News Ecosystem Report

Europe, 2018

Valuing the relationship between platforms, publishers, and people who read news

A research project by KALEIDA

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About Kaleida

Kaleida is a data services and media research company. We provide data, tools and analysis about the attention economy to companies who do business in the media ecosystem.

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Data and analysis

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Preface

The inspiration for this research came from the growing tensions we've observed between news publishers and the big Internet platforms. Many publishers believe platforms are using content unfairly to grow, while the platforms believe publishers are getting a lot of benefit from traffic directed toward news.

Clearly, it's more complicated than that.

Publishers and platforms have been collaborating intently on new products and, at the same time, competing fiercely for user growth and advertising revenue. The collaborations have been a healthy change in this dynamic even if they are mutually self-serving. Equally, competition for business is rich fuel for innovation in a market that depends on meeting constant changes in consumer needs and interests.

Platforms and publishers act like competitive siblings who know the family is important but don't know why. And we thought Kaleida could put the relationship in context using data. Context is the key to making data come alive.

For example, every year Mary Meeker and her colleagues at Kleiner Perkins release the famous Internet Trends report. In 2017 the report included a chart indicating platforms control about 85% of advertising revenue growth in the US. It's a powerful chart with a clear message about platform dominance.

This interpretation of the data then gets quoted in boardrooms at news media companies who then shape policy and strategy based on the trend.

Strangely, people seem to be aware that the report is flawed - it double-counts revenue.[1] The data isn't the problem though. The context of the data reinforces "us vs them" mentality. It fuels combative strategies.

We started wondering if maybe both sides have inflated views of what the other is getting in this relationship. Maybe neither side is co-dependent. Maybe the value of coexisting on the same medium is worth more than the costs of fighting each other.

This research explores those questions. We've collected and analysed data from several different types of sources and used a few different techniques to build the foundations for what we hope becomes useful insights for everyone.

Eighteen news publishers from around Europe supplied us with detailed data about their traffic. Panel-based market research from comScore provided macro trends. Original consumer research conducted by YouGov gave us insights directly from people who read news in the UK, France and Germany. And PwC provided ad revenue data.

Where we've been able to connect data we've used statistical methods reviewed by thoughtful academics including Innovation Research Group's Dr François Nel and Dr Coral Milburn-Curtis.

We must disclose that the sole sponsor of the project is Google. Please rest assured that Google had no editorial authority over this research. In fact, our contract with the company precluded interventions in the output. Their support was supplied in good faith and without it we would not be able to present these fascinating results.

My cofounder Graham Tackley and I could not have produced this report without the help of a few super smart and insightful people, including Dan Catt and Laura Doward, our friends at Shift:Learning in London, and, of course, the many news publishers who put their trust in us to use their data for the benefit of everyone.

Please do share the report. It is intended to help the whole media market, publisher and platform alike.

- Matt and Graham

Executive Summary

At Kaleida we started wondering if maybe both sides of the platform-publisher dynamic have inflated views of what the other is getting in this relationship. Maybe neither side is co-dependent. Maybe the value of coexisting on the same medium is worth more than the costs of fighting each other.

This research explores those questions. We've collected and analysed data from several different types of sources and used a few different techniques to build the foundations for what we hope becomes useful research for everyone.

KEY INSIGHTS:

- There were approximately **7.4 billion sessions to articles** on news publishers' digital properties initiated by clicks from 3rd party sites in Europe in January.
- News consumers click on **32% of the headlines** they typically see in a day.
- We estimate approximately 23 billion **"News Exposures"** (headlines seen on 3rd party sites) in Europe in January.
- We found that **one session was worth about €0.007**.
- The total digital ad revenue driven off referral traffic to articles was about **€53M** or 1/3 of the total digital ad market for news.
- The demand for news amongst 18 to 24 year olds is more than you might think. And the numbers for the 55+ age group made us wonder if there's **latent capacity in the market for even more news from more sources** than what's on offer today.
- Google and Facebook drive over **80% of all the traffic** sourced from 3rd parties.
- After Wikipedia we found that Search as a category drives the next most valuable source of traffic to news followed by Social platforms in terms of visit depth.
- Survey respondents in Germany showed a higher interest in news than either the UK or France.
- People told us they are much more likely to click on a story if the original source is a recognised news publisher.
- The **super active news consumers prefer publishers' web sites and mobile apps as a main source of news** vs Facebook, Google or any other source for news. They use news publisher's sites and apps on a daily basis.

Our research shows real appetite for news. The platform-publisher-people triad is working very well in many ways. It's not a dependent or even co-dependent relationship for any of the constituents. Traffic generated by 3rd party sites is powerful fuel for a news business, but news can survive without it, too.

The challenge is working out how platforms and publishers can develop a healthy long-term coexistence.

Valuing the news ecosystem

Kaleida estimates traffic from platforms to news drives nearly 1/3 of the digital ad market for news publishers in Europe.

Estimating the value of traffic to news requires two things: 1) counting how much news people see, and 2) translating that number into economic terms.

In order to count the traffic we used a combination of comScore data, analytics data provided by news publishers, and data from Kaleida to determine how many sessions to news articles came from a 3rd party referral.

We found there were approximately 7.4 billion sessions to articles on news publishers' digital properties initiated by clicks from other channels in Europe in January.

We also looked beyond publishers' digital properties to size the wider news ecosystem. We combined insights from publishers' analytics with consumer survey research conducted for us by YouGov to help us understand why people use platforms for news.

3,087 respondents in three European countries, about 1,000 each in the UK, France and Germany, responded that they clicked on about 1/3 of the news they were exposed to online. Some segments were a little higher such as those who access news throughout the day and some were a little lower such as the 18 to 24 age group. But the answer in all segments was consistently close to the mean at 31.77%.

That means the total number of "News Exposures" or headlines seen on platforms and web sites was approximately 23 billion.

€53M digital ad revenue driven by 3rd party sites

News Ecosystem in Europe, January 2018

By applying similar methods we estimated the total value of traffic to news. According to PwC's Global entertainment and media outlook report 2017-2021, news publishers earned €1.8B in Europe in 2017, or about €152M per month.

We found that one session was worth about €0.007 in Europe in January.

With 7B sessions to news articles in Europe in January initiated by clicks from 3rd party sites that means the total digital ad revenue driven off that traffic was about €53M.

In other words, referral traffic to articles drives 1/3 of digital ad revenue for news publishers.

