



Globalization, new ICT and Media

Cinzia Dal Zotto, University of Neuchâtel
March 25, 2020

Guest lecture at the University of Zurich within the course "Globalisierung und Multinationale Unternehmen"

Agenda

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



Learning objectives

- 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

- 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?



Globalization & Digitalization

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

McKinsey Global Institute, Digital Globalization: The new era of global flows, 2016.



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



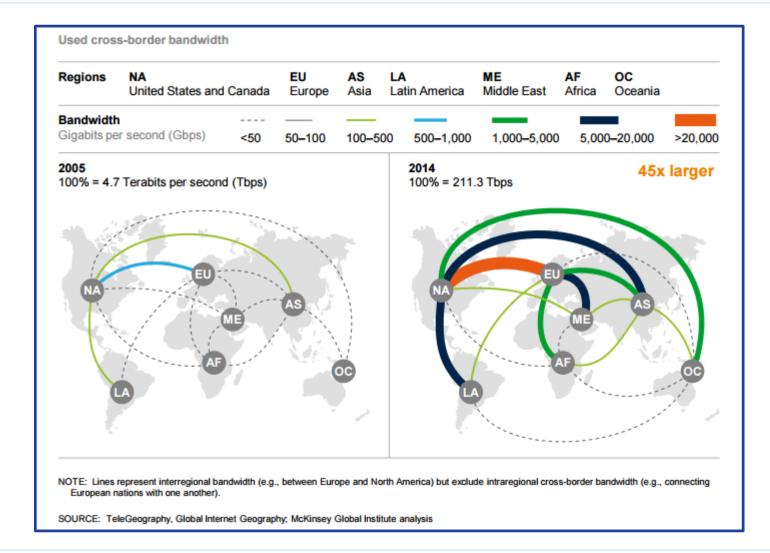
Global flows increase economic growth



McKinsey Global Institute, Digital Globalization: The new era of global flows, 2016.



Cross-border data flows are surging and connecting more countries





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



After 2 decades in which INT COMM far outpaced DOMESTIC COMM, available measures suggest a possible slowdown:

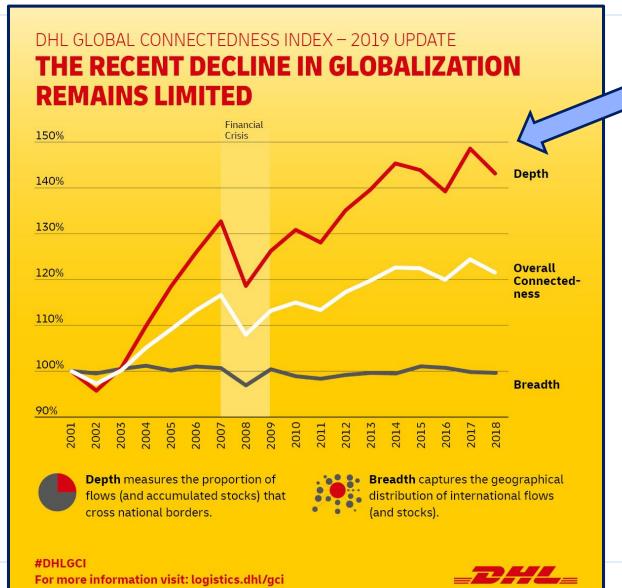
Recent international growth appears to have only modestly exceeded domestic growth.





