THE OC&C DIGITAL MEDIA INDEX

Poles apart

Polarisation and changing preferences in global news and magazines

OC&C Strategy consultants

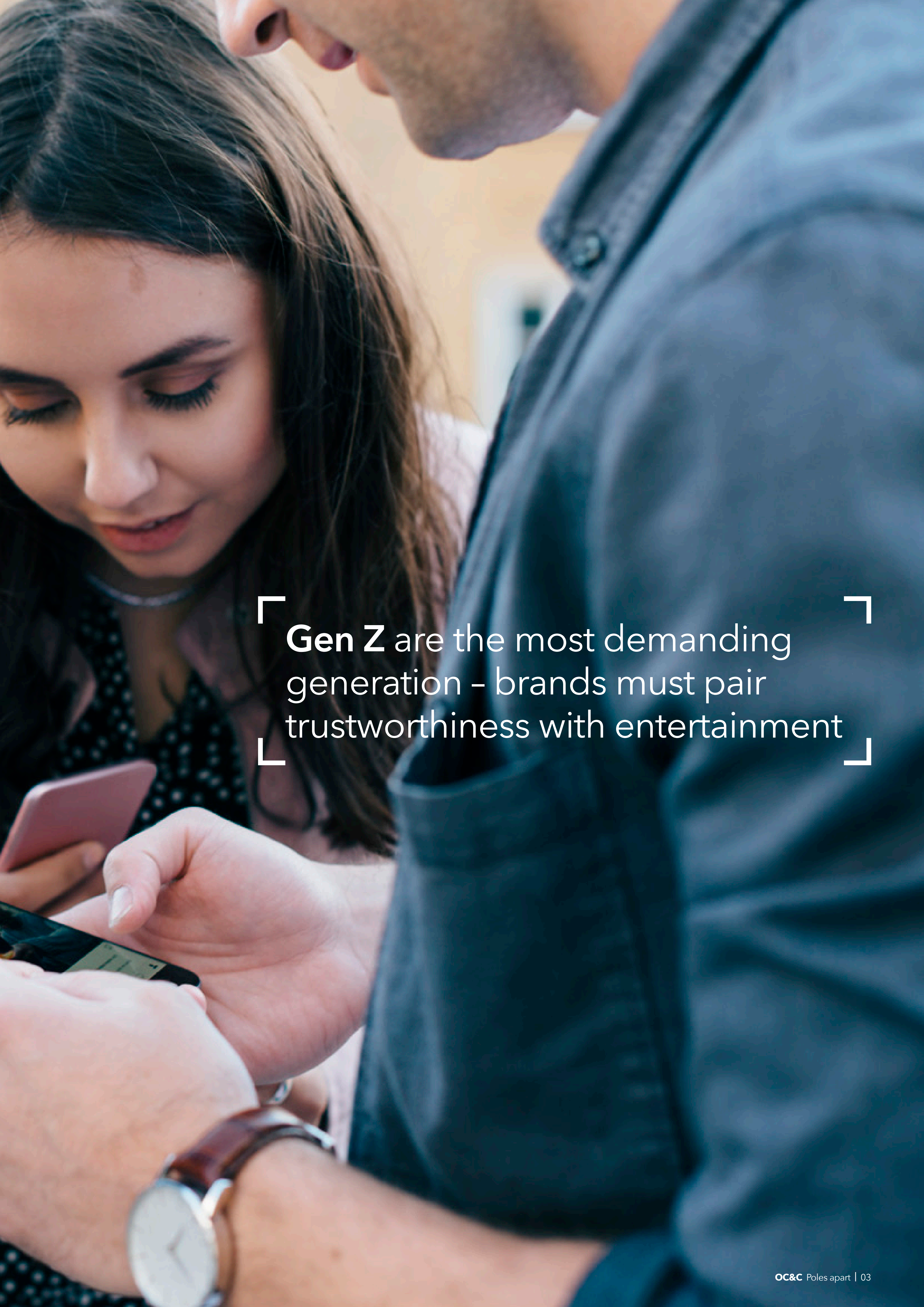
uncommon sense

Fake news, Twitter bots, and polarisation. Boomers, Millennials, and Gen Z.

2018 continued the trends of 2016 and 2017. As the media landscape responds to these forces OC&C ran its Digital Media Index survey, tracking the brands and themes in the media.

The key findings from our news report:

- **Polarisation** was the major theme of 2018 – the news landscape is becoming more divided reflecting the political backdrop (especially in the US)
- **Fake news** concern is widespread. Facebook take the blame, and many think they should take responsibility
- **Younger generations** are turning away from social feeds as their primary source of news and in general are trying to spend less time on social media
- **Gen Z** are the most demanding generation – brands must pair trustworthiness with entertainment
- A new generation of **digital native brands** are achieving cut-through (for younger groups) with experimental approaches

