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TRENDS SPECIAL REPORT

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MAGAZINE MEDIA ◀◀

MAGAZINE MEDIA TRENDS

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WORLD MEDIA TRENDS 2015



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The FIPP Insight and World Newsmedia Network in-depth special World Media Trends reports take a deep-dive into the key opportunities and challenges facing magazine media and presents strategies for success.

Each report is packed with data charts, commentary on trends and practical, usable case studies.

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THE SPECIAL REPORTS IN THIS SERIES ARE:

1. Video
2. Social media
3. Mobile
4. Big data
5. Revenue
6. Content
7. Magazine media

To compile the reports, WNMN sources evidence-based data from sources around the world, analyses the data and provides commentary on top trends identified, trends you should be considering in your business today.

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FIPP – the worldwide magazine media association – represents companies and individuals involved in the creation, publishing or distribution of content, by whatever channel, to defined audiences.

FIPP exists so that its members develop better strategies and build better media businesses by identifying and communicating emerging trends, sharing knowledge, and improving skills worldwide.

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GLOBAL DIGITAL MAGAZINE TRENDS 2015

The magazine media industry continues its journey to grow its digital assets and still leverage its lucrative print advertising and circulation businesses. Along the way, the industry has faced challenges of lower advertising rates for digital campaigns, more competition with other media and shrinking print circulations and advertising revenue.

However, the magazine industry is experiencing promising trends that are poised for exploitation by magazine companies. B2B magazine revenue and digital media revenue are on the upswing in many parts of the world, according to PricewaterhouseCoopers. However, the latest statistics from Zenith-Optimedia and PwC show that consumer magazine revenue is either flat or on the decline nearly everywhere in the world.

Magazine media revenue patterns vary by country, according to each country's overall media usage profile, appetite by advertisers to invest in the media, and the ability of the country's magazine owners to leverage their print and digital advertising inventory. However, a consistent pattern of lackluster business results continue to dog the magazine industry since the economic downturn in 2009 in most places in the world.

Individual country advertising revenue breakdowns can be found on pages 26 to 32 showing the growth and decline of revenue across media from 2007 to 2017, according to Zenith.

The media mix is unique for each country of the world. Some countries are stronger in magazines or newspapers, some in TV, others in PC Internet and

still others in mobile. Zenith publishes its "Advertising Expenditure Forecasts" report each quarter. In the report, Zenith analyses data and rankings for each country.

Among the rankings are the countries with the top advertising spend overall. World Newsmedia Network added to that top adspend recipients in magazines and newspapers, and found a significantly different ranking among countries with large print adspends.

While the United States is expected to remain the No. 1 advertising market in the world for the foreseeable future, other countries fall far behind in the rankings overall and in individual categories. For example, China has a robust newspaper industry but a comparatively weak magazine industry, dropping them from the No. 2 position overall to No. 7. Germany elevates its ranking to No. 2 in magazine adspend from No. 4 in overall adspend.

Japan remains No. 3 in both categories, while the UK drops from fifth position to sixth.

To show the true reach of magazines, with both print and digital brand assets, magazine companies are developing a multimedia currency. See Page 6

Top 10 markets for magazines and overall adspend

In rankings and US\$ millions

Global rank	Top global ad markets	2014 global adspend	2014 magazine adspend	2017 magazine adspend	2014 magazine adspend rank
1.	USA	176,236	17,744	16,732	1.
2.	China	45,799	770	529	7.
3.	Japan	41,557	2,365	2,341	3.
4.	Germany	24,557	4,026	3,761	2.
5.	UK	24,314	1,017	843	6.
6.	Brazil	14,232	629	530	9.
7.	France	13,173	1,515	1,149	
8.	South Korea	11,843	1,806		4.
9.	Australia	11,536			
10.	Canada	10,307			
	Italy		650	596	8.
	Switzerland		1,031	971	5.
	Netherlands		459	389	10

Source: ZenithOptimedia, June 2015

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France is elevated to No. 4 in magazine adspend from No. 7 overall. Brazil's magazine adspend takes ninth place and overall, takes sixth place. South Korea, Australia and Canada rank on the Top 10 list overall, but Italy, Switzerland and the Netherlands take their places among the top magazine rankings.

Despite the high rankings on the magazine list, each country is projected to lose significant adspend share from 2014 to 2017, most notably the United States, which is expected to slide from US\$17.7 billion to \$16.7 billion, according to Zenith.

Revenue gains

Magazine media revenue is rising slightly across the world, mainly because of B2B magazine revenue and digital media revenue growth in many parts of the world, according to PwC.

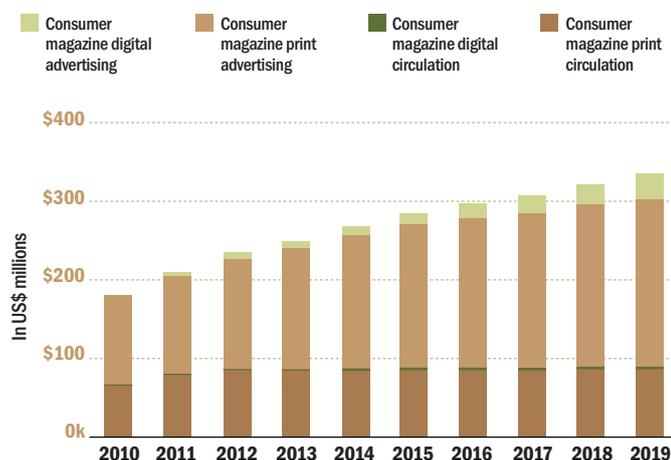
The regions that are growing most in the magazine category are China and India, where access to media is continuing to grow by virtue of shifting governmental controls in China and growing literacy rates and media access in India.

In India alone, consumer magazine revenue is on the rise, despite a challenging consumer magazine industry in many countries of the world. While print consumer magazine print circulation remains stable, print advertising has on the rise from 2010 and projected to 2019. Comparatively, consumer magazine digital advertising is growing slowly and only represents a tiny portion of magazine revenues in India.

Meanwhile, in China, consumer magazine print circulation reigns as the No. 1 revenue maker by far. However, print circulation is flat and the circulation category is only growing because digital circulations are beginning to pay off this year. Print advertising is second biggest revenue stream among Chinese magazines, but represents only a small portion of revenues. Digital advertising and circulation are growing, but only account for a tiny amount of revenue now and for the

India

In US\$ millions for circulation and advertising in print and digital



Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

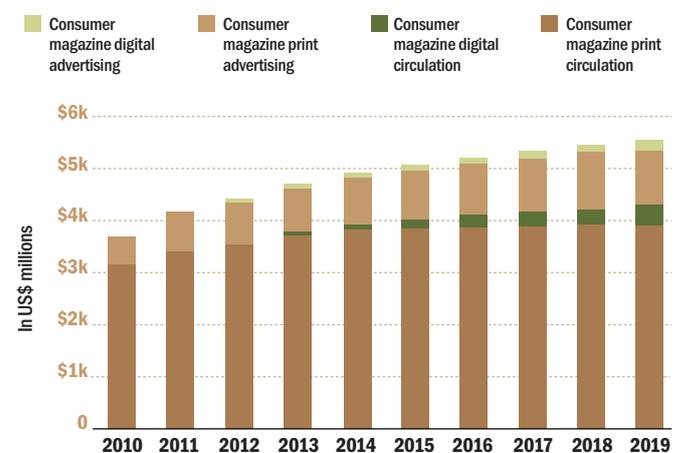
future, according to PwC.

Zenith and PwC produce significant amount of revenue data for all media, including the magazine industry. However, each research company collects data differently. PwC's annual figures, released in June 2015, include consumer and B2B magazine media reported separately, and also breaks out digital magazine advertising and circulation revenue in their analysis. These data show a clear bounceback from more than five years of decline, with projections to increase slightly from 2016 to 2019.

According to PwC's "Global Entertainment and Media Out-

China

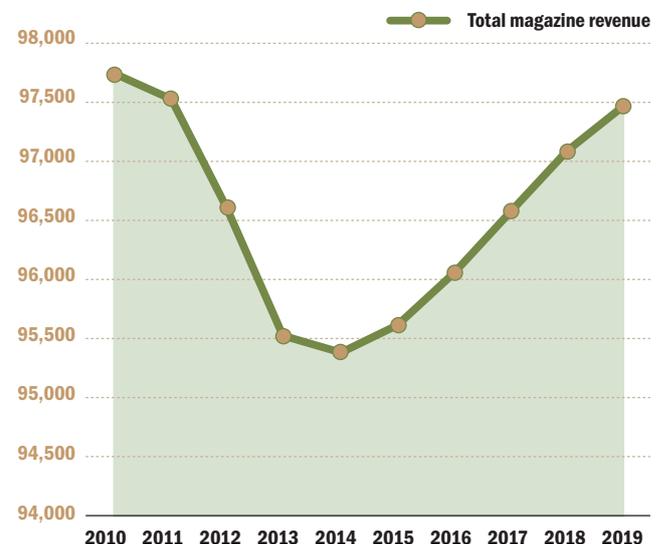
In US\$ millions for circulation and advertising in print and digital



Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

Total magazine revenue will grow from 2015 onwards

In US\$ millions, total magazine revenue from 2010 to 2019



Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

look: 2015-2019,” total global magazine revenue will reverse its downward trend and grow steadily from 2015 to 2019, driven mainly by a 1.5 percent compounded annual growth rate (CAGR) in B2B magazine revenue. PwC reports that total magazine revenue will grow from US\$95.33 billion in 2014 to \$97.42 billion in 2019.

Consumer magazine revenue will return to growth in 2016, albeit scant, according to PwC. After several years of decline driven by shrinking print circulations, consumer magazine revenue will see only a 0.2 percent increase in 2016, driven by strong digital performance.

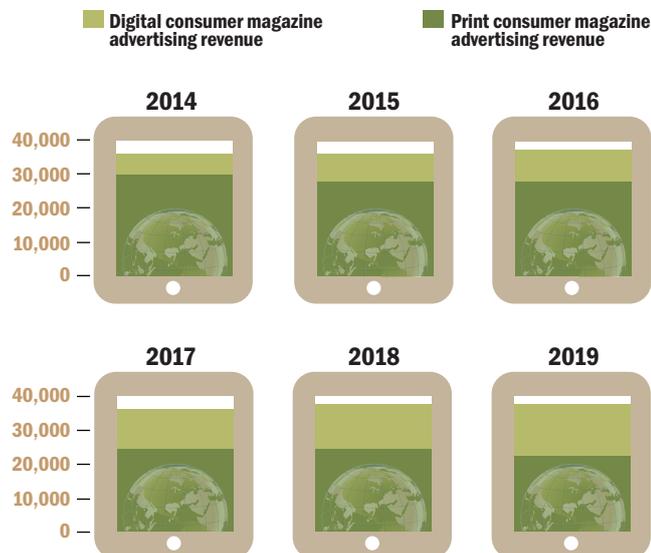
While digital magazine revenue grows across the world, it appears to make up for the losses in print. From 2016 to 2019, a slight uptick in overall advertising revenues will assist the magazine company emerge from five years of decline, from 2010 to 2014, according to PwC. However, growth is expected to be only 0.2 percent compounded annual growth rate to 2019, as print circulation and advertising revenue continue to decline, PwC projects.

Consumer magazine advertising will continue to transition from print to digital. Digital advertising will rise almost 20 percentage points from 2014 to 2019, to an average of 37 percent of global consumer magazine advertising revenue by 2019, according to PwC. Driving digital is a growth digital magazine usage on tablets and websites. By 2019, global digital consumer magazine advertising will grow from \$6.43 billion in 2014 to \$13.56 billion in 2019, according to PwC.

Continued on page 10

Publishers’ digital strategies will drive revenue outside of digital magazine editions

In US\$ millions, total magazine revenue from 2010 to 2019, print vs. digital

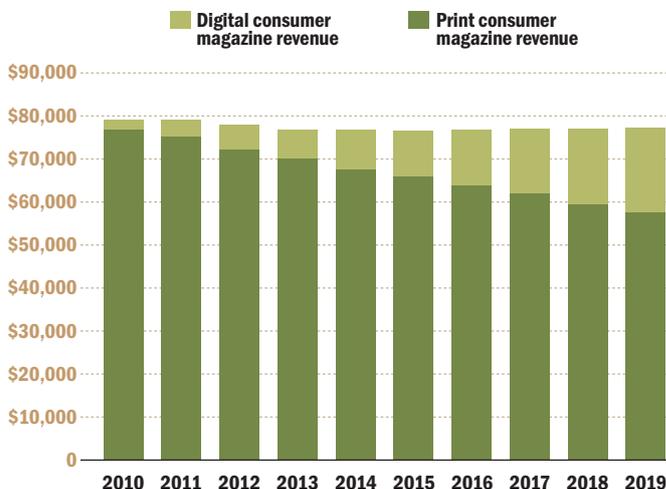


Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

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Consumer magazine revenue will see minimal growth between 2016 and 2019 after five years of decline

In US\$ millions, total magazine revenue from 2010 to 2019, print vs. digital



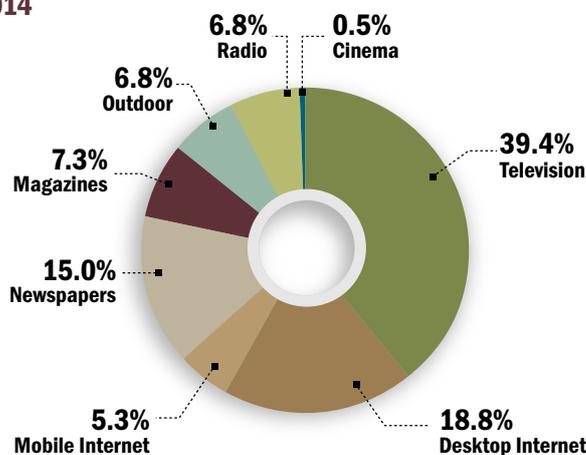
Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

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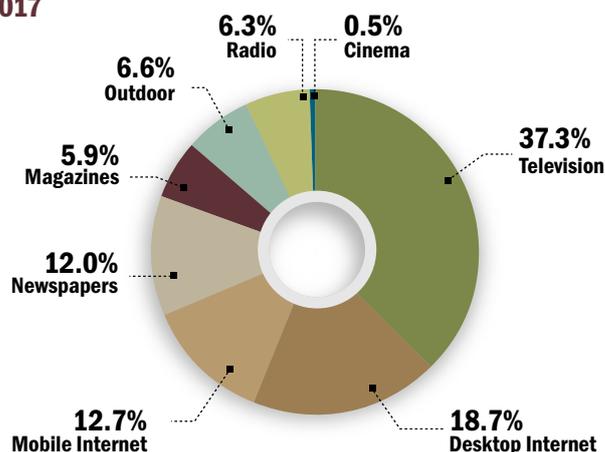
Share of global adspend, by medium

Percentage of adspend share, 2014 vs. 2017

2014



2017



Source: ZenithOptimedia, March 2015

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New metrics for media

As digital media usage grows exponentially, it follows that media brands are the prime recipients of this surging traffic. Traditional media metrics only capture print and PC-based traffic measurement, without recognising mobile, video, tablet and social media traffic associated with the media brands.

Enter the Association of Magazine Media’s (MPA) year-old “Magazine Media 360° Brand Audience Report,” launched in September 2014 in the United States.

The traditional metrics have been inadequate to describe the media brands’ true audience composition to potential advertisers and agencies.

In response to the incomplete metrics reporting on the accurate audience of magazine media in the United States, the MPA launched the cross-media metrics report that measures audiences across the following platforms and formats:

- Print and digital editions
- Web (desktop/laptop)
- Mobile Web
- Video
- Social media (reported separately)

“Congratulations are due to Mary Berner, MPA president and CEO, and the board of directors for initiating this important new measurement, which clearly demonstrates that consumers are engaging with our brands in increasing numbers,” said Duncan Edwards, president and CEO of Hearst Magazines International, in an editorial on fipp.com.

“For those of us building digital businesses for our titles, this comes as no surprise, despite headlines

that report a negative narrative based on decades-old metrics that don’t tell a complete story of our businesses in today’s multi-platform world,” he said.

According to the cross-media data released in January 2015, total audiences grew 10.1 percent from January 2014 to January 2015. And the increases continue at a steady pace, consistent with the growth of video, mobile and social media trends across the world. Magazine Media 360° report is released monthly, and uses data from third-party providers and studies 141 magazine media brands from 31 companies.

The July 2015 statistics tell a story of how audiences may prefer some magazine media on digital platforms or in print. For example, People magazine print readership far surpassed that of the next closest brand, Better Homes and Gardens, with 42.1 million readers compared to 37.6 million readers.

Meanwhile, ESPN The Magazine, drew the largest number of desktop Web and mobile Web users: 21.1 million and 42.9 million users respectively, in July 2015. Bloomberg/Businessweek and ESPN The Magazine were close in their video traffic, each with more than 9 million users. Ultimately, the top three “total brand audience” magazine media are ESPN The Magazine, People and Better Homes and Gardens, according to the statistics.