Development of Global Connectedness

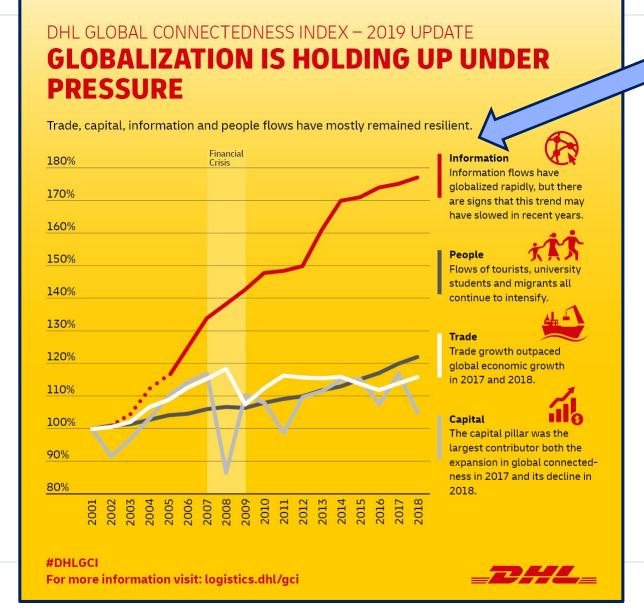
since 2001





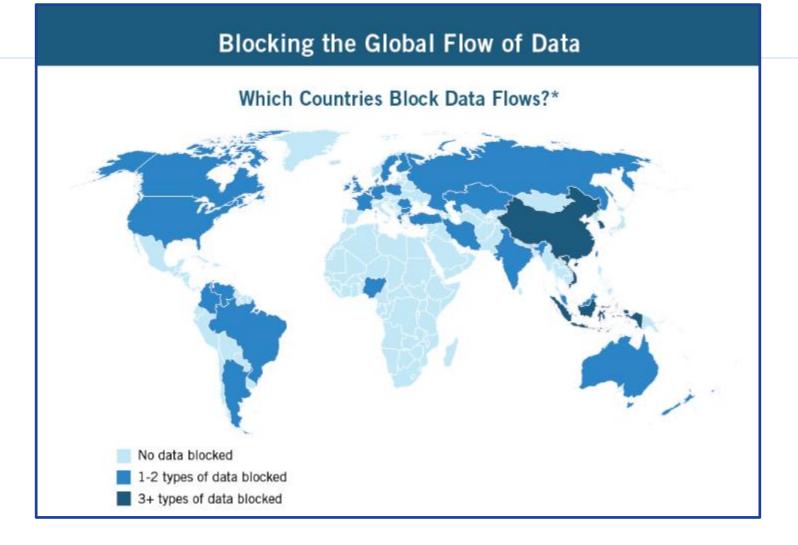
Development of Global Connectedness

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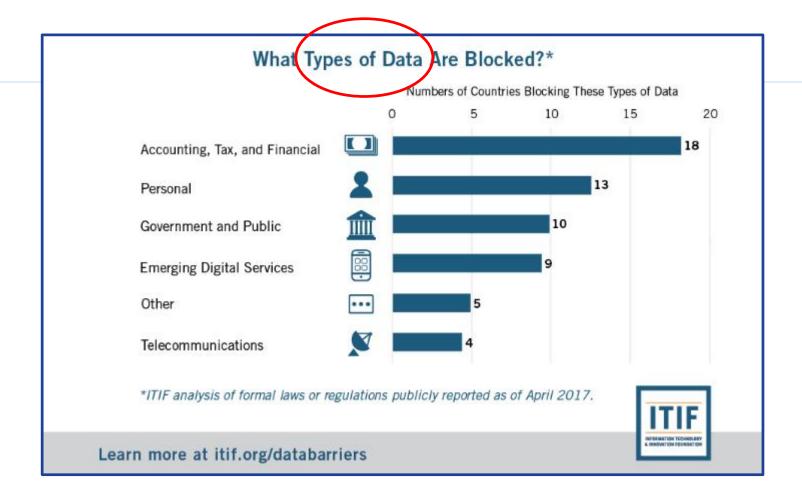


Many countries are starting to block data flows





Many countries are starting to block data flows



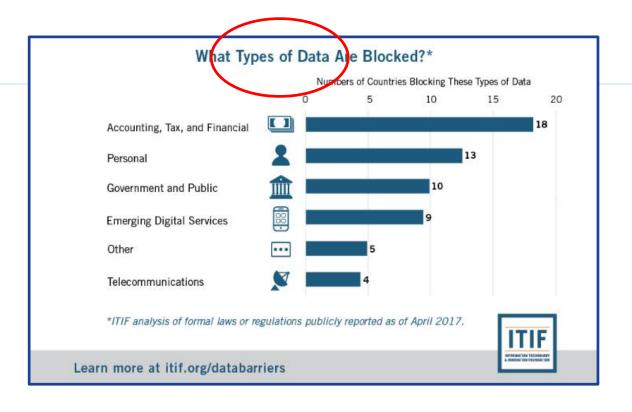


Many countries are starting to block data flows



They are making it more expensive and time consuming, if not illegal, to transfer data overseas.





This reduces economic growth and undercuts social value

- Decrease of U.S. GDP by 0.1-0.36 %
- Increase in prices for some cloud services in Brazil and the European Union from 10.5 to 54 %
- Decrease of GDP by 0.7 to 1.7 % in Brazil, China, EU, India, Indonesia, Korea, Vietnam (they have all either proposed or enacted data localization policies)



Digitalization & The new media landscape

Digitalization and impact on the media industry

Digitization

- 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

- I. New opportunities for new media actors
- 2. New threats for traditional media companies



I. New opportunities for the media industry ...

- Non-profit organizations such as Wikileaks, International Consortium of Investigative Journalism (ICIJ) ...
- Pure players: Huffington Post, Buzzfeed, ProPublica, Mediapart ...













THE GREEN GOBLIN





Officials Ruled Inmate's 'Boiling' Death An Accident. **But Documents Show They Omitted Key Details.**









PUISSANCE 4



Elon Musk a créé des entreprises sur 4 des 5 révolutions qu'il prédisait quand il était étudiant Et aussi: Sa start-up veut mettre des implants dans le cerveau pour le rendre surpuissant

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



Le débat sur France2 compromis après les forfaits de Mélenchon et Macron

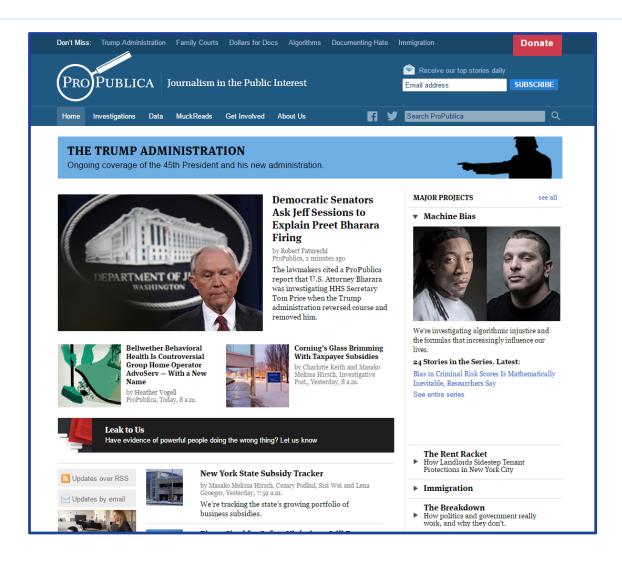


Pour sauver la cohérence de son mouvement, Macron fait le ménage dans

Françoise Hardy confie ses relations



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
- >100 journalists + publications in collaboration with traditional media
- Various Pulitzer prices
- 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 87 permanent employees (47 journalists)
- Profitable from 2011, now has Euro 16.8 ML of revenues (+21% growth compared to 2018) and 2.3 ML of net profits, +/-170'000 subscriptions





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 21st Century Fox in 2013
- Launch of VICE News in 2014
- \$ 200 ML + \$ 200 ML from A&E
 Networks and Disney in 2014





New opportunities for Content Aggregators

Reddit, Flipboard ...

