Richard Gingras Senior Director, News @ Google

Building a Successful Future for News

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I have spent considerable time in Germany over the last several years. Interesting times. Fun times. I've made many good friends here even as we sometimes grapple with the challenges and opportunities of the evolving media ecosystem. Sometimes we find ourselves on different sides of an argument. Most often we find ourselves in agreement.

For me this is an endeavor of great personal passion. My long experience in digital media has only enhanced my belief that the future is bright, that the future of journalism will evolve to play an ever more successful role in how our societies manage themselves. Google and I remain dedicated to that objective.

In the last few years, German publishers and Google have achieved a lot together — working from our mutual and personal passion for journalism's future. We will continue our efforts to collaborate and move forward.

The World Wide Web has been with us for 25 years. The Web has grown from 25,000 websites in 1995 to approximately 1 billion websites today. The web serves 3 billion users around the globe, roughly 39% of our global population. There is still 61% left to grow!

Much of the user growth is fueled by mobile. There will be more than 2.5 billion smartphones in use by the end of 2016. More smartphones are activated every day than babies are born. That growth in smartphone use is not about users shifting focus away from desktop and laptop computers. These are users who have never had any form of computing device before. Recent data suggests that for 15–20% of internet users mobile is the only way the Internet is accessed.

We also see continued rapid growth in mobile advertising. While mobile constitutes 24% of the time users spend on media, it currently draws only 8% of total ad spend. Comparatively, print garners only 4% of time spent but draws 18% of total ad spend. Thus the opportunity for ad revenue growth on mobile is far higher.

More content is being created than ever before. More content is being consumed than ever before. The audiences are huge. It's only a question of how a publisher's product connects with those audiences.

Finding those audiences takes us to the nature of the internet as a content distribution environment. What is the role of a search provider like Google, or a service like Google News, or a social network like Facebook or Twitter?

To digital publishers, these various players are now understood to be components of a crucial discovery funnel. A discovery funnel through which publishers and brands can build audiences for both existing products and new ones. We see this in Europe with Spiegel's Bento, with Axel Springer's Business Insider, with the success of Edwy Plenel's subscription site Mediapart in Paris.

Metaphorically search and social and aggregation sites are the highly-effective yet low-cost replacements for the newsstands, news boxes, and promotional circulations that constituted the discovery funnel in the world

of print. This metaphorical representation of the ecosystem is driven by data. It is how the ecosystem works.

Two years ago I was closely involved in Spanish debates around Ancillary Copyright. I felt the value of the relationship between aggregation services like Google News and the websites of publishers was not appropriately recognized or understood—neither the benefits to publishers, who gained web traffic and revenue, nor the benefits to users, who have a simple way of finding many and varied news sources.

Sadly, the law was passed. And that was a loss for everyone who believes that the open fabric of website links is core to how information flows on the web and how people can follow those shared links to discover new voices, new brands and adopt them.

And when I say a loss for everyone, I mean everyone: readers, publishers, Google. In Spain, after much deliberation, and with considerable sadness, we decided to shut down Google News, on the principle that the web-link is vitally important to an open and functioning World Wide Web. Other news aggregation sites have closed as well. A sad day for the Spanish internet. A sad day for the internet overall. We did not collectively grasp how the ecosystem works nor understand how such a law would work against the short, medium and longterm interests of those who initiated it.

However, it was an informative lesson. It created a strong case study measuring the impact of the link economy, and of aggregation services in general, as tools for building audiences for news products.

Independent third party economists analyzed the impact ([Nera report](#)). They found that in Spain in 2015 internet traffic overall increased. Not surprising given the rise in internet users and smartphone users. However, in looking at news traffic they found the reverse had occurred. They found that news traffic went down over that same period. Internet traffic increased. News

traffic decreased. The lack of the amplifying nature of aggregation had its unfortunate effect.

In Spain, every news site lost traffic along with the significant economic value of that traffic. Sadly the smaller the news entity, the larger the impact. Thus the great opportunity to expand the number of news voices was crippled. Everyone lost.

I've heard larger brands suggest that that result was a good thing. The smaller news sites challenging them in the marketplace were hurt more than they were. That is a troubling short-sighted view. As the Internet audience evolves, younger generations seek out their own brands. The dominant brands of yesteryear are often not relevant to those audiences. The need and opportunity for new brands is large and ongoing.

Thus, every publisher should recognize the critical value of an open ecosystem in building audiences for new products, irrespective of the large legacy brands that publisher already owns.

