

# Globalization, ICT and Media

March 29, 2017

Cinzia Dal Zotto, University of Neuchâtel

# Agenda

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- ▶ A new global era
- ▶ Digitalization and the new media landscape
  - ▶ Opportunities for the media industry ... And for corporations
  - ▶ Threats for the traditional media industry
- ▶ Role and responsibility of new digital multinational companies
- ▶ Takeaways and outlook

# Learning objectives

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- ▶ Understand how globalization is changing because of digitalization
- ▶ Understand the impact of digitalized globalization on the media industry
- ▶ Discuss the related risks for the media industry as well as for the development of a democratic and pluralistic society
- ▶ Evaluate the role and responsibility of multinational technology companies within this context

# Guiding questions of this session

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- ▶ What is the impact of globalization and digitalization on the media industry?
- ▶ What is the role and responsibility of multinational technology companies within this context?

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# Globalization & Digitalization

# New global era

20 <sup>th</sup> Century	21 <sup>st</sup> Century
Tangible flows of <b>physical goods</b>	Intangible flows of <b>data and information</b>
Flows mainly between advanced economies	Greater participation by emerging economies
<b>Capital and labor</b> intensive flows	More <b>knowledge</b> intensive flows
<b>Transportation infrastructure</b> is critical	<b>Digital infrastructure</b> equally important
<b>Multinational</b> companies drive the flow	<b>Small firms</b> & individuals can play a role, too
Flow of mainly monetized transactions	More exchange of free content and services
<b>Ideas diffuse slowly</b> across borders	<b>Instant global access to information</b>
Innovation from advanced to emerging economies	Innovation flows in both directions



