

# Audiences now newspapers' biggest source of revenue - dramatic model shift

WASHINGTON DC, US: The World Association of Newspapers and News Publishers (WAN-IFRA) released its annual World Press Trends survey on Monday, 1 June 2015, which reveals that global newspaper circulation revenues are larger than newspaper advertising revenues for the first time this century.

"The basic assumption of the news business model, the subsidy that advertisers have long provided to news content, is gone," said Larry Kilman, Secretary General of WAN-IFRA, who presented the survey at the 67th World Newspaper Congress, 22nd World Editors Forum and 25th World Advertising Forum in Washington, DC. "We can freely say that audiences have become publishers' biggest source of revenue."

Newspapers generated an estimated US \$179bn in circulation and advertising revenue in 2014 - larger than the book publishing, music or film industries. Ninety-two billion dollars came from print and digital circulation, while 87 billion came from advertising.

"This is a seismic shift from a strong business-to-business emphasis - publishers to advertisers - to a growing business-to-consumer emphasis, publishers to audiences."

Throughout the 20th century, advertising brought up to 80% of revenues in some markets. The ratio varies from market to market: in some European and Asian markets, advertising might bring 40% of revenues. However, the survey showed that newspaper advertising revenues are falling nearly everywhere, while circulation revenues are relatively stable.



Image via [123RF](#)

"Print used to be one of few traditional marketing channels and often the one that was the most ubiquitous for branding and logical choice for all marketers. This direct relationship of mutual dependence no longer exists. Advertisers nowadays have more than 60 different advertising media channels available to them.

"However, in 2015 it is clear that the story of the newspaper industry is not one of doom and gloom and decline. Newspapers around the world are successfully proving their value to advertisers, despite booming competition. They are discovering new markets and new business models that are today as pertinent to news production as advertising and circulation revenues. From print newspaper businesses, they have transformed into true multiplatform news media businesses."

## Challenge to measure in new metrics

Though newspapers are now ubiquitous on all media platforms, the measure of their reach and influence continues to be mired in the 20th century, largely relying on print circulation and a variety of separate, non-standardised measures of digital reach. The challenge for the industry is to measure reach of newspaper content on all platforms with new metrics.

The World Press Trends survey includes data from more than 70 countries, accounting for more than 90% of the global industry's value. The data is compiled through an enormous undertaking by dozens of national newspaper and news media associations and generous support from global data suppliers: Zenith Optimedia, IPSOS, ComScore, the Pew Research Center, RAM and the ITU.

## Top survey results

### *The Future is Mobile*

Eight out of 10 smartphone users check their device within 15 minutes of waking up. It is a fight for audience's attention and mobile has it.

- Globally consumers spend an average of almost 2.2 hours per day with mobile (97 minutes) and tablet (37 minutes), which together account for 37% of media time, ahead of television (81 minutes), the desktop (70 minutes), radio (44 minutes), and print (33 minutes), according to the InMobi mobile media consumption report.
- App usage represents about half of mobile engagement, with leading media now seeing 30% or more of their monthly audiences coming exclusively from mobile platforms.
- For the first time, desktop audience numbers are falling. Time spent using smartphones now exceeds web usage on computers in the US, the UK and Italy. For 19 of the top 25 US newspaper sites, mobile traffic exceeded desktop by at least 10%, according to Pew Research. Those who use only mobile devices to consume newspaper digital content increased 53% in March 2015 from the same month a year ago, according to a report from the Newspaper Association of America.

"When it comes to new revenues, we have been talking about the year of mobile for the last 10 years," continues Kilman. "It has finally happened. In 2014, desktop Internet usage globally decreased in favour of mobile and mobile app usage is becoming the majority of all digital media activity in the US."

### *Print Circulation Rises in East, Sets in West*

#### Digital Circulation Grows

- Around 2.7 billion people around the world read newspapers in print and more than 770 million on desktop digital platforms. However, there is increasing evidence - from countries with sophisticated and robust metrics - that print and digital combined are increasing audiences for newspapers globally. Data from Australia, for example, shows that nearly 86% of all adults read newspapers on some platform. In the UK, the figure is 83%. And in Chile, it is nearly

82%.