As media brands are pumping up their desktop Web and mobile Web content, video stockpiles and promoting aggressively through social media, huge growth in digital usership is happening across the magazine media industry.

Top 10 magazine brands

Average monthly audience (000) July 2015

Ranking	Print and digital		Web		Mobile web		Video		Total brand audience	
	Magazine	Audience	Magazine	Unique visitors	Magazine	Unique visitors	Magazine	Unique visitors	Magazine	Total
1	People	42,105	ESPN The Magazine	21,176	ESPN The Magazine	42,945	Bloomberg Businessweek	9,843	ESPN The Magazine	89,622
2	Better Homes and Gardens	37,564	Forbes	18,725	People	27,972	ESPN The Magazine	9,828	People	82,265
3	AARP	34,866	Allrecipes	12,187	Allrecipes	24,491	Sports Illustrated	3,300	Better Homes and Gardens	48,163
4	National Geographic	29,834	Bloomberg Businessweek	10,780	Forbes	21,636	Time	2,118	Time	47,302
5	Reader's Digest	19,166	People	10,538	Time	18,078	People	1,650	Forbes	47,154
6	Sports Illustrated	18,164	Time	10,247	Entertainment Weekly	14,250	Wired	1,489	Allrecipes	45,302
7	Woman's Day	17,017	Sports Illustrated	6,568	Cosmopolitan	13,713	MotorTrend	1,201	AARP	43,345
8	Good Housekeeping	16,889	Wired	5,879	Bloomberg Businessweek	11,169	GQ	1,146	Sports Illustrated	36,268
9	Time	16,860	Entertainment Weekly	5,617	New York Magazine	9,810	Allrecipes	1,124	National Geographic	35,600
10	Cosmopolitan	15,984	New York Magazine	5,051	Bon Appétit/Epicurious	8,290	Vanity Fair	934	Bloomberg Businessweek	33,714

Source: Association of Magazine Media. "Magazine Media 360° Brand Audience Report." July 2015

Some digital magazine audiences have surged more than 1,000 percent between July 2014 and July 2015, including W magazine, which grew its desktop Web audience 1,348 percent, while Outdoor Life has expanded its video audience 1,374 percent. Perhaps the most consistent growth is with the mobile Web audience. Town & Country, Playboy and Latina have expanded their mobile audience 559 percent, 522 percent and 416 percent, respectively. The fastest growing audiences for print are Allrecipes, Vegetarian Times and New York Magazine, each growing audience more than 35 percent from July 2014 to July 2015.

Other media associations are developing cross-media metric that are inclusive of multiple digital media, including the Alliance for Audited Media (AAM) in the United States, and NOM, a joint industry committee conducting national readership surveys for publishers in The Netherlands.

“It’s time that publishers, and the associations that represent them around the world, rethink how we talk about performance and start to focus on what really matters to our advertising customers (and anyone interested in PR): audience,” Edwards said.

The following is an interview with the president and CEO of the MPA, Mary Berner, on the launch of the “Magazine Media 360° Brand Audience Report.” The interview is reprinted with permission from FIPP.

Why you should pay real attention to what is happening in the United States

When you listen to American magazine media business leaders these days, you are struck by their general upbeat view of the future of the industry. The narrative in the industry is a positive one, in

part thanks to an innovation at the MPA (the US-based Association of Magazine Media) with the “Magazine Media 360° Brand Audience Report,” launched in September 2014 to measure magazine media brand audiences across platforms and formats.



Mary Berner, photo courtesy of Adweek.com

While not without its critics (there always are, aren’t there?), it is a major step in the right direction. At the very least, it has people thinking about magazine media again, putting an emphasis on what is right (or moving in the right direction) in the industry rather than focusing on one particular channel, namely print, and pronouncing the industry dead (and that’s not right, anyway).

Besides, no approach to media measurement today can ever be set in stone as consumption habits continue to evolve. Nor is it particular to magazine media. Biz Stone, co-founder of Twitter, Medium and of late Super, told attendees at the recent American Magazine Media 360° Conference (AMMC) about how they developed total time reading, or TTR, as a measure of success. It is about looking at actual engagement with content and advertising, or attention paid to it, rather than purely at audience scale.

There are many reasons media owners elsewhere should take heed of what is happening in the U.S. At the AMMC earlier in February, Condé Nast president Bob Sauerberg described its impact on the industry there: it “is an important development to change the narrative, serving as an example of how the industry is evolving and showcasing our eagerness to embrace the future.”

Top 10 magazine brands

Average monthly audience percentage growth – July 2015 vs. 2014

Ranking	Print and digital		Web		Mobile web		Video		Total brand audience	
	Magazine	Audience	Magazine	Unique visitors	Magazine	Unique visitors	Magazine	Unique visitors	Magazine	Total
1	Allrecipes	39%	W	1,348%	Town & Country	559%	Outdoor Life	1,374%	Latina	56%
2	Vegetarian Times	36%	Ski	267%	Playboy	522%	Better Homes and Gardens	587%	The New Yorker	51%
3	New York Magazine	35%	Harper’s Bazaar	223%	Latina	416%	Sports Illustrated	333%	Wired	51%
4	Entrepreneur	20%	Architectural Digest	208%	Fortune	353%	Parents	313%	Health	48%
5	EatingWell	10%	In Touch	198%	National Enquirer	265%	Time	207%	domino	46%
6	Coastal Living	9%	Women’s Day	171%	W	249%	Bon Appétit/Epicurious	146%	Bloomberg Businessweek	40%
7	Latina	8%	Game & Fish	146%	Veranda	239%	People en Español	139%	Fast Company	39%
8	The New Yorker	7%	More	145%	Health	235%	This Old House	113%	New York magazine	38%
9	HGTV Magazine	7%	Elle Decor	138%	GQ	227%	Bloomberg Businessweek	113%	Haper’s Bazaar	34%
10	Departures	6%	OK! Magazine	123%	Wired	211%	Cycle World	112%	OK! Magazine	32%

Source: Association of Magazine Media, “Magazine Media 360° Brand Audience Report,” July 2015

Berner discussed the Magazine Media 360° report with FIPP’s Cobus Heyl via email:

FIPP: Mary, for those not familiar with MM360°, tell us what it is?

Berner: Magazine Media 360° is a newly created industry metric that captures demand for magazine media content by measuring audiences across multiple platforms and formats (including print+digital editions, websites and video), using data from leading third-party providers. Currently covering approximately 145 magazine media brands from over 30 companies, representing 95 per cent of the reader universe, the data is released monthly with complete transparency via The MPA Magazine Media 360° Brand Audience Report. This effort, which provides a comprehensive and accurate picture of magazine media vitality, was launched in September 2014 and marks the first time ever any media industry has measured and communicated cross-platform consumer demand by brand. The Magazine Media 360° Social Media Report is released separately.

There is such a strong association between magazines and print; it was important to show that magazines today are more than print alone, thus the use of “magazine media” to reflect its multi-omni-channel nature. How does MM360° help to change this?

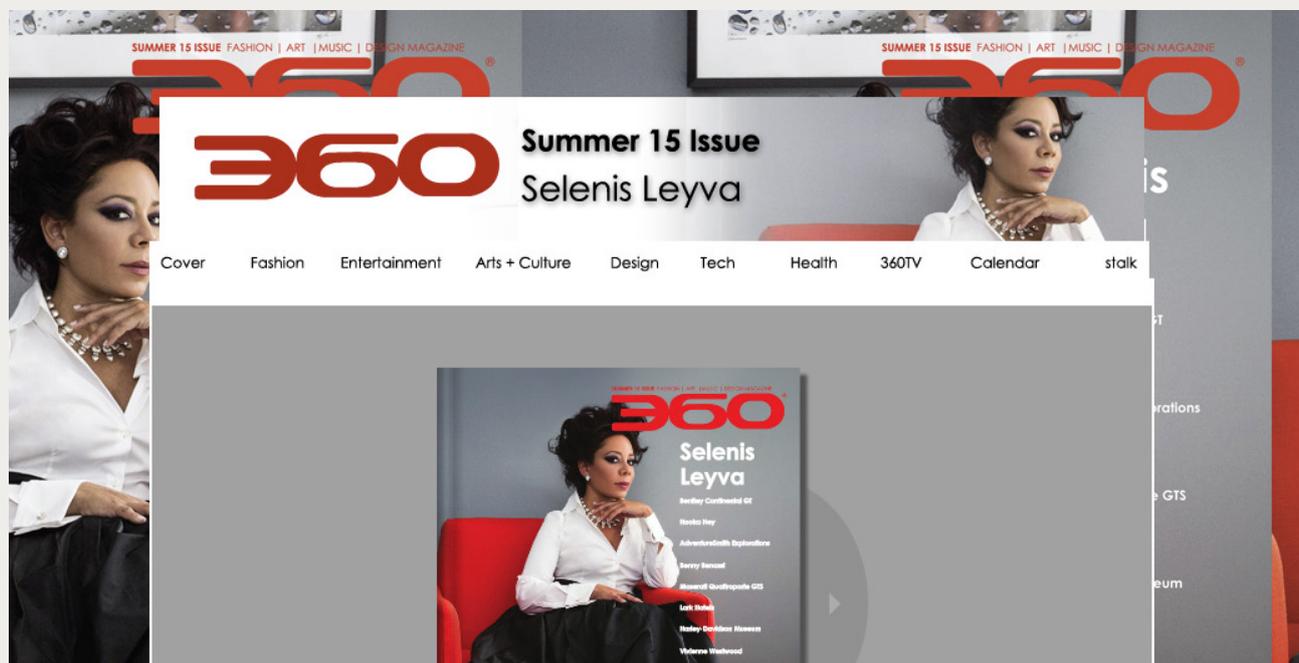
You’re right. Yesterday’s print “magazine” company is today’s “magazine media” company reflecting the fact that almost all magazine brand produce content across multiple platforms and formats in addition to print. By capturing and communicating (every single month) consumer demand for magazine brands across their whole content ecosystem, Magazine Media 360° reinforces and validates this fact.

Going a bit further back, how did it come about

and how hard was it to get it off the ground?

Frankly, the idea wasn’t hard to sell. We all agreed on the need to change the conversation surrounding our industry from one focused exclusively on one format - print - to a more complete (and therefore accurate) conversation about the dissemination of magazine content across multiple formats and platforms in addition to print. The challenge was more in the “what” and “how” of actually getting it done. I knew that it would never happen if we “committee’d” it to death so we developed the actual measurement with a small and deeply engaged group of people who were committed to creating the product quickly (in less than four weeks). Getting wide and deep industry buy-in, however, was a heavy lift in that it required over two hundred individual presentations (almost always tailored to a specific company or brand) in less than two months to top executives, editors, writers, and publishers from approximately 145 brands across more than 30 companies. But the need for - and importance of - launching the Magazine Media 360° Brand Audience Report was never disputed. We recognised that the doom and gloom that had characterised press coverage (and therefore advertiser perception) of magazine media was largely a result of our inability to measure consumer demand for our content across platforms and formats - not because of consumer disinterest or lack of engagement in our brands. So, the ability to report the vitality of our brands across the entire content ecosystem was something the industry readily embraced.

Your latest report said magazine media audiences were up 9.30 percent year-on-year in December, with a gross magazine media brand audience of 1.6 billion in December 2014 versus 1.45



billion in December 2013. How do you define, or what does, “gross magazine media brand audience” mean?

Gross magazine media audience represents the total audiences across all platforms and formats (including print+digital editions, websites and video), for approximately 145 magazine media brands from over 30 companies, representing 95 per cent of the reader universe. The audiences are de-duplicated within each platform, but not between platforms (hence the “gross” delineation).

Now that you’ve got it going, what happens next?

We are in the midst of a Magazine Media 360° road show to advertisers, who are endorsing and embracing this new measurement, since the overwhelming majority of advertisers who buy magazine media, buy multiple platforms. They like the ability to track consumer demand by brand across the whole content ecosystem with such transparency each month. And we are hard at work on version 2.0 which ideally will capture consumer engagement. The goal is for Magazine Media 360° to ultimately become a dynamic advertising planning tool – but that is going to be considerably more complicated to figure out than capturing gross audience by brand and by platform/format. Stay tuned.

One gets a sense that magazine media companies in the U.S. are cooperating to a greater extent than ever before, of which MM360° is of course evidence. Why is this?

There was unanimous frustration within the industry that we had been unable to measure our entire, growing audience as our consumption has expanded across platforms. The only way to create a new and credible metric was to get everyone on board, which the industry leadership recognised and jumped at with enthusiasm. It is pretty obvious that in order to change the conversation about magazine media to one that truly reflects its vitality, we need to be singing off the same song sheet. So the MPA board came to the table to do this. Then after the meetings, they went back to their desks and the ferocious, albeit healthy, competition among them resumed.

What does MM360° tell you about the future of magazine media?

There is no crystal ball. But our audiences across platforms are up about 10 percent each month, which is of course very positive. While it is still early days for digital media, until the dust settles and the outlines of successful long-term business models

appear, we believe that consumer demand is the best proxy - and the only common currency - for determining which companies or brands will prevail. What is particularly encouraging is that the digital growth doesn’t appear to be at the expense of print. Instead, print audiences (which are flat overall, if not modestly up) are becoming a smaller part of a growing magazine media pie.

FIPP’s members are of course international. What are the three to five biggest lessons you have learned with MM360° that you can share with them?

1. You can pretty rapidly disrupt the status quo when the right players (and a commitment to timely execution) are involved.
2. In order to successfully effect this kind of change or programme, the critical element is to enlist the full support of the industry leaders at the get-go.
3. Implementation doesn’t come without tremendous discipline. All participants have to stay on message and stick to the new measurement – and refrain from defaulting to other less comprehensive measurements (even when that news may be good).

Why should other FIPP members care?

I know first hand (from my prior role as a CEO of an international magazine media company) that the challenges we started to address with Magazine Media 360° aren’t unique to the US market. There isn’t one FIPP member who isn’t wrestling with the transition from “magazine” (print only) to “magazine media” and its competitive - as well as business model - implications. I’d argue that they should care because you can’t effectively sell - either to advertisers or to consumers - what you can’t measure in a credible, consistent and comparable way. Magazine Media 360° has done just that and as such, has redefined the business we are in for our readers and advertisers. What magazine company wouldn’t want to do that?

Anything else you’d like to add?

The reason that Magazine Media 360° is changing the conversation about magazine media is because the report is credible. That means that each month there are winners and losers, ups and downs. The 30-plus participating companies were willing to risk the fact that their individual story in a particular month might not be strong, for the benefit of putting out a comprehensive and accurate narrative about the whole industry, and that takes courage.

Comparatively, ZenithOptimedia projects global print magazine advertising revenues will drop from 7.3 percent to 5.9 percent market share, while newspapers' ad share will drop from 15 percent to 12 percent from 2014 to 2017. The Zenith figures for newspapers and magazines include only advertising in printed editions of these publications, not on their websites, or in tablet editions or mobile apps, all of which are reflected in the Internet categories.

While all traditional media are projected to lose market share, digital media will grow at an impressive rate, according to Zenith. Mobile Internet advertising will grow by an average of 39.8 percent a year between 2014 and 2017, driven by the rapid spread of devices, connectivity and content on mobile. By contrast, Zenith predicts desktop Internet advertising will grow at an average of 4.6 percent a year.

In 2014, Zenith estimates global expenditure on mobile advertising was \$27.4 billion, representing 22.1 percent of Internet adspend and 5.3 percent of total adspend. The research firm predicts that by 2017, mobile adspend will rise to \$75.0 billion, or 40.4 percent of Internet adspend and 12.7 percent of all adspend.

ZenithOptimedia's June 2015 quarterly advertising revenue report shows that magazine advertising spend is on the decline everywhere in the world, but importantly, only includes print advertising in their figures, and folds digital advertising on mobile, tablet and PC Internet into the digital advertising revenue figures. When broken out, magazine print advertising revenue shows the magazine industry in decline. When B2B magazine and digital advertising are broken out as separate categories and added to print revenue, these categories mitigate the decline, and in some cases, show growth, as in parts of Latin America and Asia.

Meanwhile, slower magazine growth is seen in Central and Eastern Europe and the Middle East and Africa, where economies are recovering and where Internet-accessed magazine media is growing swiftly.

Zenith's print magazine figures corroborate the spirit of PwC's analysis, that is, that the print magazine industry is in decline, but that digital advertising and circulation revenues are propping up or at least softening the blow of print revenue decline.