# New global era

Global flows of trade and finance are flattening, **data flows** are soaring



Global flows increase economic growth

**10% GDP increase**

Worth \$7.8T in 2014

**\$2.8T from data**

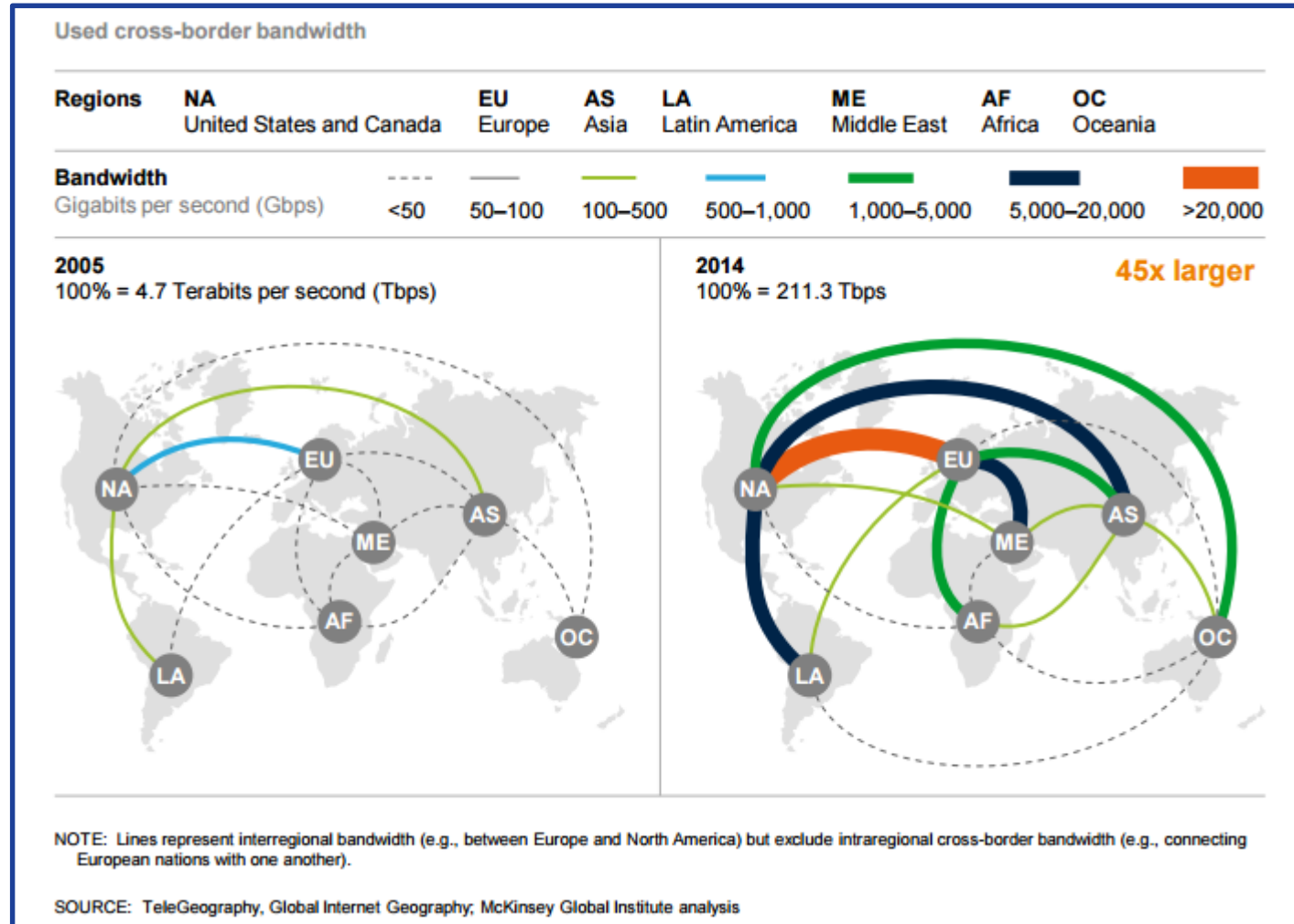
Larger impact than goods

**~50% potential GDP**

For some countries by increasing  
participation in data flows

# New global era

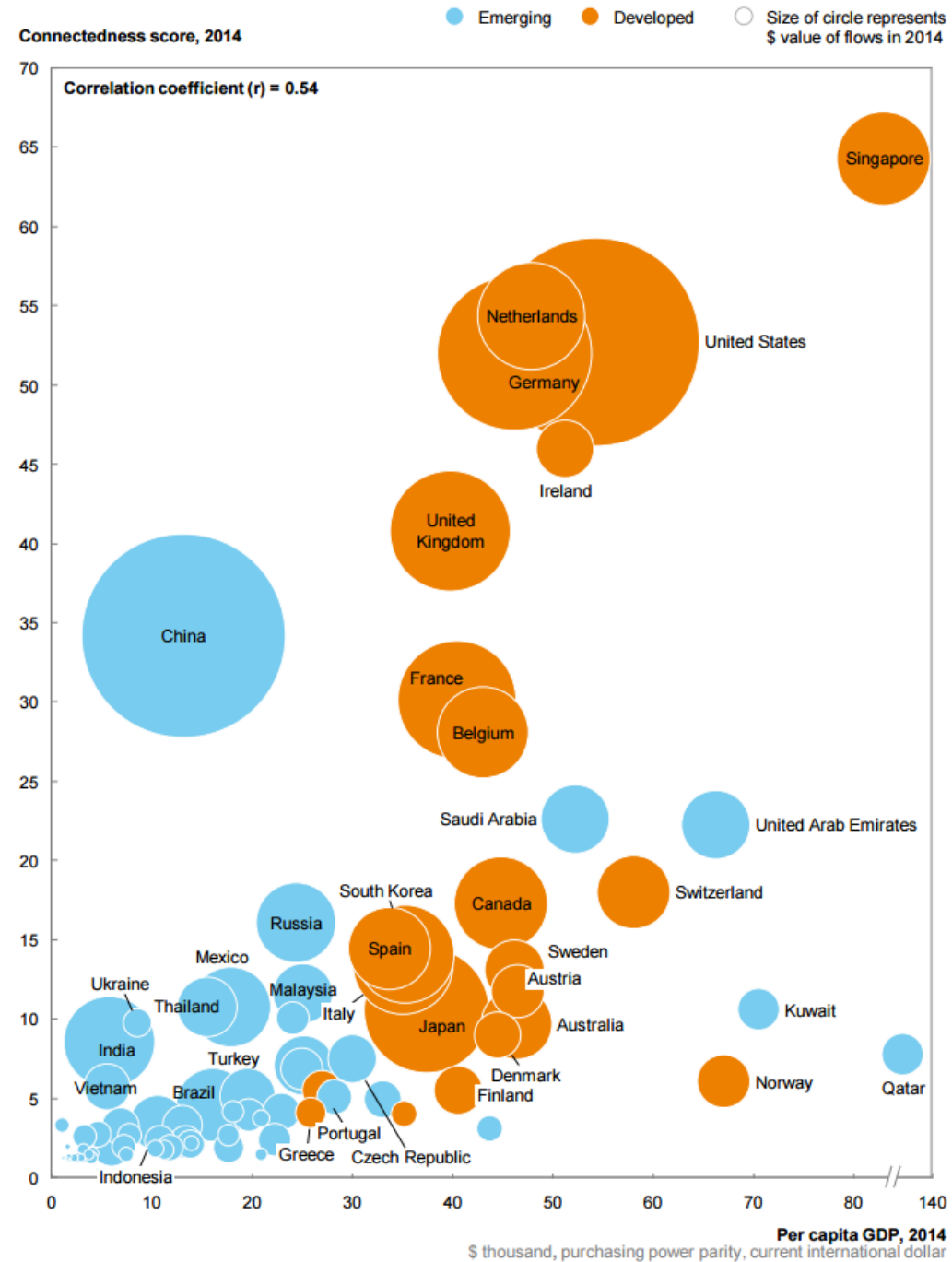
Cross-border data flows are surging and connecting more countries





# New global era

A small group of leading countries are much more connected than the rest of the world



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# Digitalization & The new media landscape

# Digitalization and impact on the media industry

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## Digitization

- Integration of digital technologies into everyday life by the digitization of everything that can be digitized (conversion of analogue data into digital form)
- It implies the integration of ICTs (telecommunications, computers as well as software and audio-visual systems) to enable users to access, store, transmit information
- It allows individuals and organizations to communicate directly and publicly with each other

## Transformation in how print and audio-visual content is both produced and consumed

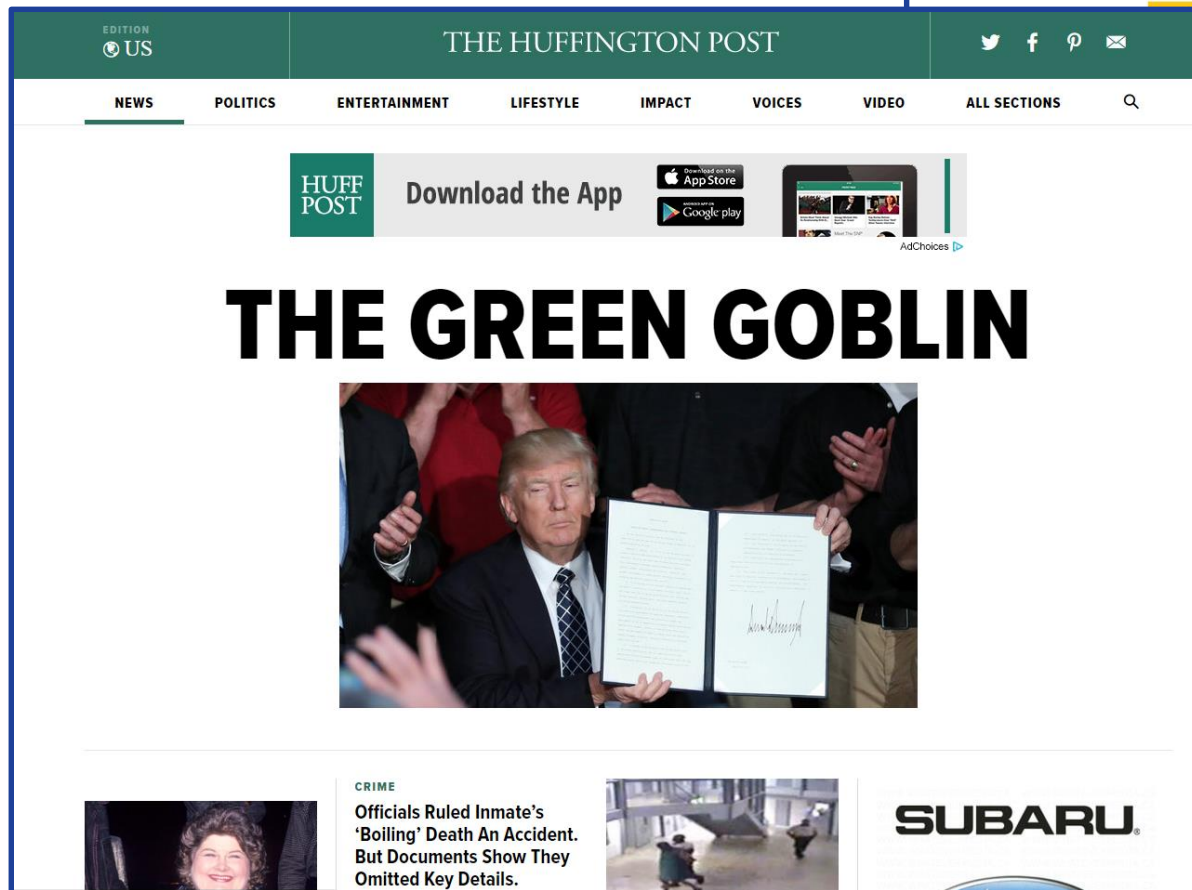
- New opportunities for new media actors
- New threats for traditional media companies