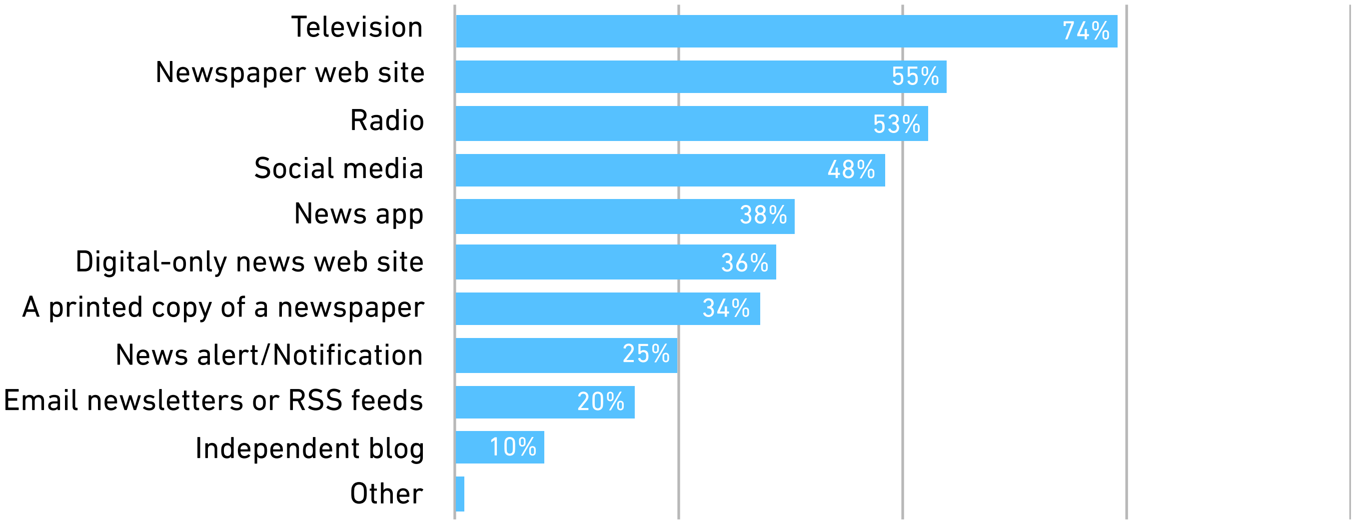
While 7 tenths of a cent seems disturbingly small on a per unit basis it grows very quickly given the incredible scale of the ecosystem. Publishers everywhere are expanding reach at phenomenal levels. The idea of reaching tens of millions of readers would have been inconceivable to the original founders of many of the leading newspapers today.

Opportunities exist for news publishers to push even further beyond their owned and operated properties in addition to capturing value where they have more control.

By optimising "News Exposures" wherever they happen and converting that activity into revenue publishers stand to gain a lot as platforms achieve even higher heights[2].

Exposure to news across the ecosystem

In the last 30 days, which have you used to get news?



Q1. Base: All (3,087)

While the relationship between platforms and publishers is a rich source of data it would be meaningless without understanding people and their relationship to news.

People don't care about the relationship between platforms and publishers. What they do care about is whether or not they are informed in a way that works for them.

The data we collected from our survey not only shows that there is a voracious appetite for news, it shows that the relationship between platforms and publishers works pretty well for most people.

We started with some basic questions to get survey respondents thinking about a typical day. We wanted them to tell us about their experiences with news. Then we asked the two key questions required to make this whole research project work.

How many headlines do you see in a typical day? How many do you click on?

The average number of headlines people said they are exposed to online daily is **16**.

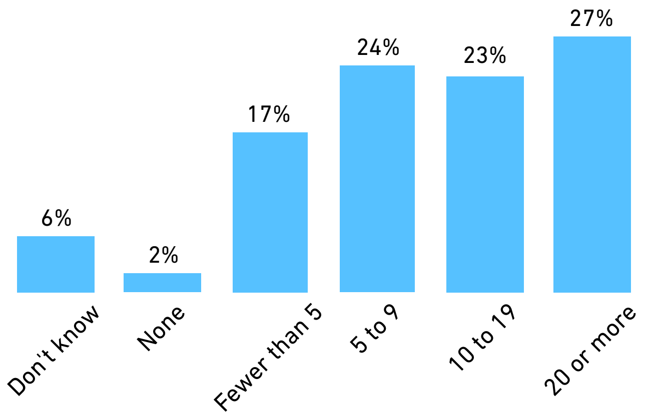
By exposed we mean that they saw a headline on social media, shared by someone, on a web site, etc., but they may not have necessarily read the full article.

Respondents said they click on **32%** of those headlines, on average, therefore people are likely to click 5 of the headlines they see online each day.

Results vary by gender, age, social status, region and many other factors but only slightly. The number was consistent in many different contexts.

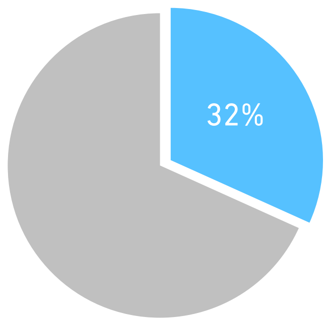
Why do people think they click on about 1/3 of the headlines they see? 3,087 respondents is a good sample size for this kind of question. And given the consistency of the answers we can conclude that statistically, 31.77% is the answer to the question, *"What percentage of online news headlines do people click on?"*

How many headlines are you exposed to online in a typical day?



Q6. Base: All (3,087)

What percentage of online news headlines do you click on?



Q7. Base: All who are exposed to news headlines online in a typical day (2,832)

But it is a curious answer that raises more questions.

Is that specific to the digital news experience? Do people feel like they actually digest about 1/3 of all the information they are exposed to out there across the Internet, in general?

Could the number be higher both in real terms and in the way people perceive their exposure to news?

Perhaps that number could increase if the news industry worked together on better standards including how news appears on 3rd party sites, tracking and reporting exposures to news, and delivering news through various digital media.

Rather than fighting for a slice of the pie platforms and publishers could both benefit if people's perceptions of their news experience was better across all digital environments.

These results show that conditions for a healthy news ecosystem appear to be in place already. In the next section we show how it may be even stronger than people in media realised.

People want more news from more sources

The demise of news has been a running theme since it first appeared on the Internet, but the truth is that news is actually in great demand, perhaps greater than ever before.

In this study we intended to capture the ways people are exposed to news. It's not enough to count traffic via server logs and Internet usage panels. And asking platforms and publishers for this data can skew results that favour the source of the data.

You need to ask people directly.

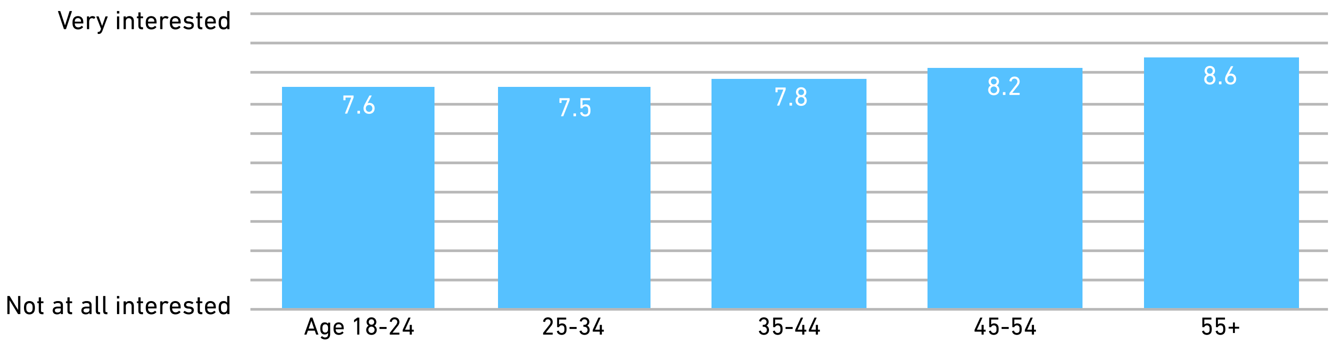
In setting up the questions about exposure to news we wanted to get a broader picture of what news means to people. The data shows clearly that news consumers value quality sources. They read articles in full. And they do this many times a day.

