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Iceland's Media Market after the Collapse of 2008

Fewer Journalists – Lighter Material

The economic collapse of 2008 was devastating for traditional media companies in Iceland. The total turnover of the largest media companies almost halved between the years 2007 and 2009, and the forced downsizing led to fewer news items from fewer journalists. The traditional media in Iceland will have a difficult time regaining a sound economic foundation and regaining trust. Both the growth of the Internet and the lingering distrust still hamper the recovery for traditional media in Iceland.

Up until about the late seventies and early eighties, Iceland's media market was fairly simple; for the most part, there was the state broadcasting company RÚV, on the one hand, and a few newspapers that were to varying degrees owned by the political parties or their proponents, on the other. In 1986, RÚV's monopoly was abolished and changes began that drastically altered the media landscape; private TV and radio stations popped up, as did independent papers and magazines (particularly the free newspapers), and the party organs disappeared one by one (the last ones in 1999). Added to this there was, of course, the Internet revolution, with the advent of numerous news websites. The next 20 years or so, we therefore saw a revolutionary change in the landscape – and with this change, the growth of independent journalism.

At the same time, Iceland's economy boomed. Although the limited population (330,000) will always be a challenge for media

companies, it could be said that they thrived well enough following these changes. The greatest challenge was the effects of the advent of free newspapers and the ever-developing Internet on the printed media. Newspaper subscriptions dwindled.

Media companies' turnover halved

Before the collapse of 2008, there were signs of problems for the traditional media, particularly owing to the advent of news websites and changing advertisement preferences. But the crisis during and after 2008 was, of course, devastating for the media companies, as Table 1 reveals clearly.

The total turnover of the 2014 five largest media companies almost halved between the years 2007 and 2009, measured in fixed prices. The turnovers of the large private media companies, 365 miðlar (Fréttablaðið, Stöð 2, etc.) and Árvakur (Morgunblaðið), plummeted by 48-49 per cent, and have remained about the same since that time. RÚV, the state broadcasting service, has been downsized more

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Table 1. Media comp. (5 largest) turnover 2004-2014, fixed prices, index 100=2014

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
365 midlar	123	259	178	189	117	97	98	100	97	109	100
RÚV	112	114	116	118	111	111	107	103	105	103	100
Arvakur	196	174	187	198	158	102	95	104	103	103	100
Skjarinn	48	60	105	171	139	63	75	89	95	102	100
Birtingur	-	-	120	216	228	188	121	114	117	106	100
Total	120	181	154	171	127	100	98	100	100	106	100

Source: Frjáls verslun 2004-2015; compilation and calculations Statistics Iceland.

gradually and its turnover in 2014 was 15 per cent lower than in 2007.

The effects of the collapse on the media were indeed most evident in the first 2-3 years after 2008. In 2010, the survey and consulting company Creditinfo released findings showing that news items had decreased in quantity and become more homogenous. The volume of printed news had shrunk by 16 per cent because there were fewer newspapers and published pages (a similar change did not occur for TV/radio). There was a change in the public consumption of news as well; in Creditinfo's 2010 survey, about 48 per cent of participants said they followed the news less than they had before the collapse (half of them explained that the news were negative/sad/), but about 19 per cent said they followed the news more.

On the other hand, none of the traditional mainstream media went out of business and disappeared, with the exception of one of the two free dailies: the "24 stundir" (formerly "Blaðið"). We have seen downsizing in the

number of pages, but especially a sizeable decrease in the number of journalists. In January 2008, there were in total 711 full members of the journalist's union (Blaðamannafélag Íslands – BÍ) and RÚV's separate union, Félag fréttamanna (FF), but in January 2015, this figure was down to 651.

30 per cent fewer active journalists

This is not the whole story, however. BÍ has many inactive members. An analysis of BÍ's membership lists for January 2008 and January 2015 shows that when members who were not marked with a specific media workplace (retired, unemployed, freelance, etc.) are excluded, as well as members who were marked as working for non-media entities (PR-work and other), there is a sizeable increase in "unmarked" and non-media members. Thus, the decline in the number of active journalists is even greater than the figures above indicate (see Table 2).

