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The rise of cross-border news

An independent research study by PwC UK, commissioned by RT

April 2016

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Introduction from RT

It is no secret that technology has changed the way people consume news; you don't need a white paper to tell you that. News is gathered differently, our audiences access it differently, and there are infinitely more sources than there were a decade ago when RT first went on the air.

But what drives these audiences to choose one source over the other, and why is it important that a Brit living in the UK can and wants to tune in to anything other than their own tried-and-trusted home-grown news outlets?

For the last ten years RT has staked its success on the public's desire for diversity in news. Our guiding principle is embodied by the channel's tagline: Question More. We cover underreported issues, tell the other side of the story, and provide alternative perspectives on international headlines. Since its launch, RT has become the voice of dissent on current affairs, the place to get stories overlooked or ignored by the majority of the mainstream media. We are also the go-to source for the Russian perspective on issues that matter most to our home country.

We want our viewers to think critically about what is going on around them. We believe that contributing additional voices to the global conversation completes the picture of our world, fosters mutual understanding, and lays the foundation for a well-informed international community.

But do the audiences agree? Do they actively seek plurality from the news marketplace?

Our belief that they do is our raison d'être. Calls and comments that we receive from folks in every corner of the planet – asking RT to come to their country, to broadcast in their language, to share their perspective – confirm this.

Still, for our 10 year anniversary, we asked PwC to dig deeper. We wanted to understand the motivation of viewers and readers of cross-border news - and we believed this understanding would help all providers of global news deliver a service that meets users' needs.

And here are the results: greater availability of news sources, curiosity about events and perspectives from different corners of the world, and increasing propensity for moving around the planet are all driving people to not just consume news from more sources – but to reach across borders and even language barriers to do so.

This study by PwC made one thing abundantly clear: the world today demands diversity in news more than ever before. Don't just take our word for it.

Margarita Simonyan,

Editor in chief, RT

Executive summary

It is easy to forget how quickly the environment and context for news has changed over the past decade, and how quickly society adjusts to a 'new normal'. In 2005 we were still two years away from the launch of the iPhone and four years from the iPad. Domestic television and print dominated the provision of news in most markets, with digital news (in the form of desktop internet) primarily being the day's paper or news bulletin in digital form.

Today, this landscape is transformed, with global mobile internet penetration rising from very low levels in 2005 to 35% today. A combination of reduced distribution costs and a globalised world have encouraged a rise in both the supply of, and demand for, news – and in particular, for cross-border news i.e. news consumed outside the country of its producer.

To celebrate their 10-year anniversary, RT asked us to perform an independent study into the evolving trends in cross-border news, the drivers of these trends, and an assessment of what the future might hold.

Our project focused on a quantitative survey of more than 5,000 news consumers across ten countries; an assessment of future trends by applying PwC forecasts to this survey data; and the corroborating and challenging of our conclusions through interviews with senior media executives at five global news organisations. We are hugely grateful to all these individuals for their time and insights.

We found that the monthly use of cross-border news – at 66% of all respondents – is prevalent in all markets, but particularly emerging ones; and that the largest sources of cross-border news remain the long-established providers from the US and UK, but that the fastest-growing ones come from the Middle East, Asia and Russia. Cross-border news users are generally younger, more urban and more affluent; and while mobility plays a part, the key drivers of their behaviour are the increased availability of cross-border news and a desire to understand different perspectives on major news events. 79% of all respondents said their demand for different perspectives has increased over the past 10 years, with cross-border news users accessing 4.1 news sources per month, compared to 2.5 a decade ago.

Finally, we considered what these three factors – availability, curiosity, mobility – might mean for the future of cross-border news once coupled with trends in macroeconomics, urbanisation and population growth. As you will see, we believe they should ensure strong continued growth in demand for cross-border news.

We hope you find this paper interesting and welcome your feedback.

Best wishes

Sam Tomlinson
Partner, PwC UK

Research methodology

To begin, we defined two key terms:

- **'News':** information from a recognised news provider about any of business, politics, current affairs and culture, in any format e.g. television, print, website, app, radio; and
- **'Cross-border news':** news that people consume (e.g. watch or read) on a monthly basis that is produced outside of the country in which they currently live.

Our objective was to consider three broad questions about cross-border news:

1. How has cross-border news consumption changed over the last 10 years?
2. What are the key factors driving this change?
3. How might cross-border news consumption develop over the next 10 years?

Surveys: Our primary information source was specifically commissioned first party research, comprising an online survey in ten countries (listed below) with a minimum 500 valid respondents per country, generating a total population of just over 5,000 valid responses.

The ten countries where surveys were conducted:

Argentina	Egypt	France	Germany	India
Mexico	Russia	Spain	UK	US

The countries were selected to give a reasonable spread across mature and emerging markets and at least one country in each major media region. The survey was translated into a number of different languages to facilitate completion. It was designed to take no more than 15 minutes for respondents to complete. Survey fieldwork was conducted from 25 September 2015 to 22 October 2015.

The survey included demographic questions, and 21 questions on news consumption habits and behaviours and how these had changed over the last 10 years.

Soft quotas were in place in each country to ensure a reasonable balance in terms of key demographic features including age, gender and income. However, the survey was deliberately designed to be a survey of news consumers, not a general population survey, so is not necessarily fully representative of each country. Any respondents who did not consume news (from any source i.e. domestic or cross-border) on at least a monthly basis were screened out and not included in the research. For mature markets such as the US and UK, this distinction between general population and monthly news consumers has minimal impact since the vast majority of people do consume news at least monthly; but in some emerging markets (e.g. India), care should be taken to interpret survey results as reflecting the behaviours of news consumers not necessarily the general population.

(Note: throughout this paper, tables may not sum to 100% due to rounding.)

Other information sources: We supplemented our bespoke research with other PwC data sources including our *Global entertainment and media outlook* and *Megatrends*. Our research was also supported by a review of existing literature and research studies.

Interviews: We also corroborated and challenged our research findings through one-hour interviews with senior leaders at five global news organisations:

Dan Constanda	CNN	SVP & COO of CNN International Commercial
Jim Egan	BBC Global News	CEO
Tony Danker	Guardian Media Group	Chief Strategy Officer
Sterling Proffer	Vice Media	Head of Growth
Patricia Villegas	teleSUR	President

'Bundles' of news sources: Within the constraints of a 15 minute survey it was not practical to ask our 5,000 respondents about individual cross-border news providers, nor was it our objective to obtain company-specific data. Our survey questions therefore asked respondents to consider 'bundles' of news sources based on their geographic source:

- **US news sources** e.g. CNN, Fox News, MSNBC, ABC News, Huffington Post, Vice, Buzzfeed, New York Times, The Wall Street Journal
- **UK news sources** e.g. BBC News, Sky News, The Guardian, Mail Online, Financial Times, The Economist, The Times
- **Asian news sources** e.g. CCTV, China Daily, NHK, channelnewsasia, Times of India, Hindustan Times, Xinhua news agency
- **Middle Eastern/Arabic news sources** e.g. Al Jazeera, Al Ahram, Al Hurra, Al Arabiya, Press TV, HispanTV, i24
- **German news sources** e.g. Deutsche Welle, Die Welt, Der Spiegel
- **French news sources** e.g. Euronews, France 24, Le Monde, Le Figaro, Agence France Presse (AFP)
- **Russian news sources** e.g. (RT) Russia Today, Izvestia, RBK, Kommersant, RIA Novosti/Sputnik
- **Latin American news sources** e.g. TV Globo, teleSUR, La Prensa, La Nación, El Universal

This 'bundling' approach means care should sometimes be taken when interpreting survey data in this paper. For example, Euronews could equally be described as a generalised 'European' news provider rather than being recognisably French in origin, so might exaggerate the levels of consumption of French cross-border news. And there are major variations in the size and constituent parts of each bundle, from multi-national, multi-lingual bundles (e.g. Asian news sources) to broadly multi-national, single-language (e.g. Latin American or Arabic) and single-national, single-language (e.g. German or Russian).

"With more being available online, it's easy now to pick a topic and ***research many views then form your own opinion****."*

UK respondent

"I shifted from television news from media outlets in my country to following other formats or sources from ***different countries and perspectives****."*

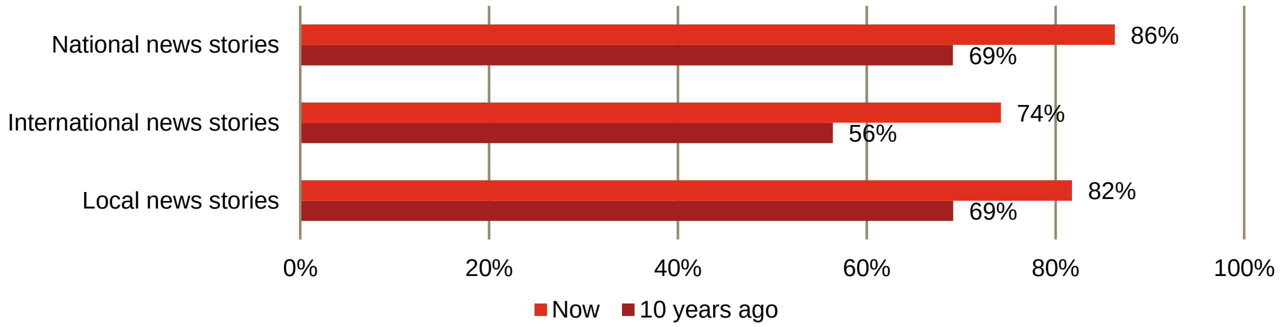
Spanish respondent

The last 10 years: the rise of cross-border news

News consumption patterns have changed rapidly over the last 10 years, with a particular impact on cross-border news. 10 years ago, the cost of distribution presented a high barrier to entry, limiting providers to well-established, predominantly western, providers such as BBC, CNN and Financial Times. But in the past decade reduced distribution costs (driven by technology) have facilitated supply, while increased international curiosity and mobility has fuelled a surge in demand. The result has been both growing audiences for traditional cross-border news organisations and successful entrances by new providers.

