

World Press Trends

2020-2021

OUTLOOK



World Association
of News Publishers



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Impressum

WORLD PRESS TRENDS, THE PRIMARY AND MOST AUTHORITATIVE SOURCE OF DATA ON THE NEWSPAPER INDUSTRY WORLDWIDE, HAS BEEN PUBLISHED SINCE 1989 BY:

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Methodology, data partners and profile of the study

For key performance indicators (revenue, circulation and ad spend), WAN-IFRA relies on its historical WPT data, and works with [PriceWaterhouseCoopers \(PwC\)](#) and [Zenith](#). We also conducted a global survey of publishers and experts to gauge financial performance, forecasts and insights, as well as national associations for their insights. More than 90 news executives from 51 countries responded. The vast majority of respondents (61.1%) identified themselves as Top Managers and about a quarter (24.4%) are commercial managers, while 4.4% were editorial managers and 4.4% technology / data managers. Those who identified themselves as “other” (5.6%) had roles such as consultants and academics.

To say the least, 2020 has been a challenging year, also for analysts to safely produce their forecasts. Our findings, particularly on the performance indicators, are our best estimates considering this rather unpredictable situation. Moreover, global figures tell one story, but they don't always describe the experiences of individual publishers in different markets. In 2020, that's perhaps more true than ever.

We also work with analytics specialists [Chartbeat](#) to share their data and insights around audience development. And this year we worked with [Mather](#), the consulting firm specialising in subscriptions, economic modelling, analytics and strategic consulting services.

About the report

“The pandemic has been sort of like a defibrillator to the way we work around here. That sounds traumatic, but I mean that in the best way,” a publisher told me months ago.

Now that is putting a positive spin on the situation publishers find themselves in today: the damage has been done (in some cases, permanently), uncertainty reigns, but out of a crisis even of this magnitude emerges silver linings, innovations, new possibilities and positive change.

For news publishers, many are still gauging how this crisis will impact their business, journalism and future. Just like in many other industries, and everyday life for that matter, it’s unclear how all this will play out over the next months, year and beyond.

One year after the pandemic forced much of the world into lockdowns, they are still being enforced in many countries today. In some countries, restrictions are easing. Vaccinations are rolling out to varying degrees, as we long for the day that some normality – whatever that will look and feel like – returns to our lives.

As the pandemic turned most industries upside down, the same can be said of this project: World Press Trends. Normally, we start sending out our (rather exhaustive) surveys to national associations in the first quarter of the year and working with our other data partners to get their insights, with the first goal of presenting our initial findings at our annual Congress, typically in June. Once the pandemic struck, naturally we had to reassess World Press Trends. In essence, we felt like it didn’t make much sense to focus too much on 2019 data, rather 2020, the impact of the pandemic and, more importantly, ask publishers about the future. Hence the title, World Press Trends & Outlook.

About the report

A number of publishers we informally reached out to in the spring told us to not bother sending our Outlook survey until at least late summer so they could have a clearer idea of how their business had been impacted and where they were realistically headed. We sent the survey in the fall and have poured over the great responses since, while working with our data partners to collect up-to-date data. And what we have produced are, under the bizarre circumstances of 2020 and beyond, our best estimates of where the industry stands. World Press Trends has been a barometer, not an absolute.

So a huge thanks to the 90-plus executives who shared their companies' revenue figures, forecasts, strategy focus going forward, and other insights to help shape this report. The same goes to all of our data partners for all of their support, data and insights, and national associations who have shared their insights over the years.

And a big thank you to Protecmedia for supporting this report financially as a sponsor.

Going back to the publisher's analogy of the defibrillator, he probably meant that the pandemic was a jolt to how his organisation was working and it awakened new realities. Despite the damage done, the pandemic has accelerated publishers' plans to transform their business *now*, not tomorrow – and to embrace the uncertainty and challenges that come with that. Quite simply, they don't have a choice anymore.

Dean Roper

Director of Insights

WAN-IFRA

Perspective

Before we get into some of the key findings (our executive summary starts on page 13), it's worth reflecting that the year 2020 will have an enduring effect on people's lives. With Brexit coming into the fold, historical social unrest in the US after the killing of George Floyd by police, the US presidential election debacle and ensuing riots on the capitol (in early January 2021), apocalyptic climate events, like the bushfires in Australia affecting an estimated 3 billion-plus animals and 33 people, just to name a few... those stories and others could make the case that 2020 would stand out through time.

Yet all the news events of the year emerged under the lingering cloud of the Coronavirus global pandemic that ensures 2020 will be one of the most newsworthy years for generations to come.

Despite the pandemic's paralysing nature, the crisis created an opportunity for news publishers to strengthen connections with their audiences, just as those other stories did, as citizens actively seek accurate and reliable information. We're seeing numerous examples of publishers rising to the occasion and delivering audiences with critical information that has a real impact on their daily lives. This connects with a major trend that we've reported about over the past few years: publishers' future rests in building stronger engagement with their audiences.

... all the news events of the year
emerged under the lingering
cloud of the Coronavirus
global pandemic

Perspective

But trust must come first...

One issue critical to that publisher-audience relationship is trust. And unfortunately, the public's trust in media has spiralled in recent years, for a number of reasons. In late January, Edelman released its annual Trust Barometer and, not surprisingly, "media" is the least trusted institution of the four (business, government, NGOs, media) Edelman monitors. Traditional news media like newspapers unfortunately get lumped into a large pot tagged media in this study, but there's further evidence that this isn't necessarily off the mark...

The Reuters Institute's Digital News Report reported that when the Coronavirus hit, overall levels of trust in the news reached their lowest point since Reuters started to track these data. "In a direct comparison with 2019 we find that fewer than four in 10 (38%) say they trust most news most of the time – down four percentage points. Less than half (46%) say they trust the news that they themselves use."

One issue critical to a publisher's audiences-first strategy is trust, the true top currency in today's competitive media landscape.

Perspective

Another part of the trust issue? Diversity

Deeply related to trust is the issue of diversity in news media, or the lack thereof. Despite the declarations and perhaps best intentions of many media companies to close the gap in their newsrooms and businesses, as well as to amplify diverse voices in their content, the reality is proving much more challenging – and disappointing.

For example, women represent more than half of the world's population, yet they are on average seen, heard and read in the media only 25 percent of the time. Readers are increasingly calling out the media for this practice. In failing to change we risk alienating our audiences, harming our corporate reputations and brands, and negatively impacting our bottom lines.

In its just-released Women and Leadership in News Media 2021 study, Reuters Institute found that only 22 percent of the 180 top editors across the 240 brands covered are women, despite the fact that, on average, 40 percent of journalists in the 12 markets are women.

Whether it's diverse voices in content or in the newsroom, it all plays a big role in building trust with audiences. Clearly, there is a lot of work to be done here.

Diverse voices in newsrooms and in content are a key part of any audience strategy today.

Perspective

The publisher / platform relationship just intensified...

The reverberation, and outcome, of the [Australia-tech giant standoff](#) is still being felt all over the world as publishers, particularly small ones, wonder where they stand in this seemingly teetering relationship(s). If this was a test case for other similar situations, both Google and Facebook didn't seem to flinch in the face of stiff legislation on the table.

To recap: Just before the "[News Media Bargaining Code](#)" was due to pass parliament in Australia, Google [made peace](#) with publishers after threatening to turn off its search engine in the country, but Facebook followed through on its threat to turn off publisher content on its platform. Just days later, Facebook put news content back after Australia amended its legislation. Some say "the dust has settled," but it feels more like the aftershocks of all this are still rumbling.

Google has struck a number of deals agreeing to pay some individual publishers and larger groups (like in France) and where this ends is anyone's guess. Most of the tech giants face new regulations in Europe and ongoing legislation, for example in the US. Both Google and Facebook have rolled out news products in the past year or recently – as will Microsoft – as well as engaging with publishers increasingly on numerous helpful initiatives to support ongoing transformation and innovation efforts. Many will say those efforts are, in essence, "paying back" the industry for the large share of (digital) advertising they have gobbled up over the years, piggybacking off of publishers' content on their platforms. The other camp (including the platforms) says publishers have benefitted from their traffic (see Australia) and regulating platforms goes against everything the open web stands for. Is this a true tipping point? Stay tuned.

Perspective

A perfect storm to suppress press freedom

A year of the pandemic has also highlighted the fragility of some of our basic values, notably press freedom. The unprecedented global lockdowns have provided cover to authoritarian states to further control the press, limit access to information, and stifle independent reporting.

Even where democratic traditions are stronger, in countries that promote transparency and accountability as being fundamental, we witnessed serious contradictions from governments attempting to balance the public's right to know with their own control over the pandemic response.

The pandemic provided a sobering reminder of the fragility of press freedom.

2020 saw physical attacks and online harassment of journalists continue to rise, while simply reporting the health crisis exposed the vulnerabilities of many journalists working with inadequate personal protective equipment. The financial precarity facing many newsrooms, combined with the added stress of working while juggling domestic responsibilities, has meant a sharp rise in reports of burnout, fatigue, and digital overload.

Myanmar is in the midst of backtracking on a decade of progress; Indian journalists continue to be systematically targeted for critical reporting; a summer of protests in the US exposed reporters to unprecedented physical harm, both from state and non-state actors; and French journalists resisted a new Global Security Law that would have severely reduced the accountability of law enforcement officers operating in the public space.

Executive Summary

Performance and impact of the pandemic

Despite the impact of the pandemic, it's worth noting that the news media industry is a **US\$ 112.4 billion business**, according to our analysis. But, of course, we cannot come up with any original superlatives (and won't) to characterise the effects of the pandemic on our business (some bad, some good) last year and today, and the way we work and will work in the future. For the business, the figures speak for themselves...

43% of respondents from our WPT Publishers Outlook survey said their **revenues declined by more than 20%** "in the last 12 months"; another 7% said theirs declined by more than 10%.

On average, **overall revenue was down by 11%, publishers reported.**

Print advertising took the biggest brunt of the crisis: down 19.5%. Print circulation revenue also took a hit: down 13%.

However, **17% of publishers reported an increase in revenues last year**, according to our Outlook survey, with 11% actually saying revenues were up more than 20%. **When compared to the Great Recession a decade ago, that is five and half times higher than publishers reported then.**

Digital reader revenue and digital readership continued to increase significantly – **up nearly 27% and 36%, respectively last year (Outlook)** – as audiences seek out quality journalism amid an uncertain "climate," rife with misinformation and distrust. And, as **publishers lean into digital subscriptions and audiences-first strategies** as pillars of a sustainable future.

While digital advertising remains a challenge on a number of fronts, **revenues increased 8.8% last year (Outlook).** Newspaper ad spend now makes up **5.7% of global ad spend** (-2.2% YoY).

Executive Summary

On average, publishers reported that they **reduced their staffing by 4.4% (Outlook)** over the last year, **albeit the vast majority reported double-digit declines in revenues.**

In our World Printers Forum Outlook Survey, **70.5% of production executives** said they have **reduced their workforce** to some degree since the pandemic began and expect more in 2021.

Like all businesses across the globe, the way news media will work in the future may never be the same: **87% of publishers (Outlook) say the pandemic has changed the way their news orgs work** in terms of workflows, communication and processes.

Forecasting, costs, risks

According to our Outlook survey, **65% of publishers** believe their business will fully recover from the pandemic; 35% don't.

Nearly 60% of publishers (Outlook) say their staff will either work from home or have the option to work from home going forward. **Only 5% of our respondents expect to move everyone back to the office** and **16% believe they'll use less real estate going forward.**

For the first time in our survey, we asked publishers to share their general cost allocation across the business, and **editorial was the single largest expense**, accounting for **just over a third of all costs (33.5%).**

Print production and distribution historically dominated cost structures, but according to our survey, **now only make up 21.4%.**

Executive Summary

Despite the declines in print advertising and ongoing challenges with digital advertising – and the fact that audience revenue has overtaken ad revenue in our reports for the past five years – advertising was cited still as **the single most important source of income (27%)**, followed by subscriptions (21%), single copy sales (10%) and then a cluster of diverse revenue streams.

Not only that: News executives (Outlook) also see the ongoing **decline of advertising (30.6% of respondents) as the biggest risk to their organisation's future success**. Followed by the **inability to diversify revenue streams (21%)**.

Top priorities and investment

If publishers have been muddling their way through a long-term digital transformation strategy, **the shock waves of the pandemic have put those plans into overdrive**. When we asked publishers “What is the single most important change that has to be implemented in their organisations in the coming year,”

accelerating digital transformation strategy was the overwhelming top priority (44% of respondents).

Audiences-first, digital reader revenue, data and product development are key elements of that transformation so it's no coincidence that when we asked for top investment plans in 2021, **digital paid content was the top choice**.

According to Chartbeat, **the portion of subscribers among news publishers' audience has grown everywhere around the world** during 2020, as has the loyalty among those subscribers, in terms of frequency.

Fostering a culture of innovation in the long term pays dividends. Executives from organisations that have a strong culture of innovation are reporting greater digital audiences and higher profits – and are more optimistic about their firm's prospect to fully recover from the coronavirus pandemic in the future.

Executive Summary

The trust issue and diversity

Framed against all of these findings is the ongoing relationship news publishers have with the public. Edelman released its annual Trust Barometer findings in late January and **media ranked last** among the four societal institutions (Business, NGOs, Government and Media) Edelman monitors.

Printed newspapers, local newspapers and their websites ranked as the most trusted platforms for advertising in WAN-IFRA's [Trust in Ads report](#).

Despite the industry seemingly focussing more on the lack of diversity in news media, **Reuters Institute's** recently released **Women and Leadership in News Media 2021 study** found that **only 22% of the 180 top editors across the 240 brands covered are women**, despite the fact that, on average, 40% of journalists in the 12 markets are women.

Tech trends you cannot ignore

In an upcoming WAN-IFRA report about **Artificial Intelligence** and reader revenue, **76% of respondents** (55) in a publisher survey said **that AI is important to the success of their business over the next 3 years**. About 55% said they are already implementing AI in some capacity.

5G's impact on mobile and desktop: Gartner forecasted in January that sales of 5G mobile phones will total 221 million units in 2020 and more than double in 2021, to 489 million units. In other words, 5G adoption and implementation of networks globally is starting to take off. And this can be good news for publishers that are developing sophisticated, ultra-high-definition content, especially on mobile (where the majority of content is consumed today), ad experience, live streaming and a good volume of video / audio content.

Taking stock or revenues:

PERFORMANCE FIGURES

The development of the business in bottomline figures is always telling. Regardless of YoY declines in print advertising and circulation revenues for years now, publishers still rely heavily on that income vs. digital, in terms of core revenue streams (excluding areas like events, ecommerce, etc.)

- Publishers are earning about 82% of their total revenue from print, according to our estimates, and that revenue will prove vital for publishers pivoting or continuing to transition to a more digitally-focused business.
- Digital subscriptions, albeit a sliver of overall revenue, remain a bright spot for publishers going forward.

Circulation revenue
\$6.9 billion
YoY +23%

Advertising revenue
\$13.7 billion
YoY +9%

Digital circulation
(audience)
50.8 million
YoY +23%

Overall Revenues
\$112.4 billion
YoY -11%

2019 - 2020

Overall Audience
571.8 million
YoY -10.7%

Circulation revenue
\$54 billion
YoY -13%

Advertising revenue
\$38 billion
YoY -19.5%

Print circulation
(audience)
521 million
YoY -13%

Source: WPT analysis of Zenith's Advertising Expenditure Forecast 2020, WPT historical data and WPT Outlook. These totals include both daily AND weekly publications.

Print revenue bears the brunt of losses

As lockdowns were enforced globally, businesses and retailers were suspended, some going out of business, **marketing budgets dried up and ad revenues for publishers plunged** during the pandemic. **And this came on the heels of an already very challenging ad market and YoY declines (print) pre-pandemic.**

The question now is to what level will this revenue return when the pandemic subsides. Many analysts and publishers have suggested ad sectors like travel & tourism and real estate won't bounce back, while others may. In short, **globally, print ad revenue was down 19.5% in 2020, print circulation revenue down 13%**. Interestingly, the **German national association, BDZV, reported that the country actually increased print readership revenue by 5%**.

Just to put into perspective, The New York Times had a stellar year in 2020 in terms of digital subscription growth and revenue (adding 2.3 million digital-only subscriptions in 2020), but even the Grey Lady took a major hit on the ad side. **Total ad revenue at The Times fell 26 percent in 2020**, with print ad revenue bearing **the brunt of the annual decline, at 39 percent**, the company said in its 4th quarter earnings report in February 2021.

Digital subs offer some optimism

When the pandemic struck, people turned to reliable sources of information for the latest developments. And as lockdowns lingered, they also had more time to consume news and information. This provided publishers with an opportunity to not only provide trusted information but engage with their audiences even more. **This resulted in significant growth in digital subscriptions for many publishers** and a chance to launch new products and services to loyal subscribers.

Digital circulation revenue grew 23% YoY. Yes, globally, it still only makes up a little more than 6% of publishers' revenue, but all the key ingredients of a reader revenue strategy – audience engagement, a rich data and analytics culture, product development and cross-departmental collaboration – are the pillars of an evolving digital transformation strategy.

Publishers can venture into other areas of business built on that loyal base, like ecommerce which exploded during the pandemic, or premium content services or events or newsletters or podcasts or partnerships, or, yes, advertising.

