



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Case Study Authors

Wolfgang Vyslozil

Jasmin Surm

THE FUTURE OF NATIONAL NEWS AGENCIES IN EUROPE

Case study 1

The impact of globally changing media systems on the business and innovation policy of the European international news agencies AFP, dpa and EFE

2019

Supported by the LSE
Knowledge Exchange and Impact Fund ■

Abstract

The purpose of this paper is to delineate the influences of globally changing media systems on the business and innovation policy of European international news agencies, as exemplified by the three agencies AFP, dpa and EFE, and paying special attention to their future. The methodology has been that of a case-study approach including in-depth interviews with news agency representatives from AFP, dpa and EFE who are experts in the field of study. This case study provides useful insights for news agency professionals as well as for researchers investigating the current and future situation both of news agencies and of global media systems. It further presents a valuable opportunity for professionals to deduce practical implications for the future development of their agencies.

Funding

The Future of National News Agencies in Europe received funding from a number of sources: Media Research Foundation of Finland (67 285 euros); Jyllands-Posten Foundation, Denmark (15 000 euros); LSE Knowledge Exchange and Impact (KEI) Fund, UK (83 799 pounds) (only for impact, not for research); University of Helsinki, Finland (9 650 euros); and LSE Department of Media and Communications, UK (4 752 pounds).

Introduction

International news agencies have hitherto seldom been the focus of scientific research, despite their considerable importance for the global media system. They constitute a unique global network of information, comparable to the blood circulatory system of the human body (P. Kropsch, dpa, Personal interview, June 22, 2018) that links all the components of the media system, 'be it electronic or print, big or small, capital or provincial' (Rantanen & Boyd-Barrett, 2002, p. 85). Previous research has focused mainly on the development of news agencies in general. However, the nature of their future remains unclear. Therefore, this case study sets out to investigate the future of European *international* news agencies as framed by the influences of the globally changing media systems.

We conducted a comparison of the three leading European news agencies, the French *Agence France-Presse* (AFP), the German *Deutsche Presse Agentur* (dpa) and the Spanish *Agencia EFE*, which are all characterised as international agencies. AFP is also, together with Associated Press (AP) and Reuters, one of the three leading global agencies. Such a comparative study is unique, no similar investigation of international agencies having been conducted previously. There exists only one comparative analysis of news agencies, but this focuses on national agencies. This is undertaken annually by Group 39, the association of independent national news agencies in Europe and focusses on the exchange of comparative figures.

We begin by defining international news agencies. Like all news agencies, their main product is their general news service (GNS), providing both domestic and international news to national as well as international markets in the form of text, photos, videos and infographics. International news is supplied by their own networks of foreign correspondents working in on average around 100 countries worldwide.

By contrast with international news agencies, national agencies rely for the production of their foreign news mainly on the news services provided by international agencies. The service contracts between agencies limit the usage rights of foreign news for national agencies to their respective national territories. National news agencies can supply the foreign news component of their GNS only to their own national markets.

On the above basis, our study sought to consider the following research questions:

RQ1: What are the main characteristics of international news agencies?

RQ2: What strategic forces are influencing the future of international news agencies?

RQ3: What changing business- and innovation policies have an impact on the development of international agencies?

RQ4: To what extent is the competition pressure for international agencies increasing?

RQ5: What are the main factors characterising the future of international news agencies?

Method

The method of in-depth interviews was selected because the future of news agencies forms part of a research field where new knowledge is to be generated which has been subject to little scientific debate. In-depth interviews are a technique of qualitative research adopted in order to conduct 'intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program, or situation' (Boyce & Neale, 2006, p. 3).

To ensure the comparability of the interviews, an interview guide was designed and was implemented in all conversations. In addition to its main function as an instrument of data collection, an interview guide represents the translation of a research problem into concrete questions that must be able to be answered in relation to the realm of experience of the interviewees.

In-depth interviews are composed of general and open-ended questions: 'By asking questions that explore a wide range of concerns about a problem and giving interviewees the freedom to provide detailed responses, researchers can use interviews to gather data that would otherwise be very hard to capture' (Feng, Hochheiser & Lazar, 2010, p. 178).

Interviews were conducted in June and July 2018 with news agency representatives from AFP, dpa and EFE, as well as with one representative of a major client. The interviewees were selected for their professional status and their specific expertise in the field of news agency management.

The interviews were audio-recorded with the consent of the interviewees and transcribed verbatim, then the data was prepared for further analysis using steps described by Austin et al. (1972) and Coleman et al. (2000): categorising, comparing, and refining of categories.

Discussion of results

Research Question 1: What are the main characteristics of international news agencies?

The following attributes were considered:

Interdependence of international and national news agencies

International agencies – like AFP, dpa and EFE – and national agencies can be pictured as having a symbiotic relationship. On the one hand, the general news services (GNS) of international agencies are indispensable sources of foreign news for national agencies. On the other hand, international agencies, and especially their correspondents abroad, use the GNS of the national news agency of the country they are reporting on as one of their main information sources.

According to information and figures from Christine Buhagiar (AFP), Peter Kropsch (dpa) and Rosario Pons (EFE) (all 2018), the three international agencies maintain contractual relationships with on average more than 60 national agencies – in the case of AFP from about 90 countries worldwide, in the case of dpa from around 70 countries, and in the case of EFE from some 30 countries.

According to a detailed count, there are globally about 110 national agencies (Vyslozil & Wippersberg, 2013, pp. 29, 366 ff.), each of these defined in accordance with the EANA statutes as a “leading agency per country” (www.newsalliance.org). Therefore 60 of the 110 agencies existing worldwide – or more than half of all the agencies – are likely to be in a contractual relationship with at least one international agency like AFP, dpa or EFE. As each of these agencies provides its news to almost all the media in its home country, the worldwide dispersion of news from this global network of national plus international agencies is enormous.