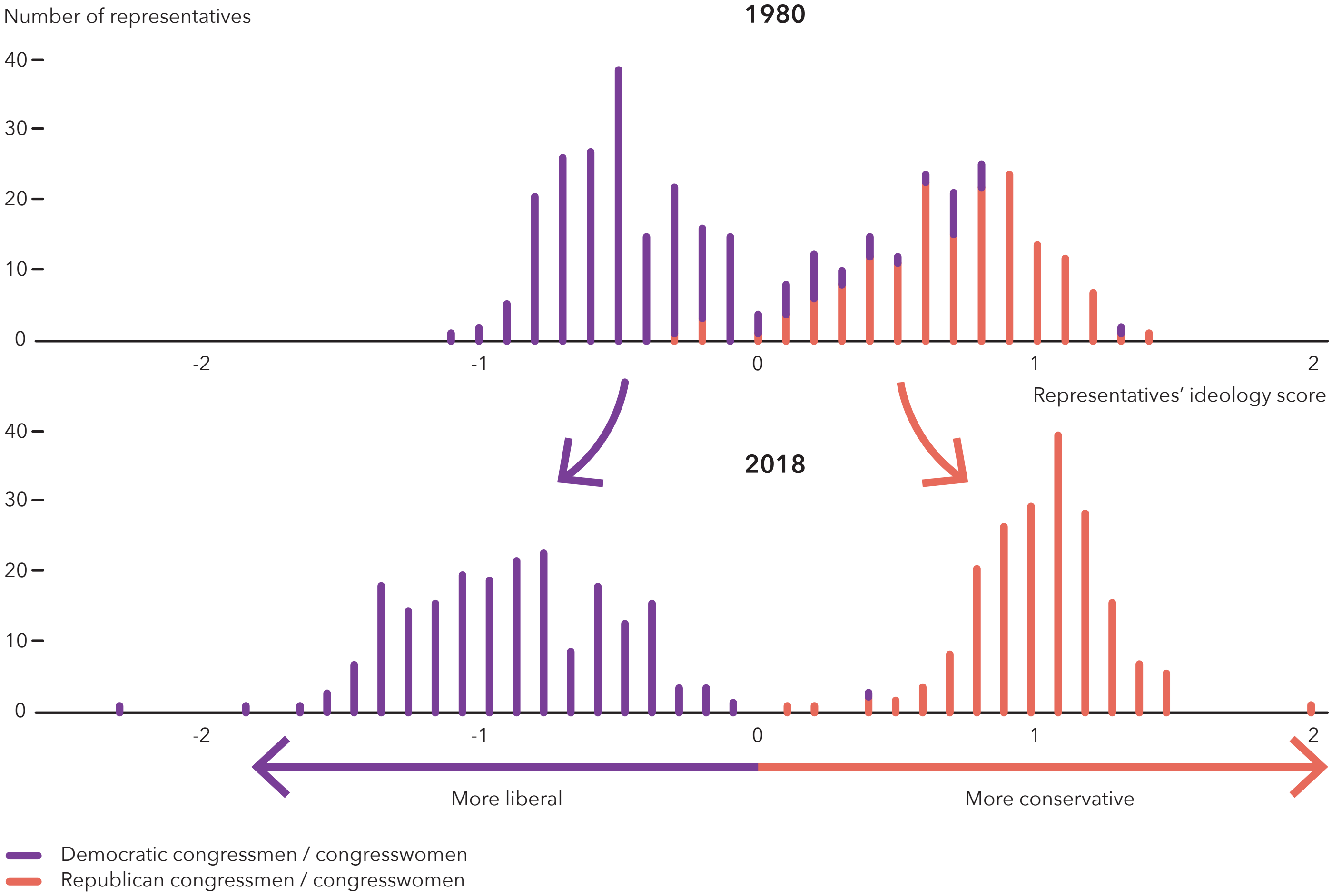


Gen Z are the most demanding generation – brands must pair trustworthiness with entertainment

Publishers are operating in an increasingly polarised world

Political polarisation has increased substantially over the past decade. Media organisations are reacting to, and some would argue influencing, the polarised political environment in different ways. Brands that have historical leanings are emboldened to play into the trend, while historically neutral publications like The New York Times are using their reputation to position themselves as an objective authority.

THE US HOUSE OF REPRESENTATIVES IS INCREASINGLY POLARISED



Source: Adam Bonica Database on Ideology, Money in Politics and Elections via Financial Times

Politics has become more polarised over the past decades, more radical political positions are articulated, and though intangible, the "tone" of discourse has changed, particularly in the US. These long run, intangible changes can be seen more clearly from the change in ideology of the Republican and Democratic parties. In 1980 the right-wing of the Democrats and the left-wing of the Republicans overlapped, but now in 2018 the parties have shifted, with fewer moderates and a clear ideological gap between the parties. With US politics so divided, media organisations can either choose to play into the trend and pursue particular segments of the country as a priority (e.g. Fox News) or strike a non-partisan tone and build appeal based around "objectivity" (e.g. The New York Times).

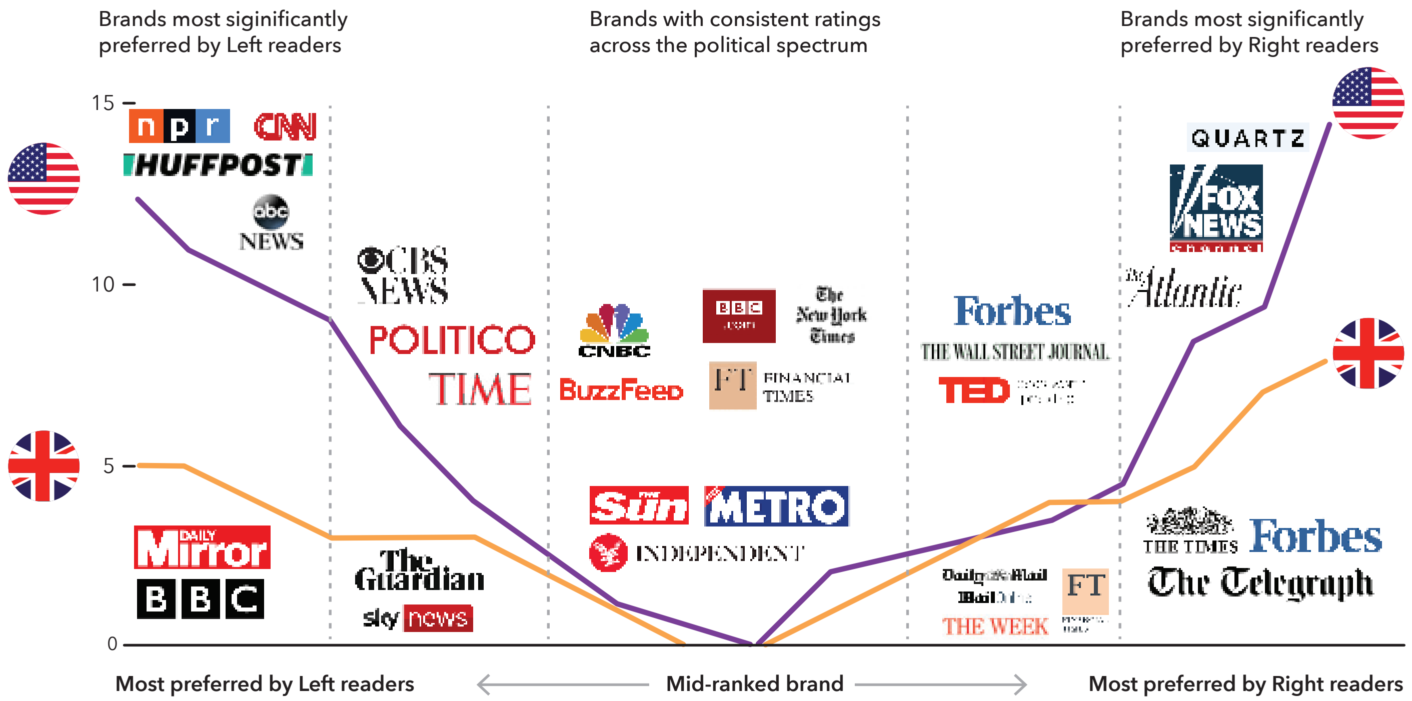
Our survey results suggest that a combination of entertainment value, distinctive voice, and trustworthiness are most important for high reader ratings. We see both the "objective" strategy being successful (e.g. The Economist, The New York Times) and examples of brands succeeding through resonance with particular sub-groups (e.g. Fox News, The Young Turks, The Rubin Report). Part of the problem for mainstream news brands (e.g. ABC News) is a lack of distinctiveness both in voice and in the visual repackaging of its TV content online, making it difficult for them to cut through the crowded landscape.

Major UK brands have so far stayed less politically divisive than in the US

We asked respondents on both the left and right of the political spectrum to rate different news brands. Whilst many of the brands were rated equally by people of different political views, some brands (e.g. Fox News, HuffPost) polarised opinions. This trend was particularly pronounced on the right of the political spectrum in the US, with several outlets rated much higher by readers to the political right. In our US survey we saw the effects of consistent attacks on the mainstream cable news channels (e.g. ABC News, CBS) with the ratings for their online news sites showing a difference between the left and right, and below average trust ratings.

Readers in Britain remain more moderate in their opinions, for now at least, with most major outlets rated highly for trust and receiving consistent ratings from the left and right.