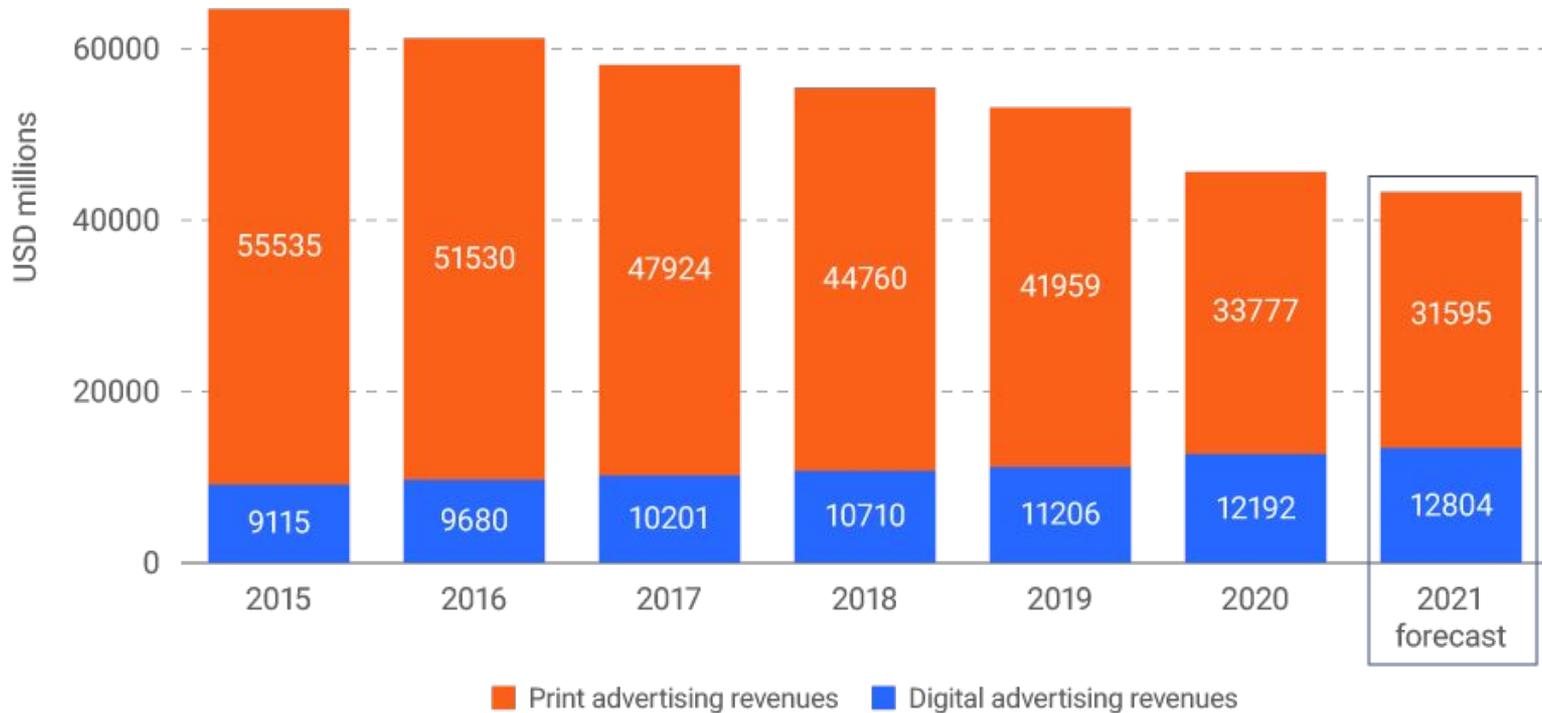
Speaking of advertising, **we estimate that publishers actually increased their digital ad revenue by 8.8%.** But with a **cookieless world on the horizon, challenges will abound (see slide 71).**

Revenue development



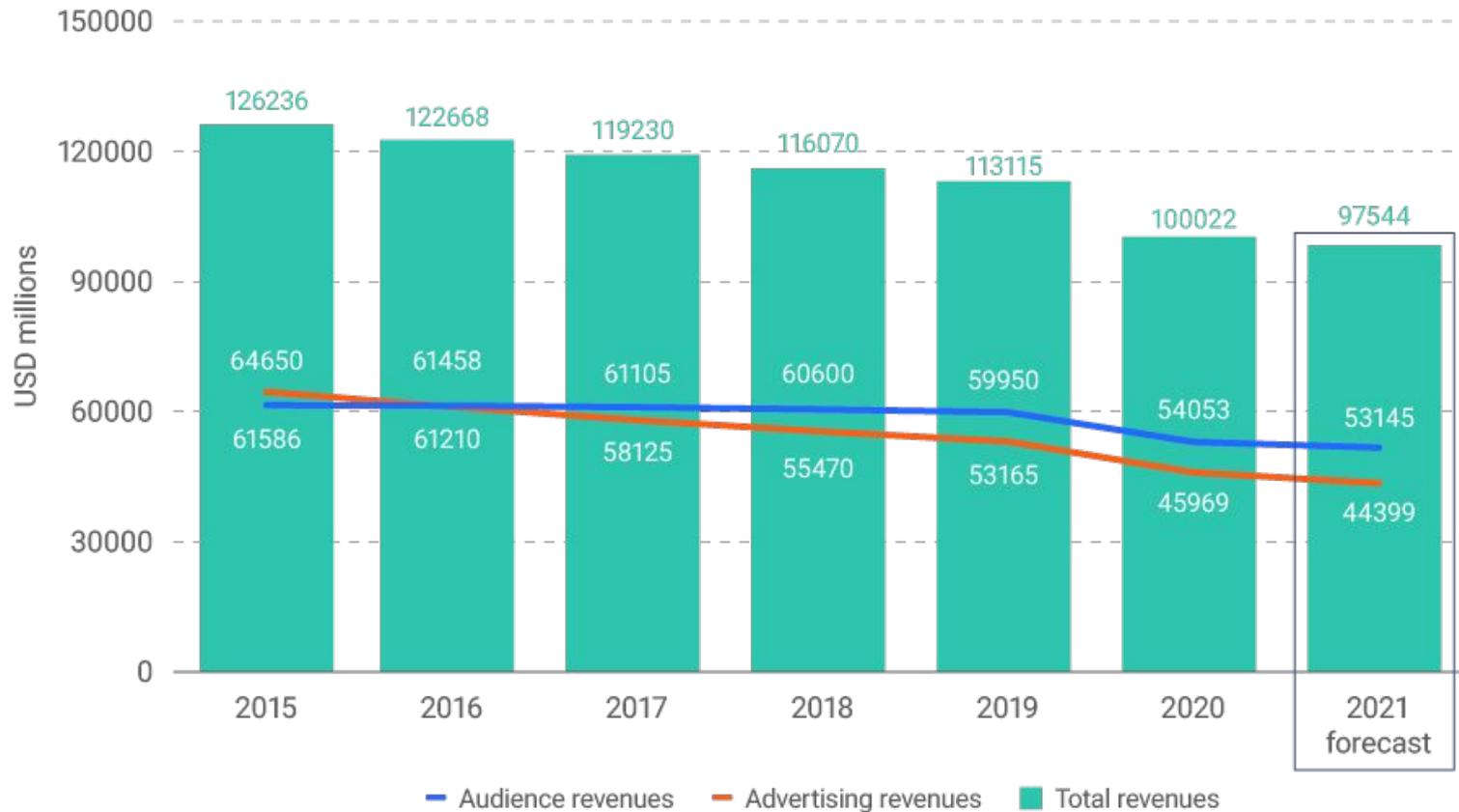
Source: WPT analysis based on historical data, Zenith (ad expenditure) and the WPT Outlook survey. Figures for daily publications only.

Advertising revenue development



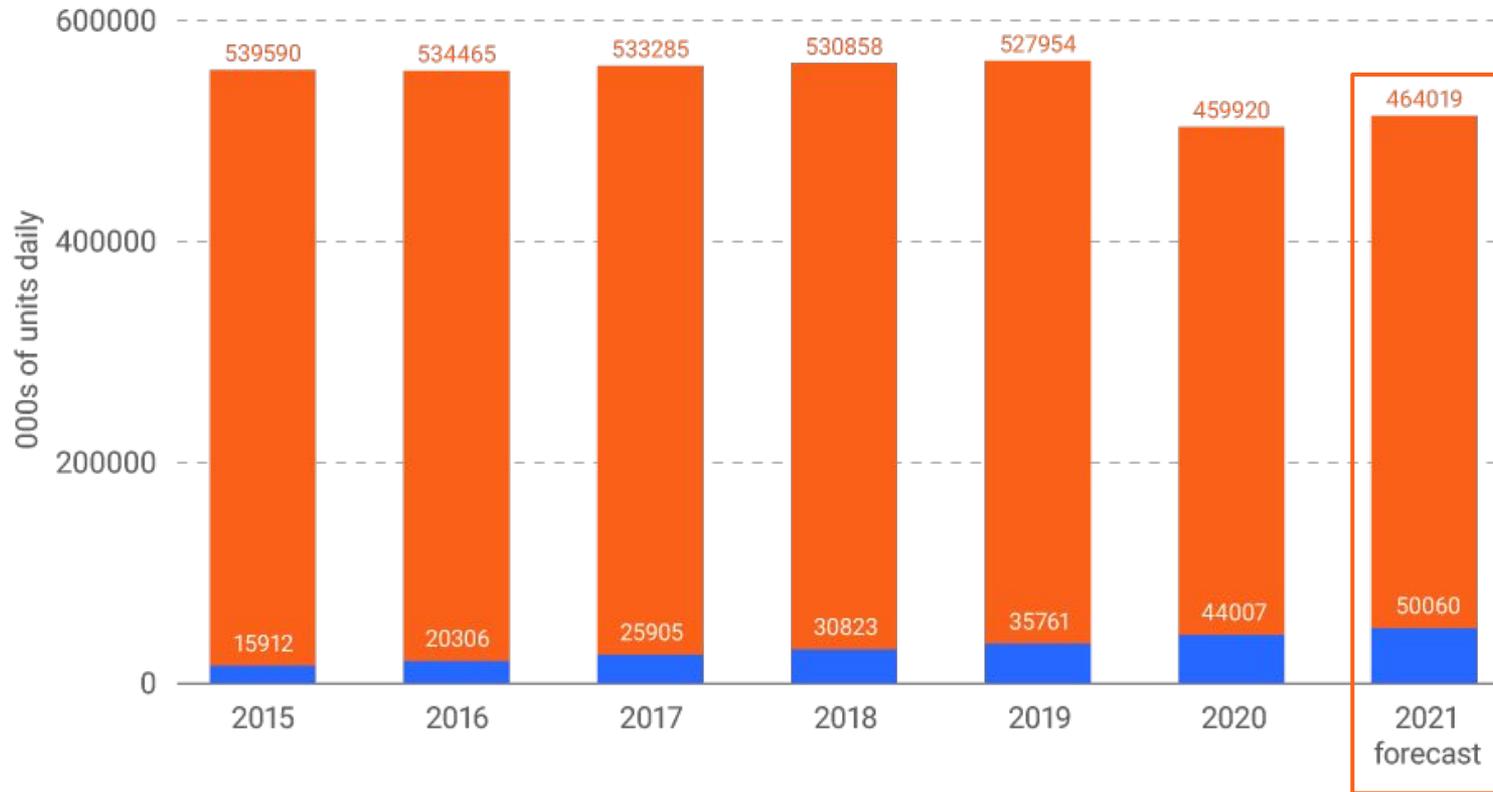
Source: WPT analysis based on historical data, Zenith (ad expenditure) and the WPT Outlook survey. Figures for daily publications only.

Total revenues development



Source: WPT analysis based on historical data, Zenith (ad expenditure) and the WPT Outlook survey. Figures for daily publications only.

Audiences: Paid-for circulation development



Source: Years 2015–2020: PwC (Global Entertainment & Media Outlook 2020 - 2024). 2021 Forecast: WPT analysis based on WPT Outlook survey.

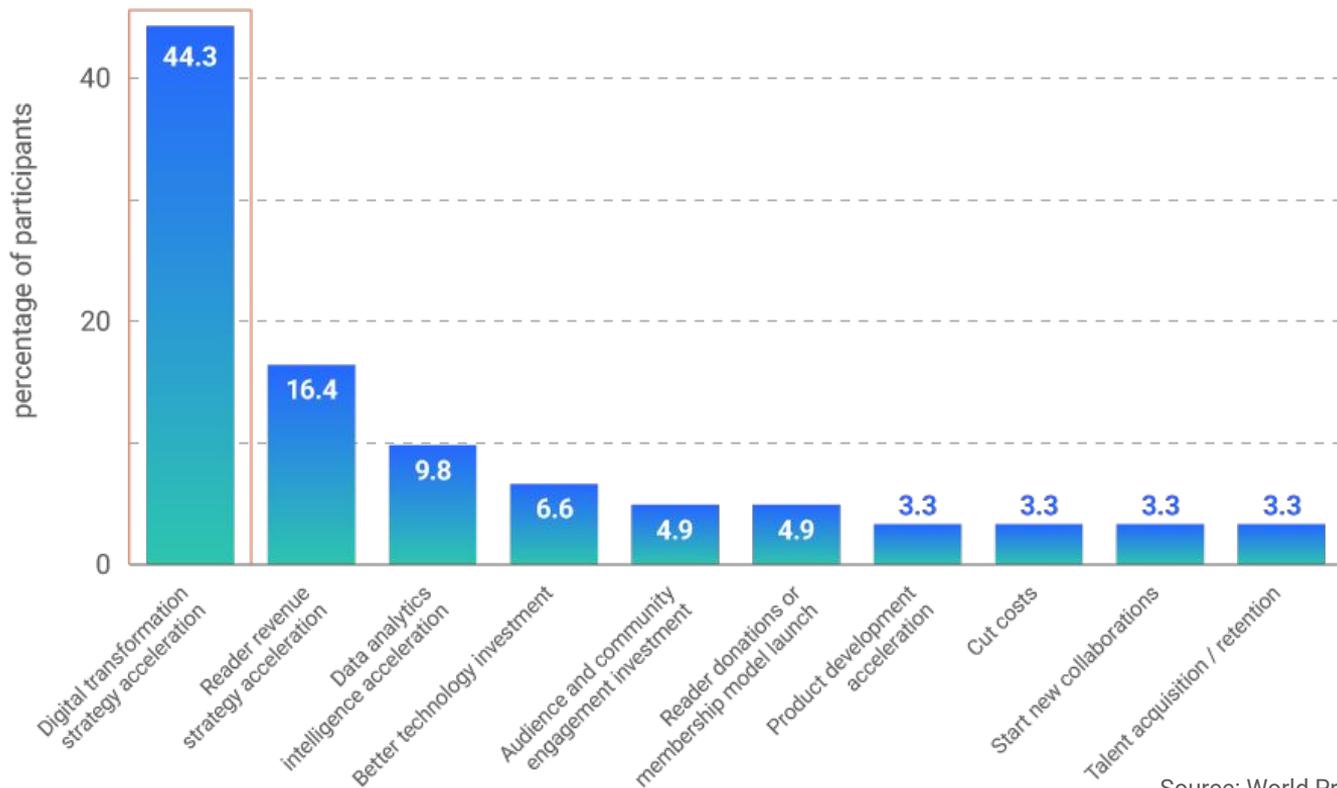
OUTLOOK, INVESTMENT, RISKS

In our survey of more than 90 publishers, their clear priorities and challenges this year include:

- Accelerating digital transformation strategies
- Investing in reader revenue and tech associated with that
- Yet a decline in ad revenue is their biggest concern

Accelerating digital transformation the top priority in 2021

What is the single most important change that has to be implemented in your organisation over the next year?



Top priorities

If publishers have been muddling their way through a long-term digital transformation strategy, the shock waves of the pandemic have put those plans into overdrive. When we asked publishers “What is the single most important change that has to be implemented in their organisations in the coming year,” **accelerating digital transformation strategy was the overwhelming top priority.**

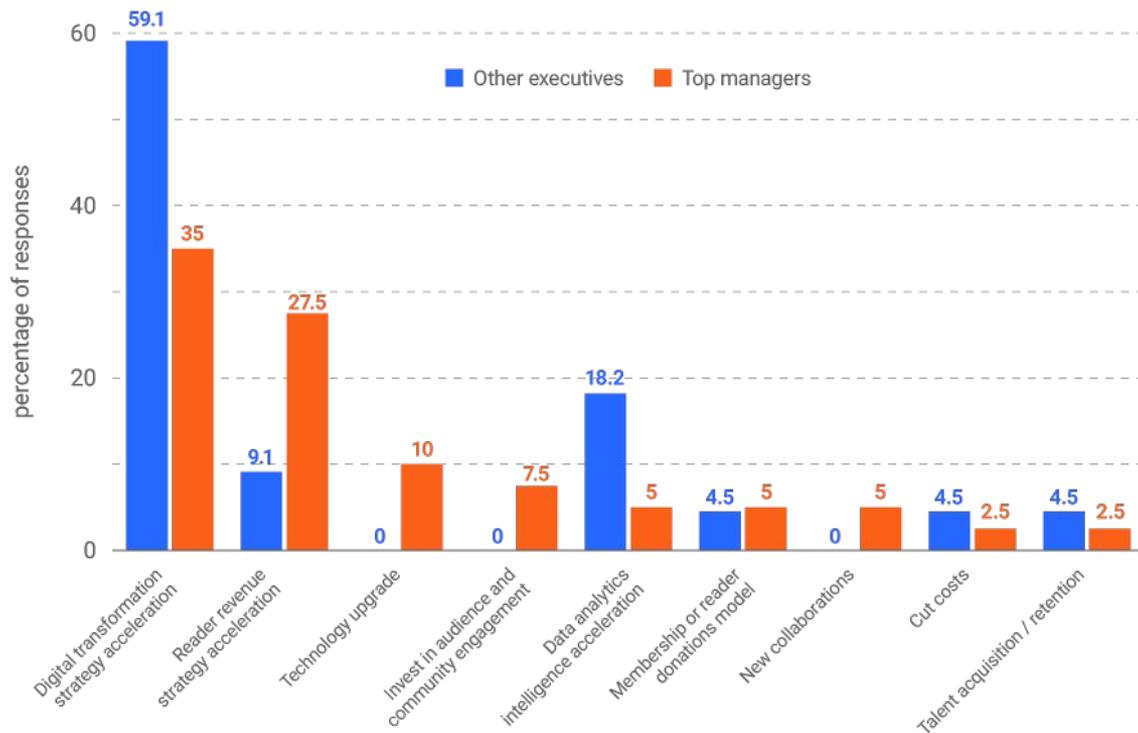
The pandemic has laid bare those companies that can excel and those that are lagging in the necessity to adapt, develop products quickly, and, quite simply, truly focus on an audience-first strategy. **“Digital transformation” is an overarching strategy for most companies but the specifics of that are increasingly audiences-first, reader revenue, data and product dev.**

It is no coincidence that the three next most important changes for 2021 mirror those of top investment plans (see two slides down): **accelerating reader revenue plans, the same for data analytics, and more tech investment.**

And it’s worth a closer look to see how the C-Suite view their businesses’ top priorities vs. other executives in our survey.