As stated above, the inter-agency relationship is generally based on commercial contracts. The most common ones are so-called ‘exchange contracts’, a principle which is typical for news agency relations and dates back to 1856 when the first exchange contract was established between the agencies of Reuter (London), Havas (Paris) and Wolff (Berlin) (cf. Read, 1999, p. 57). A further option of inter-agency contracts enables correspondents of international agencies to receive the GNS of the national agencies of their reporting countries without the existence of an exchange contract.

Dual conception of international news agencies

AFP, dpa and EFE all fulfill a dual function, as both national and international news agencies. EFE, for instance, defines itself as two agencies, a strong national and a ‘not so strong but a very important international agency overall in Latin American and Spanish markets’ (Emilio Crespo, EFE, Personal interview, June 8, 2018).

On the national level, ‘we [EFE] usually have to deal with the government, with political issues, with national affairs. So it’s much more complicated than the international issues for us’ (Crespo, 2018). As the national news agency, EFE ‘has to cover all that happens in Spain. For instance, if a minister [...] or a member of parliament or a regional authority goes to any town deep in Spain we have to be there, cover what he says, what he does [...]’ (Crespo, 2018). As an international agency in Latin American and Spanish markets, EFE follows a different business model than as a national news agency. It addresses a different type of client and competes with agencies like AFP, AP and Reuters.

AFP’s main mission is defined by the so-called ‘service of general interest’, which determines that the agency’s task is to ‘provide breaking news from all over the world for the French and foreign user’ (Christine Buhagiar, AFP, Personal interview, July 30, 2018). Consequently, AFP is producing services as a French national agency for its own national market in France and as a global player for its markets worldwide.

Finally, dpa follows a so-called ‘one network policy’, indicating that it gathers information from its global network and offers news in four languages (Kropsch, 2018). The news service in German serves the home market as a national news agency, whereas the English news service is sold worldwide, especially to other news agencies; the Spanish service is mostly dedicated to Latin America and the Arabic service is targeted at the Middle East.

Correspondent networks

The global correspondent networks of the agencies studied can be described as follows:

- AFP runs bureaus in 151 countries and provides news services in six languages (French, English, German, Arabic, Spanish and Portuguese)
- dpa coordinates branches in around 100 countries and offers its news services in four languages (German, English, Spanish and Arabic)
- EFE operates offices in around 120 countries and supplies news services in six languages (Spanish, Portuguese, English, Arabic, Catalan and Galician)

- Finally each of these three international agencies provides its news services on a contractual basis on average to about 3,000 media clients worldwide

Looking at these numbers, it can be deduced that each of the three news agencies analysed has at its disposal a global network of bureaus in at least 100 countries. These networks are divided, by language or culture, into between four and six regions. All are monitored from the agency's head office, with individual strategies of adaptation to each different market. As Franck Chasseriau of AFP pointed out, 'even though we have common guidelines, there is always a kind of adapting of behaviour market by market. We try to optimise our situation depending on the market' (Personal interview, July 30, 2018).

Foreign languages services

A distinctive feature of international news agencies is the provision of news services in foreign languages as well as in their own national language(s). For EFE, this is seen as strategically relevant to becoming more global in the future. At the time of writing, EFE was working in English, Arabic, Spanish and Portuguese, as well as in the additional national languages of Spain – Galician and Catalan. Furthermore, it was developing a project for a newswire in French: 'I think in future this development will be easier to manage because automatic translation is evolving very quickly, and this will open other doors. These global possibilities will probably help us also to retain quality journalism' (Crespo, 2018).

For AFP, providing foreign language services is seen as essential to competing on sales around the world. As Christine Buhagiar (2018) pointed out, international agencies are in a major crisis because their national media markets are shrinking: 'We are in a crisis because the media are in a crisis all over the world, but less so because we have several possibilities of selling in English and foreign languages'.

Mission statements

The missions of AFP and dpa are formulated in general terms in their respective laws or statutes: AFP must 'provide French and foreign users on a regular and uninterrupted basis with accurate, impartial and reliable information' (Loi 57-32; our translation). On the other hand, dpa must 'provide impartial and independent news, picture and archive material' (dpa Geschäftsbericht [Annual Report], 2017).

EFE, according to its statute, 'has an objective of obtaining and distributing Spanish and international information both in Spain and in the rest of the world, especially in Latin America and in the areas in which the Spanish language is used' (Ley 9/2017; our translation). EFE must, in addition,

cover events in accordance with the detailed instructions in the Spanish law. It must cover:

events and affairs of special interest to Spain, and in particular the activities of the Royal Family, the Head of State, the members of the Government and the High Institutions of the State; information coverage of all the Provinces and Autonomous Cities [...]; dissemination of the image of Spain and its cultural diversity, and information exchange between Spain and the rest of the world, with special attention to the priority areas for Spanish foreign policies (Ley 9/2017; our translation)

Nevertheless, all our interviewees indicated that the core task of the agencies analysed was to gather information nationally as well as internationally through their own networks and to distribute national information globally. As Emilio Crespo pointed out, one of EFE's goals is to 'explain the rest of the world to our citizens.'

To sum up, all the agencies analysed emphasise the relevance of their international network in the global media landscape: 'I think that the news agencies are still the blood vessels of the global news flow [...]. If I speak of the news agency system as the blood vessels of the global news flow, the international news agencies are the higher-order blood vessels. They are the strong ones, the arteries' (Kropsch, 2018).