Blendle

The online news kiosk

Launched in 2014

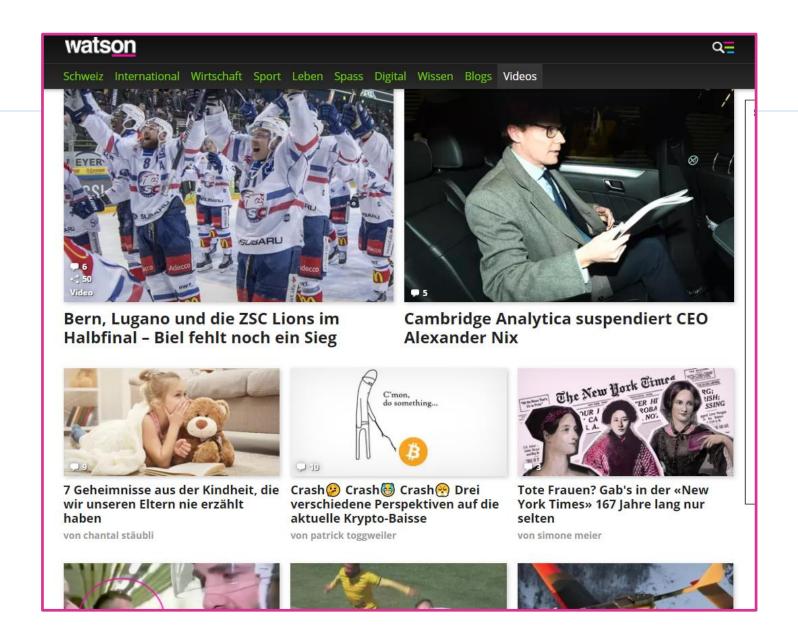
- Not profitable in 2019 yet
- Change of
 Business Model
 (from article
 micropayments
 to premium
 subscriptions





Watson.ch

- Hansi Voigt, previous editor in chief at 20 minutes
- I.8 ML unique clients in 2018







- Jacques Pilet & al. after closing down of *L'Hebdo*
- CHF 230'000 of crowdfunding





- Constantin
 Seibt, ex TA
- 3,5 ML from investors + crowdfunding
- Objective: reach
 22.000
 subscribers in 5
 years

=

HEIDI. NEWS



Pour Heidi.news, l'avent commence aujourd'hui.

DEVENIR MEMBRE FONDATEUR

Nous préparons un nouv média qui sera lancé à Genève au printemps 20 NOTRE ÉQUIPE

Les fondateurs de Heidi.news ont choisi l'aventure d'un nouveau média qu'ils estiment nécessaire.



Journaliste. Prix Albert Londres de reportage, a été rédacteur en chef adjoint du Temps et directeur adjoint du Monde, pour lequel il a aussi créé Le Monde



ADMINISTRATION

Entrepreneur, administrateur de sociétés. A été avocat, CED du groupe Edipresse et directeur romand du think tank Avenir Suisse.



Fondateur et directeur d'un important bureau suisse de création visuelle. Accumpagne en 300' Tidentite visuelle de projets d'ampleur internationale.

EDITORIAL

Journaliste conteau suisse, ancien redacteur en chef adjoint du Temps. Spécialiste du numérique. Aime autant les belles lignes de texte que les belles lignes de code.

JEAN ABBIATECH



SCIENCES

Physicien de formation, journaliste, Prix Media des Academies suisses, ancien responsable Sciences du Temps, président de l'Association suisse du journalisme scientifique.

- Serge Michel, ex Le Monde
- Investors + crowdfunding
- Subscription based

Other opportunities within the media industry ...

• Video on Demand: Netflix, Hulu, Google Play, Apple iTunes ...



- Technology companies: Google, Yahoo, YouTube, Apple TV ...
 Social media platforms: Facebook, Twitter, Whatsapp, Instagram ...

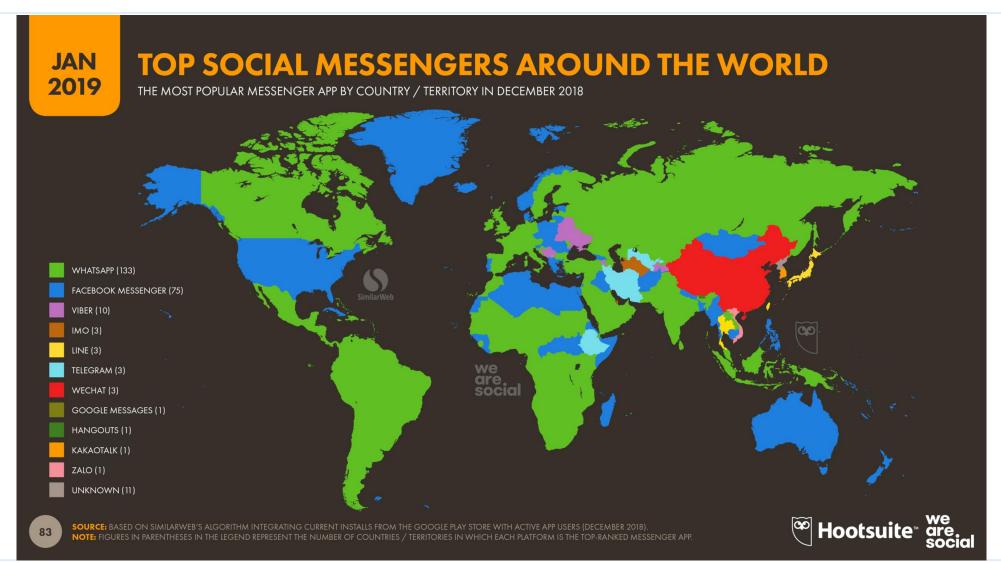
Other opportunities within the media industry ...

• Video on Demand: Netflix, Hulu, Google Play, Apple iTunes ...



- Technology companies: Google, Yahoo, YouTube, Apple TV ...
- Social media platforms: Facebook, Twitter, Whatsapp, Instagram ...
 - Founded in 2009
 - Bought by Facebook in 2014 for \$ 19 Billions
 - 1.5 billion users