Interest in news is high amongst all age groups, too. The demand for news amongst 18 to 24 year olds is more than you might think. And the numbers for the 55+ age group made us wonder if there's latent capacity in the market for even more news from more sources than what's on offer today.

Respondents were asked to rate their interest in keeping up with news stories on a scale of 1 to 10, where 1 is "Not at all interested" and 10 is "Very interested".

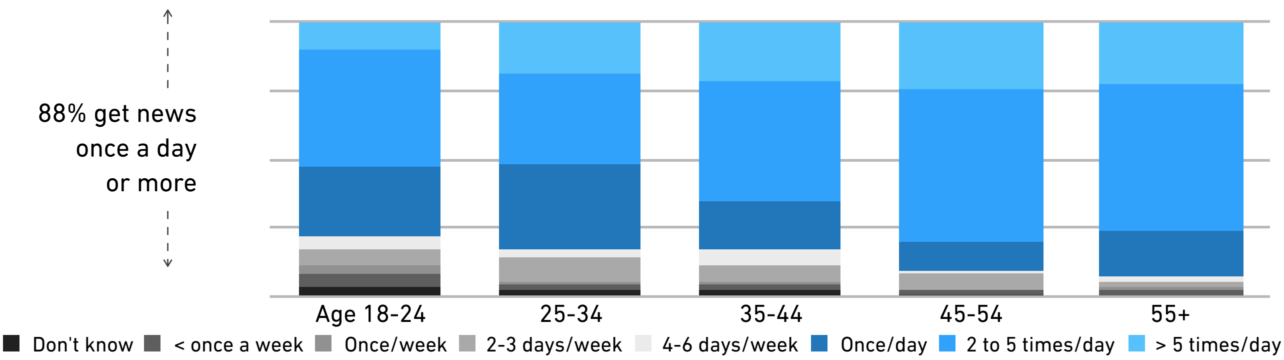
We found that 75% of the 55+ age group rated their interest an 8 or higher, which is

Rate your interest in news on a scale from 1 to 10



Q1as. Base: All (3,087)

How often do you access news online?



Q2s. Base: All (3,087)

37% of news consumers prefer Publishers' websites and apps as their main source of news online, twice as much as Facebook, and much more than every other source.

illuminating but not necessarily surprising. Yet a whopping 55% of the youngest respondents rated their interest 8 or higher, too. Only 3% of respondents answered "Not at all interested" with a rating of 3 or lower.

Overall the average was 8 out of 10. We can say with confidence that in fact people are VERY interested in news. This shouldn't be unexpected, really. Perhaps it's the skeptical culture in the news industry that makes 8 out of 10 seem a little surprising.

The high interest level is reflected in the frequency numbers. Nearly 90% of respondents access news online once a day or more. Men (93%) are more likely to get news that often than women (84%).

Device usage is mostly as expected. 43% of respondents said their mobile is their primary mode of accessing news. We're seeing early signs of the smart home speaker becoming a part of the news diet, too, amongst the older age groups.

Several of our questions were teasing out trust in news. We did this in different ways to find patterns that might help us identify where platforms and publishers help each other, where they may aggravate tensions or, worse, do damage to each other.

For example, we asked whether people trusted news that they saw on Google, Facebook, Twitter and several other sources of traffic to news media. Then we asked about trust in specific publishers in the UK, France and Germany.

However, a different question reinforced our view that the news ecosystem is a healthy partnership between platforms and publishers.

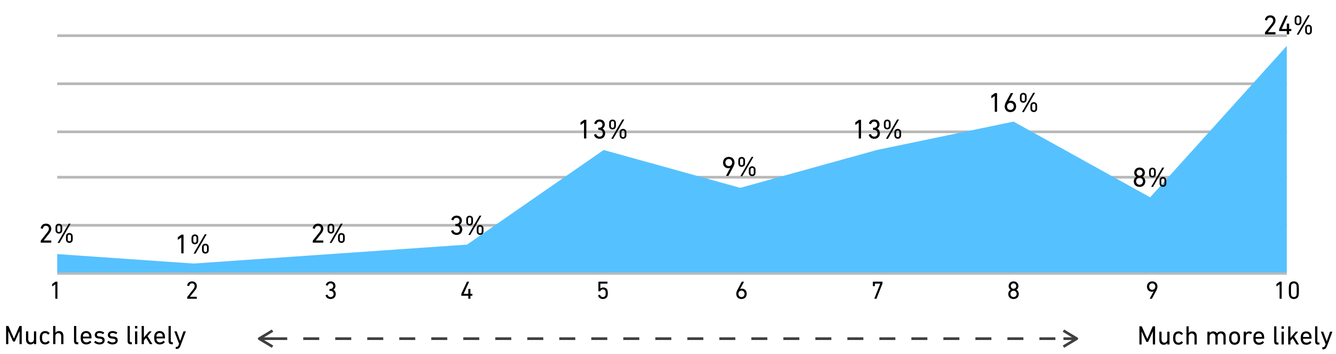
People told us they are much more likely to click on a story if the original source is a recognised news publisher.

That means, on one hand, platforms will give their users a better experience if they show trusted sources of news. And, on the other hand, established news brands are valued more than other sources.

All these answers in combination seem to say that people are happy with the way they get their news today. It even suggests people have capacity for lot more.

How likely are you to click on a story if the original source is a recognised news publisher?

Rate your response on a scale of 1 to 10



Q20. Base: All (3,087)

Profile: News readers aged 18 to 24

The younger category of readers aged 18 to 24 show a particularly strong interest in news. Their understanding of platforms and publishers is sophisticated, and their trust in each is a key driver in making the relationship work.

One third of them spend 30 minutes or more consuming the news on a typical day whether via social media, television, newspaper web sites or other means. 45% say they read the full article they click on either all or most of the time.

Interestingly, when asked to narrow their selection to one single main source of news 31% chose publishers' web sites or mobile apps over social media and other sources.

And while social media seemed to dominate breaking news in recent years, we found that 66% of this younger category depend on publishers' sites to stay up-to-date with stories.

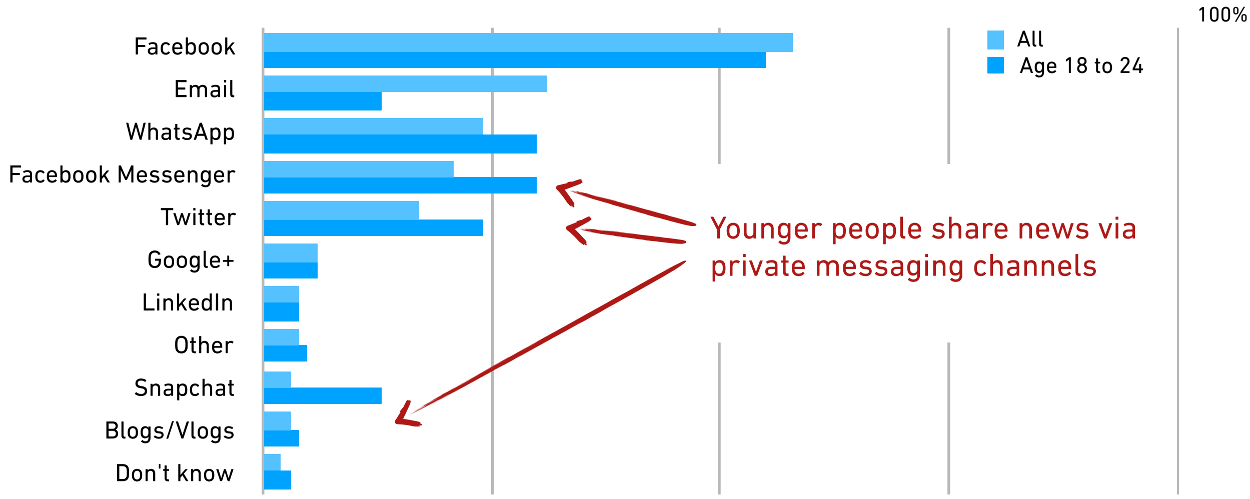
That's compared with only 25% who use Facebook to stay up-to-date. In fact, most (55%) of the younger category of news consumer see news on Facebook merely because it appears next other content.

