

Tobias Lindberg

# Nordic News Media in Global Competition

The Conditions for News Journalism in the Digital Platform Economy

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**Tobias Lindberg**

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## Preface to the English edition

The past ten years have been a transformational time for the Nordic media markets. The digitalisation of the media landscape has led to new media habits among audiences, renewed production and distribution methods, and changing financing models for media companies. These are trends that have been accelerated during the pandemic years 2020 and 2021. These were years when we in the Nordic countries shopped more online, increased our media consumption, and spent more money on digital media than ever before.

The focus of this report is the financing of Nordic media companies and the competition with the global platforms. Large global platform companies such as Alphabet (Google and YouTube) and Meta (Facebook and Instagram) currently occupy central positions in all Nordic media markets. Their influence and impact are not only limited to the advertising markets; the influence extends to audience markets and digital infrastructure.

This report deals primarily with the media that are first and foremost engaged in news and current affairs. Much of this journalism comes from media companies in the privately owned daily press. At the same time, these companies have been most exposed to the upheavals brought about by digitalisation in terms of changing media habits and new investment streams in the advertising market. The issue of company financing is thus highly relevant, not only for the countries' media industries but also for Nordic societies in general.

The task of mapping the changes in media markets and their implications for news media companies has been challenging. One of the difficulties has been access to up-to-date information on industry economics, advertising investments, digital revenues, and media consumption. The report would therefore not have been possible without all the help of the IRM Institute for Advertising and Media Statistics, which collects advertising statistics for the markets in Denmark, Norway, and Sweden. The project has also received generous support from Statistics Norway, Statistics Finland, the tax authority Taks in the Faroe Islands, and the survey company Kantar Sifo in Sweden. A special thank you to all the people from trade associations, media companies, authorities, and platform companies who participated in the interviews that formed an invaluable basis for this report.

This report is a slightly shortened and condensed version of the report presented in the autumn of 2022. The report was commissioned and funded by the Nordic Council of Ministers. Data collection and analysis was carried out by Tobias Lindberg, media researcher at Nordicom, University of Gothenburg.

Gothenburg, 29 November 2022

Jonas Ohlsson, Director of Nordicom

## Executive summary

The goal of this report is to describe how the Nordic media markets developed between 2016 and 2021. Special interest is devoted to the areas where global platforms have come to set the framework for the privately owned and commercially financed media companies' conditions for conducting news journalism.

The report is therefore about how the digitalisation of society – with platform companies such as Apple, Meta (Facebook), and Alphabet (Google) as driving forces – has affected where advertisers choose to invest their marketing budgets, how the infrastructure of the advertising markets has changed, what new laws the Nordic parliaments have introduced in relation to the media, how the public chooses to take part in news, and how Nordic media companies have developed their business models.

The report shows that the Nordic economies – according to, among others, the EU's Digital Economy and Society Index (DESI) – are some of the most digitally well-developed in the world. Additionally, it reveals that the Nordic media markets, according to studies from the Reuters Institute for the Study of Journalism at the University of Oxford, are some of the most digitally mature.

According to the report, platform companies' positions have strengthened in the advertising markets throughout the Nordics since the mid-2010s, as well as in parts of the audience markets. The platforms have significantly increased their shares of the countries' advertising investments, and they have strengthened their grip on the infrastructure of the advertising and audience markets, according to reports written on behalf of the Nordic competition authorities. In addition, the report shows that the legislators have chosen to meet this development by regulating the digital markets more strictly.

The report's basis – such as the Nordic media authorities' reports, scientific studies, and data from industry institutes – shows that the Nordic public has chosen to take part in media via digital channels to a larger degree than before, and they spend more of their household media expenditure on digital consumption. The news media companies, in turn, have developed a new source of income by also charging for their digital news. The report also reveals that it is the large media groups in the larger Nordic countries that have been most successful in developing this new source of income. After advertising revenue dominated media companies' overall revenue for well over 100 years, audience revenue is now the most important source of revenue for most of the news media companies.

### About the report

The report aims more specifically to study how the privately owned and commercially financed news media companies' economic conditions for conducting news journalism developed in the Nordics between 2016 and 2021 – and in some respects in 2022 – in relation to the global platform companies' developments and market impact. The biggest

interest and space are devoted to the daily press and its print and digital morning, evening, and free newspapers, as well as the independent news websites, in Denmark, the Faroe Islands, Finland and Åland, Greenland, Iceland, Norway, and Sweden.

The report's conclusions and concluding discussion are mostly based on the national statistics on advertising investments that are presented annually in the Nordic countries by industry institutes and authorities. The same applies to the data on household media expenditure. Other important sources are the financial reports of the various national media authorities. However, the data collection and division of the media market varies between countries, which limits the possibilities of making direct comparisons. Sometimes, there are also elements of estimates, not least when it comes to what percentage of the advertising investment goes to the global platforms. The amount of documentation varies between the countries. For some, extensive and up-to-date information is available, while for others, the information is less current and not as comprehensive. This sets different limits on how much can be said about the developments in individual countries.

To even out to some extent this uneven access to information – but also to obtain other forms of information – 21 background interviews with 30 people representing approximately 20 media-related businesses have been conducted.

## Ten media market trends

The media development of recent years has, not least during the Covid-19 pandemic, driven several of the previously active trends and strengthened already established patterns in media consumption and advertising investments. Add to that the recent trends of audiences starting to pay for their digital media consumption and the digital market being more heavily regulated. The report summarises ten trends where platforms and digitalisation have taken central positions:

1. *Newspapers' print circulation continues to fall, and revenues from them continue to decline*

Many news media companies in the Nordics are still heavily dependent on the income from printed newspapers to finance their operations. In general terms, it is the smaller and local newspapers, both paid and free, that are most dependent on the print channels for news distribution and as a source of revenue. In the smaller markets, the printed newspaper has retained more of its former prominent position than in the larger ones.

2. *Consumption of news continues to shift to digital channels*

All the Nordic countries' surveys of media habits show that the proportion of people who receive news via digital channels is continuously increasing. According to the *Reuters Institute Digital News Report*, 80 per cent of Danish Internet users received news via digital channels during a typical week in 2022. In Finland, the corresponding percentage was 89 per cent, in Norway 85 per cent, and in Sweden 86 per cent (Iceland was not included in the study). Today, the digital channels are by far the most important news

source in many population groups. Therefore, it is in these channels that the media companies must exist and develop their services if they want to reach a large share of their market.

*3. News media companies have established a steady revenue stream via digital subscription revenues and other audience revenues*

Since the mid-2010s, Nordic news media companies have developed various forms of digital payment solutions, through which they have created new and stable revenue streams. However, there are clear differences between the Nordic countries. In Denmark and Finland, 18 and 19 per cent of Internet users, respectively, paid for news in digital channels in 2022. In Norway and Sweden, the corresponding shares were 41 and 33 per cent, according to the *Reuters Institute Digital News Report*.

*4. Strengthened profitability for Nordic news media companies*

The news media companies that have been successful in developing digital payment models are generally on firmer financial ground, both compared with how they did financially five years ago and with those companies that have not been as successful in this regard. According to available statistics from Nordic media authorities and in the relevant companies' annual reports, Nordic news media companies have generally strengthened their profitability in both 2020 and 2021.

*5. The digital market has continued to reward large structures and stakeholders*

Among the news media companies that have succeeded in attracting users and advertisers to finance digital journalism are the large national dailies of the large corporations. The digital logic favours scalability, size, and businesses with sufficient financial resources to develop advanced digital technology. The digital development also speaks to a continued consolidation of the media market. In recent years alone, the already large Nordic media companies have grown even larger, primarily through acquisitions and mergers. The digital logic is also one of the reasons why a small number of global platform companies have grown very large and, in some cases, have become almost unavoidable partners for the Nordic media companies.

*6. Platforms' share of advertising investments has continued to grow*

The advertising markets in the Nordic countries have developed somewhat differently in recent years. But on an overall level, the digital advertising channels are now the most economically important. And within these, an increasingly large proportion of the investments goes to the global platforms. Nordic, European, and American experts explain the development with the generally increasing digitalisation, an increase in e-commerce, and advertisers' rapid adjustment to the new digital reality.

In 2021, an estimated 64 per cent of Danish digital advertising investment went to social media and search advertising, according to a report from Danske Medier, the Danish media association. In Norway, according to data from the Norwegian Media Authority

and Medienorge, 59 per cent of the digital investments in 2021 were estimated to go to Facebook and Google. In Sweden, 72 per cent of the digital advertising investments in 2021 was estimated to have been invested in non-Nordic platforms. In Finland, the media industry association estimated that 64 per cent of 2021's digital advertising investments went to the global platforms. In Iceland, in 2020 (more current data is not available), 40 per cent of the total advertising investments went to foreign companies, including the platforms, according to Statistics Iceland.

*7. Platforms have furthermore strengthened their dominant hold on the technical infrastructure*

In addition to the fact that a very large percentage of advertising investment goes to the platforms, they perform several functions in the advertising market, for example, as digital trading places. This means that they occupy a dominant market position. As these companies have increased their market shares, they have also strengthened their grip on the advertising market, both financially and technically. A Nordic media company that wants access to the entire available market must cooperate with the platforms in terms of, for example, technology. On the technology side, the subscription and audience markets are in practice an oligopoly, where the evolution is controlled by Apple and Google. The two companies' frameworks are something that other market participants must adapt to, even if these have been expanded somewhat in recent years due to legal proceedings and new legislation.

*8. Platforms own most – and the most valuable – data in the Nordic media markets*

The widespread use of the platforms' services and their dominant market position means that they have been able to collect and organise large amounts of data about consumers. Whoever controls the most commercially valuable information about consumers has a greater opportunity than their competitors to live up to the expectations of advertisers.

*9. Legislation regarding the platforms has tightened in recent years, which may affect the market positions of stakeholders*

In recent years, the view of the platforms and their roles in society has undergone a thorough re-examination. Examples of this are the new laws that regulate the actions of the platforms and the digital market, such as the General Data Protection Regulation, the Digital Markets Act, and the Digital Services Act in the EU/EES. In theory, these laws may strengthen the positions of the Nordic media companies in the market; however, it is still too early to comment on the real outcome.

*10. Competition for talent has intensified, and it has become more difficult for media companies to recruit both journalists and people with advanced IT skills*

The competition for employees with advanced IT (information technology) skills and updated knowledge of modern journalism comes from more directions than before, and from actors with greater financial resources than the media companies. In the long run, it

can make it more difficult and expensive for the Nordic media companies to recruit the staff it needs.

## Media policy consequences

The mentioned trends have already had consequences for Nordic media policy. The digitalisation and globalisation of the media market has, for example, meant that the national media policy has become less effective. Therefore, the period has also led to the already mentioned media policy initiatives within bodies such as the EU.

In all Nordic countries and self-governing regions, except the Faroe Islands, both digital and printed news media now have a reduced VAT or are VAT exempt (Greenland has no VAT). On the Faroe Islands, only printed newspapers are VAT exempt. Most of the new VAT rules have been motivated by the new digital economy and have been partly pushed through the EU. In addition, new national media subsidies for private media have been introduced in the Faroe Islands and Iceland. Among the reasons for the new support, the intensifying digital competition has been mentioned. In Finland, too, a discussion has been held about digital competition and the introduction of direct media subsidies. In Denmark, Norway, and Sweden, there are already various forms of direct media subsidies. These subsidies have been adapted, to varying degrees, to the development of the media market. Norway and Sweden have had press subsidies for a long time.

The report identifies seven consequences of the mentioned trends, which present the Nordic media policy with a series of challenges. The challenges are about 1) a continued consolidation of the media market, 2) the increasingly important role of audience revenue as a source of revenue, 3) a greater proportion of material for paying customers only, 4) shrinking hard-copy sales, 5) increasing digitalisation, 6) an increased amount of data, and 7) a growing need for advanced IT skills.

These are challenges that go beyond traditional departmental and authority boundaries, as well as national boundaries. They also show how complex the questions are that are raised by the digital development for both media markets and media policy, and the difficulties in pursuing a coherent media policy.

# 1. Introduction

In just a few decades, the conditions for journalism in the Nordic countries have changed fundamentally. The public is turning to other media channels for information and news to a greater extent than they did ten years ago. At the same time, media audiences have reduced their spending on printed newspapers and television subscriptions, for example, and increased their spending on digital media consumption instead. Advertisers, in turn, are placing a smaller and smaller share of their investments in journalistic and Nordic-owned media, while increasing shares in commercial platforms owned by non-Nordic companies or in its own channels. This is a fast-moving development.

In 2017, Nordicom published the report *Kampen om reklamen [Ad Wars]*, which aims to map the changes in the advertising market and the consequences for advertising-funded news journalism in Denmark, Finland, Iceland, Norway, and Sweden up to 2015–2016.<sup>1</sup> It was commissioned by the Nordic Council of Ministers and the Norwegian Ministry of Culture. The report showed that non-Nordic stakeholders accounted for almost all the overall growth in digital advertising investment in 2015 and 2016 and that the newspaper industry was the part of the media market most affected by the changes.

Today, the impact of digitalisation and major platforms on the lives of private news media is in many ways greater than it was in 2016. There is now competition for both advertisers' investments and audiences' media spending. In addition, there are strong indications that the new developments are impacting smaller local and large national media companies differently. According to available revenue statistics, the latter seem to have an easier time building sustainable business models around the new digital logic than the former.

Since the mid-2010s, advertising investment has continued to shift from national to global platforms, but also from platforms with journalism to platforms without journalism. In addition, the report *Covid-19 och de nordiska nyhetsmedierna [Covid-19 and the Nordic news media]*, also commissioned by the Nordic Council of Ministers, shows that the Covid-19 pandemic has driven this economic shift.<sup>2</sup> At the same time, the report shows that the increased interest in news during the pandemic has resulted in an increasing willingness to pay for news in digital channels.

In the mid-2010s, few Nordic media companies were charging for their journalism in the digital channels. Today, a large proportion of media companies have various forms of subscription and membership models in place. According to the *Reuters Institute Digital News Report 2022* by the Reuters Institute for the Study of Journalism at the University of Oxford, the Nordic countries are leading this trend. It is also this revenue stream that is often identified as the most crucial for the future of news journalism.

To facilitate the digital transformation of the private news media, the Nordic countries have also introduced a reduced VAT rate on a range of digital publications in recent years.

But this new audience revenue is now facing active competition from non-Nordic companies.

Already today, companies like Apple and Alphabet's Google control both the most important marketplaces and the technology that media companies use to reach their users. Apple recently decided to change what user data from its operating system it shares with media companies. In addition, the company has chosen to invest more in its own advertising service. At the same time, Google is changing its practices for targeting advertising to specific consumer groups. All such changes require media companies to adapt and reorganise their sales activities. In addition, Meta plans to introduce paid services on Facebook and Instagram, and Netflix is opening for advertising breaks in its previously advertising-free services.

In parallel with these proceedings, competition law investigations are also underway in, for example, the EU, the UK, and the US, concerning the way advertising is managed and whether the platforms' own products are promoted at the expense of competing companies. There have also been calls from both the EU and the Organisation for Economic Co-operation and Development (OECD) to tax the platforms in a different way than at present. The EU has also unveiled a series of new legislative packages aimed at the digital media market.

The purpose of this report is to provide an overview of what has happened in the Nordic media markets since 2016 and to highlight some of the key drivers. In addition, there is an ambition to point out key trends and possible implications for privately owned and commercially financed news media companies in the Nordic region.

The report was initiated and funded by the Nordic Council of Ministers and carried out by Nordicom at the University of Gothenburg, Sweden.

## 1.1 About the report: Boundaries, data material, and limitations

The overall aim of the report is to study how the economic conditions of privately owned and commercially financed news media companies to conduct news journalism in the Nordic region have evolved in the digital economy, that is, a media economy where global platforms largely set the agenda. A special interest is therefore dedicated to the effects of the platforms' presence on the Nordic media market between 2016 and 2021.

Such a study requires some initial boundaries. A first boundary concerns what is referred to in this report as the market for commercially financed news journalism. It is a market that is difficult to capture in a comprehensive way. The convergence and fragmentation of the media landscape has blurred previously clear boundaries between genres and media channels. Many of the companies currently active in the Nordic media market are active in several fields and channels and on different platforms. For practical reasons, the report therefore follows the market boundaries made in each country's industry and advertising statistics.

The focus of the report is on privately owned and commercially financed news media companies. These companies include privately owned companies that publish general news media whose mission is to provide news coverage and editorial content consisting of regular and comprehensive news coverage. These are media whose editorial content covers a wide range of topics and perspectives, as well as examining developments that are fundamental to democracy. Operations are financed mainly by selling this editorial material to consumers or by selling part of the space to advertisers – or a combination of the two models. Thus, the privately owned and commercially financed news media companies constitute the sub-sectors that are usually grouped together in the common industry terminology of daily press or newspapers, broadcast media, and independent news websites.

The report devotes most interest and space to daily press and their printed and digital morning, evening, and free newspapers, as well as independent news websites. Other types of media, such as broadcast media that carry out news activities, are also affected. But they are not as profoundly affected. The prioritisation of interest among media companies is based on the extent to which they have been financially affected by the digitalisation of society and the activities of platforms, according to previous research and industry analysts.<sup>3</sup>

Global platforms refer to companies that offer digital services and products in the Nordic market to such an extent that they clearly affect the economic conditions and operations of Nordic news media companies. Examples include digital marketplaces, search engines, social networks, and video services that use the Internet to enable interactions between at least two interdependent groups of users to create value for at least one of the groups.<sup>4</sup>

Among these primarily American companies are the IT company Alphabet, with the search engine Google and the video service YouTube, and the e-shop and service company Amazon, with the gaming platform Twitch. There is also the hardware and service provider Apple, with its App Store, the IT company Meta, with its social networks Facebook and Instagram, and the software company Microsoft, with its LinkedIn network. Social networking services such as Snapchat, TikTok, and Twitter are also included in the umbrella term global platforms.

Another boundary concerns the areas in which media development is studied. This report looks at developments in Denmark, Finland and Åland, Norway, and Sweden. The situation in the Faroe Islands, Greenland, and Iceland is also highlighted, but to a lesser extent. The main reason why markets are scrutinised to a different extent is the varying availability of up-to-date information.

An additional important boundary concerns the time perspective. As a process, the digitalisation of the Nordic media markets has a relatively long history. Markets began to digitalise already in the 1970s and 1980s, and the first modern media websites began to appear in the 1990s. At the same time, the development in this area can be described as almost exponential. The scale and importance of the development has steadily increased from year to year.

The report is primarily intended to highlight the development and market conditions in recent years, 2016–2021, and in some respects also 2022. References are sometimes made further back in time to explain certain processes or because more recent sources are missing. 2016 has been chosen as the starting year because this report is to some extent a follow-up to the report presented by Nordicom in 2017, *Kampen om reklamen* [Ad Wars], which summarised the development of the digital media market up to and including 2015–2016. But the starting year was also chosen because it was in the second half of the 2010s that Nordic media companies began to charge for their journalism in earnest, also in the digital channels.

The empirical basis of the report is based on extensive and varied source material. These include industry reports, government surveys, governmental evaluations, official statistics, scientific studies, and annual reports.

Regarding the structural development of the Nordic advertising markets, the report is based on the national statistics on advertising expenditure presented annually by the Institute for Advertising and Media Statistics (IRM) for Denmark, Norway, and Sweden and by IAB Finland and Statistics Finland. For Iceland, statistics from the Hagstofa Íslands authority are used. The same type of statistics are not available for the Faroe Islands, Greenland, or Åland.

Regarding the information about advertising investment and household media expenditure, it is worth mentioning that data collection and the division of the media market varies between countries. The differences in methodology affect the ability to make direct comparisons between the different markets. In the sections on individual countries, analyses by the media authority, or equivalent, in the relevant country have been key sources of information. These analyses and reports often include estimates of the proportion of advertising investment going to foreign platforms. In all cases presented, the estimates are made by external parties, such as industry associations or experts.

The development of the audience market in terms of the share of households paying for printed and digital news media is primarily highlighted through scientific studies or industry-wide reports. Also, in this area, the analysis of the media authorities has been central.

Changes in the market structure and functionality are studied primarily through industry assessments and reports by Nordic and European competition authorities.

In addition to literature studies, 21 background interviews with 30 industry representatives were conducted in 2021 and 2022. The interviews were semi-structured and mostly addressed issues related to revenue streams, the competitive situation in the media market, the relationship between media companies and platforms, future challenges, and media policy.<sup>5</sup>

Overall, the data collected provides a robust empirical basis to adequately address the purpose of the report. However, the availability of sources is not the same for all markets

studied. Some of the data series on which the report is based stop as early as 2019, while others go all the way to 2021. Thus, the series that end early do not capture the effects of the Covid-19 pandemic. Even the series ending in 2020 have limited ability to predict the impact of the pandemic. The conditions for drawing conclusions about developments are therefore different. The background interviews conducted aim, among other things, to compensate for at least some of these shortcomings. In addition, there are other shortcomings in the data material which, in various ways, make it difficult to carry out in-depth comparative analyses of the development of the advertising and audience markets in the Nordic countries.<sup>6</sup>

## 1.2 Layout of the report

This introductory section on the report's purpose and methodology is followed by eleven sections.

Section 2 describes and discusses digitalisation. This includes the entry of platforms into the Nordic media market and the development of Nordic media companies. The development is highlighted from several specific aspects, such as media policy decisions, audience demand, advertisers' desire to reach their target audiences, and media technology developments. This section describes developments in the Nordic region.

Section 3 provides a summary of the ten largest newspaper companies in the Nordic region and the effects of the general trend towards consolidation in the Nordic news media markets in recent decades.

Sections 4–10 examine developments in each of the Nordic markets in more detail. Finland and Åland are studied together.

Section 11 summarises and discusses the report's main findings in ten trends – and what these might mean for future development of the markets. The section also highlights differences and similarities between the Nordic markets.

The final section, Section 12, discusses the expected impact of these ten trends on media policy in the Nordic countries.

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<sup>1</sup> Facht & Ohlsson, 2017

<sup>2</sup> Ohlsson et al., 2021

<sup>3</sup> E.g., Lindén, 2020: 35ff; 2022

<sup>4</sup> Danish Competition and Consumer Authority, 2019: 2ff

<sup>5</sup> All interviews conducted are listed after the references. A small number of stakeholders have agreed to participate in the study, but for various reasons have not been able to conduct the interviews. A few stakeholders in Greenland and Iceland have not responded to the request for an interview, even after repeated requests. Only one organisation surveyed, Apple, actively declined to participate in this report.

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<sup>6</sup> For example, among the information gaps concerned, media companies are far from always disaggregating their revenues from digital channels. Among enterprises that have operations in several countries or several operational areas, these are not consistently disaggregated. These are conditions that apply to both Nordic and non-Nordic media companies. However, among the non-Nordic companies included in this report, no company disaggregates its revenues from the Nordic markets. In all cases, the industry-wide statistics on advertising and audience revenues are based to some extent on estimates, and this should be borne in mind.

## 2. The platforms and the Nordic media companies

This section briefly describes and discusses the digitalisation of the media industry. The section focuses, for example, on the entry of platforms into the Nordic media markets and how the Nordic media companies have developed since then. Structural developments are highlighted in terms of media policy decisions, audience demand, advertisers' desire to reach their target audiences, and media technology developments.

