

# 7.5

# Scenario Planning for Newspaper Companies

Tackling long-term uncertainty, complexity and risk are key components to every newspaper company's strategy in the challenging 21<sup>st</sup> Century marketplace

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## Executive summary

What is the way forward for the newspaper industry? For individual newspaper companies? What are the short-term and long-term steps to take in order to be successful? While armies of consultants will give newspaper companies thousands of pearls of wisdom, the real answers to the burning questions about how to plan for the future is, “It depends.”

It depends on the market forces: the competitors, the audience, the new technologies, the market interruptions. And, it depends on the individual innovations and contributions from our own industry.

The scenario planning process is a unique instrument to get to the heart of the burning questions about our collective and individual futures. Scenario planning allows us to explore the many uncertainties in our future, and imagine how we can address these issues before they become crises.

Scenario planning helps companies capture opportunities and remain on the leading edge. By making the future come alive, we can understand with both our hearts and minds

what society and our industry might be like in the future. Scenarios help both individuals and newspaper companies choose best strategies before competitors do.

In autumn of 2007, the World Association of Newspaper engaged the futurist consultancy, Kairos Future, in Stockholm to help build a scenario planning event for executives of newspaper companies around the world. The event took place in January 2008, after months of research into the uncertainties about advertising, circulation, technology, audience, competition, politics and scores of other issues that impact our future. Among the research were in-depth interviews with eight of the world’s most prominent newspaper publishers from four continents, plus a stockpile of media research from WAN and Kairos Future.

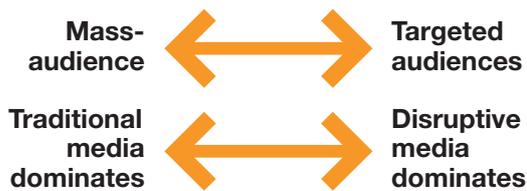
The research was parlayed into the content for the two-day event in Paris. Nineteen executives from 15 countries and five continents actively participated in the event. The participants worked in four groups to develop detailed scenarios about the future of newspaper companies.

Ultimately, some of the components of the practice scenarios produced in the workshop sessions are reflected in the scenarios for this report.

The process was deceptively simple. After careful consideration of 66 concepts culled from the research, workshop participants voted on the most important uncertainties, and explored how these issues would play into scenarios of their choosing.



WAN Scenario Planning event participants deliberate scenarios about advertising, technologies and market forces.



By crossing the two sets of uncertainties, this provides the ability to analyse four possible scenarios.

- **Scenario A:** Disruptive media dominate / Targeted audiences
- **Scenario B:** Traditional media dominate / Targeted audiences
- **Scenario C:** Traditional media dominate / Mass audiences
- **Scenario D:** Disruptive media dominate / Mass audiences

The final scenarios were chosen and developed by WAN and Kairos Future. Each scenario was built to describe what kind of future would hold for newspapers if, for example, disruptive media dominated, and targeted audiences dominated, by 2020. Each detailed scenario in this report reflects imagined impact on the media world, particularly newspapers, from the perspectives of revenues, audience share, competition, and the like.

The scenarios provide a glimpse into the future, and a variety of ideas to execute to avoid futures that are detrimental to the industry, as well as ideas to build newspaper companies to respond faster and more effectively in a media landscape that is prone to rapid change, without hope of let-up in the foreseeable future.

# Introduction

## **Scenario planning – Learning tool and planning instrument**

Scenario planning is an effective strategic planning tool for medium to long-term planning under uncertain conditions. It helps us to sharpen up strategies, draw up plans for the unexpected and keep a lookout in the right direction and on the right issues. But scenario writing is not only a planning instrument. It is also an effective learning tool. Thinking in scenarios helps us understand the logic of developments, clarify driving forces, key factors, key players and our own possibilities of exerting influence.

Scenarios also are used as a catalyst for learning or change. Scenarios are powerful instruments in challenging existing paradigms and assumptions, especially for those who are involved in scenario generation.

Organisations can explore their futures by applying the scenario process in workshops, thereby creating shared perspectives on their future among a cohesive group of people.

## **Scenario planning – The link between future and strategy**

Scenario planning is a planning method that deals with uncertainties in the future business environment. It is obvious that scenario planning is an instrument that enables the organisation to integrate the long- and medium-term futures discussions and short- to medium-term strategic planning. From that perspective, a scenario planning process consists of two phases linked by the scenarios built during the first phase. Each phase consists of several stages, some more creative or intuitive, others more analytical.

When should scenarios be used as a tool in strategic planning? The simple answer to that question is “when there is a reason to do so.” And there is a reason to use scenarios in the strategic process as soon there is a significant amount of uncertainty in the decision context. Specifically valuable are scenarios when it comes to paradigmatic or non-linear change, for instance when product categories are reaching a level “over maturity” and need to be replaced with something new, or when

rule-breaking competition creating new business logic is at hand. That is not the kind of change traditional linear planning is made for, but is the home ground of scenario planning.

This leads to the conclusion that particularly in uncertain times there is a need for higher levels of strategic thinking that integrate the uncertainty-based futures thinking (scenarios) and more traditional strategic planning methods, in order to manage to cope with the challenges in the business environments and to be able to exploit the opportunities created.

### World Association of Newspapers scenario event

In recognition that the newspaper industry is facing an uncertain future in many parts of the world, and that some newspaper product categories have reached an “over maturity” and need to be replaced with new product categories, the World Association of Newspapers developed a two-day scenario planning workshop for newspaper executives to explore the scenarios that both represent challenges and opportunities for our industry.

The first step was to interview eight prominent publishers from around the world about their perceived business challenges, which would serve as a foundation for the scenario planning event.

The chief executives who were interviewed in December 2007 were:

- Francis Tiong, CEO, Ming Pao, Hong Kong and Malaysia
- Nelson Sirotsky, CEO, RBS including flagship Zero Hora newspaper, Brazil
- Olav Mugaas, CEO, Aftenposten, Norway
- Eugen Russ, CEO, Vorarlberger Medienhaus, Austria
- Janet Robinson, President, New York Times, USA
- Tomas Brunegård, CEO, Stampen Group, Sweden
- David Kirk, CEO, Fairfax Media, Australia
- Jim Moroney, CEO, Dallas Morning News, USA

The newspaper company executives were asked a variety of questions pointing to their vision of the future of the newspaper industry and their own newspaper companies.

The questions were:



**Francis Tiong**, CEO, Ming Pao, Hong Kong and Malaysia



**Janet Robinson**, President, New York Times, USA



**Nelson Sirotsky**, CEO, RBS including flagship *Zero Hora* newspaper, Brazil



**Tomas Brunegård**, CEO, Stampen Group, Sweden



**Olav Mugaas**, CEO, Aftenposten, Norway



**David Kirk**, CEO, Fairfax Media, Australia



**Eugen Russ**, CEO, Vorarlberger Medienhaus, Austria



**Jim Moroney**, CEO, Dallas Morning News, USA

## General questions

- Looking 10 years back, what have been the most important changes in the newspaper industry?
- What are the most important trends affecting the newspaper industry right now?
- Why do you think this is happening right now; what are the key drivers?
- Do you see any trends going in the opposite direction? Please explain.
- What will be the most important issues futurewise?
- If you could look into the future, what would you like to know?
- If the future unfolded according to your wishes, what would it look like? (realistic but optimistic)
- If the future unfolded in the wrong direction, what would you worry about?

## Specific questions

- How would you characterise the future of the newspaper as a medium?
- What kind of content will newspapers contain in 2020, and how will this content differ from content in 2007?
- What kind of channels/platforms will newspapers publish on in 2020?
- What hurdles will newspapers have to overcome to be successful in the future?
- What three major changes need to happen in order for the newspaper industry to be successful in 2020?
- What will audiences expect from the newspaper circa 2020?
- How will newspaper revenue sources change between 2007 and 2020?
- What can newspapers learn from the most innovative companies in the world?
- Who are newspapers' competitors in 2020, compared with 2007, and how do newspapers compete with them?
- What role do newspapers play in society in 2020 compared with 2007? How must newspapers transition to meet any changes in roles that may occur?

The questions were organised into 66 themes (see Appendix), and were then brought to a group of 19 newspaper executives from around the world, who voted on the most important issues that are impacting the industry and their own media companies.

In January 2008, 19 executives from 15 countries, from India to Russia to Ireland to Switzerland to Venezuela to South Africa to Spain, attended the hands-on workshop “Scenario Planning for Today’s Newspaper Company” in Paris, led by scenario planning consultants Hans Bandhold and Peter Siljerud of Kairos Future, based in Stockholm.



**Peter Siljerud, Kairos Future analyst, left, and Hans Bandhold, chairman of Kairos Future Group, conducted the scenario planning event for World Association of Newspapers.**

In each of the participants’ marketplaces around the world, newspapers are facing different challenges and opportunities for print and digital businesses. Market forces are pushing accelerated competition, and consumers are choosing their media at any time, and any place, which in some cases is leaving newspapers to compete head-to-head with new market players.

During the WAN scenario planning event, the publishers, business development executives and managing directors envisioned which market “uncertainties” impact the newspaper industry to the greatest degree. The participants broke down into four groups, and each group developed their “scenario cross,” or the intersection between two sets of industry uncertainties. The intersection of the two sets of uncertainties provides the insight into how each set of uncertainties will play out together in the future.

Each team imagined how the scenarios could play out in the year 2020. By the end of the two-day exercise, each participant had learned the step-by-step approach to scenario planning, so they could bring the technique to their own companies and develop scenarios that are more tailored to their unique challenges and opportunities.