Interest level by news category

Q1b_1 to Q1b_17. Base: All (3,087)

Crucially, they are very discerning about their news sources. One third of them say they almost always check a source before clicking on a link. 48% are much more likely to click on a story if the original source is a recognised news publisher.

Platforms used to share news stories



Q24. Base: All who share news stories (2,371). Which platforms have you used to share the stories? Please select all that apply.

Mapping the path to news

The power curve of referral traffic starts as you would expect. Google and Facebook drive about 80% of all the traffic sourced from 3rd party sources. Then there are a number of other sources that follow.

However, as mobile adoption and usage increases and social networks change we see the balance of influence changing, too.

Facebook was a more significant source of traffic to news until mid-2017. A gradual decline in engagements and referral traffic continued, and in early 2018 the company announced a new strategy for working with news. So far this year, Facebook is steady at about 20% of referral traffic to news.

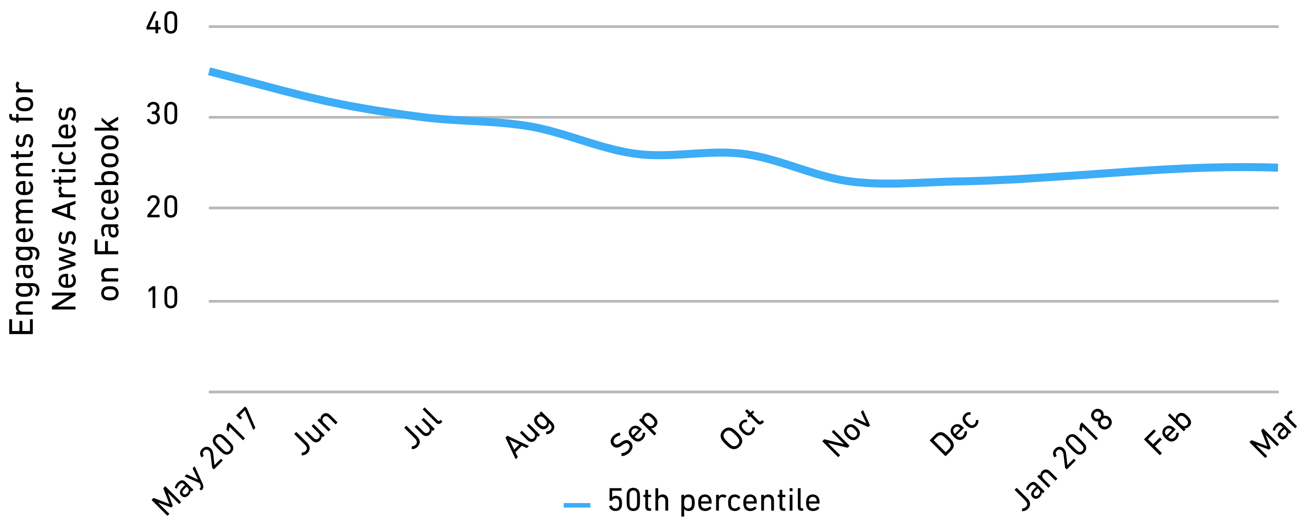
Read more in Kaleida's report "*Facebook demotes the news — what it means for news orgs*", January 2018.

We also see some smaller sources of traffic becoming more interesting, particularly when we focus in on traffic specifically to articles.

TOTAL SESSIONS* TO NEWS BY SOURCE
EUROPE, JANUARY 2018 (Millions)

Google	6,694
Facebook	3,206
Twitter	953
Bing	192
Flipboard	66
Yahoo	59
Reddit	17
Wikipedia	14
Duckduckgo	11
Msn	8
Direct/Other	9,844

Flipboard, for example, appears high in the list for some of the publishers in our sample, neck and neck with Twitter. Though Flipboard has an edge in a very important way. Looking at mobile devices only and isolating traffic specifically to articles we found Flipboard drove 2x Twitter's traffic to news in some cases.



* "Total Sessions" includes Referrals, Direct, and Unknown traffic to all pages on news publishers' owned and operated digital properties.

Yahoo! and Bing have a similar relationship. They drive nearly the same amount of traffic to news overall. However Yahoo! has some strengths in mobile. Yahoo! drives 3x as much traffic to article pages as Bing on mobile devices. By contrast, Bing is a key driver to non-article pages, such as home pages, section pages and microsites within web sites.

According to our research nearly 2/3 of all traffic to news from 3rd party sources came via mobile devices.

After excluding ‘Direct and Unknown’ traffic sources Google accounted for 68% of the known referral traffic on mobile devices. Facebook was responsible for 22%.

While some platforms may appear to be more influential in terms of total volume, by isolating the mobile-sourced traffic we get an indication of where things are headed.

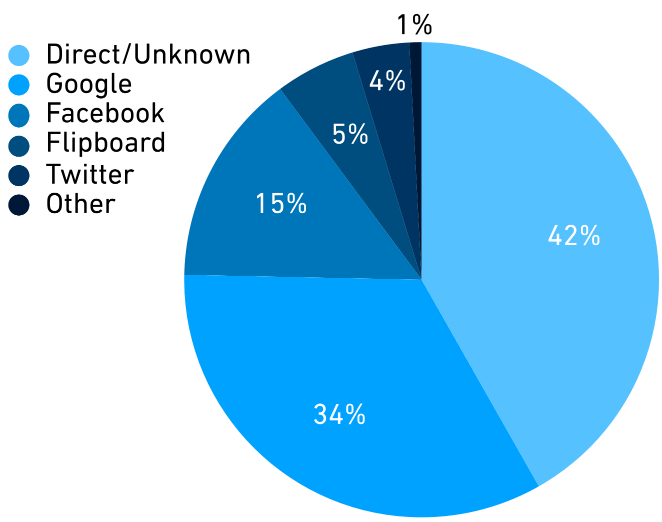
As a percentage of all traffic to news articles initiated by Google, mobile accounts for about 54%. Mobile-sourced referrals as a percentage is lower for Google compared to most other platforms.

Mobile traffic from Facebook to news articles accounted for 70% of Facebook’s total referrals. Twitter showed a similar pattern with 68% of their total referrals coming via mobile devices.

There is clearly a relationship between the growth of platforms and the growth of referral traffic from them. As access to news improves so does news consumption.