Other opportunities within the media industry ... Whatsapp

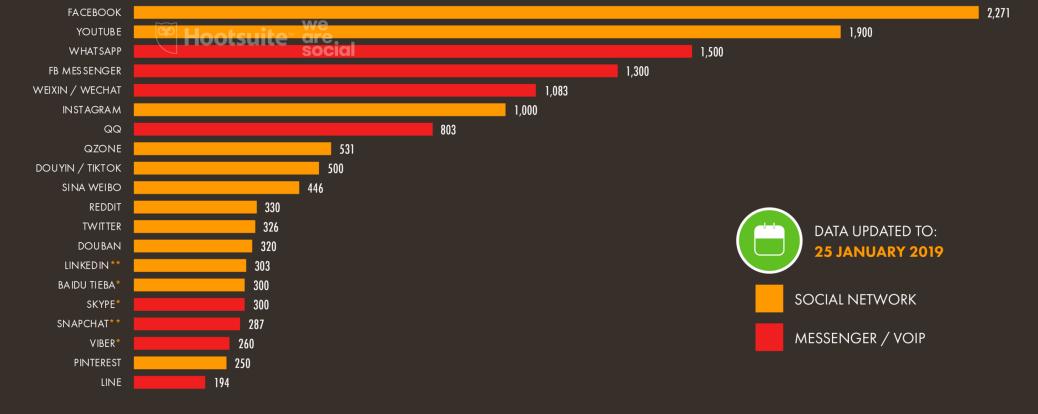


The biggest online platforms have user data bases equal to the population of the world's biggest countries

JAN 2019

SOCIAL PLATFORMS: ACTIVE USER ACCOUNTS

BASED ON MONTHLY ACTIVE USERS, USER ACCOUNTS, OR UNIQUE VISITORS TO EACH PLATFORM, IN MILLIONS

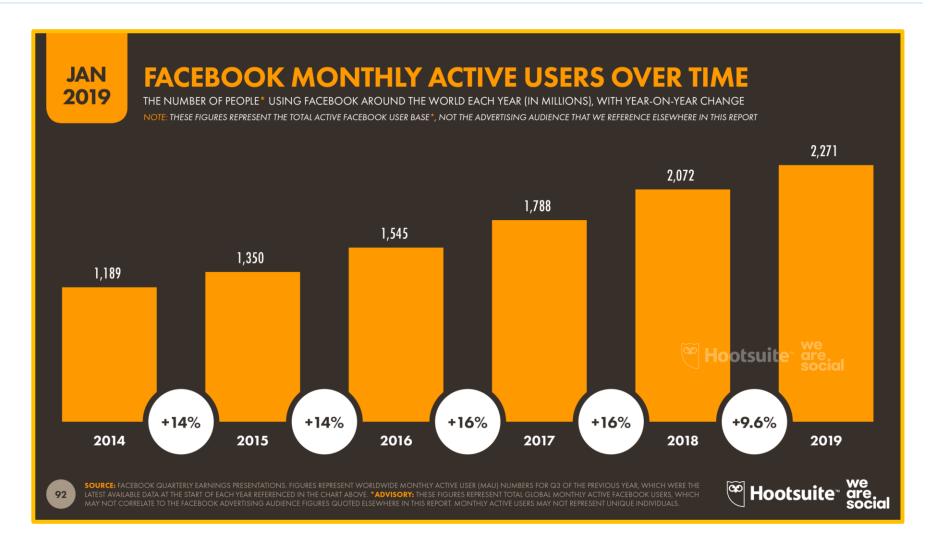




U DATA. (JUN 2017).

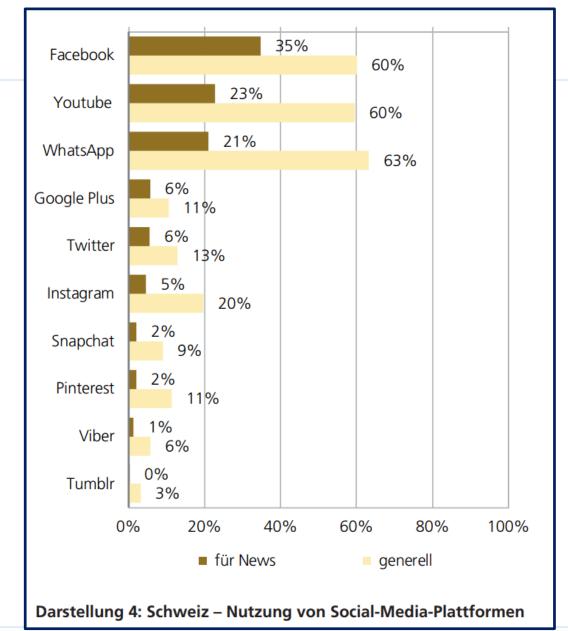
Hootsuite are.

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



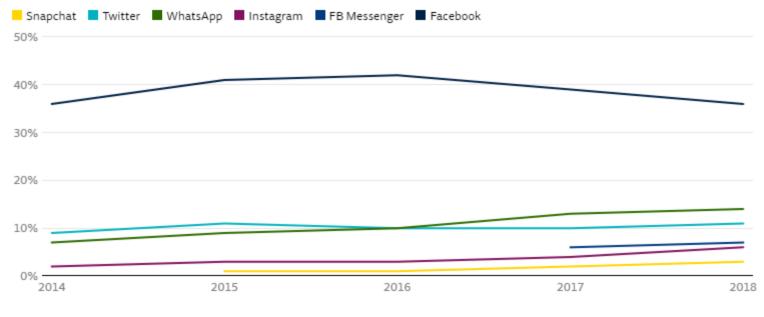


Use of social media for news in **Switzerland**



Use of social media for news





 $Q12B.\ Which, if any, of the following have you used for finding, reading, watching, sharing, or discussing news in the last week?$

Base: Total sample in selected markets

Note: From 2015–18, the 12 markets included are UK, US, Germany, France, Spain, Italy, Ireland, Denmark, Finland, Japan, Australia, Brazil. In 2014, we did not poll in Australia or Ireland.