Research Question 2: What strategic forces are influencing the future of international news agencies?

Ownership structure

One of the key issues to be considered is the political forces influencing the strategy and value systems of AFP, dpa and EFE. For this purpose, their legal status and value systems need to be examined. As will be seen, the three agencies differ in terms of their ownership structure:

- dpa is a privately-owned enterprise owned by the German media (dpa Geschäftsbericht [Annual Report], 2017)
- AFP is a publicly owned agency. According to the so-called AFP Law, it is 'an autonomous organisation with a civil personality and whose functioning is ensured according to commercial rules' (Loi 57-32; our translation)
- EFE is a state-owned commercial enterprise: 'The state-owned public service of news, entrusted to the state-owned commercial enterprise Agencia EFE [...]' (Ley 9/2017; our translation). Formally, EFE is owned by its parent company, the State Industrial Holding Company (SEPI)

6 Business and innovation policy of European international news agencies

Despite the different ownership structures, the value systems of all three agencies are almost identical. Their key value can be described as that of providing accurate, impartial and reliable national and international news. AFP, for instance, 'may under no circumstances take account of influences or considerations likely to compromise the accuracy or objectivity of the information; under no circumstances should it be subject to legal control or the control of an ideological, political or economic group' (Loi 57-32; our translation). On the other hand, dpa must 'provide impartial news independent of ideological positions, business and finance groups or governments'(dpa Geschäftsbericht [Annual Report], 2017; our translation). Finally, EFE must provide news and information 'impartially, independently and objectively, in order to guarantee the information needs of Spanish society and to promote the external projection of Spain' (Ley 9/2107 [our translation]).

Despite explicit statements concerning independence, some political influence can be observed at EFE and AFP when it comes to decisions on the appointment of top-level management. In April 2018, AFP's President (PDG) Emmanuel Hoog withdraw his candidacy for a third term 'after failing to secure government support'. (AFP News, 11 April 2018). Fabrice Fries became his successor. Generally speaking, regular changes of PDG are common at AFP. During a 40-year period since the late 1970s, the agency has been headed by ten PDGs.

At EFE, a direct connection can be observed between changes of political majority in Spain and automatic changes of EFE's president. For instance, in June 2018, the day after the resignation of the government of Prime Minister Mariano Rajoy, the President of EFE, Jose Antonio Vera, also resigned and was succeeded later in the year by Fernando Garea.

Since dpa is fully in the ownership of 180 German media companies, no example of any obvious political influence can be observed. The agency has been led by five CEOs during the last 40 years.

Media crisis

All three international agencies analysed have been seriously affected by the extensive structural crisis that the global print media industry has been facing for about 10-15 years. This has weakened the international agencies both economically and in consequence editorially. It seems clear that these agencies will not be able to finance a further growth of their international correspondent network in the longer run.

AFP

'We are in a crisis because the media is in crisis all over the world', Christine Buhagiar stated. In particular, 'the sales of the French wires have decreased'(2018). Nevertheless, AFP sees an opportunity to increase its revenues by providing its services in English and other languages: 'sales of English-text wires have increased over the past five years [...] We can deliver, and we can approach other than French clients, and this gives us the possibility of integrating into some downsizing markets' (Buhagiar, 2018). While in the 1970s 'the turnover in France was much bigger than the turnover abroad, today the turnover from outside France is almost 60 per cent of AFP's sales income' (Buhagiar, 2018).

Due to the difficult economic situation at AFP, Fabrice Fries (AFP's current PDG) implemented the so-called 'Plan Fries' in summer 2018. Its objective is to reduce AFP's workforce by 125 people (including 40 journalists) within the next five years. To demonstrate against this measure the employees of AFP went on strike for several hours in autumn 2018 with the slogan 'Stop Plan Fries!' (see SUD-AFP.org).

EFE

The situation of EFE is notably severe because the Spanish media market is confronted with two crises. The first is the deep economic crisis in Spain: 'In recent years, we were affected by the bank crisis, this housing crisis. So the media suffered during this crisis especially. And the second crisis is the digital crisis all over the world. [...] The newspapers are suffering a lot of changes'(Crespo, 2018). The current president of EFE, Fernando Garea, described the situation of EFE in an interview on 8 January 2019 as 'dramatic' and announced the implementation of a 'shock plan' to tackle this.¹

dpa

The situation of dpa seems to be more balanced. Its major market is the German media market, which is one of the strongest in Europe. Additionally, dpa is – unlike EFE and AFP – a rather highly diversified agency. More than one third of its revenues are generated from outside her core business. According to Peter Kropsch, about 90 per cent of dpa's total turnover comes from sales in Germany, and less than ten per cent from dpa's international markets. Therefore its international operation is mainly financed by its revenues from German markets.

Despite this more stable economic position of dpa, the increasing cost pressure on its international services compelled the agency to drastically restructure its Spanish World Text Service and to reduce the number of

¹ https://www.vozpopuli.com/medios/fernando-garea-plan-choque-efe_0_1207079524.html

employees of the Spanish service by 40 in November 2018. 'Weak markets make it impossible for a privately owned news agency to compete in those markets with a world news service' (Peter Kropsch, email, 22 November 2018).

Subsidies

Two of the three agencies analysed are subsidised to the tune of 40 – 50 per cent, so it is not reasonable to expect that the rather large amount of financial support these agencies are getting from their states can be totally replaced by income from the markets, even in the medium or longer term.

