

Thursday, 22 August 2019

State of the Nation - Media: Harnessing the future by building Trust and dissipating Distrust

by Michele Levine, CEO, Roy Morgan

The media landscape in Australia is in an unprecedented state of disruption and change as digital media continues to upend established norms and business practices at a level we've never seen before. However, there is a 'hard' currency that remains constant that drives consumers to return to, or reject, brands and channels and that is Trust and Distrust.

For media channels and brands to survive and thrive they must build **Trust** and crucially, minimise **Distrust**. While a high level of **Trust** will keep audiences engaged and coming back, a high, or increasing, level of **Distrust** will drive audiences (consumers) away – perhaps never to return.

Trust is the foundation of all human connections – from intimate relationships to everyday business transactions: Making an online purchase, using Uber, taking a flight, providing credit card details over the phone or Internet, opening a door to strangers, getting married or believing the news.

Distrust is where our deepest fears, pain and betrayal surface. The shock of discovering we were foolish to trust too much. **Distrust** destroys social cohesion – immediately. **Distrust** triggers audience churn, **Distrust** impacts audience engagement, **Distrust** impacts consumer acquisition/retention, **Distrust** is the tipping point for reputational damage. **Distrust is the bellwether for an unsustainable future.**

Trust and **Distrust** of Media Channels:

- More Australians **Trust** 'newspapers' than any other channel – but down from 2018, ahead of Television, News & Newspaper Websites, Social Media, Radio and Magazines;
- Social Media is the most **Distrusted** media channel – but down from a year ago, followed by Print, Newspapers, Television, Magazines, News & Newspaper Websites and Radio;

Trust and **Distrust** of Media Corporations:

- ABC is by far the most **Trusted** media corporation followed by Nine Entertainment, SBS, Newscorp, Facebook, Seven West Media, Google/Alphabet Group and Schwartz Media;
- The most **Distrusted** media corporation is Facebook, although its Distrust has improved significantly since 2018, ahead of Newscorp, Nine Entertainment, Seven West Media, ABC and Fox;

Trust and **Distrust** of Media Brands:

- On a **Net Trust Score** basis the ABC is a clear leader ahead of SBS, The Guardian, BBC, SMH, Schwartz Media, NY Times, AFR, The Age and Al Jazeera;
- Facebook is at the bottom with the lowest **Net Trust Score**: Facebook followed by Nine Network, Twitter, Instagram, Seven Network, Foxtel, The Daily Telegraph, Ten Network and Herald Sun;
- In a fake-news world impartiality, balance & accuracy remain key drivers of **TRUST** in media;
- Whereas bias, poor journalism & data privacy concerns are key drivers of **DISTRUST**;

Where do Australians get their news?

- TV is the preferred news channel for Australians ahead of Newspapers, Radio, Social Media and Newsfeed sites;
- Now 60% of people mainly get their news via the Internet in some form – up from 58% a year ago;

Trust and Distrust directly impact audience persuasion and marketing effectiveness – good news for TV as easily the most **Trusted** source of news ahead of Newspapers and Radio – all well ahead of Social Media and Newsfeed sites;

FOR IMMEDIATE RELEASE

We are moving away from our traditional sources of news, entertainment and information – in favour of the any time, any place frictionless digital offerings. Traditional media audiences continue to slide – not even population growth can mask their loss of audience reach!