A different perspective from the C-Suite

How different executives in the survey view the most important changes in the next 12 months



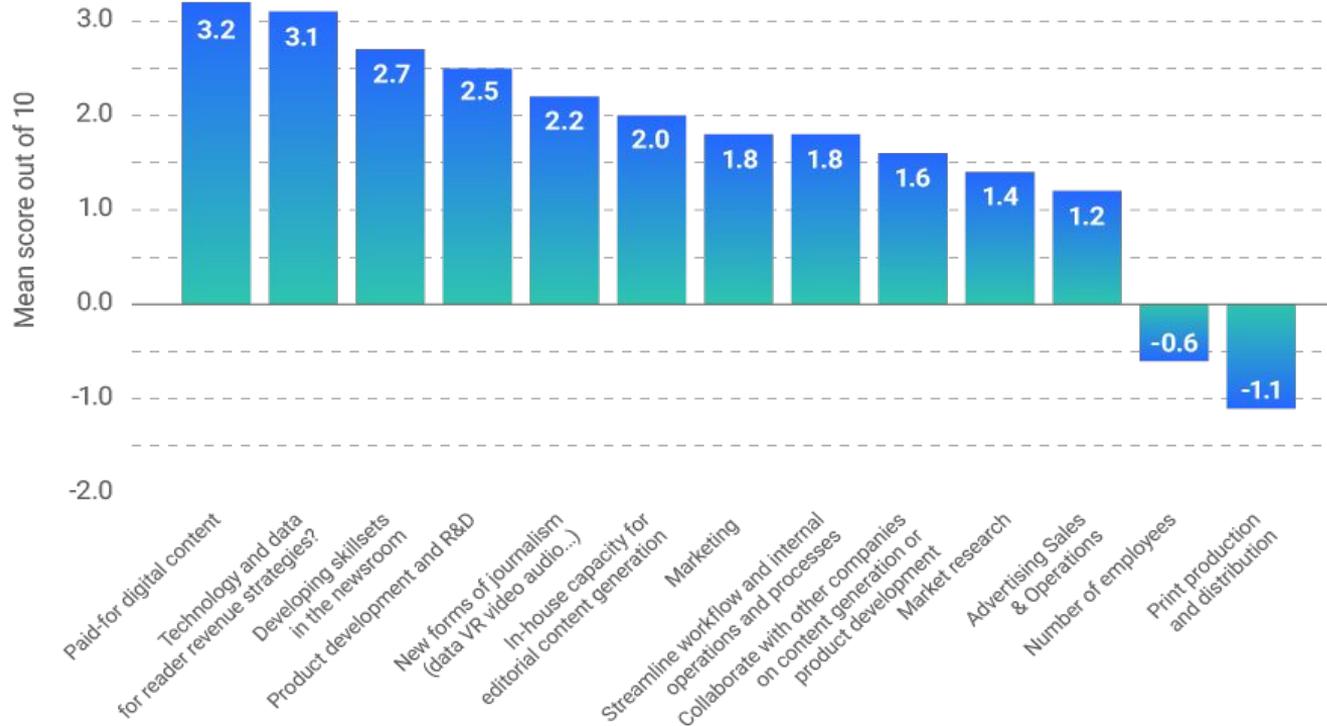
Source: World Press Trends Outlook survey

While there's wide consensus amongst decision-makers about what changes they need to make, **three times as many Top Managers said they needed to accelerate reader revenues in 2021 than executives in other areas of the business.**

Those in the C-Suite were also prioritising **investment in better technology, audience engagement capabilities and new collaborations.**

Investment: Reader revenue at the top of budgets

To what extent is it important for your organisation to invest / divest in the following areas over the next 12 months?



Investment: Digital subscriptions forming a core strategy

Not only has the nature of the pandemic and subsequent lockdowns changed the way newsrooms and media companies have to work, it has also created new habits for readers and consumers and probably bid adieu to others. Subscriptions were already soaring in recent years, but they have seen an even greater surge during the pandemic, crystallising strategies for publishers.

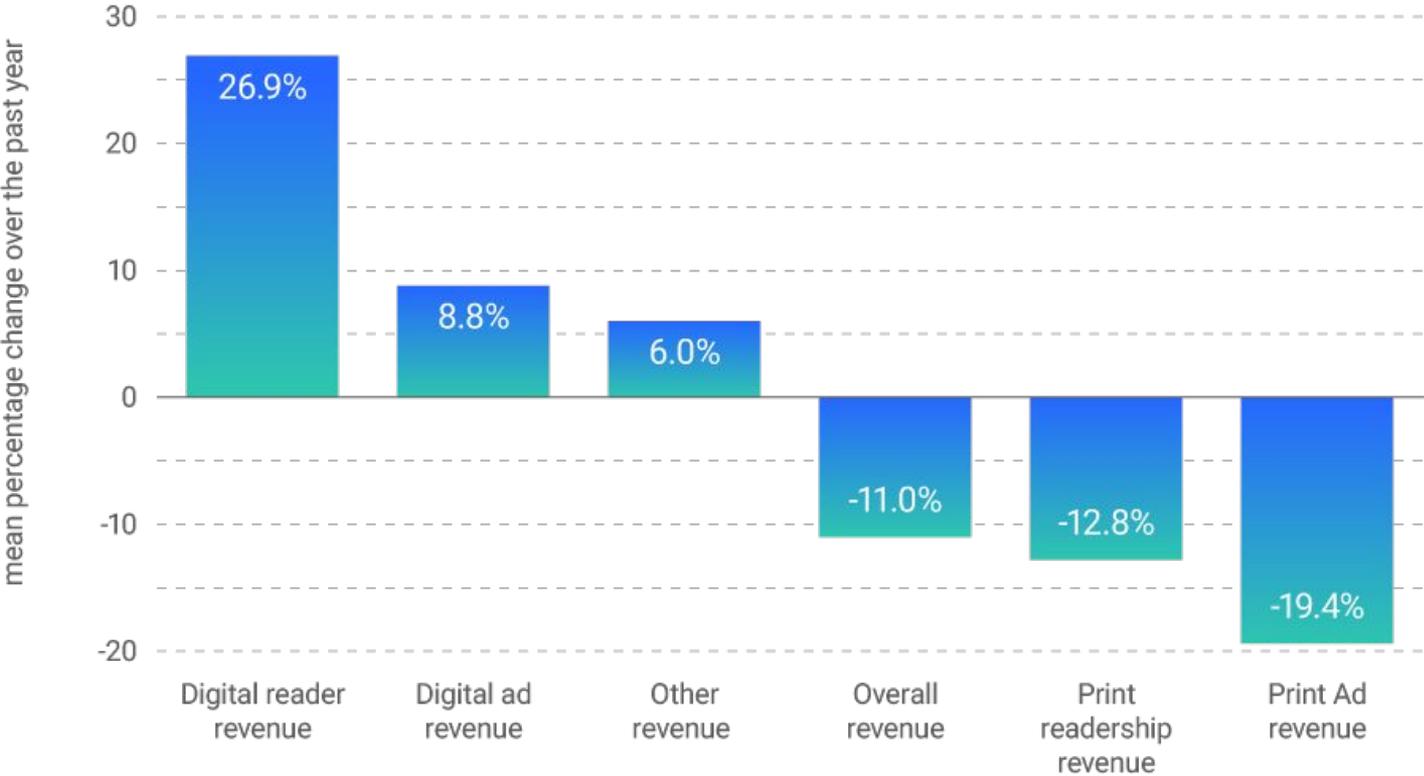
In our World Editors Outlook survey conducted at the end of last year, **60% of respondents (45) said their content strategy is significantly connected to subscription growth and retention.**

It is not surprising the top investment priorities for news publishers are all closely linked to **reader revenue strategies**: No. 1 being “**paid-for digital content,**” followed by the **technologies and data needed to support reader revenue strategies**, then the **skill sets in the newsroom, product development, and new forms of journalism.**

And slides 31 and 33 show why, or at least two reasons, why publishers are focusing on digital subscriptions...

Digital reader revenue: It's where the growth is...

Question: How have your revenue streams changed over the last 12 months?



Source: World Press Trends Outlook survey

Revenue streams development

Digital circulation revenue has been a positive development for many news organisations as **publishers report a 26.9% YoY increase in 2020**. While that figure is impressive, it's worth noting that globally the industry is still predominantly dependent on advertising and print revenue: **Digital circulation revenue makes up just 6.1% of publishers overall revenue (core revenue streams)**.

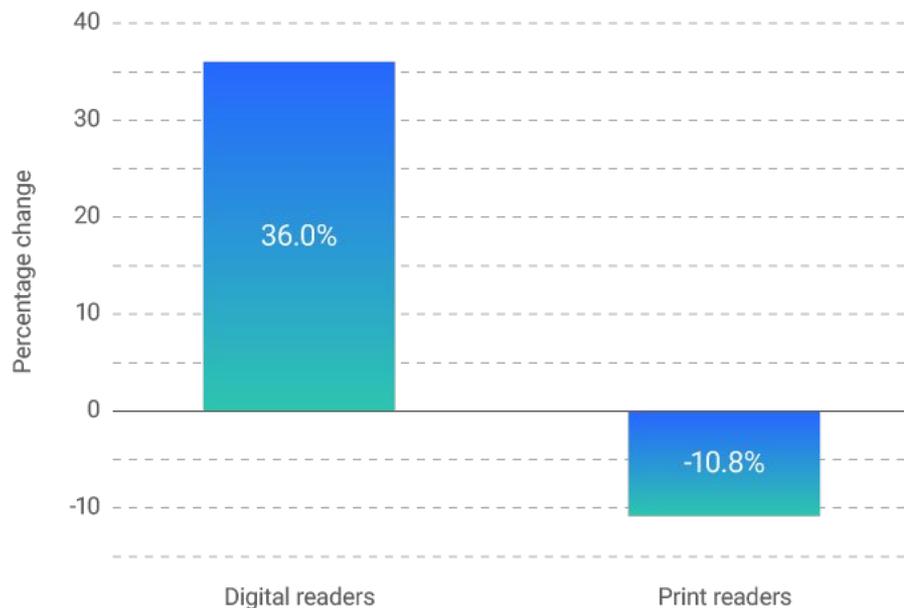
This shows the vast differences in levels of priorities for publishers regarding digital subscription strategies. In terms of traditional publishers, again, The New York Times is on one end of the scale with digital subscription revenue (including its verticals) outpacing print subscription revenue and **making up nearly 40% of overall revenue**. On the other end, there are many publishers still not charging for online content for a variety of reasons, or in the very early stages of doing so.

Surprisingly, digital advertising actually increased 8.8% YoY despite the declines from the outset of the pandemic. On average, **overall revenue was down by 11%**, publishers reported. **Print advertising took the biggest hit of the crisis: down 19.4%**. Print circulation revenue also took a hit: down 12.8%.

“Other revenue” includes areas like ecommerce, events, syndication, selling data, marketing & tech services, and more.

It's where readers are...

How have your audiences changed in the last 12 months?



Many publishers across the world have reported record traffic to their digital platforms during the pandemic, as people actively sought accurate and reliable information. This connects with a major trend that we've reported about during the past few years: publishers' future rests in building stronger engagement, and trust, with their audiences.

And that lays the foundation for paying audiences.

Banking on digital subs growth

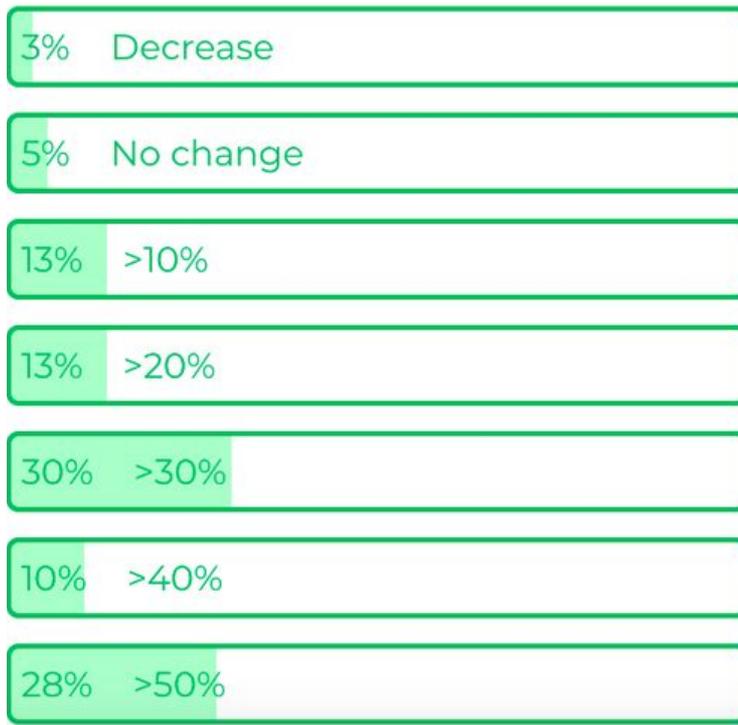
In November, WAN-IFRA held its annual Digital Media Europe conference. Naturally, it was a virtual event. In this poll featuring a very global audience of media executives, 68% said they expect digital subscription growth of at least 30%. Even 28% said they expect more than 50% growth.



Nick Tjaardstra
@tjaardvark

...

28% of news publishers (and we have 110 attendees online right now) expecting > 50% digital subscription growth in 2020 #DME20



Divestment: print and job reduction

On average, the organisations in our study report that **they reduced their staffing (editorial, commercial, IT, management & admin) across print and digital by 4.4% over the last year**, albeit the vast majority reported double-digit declines in revenues.

Job reductions were inevitable coming into this year with the pandemic's profound impact on revenues. With print readership, sales and ad revenues taking the biggest hits, investment in print production and distribution are forecasted to be down.

In our World Printers Forum Outlook Survey, **70.5% of production executives said they have reduced their workforce since the pandemic began and expect more cuts in 2021.**

58.7% of respondents in that survey expect **circulation to decline by 10%**; **26.7% said between 11-20%**, and **13% expected more than 20% declines.**

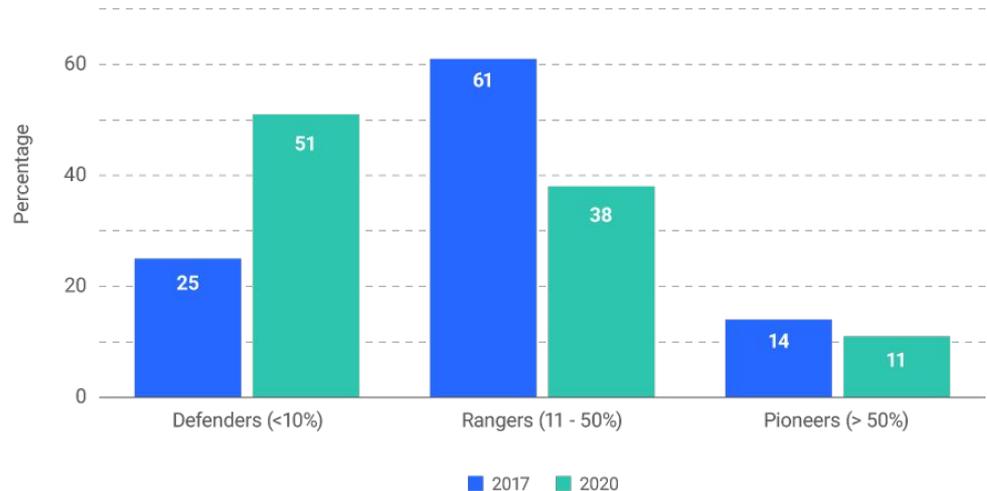
19.7% of respondents said they would make new investments, mostly in prepress equipment and software but also in retrofitting press equipment.

Publishers banking on core revenue streams in the short term

Over the next 12 months, what percentage of your overall revenue needs to come from sources OTHER than advertising and reader revenue to achieve your company's objectives?

There is a surprising shift in the revenue strategies of news executives surveyed compared to three years ago when we asked the above question. As the pandemic accelerated, the already YoY declines in ad revenue, particularly in print, served notice that not only should publishers consider pivoting to a more reader revenue / audience-focused strategy but also signalled the need to diversify revenue streams as soon as possible. Granted, this takes time and perhaps explains the results here: That the number of publishers in our survey **who are banking on advertising and reader revenue to reach their goals has doubled (51%) from three years ago.**

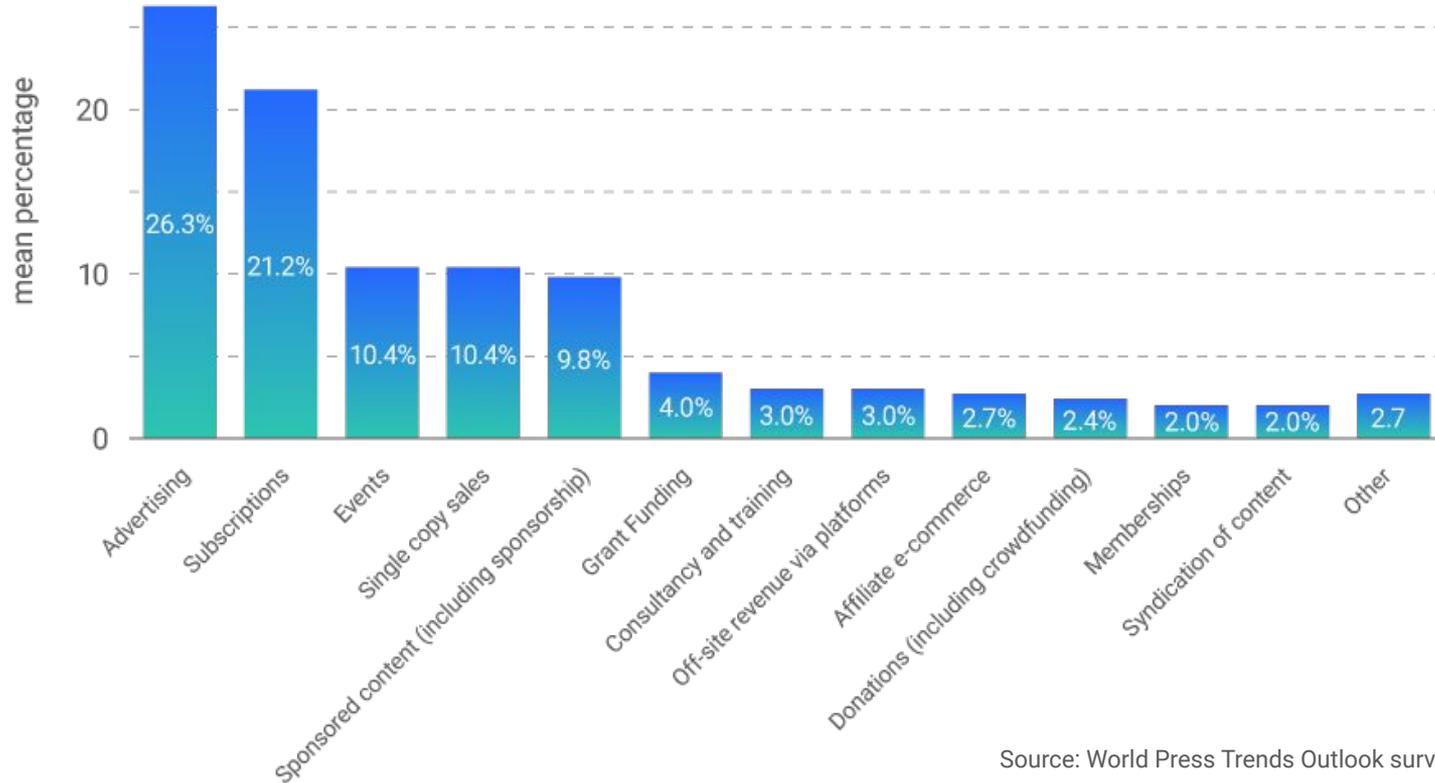
Source: World Press Trends Outlook survey



Likewise, the number of those who are relying more on diversified revenue streams (in the short term) **has shrunk (38%) compared to three years ago.** That 51% of publishers who are “defending” their traditional income streams are **banking on at least 90% of their income will continue to come from advertising and reader revenues.** Which would explain the next slide....