Each team decided on their own scenario-crosses. Ultimately, the scenario cross uncertainties chosen for exploration in this book were not the precise uncertainties chosen by the four teams; however, the discussions that ensued after teamwork exercises certainly informed the scenarios that were ultimately built by Kairos Future and the WAN.

The next chapter will detail the process the scenario planning workshop participants followed to reach their team scenarios.

# 1. The WAN scenario planning process

Scenario planning helps companies capture opportunities and remain on the leading edge. By making the future come alive, we can understand with both our hearts and minds what society and our industry might be like in the future. Scenarios help both individuals and newspaper companies choose best strategies before competitors do.

The scenario technique does not save us from the uncertainties that will determine the future; on the contrary, the principles of scenario planning are based on the fact that uncertainty will determine what the future will be like. For this reason, scenario analysis is an outstanding instrument for being able to manage a future filled with uncertainty. But the scenario technique can also be useful to those who want a powerful tool for communicating changes in their situations.

## History

The Scenario Planning method was developed by Royal Dutch Shell in the 1970s to envisage futures for the oil industry. The method was credited in helping Shell move quickly on

dealing with the effects of the oil embargo crisis of the 1970s. Shell had already imagined the embargo scenario and created a list of solutions in advance of the crisis. The solutions were immediately set in motion after the embargo, giving Shell the industry advantage to deal with the crisis.

The process of scenario planning starts with strategically minded people. The methodical approach to envisioning the future of the newspaper industry can be a multi-week endeavour or just a two-day workshop, but the components of the process are the same:

- Research about competition, trends and industry uncertainties
- Prioritisation of industry uncertainties
- Mapping the links among uncertainties
- Analysis of the impact of alternative outcomes of the uncertainties
- Creation and testing of potential scenarios
- Deciding on best scenarios to explore
- Building scenarios
- Detailing scenario attributes
- Imagining the consequences of the scenarios
- Conclusions and next steps

## Industry research

The World Association of Newspapers teamed up with Kairos Future consultancy to produce the “Scenario Planning for Newspaper Companies” event in January 2008 in Paris.

But prior to the event, the WAN-Kairos team needed to paint a broad picture of the challenges facing the newspaper industry worldwide, and produce a detailed map of the industry’s competitive and consumer trends, and its array of uncertainties. The team interviewed eight prominent publishers from around the world in order to gain a clearer understanding of the issues.

The publishers interviewed for background on these foundational issues will be quoted throughout this chapter, and include:

- Francis Tiong, CEO, Ming Pao, Hong Kong and Malaysia
- Nelson Sirotsky, CEO, RBS including flagship Zero Hora newspaper, Brazil
- Olav Mugaas, CEO, Aftenposten, Norway
- Eugen Russ, CEO, Vorarlberger Medienhaus, Austria
- Janet Robinson, President, New York Times, USA
- Tomas Brunegård, CEO, Stampen Group, Sweden
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## Prioritisation of uncertainties

Kairos Future consultants Peter Siljerud and Hans Bandhold aggregated the responses from the publishers and culled themes from the interviews. Siljerud and Bandhold then added a variety of other market forces from their own media research. All told, the themes totaled 66 “uncertainties” to explore at the scenario planning workshop (see Appendix).

Peter Siljerud, Kairos Future analyst (left) and Hans Bandhold, chairman of Kairos Future Group, conducted the scenario planning event for the WAN.

The first order of business at WAN’s scenario planning workshop was to prioritise the 66 uncertainties in terms of the impact they have on the newspaper industry. The top-ranking uncertainties could be used for key themes in the scenario planning process.

The complete list of trends and uncertainties are listed in Chapter 2. The top-ranking uncertainties were:

- New revenue models (13 votes)
- Multi channel strategies (12 votes)
- User generated content (11 votes)
- From channel to content (9 votes)
- Target market segmentation (9 votes)
- Mobile broadband (9 votes)
- Simplify your life (6 votes)
- Audience fragmentation (6 votes)

## Mapping the links among uncertainties

Like a game of paper dolls, participants cut and pasted the most important uncertainties facing the newspaper industry, and then linked them together to show how a variety of uncertainties either play off one another, or have a cause-and-effect relationship.

The teams then presented how each of the uncertainties were linked.

These three steps during the scenario process were teamwork-intensive, requiring teammates to contribute opinions about how the scenarios should be built:

- Analysis of the impact of alternative outcomes of the uncertainties
- Creation and testing of potential scenarios
- Deciding on best scenarios to explore

## Building, detailing attributes and imagining the consequences of scenarios

Ultimately, building and expanding on the scenarios and how they will unfold by 2020 brought the teams to conclusions, and to a window into which steps to take next to address the possible futures they face. For example, a consequence of a niched, digital audience might be a need for an aggressive revenue and content strategy in order to compete with disruptive competitors like Yahoo, YouTube, MySpace and Twitter.

After the two-day workshop closed, Kairos Future’s consultants and WAN’s Shaping the Future of the Newspaper Director Martha Stone pored over the results of the groups’ work and fine-tuned both the scenarios and how they would impact our industry by 2020,

as the foundation for this report. For the ensuing month, this detailed report was written and produced based on the multi-stepped process.



Hans Bandhold presents background about the scenario planning process.



Workshop participants choose components of scenarios during the groupwork portion of the process.



Participants present their findings.

The WAN scenario planning process started with interviews with prominent publishers from around the world. Here are excerpts from their interviews:

*“The most important issue futurewise is to compete against Google, Yahoo and online only companies. Newspaper companies are losing to those. Newspapers in the US have a low web ranking, US papers have lost the battle! New media is stealing time and ad revenue from local papers. At the same time the Internet is a huge opportunity. Schibsted is successful, for instance. Growth will have to happen in online.”*



Eugen Russ, CEO, Vorarlberger Medienhaus, Austria

*“Ten years from now we will see different forms of media, mainly multimedia that is quite segmented. Newspaper will be an exclusive media compared to others by then. How can we bring back the people that are not reading the newspaper? I think we can prolong reading for 1-2 generations, but then there will be less reading even if it’s still around.”*



Francis Tiong, CEO, Mingpao, Malaysia and Hong Kong

*“At Schibsted, 50 percent of the revenue comes from digital media. All development focuses on the new media channels. How will traditional media houses manage to finance 300*



*journalists? There is an ongoing evolution and we will find the solutions on the way.”*

Olav Mugaas, CEO, Aftenposten, Norway

*“The most important trend is technology and the growth of new media. We see extensive choice for consumers, we see ads towards more targeted audiences. The target segmentation also offers measurability, which digital media is good for. Newspapers can participate and get brand new audiences with brand new business models.”*



Janet Robinson, President, New York Times Company, USA

*“Credibility will be the keyword to success and to companies’ endurance. We must consider that on the one hand, the new platforms have democratized the information production and distribution process, but on the other hand, they have created an avalanche of contents and a great mixture of good and bad things. Therefore, considering this daily information chaos, companies’ biggest differential will be the power to offer a well-founded and content customized edition in real time. The companies that are prepared to face it and that can give*



*support to this content through a strong brand, implying credibility, will be successful.”*

Nelson Sirotsky, CEO,  
Grupo RBS, Brazil

*“We have two core competencies: the origination of news and the aggregation of news. We need to focus on the things where we have a competitive advantage. For metropolitan papers this can be more scale, for local papers it can be a local touch.*



*Local news and information can’t compete with national news, e.g. BBC, NY Times.”*

Jim Moroney, CEO,  
Dallas Morning News, USA

*“The newspaper is a part of the value chain. Newspapers can not only study the end customers but also have to treat the advertisers better. We have to better understand what can be delivered to make them happy. We have to increase the understanding of their needs. There will be more skilled media buyers. The media*



*brokers today are corrupt and have rigid structures, earning their commission.”*

Tomas Brunegård, CEO,  
Stampen Group, Sweden

*“Newspapers face same hurdles as they have always faced. There are two iron rules of media: media evolves and audiences fragment. To manage these challenges, successful media will continue to do those things that have guided them through all the upheavals of technology: adaptation to new technology and continuous innovation in the delivery of content. Success is also dependent, first and foremost, in the quality of media content.*



*It has to be of the highest standard to attract readers, viewers and listeners.”*

David Kirk, CEO,  
Fairfax Media, Australia

## 2. Building a scenario plan

### Focal question and time horizon

Answers are only as good as the questions you ask. A woolly question will produce a woolly answer. A specific question will net more specific answers. We narrowed down our focal question to look at changes in the surrounding world affecting newspaper companies globally.

The time horizon for scenarios must be short enough for creating scenarios that are probable. On the other hand, it must be far enough away to enable us to imagine that important changes that will have an impact on the future business can take place. Here, we choose 2020 as our time horizon.

### Tracking and prioritising trends

Tracking is about finding trends, drivers and uncertainties that need to be considered in the work, since they influence the future of the “question.” The normal viewpoint for most organisations is inside out. They start by looking at their own organisation and then at customers, competitors, structures and

technology within their own arena. This works as long as a rather narrow outlook is satisfactory. On the other hand, if the focus is on long-term development in a complex and rapidly changing environment, it is not sufficient. The inside-out perspective makes it difficult to see coming changes in the marketplace that haven’t already materialised. To anticipate these changes, it is necessary to start by looking at the driving forces that can have an impact on what can happen in the arena affecting the organisation's business.