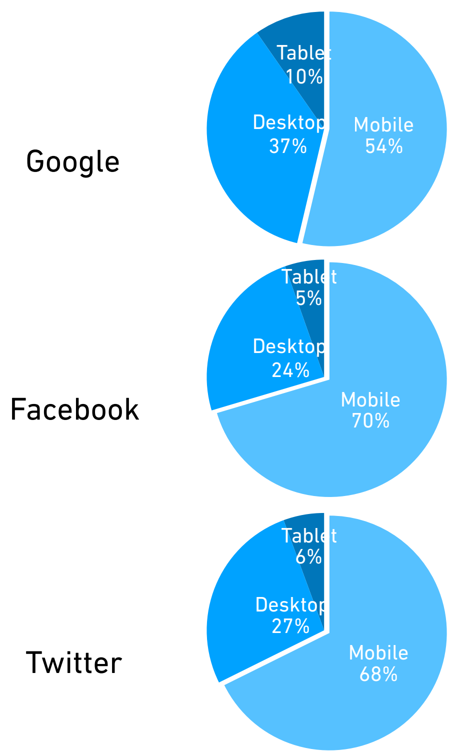
The data seems to suggest that news publishers would benefit from making that relationship work better for them. However, it’s also clear that not all platforms deliver the core use case equally - traffic direct to news articles on mobile devices.

Mobile news sessions by source of traffic



Source: News Ecosystem Report, Europe, January 2018

% of traffic by device initiated by platforms to news articles



How referral traffic flows across Europe

The fuel powering the platform-publisher-people dynamic varies at different geographical levels

Referral traffic to news across Europe looks broadly similar from country to country. But it's the differences and subtleties that yield the interesting insights, much like the Europe project itself.

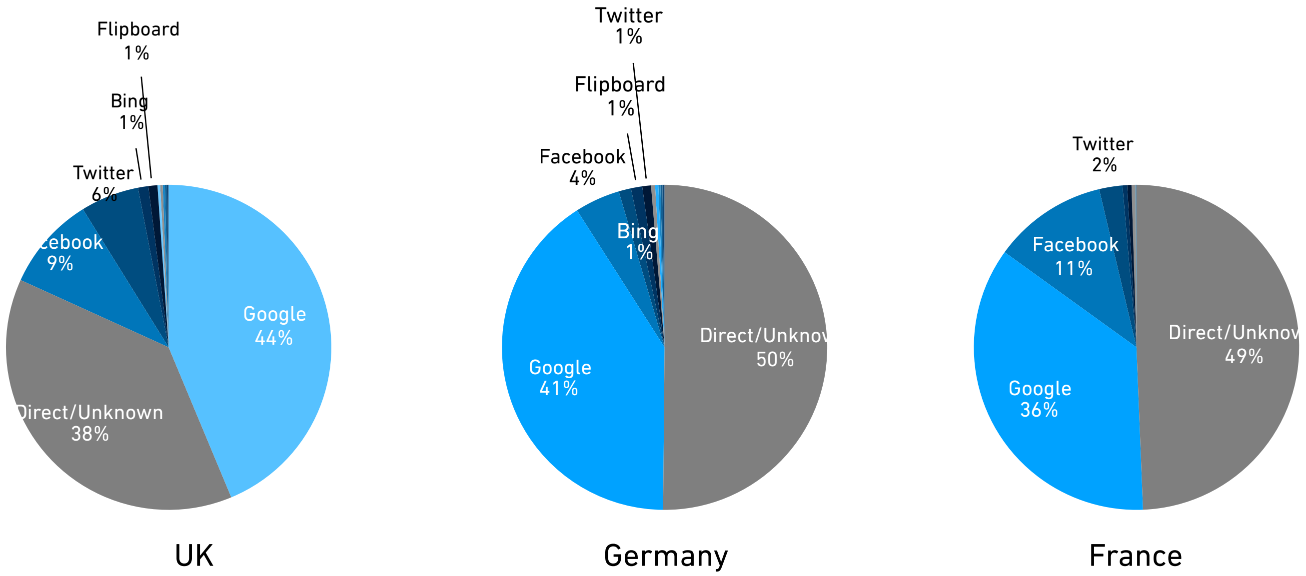
Looking at the distribution of referral sources in each country it becomes apparent that Facebook's strength is in France, Google's strength is in Germany, and traffic is slightly more distributed amongst 3rd party sources in the UK.

Facebook's share of Total Session referrals is about 11% in France. Isolating only the mobile traffic and only traffic to news articles from external 3rd party sources we find that Facebook drives 30% of the traffic there vs Google's 60% share in the region.

Facebook's influence is very high in France compared with Germany where Facebook's share of mobile traffic specifically to articles is half the size at about 12%. Google leads all 3rd party mobile referral sources to news in Germany with over 80% share of the market there.

There are a few up and coming sources worth keeping an eye on in Europe, too. Though considerably smaller than the leading sources, news aggregators such as Flipboard,

Total Sessions* to news by source, by country



** "Total Sessions" includes Referrals, Direct, Unknown and all other traffic including articles home pages and all other URLs on news publishers' owned and operated digital properties. Source: News Ecosystem Report, Europe, January 2018*

Newsnow, Pocket and SmartNews are all making noteworthy contributions. In addition, Bing, Xing and DuckDuckGo are prominent in France and Germany. Our research on referral traffic does not include Apple News which we know from publishers is an increasingly influential mobile platform in Europe.

As we've found in other areas of the news ecosystem, the most interesting insights are not just between platforms and publishers but also in what people want.

We asked people to rate their interests in different categories of coverage. While the general trends were similar in each country, the variations were fascinating.

Overall, people in Germany showed a higher interest in news than either the UK or France. We don't know whether they are in fact more interested or more willing to score their interests higher on a scale. But some categories were considerably higher, such as Business and Environment coverage.

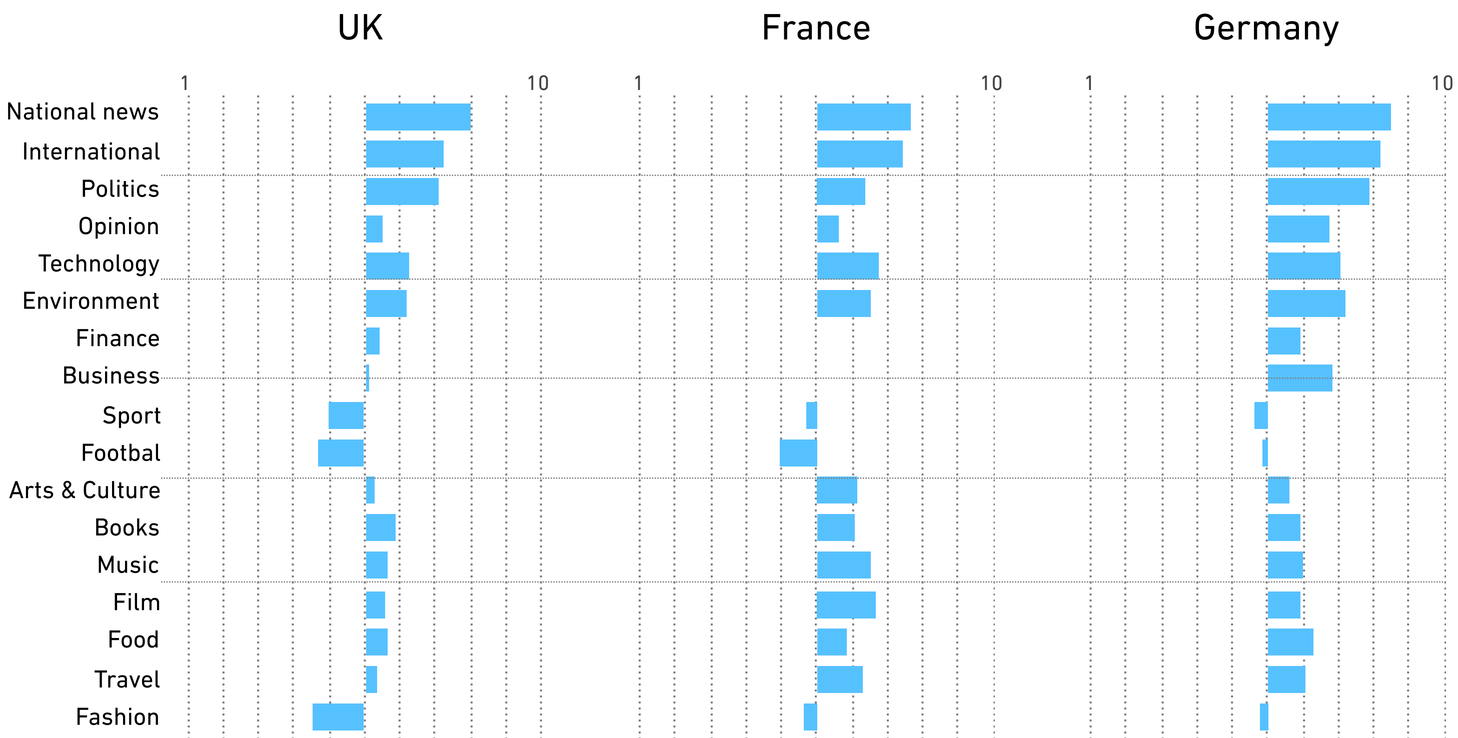
In France people rated Cultural coverage higher than the others. And in the UK National news rated higher than the others.