According to Zenith, overall global print magazine advertising revenues have dropped from 1980 and projected to 2017 in millions of dollars at current prices. Meanwhile, overall digital advertising revenue is growing each year in the double-digits.:

- In Western Europe, magazine revenue was US\$5.62 billion in 1980; \$19.1 billion in 2000 at its highest point; and projected to be \$9.2 billion in 2017
- In the Middle East and North Africa, magazine ad revenue was \$14 million in 1991; \$382 million in 2008 at its highest point; and projected to be \$150 million in 2017
- In North America, magazine ad revenue was \$5.5 billion in 1980; \$26.4 billion in 2007 at its highest point; and projected to be \$17.0 billion in 2017

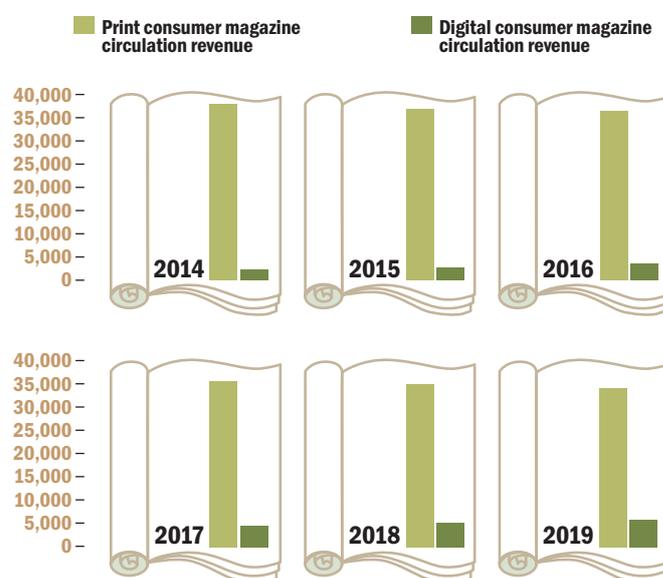
- In Latin America, magazine ad revenue was \$7 million in 1980; \$977 million in 2000 at its highest point; and projected to be \$1.3 billion in 2017
- In Central and Eastern Europe, magazine ad revenue was \$3 million in 1980; \$3.5 million in 2008 at its highest point; and projected to be \$1.2 million in 2017
- In Asia Pacific, magazine ad revenue was \$1.4 billion in 1980; \$7.5 billion in 2007 at its highest point; and projected to be \$4.9 billion in 2017

Print still sells

Print consumer magazine circulation revenue will decline, but print consumption of magazines will remain favoured by consumers, according to PwC. Print circulation will far surpass digital circulation from 2014 to 2019, according to PwC. Global print circulation will fall from US\$37.59 billion in 2014 to \$34.22 billion in 2019, it will account for 85.2 percent of total consumer circulation by 2019.

Print remains the format of choice for magazine buyers

In US\$ millions, global print and digital consumer magazine circulation revenue, 2014-2019



Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

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PwC projects that consumer magazine companies will not benefit financially from the trend toward digital device usage, as print is the overwhelming favourite for the consumption of magazine content. However, website access of content will continue to climb, according to PwC.

Biggest magazine markets

China's Internet ecosystem will grow by size and influence, according to PwC, with a projected 280.5 million fixed broad-

Continued on page 12

Vice Media: 'We are the changing of the guard'

The following article is made up of excerpts from "Innovators in Digital News," by Lucy Küng, reprinted with the permission of publisher I.B.Tauris

I said to Rupert, "I have Gen Y, I have social, I have online video. You have none of that. I have the future, you have the past." — Shane Smith, founder, publisher, Vice Media

At the heart of Brooklyn, New York-based Vice Media is the omnipresent Shane Smith – founder, strategist, sometime foreign correspondent, deal maker, and generator of inspired viral-ready soundbites.

Shane Smith thinks big:

I've said I want to be the next ESPN, the next CNN and the next MTV rolled up into one [...] everybody says, 'He's a megalomaniac lunatic.' If you look at the numbers you can do on YouTube, if you look, for example at Machinima [an online video network for gamers] with 3.5 billion views a month, you wouldn't be the next CNN. You would be the next CNN 10x. That's what's exciting for us.

He also thinks young:

You can't retrofit it. If there's a bunch of old dudes in a boardroom that go, 'OK. Let's start making video', what they try to do is hire pedigreed people. What you get is a shittier version of TV. You really have to rip out the pipes. You have to make things in a different way, hire people who have never worked in TV or commercials or film, get people straight out of schools, get people who don't know what they're doing, form your own school and train these kids. The reason I'm telling you all this, the reason I'm giving away my secrets, is that's it's nearly impossible to do. If you think you're going to raise \$50 million or \$100 million and go out and hire people who've done it before to do TV online, you're going to fail.

Vice is both profitable and extremely well financed. Privately owned, since 2011 it has received [US]\$580 million in four funding rounds from three investors (this is over four times the investments in BuzzFeed). According to industry watchers, this represents a company valuation of \$2.5 billion. Its output is overwhelmingly video, and its YouTube channel has over 11 million subscribers and averages over 50 million video views every month. Accord-



Photo of Lucy Küng courtesy of Ericsson Business Review

ing to Bloomberg, 2012 revenues were \$175 million, estimated revenues for 2014 are \$500 million, and for 2016 \$1 billion. Now based in Brooklyn (with a UK office in Shoreditch) it has around 400 employees in the US and bureaus in 36 countries.

'We have developed this weird, Willy Wonka fucking content factory'

The span of Vice Media's operations are relatively complex to map. At the core of its activities is digital video. This represents

around 80 [percent] of output, made up as follows:

- Vice.com, the main website that has versions in 24 languages. The huge array of content is organised into sections, including music, fashion, travel, sports, tech, food, NSFW (not safe for work), LBGT. Vice magazine, including back issues, can also be accessed.
- International news is a stand-alone division as of 2013, although its content can appear in sections of the main website also. Vice News is divided into beats, including politics, opinion and analysis, war and conflict, defense and security, crime and drugs, and also into regions – Americas, Middle East, Africa, Europe, Asia & Pacific.

Smith had identified the long-term potential of digital video early – although he initially assumed it would replace TV. Now Vice is more open-minded:

In 2006 or so, Shane, to his credit, saw that the Hulu and the YouTubes of this world were building the infrastructure for video distribution, 'putting in the pipe' as he says, but at some point something was going to be needed to fill that pipe, and it can't all be cats dancing on pianos and UGC low rent content [...] our push is all around premium content [...] the content you make for online should be as good as the content you make for TV. And for a long time our view was that 'TV's dead'. Five years ago we had slides with pictures of TVs with crosses through them, and that was pretty naïve because TV's still pretty high, it's just proliferated, it's on different screens [...] And so now we are embracing it and we view ourselves as platform agnostic. So it's about creating as much content for as many

different destinations and media and platforms as possible, and whether that platform is your watch, Oculus Rift, or a linear TV channel, it's just about us working with the best partners, and creating formats fit for those spaces. (Interviewee)

'Is Vice profitable? Very'

We have a rule that everything that we do has to make money. We are growing at 100 [percent] a year without our big windfall deals that we are going to be announcing in Q4 or early Q1. We're getting quite big, for us at least, in the dollars sense.

Vice's content is free, underwritten by deals with commercial partners that range from branded channels to branded content:

We're lucky in that we work with some of the world's biggest brands, and our capacity to sell outstrips our capacity to scale. We do things differently [...] what you can do is start making innovative deals at the brand level. A lot of online content companies fail because they don't go directly to the brand, they don't make unique or creative monetisation deals.

Branded online content is viewed as continuation of an accepted industry practice:

We are absolutely reliant on our brand partners [...] brand money enables us to make the work we want to make, and we try to make it as compelling

a proposition as we can for the brand."

Deal-making skills

Vice is valuable to its commercial partners because it has mastered two things other media companies are weak at: how to link advertising with online video and how to capture the attention of 18-to-34-year-olds who watch little or no television. Shane Smith's great skill is how to capture value from these two capabilities.

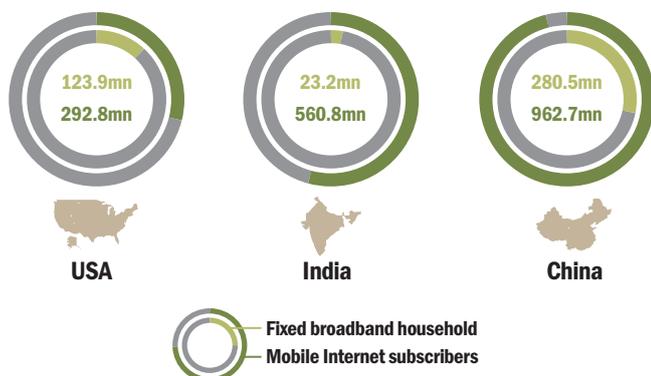
The Creators Project, a partnership with Intel to "push the boundaries of creative expression," brings revenue, content, and reputation:

The Creators Project is the gold standard. It's a big, big thing. It's been in existence for five years now [...] It houses a huge amount of content with some of the world's most celebrated artists and musicians [...] Last year the experiential part of it had 720,000 event attendees on five continents, 40 staff work on it in the US, they spend \$20 million dollars a year on it, \$40 million at its peak. (Interviewee)

Vice grows through its deals, and they are many. It has a deal with Facebook to produce customised campaigns for advertisers, a partnership with Twitter to produce a daily news show composed of one-minute clips, a joint venture with Antenna in Greece, and a production deal with Youku, the largest video site in China.

China's user base far outstrips the rest

United States, India and China, mobile Internet subscribers and fixed broadband households, in millions, 2019 projections



Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

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band households and 962.7 million mobile Internet subscribers by 2019. China dwarfs the next largest markets, the United States, with 123.9 million fixed broadband households and 292.8 million mobile Internet subscribers, and India, with 23.2 million broadband households and 560.8 million mobile

Internet subscribers by 2019, according to PwC. These huge countries will continue to draw critical mass of digital magazine users just because of the sheer size of their Internet- and mobile-using citizenry.

Consumer magazine revenue trends, by region

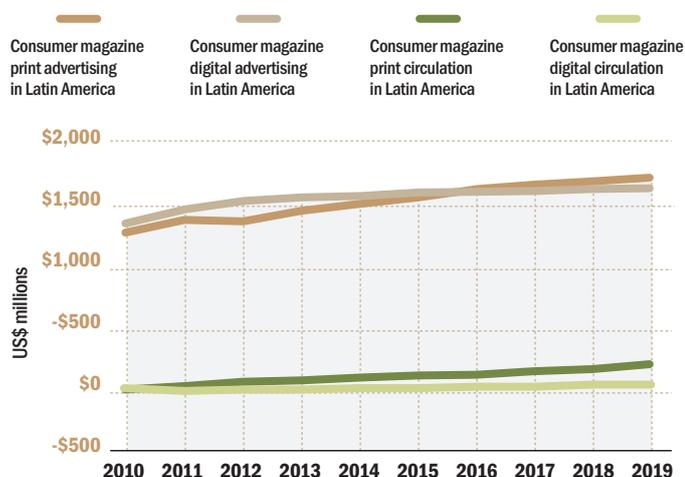
Consumer magazine revenue trends are as unique as a fingerprint for each region of the world. PwC have broken out four categories of consumer magazine revenues: print and digital advertising, as well as print and digital circulation revenues.

The PwC data shows distinct trends among continents and among developing world and developed world countries. For example, Latin America, having started its metamorphosis from economic crisis, is showing an upward trajectory not seen in more developed regions, such as North America and Western Europe.

Meanwhile, Asia Pacific shows a flatline for consumer magazine print advertising and circulation revenue. The exceptions are China and India. India is experiencing a vibrant print consumer magazine advertising trend, while China shows a strong print circulation revenue trend. South Africa's consumer magazine industries also is on the rise, driven mainly

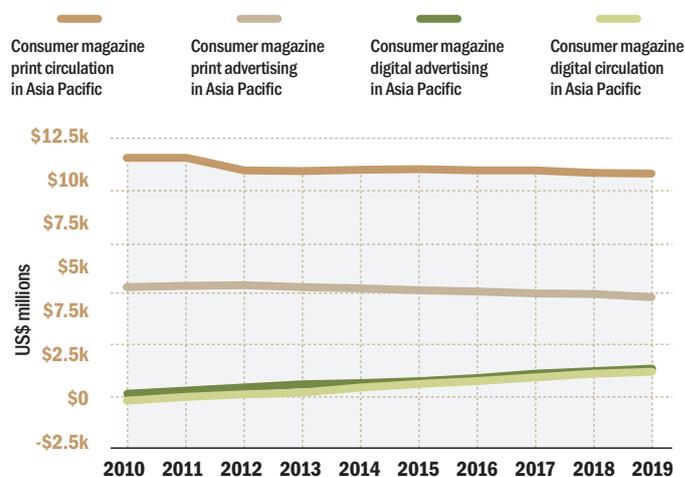
Consumer magazine revenue in Latin America, 2010-2019

In US\$ millions for circulation and advertising in print and digital



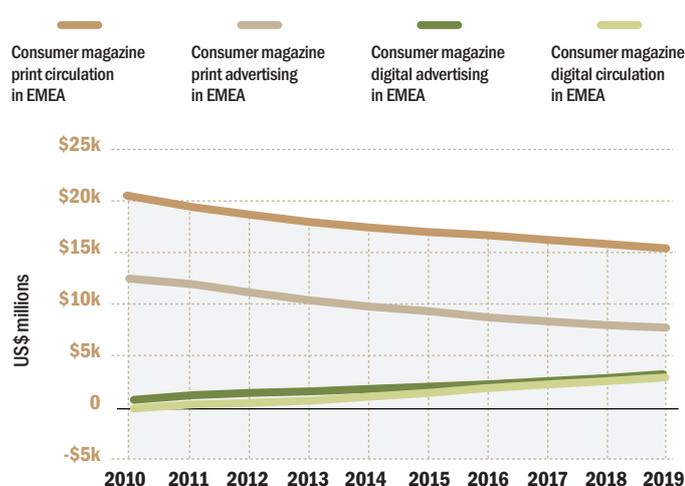
Consumer magazine revenue in Asia Pacific, 2010-2019

In US\$ millions for circulation and advertising in print and digital



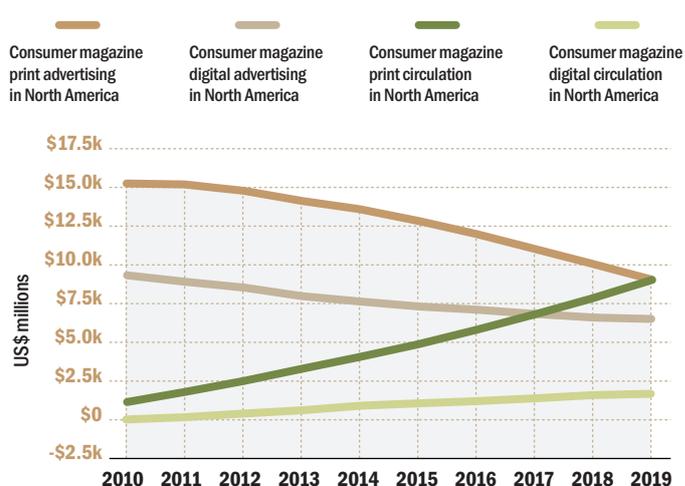
Consumer magazine revenue in Europe, the Middle East and Africa, 2010-2019

In US\$ millions for circulation and advertising in print and digital



Consumer magazine revenue in North America, 2010-2019

In US\$ millions for circulation and advertising in print and digital



Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

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by print circulation revenues from now until the foreseeable future, according to PwC.

Most of Europe’s consumer magazine industry is on the decline, with the exception of more stable United Kingdom and Nordic countries. Russia’s print and digital advertising businesses are projected to surge from now until 2019, according to PwC.

Except for a steep rise in digital advertising in the United States, the consumer magazine revenue picture is in decline, according to PwC. Surging digital advertising is expected to surpass print advertising by 2019.

For detailed, country-by-country advertising revenue charts for each media, including magazines, go to the ZenithOptimedia graphics gallery from Pages 26 to 32.

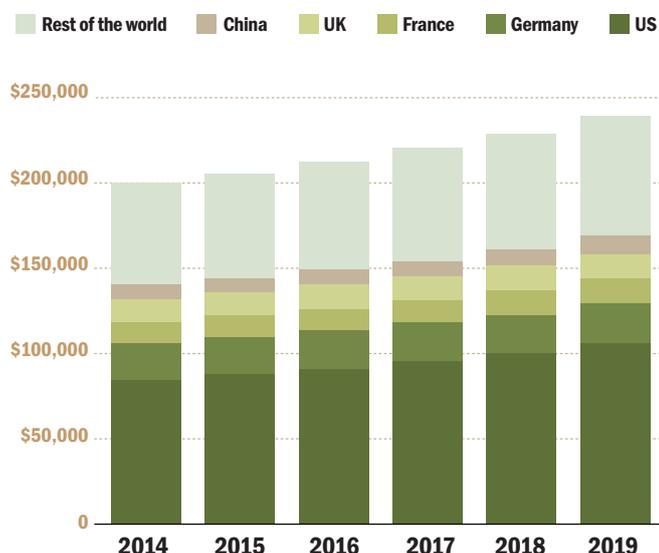
Spotlight on B2B magazines

The United States continues to dominate business-to-business segment revenues, including B2B magazines, according to PwC. The global B2B sector is forecast to grow 3.7 percent compounded annual growth from 2014 to 2019, from US 193.94 billion in 2014 to \$232.41 billion in 2019. The United States will account for 44.7 percent of all B2B revenue in 2019. China, India and Indonesia will also see significant growth, with 6.1 percent, 7.2 percent and 8.4 percent CAGR, respectively.