I believe Google and publishers share a common cause. We both depend on an open ecosystem of expression and knowledge, an open environment for media distribution, an open environment that no one controls. It is the Web's rich ecosystem of knowledge that allows products like Google Search to have relevance and value. It is what allows Google's ad platforms to be successful. It is the Web that allows publishers to find and build new audiences for existing products, and of great importance, to find and build audiences for the new products that digital publishers and entrepreneurs are creating. Google and publishers are in this together. We together have a mutual self-interest in the health and viability of the open Web.

Last year we mounted a major effort to engage with publishers from around the world. We wanted to assess the state of the ecosystem, to understand the opportunities and challenges within that ecosystem, and collaboratively pursue initiatives of mutual benefit. In Europe these discussions happened

through the Digital News Initiative (DNI)—our framework for deeper engagement with the European news ecosystem.

It began with a simple premise: let's consider the specific challenges and opportunities we face and work on them together:

- How can we insure the health of the open web, the communications platform of all communications platforms, versus proprietary closed platforms—the Facebooks, the Snapchats, the WhatsApps—so that publishers maintain control over their content, over their business models, over their own destinies?

- How might we build new models to assure that audiences recognize the high-quality work of journalists as the credible efforts they are?

- How can we make it easier to create and distribute high-quality video, virtual reality, and other new media forms, at the lowest possible cost?

- How can we better enable subscription models, including new low-friction approaches to subscriber adoption and revenue growth?

- How might we reconsider ad models and behaviors to counter the disturbing rise in Ad Blockers?

- And last but not least, how might we address the need for the web to be as fast and compelling as any proprietary platform?

Right now, I'd declare that the web is in crisis. So let's think about how we can fix this. Together.

Let's talk about speed. Thirty-five years ago I was working on my first "online" news product, delivered to television sets using broadcast teletext, which continues to be popular here in Germany. I was once asked: what is the ideal access time in obtaining a piece of content? How fast did it need to be? My answer then was the same as my answer today: Instant! Anything less than instant simply reduces engagement. While we can't expand the

amount of time in a day, we can take steps to make sure every second is used more wisely.

The web today is NOT instantaneous, an all-too obvious and painful fact. For those who say my network is fast or my website is fast, I reply if it's not instant then it's not fast enough and user engagement will be left behind. Forty percent of users abandon a site if it takes longer than three seconds to load. An audience development strategy cannot achieve optimal success if users abandon pages due to sluggish performance or disrespectful user experiences.

Which leads to the second key challenge with today's Web: advertising that is too often more annoying than it is compelling. The unfortunate result: far too many people are reaching for an Ad-Blocker that strips the business model from the page entirely. Here in Europe Ad-blocker penetration is as high as 35–40%. In the US it's over 15%. Ad-blocking overall has increased 94% in the past year. No ads. No revenue. Rather than complain about the "injustice" of ad-blocking we should see it for what it is: a symptom of an advertising ecosystem that is not performing as it should be.

I don't mean to suggest that the ills of the advertising ecosystem are entirely the result of over-aggressive ad behaviors. No. Some are simply the result of the current nature of how web pages are architected, delivered, and presented.

It was these two interwoven issues of content and ad performance that led Google and three dozen publishers and technology providers, including FAZ and ZEIT here in Germany, to move forward last October with the Accelerated Mobile Pages project — or the AMP Project.

It is crucial that the Web be fast and compelling and doesn't unintentionally create opportunities for proprietary platforms to gain untoward leverage on a publisher's efforts to find audiences, engage those audiences, and build brand loyalty. One cannot escape the conclusion that some of the growth in time spent on social networks is a result of the comparatively unsatisfying experience of the web. And to that last point, Accelerated Mobile Pages is about being 'Instant Everywhere", everywhere a web page can surface — including when that page is shared and displayed on third party platforms,

on Facebook, on WhatsApp, on Twitter, or a publisher's own websites. In fact, AMP-HTML pages are the publisher's website.

The AMP Project is an Open Source project. It is a collective and collaborative effort driven by the long-held principles of the Web and based on existing web technologies. To put it simply it is a thoughtful re-architecture of existing web technologies to optimize for speed. It does so by reducing redundant code, by not downloading any data until and unless it's necessary, and by staging the display of the page such that no elements are rendered until necessary. Appropriately, a goal of the project was to make web pages fast without sacrificing any of the creative freedom we have today.

The AMP project is a massive collaborative effort. Nearly 7600 developers have engaged and more than 3000 code submissions have been made. From Bild and FAZ to the Oberbayrisches Volksblatt and the Rheinische Post, many of your colleagues in over 170 German publishing houses are working on new AMP articles right now. As of today, Google has indexed more than 130 million AMP pages from over 650,000 domains from every corner of the globe.