Get the data • Embed







Use of social media for news



PROPORTION THAT USED FACEBOOK AS A SOURCE OF NEWS IN LAST WEEK – SELECTED MARKETS

Country		2018	Change from 2017
	US	39%	(-9)
	UK	27%	(-2)
	Germany	24%	(-1)
	France	41%	(-2)
	Italy	51%	(-)
iši.	Spain	48%	(+1)
	Ireland	38%	(-3)
#	Norway	40%	(-1)
+	Sweden	36%	(-)
+	Finland	33%	(-2)
+	Denmark	34%	(-5)
	Netherlands	29%	(-3)





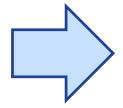
and, Japan, Australia,



WINIVERSITY OF OXFORD

New opportunities for CORPORATIONS

- 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



Corporate brands become media themselves

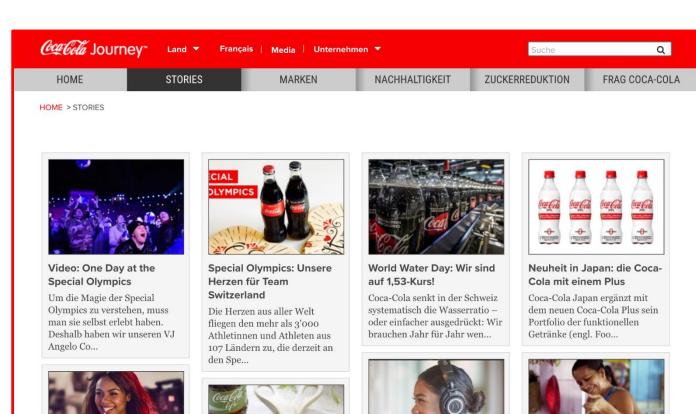


New opportunities for Corporations

Coca Cola 2011







Coke City Guide: Da trifft



5by20: Jeder Tag ist

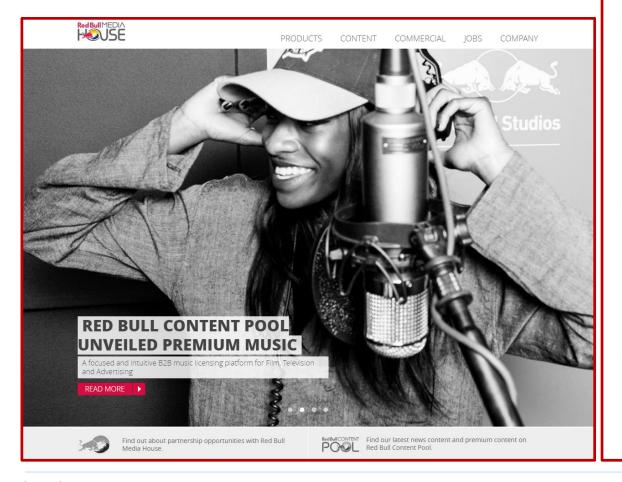
Weltfrauentag

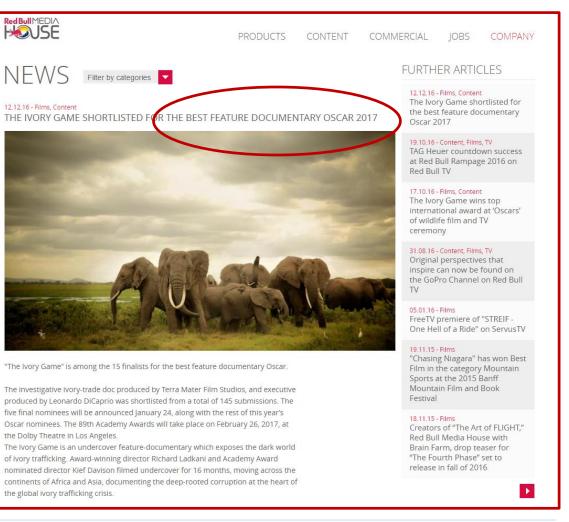
Special Olympics: Sie bringt

uns in Stimmung

New opportunities for Corporations

Red Bull Media House





New opportunities for Corporations

Red Bull Media House

A focused and intuitive B2B music licensing platform for Film

Find out about partnership opportunities with Red Bull

TAG Heuer official Timekeeping partner Red Bull MEDIA "The Ivory Game" is among the 15 finalists for the best feature documentary Oscar. **RED BULL CONTENT POO** UNVEILED PREMIUM MUS

Find our latest news content and premium content on

POOL Red Bull Content Pool.

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.

COMMERCIAL

FURTHER ARTICLES

12.12.16 - Films, Content

The Ivory Game shortlisted for the best feature documentary

COMPANY

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

05 01 16 - Films

FreeTV premiere of "STREIF -One Hell of a Ride" on ServusTV

19.11.15 - Films

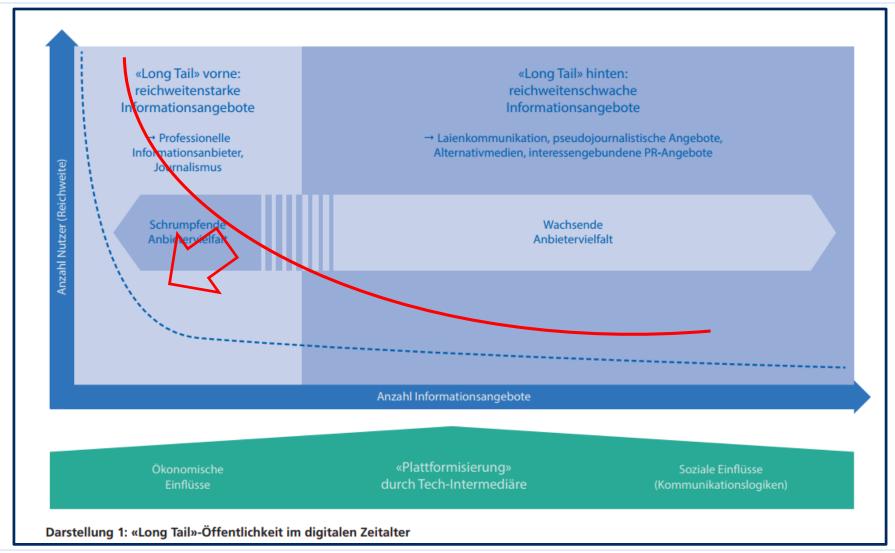
"Chasing Niagara" has won Best Film in the category Mountain Sports at the 2015 Banff Mountain Film and Book

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

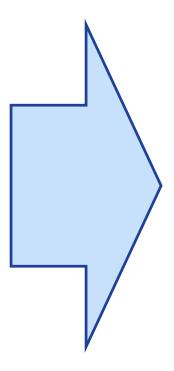


READ MORE



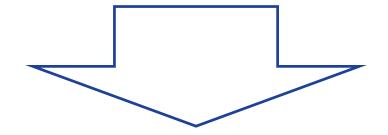
THREATS

- With new ICT fragmentation of audiences, disruption of business models
- New competitors:
 - Technology companies
 - new pure players
 - multinational corporations
- Fake news sites
- Ad-Blockers



