

News media outlook

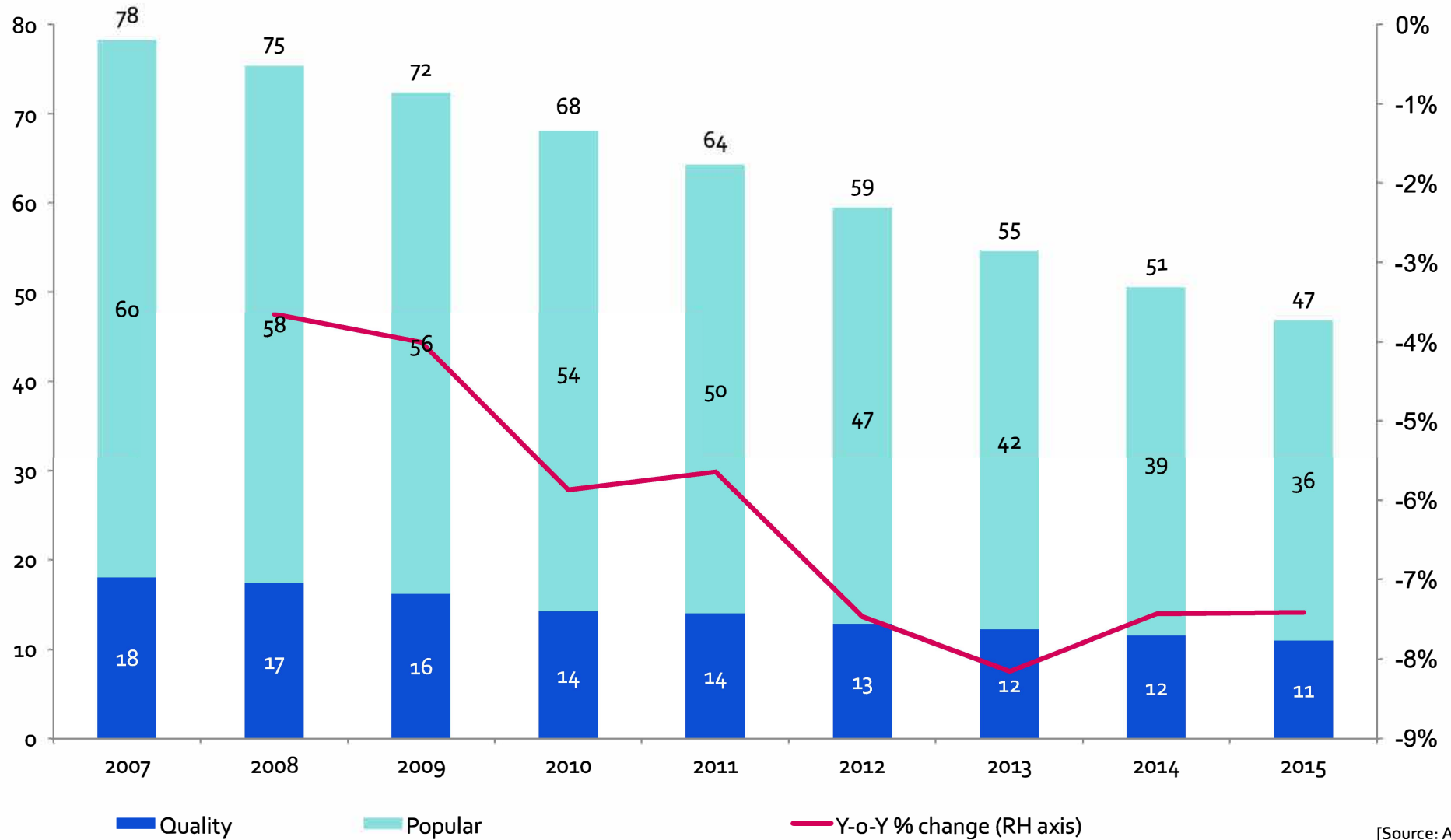
Culture Welsh Language & Communications Committee

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Daily print news: relentless 8% decline

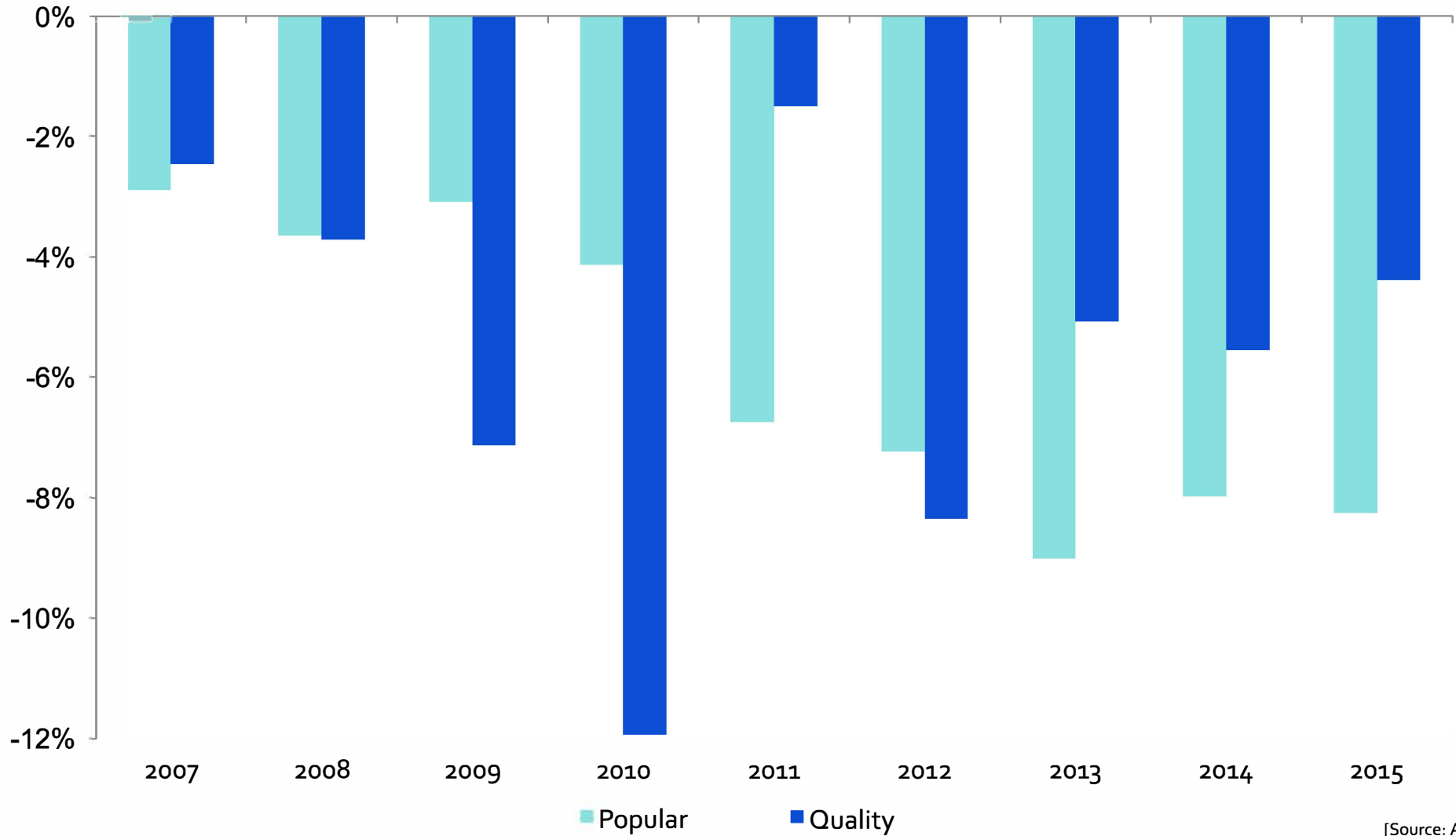
Total circulation per week (m)



[Source: ABC]

Shift from "quality" to "tabloid"

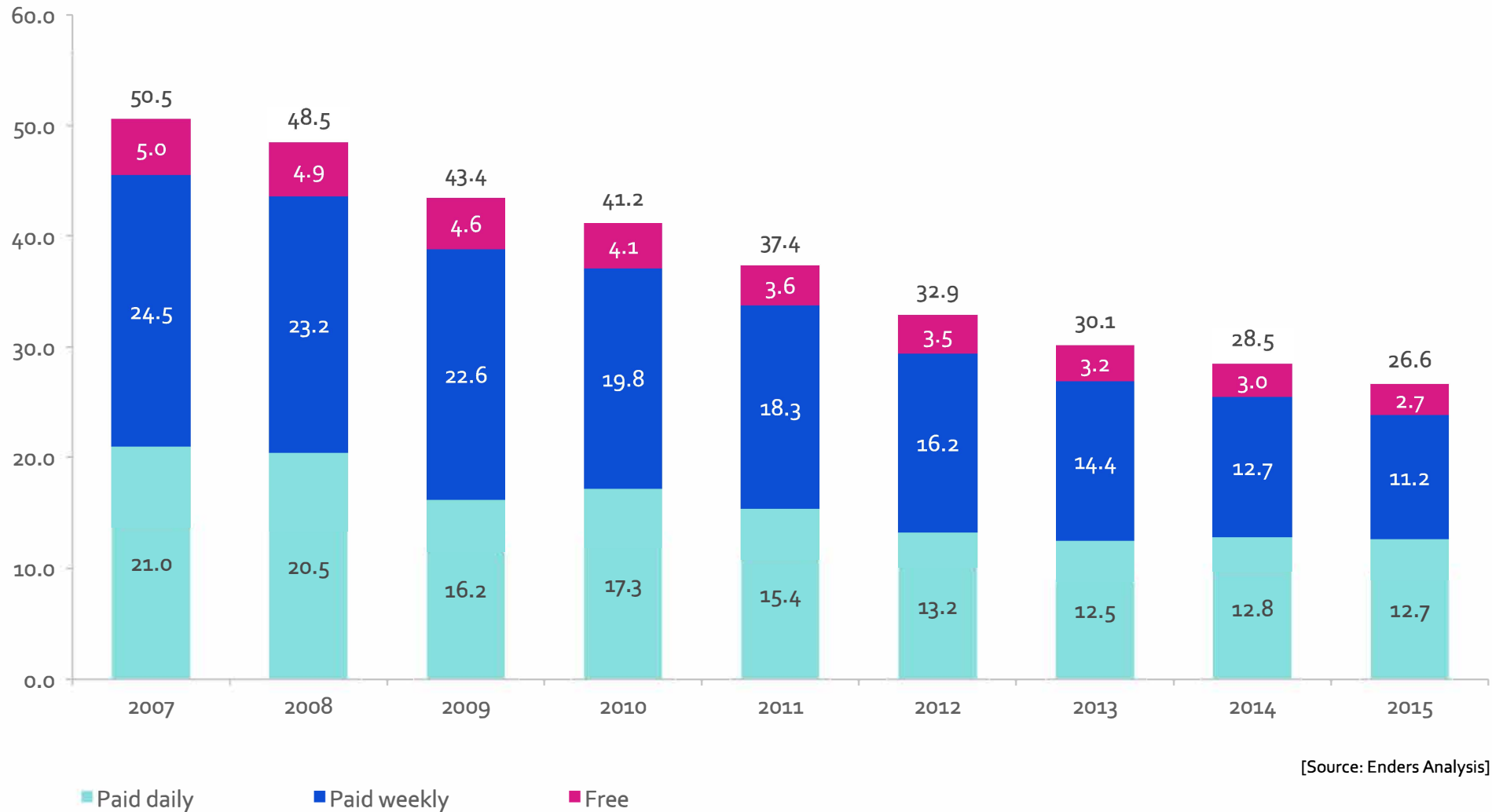
Circulation growth (Y-o-Y % change)



[Source: ABC]

Local press volumes – falling even more quickly

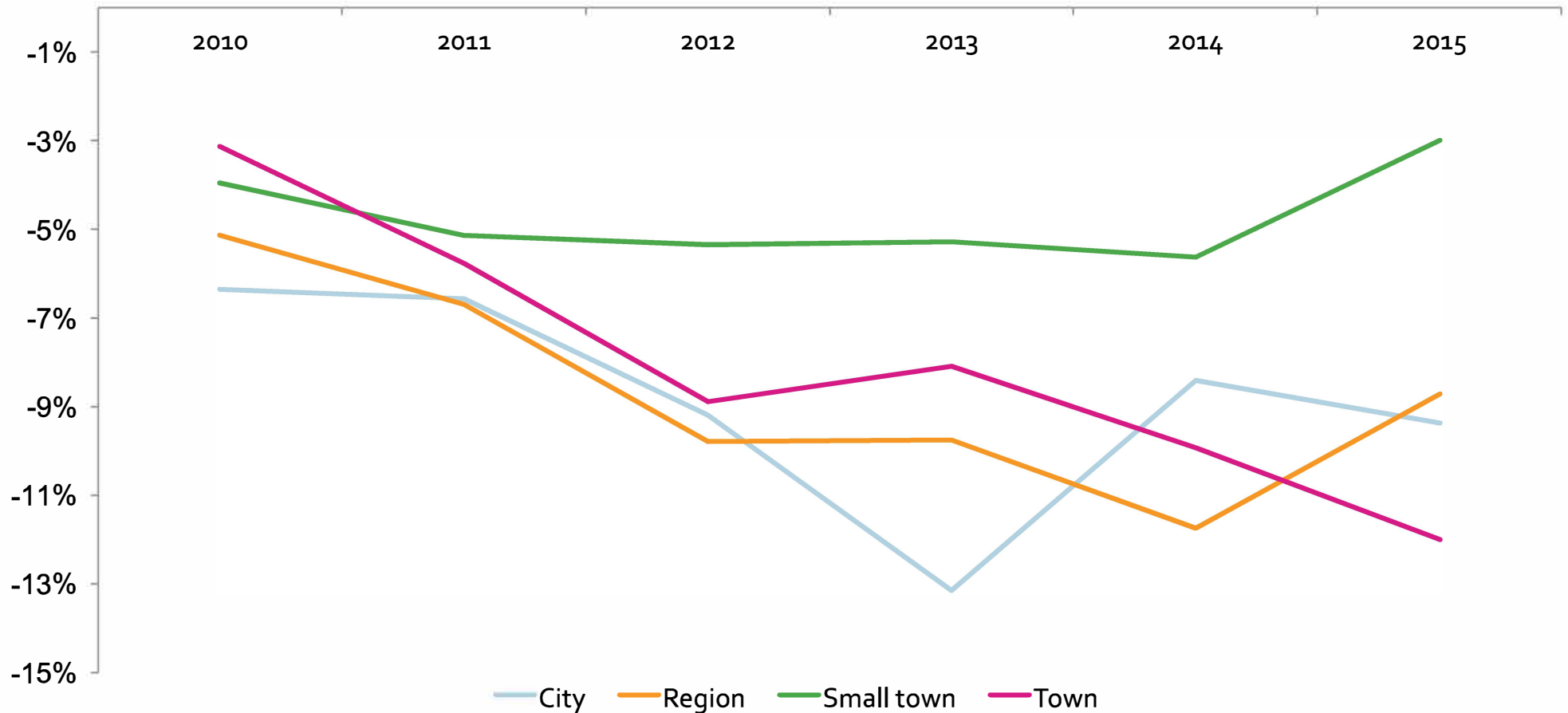
Regional newspapers circulation per week