DIFFERENCE IN RATING BY READER POLITICAL VIEW (/100)



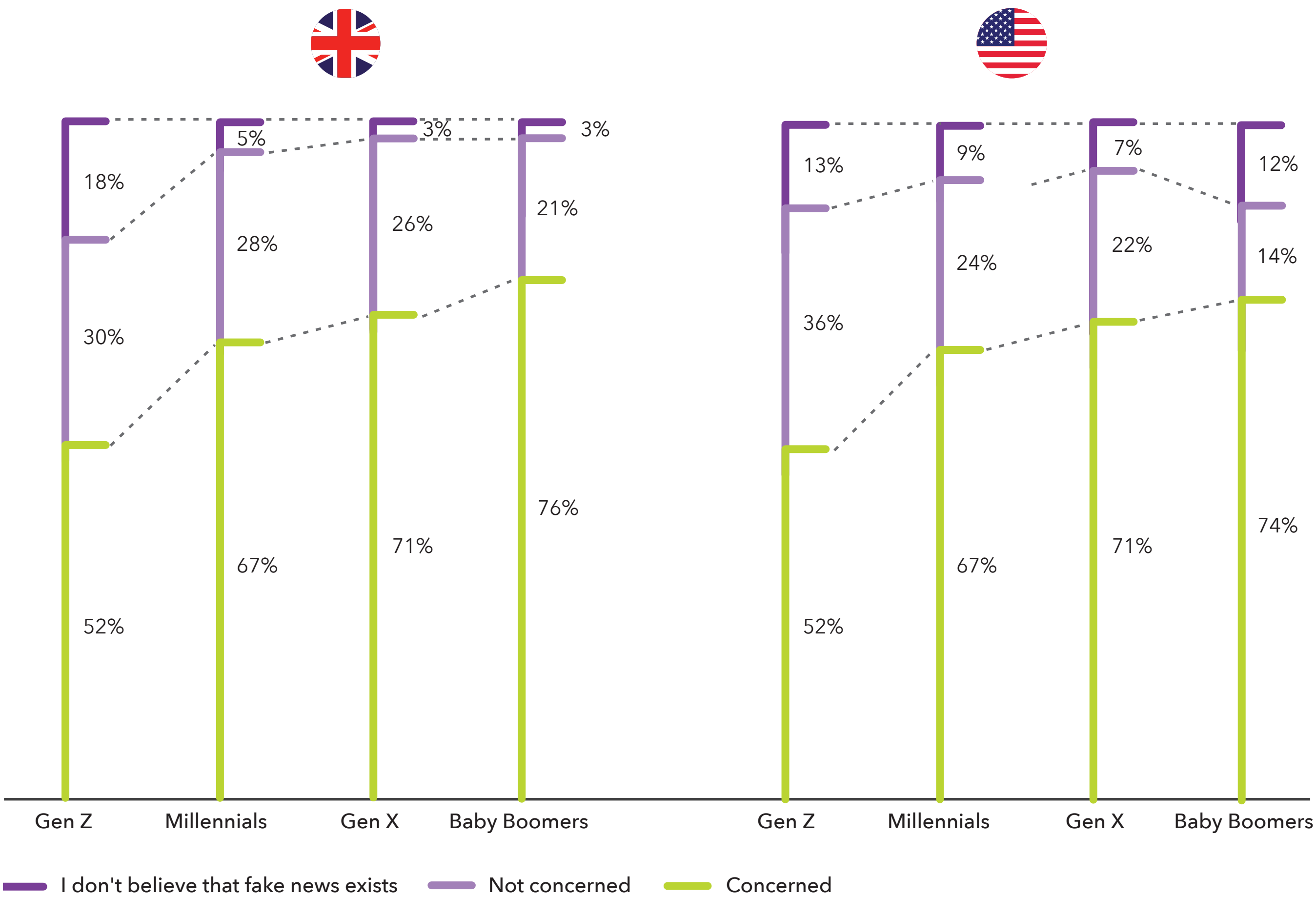
Concern about "fake news" is widespread

In both the UK and US there is cross-generational, and cross-political concern about "fake news" and bias in the media…

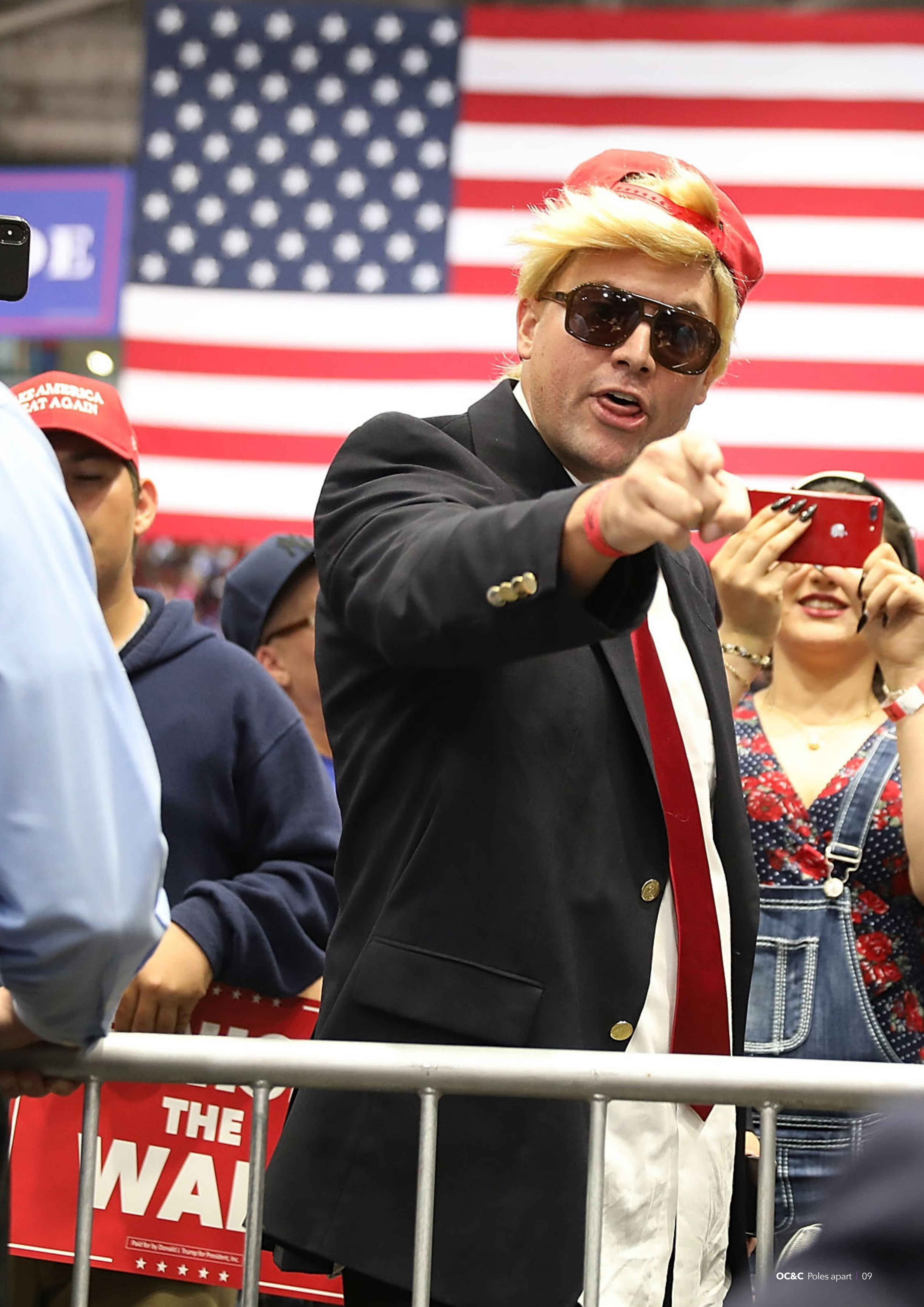
AUDIENCES EXPECT SOCIAL MEDIA PLATFORMS TO DO MORE TO ADDRESS FAKE NEWS

Respondents on both sides of the Atlantic expect social media platforms to do more to take responsibility and combat fake news. Beyond this, US audiences are more ready to give individuals responsibility to deal with fake news; whilst UK audiences focus more on government regulation.