As the most lucrative B2B market in the world, the United States is undergoing a major change in the B2B magazine portion of the B2B market. While the overall market continues to grow slowly but steadily, digital advertising is projected to garner the largest share of revenue by 2019, compared to print advertising, and digital and print circulation revenue, accord-

The United States continues to dominate B2B revenue

In US\$ millions, leading total B2B revenue markets globally, plus rest of the world, 2014-2019



Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

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ing to PwC. Meanwhile, Canada's B2B magazine revenue is a tiny fraction of its neighbours to the south.

The United States' B2B magazine print advertising will decline 5.3 percent from 2014 to 2019, from US\$3.2 billion to \$2.4 billion, according to PwC. Meanwhile, digital media will make up for the losses in print. B2B magazine digital circulation will surge 34.4 percent CAGR from \$143 million in 2014 to \$629 million projected for 2019; and B2B magazine digital advertising will grow 11.9 percent CAGR from \$1.26 billion in 2014 to \$2.21 billion projected for 2019.

Meanwhile, Western Europe will experience a similar growth of digital revenues and decline of print revenues compared to North America, creating a more balanced revenue and therefore more stable revenue portfolios. Overall, B2B magazine revenues will decline from \$9.2 billion to \$9.1 billion from 2010 projected to 2019, according to PwC, but will experience a 0.47 percent uplift from 2014 to 2019.

The main drivers for growth in Western Europe are digital circulation and digital advertising, growing 28.47 percent and 10.48 percent CAGR from 2014 to 2019, respectively. Digital advertising shows the greatest promise, growing from \$1.36 billion in 2014 to \$2.23 billion in 2019, according to PwC. Central & Eastern Europe also are seeing a healthy growth in digital circulation and advertising, more than making up for losses in print advertising and circulation. PwC reports that digital advertising has grown 7.0 percent CAGR from 2014 projected to 2019, from US\$60.9 million in 2014 projected to \$85.4 million in 2019. The largest percentage growth is that of digital circulation, surging 44.1 percent CAGR, from \$3.5 million to \$21.9 million in the same time frame.

The Middle East and Africa continue to be dominated by print advertising and circulation revenues, but from 2015 onward, digital advertising will make up for the losses in print, which is projected to decline 3.5 percent CAGR from 2014 to 2019, according to PwC. Meanwhile, digital advertising is projected to surge 36.3 percent CAGR during the same time frame, from US\$5.5 million to \$25.9 million, while digital and print circulation is poised to grow more than 3 percent CAGR each, with the biggest revenue maker, print circulation, projected to increase from \$38.6 million to \$46.7 million in the same period.

Latin America has the fastest-growing B2B magazine business in the world, with digital circulation growing 56.9 percent CAGR from 2014 projected to 2019, from \$1.6 million to \$15.4 million, according to PwC. Meanwhile, Latin America's digital advertising also is the fastest growing at 20.1 percent CAGR, from \$47.3 million to \$118.3 million. Unlike other parts of the world, the region's print advertising landscape remains flat, growing from 2010, but declining 0.8 percent from 2014 to 2019. Print circulation continues to grow 4.8 percent in the same timeframe.

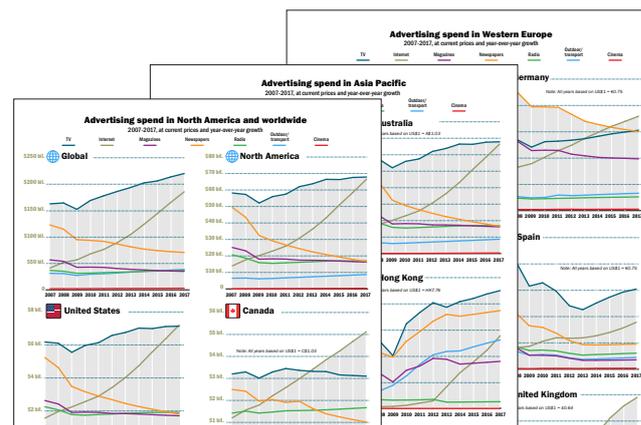
Asia Pacific also is experiencing a boom in B2B magazine revenues, driven by digital advertising and digital circulation. The region's main B2B magazine revenue source is print advertising, which has declined 4.1 percent CAGR from 2014 projected to 2019, from \$985.2 million to \$797.5 million.

Meanwhile, Asia Pacific's B2B magazine digital circulation has surged 34.3 percent, from \$136.4 billion to \$596.6 billion, from 2014 to 2019.

Digital advertising is projected to increase 11.1 percent during the same period, from \$529.6 billion to \$894.9 billion.

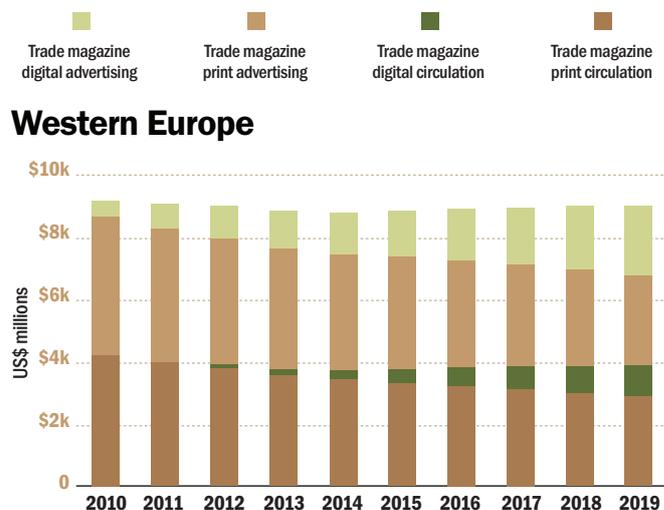
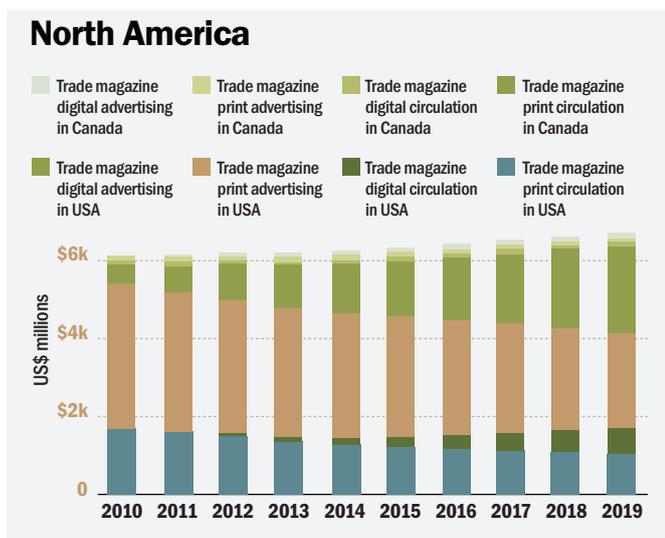
Magazine adspend trends differ by region

Every region of the world reveals a unique magazine media advertising spend pattern each quarter. ZenithOptimedia tracks adspend by media for each region of the world. To see the growth and decline of magazine, newspaper, television, Internet and other media from 2007 to 2017 in each region and dozens of countries of the world, go to Pages 22 to 28.



Trade magazine revenue, by region, 2010-2019

In US\$ millions for circulation and advertising in print and digital



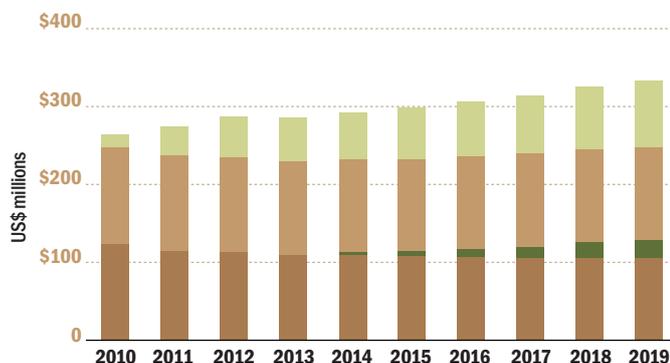
Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

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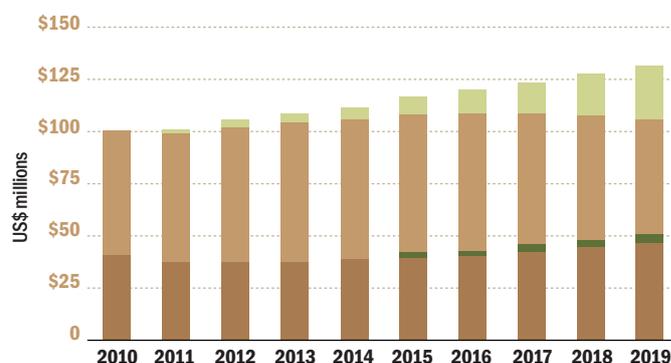
Trade magazine revenue, by region, 2010-2019

In US\$ millions for circulation and advertising in print and digital

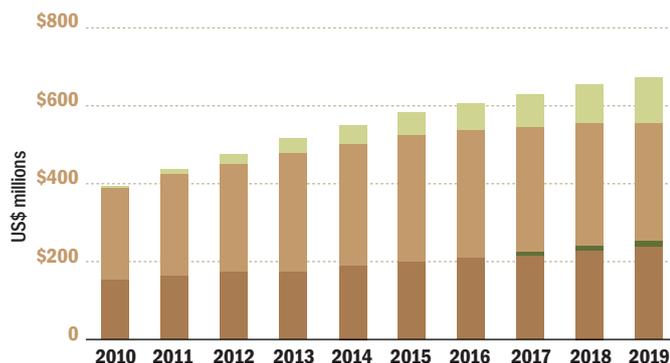
Central & Eastern Europe



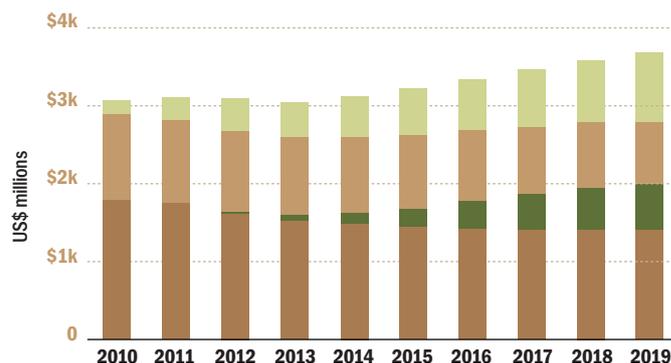
Middle East and Africa



Latin America



Asia Pacific



Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

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GLOBAL DIGITAL NEWSPAPER TRENDS 2015

Total newspaper revenue around the world will continue its steep decline, which was most pronounced after the financial crisis of 2009. While the decline has slowed, the newspaper industry has been unable to make up for its losses in print with new revenue, including digital revenue.

Year-over-year losses are projected to be 0.6 percent in 2015; 0.37 percent in 2016; 0.25 percent in 2017; 0.15 percent in 2018; and 0.19 percent in 2019, according to PricewaterhouseCoopers’ “Global Entertainment and Media Outlook: 2015-2019.”

The downturn has forced newspaper companies to innovate and diversify their assets, investing in new businesses and creating new processes and products in order to build new audiences and grow new revenues. Many of those new investments involve new print sections targeted at select audiences, and especially digital products published on websites and mobile devices.

Compared to the rest of the world, the Asia Pacific and Latin America regions are the only places where newspaper print publishing is on the rise, with the former experiencing significant gains over the past decade, according to PwC. Meanwhile, newspaper print publishing for Europe, the Middle East and Africa, and North America, have experienced steep declines, which are projected to continue for the foreseeable future. Digital advertising for newspapers represents a small fraction of the revenue pie for all regions, led by North America and EMEA, which are forecast to earn more than \$5 billion each in digital advertising.

Meanwhile, newspaper print and digital circulation have experienced an uptick in revenue around the world, except in EMEA, where revenue has declined from about \$32 billion in 2010 to a projected \$22 billion in 2019, according to PwC. Digital circulation revenue, while on the rise, has not made up for the losses in overall newspaper revenues.

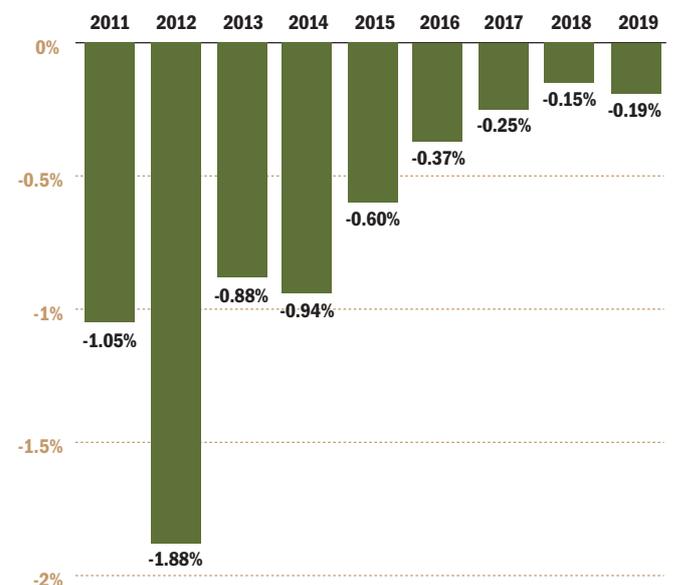
According to ZenithOptimedia’s “Advertising Expenditure Forecasts,” released in June 2015, combined circulation and

advertising newspaper revenues began dropping in 1980 and are projected to continue their downturn into 2017 in millions of dollars at current prices in the following regions:

- In Western Europe, newspaper revenue was US\$10.2 billion in 1980; \$36.2 billion at its highest point in 2000; and projected to be \$17.4 billion in 2017.

A decline in growth is forecast, but the falls will be marginal from 2017

Global newspaper industry year-on-year growth (%), 2011-2019

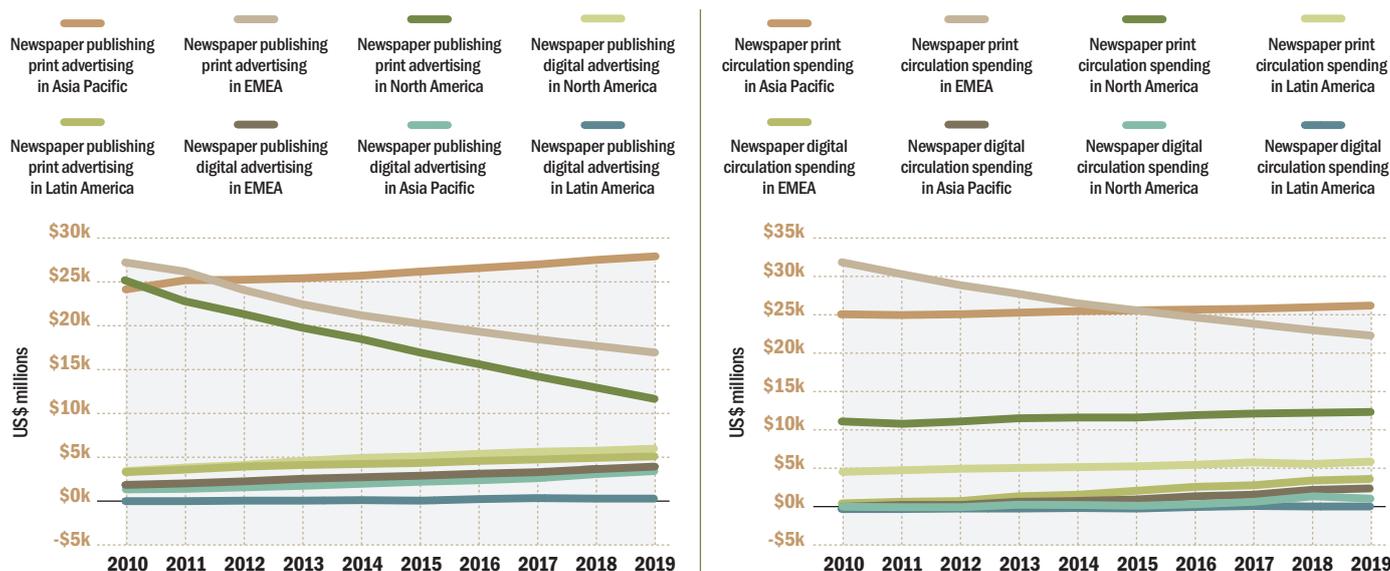


Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

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Regional newspaper revenue, 2010 to 2019

In US\$ millions for circulation and advertising in print and digital



Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

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- In the Middle East and North Africa, newspaper revenue was \$90 million in 1991; \$2.3 billion in 2008 at its highest point; and projected to be \$1.5 billion in 2017
- In North America, newspaper revenue was \$15.9 billion in 1980; \$53.9 billion in 2006 at its highest point; and projected to be \$18.1 billion in 2017
- In Latin America, newspaper ad revenue was \$71 million in 1980; \$5.3 billion in 2012 at its highest point; and projected to be \$5.1 billion in 2017
- In Central & Eastern Europe, newspaper ad revenue was \$4 million in 1980; \$2.8 billion in 2008 at its highest point; and projected to be \$1.5 billion in 2017
- In Asia Pacific, newspaper ad revenue was \$7.8 billion in 1980; \$27.4 billion in 2007 at its highest point; and projected to be \$21.7 billion in 2017

Zenith ranks the biggest advertising and newspaper advertising revenue markets in the world, led by a wide margin by the United States in 2014 with \$21.4 billion, and continuing in 2017 with \$17.2 billion.