The long-term development on the arena is to a great extent dependent upon the world's driving forces. Therefore the natural starting point of the tracking is trends in the surrounding world. Some 66 trends were tracked by Kairos Future (see Appendix). The trends come partly from interviews with newspaper executives from around the world, and partly from Kairos Futures continuous media research. The scenario planning workshop participants prioritised the (17) most important trends that will impact the focal question:

- New revenue models (13 votes)
- Multi channel strategies (12 votes)
- User-generated content (11 votes)
- From channel to content (9 votes)
- Target market segmentation (9 votes)
- Mobile broadband (9 votes)
- Simplify your life (6 votes)
- Audience fragmentation (6 votes)
- “Online only” – companies becoming newspaper competitors (4 votes)
- Consumer power (4 votes)
- Long-tailing (4 votes)
- Young people with new media behaviour (4 votes)
- Hyper-local newspapers (3 votes)
- Competition shift (3 votes)
- Measurement collapse (3 votes)
- More media platforms (2 votes)
- Availability increasingly important (2 votes)

Those trends are described in more detail later in this document.

## Analysis

The tracking phase often leaves the group with a number of separate trends covering a lot of different areas. But the trends aren't as separate as they seem at first glance. When you look at the descriptions, you often find some trends come back as driving forces or consequences to other trends. You begin to see there are some patterns that come to light. Some of the identified trends may also be difficult to predict. Will they go one way or another? Will the development be slow or fast? The further out the time horizon is, the more questions normally arise.

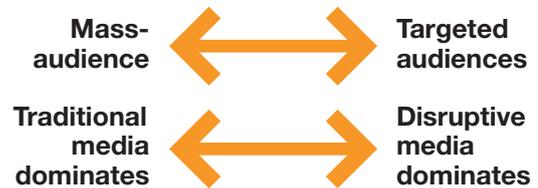
If you want to get a deeper understanding of the future, it isn't enough to look at the trends separately. It is when you first dig deeper into the system and understand what impact trends have on each other that it becomes possible to paint pictures of the future. In order to get this deeper understanding, the interrelationships between the trends were analysed in a causal loop diagram.

### BUILDING SCENARIOS

After analysis, preparatory stage work starts on the scenario itself. In order to illustrate it, we make a comparison with a play at a theatre. The certain trends and their development from the present to the year that the scenarios will depict can be compared to the back of the stage created for a certain play.

## Scenarios

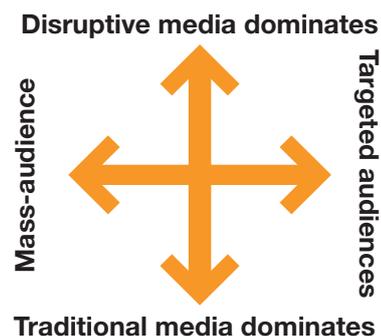
Scenarios are, as you have seen in the introduction, a way to handle uncertainties. If we combine those trends with important strategic uncertainties, we can create future scenarios. Scenarios are pictures of relevant, possible and challenging future worlds. They describe what the surrounding world and the business environment may look like at a certain time in the future. The trends that were identified create a common background for all the scenarios. The differences between the scenarios have their starting points in two important and genuinely uncertain developments. For this set of scenarios we have chosen the following two uncertainties:



Historically, news media have addressed and attracted mass audiences. The question is if this will be the case in the year 2020. More individualised values and interests in combination with borderless contact patterns could open up for more targeted media offerings attracting specific audiences.

The newspaper industry has been a trade following its own logic and with few connections with industries outside the media sector. At the same time, new aggressive Internet-based companies put up tough competition. Here we can ask ourselves if traditional media will still be dominant by 2020, or if disruptive media companies have taken the lead and attracted the audience with new ways of communicating.

If we combine these two uncertainties we will end up with the following scenario-cross:



## Trend summary

The following trends were prioritised as the most important ones for the newspaper industry. Below they are described briefly (in order of importance, as judged by the working group).

### NEW REVENUE MODELS

As circulation falls it is becoming apparent that newspapers need new revenue models or complementing revenue sources. It's about finding new inventive ways of selling advertisements as well as completely new revenue streams not yet uncovered.

Digital media is both a curse and a blessing. While it has meant more competition, it will also be the main vehicle for future growth. The Internet offers new possibilities to promote complex products and services using images, video, audio, 3D, virtual worlds, communities, interactivity, etc. Others are experimenting with viral marketing, product placement, mash-ups and user-generated content. But we also see physical products being shipped as supplements to newspapers, such as magazines, DVDs or even books.

### MULTI-CHANNEL STRATEGIES

From the interviews it was quite obvious that many companies are transforming from newspapers to news organisations. Sticking to the printed paper only may be a risky strategy, as circulation keeps dropping. Instead, many newspapers start building or acquiring complementary media platforms. Examples include traditional TV and radio, but also Web sites with social networks, music communities, virtual worlds, user-generated video content, weight watching, classified ads, etc. Multi-channel strategies thus seem to be of growing importance, but development can continue even further. Some researchers suggest newspapers will turn into content providers. Focus will then be on gathering, analysing and working up news, while distribution is left to others.

### USER-GENERATED CONTENT

Being part of the news production ecosystem has never been easier than today. Many people voluntarily spend hours contributing to

the production of media and news globally. Advanced mobile phones, video cameras, editing programmes and faster distribution mechanisms mean everyone can be a hobby journalist taking pictures, making videos and describing the world around them. Every major news event generates heaps of images and video clips from private persons that are sent to news desks around the world.

While media companies have better resources to do this professionally, user-generated content that is fresh, funny or exclusive can still have its merits. The personal perspective also offers authenticity and sometimes a strong sense of presence.

The streamlining of traditional mass media calls for more nuanced accounts, something the blogs offer. User-generated content is breaking up the information monopoly of traditional media.

### FROM CHANNEL TO CONTENT

Traditional media is to a large extent linear and sequential. This is most obvious for TV and radio, but also a newspaper offers linearity by presenting a number of articles over a number of pages to the reader. The channel is dominating over the content. What we are seeing now is a shift to an opposite model, a model where the channel no longer dominates, and instead the content is dominant. The content of course has to be distributed through different channels, but the roles have changed: the content makes use of the channels, instead of the channels making use of the content. A newspaper will no longer be regarded as a set of empty pages to be filled with articles. The appropriate channels will instead be selected depending on the specific content and news.

### TARGET MARKET SEGMENTATION

Audience fragmentation will force advertisers to spread their investments over more media channels than in previous years in order to get the same reach as they used to. This means

spending on particular media channels will thin out on average. Niche media also offers new possibilities to find narrow target groups with better accuracy. The Internet as such is not a medium well suited for mass marketing. In an environment where

*“Technology will play an important part in the future and if you do not embrace technology you will lose out.”*

*Francis Tiong, CEO, Mingpao, Hong Kong and Malaysia*

the users are constantly in control, they will not accept intrusive commercials when the next interesting Web page is just a click away. The Internet is a completely new medium with its own marketing logic. Targeted advertisement towards certain interest groups will be more relevant. As media consumption becomes increasingly personal and self-selected, there will be more niche markets based on geography, age, interests, situation, etc.

### **MOBILE BROADBAND**

While mobile services have not yet taken off, there are still many who believe in its potential. Low bandwidth and poor usability have limited a wider adoption of mobile applications. For the moment we are seeing signs that may eventually make things look a little brighter.

First, bandwidth is increasing rapidly as many telecom companies roll out upgraded 3G equipment. Wimax and Wifi are other technologies being implemented in many places to boost connectivity and connection speeds even further. Meanwhile the 4G standard LTE (Long Term Evolution) is being standardised and early tests show speeds as high as 170 megabytes per second.

Second, user interfaces are improving continuously. New mobile players, such as Apple, have forced traditional handset vendors to put more resources into the design and usability of their devices. Next generation phones will very likely be much more versatile, useful and convenient as news presenters. Location-based services may also become an important part of this offering.

### **SIMPLIFY YOUR LIFE**

The increased freedom and abundance of choice that we are presented with may feel like a blessing, but for many people it instead creates stress and frustration of always having the decision-making responsibility. As peoples' ambitions tend to get higher, the limited time we have makes it harder to fit them all in. The task of micro-coordinating the daily life puzzle calls for solutions that simplify life. In a feng-shui like manner many people try to reduce complexity in life. While methods vary, the goal is usually the same: to avoid routine tasks that soak up too much time, and instead focus on one's life projects. Thus, there is a need for help and guidance for modern time-

constrained people. For newspapers this means they carefully have to fit their product and offering into the flow of daily routines. How can the newspaper (printed or digital) remain the preferred news tool – the media beacon – in today's information overload?

### **AUDIENCE FRAGMENTATION**

Today's mass media has been limited by physical boundaries. The radio spectrum can only transmit a certain number of channels, and TV channels only have 24 hours to broadcast. Similarly, a newspaper has a limited number of pages. This means the contents need to fit a mass audience – something that only a fraction of everything produced does. This is changing in the new media landscape, and personal tastes are getting more room. While one person prefers to search for news about tar sand in Canada, someone else chooses to watch Italian silent movies and another decides to listen to jazz from the 1930s. People get physically and mentally more agile, which combined with increasing individualism, paves the way for smaller interest groups and sub-cultures where common interests bind people together, rather than national or regional borders. It is becoming increasingly difficult to offer all consumers the same content with so many different tastes and varying demands.

### **ONLINE-ONLY COMPANIES BECOMING NEWSPAPER COMPETITORS**

Digital media can easily be stored, copied and distributed all over the world, which makes competition global for many newspapers. Microsoft, Yahoo and Google all position themselves as actors on the media and advertisement market, rather than the software or search engine market. The reason being, of course, that the advertisement market is much larger. Those companies have thousands of programmers that can create highly advanced services and mechanisms to serve ads. By heavy acquisitions, (e.g. DoubleClick, TradeDoubler) the majority of Web advertisements are pooled to those companies. And there are other players going for niche markets as well, such as free classifieds site Craigslist. Newspapers may have difficulties in the fight for technical superiority, but will instead need to find other ways to curtail their rapid growth, especially if people searching for news online end up being unaware, or worse uninterested, of what the news source is.