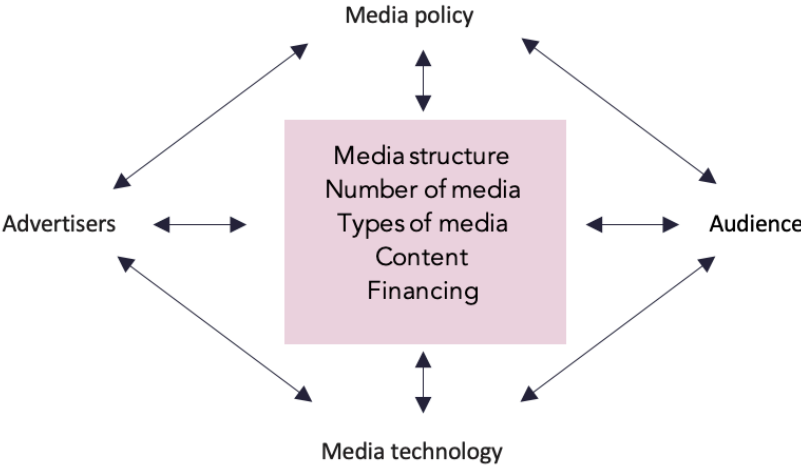
Since their inception almost 400 years ago, Nordic media markets have been shaped by interaction with their surrounding societies.<sup>7</sup> They have been influenced and affected in dialogue with economic, political, social, and technological changes. Fundamental changes in society, such as digitalisation and the globalisation of the media landscape, do not only affect individual media and their publishing companies, they affect all Nordic media markets – and nearly all the world's markets and societies. In turn, this is leading to media markets becoming more similar in many ways.<sup>8</sup>

Digitalisation and the entry of global platforms into the Nordic media markets have therefore had an impact on societies at large and on the countries' news media and media companies. The EU's Body of European Regulators for Electronic Communications (BEREC) states in a 2022 report that large IT (information technology) companies have exerted a growing influence on, for example, the competitive dynamics of the Internet sector. The report highlights how users' Internet experience is affected by the dominance of large IT companies in areas such as operating systems and app stores. BEREC notes that a small number of digital platforms have reached positions where they can today shape and limit competition in parts of the digital media market as well as how content, services, and information can be accessed and shared.<sup>9</sup>

### 2.1 Media market framework

This report examines how news media companies in the Nordic countries have developed both economically and in terms of markets and consumption in a new digital market situation. To study this, the report uses a principal model of how the media landscape looks and changes. In the model used, developed by the Danish media researcher Preben Sepstrup, the structure of a media market is formed at the intersection of four basic force fields (see Figure 2.1).<sup>10</sup>

Figure 2.1 Model of how the media structure is formed



Source: Adapted from Sepstrup, 2004

The four fields of the model capture audience demand for different media and media content, the desire of advertisers to reach selected target audiences with their advertising messages through different channels, media policy decisions in the form of both general legislation and more media-specific regulations, and media technology developments.

While the four fields affect the media market on a structural level, they also affect each other. More broadly, they are also influenced by a range of societal conditions such as economic cycles, pandemics, and public policy developments.

Together with the development of media technology, media policy can be viewed as the external framework of the media structure of a country or region. Within the external boundaries, the media structure then evolves into a more market-like area of contention: an area in which the media compete for the attention and money of audiences and advertisers based on the given political and technological contexts.<sup>11</sup>

Sepstrup’s model forms the basis for the analysis in the following parts of the report. First, developments in media policy are highlighted, followed by developments within the media technology area and in the audience and advertising markets.

## 2.2 Media policy sets the framework

The digitalisation of the media market has put new demands on media policy in terms of responsibility for content, taxation, and distribution. But questions have also been raised as to whether media policy is most effectively conducted nationally or transnationally.

Broadly speaking, media policy in the Nordic countries can be said to support freedom of expression, media independence, and public access to a wide variety of media content. This has traditionally taken the form of strong legal protection for free speech, publicly funded

public service media, and various forms of financial support for private news media.<sup>12</sup> The different forms of media support are sometimes mentioned as one of the characteristics of the Nordic media model.<sup>13</sup>

Below is an overview of the most significant direct subsidies, followed by the indirect support – in the form of reduced VAT.<sup>14</sup>

### 2.2.1 Direct media subsidies

Norway and Sweden are the Nordic countries that have had the longest and most extensive forms of direct media support. In both countries, several decades have passed since the subsidy schemes were introduced. Denmark has only had direct support since 2014, although there have been various forms of indirect support since the 1960s.<sup>15</sup> Finland had a means-tested press subsidy until the end of 2007, after which it was abolished. In Iceland, there was a broad consensus to not introduce a direct media subsidy for a long time.

In those countries that have a direct media subsidy, it is structured as follows. In Denmark, support is regulated by the Media Subsidies Act that entered into force in 2014. According to that act, support is targeted at printed and digital news media. This is done mainly through editorial production support and innovation and development support. Editorial production support is the largest form of subsidy and is given to the production of editorial content by news media. In 2021, the support amounted to approximately DKK 368 million, which was distributed among some 70 media. Innovation support is in turn given to projects aimed at establishing or developing existing media. In addition to the above-mentioned subsidies, there is a distribution support and a financial rehabilitation support.<sup>16</sup>

Greenlandic news media companies publishing content in Danish, as well as companies operating on the Danish market, are eligible for public media subsidies. In 2020, the dominant private media stakeholder in the market (Sermitsiaq.AG) received DKK 4.6 million in media support. Of this amount, DKK 3.3 million came in the form of Danish production support, as the newspaper is published in Danish. The remaining DKK 1.3 million was financed by the Greenland Home Rule Government.<sup>17</sup>

The Faroe Islands have also had a domestic media subsidy scheme since 2017. The DKK 2 million grant is platform-neutral and targeted at privately owned media. The introduction of media subsidies can be seen as a response to increasing competition from foreign IT companies, digitalisation, and decreasing advertising revenues.<sup>18</sup>

The relevant Norwegian support in this context is production, innovation, and development subsidies. Production support is the largest of the direct subsidies. Its aim is to promote Norwegian media diversity. It was first awarded in 1969 and is now available to news and current affairs media published in printed or digital form. In 2021, approximately NOK 370 million was distributed among the approximately 150 media that

qualify for production support annually.<sup>19</sup> In turn, the innovation and development support will specifically promote editorial work, content innovation, and development in local news and current affairs media. In addition to this more extensive subsidy, there is also support for Sámi newspapers, local broadcast media, and distribution support in certain sparsely populated areas.<sup>20</sup>

A Swedish press subsidy scheme has existed in various forms since the early 1970s. The current support schemes are approved by the European Commission until the end of 2023. In mid-2022, a new proposal for general media support was presented. According to the proposal, the new subsidy scheme will basically be a technology-neutral editorial support and will primarily target publishers of local and regional news journalism. The changes to media support must be notified to the European Commission in order to enter into force by 1 January 2024.<sup>21</sup> The existing operating subsidy – the major support alongside the smaller distribution, editorial, and innovation and development subsidies – amounted to SEK 687 million in 2021. The support was distributed among some 80 news media.<sup>22</sup>

Unlike the above countries, Iceland and Finland have not provided direct support to the daily press in recent years. But in late 2020, a new state subsidy for privately owned media in Iceland was approved. The subsidy amounted to ISK 400 million and was calculated based on the size of the editorial staff in 2019.<sup>23</sup> The decision came after a long-standing broad political consensus that privately owned media should be sustained on market terms. The introduction of media support should be assessed in the context of increased global competition and economic vulnerability, which have led to policy changes.<sup>24</sup> Later during the Covid-19 pandemic, a subsidy scheme for private media was also approved, including a temporary subsidy for the costs of disseminating news.<sup>25</sup>

Finland is currently the only Nordic country without comprehensive general and direct subsidy programmes. The support available is given to certain newspapers and cultural magazines. This selective support concerns newspapers published in national minority languages and corresponding online publications. Grants are also awarded for Swedish-language news services.<sup>26</sup> However, during the Covid-19 pandemic, a temporary subsidy programme was introduced. The rapid study commissioned by the Ministry of Transport and Communications in preparation for the subsidy concluded that temporary support was needed and that the conditions of the news media had deteriorated over several years. According to the study, the digital revolution and the fact that advertising investments are increasingly leaving Finnish media and going to large international stakeholders were behind the deterioration.<sup>27</sup>

### **2.2.2 Indirect media subsidies**

In addition to direct media support, there is indirect support, such as various forms of tax bases. The EU and the Organisation for Economic Co-operation and Development (OECD) have been working intensively in recent years on legislation and coordination in the digital field. OECD has, for example, presented a proposal for a global corporate tax

system, which aims to address the tax challenges posed by the accelerating pace of digitalisation and globalisation of the economy.<sup>28</sup>

For the EU/EEA, issues related to VAT on digital publications have been high on the agenda. After several years of discussion, in which the media companies and their organisations made their voices heard, the EU member states agreed in late 2018 to allow countries to introduce various forms of reduced VAT for electronic publications. Until then, only physical media had been eligible for reduced VAT. The reduction was a way of modernising VAT legislation for the digital economy.<sup>29</sup> At the end of 2021, the European Council agreed on a proposal to update the EU rules on VAT rates. The proposal allows member states to introduce a VAT rate lower than 5 per cent, including VAT exemptions, for digital and printed newspapers.<sup>30</sup>

The first Nordic country to abolish VAT on digital news was Norway, which reformed its VAT legislation in early 2016. Digital newspapers and other electronic news services – that is, stand-alone online services and paid news channels on television and radio – were exempted from VAT. In mid-2019, the VAT exemption was extended to books and certain versions of digital trade journals. A year later, the rules were amended to include the ongoing digital journalism of trade journals in the VAT exemption. The standard tax rate in the country is 25 per cent.

Sweden also has a general and universal standard VAT rate of 25 per cent. However, since the early 2000s, printed newspapers, journals, and books have been covered by an exemption. Due to the exemption, these media have benefitted from a reduced VAT rate of 6 per cent. From mid-2019, the same reduced VAT applies to the digital equivalents.

Denmark also has a general standard VAT rate of 25 per cent. The standard rate applies to all media except newspapers. Newspapers are exempt from VAT and instead pay 3.54 per cent of the value of newspaper sales in a so-called lønsumsafgift [payroll tax]. Until mid-2019, the VAT exemption, introduced in 1967, applied only to printed newspapers. However, the legislation was amended so that the same exemption conditions also applied to digital newspapers.<sup>31</sup>

The Faroe Islands apply a VAT rate of 25 per cent to all commercial sales of goods and services. However, if the annual sales of a company are less than DKK 50,000, it is VAT exempt. Printed newspapers, journals, and books are not subject to VAT.<sup>32</sup>

Until 2018, the Finnish VAT rate on digital and single-issue sale publications was 24 per cent, which corresponds to the standard VAT rate. At the same time, the VAT rate on subscribed printed publications was 10 per cent. But in 2018, VAT on digital and single-issue sale publications was reduced to 10 per cent. All forms of publications were thus subject to a common VAT rate.

In Iceland, daily press, journals, and books have a reduced VAT rate of 11 per cent. However, unlike the rest of the Nordic countries, this also applies to private electronic media such as sound recordings, television, and radio activities. Streaming services and

computer games are also subject to this VAT rate. The reduced VAT rate for digital news services, journals, books, streaming services, and videogames was introduced in 2018, a year before the VAT reduction in the EU. The standard VAT rate is 24 per cent.<sup>33</sup>

Greenland has no VAT. Therefore, printed newspapers and digital subscriptions are also not subject to VAT.<sup>34</sup>

In discussions for this report, several media representatives mentioned that the new VAT legislation, with its reduced VAT rates or exemptions, affected the way companies worked, as the reduction or exemption changed market conditions. According to publishers of paid daily press, it simply became more profitable to focus on reader revenue as a sustainable business model. Without the change in legislation, it is likely that resources would have been used in a different and less focused or broader way. In an analysis from 2021, the Norwegian Media Authority mentioned the VAT reduction and the introduction of payment solutions as important explanatory factors for the growing digital audience revenues of the daily press in Norway.<sup>35</sup>

### 2.2.3 GDPR tightens up the handling of personal data

A clear political change in recent years is the view on platforms. When platforms entered the media market, it was often hoped that they would contribute to greater democratic equality and broader political participation.<sup>36</sup> Since the mid-2010s, however, there has been a marked shift in the way platforms are viewed, not least from a political perspective. Today, aspects of the platforms' activities are often identified as problematic. This could include, for example, issues of transparency and the role of platforms in spreading misinformation.<sup>37</sup> Some of the most visible changes in the regulation of the digital marketplace relate to the introduction of the General Data Protection Regulation (GDPR) and the Copyright Directive in the EU/EEA area.

The GDPR regulates how businesses, such as media companies, can and may handle various forms of personal data. For example, businesses may only collect personal data for specific, specified, and legitimate purposes and only process the personal data necessary for that purpose.<sup>38</sup> The legislators' overall aim with the new rules is to strengthen and ensure the individual citizen's right to privacy. One example is that customers and users sometimes must actively approve that a company will store a certain type of data. The GDPR also aims to create a uniform and equivalent level of protection for personal data within the EU and its partner regions. This is achieved by making the GDPR directly applicable in the different member states and by ensuring that the same rules apply throughout the EU/EEA area.<sup>39</sup> The new rules tightened, for example, the possibilities for media companies to handle personal data when selling advertising space.

There has been some criticism from Nordic media representatives regarding the GDPR, even though fundamentally the regulation is considered to be much needed. Critics argue that the legislation has impacted domestic stakeholders more than digital platforms. Basically, the criticism is that, in practice, there are stricter requirements on domestic

media companies to provide information about digital data collection than on the platforms. News media companies argue that this creates a competitive disadvantage, as the obligation to provide information can be annoying for users and create an uneven playing field from a data perspective.<sup>40</sup> This position has also been promoted through the European Publishers' Council, which includes Bonnier News, Egmont Group, JP/Politikens Hus, and Schibsted.<sup>41</sup> Added to this is the criticism that the new rules tend to favour the big platforms, as broad laws like the GDPR tend to be blunt, which can favour operators with the resources to hire legal expertise.<sup>42</sup>

#### **2.2.4 The Directive on Copyright strengthens publishers' rights**

The aim of the EU Directive on Copyright is to adapt the copyright rules to general technological developments. But there is also an ambition to reduce the revenue gap between non-European platform companies and European content providers. At the time of writing, the directive's rules have not been fully implemented in the Nordic countries. But in general terms, the rules involve that publishers of so-called press publications will get a publishers' right to their publications. The term press publications refers to a collection of mainly literary works of a journalistic nature which form a single element of a regularly updated publication under a common title, and which aim to provide the public with news, such as daily newspapers and news websites. The right should apply on the Internet and in relation to search engines such as Google. The publishers' right supports media companies' claim of financial compensation for a certain period of time if their material is distributed on different platforms. Major providers of online content-sharing services, such as Facebook and YouTube, will thus become liable for copyrighted material uploaded by users who do not have permission for the material. This may mean that platforms must compensate rights holders, prevent unauthorised uploading, or remove such material.<sup>43</sup>

When the decision was taken, it was welcomed by the Nordic media industry, and several media company representatives felt that the directive strengthened the position of the news media in the market.<sup>44</sup>

Denmark was the first Nordic country to implement the new copyright legislation and the associated publishers' right in 2021. In other countries, the directive is still awaiting implementation.

#### **2.2.5 DMA and DSA can strengthen the market positions of media companies**

The last of the major political agreements negotiated recently in the EU are the Digital Service Act (DSA) and Digital Markets Act (DMA) legislative packages. The packages were presented in mid-2022 and, once the implementation processes are complete, will have an impact on the Nordic media markets.

The first agreement, DSA, is intended to regulate the responsibility of digital platforms and services for the content they distribute. The stated principle is that what is illegal in the

analogue world should also be illegal in the digital world. The aim is to protect the digital environment against the spread of illegal content and to preserve the fundamental rights of users.<sup>45</sup>

The latter, DMA, contains rules for large online platforms. The rules aim to ensure that no platform with a so-called grind or gatekeeping function abuses its position in a way that is detrimental to other companies. The aim is therefore to prevent abuse of market dominance.<sup>46</sup>

### 2.2.6 Growing challenges in paper and distribution

The increasing digitalisation of Nordic societies has led to fewer and fewer people using traditional mail to send messages and letters. This in turn has increased costs for distribution companies, which has led newspaper companies in Finland and Åland, for example, to argue for various forms of distribution subsidies to ensure the ability to distribute printed newspapers to subscribers.<sup>47</sup> Distribution issues have also been relevant in other Nordic markets, particularly the smaller ones.

Several of the media representatives interviewed expressed concern about the shortage of printing paper and the rapidly rising price of newsprint. According to the representatives, rising prices lead to lower margins, but they also make it more difficult to manage the transition from a fundamentally printing to a fundamentally digital business.

## 2.3 Media technology is changing the conditions

This section sheds light on the impact of technology on media development and the conditions for media companies. It begins with a series of questions about the impact of digitalisation and platforms on the Nordic markets. The section concludes with a discussion of the impact of technology and digitalisation on the ability of Nordic media companies to attract people with the right skills.

The general level of digitalisation in society and the spread of digital media technologies have played a crucial role in the development of recent years. The Nordic region is one of the areas in Europe and the world where the spread has been greatest. One way to compare this general digital level in the Nordic region with other areas is to use the European Commission's annual Digital Economy and Society Index (DESI).

DESI measures the digital status and competitiveness of EU countries. The index is usually topped by the Nordic countries. Every year since 2017, three of the top four ranked countries have been Nordic. In 2022, Finland was in the lead, followed by Denmark, the Netherlands, and Sweden (see Table 2.1).<sup>48</sup>

**Table 2.1** Ranking of the five most mature digital economies in the EU according to DESI, 2017–2022

Rank	2017	2018	2019	2020	2021	2022
1	Finland	Finland	Finland	Finland	Denmark	Finland
2	Denmark	Sweden	Denmark	Denmark	Finland	Denmark
3	Sweden	Denmark	Sweden	Sweden	Netherlands	Netherlands
4	Netherlands	Netherlands	Netherlands	Netherlands	Sweden	Sweden
5	Luxembourg	Luxembourg	Luxembourg	Malta	Ireland	Ireland

Source: European Commission, 2022

When the EU 2020 DESI results were compared with non-EU countries, the three Nordic EU countries plus Norway and Iceland were ranked as five of the world’s eight most digitally mature economies.<sup>49</sup> As digital development is well advanced in the Nordic region, Nordic economies are also more exposed to its effects than less digitally developed economies.

**2.3.1 Strong market dominance on the technology side**

The smartphone has influenced news consumption more than any other technological breakthrough in recent decades. It allows media consumers to access news, social networks, and other content almost anywhere. The market for smartphones quickly evolved into a market of basically two companies and two operating systems: Apple with IOS and Alphabet with Google’s Android. By the end of 2017, these two spheres already accounted for 99.9 per cent of the world market, according to analyst firm Gartner.<sup>50</sup> Such a concentrated market usually reduces market variation, and the products presented are often very similar in terms of use, value, and consumer perception.

For the world’s media companies, this market dominance means that they must offer two, but only two, versions of their mobile applications – one for Apple’s iPhone and another for Google’s Android system. This dominance has also meant that the two companies have been able to decide quite independently what rules should apply in their respective app stores: Apple’s App Store and Alphabet’s Google Play. Among media companies, there are very different perceptions of how well this market works.

For iOS, only the App Store is available, as Apple does not allow alternative app stores. According to data provided by Google to the Swedish Competition Authority, which has studied competition in digital platform markets in the country, Android users have a hundred different options. But according to the agency, neither app owners, such as media companies, music services, and gaming companies, nor consumers perceive them as real alternatives.<sup>51</sup>

Several app owners have been critical of the way their users' payments and in-app purchases are handled by the platforms' and stores' payment systems, even when the app owners have access to their own solutions. As a rule, stores have charged a commission of 30 per cent of the transaction value for the purchase of a new subscription and 15 per cent for a subscription renewal or other purchase via an app.<sup>52</sup>

Apple argues that the reason for the level of commission is the company's costs for reviewing and checking the apps that are offered.<sup>53</sup> It has further argued that the commission is in line with what other similar companies charge.<sup>54</sup> At the same time, representatives of media companies and other businesses argue that the commission rate is unjustifiably high and that the requirement for payment to be made through the shops' payment systems negatively affects the possibility of a direct relationship with the consumer.<sup>55</sup>

In one of its reports, the Swedish Competition Authority concluded that both platforms and app owners want to control the customer relationship. The Authority noted that app owners are therefore trying to move transactions to their own channels, such as their own subscription pages on the websites. The Authority further noted that there is friction between platforms and app owners in this regard.<sup>56</sup>

In the interviews conducted for this report, media representatives stated that they usually offer their apps for download in the mentioned stores while they shift the actual subscription purchase to their own websites. This is done even if it is not always the most obvious solution for the customer. In this way, the representatives believe that they both achieve more direct contact with their customers and reduce transaction costs. In addition, they gain access to valuable information about customers, which can be used for targeted offers and further development of the editorial product. This information is lost, according to media companies in the trade press, when payment solutions other than their own are used.<sup>57</sup>

### **2.3.2 Technological developments affect skills needs**

The general digitalisation of society, with platforms playing a driving role, has changed the skills needs of media companies and increased competition for employees. Almost all of those interviewed for this report said so. A contributing factor, according to several persons interviewed and reports in the trade press, is that many journalists left the media world in 2014–2018, when many media companies downsized their newsrooms due to declining advertising revenues.<sup>58</sup> Many of the former journalists left the media industry altogether and are no longer active in it. In early 2022, the shortage in Sweden became so acute that Bonnier News, the market's largest company, called an emergency meeting of the industry, the education sector, and the Swedish Public Employment Service to discuss how the skills issue could be resolved.<sup>59</sup>

Moreover, since the mid-2010s, many of the skills that journalists are expected to possess have changed. It is therefore not obvious that those who left the industry have the required

skills. Today, for example, reporting via text as well as audio and moving images requires a much wider range of skills than just ten years ago. Here, news media companies compete for employees with each other as well as with independent production companies and large industrial and service companies with their own podcast, television, and video production departments.

Furthermore, digitalisation has created a need for completely new skills and tasks, such as full-stack developers, SEO (search engine optimisation] specialists, and UX (user experience) designers. As a growing proportion of audiences choose to access news via websites and apps, people are needed who can build and develop these in a way that meets the expectations of today's audiences. There is also a need for people to work on analysing both advertisement views and which articles or features lead to audience subscriptions or what kind of material keeps subscribers subscribing. These are the skills that many companies and organisations are interested in. In a study from 2022, Statistics Norway noted that the demand for people with IT skills increased significantly between 2015 and 2020. The greatest demand for advanced IT skills was in the information and communications sector.<sup>60</sup>

## 2.4 Media habits for audiences are going digital

As the Nordic media markets are in some ways different, the more specific development tendencies are explored in the descriptions of each country. In this section, developments in relation to the global platforms are addressed on a more general level.

The most obvious consumer trend in the Nordic news markets is the declining use of printed newspapers. In all the Nordic countries studied in the *Reuters Institute Digital News Report* from the Reuters Institute for the Study of Journalism at the University of Oxford, the proportion of people getting news from printed newspapers has declined significantly (see Table 2.2). The largest decreases between 2017 and 2022 have occurred in Finland and Norway. In Finland, the share of people reading news in printed newspapers has fallen by 16 percentage points to 31 per cent. In Norway, the reading rate has decreased by 14 percentage points to 22 per cent. The smallest change has taken place in Denmark. There, the decrease has been six percentage points, from 26 to 20 per cent. In Sweden, the share of people reading printed newspapers fell from 43 to 28 per cent, that is, a drop of eleven percentage points. Iceland is not included in the study.