China, Japan, Germany, the United Kingdom, Brazil, France, South Korea, Australia and Canada follow the United States distantly as overall advertising markets. However, top newspaper markets are ranked differently according to adspend, according to Zenith.

Germany followed the United States distantly as the second biggest newspaper adspend market in 2014, followed by Japan, China, the United Kingdom, India, Indonesia, South Korea, Australia and Switzerland, according to Zenith.

According to PwC, higher global smartphone penetration will drive mobile-borne revenues for all media companies, including newspaper companies. Smartphone penetration is predicted to more than double from 2012 to 2019, from 23 percent to 56 percent.

Top 10 markets for newspapers and overall adspend

In rankings and US\$ millions

Global rank	Top global ad markets	2014 global adspend	2014 newspaper adspend rank	2014 newspaper adspend	2017 newspaper adspend
1.	USA	176,236	1.	21,369	17,188
2.	China	45,799	4.	5,540	2,676
3.	Japan	41,557	3.	5,731	5,728
4.	Germany	24,771	2.	6,533	5,941
5.	UK	24,314	5.	3,130	2,654
6.	Brazil	14,232			
7.	France	13,173			
8.	South Korea	11,843	8.	1,878	2,013
9.	Australia	11,536	9.	1,806	1,014
10.	Canada	10,307			
	Indonesia		7.	1,904	2,517
	Switzerland		10.	1,457	1,136
	India		6.	2,619	3,714

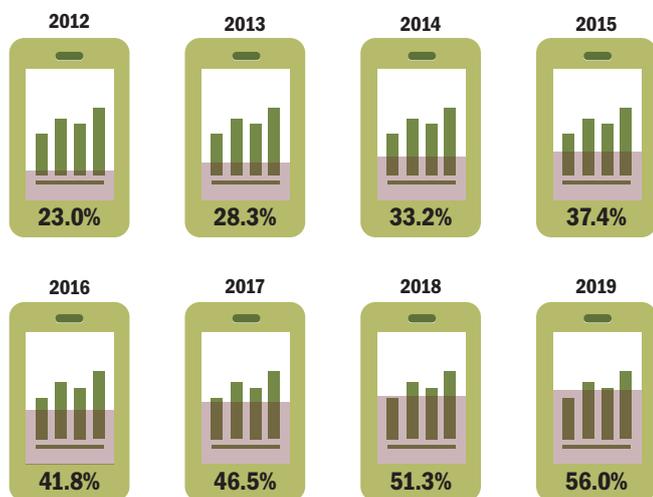
Source: ZenithOptimedia, June 2015

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“Mobile monetisation is the next critical challenge,” the report states. “While markets such as Turkey and Indonesia that comprise the global industry’s bedrock remain comprehensively led by print for now, mobile take-up threatens the same digital disruptions faced in markets like the UK. Year-on-year growth in Brazil’s total newspaper revenue, for example, was 3.4 percent in 2014, but this growth will have fallen to 1.8 percent in 2019.”

Growing smartphone penetration compels publishers to secure a post-print future off the desktop

Worldwide smartphone penetration (%) 2012-2019



Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

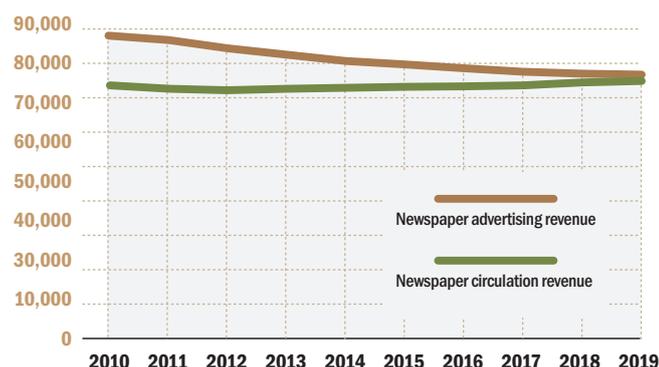
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Traditionally, advertising has been the No. 1 revenue-maker for newspapers in most places in the world. As newspaper advertising revenue continues its descent around the world, circulation revenue is on the ascent and is projected to be on level with advertising revenue by 2019, according to PwC. Total newspaper advertising revenue accounted for 54.4 percent of all revenue in 2010; 52.6 percent in 2014; and will account for 50.7 percent by 2019, according to PwC.

However, there are exceptions to the rule of newspapers in decline. Two of the world's fastest growing newspaper markets, China and India, will account for 57.3 percent of the global average daily unit circulation in print in 2019, up from 49.7

Advertiser and consumer revenue are on a path to convergence

US\$ millions, global total newspaper circulation revenue and newspaper advertising revenue, 2010-2019

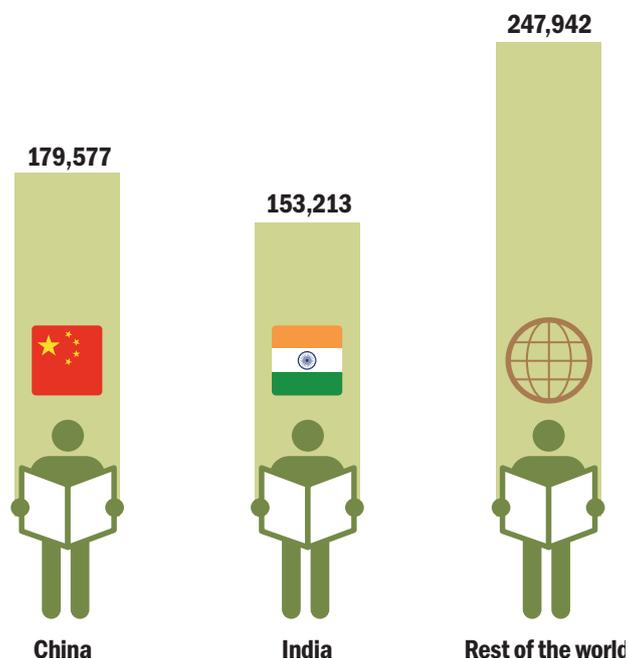


Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

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China and India will dominate global newspaper circulation

Average daily print circulation in millions in China, India, rest of the world, 2019



Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

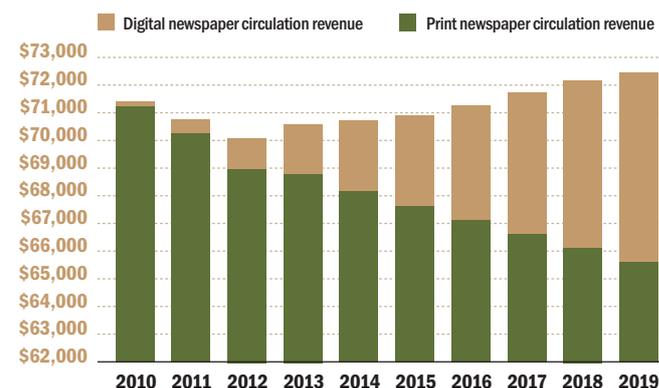
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percent in 2014, according to PwC.

While print advertising and circulation revenue are on the decline, digital advertising and circulation revenue are growing – although not keeping up with the losses in print. PwC predicts total newspaper circulation revenue will grow, despite shrinking print circulation revenue, as digital revenue worldwide is surging.

Total circulation revenue will grow despite diminishing print circulation revenue

Global newspaper circulation revenue (US\$ millions) by format, 2010-2019



Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

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Digital circulation revenues are on the rise because of the success of paywalls across the digital newspaper industry, earning US\$2.4 billion in 2014, according to PwC.

When broken down by region and by country, differences in proportions of print and digital adspend and print and digital circulation revenue become more clear, and underscore the vast differences in revenue earnings across the world.

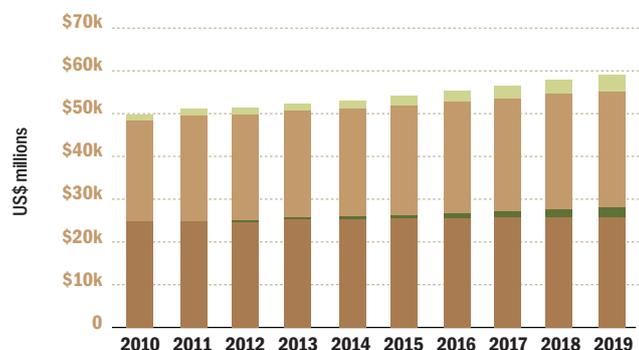
For example, newspaper print and digital advertising are growing slightly in the Asia Pacific region, and make up the lion's share of all revenue compared to their digital counterparts. By contrast, overall revenues earned by newspaper

Newspaper revenue, 2010 to 2019

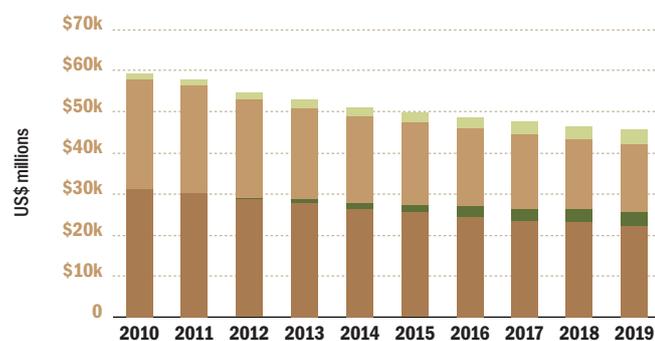
In US\$ millions for circulation and advertising in print and digital



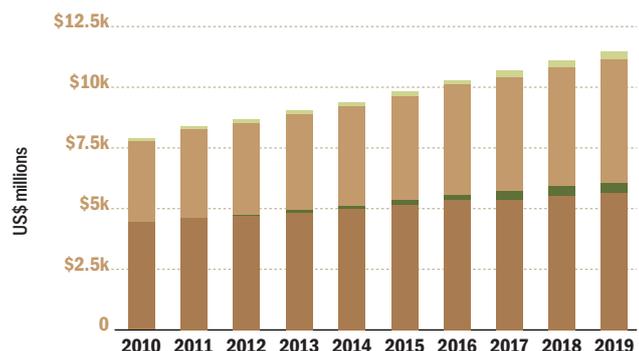
Asia Pacific



Europe, Middle East & Africa



Latin America



Source: PwC Global Entertainment and Media Outlook 2015-2019, www.pwc.com/outlook

companies in Europe, the Middle East and Africa have been in a freefall from 2010, and that drop is projected to continue to 2019, with a small bump caused by digital revenue.

Latin America overall is experiencing a growth in newspaper revenue, albeit a small fraction of the revenues earned in surging Asia Pacific. Digital circulation and advertising revenue represent a tiny proportion of this growth from 2010 to 2019, according to PwC.

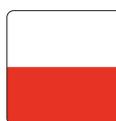
North America



The largest newspaper market in the world, the United States, is experiencing a steep decline of print advertising revenue during the period 2010 to 2019, expected to be surpassed by print circulation revenue by 2019. Meanwhile, digital advertising and circulation represent a growing percentage of revenue share, about half that of advertising and circulation from now and for the foreseeable future, according to PwC.



South Africa's newspaper economy is robust, growing from about US\$800 million in 2010 to more than \$1.25 billion in 2019. Newspaper print circulation represents about one-fifth of all revenue, and digital advertising represents a scant but growing amount.



Poland's newspaper economy is in freefall, declining from overall US\$700 million in 2010 to a projected \$450 million in 2019, according to PwC. Circulation revenue continues to represent the lion's share of revenues in Poland, despite an overall slide in revenue.



Norway's newspaper industry is in decline, but continues to diversify its revenue sources. While print advertising and print circulation revenue continue to be top money-makers in Norway, digital advertising continues to grow as an important sources of revenue as time goes on.



The newspaper industry in the United Kingdom has slid from more than US\$8 billion in 2010 to a projected \$6.1 billion in 2019, according to PwC. While significant strides have been made to grow digital circulation revenue, and to a lesser degree, digital advertising revenue, overall revenue continues to drop as print and circulation revenue suffer deep losses.



The second largest newspaper market in the world, Germany, continues to remain stable with its print circulation revenue from 2010 and projected to 2019. However, declines in print advertising have driven a downward trend from about US\$11 billion in 2010 to a projected more than \$9 billion in 2019, according to PwC. Digital advertising continues to grow, albeit on a comparatively small scale.



Like other Latin American countries, Mexico is seeing growth its print advertising and to a greater extent, its print circulation businesses. Newspaper digital circulation and digital advertising businesses remain small for the foreseeable future, according to PwC.



The largest newspaper market in Latin America, Brazil, is booming. It is growing its advertising and particularly its print circulation revenues for now until the foreseeable future. Digital advertising and circulation revenue are a tiny fraction of Brazil's newspaper business, according to PwC.

The Guardian: 'Global, Open, Digital'

The following article is made up of excerpts from "Innovators in Digital News," by Lucy Küng, reprinted with the permission of publisher I.B.Tauris

The Guardian is a pioneer in legacy reinvention. It has successfully transformed itself from liberal British broadsheet into a leading global provider of digital news in the English language.

Free – 'a single bet on the future'

To save the Guardian, then editor-in-chief Alan Rusbridger has pushed to transform it into a global newspaper, aimed at engaged, anti-establishment readers and available entirely for free.

The Guardian has followed a consistent trajectory right from the start: free access to the core online product and go for growth (although it does carry advertising – print and online). This "single bet on the future" is the defining, central pillar of the Guardian's strategy, the point from which other elements radiate. It is also the source of most external criticism, which questions the commercial logic of long-term losses combined with free access. "Free" is however an almost inevitable choice for the Guardian, and the inevitable corollary of two things: first, ownership by the Scott Trust and its public-service-leaning news values, and second, the presence in its home markets of a full-blown public service news organisation with a huge national news audience.

Be at the heart of our communities

Increased participation and engagement is an important goal of "open." The Guardian wants to position itself at the heart of its core constituencies, to encourage conversations between community members, offering ways for them to share, discover, and disseminate opinions, stories, and data.

In addition to inviting comment from users, it is active on Twitter, Facebook, and YouTube and developing what it calls "professional hubs" of users (with external partners) with similar professional interests. This aspect of its strategy unites commercial and editorial goals. The online environment is transparent, two-way, and increasingly conversational. "Open" deepens the relationship with its audiences, and builds trust, loyalty, and engagement.

Expand over more platforms to feed traffic

If the Guardian is to remain free online, then it needs scale. Building international audiences is one element of this strategy. A second is to expand progressively across new media platforms as they emerge. Accordingly it has launched a series of new products and services which, unlike the core website, are generally not free. They include:

- iPad edition available via a paid-for app. This is a reformatted edition of the Guardian's (paid-for) Monday to Saturday newspaper and the Observer on Sunday's newspaper, as well as some content from the online site. In 2013, the Guardian had 23,000 paying iPad readers.
- Mobile phone apps. Both free and premium apps are available for Android, iPhone, and Blackberry operating systems. In 2013 it had 57,000 paid-for iPhone app users.
- Kindle edition. This offers content from the day's newspaper, including all the editorial sections and supplements.
- Guardian Eyewitness app (free and premium versions).
- Social – Twitter, Facebook, YouTube pages.
- Multiple platforms for content means the Guardian has more peak times (noon for the website and apps, mid-afternoon for Facebook, and late evening for iPad and the website). It tailors content to these new peaks, increasing demand for advertising, and thus increasing revenues.

Native advertising and Guardian Labs

Native advertising is a newish priority. As with The New York Times, the initiative has been greeted with skepticism, and there is a degree of cognitive dissonance between the concept and the commitment to investigative journalism. In 2013 Guardian Labs was created, a branded content agency "to work with companies to create marketing campaigns that go beyond buying advertising space online or in the newspaper." This was launched formally as a division in 2014, with 133 staff including designers, video producers, writers, and strategists. They work

with editorial, marketing and digital development teams to develop interactive and cross-media content and live events for clients. In 2014 a deal worth over £1 million was signed with Unilever to create a platform on sustainability that combined interactive, cross-media content and live events.

Guardian Space, Guardian Live, Guardian Membership

In an interesting move, at the close of 2014 the Guardian announced a new initiative that would effectively monetise the tremendous reader loyalty the publication enjoys:

Most readers said they would happily contribute money to the 'cause' of the Guardian – but an overwhelming majority also wanted the journalism to be free, so that it could reach the maximum possible audience. A fair number were happy to be subscribers, but the most hands shot up when asked if they would like to be 'members.'