[Source: Enders Analysis]

Local press – circulation more resilient in smaller towns

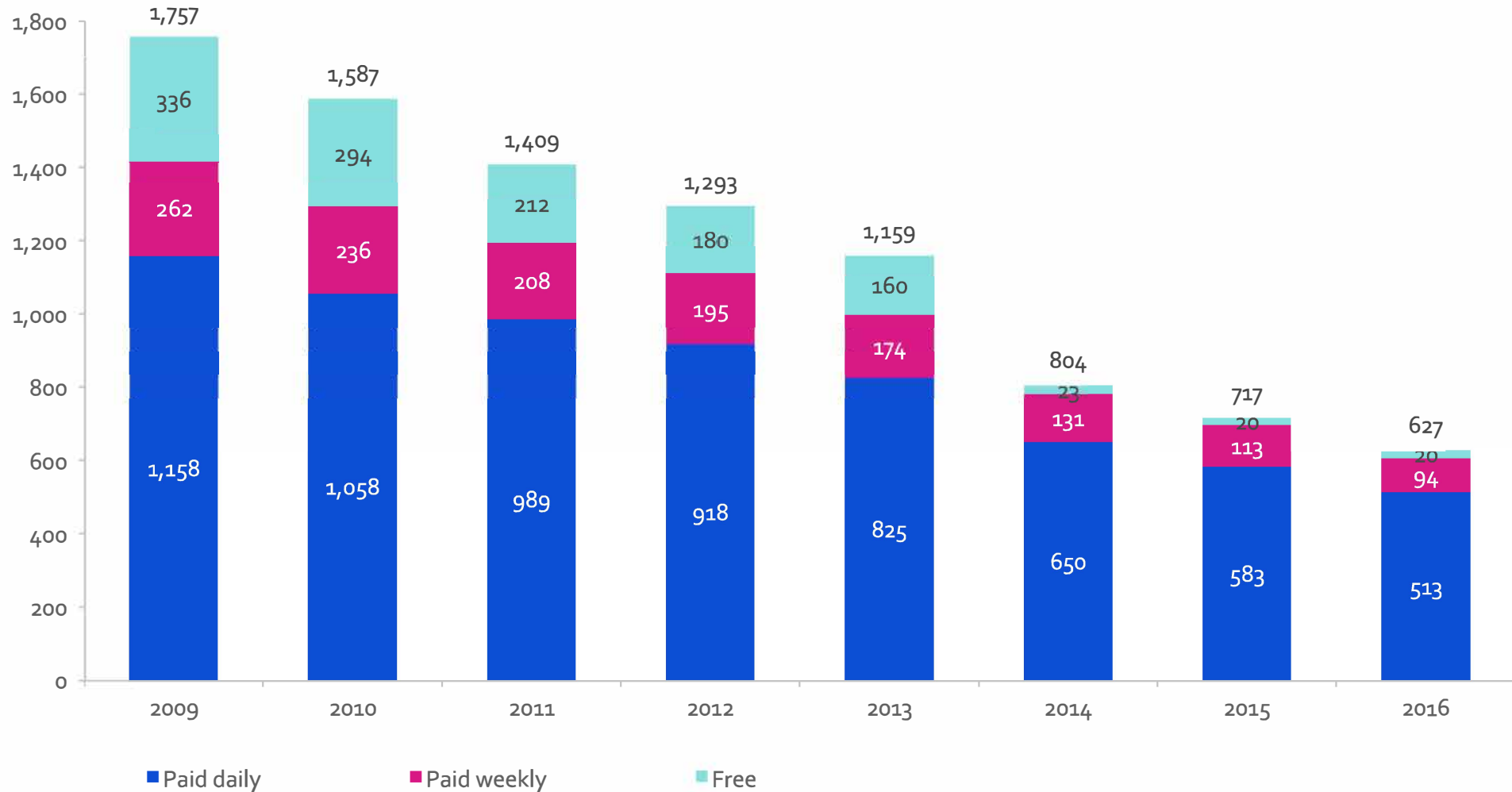
UK regional newspapers circulation by geography size y-o-y % change



[Source: Enders Analysis based on ABC]

Welsh press volumes follow UK trend

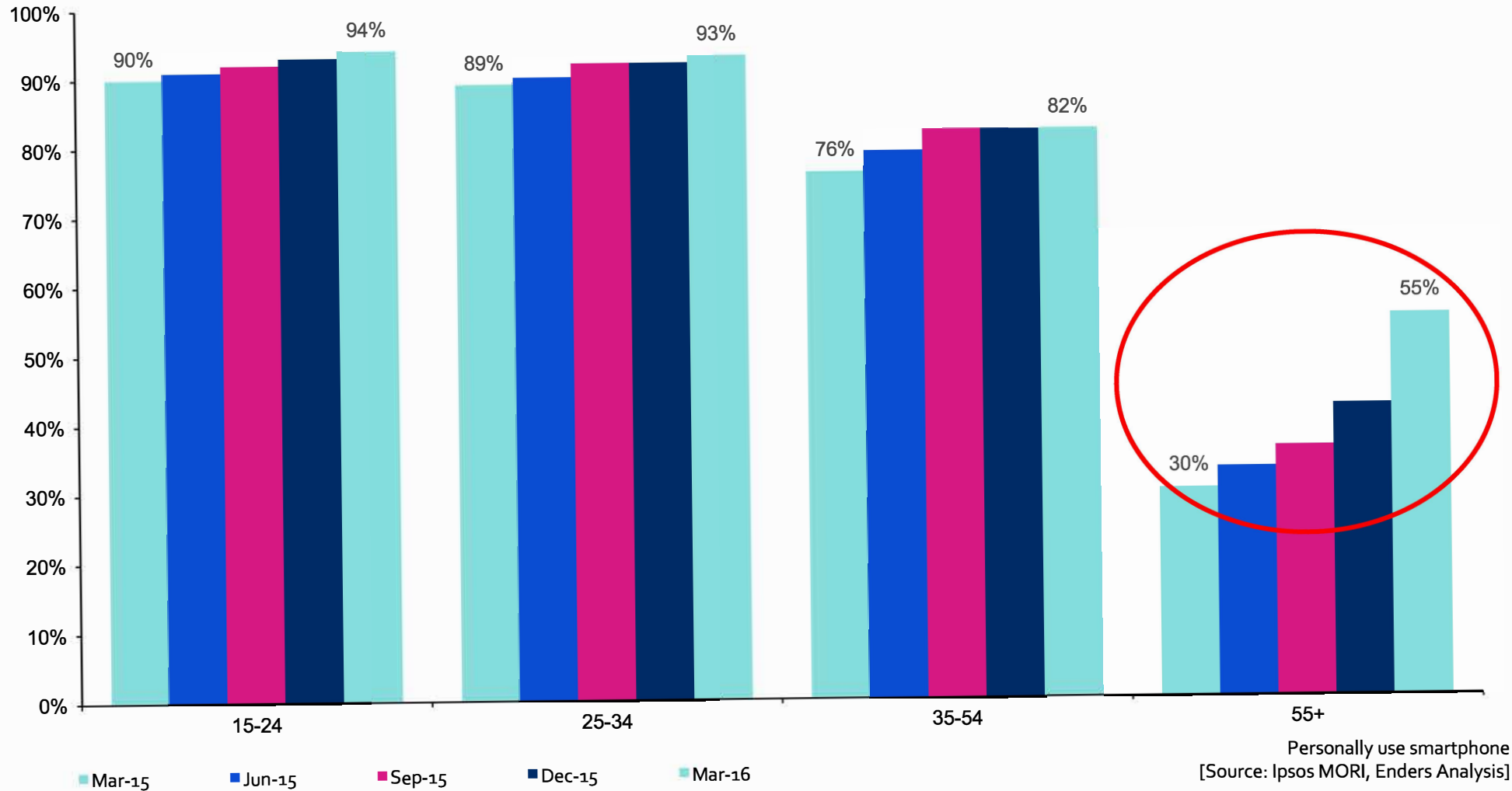
Welsh newspapers circulation per week (oocs)



[Source: Enders Analysis based on ABC]

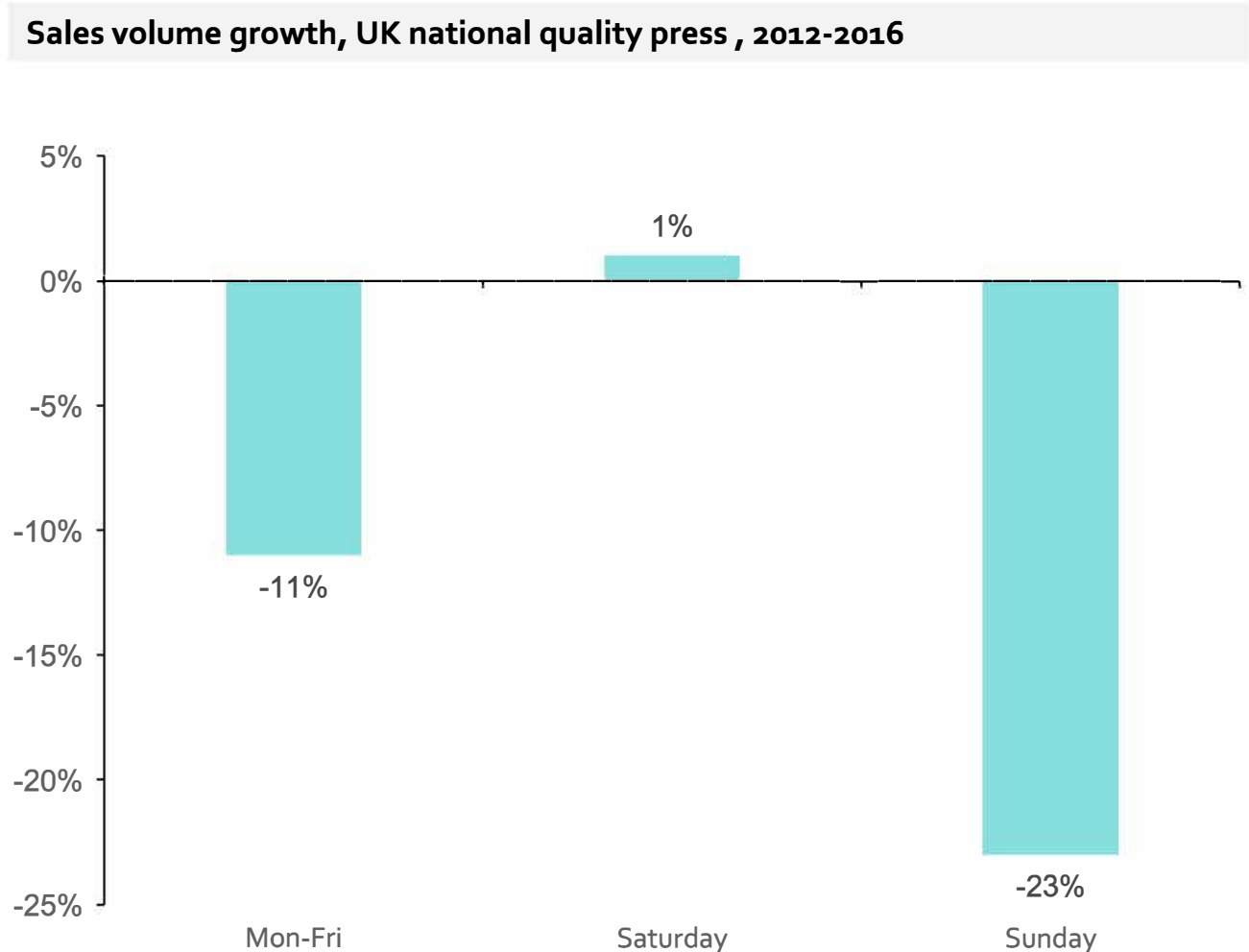
Smartphones are a critical driver; and have shifted to older demographics