News consumption was strong 10 years ago and is even stronger today, with 86% of our survey respondents accessing national news stories multiple times weekly (see Figure 1). Nearly half of them also commented on or shared articles at least monthly, indicating a very high level of engagement with news. Our survey also identified that cross-border news users access 4.1 news sources per month, compared to 2.5 a decade ago. It is clear that news is more relevant than ever, to more people than ever.

Figure 1: Increasing consumption of all types of news stories over the last 10 years
Q: How often do you currently access these types of news / And thinking back 10 years ago, if you answered this question back then what would you have said?

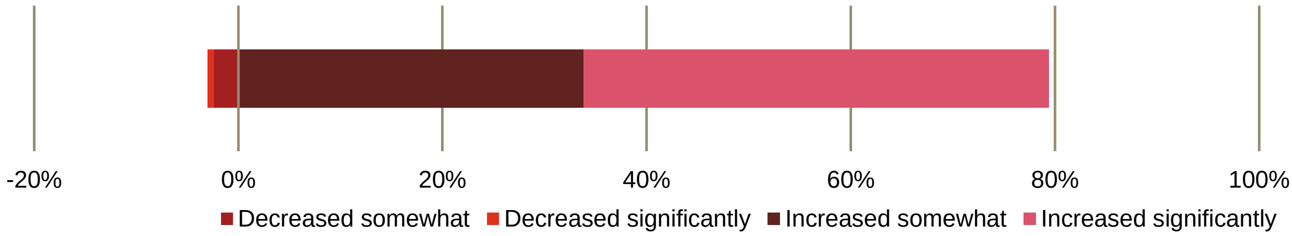


Base: All respondents (5,013) / all respondents aged 25+ (4,012)

Having established the ongoing importance of news, we asked our respondents how their demand for different perspectives on news and current affairs has changed over the last 10 years: 79% said it has increased (Figure 2).

While the demand for different perspectives could theoretically be satisfied with multiple domestic providers, our survey data was also clear that as the demand for perspectives increases, people naturally look outside their own borders for different information and opinions.

Figure 2: Increased demand for different perspectives
Q: How has your demand for different perspectives on news and current affairs changed over the past 10 years?



Base: All respondents aged 25+ (4,012)

17% of respondents who said their demand had 'stayed the same' are not shown in Figure 2

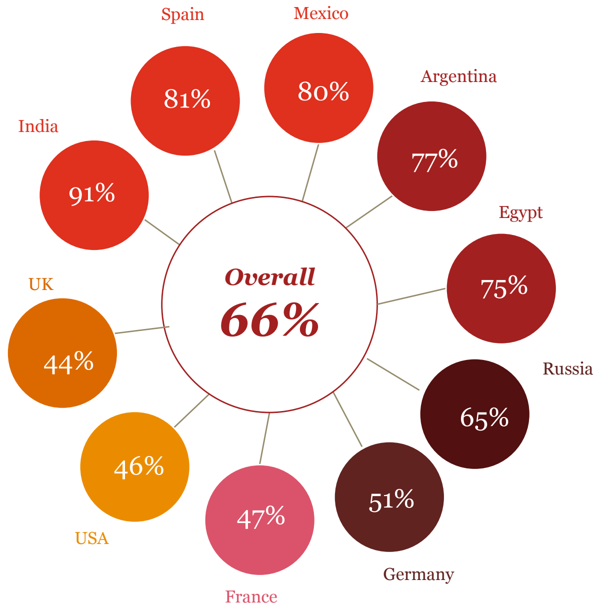
Users of cross-border news

Digging deeper into the demand for different perspectives, we find a theme that recurs throughout our research, namely considerable variation between mature and emerging markets (where emerging markets are defined for this paper as faster-growing, non-western economies). The US, UK, and Germany exhibit much less increase in demand, with approximately 30% of respondents saying their demand for different perspectives has not increased over the past 10 years, and only 68% saying it has increased; whereas in the emerging markets of India, Mexico and Argentina an average of 92% said their demand for different perspectives has increased.

There is a similar theme with questions specifically about cross-border news. An average of 66% of all our respondents consume cross-border news on a monthly basis i.e. read or watch news that is produced outside of the country in which they currently live. There is a strong level of cross-border news consumption in all markets, but particularly in emerging markets (Figure 3). We will examine possible reasons for this later.

Figure 3: Cross-border news use driven by emerging markets

Q: Do you consider yourself to be a user of cross-border news on a monthly basis?



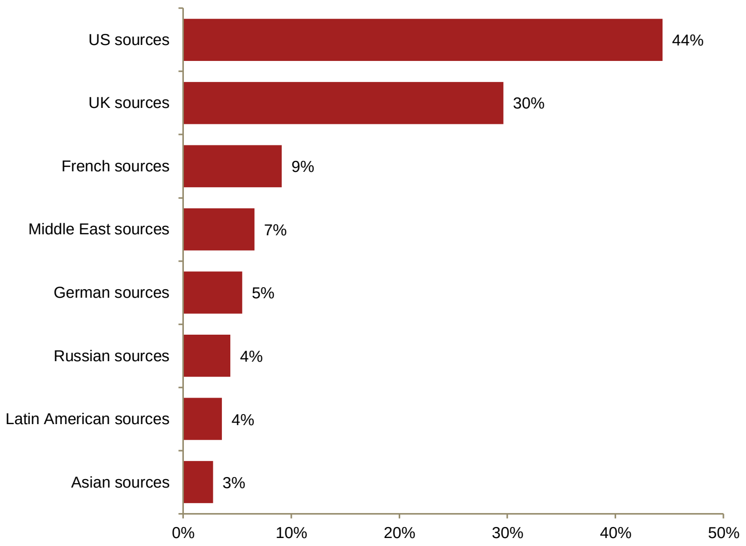
Proportion of respondents (c. 500) in each country who consume cross-border news each month

Base: All respondents (5,013)

Sources of cross-border news

Figure 4: UK and US sources have a significant lead in terms of usage

Q: Which of the following sources have you used in the last month?



Proportion of total respondents using cross-border news sources (i.e. from sources outside the country in which they live)

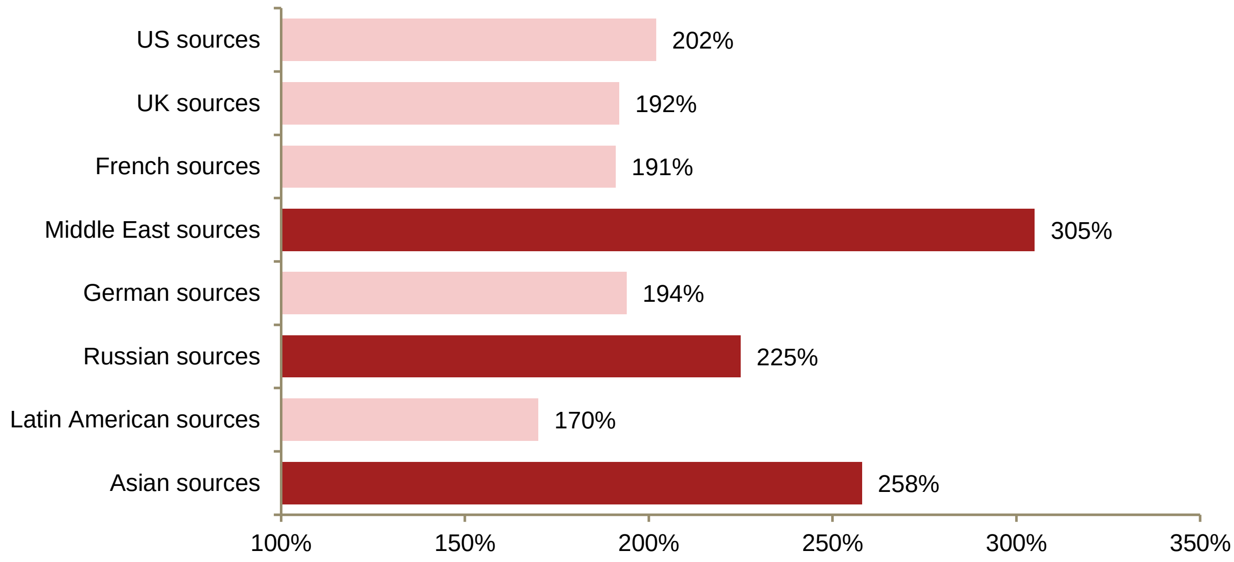
Base: All respondents (5,013)

While the US and UK might not be the keenest cross-border news consumers themselves, they are still the places that many others around the world turn to for additional information or a different perspective. When looking at sources of cross-border news, in absolute terms the US and UK sources are the largest by some distance (Figure 4), probably reflecting a combination of the mature and established nature of news providers in these markets together with the fact that they naturally report in the global *lingua franca* of English.

However, although US and UK sources dominate in terms of absolute size, it is Middle Eastern, Asian and Russian news sources that have exhibited the fastest growth (albeit from much smaller bases) over the past 10 years (Figure 5).

Figure 5: Rapid growth in Middle Eastern, Asian and Russian sources

Q: Have you used [provider] in the last month/did you read or watch news from [country] 10 years ago?