Table 2. Members of journalist unions, total and est. active 2008 and 2015

Year:	2008	2015	Change	%
All members	711	651	-60	-8,4%
Active members	460	330	-130	-28,3%
- 365 miðlar	138	108	-30	- 21,8%
- Morgunblaðið	102	70	-32	- 31,4%
- RÚV (FF)	73	54	-19	- 26,0%
- other	147	98	-49	- 33,3%

Source: Blaðamannafélag Íslands and Félag fréttamanna (RÚV)

The estimated number of active members of BÍ and FF declined by about 28 per cent, and this is after member figures have generally risen again following lower totals in and around 2012. This sizeable decline in the number of active members seems to have occurred at the individual media outlets with similar force. The figures for the leading media company, 365 *miðlar*, decreased by about 22 per cent. RÚV (FF) decreased by 26 per cent, and Morgunblaðið (Árvakur) by about 31 per cent. The figures for DV, Viðskiptablaðið and magazine producer Birtingur showed similar declines, and one free daily newspaper, 24 *stundir*, was discontinued, having had 26 names on BÍ's 2008 list. For most journalistic editorial staffs, it seems that for every ten active journalists there were in January 2008, there were three fewer in January 2015.

Just as there was general consensus amongst journalists that they (the media) had largely failed as watchdogs during the years and months leading up to the economic collapse of 2008, it was also concluded that, in the wake of this, the media would have to do better by the public. At the same time, it was clear that this would be a difficult task; with the media companies struggling and downsizing, the stage was not being set for professional improvement. In fact, there are strong indications that instead of an increased critical emphasis on politics and economics, the mainstream media have increased the proportion of “lighter” material.

Higher proportion of “lighter” news

Last October, Valgerður A. Jóhannsdóttir, adjunct, head of the Journalism Department at the University of Iceland, introduced preliminary findings from her on-going research into the media prior to and after the collapse of 2008. One of her hypotheses is that, after the collapse, the print and Internet media became more commercial, with increased emphasis on “infotainment” or lighter material. She analysed the content of the three biggest print newspapers – Fréttablaðið, Morgunblaðið and DV – and their respective news websites in

November 2005 and 2013. For these media outlets taken together, the proportion of news on politics was about the same (9-10%), but the proportion of news on economic affairs decreased from 19 per cent to 15 per cent. At the same time, the proportion of material on “crime and accidents” went from 11 per cent to 14 per cent, and on “light news” from 15 per cent to 22 per cent.

Looking only at domestic news for these news outlets, the difference between 2005 and 2013 can be considered striking. Taken together, the news on economic and political affairs was 44 per cent in 2005, but 35 per cent in 2013, and the news on crime and accidents and “light news” was 40 per cent in 2005, but 51 per cent in 2013.

This change is mirrored in Birgir Guðmundsson's 2015 research into the media, which he presented last October. His analysis of content during the period 2011-2013 showed clear signs of “tabloidization”, stemming from factors like increased competition, increased fragmentation of media consumption, the advent of free newspapers, decreased reading of printed media and owners' increased demands for profit. The content shows less diversity and an increased emphasis on “lighter” material.

The growth of news websites

But apart from content, it can be said that the media's most notable drive has been on the Internet, with new players that have acquired major slices of the news-reading public in recent years, according to the monitoring company Modernus (see Table 3). For many years, the news websites of Morgunblaðið (mbl.is) and 365 *miðlar* (visir.is) have been by far the most used websites in Iceland and still are, both with over 500 thousand users in 2015, with dv.is, pressan.is and ruv.is leading the others with over 200 thousand users that year. Two news websites – stundin.is and kjarninn.is – have stormed onto the Net recently, with the intent of getting closer to the top, both of them closing in on 100 thousand users. [Stundin.is](http://stundin.is) is the website of a new printed newspa-

Table 3. News websites in Iceland 2007-2015. User increase (ave. weekly users) – rise of new sites