**Table 2.2** Share of Internet-using population, aged 18–80, in Denmark, Finland, Norway, and Sweden who have received news via different media in the last seven days, 2022 (shares in per cent and changes in percentage points 2017–2022)

Media	Denmark		Finland		Norway		Sweden	
	%	± %	%	± %	%	± %	%	± %
Television	64	-8	66	-7	60	-8	63	-7
Printed newspaper	20	-6	31	-16	22	-14	28	-11
Online, including social networks	80	-5	89	+1	85	-2	86	+0
Social networks	43	-10	45	+1	44	-9	45	-6

Source: Newman et al., 2017, 2022

Even linear television has lost some of its relevance as a news medium. In all countries studied, television news consumption has fallen by seven to eight percentage points since 2017. In 2022, the proportion of Internet users who watched television news in a week was lowest in Norway (60%) and highest in Finland (66%).

News consumption has largely shifted to digital channels. According to Reuters research, more than eight in ten people in the Nordics accessed news online in a typical week in 2022, not least through social networks and the websites and apps of established news media. More than two out of five people accessed news via social networks in a typical week.<sup>61</sup>

Another clear trend is the increasingly central role of the smartphone as a device for consuming news. In 2017, accessing news via computer was about as common as via a mobile phone. Today, the mobile phone is the prevalent option. More than seven out of ten Internet users in Denmark, Finland, Norway, and Sweden accessed news via their smartphones in 2022.

A third trend that has developed strongly in recent years is the so-called subscription economy. Here, stakeholders such as the film and television service Netflix, along with, for example, the music service Spotify, have been setting the pace by charging for digital media services and offering ad-free alternatives.<sup>62</sup> Today, there is a plethora of services that offer streaming movies, audiobooks, podcasts, and television series as subscriptions. Amazon Prime, Apple TV Plus, and Storytel are just a few examples. Among social networks, the potential for introducing various forms of payment services and competing for household media spending is also being studied.<sup>63</sup>

For the news industry, the digital subscription model had its real breakthrough in the mid-2010s, when privately owned news media companies started to charge for their digitally distributed news to a larger degree. Until then, most of them had used a mainly ad-funded

business model online. Following the widespread launch of digital payment solutions, these channels also had two sources of revenue: subscriptions and advertising.

A similar trend is now beginning to appear in other parts of the media and entertainment industry. There is an ambition among film and television services, such as Netflix, to launch, alongside their existing subscription services, cheaper subscription options partly financed by advertising.<sup>64</sup> Overall, this means that competition for both advertising and subscription revenues will increase in each market.

According to the *Reuters Institute Digital News Report*, Nordic news consumers stand out for their comparative willingness to pay for news in digital channels (see Table 2.3). The biggest share of paying consumers in 2022 was in Norway, at 41 per cent. This was a decrease of four percentage points compared with the previous year. Despite the decrease, Norway’s share was still clearly higher than Sweden’s, which had the second highest share of paying consumers, at 33 per cent, in the survey. The shares of Denmark and Finland, at 18 and 19 per cent, respectively, were also relatively high compared with other markets. In countries such as France, Italy, and the UK, the corresponding shares in 2022 were 11, 9, and 12 per cent. More in line with Denmark and Finland were countries such as the Netherlands, Ireland, Switzerland, and the US. Norway, but also to some extent Sweden, was thus found to be in a separate and exclusive category.<sup>65</sup>

**Table 2.3** Share of Internet-using population in Denmark, Finland, Norway, and Sweden, aged 18-80, who paid for news in the past year, 2016–2022 (per cent)

	2016	2017	2018	2019	2020	2021	2022
Denmark	15	15	15	15	17	16	18
Finland	15	14	18	16	19	20	19
Norway	27	26	30	34	42	45	41
Sweden	20	20	26	27	27	30	33

Source: Newman & Levy, 2014; Newman et al., 2015–2022

## 2.5 The advertising market is being digitalised in several stages

This section presents and discusses some of the key drivers of change in the digitalisation of Nordic advertising markets. The focus is particularly on developments in recent years, a time when investment has been reduced in many cases because of the Covid-19 pandemic.

The development of the advertising market is, in broad terms, linked closely to the development of the economy in the community. To put it simply, the stronger the economy of a country, the more likely it is that media companies are doing well financially. As the economy grows, more companies often want to promote their products and services through advertising. This link remains even when there is a downward turn in the market. This usually means that advertisers’ budgets shrink, and investment in media advertising

space is reduced. This, in turn, leads to a loss of revenue for media companies that receive all or part of their funding from advertising.<sup>66</sup>

Until the Covid-19 pandemic hit the Nordic countries in early 2020, all the countries’ economies were growing (see Table 2.4). However, Åland experienced a sharp economic slowdown in 2018, which was in principle picked up in the following year. The strongest economic growth was in Iceland, which recorded growth rates of 4–6 per cent between 2016 and 2018. Denmark, Sweden, and Finland also regularly had growth rates above 2 per cent during these years. Norway generally had a slightly lower growth rate. The biggest fluctuations were seen in Greenland, which increased its gross domestic product, or GDP, by 4.7 per cent in 2016, only to record more moderate growth of 0.1 per cent the next year. When the pandemic then forced countries to impose various forms of restrictions, it impacted the economy. In all countries with available statistics, GDP contracted, apart from Greenland. Instead, the total value of goods and services grew by 0.4 per cent. The Icelandic economy experienced the most profound decrease, dropping by just over 7 per cent compared with the previous year.

**Table 2.4** GDP development in the Nordic countries, 2016–2021 (per cent)

	2016	2017	2018	2019	2020	2021
Denmark	+3.2	+2.8	+2.0	+2.1	-2.1	+4.7
Greenland	+4.7	+0.1	+0.6	+2.3	+0.4	–
Finland	+2.8	+3.2	+1.1	+1.2	-2.2	+3.0
Åland	±0.0	+1.8	-6.9	+6.8	–	–
Iceland	+6.3	+4.2	+4.9	+2.4	-7.1	+4.3
Norway	+1.1	+2.3	+1.1	+0.7	-0.7	+3.9
Sweden	+2.1	+2.6	+2.0	+2.0	-2.2	+5.1
All Nordics	+2.2	+2.7	+1.6	+1.5	-1.8	+4.3

Source: Nordic Statistics, 2022 (Faroe Islands not included in the database)

In the second year of the pandemic, 2021, countries’ economies grew again. They grew most in Sweden (5.1%) and Denmark (4.7%). The lowest measured growth in 2021 was in Finland (3%).<sup>67</sup>

**2.5.1 Competition for advertising investment is increasing**

In the pre-digital world, those who wished to promote their services, goods, and opinions had a certain number of mass media to choose from. And because advertisers were forced to market relatively broadly, the total reach of a medium, that is, how many people it reached, was a key measure in choosing an advertising channel. The more people who accessed the channel, the more likely it was that the advertising message would reach the intended audience.

With the digitalisation of the media market, the number of potential advertising channels grew from a relatively small number to being almost unlimited. Thanks to digitalisation, an advertiser can now buy advertising space on almost any commercial digital service or product – in addition to the traditional alternatives. Competition for advertisers' money thus grew as fast as their digital options grew.<sup>68</sup> Thanks to the management and follow-up options of digitalisation, advertisers have also shifted part of their previous media investments to their own channels, such as newsletters, customer clubs, and similar.<sup>69</sup>

The range of advertising channels and advertising space thus became virtually limitless. But as supply grew faster than demand, digitalisation put pressure on both advertising space and contact costs. In this respect, several of the media representatives interviewed believe that the actions of the platforms had a more or less direct influence, which in turn led to lower margins. The decline in advertising revenues is thus largely due to a shift in investment from printed to digital media and the shrinking of advertising sales margins in the digital environment.<sup>70</sup>

In the early days of the Internet, display advertising, such as banners, dominated advertising spending. But as consumer patterns changed, the advertising market developed too. In the first decade of the 2000s, almost all digital advertising categories showed strong growth rates. After the 2008 financial crisis and in the first few years thereafter, there was a temporary slowdown in digital advertising investment. As investment picked up again, there was increasing competition between the different advertising formats. The rate of growth of display advertising, which had been central until then, slowed down, while keyword or search marketing grew rapidly.<sup>71</sup> Keyword marketing includes sponsored search links, that is, paid advertising space provided by search engines such as Bing and Google; the latter service is strongly dominating the market both in terms of usage and share of advertising investment. Today, a clear majority of all advertising investments in the Nordic region are made in digital channels. Overall, most of the money is spent on keyword advertising, according to IRM's Nordic reports.<sup>72</sup>

In a short period of time, Apple has also moved up its position as an advertising channel. In 2021, Apple enabled iPhone and iPad users to decide whether companies and advertisers should be able to access data about how they use different websites and apps. The inability to share user data has led to a loss of advertising revenue for companies like Facebook and others, as access to user data and the ability to target ads has reduced. At the same time, Apple has increased its ambitions for advertising with apps in the App Store. According to trade press reports, the company's advertising revenue has increased significantly over the past year.<sup>73</sup>

### **2.5.2 Increased importance of data**

Coupled with the decline in revenue from display advertising for media companies is the changing way this type of advertising is purchased and sold. Nowadays, sales are made to a large extent through automated trading via various brokerage services. This trading is commonly referred to as programmatic advertising. This means that the digital advertising

space is priced, sold, and purchased in real time. Programmatic trading includes advertising on social networks, search platforms, and media display advertising.<sup>74</sup> According to data from the International Advertising Bureau (IAB), 77 per cent of all display advertising in Europe was invested in programmatic advertising in 2019. In 2013, the share was only 20 per cent.<sup>75</sup>

On social networks and search platforms, trading usually takes place within closed ecosystems, often called walled gardens, where companies like Alphabet and Meta own the technology used. This means that Nordic media companies generally do not have control over the technology that ensures that programmatic advertising is displayed on their own digital channels. This is the conclusion of the consultancy firm KPMG in its report *Online reklame i Danmark [Online advertising in Denmark]* (2020), commissioned by the Danish Competition and Consumer Authority, KFST.<sup>76</sup>

Technology providers thus act as a link between advertisers and media in the open trade of display advertising, that is, the trade that does not take place in the closed ecosystems. According to a British study from 2020, around 51 per cent of advertisers' programmatic advertising investment reaches the medium that actually displays the advertisement. The rest disappears in fees to various agencies and technology companies.<sup>77</sup> Since advertisers and media companies have no visibility of the algorithms of intermediaries, they have limited insight into all costs and how actual trading takes place.<sup>78</sup>

Programmatic selling is characterised by the use of consumer data or information to target advertising content to consumers at a specific time. Every digital interaction with consumers, audiences, and advertisers has the potential to capture vast amounts of information. It can later be resold to advertisers and used to drive advertising. And the more digital services a company can offer, the more it can learn about its users. Thanks to this knowledge, the company can later offer the market more detailed and sophisticated advertising solutions.<sup>79</sup>

On a general level, Alphabet and Meta have far more, and commercially more valuable, data on users than other stakeholders in the advertising market. This asset in turn increases the value of the companies' platforms and the associated advertisement spaces. The primary reason why platforms have access to more data is that their services are popular and attract many users. In addition, some of their services rely heavily on users and consumers entering specific information about themselves, for example, when setting up a network profile or an e-mail account. This is data that can identify the consumer during interactions with media and other services, further enriching the data information.<sup>80</sup> The economic value of this knowledge is also increasing as more and more societal functions are digitalised, while technological developments make it both cheaper and easier to manage all these tasks.<sup>81</sup>

Furthermore, the major platforms administer advertising networks that sell advertising space not only on their own websites but also on others. It gives access to additional information about the consumers exposed to the advertising. Alphabet, in particular, has an advertising network of a significant scale via Google.<sup>82</sup>

### 2.5.3 Platforms strengthen their market positions

Programmatic advertising is constantly changing as technology advances steadily increase the possibilities for data collection and targeted advertising. However, privacy and other legislation has established a new framework for how data can be collected and exchanged between stakeholders. The closed ecosystems are less affected by this, however, because they have collected the data themselves, after approval by the consumers. Alongside these developments, criticism has emerged about how platforms manage data and their market positions.<sup>83</sup>

Critics have argued, among other things, that Facebook's activities are characterised by monopolistic tendencies,<sup>84</sup> but also that digital advertising exchanges should be regulated in a way similar to how financial exchanges are regulated. The fact that advertising exchanges are not as strictly regulated as financial ones gives Alphabet and Google significant competitive advantages, according to critics.<sup>85</sup>

In the media debate, it has been argued that, for example, the major platforms have gained market dominance through their digital search services, advertising, cloud infrastructures, social networks, messaging services, and operating systems – a dominance which, according to critics, risks leading to a monopoly or oligopoly.<sup>86</sup> Analyses have also indicated that the dominance has led to a small number of companies gaining such control over key channels for the distribution of media content and so on, that they have become the controlling gatekeepers.<sup>87</sup>

Already in the 2017, in a report from the Danish Ministry of Culture on the globalisation of the domestic media industry, several experts analysed the importance of foreign stakeholders in the Danish media market. The general conclusion at the time was that domestic media companies no longer had the capacity to define the technical, distributional, and commercial standards that they themselves used to deliver their editorial material to domestic audiences. The authors of the report wrote that these standards were defined and changed by stakeholders in the global market, and they also felt that Danish media had lost their decisive influence over essential parts of their business value chain.<sup>88</sup>

At the same time, these services have enabled small and medium-sized businesses to disseminate their message at low cost. In addition, there is the possibility to compete for advertising investment without having to bear the costs of their own advertising platforms and advertisement sellers – all in a way that has not been possible before.<sup>89</sup> In addition, many advertisers feel that they are receiving good value for their investment, not least through various forms of interaction with consumers.<sup>90</sup> Alphabet's Google has also stated that in Europe, they redirect Google users to news websites eight billion times each month, which they believe provides increased advertising revenue opportunities for the websites.<sup>91</sup> Google also says that they are taking responsibility for the development opportunities of the news media by offering training programmes to media companies and new knowledge about how online advertising works.<sup>92</sup>

## 2.6 A general summary

Recent years have seen rapid technological developments in the media market and dramatic oscillations in the advertising market due to the Covid-19 pandemic. In addition, legislatures have advanced their positions and regulated the digital market more tightly than before. At the same time, global platforms have strengthened their dominance of the advertising market, while Nordic news media companies have established a new revenue stream by charging for their journalism in digital channels as well. The developments could be summarised as follows:

- The Nordic economies are some of the most digitally mature economies in Europe and the world. The Nordic media markets are also among the most digitally mature, which means that the effects of digitalisation are having a greater impact here.
- A series of new media-related directives and regulations that could strengthen the position of Nordic media companies have been presented. As most of the rules have been introduced recently – or are waiting to be implemented – it remains to be seen what the real effects will be.
- The Nordic countries have introduced various forms of reduced VAT or VAT exemptions for digital media. The change in VAT legislation has made it easier for news media companies to build new digital revenue streams.
- Since the mid-2010s, Nordic news media companies have successfully launched various forms of digital payment solutions, not least compared with other European media markets. However, there are large differences between the Nordic countries. The Norwegian media companies have been the most successful.
- Competition for Nordic households' media spending has increased in recent years and seems likely to increase even more in the years to come.
- Due to the Covid-19 pandemic, advertising investments in Nordic media companies have fluctuated sharply since 2016. The first year of the pandemic meant significant investment losses for almost all media companies. In 2021, investments increased significantly again. However, the large increases in investment were primarily in media channels other than those of the Nordic media companies.
- The dominance of global platforms over users' data and the technology and structure of the advertising market has strengthened since 2016. In addition, the platforms have maintained their almost total dominance over technology in the audience market.

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<sup>7</sup> Gustafsson, 1996: 9ff

<sup>8</sup> Facht & Ohlsson, 2021: 8ff

<sup>9</sup> Berec, 2022

<sup>10</sup> Sepstrup, 2004

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- <sup>11</sup> Facht & Ohlsson, 2021: 8ff
- <sup>12</sup> Ohlsson, 2015: 20ff
- <sup>13</sup> Flensburg, 2015
- <sup>14</sup> For a more complete overview of direct and indirect support in the Nordic countries, please refer to the website of the relevant media authority or the Ministry of Transport and Communications (2022).
- <sup>15</sup> Flensburg, 2015
- <sup>16</sup> Ministry of Culture Denmark, 2022
- <sup>17</sup> Ravn-Højgaard, 2021: 67
- <sup>18</sup> Ravn-Højgaard et al., 2021
- <sup>19</sup> Norwegian Media Authority, 2021c, 2021d
- <sup>20</sup> Norwegian Media Authority, 2021b
- <sup>21</sup> Government Offices of Sweden, 2022b
- <sup>22</sup> Swedish Press and Broadcasting Authority, 2022b
- <sup>23</sup> Guðmundsson et al., 2021: 80ff
- <sup>24</sup> Ravn-Højgaard et al., 2021: 114
- <sup>25</sup> EFTA Surveillance Authority, 2021; Ćirić, 2021
- <sup>26</sup> Nordicom, 2022
- <sup>27</sup> Salo, 2020
- <sup>28</sup> OECD, 2021
- <sup>29</sup> Council of the European Union, 2018
- <sup>30</sup> European Council, 2021
- <sup>31</sup> Harrie, 2021
- <sup>32</sup> Taks, 2022; confirmation e-mail to the author from the tax authority Taks on 11 August 2022
- <sup>33</sup> Harrie, 2021
- <sup>34</sup> Tax Summaries PwC, 2022
- <sup>35</sup> Norwegian Media Authority, 2021a: 8
- <sup>36</sup> Bröndum, 2013
- <sup>37</sup> European Commission, 2020a
- <sup>38</sup> Swedish Authority for Privacy Protection, 2021b
- <sup>39</sup> Swedish Authority for Privacy Protection, 2021a
- <sup>40</sup> Mediawatch, 2021; Reinwald, 2021
- <sup>41</sup> European Publishers Council, 2022
- <sup>42</sup> Computer Sweden, 2019
- <sup>43</sup> Government Offices of Sweden, 2021
- <sup>44</sup> Norwegian Businesses' Association, 2018
- <sup>45</sup> Council of the European Union, 2022b
- <sup>46</sup> Council of the European Union, 2022a
- <sup>47</sup> Nya Åland, 2021; Uutismedian liitto, 2021
- <sup>48</sup> European Commission, 2022
- <sup>49</sup> European Commission, 2020b
- <sup>50</sup> Gartner Newsroom, 2018
- <sup>51</sup> Swedish Competition Authority, 2021: 119
- <sup>52</sup> Swedish Competition Authority, 2021: 134
- <sup>53</sup> Apple, 2021
- <sup>54</sup> Borck et al., 2020: 2

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- <sup>55</sup> Gustavsson, 2020
- <sup>56</sup> Swedish Competition Authority, 2021: 136
- <sup>57</sup> Gustavsson, 2020
- <sup>58</sup> Suomen Lehdistö, 2022b; Journalisten, 2022
- <sup>59</sup> Rönnqvist Fors, 2022
- <sup>60</sup> Statistics Norway, 2022a
- <sup>61</sup> Newman et al., 2022
- <sup>62</sup> Hojnik et al., 2020: 323ff
- <sup>63</sup> Heat, 2022
- <sup>64</sup> Taylor, 2022
- <sup>65</sup> Newman et al., 2022
- <sup>66</sup> Lindberg, 2021: 9
- <sup>67</sup> Nordic Statistics, 2022
- <sup>68</sup> Ohlsson & Facht, 2017: 22f
- <sup>69</sup> Sveriges Annonsörer, 2013
- <sup>70</sup> Hagström, 2001; Del Rey, 2012
- <sup>71</sup> Ohlsson & Facht, 2017: 33f
- <sup>72</sup> IRM Institute for Advertising and Media Statistics, 2021
- <sup>73</sup> Gurman, 2022
- <sup>74</sup> Danish Competition and Consumer Authority, 2020: 4
- <sup>75</sup> IAB Europe, 2020 (refers to investments in display advertising, including banners and video, but excluding catalogues, end-credits, and keyword advertising)
- <sup>76</sup> Danish Competition and Consumer Authority, 2020: 4
- <sup>77</sup> Incorporated Society of British Advertisers, 2020
- <sup>78</sup> Danish Competition and Consumer Authority, 2020: 4
- <sup>79</sup> Ohlsson & Facht, 2017: 35
- <sup>80</sup> Danish Competition and Consumer Authority, 2020: 4
- <sup>81</sup> Ohlsson & Facht, 2017: 35
- <sup>82</sup> Danish Competition and Consumer Authority, 2020: 4
- <sup>83</sup> New York Times, 2020
- <sup>84</sup> Srinivasan, 2019
- <sup>85</sup> Srinivasan, 2020
- <sup>86</sup> Moore & Tambini, 2021
- <sup>87</sup> Nadler & Cicilline, 2020
- <sup>88</sup> The Danish Agency for Culture and Palaces, 2017
- <sup>89</sup> Ohlsson & Facht, 2017: 35
- <sup>90</sup> Sreejesh et al., 2018; Hamouda, 2018
- <sup>91</sup> Avisen Danmark, 2021
- <sup>92</sup> Google News Initiative, 2022

## 3. The Nordic newspaper markets

The next sections will look at the development of the media structure in Denmark, Finland and Åland, the Faroe Islands, Greenland, Iceland, Norway, and Sweden. As in the introductory section on general media development, the audience and advertising markets of media companies in individual countries are studied by analysing developments from different angles. However, before presenting the developments by country, the overall structure of the Nordic daily newspaper markets is outlined.

### 3.1 The main stakeholders

The Nordic newspaper markets have undergone a gradual concentration of ownership in recent decades. As a result of this development, the ten largest newspaper companies in the Nordic region comprise around 400 daily subscription newspapers, single issue sale newspapers, and free newspapers – distributed in printed or digital form.

The four largest newspaper companies in the Nordic region – measured by turnover in 2021 – are from four different countries (see Table 3.1). The single largest stakeholder, with a turnover equivalent to EUR 808 million, was the Swedish media company Bonnier's news media division, Bonnier News, which publishes newspapers in large parts of Sweden. The Norwegian Schibsted and Finnish Sanoma counterparts – Schibsted News Media and Sanoma Media Finland – came in at second and third. The Danish JP/Politikens Hus was number four.

**Table 3.1** Top ten newspaper companies in the Nordic region by turnover, 2021 (EUR million)

Company (country)	Ownership (country)	Revenue (EUR million)	Result (EUR million)
Bonnier News (SE)	Family-owned business (SE)	808	+35*
Schibsted News Media (NO)	Listed (NO)	774	+93**
Sanoma Media Finland (FI)	Listed (FI)	615	+61
JP/Politikens Hus (DK)	Foundation-owned (DK)	446	+35
Amedia (NO)	Foundation-owned (NO)	404	+61**
Polaris Media (NO)	Listed (NO)	362	+47**
Jysk Fynske Medier (DK)	Foundation-owned (DK)	257	+9**
Keskisuomalainen (FI)	Listed (FI)	212	+13**
Norrköpings Tidningars Media (SE)	Foundation-owned (SE)	164	+18
Gota Media (SE)	Foundation-owned (SE)	112	+8

Comments: The conversion from local currencies to EUR is based on average exchange rates for 2021. Turnover refers to the total revenue of the companies and may include income from other activities. The exceptions are Bonnier News (#1), Schibsted News (#2), and Sanoma Media Finland (#3), where the revenues refer to revenues from a business area or division of a larger group. Profit = Profit before financial items (Ebit).

\*Earnings before interest, taxes, depreciation, and amortisation (Ebita).