## CONSUMER POWER

Traditionally, communication between companies and consumers has been one-way only, from the company to the consumer. Companies have been pushing out

content, ads and commercials for consumers to take part of. Companies have been in control. This paradigm is rapidly shifting.

The first important change is that companies are opening up for a dialogue with consumers, looking to create meaningful relationships where the consumers are involved – “being in touch, rather than in control,” as the P&G CEO says.

The second important change is the new role of the consumer as intermediary. Interactivity characterises young people who express themselves through media. Young people are less passive than former generations, and don't accept others telling them what to think and buy. The importance of personal trust thus makes consumers an important tool in forwarding ads in a viral manner, rather than just being passive receivers. There is a clear power shift from companies to consumers, from media to citizens, as we are moving from an information society to an interaction society.

## LONG TAILING

In his book, *The Long Tail*, Chris Anderson describes the importance of narrow niche segments. While every minor segment in itself can look ridiculously small, an aggregated set of segments can make up gigantic volumes on a global scale. As the economical barriers of offering content with low local demand are overcome, the potential market can be enormous.

This “long tail” tends to get longer and longer and also starts to fill up with user-generated content. For newspapers, this means two things. First, there will be competing niche content out there focusing on particular subjects, sometimes with high quality standards. Dedication and focus will be needed on the Web, or somebody else will do it better. Second, there will be general ad space that will be increasingly hard to sell. Instead, targeted marketing will be more

*The newspaper will still be an important medium by 2020, and has a long enduring life going forwards.*

*Janet Robinson, President,  
New York Times Company, USA*

rewarding and efficient. However, on the positive side, this also means that niche content will attract large enough crowds to monetise on them. Every (digital) article will stand or fall on its own merits.

## YOUNG PEOPLE WITH NEW MEDIA BEHAVIOUR

Young people have grown up with computers, mobile phones and other tech gadgets. For them it's not technology, it's just stuff they make use of to enrich their lives. This means that they have radically different ways of taking part in media. As a complement to passive traditional media consumption, they also want to take an active part, something the Internet is ideally suited for. Modern Web tools invite participation, which makes active searching for information and news natural. Constant updates and 24/7 availability are taken for granted. Their relationships are maintained through huge virtual networks online, forming the contact surface against the world. Young people are cultural globalists. They interact, share and collaborate in ways earlier unimagined. Tagging images, mapping coordinates, making social bookmarks, writing reviews, etc., are ways to express themselves as well as contributions that enhance the Net for others.

## HYPERLOCAL NEWSPAPERS

TV channels and radio channels are increasingly competing for local ad revenue. And perhaps worse, the competition gets “global” as soon as local newspapers go online. As the battle for the local market intensifies, newspapers are called into action. One way is to offer hyperlocal newspapers that are relevant to people in certain districts or neighbourhoods. It is likely that local newspapers first will transform into local media players, and then into local portals offering the citizens guidance. It's all about making the local niche broader and deeper – to monopolise what local newspapers are good at: guiding local people in their real and virtual lives. For global and national news, other players will always be equally good or even better. While Google and Wikipedia collect the sum of all knowledge, local newspapers will collect the sum of all local knowledge.

## COMPETITION SHIFT

New technology blurs the distinctions of different types of media. A Web page can have text, streaming video, a podcast and a computer game. You can tune in to a football game on the radio on your mobile phone and choose to see a video clip if one team scores. The borders between different media types are vanishing and are – from a user perspective – becoming irrelevant. In the future it will be harder and less meaningful to separate different types of media. From a business perspective, this means that it's no longer obvious who the competitors are, or even in which business area. Most media companies will broaden their scope: it will be increasingly hard to be only a TV channel, or only a radio station or only a newspaper.

## MEASUREMENT COLLAPSE

While traditional media has a wide reach, many advertisers perceive that the impact of ads is declining or hard to measure. An increased aversion toward ads and a vague connection to transactions or sales makes it hard to justify excessive market spending. The classic marketing trick – to shout louder – will probably not work when facing a young media savvy audience that judge every commercial in just a few seconds. While traditional channels to reach customers gradually deteriorate, new ways of reaching through is needed. Just putting the ads on the Internet won't help; online, people are in control and easily maneuver to other pages. At the same time, the Internet is appreciated from an advertiser's perspective because of its measurability, interactivity and the possibility to get extensive information (e.g. demographical data).

## MORE MEDIA PLATFORMS

The number of market channels to communicate with customers has been increasing almost exponentially. Web TV, blogs, podcasting,

videoblogs, mobile TV, Web radio, online computer games, virtual worlds, etc., are emerging phenomena of growing interest and usage.

But channel explosion does not only mean that a wider range of channels is emerging.

The amount of information conveyed in each channel is also increasing dramatically for most media. Over-exposure is inevitable.

Personal, tailored and human become keywords for communication. While a new business logic is maturing for the moment, the next years to come will offer constant flux with undefined structures and a high degree of experimenting with new media formats, channels and hybrids. The present media growth also means that media power increasingly is concentrated to larger media groups. Isolated national media companies will face fierce competition from global media conglomerates.

## AVAILABILITY INCREASINGLY IMPORTANT

The flexibility and scalability of the Internet has led to an explosion of content and media. The Web is crammed with thousands of newspapers that try their best to attract visitors. iTunes Music Store offers more than 1,000 radio channels. Moving images is becoming common with Web TV, video-on-demand and other downloadable content. Wikipedia is trying to build the sum of all human knowledge. The breadth of information has never been as expansive as it is today. When everybody is vying for the customers' attention, the need for unique material or reporting in real time increases. When more people are online almost constantly, the

demand on availability and speed increases. Young people are also less patient and have higher demands on speed and immediate feedback. RSS-flows and similar techniques also speed up the news flow.

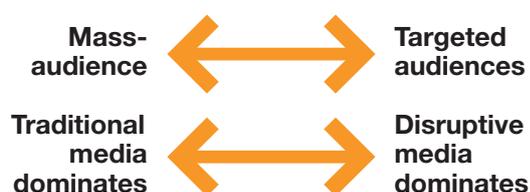
***“The newspaper is  
the ultimate browser!”***  
Eugen Russ, CEO, Vorarlberger  
Medienhaus, Austria

## 3. Future scenarios 2020

### Background

What will the future of newspapers look like? Nobody can tell for sure. But there are a number of trends that for the moment are affecting the printed newspaper. If we combine those trends with important strategic uncertainties, we can create future scenarios.

Scenarios are pictures of relevant, possible and challenging future worlds. They describe what the surrounding world and the business environment may look like at a certain time in the future. Here, we have chosen the year 2020. The trends that are identified create a common background for the all the scenarios. The differences between the scenarios have their starting points in two important and genuinely uncertain developments. For this set of scenarios we have chosen the following two uncertainties:



Historically, news media have addressed and attracted mass audiences.

The question is whether this will be the case in 2020. More individualised values and interests in combination with borderless contact patterns could open up for more targeted media offerings attracting specific audiences.

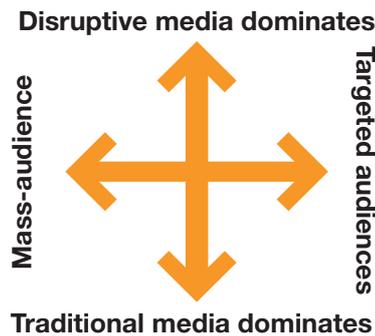
For most of its history, the newspaper industry has been a trade following its own logic, and has had few connections to industries outside the media sector.

At the same time, new aggressive Internet-based companies have put up tough competition.

Here we can ask ourselves if traditional media will still dominate by 2020, or if disruptive media companies have taken the lead and attracted audiences with new ways of communicating.

If we combine these two uncertainties we will end up with the following scenario-cross. The scenario cross will be the

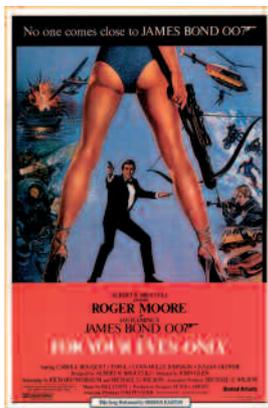
foundation for the scenario visions in this chapter:



- **Scenario One:** Disruptive Media Dominates – Targeted Audiences
- **Scenario Two:** Traditional Media Dominates – Targeted Audiences
- **Scenario Three:** Traditional Media Dominates – Mass Audiences
- **Scenario Four:** Disruptive Media Dominates – Mass Audiences

The scenarios are intended to paint a picture of the year 2020, as if these scenarios actually played out.

**Scenario One:**



**For Your Eyes Only**

**DISRUPTIVE MEDIA DOMINATES – TARGETED AUDIENCES**

The printed page, the dominant information medium of the past 500 years, with its emphasis on logic,

sequence, objectivity and discipline, is rapidly nearing extinction. Instead, the Internet, with its emphasis on immediacy, simultaneity, subjectivity and speed, is becoming the *de facto* universal medium. Consequently, the media landscape by 2020 has been through dramatic changes during the past couple of years and has been redefined completely. Because an increasing amount of media consumption has moved to the Internet, competition has increased dramatically. Globalisation has led to a situation where

newspaper competition has become not only cross-border, but also much more cross-topic, where many niche players are trying to get a worldwide monopoly on their specific areas of interest. There are low entry barriers for new players and a fierce competition wages between traditional media players and new fast-growing, online-only companies – not to mention dominants such as Google and Microsoft. In fact, traditional newspapers have a hard time keeping up with the tough competition of Internet companies who can employ thousands of programmers and have the ability to launch new services and applications almost on a daily basis. Because of this, no traditional newspaper has a Web site ranked among the top-50 in the world.