Nr.	Website	Owner	Users 2015	Users 2014	Users 2007
1	mbl.is/...	Árvakur hf.	587.396	527.158	257.246
2	visir.is/...	365 miðlar ehf.	527.152	460.485	228.455
3	dv.is	DV ehf.	273.593	292.792	30.641
4	pressan.is	Vefpressan ehf	246.350	217.954	-----
6	ruv.is	Ríkisútvarpið ohf.	218.145	214.648	59.223
12	stundin.is	Stundin	80.388	-----	-----
13	frettanetid.is	Fréttanetið	70.613	-----	-----
14	kjarninn.is	Kjarninn	63.658	54.416	-----
15	grapevine.is	Fröken ehf	49.154	29.809	3.028
18	hringbraut.is	Hringbraut	42.282	-----	-----
19	sedogheyr.is	Birtingur ehf.	41.879	-----	-----
20	vb.is	Myllusetur ehf.	40.475	40.735	-----

Source: Modernus/Veflistinn.

per, founded by the former owners and writers of DV, and Kjarninn.is (solely a website) was founded by journalists who felt the need for more critical and investigative journalism. Both these new additions have a diverse ownership, owned by staff and small investors, and can therefore be said to be relatively free from external pressures.

The use of news websites has increased significantly in recent years. Established web publishers mbl.is and visir.is have grown, measured in daily users, since 2007 by 128% and 131 per cent, respectively. Ruv.is grew by 268 per cent during the same period, and grapevine.is, with traditional but critical news written in English, increased its use by 16-fold. Dv.is has experienced a powerful surge as well, having in 2015 nine times more users than in 2007 – but lost users between 2014 and 2015 by 6.6 per cent after the publication switched owners in a hostile takeover (where the outgoing parties thereafter founded Stundin). It seems very clear that Icelandic media outlets have placed an ever-greater emphasis on the Web rather than on printed material – and nothing has changed the fact that, strictly speaking, there are still only two major TV and radio companies that maintain a journalistic editorial staff of any relevance.

Political turbulence

One of the more troubling effects of the economic turbulence of these past years is the renewed introduction of party politics and special interests into some of the news outlets. Morgunblaðið had been leading in the general separation of political goals from journalistic practices, but in 2009 its owners (the paper is majority owned by big fishing industry companies) decided to hire as chief editor David Oddsson, former chairman of the Independence Party (conservatives) and former prime minister. A political agenda is still reserved to specific columns, but the paper lost many subscribers (while gaining others as well). The owner company, Árvakur ehf, went through difficult debt negotiations following the economic collapse and was given sizeable debt depreciations. On top of this, there were technological changes and the advent of free newspapers; over the years, this one-time giant among Iceland's newspapers has lost its leading place on the market. In a 1991 survey, daily readers of Morgunblaðið were measured to be about 62% of all readers, but comparable current surveys have this figure down to about 28%. It is interesting to note that soon after the collapse, in 2009, the two largest private media companies, Arvakur (Morgunblaðið) and 365 ehf (owned

by business mogul Jon Asgeir Johannesson and his wife), made a merger deal, but the *Icelandic Competition Authority* banned the deal on the grounds that it restricted competition.

Another indicator of this troubling development of politicization is the rise of a fairly new media company, *Vefpressan ehf*, whose owners are solidly tied to the political party *Framsóknarflokkurinn* (Progressive Party – a central/farmer’s party). *Vefpressan* owns one of the fastest growing news websites, *pressan.is*, and was central in the hostile takeover of the newspaper *DV* (and its website *dv.is*).

Unclear future

It is far too early to predict that party politics will further alter the shape of Iceland’s media market – these trends may just as well turn around. A rise in party political ownership of media outlets would no doubt further add to the decreased trust Iceland’s media has faced

after the collapse of 2008. Trust in most institutions in the society has decreased, and while some of the institutions have been slowly regaining trust this is not true for the media in general. According to the market research company *MMR’s newest measurements* (October 2015), the media (in general) are trusted (much or rather much) by only 11 per cent of the public, with the banks and the Financial Supervisory Authority the only ones among society’s major institutions to be rated lower. *RÚV* is the only news media that can be said to still hold a high level of trust.

The traditional media in Iceland will have a difficult time regaining a sound economic foundation and regaining trust. The economical collapse of 2008 is long past, and recovery is evident in most sectors of society, but both the growth of the Internet and lingering distrust still hamper the recovery of the traditional media in Iceland.

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