In 2014, the Guardian launched Guardian Space, Guardian Live, and Guardian Membership. These aim to monetise its free-content audience.

Membership is a big piece of [revenue generation]. It's different to registration because we are asking you to consider yourself, in some cases we are asking you to pay money, and in other cases we are asking you to commit to being 'on our team'. (Interviewee)

Guardian Space is a convention centre/conference venue for live events that will launch in 2016, converted from a Grade II-listed Midland Railway goods shed in King's Cross acquired in 2014.

Guardian Live will involve hundreds of events, activities, and courses each week throughout Britain, held in partnership with various educational and cultural organisations. Currently employing around ten people, there are plans to increase the staff from 30 to 50 in the UK, and then expand into the US and Australia in 2015.

Guardian Membership is a new membership model that aims to deepen the relationship with readers, as well as generate revenues. The rationale is that the better it knows its readers, the greater the relevance of its content, and the greater the value of that content for those readers. There are three membership levels:

- friends, who get access to all the paper's online content and can buy tickets to Guardian Live events;
- partners, who pay £15 a month and get discounted tickets for events, can book in advance and watch livestreams of events;
- patrons will pay £60 a month and can get special access to private events and "unique experiences" not open to other members.

The screenshot shows the Guardian website interface. At the top, there are navigation links for 'sign in', 'subscribe', and 'search', along with 'jobs' and 'US edition'. The main header features the Guardian logo and a 'browse all sections' menu. Below the header is a navigation bar with categories like 'US', 'world', 'opinion', 'sports', 'soccer', 'tech', 'arts', 'lifestyle', 'fashion', 'business', 'travel', 'environment', and 'science'. The main content area is divided into several sections:

- headlines**: A weather widget for Chicago and a large red article titled 'Refugee crisis / Europe's biggest test since second world war' with a photo of a man holding a 'HELP US' sign.
- Video**: A small video player showing a Syrian boy.
- US economy**: An article titled 'US economy / 173,000 jobs added as unemployment rate drops to 5.1%'.
- Black Lives Matter**: An article titled 'Black Lives Matter / Conservatives step up attack campaign against movement'.
- Donald Trump**: An article titled 'Donald Trump / I will know the difference between Hamas and Hezbollah 'when appropriate''.
- Boston**: An article titled 'Boston / Pope Francis's abortion pardon 'a great gift' for Catholics'.
- Guatemala**: An article titled 'Guatemala / President spends night in jail over corruption allegations'.
- Kentucky**: An article titled 'Kentucky / County grants first same-sex couple marriage license after clerk jailed'.
- Planned Parenthood**: An article titled 'Planned Parenthood / Two alleged arsonists at clinics reported in wake of 'sting' videos'.
- Chicago**: An article titled 'Chicago / Protesters continue hunger strike as fate of high school divides city'.
- Rebekah Brooks**: An article titled 'Rebekah Brooks / ex-security boss vows to 'blow whistle''.

At the bottom left, there are links for 'Daily email - sign up' and 'The Guardian SecureDrop Server'.

Global adspend trends, 2007 to 2017

Every region and country of the world has different advertising spend patterns. Television is projected to continue its reign as the No. 1 adspend medium in all regions except Western Europe by 2017, according to ZenithOptimedia.

Each country's unique adspend trends are driven largely by the country's media usage pattern profile. For example, as mobile and Internet usage surges in North America, and some countries in Europe and Asia, Internet advertising spend is surging and in many cases, set to meet or surpass television adspend by 2017. Those countries include the United States, Canada, the United Kingdom, Sweden, Australia, the Netherlands, China, France and Germany, according to Zenith.

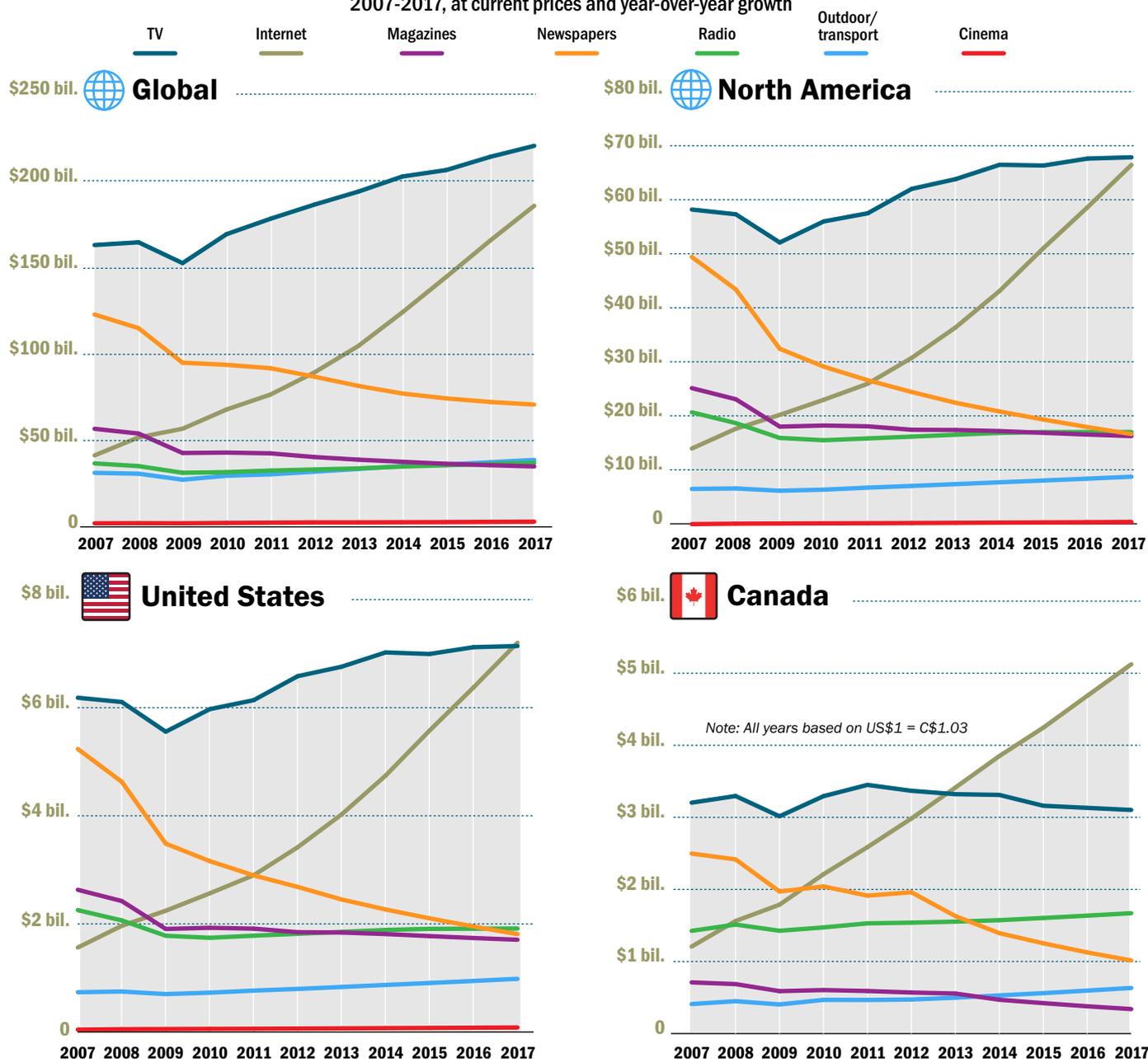
While newspaper adspend is in deep decline around the world, adspend is still projected to lead in the United Arab

Emirates, India, Malaysia and Singapore by 2017, according to Zenith. Germany, where newspapers have been the No. 1 recipient of adspend for decades, lost its status in 2014 and is projected to become the No. 3 adspend medium by 2017, after television and Internet. Newspapers are projected to be the No. 2 adspend medium by 2017 in Hong Kong, Indonesia, Chile, Brazil, Colombia and South Africa. In every country studied in this report, print magazine adspend is either in decline or is flat projected to 2017, according to Zenith.

Importantly, Zenith only include print adspend, and not digital adspend in magazine and newspaper adspend data. In many parts of the world, including the United States, Russia and the United Kingdom, digital adspend is beginning to prop up traditional media companies, by making up for some of the losses in print media adspend categories.

Advertising spend in North America and worldwide

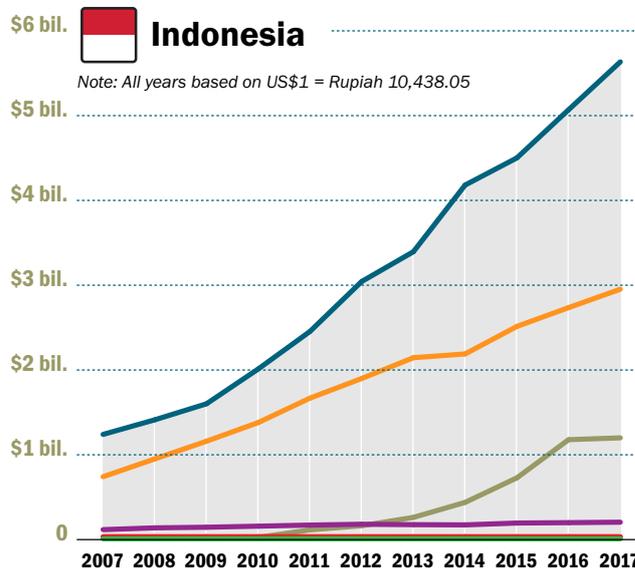
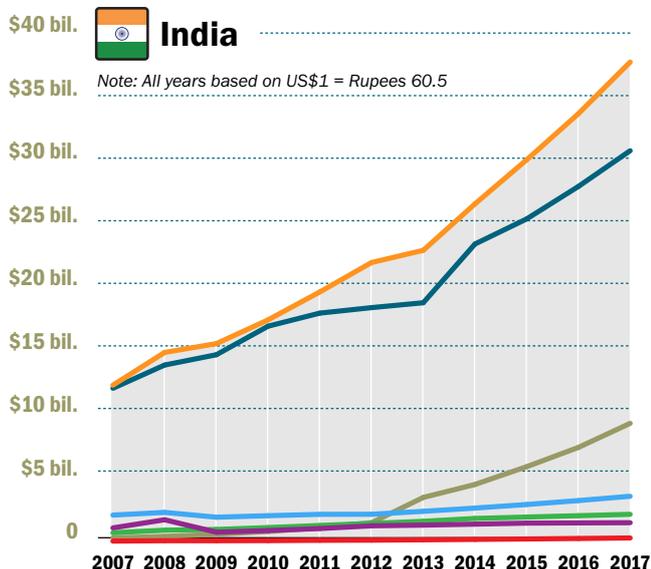
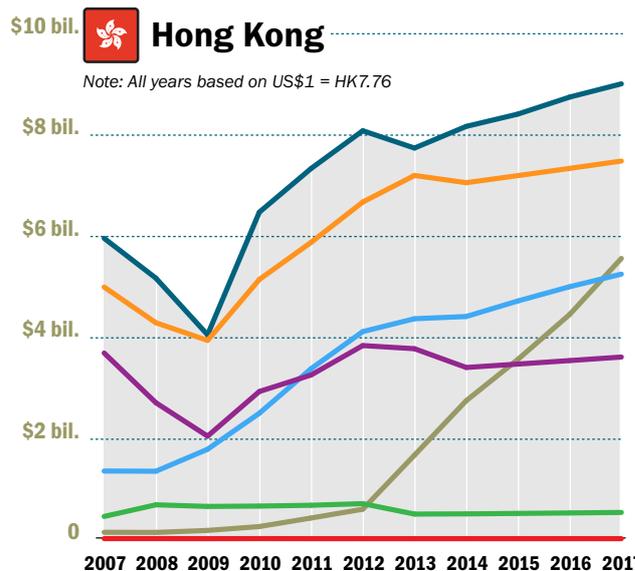
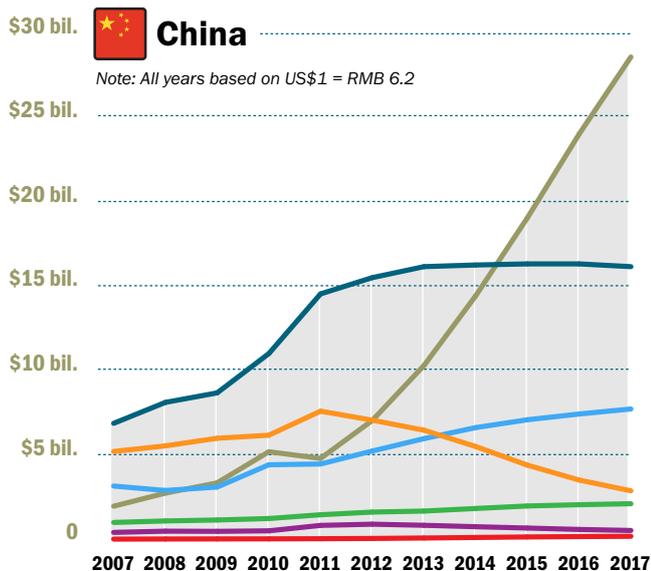
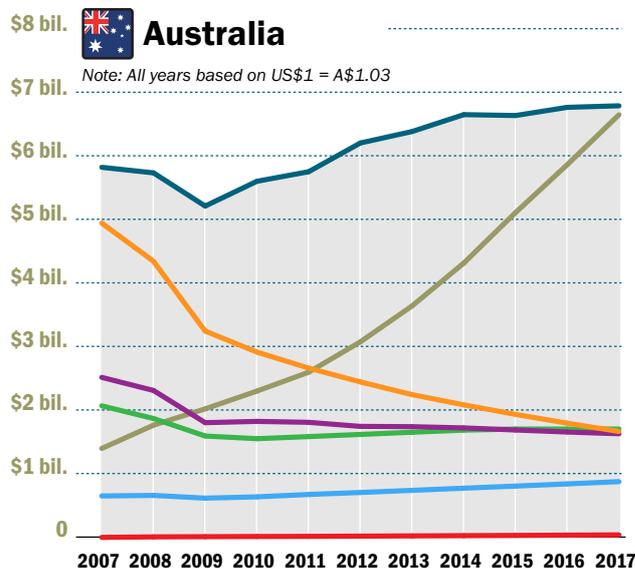
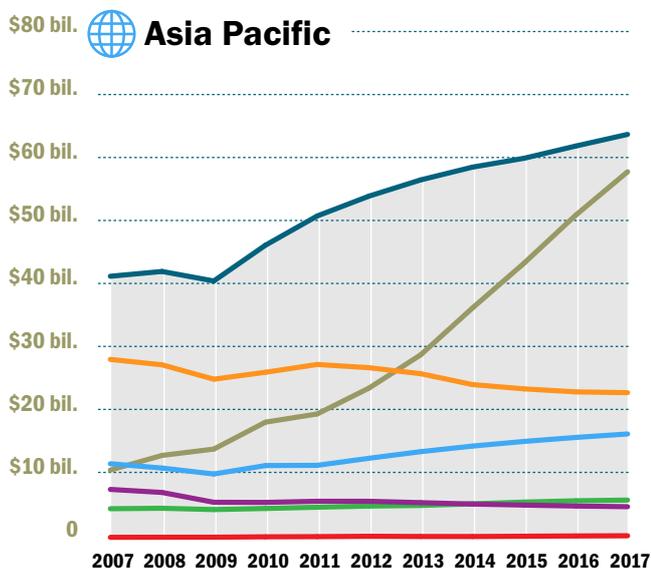
2007-2017, at current prices and year-over-year growth