While development has mainly been technology driven, people have also been inclined to adopt new technology. The Digital Natives – youngsters born with a mobile phone in one hand and the computer mouse in the other – have grown up and entered work life with new demands on media and digital news. There seems to be a willingness to let go of personal data, something that has paved the way for targeted ads based on demographic and psychographic profiles. This, in turn, has also meant more dollars per ad. Ads are generally non-intrusive and adapted to interests and needs. Advertising has been growing tremendously on the Internet, thriving in the “for free”-culture where consumers’ time is the only working currency.

Personal portals have grown in importance and everybody has their own starting page on the Web. Each personal portal gathers the latest news, stock updates, weather reports, e-mails, etc. that are relevant to the individual, and at the request of the individual. Many people think it’s convenient to receive targeted content over automatically generated RSS-feeds. Computers have to a large extent replaced editors, and instead people sign up for relevant feeds they would like to receive. There is a great freedom of choice. You can pick and choose certain journalists’ articles, certain interest areas or localities. Content in general can be customised for text length, slide shows or video clips, and can include specific features, such as if the user wants to listen to radio, etc.

For newspapers, this development has been disastrous. The printed-paper wasn’t as

essential as the newspaper industry had predicted. Today there are only two national newspapers left in the United States. Worldwide, newspaper brands have slowly eroded, while the brands of aggressive players with so-called fashionable names, such as Cloudbook and Sirendoo, have rapidly grown strong. For young people, traditional newspapers are regarded as boring and with weak Internet knowledge. They instead turn to modern companies that try to befriend them and speak their language. For example, Cloudbook has become the *de facto* platform for social interaction. There has even been discussions of replacing passports with Cloudbook IDs. Cloudbook is generally referred to as “The Cloud” and people gather to exchange information about their lives, interests and social networks. The Cloud is basically an ad platform where advertisers and customers meet in a new type of marketplace. Many companies shift from buying advertising space to creating widgets – a dreadful awakening for the traditional media industry.

In a similar way, Google has created Google Grid, or as it is usually referred to, “The Grid,” which is a hub for storing and sharing media of all kinds. The Grid could be seen as a huge cupboard where everybody – journalists, photographers, designers and users alike – can put their creations on the shelves for other consumers to take part in. Everyone contributes in some way. Content and services are consumed in exchange for taking part in commercials or, more rarely, real money. The material is tagged with information about media type, content, keywords, producers, etc. By having various access levels, the originator can decide whether the material is private, public or open to friends or certain groups. Pulitzer prize-winning articles coexist with homemade lol-cats videos. The material is fully searchable with Google’s brand new AI-complete search engine, which is “almost as smart as a human, perhaps smarter,” as Google's Sergey Brin put it. But there are also possibilities to adapt the content to every consumer. Personal media streams or content packages can be designed based on preferences, interests, media consumption habits and various demographical data. Content as well as ads are fine-tuned to meet the needs of every user. The media streams

are also affected by the social networks and various sub groups people belong to. The Grid ranks and sorts news based on what each user’s friends and colleagues are reading and viewing, and it allows everyone to comment on what they see.

The media market overall has been increasing, but it has become more fragmented with many new niche players. The hyper-fragmentation means new types of services and a large range of service providers. This has also led to a number of new revenue streams. User-generated content plays an increasingly important role, especially as inventive revenue split models mean real money for the contributors. The users are very active in contributing content and opinions. The blogosphere has also been growing rapidly and is taking over the role of the newspaper to some extent. Advanced advertising technologies, efficient measurement algorithms and viral marketing have become key drivers to the new marketplace.

At the same time there has been a heavy debate about the quick shift towards a more commercial media consumption with moving images, shallow news snacks and sensationalism. Newspapers are common only among the elite and the elderly. There has been tremendous pressure on the new media companies to compromise freedom of speech, and many have agreed to filter content or simply block out visitors from countries such as China and North Korea.

News has finally become any time, any place, any channel. Small personal devices for mobile consumption of news have paved the way for the final acceptance for mobile services beyond text and speech. This in turn has made the physical location more important as news and content is being “attached” to certain places, i.e. tagged with geodata. This has enabled location-based services where you can take part of information, news and content related to a certain location. It has become an ideal way to limit and filter out content in the information overflow. For instance, outside a cinema you can watch trailers for the movies shown, outside a restaurant you can get an overview of the menu or a live video feed of the chefs working in the kitchen. The information is complemented with polls and other customers’ opinions, so you get an

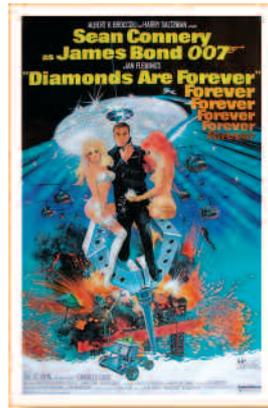
immediate feel for the latest movie or the day's special. The increased transparency has forced most companies to become extremely quality conscious.

Many newspapers have been breaking up, enabling many solo journalists to emerge on the market. They have personal blogs about niche topics and include opinions, photos, video, etc. As all of them have realised they must be niched on the Web, they no longer just cover a topic or issue. For example, they don't just report on crime, they become serial killer experts; they no longer cover war, they become Palestinian conflict experts; they no longer cover football, they become Spanish football experts. They act like all-in-one editors, columnists and experts, and present vivid and close-up reports. The former employees thus turn out to be one of the biggest competitors when journalists build their own platforms. Many times they connect in loose networks or sometimes they form aggregated brands about niche subjects and turn into a new form of modern newspapers.

Transactional-based services are increasingly important for struggling newspapers. Acquisitions of sites that have services they can earn money from, such as classified ads sites, weight management and online bookstores, have been a crucial step for survival. Many of those niche sites rely on user-generated content, which have also been a nice way to cut costs. But because of the quick emergence of this new media landscape, there are very few printed papers left. A passive approach from many newspapers meant they did not have enough to put up against the online giants when audiences were shifting to digital media. Decreasing circulation led to diminished ad revenues. This in turn led to less profit, which led to lower quality papers and again declining circulation. The ones that were not able to harness the new digital development simply went out of business.

Most newspapers have been downsizing their organisations considerably, and most have reorganised drastically to keep up with digital media. Multi-journalists do everything from interviews, taking pictures, shooting video, recording audio and editing. Additionally, traditional media has had a hard time recruiting talent, which has contributed to the downfall. By 2020, the press as we knew it has ceased to exist.

## Scenario Two:



### Diamonds Are Forever

**TRADITIONAL MEDIA DOMINATES – TARGETED AUDIENCES**

Even though some people in early 2000 claimed the Internet would replace all traditional media,

that has not turned out to be true. Instead it seems that no media fully replaces another. TV did not replace radio, nor did video replace cinemas. Similarly, the Internet has not replaced printed newspapers. The habit of reading newspapers apparently had stronger cultural roots than most critics thought, and the printed paper is still a strong pillar in society. Apparently, consumers like the idea of combining a regular newspaper with short news snippets on the Web during the day. Traditional newspapers have been able to build on their long tradition of trust and credibility. Strong brands signal trustworthiness, something that has become increasingly important on the Web, where fake stories and low quality blogs proliferate.

Online companies are competing head-to-head, but newspapers decided early out to take on the battle. In fact, the fierce struggle between Google and Microsoft has offered the newspaper industry a welcome opportunity to get into the front. Overall, the trust in disruptive media is quite low after a number of scandals in Third World countries, where commercial interests were put ahead of ethical concerns. High entry barriers also mean less room for new entrants; most of them are immediately acquired by any of the large media conglomerates.

However, though there has been a consolidation in the media industry, which has seen a shift towards more niched content. The background to this was increased individualism, where predominantly young people no longer wanted to consume mass media "produced for everybody." Instead, there was a new wave of market fragmentation

within existing segments. Every media house has a portfolio of brands, comparable to what Unilever or Kraft have in the consumer goods industry. It's all about not putting all the eggs in one basket.

Media houses now have a number of niched content sites, such as football, the economy and weather. It doesn't make sense to write just a little about football when there are dozens of niched Web pages out there with tons of football material. This verticalisation of the industry meant that papers needed to decide what areas to become experts in. Only very few newspapers managed to keep the full breadth to offer a general, one-size-fits-all paper. Mergers and acquisitions became the mantra for the newspaper industry, where a number of small, but still significant, niche communities and Web sites were acquired, such as travel sites, photo sites or communities for dog owners.

Newspapers are bundling a number of niche services and trying to monetise on them. Some Web sites act as general traffic generators, whereas others contain niched longtail content. In fact, many local newspapers had extensive knowledge from producing niched content and did not have much of a problem with slightly adjusting their focus. Cross-promotion between different sites has been key to keep visitors within the media bundle.

In addition, most newspapers have redefined themselves as news organisations. This is not only because of the increased amount of niched content, but also because they make use of more channels than before. Media convergence has been blurring the borders between newspapers, TV, radio and Web, and there is a rich media mix of text, images, audio and video. In fact, every major news event is treated separately, and the mix of channels is decided from case to case in order to maximise the revenue. But it is not limited to traditional media; sometimes it's text message alerts to the mobile phone, sometimes it's computer Flash games. The key is to choose the right channel on which to publish – the content has become more important than the channel.