Dependency on ad revenue: it's still a lifeline for publishers

What are your organisation's main sources of income? (10% or more of income)



Source: World Press Trends Outlook survey

Dependency on ad revenue: theory vs. reality

Yes, advertising revenue is under pressure, and it now accounts for about 46% of traditional income (advertising and circulation) globally. But for many in our industry, **it is still the most important source of income (26.3% of respondents said)**, followed by subscriptions (21%) and single copy sales and then a cluster of diverse revenue streams.

In some markets / regions and depending on the business model of a publisher, **ad revenue contributes as much as 70-80% of revenue**, and much of it is still coming from print. As the push for digital reader revenue continues, even those publishers advanced in digital subs are not simply turning off the ad spigot (as some analysts seem to suggest), nor are they “discounting” print. In fact, they are refining their ad strategies based on an audiences approach and first-party data, in particular, preparing for the coming cookie-less world next year (more on this in the ad section), while also working on pricing (higher) and bundling of print / digital products. It is encouraging to see significant development in revenue such as events (10.4%), as well as a decent presence of grant funding (4%) and off-site revenue via platforms (3%).

Mediapart pays for the newsroom with digital subscriptions alone - and no advertising. How long until your own newsroom is funded by digital subs? LIVE



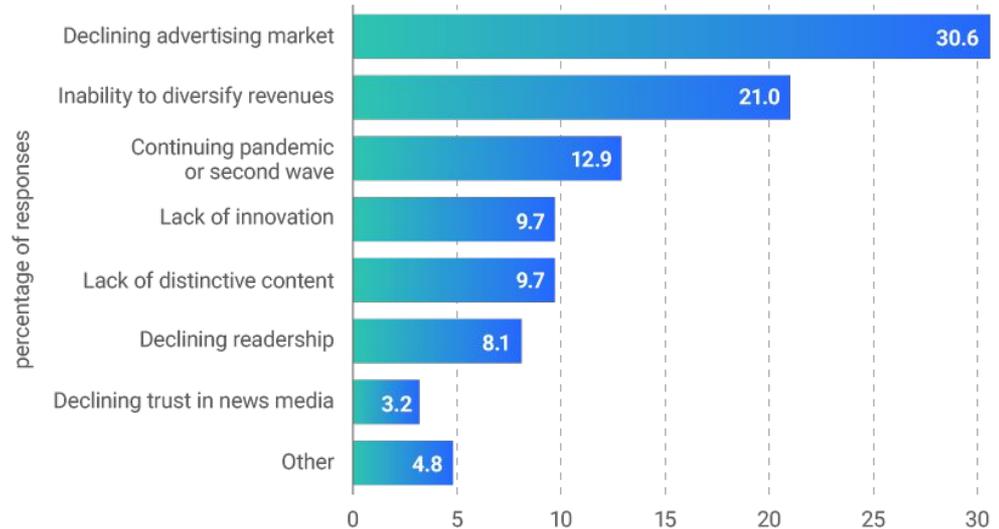
Source: Poll from Digital Media Europe 2020

Another reality: Publishers say ad declines pose biggest risk

News executives don't consider the short-term impact of the pandemic as the biggest risk to their organisation's future success. Instead, the respondents to our survey say **their organisation's greatest threats are the ongoing decline of news publishers' share of the advertising market (in which the pandemic plays a key role naturally) and their organisation's inability to diversify revenues.**

Just over 1 in 10 of our respondents say the continuing pandemic was their biggest concern. The lack of distinctive content and lack of innovation in the company are also amongst the Top 5 risks identified.

What is the single most important risk to your news organisation's future success?



Source: World Press Trends Outlook survey

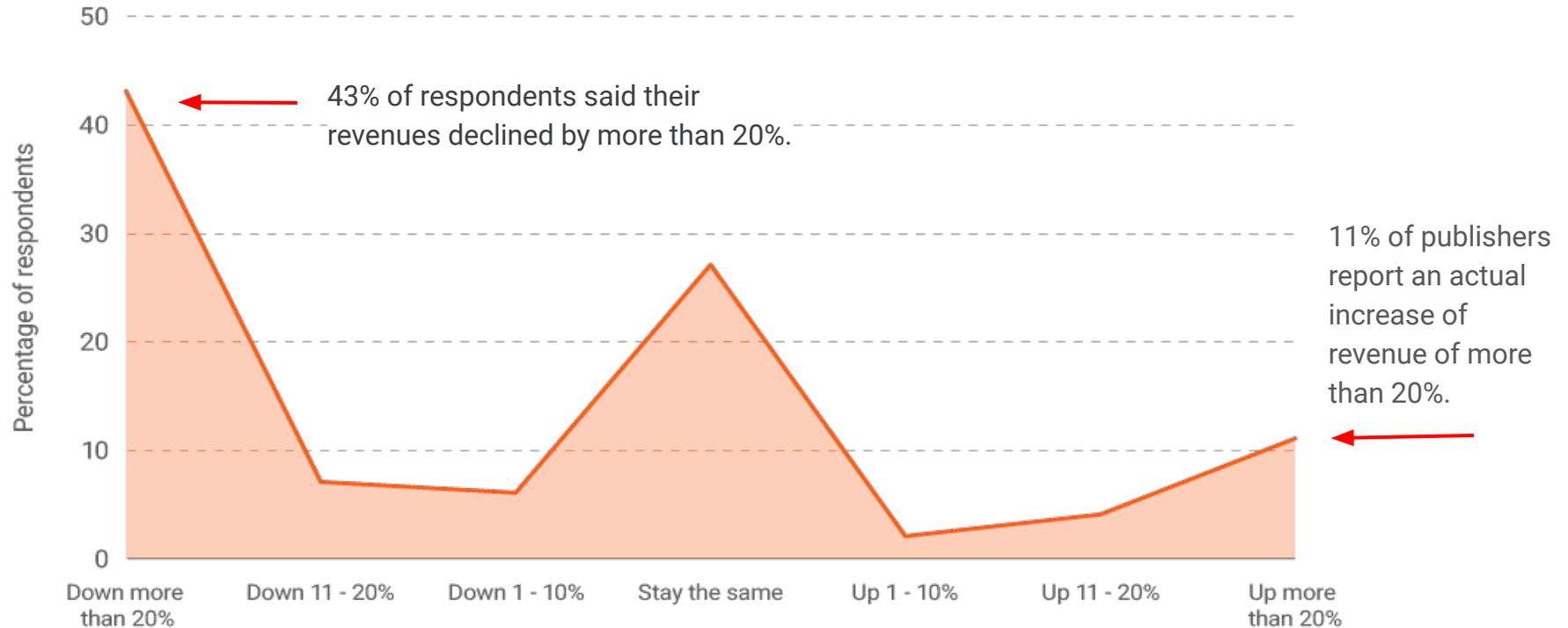
A CLOSER LOOK AT THE PANDEMIC'S IMPACT

Outside of the revenue impact from the pandemic, it changed the way news organisations worked and will work in the future (much of that positive!), but it also highlighted the critical nature of an innovation culture.

- 43% of companies surveyed lost more than 20% of revenue in 2020; but 11% actually said their businesses grew by more than 20%
- 65% said their companies will fully recover from the pandemic
- On average, publishers reported reducing staff by about 4.4%
- Remote working became a way of life, and looks set to continue to some degree for most. Real estate is under the microscope

The peaks and valleys of the pandemic on the bottom line

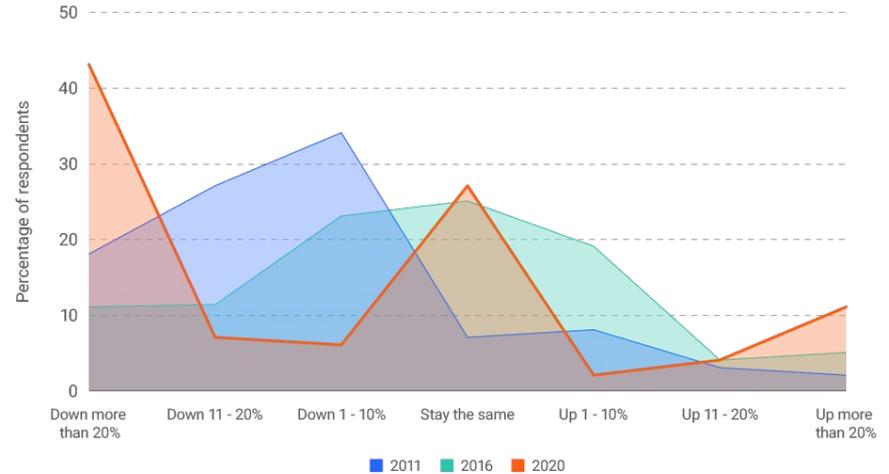
How has your overall revenue developed over the last 12 months?



10-year snapshot: Pandemic vs. the Great Recession

Despite the mostly negative financial impact on publishers globally, there were some that not only weathered the storm **but also delivered surprisingly positive results – especially when compared to the Great Recession a decade ago.** More than twice as many publishers in this year's study have reported overall revenue declines of more than 20% over the past year compared to the economic crisis a decade ago. However, more than four times as many publishers – 27% in 2020, compared to 7% in 2011 – reported no change in their revenues over the past year. Furthermore, **more than one in 10 of the publishers in our study reported revenues were up more than 20%** – that is five and half times the number who said that was the case after the previous global economic shock.

Revenue development over last 12 months compared to previous years (2011-2016-2020)



The reasons for these results underline that the decisions news media executives make today matter tomorrow...

Covid-19: Staff reductions inevitable but not brutal

Yes, pressures on income have impacted staffing levels, but not as much as one might expect as we mentioned earlier: On average, publishers report that they reduced their staffing (editorial, commercial, IT, management & admin) **across print and digital by 4.4% over the last year**, albeit that the vast majority reported double-digit declines in revenues.

As we mentioned earlier, **70.5% of production executives said they have reduced their workforce since the pandemic began** and expect more in 2021, as do other publishers.

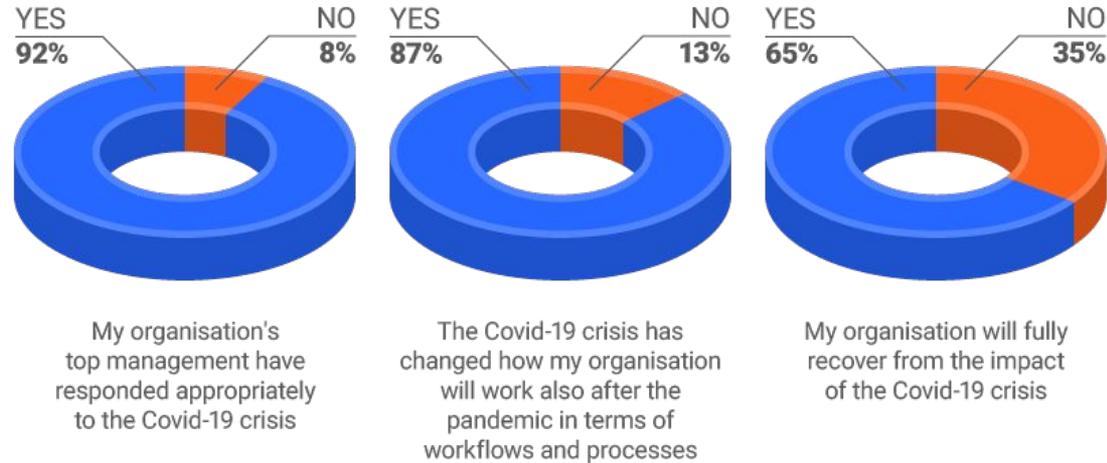
Not surprisingly, our analysis showed that the more profitable and innovative the organisation, the less those organisations reduced their workforce ($r = .25; p < .05$), whereas less profitable organisations needed **to reduce the headcount across all areas of the business**.

It's worth noting again that news organisations in many markets around the world were already facing big financial challenges pre-pandemic. So one of the clear silver linings of the crisis has been how most publishers smartly (and quickly) adapted to the situation, implementing new working conditions, efficiency measures and workflows while introducing new products and content.

Covid-19: Response, impact and eventual recovery

As over 60% of the respondents to our survey were Top Managers, it might not be surprising that more than nine out of 10 said their organisation's top management responded appropriately to the Covid-19 pandemic. In comparison with their colleagues, those in the C-suite are significantly more likely to feel that was the case ($r=.281$; $p<.05$). The more innovative an organisation, the more they felt that their organisation's top management had responded appropriately to this unprecedented situation. ($r = .406$; $p < .001$).

Only a very small group, 13% or about one in eight, do not think this global health crisis will change the way their companies' workflow and processes will work going forward. The more innovative an organisation, the more they felt that the Covid-19 crisis had changed how their organisation will work after the pandemic in terms of workflows and processes ($r = .282$; $p < .05$).



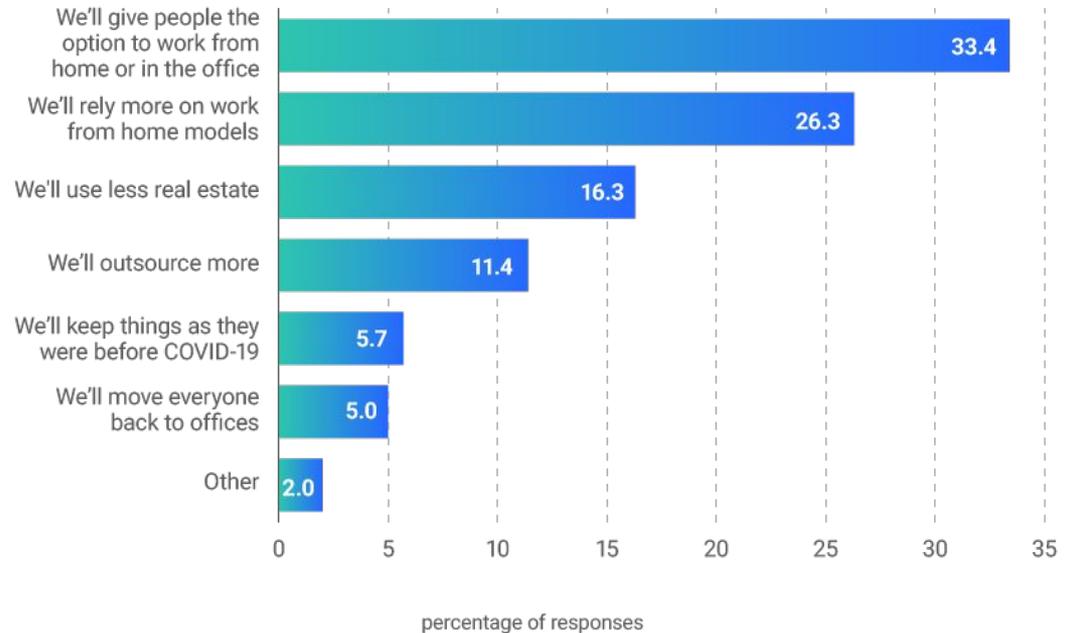
Source: World Press Trends Outlook survey

The majority of the respondents (65%) are optimistic about the long-term impact of the Covid-19 pandemic on their companies. The more innovative an organisation – the stronger their executives felt there were clear innovation processes in place that helped the firm build new capabilities and increase revenues – the more they felt that their organisation would fully recover from the impact of the pandemic ($r = .322$; $p < .05$). However, **more than a third of the executives in our study (35%) do not think their organisations will fully recover from this global crisis.**

Covid-19: Decentralised operations now a long-term reality?

There is little doubt: **the physical workplace is under the microscope like never before.** And publishers, particularly larger ones with big buildings and newsrooms, will probably be looking into reducing their real estate investments. This is not only a short-term, cost-cutting tactic, but suggests a longer-term restructuring of working practices. Centralised news operations are likely to give way to more decentralised, hybrid structures – and having a home office is likely to remain a feature of professional life. **A third of the publishers in our study say their companies will be giving staff the option to work from home,** and one in four say they will rely more on staff working from home. As a result, **more than one in six respondents expect their organisations to use less real estate.** A small minority – 5% – say, **“we’ll keep things as they are”** or **“we’ll move everyone back to offices.”**

As you look ahead to work options, which do you expect...



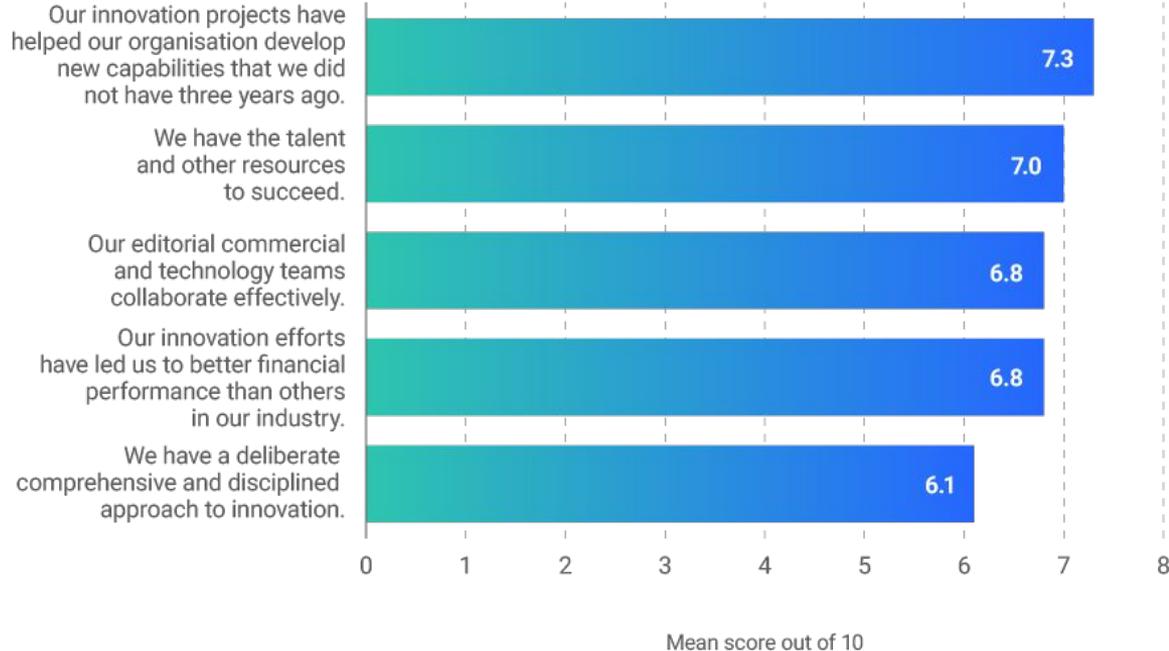
Source: World Press Trends Outlook survey

Innovation Edge: Built to weather a pandemic

The majority of the news publishers in our study are bullish about the importance of innovation for the success of their firms – but many still worry about their capacity to innovate. Our analysis shows that where executives are confident that their organisations have a deliberate, comprehensive and disciplined approach to innovation – and where editorial, commercial and technology teams effectively collaborate – **they are growing audiences, revenues and are more resilient. The more innovative the company, the greater the growth in digital audiences over the past 12 months ($r = .333$; $p < .01$) and the higher the overall profit ($r = .298$, $p < .05$).**

These findings underline those of the last Outlook survey that showed the importance

How does your organisation approach innovation?



of an Innovation Climate. **Firms that had a high Innovation Climate were nearly seven times more likely to report booming revenues,** compared to those with low scores in this area.