Growth rates in usage over the last 10 years
Base: All respondents who use each source currently / 10 years ago

> *"Before I didn't access international providers in a **continuous way**, only sporadically"*
>
> *Spanish respondent*

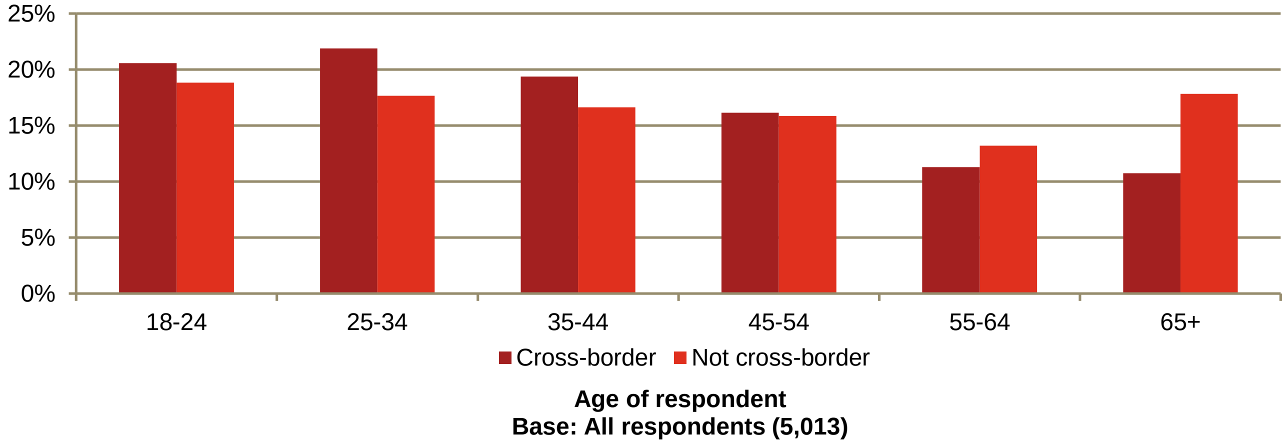
> *"Today, I can **access millions of channels** and views whether through social media or international official news websites."*
>
> *Egyptian respondent*

The demographics of cross-border news users

Cross-border news users span a wide spectrum of age, location, and income – as you would expect given 66% of all respondents consume cross-border news – but our research did show that, on average, cross-border news users are generally younger, more urban and more affluent.

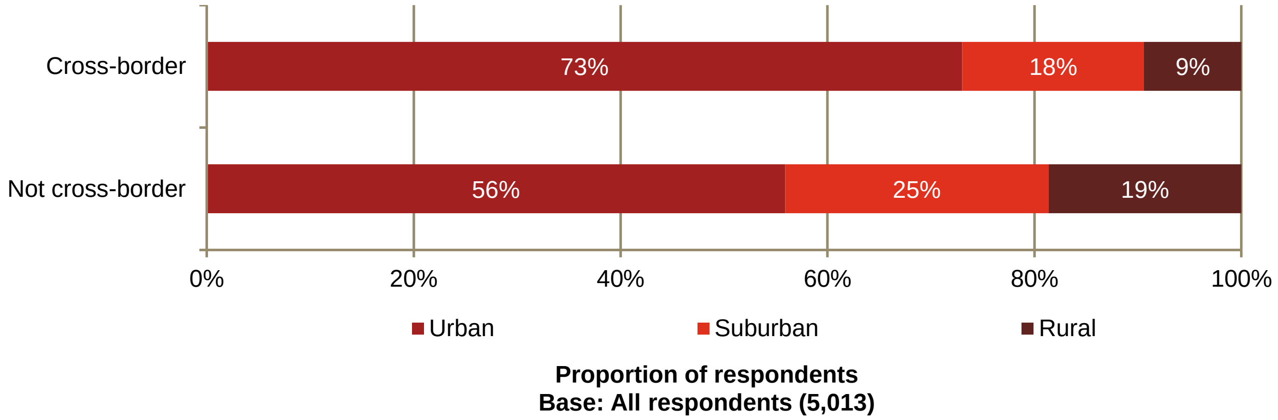
Young: 43% of cross-border news users are under 35, compared to 37% of non cross-border news users in this age group. This partly reflects technology, a key drivers of cross-border news, with website use skewing slightly to younger age groups. (Non cross-border news users are those that consume news, but not cross-border news.)

Figure 6: Cross-border users are younger



Urban: 73% of cross-border news users are urban (Figure 7); and looking at this in reverse, 71% of urban respondents use cross-border news. In emerging markets this is partly attributable to technology, with urban areas more likely to have internet connectivity and therefore easier access to cross-border news sources. Education is also likely to play a part, as urban areas give families access to education and the ability to consume news in a language that is not their native tongue.

Figure 7: Cross-border users are more urban

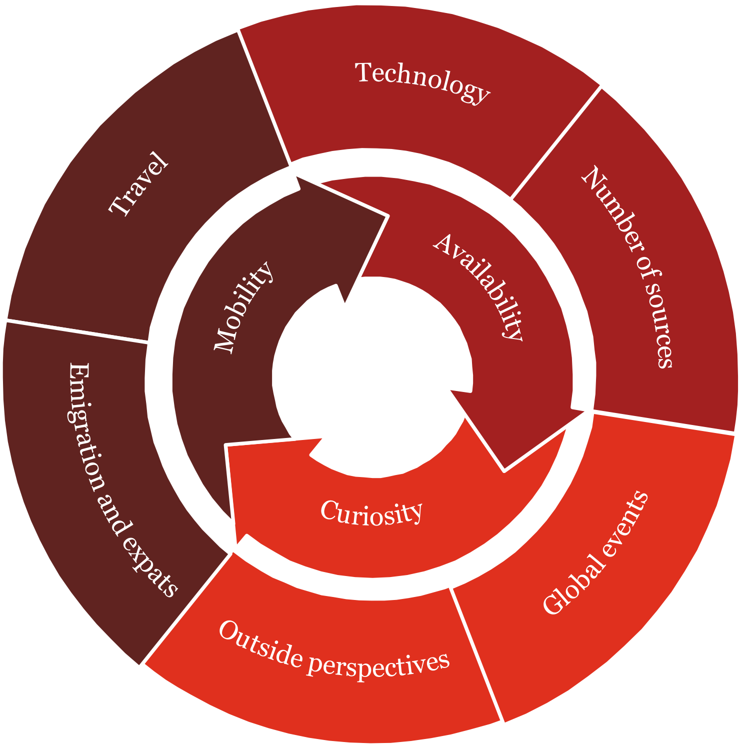


Affluent: Finally, cross-border news users more likely to be affluent, being 40% more likely to be in the high or very high income ranges (defined relative to others within their country).

The drivers of cross-border news: availability, curiosity and mobility

Having established that cross-border news has grown significantly over the last 10 years, we next attempted the more challenging objective of understanding the reasons for this growth. Our framework sets out three primary drivers – availability, curiosity, mobility – each with two supporting elements, as shown in Figure 8:

Figure 8: The drivers of cross-border news



This next section explores each of these areas. While it is clear that availability, curiosity and mobility are interrelated – they are all aspects of an interconnected and globalised world – our survey data suggests that availability and curiosity have a greater impact than mobility.

Mobility is correlated with cross-border news consumption, but there are simply not enough expatriates (expats), emigrants and travellers to be a major driver of cross-border news consumption in the ten countries surveyed. As this section will show, only 11% of cross-border users said travel and mobility are key drivers in cross-border news consumption; in contrast, more than 50% of respondents said they access news from more sources due to easier access than 10 years ago and more than 50% of cross-border users identified outside perspectives and stories of interest as key drivers.

Availability

In considering availability, we identified two linked but separate elements:

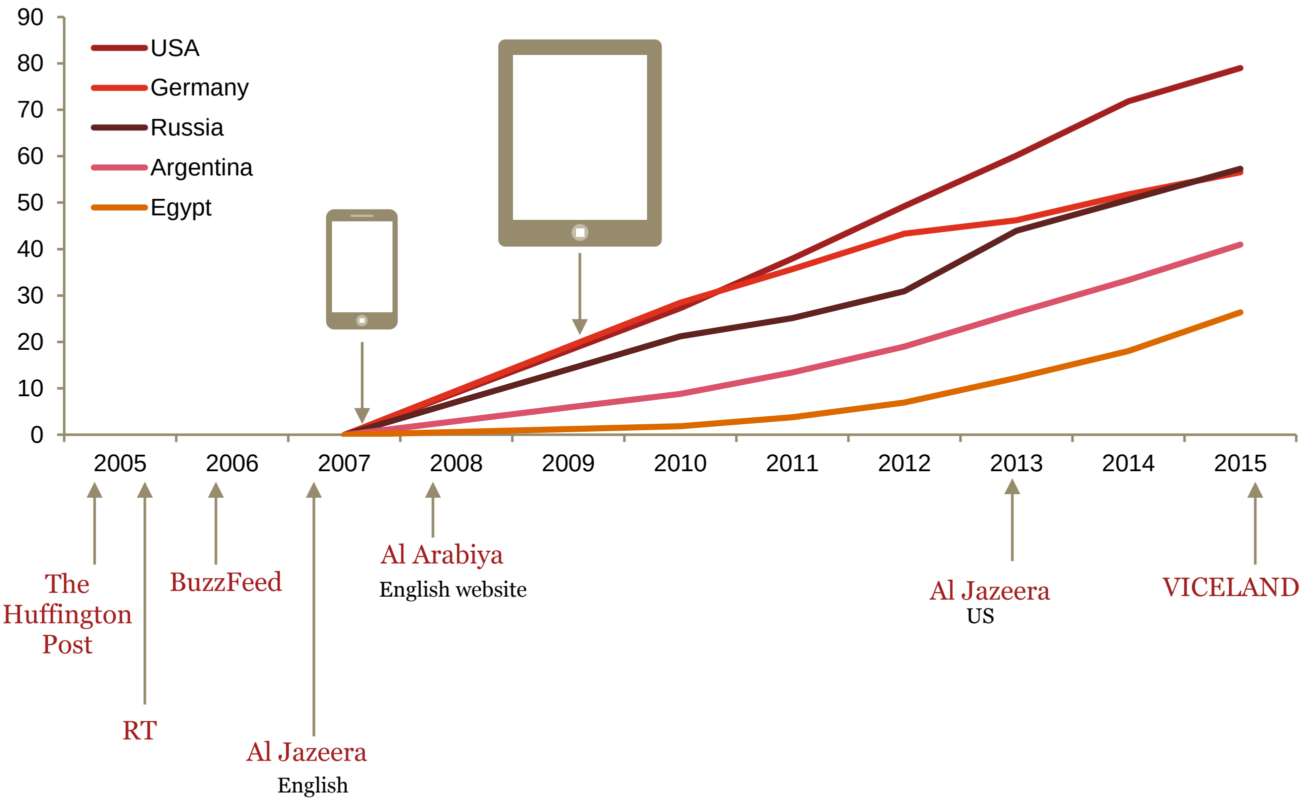
- **Technology** – the increased use of the internet, particularly web-enabled mobile devices, has made it much easier for people to access news sources that come from outside their own country
- **Number of sources** – the number of news sources has proliferated over the last 10 years meaning there is more choice both within and outside one's own country