- **Long-term declines for traditional media continue** including for Commercial TV and followed by Magazines, Commercial Radio, Reading Catalogues, Non-community Print Newspapers and Local/Community Print Newspapers – but there are exceptions such as Outdoor Advertising and Cinema;
- **Anything digital is increasing** and over 95% of Australians use the Internet in an average week. The most popular Internet activities are Search, Online Communities & Messaging Sites, Portals, Email, News & Newspaper Sites, Banking Sites, Online Auction Sites, Directories, Travel Sites and Real Estate Sites;
- **Traditional media owners & brands have taken advantage of the innovative possibilities that ‘digital’ has enabled** – newspapers, magazines, websites, portals & apps; digital tv, streaming, catch-up etc. but the competition from the pure play digital often user generated content, and near-frictionless platforms, is proving very hard to compete with – both for audiences and for advertising revenues;
- **Traditional media is being consumed in new ways.** Television in all its forms still reaches the largest proportion of Australians but FTA TV and Commercial TV have declined in recent years while Pay TV/SVOD and Catch up FTA Site or App have both increased;
- **Newspapers have also transformed themselves.** Many Australians now read their newspapers online or via an app, if we look at ‘cross-platform’ audience of the major newspapers – their reach is not 36% (print only) it’s over three-fifths. If we include the additional reach of community newspapers and newspaper inserted magazines three-quarters of Australians read some form of Newspaper;
- **With few exceptions, Magazines have not substantially transformed to online** yet but the decrease in magazine reach is lessened if we include cross platform reach. Magazines reach nearly-quarters of Australians;
- **Radio has dipped slightly in recent years** but still reaches nearly four-fifths of Australians with Commercial Radio easily the preferred channel however there is strong growth for the downloading of Radio & Music Apps and for use of Spotify over the last few years;
- **Now nearly one-in-ten Australians download Audio/Video Podcasts in an average four weeks**, up from under 3% a decade ago and this is being driven by increasing Mobile Phone downloads;
- **Explosion of new technologies.** Now the vast majority of Australians own a mobile phone, over four-fifths have an Internet connection or broadband service at home (fixed or mobile), two-thirds have subscription/pay TV at home and over half have Subscription Video on Demand (SVOD),
- **Total usage of the Internet is now at 21.5 hours per week** driven by the increasing use of the Internet at home and at work. TV is second used with Radio in third;
- **Devices are smaller, faster, multi-functional & portable.** Nearly nine-in-ten Australians have a smartphone as their main mobile phone. Other devices growing include Smart TVs with in-built Internet, Fitness band/trackers, Voice activated smart speakers and Smart Watches;
- **Internet usage is now a part of daily life.** Now 81.7% use the Internet more than once a day;
- **Over nine-in-ten Australians now use Social Media Websites** led by Facebook and YouTube. Other sites don’t have that level of penetration but do reach many millions of Australians including Facebook Messenger, Instagram, Pinterest, Twitter, LinkedIn, WhatsApp, Reddit and Skype;
- **A growing number of Australians are downloading apps to use on their Smart devices.** Nearly three-quarters of Australians have now downloaded an app. The most popular are Online Communities & Social Networks followed by Banking Apps, News, Newspaper & TV Apps and Radio & Music Apps;
- **The most popular apps Australians have downloaded** are led by Facebook and followed by Google Maps, YouTube, Google and Instagram;
- **Despite issues of Distrust the reach of Facebook is greater than ever before** with 15.8 million Australians using Facebook in an average week and 13.4 million now using YouTube. However, growth in reach has slowed significantly since 2016 for both platforms;



- **Digital changes are not linear, they are exponential and accelerating:** Now over 10.9 million Australians have access to Netflix, up from next to nothing five years ago. The growth in Netflix has been astounding but other services including Stan, Google Chromecast, Apple TV, YouTube Premium, Amazon Prime Video, Kayo Sports and 10 All Access are also growing;
- **Outdoor Advertising is holding up as it too adopts digital technology.** Over three-quarters of Australians see Outdoor Advertising in an average week and this includes over half seeing Digital Screen Outdoor Advertising – up from around 40% four years ago;
- **Cinema attendance is also holding up.** Over a quarter of Australians attend the cinema in an average four weeks little changed from 15 years ago;
- **Optimising multimedia scheduling key to getting the most out of the digital data goldmine.**
- **Cross-over & unique audiences.** For example YouTube reaches 13.4 million Australians, The Seven Network 11.6 million and The Nine Network 10.9 million. But while Nine and Seven have a large overlap – YouTube reaches an additional 4.8 million people that aren't reached by Nine or Seven;
- **Reaching the 1.6 million people who are over 50 with \$500k or more in savings or investments:**
- **Media Usage Index for these valuable consumers** shows much more likely than the average Australian to read newspapers, use the Yellow Directory, read magazines and go to the cinema and less likely than the average Australian to listen to commercial radio;
- **They are more than twice as likely to be heavy newspaper readers** than the average Australian and less likely to not read newspapers or magazines. They are significantly less likely to be heavy internet users and far more likely to be light internet users and heavy cinema goers;
- **They like reading magazines** and the categories of choice are Newspaper Inserted magazines, sports magazines, Business, financial & airline magazines but clearly not into young women's magazines, music and movie magazines or men's magazines for that matter;
- **A cost-effective media strategy for reaching this key audience of wealthy Australians** aged 50+ could involve advertising via newspapers The Australian and Australian Financial Review, in the Bunnings Catalogue, on Smooth FM radio, with 7 News & 9 News and finally via YouTube on the web and/or App which would reach 1.43 million of the 1.6 million;
- **But what about 'effectiveness'?** Not all advertising is equally effective. Different media have different strengths in terms of 'time spent' with the various media, television 'outstrips' print easily. However, when it comes to advertising, print – especially magazines – has an additional qualitative benefit – readers value the ads.
- Contrary to what is sometimes said advertising is actually seen by readers as a valuable part of the print medium. Print has an important feature that television will never have – people actually read newspapers and magazines for the advertisements. The Roy Morgan 'Reactor' has found the **environment also plays a role in the performance of an advertisement.**
- Let me come back to the digital discussion – and make a really simple point. **Digital is just a channel; Programmatic is just a process**, a work flow, albeit automated and AI driven – we all knew that was going to happen. The challenge now is to harness these channels and tools to good end.

For more information or to organise an interview with CEO Michele Levine, please contact:

Roy Morgan Enquiries

Office: +61 (3) 9224 5309

askroymorgan@roymorgan.com

About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 75 years' experience in collecting objective, independent information on consumers.



FOR IMMEDIATE RELEASE

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.