Smartphone adoption % by age group



The clear weekly trend: Saturday wins

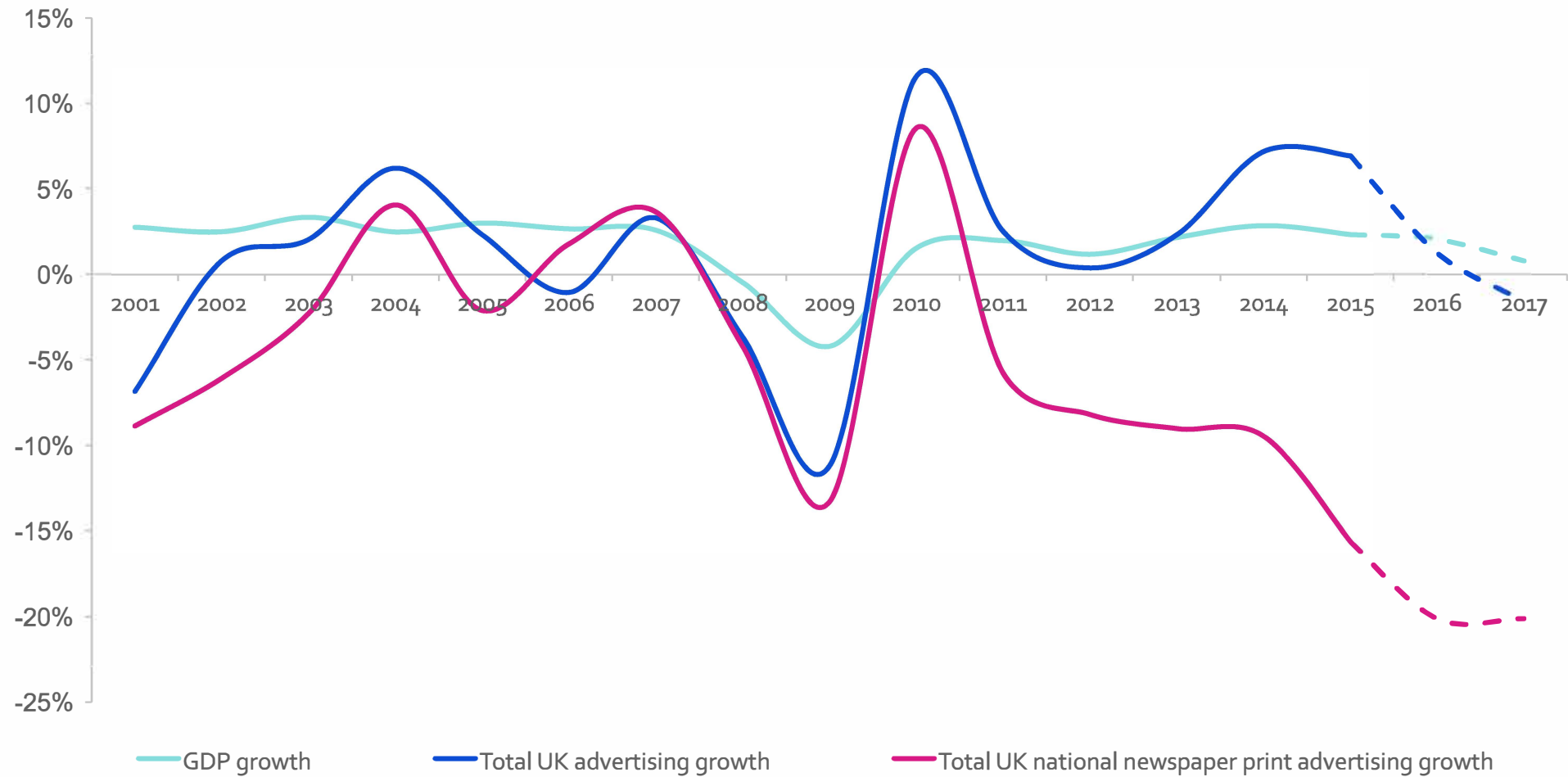
- Erosion in daily newspaper purchasing is well understood, but the weekend market is changing more dramatically. Quality Saturday titles are very steady, while Sunday titles have fallen substantially. Sundays are turning into “just another day”, and the weekly digest – a very successful format in print – sits more comfortably at the start of the weekend than the end
- Greatest resilience in print news media – such as The Economist, the Weekend edition of the FT, The Week – provide weekly digest/commentary in a trusted brand package, which is a highly relevant print product in a 24/7 news environment
- Content that is not replicated anywhere online – Private Eye, for example – is relatively rare and also outperforms print media trends



[Source: Enders Analysis]

Newspaper print advertising collapsed during an advertising boom

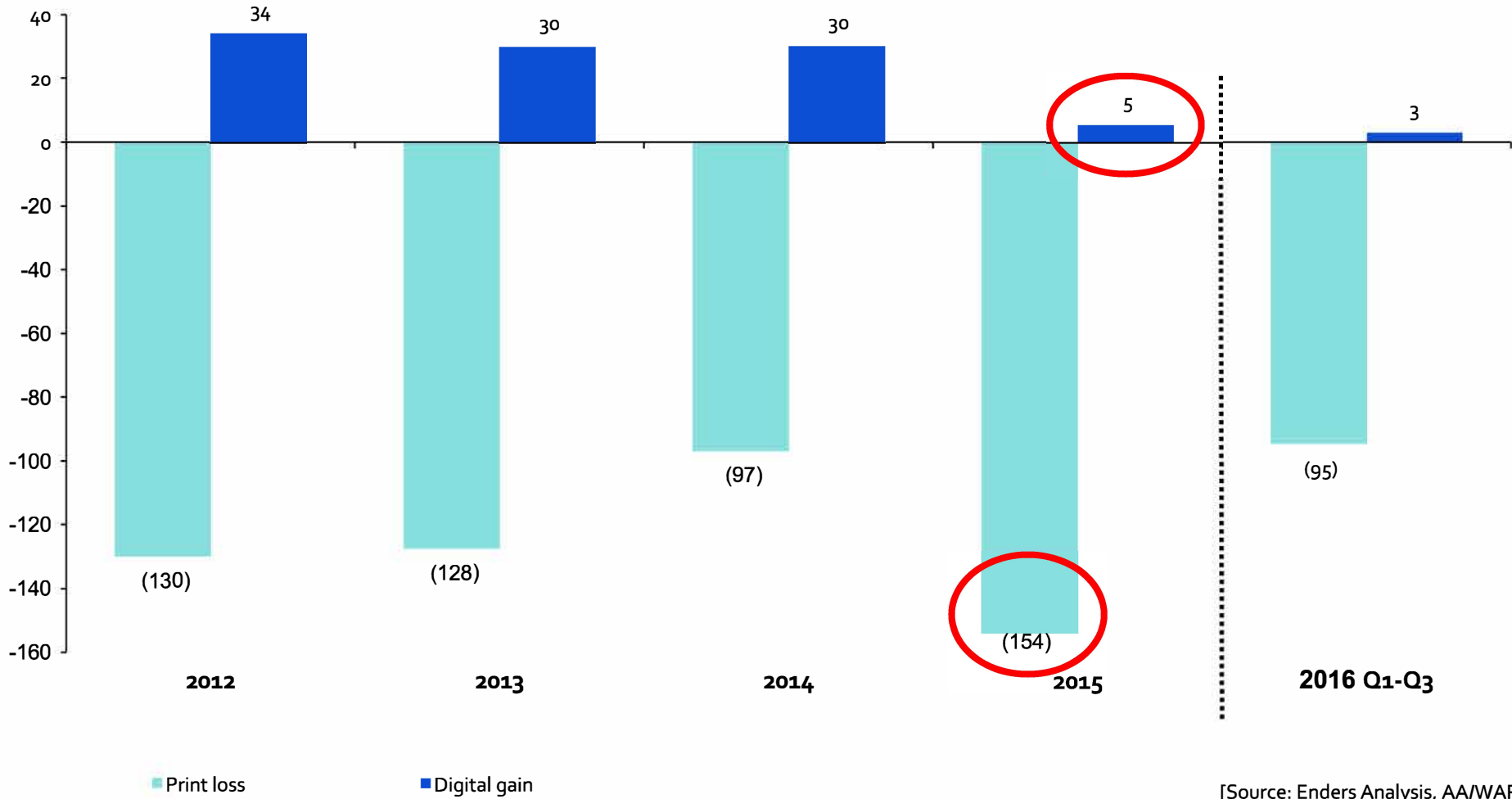
UK display advertising, national newspaper print display advertising and GDP (Y-o-Y % change)



[Source: AA/WARC, ONS, BoE, Enders Analysis]

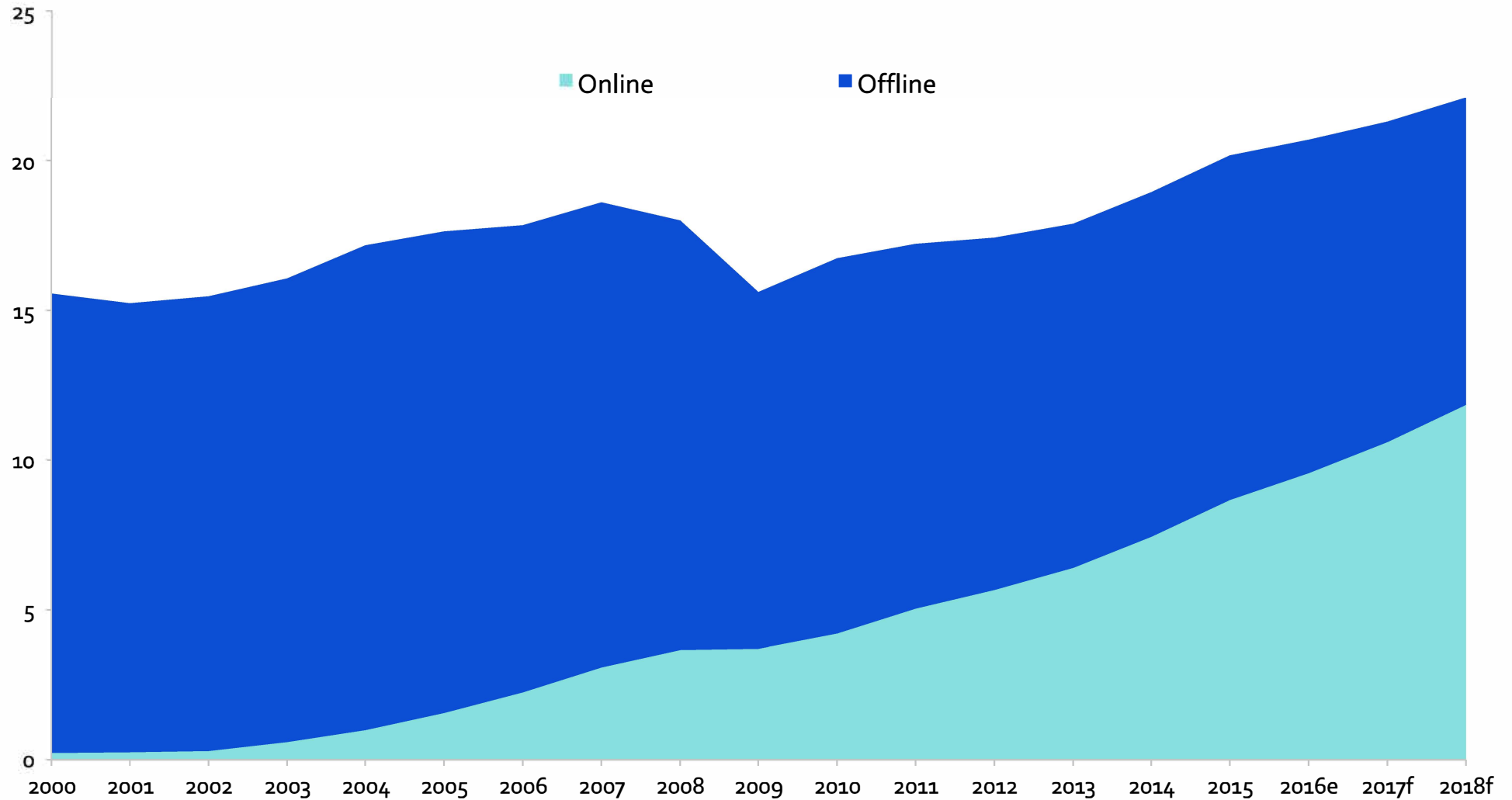
£30 in print lost for every £1 gained in digital

Digital gain versus print loss in national newspapers (£m)



Digital advertising has reached a tipping point – 50% digital

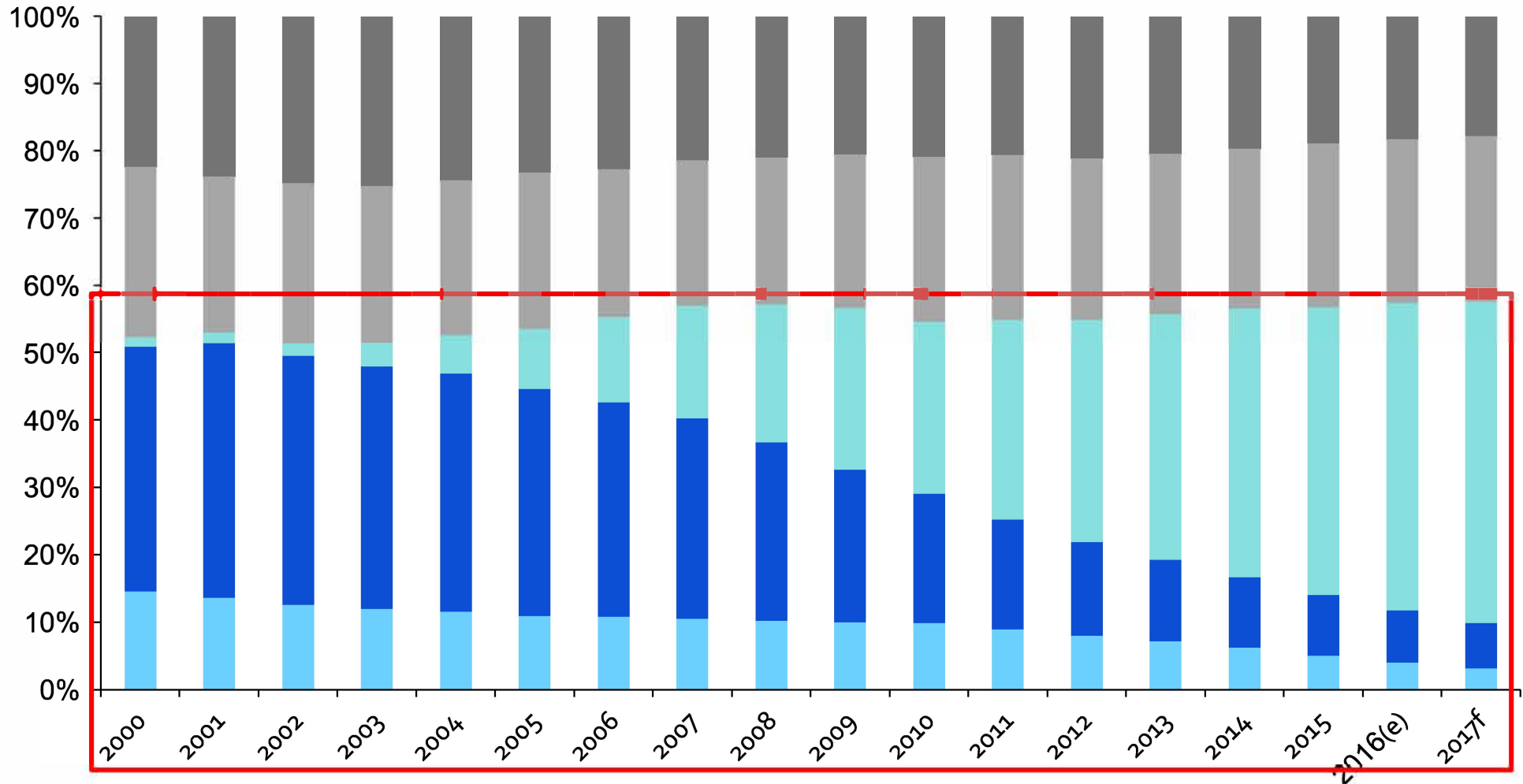
UK advertising spend (£bn)



