

Press release from Nordicom at the University of Gothenburg, June 7, 2017

## Global tech companies account for all digital advertising growth in the Nordic countries

Most commercial news media companies depend on revenue from advertisers to survive. But for many years now, the revenue has been decreasing, and global companies such as Google and Facebook are taking over the Nordic digital advertising markets. Nordicom is now launching the book *Ad Wars*, a unique study that analyses how the competition from global digital advertising platforms affects the possibilities of financing news journalism in the Nordic countries.

Digitalisation has changed how we communicate with one another, how we search for information, how we use media and, not least, how media are financed. At the moment, the advertising market is experiencing extensive shifts in advertising investments, from traditional media to the Internet. This means that global tech companies like Google and Facebook are challenging the position of the national media companies as platforms for advertising.

*Ad Wars* analyses how digitalisation of the advertising market has impacted the business model of Nordic news media companies.

### Global tech companies dominate

As the competition of the advertising investments increase, many media companies see advertising revenue decrease, in some cases drastically. Today, non-Nordic digital platforms answer for around 60 percent of the digital advertising investments in Sweden and Denmark. In Norway, it's about 45 percent.

During 2016 alone, Nordic advertisers invested approximately 2.2 billion Euro – or 21 billion Swedish crowns – in non-Nordic advertising platforms on the Internet. Compared to one year earlier, that's a growth of around 30 percent.

"In both Sweden and Norway, non-Nordic actors appear to have answered for the entire collective growth of the digital advertising investments during 2015 and 2016. Indications show that the situation is the same in Denmark too", says Jonas Ohlsson, researcher in charge of the study.

### The newspaper industry most affected

The newspaper industry has been most affected by these changes. The Nordic advertising investments in printed newspapers have fallen by 40 percent since 2011 – equivalent to approximately 12 billion Swedish crowns. At the same time, the newspaper industry has only to a limited extent been able to compensate for the decrease in print advertisement with digital sales.

"When the commercially financed news media can no longer rely on advertising as a source of income, there will be consequences for the entire business model and, in extension, for the entire production of journalism in the Nordic region", says Jonas Ohlsson.

### Information about the study and Nordicom

Nordicom is a knowledge centre in the field of media and communication research at the University of Gothenburg. Starting with academic research, Nordicom collects and adapts knowledge, mediating it to various user groups in the Nordic region, Europe and elsewhere in the world. The study has been commissioned and financed by the Nordic Council of Ministers and the Norwegian Ministry of Culture. Jonas Ohlsson and Ulrika Facht at Nordicom have conducted the data collection and analysis.

The report is available to download, free of charge, here: <http://www.nordicom.gu.se/sv/publikationer/ad-wars>

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