"HOW CONCERNED ARE YOU ABOUT THE RISE OF 'FAKE NEWS' AND THE IMPACT IT MAY HAVE?"



1. UK N = 4,125, US n = 4,392
Source: OC&C Digital Media Index 2018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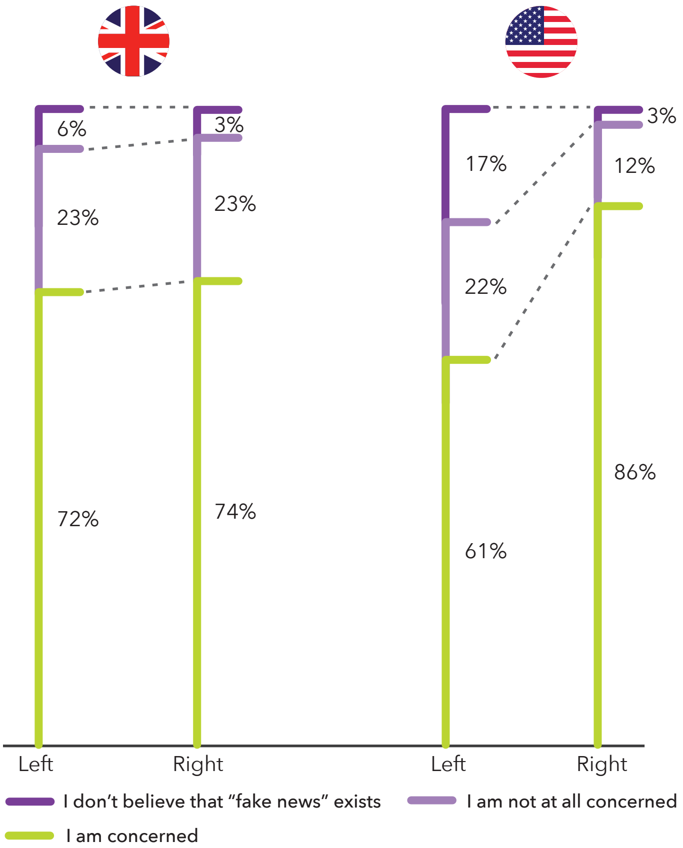


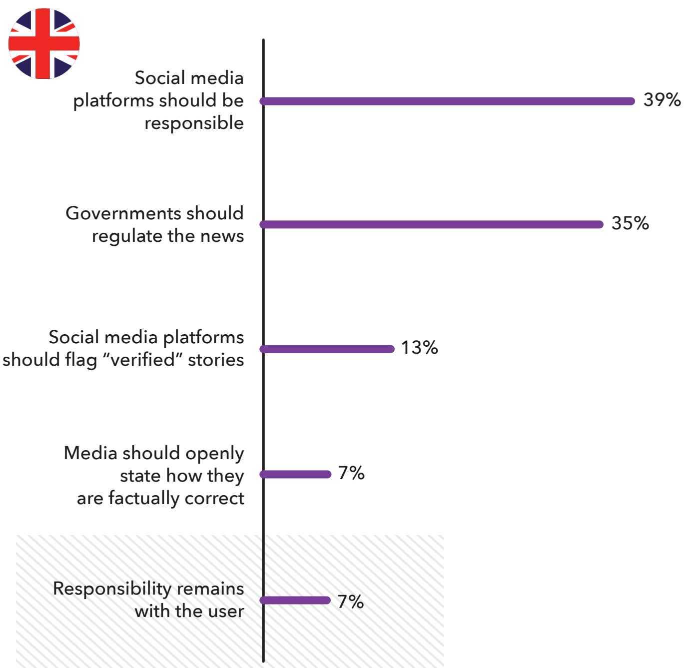
"WHO DO YOU THINK IS TO BLAME FOR 'FAKE NEWS'?"

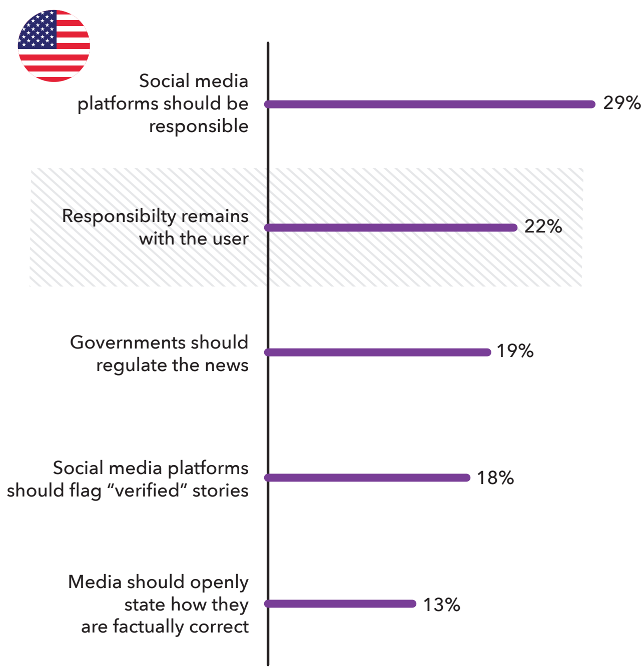
(Top 4 selected reasons)

1. Facebook	1. Users creating fake content
2. The users creating fake content	2. Users sharing fake content
3. Users showing fake content	3. Facebook
4. Foreign states	4. The government / Politicians

Source: OC&C Digital Media Index 2018

"WHAT SHOULD BE DONE TO DEAL WITH 'FAKE NEWS'?"