Advertising spend in Asia Pacific

2007-2017, at current prices and year-over-year growth

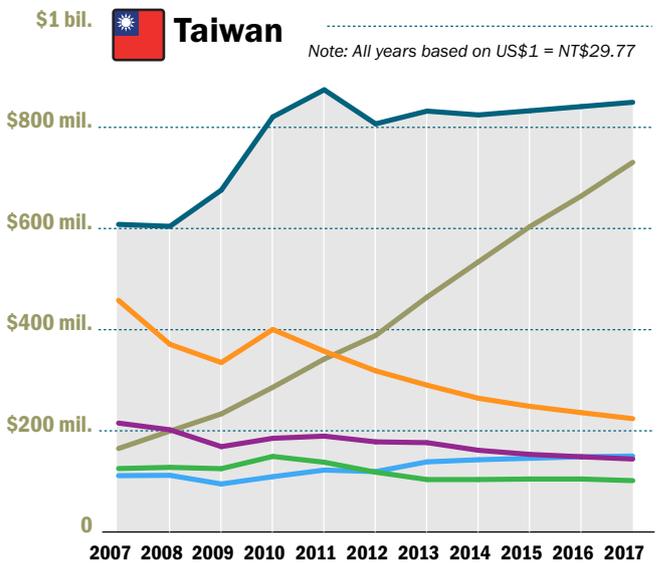
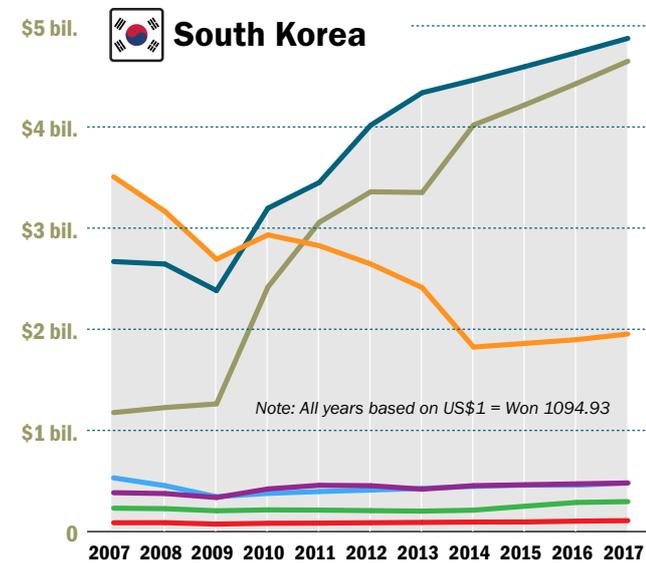
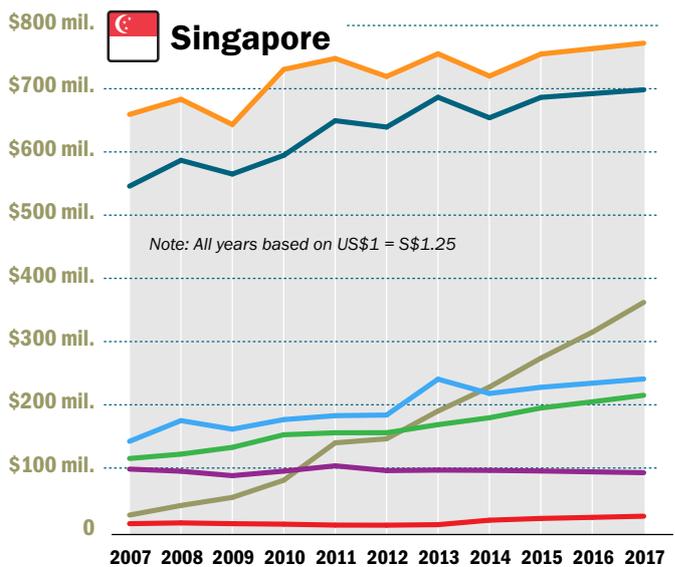
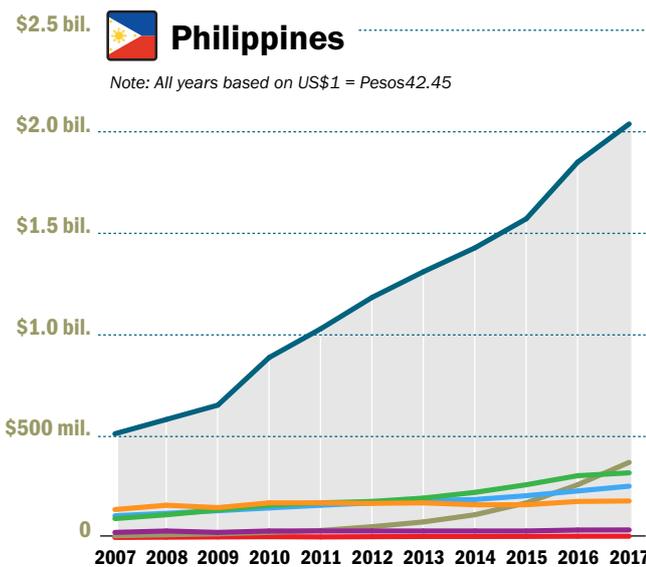
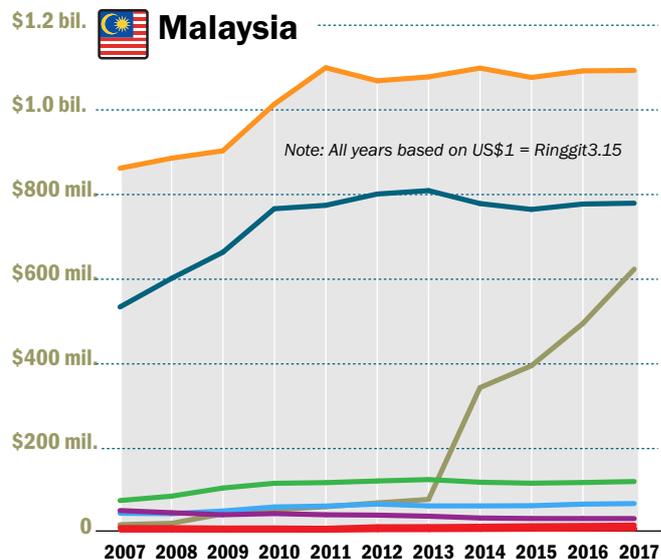
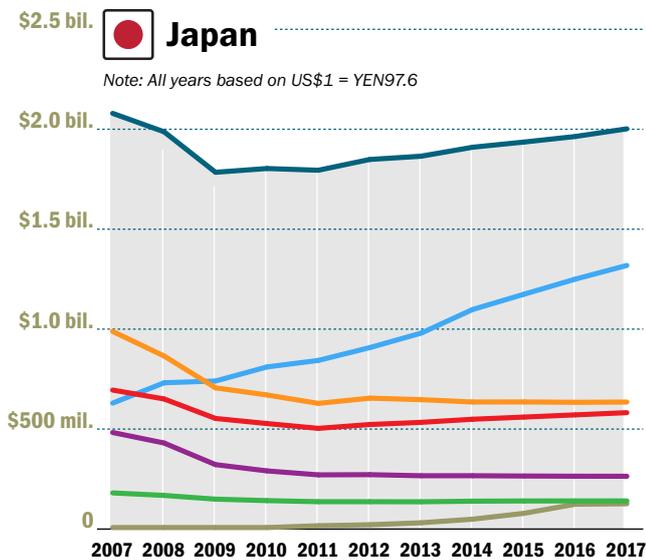
TV Internet Magazines Newspapers Radio Outdoor/transport Cinema



Advertising spend in Asia Pacific

2007-2017, at current prices and year-over-year growth

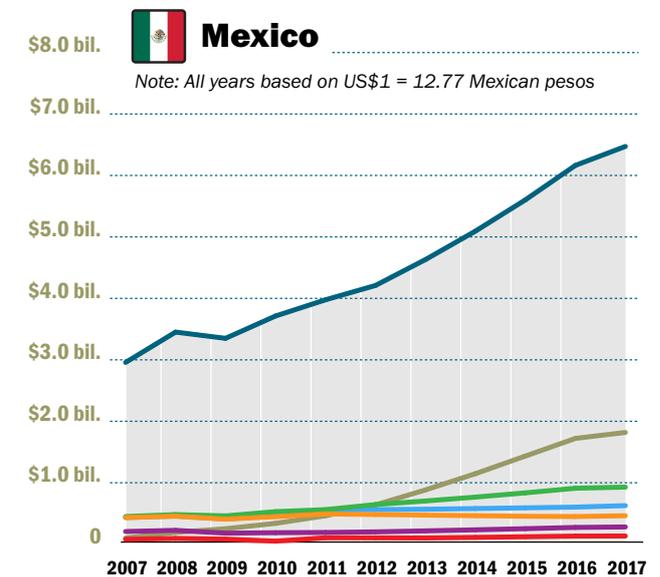
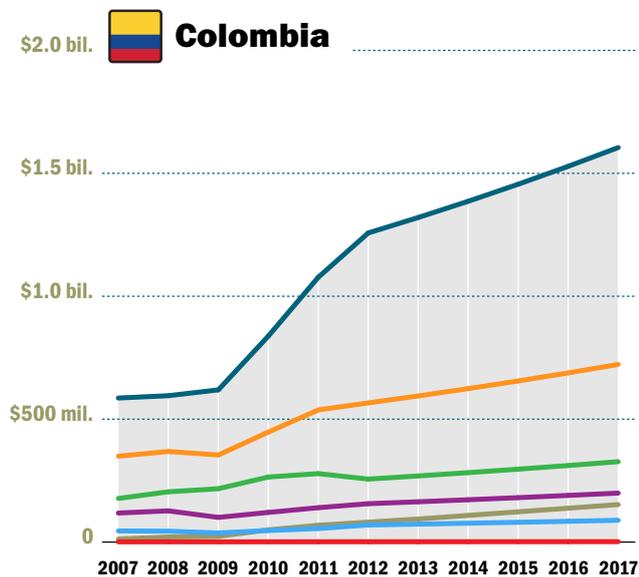
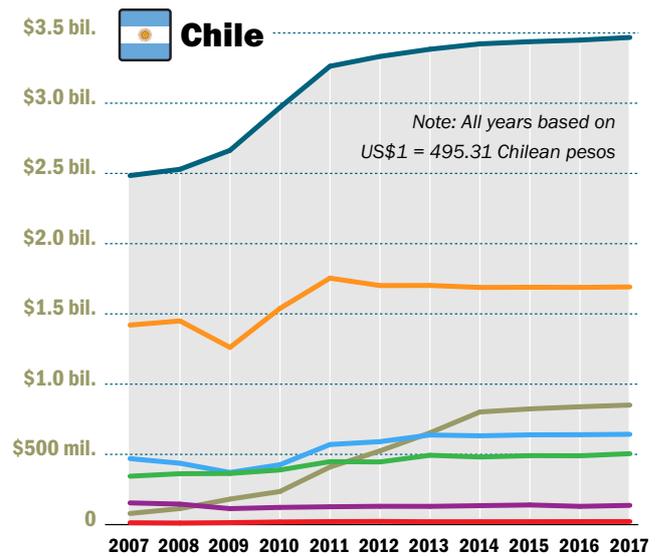
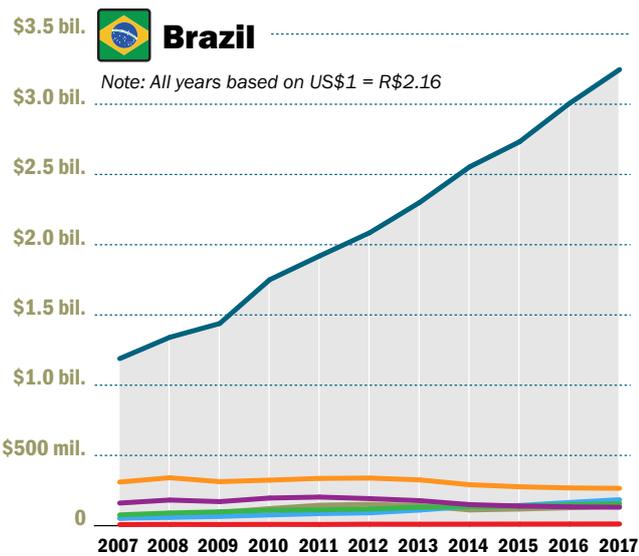
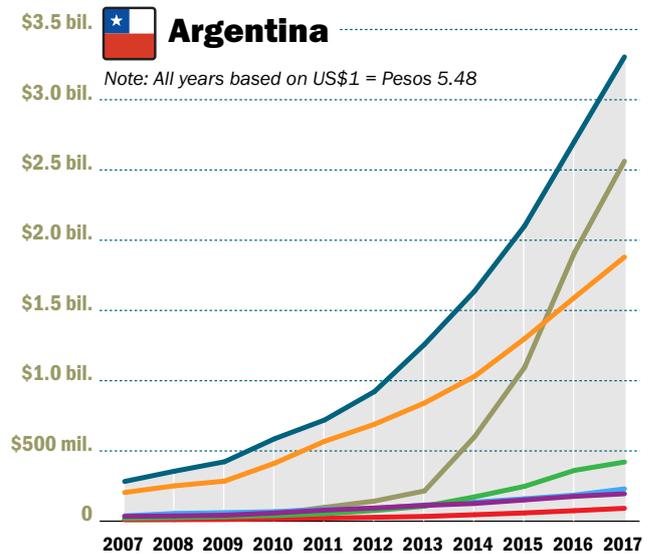
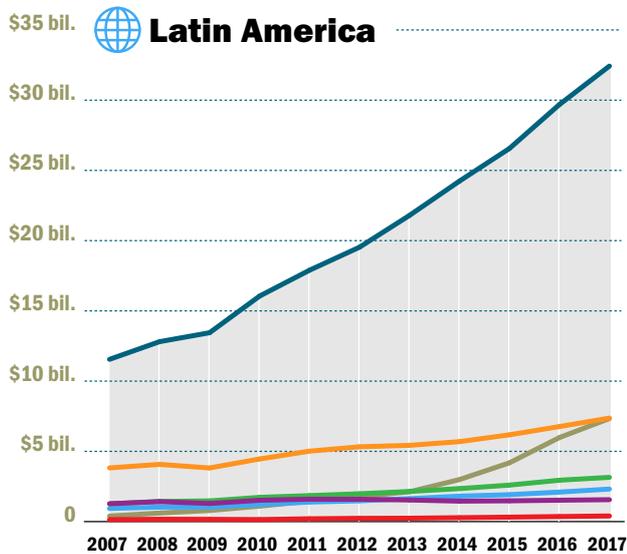
TV Internet Magazines Newspapers Radio Outdoor/transport Cinema



Advertising spend in Latin America

2007-2017, at current prices and year-over-year growth

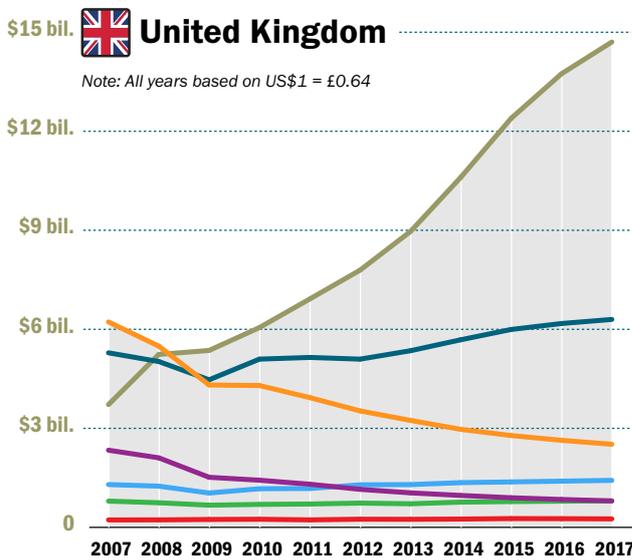
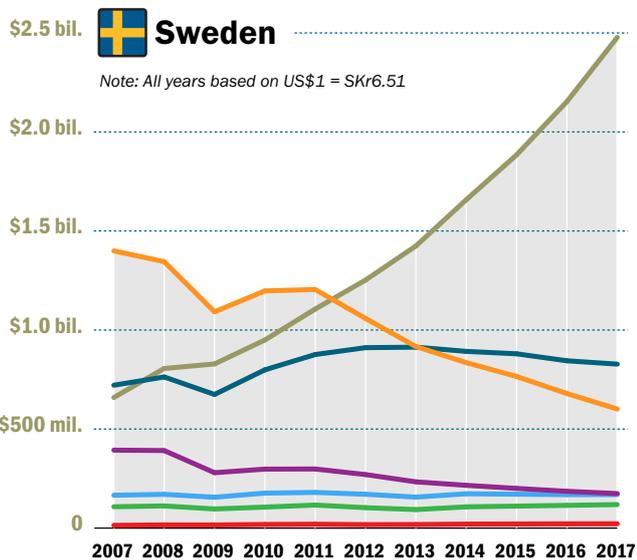
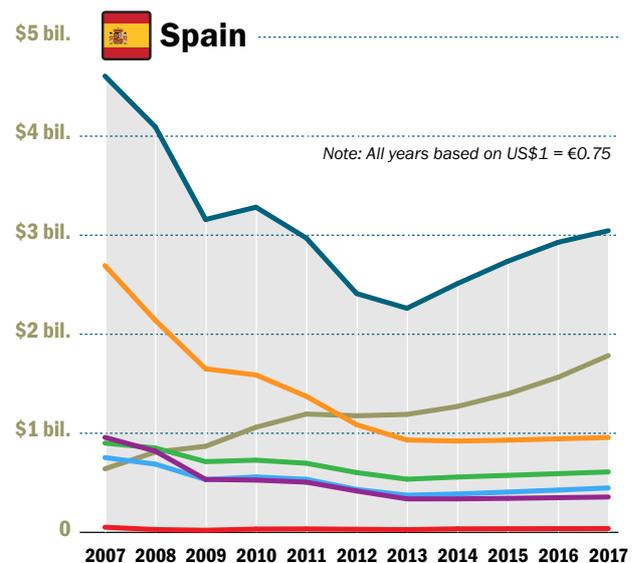
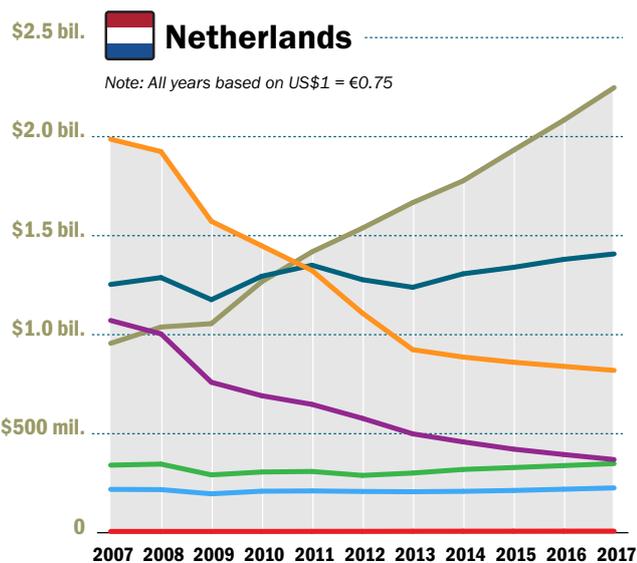
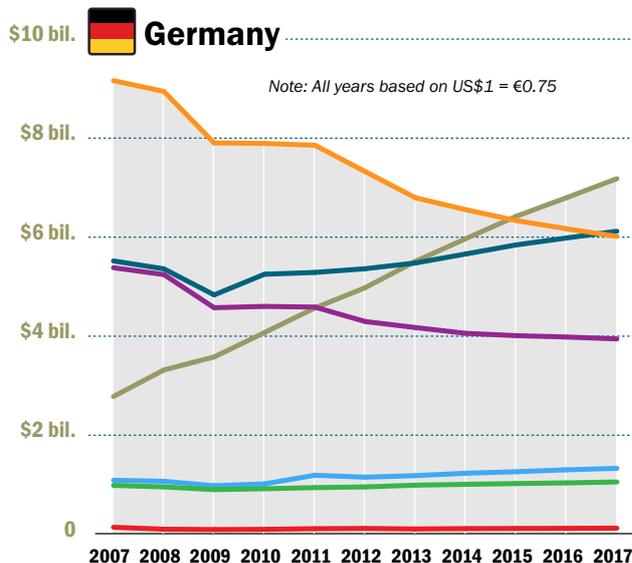
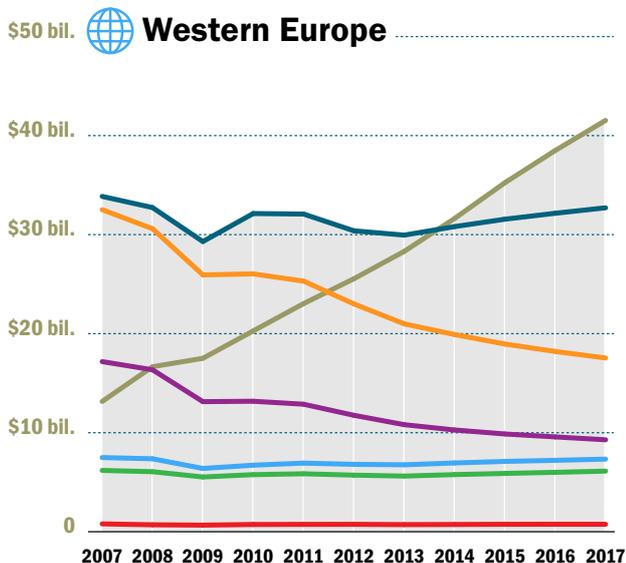
TV Internet Magazines Newspapers Radio Outdoor/transport Cinema