Our survey data clearly shows the role of technology in making cross-border news more available. 52% of respondents aged 25+ said that they now access news from many more sources because they have access to them when compared with 10 years ago.

Figure 9 below illustrates the evolution of both technology and sources over the last 10 years i.e. (i) the rapid growth of mobile internet penetration, which was almost negligible even in developed markets 10 years ago; and (ii) examples of new providers of cross-border news.

(In addition there are also new cross-border news outlets that have been created by existing media networks, including the expansion of organisations such as CNN and BBC into new markets and alternative languages.)

Figure 9: Mobile internet penetration (%) and launch dates for devices and media

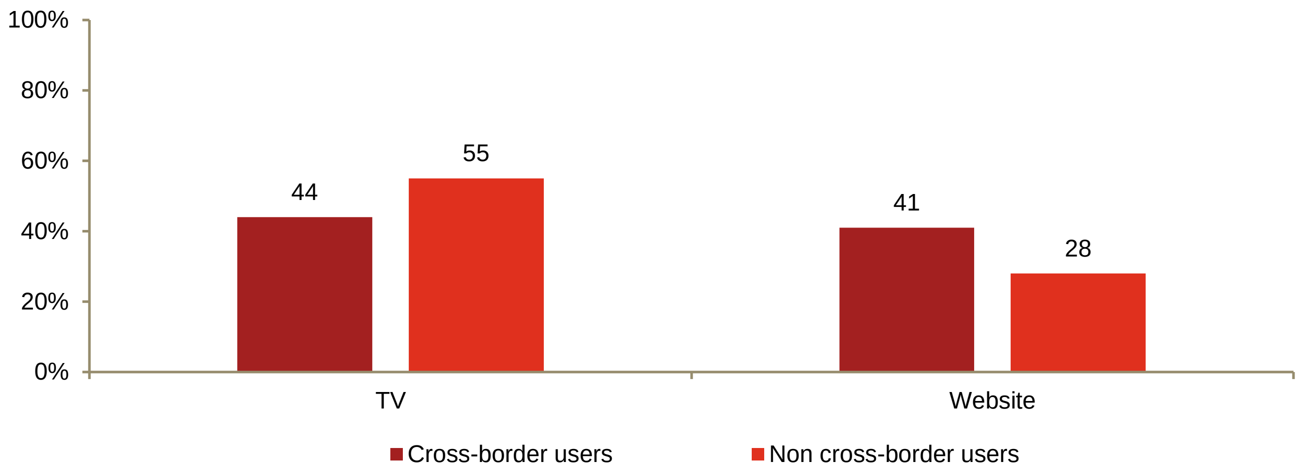


Source: PwC's *Global entertainment and media outlook*
*(**Note:** Mobile penetration data only available from 2007 onwards)*

Yet the advent of new technology has not completely disrupted more traditional methods of consuming news. Indeed, digital consumption often seems to be incremental to traditional platforms rather than displacing them. Television remains the most popular format of news consumption with 48% of all respondents saying this is their main format of consuming news as compared to 36% who said that website is their main format. However, this difference is much narrower for cross-border users as shown in Figure 10: for cross-border users, website (41%) is almost as popular as television (44%) and could reasonably be expected to overtake it during the next 10 years.

Figure 10: TV remains the leader, but cross-border users access websites almost as much

Q: What is the main format you currently use to access the news?

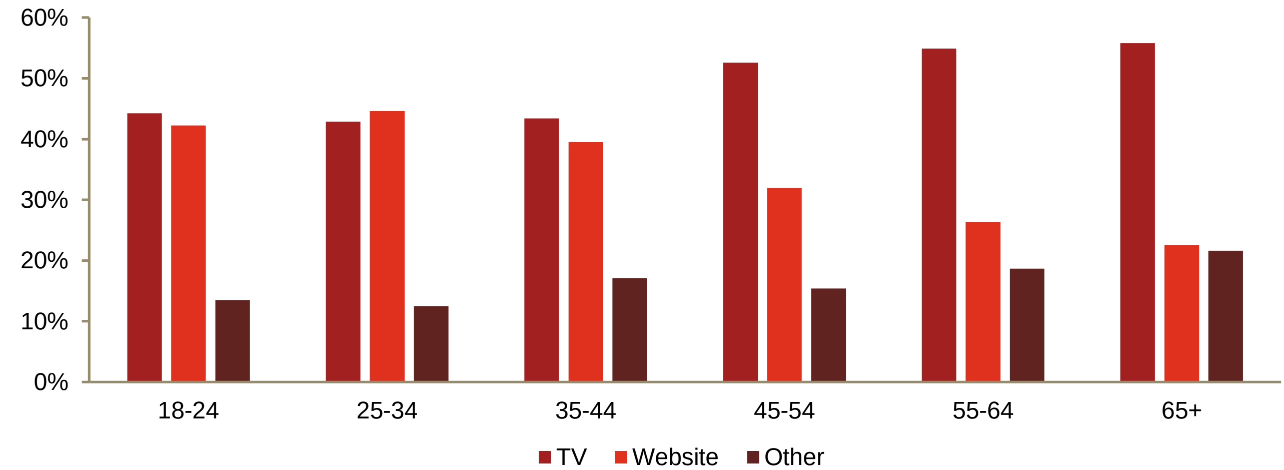


Base: All respondents (5,013)

Television is still holding its own even among younger generations, as illustrated in Figure 11:

Figure 11: TV remains the leader, particularly with older users

Q: What is the main format you use to access the news?

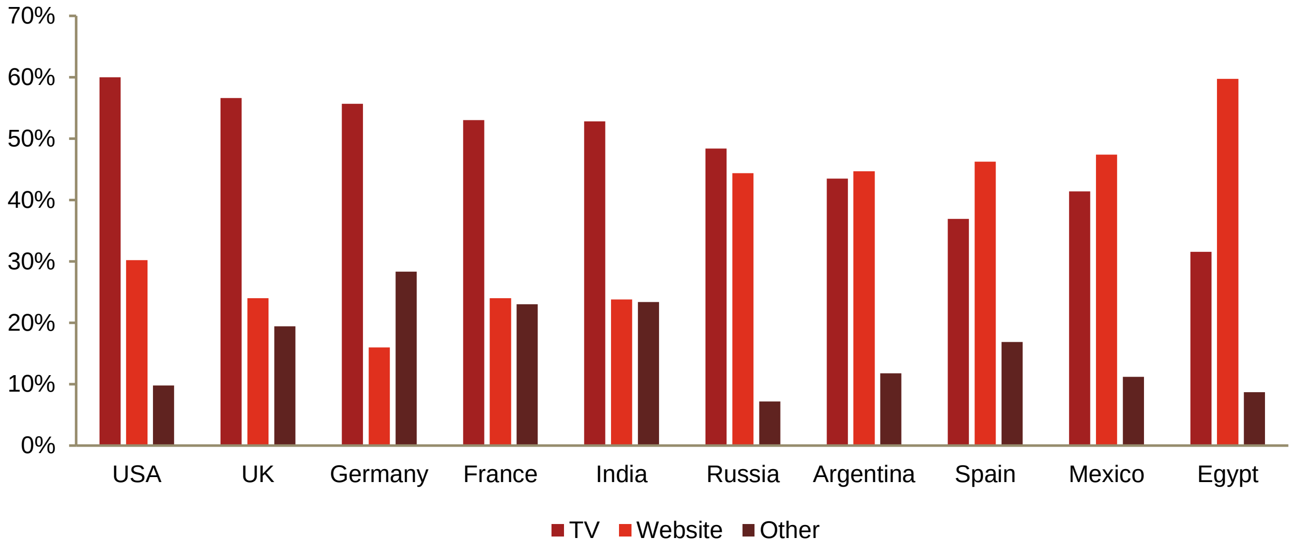


Base: All respondents (5,013)

We see interesting variations between countries in the television/website divide (Figure 12). In Spain, Argentina, Mexico and Egypt website was the most popular main format for accessing news; and these were four of the top five countries surveyed who had the highest proportion of cross-border news users. The outlier is India which, while having the highest population of cross-border news users of any of the countries in our research at 91%, still has television as the most dominant format at 53% of respondents compared to 24% preferring websites.