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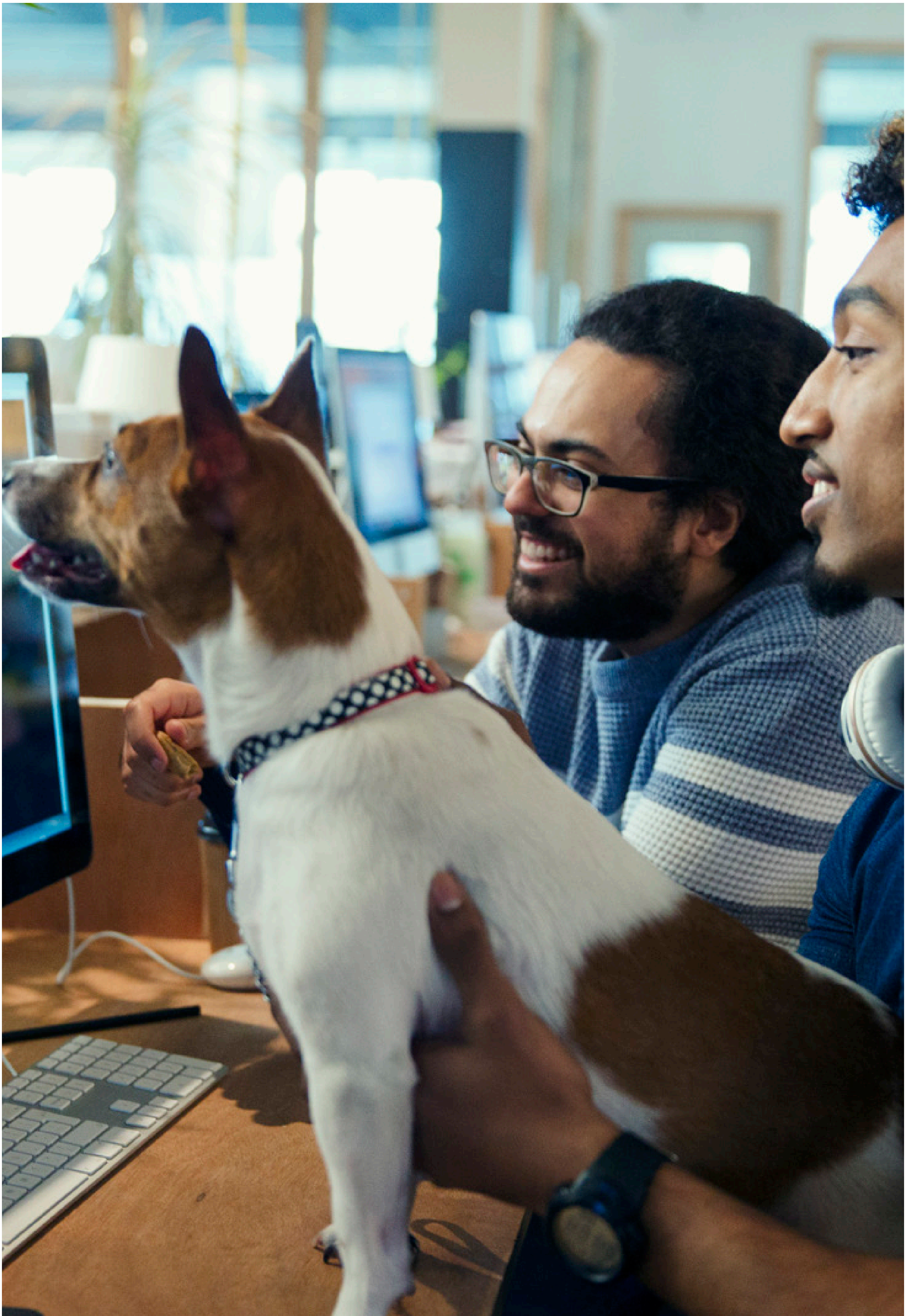


Finding news in 2019

As new generations come of age the way news articles are found and consumed will continue to shift…

Younger generations on both sides of the Atlantic find their news in very different ways to older generations. After growing up with social media Gen Z and Millennials are much more likely to use it to find their news compared to Gen X or Baby Boomers, and so we expect the relative importance of social media for online news and magazines to increase. This creates challenges for digital news organisations both in how to package content for consumption on social media, and also in how to monetise content when they don't control the context it's seen in.

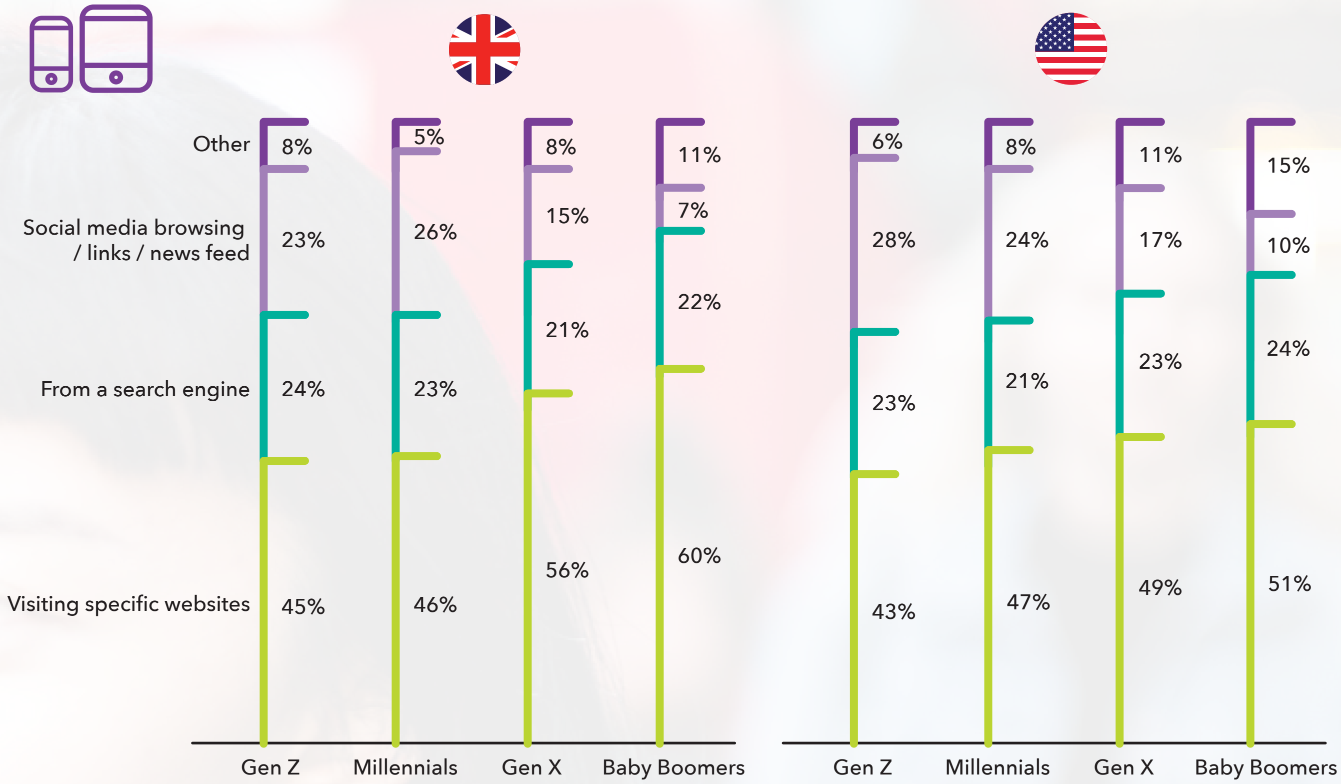
…but there are signs that we may have hit "peak social media" for younger generations

Whilst younger generations are consuming more news through social media than their elders, they are actually using it less than in previous years. In our 2016 Media Proposition Index 36% of under 25s used social media as the primary outlet for finding news, lifestyle, and information content online, in 2018 this has decreased to 26%. There is likely a combination of reasons for this, including Facebook's algorithm changes, a sense of social media fatigue, and worries about trust following privacy scandals (e.g. Cambridge Analytica in the UK).

Despite this, news publishers are obsessing about social media and neglecting search, SEO, and building awareness and usage patterns. Organisations would do well to check their own traffic trends, and compare this to how much resource and attention they are putting into optimising for social media with how much is going into building their own awareness and trust with younger audiences. The answer might not be what you expect.

> Social media will grow in importance as younger generations age, but winning strategies must also build other distribution channels

WHAT IS THE MAIN WAY THAT YOU FIND YOUR NEWS STORIES?