Therefore these agencies will continue to be in need of financial support from their states in the future. As these three agencies provide news services to about 9,000 news media clients worldwide, an eventual substantial reduction in subsidies could have negative consequences for the supply of fact-based, impartial news to global media.

	Total turnover	Sales incomes	Subsidies
AFP	€296m	€185m	€111m (=38%)
dpa	€137m	€137m	0
EFE	€77m	€38m	€39m (=51%)

Table 1 2017 income

Sources:

AFP: Annual Report 2017

dpa: Geschäftsbericht [Annual Report] 2017

EFE: Cuentas Anuales [Annual Accounts] 2017, Agencia EFE. Informe de Gestión [Management Report]. p 37f

AFP and EFE are subsidised to the substantial tune of 40-50 per cent by the French and Spanish states respectively. The subsidy is based on contracts between agencies and states. Both contracts were formulated in accordance with EU regulations and explicitly approved by the European Commission. The structure of EFE's contract follows in principle that of AFP, which is known as 'Le contrat d'objectifs et de moyens' [Contract of Objectives and Means]. According to this contract, the French state subsidises the 'services of general interest' entrusted to AFP by law and defined as the provision of 'breaking news for the French and foreign user worldwide' (AFP News, 13 April 2018). In this context, the state explicitly sustains the correspondent network of AFP outside France. In addition, the French state has subsidised for the period from 2014 to 2018 strategic innovation projects such as images and in particular video, innovative sport applications, digital

reliability, as well as improvements to the quality of services in the interest of clients.²

As stated above, EFE, as a state-owned agency, provides a service of general interest and receives subsidies under the terms of a contract with the state, which – unlike in the case of AFP – involve not the government but the Spanish state as a contracting party. This contract obliges EFE to cover everything that happens in Spain, a duty which involves extensive personnel and monetary resources.

Meanwhile, dpa is a private limited company cooperatively owned by 180 German media enterprises and with an annual turnover of 137 million euros in 2017 (dpa Geschäftsbericht [Annual Report], 2017). Whereas AFP and EFE incurred losses in 2017, dpa realised profits. By contrast with the other agencies analysed, dpa, additionally to its core business, is pursuing a profitable diversification policy. About one third of its turnover derives from diversified products and services. As Peter Kropsch outlined (2018), 'We will do our utmost to be an organisation that is financed by the market. As long as we manage to do that, then the diversity of ownership will apply, because if you have 180 owners from different angles or worldviews, then your direction can only be one'.

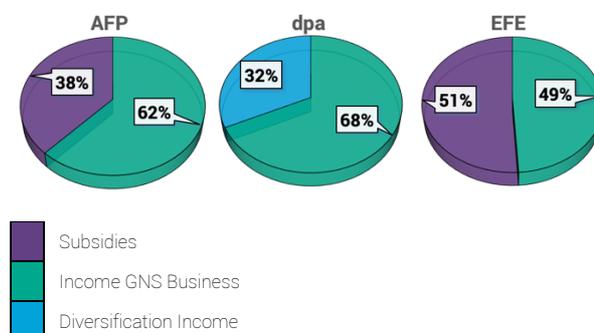


Figure 1 Income distribution at AFP, dpa and EFE (2017)

As the diagram above illustrates, none of the three types of international agencies, be they state-owned, publicly owned or privately owned, can generate enough income from their GNS business to completely cover the costs of their operations. In the cases of AFP and EFE they receive subsidies, and in the case of dpa it is the *sales income* from the markets which covers the gap in funding of their GNS business.

Additionally it is interesting to see that the two state-owned or publicly owned agencies, AFP and EFE, are, despite the high percentage of state subsidies, in a difficult

² <https://www.senat.fr/commission/fin/pjlf2016/np/np17/np173.html>

economic situation. AFP describes itself as being in a 'crisis' (Christine Buhagiar) and EFE analyses its situation as 'dramatic' (Fernando Garea). In contrast to its two competitors, the privately owned dpa is a profitable agency although it does not receive any subsidies from the state or elsewhere.

Social media

The third category of influential actors are social media. Despite pessimistic public debate, the interviewees agreed that social media are not seen as competition or as a threatened replacement for the work of international news agencies. On the contrary, social media are understood as important information sources, which have tremendous relevance for editorial work. As Peter Kropsch (2018) stated, 'I think we get a lot of tips and a lot of early signals from social media'. Nevertheless, involving social media in editorial works carries a risk of fake news, so the agencies emphasise that information from social media has to be checked with traditional sources. Keeping these two aspects in mind, the international news agencies are looking for new approaches to working with social media. For example, dpa has established new editorial roles: on the one hand, that of so-called 'radar officer', whose task is to use tools to monitor social media in order to gather those early signals, and, on the other hand, that of 'verification officer', whose task is to prevent digital fraud. As Peter Kropsch noted, 'People try to trick us [...] There is intentional fake and unintentional fake. There is satire. There's everything'.

The three agencies define in their value systems their indispensable position in the global information system in times of fake news and social media. 'Fake news is a very big enemy for us. For this reason, we put the focus on [the fact] that what EFE says is true' (Ángel Aguado Olmos, EFE, Personal interview, June 08, 2018). It is a key task of news agencies to provide true and unbiased news. As Peter Kropsch of dpa characterised it, 'It's a business of trust'; he highlighted the 'lighthouse function' of news agencies amid the growing avalanche of information (Kropsch, 2018).