Consistent with other research (Gallup, Reuters Institute), we see that television still has a hold in more mature markets where a combination of regular evening television news bulletins and rolling 24-hour news have enabled this traditional medium to retain popularity.

Figure 12: Emerging markets have a preference for website



Base: All respondents (5,013)

In summary, our data suggests those countries with mature and established news providers tend to show less desire, or arguably need, to embrace changing technologies in order to satisfy their news demand as they consider this to already be met by the existing providers and formats. It is the emerging markets, with less mature media markets, that exhibit more willingness to look outside their own borders for news. We see similar themes when we look at our next driver, curiosity.

*"I used to only have a TV, where they would choose the news stories and there was nothing you could do about it. Now I have an internet connection and **can choose myself** what I want to read."*

Russian respondent

*"Due to the opening up of the news media, the **ease and feasibility of accessing different content**, we can have a different vision of the same news story or topic; something that we didn't have 10 years ago."*

Mexican respondent

Curiosity

In our framework for the drivers of cross-border news we considered two aspects to curiosity:

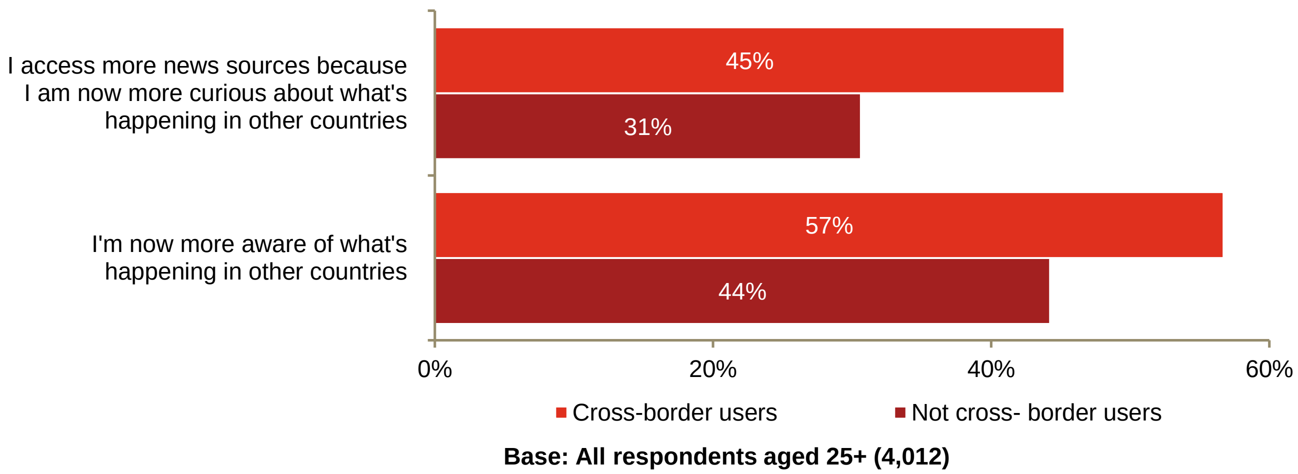
- **Global events** – people are more aware of events that occur outside their own country or that transcend borders, and are also more willing to think globally rather than just nationally
- **Outside perspectives** – an increasing recognition that for some events there may not be one version of the story, with people recognising the need to consider multiple views and perspectives before arriving at their own conclusions on events

Our survey shows that both these factors have an influence, and that they are strong determinants of behaviour for those that are cross-border news users. 52% of cross-border users said that key drivers for choosing their news providers are that 'they provide a perspective from outside the country in which I live' and 'they cover the stories that are interesting for me'. These consistently scored higher than factors such as trust, values, language and mobility.

Furthermore, when respondents were asked how their news consumption patterns had changed over the last 10 years, Figure 13 shows curiosity and awareness were common themes:

Figure 13: Increasing awareness and curiosity

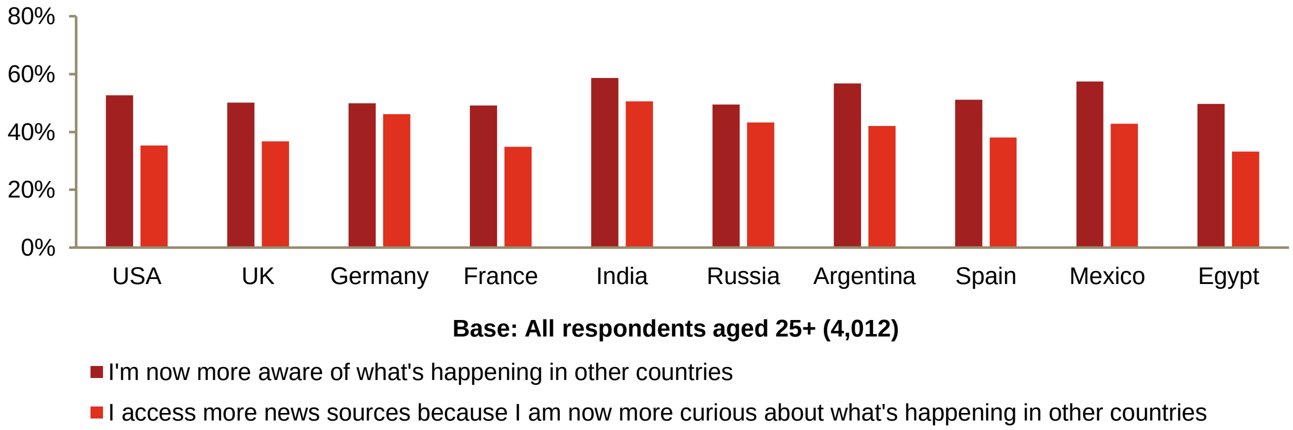
Q: In your experience, what are the changes to the way you consume news now compared to 10 years ago?



The answers to these questions were broadly consistent across all 10 countries (Figure 14):

Figure 14: Curiosity and interest consistent across countries

Q: In your experience, what are the changes to the way you consume news now compared to 10 years?



"It's now ***more interesting and important*** *to know what's going on in the country and the world than 10 years ago."*

Russian respondent

"I access more sources from further away and I'm ***more interested in international news*** *which further expands the breadth of the sources I use."*

UK respondent

"On having so many options, more compared with what was available 10 years ago; I can read different perspectives and ***come to my own judgement*** *or opinion, while expanding the information about a topic."*

Mexican respondent

"Cross-border events ***stimulate*** *cross-border news... post 9/11, US audiences came to us to understand global stories."*

Tony Danker, Guardian Media Group

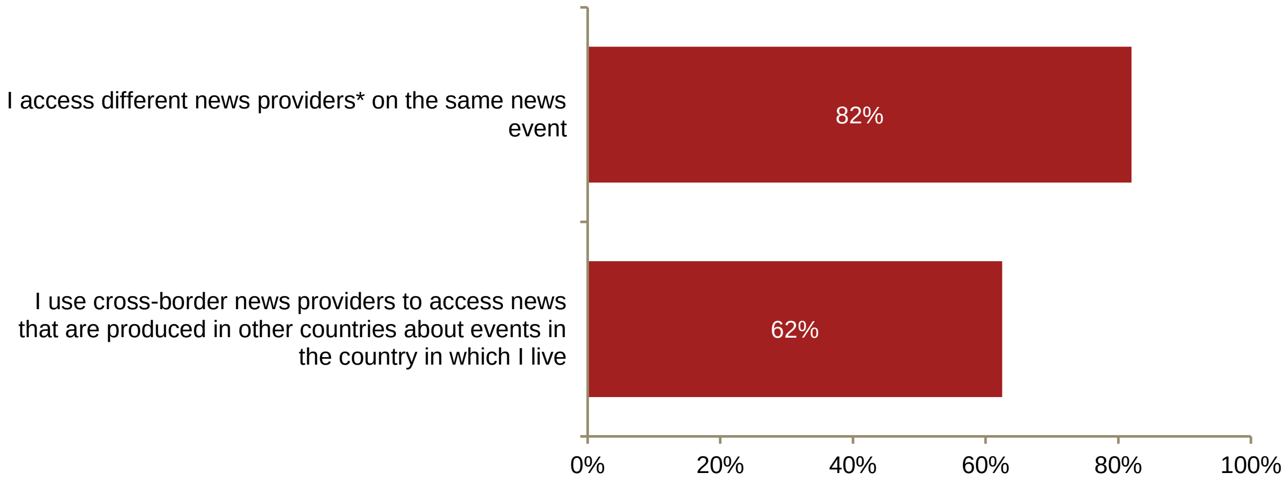
Three-quarters of respondents to the survey said they are ‘open to receiving news from all sources regardless of where in the world the provider is based’. This suggests an open-mindedness by consumers when they are looking for both information and perspectives; indeed, as technology breaks down many of the barriers between and across countries, news consumers are showing a relative lack of loyalty or commitment to one particular source.

It is this disruption of the traditional ways of delivering and consuming news that puts the consumer in control, enabling them to take ownership of how, when and where they consume news, what news they consume, and even what it is they consider to be news. We see an increasing willingness to collect multiple and varied viewpoints on a particular topic and use their own personal judgement to determine their conclusions.

82% of cross-border users access different news providers on a single news event, and 62% use cross-border news providers for a perspective on events within their own country (Figure 15).