Many local newspapers have a strong Web presence, but even more have broadened their scope considerably. Local TV is produced in short loops and is broadcast to TV, Web and mobile phones. This service has been widely appreciated as it offers continuous updates

during the day. In fact, local TV for the mobile phone became the killer application that the mobile industry had been waiting for. Local blogs have partly been merging with local newspapers, where local people comment on local news or put global news into a local perspective. The news has gone hyper-local with a fine-meshed network of local reporters.

The climate debate intensified during the 2010s and there were sudden energy and environmental restrictions on “transportation of unnecessary goods”, as many governments stated. This included the transportation of newspapers where new inventive ways to produce newspapers were put in place.

William Debér at YourPaper describes how they combined environmental-friendly print with niched content: “We realised that people were not happy with their morning paper. Everybody appreciated the general content, but they were missing the specifics. We took on the role to be a personal guide to our readers. We created profiles based on who the subscriber is, what he is, who he wants to become or who he should become. From the personal preferences it was rather easy to put together tailored content that fit them. It is also important to point out that we not only treat people as individuals, but we have also managed to find correlation between readers. Our massive database contains patterns so that we can provide content that matches what like-minded people appreciated. Many times the system knows better than the customers themselves! By inviting everybody to write articles, we also build close ties with our prospective customers. Now, what's really nice with our solution is that the newspapers are printed locally. Large-scale print-on-demand has become possible thanks to digital printing, which not only tailor the content, but also reduces the distribution needs. We have taken the newspaper from mass-medium to micro-medium.”

Even though many papers have not gone to extremes like this, many of them tailor content in local editions. The longtail strategy means better possibilities for charging a premium for niche advertising. Many papers also collaborate with niche publications, such as car magazines, and include their articles to increase the editorial quality.

The success of newspapers has not come for free, though. They have been working hard to

gain more customer insight and there is a widespread sensitivity of what the customers want. Many times, Web panels vote on content as well as ads to make sure that the high quality ambitions are met. In general, the content is to a larger extent influenced based on what the readers find important. Even the advertisers can get immediate feedback if their ads are perceived as boring or meaningless. Overall, an increased sensitivity of what the readers want permeates the media business.

The upside of customer focus is that people in general are happier with the content. However, the consumer insight gained from analysing the immense databases has also brought personalised ads to the Web. Some people refuse to give up any personal data and get the regular content, while others willingly enter private details in return for more useful content and services. "If I have to receive ads, they might as well interest me," they reason. Articles and ads are synchronised much more cleverly than before by using meta tags. If there is a review of a French musical, there will be ads about concerts and trips to Paris. If there is an article about someone catching a record-breaking sized fish, there will be ads about Abu-Garcia fishing rods. This has reduced and automated the sales cycles for advertising, where it is much more of a real-time market today. Similar to Google Adwords, the advertisers pay for certain key words to have their articles next to related articles.

Local papers have also been very active in getting ahold of the local community and their enthusiasm. As a complement to the mainstream, many local niche Web sites have been created. The local papers have taken an active role in providing platforms for different types of associations, sport clubs and interest groups. By letting people create content it has been a cost efficient way to get frequently updated Web sites and to attract local communities.

Dave Herring, a member of Moreland Fishing Club said: "By 2010 we started out the collaboration with Moreland Local News. They offered a technical platform that we could use to collect all information about local fishing. Our community became the local hub for articles, maps,

recommendation, product reviews and ads, not to mention fishing stories. Since the ads were all about fishing they were easily accepted – especially since the profit was split between our fishing club and the Moreland newspaper. The newspaper handles all the contact with the advertisers; we only do what we do best: write about out fishing!"

All in all, this means that many local papers have taken on the role as local media brokers – they simply know the market better than anybody else. The increased media fragmentation has also made it increasingly difficult for advertisers to know what channel to choose. Many local newspapers have become experts in areas such as search engine optimisation or knowing what niche channels to use to maximise impact. Many newspapers spun off these media broker agencies during 2015 to indicate a greater independence from them.

### Scenario Three:



### Die Another Day

**TRADITIONAL MEDIA DOMINATES – MASS AUDIENCE**

"The rumours of my death are greatly exaggerated," Paul McCartney said in an interview in 1969. Today, by

2020, newspapers could say the same. Despite increased Internet usage, slow changes in consumer behaviour have caused most people to stick with reading printed newspapers. The ever-increasing flood of information, commercials, brands and fake stories has made many people afraid of losing the sense of what's really real. The need for authenticity has grown stronger, in turn making established newspapers with trustworthy brands more stable than ever. By building solid trust and credibility, and bolstering their brands, newspapers have managed to become almost indispensable for the majority.

But trustworthiness has not been the sole driver for this development. The information

overload also made it increasingly hard – not only to reach through to the consumers – but also for the consumers to find what they are looking for. The new freedom meant increased responsibility to know what to look for and, paradoxically, a need for help and guidance. Time-constrained people were not particularly interested in spending their valuable time to search for news and increasingly shied away from the virtual and global. Instead, many turned to traditional mass media as the savior. The increased media flow called for media beacons – entities that aggregated news and helped people navigate in a complex world. Traditional media in general, and specifically newspapers, were ideal to act as the middleman between producer and consumer. In fact, the printed newspaper turned out to be the best browser of all: excellent overview and a simple user interface, neatly filtered content packeted in a cheap and transportable format from a trustworthy source, not to mention a welcome break in the daily rush.

The information overload not only meant a wealth of information, but also an abundance of ads constantly pouring over the Web users. As people grew more averse to commercials, new tech inventions helped to automatically filter out digital ads. TiVo for TV, Popcatcher for radio and adblocking software for the Internet meant a heavy blow for digital advertising. This, in turn, paved the way for a resurrection of printed ads in newspapers.

Still, due to the fragmentation there has been a circulation decline in the past years. While the pace is not alarming – a stable group of customers faithfully keep buying newspapers – the increased Internet consumption has made many newspapers shift focus to context and analysis. Analytical journalism has thus gained ground, offering background, opinions and putting things in perspective. Refined news stories are often interwoven with graphics, high-quality images and deeper analysis. The readers appreciate that somebody takes them by the hand and explains the world and potential consequences on a more personal level.

News, however, has become a commodity. It is hard to charge for general content; instead, most newspapers try to focus on a particular topic. While some focus on politics and the economy, others go for sports or entertainment. To attract young people, newspapers tend to have more of an attitude

and be more personality-oriented. Many have an outspoken view on issues, or a political bent. A key factor has been to attract talent. Certain journalists get strong personal brands in certain areas, in turn building trust and strengthening the brand. Some have also focused on staying local, or even micro-local. Also, in addition to local papers, national papers have also entered this scene to get a closer and more personal connection with the customers.

Another way to cope with falling ad revenues and falling circulation has been free newspapers, which have proliferated in many countries. Traditional subscribers can still get home delivery for a premium cost – many times lower than the previous subscription cost. A few papers have been able to considerably increase circulation and ad revenues through this dual approach. However, most subscription newspapers are increasing in quality, thus becoming more expensive and exclusive. Many papers are also becoming more magazine-like with optional supplements, such as fashion, travel and crosswords. These à la carte newspapers mean there is a chance to make more money out of every transaction. In addition, newspapers are becoming containers of other media, such as books, DVDs and computer games.

The Internet has become an important distribution channel for traditional newspapers. E-paper, defined as the possibility to read an exact digital copy of the ordinary printed paper on a computer display, has turned out to be very popular. Modern browsing technologies where you flip pages by swiping your fingers across the screen is appealing to elderly readers. The paper is easily enlarged or reduced in size. The length of the text can be adjusted to one's preferences, as well as the mix of text, images and video clips.

But above all, the Internet has introduced more interaction between the Web and the paper. People comment on articles and post pictures to get published. User-generated content is a vital part, but to be frank: the consumer is not in control. As for blogs, most of them have vanished due to poor content and poor revenue models. Only a few blogs managed to create a profitable business and they ended up resembling traditional mass media fairly well. Personalisation has not really happened, as people seem to be reluctant to let go of

personal information. Instead, a form of "majorityism" has entered the scene. News and ads are today focused through channels – not content.

Cross-platform technology has become critical, as a newspaper is no longer just a newspaper. New business models are forcing changes, not only in news reporting, but also concerning media convergence. There are big investments in transforming from being one media to becoming a multi-platform news organisation. Traditional media companies still have funds to act aggressively with mergers and acquisitions. As a complement, partnerships have become increasingly popular to get a larger footprint. But globalisation has also meant an expansion from cross channel competition to cross regional competition between multiple media houses. There is a fierce battle going on to become the preferred news supplier of the customers. The heavy investments have also led to continued consolidation – the media industry is increasingly gravitating around fewer and fewer giants.

The aggressive convergence of content has put new demands on the journalist. A converged newsroom has forced most journalists to become multi-journalists. The changing role of the journalist has been a tough mental journey for many, but traditionalists do change as they get used to the situation and start to see the benefits. Change in recognition and rewards systems have eased the dramatic transformation. Many journalists instead become experts in their fields.

The tough competition has also brought to the surface an increasingly important question for news organisations to answer: should we stick to our original hard news approach, or should we adjust to the commercial needs and become more "entertaining"? Different newspapers have chosen different roads with varied results. While some commercially successful infotainment newspapers have been blamed of neglecting journalistic principles, papers with exclusive content and high quality standards have seen their circulation fall. Most companies have reacted to the changing business environment and successfully adapted new business models. Overall, there has been a slimming down of organisations, but by being proactive and facing the challenges, most newspapers are still profitable and highly appreciated.