- Print circulation increased +6.4% globally in 2014 from a year earlier and shows a five year growth of +16.5%. This is largely the result of circulation increases in India and elsewhere in Asia; the newspaper business in India is still the healthiest print newspaper industry in the world. Updated Indian figures have significantly affected the global picture and they partly come from a growing number of publications in India.
- Circulation rose +9.8% in Asia in 2014 from a year earlier, +1.2 in the Middle East and Africa and +0.6 in Latin America; it fell -1.3% in North America, -4.5% in Europe and -5.3% in Australia and Oceania. Over five years, newspaper circulation rose +32.7% in Asia, +3.7% in the Middle East and Africa and around +3% in Latin America; it fell -8.8% in North America; -21.3% in Europe and -22.3% in Australia and Oceania.
- In mature markets, newspapers are adopting strategies to make more money from fewer subscribers. These include cover price increases and lowering production costs by reducing the frequency of printing. However, these practices risks alienating some segments of their readership in exchange for growth in revenues.
- Paid digital circulation increased 56% in 2014 and rose more than 1,420% over the last five years, according to PwC. One in 10 people in a Reuters Institute Digital News Report survey of 10 countries said they now pay for digital content. That ranges from 22% in Brazil to 7% in the UK.

### ***Print Still Pays***

- Globally, more than 93% of all newspaper revenues still come from print, and print will continue to be a major source of revenue for many years to come. At the same time, newspapers around the world are investing efforts and are increasingly innovative in turning the business model from two-dimensional to multi-dimensional.
- While digital advertising represents a small part of overall newspaper revenue, it continues to grow significantly, increasing 8% in 2014 and 59% over five years, according to PricewaterhouseCoopers. However, the main benefactors of digital ad spending continue to be social media and technology companies. Google takes the biggest share, with 38% (US \$19.3bn) of digital ad revenue. Facebook took nearly 10% in 2014 and is the biggest recipient of total digital display and mobile display advertising revenue.

### ***TV takes biggest bite of advertising but internet and mobile gaining***

- Television continues to maintain the largest share of global advertising revenues, with just under 40%, followed by desktop and mobile internet with more than 24%, newspapers with 15%, magazines with 7.3%, outdoor and radio with around 7% and cinema with 0.5%.
- Print advertising worldwide declined -5.17% in 2014 from a year earlier and declined -17.51% over five years. Since it began in the mid-1990s, Internet advertising (both desktop and mobile) has principally risen at the expense of print.
  - Print newspaper advertising increased +4.86% in Latin America in 2014 compared with a year earlier and +2.21% in the Middle East and North Africa, but fell in all other regions: -6.54% in Asia and the Pacific, -7.5% in North America, and -5.01% in Europe.- Over five years, print newspaper advertising increased +27.68% in Latin America. It declined -28.22% in North America, -23.10% in Europe, -22.11% in the Middle East and Africa, and -7.34% in Asia and the Pacific.
- Internet adspend overtook total adspend on both newspapers and magazines in 2014. Over the last ten years, Internet advertising has risen from 4% of total global spend to 24%. In the same period, newspapers' share of global spend has halved from 30% to 15%, while magazines' has fallen from 13% to 7.3%.
- Newspaper digital advertising revenues will not replace high yield print revenues, but are significantly increasing. Newspapers digital advertising increased +8.5% in 2014 and nearly +60% over five years.

The World News Media Congress continues through Wednesday. Live updates are available on the conference blog at [www.wan-ifra.org/congress\\_blog](http://www.wan-ifra.org/congress_blog) or via Twitter: live coverage @NewsConf, curated updates @NewspaperWorld and via the

hashtags #wnc15 and #Editors15

For more, visit: <https://www.bizcommunity.com>