# New opportunities for the media industry ...

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- Non-profit organizations such as Wikileaks, ICIJ ...
- Pure players: Huffington Post, ProPublica, Mediapart ...

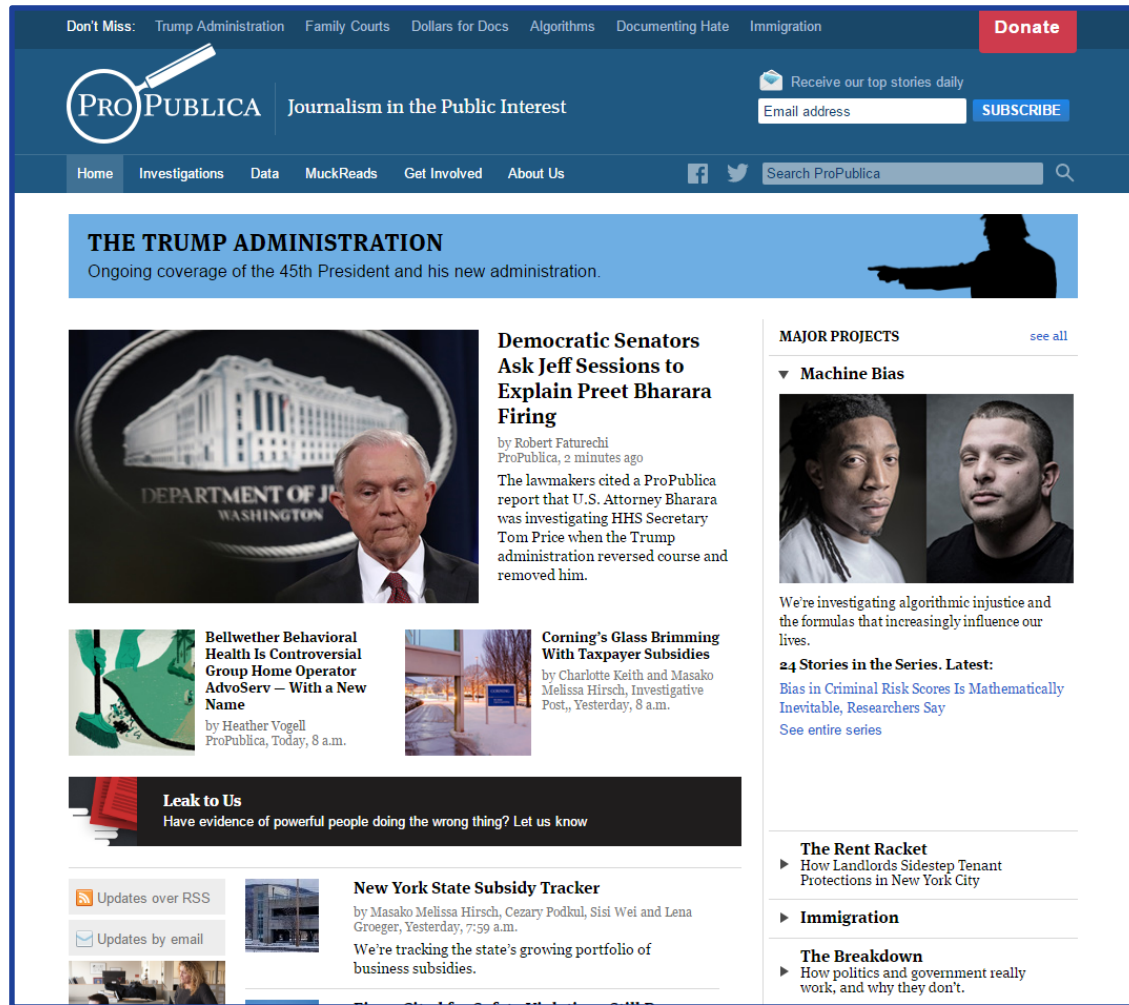
# Huffington Post



Founded in 2005, bought by AOL in 2011 for \$ 315ML



# Pro Publica and Mediapart, investigative journalism



## ProPublica

- Non-profit, independent newsroom
- Founded in 2008 by Paul Steiger, former managing editor of The Wall Street Journal
- Now led by Engelberg, former investigative editor of The New York Times, and Tofel, former assistant publisher of The Wall Street Journal
- 50 journalists + publications in collaboration with traditional media
- Various Pulitzer prizes
- Funded by philanthropic donations, even though they accept advertising and consider selling of data

# Pro Publica and Mediapart, investigative journalism

## Mediapart

- **Independent** and participatory **online newspaper**
- Founded in **2008** by Edwy Plenel, Bonnet, Desportes, Mauduit
- About **74 permanent employees** (50 journalists and 25 commercial employees)
- **Profitable from 2011**, now has Euro 11ML of revenues (+9% growth) and 1.9ML of profits (16%), +10% subscriptions (130'000)