Google publicly launched AMP in February on Google Search's mobile web app in 10 countries. We have since launched AMP in the Google Search apps on Android and iOS, and on Google News in a dozen editions in Europe and around the world. We will quickly expand to other Google canvases such as Google Now, Play Newsstand, and to be fully global in our coverage.

AMP files are ten times smaller than current web pages and four times faster. That four-times-faster is a conservative measure. It does not include the performance benefits that occur when AMP files are cached or pre-rendered within a specific user experience. Those of you who have seen AMP on Google Search, the articles are truly instant—or as one user commented on Twitter: "AMP is yesterday-fast!!"

The AMP Project, which began with an idea one year ago, has made impressive progress. But there is more to do. The mission has not yet been accomplished. We will continue to evolve AMP to extend its applicability to

nearly any kind of website—from publishing to e-commerce (eBay just AMP'd 8 million pages). AMP is not simply about how web pages can surface instantly via 3rd party platforms. It's about making websites fast, whether mobile or desktop, no matter how and where they are accessed.

Again, AMP pages are a publisher's pages just like your current websites. The user data is yours to collect and work with as you wish. The AMP Project will continue to pioneer new analytics capabilities to assure that publishers have the metrics they need to build better products, to tune advertising programs, to better understand audience interests and content opportunities.

While the AMP Project already supports paywall management it will continue with refinements that can optimize subscription revenue. We are working to remove the friction in subscriber acquisition and innovate, including the use of payment platforms like Android Pay or exploring promising low-friction micropayment models such as the Munich-based startup LaterPay.

While AMP currently supports the vast majority of ad behaviors, there are formats that the AMP Project won't support in the interest of creating a great user experience. However, the ad community is working with the AMP Project to craft new and better approaches—from new ad behaviors, to faster AMP-based ads, to more effective AMP-based client landing pages.

While these are still early days we are seeing indications of what AMP can mean for monetization. Early analysis shows a 30–50% increase in ad viewability, 100–150% increase in ad click-through-rates, and 10–30% increases in effective CPM's. Again this is early data before the AMP Project has fully developed its ad capabilities and before ad exchanges can even reflect the value of the AMP experience in bidding.

As I have said from the day AMP was announced, the AMP Project will succeed based on the leadership of many, not the leadership of one. We have seen superb collective leadership to date, but the true long term success of this initiative will require the efforts of everyone who can lend a creative hand.

At Google I/O three weeks ago we announced companion technology to AMP called Progressive Web Apps. PWA allows a website to act and feel just like a native app. It can preload components. It can manage offline consumption. It can enable user notifications and a home screen icon to build engagement. Using PWA with AMP enables publishers to create powerful cross-platform solutions without the need for costly native app development.

We have also shared with European publishers our plans for the YouTube Player for Publishers. This is a compelling initiative that offers publishers the ability to embed the YouTube Player on their sites and leverage YouTube's infrastructure on publisher sites as well as on YouTube. We, like you, believe there are great opportunities in video, and YouTube can enable publishers to harvest video opportunities with fewer operating burdens and at far less cost.

Yes, the Web has been with us for 25 years. However for most of that period legacy publishers tended to think of the Web as simply an additional means of distribution — an opportunity to take media products of the prior era and simply present them digitally.

As we now know, the Web is a fresh media marketplace unto itself, an environment where consumers have dramatically different expectations. They are no longer the passive audience respectfully absorbing what mainstream media wants to tell them. They direct their own media experiences. They pick the voices they want to listen to, some mainstream, some not. They contribute, they share, they comment, they push back.

To me this raises the question: does one only look to transform existing products into this new ecosystem or does one analyze the information economy, find new opportunities and address them with new products? The old and new ecosystems are so different that it is necessary to rethink every facet of the model. I'm not saying everything *must* change, only that a complete rethinking is a valuable intellectual process. Frankly, that re-thinking will happen whether we want it to or not. It will happen because digital entrepreneurs will approach these opportunities with no old

baggage, no old models to protect. Their canvases are fresh and clean. Existing players can be challenged, if not crippled, by the need to eat their own young. Entrepreneurs bear no such burden.

The first two decades of the Internet have largely been about the internet's disruption of markets. It has disrupted old markets and created new ones. It enabled many new products and spawned new behaviors.

However, we are now beginning to experience the secondary effects of the internet on society itself—on how people find information, form opinions, and seek to manage their own civil societies. These secondary effects provide further reason to consider how journalism can evolve beyond current models to provide value and harvest new opportunities.