On the other hand, social media are used as distribution channels by AFP, which follows an active social media strategy, emphasising the millions of followers on its Twitter accounts. Christine Buhagiar described how AFP had so far followed an editorial, not a commercial, approach with their social media strategy, but would like to adopt a more commercial approach in the future: 'Now people know who we are, and we will try and monetise this as much as possible' (2018). However, AFP sees a conflict with the products they sell. Frank Chasseriau explained the duality of AFP's Twitter accounts: 'We have an open account, a private and a professional account for Twitter, for example. The Twitter Pro account is used by our paying

subscribers' (2018). The content for the open account is selected, and not everything is put on the non-professional account.

A distinct strategy is followed by dpa. In order not to interfere in its national business, it pursues a strict policy of not disseminating its material free of charge via social media: 'We could not interfere in the national business, because we would run into a conflict of interest' (Kropsch, 2018).

Research Question 3: What business and innovation policies have an impact on the development of international agencies?

As can be observed, the economic pressure on these news agencies is already considerable and will only increase in the future. A further decline in newspaper circulation and consequent deterioration in their income situation must be expected. In this context, the agencies have three strategic options:

- Further cost-cutting processes, which could weaken the company's situation in the long run
- Urging the state to provide (further) subsidies, which could increase political dependence
- Concentrating on innovation and diversification, which would have positive effects on the independence of the agency

Given these options, all interviewees agreed that further diversification of products and markets is needed in order to stabilise the economic future of international news agencies.

Therefore one of the main tasks confronting these international news agencies in the future will be the development and implementation of new business models. First, developing a diversification policy, since most of the news agencies in this case study are not yet highly diversified. Nevertheless, all interviewees underlined the importance of exploring of new business strategies in order to compensate through new activity for the pressure on the core business, which is no longer growing. As Peter Kropsch of dpa pointed out, 'You have to constantly rethink the core business, enhance the core business, refurbish the core business, so you get, in the best case, a rather stable situation there'. For this purpose, the agencies need to try to allocate related business services around the core business. He called it the 'bacon belt', which in the best case takes the form of a product portfolio for the three main markets of news agencies: media markets, corporate markets, and institutional and government markets.

The main target is 'to find a well-balanced and growing conglomerate that renders services to those three markets, with different services, so that you get a product and market portfolio that allows and guarantees you a sustained development for the business' (Kropsch, 2018). In his opinion, the business model of international news agencies can be seen as successful when a situation is found in which 'the general news service can be kept as big as possible', since it is the core value of the agency.

Consequently, four main business and innovation strategies can be deduced for international news agencies in order to strengthen their economic basis in the future:

- New markets
- Adapted price models
- Further digitisation
- New products

New markets

The development of new markets is a further strategic approach. An important objective is to become more global and to operate on a worldwide level in order to reach a global audience. Three development strategies have been identified:

- Conquering markets in new regions (e.g. Asia and Latin America)
- Providing services in other languages
- Developing the technology of automatic translation

Regarding foreign languages, two tendencies can be observed: First, the intensified use of English as a working language, for example AFP no longer uses French in its photo service. Second, the implementation of new services in foreign languages like Arabic and Portuguese: Emilio Crespo of EFE outlined how 'I think the rest of the news agencies have shadows that you can cover. There are emerging countries that are changing a lot in a short time' and therefore offering new business opportunities.

The development of automatic translation was a recurrent theme in the interviews since it is seen as an essential element of future market development. As Crespo specified, 'I think in the future this development will be easier to manage because automatic translation is evolving very quickly, and this will open other doors'(2018).

Adapted price models

Developments in stagnating or shrinking newspaper circulation are having direct consequences for the traditional news agency price systems, which are linked to circulation. 'Especially in the digital market, we see that this system does not apply anymore', Peter Kropsch of dpa said (2018). Consequently, the digital market is shifting to a subscriber's market, where newspapers try to

turn online readers into subscribers, implying the need for a different price model in the digital market. Even without losing any clients, income from media clients is constantly shrinking. 'I think we see a big shift today, because in the old mindset we did print, and we did add-ons for the digital market. But nowadays the holistic view points to the digital market – and part of that is useful for print' (Kropsch, 2018).

Further digitisation

In this time of digitisation, the development of advanced IT competence and infrastructure is seen as of key strategic importance for the future development of the agencies analysed. In general, it can be observed that a company's strategy is visible in its IT systems or, as Peter Kropsch specified, 'The IT system follows the strategy'.

For instance, dpa is in the process of implementing a new editorial system that transforms the present approach into a 'digital first' strategy. As he told us, 'With the new editorial system we will clearly focus on the digital market, and only part of that will be useful for the print market'. This is in contrast to the former approach where, he explained, the main client focus has been the print media with add-ons produced for the digital market.

Another distinct example of further digitisation is the inauguration of an innovative sales and distribution platform for content and service transactions. At dpa, the first step towards such a new IT-based infrastructure was to bring down the barriers between different organisational units within the company, as 'various services offered to clients ran through two, three or even four departments before reaching them'. By perceiving the organisation as one group, it should be easier to allocate its forces: 'If you always see it [the news agency] as a massing of different independent companies, you will end up with a lot of small companies and that's it' (Kropsch, 2018).

The aim of dpa is, therefore, to convert the company from a traditional delivery service into a 'marketplace' by unbundling the services offered. Content and infrastructure will be separated. Establishing a marketplace as the new type of infrastructure allows the involvement of third parties offering content, since infrastructure and content are no longer consolidated. Peter Kropsch characterised the marketplace like this: 'In the marketplace, your service is rendering the infrastructure, providing payment, providing invoicing, providing revenue shares, and all those things news agencies are most appropriate for because it has always been their business'.