## Scenario Four:



## Thunderball

### DISRUPTIVE MEDIA DOMINATES – MASS AUDIENCES

People just love the Net. In fact, just as we thought the impact of the Internet was slowing down, it extended its

functionality and usefulness beyond what was imaginable by 2010. The Internet has become the preferred distribution platform for mass media, not only for news, but also for radio, TV, movies and music. However, there no longer seems to be any clear distinction between different media formats. It has become increasingly hard to be only a newspaper, or only a TV channel, or only a radio station. The clear media convergence has led to mergers and more integrated value chains.

"We offer a packet solution that includes complete access to news and sports, as well as free Internet and mobile communication. After the acquisition of a number of niche Web sites, we are becoming the Internet portal for everybody. By aggregating a number of top class services and putting them under the same umbrella, the NBS brand is stronger than ever. Our social network is rapidly becoming the *de facto* platform for communication. We are giving Google, Yahoo and Microsoft tough competition, not to mention the newspapers." says Nabil Shamon, director of the new media conglomerate NBS.

At the same time, mass media in itself still rules, because there turned out to be a steady demand for one-size-fits-all news after all. And besides the serendipitous nature of mass media was a strong customer need. But mass media does not equal traditional mass media. Instead, Internet-based companies, with a strong hold on young Internet-savvy users, are becoming the media beacons of the young generation. In fact, dominating players such as Google, Microsoft and NBS have turned into mass media – big time. At the same time, customer loyalty is changing faster than before. New

platforms and hangout places on the Internet emerge continuously and people tend to move in crowds between them.

“Why should I go to newspapers or even to old-school Google? NBS is much cooler and all my friends hang out there. They really have some sweet services. I like the Sport Gossip game best, where you play a computer game and discuss the latest news with other players online meanwhile. Billboards in the game giving constant news updates about sports. It’s a neat way of both getting an update and to have fun.” says Derek Young, age 18.

Internet-based companies have been very aggressive acquiring traditional media. Google is one of the dominant media players nowadays after buying up many local newspapers. They have combined their strong brand with the skills and local knowledge that the local papers provide in order to launch completely new services. But they are not only digital. In fact, printed papers nowadays are a well-established part of Google News. Journalists and end-customers that provide interesting angles jointly create many of those papers. Many of the user-generated newspapers are printed and distributed in large quantities. Google has also created a national ad-buy network for every country, and auctions out ad space to the highest bidder. Thus, it is possible to buy national ads that are printed in all local newspapers in the country. Google also offers advanced measurement tools, even for printed papers. Part of the business model is transaction-based where advertisers pay for results, not activities.

The growing crowd of producing consumers in combination with the Internet’s collaborative possibilities has brought forward a new kind of journalism. For global news events, many people turn to Wikipedia 2.0, which has become the place where consensus is reached. People edit news together in real-time and the truth is no longer static, but dynamic. Text, images, movies, map coordinates, man-in-the-street interviews and expert interpretations are mixed together to ensure high quality standards. To make smaller or larger impressions in the news flow has become an important driver for many. Wikipedia 2.0 has also developed different levels of trust. People who write text that does not get altered usually gets their text displayed on a white background, while people whose

articles usually get modified get a greyish background. For traditional media actors, it is all about getting access to the consumers’ news material and to be the preferred partner they turn to. Most newspapers have a review process where sent-in material is checked for authenticity.

A key driver to the development has been rapid technology development as well as quick uptake. Electronic devices are light, thin and cheap. One of the most exciting products is iPaper, a foldable display from Apple launched in 2012. The iPaper is updated frequently over broadcasting networks. News is mainly distributed by Google and NBS in cooperation with broadcast or telecom operators. The iPaper also has additional functionality and can be used to watch TV and movies. In fact, reading tends to fade away among younger people as we move into a more visual society. Illiteracy is high in many places and news has mutated into video, 3D-animations and virtual worlds. Suddenly there is a possibility to explore news in completely new and compelling ways. Location-based broadcasting is the new black, where it is possible to tune in to local channels transmitted by private persons and various commercial companies. Displays are present all over cities, on trains and buses, in banks and hospitals, in vending machines and in stores. News, public information and commercials that are relevant to specific physical locations run in endless loops on those displays.

The Internet has also transformed into a sensor network that is much more tightly integrated with the physical world. Products, articles, reviews, ads and TV programmes all have direct links to Web pages where additional information can be found. The mobile phone has become a universal sniffer tool, in order to read bar codes and RFID tags. Printed papers can easily link to the Internet and offer deeper background stories, analysis, comments, further links and audio or movie clips. Somebody reading an ad about a new car model can immediately “sniff” the article with his mobile phone and get to see commercials or driver tests of the car.

It’s not an exaggeration to say that traditional newspapers have been suffering the last five to 10 years. Generally, there have been three ways to tackle the new business environment: get big, get niched or get out.

First, most newspapers have become suppliers of raw news feeds to the big online companies. While the newspapers themselves are not big, by acting as content providers to Google et al, they work through the largest players in the world. Those news companies all have a niche focus, as general news is hard to make any revenue out of. Unique content that nobody else can provide still claims a relatively high price since many people will read and watch it. Acting as subcontractors or suppliers to others, many papers get a steady revenue stream out of their new core product: articles. But while partnerships dealing with Internet companies looked generous and quite promising at first, many newspapers are now realising that they only earn a fraction of what they use to as their own print and online businesses start to dry up and their own brands become diluted.

As traditional media is losing control, it is increasingly hard to tap the global talent pool. There is strong competition for talent, both for experienced journalists and for skilled sales forces and service planning staff. In order to cut costs, the role of the journalist has changed into that of the multi-journalist – someone who does interviews, takes photos, writes articles, records audio, shoots video and edits material.

Second, some newspapers decide to go micro-niche. Mainly local papers are going this route, but others are also exploring other interest areas, such as politics or sports. While there are many small niche players on the market, the business is not as lucrative as it used to be, due to drying ad revenue streams. Instead, high-priced subscriptions make sure an exclusive elite get the printed word, as they used to. Part of the material is user generated to reduce costs, sometimes even hyper-local, where the newspapers have a network of freelance reporters.

Finally, there are some newspapers that simply resign and give in. Internet-based companies have a big appetite and swallow many small papers that do not have the power to change their business models in time. By doing this, Internet companies get a number of skilled news reporters scattered worldwide, providing them with an in-house news desk. Game over.

## Conclusion

The four scenarios built by the World Association of Newspapers and Kairos Future address the most sweeping challenges that affect the newspaper industry. Will the future be about traditional media dominating as a mass medium, as in the past? Or, will we continue to dominate the media landscape, reaching a series of niche audiences and utilising targeted advertising techniques? Alternatively, will disruptive media continue to ramp up their dominance between now and 2020, either reaching a series of niche audiences, or becoming a powerhouse mass media unto themselves?

The scenarios offer a substantial amount of inspiration for future strategies to either reach, or avoid, the possible fates outlined in the scenarios. The scenarios are neither fairy tales nor crystal ball readings; each have nuggets of truth and pearls of wisdom woven into their fabric. These futures can serve as a validation that the future is already here, and the components of these futures will continue to intensify. Consider:

- The newspaper industry continues to reach

mass audiences around the world, although many newspapers are finding ways to expand their market share with long tail products in order to reach formerly elusive niche audiences.

- Disruptive media continues to snatch market share and advertising dollars, but newspaper companies are also busily building products to compete with the likes of Google, Craigslist, Monster, Facebook and the like.
- In some countries, newspapers are a double-digit growth mass medium. In India, for example, newspapers are growing revenues by more than 15 percent per year.
- New disruptions will continue to make media strategy a moving target. Strategy is no longer a long-term endeavor, but a 24/7 task. The ever-changing marketplace makes strategic development all the more essential to every newspaper company.

This scenario planning report provides many ideas to consider when moving your newspaper company forward. Here is a summary of the kind of media landscape we

could encounter, and how newspapers fit into that landscape.

• **Scenario One: Disruptive Media Dominates – Targeted Audiences**

The printed newspaper is nearing extinction, and the Internet is becoming the top medium everyone goes to. Online competition is cut-throat, and news organisations (what surviving newspapers, as well as all other news outlets, are calling themselves) are competing not only around the world, but by topic as well. All news and information is niche, as mass media reached its expiration at about the same time the printed word fell to the wayside. Journalists are out on their own, and are no longer just reporters, they are experts on their topic of choice, providing high-quality niche news.

Advertising, news and other information is targeted for each user, most of which have no qualms over letting go of personal information in return for a news/info/ad/entertainment product tailored just for them.

• **Scenario Two: Traditional Media Dominates – Targeted Audiences**

No one medium has replaced another. Newspapers, the Internet, television and radio all exist in their own right, and strong brands rule when it comes to trustworthiness and credibility. The more voices and information sources that pop up on the Internet, the more overall quality of news online is lowered, thus making quality news brands even stronger.

There has been a shift toward more niched content, leading to media consolidation, with large media houses offering a variety of niche, high quality brands. Newspapers are no longer defined by what they are printed on; instead, they are news organisations, in a world where content is more important than the channel through which it is delivered.

• **Scenario Three: Traditional Media Dominates – Mass Audiences**

Consumer behaviour changes have been slow, and despite increased online usage, newspapers are still important mediums. People find it hard to differentiate what is credible from pure sensationalism online, and don't have the time to do so, which has caused them to depend on newspapers even more as reliable news sources. The swell of media has led to media beacons, which aggregate news to help people navigate through information overload.