\*\*Profit before interest receivable and payable, taxes, depreciation of tangible assets, and amortisation of intangible assets (Ebitda).

Source: Annual reports for 2021 and company websites

As for the other large newspaper companies, they were relatively evenly distributed among the four major Nordic countries. Norway and Sweden were represented by three companies each, while Denmark and Finland had two each. No Icelandic company was among the top ten.

In three cases out of ten, the newspaper business was part of a larger group of companies. These are Bonnier, Sanoma, and Schibsted, all of which have significant activities both inside and outside the rest of the media market. In the remaining seven enterprises, newspaper publishing, or newspaper-related activities, was the dominant source of revenue. The largest newspaper company in terms of number of individual titles was the Norwegian Amedia, which publishes some 80 local newspapers and a national news website.

In terms of ownership, four out of ten of the companies were listed. Of the remaining six, five were majority-owned by nonprofit foundations. Foundations were also the largest single shareholder for two of the listed companies: Schibsted (Tinius Foundation) and

Sanoma (Jane and Aatos Erkkos Foundation). The relatively significant presence of foundations as owners of large newspaper companies is a feature of the Nordic newspaper markets. At the same time, only one of the ten largest newspaper companies remained under family control, which has historically been a very common form of ownership. It is Bonnier News, part of the family-owned Bonnier Group.

Despite the trend towards increased internationalisation of Western media markets, the presence of foreign ownership is relatively limited. Only three of the ten largest newspaper companies have majority ownership of newspaper operations in another Nordic country. One is Schibsted, which has owned the Swedish newspapers *Aftonbladet* and *Svenska Dagbladet* since the 1990s. The second is Norwegian Polaris Media – in which Schibsted is the largest single shareholder – which in 2019 acquired a majority stake in Swedish newspaper company Stampen Lokala Medier. The third is the Bonnier Group, which is the majority owner of the Danish financial paper *Børsen*.

That said, several Nordic newspaper companies have minority interests in the other Nordic newspaper markets. In addition to those already mentioned, Amedia and JP/Politikens Hus are a couple of examples. The former is a minority shareholder in Bonnier News Local, which is a subsidiary of Bonnier News, and the latter owns part of *HD-Sydsvenskan*. A third example is the Swedish local newspaper group NWT Gruppen, which is one of the single largest minority shareholders in both Schibsted and Polaris Media.

Several of the now largest Nordic newspaper companies have expanded through mergers and acquisitions. The Polaris company was founded in 2008 through a merger of Adresseavisen ASA and the Harstad Tidende group. Since its establishment, the company has expanded its ownership with a wide range of titles. In 2009, Polaris acquired a couple of Edda Media's former titles, and in 2015, it bought an additional three newspapers. Five years later, a new company was established under the name Polaris Media Sør, with Agderposten Medier as a minority shareholder. The new company has since grown through acquisitions. From 2021, Polaris will also be the largest single shareholder in the Norwegian newspaper and publishing group Mentor Medier.

Amedia was formed in 2012 after A-Press bought Edda Media from a British company. Shortly after the merger, the new Amedia acquired Digitale Medier. And in 2018, Amedia entered into an agreement with Nordsjø Media to acquire all shares in that group and its nine local newspapers. In 2021, Amedia also bought the majority of shares in Tun Media.

Danish Jysk Fynske was founded in 2015 after a merger of Jyske Medier, Fynske Medier, and Syddanske Medier. The following year, Midtjyske Medier was also incorporated. In total, the company operates more than a dozen daily newspapers, some 60 weekly newspapers, a handful of radio stations, and several news websites.

JP/Politiken is in turn the result of a merger between *Jyllands-Posten* in Aarhus and Politikens Hus in Copenhagen in 2002. In addition to its three national titles, the group

also publishes around a dozen regional newspapers. In recent years, JP/Politiken has also invested in several new local and niche digital media.

Bonnier's newspaper business has grown strongly in recent times, not least through a series of acquisitions. After a long period of focusing its publishing on a small number of metropolitan newspapers, Bonnier, together with Amedia, acquired the local newspaper groups Mittmedia in 2019 and Hall Media in 2020. After the acquisitions, the group's publishing volume amounted to some 40 paid newspapers. In 2021, Bonnier News Local and the foundation-owned local newspaper group Gota Media started a deeper cooperation through cross-ownership. The new constellation acquired Skånska Dagbladet's newspaper operations shortly thereafter.

As for Bonnier, the local newspaper group NTM Media has grown through acquisitions in Sweden. Having previously concentrated its publishing mainly in the southeastern parts of the country, the company has, since 2000, particularly in the last ten years, significantly expanded its ownership and publishing. Among the businesses acquired are Swepress, Sörmlands Media, and the UNT Group. Today, NTM publishes about twenty titles covering a large part of Sweden.

Finland's Sanoma is a group with a history of extensive media ownership in both the Nordic region and the rest of Europe, including television, newspapers, and educational publishing. In 2014, all media operations in Finland were merged into one company: Sanoma Media Finland. In 2020, Sanoma first bought Alma Media's regional news business and then sold its digital end-credit business to Schibsted.

The second largest newspaper company in Finland, Keskisuomalainen Oyj, bought magazines, newspapers, and a printing plant from Mediatalo ESA in 2018. The company has also recently acquired a majority stake in Neonmedia Oy and incorporated the operations of ESV-Paikallismediat Oy, Kaakon Viestintä Oy, and Suomen Suoramainonta Oy, as well as *Lovisa Sanomi* and *Pyhtäänlehti*. The city newspaper *Mikkeli Kaupunkielhti* was annexed in 2020. In Åland, the two dominant newspapers *Nya Åland* and *Ålandstidningen* have a shared majority owner in financier and entrepreneur Anders Wiklöf.

Finally, against the background of the increasingly competitive situation for commercial news media, it can be noted that all the ten largest newspaper companies in the Nordic region reported positive results in 2021.

### 3.2 Overview of the large companies

Over the past ten years, the Nordic newspaper markets have been characterised by consolidation. Newspaper publishing companies have become fewer and larger. They also have a more stable economy.

- Companies in the Nordic newspaper markets have become fewer and larger through mergers and acquisitions over the last ten years. Many of these changes have taken place over the past five years.
- In 2021, only two of the ten largest newspaper companies had majority ownership of newspaper operations in another Nordic country.
- Four of the ten largest newspaper companies were listed on the stock market in 2021.
- Five of the ten largest newspaper companies were majority-owned by nonprofit foundations in 2021. Foundations were also the largest single shareholder in two of the companies listed on the stock market.
- Only one newspaper company among the top ten was controlled by a family in 2021.
- All ten major newspaper companies reported a positive result in 2021.

## 4. Denmark

Denmark has about 5.8 million inhabitants and is the most densely populated country in the Nordic region. Around 1.3 million of the inhabitants live in and around Copenhagen. The country's main sources of income are energy and oil, pharmaceuticals, agricultural products, shipping, and IT services. GDP per capita in 2019 was around EUR 40,400.<sup>93</sup>

The Danish news media market has been characterised for decades by a few well-established media houses and a multifaceted media consumption.

- The publicly funded public service organisation is called Danmarks Radio (DR). The company operates both television and radio broadcasting and is active in various forms of digital channels.
- The Danish TV2 was founded in the late 1980s as a commercial public service channel based in Odense. Since 2003, TV2 is a fully government-owned company.
- The newspaper industry is dominated by a small number of large groups. The largest is JP/Politikens Hus in Copenhagen. In 2021, the group had a turnover of more than DKK 3.3 billion by publishing national newspapers such as *Ekstra Bladet*, *Jyllands-Posten*, and *Politiken*. Operating profit amounted to DKK 257 million (Ebit). In addition to the daily newspapers, for instance, *Jyllands-Posten*, the group publishes, for example, twelve local newspapers and several niche media. The group also has ownership interests in the Swedish media market.
- The other major group is the local and regional newspaper group Jysk Fynske Medier. The group's turnover in 2021 was approximately DKK 1.9 billion. In total, the group publishes 15 daily newspapers and 63 ugeaviser [weekly newspapers], as well as a number of local and regional news websites. The group's largest title is the nationwide *Avisen*. Jysk Fynske is also the main owner of the radio channel Radio4.
- A third prominent stakeholder is Berlingske Media in Copenhagen. In 2021, the group had a turnover of DKK 756 million through the morning newspaper *Berlingske*, the evening newspaper *B.T.*, and the weekly newspaper *Weekendavisen*. In addition, the financial website *Euroinvestor* and *Bornholms Tidende*, among others. The company also owns the social journalism radio channel 24syv.
- The media houses Midjyllands Avis and Sjællandske Medier are a couple of other local newspaper houses.

The section on Denmark highlights the changing media habits of the population and access to media technology, household media expenditure, and advertiser investments, and the financial performance of the media industry. The focus both here and in later sections is on the development of news media companies and competition from platforms in recent years. However, it should already be mentioned here that the source material for Denmark is a little different from that for Norway and Sweden. In several cases, the time span ends already in 2019 or 2020. This limits the ability to comment on both the effects of the

Clovid-19 pandemic and the consequences of the platforms’ presence in the Danish media market.

### 4.1 Changing media habits of the audience

The Ministry of Culture’s annual report series *Mediernes udvikling i Danmark* [*The Development of Media in Denmark*] shows that the Danish population is well equipped with the tools necessary for today’s media consumption. Moreover, the trend up to 2020 (more recent data are not available) shows that digital media types are being used by an increasing proportion of the population (see Table 4.1). Between 2017 and 2020 alone, the share of people watching streamed films, series, live television, or news at least once a week increased by 14 percentage points, to 68 per cent.<sup>94</sup>

**Table 4.1** Denmark: Population aged 12+ using various media in a week, 2017–2020 (per cent)

	2017	2019	2020
Scheduled TV programmes	80	75	72
Streamed TV, etc.	54	60	68
Radio	92	92	91
Podcasts	15	24	27
Printed local weekly newspaper	50	46	44
Printed newspaper	61	51	45
News online/app	–	55	60
Social networks	70	74	77

Source: Ministry of Culture Denmark, 2021c

But while the consumption of digital services increased, the use of others decreased. The share of people who watched scheduled television programmes at least once a week decreased between 2017 and 2020. The same was true for the readership of printed local weekly newspapers, or *ugeavisser*, which fell by six percentage points during these years. Reading of a printed newspaper fell by 16 percentage points to 45 per cent. The clear exception among the more traditional forms of media was radio, which retained its strong position as a news and entertainment medium.

Other media consumption that increased between 2017 and 2020 was reading news online or via apps. Here, news consumption went from 55 to 60 per cent of the population. An even higher proportion of Danes (77%) used social networks at least once a week in 2020.

The age of media consumers determines which media they access and through which channels. During these years, printed newspapers were most widely read by people aged 55 and over – and especially by people aged 70 and over. The more senior age groups also

accessed news via apps and online, but they did so to a lesser extent than people aged 19–54.<sup>95</sup>

#### 4.1.1 Household media expenditure is declining

Danish households reduced their spending on pure media products such as newspapers, television licenses, and streaming services, according to reports in *Mediernes udvikling*, during the 2010s. Expenditure was reduced by 21 per cent, from DKK 9,658 in 2011 to DKK 7,600 in 2019 (more recent and publicly available data than 2019 are not available). Media expenditure decreased not only in terms of amount, but also as the share of total household expenditure. The downturn came at a time when the country’s economic performance was relatively good. Since 2015, Denmark has enjoyed annual GDP growth of around 2 per cent – until the Covid-19 pandemic broke out and hampered economic growth.<sup>96</sup>

In the long-term, Danish statistics show that households have reduced their spending on text media such as books, newspapers, and journals since the Internet became widely available in the mid-1990s. When studying the development of newspapers specifically for 2015–2019, it appears that the previous downward trend stopped in 2019. Compared to the previous year, expenditure increased by more than 6 per cent (see Table 4.2).

Expenditure on traditional television subscriptions also fell in the years leading up to 2019. Compared with 2016, expenditure was around 19 per cent lower in 2019. At the same time, streaming-related expenditure increased by 152 per cent between 2016 and 2019. However, the baseline for the increase was low. So, despite the sharp increase in spending on streamed content and the decline in television subscriptions, the latter were still by far the largest in 2019.<sup>97</sup>

**Table 4.2** Denmark: Average household expenditure on various forms of media access, 2015–2019 (DKK)

	2015	2016	2017	2018	2019
TV subscription	3,227	2,477	2,192	2,100	1,990
Streaming services	–	275	584	666	693
Newspapers	1,026	1,015	940	934	992

Source: Ministry of Culture Denmark, 2021c (corrected for general price developments)

According to the *Reuters Institute Digital News Report*, 18 per cent of Danes paid for news on digital channels in 2022. Subscribing to the digital news services of the national newspapers *Berlingske* and *Politiken* was the most common. Among responding subscribers, 20 per cent said they paid for digital news from local news providers. This was the smallest share in the Nordic countries. At the same time, there was no other participating Nordic country where the same proportion (20%) of digital subscribers were under 30 years old.<sup>98</sup>

## 4.2 Advertising investment is going digital

Between 2016 and 2020, investments in Danish advertising media ranged between DKK 13.3–14.1 billion, at current prices (see Table 4.3). The outbreak of the Covid-19 pandemic in 2020 thus meant that investments were reduced to such an extent that they fell back to the level of 2016. In 2021, this trend was reversed as advertising investments rose from DKK 13.5 billion in 2020 to DKK 15.5 billion in 2021 at current prices, according to figures from IRM. This represented a 15 per cent increase from 2020 and an almost 10 per cent increase from 2019.

**Table 4.3** Denmark: Total advertising investment, 2016–2021 (DKK billion)

	2016	2017	2018	2019	2020	2021
Advertising investments	13.3	13.6	13.8	14.1	13.5	15.5

Source: IRM and *Mediawatch* (current prices)

The growth of the advertising market in 2021 was largely driven by investments in digital channels. Thanks to the influx of new investments, these amounted to EUR 10.6 billion at the end of the year, representing a growth of almost 20 per cent. According to Danske Medier Research, global platforms accounted for a significant share of this growth. In 2021, 68 per cent of total advertising investments was placed in digital channels, up from 65 per cent in 2020.<sup>99</sup>

Within this general trend, with rising investments up to 2019 and a marked fall during the pandemic year 2020, media channels have moved in radically different directions. While digital investments have grown strongly, investments in printed media have declined. Between 2016 and 2020, investments in printed newspapers halved to DKK 504 million, adjusted for general price developments (see Table 4.4). For the printed local and regional weekly newspapers [ugeaviser], the fall was almost as deep, by more than 46 per cent, to DKK 836 million. For printed newspapers, advertising revenue decreased significantly in all years from 2016 to 2020. However, the Ministry of Culture's *Mediernes udvikling* [Media Development], which only extends to 2020, shows that a large part of the loss occurred during the first year of the pandemic.

**Table 4.4** Denmark: Advertising investments in different media, 2016–2020 (DKK million)

	2016	2017	2018	2019	2020
Traditional TV	2,177	2,129	2,021	1,995	1,809
Traditional radio	370	383	395	373	357
Printed daily press	1,043	894	758	684	504
Printed local and regional weekly newspapers	1,555	1,394	1,241	1,086	836
Internet	6,698	7,255	7,886	8,376	8,607
Internet, of which Facebook, Google and LinkedIn	3,782	4,241	4,774	5,196	5,537
Total advertising investments	13,320	13,447	13,588	13,758	13,099

Comments: The investment statistics are corrected for the general price development, which makes them not directly comparable with the IRM figures in Table 4.3.

Source: Ministry of Culture Denmark, 2021a

The broadcasting media did not have such dramatic declines. For television, the decline was around 17 per cent in 2016–2020, while for radio it was less than 4 per cent. The big drop in television only occurred in 2020 during the pandemic, when advertising revenues fell by more than 9 per cent compared with the previous year. For radio, investments increased between 2016 and 2018, before declining in 2019 and 2020.<sup>100</sup>

For the digital advertising channels, recent years have exclusively seen growth figures. Between 2016 and 2020, the Internet category – which includes keyword advertising, banners on news websites, and social media – grew by almost 29 per cent, to DKK 8.6 billion. Thanks to this growth, the Internet’s share of total Danish advertising investments reached 66 per cent. In 2016, the Internet accounted for half of all investments, according to *Mediernes udvikling [Media Development]*.<sup>101</sup>

The IRM, which reports developments at current prices, has more up-to-date figures. And according to these, investments in television in 2021 increased by 10 per cent compared with 2020. According to this accounting method, radio investments remained at the same level as in 2020.<sup>102</sup> The IRM data also shows that digital growth continued in 2021 and was the main driver of the year’s high growth figures for the advertising market as a whole. In 2021, digital advertising investments amounted to around EUR 10.6 billion, representing growth of around 20 per cent.<sup>103</sup>

The *Online Markedsstatistik 2021 [Online Market Statistics 2021]* report from Danske Medier indicates that advertising investments in global platforms such as Facebook and Google have continued to grow in the Danish market. The report estimates that the market share of platforms represents 64 per cent of total digital

investments. Their combined growth in 2021 amounted to more than DKK 1.1 billion.<sup>104</sup>

**Table 4.5** Denmark: Share of social networks, search advertising, and other stakeholders in Internet advertising investments, 2017 and 2021 (per cent)

	2017	2021
Social networks	12	17
Keyword advertising	46	47
Other turnover/advertising investments	42	36

Source: Danske Medier, 2022

In terms of the total advertising market, it is estimated that by 2021 the share of total investments of platforms will be 44 per cent.

### 4.3 Total turnover of media companies

The Ministry of Culture's report *Mediernes udvikling i Danmark: Omsætning og beskæftigelse 2021 i danske medievirksomheder* [*The Development of the Media in Denmark: Turnover and Employment 2021 in Danish Media Companies*] (2021) deals with turnover and employment in media companies in the Danish media industry. The most recent data in the report includes the fiscal year 2019, in some cases 2020. According to the report, companies in the television and streaming video sector had the highest turnover in 2016 and 2019. During these years, their total turnover increased from DKK 13.1 billion to DKK 13.6 billion. This corresponds to an increase of 4 per cent. The turnover of radio companies and podcasters also grew during these years. They increased by more than 22 per cent, to DKK 494 million.

In turn, the total turnover of the newspaper industry decreased continuously between 2016 and 2019. In 2019 newspaper companies had a turnover of more than DKK 7.6 billion, a decrease of 9 per cent compared with 2018 (see Table 4.6).

**Table 4.6** Denmark: Turnover of text-based news and current affairs media, 2016–2019 (DKK million)

	2016	2017	2018	2019
Nationwide newspapers	3,555	3,406	3,323	3,222
Regional daily press with local newspapers	3,014	2,792	2,578	2,596
Local newspapers	869	814	738	653
Niche media	499	619	553	511
Newspaper type publishing and news agencies	228	234	267	256
Digital niche media	110	132	166	206
Other text-based digital news and current affairs media	119	148	120	156
Local news websites	25	20	24	34

Source: Ministry of Culture Denmark, 2021b

The Ministry of Culture’s statistics show that national and regional daily press were the most economically important in the sector. Between 2016 and 2019, the turnover of the national daily press decreased by more than 9 per cent to DKK 3.2 billion. There is no pooled information on the finances of the major newspaper publishers after 2019. But according to the annual reports, Berlingske Media’s turnover shrank between 2019 and 2020, after which it increased again. But the 2021 turnover was still less than it was in 2019. At JP/Politikens Hus, turnover has increased in 2019, 2020, and 2021.

The turnover of the regional daily press with local newspapers fell by just under 14 per cent between 2016 and 2019, to around DKK 2.6 billion in 2019. The turnover of local newspapers also fell to 653 million in 2019. That was a drop of almost 25 per cent. For the large local newspaper group Jysk Fynske Medier, turnover fell in the pandemic year 2020, compared with 2019. In 2021, turnover increased again, but, as in the case of Berlingske Media, it was still slightly lower than in 2019.

This means that the three largest newspaper categories in terms of turnover decreased in 2016–2019. At the same time, the smaller categories of digital niche media and local news websites have seen growth. The Ministry of Culture links the overall trend of shrinking operating revenues for the financially largest parts of the news industry to declining revenues from the printed channels.<sup>105</sup>

The long-term decline in turnover has been one of the driving forces behind the mergers that have taken place in the Danish market. One of the first big ones was the establishment of JP/Politikens Hus, based in Copenhagen, a couple of years into the new millennium. The next big deal was the formation of Jysk Fynske by three locally oriented media companies in 2015. Both JP/Politiken and Jysk Fynske made operating profits in 2019 and 2020,

while only the former did in 2021. The third major company, Berlingske Media, showed positive operating results in all three years.

#### 4.4 Summary Denmark

- Danish media consumption continues to become increasingly digital. In 2020, people were more likely to read a digital newspaper than a printed one. Streamed television was almost as common as scheduled programmes.
- 77 per cent of Danes used social networks in an average week, while 60 per cent read a digital newspaper in 2020.
- Average household spending on media has been falling for a long time, not least for printed media. Spending on streamed content has bucked the general trend, increasing by 152 per cent between 2016 and 2019, to DKK 693 per household annually.
- Household spending on newspapers continued to fall until 2019, when it started increasing. Then it rose by around 6 per cent to DKK 992 per household annually.
- 18 per cent of adult Internet users paid for online news in 2022. This share is the smallest in the Nordic countries.
- Advertising investments in media rose slowly between 2016 and 2019 to DKK 14.1 billion. Thereafter, they declined in 2020 to 13.5 billion. In 2021, investments increased to DKK 15.5 billion, up 15 per cent from 2020.
- In 2021, 68 per cent of total advertising spending was placed in digital channels.
- The combined share of global platforms in digital advertising spending is estimated to have increased from 58 per cent in 2017 to 64 per cent in 2021.
- The total turnover of the newspaper industry decreased continuously between 2016 and 2019. Among the three large groups, Berlingske Media, Jysk Fynske Medier, and JP/Politikens Hus, only the latter had a turnover in 2021 that was higher than in 2019.

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<sup>93</sup> Nordic Co-operation, 2022b

<sup>94</sup> Nordic Co-operation, 2022b

<sup>95</sup> Nordic Co-operation, 2022b

<sup>96</sup> Ministry of Culture Denmark, 2021c

<sup>97</sup> Ministry of Culture Denmark, 2021c

<sup>98</sup> Newman et al., 2022

<sup>99</sup> Mediawatch, 2022

<sup>100</sup> Ministry of Culture Denmark, 2021a

<sup>101</sup> Ministry of Culture Denmark, 2021a

<sup>102</sup> Mediawatch, 2022

<sup>103</sup> Mediawatch, 2022

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<sup>104</sup> Danske Medier, 2022

<sup>105</sup> Ministry of Culture Denmark, 2021b

## 5. Norway

Norway has just under 5.4 million inhabitants. Of these, 1.2 million live in and around Oslo. Norway's main sources of income are oil and natural gas. In addition, there is fishing, metal industry, shipping, and tourism. GDP per capita in 2020 was around EUR 45,700.<sup>106</sup>

The Norwegian news media market has long been characterised by several well-established media houses and a highly developed media consumption.