EFFECTS

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



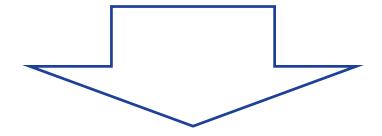
- Decrease in quality content
- Loss of credibility / trust





EFFECTS

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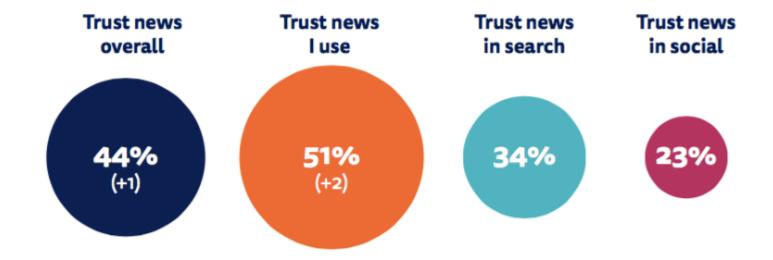


- Decrease in quality content
- Loss of credibility / trust



PROPORTION THAT SAY THEY TRUST NEWS FROM EACH SOURCE

All markets



 $Q6_2018_1/2/3/4. \ Please indicate your level of agreement with the following statements. It hink you can trust 'most news'/'news' in the following statements are the following statements$

I consume'/'news in social media'/'news in search engines' most of the time.

Base: Total sample in all markets = 74194.

NATIVE ADVERTISING

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

- Native advertising revenues: 11% in 2015, expected 32% in 2020 (74% in the US)
- Native ad spending over total budget: 10% in 2015, expected 29% by 2020

?						
	Forbes	Facebook	Quartz			
Google	Huffington Post	Twitter	Buzzfeed	Washington Post	NYT	
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20 00	2010	2011	2012	2013	2014	

NATIVE ADVERTISING

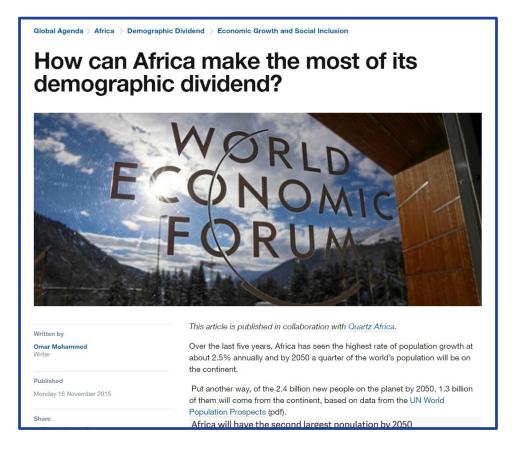
CASE STUDY

Quartz on year 5 of Bank of America campaign

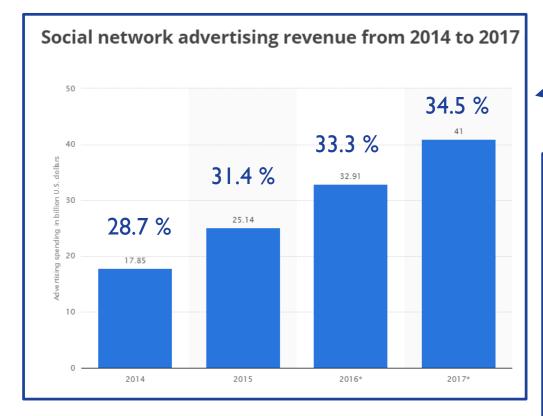
Quartz, a New York-based, online-only magazine focused on world events and lifestyle topics, is mainly financed by native advertising and events.

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.

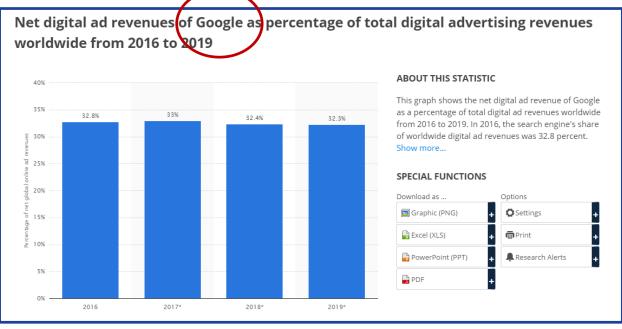
- Bank of America reached Quartz's influential, global minded audience of about 16.8 million unique visitors in December 2015.
- Native Ad counts for 90% of revenues







Share of social media advertising expenditure as % of digital advertising WW





Social media ad spend to surpass print for first time

Social media will own 13% of global ad spend in 2019, according to a Zenith forecast.

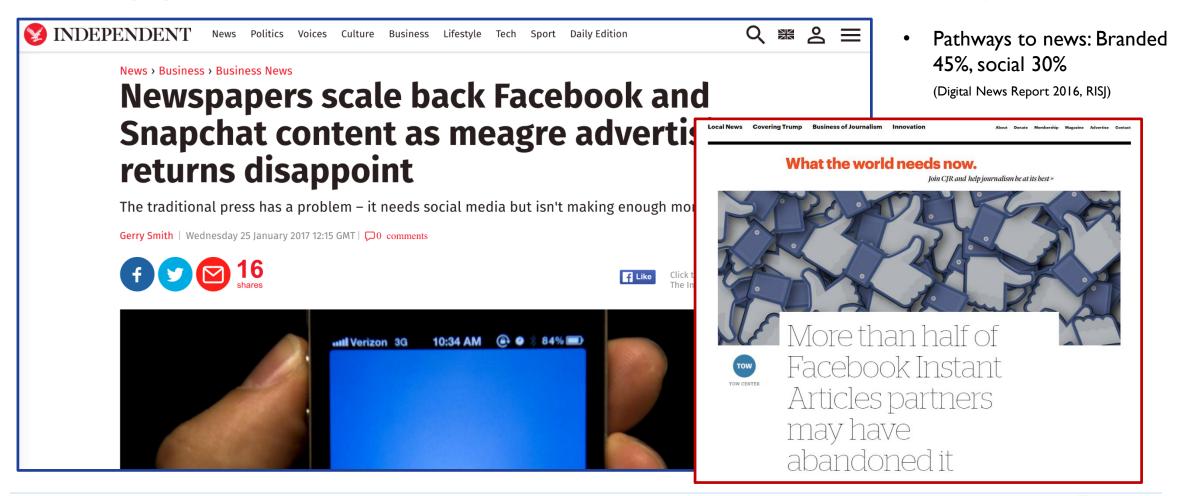
Amy Gesenhues on October 14, 2019 at 2:27 pm