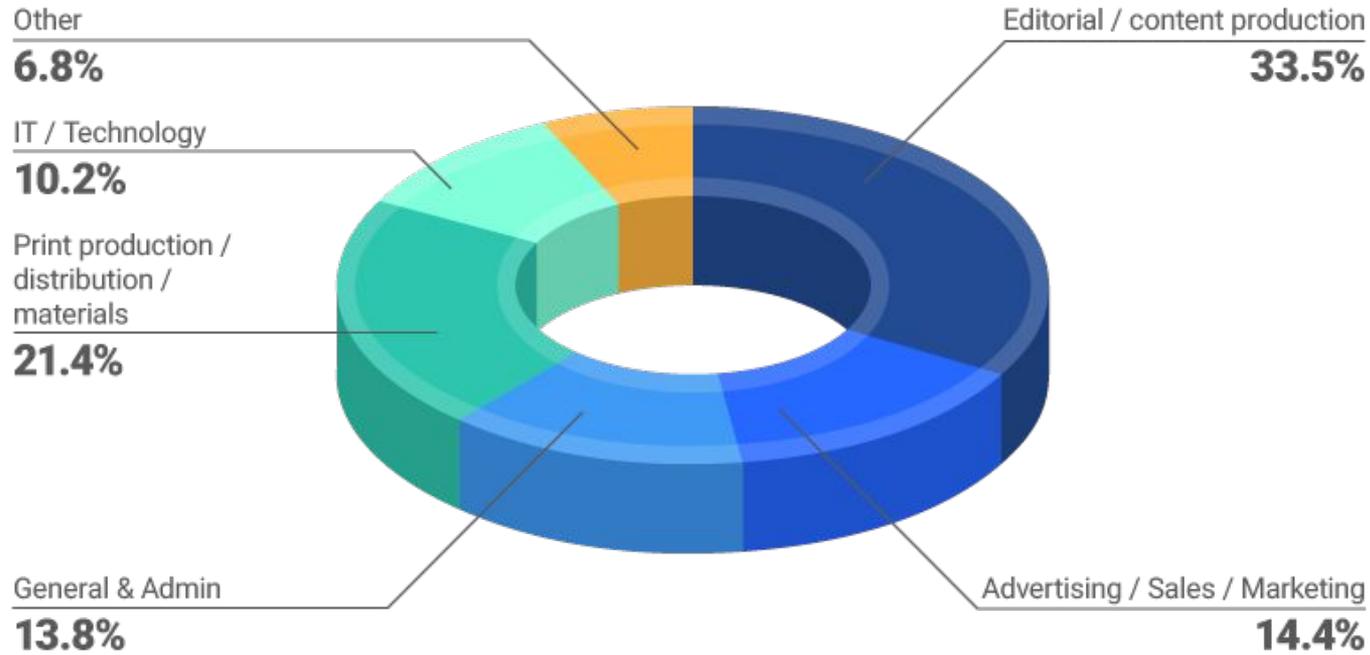
THE COSTS OF DOING BUSINESS

In addition to being innovative and quickly adapting to the crisis situation of the pandemic – something that merits more appreciation –, publishers also smartly managed their costs to offset some of the big losses in revenue.

- Editorial costs now make up the majority for news publishers
- Tech and marketing are increasing due to the critical importance of data and reader revenue / audience-first strategies
- Print production and distribution still take up a significant chunk but nothing compared to 15-20 years ago

How the costs of the news business have shifted

What are your costs across the current functions?



Source: World Press Trends Outlook Survey

Costs: A bigger focus on the newsroom?

Gauging media companies' costs, broadly speaking, can always be a bit complicated as allocation can differ but we felt it was important to get a general idea of where this stands globally. **Twenty or even 10 years ago, nearly 50% of publishers' costs came from print production** (particularly with newsprint), and distribution. But with digital transformation as a core strategy for most newspapers in recent years, it's not surprising that print costs have shifted quite significantly: according to our survey, **21.4% make up total costs.**

It is encouraging to see editorial making up the majority of investment. But that figure today, 33.5%, is actually lower than what typically accounted for the costs of producing news 10 or 20 years ago when it stood around 35%. Much of that is due to the drastic cuts we have seen in newsrooms in regions such as the US (see Pew Research Center study, next slide) or the UK, for example, during the past decade (and moreso recently). But it is also due to the increased investment in tech (data, product dev) that works hand in hand with editorial and is often embedded in newsrooms. With trusted, quality content at a premium and reader revenue continuing to take on greater relevance, **investment in editorial talent and resources should stay a top priority long term.** That is a good trend.

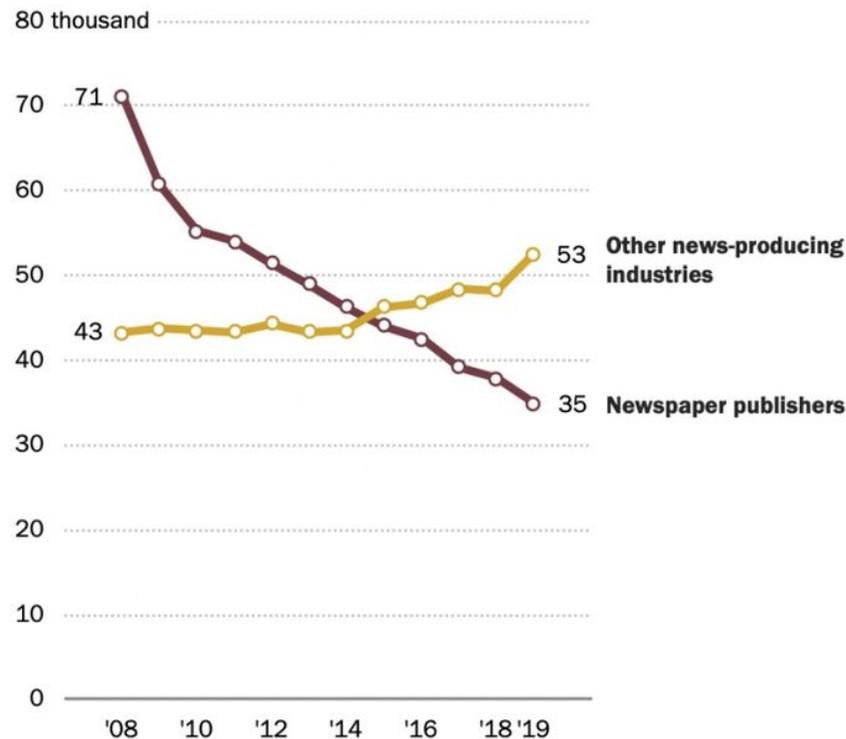
Snapshot: The troubling trend of US newsrooms

According to a study Pew Research Center conducted in 2019, “the dramatic decline in newspaper employment means the industry now accounts for a smaller portion of overall newsroom employment.

In 2008, newspaper newsroom employees made up about **six-in-ten (62%) of all newsroom employees**. By 2019, the share had dropped to **four-in-ten (40%).**”

Source: Pew Research Center analysis of Bureau of Labor Statistics Occupational Employment Statistics data 2019.

Number of U.S. newsroom employees by news industry, in thousands



Costs: Print's footprint is still prominent

As with every finding in World Press Trends, the market situation, regional factors, company culture, and strategic focus can, naturally, vary widely. **Take the Globe and Mail in Canada.** The company has been bullish on digital transformation for years now, but also innovating in print. Its cost structure reflects that.

“Our printing, newsprint and distribution bill is 38 percent of total costs, and that’s significantly less than five years ago, when we made a determined drive to eliminate unprofitable delivery routes and make sure that we weren’t losing money on print,”** Globe and Mail CEO Phillip Crawley told us. **“Our distribution costs as a national newspaper in a very large country with only 36 million people are probably higher than most.** The other big difference is that **our Editorial costs are only 20% of the total.** That doesn’t count custom content which is a growing source of revenue, and is run out of Advertising. We have held the Editorial budget, for staff and freelance, at about the same level for the last several years. **We have about 220 full time journalists.”

*“Otherwise our costs are similar to your chart, **although our expanding workforce supporting data science and digital, including our Sophi analytics and automation products, means that category of expense is rising each year.”***

Costs: Difficult to pinpoint future savings and allocation

It is interesting, however, that although publishers still depend heavily on their print products and revenue (82% globally), **costs have been drastically reduced through standardisation, automation, and other efficiency and optimisation measures.**

Almost to a point where potential future savings are difficult to pinpoint today. All the while, publishers are turning out nicer, slicker print products. The Globe and Mail is a good example of that, and there are many others.

That is quite an unrecognised success story in our business.

And as newsrooms and their businesses continue to transition to digital, **the investment in data, tech, automation, product development and even marketing will start to blur on budget line items.** This is a metric we will watch closely over the next years.

The investment in data, tech, automation, product development and even marketing will start to blur on budget line items.

FOCUS:

READER REVENUE

“Do ecommerce.” “Invest in AI.” “Let’s charge for online content...” Sometimes these industry buzzwords take on a life of their own and often reach top management before asking the simple question: what do we want to get out of this? Digital reader revenue, however complicated a journey, is now entrenched as a core part of a foundational strategy for publishers to build on.

- Yet, most news publishers still reside in a mostly print-driven situation
- Despite newspapers all over the world launching some form of “paywall”
- Testing, collecting more first-party data, bundling, adding value take priority for growth and retention

'Digital businesses are subscription businesses'

As we have said, **reader revenue is a key part of any publisher's digital transformation strategy**. Many news publishers saw their digital subscriptions take a significant leap at the outset of the pandemic despite levelling off since. In general, **the pandemic was a boom for most subscription businesses**, and in today's subscription economy, you could say that "**digital businesses**" are *subscription businesses*.

However, **the reality in news media is that most publishers are far from being digital businesses** as print and its revenue still make up the majority of their revenue (see the upcoming slides from Mather). That said, that **print revenue is vitally important** as those businesses try to transition to a more digital-focused strategy. It's still important for even the most advanced digital news organisations.

Take The New York Times (again), **the beacon of digital subscription inspiration**... the company reached three milestones in 2020: one, **crossing the 7-million digital subscription mark** (reaching 7.5 million); two, **digital revenue (including dig advertising) overtaking print revenue**, thanks in large part to the 2.3 million digital-only subscriptions it added last year; and three, **those digital subs are now the company's largest revenue stream**. NYT still has about 830,000 print subscriptions **and that revenue makes up almost half of its total subscription revenue**. The point is The Times has been at this for many years and is well on its way to its stated 10-million digital subs goal thanks to a focused, persistent digital strategy, but also because of its strong brand and revenue from print. **It has been a transition! And that is THE NEW YORK TIMES! It's a tough transition.**

'Digital businesses are subscription businesses'

But we have seen many examples of other global brands, regional and local news orgs launching digital paid content products and strategies with success – and some recently, from all over the world. For example, in July 2020 the Hong Kong–based **South China Morning Post launched for the second time an online paid content model**. It stopped charging for online content in 2016. **EL PAÍS in Spain launched a paywall in May 2020**, shortly after the pandemic struck, and has already **reached more than 100,000 subscribers**. **The Nation, the largest newspaper in Kenya, also launched a paywall**.

We are also seeing many news organisations in Europe ramping up their digital strategies, focusing on audiences and digital subscriptions, some through WAN-IFRA's [Table Stakes Europe programme](#), and their own initiatives. And one thing they will all tell you is: Start somewhere!

Digital subs (or some form of it) alone are not a panacea for solving a publisher's or the industry's business model challenges. But it can go a long way in building a more sustainable future and aligning the entire news operation (editorial, tech/data, commercial, marketing) – all focused on your audience, serving it, learning from it, and, ultimately, reaping from it. It's a cultural change, and **one steeped in data – the importance of a data culture cannot be overstated**.

A snapshot of subscription development in the US

Mather Economics, one of our data partners, conducted a print and digital subscription benchmarking study of newspapers (different circulation sizes) in 345 markets across 45 states in the US over a rolling 12-month period last year.

Some of the highlights of the findings include:

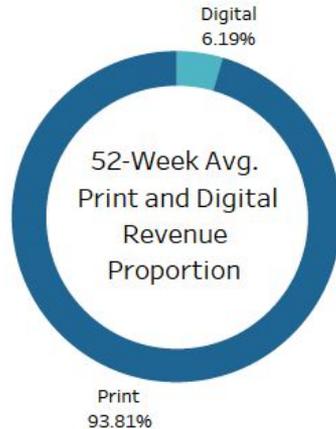
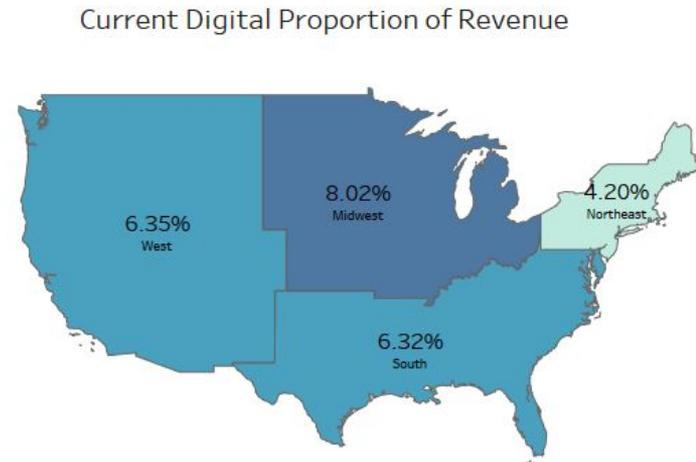
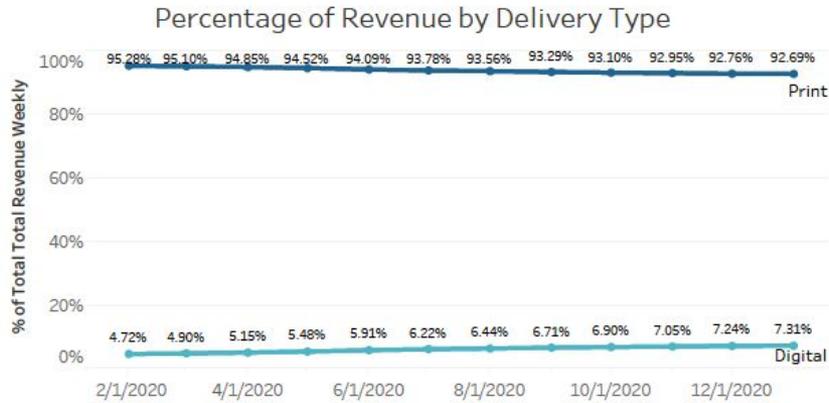
Print (including all-access) subscriptions continue to dominate the majority of subscribers across markets: The current print and digital revenue proportion is **7.31% digital and 92.69% print**.

Currently, **online-only accounts make up 19.50%** of the subscriber base, compared to 80.50% for print only. It's expected that the transition to digital will accelerate, but the average rate for these types of subscribers is considerably lower.

Across all markets included in this analysis, the weekly **churn rate for print and digital subscribers is 0.75% on average over the last 52 weeks**. Digital subscribers churn at a rate of 0.81% a week and print customers at 0.74% per week.

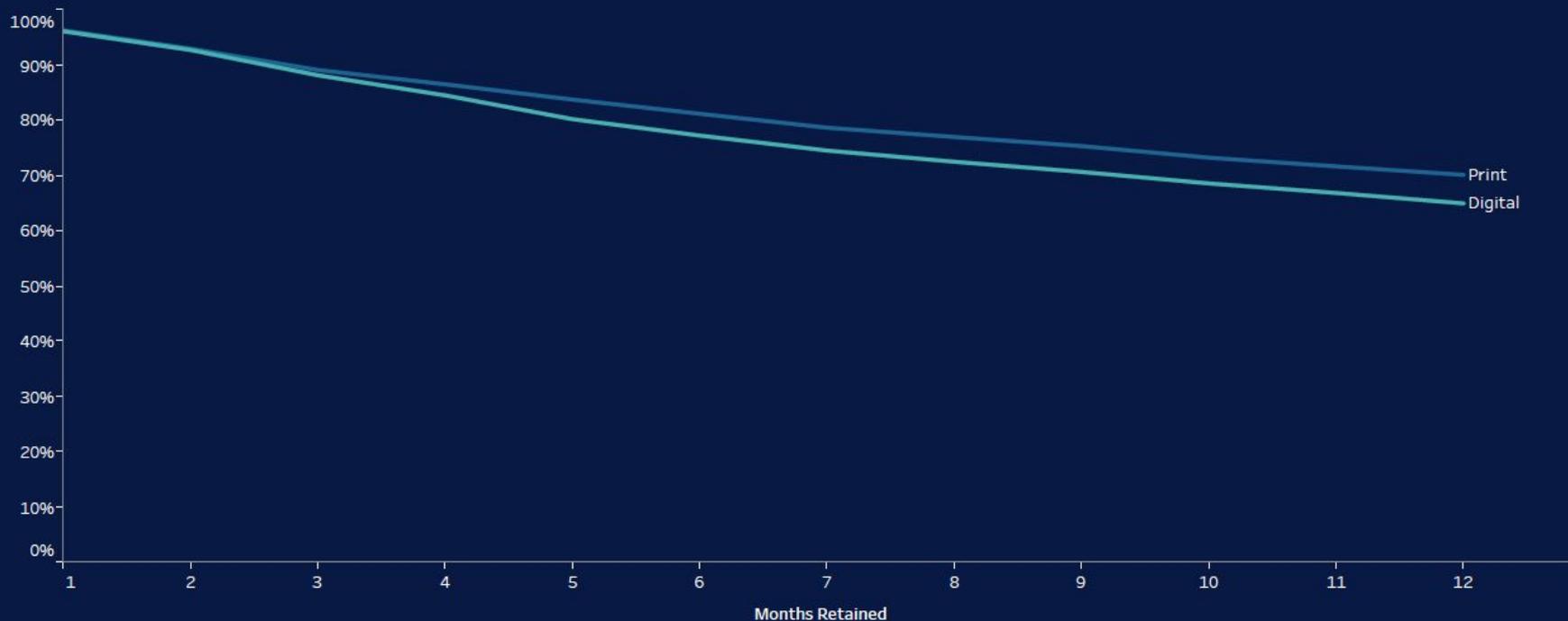
The current **monthly rate for a digital subscription** is US\$ 9.40, for print, US\$ 28.53

Revenue by delivery type



Historically, the proportion of revenue attributed to digital subscription has been significantly lower than that of print. **While growth of digital as a proportion of the total has been brisk, the lower average rates of such subs does little to move the needle in terms of its impact on revenue as a whole.** Over the last year, online-only earnings on average make up 6.19% of the total. This further buttresses the need for an acceleration of the average rate.