- NRK is Norway's publicly funded public service organisation, which for several decades had a monopoly on radio and television broadcasting.
- TV2 was founded in the early 1990s as a commercial public service channel. At its inception, the channel had the exclusive right to sell advertising on national television. The Egmont-owned company receives funding to broadcast programmes on the linear television channel TV2 under a special public service agreement.
- Schibsted, Amedia, and Polaris are the country's three largest and dominant newspaper groups. Schibsted's turnover in 2021 was NOK 14.6 billion and the operating result was NOK 2.7 billion (Ebitda). Revenues from media operations, the News Media business area, amounted to NOK 7.9 billion in the same year. The area includes, for example, the morning newspaper *Aftenposten*, the evening newspaper *VG*, and several regional newspapers. Also included are several other services and major newspapers in Sweden.
- In 2021, Amedia had a turnover of approximately NOK 4.1 billion and made an operating profit of NOK 24 million (Ebitda). Of the group's more than 100 titles, 80 are local or regional paid newspapers. But there are also the nationwide titles *Nationen* and *Nettavisen*. Amedia also has ownership interests in Sweden.
- In 2021, Polaris Media had a turnover of approximately NOK 3.7 billion through 64 different titles. Operating profit amounted to NOK 257 million (Ebit). Polaris publishes regional and local newspapers in Norway and Sweden.
- Norway's second largest evening newspaper, *Dagbladet*, is owned by the Danish media group Aller Media.
- Nordic Entertainment Group owns the commercial radio channel P4 Radio Hele Norge.

The section on Norway highlights media developments in terms of changing media habits and technological tools, media companies' revenues from audiences and advertising, and their performance. The focus in this section is also on the media companies involved in news and the competition from the platforms in recent years.

## 5.1 Changing media habits of the audience

The smartphone has quickly become a hub for how and where Norwegians access media and news. These new consumer patterns are evident in recent editions of the media habits survey *Norsk mediebarometer* [*Norwegian Media Barometer*]. For example, it reports that 73 per cent of Norway’s population accessed social networks via their smartphones on an average day in 2021, but also, that 61 per cent of the population used their mobile phone to read the newspaper. This was an increase of nine percentage points compared with 2017.

But as digital media consumption has grown, consumption of printed media has shrunk. In 2016, 39 per cent of the country’s population read printed newspapers on an average day. In 2021, the corresponding share had fallen to 22 per cent. If the reading of printed newspapers is added to digital newspapers, the total share was 76 per cent in 2021 (see Table 5.1).

**Table 5.1** Norway: Share of the population aged 9–79 who have used different media on an average day, 2016–2021 (per cent)

	2016	2017	2018	2019	2020	2021
Printed newspaper	39	32	30	27	24	22
Digital newspaper, total	65	61	62	65	70	69
Newspaper, total	79	74	72	73	77	76
Radio, total	59	54	50	48	49	47
TV, total	69	63	62	51	51	50

Source: Statistics Norway, 2022b

Reading of printed newspapers is rather unevenly distributed by age. In 2021, the habit of reading printed newspapers was most widespread among those aged 67 and over. In this group, 63 per cent read a printed newspaper on an average day, compared with the 20–24 age group, where 2 per cent read a printed newspaper.<sup>107</sup>

The general shift to digital channels is also noticeable when considering the types of subscriptions that Norwegian consumers pay for. According to the *Norsk mediebarometer* [*Norwegian Media Barometer*] 2021, the share of people subscribing to a printed newspaper has decreased from 69 per cent in 2012 to 29 per cent in 2021 (see Table 5.2). In turn, the share of people subscribing to a digital newspaper has increased from 9 per cent in 2014 (the first year of statistics) to 36 per cent in 2021. This means that 53 per cent of the population subscribed to a printed or digital newspaper in 2021.

**Table 5.2** Norway: Share of population aged 9–79 with access to various forms of newspaper subscriptions, 2010–2021 (per cent)

	2010	2012	2014	2016	2018	2019	2020	2021
Printed newspaper	69	62	54	44	38	35	33	29
Digital newspaper	–	–	9	15	22	26	29	36
Either printed or digital newspaper, or both	–	–	–	–	–	–	–	53

Source: Statistics Norway, 2022b

The *Reuters Institute Digital News Report* indicates that 41 per cent of the Internet-using population aged 18–80 paid for news on digital channels in 2022. This was down from 45 per cent in 2021. The most common was to pay for *Aftenposten*, *Dagbladet*, and *VG*, all of which are published in Oslo and are nationwide in their distribution. But unlike the other Nordic countries in the study, most subscribers (53%) paid for a local digital news service. Only 14 per cent of digital subscribers were under 30 years old. This is the smallest proportion in the Nordic region covered by the Reuters Institute study.<sup>108</sup>

As *Norsk mediebarometer* [*Norwegian Media Barometer*] has already shown, there has been a clear shift and displacement in media consumption. A similar shift has taken place on the revenue side.

According to the statistics published by the Norwegian Media Authority in the report series *Medieøkonomi* [*Media Economics*], the driving force of audience revenue growth is found in digital subscriptions. Digital is where growth happens. Audience revenues from the all-digital channels increased from NOK 703 million in 2016 to around NOK 2.7 billion in 2021, that is, by as much as 282 per cent (see Table 5.3). Revenues have grown in all years during the period, and most strongly in 2020. The robust growth in 2020 can largely be explained by the change in consumer habits during the Covid-19 pandemic.

**Table 5.3** Norway: Daily press audience revenue by distribution channel, 2016–2021 (NOK million)

	2016	2017	2018	2019	2020	2021
Audience revenue from digital channels	703	1,078	1,432	1,663	2,220	2,682
Audience revenues where printed channels are wholly or partly included	5,675	5,435	5,257	5,214	4,840	4,652
Total audience revenue	6,378	6,513	6,689	6,877	7,060	7,334

Source: Norwegian Media Authority, 2021b, 2022a

However, despite the large digital increase, the audience revenue rooted in printed newspapers is still by far the largest. Even in 2021, more than six out of ten audience NOK came from subscriptions or single-issue sales that include the printed newspaper in one way or another. And this source of revenue is the largest, even though audience revenues from fully or partially printed channels fell every year between 2016 and 2021. Overall, they decreased by about NOK 1 billion, to NOK 4.7 billion during these years.

Overall, this means that the split between digital and printed audience revenues has gone from 11 and 89 per cent, respectively, in 2016, to 37 and 63 per cent, respectively, in 2021.<sup>109</sup>

According to the Norwegian Media Authority, one of the single most important reasons for the strong growth in digital revenues is that virtually all daily newspapers in Norway have launched payment solutions for websites and apps. One important reason for this is that since 2016, printed and digital channels have been treated equally in terms of VAT.<sup>110</sup>

The share of audience revenue in the total operating revenue of the daily press has increased from just under 54 per cent in 2016 to around 61 per cent in 2021. The Authority notes that the main reason for the marked shift in revenues in recent years is the decline in advertising revenues, not the increase in audience revenues. The real increase in audience revenue is a contribution to this development but cannot by itself explain the redistribution.<sup>111</sup> But in 2021, something happened: Advertising revenue increased again.

## 5.2 Advertising investment is going digital

In the years leading up to the Covid-19 pandemic, the Norwegian advertising market was growing. It increased from NOK 19.2 billion in 2016 to NOK 21.1 billion in 2019. Then, when the pandemic broke out in 2020 and restrictions were imposed on society, there was a significant drop in advertising investments. They fell by more than 6 per cent, to NOK 19.8 billion. When restrictions were eased in the second year of the pandemic, the advertising market experienced a sharp upturn. Advertising investments for the year amounted to approximately NOK 23.5 billion. With an increase of just under 19 per cent, the 2021 investments exceeded those from before the pandemic.

The daily press lost advertising investments in all the years mentioned up to 2020. In total, the industry lost almost NOK 1.5 billion – down to NOK 3.7 billion – during these years (see Table 5.4).<sup>112</sup> It is therefore no exaggeration to say that the pandemic reinforced the prevailing trend in the Norwegian market. This is a trend where advertising investment in printed channels is decreasing while investment in digital channels is increasing. But in 2021, the curves were again on the increase. For the daily press, total advertising revenue growth was just under 15 per cent, to NOK 4.3 billion, in 2021. This is on par with the advertising revenues of newspaper companies before the pandemic.

**Table 5.4** Norway: Advertising investments in different media channels, 2016–2021 (NOK million)

	2016	2017	2018	2019	2020	2021
Printed daily press	3,459	3,039	2,768	2,500	1,882	1,819
Digital daily press	1,456	1,447	1,598	1,634	1,821	2,433
Google/Facebook	3,416	4,252	5,341	6,300	7,100	9,200
Other Internet advertising	3,047	3,318	3,532	3,836	3,349	3,927
Television	3,941	3,953	3,789	3,612	3,330	3,527
Radio	739	694	618	551	506	617
Total, incl. non-reported channels	19,174	19,730	20,327	21,057	19,827	23,532

Source: Norwegian Media Authority, 2021b, 2022a; Medienorge, 2022 (figures in italics)

Interestingly in this connection, in 2021, digital advertising revenues were for the first time higher than printed revenues. This is thanks to a remarkable increase of NOK 611 million, or about 34 per cent, between 2020 and 2021. The digital share of advertising revenue thus increased from 49 per cent in 2020 to 57 per cent in 2021.<sup>113</sup>

In 2021, 66 per cent, or NOK 15.6 billion of the total advertising investment, was placed on the Internet. This is a significant increase since 2016, when the share of Internet investments was 41 per cent. This share includes advertising investments from platforms such as Facebook and Google, digital daily press, and other Internet advertising. However, the largest share of investments is made in the global platforms' channels. Their advertising revenues have grown from a total of NOK 3.4 billion in 2016 to NOK 9.2 billion in 2021, according to estimates by the Norwegian Media Businesses' Association. The platforms' share of the total advertising market increased to 39 per cent in 2021.<sup>114</sup> Applying the same calculation logic to digital investments, according to Medienorge, the share of platforms was estimated to increase to 59 per cent.

Finally, we address the advertising expenditure in the broadcast media, according to the advertising statistics presented by Medienorge based on IRM data. Advertising investments in television decreased from NOK 3.9 billion in 2016 to NOK 3.5 billion in 2021, that is, by about 11 per cent. Of the five years in the period 2016–2021, television investment

showed negative figures in three. In 2020 alone, commercial television lost about 8 per cent of its advertising revenue. In the case of commercial radio, the figures declined in all years between 2016 and 2020, before turning sharply upwards in 2021. Here, investments fell by about 17 per cent, from NOK 739 million in 2016 to NOK 617 million in 2021.<sup>115</sup> Part of the reason for this development is the decline of the analogue FM network.<sup>116</sup>

### 5.3 Profitability has strengthened in recent years

The profitability of the Norwegian daily press has strengthened in recent years, according to the Norwegian Media Authority’s media economic reports. In 2021, the operating margin of the Norwegian daily press was 7.0 per cent (margin without government support), compared with 6.0 per cent in 2020 and 5.5 per cent in 2019.<sup>117</sup> A few years back, in 2016, the operating margin was 4.1 per cent.<sup>118</sup> The main reasons for the improved profitability are increased revenues while costs have not increased as much.

Total operating revenue has developed positively between 2016 and 2021, increasing by around 2 per cent (see Table 5.5). This increase was despite shrinking revenues in both 2017 and 2020. In its analysis, the Norwegian Media Authority wrote that the positive trend indicates that the period of annually decreasing operating revenue is over. And this after a period of almost ten years of structural changes in the market and major revenue losses on the advertising side. Part of the 2021 increase was a recovery from the pandemic, but this year’s revenues were also nearly 4 per cent higher than they were in 2019. To find such a similar strong revenue growth, you must look back to the years before the 2008 financial crisis.<sup>119</sup>

**Table 5.5** Norway: Operating revenue of the daily press, 2016–2021 (NOK million)

	2016	2017	2018	2019	2020	2021
Digital revenue	2,158	2,522	3,031	3,400	4,042	5,115
Printed revenue	9,687	8,976	8,522	8,211	7,224	6,939
Total revenue	11,845	11,498	11,552	11,611	11,266	12,054

Source: Norwegian Media Authority, 2021b, 2022a

Over the last five years, medium-sized local and national newspapers have been the most profitable. These two newspaper groups had operating margins of 14.5 and 10.9 per cent, respectively, in 2021. These are also the groups that most clearly drive profitability in the sector. This is evident when comparing the operating margins of different groups. The margins for small local newspapers and larger regional and local newspapers were 6.5 and 5.3 percent, respectively, this year. It was also a deterioration compared with 2020. The smallest local and niche national newspapers fared the worst, with operating margins of 9.7 and 12.3 per cent, respectively, in 2021.<sup>120</sup>

As already noted, the Norwegian market has undergone a major structural transformation over the last 15 years. In 2008, Polaris was formed through a merger, and since then, the company has grown strongly through acquisitions of mainly local or regional newspapers in Norway and Sweden. Amedia was created as recently as 2012 and, like Polaris, has grown rapidly through acquisitions of all or parts of local newspaper companies in Norway and Sweden. Schibsted has in turn sold local titles to Polaris. One of the reasons for the concentration of companies has been the downward trend in turnover.

Amedia, Schibsted, and Polaris together controlled 155 newspapers and almost 73 per cent of the total newspaper circulation at the end of 2021. Outside these groups, there were 79 newspapers.<sup>121</sup> The big three all showed positive operating results in 2019, 2020, and 2021.

## 5.4 Summary Norway

- The daily reach of printed newspapers has declined sharply over several years to 22 per cent in 2021. In contrast, the reading of digital newspapers has increased to 69 per cent.
- The share of subscribers to printed newspapers has decreased to 29 per cent in 2021, while the share of subscribers to digital newspapers has increased to 36 per cent.
- In 2022, 41 per cent of the country's adult Internet users paid for online news in one form or another. This is the largest share in the Nordic region. At the same time, the proportion of paying users under 30 is the smallest in the Nordic countries (14%).
- Daily press audience revenue increased by 15 per cent between 2016 and 2020. The growth was in digital revenues.
- In 2021, digital advertising revenues exceeded printed revenues for the first time, thanks to a remarkable increase of around 34 per cent between 2020 and 2021. The digital share of advertising revenue thus increased from 49 per cent in 2020 to 57 per cent in 2021.
- The share of the daily press in total advertising investments decreased from 24 per cent in 2016 to 18 per cent in 2021.
- Platforms' share of the total advertising market increased from 17 per cent in 2016 to 39 per cent in 2021.
- The total operating revenue of the Norwegian daily press developed positively between 2016 and 2021, when it increased by about 2 per cent. This increase was despite shrinking revenues in both 2017 and 2020.
- The profitability of the Norwegian daily press has strengthened in recent years. In 2021, its overall operating margin was 7.0 per cent (margin without government support), which was a strengthening from 6.0 per cent in 2020 and 5.5 per cent in 2019.

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- <sup>106</sup> Nordic Co-operation, 2022g
- <sup>107</sup> Statistics Norway, 2022b
- <sup>108</sup> Newman et al., 2022
- <sup>109</sup> Norwegian Media Authority, 2021a: 12, 2022a: 11
- <sup>110</sup> Norwegian Media Authority, 2021b: 8
- <sup>111</sup> Norwegian Media Authority, 2021b: 8, 2022a: 10
- <sup>112</sup> Norwegian Media Authority, 2021b: 9
- <sup>113</sup> Norwegian Media Authority, 2022a: 13ff
- <sup>114</sup> Norwegian Media Authority, 2022a: 14, 2021b: 9ff
- <sup>115</sup> Medienorge, 2022
- <sup>116</sup> Norwegian Media Authority, 2019: 6
- <sup>117</sup> Norwegian Media Authority, 2022a: 6
- <sup>118</sup> Norwegian Media Authority, 2021a: 7
- <sup>119</sup> Norwegian Media Authority, 2022a: 8f
- <sup>120</sup> Norwegian Media Authority, 2022a: 21
- <sup>121</sup> Norwegian Media Authority, 2022b

## 6. Finland and Åland

Finland has a population of approximately 5.5 million, of which about 1.1 million live in or around Helsinki. The country's most important sources of income are the metal and forestry industries and technology production. In 2020, GDP per capita was around EUR 35,100.<sup>122</sup> Åland has its own autonomous parliament. In the areas where Åland has its own legislation, the island group functions in practice as a separate nation. Åland has about 30,000 inhabitants, one-third of whom live in Mariehamn. Some of the most important industries in Åland are tourism and shipping. GDP per capita in 2020 was around EUR 36,200.<sup>123</sup>

On an overall level, the Finnish news market is dominated by a relatively small number of stakeholders. It has a prominent public service broadcaster, a strong regional press, three major newspapers with national coverage, two evening newspapers, and a morning paper.

- The public service broadcaster in Finland is Yle, which publishes daily news in both Finnish and Swedish on radio, television, and online.
- Åland also has a public service company, Ålands Radio and TV, which produces the Åland Radio channel and distributes most of the channels from Finnish Yle and Swedish public service broadcaster, SVT.
- Among the private broadcasters, Telia Company's MTV and Sanoma Media's Nelonen are the largest in the market. The former broadcasts news.
- The daily press in Finland comprises well over 200 titles, of which nearly 180 are paid newspapers and about 60 are free weekly newspapers. Of those that are paid for, the vast majority are weekly.
- Sanoma Group is the country's largest media company with a turnover of approximately EUR 1.3 billion. The Media Finland division had a turnover of EUR 615 million in 2021, which was an increase of EUR 74 million (Ebit). The growth in Media Finland was partly the result of the acquisition of regional titles. The company's titles include the Tampere morning newspaper *Aamulehti*, Helsinki's major morning newspaper *Helsingin Sanomat*, and the evening newspaper *Iltasanomat*, as well as regional and city newspapers.
- Alma Media is another of Finland's major media houses. It operates in 11 European countries and in 2021 had a turnaround of approximately EUR 271 million, of which just under EUR 95 million was from the Alma Consumer media division. The operating result of the latter business area amounted to EUR 29 million (Ebitda). The company is known for the evening newspaper *Iltalehti*, the industry-oriented journal *Kauppalehti*, and the business journal *Talouselämä*.
- Mediatalo Keski-suomalainen is Finland's largest local and regional newspaper publisher. In 2021, the company had a turnover of approximately EUR 212 million and achieved a result of EUR 26 million (Ebitda). The company owns many subscribed newspapers such as *Aamuposti* and *Keski-suomalainen*. In addition, there are about twenty city newspapers, as well as customer and trade newspapers.

- Hilla Group publishes 26 newspapers and had a turnover of approximately EUR 45 million in 2021. Other examples of newspaper owners are Kalevala Oy and TS Group.
- Among the Swedish-language news media companies, HSS Media, with operations in Ostrobothnia, and KSF Media, with *Hufvudstadsbladet* as its most notable title, should be mentioned.
- In Åland, there are two newspapers: *Nya Åland* and *Ålandstidningen*.

The section on Finland and Åland covers the spread and use of digital media technology in the country and region, the changing media habits of audiences, and advertisers' investments in analogue and digital media. In most of the areas there is no specific data for Åland.

## 6.1 Changing media habits of the audience

As in other Nordic markets, the habits of Finnish audiences have changed with the increase in digital offerings. Here too, the reading of printed newspapers has been most affected. It is now much more common to read a digital newspaper than a printed one. For other media, consumption has not changed in the same clear way since 2016. The exception here is television viewing, which increased sharply between 2019 and 2020 (see Table 6.1). However, this is likely to be an effect of the Covid-19 pandemic. In this case, Official Statistics of Finland cover the period up to 2020, which limits the possibility of commenting on more recent developments.

**Table 6.1** Finland: Daily reach in population aged 15–69 for different media, 2016–2020 (per cent)

	2016	2017	2018	2019	2020
Printed daily press	45	43	40	38	36
Digital daily press	57	56	56	59	63
Printed free newspapers	29	29	29	27	25
Digital free newspapers	4	4	5	5	6
TV, scheduled programmes and free online	76	77	77	78	84
Radio, scheduled programmes and online	57	58	58	58	55

Source: Statistics Finland, 2021a

In 2016, 45 per cent of the Finnish population aged 15–69 received a printed daily newspaper, while 29 per cent received a free printed newspaper, on an average day. A few years later, in 2020, readership had fallen to 36 per cent for daily newspapers and to 25 per cent for free newspapers. The decline in reading printed newspapers has been partially

offset by a simultaneous increase in digital readership. The reach of digital newspapers increased from 57 to 63 per cent between 2016 and 2020.<sup>124</sup>

Media Audit Finland’s KMT reports on reach point to the same trend as Official Statistics of Finland. According to KMT, the share of readers of printed newspapers is declining. In 2021, 34 per cent of the Internet-using population aged 15 and over read a printed newspaper on a typical day. Instead, digital readers are growing in number. According to KMT, 53 per cent of Internet users accessed a digital newspaper on an average day in 2021. In 2019, the corresponding figure was 49 per cent.<sup>125</sup>

At the same time as this change in consumption took place, there was an almost complete turnaround in digital payment solutions. According to the report *Covid-19 och de nordiska nyhetsmedierna* [*Covid-19 and the Nordic News Media*] (2021), in 2015 it was still quite unusual for Finnish newspapers to charge for digitally distributed news. But by 2019, things had already turned around and it was then more common to charge than not to charge.<sup>126</sup>

For Åland specifically, television was the largest medium in 2020, with a daily reach of 78 per cent among the population aged 13 and over (see Table 6.2). For the social networks, the daily reach was 72 per cent. Almost as many, 71 per cent, read a printed or digital newspaper in 2020.<sup>127</sup> The Åland media market is no exception, and here too there has been a rapid shift in media consumption to digital channels.

**Table 6.2** Åland: Daily reach in population aged 13+ years for different media, 2020 (per cent)

	2020
Radio, total	55
TV, total	78
Newspaper, total	71
Printed newspaper	41
Digital newspaper	50
Social networks	72
Newsletter	16
News app	24

Source: Statistics and Research Åland, 2021

However, according to the *Reuters Institute Digital News Report*, far fewer Finnish people pay for digital news than receive it. In 2022, 19 per cent of Finnish Internet users aged 18–80 paid for a digital news service. In the Nordic countries, only Denmark had a lower proportion of paying users in the same year. The most common subscriptions were to *Aamulehti*, published in Tampere, and *Helsingin Sanoma*, published in Helsinki. Finland was the only country in the Nordic region to have a newspaper published outside the

capital as one of the two most common digital subscriptions. Overall, 39 per cent of digital subscribers paid for a local title in 2022. The proportion of paying users under 30 years old was 15 per cent, which was in line with Norway and Sweden.<sup>128</sup>

## 6.2 Advertising investment is going digital

During the financial and euro crises, the Finnish advertising market was characterised by several years of stagnation. But in 2016, the willingness to invest increased again. Up to 2021, the advertising market grew by around 9 per cent to just under EUR 1.3 billion (see Table 6.3). Investments increased in all years except 2020. But the 13 per cent growth in 2021 was strong enough to more than compensate for the loss during the first year of the Covid-19 pandemic. The new advertising investments have mainly been placed in digital channels. Investment in digital advertising almost doubled between 2016 and 2021.

**Table 6.3** Finland: Advertising investment in media, 2016–2021 (EUR million)

	2016	2017	2018	2019	2020	2021
Printed daily press	339	303	269	246	185	191
Printed free press	61	59	55	53	36	36
TV	253	240	241	230	209	228
Web advertising	324	370	421	460	528	637
Radio	61	64	66	70	56	66
Media total	1,168	1,172	1,195	1,211	1,126	1,276

Source: Statistics Finland, 2022

For the printed media, the trend has been the opposite. Since 2016, advertising investments in the paid printed daily press has fallen by 44 per cent, from EUR 339 million to EUR 191 million. For free printed newspapers, the decline reached 81 per cent. For both these channels, the major loss of investment occurred in the first year of the Covid-19 pandemic. Television has also lost advertising investment, by around 10 per cent since 2016.<sup>129</sup>

The Finnish advertising statistics do not specify the share of investments going to foreign and domestic companies. But according to New Media Finland's estimates, it is the global platforms that have benefited most from the growing digital advertising investment. Investments in the platforms' advertising offers are predicted to have grown rapidly – from around EUR 149 million in 2016 to EUR 405 million in 2021. That's an increase of almost 172 per cent. In turn, the digital advertising revenues of domestic companies have increased by 32 per cent (see Table 6.4).