I'd like to close with a few further observations about how we might move forward. Today the Internet is a maelstrom of voices, many credible, many not, ranging from traditional and digital news outlets, to corporate spin sites, to advocacy sites, to the ever-expanding opinion-sphere.

What does journalism mean in this new world? How does it present itself? How does it defend its credibility? Might we rethink the very architecture of journalism so that quality fact-based reporting can rise above the maelstrom of expression?

Under the aegis of the Trust Project, which I co-founded with Sally Lehrman at the Markkula Center for Applied Ethics, journalists around the world are exploring the following questions, both big and small:

Can we provide better cues, more points of information to help readers make informed decisions? To help search engines better understand and rank results? To help the myriad algorithmic systems and recommendations systems that mold our media lives?

I don't suggest such an architectural re-thinking will lead to a sudden panacea. But I do believe that given this extraordinarily different media world, and given its impact on politics and society, that the very nature and practice of journalism deserves continued rethinking.

The new media ecosystem is not only filled with produced content—articles, posts, videos. There is also a vast amount of available public data. Raw bits of stuff waiting to be turned into knowledge. Government data. Sensor data. Leaked data. Castoff streams of bits that we might not even think of as data. Data that in the right hands can be used to help us understand how our society and our institutions work. This data represents both an opportunity and a responsibility for data journalists to unveil the knowledge within that data to benefit our societies and hold our institutions to account.

The power of data journalism was showcased recently in Germany when Bastian Obermayer at Sueddeutsche Zaitung along with his colleague Frederick Obermeier broke The Panama Papers story, working with 11.5 million leaked documents from the Panamanian law firm Mossack Fonseca. They then enlisted 400 journalists and 107 news organization through a collaboration with the Center for Public Integrity's International Center for Investigative Journalism.

The Panama Papers project is a profoundly important act of journalism. But it is more than that. It shows how the digital world can enable unique collaborations among news entities. Our congratulations to Sueddeutsche Zeitung for their stellar accomplishments and to ICIJ for their pioneering inventiveness in global collaboration.

How might we more fully utilize the power of data journalism to help societies manage themselves?

Can news organizations use data journalism to not only help with stories but to build persistent, automated investigative reports that live on and on? To build what I think of as knowledge utilities?

In the United States ProPublica has helped show the way. In pursuing deep investigations into health practices such as the performance of dialysis treatment centers, they built and continue to maintain knowledge utilities like the Dialysis Tracker, a potentially life-saving tool that allows patients to find treatment centers and, most importantly, assess their comparative medical performance—from costs to morbidity rates.

These explorations into knowledge utilities can provide immense value to the populations journalists serve, and often, for comparatively modest ongoing cost. In fact knowledge utilities can buttress a brand's perception of value, and, as has been the case with ProPublica, can generate new revenue streams and business models.

In reading today's news it's easy to develop a sense of dread. We hear of terrorist attacks (in Orlando, in Brussels, in Paris), mob actions, kidnappings, refugee flows—all the horrific but anomalistic events that occur in our modern world. We hear all-to-regularly of these abnormal occurrences, which are then amplified by social media, and then translated, accurately or not, into our perceptions of our "normal" lives in our own communities.

Might we find ways to close the gap between fear-driven perception and data-driven reality? To move beyond the conflict, the drama, the crooks and the victims? Ulrik Haagerup of Danish Broadcasting thinks so with his movement towards "Constructive News". He believes we must rethink how journalism can constructively help societies understand their problems and surface possible solutions. His own efforts with Danish broadcasting have led to impressive growth in audience and a dramatic shift in the trust of his news brand.

Again, It's important to rethink every dimension of the news model.

Though there are challenges I am passionately optimistic about the future of news. There is so much impressive digital work being done that I'm comfortable saying we are in the early days of a Renaissance in journalistic and media creativity.

That we should have such a creative Renaissance is of crucial importance. New news experiences must be created. New journalism frameworks explored. New media types defined. New business models developed. All necessary to harvest new audiences who will find new ways to consume and use news every day.

As we move forward, let's make sure our regulatory frameworks do not constrain but rather support the experimentation, the innovation, the investment that is so important to building long-term success. How can we reinvent journalism to meet the evolving needs of our populations as they attempt to manage their civil societies? How do we better engage with these varied audiences, no matter their size, with media services that can be supportable and sustainable? How can we do all of this and maintain an ecosystem that retains the principles of openness and free expression? And, last but not least, how can we do this together?

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