This new marketplace is comparable to a shopping centre. The management of the shopping centre is providing the

infrastructure for the companies renting the retail spaces for their shops. Some shops will establish themselves as 'frequent stops' and customers will come to the shopping centre attracted by them. The smaller shops (in terms of the marketplace, small enterprises offering, for example, photos and/or exclusive stories) will benefit from the customers attracted by the 'frequent stops' (Kropsch, 2018).

New products

For AFP visual services, and in particular video, are seen as the products with the highest future potential. In 2017 AFPTV grew by 30 per cent and Franck Chasseriau asserted (2018) that 'Video is the future for us'. Almost 40 per cent of the agency's current turnover derives from visual services (pictures and video). According to Christine Buhagiar, it intends to increase this to 50 per cent within the next five years: 'By 2023, we want "image" to be half of sales'.

Video is the most internationalised product AFP offers. About 80 per cent of its video turnover is generated outside France, which underlines the importance of global markets for the distribution of visual services in general. Furthermore, dpa has announced plans to further strengthen its international picture and video services.

These developments will also have consequences for the job profile of foreign correspondents. The traditional kind of text reporter will be replaced by a journalist who is able to work with both video and text and will take over the task of the news agency correspondent.

A further example of product innovation can be seen in the strategy of 'production on demand' to be implemented by a separate 'public relations' unit (at AFP) or a 'communications' unit (at EFE). At AFP this business grew by more than 60 per cent in 2017 and it is in the process of implementation at EFE. Christine Buhagiar of AFP emphasised the difference between reporting about an event as a news agency and as a public relations company: 'We will send somebody who does that [the coverage for corporates], but we will also send somebody who does the AFP video service coverage of this conference. It won't be the same person doing both'.

At EFE, its President Fernando Garea and his team are also planning to increase the agency's income with sponsored information by acting as a communication agency. This proposal has generated some discomposure from the trade unions, but according to the EFE management it will not affect the rigour or impartiality of the agency.³

Research Question 4: To what extent is the competition pressure for international agencies increasing?

AFP, dpa and EFE are all confronted by two different types of competitors. First, there are Google, Facebook & Co, which are seen as threatening to replace international agencies in particular. The three international news agencies are, as described above, among the main suppliers of content on the internet, since each of them has on average contracts to supply about 3,000, media clients and in addition about 60 national news agencies worldwide with their news services. Enterprises like Google and Facebook adapt the agencies' news to their own content in order to provide their users with up-to-date news, thereby plundering news for free without remunerating the news agencies for the items used. As Christine Buhagiar of AFP argued, 'We realised quite quickly that we couldn't make our money online because all the profits anyway go to Google and Facebook, not to us'. As one first step towards a more balanced future, the agencies are striving for a copyright and neighbouring rights reform to shift the economic balance in favour of international news agencies, since anything else will be a tremendous loss for democracy. 'They [Google, Facebook & Co] can afford it. They have to afford it. Otherwise, there will be nothing to show any more on the platform, you know? [...] There are rules to be redefined' (Buhagiar, 2018). The second type of competitors are other international agencies like Reuters and AP. EFE is described by the other two agencies as very strong and present in Latin America, seeing the continent as its enhanced home market. This is an area with stiff competition, as Peter Kropsch of dpa described: 'In Latin America you have AP, you have AFP, you have EFE. You see the first traces of Xinhua. Finally, it seems that also Anadolu has an interest to be in Latin America, so everybody is interested in Latin America'.

AP and Reuters are the traditional competitors of AFP, dpa and EFE. Their main characteristics are as follows:

AP

- locations worldwide: 254 in 101 countries
- offering news in three languages (English, Spanish, Arabic).

Reuters

- locations worldwide: 200
- offering news in 12 languages (English, French, German, Italian, Spanish, Portuguese, Russian, Urdu, Arabic, Japanese, Korean and Chinese)

³ https://www.vozpopuli.com/medios/fernando-garea-plan-choque-efe_0_1207079524.html

Additionally, TASS, Anadolu and Xinhua are also identified as competitors. Typical features of these agencies to be considered include:

TASS (Russia)

- offices worldwide: 68
- offering news in two languages (Russian and English)

Anadolu (Turkey)

- offices worldwide: 29 (three more to be opened soon) and 13 regional centres
- offering news in 13 languages (Turkish, English, Arabic, French, Spanish, the Kurdish dialects of Kurmanji and Sorani, Russian, Bosnian-Croatian-Serbian, Albanian, Persian, Macedonian and Indonesian)

Xinhua (China)

- offices worldwide: 170
- offering news in eight languages (Chinese, English, Japanese, French, Russian, Spanish, Arabic, Portuguese)

All interviewees emphasised the different approaches and aims of these agencies, which means one cannot 'put them in the same courtyard as you put AP, Reuters and us'. These are state-owned agencies and are 'carrying the view of their governments' (Buhagiar, 2018).

Xinhua seems to be of special interest due to its long-term thinking and rapid growth. There are regions where Xinhua is expanding fast. Especially in Africa, the agency is enhancing the number of language services as part of their international strategy and, as Peter Kropsch of dpa depicted: 'You should not underestimate the quality of their products'. Furthermore, Xinhua is following its 'New Silk Road Strategy', with the idea of constructing a new trading route 'beginning in Beijing and leading to Duisburg. And all along the way they [Xinhua] invest and watch out'.

Research Question 5: What are the main factors characterising the future of international news agencies?

The results of this case study indicate that the future of international news agencies will depend on four decisive factors:

- The economic situation of the agencies in general
- The development of media markets
- The agency's ability to diversify into new products and markets
- The willingness of states to further subsidise international news agencies

Our interviewees underlined the importance of diversification for a successful future, as well as of adapting to the needs and the shape of markets: 'Going to the corporate markets, going to on-demand business, making sure that the source of revenue is sufficient, or bringing in enough revenue to keep the core activity at a level that creates reputation and credibility' (Kropsch, 2018).