**Table 6.4** Finland: Digital advertising investment by domestic media companies and global platforms, 2016–2021 (EUR million)

	2016	2017	2018	2019	2020	2021
Global platforms	149	182	226	257	332	405
Domestic media companies	175	189	195	204	196	232

Source: IAB Finland (the distribution is an estimate made by New Media Finland)

Even in 2017, more money was invested in the digital channels of domestic media companies than in the platforms. Just a few years later, in 2021, the situation was completely different. About 64 per cent of the total EUR 637 million was invested with the platforms. The remaining 36 per cent went to domestic companies. It is estimated that 32 per cent of the total Finnish advertising investment went to global platforms in 2021.

### 6.3 Total revenues of media companies

According to Official Statistics of Finland from Statistics Finland, the Finnish media market – newspapers, journals, books, broadcast media, Internet, music, video, and cinema – had a turnover of around EUR 3.8 billion in 2020. The market’s turnover decreased by just over 3 per cent compared with the previous year, or by EUR 120 million. Again, the main explanation for the decline is the Covid-19 pandemic. However, in the period preceding the pandemic, the overall turnover of the media industry grew for four consecutive years. Unfortunately, no statistics overview extending to 2021 is available, which limits the interpretation of the most recent situation.

According to available data, the total revenue of the newspaper industry – paid and free newspapers – decreased in all years between 2016 and 2020 (see Table 6.5). For paid newspapers, revenues fell by more than 15 per cent, a significant part of which occurred during the pandemic. Free newspapers, which derive most of their revenue from printed newspapers, were hardest hit by the advertising downturn in the first year of the pandemic. Their revenues fell by almost 20 per cent. However, the years before the pandemic had also seen significant reductions in revenue. In its analysis of the development, Statistics Finland points to the decrease in advertising investments as the main reason for the declining revenue of the newspaper industry.

**Table 6.5** Finland: Media companies' revenues, 2016–2020 (EUR million)

	2016	2017	2018	2019	2020
Daily newspapers, 4-7 days, incl. digital	807	785	758	734	679
Daily newspapers, 1-3 days, incl. digital	135	136	131	129	118
Free newspapers, incl. digital	68	68	63	57	43
TV, incl. Video-on-demand and Yle	1,110	1,145	1,244	1,307	1,339
Radio	64	67	72	75	60
Media, total	3,732	3,810	3,881	3,904	3,784

Source: Statistics Finland, 2021b

Among the broadcast media, television's total revenues outperformed those of radio. Revenues from television increased annually between 2016 and 2020, including the first year of the pandemic. Total revenue from radio increased in all years up to the outbreak of the pandemic in 2020. Then revenues from radio fell so sharply that the entire increase, and more, vanished.<sup>130</sup>

According to New Media Finland, the decrease in revenue for their members has been concentrated in the printed channels. Since 2016, printed revenues have fallen by a significant 25 per cent, to EUR 593 million, in 2020 (see Table 6.6). Digital sales revenue, on the other hand, grew by just under 66 per cent, to EUR 156 million. Between 2016 and 2021, the share of digital revenues increased from 11 per cent to 21 per cent. This means that almost eight out of every ten euros of revenue comes from the printed newspaper in one way or another.

**Table 6.6** Finland: Revenues of daily press in printed and digital channels, 2016–2020 (EUR million)

	2016	2017	2018	2019	2020
Digital revenue	94	113	126	140	156
Printed revenue	791	755	710	675	593
Total revenue	885	867	837	816	751

Source: New Media Finland; *Suomen Lehdisto*

Despite the strong growth, digital revenues have not been sufficient to compensate for the loss of the printed channel. Overall, the digital and printed revenues of the daily press fell by around 15 per cent to EUR 751 million between 2016 and 2020.<sup>131</sup>

Like other Nordic media markets, the Finnish media market has seen a decline in the number of media owners. One of the explanations for this is the decline in revenue. For

example, Sanoma bought Alma Media's regional newspaper business as recently as 2020. The latter company now owns only a few newspapers. Keski-suomalainen has moved in the other direction. In 2018–2021 alone, they have acquired a fairly large number of media companies and titles, mainly local titles. All three companies recorded positive operating results in 2019, 2020, and 2021. As already noted, the Åland market is highly concentrated and consists largely of two spheres: public service and two local newspapers, *Nya Åland* and *Ålandstidningen* (both newspapers have the same owner).

## 6.4 Summary Finland and Åland

- Reading of printed newspapers on an average day fell from 45 per cent of the population in 2016 to 36 per cent in 2020. The reading of free printed newspapers decreased less, to 25 per cent during the same period.
- Reading of digital newspapers increased between 2016 and 2020, from 57 per cent of the population in 2016 to 63 per cent in 2020. Free newspapers were read by 6 per cent of the population on a typical day in 2020.
- In Åland, 71 per cent of the population read a newspaper during an average day in 2020. Digital newspapers were read by 50 per cent, and printed newspapers by 41 per cent.
- In 2022, 19 per cent of the adult Internet-using population paid for online news. This is the second smallest share in the Nordic countries after Denmark.
- Advertising investment in the global platforms increased by 172 per cent to EUR 405 million between 2016 and 2021. In domestic media companies, digital advertising investments increased by 32 per cent to EUR 232 million.
- Advertising investment in printed newspapers decreased by 25 per cent between 2016 and 2021.
- Due to the loss of advertising in printed channels, the total revenue of the daily press decreased by 15 per cent between 2016 and 2021.
- Between 2016 and 2021, the share of digital revenues in total daily press revenues increased from 11 per cent to 21 per cent.

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<sup>122</sup> Nordic Co-operation, 2022c

<sup>123</sup> Nordic Co-operation, 2022a

<sup>124</sup> Statistics Finland, 2021a

<sup>125</sup> Syyrakki, 2021

<sup>126</sup> Grönwall et al., 2021: 43

<sup>127</sup> Statistics and Research Åland, 2021

<sup>128</sup> Newman et al., 2022

<sup>129</sup> Statistics Finland, 2022

<sup>130</sup> Statistics Finland, 2021b

<sup>131</sup> Suomen Lehdistö, 2022a

## 7. Faroe Islands

The Faroe Islands have a population of 53,000, almost half of whom live in Torshavn. The Faroe Islands are formally part of Denmark but have extensive autonomy. Fishing is by far the most important industry in the Faroe Islands. Around 70,000 people speak Faroese, making it the smallest of the Nordic languages.<sup>132</sup>

The impact of platforms on Faroese media companies and their development is difficult to measure in a systematic way, as the access to economic- and consumption-related data is not as good as it is in most other parts of the Nordic region. However, relevant information can be found in Statistics Faroe Islands and in the section on the Faroe Islands in the report *Covid-19 och de nordiska nyhetsmedierna [Covid-19 and the Nordic News Media]* (2021).

- The Faroese public service company *Kringvarp Føroya* broadcasts radio and television from Torshavn. The operation has been in existence in its current form since 2005 but has its roots in the radio channel launched in the second half of the 1950s.
- In addition to public service, there are seven privately owned news media, of which the four largest are two national and two local news providers.
- *Miðlahúsið* publishes the printed news journal *Sosialurin* and the news website *Info*. The business model consists of a mix of advertising and subscriptions.
- *Dimmalætting* is also a weekly national news journal. Revenue comes from subscriptions, single copies, and advertisements.
- *Norðlýsið* is a local newspaper published once a week with an associated news website.
- The *Portal* website, with the e-magazine *Blaðið Vikuskifti*, is the latest addition. It is an ad-supported news website that, among other things, pulls together news from other websites of the companies.<sup>133</sup>

The Faroese media market is radically smaller than most other Nordic markets. The limited size of the market naturally affects domestic supply. If we look back a few decades, there were half a dozen daily newspapers in the Faroe Islands alongside the public service. Three titles appeared weekly, one appeared twice a week, one three times, and one five times a week.<sup>134</sup> Today's media offer is fundamentally based on two distinct spheres. One sphere consists of public service radio and television, while the core of the other is made up of four private news media.

### 7.1 Changing media habits in new media channels

The circulation of printed newspapers in the Faroe Islands has remained relatively stable in recent years. But it was a stabilisation after a steep decline during the 2008 financial crisis. At that time, the total circulation presented by Statistics Faroe Islands was 48,700 copies.

It then plummeted for several years before stabilising at 12,500 copies in 2014. During this time, around a dozen newspaper titles also disappeared from the market.<sup>135</sup>

The subsequent change is linked in time to the spread of the Covid-19 pandemic in 2020. Miðlahúsið, which publishes the newspaper *Sosialurin*, decided early in the pandemic to reduce the frequency from three to two days a week. The publication day that was removed was when the printed newspaper was distributed free of charge to households. Between 2016 and 2021, the circulation reported by the statistical authority also fell by 500 copies, or just over 4 per cent, to 11,500 copies per issue (see Table 7.1).<sup>136</sup> But not everyone has seen a decline. The local title *Norðlýsið*, for example, has seen an increase in circulation since 2017. *Dimmalætting* has also indicated that it has seen an increase in single issue and subscription sales.<sup>137</sup>

**Table 7.1** Faroe Islands: Newspaper print runs (Ex.) and weekly frequency of publication (No./v), 2016-2021

	2016		2017		2018		2019		2020		2021	
	Ex.	No./v	Ex.	No./v	Ex.	No./v	Ex.	No./v	Ex.	No./v	Ex.	No./v
<i>Sosialurin</i>	6,500	3	6,500	3	6,500	3	6,500	1	6,100	2	5,500	2
<i>Dimmalætting</i>	3,000	1	3,000	1	3,000	1	3,000	1	3,000	1	3,000	1
<i>Norðlýsið</i>	2,500	1	2,500	1	2,800	1	2,800	1	2,800	1	3,000	1
Total	12,000	5	12,000	5	12,300	5	12,300	3	11,900	4	11,500	4

Comments: *Dimmalætting* has been distributed to all households free of charge one day a week since 2004. The print run is 18,500. Since spring 2013, *Sosialurin* has been distributed free of charge to all households one day a week. The print run is 18,700. *Norðlýsið* is distributed free of charge to all households in Eysturoy and Norðoyggjum.

Source: Statistics Faroe Islands, 2022

The report *Covid-19 og de nordiska nyhetsmedierna* [*Covid-19 and the Nordic News Media*] (2021) noted that the Faroese media are in fierce competition with social networks and global platform companies. Some of the reasons highlighted in the report are that the islands have the world's fastest Internet and that media habit studies from 2017 suggest that Facebook is the most visited website on the Faroe Islands. In 2020, there were around 18,100 Internet subscriptions on the Faroe Islands and around 59,000 mobile phone subscriptions. Therefore, the islands have very good access to the Internet and its services.<sup>138</sup> At the same time, social networks can play a different role in a market as limited as that of the Faroe Islands – and compete in a completely different way as a provider of news and information than in the larger Nordic countries, for example, through a single account on one of the most widespread networks.

## 7.2 Advertising investment is going digital

There are no established advertising statistics for the Faroe Islands. However, according to the review carried out in the context of the report on Covid-19 and the news media, advertising revenues in recent years have developed differently for the domestic media. For some newspapers in the market, advertising revenues fell sharply in 2020, because of the pandemic and the declining desire of the industry to advertise. Other newspapers and news websites, on the other hand, experienced increasing or at least unchanged advertising volumes. In addition, one of the two commercial radio stations was closed in 2021 due to a long-term decline in revenues.<sup>139</sup>

Based on the small amount of data available through Statistics Faroe Islands on newspaper publishing revenues, it is difficult to conclude more than that the operating revenues of the four activities included in the statistics show a downward trend. Between 2017 and the first year of pandemic, 2020, their operating revenue decreased by about 15 per cent (see Table 7.2).

**Table 7.2** Faroe Islands: Revenues from newspaper publishing, 2017–2020 (DKK)

	2017	2018	2019	2020
Number of companies	4	4	–	4
Operating revenue	28,764,700	28,627,968	–	24,391,578
Operating profit (Ebit)	1,431,788	1,368,144	–	1,759,008
Result	1,234,656	471,895	–	809,291

Source: Statistics Faroe Islands, 2021a

## 7.3 Summary Faroe Islands

- The absence of robust statistics for the Faroe Islands makes it difficult to say anything specific about the competition from the platforms and their impact on the conditions of the news media companies.
- Available reports and indicative data from the platforms themselves suggest that the Faroese media companies face real competition from the platforms, as such a large proportion of the population uses the Internet and has access to active accounts on the social networks.
- Newspaper print runs show a slowly declining trend. Despite this trend, printed newspapers remain by far the most important distribution channel.
- Public statistics also show a decline in operating revenue for media companies.
- As the media market is very limited in the Faroe Islands, it is also exposed to a different form of competition than a larger market. Domestic resources to compete are simply less.

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<sup>132</sup> Nordic Co-operation, 2022d

<sup>133</sup> Skorini & Olavson, 2021: 51; relevant stakeholder website

<sup>134</sup> Gustafsson, 1996: 23

<sup>135</sup> Statistics Faroe Islands, 2021a

<sup>136</sup> Statistics Faroe Islands, 2022

<sup>137</sup> Skorini & Olavson, 2021: 54f

<sup>138</sup> Statistics Faroe Islands, 2021b

<sup>139</sup> Skorini & Olavson, 2021: 54f

## 8. Greenland

Greenland has about 56,000 inhabitants, of which 18,000 live in Nuuk. Greenland is part of Denmark but has extensive autonomy. The country's main industries are fishing, hunting, sealing, and whaling. Greenland also has growing revenues from tourism and mining. GDP per capita in 2006 was around EUR 25,000.<sup>140</sup>

The Greenlandic media market is, like that of the Faroe Islands, a very small market. As a result, it also lacks the kind of comprehensive media statistics that exist in the larger Nordic countries. Since the privately owned media industry is so largely dominated by one company, the following section is in part an analysis of its situation.

In short, the Greenlandic media market is characterised by few and small media, but with a relatively large reach in the population.

- Greenland's public service broadcaster is Kalallit Nunatta Radioa (KNR). Radio operations formally started in 1958, although radio has been broadcast since the 1920s. Regular television began broadcasting in 1982, and the company went online in 1996.
- The Greenlandic autonomous government has issued broadcasting licences for 16 radio and television stations, such as Seekon Radio, Arfivik TV, and Ice FM.
- Sermitsiaq.AG, with a turnover of DKK 25 million, is the market's largest privately owned news company. It was formed in 2010 through a merger of the daily newspapers *Sermitsiaq* and *AG/Grönlandsposten* after several years of declining advertising revenues. The current offer includes the two national weekly newspapers mentioned above, a common news website, the free newspaper *Nuuk ugeavis*, and a few journals.
- In addition, there are several independent local media: *Kujataamiu Nutaaq* in Qaqortoq, *Sivdleq* in Sisimiut, and *Iluliarmiut aviisiat* in Ilulissat.<sup>141</sup>

### 8.1 Changing media habits in new media channels

Internet access is not as widespread and the costs for it are higher in Greenland than in other parts of the Nordic region. But its use is increasing rapidly. One sign of uneven access was that 68 per cent of Nuuk residents used the Internet daily in 2017, while 43 per cent of the rest of the population used it just as often.<sup>142</sup>

By 2020, the overall share of daily or almost daily Internet users had increased from 60 per cent in 2016 to 67 per cent (see Table 8.1). According to the annual media habit studies conducted by KNR, the most used traditional media in 2020 were television and FM radio, and Facebook was the most widespread social network, with a daily or almost daily reach of 75 per cent. The most recent study only analyses 2020, which limits the possibility of

making a statement about what has happened to media consumption in the second year of the Covid-19 pandemic.

**Table 8.1** Greenland: Daily or almost daily use in population aged 18+ of different media channels and platforms, 2016–2020 (per cent)

	2016	2018	2019	2020
TV	88	83	84	88
FM radio	74	98	70	69
Internet	60	56	71	67
Facebook	61	64	65	75

Source: KNR, 2020

KNR’s 2020 study also showed that a higher proportion of people said they used Facebook daily or almost daily than the proportion using the Internet. This can probably be seen as an expression of how established the habit of using Facebook is in Greenland. Among other social networks and services widely used by citizens, Facebook’s Messenger messaging service deserves special mention. In 2020, 67 per cent of the population used this service daily or almost daily. YouTube, in turn, reached 46 per cent, Instagram 21 per cent, Snapchat 19 per cent, and Twitter 11 per cent of the population on a daily or almost daily basis.<sup>143</sup>

As in many other media markets, older people tend to access public service offerings to a greater extent. Younger people turn to online platforms to a greater extent.<sup>144</sup> Here, too, the mobile phone has become the main electronic device for receiving news. In 2020, 80 per cent of the population used their mobile phones to keep up to date with news events. The runner up was the computer, with 13 per cent.<sup>145</sup>

When it comes to news, Greenlanders in 2020 turned primarily to radio and television news: 56 per cent of the population said they turned primarily to television for news, while an almost equal proportion (54%) turned to radio (respondents had the option of selecting more than one response category; see Table 8.2). These shares have also remained relatively stable at this high level in recent years. In 2020, 40 per cent and 34 per cent of Greenlanders saw the Internet and social networks, respectively, as primary sources of news. Only 14 per cent cited a printed newspaper as the most important source. These three channels had increased their relevance to audiences since 2018, and the sharp increase between 2019 and 2020 is likely to be attributed to the increased news coverage during the first year of the Covid-19 pandemic.

**Table 8.2** Greenland: Percentage of population aged 18+ who consider different platforms as their primary news source, 2018–2020 (per cent)

	2018	2019	2020
TV	55	56	56
Radio	53	51	54
Internet	20	44	40
Social networks	19	25	34
Printed newspapers	4	9	14

Comments: Respondents were able to select more than one response category, and therefore the total exceeds 100 per cent.

Source: KNR, 2020

Greenland has had a strong local media tradition, but in recent years, the number of local newspapers and radio channels has declined. In 1980, there were local newspapers in 21 towns; in 2018, only about a handful were left. In addition, there are several local radio and television stations.<sup>146</sup>

As in the rest of the Nordic region, the printed circulation of newspapers has declined in recent decades. The two major newspapers are *Sermitsiaq* and *AG*, which since 2010 are owned by the same company. Both newspapers are published once a week in printed form. From a circulation of more than 6,000 copies in the 1980s and 1990s, *Sermitsiaq* has declined to just over 1,800 copies in 2021. *AG* has in turn declined to around 2,000. In return, traffic to their joint new website has increased, and it now reaches a large readership group.<sup>147</sup> The company says it sees a continued shift to digital reading.<sup>148</sup>

The annual reports of *Sermitsiaq.AG* also note declining revenues from newspaper sales. These have decreased from DKK 7.1 million in 2016 to DKK 5.4 million in 2021, or by about 24 per cent.<sup>149</sup>

## 8.2 Digitalisation of advertising revenues

Greenlandic advertising investments are not systematically surveyed, and therefore there are no solid statistics in this area.<sup>150</sup> The absence of statistics makes it difficult to assess the size and evolution of the advertising market. But from the material that does exist, it seems that the overall economy of the publishing media is shrinking. One sign of this is that the company *Sermitsiaq.AG* has shown a decrease in operating revenue recently.

This is a decrease despite the fact that, according to its own newspapers, the company has had good years with increased advertising revenue and continued financial success.<sup>151</sup> This can be partly explained by the fact that the Greenlandic economy was booming until the Covid-19 pandemic broke out.<sup>152</sup> The annual reports do not indicate exactly how much advertising revenue has been generated in the past years. But overall, they indicate that the

main advertising trend since the 2018 financial year has been downward. Operating results, unlike operating revenue, have remained stable with a tendency to strengthen, suggesting that this has been achieved by reducing operating costs.<sup>153</sup> In addition, Sermitsiaq.AG reported that it had lost DKK 5.2 million in advertising revenue in 2020 as a result of the social consequences of the pandemic.<sup>154</sup>

According to the media company's CEO, it is exactly during these years that platforms have gained market share in the advertising market.<sup>155</sup> In addition, Sermitsiaq.AG's former chairperson has argued that the Greenlandic media, in his eyes, face "this fierce competition from Facebook and Google from two sides". One competition is on the advertising side, where it is felt that platforms are making inroads into the advertising market and creating a monopoly position for themselves. The other side is the spreading of misinformation, heated debates, and so on. According to the former chairperson, companies like Facebook and Google are undermining the media operating in Greenland, the Faroe Islands, and Iceland in terms of opportunities to conduct their business.<sup>156</sup> Furthermore, it has been claimed that Greenland is one of the most active countries in the world on Facebook, which should mean that it is reasonable to assume that advertising investment has moved there or has been generated there.<sup>157</sup> Because the market is small, it is particularly vulnerable economically.

### 8.3 Summary Greenland

- Compared with the other Nordic countries, the share of daily Internet users in Greenland was relatively small in 2020 (67%).
- Radio and television remain the primary sources of news for Greenlanders. However, the share of people receiving news via digital channels has increased.
- Printed circulations of the daily press have been declining for a long time. This trend has continued during the last five years.
- The number of independent media has been declining in recent years, primarily in the smaller and local media.
- According to available market statistics, the operating revenues of commercially funded media are declining from both advertisers and audiences.
- Media companies' revenue from newspaper sales fell by around 24 per cent between 2016 and 2021.
- Greenland's largest private media company states that its finances are good and that a large part of its revenue already comes from digital sources.

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<sup>140</sup> Nordic Co-operation, 2022e

<sup>141</sup> Ravn-Højgaard et al., 2018: 7ff

<sup>142</sup> Ravn-Højgaard et al., 2018: 18

<sup>143</sup> KNR, 2020: 10

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<sup>144</sup> Ravn-Højgaard et al., 2018: 15

<sup>145</sup> KNR, 2020: 15

<sup>146</sup> Ravn-Højgaard et al., 2018: 11

<sup>147</sup> Ravn-Højgaard et al., 2018: 10

<sup>148</sup> Ravn-Højgaard, 2021: 66

<sup>149</sup> Central Business Register, 2022

<sup>150</sup> Ravn-Højgaard, 2021: 65

<sup>151</sup> Sermitsiaq.AG, 2020

<sup>152</sup> Ravn-Højgaard, 2021: 62

<sup>153</sup> Central Business Register, 2022

<sup>154</sup> Sermitsiaq.AG, 2021

<sup>155</sup> Sermitsiaq.AG, 2020

<sup>156</sup> Sermitsiaq.AG, 2019

<sup>157</sup> Ravn-Højgaard, 2019

## 9. Iceland

In 2021, Iceland had a population of around 370,000, more than half of whom lived in or around Reykjavik. Fish and fishery products have traditionally been, and still are, the country's main source of income. Other important industries are the export of aluminium and ferrosilicon. In recent years, sectors such as biotechnology, software, and tourism have become increasingly important. GDP per capita in 2020 was around EUR 37,100.<sup>158</sup>

The Icelandic media market is a small market, but in relation to its small size, it has a wide range.