Zenith, a media agency owned by Publicis Media, <u>predicts</u> global social media ad spend will grow 20% this year, reaching \$84 billion. According to Zenith's data, social media advertising will account for 13% of total global ad spend and rank as the third-largest advertising channel, behind TV and paid search.

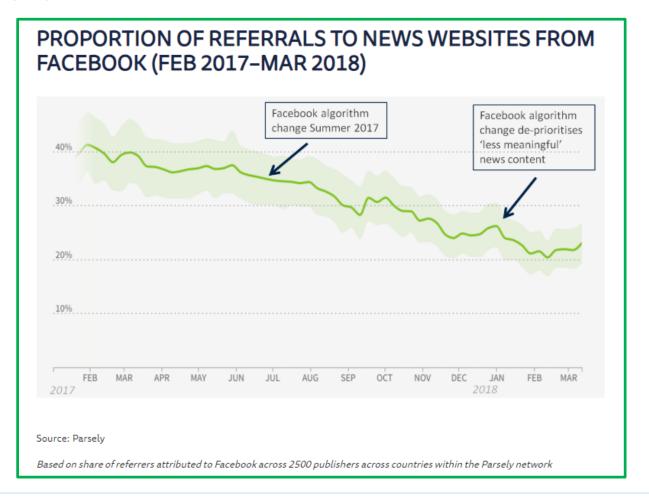
2019 will be the first year that social media ad spend outperforms print ad spend, says Zenith, with newspaper and magazine ads generating less than \$69 billion this year.



Newspapers collaborate with social media: FB Instant Articles Program



Newspapers collaborate with social media: FB Instant Articles Program

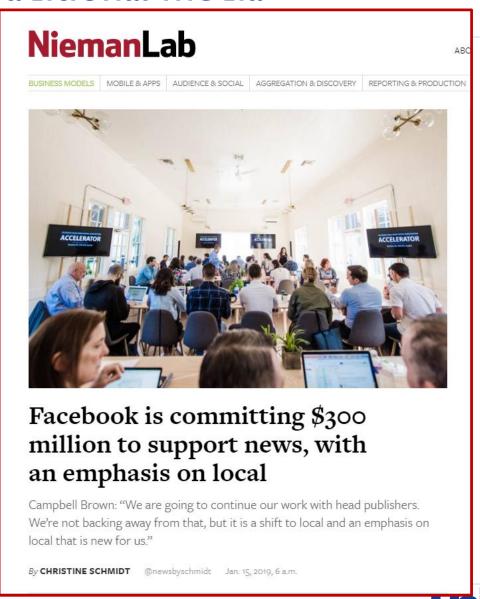


FB controls algorithm



 Newspapers collaborate with social media: Facebook goes LOCAL

- Local news, training readers to avoid hoaxes, let news firms post their own branded content
- Still, risk of cannibalization

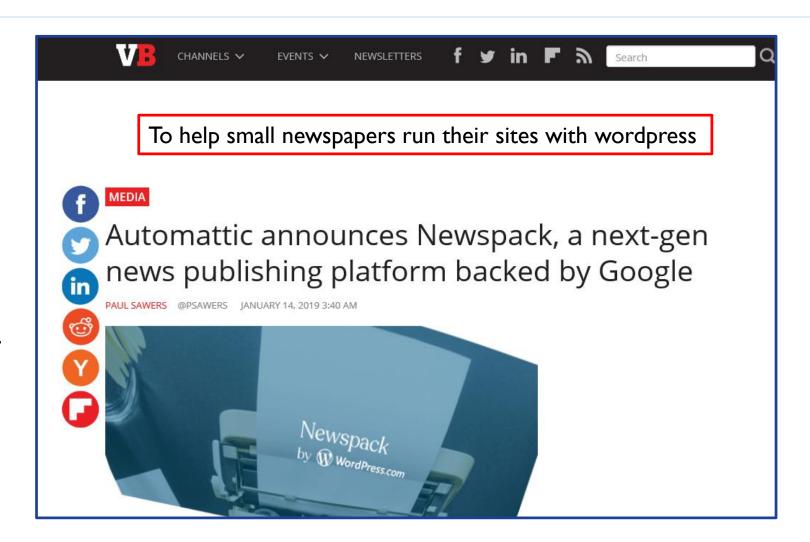


Newspapers collaborate with social media:

Google &

Newspack

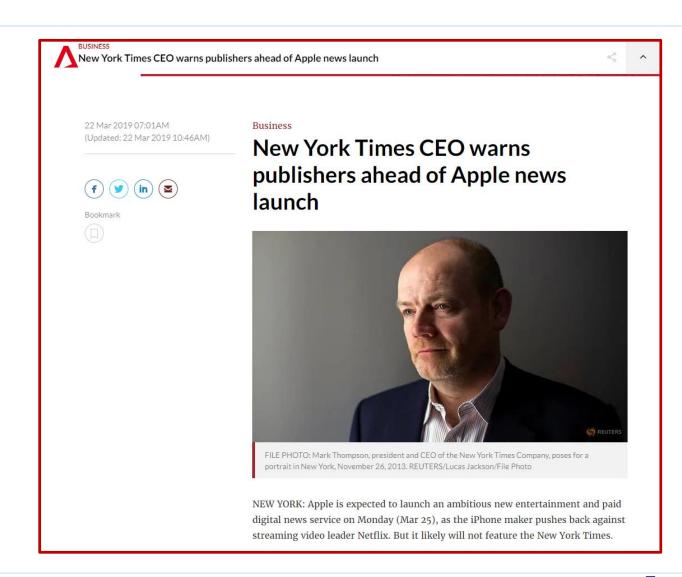
- I.2 ML from Google & 2 partners
- I ML from other institutions





- Newspapers collaborate with social media ...
- Or maybe not?