[Source: Enders Analysis based on AA/Warc]

Press to online advertising substitution is very clear and accelerating

Share of advertising by medium (%)



■ National newspapers

■ Other press

■ Online

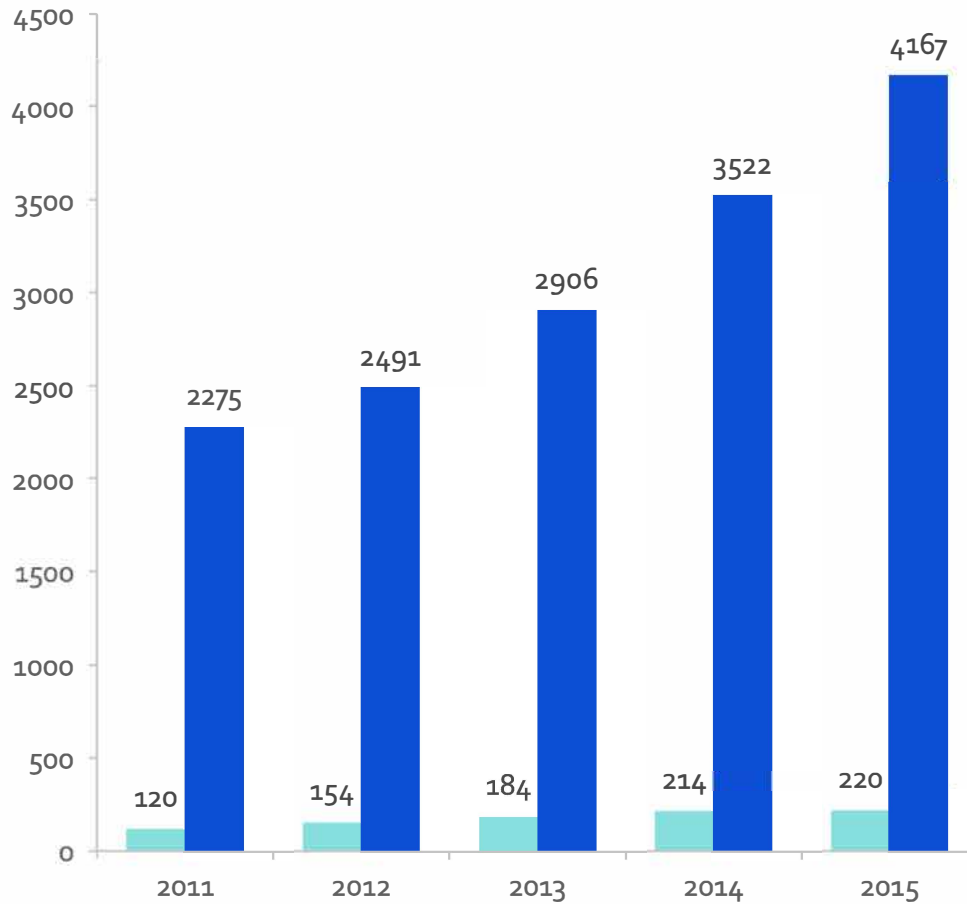
■ TV

■ Other media

[Source: Enders Analysis, AA/WARC]

Newspapers are minnows in digital advertising and market share is falling

National news digital advertising vs total UK digital* (£m)

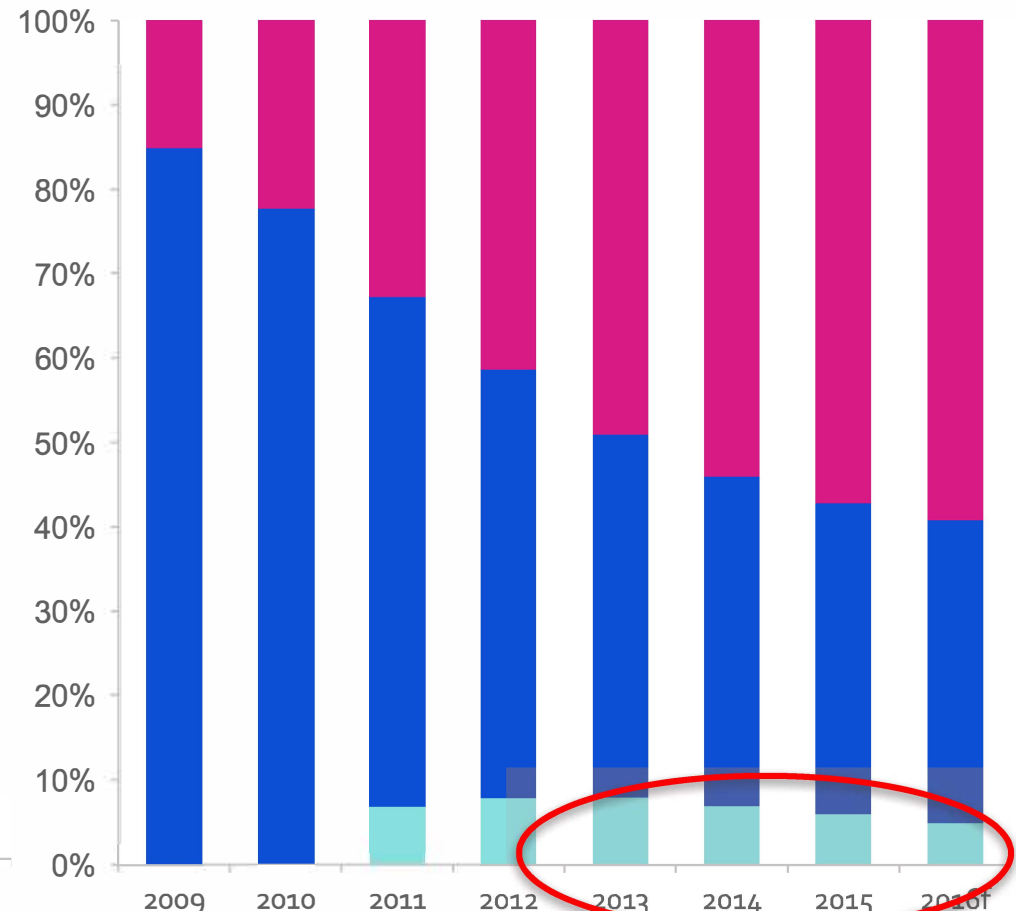


■ National newspaper digital advertising revenue ■ Total internet revenue

[Source: AA/WARC]

*Total UK digital advertising excludes search

Internet display sales by publisher type (%)

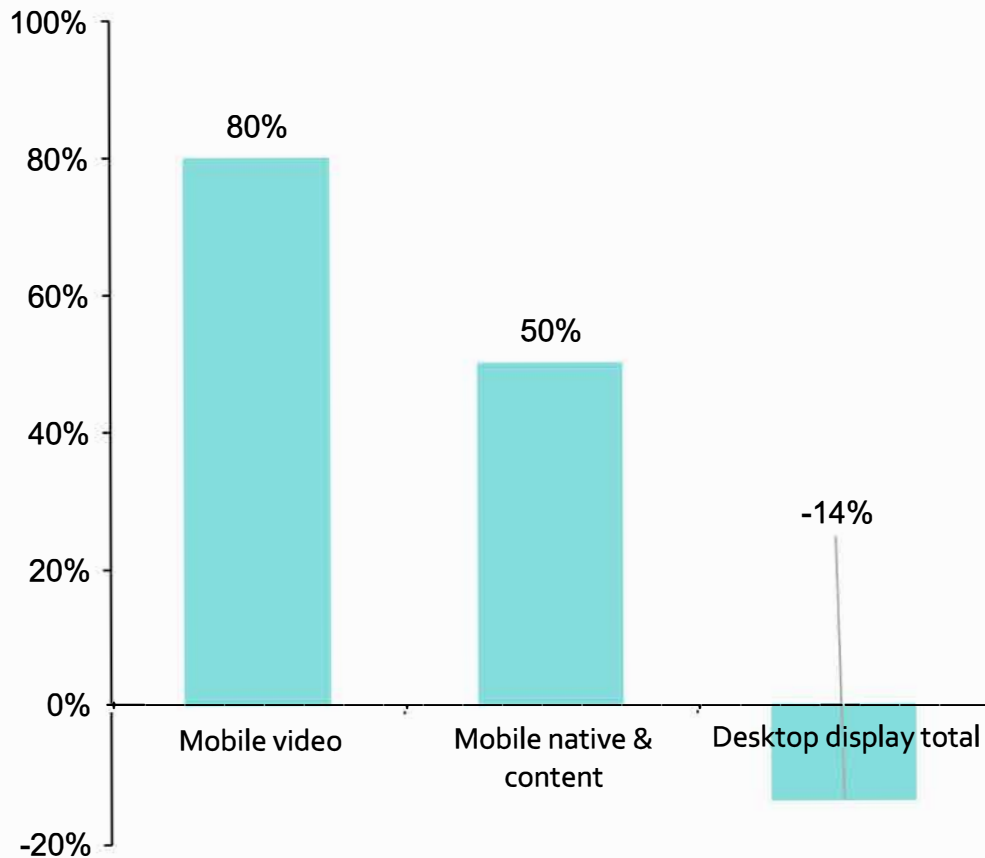


■ National newspapers
 ■ Content publishers
 ■ Social media

[Source: Enders Analysis estimates based on IAB and AA/WARC]

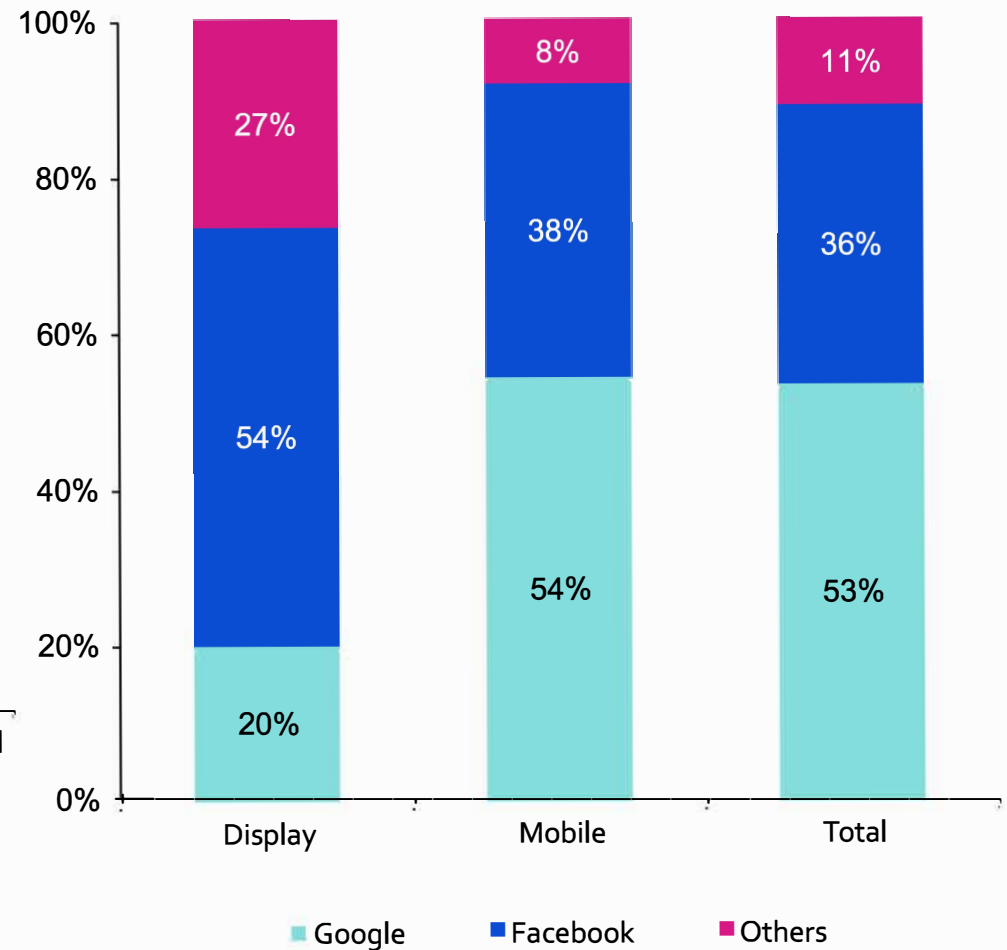
Digital adspend growth is Google and Facebook growth