- Iceland's public service is called Ríkisútvarpið [RÚV/Islands Radio] and operates two radio stations, a television channel, and a news website. The activities are partly financed by advertising revenue.
- Alongside the public service is the listed telecom company Sýn hf. The most widely distributed of the company's television and radio stations are Stoð 2 and Bylgjan, the latter of which has a newsroom. Sýn also runs the news website *Visir.is*.
- On the daily newspaper side, there is the privately owned company, Árvakur hf, which publishes, for example, the subscription-based morning newspaper *Morgunblaðið*. Along with the printed newspaper, the company also runs the country's largest news website *Mbl.is*, the radio station K-100, and the English-language website *Iceland Monitor*.
- Torg ehf is another prominent private newspaper publisher, and their daily free newspaper *Fréttablaðið* and weekend newspaper *DV* are in the lead. In addition, there is the business newspaper *Markaðinn*, news websites, and the television station Hringbraut.
- Kjarninn is another national news provider. The company operates news websites, a financial journal, and publishing activities. In addition to the more nationally focused news media, there are a few smaller local newspapers and news websites.<sup>159</sup>

Statistics Iceland, or Hagstofa Íslands, provides information on media consumption in the country up to 2019 and on media companies' finances up to 2020. This limits the possibility of following in more detail the evolution over the two years of the Covid-19 pandemic.

### 9.1 Changing media habits in new media channels

Access to the Internet and digital services is widespread among the population of Iceland. Around 97 per cent of the population aged 16–74 used the Internet daily or almost daily in 2019, according to statistics from Statistics Iceland. In 2013, the corresponding figure was just under 94 per cent. Almost all of those who used the Internet also accessed news online. In 2019, just under 95 per cent of the population had accessed online news websites, newspapers, and news journals in the previous quarter.

According to Eurostat studies, Icelanders' use of the Internet for cultural purposes was among the highest in Europe in 2019. Reading news online is classified here as such an activity.<sup>160</sup> More recent usage statistics are not available from Statistics Iceland. But what does exist clearly shows that the Internet and its offerings played a prominent role in most Icelanders' daily lives – and in their media consumption – as early as 2019.

In terms of actual media consumption, a report from the country's media authority, Fjölmiðlanefnd, reveals that television was the number one news medium for Icelanders in 2021. In the survey conducted by the authority (the respondent was allowed to answer in more categories than one), 66 per cent of Icelanders said they considered television to be the most important news medium, 63 per cent considered online news media to be their most important news medium, while 57 per cent considered radio their most important news medium.

Furthermore, most respondents (87%) said they used digital news media the day before the survey to get news. Meanwhile, two out of three, 66 per cent, used social networking services to read or watch the news the day before. In Iceland, as in other markets, young people were more likely to turn to social networks. Among those aged 15–17, around 93 per cent had used social networks in the past 30 days to get news.

More than 62 per cent of Icelanders said they had watched television news in the past day, which was slightly less than those who turned to social networks. A total of 27 per cent said they had used a printed newspaper the day before to access the news.

Furthermore, the study revealed that nine out of ten used streaming services with movies and television shows every week or more often. The daily reach was 51 per cent.<sup>161</sup>

## 9.2 Media companies' audience revenues

The widespread media consumption of Icelanders is also reflected in the revenue columns of media companies. According to Statistics Iceland, between 2016 and 2020, the companies' audience revenue increased by 13 per cent, to ISK 15.8 billion (see Table 9.1). Developments in 2021 were not available for this study.

**Table 9.1** Iceland: Domestic media revenues from audiences, 2016–2020 (ISK million, current prices)

	2016	2017	2018	2019	2020
Daily press, printed	1,542	1,604	1,677	1,564	1,410
Privately owned TV channels	7,911	8,469	7,081	8,015	8,730
Privately owned radio stations	0	0	0	0	0
Independent media websites	1	1	0	5	61
Media websites	0	23	33	180	211
Digital media, total	1	24	33	184	272
Total, incl. non-reported categories	13,937	14,790	13,679	14,884	15,790

Source: Statistics Iceland, 2022b

The printed audience revenue of the daily press has fluctuated in statistics from Statistics Iceland in recent years. Most of the money was invested by the public in 2008 – just under ISK 1.9 billion – before the financial crisis and the widespread adoption of smartphones. Since then, the long-term trend has been slowly declining. In 2016, Icelanders bought printed newspapers for ISK 1.5 billion. In the following years, newspaper purchases increased slightly, before declining again in 2019. They continued to decline during 2020 to ISK 1.4 billion. Thus, between 2016 and 2020, audience revenue from printed newspapers decreased by 9 per cent, or ISK 132 million. The opposite was true for the digital revenues of domestic media. They went from a measured ISK 0 in 2016 to ISK 211 million in 2020.

Privately owned television channels increased their audience revenues by more than 10 per cent to ISK 8.7 billion in the same year. Audience revenue for independent websites also increased, from ISK 1 million to ISK 61 million between 2016 and 2020.<sup>162</sup>

### 9.3 Advertising investment is going digital

Advertising investment in Iceland, like household media spending, peaked before the 2008 financial crisis when it declined sharply, according to statistics from Statistics Iceland. After a few years, investments started to slowly increase again. They increased every year up to and including 2016. Since then, total advertising spending has declined steadily. Overall, the decline amounted to just over a third between 2016 and 2020, from ISK 14.2 billion to ISK 9.3 billion (see Table 9.2). This is even though Iceland’s GDP had shown high growth rates until the outbreak of the Covid-19 pandemic in 2020.

**Table 9.2** Iceland: Advertising revenue of domestic media, 2016–2020 (ISK million, current prices)

	2016	2017	2018	2019	2020
Daily press, printed	5,790	5,259	4,934	3,866	3,079
Privately owned TV channels	1,912	1,381	1,283	1,193	1,194
Privately owned radio stations	1,569	1,537	1,237	1,244	1,260
Independent media websites	757	474	260	386	253
Media websites	1,317	1,337	1,549	1,351	1,274
Digital media, total	2,075	1,811	1,809	1,737	1,527
Total, incl. non-reported categories	14,172	13,001	12,561	10,829	9,337

Source: Statistics Iceland, 2022b

For printed newspapers, advertising revenues have declined even more steeply, from around ISK 5.8 billion in 2016 to around ISK 3.1 billion in 2020. With a decrease of 47 per cent, advertising expenditure in the daily press has almost halved. The steepest decline took place in 2019, when printed advertising revenues fell by 22 per cent compared with the previous year. The following year, 2020, they declined in the presence of the pandemic by a further 20 per cent. That year, Iceland’s GDP also shrank by more than 7 per cent.

Advertising investment in the media’s digital channels has developed moderately. Apart from a peak year in 2018, they have been around ISK 1.3 billion per year during the period studied. They also declined in 2020.

The general downward trend also applies to privately owned television and radio stations. Their advertising revenues have decreased by 38 per cent and 20 per cent, respectively, between 2016 and 2020. For both, there was declining revenue until 2019. They then increased moderately in 2020 in the context of the Covid-19 pandemic.<sup>163</sup>

The advertising revenues of the public service company RÚV are not included in the above table, but it should be mentioned that the company has maintained its market share and has also seen it increase in recent times.<sup>164</sup>

### 9.3.1 Advertising investment moves abroad

The media authority Fjölmiðlanefndar, whose data are based on information from a handful of media agencies, states that domestic and foreign online media accounted for around 34 per cent of advertising investment in media in 2020.

When studying online advertising investment separately, the authority notes that the split between domestic and foreign stakeholders has changed in recent years. In 2020, the relative distribution between stakeholders was such that approximately 62 per cent (ISK 867 million) was invested in domestic media companies, while 38 per cent (ISK 539

million) was invested in foreign ones. In comparison, the ratio of domestic to foreign media companies was 80 per cent and 20 per cent, respectively, in 2014.<sup>165</sup>

According to Statistics Iceland, around 4 per cent of total advertising investment went to foreign companies in 2009–2012. This share then increased rapidly, reaching 29 per cent in 2013. In 2019 and 2020, the foreign share of total advertising investment was 40 per cent. Of these, 50 per cent of foreign and 20 per cent of total investments could be linked to Facebook and Google via credit card payments in 2020.<sup>166</sup>

## 9.4 Declining revenues for traditional media channels

As audience and advertising revenues have shown, the operation of privately owned news media in Iceland has been challenging in recent times. Most media companies have been running at a loss or with small margins.<sup>167</sup>

According to data from Statistics Iceland, the turnover of the media industry increased continuously between 2010 and 2016. Thereafter, it fell by about 11 per cent between 2016 and 2020, to ISK 25.1 billion. The Covid-19 pandemic thus went under the already existing and declining trend (see Table 9.3).

**Table 9.3** Iceland: Total revenue of domestic media, 2016–2020 (ISK million)

	2016	2017	2018	2019	2020
Daily press, printed	7,332	6,863	6,611	5,430	4,490
Private TV channels	9,823	9,850	8,364	9,208	9,924
Private radio stations	1,569	1,537	1,237	1,244	1,260
Independent media websites	759	475	260	390	313
Media websites	1,317	1,360	1,582	1,531	1,485
Digital media, total	2,076	1,835	1,842	1,921	1,788
Total revenue, incl. non-reported categories	28,109	27,792	26,240	25,713	25,128

Source: Statistics Iceland, 2022b

Revenues of the daily printed press fell faster than those of the media industry as a whole. In the case of printed newspapers, revenues fell by around 39 per cent to around ISK 4.5 billion between 2016 and 2020. The largest shortfall, around ISK 940 million, occurred in the first year of the pandemic.

Media companies' revenues from digital channels increased until 2018, then they levelled off briefly in 2019 before turning downwards during the pandemic. Overall, digital revenues increased by 11 per cent to ISK 1.5 billion between 2016 and 2020. At the same time, the combined share of the printed daily press and digital media channels in total advertising spending has declined, from 31 per cent in 2016 to 24 per cent four years later.

Private television revenues increased in all the years in question, except 2018, when they fell sharply by a remarkable 15 per cent. Thereafter, they increased again in 2019 and 2020, that is, even during the pandemic. Due to the steep fall in 2018, the revenue growth of privately owned television channels stayed at 1 per cent between 2016 and 2020. In total, these channels had a turnover of ISK 9.9 billion in 2020.

In turn, privately owned radio revenues fell between 2016 and 2018. However, they increased again in both 2019 and 2020. Despite the turnaround, the 2016–2020 period saw a 20 per cent drop in revenue to just under ISK 1.3 billion.

Finally, the independent media websites in general have shown a marked downward trend throughout the relevant period; from a turnover of ISK 759 million in 2016 to ISK 313 million in 2020.<sup>168</sup>

Turnover in the Icelandic media market is clearly concentrated in a small number of companies. In 2020, a handful of media companies, including the public service broadcaster RÚV, accounted for 89 per cent of total revenues. The share of the largest five was slightly higher in terms of audience revenue, at around 90 per cent. RÚV's share of total revenues was 26 per cent, while it accounted for 31 per cent of audience revenues and 17 per cent of advertising revenues.<sup>169</sup>

## 9.5 Summery Iceland

- Digital media has quickly become a key media channel in the Icelandic media market. In 2020, 87 per cent of the population received news on digital channels during a typical day. The corresponding shares for news via social networks and television were 66 per cent and 62 per cent, respectively.
- The total audience revenue of media companies increased by 13 per cent between 2016 and 2020. At the same time, the printed audience revenue of the daily press – down significantly in both 2019 and 2020 – declined by 9 per cent. Digital audience revenues grew from significantly low levels but could not compensate for the shortfall.
- Advertising revenues of print newspapers declined in 2016 and have continued to decline since. In total, these revenues decreased by 47 per cent. That is a bigger drop than for the media market as a whole. Total advertising investments decreased by 34 per cent during these years.
- Around 40 per cent of advertising investments in 2020 went to foreign stakeholders. The share of foreign media companies in investments has increased rapidly in recent years.
- The five largest media companies, including the public service broadcaster, account for a very large share of the industry's total revenues.
- Overall, the total turnover of media companies decreased by 11 per cent between 2016 and 2020. Turnover decreased in all years. The turnover of the printed daily press fell by 39 per cent, and here, too, turnover fell in all years. Media websites

saw an increase in turnover in the years leading up to the pandemic, when they started to decline.

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<sup>158</sup> Nordic Co-operation, 2022f

<sup>159</sup> Guðmundsson et al., 2021: 69

<sup>160</sup> Statistics Iceland, 2020a, 2020b

<sup>161</sup> Icelandic Media Commission, 2021

<sup>162</sup> Statistics Iceland, 2022b

<sup>163</sup> Statistics Iceland, 2022b

<sup>164</sup> Guðmundsson et al., 2021: 83

<sup>165</sup> Icelandic Media Commission, 2022

<sup>166</sup> Statistics Iceland, 2022a

<sup>167</sup> Guðmundsson et al., 2021: 74

<sup>168</sup> Statistics Iceland, 2022b

<sup>169</sup> Statistics Iceland, 2022a

## 10. Sweden

Sweden is the most populous country in the Nordic region, with around 10.3 million inhabitants. Almost 2.4 million of them live in and around Stockholm. For a long time, Sweden has had extensive exports of services and goods. The country's major exports are cars, electronics, iron, machinery, paper, and steel. GDP per capita in 2020 was around EUR 38,200.<sup>170</sup>

The Swedish news media market, like the other Nordic countries, consists of several different types of stakeholders and channels.

- The public service companies Sveriges Radio (SR) and Sveriges Television (SVT) can be said to be the hub of the national and local news activities of the news media. The commercial television channel TV4, owned by the telecom company Telia, is the only privately owned stakeholder with an independent newsroom.
- The Swedish daily press is largely concentrated in a small number of groups. In total, there are some 60 companies and groups of companies that together publish around 140 daily newspapers.
- The Bonnier Group is the country's largest newspaper owner. Among the group's best-known newspapers are the nationwide titles *Dagens Nyheter*, *Dagens industri*, and *Expressen*. But there are also many local, regional, and free newspapers. The Bonnier Group's turnover in 2021 was approximately SEK 21.4 billion. The group's news division had a turnover of SEK 8.2 billion and an operating profit of SEK 988 million in the same year. The Bonnier Group also owns 30 per cent of the local newspaper group Gota Media (turnover SEK 1.1 billion and operating profit of SEK 79 million in 2021) with twelve paid newspapers, several free newspapers, and news websites in southern and central Sweden.
- The Norwegian-owned group Schibsted occupies a central position in the Swedish media market through its nationwide titles *Aftonbladet* and *Svenska Dagbladet*. Schibsted is also active in bordering business areas such as end-credit advertising and news apps. The financial statements of the two Swedish titles show a combined turnover in 2021 of SEK 2.5 billion and positive operating results. Schibsted owns part of the Norwegian company Polaris, which in turn – via a consortium – is the owner of the western Swedish media group Stampen Media (turnover SEK 1.4 billion in 2021).
- NTM Media, based in Norrköping, has local newspapers from Piteå in the north to Vimmerby in the south. In 2021, the group had a turnover of SEK 1.9 billion and an operating profit of SEK 178 million. Other prominent groups are NWT Gruppen (turnover SEK 621 million in 2021) and Västerbottens-Kuriren Media (turnover SEK 272 million in 2021).

The section on Sweden deals with the development of media policy, the population's media habits and access to media technology, household media expenditure, advertiser investments, and the financial performance of the media industry. The focus is primarily

on the development of news media companies and competition from platforms in recent years.

### 10.1 Changing media habits of the audience

The Swedish media audience tends to turn to the professional media for news rather than social networks. Media consumption in recent years has of course been affected by the Covid-19 pandemic, which, according to almost all available studies, has had an impact on the media habits of the general public.

In the year preceding the pandemic, 2019, 46 per cent of the population watched news from SVT on a typical day, according to *Mediebarometern* [*The Media Barometer*]. A few years later, in 2021, this share had grown by seven percentage points to 53 per cent (see Table 10.1). The same basic trend is visible for SR, where the share increased by four percentage points to 43 per cent, and also for TV4, where the share increased by three percentage points to 38 per cent. News consumption via morning and evening newspapers increased by five percentage points each, to 36 and 28 per cent, respectively.

**Table 10.1** Sweden: Daily reach in population aged 9–79 for news, 2019–2021 (per cent)

	2019	2020	2021
SVT	46	52	53
SR	39	40	43
TV4	35	38	38
Morning paper	31	34	36
Evening paper	23	28	28
Facebook	28	29	26
Instagram	16	18	17

Comments: The percentages indicate the proportion of the population that has received news on relevant channel.

Source: Ohlsson, 2020, 2021a, 2022

Social networks do not show the same clear growth. The share of people who accessed news via Facebook and YouTube decreased by two and one percentage points, respectively, between 2019 and 2021, to 26 and 10 per cent. Instagram, on the other hand, increased its share of news consumption by one percentage point to 17 per cent. However, there are large differences between age groups: The younger the user, the more likely they are to receive some or all of their news via social networks.<sup>171</sup>

But while the public turns to the professional news media in large – and in recent years growing – numbers, it is not primarily to their traditional channels. The growth is in the digital channels. In 2021, according to *Mediebarometern* [*The Media Barometer*], 56 per

cent of the population aged 9–85 read a digital newspaper on a typical day, compared with 28 per cent who read a printed version. In total, 68 per cent of digital and print users accessed a daily newspaper.

Digital habits are also reflected in the use of social networks. Slightly more than eight in ten people used at least one social network during an average day in 2021. The most widespread use was of Facebook (64%). But it was also common to use Instagram (57%) and Snapchat (28%). With 42 per cent daily users, YouTube also attracted a large audience.<sup>172</sup> On a general level, the growth rate of social networks seems to have slowed down in recent years.

## 10.2 Households reallocate media expenditure

Overall, household expenditure on media has remained fairly constant between 2017 and 2021. Monthly outlays fell by SEK 17, to SEK 1,369, during these years, according to the Orvesto Konsument consumption report by Kantar Sifo (see Table 10.2). But most interesting is how the expenditure was redistributed.

**Table 10.2** Sweden: Average household spending on media per month among population aged 16–80, 2017–2021 (SEK)

	2017	2018	2019	2020	2021
Streaming and playback service for film and TV	98	121	125	156	180
Television (non-public service fee)	166	168	160	146	135
Subscription, daily newspaper	142	128	131	122	119
Single issues, newspaper	13	13	11	9	10
Single issues, evening newspaper	20	18	14	12	12
Digital newspaper, magazine, or article	14	17	20	26	29
Total, incl. non-reported categories	1,386	1,424	1,381	1,383	1,369

Source: Kantar Sifo 2018, 2019, 2020, 2021, 2022

The shift from traditional to digital channels is clearly visible in household expenditure on daily press. The average household’s monthly expenditure on printed newspapers declined by 19 per cent between 2017 and 2021 to a total of SEK 141. At the same time, digital outlays more than doubled to SEK 29.<sup>173</sup>

The Orvesto report’s indication of an increased willingness to pay for digital news is in line with the *Reuters Institute Digital News Report*. It found that 33 per cent of the Internet-using population aged 18–80 paid for news on digital channels in 2022 – and that this is an increase compared with previous years. Among those who pay, digital subscriptions to *Aftonbladet* and *Dagens Nyheter*, both published in Stockholm and nationwide, are the most common. The Swedish share of paying online-news consumers is second only to that

of Norway. Similarly, the 43 per cent share paying for local news services is second only to that of Norway. The share of payers under 30 years of age (16%) is second highest in the Nordics after Denmark.<sup>174</sup>

The shift in audience interest and willingness to pay from print to digital channels meant increased digital audience revenues for the morning press during 2020. According to the Swedish Media Publishers' Association, digital audience revenues increased by 45 per cent this year (to just over SEK 1 billion). The increase continued in 2021 – albeit not as sharply – to almost SEK 1.2 billion (see Table 10.3). But while revenues from websites and apps rose, printed audience revenues fell in both 2020 and 2021. Printed revenues remain crucial to the morning newspaper market as a whole. In 2021, as much as 80 per cent of audience revenue came from printed channels, with the remainder coming from digital. Overall, the morning press's audience revenue shrank by 2 per cent in 2021, relative to 2020.

**Table 10.3** Sweden: Daily press printed and digital audience revenues, 2020–2021 (SEK million)

	Revenue printed channels		Revenue digital channels		Total revenue	
	2021	± %	2021	± %	2021	± %
Local press	2,801	-1	538	+28	3,340	+3
Metropolitan press	1,897	-10	639	+3	2,535	-7
Morning press, total	4,698	-5	1,177	+13	5,875	-2
Evening press, total	–	–	–	–	1,411	-6

Source: Government Offices of Sweden, 2022b; Swedish Media Publishers' Association (TU)

### 10.3 Advertising investment is going digital

The Swedish advertising market has shown strong growth over several years. According to IRM statistics, only the Covid-19 pandemic in 2020 really marked a definite break in the trend (see Table 10.4). Already in 2021, however, it was on the rise again, by a remarkable 19 per cent, to SEK 46.4 billion. This was an increase of SEK 5.4 billion compared with 2019 (i.e., the year just preceding the pandemic).

**Table 10.4** Sweden: Advertising investments in various media, 2018–2021 (SEK million)

	2018	2019	2020	2021
News media	7,053	5,932	4,721	5,071*
TV	5,956	5,833	4,879	–
Online video	–	1,754	1,950	–
Radio	1,074	1,021	933	–
Internet	21,423	24,070	25,426	32,000
Total, incl. non-reported categories	39,781	41,121	38,973	46,400

\*forecast

Source: Ohlsson, 2020; Lindberg 2021; *Dagens Media*, and IRM's forecast for this report

The engine of this growth is investment in digital advertising. In 2021 alone, these grew by 24 per cent to around SEK 32 billion. Digital advertising spending has increased in every year since 2013. Prior to the pandemic's outbreak, in 2019, digital investments accounted for approximately 59 per cent of total advertising investments. In the second year of the pandemic, 2021, the digital share was around 69 per cent.

IRM attributes the growth in recent years to the fact that the public has increased both its media consumption and its purchases via e-commerce, and that advertisers are choosing digital channels for their marketing to a greater extent than before.<sup>175</sup>

According to IRM, advertising investment in news media – paid daily press, free press, and news websites – increased again in 2021 by about 8 per cent to around SEK 5.1 billion. The increase was due to a rise in digital advertising revenue of over 20 per cent to around EUR 2.3 billion. Print revenues continued to decline. Although the total advertising revenue of the news media increased in 2021, it was still less than it was before the pandemic. Their share of total advertising investments has decreased from around 18 per cent in 2018 to around 11 per cent in 2021.<sup>176</sup>

If we look at advertising investment in the paid daily press, that is, morning and evening newspapers only, printed investments more than halved between 2016 and 2020 (see Table 10.5). The steepest decline happened during the pandemic in 2020, when these fell by 25 per cent, relative to 2019. The evening and local press have been hardest hit, both before and during the pandemic. In 2021, the printed advertising revenue of the morning press remained at about the same level as in the first year of the pandemic, according to data from the Swedish Media Publishers' Association. The digital revenues of the morning newspapers increased more, and the metropolitan newspapers fared best. The digital advertising revenues of evening newspapers also increased substantially, according to the annual reports. Overall, however, paid daily press advertising revenue fell by close to a third, or 32 per cent, between 2016 and 2021.

**Table 10.5** Sweden: Advertising revenue of the daily press in printed (P) and digital (D) channels, 2016–2021 (SEK million, current prices)

	2016		2017		2018		2019		2020		2021	
	P	D	P	D	P	D	P	D	P	D	P	D
Local press	2,553	375	2,217	410	1,898	470	1,585	382	1,175	371	1,207	412
Metropolitan press	1,340	449	1,182	456	1,075	431	941	428	731	372	785	441
Evening Press	350	1,064	302	1,142	265	1,217	213	1,062	139	932	146	1,165
Total	4,243	1,888	3,701	2,008	3,239	2,118	2,739	1,872	2,045	1,675	2,138	2,018

Comments: The data on the digital advertising revenues of the local and metropolitan press are based on the reports submitted to TU by the newspaper companies concerned. The data on digital advertising revenues of the evening press are based on aggregations of statistics from IRM, TU, and the annual reports of the companies concerned. The figures should therefore be considered as estimates.