# VICE Media, from print magazine to digital immersion journalism

- A digital media broadcasting company
- Founded in 1994 by Shane Smith, Alvi and McInnes, originating from the Montreal-based VICE magazine
- Expansion into digital video in 2006
- First \$ 70ML from 21<sup>st</sup> Century Fox in 2013
- Launch of VICE News in 2014
- \$ 200 ML + \$ 200 ML from A&E Networks and Disney in 2014





# Content Aggregators: Reddit, Flipboard ...

## Blendle

The online  
news kiosk



# New opportunities within the media industry ...

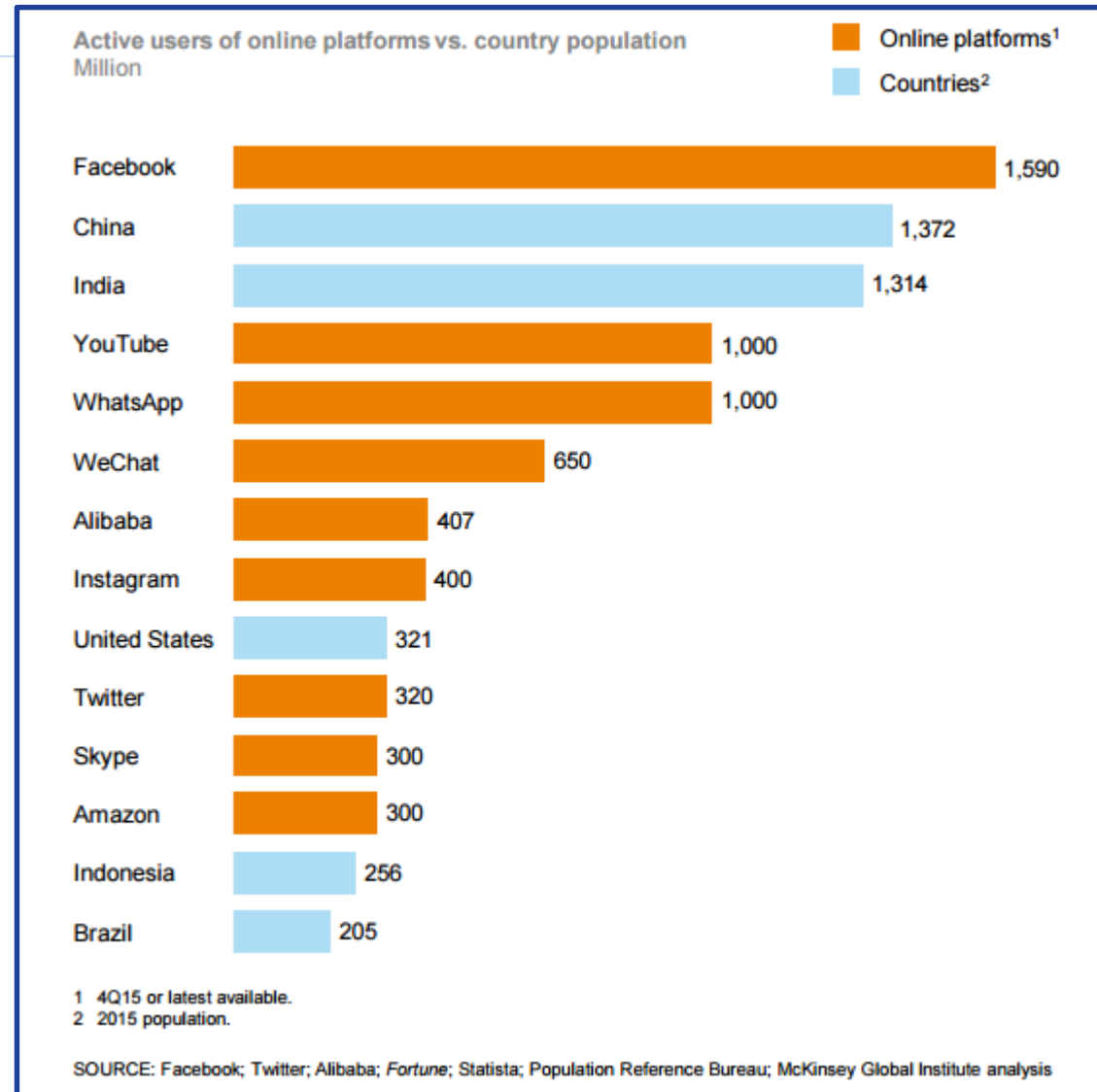
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- Video on Demand: Netflix, Hulu, Google Play, Apple iTunes ...
- Technology companies : Google, Yahoo, YouTube, Apple TV ...
- Social media platforms: Facebook, Twitter, Instagram ...

# Social Media

The biggest online platforms have user data bases equal to the population of the world's biggest countries

- **Facebook** reached 1.86 Billion monthly active users at the end of 2016
- We have now 3.5 Billion Internet users WW



# New opportunities for CORPORATIONS

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- Going beyond corporate publishing, disclosing branded content on their platforms or on third party channels
- Creating and sharing their digital content on corporate WebTV, YouTube channels, Facebook Fan pages, Twitter or branded blogs
- They bypass traditional media, directly competing with them for audience attention

# New opportunities for Corporations

## Coca Cola 2011

HOW THE Coca-Cola COMPANY HAS EVOLVED ITS APPROACH TO THE MARKET ON ITS BRANDS

CONTENT 2020



**Coca-Cola Journey** Land Français Media Unternehmen Suche

HOME STORIES MARKEN NACHHALTIGKEIT ZUCKERREDUKTION FRAG COCA-COLA

HOME > STORIES

**Video: One Day at the Special Olympics**

Um die Magie der Special Olympics zu verstehen, muss man sie selbst erlebt haben. Deshalb haben wir unseren VJ Angelo Co...

**Special Olympics: Unsere Herzen für Team Switzerland**

Die Herzen aus aller Welt fliegen den mehr als 3'000 Athletinnen und Athleten aus 107 Ländern zu, die derzeit an den Spe...

**World Water Day: Wir sind auf 1,53-Kurs!**

Coca-Cola senkt in der Schweiz systematisch die Wasserratio – oder einfacher ausgedrückt: Wir brauchen Jahr für Jahr wen...