Source: OC&C Digital Media Index 2018

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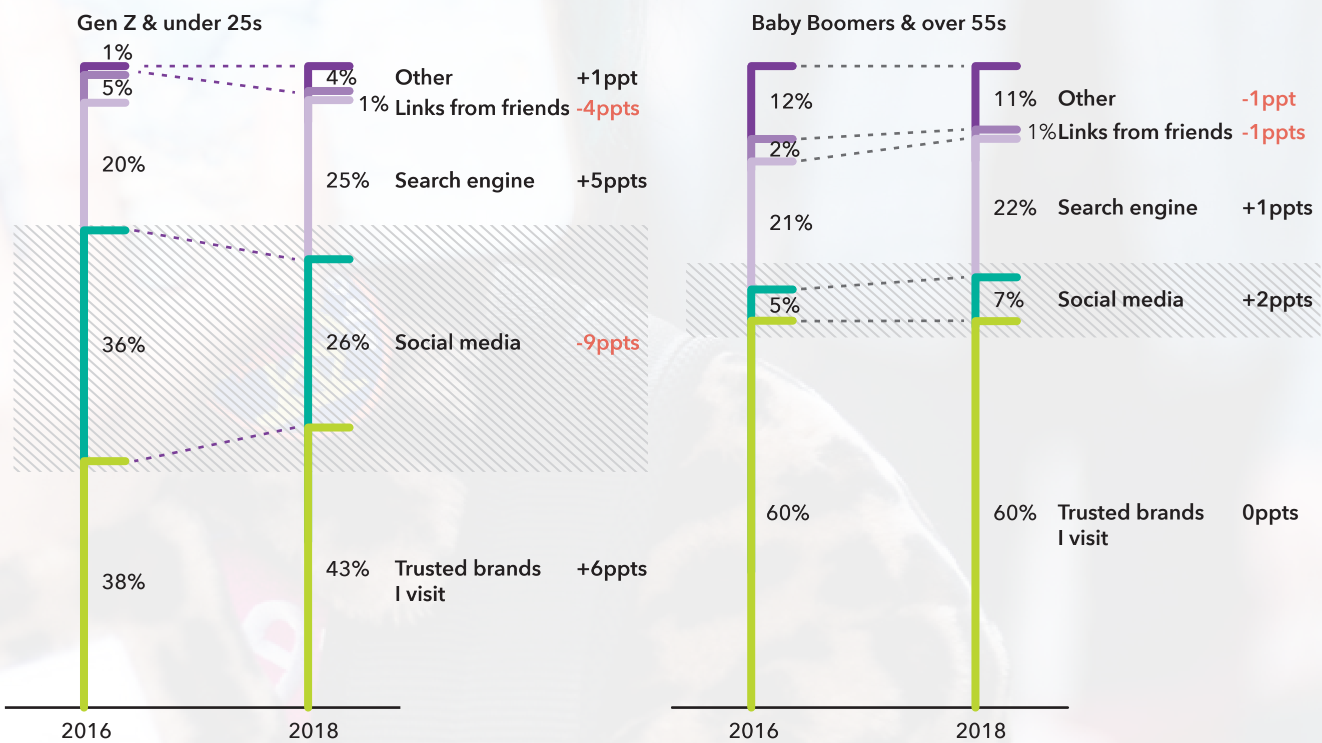

1. N = 4, 121

Source: OC&C Digital Media Index 2018

News needs to be seen as trustworthy and entertaining for brands to excel

As the term “clickbait” entered our collective consciousness there was a theory that engagement with the younger generations was about clever social distribution tactics and high entertainment value regardless of content. However, in our survey the brands that have epitomised this strategy (e.g. Buzzfeed, Mail Online) have performed poorly. In Buzzfeed’s case this has apparently also been reflected in poor financial performance.[1] In our research we find that both entertainment value and perceived trustworthiness are necessary to achieve high ratings from consumers – as seen in TED, NPR, The Rubin Report, and others. There are signs that this trend will grow in coming years. Notably, entertainment value and visual presentation were two factors that the youngest generations in our survey rated as more important than older generations.

[1] Last year The Wall Street Journal reported that Buzzfeed missed its 2017 revenue target of $350m by 15-20%; the Financial Times reported up to 100 job losses at Buzzfeed and corporate restructuring; and an IPO initially rumoured for 2018 was not forthcoming.

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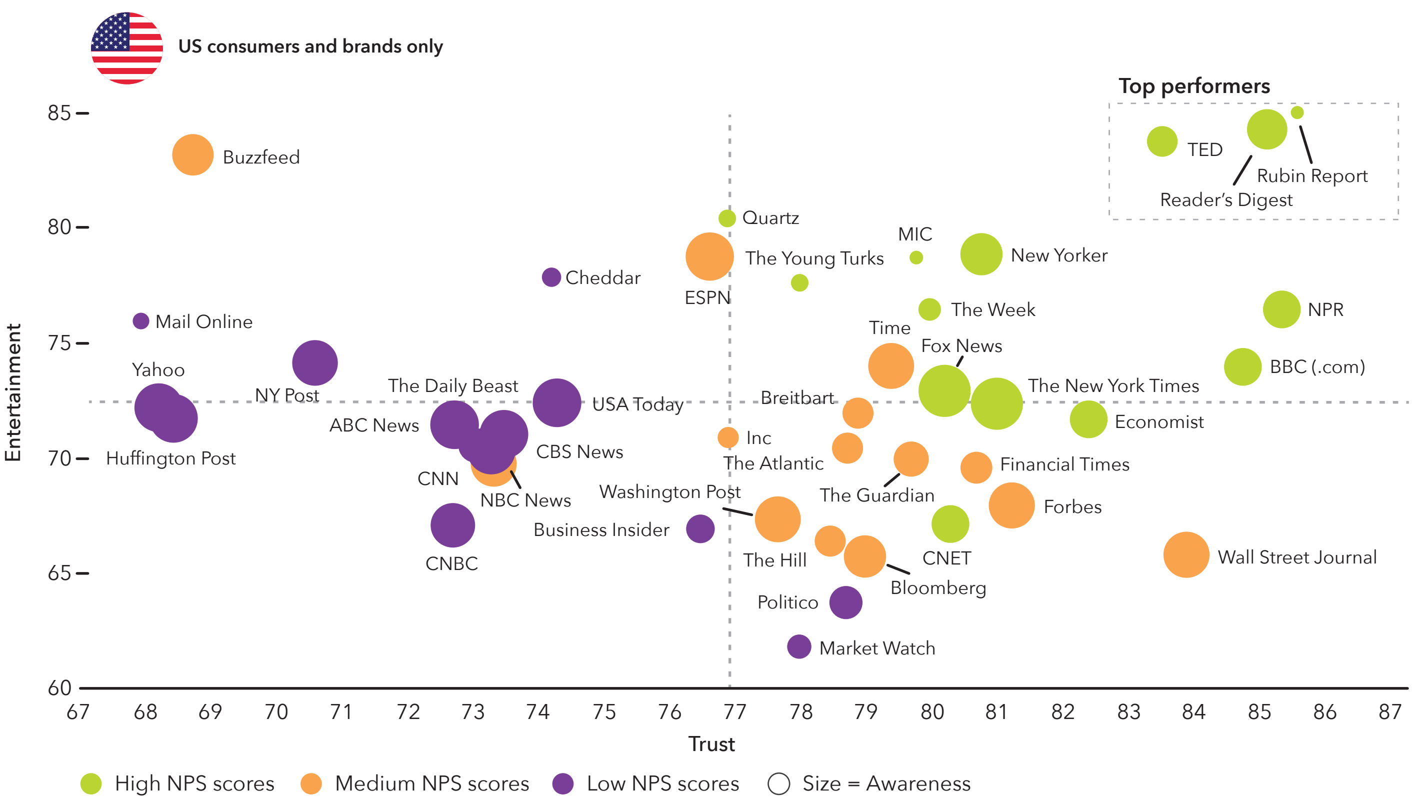
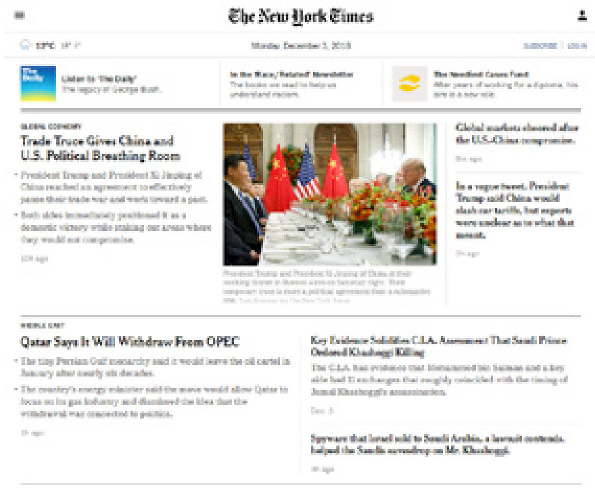
IMPORTANCE OF ENTERTAINMENT AND TRUST FOR PERFORMANCE



1. N= e4,402

Source: OC&C Digital Media Index 2018

The Financial Times and The New York Times have successfully adapted the look and feel of their print editions to digital, whilst brands like The Outline and TED are experimenting with new possibilities.