Source: Ohlsson, 2020; Lindberg 2021; IRM Institute for Advertising and Media Statistics, TU, and companies' annual reports (adaptations)

Roughly speaking, more than half of the digital advertising investments are placed in the two evening newspapers. Half of the remainder goes to the handful of metropolitan newspapers, while the rest is invested in the many local newspapers. The share of free newspapers in digital investments is modest.

Just as the major digital investments among the news media are placed in the major metropolitan newspapers in Sweden, a large and growing share of total media purchases are placed with the global platforms. In 2016, around 58 per cent of digital advertising investments went to non-Nordic companies and 42 per cent to Nordic companies (see Table 10.6). Each year since then, the share of non-Nordic companies has increased, reaching 72 per cent in 2021.<sup>177</sup>

**Table 10.6** Sweden: Online advertising investments in Nordic and non-Nordic companies, 2016–2021 (SEK million)

	2016	2017	2018	2019	2020	2021
Nordic companies	6,700	7,000	7,300	7,600	7,300	8,900
Non-Nordic companies	9,100	12,000	14,100	16,500	18,100	23,100

Source: Lindberg, 2021; Lindberg & Facht, 2022; Swedish Press and Broadcasting Authority (estimates based on IRM's public reports of Smartplanner, 2016-2020 and Nordicom, 2021)

## 10.4 Strengthening the profitability of news media companies

The total operating revenue of Swedish newspaper companies in 2016 was SEK 16.7 billion, excluding operating support, and operating profit was SEK 740 million. Until

2020, operating revenue decreased every year, and in 2020, these totalled SEK 13.1 billion. The downward trend was broken in 2021, when turnover increased by 0.5 per cent to SEK 13.2 billion (see Table 10.7). Between 2016 and 2021, total operating revenue decreased by 21 per cent. The outcome of 2021 also meant that newspaper companies lost almost a third of their revenues since 2011.<sup>178</sup>

**Table 10.7** Sweden: Total economy of newspaper companies, 2016–2021 (SEK million)

	2016	2017	2018	2019	2020	2021
Operating revenue	16,723	15,431	14,496	13,421	13,135	13,206
State operating support	453	465	423	487	579	633
Operating expenses	-16,435	-15,545	-14,916	-14,128	-13,764	-12,994
Operating profit	+740	+351	+3	-221	-50	+845

Source: Newspaper companies' annual reports and *Medieekonomi [Media Economics]* 2017–2022, Swedish Press and Broadcasting Authority

The operating profit, including operating support, also changed between 2016 and 2019. A turning point was reached, and operating profit improved gradually in both 2020 and 2021. To find a result better than 2021's SEK 844 million, we must look back to 2011.

The average median gross margin of the multi-daily press, that is, newspapers with three or more weekly editions, was 4.5 per cent in 2021. This was a clear improvement on the 2019 gross margin of just over -1 per cent, but at the same time, a slight weakening compared with the 5.0 per cent in 2020. In no year since 2010 has the multi-daily press had such a high gross margin as in 2020–2021. According to the annual reports of the newspaper companies, the decline in advertising revenues has been offset primarily by cost-cutting measures, but also by increasing audience revenues and the temporary support packages during the first year of the Covid-19 pandemic.<sup>179</sup>

Operating revenue for Swedish news media companies has been falling for several years. Together with high investment costs, shrinking revenues are reasons often highlighted when discussing the causes of media market consolidation. The clearest example of this in the Swedish media market can be found in the development of the Bonnier Group. Since 2019, Bonnier has acquired a significant number of local and regional newspapers. NTM Media has also grown significantly over the last ten years through acquisitions of both individual titles and companies. Both companies mentioned above showed profits in both 2020 and 2021.

## 10.5 Summary Sweden

- Reading of printed newspapers has been declining for several years, and in 2021, 28 per cent read a printed newspaper on a typical day. At the same time, 56 per cent read a digital newspaper.

- Households have reduced their spending on daily press. The decrease is due to the fact that expenditure on printed channels is decreasing more than digital expenditure is increasing.
- The share of people paying for online news increased during the Covid-19 pandemic. One in three adult Internet users paid for online news in 2022. The large national newspapers have been most successful in attracting digital subscribers.
- The total revenue of the daily press from the audience decreased both in 2020 (-5%) and in 2021 (-2).
- Between 2016 and 2021, morning and evening newspapers lost about a third of their advertising revenue. The Covid-19 pandemic was a major contributor to the steep declines, but there are also structural causes.
- Platforms' share of digital and total advertising spending has continued to grow rapidly. An estimated 72 per cent of digital advertising investment in 2021 went to non-Nordic advertising platforms.
- Newspaper companies strengthened their profitability in both 2020 and 2021, largely thanks to cost savings, increasing audience revenues, and the temporary support packages during the first year of the Covid-19 pandemic. The strengthening came after several years of declining operating revenue.

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<sup>170</sup> Nordic Co-operation, 2022h

<sup>171</sup> Rönnqvist Fors, 2022; Ohlsson, 2022: 104 ff

<sup>172</sup> Ohlsson, 2021a: 87, 2022: 89

<sup>173</sup> Kantar Sifo, 2018, 2022

<sup>174</sup> Newman et al., 2022; data from Sweden is based on 431 interviewees

<sup>175</sup> Frick, 2022

<sup>176</sup> Lindberg & Facht, 2022

<sup>177</sup> Lindberg, 2021: 14f

<sup>178</sup> Government Offices of Sweden, 2022: 91

<sup>179</sup> Lindberg, 2021: 50f

# 11. Conclusions

As the previous sections have shown, much has happened in the Nordic media markets between 2016 and 2021. The shift to digital media consumption has been pushed even further, advertisers have continued to increase their investment in digital channels, and even larger shares of advertising budgets are now going to global platforms. The influence of platforms on the technology of advertising and audience markets and the data they create has increased. In addition, news media markets have been further consolidated through acquisitions and mergers. News media companies have been launching and winning successes with paid solutions for their digital content. Add to that a worldwide pandemic with shutdowns, restrictions, and impacts on almost every part of society. During the Covid-19 pandemic, the news media strengthened their role as a source of news for the public, while the position of social networks weakened somewhat.

The global platforms have established a stronger market position in the larger Nordic countries than in the smaller ones. This is because the large advertising markets are more digitalised than the smaller ones. There are also differences in the extent to which different media markets have progressed towards sustainable digital profitability.

This section highlights the possible consequences of the developments during 2016–2021. The main developments are summarised in ten trends. The individual trends are then followed by a short, reflective section each where they are placed in an explanatory context.

## *1. Newspaper print circulation continues to fall, and revenues from them continue to decline*

Many news media companies in the Nordic region continue to rely on revenues from printed newspapers to finance their operations. At the same time, print circulation continues to decline. This will cause a continued decline in revenues for media companies. For many media companies, it is crucial that the print advertising and subscription operations can be sustained for as long as possible. This allows more time and more opportunities for a successful digital transformation.

In addition, the price of newsprint has increased, and the availability of paper has decreased, in recent years. Taken together, this means that the costs of producing printed newspapers have increased and margins have decreased. Several interviewees cited rising paper prices as a real threat to the printed newspaper.

When a company reduces – or closes – a printed newspaper’s publishing rate, it means that part of their costs, especially from distribution, are passed on to the titles that remain in operation. As costs rise, this in turn may lead to more newspaper companies choosing to discontinue their printed newspapers.

In general, it is the smaller and local newspapers, both free and paid, that are most dependent on the printed channels. Large newspapers tend to have a larger share of their

readership in digital channels and thus a larger share of digital revenues. Overall, this means that printed editions are likely to decline – and in some cases completely disappear – during the next decade.

## 2. *Consumption of news continues to shift to digital channels*

All the Nordic countries' surveys of media habits show that the proportion of people receiving news via digital channels has increased over the past five or ten years. This trend applies to virtually all available media but has been most evident in traditional newspapers. The proliferation of smartphones has been a key factor in the rapid movement of recent years. According to the *Reuters Institute Digital News Report*, 80 per cent of Danish Internet users accessed news via digital channels in a typical week in 2022. In Finland, the corresponding figure was 89 per cent, in Norway 85 per cent, and in Sweden 86 per cent (Iceland was not included in the study). At present, there is no indication that this trend will be broken: News consumption will increasingly take place via digital channels. This trend is not least supported by the developments we see in artificial intelligence, virtual reality, and the metaverse. It is therefore crucial for news media companies to be present and attractive on these channels.

## 3. *News media companies have established a steady revenue stream through digital subscription revenues and other audience revenues*

In the mid-2010s, many media companies had their hopes set on digital advertisement. The idea was to attract advertisers, through extensive traffic, whose investments would pay for the journalism. But as advertisers moved their investments online, they also moved money from journalistic media to global platforms. Therefore, in the second half of the 2010s and the beginning of the 2020s, the vast majority of paid newspapers developed various forms of digital payment solutions for subscriptions or other forms of services.

However, there are clear differences between the Nordic countries. In Denmark and Finland, 18 per cent and 19 per cent of Internet users, respectively, paid for news on digital channels in 2022, according to the *Reuters Institute Digital News Report*. The corresponding shares in Norway and Sweden were 41 per cent and 33 per cent. According to the available statistics from the Faroe Islands, Greenland, and Iceland, the share of people paying for digital news journalism in these markets was smaller than in the larger ones. It is likely that the differences between countries have historical origins, such as the habit of paying for news through subscriptions, for example.<sup>180</sup> The exception was Denmark, which for a long time had a widespread free press with no counterpart in the other Nordic countries.<sup>181</sup>

Other factors include the digital maturity of markets, their size, and how many media companies choose to charge for their digital journalism. The reduction of VAT on digital newspapers has also been important, which the Norwegian Media Authority, among others, points to as one of the reasons why Norwegian newspapers have been so successful with digital subscriptions.

If advertising investments continue to shift from journalistic media to the platforms, it will be difficult for news media companies that do not charge for their journalism. If they are to continue publishing, they will probably need some form of support from the state, local authorities, or civil society. The success of the subscription model may be challenged by external circumstances, such as a recession or high inflation of the type experienced by the Nordic countries in 2022.

#### *4. Strengthened profitability for the Nordic news media companies*

The news media companies that have been successful in developing their digital payment models are often on firmer financial ground today, both compared with what they were five years ago and with companies that have not been as successful in this respect. According to available statistics from Nordic media authorities and in the annual reports of the companies in question, Nordic news media companies have generally strengthened their profitability in 2020 and 2021. The ten largest newspaper companies in the Nordic region all showed positive operating results in 2021. For some, these were also record results.

#### *5. The digital market has continued to reward large structures and stakeholders*

Among the most successful newspapers and media companies in attracting users and advertisers to pay for digital journalism are the major newspapers in the large groups in the larger Nordic countries. For example, newspapers such as *Dagens Nyheter* (Bonnier), *Helsingin Sanomat* (Sanoma), and *VG* (Schibsted) have been more successful than many of the local papers. One of the reasons for this is the digital logic that favours scalability, size, and businesses with sufficiently large financial resources to develop advanced digital technologies. This logic puts pressure particularly on the smallest media markets in the Nordic region, where scalability is more difficult to achieve.

Digital developments also suggest that the consolidation of the media market that the Nordic countries have undergone in recent decades will continue. A summary of the discussions that have taken place in the preparation of this report is that consolidation will take place primarily within country borders and secondarily across borders. The more similar the markets and the greater the potential for synergies, the more likely it is that consolidation can take place across borders.

The digital logic is a dynamic that not only benefits the largest media companies in the Nordic region, it also favours the much larger platforms. Economies of scale and network effects help in the digital world more quickly than in the physical world to establish fairly firm market positions. According to the Danish Competition and Consumer Authority (KFST), it is exactly this dynamic that has led to a few global platforms growing very large and, in some cases, becoming almost unavoidable stakeholders in the market.

The dynamics are particularly evident when the major stakeholders are active in several markets. KFST mentions Alphabet, which not only operates as a search service with Google, but also has a web browser, an operating system, a video service, and an

advertising system. Such an expansion of activity may not only lead to efficiency gains and low prices, but it can also pose challenges if an already significant platform extends its market power in one market to one or more bordering areas: The platform may then limit competition in these markets. When a platform can convince its users to use its services in several different markets, competitors in one of these markets may be forced to compete in several others in order to retain or attract new users. This can raise barriers to market entry and stifle innovation.<sup>182</sup>

#### *6. Platforms' share of advertising investments has continued to grow*

In 2019–2021, the share of advertising investments made in digital channels increased. The digital advertising channels are now, from a financial viewpoint, the major players in the Nordic countries. And of the growing digital investments, an increasing share is going to global platforms. In 2021, platforms accounted for the largest share of digital advertising investments in Sweden. They had a slightly smaller share in Denmark and Finland. The companies in Norway had the lowest share.

Even when countries are ranked according to the platforms' share of total advertising investments, Sweden comes out on top. Denmark is next, followed by Norway. Platforms have the smallest share of Finland's total investments.

So, despite the downturn in the Nordic economies during the Covid-19 pandemic, digital advertising investments continued to grow. Therefore, they increased their share of total advertising investments in both 2020 and 2021. Both Nordic and foreign analysts – such as IRM, Group M, and PwC – cite the general increase in digitalisation, the growth of e-commerce, and the rapid adaptation of advertisers to the new digital reality as reasons for this.<sup>183</sup>

The shift to programmatic advertising has also meant lower margins for Nordic media companies. A person living in the Nordic countries can be reached with a local advertisement via, for example, the local newspaper, the national media, and social networks. This means that a local newspaper is competing with all these stakeholders and more. The local newspaper can therefore not deviate much in price compared with its competitors.<sup>184</sup>

Most evidence suggests that the digital share of advertising investments will continue to grow, as will the share of platforms. However, the introduction of new competition laws or similar legislation in EU/EEA and the US may limit the platforms' ability to grow.

#### *7. Platforms have furthermore strengthened their dominant hold on the technical infrastructure*

When such a large proportion of advertising investment is directed to or through a limited number of global stakeholders – as it is the case today – and when these stakeholders occupy several different market positions, it means that they have a dominant market position. As companies such as Alphabet's Google increase their market share, they also strengthen their grip on the advertising market. Furthermore, Apple and Google together

have almost total dominance of the app and audience market. The Nordic media company that wants access to the entire available digital market must cooperate with Google and Apple in terms of technology, for example.

As a possible consequence of more power and money being concentrated with a few international stakeholders, KPMG, in its already mentioned analysis of the Danish market, has identified risks that this development will put the business models of the news media under continued pressure. The incentive to charge users increases, while it may lead to a reduction in the general availability of journalistic material – for those groups that do not subscribe to newspapers. Conversely, the amount and availability of material that is not produced according to basic journalistic principles is increasing.<sup>185</sup>

KPMG further notes that the concentration in the market poses several risks to the efficiency of the advertising market. Platforms today have a size and multiple functions that potentially secure them a market-leading role in relation to pricing and terms of cooperation.

The popularity of platforms with the public, their market positions, and types of services have led, among other things, to them becoming gatekeepers. Today, a large part of the Nordic Internet traffic goes through these platforms. Many news websites would not be able to achieve as much advertising revenue without solid relationships with Google and, to a lesser extent, Facebook. This creates a relationship of dependency between Nordic media companies and global platforms, a relationship in which the media companies have the weaker bargaining position.<sup>186</sup> As far as the audience market is concerned, news media companies will thus have to adapt to the rules set by Apple and Google. There is an interdependency here, with media companies and platforms often competing for the same advertising investments.

#### *8. Platforms own most – and the most valuable – data in the market*

The widespread use of the platforms' services has enabled them, among other things, to collect and organise vast amounts of data about consumers, referred to as user data. This applies both to the sale of subscriptions to consumers and the sale of advertising space to advertisers.

The Swedish Competition Authority has concluded that both platforms and media companies want to control the customer relationship. The authority has also noted that media companies are therefore trying to move transactions with customers from, for example, the App Store and Google Play, to their own channels, and that there is friction between the platforms and the media companies in this regard.<sup>187</sup> Whoever controls the customer relationship also has access to the most valuable information about users and can then influence what information is released to others in the market. The importance of first-hand data will continue to be important for both subscription and advertising sales in the coming years.

The growth of programmatic advertising sales is characterised by its use of consumer data. User data allows advertising content to be targeted to consumers at a specific time and for

a specific need. And the more digital services a company can offer, the more data it can collect. The data collected allows companies to learn more about their users. With this knowledge, companies can later offer the market more detailed and sophisticated advertising solutions. The stakeholder able to offer advertisers the most relevant information at any given moment therefore has the upper hand.<sup>188</sup> The global platforms generally have far more and commercially more valuable data than anyone else. This increases the value of the platforms' services and the associated advertisement spaces.<sup>189</sup>

Furthermore, the major platforms administer advertising networks that not only sell advertising space on their own websites but also on those of others. This gives access to additional information about the consumers exposed to the advertising and means that the platforms often have more opportunities than the Nordic media companies to offer advertisers the services they demand.<sup>190</sup> This relationship may change when the EU's Digital Markets Act legislation package is implemented in the Nordic countries.<sup>191</sup>

*9. Legislation surrounding the platforms has tightened in recent years, which may affect the market positions of stakeholders*

In recent years, the view of platforms and their role in society has undergone a fundamental re-evaluation. One example is the new laws regulating platform actions. In this reassessment, most of the work has been done within the EU or with the EU as the driving force. The General Data Protection Regulation (GDPR) was already introduced in 2018, and the Copyright Directive is currently being implemented in the Nordic countries. The most recent are the Digital Markets Act (DMA) and the Digital Services Act (DSA).

The DSA will be directly applicable throughout the EU. It will apply either 15 months after its entry into force or on 1 January 2024. However, the obligations for very large platforms and very large search engines will apply earlier – four months after they have been identified as such by the Commission.

The DMA will apply six months after its entry into force. Those designated as gatekeepers have six months to comply with the new obligations.<sup>192</sup> The DMA is designed to reduce the risk of market distortion and is therefore targeted at the very largest digital stakeholders. This is with the aim to prevent them from abusing their dominant market position. The legislative packages have been welcomed by both politicians and the media industry.<sup>193</sup> The trend towards increased regulation of platforms seems to be established.

*10. Competition for skills has intensified, and it has become more difficult for many media companies to recruit both journalists and people with advanced IT skills*

Almost all stakeholders interviewed for this report, both large in large markets and small in smaller ones, mentioned that it has become harder to recruit the needed staff, both on the editorial side with journalists and on the technical side. As a result of digitalisation, the need for a different type of skills has increased in editorial offices and surrounding media companies. Skills in developing and presenting various forms of editorial material in digital environments are sought after. Competition for people with advanced editorial and IT

skills is therefore coming from more sources than before, but also from stakeholders with greater financial resources than the media companies have. Once again, it seems that the smallest media companies and media markets are under more pressure than the larger ones.

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<sup>180</sup> Gustafsson, 1996: 28

<sup>181</sup> Gustafsson, 1996: 46ff

<sup>182</sup> Danish Competition and Consumer Authority, 2021

<sup>183</sup> PwC Global, 2022; Axios Media Trends, 2021

<sup>184</sup> Vieira, 2018

<sup>185</sup> Danish Competition and Consumer Authority, 2020: 69

<sup>186</sup> Danish Competition and Consumer Authority, 2020: 74

<sup>187</sup> Swedish Competition Authority, 2021: 136

<sup>188</sup> Willig, 2022

<sup>189</sup> Danish Competition and Consumer Authority, 2020: 4ff

<sup>190</sup> Srinivasan, 2020

<sup>191</sup> European Parliament, 2022

<sup>192</sup> European Parliament, 2022

<sup>193</sup> Berlingske, 2022; Norwegian Businesses' Association, 2022

## 12. Final discussion

The developments outlined in the ten trends in the previous section have already had and may have further implications for media policy in the Nordic countries. Digitalisation and globalisation have, among other things, made national media policies less impactful. Therefore, the period has also led to the already mentioned media policy initiatives in coordination agency bodies such as the EU and the OECD.

In all Nordic countries except the Faroe Islands, both digital and printed news media now have reduced VAT or are exempt from VAT (on the Faroe Islands, only printed newspapers are exempt from VAT). Most of the new VAT rules have been motivated by the new digital economy and have been at least partly driven by the EU/EEA. In addition, new media subsidies for private media have been introduced on the Faroe Islands and in Iceland. Among the reasons given for the new support measures is the intensification of digital competition. In Finland, too, there has been a debate on digital competition and the introduction of direct media support.

This report concludes with some brief reflections on the possible effects of the trends mentioned. These effects present both the Nordic news media companies and media policy-makers with several trade-offs. These are challenges that cross traditional departmental, agency, and national boundaries. They also highlight the complexity of the issues that digital development poses for both media markets and media policy.

*Continued consolidation:* A continued and likely increased consolidation of the media market calls for competition legislation that allows for diversity despite the small number of owners. Already today, the Norwegian and Swedish news media markets are closely intertwined, and it is not unlikely that the Scandinavian market may become even more integrated. The development of digital technology is resource-intensive and is therefore a driver of the stated concentration trends. As digital logic favours the large scale, this is a development that puts pressure on all Nordic countries, but it puts extra pressure on the smallest countries and language areas.

*Increasingly important audience revenue:* At present, the trend towards predominantly audience-funded commercial news media seems set to continue. Most likely, advertising revenues will represent a smaller share of news media companies' revenues, which will place new demands on existing subsidy schemes. This is particularly true for smaller and local news media outside the large groups. Generally, the large companies in the larger Nordic countries are on much firmer financial ground today than they were just five years ago. In smaller markets, it is likely to be difficult to maintain adequate surveillance without societal intervention. However, high inflation and recession may mean reduced ability of audiences to pay for news and reduced margins for media companies. If current trends continue, it will be even more difficult for fully advertising-funded journalistic organisations to finance their activities.

*Higher proportion of material for paying customers only:* As audience revenue becomes more important, it means that a greater proportion of the journalism produced will only be available to the paying public. This means that there is an increased risk that a growing proportion of the population will not be exposed to news material produced on a journalistic basis and with a source-critical approach. This can increase the risk of misinformation and influence campaigns. Already today, a large proportion of young consumers access news via social networks rather than professional news media. This is an issue that also includes the roles and missions of public service broadcasters.

*Reduced print circulation:* A reduction in the number of print editions will lead to increased distribution costs for those media companies that continue with their print editions. When a printed newspaper ceases publication or reduces its rate of publication, it impacts most the audience that are least digital: primarily the elderly, those without higher education, and those in rural areas. This issue also relates to the public service contracts.

*Increasing digitalisation:* Continued digitalisation with virtual and augmented reality, artificial intelligence, and the metaverse will place new demands on press and freedom of expression legislations. A likely scenario is that deeper Nordic cooperation will be required to maintain the Nordic legal tradition in this area.

*Increased amount of data:* Global platforms and transnational technologies will be even more difficult to regulate through national legislations. This applies to the handling of data. Their management will increase dramatically as more and more devices in transport, health, and commerce are connected to the Internet.

*Great need for IT skills:* The need for advanced IT skills will increase among the Nordic media companies. The increased need is primarily for developers and other technical staff, but also for editorial staff. This in turn will require changes in the education offered by colleges and universities.

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# Nordic News Media in Global Competition

The Conditions for News Journalism  
in the Digital Platform Economy

Tobias Lindberg

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