Figure 15: Using cross-border news for events in one’s own country

Q: To what extent do you agree or disagree with the following statements



** News providers in this question could be either within or outside the respondent's own country, i.e. national or cross-border*

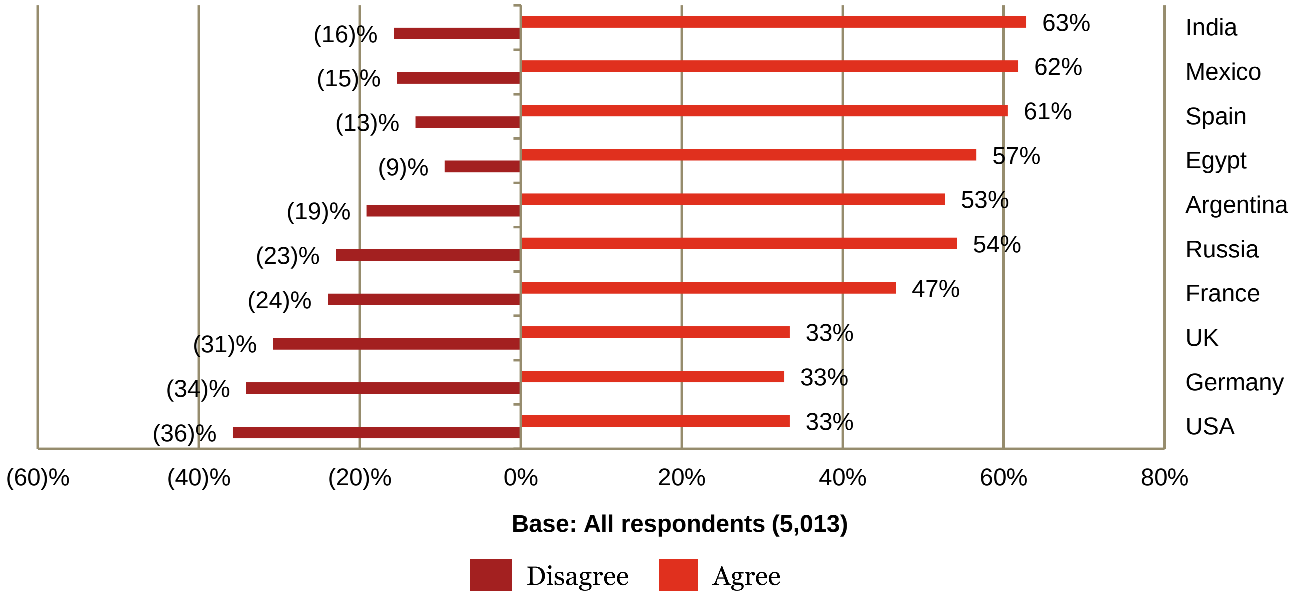
Base: All cross-border users (3,292)

Figure 16 (on next page) shows that respondents in emerging markets, which we have already seen are the most likely to use cross-border news, also have a greater tendency to say they ‘use cross-border news providers to access news that is produced in other countries about events in the country in which I live’ – that is, they are using cross-border news providers not just to learn about events abroad, but also about events in their own country.

In contrast, mature markets exhibit less inclination to look outside their own borders for news and perspectives. However, major cross-border news stories, particularly tragic events, do result in increased cross-border news consumption by countries like the US, UK and France. Tony Danker, Chief Strategy Officer for Guardian Media Group, highlighted the impact of two tragic global events: ‘Post 9/11, US audiences started coming to the Guardian to understand global stories....And large audiences in France went to our website after the recent Paris attacks, possibly to get a global view – it was by some distance the biggest ever Guardian website audience for a single day.’

Figure 16: Emerging markets more willing to look outside their own borders for news and perspectives

Q: I use cross-border news providers to access news that is produced in other countries about events in the country in which I live



We believe the propensity of respondents to look outside their own borders is, in part, a reflection of the relative maturity of, and trust in, their domestic media markets and news providers. To paraphrase, UK consumers might be less likely to look outside their borders for news providers because they trust the BBC, and so on. In other words, our survey data suggests cross-border news consumption is inversely correlated with the maturity of domestic news providers. Other research (Reuters Institute) has also identified that countries with higher levels of trust often have mature, well-funded public service broadcasters but further research would be needed to establish a causal link.

*"I feel more involved, so I'm **more curious**"*

French respondent

*"Before the news didn't interest me as much; now **I am interested in learning** more about the world in which I live and everything that may affect me."*

Mexican respondent

Mobility

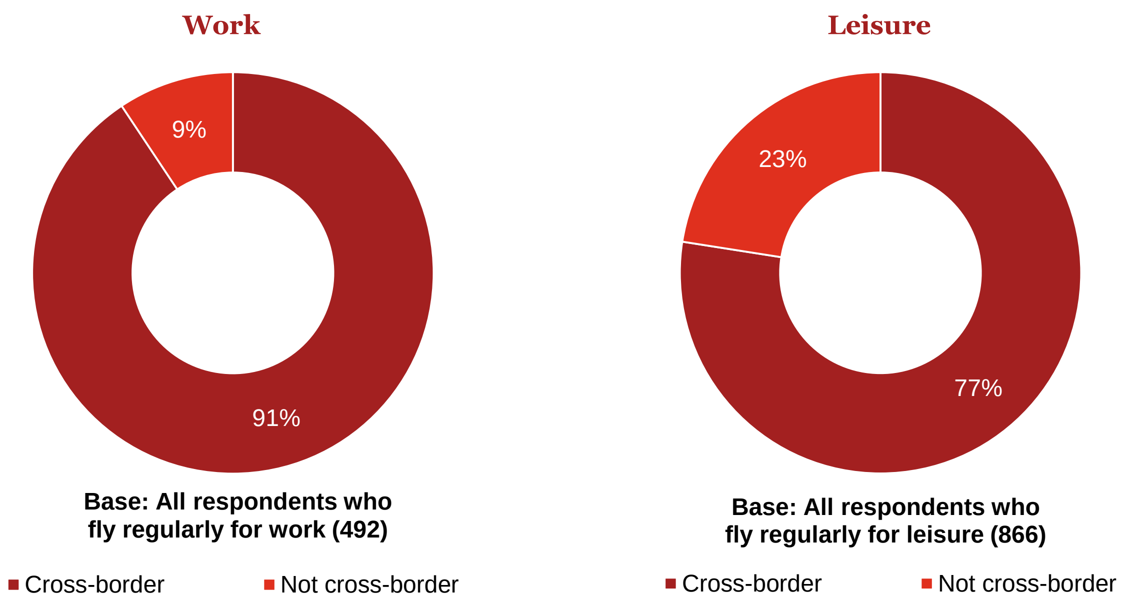
The third part of our framework for the drivers of cross-border news growth covered:

- **Travel** – the extent to which cross-border news consumption reflects people temporarily moving across-borders for work and leisure
- **Expats and emigrants** – the extent to which cross-border news consumption reflects people moving abroad (either temporarily or permanently) and wishing to maintain a link to their 'home' country

Our research found that, whilst undoubtedly these factors do have some impact on cross-border news, they are not as significant in terms of drivers as availability and curiosity. When asked what attracted cross-border news users to the bundles of news sources, only 11% of respondents said travel and mobility are key drivers; in contrast, more than 50% said they access news from more sources due to easier access than 10 years ago (see availability section) and more than 50% of cross-border users identified outside perspectives and stories of interest as key drivers (see curiosity section).

Our survey does show that those who travel regularly for work or leisure (defined as 3+ times per year for each) are significantly more likely to be consumers of cross-border news, particularly those who travel for work (Figure 17). However, because they are a relatively small proportion of all respondents, travel does not become a major driver overall.

Figure 17: Those who travel are highly likely to be cross-border users



Similarly, we found the expats and emigration drivers to be relatively weak when it comes to explaining the broad popularity of cross-border news. While those living outside of their native country were 10% more likely to be cross-border news users, less than 15% of total respondents cited having family in the country of a particular news provider as a key reason for choosing them. In other words, expats and emigrants are more likely to be cross-border news users, but there simply aren't enough of these people for them to be a major driver of cross-border consumption in the 10 countries surveyed.

A partial exception to this was for Latin America, where one-third of users of Latin American news sources said that it was partly because of a family link. This was corroborated by Patricia Villegas, president of teleSUR, who highlighted that a significant proportion of their audience in the US were either direct emigrants or recent descendants thereof. She highlighted that 'Second- and third-generation emigrants that are now American citizens still have strong roots in Latin America and therefore have a strong interest in the region.' In her view US domestic news providers can sometimes focus on e.g. Latin American drugs stories, whereas cross-border providers such as teleSUR offer a more balanced picture of Latin American news and opinions.

As an extension to mobility, our survey also considered language as a possible driver for cross-border news consumption – either the desire to use one's native language, or learn a new one – but again respondents did not identify this as a key driver. That said, it may impact the choice of news source, partially explaining the continued dominance of US and UK news sources that naturally report in the global *lingua franca* of English.

So while 'high-end' mobility (extensive travel, or living abroad) is strongly correlated with cross-border news consumption, there are not enough of such people for this to be the main driver of cross-border news. Accordingly, we consider mobility to be a lesser factor than availability and curiosity.

"Second and third generation emigrants that are now US citizens still have strong roots, and therefore a ***strong interest****, in Latin America."*

Patricia Villegas, teleSUR

"10 years ago I was more dependent on the TV and newspaper/radio for the news, now I can access them over the ***internet through websites and on phone through apps*** *on the go."*

Indian respondent

"Today ***technology*** *enables you to find out instantly what's happening anywhere in the world."*

Argentinian respondent

What does the future hold?

One of our interviewees posed the question, 'Could emerging markets create news brands that displace existing international providers at times of global breaking news?'

And while our instinctive reaction is 'no' – at least, not in a 10 year time horizon, due to the incumbency advantages of language, history and trust – we do think it's exactly the right type of question to be asking, given the pace of change over the past 10 years in both technology and news provision. We know further disruption is inevitable…but we also have a good sense of the key drivers of changes in cross-border news consumption over the last 10 years, and can use the likely future trends for these drivers to assess the possible impact on the cross-border news market.