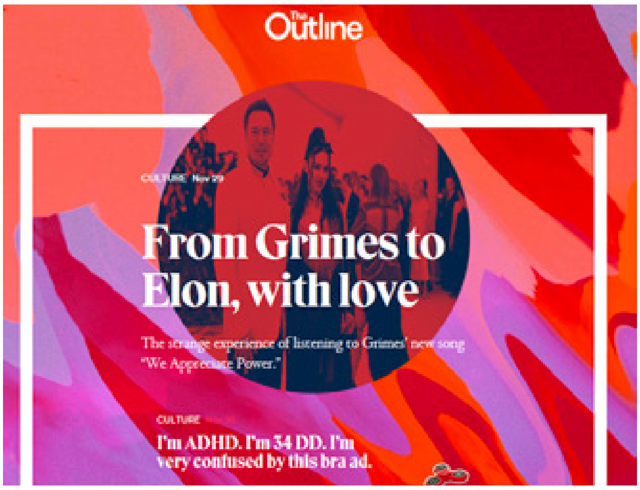


Highly rated brands cut through the noise with a distinctive look and voice

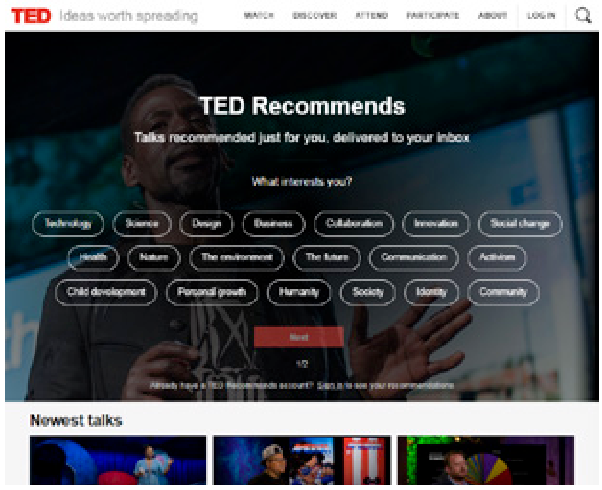
Good retail stores obsess about their storefront and its appeal to customers.

Successful digital news and magazines do the same. All the highly rated brands in our survey have clean, well-organised homepages, striking a distinctive tone of voice, appearance or both. Brands like the Financial Times and The New York Times are rated highly in our survey and have been deliberate about adapting the look and feel of their print editions to the digital space. Outside of the mainstream, brands such as The Outline are experimenting with more extreme, fresh graphical approaches to news and magazines that are afforded by digital, whilst video site TED mixes a graphic heavy approach with strong personalisation. Similarly, Cheddar and The Rubin Report are cutting through to youth audiences with very distinctive voices.

The Outline brings a very fresh graphical approach to an online magazine.



TED gives tailored recommendations to users, as well as its signature slick, fast paced presentations.

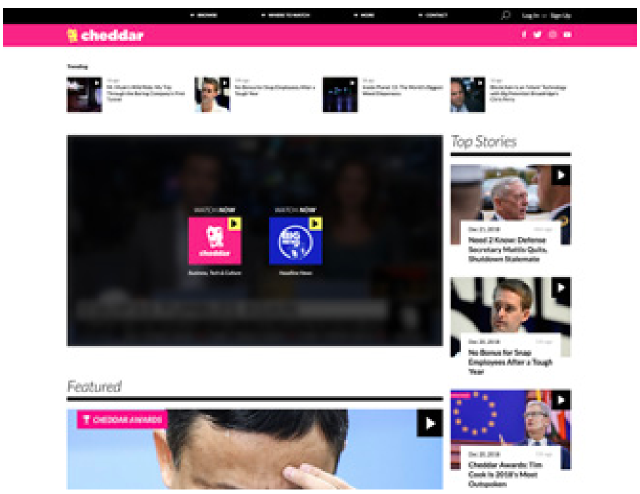


All the highly rated brands in our survey have clean, well-organised homepages, striking a distinctive tone of voice, appearance or both

Both Cheddar and The Rubin Report are digital native brands achieving cut through with youth audiences with very distinctive voices.

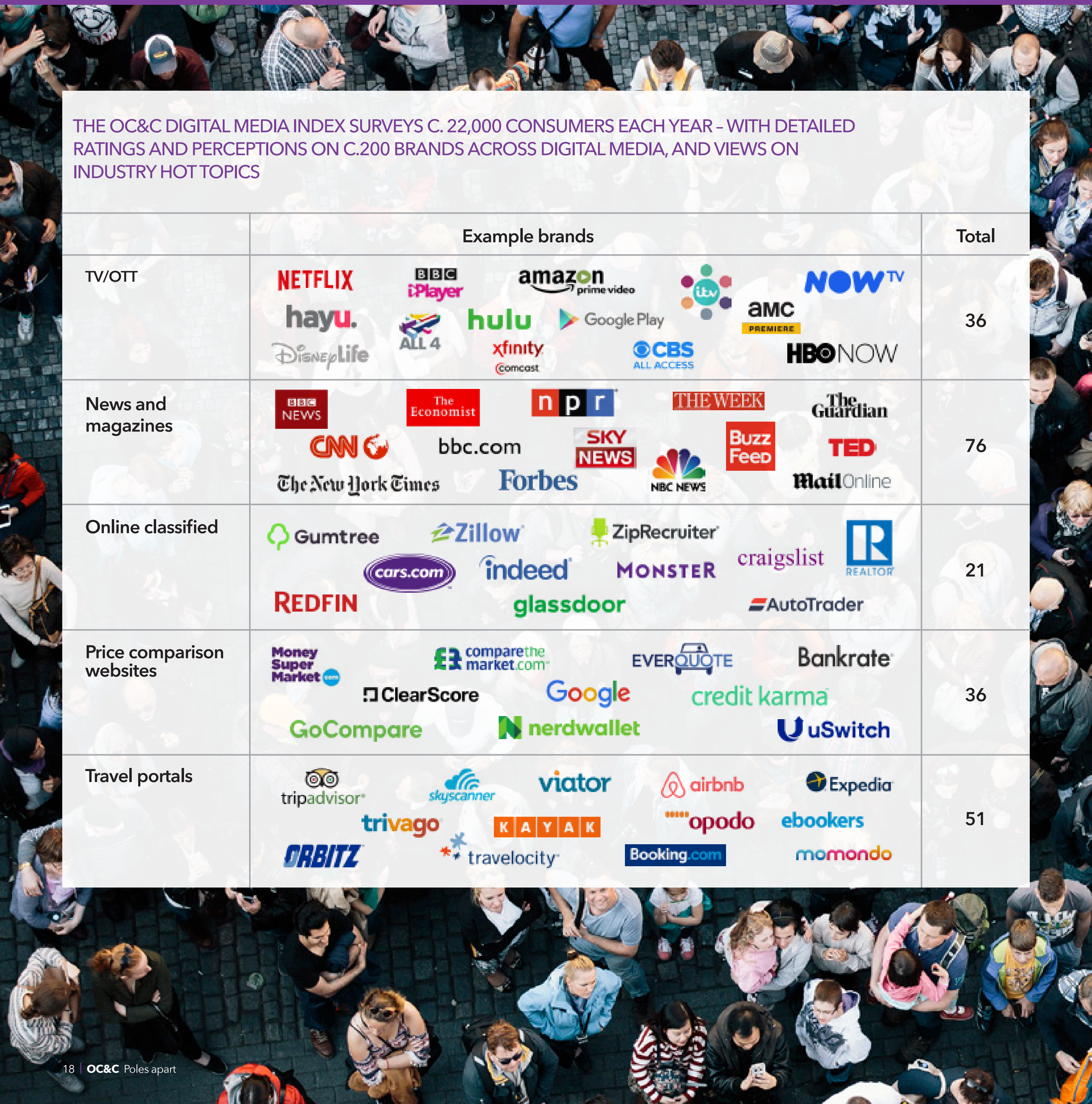
Tortoise is new media start up focussing on "slow" news covering long trends rather than breaking news stories.