**Neuheit in Japan: die Coca-Cola mit einem Plus**

Coca-Cola Japan ergänzt mit dem neuen Coca-Cola Plus sein Portfolio der funktionellen Getränke (engl. Foo...

**Coke City Guide: Da trifft man Alexandra Maurer in**

**Kochen mit Coca-Cola life**

**Special Olympics: Sie bringt uns in Stimmung**

**5by20: Jeder Tag ist Weltfrauentag**



# New opportunities for Corporations

## Red Bull Media House



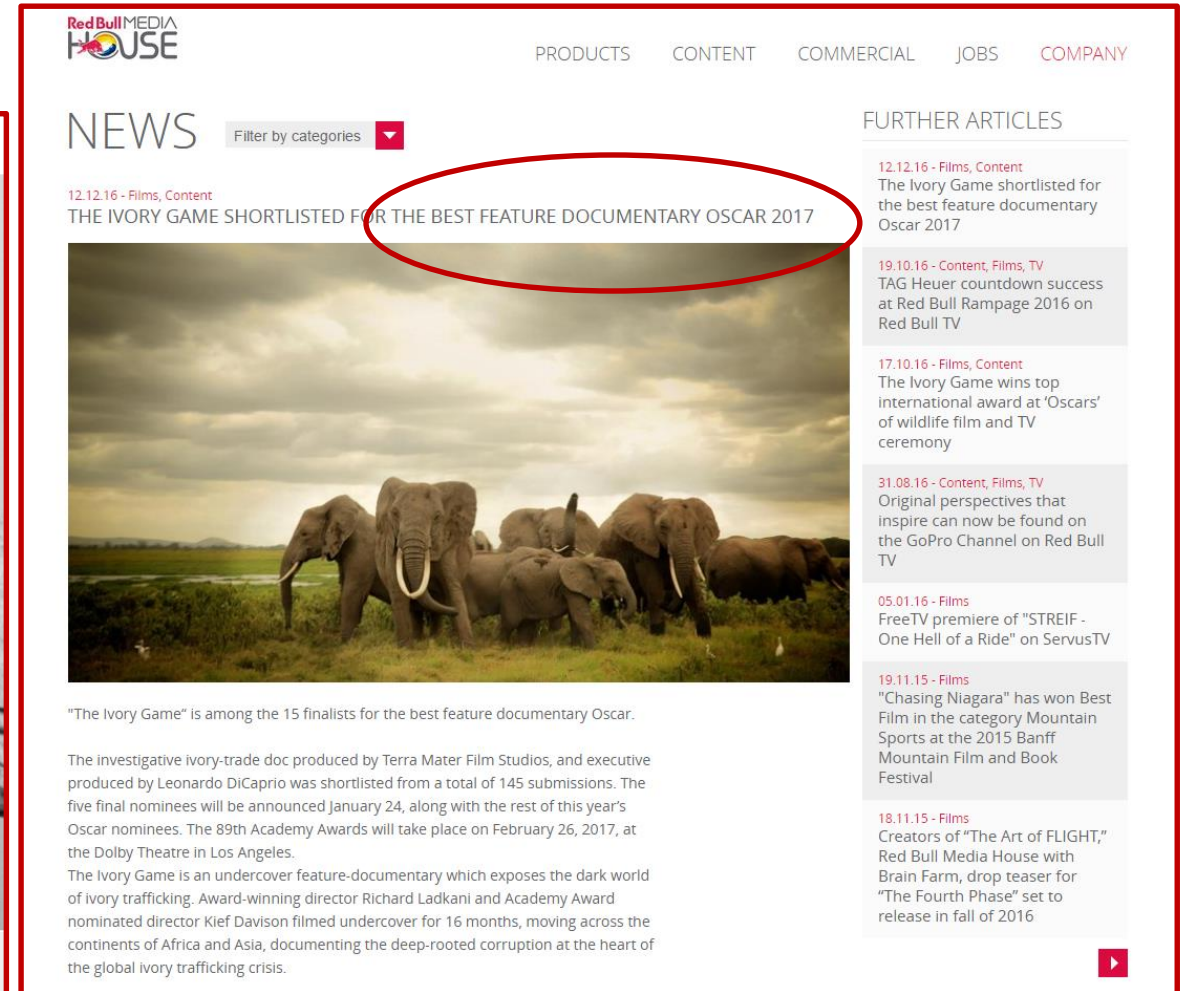
**RED BULL CONTENT POOL  
UNVEILED PREMIUM MUSIC**

A focused and intuitive B2B music licensing platform for Film, Television and Advertising

[READ MORE](#)

Find out about partnership opportunities with Red Bull Media House.

Find our latest news content and premium content on Red Bull Content Pool.



**NEWS** Filter by categories

**12.12.16 - Films, Content**  
**THE IVORY GAME SHORTLISTED FOR THE BEST FEATURE DOCUMENTARY OSCAR 2017**

**FURTHER ARTICLES**

- 12.12.16 - Films, Content**  
The Ivory Game shortlisted for the best feature documentary Oscar 2017
- 19.10.16 - Content, Films, TV**  
TAG Heuer countdown success at Red Bull Rampage 2016 on Red Bull TV
- 17.10.16 - Films, Content**  
The Ivory Game wins top international award at 'Oscars' of wildlife film and TV ceremony
- 31.08.16 - Content, Films, TV**  
Original perspectives that inspire can now be found on the GoPro Channel on Red Bull TV
- 05.01.16 - Films**  
FreeTV premiere of "STREIF - One Hell of a Ride" on ServusTV
- 19.11.15 - Films**  
"Chasing Niagara" has won Best Film in the category Mountain Sports at the 2015 Banff Mountain Film and Book Festival
- 18.11.15 - Films**  
Creators of "The Art of FLIGHT," Red Bull Media House with Brain Farm, drop teaser for "The Fourth Phase" set to release in fall of 2016

"The Ivory Game" is among the 15 finalists for the best feature documentary Oscar.