2016 YoY growth, select display categories (%)



[Source: Enders Analysis]

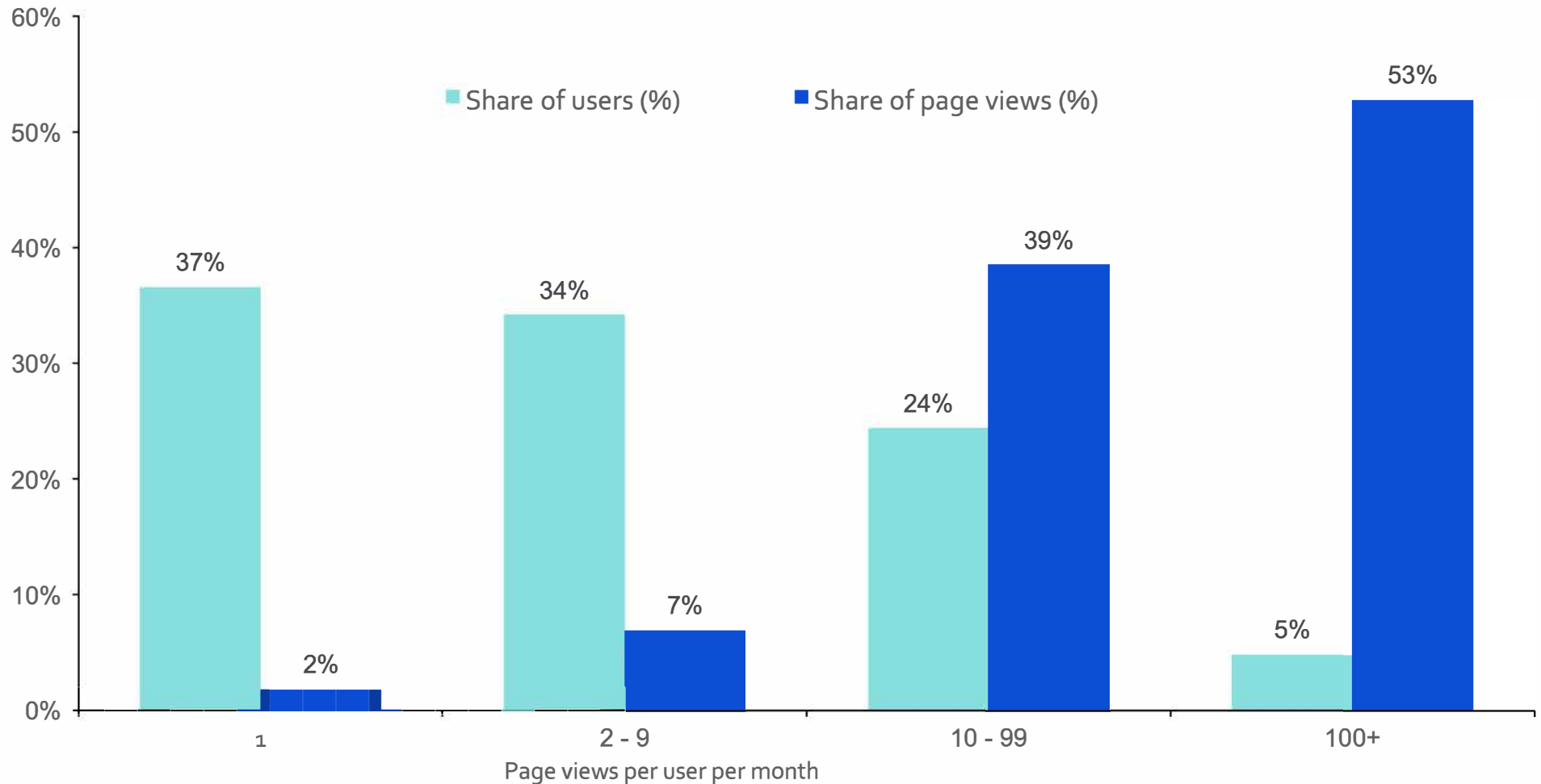
Google & Facebook shares of 2016 YoY growth, UK digital (%)



[Source: Enders Analysis]

Quality news brands chasing advertising is a fantasy

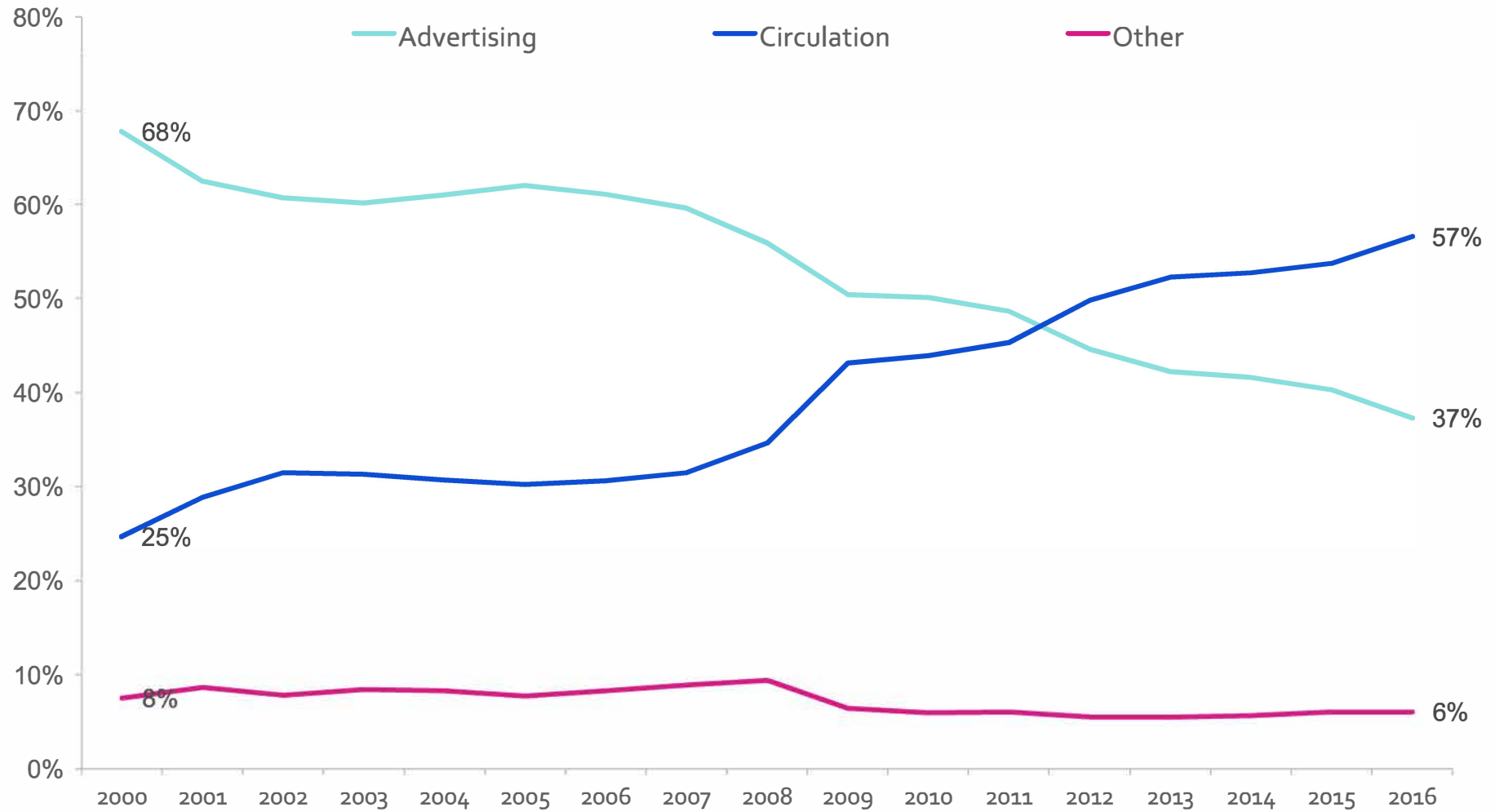
Newspaper online usage pattern



Based on an anonymised newspaper, September 2014
[Source: Enders Analysis from AGOF/Zeitung 2014/15
Bonn: Bundesverband Deutscher Zeitungsverleger (p.170)]

New York Times moves from split revenue to membership model

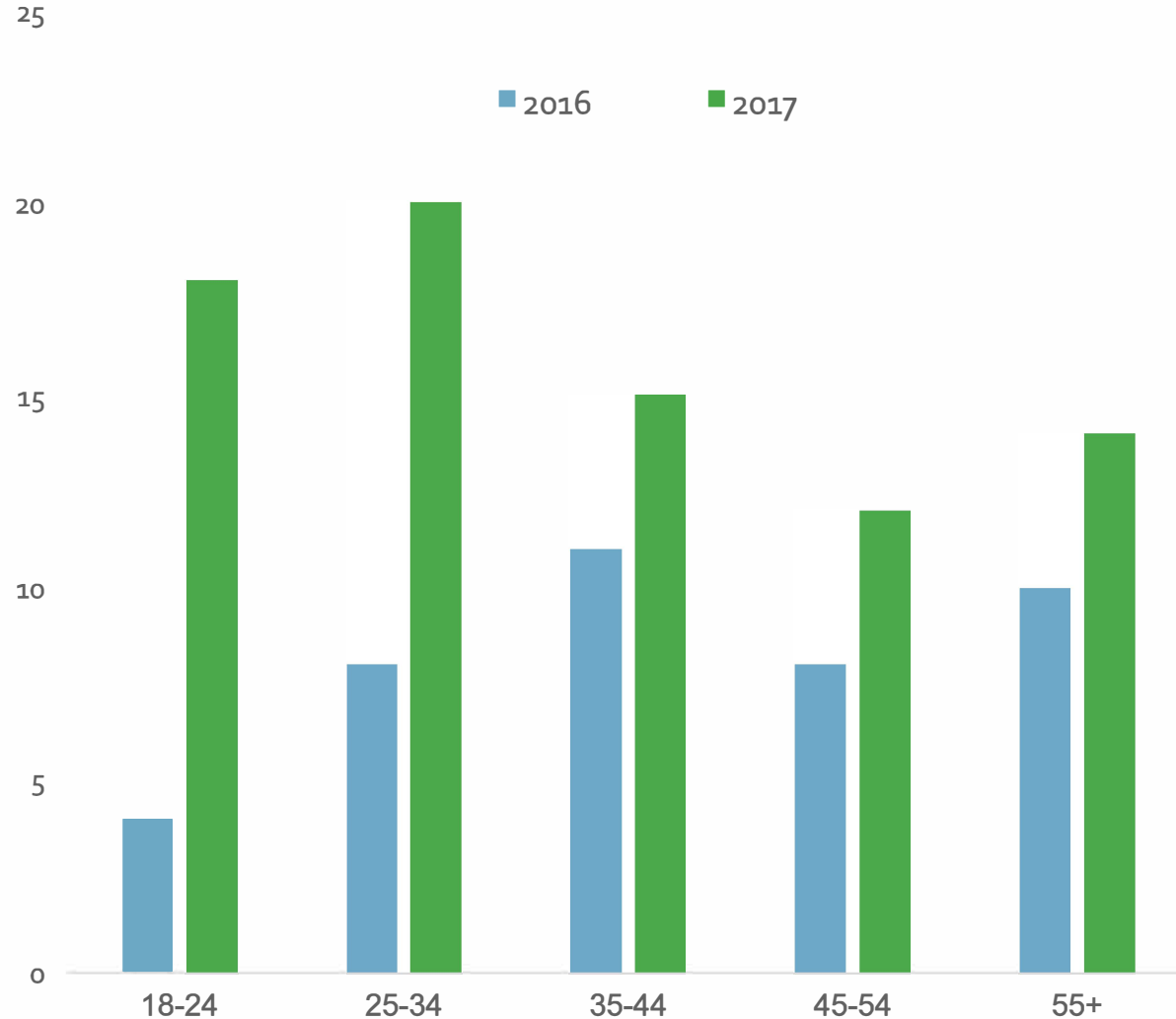
New York Times revenue mix 2000-16 (%)



[Source: New York Times Company and Enders Analysis]

Propensity to pay for news – signs of change?

Survey query: have you paid for online news in the last year?