Surprisingly, the ratings indicated that on average, people rate Football coverage low. On further investigation it appears that the answers were more extreme. Sports haters may outnumber the Sports lovers, but many people across Europe really love their Football coverage, as much as there is available.

The news ecosystem in Europe clearly reflects the same macro political, cultural and economic trends in the region - it looks alike everywhere on the surface, but when you get into the specifics you'll find significant differences in how it all works.

To what extent are you interested in the following coverage?

Rate on a scale of 1 to 10 where 1 means not at all interested and 10 means very interested

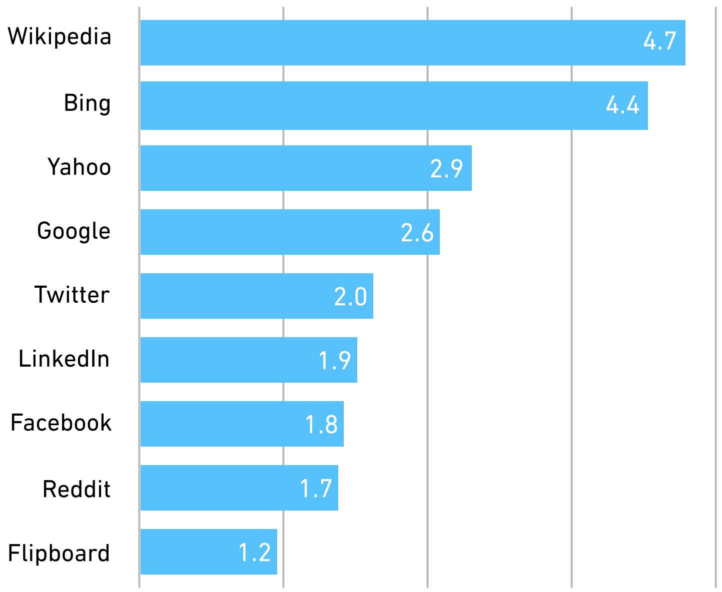


Source: News Ecosystem Report, Europe, January 2018

Measuring traffic quality by depth and time

We all know that occasionally we'll click a headline by mistake. We leave as fast as we entered. Equally, we may find ourselves unexpectedly spending a lot of time on a web site after reading an article there.

Pages per session



Source: News Ecosystem Report, Europe, January 2018

News publishers clearly value the latter activity more than the former. What they want more than anything, though, is for people to spend time on their web sites on a regular basis.

Our research shows which types of 3rd party referral sources drive which kinds of news reading activities. While we can't say for certain that Wikipedia *causes* deeper experiences on publishers' digital properties, for example, the data shows that, in fact, Wikipedia is the highest source of traffic to news when ranked by depth of visit.

After Wikipedia we found that Search as a category drives the next most valuable source of traffic to news followed by Social platforms. Bing, Yahoo! and Google all perform better than Twitter, LinkedIn, and Facebook through the "Pages per session" lens.

In recent years many publishers have preferred time metrics over breadth and depth metrics.

We asked people to estimate how much time they spend consuming news on a typical day. We found that amongst those who use publisher's web sites as their *primary* source of news that nearly half of them spend 30 minutes or more.

Twitter ranked slightly lower by the same measure. Only 1/3 of the people who use Google News as their primary source of news spend 30 minutes or more with news per day.

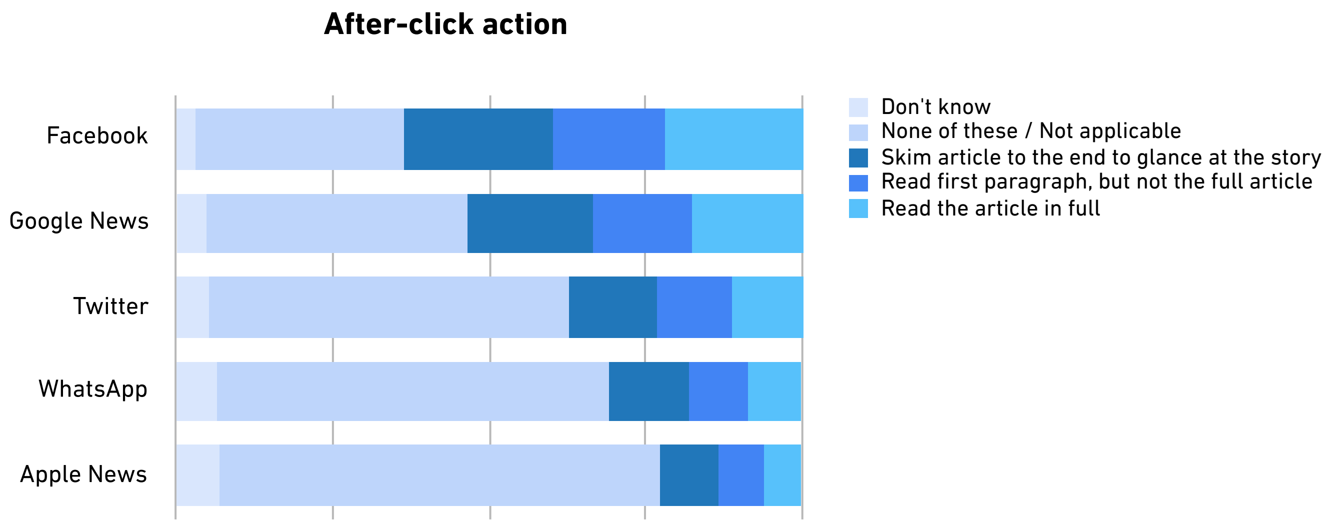
The Facebook segment spent the least amount of time consuming news. 71% of those who use Facebook as their primary source of news spent *less* than 30 minutes a day with news.