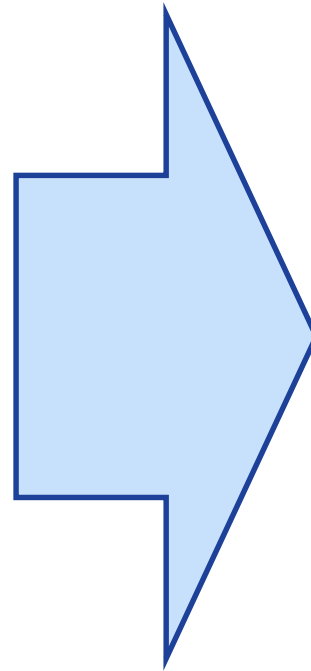
The investigative ivory-trade doc produced by Terra Mater Film Studios, and executive produced by Leonardo DiCaprio was shortlisted from a total of 145 submissions. The five final nominees will be announced January 24, along with the rest of this year's Oscar nominees. The 89th Academy Awards will take place on February 26, 2017, at the Dolby Theatre in Los Angeles.

The Ivory Game is an undercover feature-documentary which exposes the dark world of ivory trafficking. Award-winning director Richard Ladkani and Academy Award nominated director Kief Davison filmed undercover for 16 months, moving across the continents of Africa and Asia, documenting the deep-rooted corruption at the heart of the global ivory trafficking crisis.

# New threats for traditional media

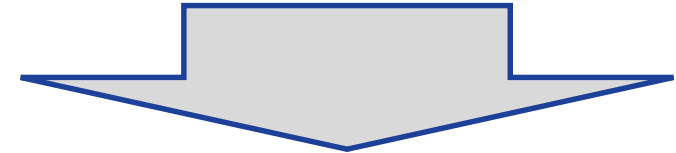
## THREATS

- With new ICT fragmentation of audiences and **disruption of traditional media business model**
- **New competitors:** Technology companies (in particular social media), new pure players and even multinational corporations
- **Fake news sites** are new competitors, too
- **Ad-Blockers**



## EFFECTS

- Cost cutting measures
- Sponsored content, native advertising
- Collaboration with social media networks



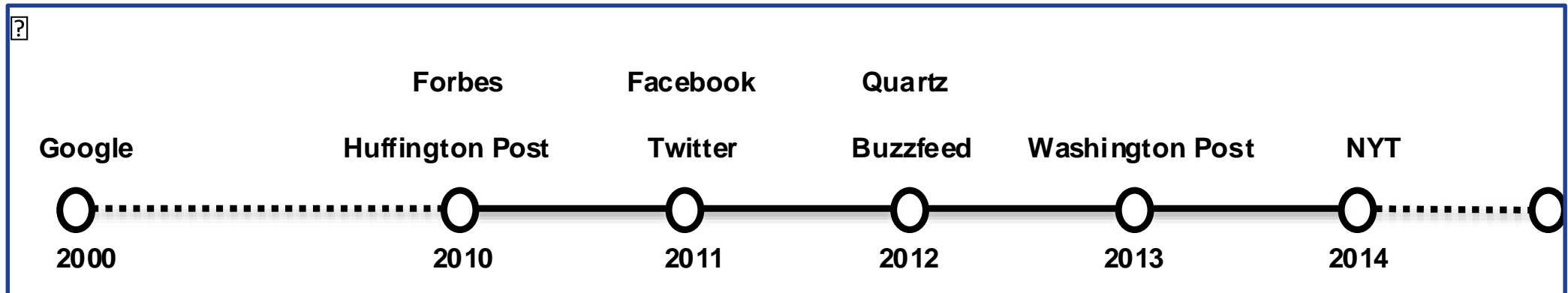
- **Decrease in quality content**
- **Loss of credibility / trust**

# Reaction to new threats to traditional media

## NATIVE ADVERTISING

According to a survey by the International News Media Association (156 media outlets in 48 countries)

- Revenues from native advertising reached 11% of total advertising revenues in 2015
- Expected to raise to 25% in 2018





# Reaction to new threats to traditional media

OUTSOURCED (Advertisers – Agency or Company)	IN-HOUSE	
	Journalists	Marketing Team or Freelancers
<ul style="list-style-type: none"> <li>Huffington Post (Brand Page)</li> <li>Forbes AdVoice</li> <li>Washington Post's BrandConnect</li> </ul>	<ul style="list-style-type: none"> <li>Mashable</li> <li>Mental Floss</li> </ul>	<ul style="list-style-type: none"> <li>Buzzfeed's Creative Team</li> <li>Atlantic Media</li> <li>Fortune Trusted Original Content (freelancers)</li> <li>Quartz Advertising Division</li> <li>Forbes Brand newsroom</li> <li>New York Times – Internal Content Studio (freelancers)</li> <li>Le Monde (régie + external providers)</li> </ul>