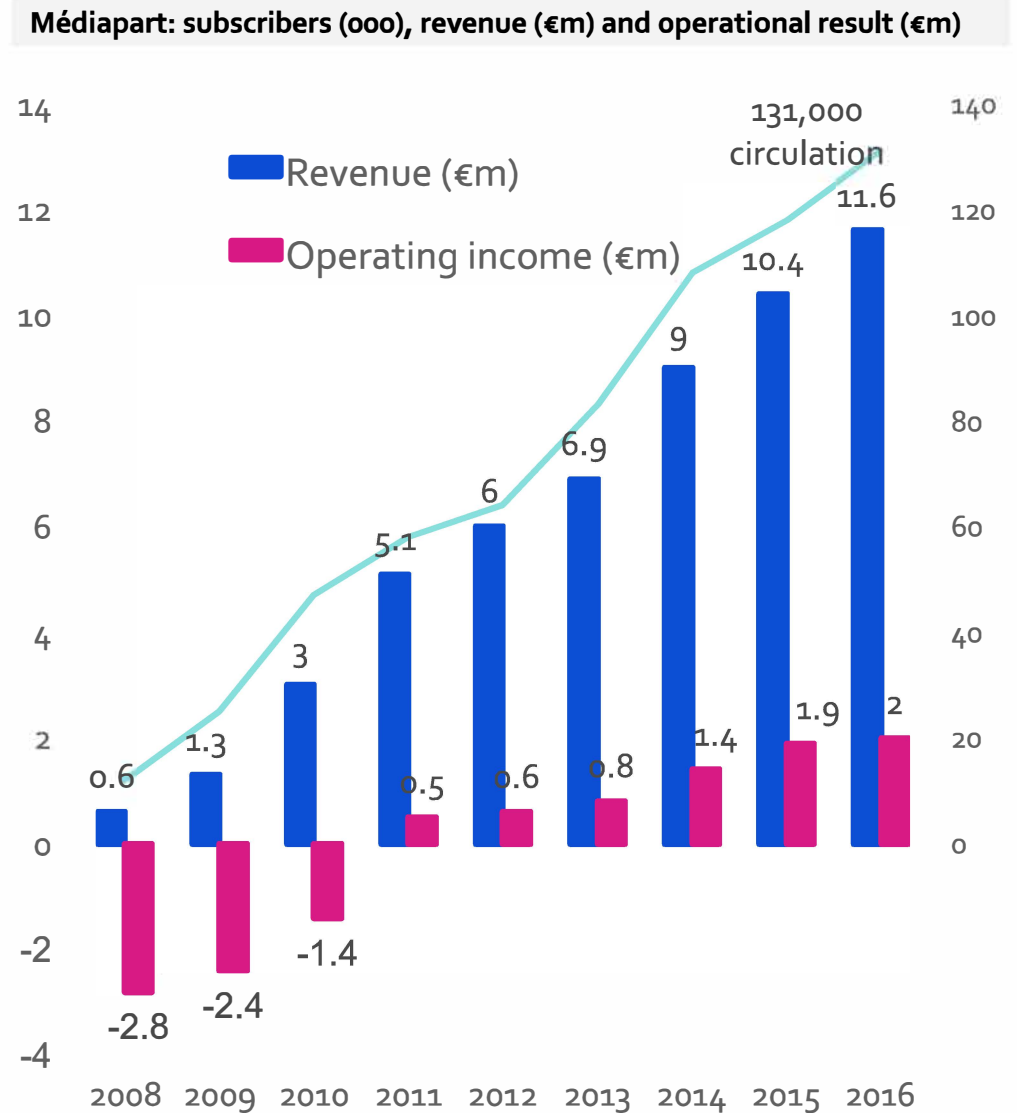


1. Shift in attitude for a variety of reasons – “fake news”, extraordinary political change
2. Also a shift in attitudes to content media, with the *need* to pay for it replacing the expectation for free
3. Also, build the *right* service, and consumers subscribe – Spotify, Netflix
4. Contrary to assumptions – older demographics are stubbornly reluctant to pay

[Source: Reuters Institute Digital News Report 2017, US audience data]

Médiapart case study

- *Profitable, membership, native news service*
- Subscription only, hard paywall
- Investigation and opinionated journalism
- Scoops and star journalists on TV generate brand recognition and sampling
- 74 staff o/w 55 journalists, transparent P&L
- Founders and employee-owned
- Brand-support blogs, events, forums, publications: membership
- No advertising – therefore, an option to scale up?

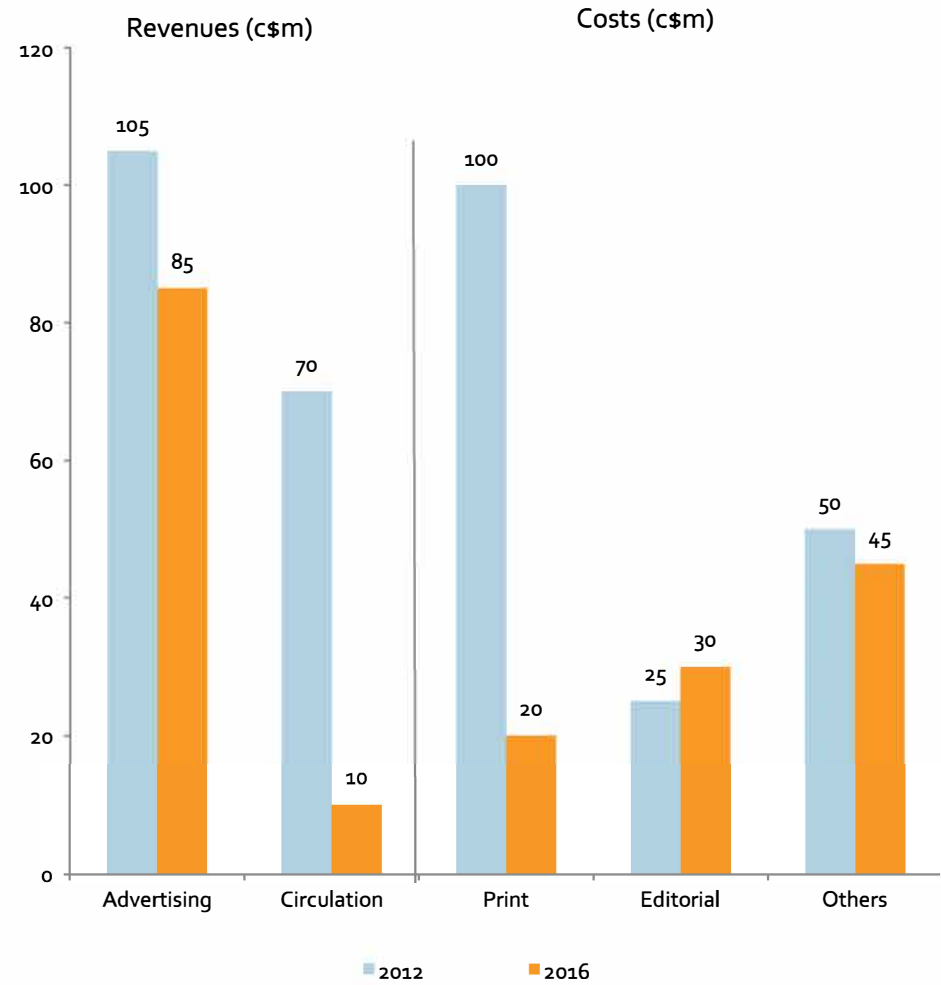


[Source: Enders Analysis from Médiapart]

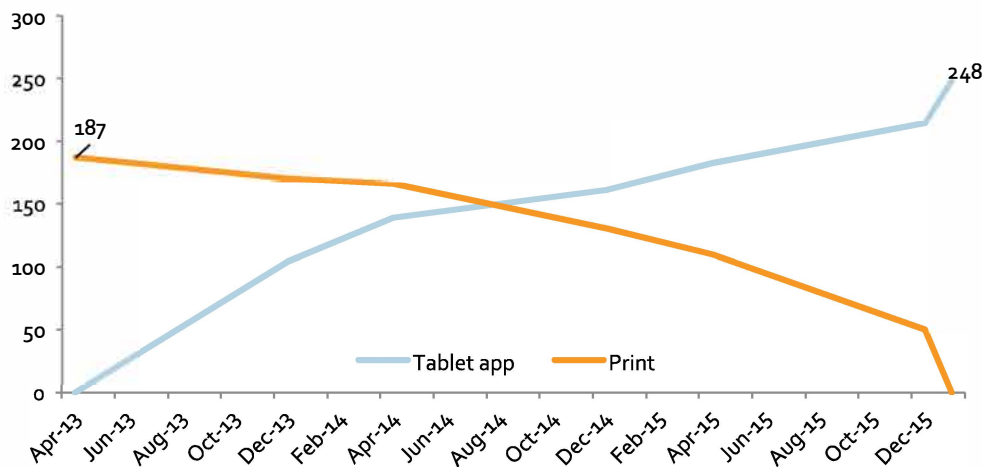
La Presse case study

- La Presse in Canada abandoned its print edition and centred on a tablet service (which is HTML in a native wrapper)
- In so doing, it **increased** its editorial commitment, but dramatically reduced all other costs
- It transitioned relatively small advertising revenues over
- Broadly speaking La Presse went from breakeven to breakeven, though the business is little more than half the scale it was
- But the two revenue streams should be in growth, completely repositioning the spirit and opportunity of the organisation
- Users spend 44 mins per day – 20% greater than the UK reader’s engagement with **print editions**

Revamped model, rising editorial resources



La Presse's M-F circulation per issue (oos)

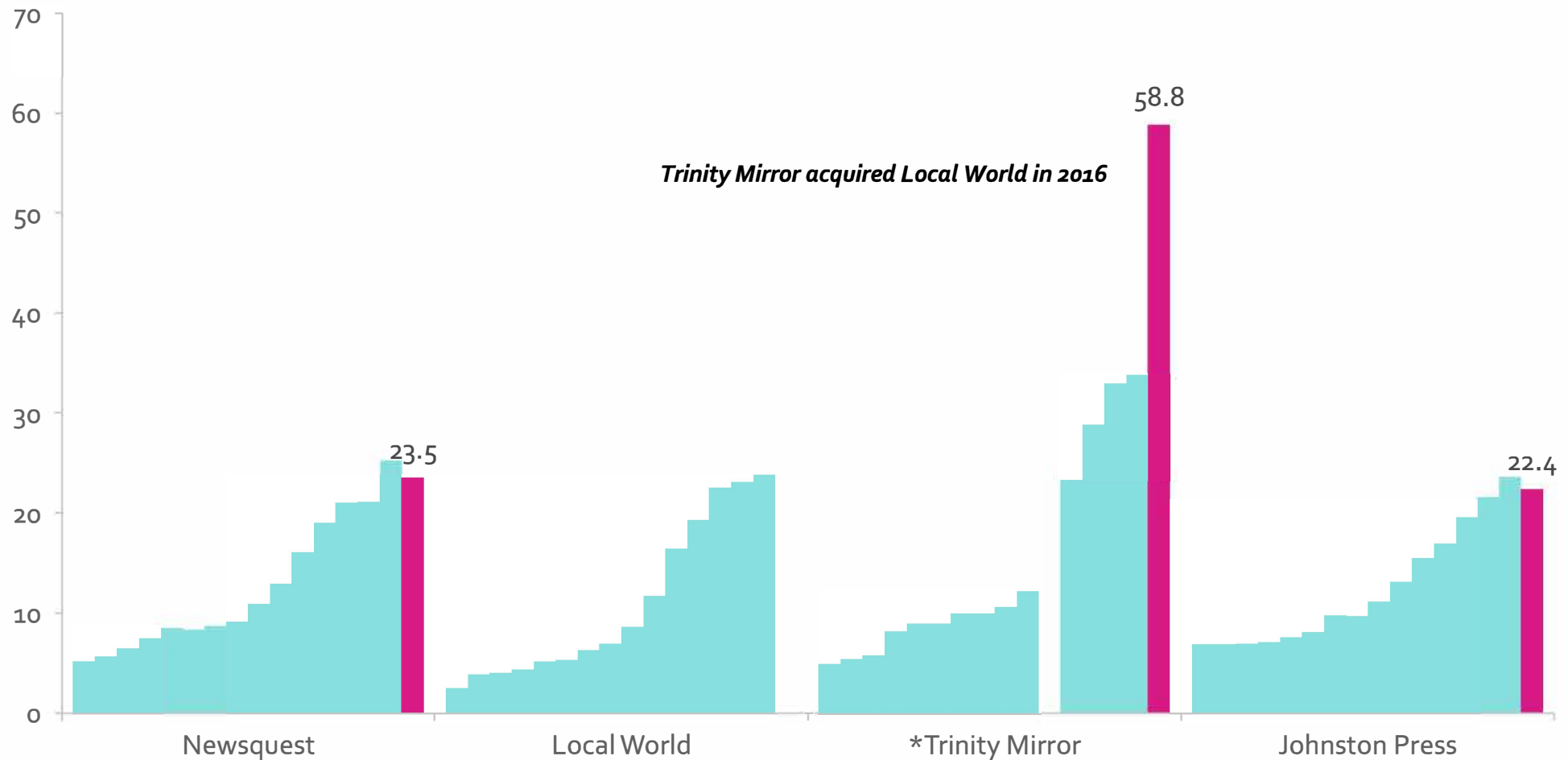


Note: Print figure is average for the year [Source: La Presse, AAM certified]

[Source: Enders Analysis estimates]

Local news media audience scale has grown substantially

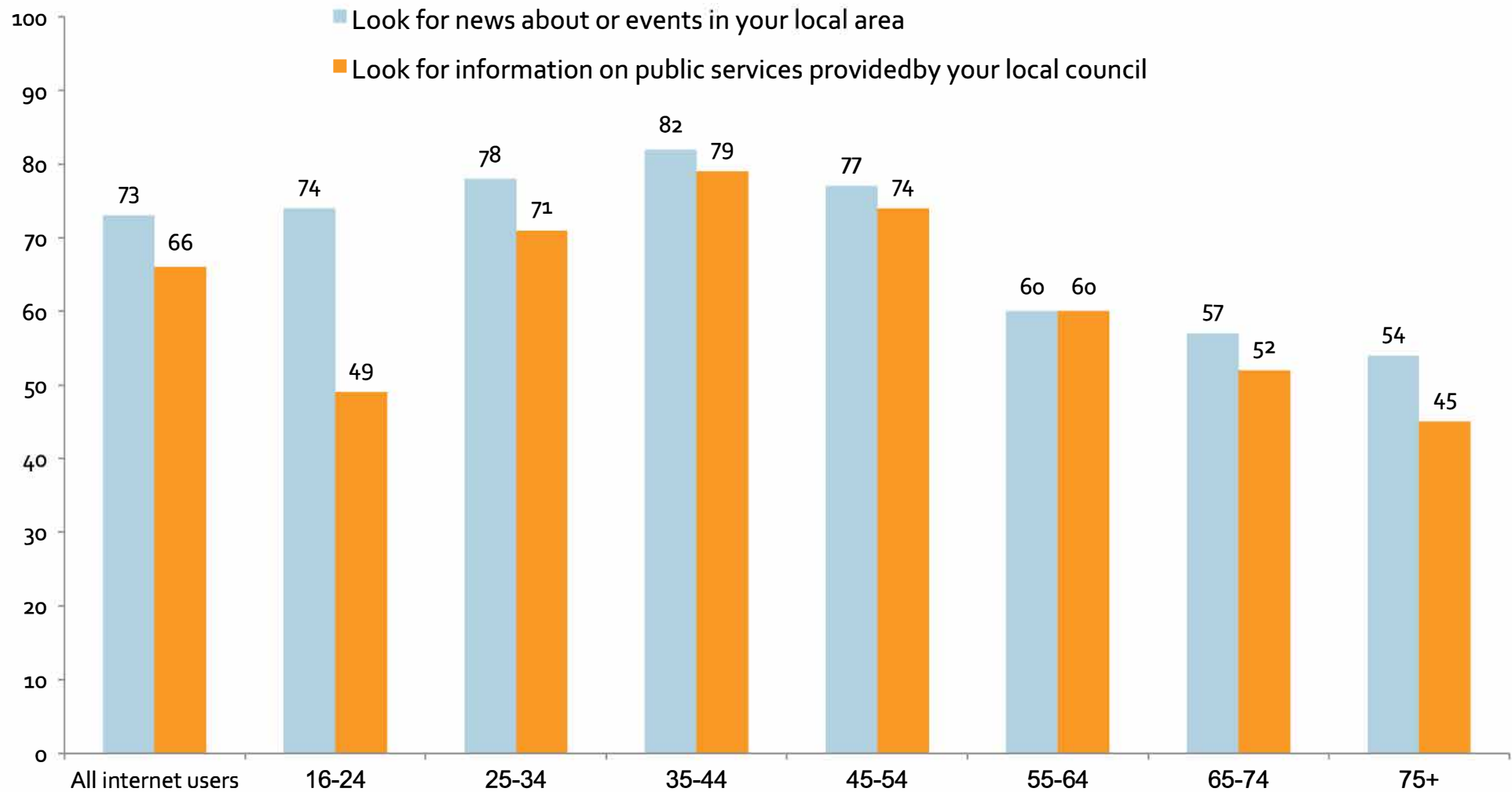
Digital traffic (monthly servers, m) H1 2009-H2 2016