Advertising spend in Western Europe

2007-2017, at current prices and year-over-year growth

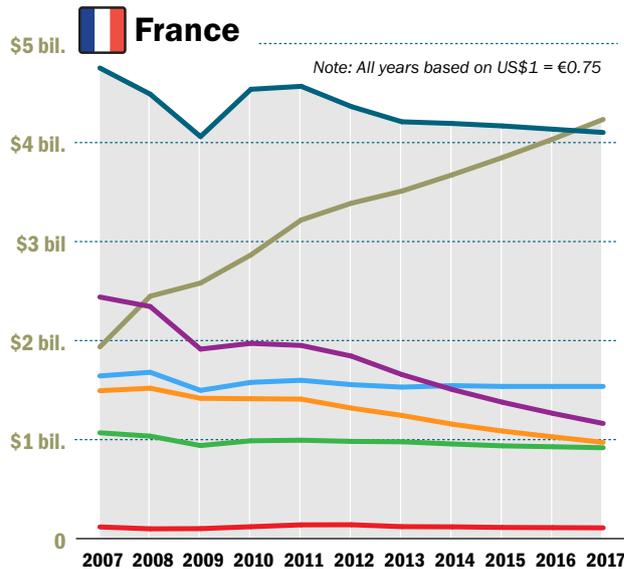
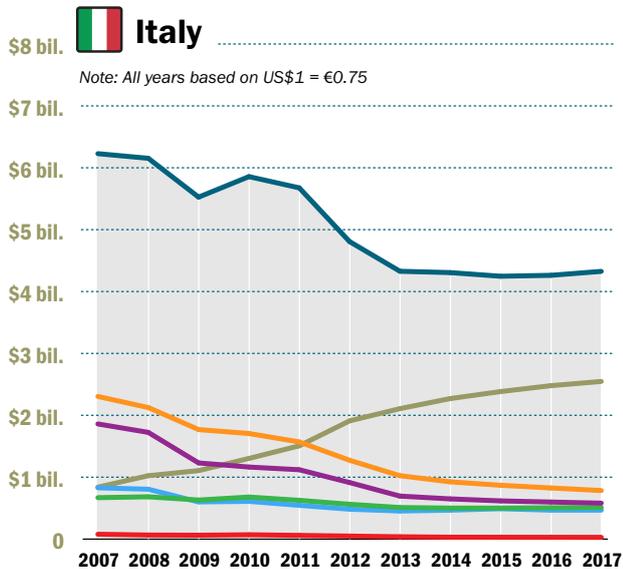
TV Internet Magazines Newspapers Radio Outdoor/transport Cinema



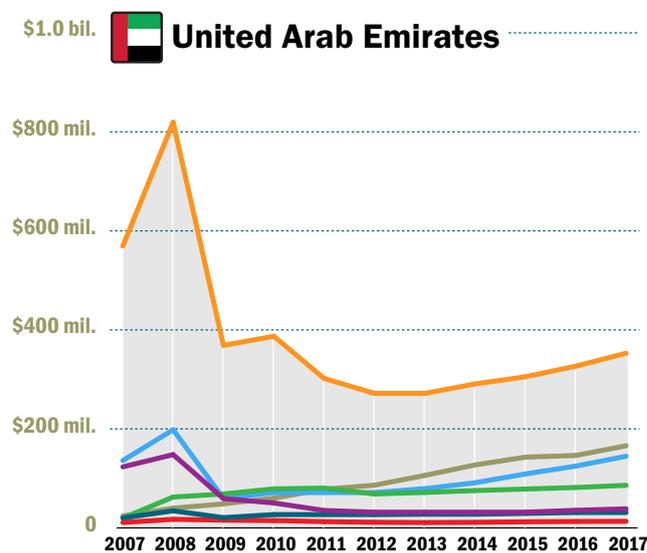
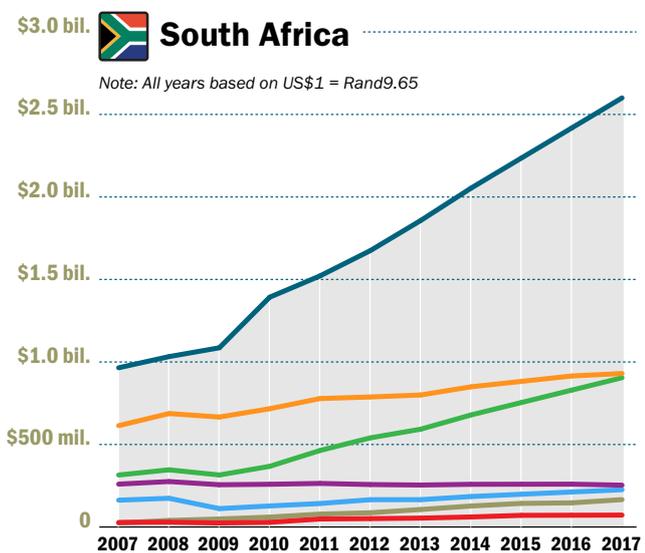
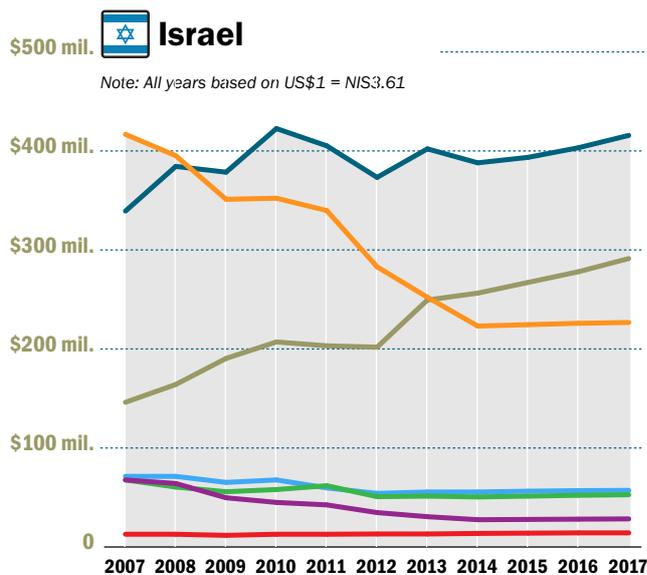
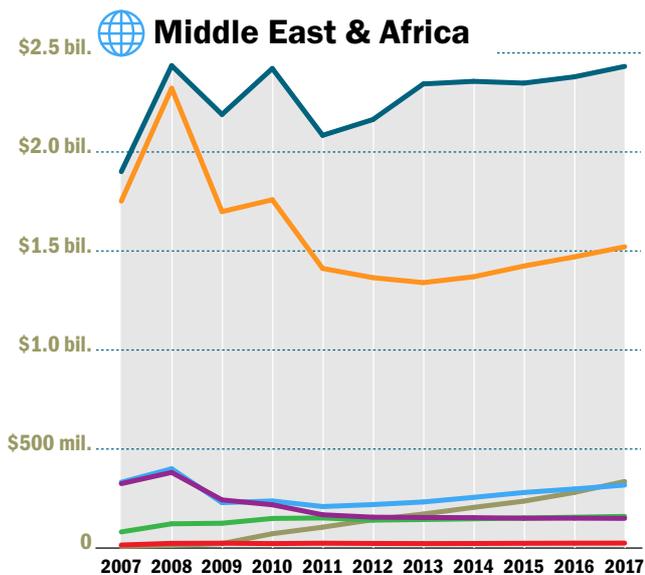
Advertising spend in Western Europe

2007-2017, at current prices and year-over-year growth

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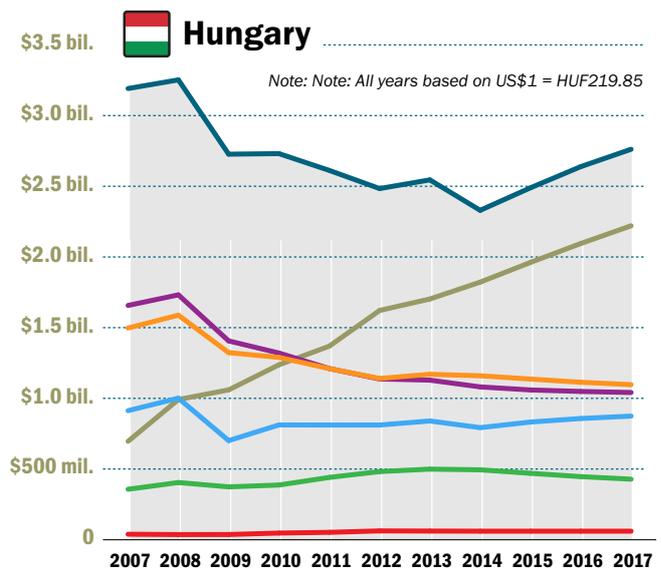
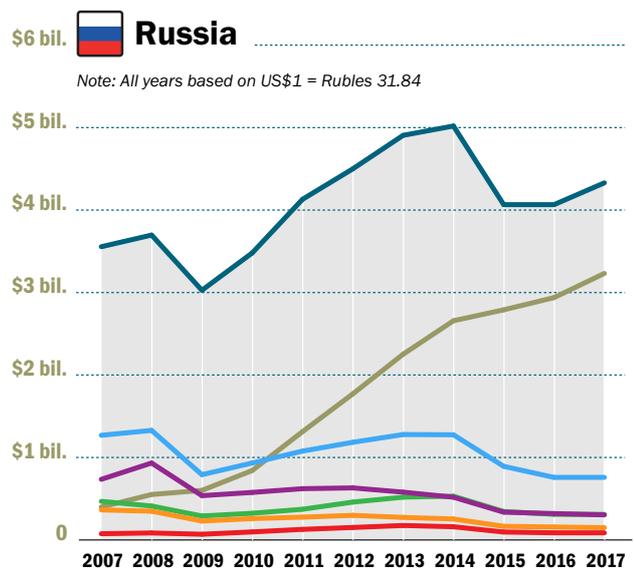
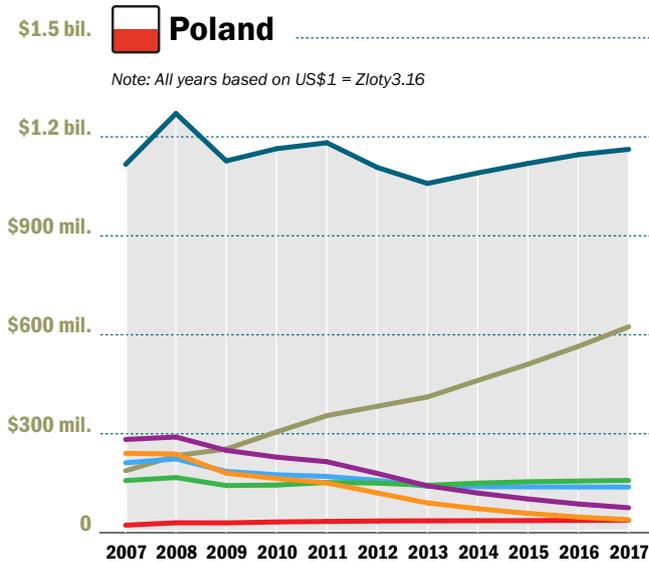
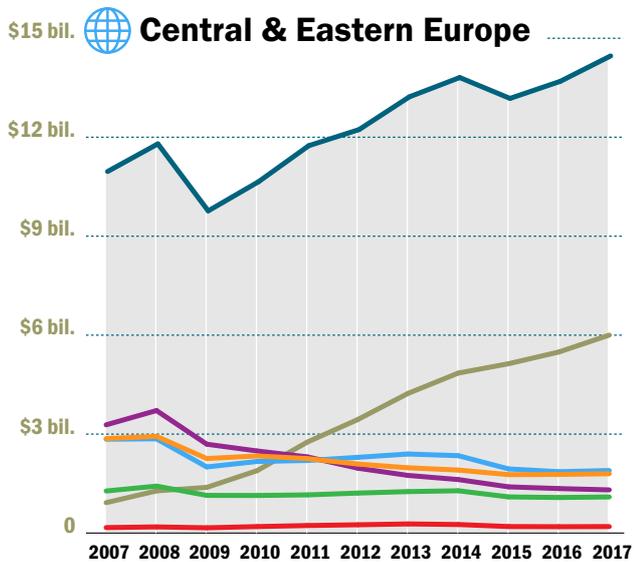


Advertising spend in the Middle East and Africa



Advertising spend in Western Europe

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Source: ZenithOptimedia, March 2015

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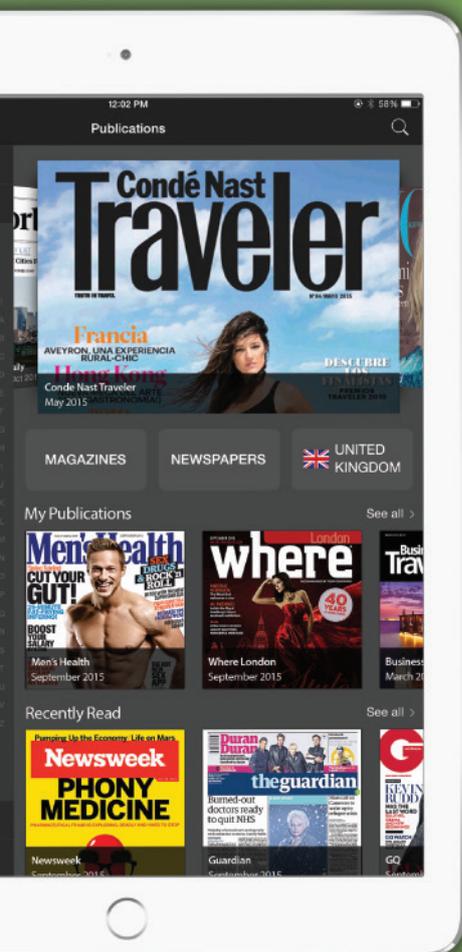
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