- March 25, 2019
- Launch of Apple News, a new entertainment and paid digital news service (as response to video leader Netflix)





Role and responsibility of multinational technology companies

Role and responsibility of new multinational digital companies

PROFIT MARGINS OF MULTINATIONAL TECHNOLOGY COMPANIES

- Facebook Profit Margin (Quarterly): 34% for Dec. 31, 2019 (32% last year)
- Alphabet Profit Margin (Quarterly): 23% for Dec. 31, 2019
- Apple Profit Margin (Quarterly): 38% for Dec. 31, 2019 (average past 5 years)



Tax avoidance

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





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 <u>Apple</u> 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





A critical perspective

Google / Alphabet

- EU regulation says that in order to be taxed you need to have a stable organization
- Even with 3000 employees present in the country, Google managed to prove that true value creation happens in Ireland and California, not in the UK
- Settlement with the government for a payment of Euro 170'000.- for the period 2005-2015
- Already paid 7 Billion in fines, will be fined again next week by the EU



F.T.C. Approves Facebook Fine of About \$5 Billion



The size of the penalty against Facebook underscored the rising frustration among Washington officials with how Silicon Valley giants collect, store and use people's information.

Justin Sullivan/Agence France-Presse — Getty Images

By Cecilia Kang

July 12, 2019



The Federal Trade Commission has approved a fine of roughly \$5 billion against Facebook for mishandling users' personal information, according to three people briefed on the vote, in what would be a landmark settlement that signals a newly aggressive stance by regulators toward the country's most powerful technology companies.

A critical perspective

Facebook

\$5 Billion fine approved by FTC

"The F.T.C. just gave Facebook a Christmas present five months early," Representative David Cicilline, Democrat from Rhode Island, said in a statement. "It's very disappointing that such an enormously powerful company that engaged in such serious misconduct is getting a slap on the wrist."

Senator Richard Blumenthal, Democrat of Connecticut, said in an interview that meaningful enforcement of Facebook would have included deep structural reforms. Without that, he said, "the message to the world is that, sadly, American consumer privacy protection is a hollow paper tiger, which is deeply disappointing."

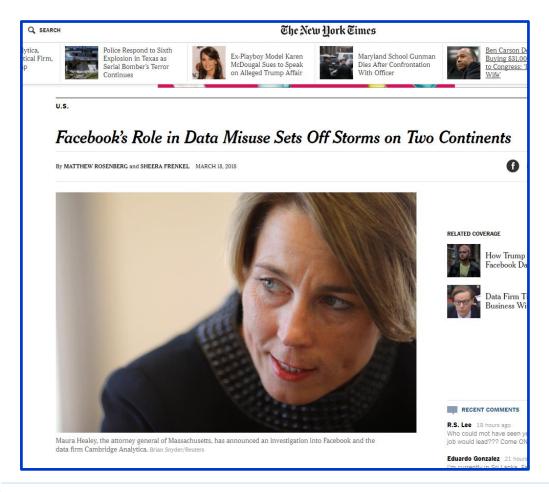
Despite all the criticism of the company, it has continued to do well financially. The social network reaped more than \$55 billion in revenue in 2018-10 times the amount of the fine approved by the commission — as the digital advertising industry has consolidated to increasingly drive dollars to a handful of tech companies.

In April, Facebook reported a <u>record first quarter of revenue of</u> nearly \$15 billion. And the company is sitting on more than \$40 billion in cash reserves.



A critical perspective

Facebook, Fake News and data privacy





ANALYSE

Coronavirus: Facebook, Amazon et Google sont des pompiers pyromanes

ANALYSE. Les géants de la technologie affirment multiplier les actions contre les «fake news» et les arnaques en tout genre concernant le coronavirus. Problème: leur modèle d'affaires est en grande partie basé sur la diffusion de telles inepties



Mark Zuckerberg. - @ Amy Osborne / AFP



A critical perspective



Facet



Facel

By MATTHEY

Maura Hea data firm C

SE CONNECTER SERVICES S'ABONNER

ANALYSE

Coronavirus: et Google so pyromanes

ANALYSE. Les géants de contre les «fake news» e coronavirus. Problème: I basé sur la diffusion de t





Anouch Seydtaghia

Publié mardi 17 mars 2020 à 09:07 Modifié mardi 17 mars 2020 à 10:20

Merci. Bravo pour les effort admirable en ces temps de contre cette pandémie.



RUBRIQUES - EN CONTINU BLOGS VIDÉOS MULTIMÉDIA - EPAPER/PDF

RECHERCHER Q

Accueil > Economie > WhatsApp, piégé par le virus et inondé de fake news

COURT-CIRCUIT

WhatsApp, piégé par le virus et inondé de fake news

Le service de messagerie tente de lutter contre les fausses informations. Avec peu de résultats



. - © REUTERS/Dado Ruvic/Illustration/File Photo



Publié dimanche 22 mars 2020 à 14:47 Modifié dimanche 22 mars 2020 à 20:48







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Maura Heal

data firm (

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Q SEARCH

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U.S.

Facel

By MATTHEW

A critical perspective

ELON MUSK'sOpenAl

His company declines to release research publicly for fear of misuse





Takeaways and outlook

- Globalization is being strongly impacted by digitalization
- Digitalization and globalization have an enormous impact on the media industry
- New competitors, digital transition difficult for traditional media
- Social media and multinational technology firms in general are dominating the scene
- Their role can mine the pluralistic media system as we know it, and are hardly taking responsibility
- Governments need to act
- Some measures are being taken to help the digital transition of traditional media firms (see France)



Takeaways and outlook

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



Outlook

- Media scholars point out that content taxes have also potential pitfalls
- (a) Easily passed on to consumers, and (b) if introduced only in Europe we end up subsidizing non-European users
- Research is needed in the field



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