AVERAGE RETENTION RATE FOR PRINT AND DIGITAL SUBSCRIBERS



Typically across all markets, we expect that print subscribers will usually outperform their digital only counterparts.

This is partially due to subscription structure, digital is typically based on short intro rates lasting weeks or a few months. Additionally, with more competition, consumers can switch between content providers and are not constrained by geography.

Average Retention Rate After 12 Months

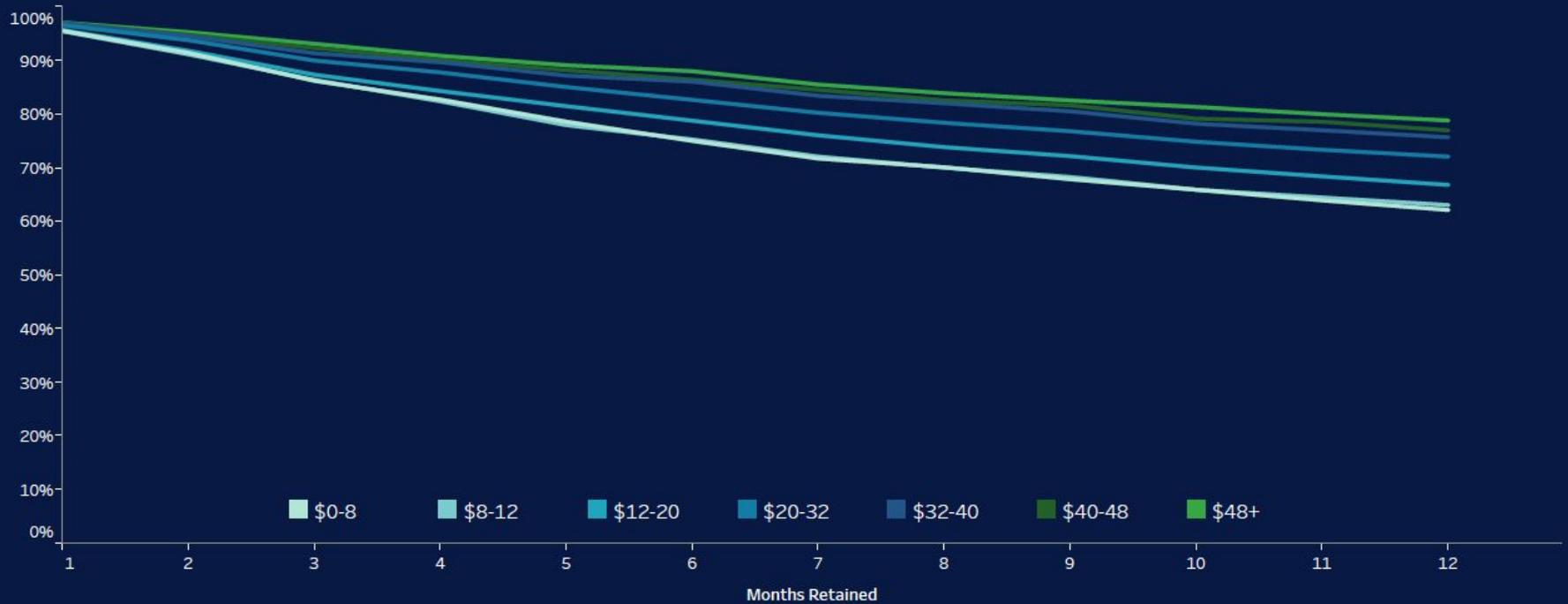
Weighted Average
68.06%

Print Product
70.14%

Digital Product
64.96%

Pct. Point Difference
5.18%

AVERAGE RETENTION RATE BY MONTHLY RATE



In general, we find that subscribers in the longrun paying higher monthly prices will retain better overall than that of lower paying subscribers, holding all else equal.

Average Retention Rate After 12 Months

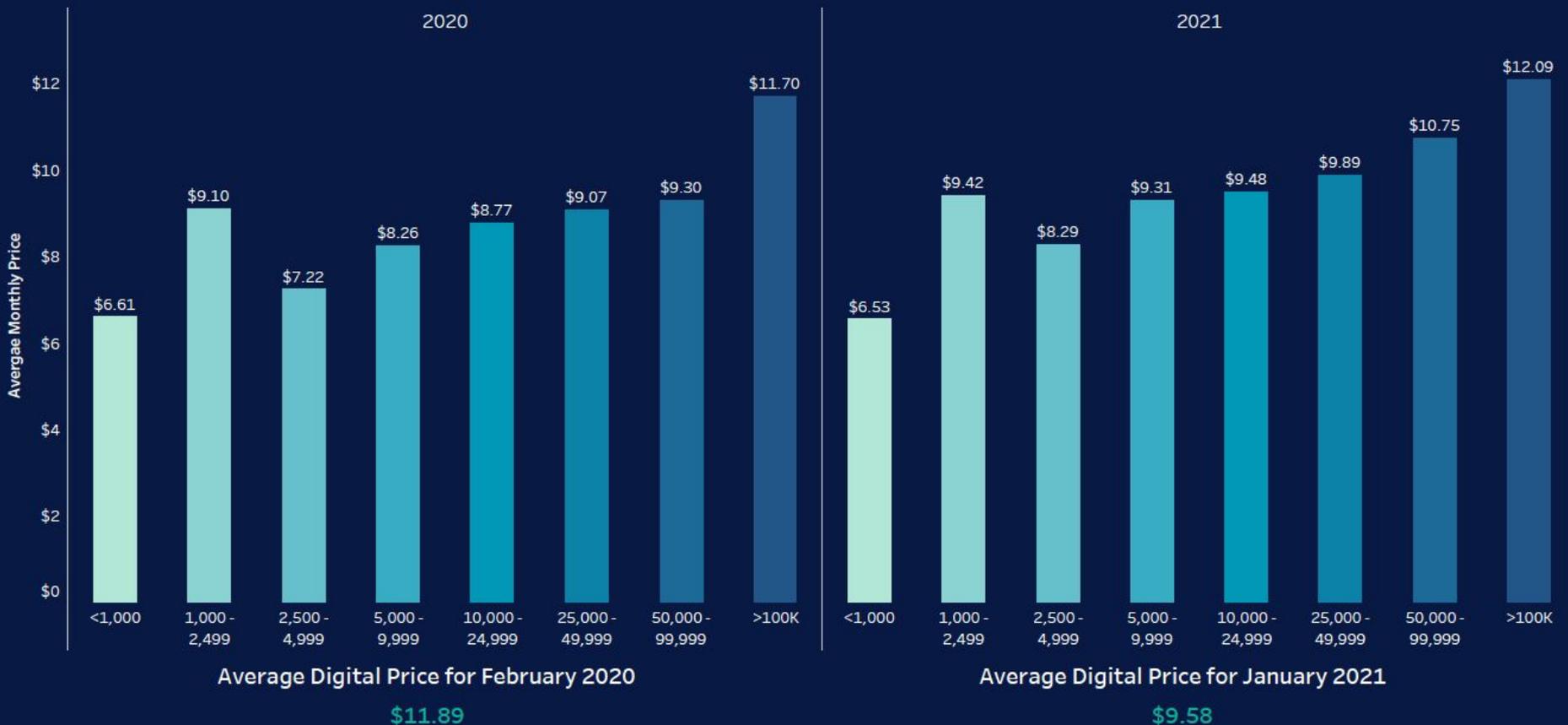
**Weighted Average
of Price Buckets**
70.09%

**Highest Retention
Price Bucket**
78.89%

**Lowest Retention
Price Bucket**
62.20%

**High to Low Pct.
Point Difference**
16.69%

DIGITAL MONTHLY AVERAGE RATE BY YEAR AND CIRCULATION SIZE



What to look for in the year ahead...

The following are just some of the key issues that publishers, especially those more advanced in their subscription journey, are addressing this year. For a deeper dive into reader revenue strategies, WAN-IFRA members can access these reports: [Subscription Marketing: Takeaways from Digital Media Europe 2020](#), and [The Technology Behind Reader Revenue](#).

Testing paywalls: Testing is a hallmark of any savvy news org, but especially one focused on digital subscriptions. Increasingly, publishers are using their paywalls to not only grow subscriptions but also to collect precious data for future use, and especially to help their ad business prepare for the cookieless world. In essence, that means testing and tweaking their paywalls, particularly metered, to see which readers are likely to subscribe and which ones are suited to drive traffic and, hopefully, advertising.

This is leading to greater use of **dynamic and hybrid paywalls**, for example, vs. traditional (more static) metered models where all users might get X number of articles free before hitting the paywall. With dynamic paywalls, a particular reader might get more or fewer articles, depending on his or her consumption habits. **Collecting data is key to this**, and much of that is increasingly being done in real-time using AI / machine learning and algorithms to sort out different access points, as well as analytics around conversion triggers and more.

What to look for in the year ahead...

More registration walls: For non-subscribers regularly maxing out their free visits, publishers are increasingly trying to get those readers to register. It is good practice anyway, but again, with third-party cookies set to die soon, publishers want the crucial first-party data that can help to inform what content they like and to engage with them in other forms, such as email campaigns and newsletters.

Pricing, payments and bundles: As publishers get more advanced in their digital subscription journey, they get better at refining their subscription offers, as well as retaining subscribers. It's all about creating or adding value. That is where clever bundling of not only print products but also verticals, events, other products, archived content, and more can prove effective (see next slide). That also creates different pricing and varied package offers that tend to have a longer lifetime value. Free trials and discounted offers can be triggers to get subs in, but it's often a headache to manage and keep them.

Some publishers are moving away from free trials, such as Gazeta Wyborcza in Poland, which made a concerted effort in the past year to focus on recurring payments as a key retention strategy. Others are testing everything from options of monthly / quarterly / annual payments (tweaking pricing there) to even the option to pay monthly or annually on the actual product page vs. the checkout page, as The Washington Post told Digiday.

What to look for in the year ahead...

Leveraging non-news content or products:

For national publishers, this tends to look like what The New York Times has done with its Crossword and Cooking products, which have become a significant revenue stream for The Times. Of course regional and local titles might lack the resources to match such a strategy, so they have to turn to their core content to stand out. We mentioned The Nation in Kenya recently launching a paywall. Interestingly, they are charging readers who want to access content more than seven days old. This raises the issue of even older, evergreen or archived content, which in many cases is just sitting there or offered freely as part of public service content.

Newsletters: Daily and weekly newsletters form a crucial role in any news publisher's subscription strategy, whether they are free newsletters to drive subscriptions or, increasingly personalised or segmented newsletters (by topic) also for retention.

AI / personalisation: Some of that personalisation is starting to be driven by machine learning and AI, for example, curating content topics or even creating newsletters themselves. AI is also helping with propensity to pay, churn prediction and more.

More podcasts: As many podcasters (and publishers) try to refine a business model around audio, they are also becoming a key driver of subscriptions, and little by little subscription-only content.

FOCUS: AUDIENCE AND TRAFFIC TRENDS

News publishers can count on spikes in traffic and their audience when you have news events like the US election or Brexit, but when something like the pandemic hits, people seek out reliable news sources more than ever – and this has a positive impact for publishers in many ways:

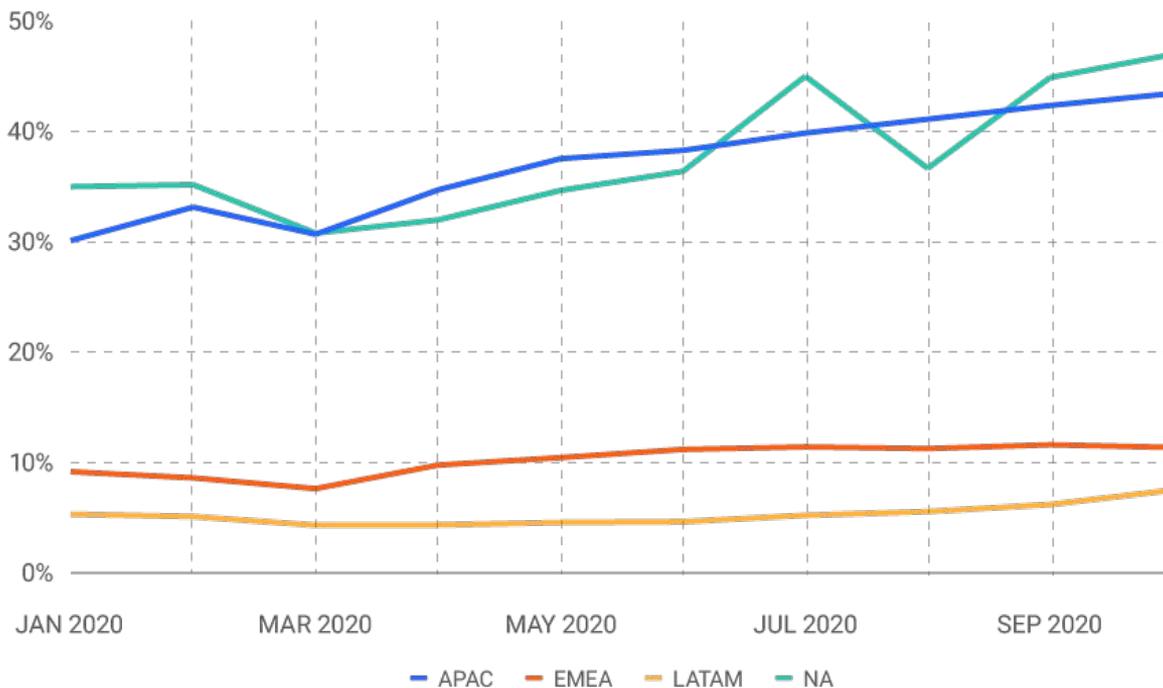
- An opportunity to grow subscriptions but also loyalty among subscribers
- Focus content and formats where they matter most: on mobile

Subscribers represent an ever-larger share of total traffic

As mentioned earlier, publishers are successfully zeroing in on digital reader revenue, converting a larger subset of readers as digital subscribers and strengthening subscriber engagement.

The data from Chartbeat – which is collected from the worldwide network of their clients – gives further evidence of this: the portion of traffic that news publishers get from their subscribers is on an upwards trend around the world.

Page views from subscribers as percent of total

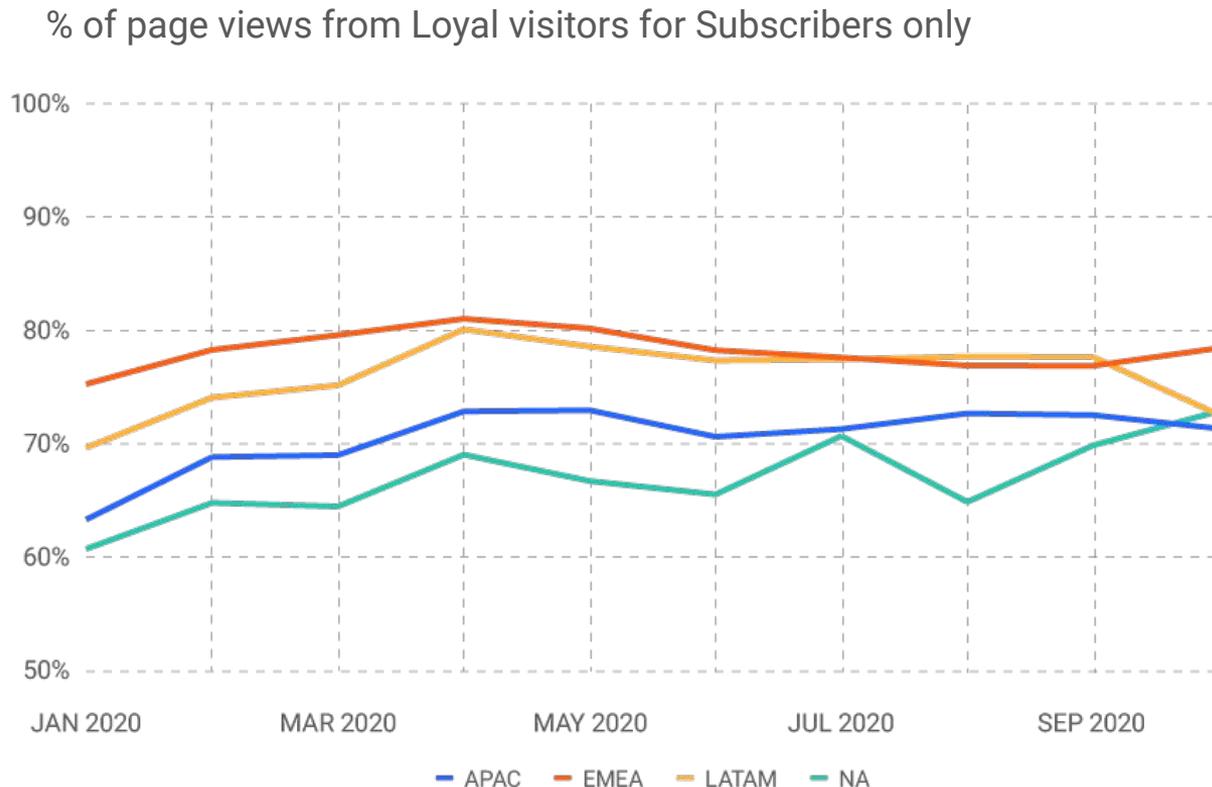


Source: Chartbeat

Subscriber loyalty is also growing

Not only did the traffic from subscribers go up, last year also saw a growing trend in subscriber loyalty* in all regions. This is most likely thanks to the fact that as part of their digital revenue strategies, publishers are making decisions (adding value) that aim to strengthen their subscribers' engagement.