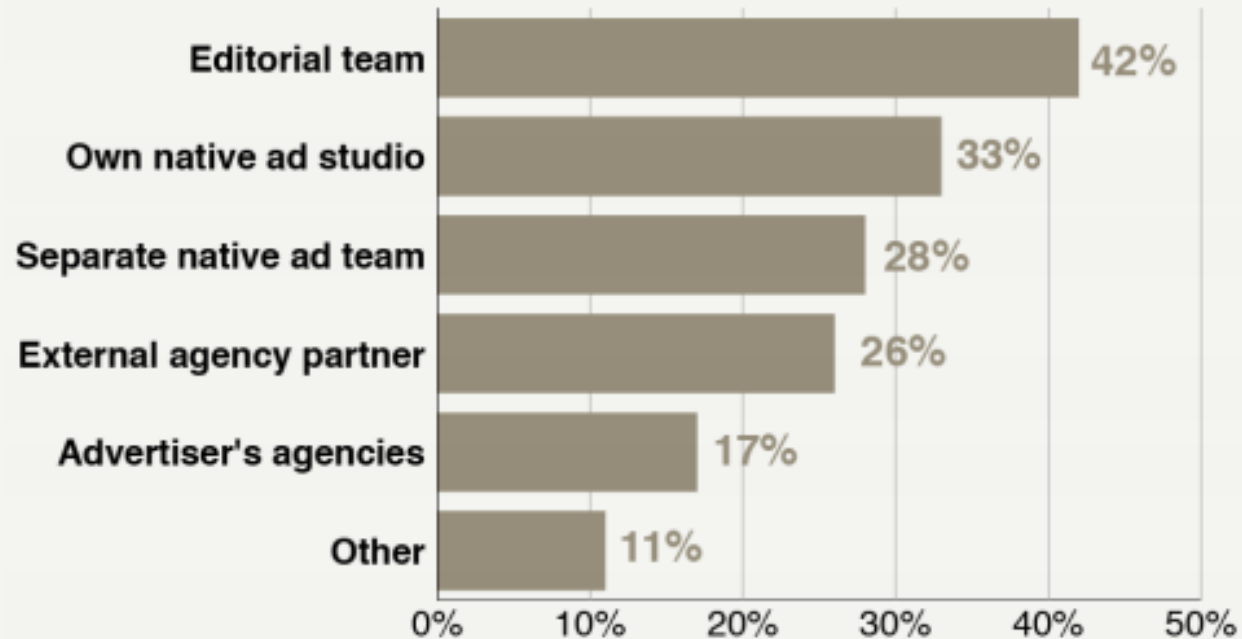
## NATIVE ADVERTISING at Forbes

- Through **BrandVoice**
- 2<sup>nd</sup> revenue source, reaching 30% of its revenues in 2016

# Reaction to new threats to traditional media

## HOW DO YOU PROVIDE NATIVE ADVERTISING SOLUTIONS?

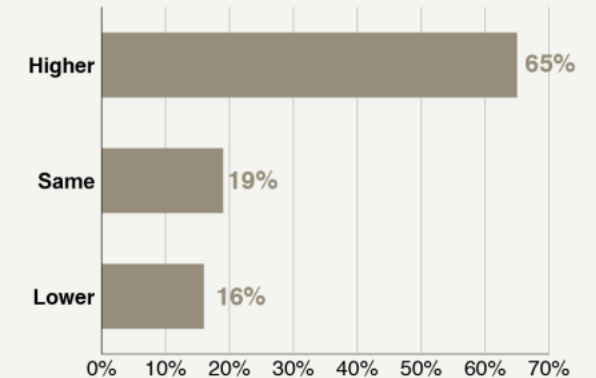
*The most popular ways to provide native advertising are in-house through either the editorial team (42%), in-house native ad studio (33%), or separate native ad team (28%).*



## NATIVE ADVERTISING

### HOW DO YOU PRICE NATIVE ADVERTISING VS. TRADITIONAL ADVERTISING?

*65% of news media publishers charge more for native advertising. Only 16% charge less for native advertising than for traditional advertising*



# Reaction to new threats to traditional media

## NATIVE ADVERTISING

### CASE STUDY

#### Quartz on year 5 of Bank of America campaign *(Mobile friendly explanatory journalism)*

Quartz, a New York-based, online-only magazine focused on world events and lifestyle topics, is mainly financed by native advertising and events.

Quartz, owned by Atlantic Media, has produced a native advertising campaign for Bank of America each January since 2013, focusing on coverage of key topics discussed at the World Economic Forum's annual meeting in Davos, Switzerland. The company has renewed the campaign for 2017.

Global Agenda > Africa > Demographic Dividend > Economic Growth and Social Inclusion

### How can Africa make the most of its demographic dividend?



Written by

**Omar Mohammed**  
Writer

Published

Monday 16 November 2015

Share

This article is published in collaboration with [Quartz Africa](#).

Over the last five years, Africa has seen the highest rate of population growth at about 2.5% annually and by 2050 a quarter of the world's population will be on the continent.

Put another way, of the 2.4 billion new people on the planet by 2050, 1.3 billion of them will come from the continent, based on data from the [UN World Population Prospects \(pdf\)](#).

**Africa will have the second largest population by 2050**

# Reaction to new threats to traditional media

## NATIVE ADVERTISING

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- The 2015 campaign won first place in INMA's 2016 Global Media Awards competition for its high-quality content.
- Bank of America reached Quartz's affluent and influential, globally minded audience of about 16.8 million unique visitors in December 2015.

Global Agenda > Africa > Demographic Dividend > Economic Growth and Social Inclusion