[Source: ABC]

Young and old are looking for local info online

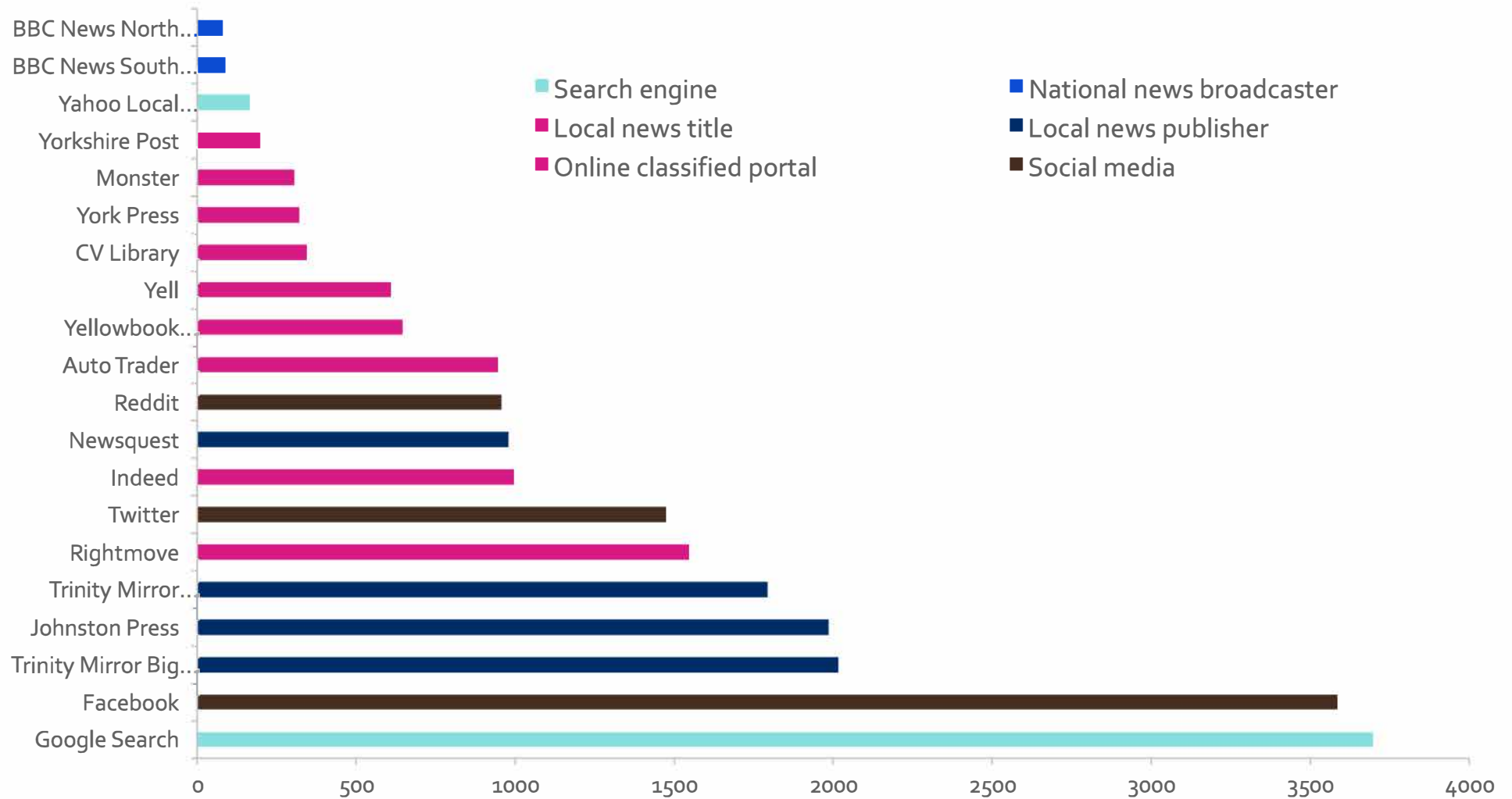
UK % share of age groups accessing local information online



[Source: Ofcom Media Usage Survey, April 2016]

Local example of local news media scale – Yorkshire

Yorkshire audience (ooo)



[Source: Enders based on comScore]

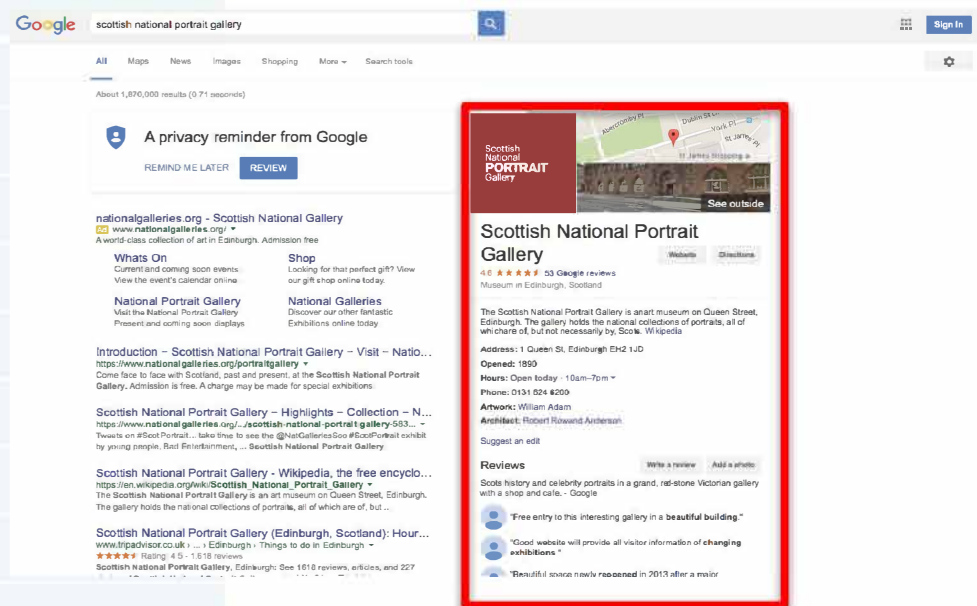
Use-case gap: who is looking for “an online newspaper”?

- Most local media publishers have helpful audience segments – by demographics and lifestyle
- However, it is critical for publishers to develop detailed *use-cases*, to
 - Optimise journeys;
 - Encourage consumer engagement;
 - Create compelling marketing opportunities for local and national businesses
- Too many publishers are publishing their local newspaper online, optimised for search and social
 - This model assumes the answer to any consumer query should be “a 900-word article”
- Meanwhile, publishers undervalue the power of the printed product in the multimedia strategy - perhaps this should be the *only* way of consuming some long-form journalism, for example?
- Most consumers are not looking for a local online newspaper. So what are they looking for?
 - Most consumers are looking for **information**: local news brand digital content should be selected, structured, curated as *inventory in a local information database first* – and, where appropriate, also *presented* as news
 - Many consumers will be inspired by an intelligent **local discovery** service. Discovery takes many forms – one of them is information; one of them is the opinion and authority of the local media brand; one of them is news
 - Many consumers are looking to be engaged, inspired, or to help develop some element of control within their local community: **campaigns and engagement tools** on key issues for a wide variety of age groups and parts of the community are a critical development
- In summary, if marketing and display marketing (and also employers) are the key commercial opportunities for local publishers, content models need to be reengineered to deliver on them – advertisers and recruiters are not looking for “local newspapers online”, any more than consumers are

Trivial but revealing example – the gap between supply and demand

Scottish National Portrait Gallery – top 30 google search results

1. National Galleries (introduction)	16. Pagepark projects
2. National Galleries (highlights)	17. BBC News
3. Wikipedia	18. Saatchi Gallery
4. Tripadvisor	19. Lonely Planet
5. Visitscotland	20. Rampant Scotland
6. National Portrait Gallery (collections)	21. Culture24
7. National Portrait Gallery (beyond the gallery)	22. About Britain
8. Artfund	23. Royal Collection
9. The List	24. Euan's Guide
10. Facebook	25. Parkopedia
11. Twitter	26. The Guardian (2011 review)
12. Telegraph (review)	27. Time Out
13. Carbontrust	28. ECS Scotland
14. Tickets, Edinburgh Fringe	29. Tripadvisor
15. 38 Degrees	30. Sophie Gerrard



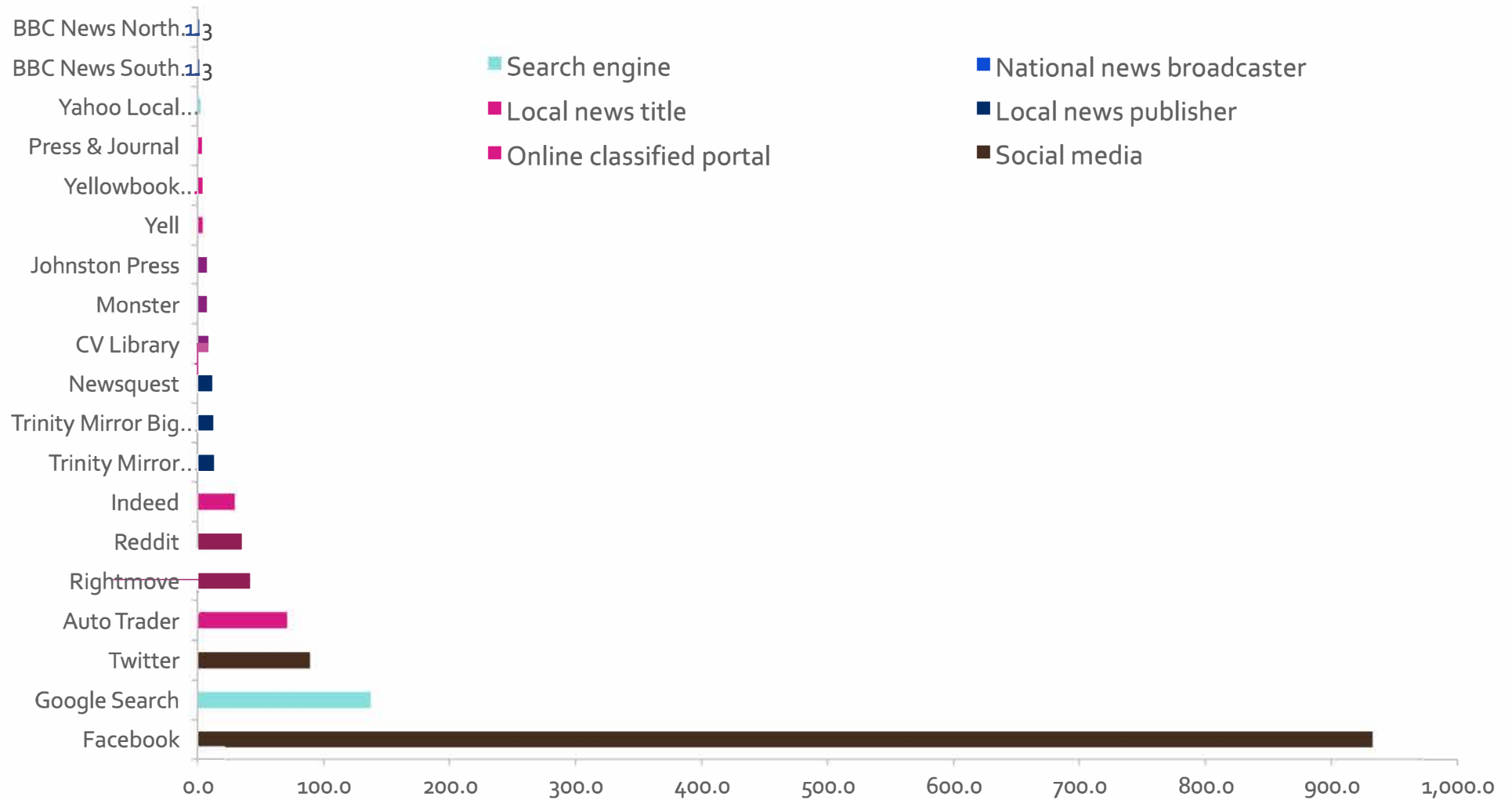
*Local newspapers run stories on (say) galleries when there is a new show, or when they burn down;

But they should have structured data about every such institution/person/business/body – and become *the* permanent content home and go-to place for locals and visitors to engage, discuss and contribute