The reason news publishers care about time spent is because it's an indicator that people are actually reading their journalism. So, we asked people about their reading habits, too.
Among other things, we asked whether people read the entire article or just glance at headlines.

42% of respondents said they read the entire article they've clicked most of the time. That's compared with 24% who read the first paragraph most of the time and with 28% who skim articles.

Interestingly, while Facebook scores low both in terms of time spent with news and depth of visit on news web sites, many respondents reported that they do in fact read articles in full most of the time when they clicked on an article via Facebook. The reason for this is because people tend to read articles when a friend or family member shares a story. That's true of any platform and particularly true on Facebook.

Source: News Ecosystem Report, Europe, January 2018



While this pattern makes Facebook a very unreliable source of traffic, it's not entirely unhelpful if publishers can find ways to convert those drive-by visits into something more meaningful.

We found Apple News has a similarly intense yet sporadic relationship with news. People were asked *"How likely are you to click on a news headline within Apple News?"* The mean response to that question was 2.5 out of 10, only slightly higher than SnapChat which scored lowest of all the platforms. By comparison Facebook scored a 5 out of 10 on that question.

And in another question about why people use platforms respondents ranked Apple News high only in terms of using it "to keep informed". It appears to be a key part of the news diet for those who consume a lot of news.

It should be no surprise that the people most likely to click on a story are also the most likely to read the article in full. But this super active segment is particularly valuable.

64% of them, people who click on half or more of the news articles they see online, read the entire article all or most of the time.

The super active news consumers are generating more visits and spending more time with news than everyone else.

We also know that most of them prefer publishers' web sites and mobile apps as a main source of news vs Facebook, Google or any other source for news. They use news publisher's sites and apps on a daily basis.

They trust news sent to them via email more than via social media, particularly when it comes from a news source they recognise. They are also more active sharers than other segments. They tend to share stories via email, and they do it because they wanted someone specific to know about it. They are less likely to share just to draw attention to something.

Our research shows real appetite for more news. We're also seeing demand for depth of experience. Improving the experience for the most committed and active news consumers would probably draw others who are likely to become similarly active into this segment, too. If the goal is to generate the most value across the news ecosystem that may be the fastest way to do it.

Source: News Ecosystem Report, Europe, January 2018

The economics of the platform-publisher-people triad demonstrate the need to work together

3rd party sources fuelled €53M in ad revenue for publishers

There are many indicators that the platform-publisher-people triad is already successful. We've sized the market with this research, but, more importantly, we've identified the hot spots. Demand for news is strong, and the way people are getting their news seems to be working for them, for the platforms, and for news publishers.

Publishers earn **€0.007** per session

The data also gives us a clear sense of value to each constituent in this partnership.

Crucially, it appears that referral traffic to news is adding a lot of value for news publishers without requiring their dependence on platforms.

News publishers earned €1.8B in Europe in 2017, or about €152M per month, according to PwC's Global entertainment and media outlook report 2017-2021.

The value of traffic can then be considered in terms of revenue per session. At €152M per month on 21B total sessions* across news publishers' digital properties in January we arrive at a figure of €0.007 per session.

While 7 tenths of a cent seems disturbingly small it grows very quickly given the incredible scale publishers are achieving. The idea of reaching tens of millions of readers every month would have been inconceivable to the founders of many of the leading newspapers today.

What is the value to publishers of the referral traffic we've measured? With 7B sessions initiated by clicks from 3rd party sites that means the total digital ad revenue derived from referral traffic to articles was approximately €53M or 1/3 of total ad revenue.

This is not a dependent or even co-dependent relationship. Traffic generated by 3rd party sites is powerful fuel for a news business, but news can survive without it, too.

These values work in context of other metrics we already understand, too. For example, we estimate the total number of "Views" across news publishers in Europe in January at 80B *(21B total sessions* x avg 3.81 views/session)*. That translates to an average CPM across the market of €1.90, not far off from CPMs in the US, according to eMarketer.

US* Display Ad Benchmarks: CPM and CTR, by Targeting Method, 2016
among impressions served by Choozle

	Contextual	Data targeting	Geotargeting	IP targeting	Retargeting
CTR	0.19%	0.15%	0.15%	0.06%	0.22%
CPM	$2.11	$3.67	$1.79	$3.88	$3.30

*Note: represents activity on Choozle's platform, broader industry metrics may vary; includes mobile and video; *primarily US-based*
Source: Choozle, "Digital Advertising Findings & Best Practices," Feb 22, 2017
225294 www.eMarketer.com

As benchmarks these figures become useful tools for improving the relationship between platforms and publishers.

The numbers suggest the relationship is adding real value. The challenge is working out how to continue building a healthy co-existence.

** "Total sessions" includes Referrals, Direct, Unknown and all other traffic on news publishers' owned and operated digital properties.*

Analysis: News needs a universal health monitor

Journalism's value to the world will remain elusive and sometimes even contentious without some sort of common ground.

Society intuitively understands the *importance* of journalism, but the subjective nature of the word "important" makes it an impossible currency. We can barely agree what constitutes *good* journalism even though we all know it when we see it.

Fortunately, the Internet is made of computers, and computers are great at counting things - even something as abstract as news and the market around it.

Sizing the news ecosystem requires a few different sources of data and some new approaches to understanding the medium and how people use it.

At the deepest levels of the Internet we can count the amount of data moving through it. According to Cisco[3], we're approaching 3 trillion gigabytes of data traversing the network annually.

That includes everything from streaming video to games to email and, of course, web pages. However, it's unclear how much of that is just news.

While data travel patterns have some meaning, we clearly need to look a little higher up the stack to understand news.

Another way to size the news ecosystem is by the amount of news published. Publishers deploy a range of different and sometimes opposing publishing strategies making this a weak indicator. Some publish thousands of articles per month. Some focus on fewer but longer stories. Many of those stories are seen by few readers, sometimes no readers at all.

Finding like-for-like quickly falls apart.

It becomes apparent then that measuring the activity around news yields more relevant results than the tangible but incomparable physicality of news.

Revenue is one such method. PwC reports that the total global digital ad revenue for news was $10B in 2017, with Europe accounting for 22% or €1.8B. Over half of news publishers are seeing revenue declines overall, however more than 2/3 of news publishers see a future in other models including subscriptions, according to WAN-IFRA's latest research.

Again, like-for-like gets cloudy when you take into account varying ownership models and the diversity of revenue strategies.

The catalyst for advertising or any other business model for news is really no different than any other consumer business - it's about footfall. Are people coming by and having a look? What transactions result from that?

Revenue provides insight into current and future health. But what is the potential in the market? How much opportunity is being left on the table? How much of the current activity is unusable? Can we design for better conditions across the news ecosystem?

The thing connecting all the pieces - from the delivery of data to the publication of the stories to the revenue generated - is the moment and place that a person finds themselves exposed to news.

"News Exposures" are not going to solve all the problems facing news publishers. The metric may not solve any problems at all. But now that we've tried counting this way it feels almost incomprehensible that the news industry hasn't adopted a standard for it yet.

Digital advertising would not exist without standard methods for counting ads viewed. How is it possible that 28 years after the Web began news still can't count itself?

APPENDIX

Methodology

The News Ecosystem Report was developed by Kaleida Networks Ltd to study and analyse the relationship between Internet platforms and professional news publishers in Europe. The project utilised a combination of data sources including our own data about news performance, comScore's January News & Information data, analytics from a group of 18 news publishers across Europe, consumer research conducted for this study by YouGov, and PwC's Global entertainment and media outlook report 2017-2021.