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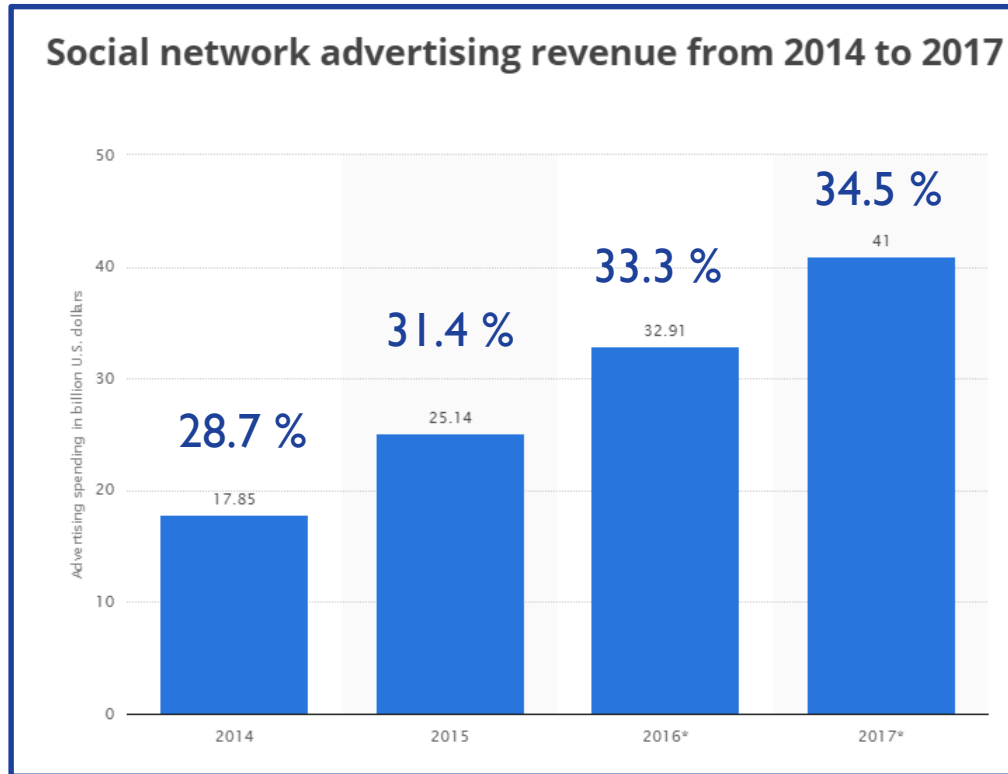
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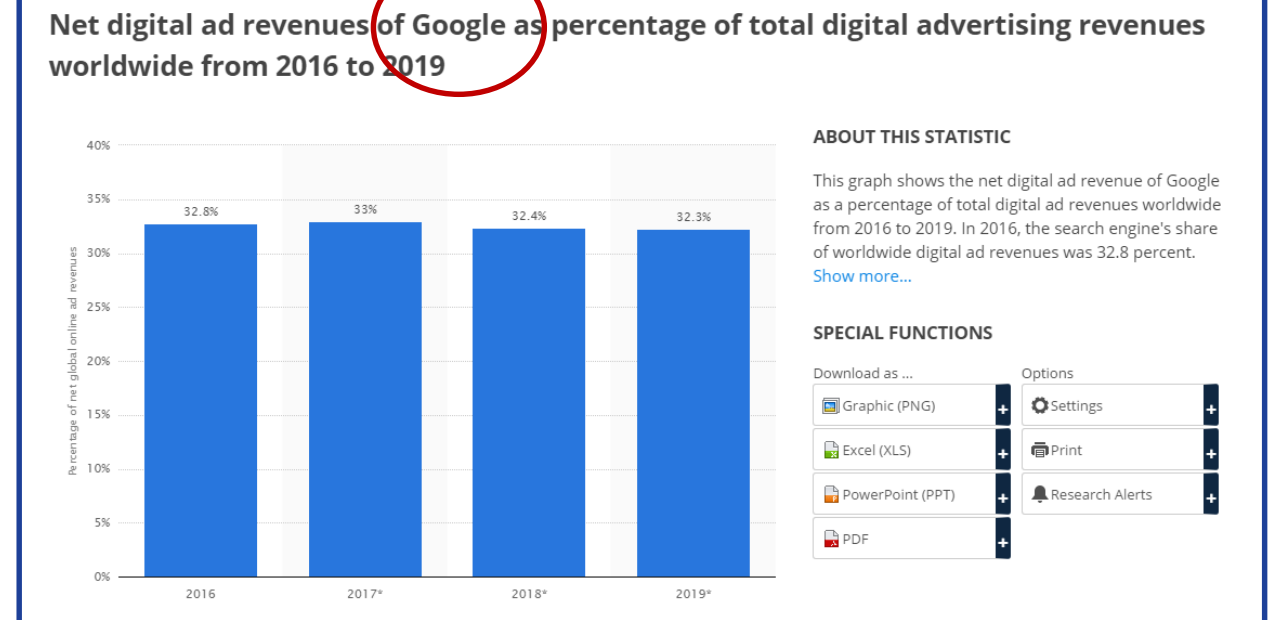
**Africa will have the second largest population by 2050**

# Reaction to new threats to traditional media



Share of social media advertising expenditure as % of digital ad VVV

Facebook reached \$ 6.8 Billion in Q3 2016,  
Up from \$ 4.3 billion in Q3 2015





# Reaction to new threats to traditional media

## ▶ Newspapers collaborate with social media: FB Instant Articles Program



- FB controls algorithm
- FB will propose stronger collaboration for local news, to train readers avoid hoaxes, let news firms post their own branded content
- Still, risk of cannibalization

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# Role and responsibility of multinational technology companies

# Role and responsibility of new multinational digital companies

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## PROFIT MARGINS OF MULTINATIONAL TECHNOLOGY COMPANIES

- **Facebook** Profit Margin (Quarterly): 48.51% for Dec. 31, 2016 (20% average last 5 years)
- **Alphabet** Profit Margin (Quarterly): 20.46% for Dec. 31, 2016 (22% average past 5 years)
- **Apple** Profit Margin (Quarterly): 22.83% for Dec. 31, 2016 (average past 5 years)

### APPLE Employee Recruiting Video

<https://www.youtube.com/watch?v=X9SK052cF3c>





## Apple ordered to pay €13bn after EU rules Ireland broke state aid laws

European commission says Apple got illegal help with tax breaks but CEO Tim Cook says ruling threatens investment in Europe



This article is 6 months old

19,156 4,136

Sean Farrell and Henry McDonald

Tuesday 30 August 2016 15.33 BST



Why Apple is facing a €13bn tax bill in Ireland

Apple has warned that future investment by multinationals in Europe could be hit after it was ordered to pay a record-breaking €13bn (£11bn) in back taxes to [Ireland](#).

The world's largest company was presented with the huge bill after the [European commission](#) ruled that a sweetheart tax deal between Apple and the Irish tax authorities amounted to illegal state aid.

The commission said the deal allowed [Apple](#) to pay a maximum tax rate of just 1%. In 2014, the tech firm paid tax at just 0.005%. The usual rate of corporation tax in Ireland is 12.5%.

## A critical perspective



# Role and responsibility of new multinational digital companies

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Technology breakthroughs were almost completely dependent on government-sponsored research.

“While Apple products owe their beautiful design and slick integration to the genius of Jobs and his large team,” writes Mazzucato, “nearly every state-of-the-art technology found in the iPod, iPhone and iPad is an often overlooked and ignored achievement of the research efforts and funding support of the government and military” (Mazzucato, Mariana: The Entrepreneurial State, Anthem Press 2013).

Both government research and entrepreneurial capital are necessary conditions for the advance of commercial innovation. But the consensus among many economists and politicians doesn't seem to acknowledge an equal role for government.

# Takeaways and outlook

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## Some steps

- Amazon invested and acquired the Washington Post (now profitable and hiring journalists)
- Bill and Melinda Gates Foundation is investing in Le Monde Afrique and other media projects
- Google is funding journalism and research scholarships
- Google is further financing a media innovation fund in France
- Facebook launched the Internet.org initiative + is helping news media diffuse their content

## Other suggestions

- Mazzucato proposes the state to become more entrepreneurial, invest; however also to ask tax returns
- Media scholars propose other measures
- Governments are already taking some support measures to help the digital transition

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