[Source: Google UK search results for "Scottish National Portrait Gallery" on 5th May at 14:41]

But frequency and overall engagement is far greater

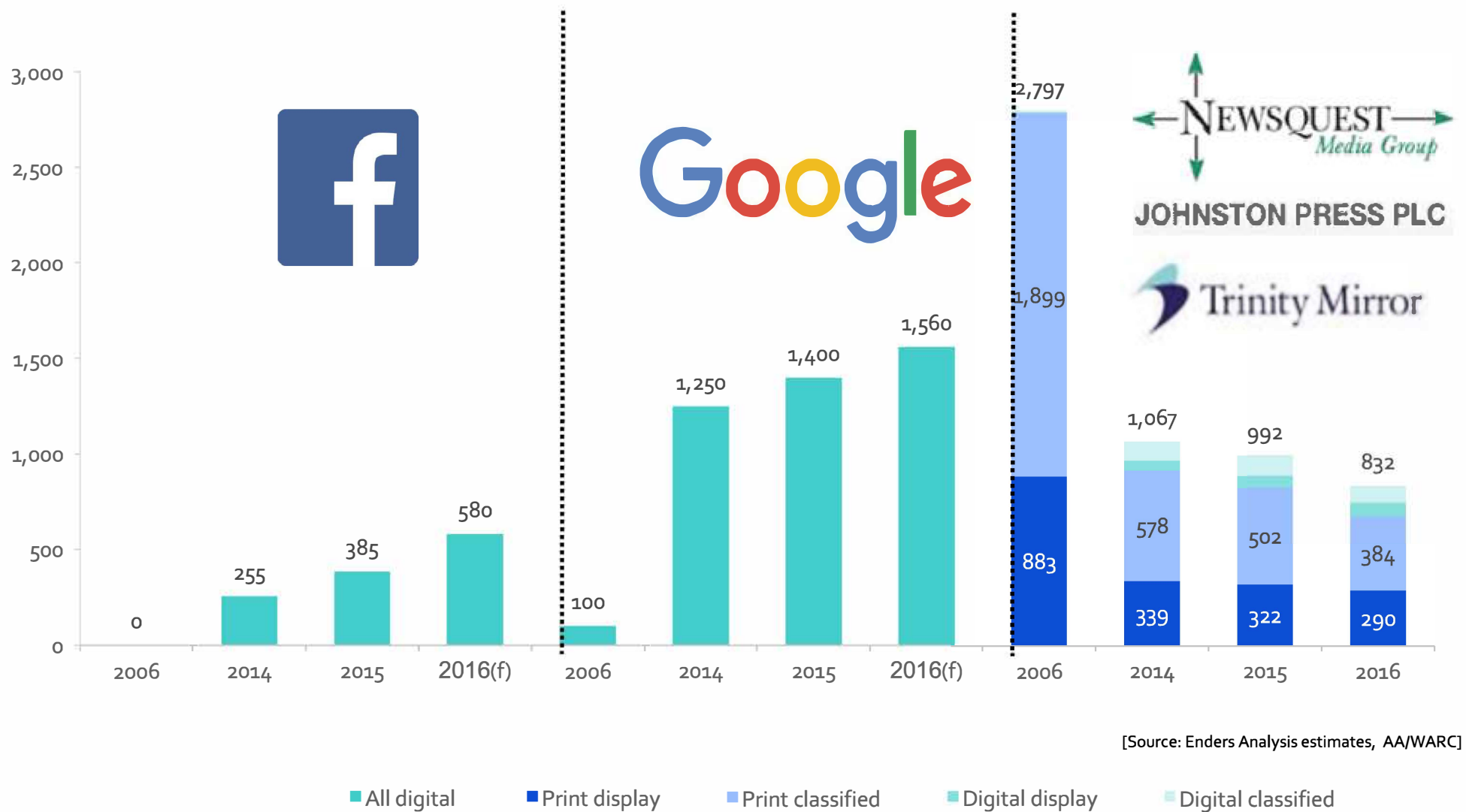
Yorkshire (minutes per user)



[Source: Enders based on comScore]

Facebook now bigger than the whole of local press in SME display

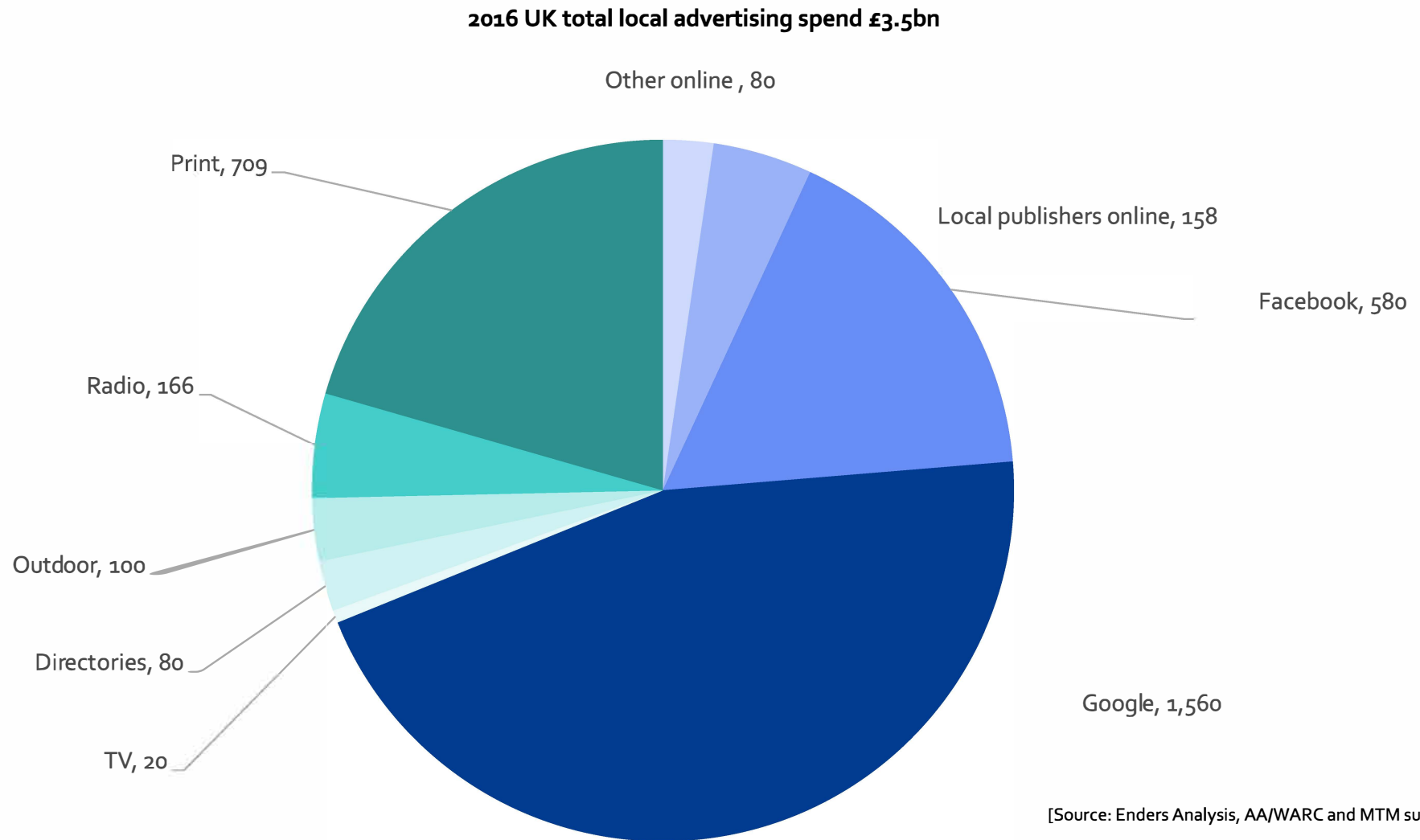
UK SME advertising spend Google, Facebook & local newspaper brands



[Source: Enders Analysis estimates, AA/WARC]

Local advertiser spend in UK as a whole

UK local advertising spend 2016 (£m)

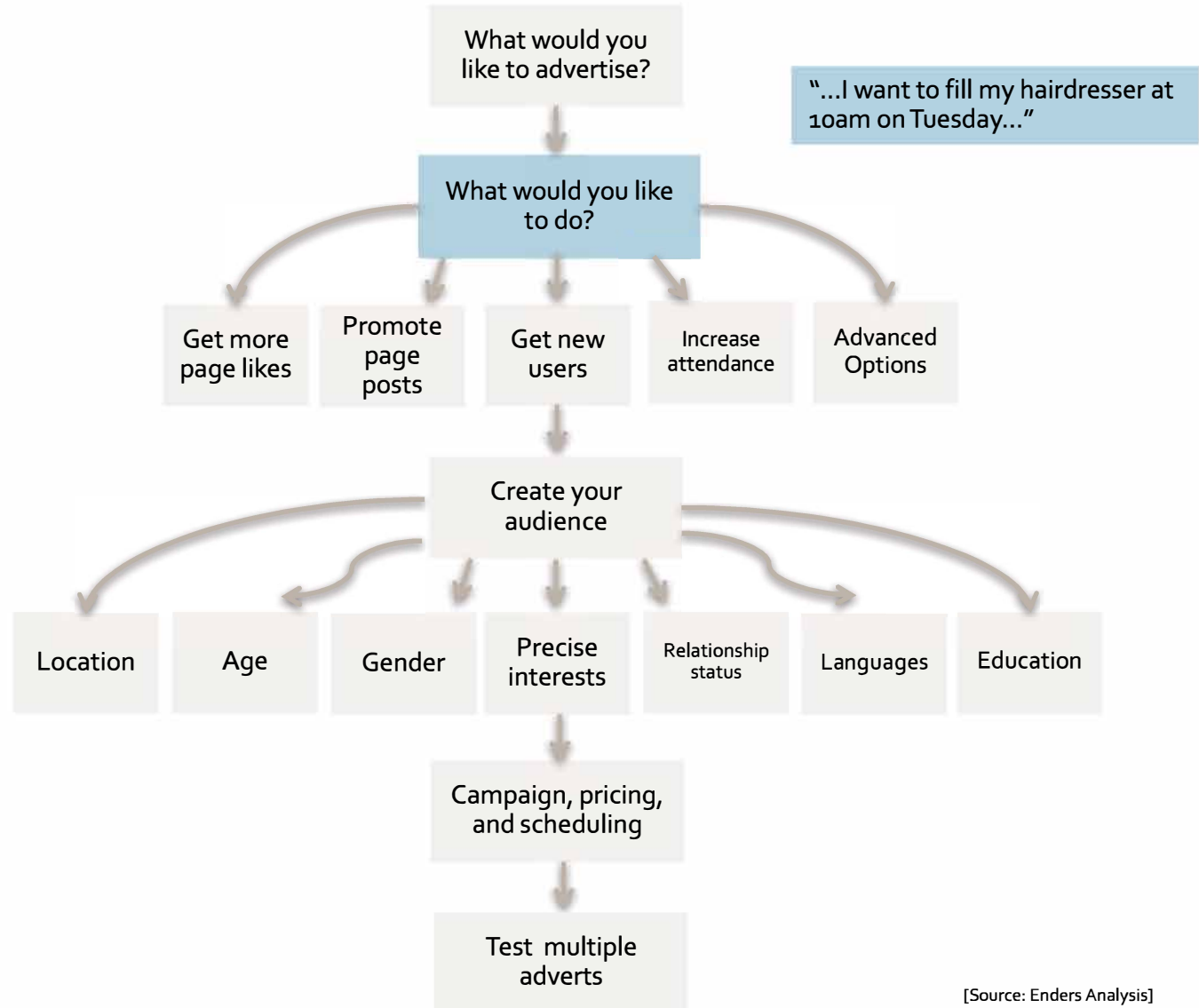


Self-service and new marketing expectations

Traditional advertising route

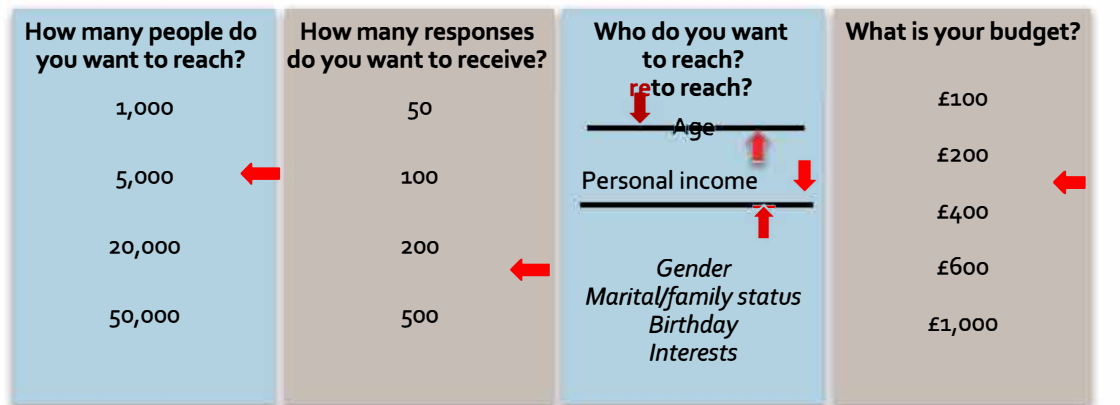


New marketing route



Self-service is critical: but with Facebook as a competitor, the solution has to be outstanding

Illustrative SME marketing administration self-service on a newsbrand local platform hub



[Source: Enders Analysis]

- Local newspapers sell to circa 15% of all SMEs in their coverage area (Enders Analysis estimates, based on a range of conversations)
- This is not to say that local newspapers are on average missing out on 85% of expenditure value; but it does highlight a material gap
- Self-service is a critical means of bridging that gap
- With more native digital businesses, and fewer High Street locations, the “visibility” of sales opportunities for traditional sales teams is inevitably declining

Disclaimer

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