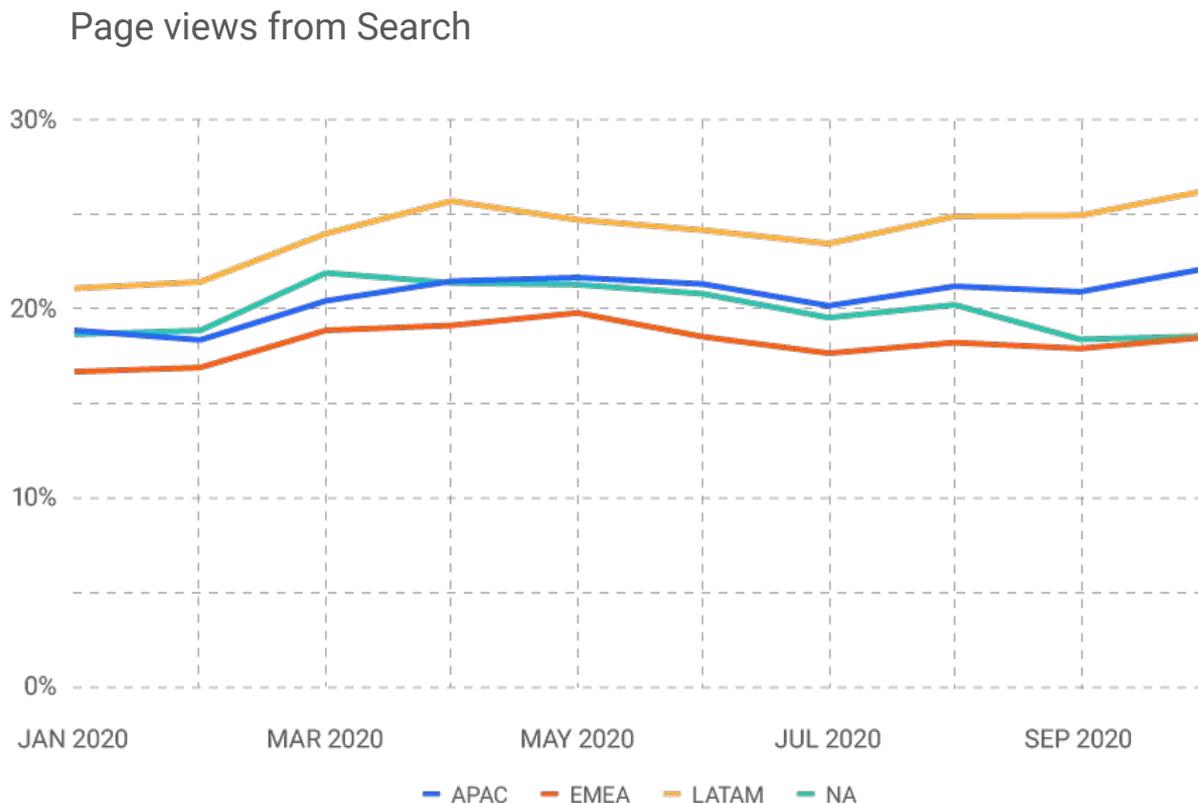
*Chartbeat's definition of a "loyal" user is someone who visits a site at least 8 of the past 16 days.



The pandemic gave search a boost

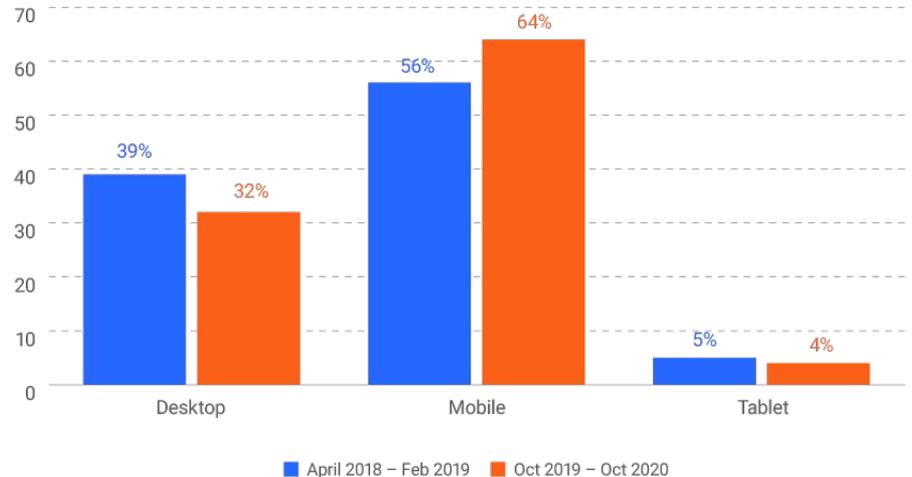
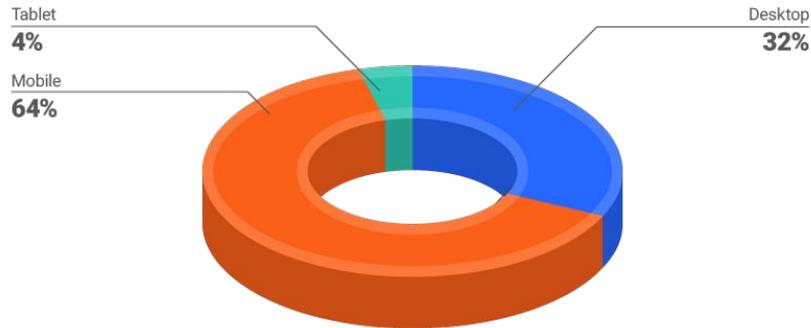
As for online traffic sources, the Chartbeat data shows that search saw the biggest changes over the past year, trending upwards in all regions.

The pandemic was likely a key driver: search traffic surged in the spring of 2020, when awareness of the Covid-19 threat was growing and curious and anxious audiences would have been searching for news about the virus and its spread.



Digital traffic by device: mobile's momentum continues

If you thought that we'd reached peak-mobile – think again. According to Chartbeat's data, news content use on desktop continues to decline as audiences shift to mobile, and mobile increasingly is *the* primary news consumption device. As 5G deployment continues to roll out in different markets (see slides further down) this trend is set to accelerate. Not so long ago, publishers were striving to implement “digital-first” strategies, but today, that really should be: “mobile-first.”



FOCUS:

ADVERTISING LANDSCAPE

As we pointed out earlier: ad revenue took the brunt of losses when the pandemic arrived, particularly in print. Some sectors (like travel and tourism) may never return to pre-pandemic levels. But there are other lingering and looming issues for publishers to address, yet opportunities too:

- The digital ad ecosystem will only get more challenging as third-party cookies are set to disappear in 2022, minimising targeting options
- How to deal with the tech giant triopoly which gobbles up most growth?
- Publishers cleverly managing their first-party data and selling directly should have a competitive advantage with some of their competitors

Advertising: Reeling, recovery, reboot or all of the above?

There are indications that the fallout of advertising from the pandemic perhaps wasn't as bad as expected, at least for some. That is difficult to fathom when you consider the industry forecasts and, for example, **The New York Times reporting that its total ad revenue declined 26% in 2020 with print down 39%**. We reported that **global ad revenue dropped 19%** in 2020; others like WARC reported even deeper losses. Global ad spend for newspapers is a fraction of what it was just five years ago (see two slides down). And, the pandemic shows no signs of letting up in many countries around the world.

Other ad opportunities? Because people were huddled in their homes and apartments for months on end during lockdowns, ecommerce and streaming took off. **Some publishers are already active in ecommerce**, but can they, especially regional and local publishers, find a firm footing in these sectors? Podcasts also grew exponentially in that same environment but ad revenue is slow to follow. Then there are forecasts like this from eMarketer: that US programmatic digital display ad spending grew more than 10% in 2020 and will rebound to 24.1% growth this year. How much of this can newspapers get with tech giants taking most (see next slide)?

It all seems daunting. Yet that said, **publishers told us they are relying on ad income as their No. 1 revenue source this year** to reach their targets. It is easy to get lulled into thinking that the ad side of the business is dead. It's not. It is indeed challenging, and getting more challenging as you will see on the next slide, but **quality publishers are still rolling out smart, premium advertising strategies**, many that you can listen to [here](#).

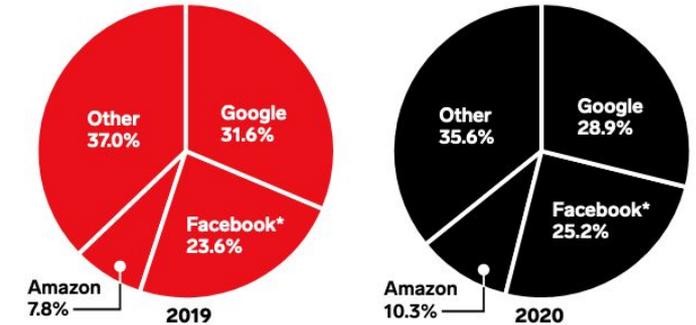
The challenging digital ad market just got tougher

Ironically, it's not just the hit from the pandemic on ad revenues – and lingering uncertainty of the market returning – that has many news publishers concerned with their future advertising prospects. **The impending extinction of third-party cookies has the potential to turn the online advertising ecosystem on its head**, therefore publishers relying on significant digital ad dollars have been diligently seeking alternatives and shoring up their first-party data to play to their strength: their historical loyal audience.

In January 2020, **Google announced it would phase out third-party cookies** – which enables brands to track users' browser habits so they can better target users with ads – in its Chrome browser (the predominant browser) “within two years.” Safari and Firefox already phased out third-party cookies. Throw in Apple's decision to (any day now) implement even stiffer anti-tracking features in its iOS 14 mobile operating system, and targeting takes another hit as advertisers will have to get permission from users to allow tracking. **The digital ad market is already challenging enough for newspapers as Google, Facebook and Amazon take nearly 90% of all growth**, virtually leaving scraps for the likes of newspapers (see global ad spend on next slide.)

US Triopoly Digital Ad Revenue Share, by Company, 2019 & 2020

% of total digital ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; *includes Instagram ad revenues

Source: eMarketer, March 2021

Shrinking ad spend globally for newspapers

Print Newspapers

3.8%

Mobile internet

36.3%

Desktop internet

15.9%

Digital Newspapers

1.9%

Print Magazines

2.2%

Digital Magazines

1.1%

Television

28.1%

Radio

5.1%

Cinema

0.3%

Outdoor

5.3%



Source: WPT analysis of Zenith 2020 data

Zenith forecasting digital ad growth – mostly on mobile

The rise of mobile as the overwhelming platform for digital news consumption continues, and with 5G rollouts easing the consumption of video content, the ad spend will continue to follow: **Mobile internet (36.3% of global ad spend)** outpaces other platforms, including television (28.1%) and desktop internet (15.9%). And the majority of the online spend goes to the “tripoly.” On the other end, **newspapers (print and digital) account for only 5.7%.**

“2021 will be a year of growth for the ad industry, primarily because the comparison with 2020 will be so easy – particularly with the unprecedented downturn in Q2 2020,” said Jonathan Barnard, Head of Forecasting, Director of Global Intelligence at Zenith. **“We expect global ad expenditure to rise 5.6% this year,** but this will still leave it 2.3% below the level it reached in 2019. **We don’t expect the ad market to return to pre-pandemic levels of spending until 2022,** assuming that life has more or less returned to normal by then.

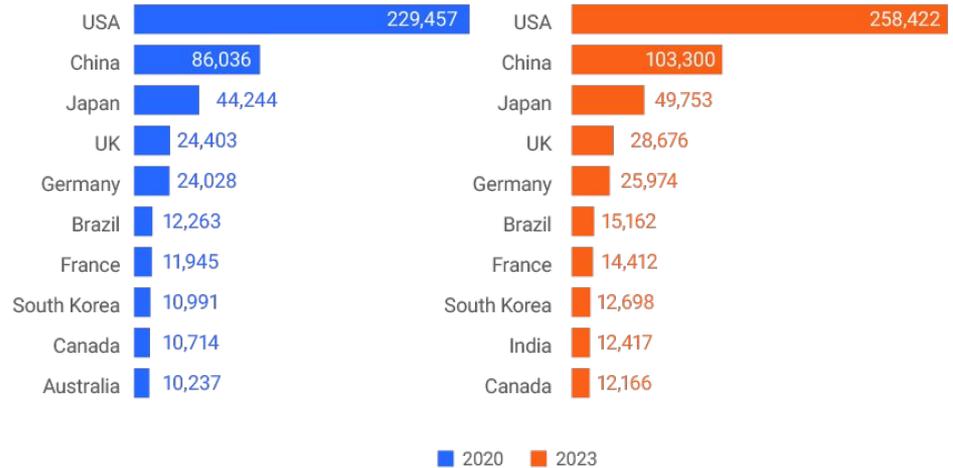
Unfortunately we see no end to the decline of print as an advertising medium. In 1994, the year when the first digital ad was served, newspapers and magazines together accounted for 50% of all ad expenditure. The subsequent relentless rise of digital media has thoroughly undermined the business model of print advertising, which accounted for just 9% of ad expenditure in 2020. **We forecast print advertising to shrink by 6% a year on average to 2023, with its share dropping to 6% that year.”**

Zenith: Digital ad spend will grow 10% in 2021

“Digital advertising attracted 52% of all ad spend in 2020, **exceeding 50% market share a year earlier than we expected,**” Barnard said.

“Brands reworked their media plans to adapt to the sudden shift in media consumption and shopping habits, using digital advertising to support their expanded ecommerce operations. For most brands this was a change of speed but not direction, strengthening the pre-existing trend of digital transformation, which we expect to continue.

Top 10 countries by advertisers' major media expenditure



We forecast digital advertising to grow 10% this year, and at an average rate of 9% a year to 2023, when it will reach 58% market share.”

Back to the cookieless world: What are the options?

So in that shrinking context for newspapers, with print advertising still making up about two-thirds of total ad revenue for publishers globally but forecasted to decline even deeper YoY, what are publishers considering in the upcoming cookieless context: Do they exit programmatic open markets? Join publisher alliances? Or similar ID initiatives (like Nonio in Portugal)? Invest more in ecommerce? None or all of the above? Here are some of the alternatives being tested and considered:

[Google's Privacy Sandbox](#), a proposed set of web standards designed to protect privacy while still giving advertisers the ability to target and measure ad campaigns.

Contextual-based targeting where essentially the targeting of ads is based on keywords and the context of the types of content that a consumer is reading but not based on their browser's data.

Edge Computing-powered DMPs (data management platform) like [Permutive](#) whereby no data is exchanged. Data is processed on the user's device and not exchanged to cloud servers.

The use of **Universal IDs**, such as Unified ID 2.0. [Universal IDs](#) can be created using first-party cookies from offline sources like a customer management software database (CMS).

Amid this uncertainty lies an opportunity?

Yet, many are seeing this sea change as an opportunity for publishers, particularly larger ones, **as they are already sitting on a trove of valuable information and data from their readers**, thanks to their historical (mostly print) and growing (digital) subscription base. A key part of that drive for more digital subscriptions means **erecting registration walls for non-subscribers as well, getting rich data that can help down the road with subs, traffic and, yes, targeted advertising (which is not dying by the way!).**

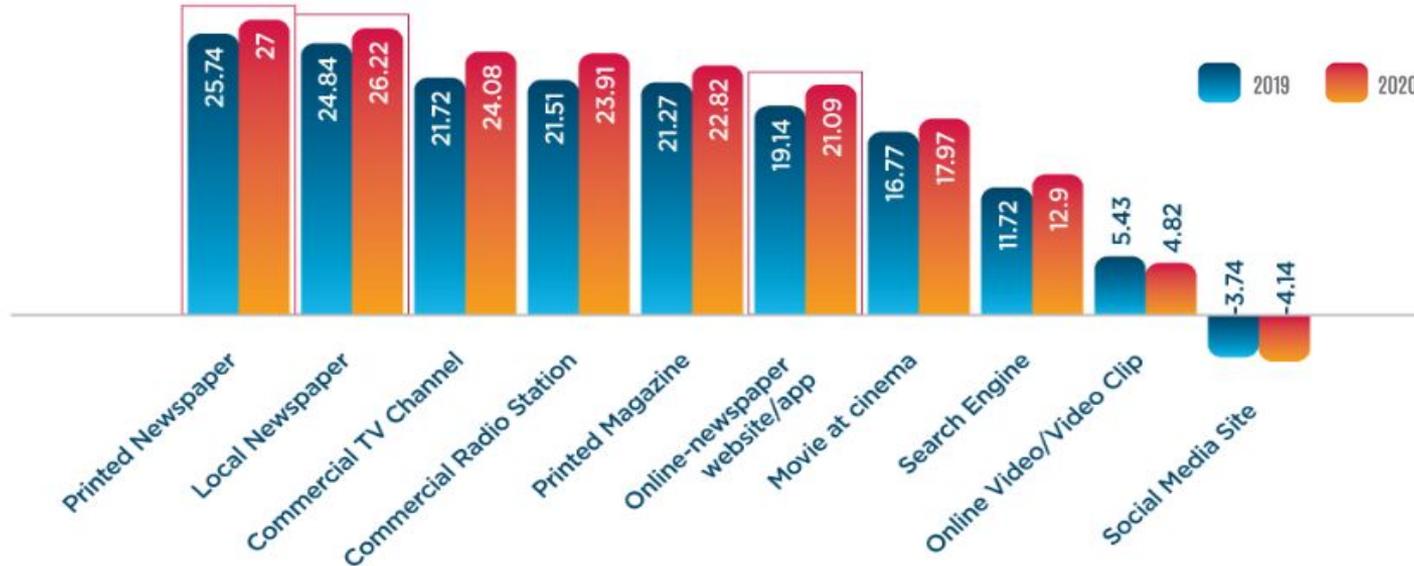
Publishers, for example, that are selling much of their inventory directly vs. those relying heavily on programmatic ad networks could be in a good position. **Still, those publishers pooling their data with other publishers in national or regional alliances**, or using unique IDs, will have more resources to test alternatives. It's true that local news orgs are challenged on the resource side, perhaps not having the systems in place to better collect, manage and make use of first-party data.

Regardless, with the uncertainty and impact of the pandemic, the digital ad landscape once again is proving to be a one-step forward, one-step back situation.

Interestingly, despite the blow to print advertising revenue, **our Ad Trust survey found that printed newspaper advertising remains the most trusted medium for advertising among global consumers** (see the next slide).

Trust in advertising: A good argument for newspapers?

The results of this year's WAN-IFRA / Synovt Consumer Ad Trust survey back up those of last year: that consumers consider traditional news media (printed newspapers, local newspapers and their websites) as the most trusted media to consume advertising. The survey included 40,000 consumers from 40 countries. Consumers were asked: To what extent do you agree or disagree that information conveyed in advertising in <X media> is trustworthy? And scoring is based from 1 to 7 (1 strongly disagree; 7 strongly agree): For example, Agree (60%) - Disagree (30%) = Net score (+30).