Our predictions follow the same framework as the past 10 years i.e. availability, curiosity and mobility; and explore their interactions with trends in macroeconomics, urbanisation and population growth.

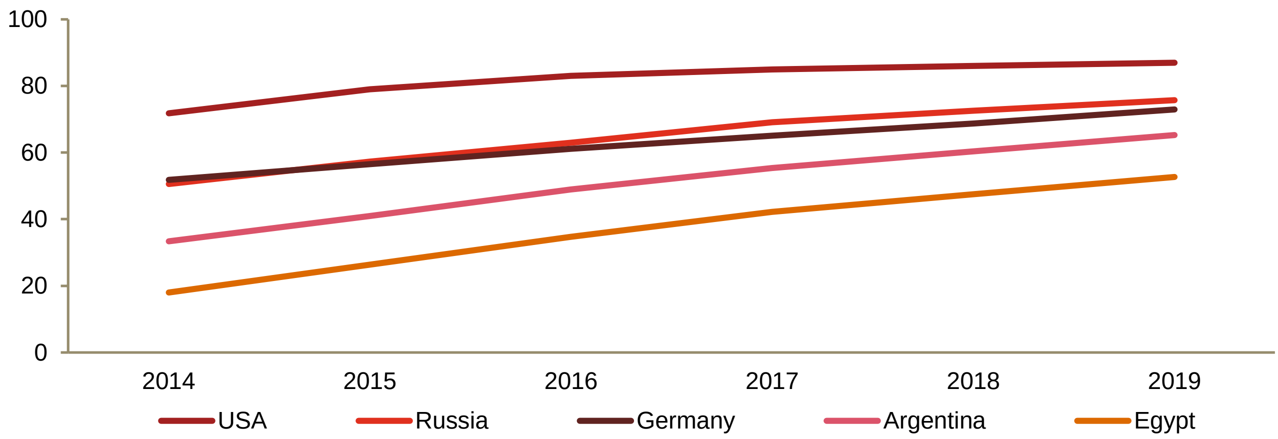
Availability

The pace of technological change is showing no sign of slowing. Technology has been a key driver in the growth of cross-border news to date, and we expect this to continue.

Internet access

Access to the internet, predominantly via mobile devices (Figure 18), has increased dramatically over the last 10 years, and will continue to grow fast over the next few years.

Figure 18: Expected mobile internet penetration %, 2014-2019



Source: PwC's *Global entertainment and media outlook*

PwC's *Global entertainment and media outlook 2015-2019* forecasts mobile internet penetration growth in all markets. In the more mature markets the US will see 72% penetration grow to 87%; the UK from 71% to over 90%; Germany from 52% to 73% in 2019; and so on.

This trend in mobile internet penetration is even more marked in emerging markets, where we expect to see countries such as Egypt triple in the next five years, from 18% to 53% and India going from 14% to 42%. Russia too is expected to grow from 51% in 2014 to 76% by 2019. This explosive growth in internet access in emerging markets, coupled with their propensity to explore different perspectives (see below), will continue to drive growth in cross-border news consumption.

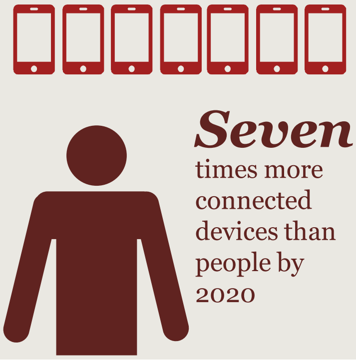
Consumers embracing technology

Not only is technology changing quickly, but adoption by consumers is also accelerating. It took 76 years for the telephone to be adopted by half of US households, but only 10 years for smartphones. And devices are growing prolifically – in PwC's *Megatrends* we predict that there will be seven times more connected devices than people by 2020, and that the new generation of 'digital natives' that use these devices will become the majority of the active adult population by 2020 in countries such as the UK. These digital natives will demand news with content and formats that work for them, which should increase the amount of cross-border news available on digital formats.

Years taken for telephone to reach half of US households; the smartphone in under ten

And what of television?

While it seems likely that websites will overtake television as the preferred platform for consuming cross-border news in 10 years' time, this does not mean that cross-border news consumption on television will not also grow, albeit at a slower rate. Al Jazeera and RT have both successfully grown their international television audiences over the last 10 years, as have other new television channels, and in 2015 we have seen the announcement that Vice will be launching a television channel in 2016. Our research has identified that television is still popular among even younger cross-border news users. Television will remain a key part of the strategy for many global news providers.



Seven times more connected devices than people by 2020

Supply of news sources

We also tentatively expect the number of cross-border news providers to increase. The internet has significantly reduced the barriers to entry for global news distributors, while demand for multiple perspectives has increased. With distribution costs falling and the potential audience growing, this might suggest more new entrants over the next 10 years.

Patricia Villegas, President of teleSUR, highlighted that 'Today news channels are able to specialise in the way they tell their news, allowing individuals to compare perspectives, and this is enabling new entrants into the market.'

The caveat to this forecast is the question mark over commercial viability. Tony Danker, Chief Strategy Officer, The Guardian, commented that 'It is not yet clear that there are viable commercial growth models for cross-border news.' Tony highlighted that The Guardian's successful penetration of the US and Australian markets came from growing local audiences: 'Local scale can be more important commercially than covering global stories, as advertising is still bought locally.'

Local scale is difficult to build, particularly for cross-border news, which is very rarely the primary news source of the news consumer. If commercial models are not viable, then the future of cross-border news could look very different in 10 years. State-funded or state-subsidised news providers might be better placed than purely commercial ventures, but all providers will be wrestling with the increased editorial costs that global coverage entails.

In addition, the very definition of a news 'source' is under revision with the advent of social media. Social media allows news articles to be easily shared, which can result in growth in cross-border news as social networks become increasingly global. But social media goes beyond peer sharing. Facebook Instant Articles and Apple News provide new platforms for traditional news providers, albeit ones in which the relationship with the consumer is controlled by the technology platform not the content creator. Snapchat Discover is a platform that allows user to explore different editorial perspectives, but from a restricted number of news providers. Twitter is not just a news platform but also a news provider, thanks to its user generated content. Social media clearly has the potential to boost cross-border news; but can also be highly disruptive to the customer relationships and commercial advertising models of traditional news providers.

Curiosity

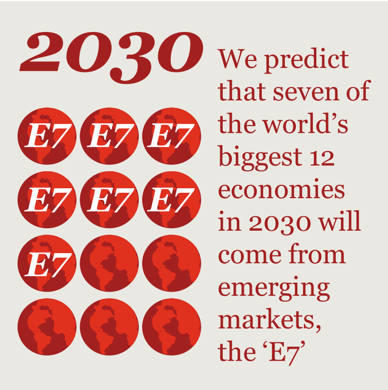
We have seen that an increase in both awareness of global events themselves, and the availability of different perspectives on these and other events, is a key driver of cross-border news consumption. Both of these factors are expected to continue playing a major role going forward.

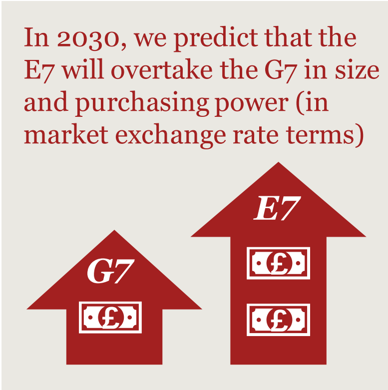
Global events

Awareness of global events is strongly linked to both the number of available cross-border sources and access to these sources. These factors will then be fuelled by the 'transference of significance', a term coined for us by Jim Egan of BBC Global News, which recognises that the interconnectedness of today's globalised society means that events in overseas markets have an increasingly significant impact on all markets. In other words, 'what happens over there affects us over here' (wherever 'there' and 'here' might be), and therefore the logical conclusion is for curiosity about overseas events and perspectives to continue to grow.

This 'transference of significance' links to the 'global citizens' concept used by a number of senior media interviewees to describe their audience. Global citizens recognise the importance and impact of world events and appreciate the need for global perspectives on them.

This interest in global events should continue to grow, with seven of the 12 biggest economies in the world in 2030 expected to come from the E7, a group of emerging economies comprising Brazil, Russia, India, China, Mexico, Indonesia, Turkey. PwC's *Megatrends* predicts that the E7 will overtake the G7 (US, Canada, Japan, Germany, UK, France and Italy) in both size and purchasing power by 2030.