Regarding credibility, it is suggested that it will be crucial for news agencies to sustain their high-quality work and maintain their credibility by establishing a global network in order to be independent as far as newsgathering is concerned, as well as by fighting against fake news and making this fight visible to clients. 'News agencies, in the best case, will be an instance of trust everywhere, trusted information, a lighthouse of facts, or factual information' (Kropsch, 2018).

Regarding economic issues, Christine Buhagiar of AFP pointed out the importance of the copyright issue with Google, Facebook & Co and looked forward to a fairer future for international news agencies in terms of their content: 'I hope Google and Facebook will pay their fair share, because it will change the whole online balance, and we will be able to get money from our content' (2018).

Some interviewees believed that the future of international news agencies will be more global. The objective is to become a global operation reaching a worldwide audience. In all cases, the interviewees emphasised the importance of foreign languages and automatic translation, a technology which is evolving very quickly and 'will open another door' (Crespo, EFE, 2018). As mentioned above, the agency representatives agreed that the role of journalists will be necessary in the future, but their work will be enhanced by modern technologies. As Emilio Crespo put it, 'We always need journalists to do the final work, but we are now doing many things with our hands that you can do with robots, with Google and suchlike'.

However, in contrast to this optimistic position, the general developments of decreasing income and increasing costs may lead to a more defensive policy from the agencies. There are developments to be observed which might indicate that international agencies will be forced to reduce their editorial reach by reducing their correspondent network.

Individual interviewees believed that news agencies will continue to exist and follow the same line of work, as Emilio Crespo of EFE described, 'I think we will be doing the same thing. I think journalists [will be] on the ground covering news and spreading stuff around because it will be necessary'. He affirmed that he is not worried about the future of news agencies or journalists, but more about the

agencies' clients: 'I'm worried about the future of the clients of the news agencies. I think we always need journalists around, recording news with an audio recorder or with a camera'.

Recurrent in the interviews was a sense amongst interviewees that the economic future of international news agencies will be in images and video, and that therefore a shift towards visual services will take place, while text will be of less economic importance. As Christine Buhagiar of AFP asserted: 'Of course we need to push image, image, image, because this is what people are looking at everywhere'. Frank Chasseriau, also of AFP, agreed: 'Video is the future for us'.

Peter Kropsch of dpa emphasised the changing roles of international news agencies in the new digital market, which make it important to adapt by tailoring the agencies' infrastructure to current needs: 'Today you are a customer. Tomorrow you are a provider. Today you are a partner. Tomorrow you are a competitor. This is constantly changing. We need the infrastructure to cope with that'.

Furthermore, he raised the issue of strategy-planning and pointed out that it is difficult to predict where exactly the future of international news agencies will lead: 'Understanding football means that you cannot plan exactly where the ball goes, but you can define the areas you are good at' (Kropsch, 2018).

Conclusion

The purpose of this case study was to delineate the influence of globally changing media systems on the business and innovation policy of the three European international news agencies AFP, dpa and EFE. It sought to provide, through a comparative analysis, deeper insight for media professionals as well as for scientists dedicated to investigating the current and future situation both of news agencies and of globally changing media systems.

Main characteristics of international news agencies

International news agencies:

- have a double function, operating as national agencies in their home countries and as international agencies on a global scale
- maintain a global network of correspondent offices in at least 100 countries
- cooperate with national agencies on a mutual news supply

- provide international news services in foreign languages as well as in their own national languages
- have a tremendous reach by providing their news services on average to about 3,000 media clients and to news agencies of about 60 countries worldwide

Seven strategic forces influence the future of international news agencies

The findings of this case study provide an insightful understanding of **seven forces** that are significantly influencing the future of international news agencies:

Ownership: The ownership structure of the agencies analysed ranges from state-owned and publicly owned to privately owned. Nevertheless, the value-based aims of all three agency types are identical: to provide accurate, impartial and reliable national and international news.

The media crisis: The agencies analysed are seriously affected by the extensive structural crisis that the global media industry has been facing. During the past few years, declining newspaper circulation has been observed, and this will increase future economic pressure on the news agencies.

Diversification: Two of the three agencies have been only marginally diversified. Further diversification of products and markets is indispensable in order to stabilise the agencies' economic future. The main objective of diversification efforts is to maintain the general news services (GNS) as strong as possible since these represents the core value of the agencies.

Innovation: Four main innovation fields were identified:

- The development of new markets by:
 - recovering markets in new regions (especially in Asia and Latin America)
 - providing services in other languages (including the development of IT solutions for automatic translation)
- Adapted price models (instead of tariff systems linked to circulation)
- Further digitisation (e.g. through the implementation of new sales platforms)
- The development of new products (e.g. visual services)

Cost pressures: Another factor of strategic relevance is the costs of the international correspondent networks and the development of costs in general. In addition to the diversification strategy, a consequent cost-cutting strategy will be unavoidable in the future.

Subsidies: Two of the three agencies generate up to 50 per cent of their turnover through state subsidies. Even with a successful diversification policy, it will not be possible for them to completely replace state subsidies with diversification revenues in a reasonable time. Therefore, it can be expected that the demand from individual agencies for increased financial support will increase rather than decrease over the long term. A substantial cut in subsidies would have a negative impact not only on editorial quality but on the supply of fact-based, impartial information to the world's media. The decisive role of international news agencies as a barrier against fake news could be imperilled.