Tortoise
Slow down
Wise up



OC&C Strategy Consultants is a leading global strategy consulting firm that brings clear thinking to the most complex issues facing today's management teams.

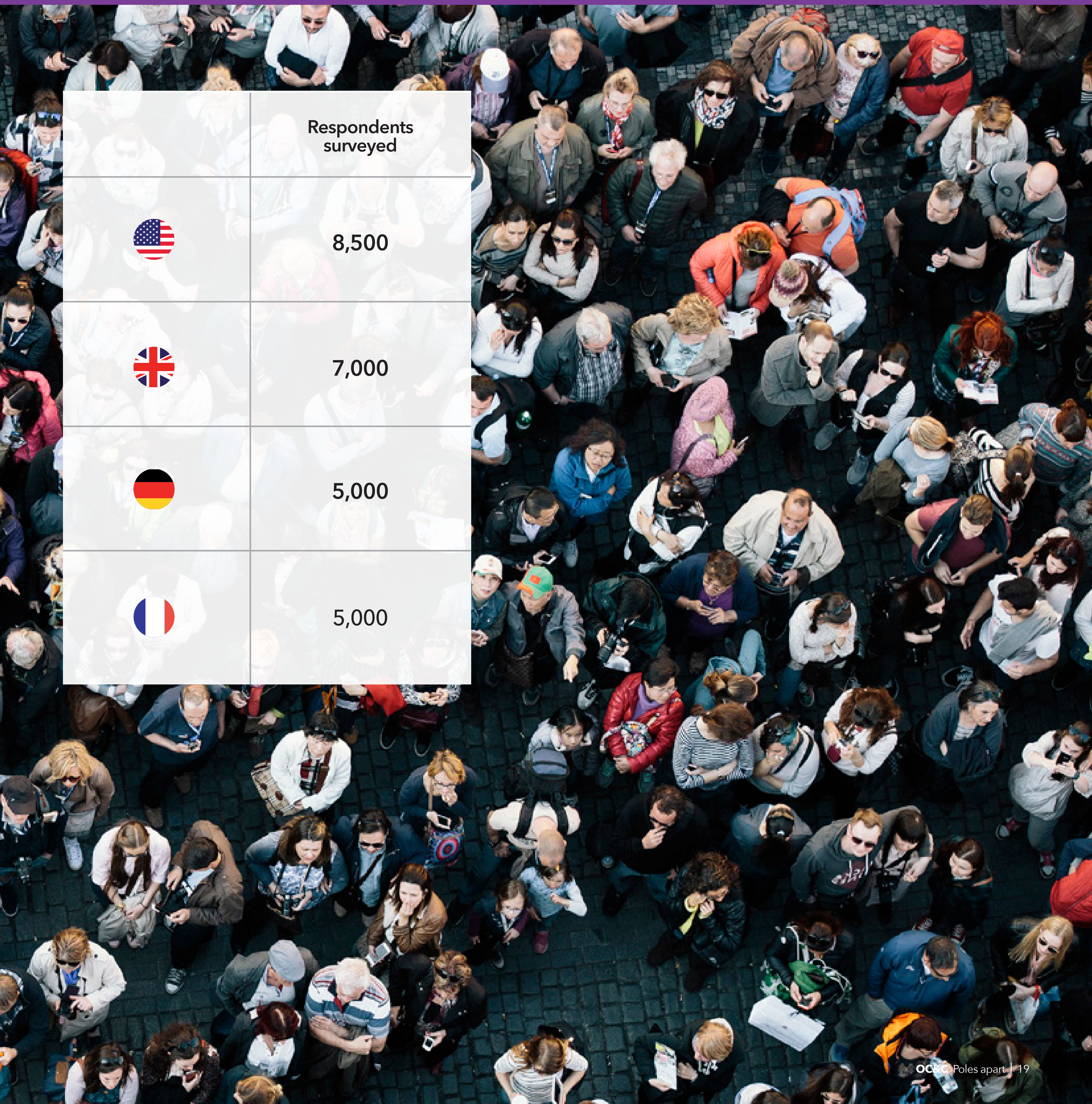
We work extensively across consumer media with expertise in proposition design; commercial performance improvement; and transaction related due diligence.



THE OC&C DIGITAL MEDIA INDEX SURVEYS C. 22,000 CONSUMERS EACH YEAR – WITH DETAILED RATINGS AND PERCEPTIONS ON C.200 BRANDS ACROSS DIGITAL MEDIA, AND VIEWS ON INDUSTRY HOT TOPICS

	Example brands	Total
TV/OTT	NETFLIX, BBC iPlayer, amazon prime video, itv, NOW TV, hayu., ALL 4, hulu, Google Play, AMC PREMIERE, DisneyLife, xfinity Comcast, CBS ALL ACCESS, HBO NOW	36
News and magazines	BBC NEWS, The Economist, npr, THE WEEK, The Guardian, CNN, bbc.com, SKY NEWS, BuzzFeed, TED, The New York Times, Forbes, NBC NEWS, MailOnline	76
Online classified	Gumtree, Zillow, ZipRecruiter, craigslist, REALTOR, cars.com, indeed, MONSTER, REDFIN, glassdoor, AutoTrader	21
Price comparison websites	Money Super Market, comparethemarket.com, EVERQUOTE, Bankrate, ClearScore, Google, credit karma, GoCompare, nerdwallet, uSwitch	36
Travel portals	tripadvisor, skyscanner, viator, airbnb, Expedia, trivago, KAYAK, opodo, ebookers, ORBITZ, travelocity, Booking.com, momondo	51

IF YOU WOULD LIKE TO DISCUSS ANY OF THE THEMES COVERED IN THIS REPORT AND OC&C'S DIGITAL MEDIA INDEX WE'D BE DELIGHTED TO TALK.



	Respondents surveyed
🇺🇸	8,500
🇬🇧	7,000
🇩🇪	5,000
🇫🇷	5,000

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