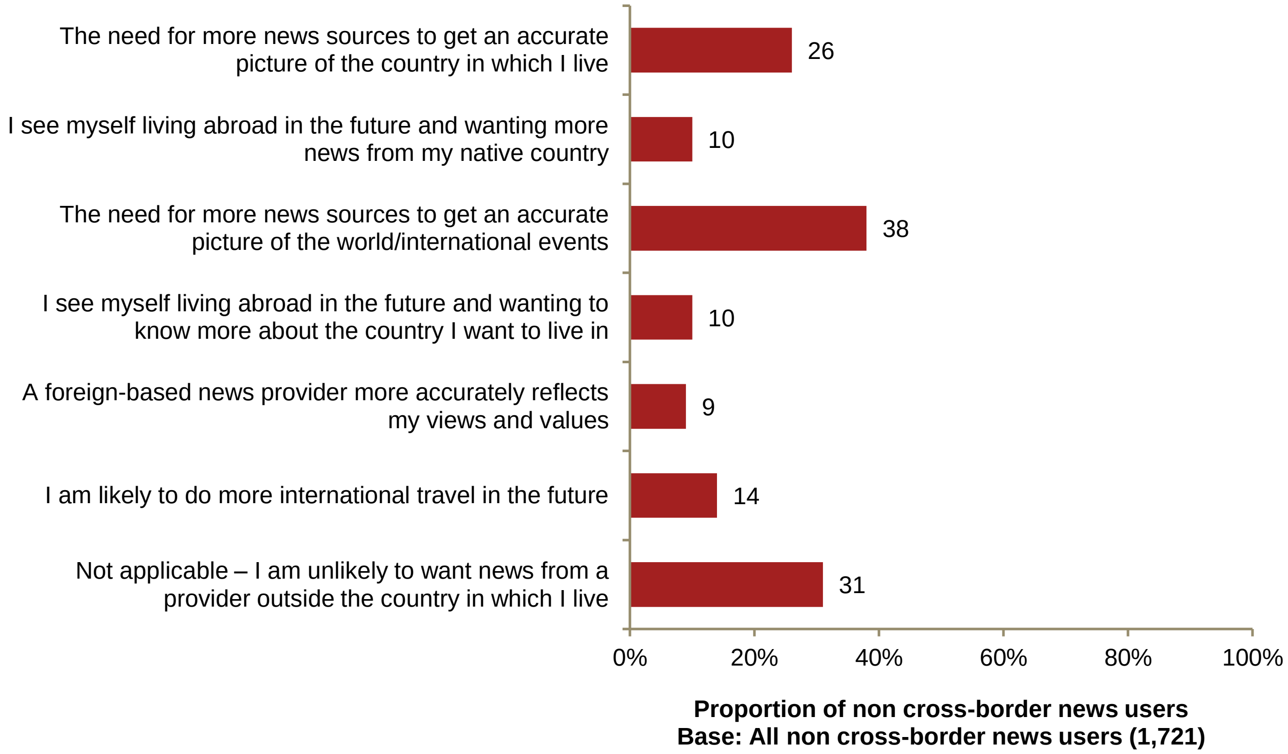
This power shift will mean that all cross-border news providers, both those originating in the developed and emerging markets, will need to provide a perspective on events in these markets just as much as they do on the traditional G7.

Different perspectives

Our survey identified that only 31% of non cross-border users felt it was unlikely they would ever start consuming cross-border news (see Figure 19). This suggests that 69% of news consumers who don't currently consume cross-border news should be considered as potential future cross-border news users. Figure 19 reinforces the importance of curiosity – that is, interest in different perspectives on both global and local events – as a key driver for this potential future audience, with 38% and 26% foreseeing possible needs for more news sources to obtain an accurate picture of the world and their country respectively.

> ***"Tell global stories locally, and local stories globally"***
>
> *Tony Danker, Guardian Media Group*

Figure 19: Factors that could influence respondents to use cross-border news in the future



*"The **Transference of Significance** drives greater interest in news stories from emerging markets as they have ever more impact on global markets."*

Jim Egan, BBC Global News

*"On having so many options compared with what was available 10 years ago; I can read different perspectives and **come to my own judgement** or opinion, while expanding my information about a topic."*

Mexican respondent

Mobility

Mobility – whether travelling or living abroad – is not currently a key driver of cross-border news, but it certainly contributes. Our survey revealed that about 10% of respondents who don't currently consume cross-border news would consider doing so if they moved abroad or did more international travel. And people are becoming ever more mobile. PwC's *Megatrends* notes the number of people living abroad has increased by 25% over the last decade and predicts a 50% increase by 2020.

We predict that there will be a 50% increase in global mobility by 2020

Urbanisation –that is, mobility within a country, from rural areas to cities – will also play its part. PwC's *Megatrends* highlights an additional 1.5 million people are added to the global urban population each week. Our survey indicated that urban living is strongly correlated with consumption of cross-border news: 71% of urban-dwellers use cross-border news, and 73% of cross-border news users are urban-dwellers. We believe this correlation is driven, at least in part, by technology (internet connectivity) and education. Assuming the correlation between urban living and cross-border news continues to hold in the future, the huge forecast growth in urban populations should generate significantly increased audiences for cross-border news.

1.5 million

people are added to the global urban population every week

Other factors: population growth and ageing demographics

Finally, the potential audience for cross-border news will also be impacted by global population growth, with an additional 1 billion people forecast for the next 10 years, with much of this growth coming from emerging markets, which as we now know often have a higher propensity to consume cross-border news.

1 billion

expected increase in the world's population by 2025

300 million

of that increase is predicted to come from those aged 65 or more

And in more mature markets, ageing demographic profiles might also drive cross-border news consumption in traditional formats such as television and print. Of the 1 billion expected population growth by 2025, 300 million will come from those aged 65 or more. And although cross-border news users are on average younger, the habit of consuming news increases with age. So today's younger cross-border news users will feed an even larger cohort of older cross-border news users in 10 years' time.

But we conclude with a word of caution. Sterling Proffer, Head of Growth at Vice Media, set out an alternative view that news appeal will increasingly be defined by shared generational sensibilities rather than by national boundaries and interests. In this reading of the future, those currently with ambitions to grow cross-border news might instead find themselves wrestling with how to grow cross-generational news in 10 years' time.

> *"The wall between* ***cross-border and borderless news*** *is simply one of accessibility – being able to create empathy with the user in any context."*
>
> *Sterling Proffer, Vice Media*

Conclusions

The news landscape has evolved hugely in the past 10 years due to technological change and new entrants. The use of cross-border news is now prevalent across all demographics and countries, but particularly the young, urban and affluent in emerging markets. Looking ahead 10 years is, of course, a challenging task. But we believe it is clear that the fundamental drivers of cross-border news – availability, curiosity, mobility – should, when coupled with trends in macroeconomics, urbanisation and population growth, ensure strong continued growth in demand for cross-border news.

We would like to again extend our thanks to our senior media interviewees for their time and insight, and for giving us the chance to corroborate and challenge our conclusions:

Dan Constanda	CNN	SVP & COO of CNN International Commercial
Jim Egan	BBC Global News	CEO
Tony Danker	Guardian Media Group	Chief Strategy Officer
Sterling Proffer	Vice Media	Head of Growth
Patricia Villegas	teleSUR	President

Finally, we would also like to thank RT for commissioning this independent research into the rise of cross-border news.

We hope you found this paper interesting and welcome your feedback.

*“Because I have **more access to news now than 10 years ago**, I believe I get a better perspective”*

US respondent

Appendices

Appendix 1: Bibliography

Listed below are the main research and data sources that we used in researching and compiling this study, in addition to our first-party survey of 5000 news consumers across 10 countries.

Source	Title	Date
American Press Institute	Social and demographic differences in news habits and attitudes	March 2014
American Press Institute	The Personal News Cycle: How Americans choose to get their news	March 2014
BBC	News consumption habits across multiple devices	March 2013
Broadcasting Board of Governors/Gallup	Contemporary Media Use in Russia	October-November 2013
Cisco	2014 Connected World Technology Report	March 2014
Enders Analysis	Friends with benefits: Facebook and publishers	October 2015
EY	Future of television: Media & Entertainment	2013
Gallup	Trust in Mass Media Returns to All-Time Low	September 2014
Nielsen	Local Watch: Where you live and its impact on your choices	January 2015
Ofcom	News consumption in the UK: 2014 Report	June 2014
Pew Research Center	News Use Across Social Media Platforms	November 2013
Pew Research Center	How social media is reshaping news	September 2014
Pew Research Center	Mapping Twitter Topic Networks: From Polarized Crowds to Community Clusters	February 2014
Pew Research Center	How people get local news and information in different communities	September 2012
Pew Research Center	State of the News Media 2015	April 2015
PwC	Cities of Opportunity: The urban rhythm of entertainment and media	February 2015
PwC	*Megatrends*	n/a
PwC	*Global entertainment and media outlook*	Annual, published each June
Reuters Institute	Digital News Report 2015	February 2015

Appendix 2: For more information

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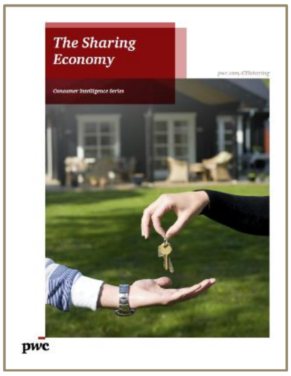
Appendix 3: Further reading

PwC invests in developing points of view on the significant and emerging issues affecting entertainment and media companies. Additional publications are listed below.

Joining the inner circle of trust: harnessing the revenue potential of the connected consumer

As entertainment and media companies increasingly cross traditional boundaries to compete in each other's core area, the race to achieve relevancy to the individual consumer and a greater share of lifetime value is expanding across all industry segments and into other sectors. Those players that achieve relevancy can join the consumer's `inner circle of trust'. To stay there, they'll need to apply innovation and agility to keep pace with the multi-faceted evolution of tomorrow's consumer.



Consumer Intelligence Series: The sharing economy

By unlocking the sharing economy today, can companies transform today's threat into tomorrow's opportunity? What must incumbents and challengers do to position themselves ahead of disruption and to capitalize on new sources of revenue? Through consumer surveys, conversations with influencers, interviews with business executives and social listening, PwC's research presents a holistic view of what's unfolding across business and consumer landscapes.

Consumer Intelligence Series: Mobile Advertising What do consumers want? Cross-country comparison

This report summarises survey findings among 3,800 respondents from Brazil, China, United Kingdom and the United States, focusing on consumer attitudes and behaviours surrounding mobile advertising. Consumers indicate their preferences on receiving ads that are relevant, but also that meet their expectations about the frequency and timing of the amount of ads received.

Appendix 4: PwC entertainment and media contacts

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