However, this is not to say that newspaper circulation is up. On the contrary, fragmentation is leading more people to more places, which means individual newspaper circulation is decreasing, while overall readership is up. To answer this, newspapers are trying to focus on specific topics, becoming more reliable and respected for their specific niche focus.

• **Scenario Four: Disruptive Media Dominates – Mass Audiences**

The Internet is where everyone goes for everything, be it news, entertainment, music and more. There is no clear distinction between formats. There are no newspapers, no television, no radio. Instead, there is news, video and music, and they are all available through one portal, the Internet, which has grown to become the ultimate media powerhouse. It has everything, and is everything.

Platforms and networks rise and fall in popularity, and users move in groups from one to another. Meanwhile, mass media through the Internet is still on top, providing everyone with the most important global happenings, but delivered in a more personalised manner, based on how, when and in what format each user prefers. Location-based personalisation is the must-have for everyone, enabling them to access the information they want about whatever they want, usually based on where they are.

Some newspapers are micro-niche, while others who were unable to make the transition from newspaper to news organisation have given up, and gotten out.

The four WAN scenarios are painted to inspire newspaper strategists to think of new ways to shape the future of their companies – to encourage positive outcomes and to avoid the pitfalls and hardships that could be caused by intensified competition by disruptive media.

# Appendix

## 66 trends that impact the newspaper industry

Based on market research and eight interviews with newspaper industry publishers including:

- Francis Tiong, CEO, Ming Pao, Hong Kong and Malaysia
- Nelson Sirotsky, CEO, RBS including flagship Zero Hora newspaper, Brazil
- Olav Mugaas, CEO, Aftenposten, Norway
- Eugen Russ, CEO, Vorarlberger Medienhaus, Austria
- Janet Robinson, President, New York Times, USA
- Tomas Brunegård, CEO, Stampen Group, Sweden
- David Kirk, CEO, Fairfax Media, Australia
- Jim Moroney, CEO, Dallas Morning News, USA

### 1. Infotainment

Increased demands on everyday experiences, where games, DVDs, tickets, samples, etc. may become increasingly important components in the media offering.

### 2. Availability increasingly important

People not always buy what they like, but instead what is at hand. 24/7 is becoming the norm.

### 3. New family constellations

More single households, older people, irregular mixes of parents and children.

### 4. “Just in time” living

Less perceived time in life (especially in Western Europe).

### 5. Infinite choice

Too many options makes it hard to decide what product/service to buy.

### 6. Simplify your life

Increased life complexity calls for measures to simplify life.

### 7. Professional customers

We see a new breed of well-educated customers with extensive knowledge of competing products/services and pricing.

### 8. Individualism

Strong desire to be treated as a person, not as part of a group.

**9. Grey panthers**

Older and older people in the society (and wealthier and wealthier).

**10. Climate panic**

Many people are worried about pollution and the climate (less are prepared to act though). The carbon dioxide footprint of a printed newspaper is 0,4 kg CO<sub>2</sub>.

**11. Consumer power**

The customer is taking control over brands and media flows on the Internet (blogs, etc.).

**12. Consumer-generated ads**

Customers creating - and distributing - commercial messages.

**13. Mobile broadband**

Wireless Internet access is gaining momentum, while mobile devices become increasingly faster, smaller and more user-friendly.

**14. Design hype**

50 to 70 percent of buying decisions are made in the store means more focus on design.

**15. Intelligent paper**

Paper is starting to talk, sound and blink.

**16. Word-of-mouth**

Viral marketing offers personal trust.

**17. Long tailing**

Digital media offer new possibilities to tailor content to niche audiences.

**18. Social networks**

Facebook and other social networks are of growing importance.

**19. Digital natives**

The number of minutes spent browsing online doubled last year (in Sweden). Young people don't see the Internet as technology, but as something that has always been around.

**20. The search for authenticity**

In a world of fake stories, the authentic and real becomes important.

**21. Location based media**

GPS and other positioning techniques make it possible to offer localised contents and ads.

**22. "Prosumption"**

The consumer as the producer: involving the consumer not only makes them do the job, but also creates bonds and ensures authenticity.

**23. PR and marketing merging**

Editorial content has higher impact than ads, which turns PR into a sales activity.

**24. Analytic journalism**

Newspapers will offer deeper analysis, opinions and explanations of the news in a larger context to help people navigate in an increasingly complex world.

**25. More media platforms**

Newspapers are no longer print only. News is distributed on more and more media platforms (Web, podcasts, mobile phones, etc).

**26. Audience fragmentation**

More channels and more content providers means a thinning out of audiences.

**27. Online transactions a new revenue source**

As media goes online, transaction revenues for services become an increasingly important revenue stream.

**28. User-generated content**

More people create and share their content with others (e.g. blogs). User-generated content provides opportunities for self-expression and social interaction.

**29. Free newspapers**

The emergence of free newspapers is impacting the newspaper business models.

**30. Simplified news**

"News snacks" are becoming the norm as customer needs are oversaturated. Simplification means a newspaper can only afford to be good enough.

**31. New demands on sales**

Selling advertisements is becoming increasingly important - and difficult - as there are so many media channels. Sales staff is turning into media brokers.

**32. Target market segmentation**

As the choice for customers is becoming extensive, we are moving towards more targeted audiences.

**33. Digital media offers better measures**

Digital media has an increasingly important advantage of being able to measure the impact of advertisements, clicks, transactions, etc.

**34. Increasing part of revenue stream from digital media**

Newspapers are relying more and more on revenues from digital media. Digital media will make up the growth futurewise.

**35. Mobile news**

News consumption is no longer equal to reading a paper at home. Instead we are consuming news when and where we want on various (mobile) devices.

**36. Harder to charge for subscriptions**

As people are getting used to free media, the willingness to pay for print subscriptions goes down.

**37. E-paper**

While still early, we see experiments with foldable displays that may be next generation news gadgets.

**38. Newspapers are becoming exclusive**

Newspapers with high quality measures can become more expensive and thus address only an exclusive class.

**39. Newspaper companies are becoming “just another media player”**

The newspaper industry can no longer perceive itself as exclusive or unique to other market players.

**40. Attack from below**

Low thresholds means new entrants will be in abundance. They will come from “below” and will be online, global, fast-moving and smart.

**41. Globalisation of media**

While local papers have been shielded by geographical barriers, we are now seeing the emergence of a global culture with new media consumption patterns.

**42. Multi channel strategies**

The distinction between different media types (newspapers, TV, radio, Web, etc.) is getting thinner and thinner. Multi-channel strategies are one way to meet the new media landscape.

**43. Measurement collapse**

Yesterday’s measurement tools will be less effective in the future, and new tools will be needed.

**44. Direct(er) marketing**

Advertisers want to reach their customers directly. Campaign sites, customer clubs, Facebook presence, etc. are ways to by-pass traditional media.

**45. Citizen journalism**

People (especially young people) want to be involved and take part in the news reporting.

**46. More complex media mix**

While ad campaigns used to be rather simple (newspaper, TV, outdoors, etc) they are turning into complex clusters of media where stories are being built using campaign sites, YouTube clips, ads, TV spots, etc.

**47. Increased individualism**

As we see a strong trend of individualism in society, mass media has the downside of offering the same message to everybody.

**48. Decreased media freedom**

The current terror threat and political situation tie back the hands of media in many countries. China has strong censorship, Russia is tightening up media freedom, etc.

**49. Better print quality**

There has been a considerable increase in print quality and more colours.

**50. Instantaneous information**

We no longer need to wait to catch the news, but instead have minute-by-minute updates.

**51. Broken information asymmetry**

Information is easy to charge for as long as only a few have access to it. Today’s information symmetry makes it increasingly difficult to charge for regular news/information.

**52. Towards more visual communication**

Visual content is easily digested, and many times preferred over text. More and more displays with video content are appearing in our society.

**53. Young people with new media behaviour**

Traditional media are losing ground among young people, where instead the Internet is becoming the de facto platform.

**54. Push services**

With RSS feeds and personalised Web pages (e.g. iGoogle) people can tailor and manage their own news, updates and services.

**55. Digital printing**

Industrial digital printing can become more important than offset printing in a world where everybody wants their own personalised paper.

**56. Decreased mass market ad spending**

In a fragmented media landscape, easily identified niche target groups will be of higher interest than the general public (from an advertisement point of view).

### **57. New revenue models**

Newspapers need new revenue models to keep being profitable. New technology offers endless options to reach future customers (e.g. rich-media ads, virtual worlds, viral marketing, product placement, parasite distribution, maglogs).

### **58. From being in control to being in touch**

Customers of today (especially young ones) don't want to be told what to buy, but instead they want to be invited to a dialog and interact.

### **59. From channel to content**

The content becomes more important than the channel. Instead, the best suited channels will be used in clever combinations to convey the content.

### **60. Competition shift**

While the competitors used to be easily identifiable, almost any company can be a future competitor when newspapers have TV channels, broadcasters offer news Web sites, mobile phone operators have news and mobile TV, and Internet companies offer searchable media.

### **61. Losing loyalty**

Consumers are increasingly grazing media. If they don't like it, they immediately move on to greener pastures.

### **62. Falling circulation**

In most countries printed newspaper circulation is falling, even though many newspapers are still very profitable.

### **63. Media avalanches**

Globalisation leads to a situation where top news spreads fast by its own force. Stories are becoming popular by their own popularity.

### **64. Hyperlocal newspapers**

Local newspapers are becoming even more local.

### **65. Online only-companies becoming newspaper competitors**

Google, Yahoo and Microsoft are building advanced ad platforms to compete for ad revenue.

### **66. One-to-one marketing**

Various techniques (including artificial intelligence) means Google and others can pinpoint every customer's needs and desires.





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