FOCUS:

DIVERSITY IN NEWS MEDIA

While there have been some very positive initiatives around diversity in news orgs, sweeping change in practice is slow – whether that be diversity internally or in news content. But now this issue is more under the microscope:

- The social unrest that swept the US (and other countries) in the past year has put more pressure on news orgs to act – globally
- And more transparency in large media orgs helps improve the long-term situation

Diversity in news media – a long way to go

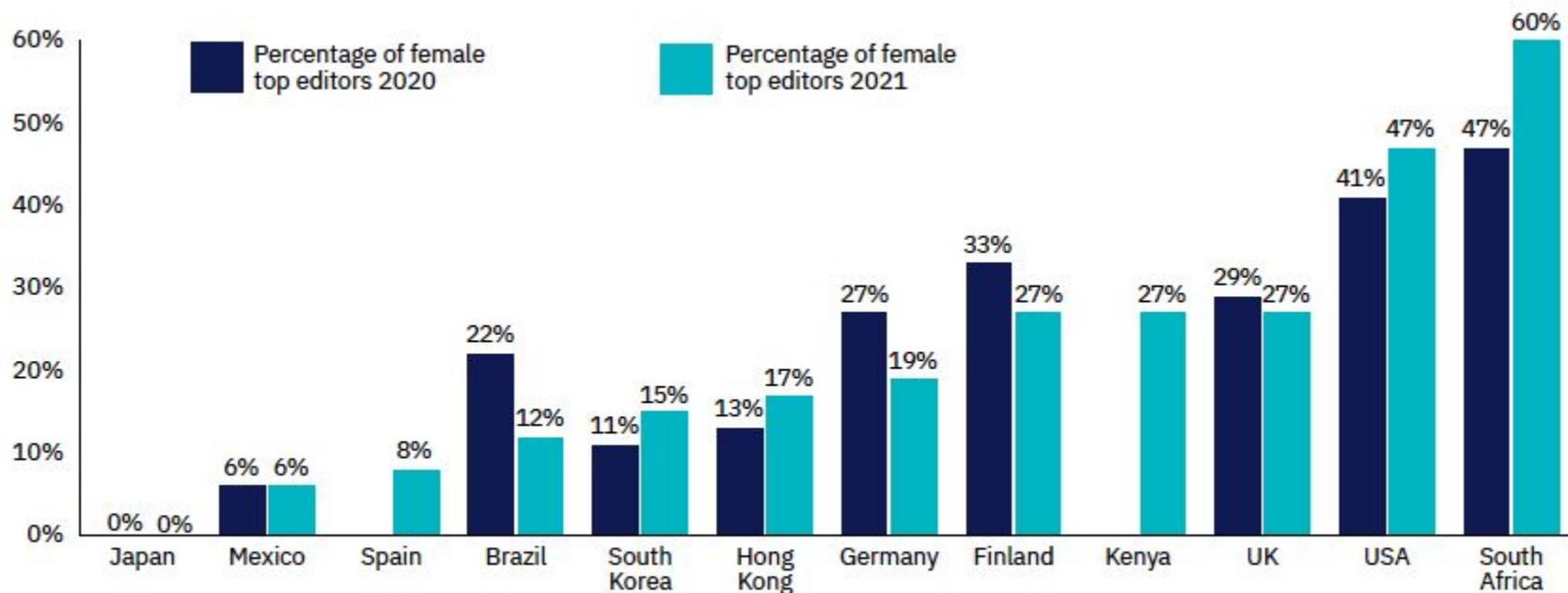
Despite the declarations and perhaps best intentions of many media companies to close the gap in their newsrooms and businesses, as well as to amplify the voices of women and ethnic minorities in their content, the reality is proving much more challenging.

A case in point: In our publishers survey, **34% of news executives disagreed that “women and / or members of minority groups face barriers to career progression in the news media industry.”** 5.1% strongly agreed they do, and 20.3% agreed they do. **47.5% agreed that “my organisation is committed to diversity and inclusion as a value, and has taken measures to support diversity in the workplace.”**

Yet a recent study by the Reuters Institute for Journalism serves as a reminder of the wide gap that still exists. In this case, gender diversity. The study analysed the gender breakdown of top editors in a strategic sample of 240 major online and offline news outlets in 12 markets. **Only 22% of the 180 top editors across the 240 brands covered are women**, despite the fact that, on average, 40% of journalists in the 12 markets are women.

Women in the newsroom: Is this progress?

The percentage of female top editors in 12 markets



Note: Data were not collected in Kenya and Spain in 2020. Source: Data collected by Reuters Institute for the Study of Journalism on the gender of top editors at 200 news outlets in 2020 and 240 news outlets in 2021.

Diversity is a driver in an audiences-first strategy

“Gender diversity is not a problem of numbers but of status,” Dr Alexandra Borchardt, a Table Stakes Europe (TSE) coach and Senior Research Associate at the Reuters Institute for the Study of Journalism, told participants at a recent TSE workshop, referring to a study on talent and diversity in the UK, Germany and Sweden she led in 2019.

“Diversity is key to digital transformation,” Borchardt said. “Diversity is the right thing to do, it makes business sense. **If we want to really embrace the concept of audiences, we need to embrace the concept of diversity.**”

TSE architect Doug Smith further drove home this point, arguing that having diversity and inclusion, in particular, is integral in an audience-driven world.

“Having the statistics of different categories of people is extraordinarily important, but if you don’t have an inclusive approach to journalism it isn’t good enough,” he said. “It certainly isn’t good enough to attract particular types of audiences.”

If we want to really embrace the concept of audiences, we need to embrace the concept of diversity.”

Racial tensions raise awareness in newsrooms

In terms of newsroom diversity, which of the following is the single most important priority?

Ethnic diversity

42%

Gender diversity

18%

More diversity for those from less advantaged background

15%

Political diversity

11%

Source: Changing Newsrooms 2020 study
by Reuters Institute of Journalism

On the heels of the Black Lives Matter protests and other racial tensions globally that only put mostly white / male-led newsrooms under the microscope, respondents to another Reuters Institute study in the fall (136 individuals across 38 countries) said that Ethnic Diversity was going to take a larger priority ahead of gender diversity this year.

FOCUS:

3 TECH TRENDS TO FOLLOW

One of the many lessons learned during the pandemic is how quickly tech trends can accelerate – or not. Here are just a few that we think are worth highlighting.

- Artificial Intelligence is still in its infancy in publishing but picking up steam
- With remote working and streaming taking off, the need for more 5G networks takes on a new urgency.
- Smart audio and voice possibilities are primed to explode with podcasts doing the same.

1) AI's growing role in news media

Artificial Intelligence is increasingly playing a role in publishers' strategies in a number of areas: content creation, automation, personalisation, predictive analysis, subscriptions (propensity to pay) and more. This is encouraging as PwC reported in its recent AI Predictions report : "20% of interviewed executives plan to deploy AI in their enterprise, **but only 7% in the media sector.**"

Indeed, when we were working on our News Automation Report last year, a number of AI or automation companies told us that news publishers were slow on the uptake of AI, and often frustrating to work with. However, in an upcoming WAN-IFRA report about AI and reader revenue, **76% of respondents** (55) to an ongoing survey of publishers said **AI is important to the success of their business over the next 3 years**. About 55% said they are already implementing AI in some capacity.

In Reuters Institute's 2021 Predictions Report, **over two-thirds (69%) of respondents said AI will have the biggest impact on journalism over the next five years**, ahead of 5G (18%), and new devices and interfaces (9%).

The landscape for AI in media



Automated writing



Auto generated voice or video



Content moderation



Detecting fake news / deep fakes



Automated conversation / chatbots



Search optimisation



Targeting and personalisation



Transcription



Real-time translation



Prediction – e.g. content performance



Subscriber management – propensity to pay / retention etc

The applications for AI in media

Automated Content Generation	Automated Content analysis / insight
Automated writing / journalism (NLG)	Monitoring, social listening, trends identification
Optimising of content dissemination e.g. timing	Precise automated indexing or tagging
Re-formatting content for multiple platforms	Information verification / fact checking
Content personalisation	Comments moderation
Automated conversation, chatbots	Emotion tracking / sentiment analysis
Character AI in AR / VR / Robo-broadcasters	Transcription and accessibility
	Predictive analytics (e.g. performing articles)
Voice assistants, voice	Processing large data sets (for newsroom)
Fiction / artistic creation	Personalised curation / homepage automation / content recommendations
Video recording, tracking, live-editing, production	Audience analysis
Video editing and processing	Subscriber management: propensity to pay or retain

Language / text related

Considerations

Knowing where AI fits your org: AI doesn't have to be a sweeping solution for publishers, as there are a number of applications that can prove quite beneficial, but that is the key: determining the right application(s) for your company. That would then pave the way for...

Determining: Do we purchase, partner, acquire or build a certain solution? What is ROI?

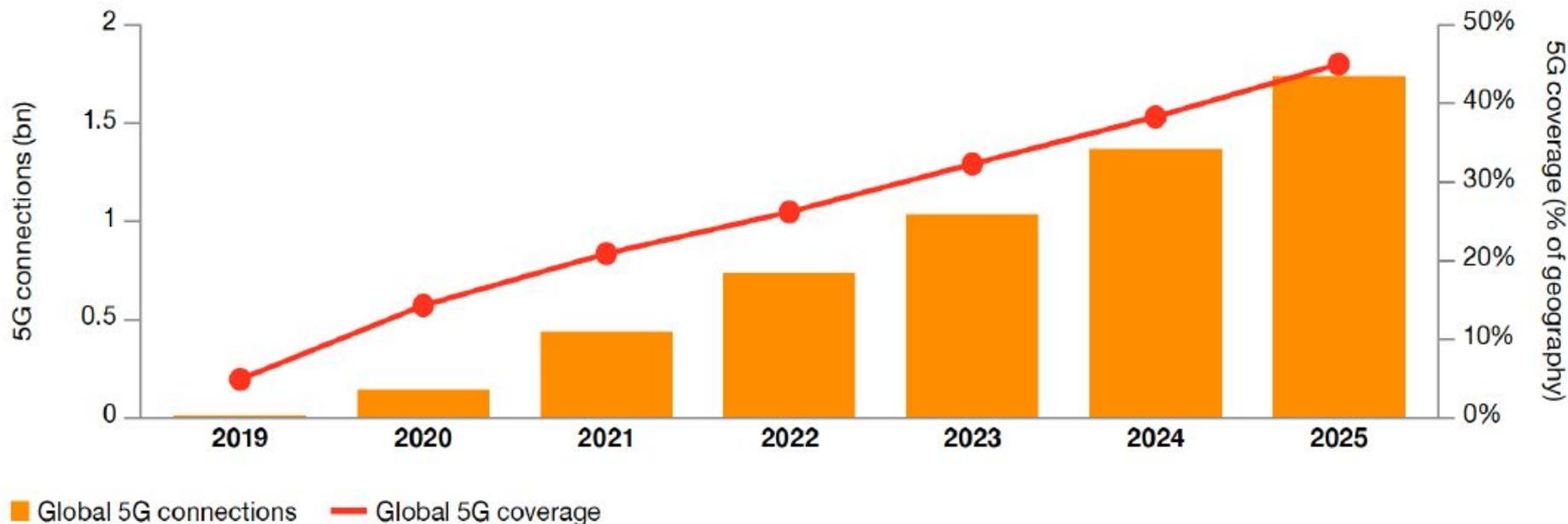
Striking a balance: This is not the often-cited cost-saving, job-cutting exercise: most AI solutions will need some human intervention or oversight to maintain editorial integrity and quality. Any savings from AI investments should be redeployed to improve journalistic quality.

Bias and diversity: AI can help to wash away some of the biases that have plagued newsrooms, and improve the diversity of stories and audiences.

Long-term effects: AI is not going to be a game-changer for journalism immediately, but has the potential to help improve journalism in an incremental way that will have positive long-term structural effects.

2) 5G starts to proliferate

By 2025, 45% of the world will be covered by 5G, connecting more than 1.7 billion devices.



2) 5G: The demand for more connectivity swells

As 5G networks and devices continue to roll out and demand grows, the 5G era truly starts to emerge. When done right, consumers (readers) using high-speed mobile data have the ability **to access greater quantities of content and services like never before** and this, obviously, has profound implications on the content and advertising publishers serve: mostly on mobile and specifically video on mobile. It also **poses opportunities for how news orgs gather news**.

The pandemic has served as a good gauge of the state of 5G implementation – or connectivity in general. **The “virtualisation” of the lockdown life** has only added to the insatiable nature of today’s mostly mobile-connected population. **The impact of COVID-19 has been double-edged for investments in 5G infrastructure**. On the one hand, the pandemic has highlighted both the current limitations and future potential of connectivity, and accelerated likely demand for 5G. The number of countries with **5G deployments increased by 62.3% between the third quarter of 2019 and Q3 2020**, with 99 countries having 5G deployments at the end of this year’s third quarter, according to a market survey by mobile phone performance testing firm Ookla.

Considerations

Don't wait: Some of the uncertainties of 5G today will eventually get sorted. Like any major leap in an umbrella technology, **you cannot afford to get up to speed late on this one.**

Be multimedia mobile ready: As 5G becomes pervasive so does the expectation that content, particularly multimedia MOBILE content, from publishers also ramps up. So as publishers continue to build out their video operations / strategies / partnerships, and hopefully become a player in the explosive podcast / audio landscape, 5G means:

Seamless mobile workflow: Fewer requirements for publishers using video to prepare content specifically for mobile.

New ad experiences, but...: Reduced load times and higher resolutions mean publishers (and advertisers) can expect new ad formats and pricing options. At the same time, avoid serving too many ads and new formats to an audience that is just a download away from another adblocker.

Optimise: It is a great time to make sure your websites are optimised as much as possible.

3) Smart audio and voice devices

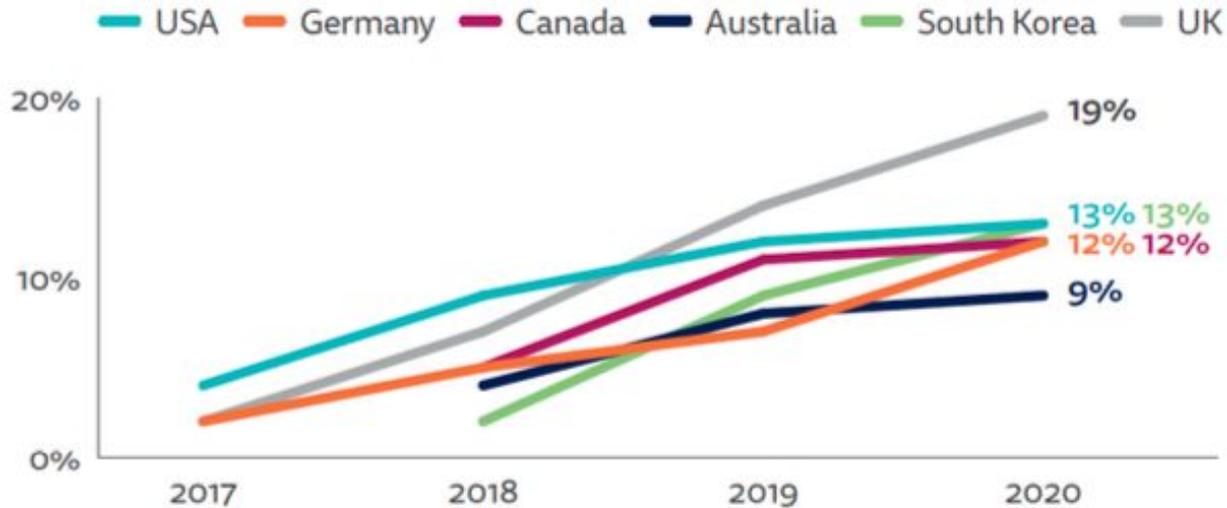
The first-generation Amazon Echo was launched in 2014, and seven years later **AI-driven smart speakers are now on the cusp of becoming mainstream in some markets**. Between 2019 and 2020, their usage rose from 14% to 19% in the UK, from 7% to 12% in Germany, and from 9% to 13% in South Korea according to the Reuters Institute. And although the highest in these countries, smart speakers are growing and leaving their niche status in several other markets (see next slide for details).

As these devices become an integrated part of their users' everyday life, **opportunities are increasing for news publishers to distribute audio content – if they know how to create compelling products**. The daily news programme has emerged as a particularly strong audio format: **daily news podcasts make up less than 1% of all podcasts, but they account for more than 10% of the overall downloads in the US** and 9% in France and Australia, the analysis by the Reuters Institute shows.

News consumption on smart speakers is also likely to benefit from the general ongoing podcasting boom, both in financial and audience terms: **podcast ad revenue increased by 15% in 2020 in the US**, according to IAB, while Chartable reported over 180% more monthly downloads.

In many developed markets, smart speakers are edging towards mainstream

Proportion that use smart speakers for any purpose (2017-20) – Selected countries



ALSO:

Spain 9%, France 4%, Sweden 4%, Norway 4%, Mexico 4%, Japan 4%

Considerations

Know what you're creating: Smart speaker content can be divided into three categories: ambient (music, podcasts), assistive (flash briefings, weather reports) or compelling (quizzes, children stories). Consider what category your product should fit in.

Bulletins or long-form? In the early days of smart speakers, many experimented with flash briefings (the 2-minute news bulletin). But the daily news podcast, a 30-ish minute programme about a topical issue(s), has since emerged, NYT's The Daily and The Guardian's Today in Focus being perhaps the best-known examples. This format can be effective in building habit and loyalty, and it can also drive significant revenue. It's helpful in attracting younger audiences, too.

Build on what you already do: Using existing audio content (podcasts, etc.) can be an easy first step to experiment with smart speakers. If you're not yet on the podcasting bandwagon, remember: audio is cheap. It's easy and inexpensive to get audio experiments going. And finally...

There's room to test and innovate: The rise of Clubhouse is just one more proof that audio still has plenty of untapped potential.

WHY WE SPONSORED THIS REPORT



2020 has been a very important year for the industry, which has undoubtedly been a global turning point for audiences, monetization, newsrooms, etc.

Last year has stood out by the unprecedented growth of the media in its digital formats. This phenomenon has happened due to the enormous need for access to information by audiences around the world, especially during the first months of the pandemic. Moreover, forecasts indicate that this is a change in audience behaviour that is here to stay.

These last months have shaken up the fundamental pillars of the media business, and after the challenges posed by 2020, everything points to 2021 being a year in which all the accelerated changes of 2020 will be consolidated. Therefore, we believe that this World Press Trends published every year by WAN-IFRA is of significant importance at this time, and we did not want to miss the opportunity to accept the sponsorship of this very relevant report.

WHY WE SPONSORED THIS REPORT



It will be a document that will address the situation of improvement in advertising investment after the sharp fall in the spring months, the success of subscription models that have succeeded with a very clear strategy during this year, and the consolidation of digital formats as a result of the great digitization that audiences have experienced.

There will also be a forecast of the role that print will play at this time, the relevance of which is still valid. And finally, let's not forget that all the changes that have taken place have directly affected how the media are created, edited and published. The teams have undergone a very marked transformation in the way they work, and this has affected the technological needs they require.

As a technological partner of the media, Protecmedia has also reoriented the focus of its solutions and has enhanced functionalities that favour the new needs of the teams: coordination for remote work, the possibility of working from any location and from different types of devices, or the development of tools to configure a successful digital subscription model.

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World Press Trends database

World Press Trends, one of most authoritative sources of data on the newspaper industry worldwide and published annually since 1989, is available in an interactive format: the World Press Trends Database.

This searchable tool saves you time searching for data and figures on the global newspaper industry: circulation, readership, revenue, advertising expenditure, digital usage, data for top selling titles in each country and much more.

The database allows you to follow trends from 2006-2017. It includes the most quoted summary tables previously found in the print and digital editions of World Press Trends, and in addition allows users to produce their own, customized reports, which can be exported to PDF or to Excel format.



World Association
of News Publishers