PUBLISHER ANALYTICS:
A sample of 18 news publishers across Europe provided data about web traffic for the month of January. Publishers ranged in size from small local publishers serving tens of thousands of readers to international news organisations serving tens of millions of readers.[4]

Data provided by publishers included sessions to URLs, referral sources, session depth, user device, and user country.

NOTE ABOUT "DIRECT" TRAFFIC:
A significant amount of the traffic data we collected is quantified as 'Direct' or 'Unknown' traffic. In cases where we focused on referral traffic to articles we excluded this traffic segment, as it is difficult to categorise with any reliability. Direct traffic is often a mix of different actions grouped into one source - people going to the publisher's web site on their own or jumping from page to page within the publisher's web site; traffic from private messaging such as WhatsApp; encrypted traffic; email newsletters; visits with ad blockers and more.

COMSCORE:
comScore's measurement methodology, Unified Digital Measurement™ (UDM), involves integration (or "unification") of person-centric data collected from a sample of online recruited panelists, with server-centric census data from tagging web entities.

comScore employs an Internet panel methodology which provides a comprehensive view of the PC-based Internet activity of a panel of web users, across all web entities, regardless of browser type. The panel methodology allows comScore to have visibility into exposure to websites and their different content elements, to the ads placed on these sites, to streaming, to Instant Messaging clients, and to all other web-based technologies and protocols. Because panel measurement is conducted via a software meter that resides on the panelist's computer, comScore is able to observe "private browsing" sessions, as well as secure sessions.

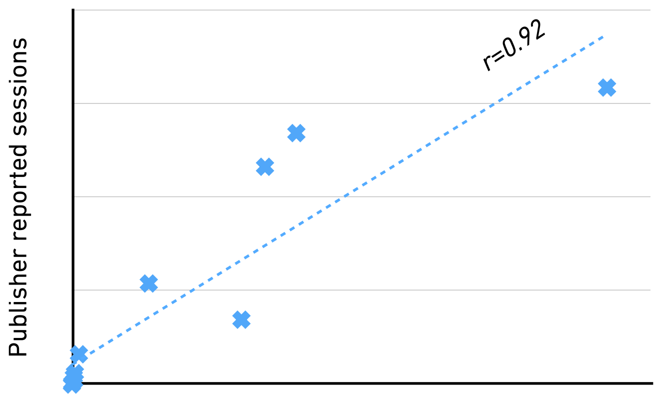
A tag, sometimes referred to as a tracking pixel, is a transparent one by one (1X1) pixel graphic image that is placed on a web site or other web based content asset and is used to track an 'event'. Each time the content asset is served upon the end-consumer, a tag call is made and that event is logged on the tag host server, thus enabling all tag events to be tracked. These events include a visit to a web site or page within a website, serving a video, delivery of an advertisement or delivery of distributed content. Information such as the IP address of the computer that retrieved the image, a timestamp of when the tag was retrieved, the type of browser, previously set cookie values, etc. can be passed along with the tag call.

More information can be found at comscore.com: https://www.comscore.com/content/download/18013/850803/file/comScore_UDM_Methodology.pdf

COMSCORE/PUBLISHER RATIO:
In our research we applied some simple statistical methods to extrapolate insights from the publisher data to the wider news ecosystem in Europe.

The method for achieving this included mapping the comScore reported user "Visits" to publisher reported user "Sessions". We found a very high correlation between the two data sources which is to be expected, as comScore uses a tag or tracking code on publishers' web sites.

This analysis enabled certain figures obtained from the raw publisher data to be used to estimate market-wide figures.



We use the term "News Exposures" in the report to represent the amount of news seen by people. This is a count of the number of headlines seen by news consumers on any Internet platform or web site excluding the digital properties of the publisher of the article behind the headline. We estimate 7.4 billion sessions to articles on news publishers' digital properties initiated by clicks from externally-sourced 3rd party sites. News consumers claim they click on 32% of headlines they see. Therefore, we estimate approximately 23 billion "News Exposures" in Europe in January 2018.

YOUGOV SURVEY:
The survey was conducted using an online interview administered to members of the YouGov Plc panel of individuals who have agreed to take part in surveys. Emails are sent to panellists selected at random from the base sample. The e-mail invites them to take part in a survey and provides a generic survey link. The responding sample is weighted to the profile of the sample definition to provide a representative reporting sample. The profile is normally derived from census data or, if not available from the census, from industry accepted data.

In this research the sample size was 3,087 adults. Fieldwork was undertaken between 2nd - 11th March 2018.

The data were weighted to targets based on census/industry accepted data, such as age, gender, region, newspaper readership, and social grade, to represent the total population of each country. The sample is reflective of the population that has access to the internet.

As this survey deals with news consumption, we filtered out anyone who said that they had not consumed any news in the past month, in order to ensure that irrelevant responses didn't adversely affect data quality.[5]

PWC DIGITAL REVENUE DATA:
The media segment used in the News Ecosystem report includes all daily newspapers, including weekend editions and free dailies in Europe. Weekly newspapers are included in markets where data is available.

Total advertising revenue in the PwC newspaper advertising report considers advertising spend on both print editions of newspapers and digital newspapers, which includes all advertising on newspaper websites, tablet apps and mobile phone apps.

Revenue figures used in the News Ecosystem Report included the digital advertising data only. Revenue was published in USD and converted to Euros for this research at an exchange rate of 0.81.

More information can be found at pwc.com: https://www.pwc.com/gx/en/industries/tmt/media/outlook.html

Footnotes

[1]. Kleiner Perkins Internet Trends Report.
http://www.kpcb.com/internet-trends
Slide #15: *"Advertising Revenue ($B) and Growth Rates (%) of Google vs. Facebook vs. Other, USA, 2015 – 2016"*. According to a spokesperson for Kleiner Perkins the "Google Display Network" (GDN) revenue in the "Google" column comes from Morgan Stanley Research, and the "Other" column includes figures from IAB / PWC Advertising Report (2016) less GDN revenue. Revenue shared with publishers from Google Display Network is counted in full in the Google column and also the Other column.

To be clear, adjusting for shared revenue in the Google column will not dramatically affect the overall message of the chart. Google and Facebook are both experiencing tremendous growth in advertising revenue. However, in the interest of the news ecosystem, we would like to see the data used to tell the story that the overall pie is getting bigger and opportunity is growing for Google, Facebook and everyone in the Other category, too.

[2]. The Top 20 Valuable Facebook Statistics
https://zephoria.com/top-15-valuable-facebook-statistics/

[3]. Cisco Visual Networking Index
https://www.cisco.com/c/en/us/solutions/collateral/service-provider/visual-networking-index-vni/complete-white-paper-c11-481360.html

[4]. With 18 publishers in our publisher data sample some of the data we provide will be less relevant to news publishers whose traffic varies from the norm. Every publisher is different. And some have deeper or explicitly more distant relationships with platforms than others. While we collected data from a range of publishers with different locations, sizes and business models, the limited size of the sample may skew toward broader market indicators.

[5]. Our survey was conducted using established online panels run by our polling company YouGov and their partners. Because this is an online survey the results will under-represent the consumption habits of people who are not online (typically older, less affluent, and with limited formal education) or people who do not read news.