute in 2011. Even as online audiences grew, print circulation continued to decline. Even more critically, so did ad revenues. In 2011, losses in print advertising dollars outpaced gains in digital revenue by a factor of roughly 10 to 1, a ratio even worse than in 2010. When circulation and advertising revenue are combined, the newspaper industry has shrunk 43% since 2000.

The civic implications of the decline in newspapers are also becoming clearer. More **evidence** emerged that newspapers (whether accessed in print or digitally) are the primary source people turn to for news about government and civic affairs. If these operations continue to shrivel or disappear, it is unclear where, or whether, that information would be reported.

In sum, the news industry is not much closer to a new revenue model than a year earlier and has lost more ground to rivals in the technology industry. But growing evidence also suggests that news is becoming a more important and pervasive part

of people's lives. That, in the end, could prove a saving factor for the future of journalism.

Tablets allow readers to “pause, linger, read and process very important ideas,” Chris Hughes explained after buying *The New Republic*, adding, “The demand for long-form, quality journalism is strong in our country.”<sup>2</sup>

This is the ninth edition of the *State of the News Media* produced by the Pew Research Center's Project for Excellence in Journalism. Among the features of this year's report are a survey that examines how people get news on different devices and another that looks in detail at news and social networking. There is a special report on the state of community media based on conversations with six leading figures in the field and close look at Native American media. The chapters on each sector of the news industry, in a format introduced last year, contains two parts, a Summary Essay and a separate section called *By the Numbers*, where all the statistical information is more easily searchable and interactive.

Keep reading to see the report's [major trends](#) and [key findings](#)

## Footnotes

1. eMarketer. “[Revenue Gains Push Facebook to Top of US Display Ad Market.](#)” Feb. 23, 2012. ↩
2. [Interview with NPR.](#) May 9, 2012. ↩