Social media: Despite pessimistic public debate, social media are not seen as direct competition or as threatening to replace the work of international news agencies. On the contrary, they are understood as of tremendous relevance for editorial work. Through their process of verification and accreditation of accurate news, international agencies serve as a firm barrier against fake news.

Summary

The future development of international agencies will be significantly influenced by the seven forces listed above. This case study's findings can contribute to an understanding of the main characteristics of a successful future: they emphasise the importance of innovation and diversification adapted to the needs and the shape of markets.

It will be crucial for news agencies to sustain their high-quality work and to maintain their credibility, by establishing a global network in order to remain independent in their newsgathering and by fighting against fake news and making this fight visible to their clients.

A further objective may be the transition to a more global operation, reaching a worldwide audience and integrating the use of foreign languages and automatic translation. In the new digital market, the roles of international agencies are constantly changing: from provider, to client, to competitor – a process that underlines the importance of agencies adapting to these new roles by tailoring their infrastructure to the actual needs of their clients.

The generalisability of these results is subject to certain limitations. For instance, our findings are based mainly on in-depth interviews and document analysis and therefore these claims are not corroborated by quantitative data. Since this qualitative study focuses on three international agencies in Europe, it is generalisable neither to the situations in other countries nor to global developments.

Further research should be undertaken to investigate other international agencies such as global agencies like Reuters and AP or the Italian ANSA and others. Despite these promising results, questions remain. There are still many unanswered queries, for instance, about the role and relevance of Anadolu, TASS and Xinhua for the future of the global information network.

This project is the first comprehensive investigation of the future of international news based on a comparative analysis of three international agencies. The approach should prove useful in expanding our understanding of how changes in the globally changing media systems influence the business and innovation policy of European international news. The study provides insight for researchers dedicated to investigating the current and future situation of news agencies as well as the globally changing media systems. It also provides an opportunity for professionals to deduce practical implications for the future development of their agencies.

References

- Agence France-Presse (2018, 12 April). AFP CEO Emmanuel Hoog to step down. Retrieved from: <https://www.afp.com/en/inside-afp/afp-ceo-emmanuel-hoog-step-down>
- Austin, G., Brunder, J. & Goodnow, J. (1972). Categories and cognition. In J. Spradley (Ed.), *Culture and cognition: Rules, maps, and plans* (pp. 168-190). New York, NY: Chandler.
- Boyd-Barrett, O. & Rantanen, T. (Eds), (1998). *The globalization of news*. London, UK: Sage.
- Boyce, C. & Neale, P. (2006). *Conducting in-depth interviews: A guide for designing and conducting in-depth interviews for evaluation input* (pp. 1-16). Watertown, MA: Pathfinder International.
- Coleman, S. T., Dye, J. F., Rosenberg, B. A. & Schatz, I. M. (2000). Constant comparison method: A kaleidoscope of data. *The Qualitative Report*, 4(1), 1-10.
- Deutsche Presse Agentur (2017). *Geschäftsbericht 2017* [dpa Annual Report 2017]. Retrieved from: <https://www.dpa.com/de/unternehmen/geschaeftsbericht-2017/>
- European Alliance of News Agencies (EANA). Statutes (n.d.). Retrieved from: <https://www.newsalliance.org>
- Feng, J. H., Hocheiser, H. & Lazar, J. (2010). *Research methods in human-computer interaction*. Chichester, UK: Wiley.

Frederix, P. (1959). *Un siècle de chasse aux nouvelles, de l'Agence d'information Havas à l'Agence France-Presse (1835-1957)* [A century of hunting news, from the Havas information agency to Agence France-Presse (1835-1957)]. Paris: Flammarion.

Kim, S. J. (1989). *EFE: Spain's world news agency*. Study of mass media & communications (Book 15). New York, NY: Greenwood Press.

Ley 9/2017 de 8 de noviembre 2017, de Contratos del sector público. disposición adicional quincuagésima tercera. Servicio público de noticias de titularidad estatal [Spanish Law 9/2017 of 8 November 2018, on Contracts in the public sector. 53rd amendment]. Retrieved from: <https://www.boe.es/buscar/act.php?id=BOE-A-2017-12902&tn=1&p=20180704#da-53>

Loi n° 57-32 du 10 janvier 1957 portant statut de l'agence France-Presse [French Law n° 57-32 of 10 January 1957 on the statute of AFP]. Retrieved from: <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000315388>.

Read, D. (1999). *The power of news: The history of Reuters 1849 – 1989* (2nd ed.). Oxford, UK: Oxford University Press.

Rantanen, T. & Boyd-Barrett, O. (2002). State news agencies: A time for re-evaluation? In: *The various faces of reality. Values in news (agency) journalism* (pp. 79-90). Innsbruck, Austria: Studien Verlag/ Austria Presse Agentur.

Vyslozil, W. & Wippersberg, J. (2013). *Group 39. History of an exceptional alliance of news agencies. Character, business & policy of independent news agencies in Europe*. Vienna: Austria Presse Agentur.

How to cite

Vyslozil, W. & Surm, J. (2019). The future of national news agencies in Europe - Case study 1: The impact of globally changing media systems on the business and innovation policy of the European international news agencies AFP, dpa and EFE. The London School of Economics and Political Science, London, UK. <https://doi.org/10.21953/lse.bvbue31ot8xt>

ISBN 978-1-909890-58-9



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Department of Media and Communications
London School of Economics and Political Science
Houghton Street, London WC2A 2AE

Email: media@lse.ac.uk

Twitter: @MediaLSE

lse.ac.uk/news-agencies



Design: LSE Design Unit (lse.ac.uk/designunit).