

2018 WORLDPRESSTRENDS

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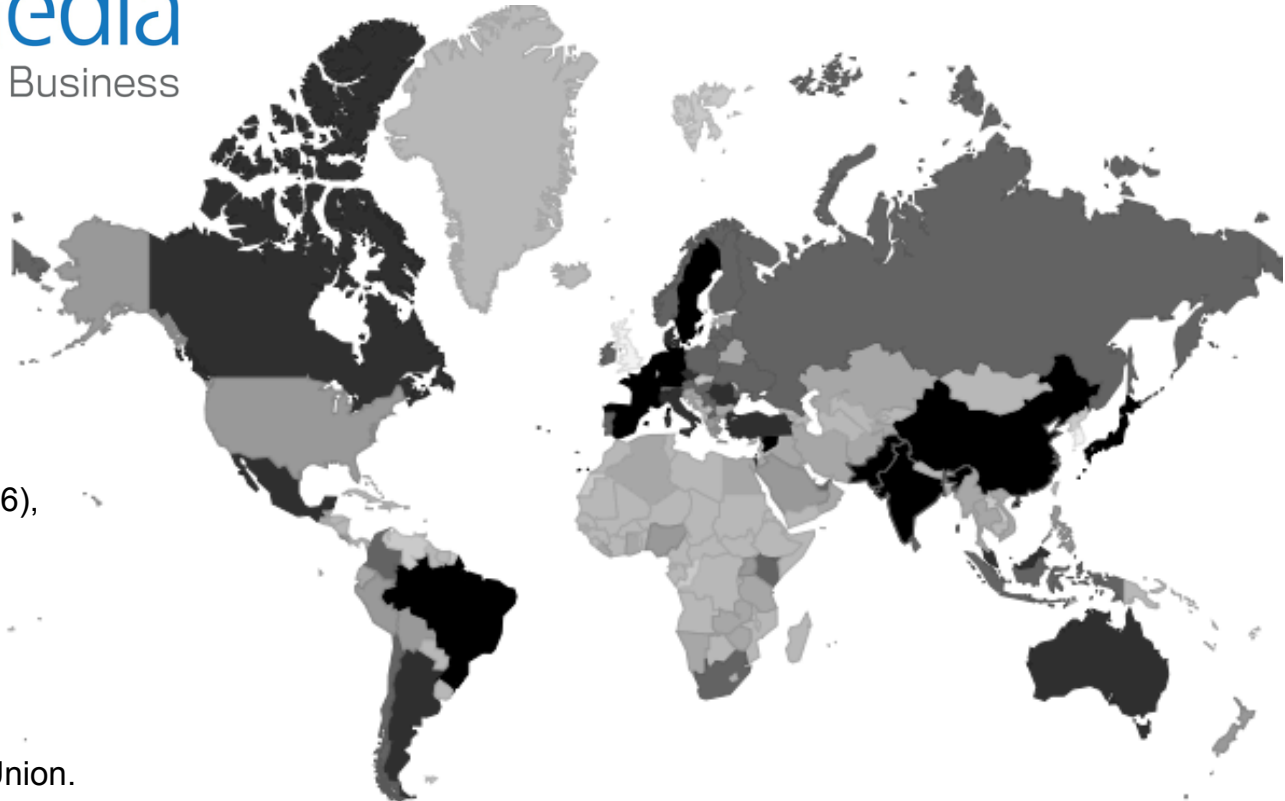
DATA PARTNERS

Data sources in WPT 2018:

World Bank (217 countries);
PwC (53); Chartbeat (242)
Zenith (81); Ipsos (63);
WAN-IFRA member associations (26),
WAN-IFRA Outlook (63).

Additional data from 2018:

Edelman Trust Barometer,
International Monetary Fund,
International Telecommunications Union.





What is the cost of

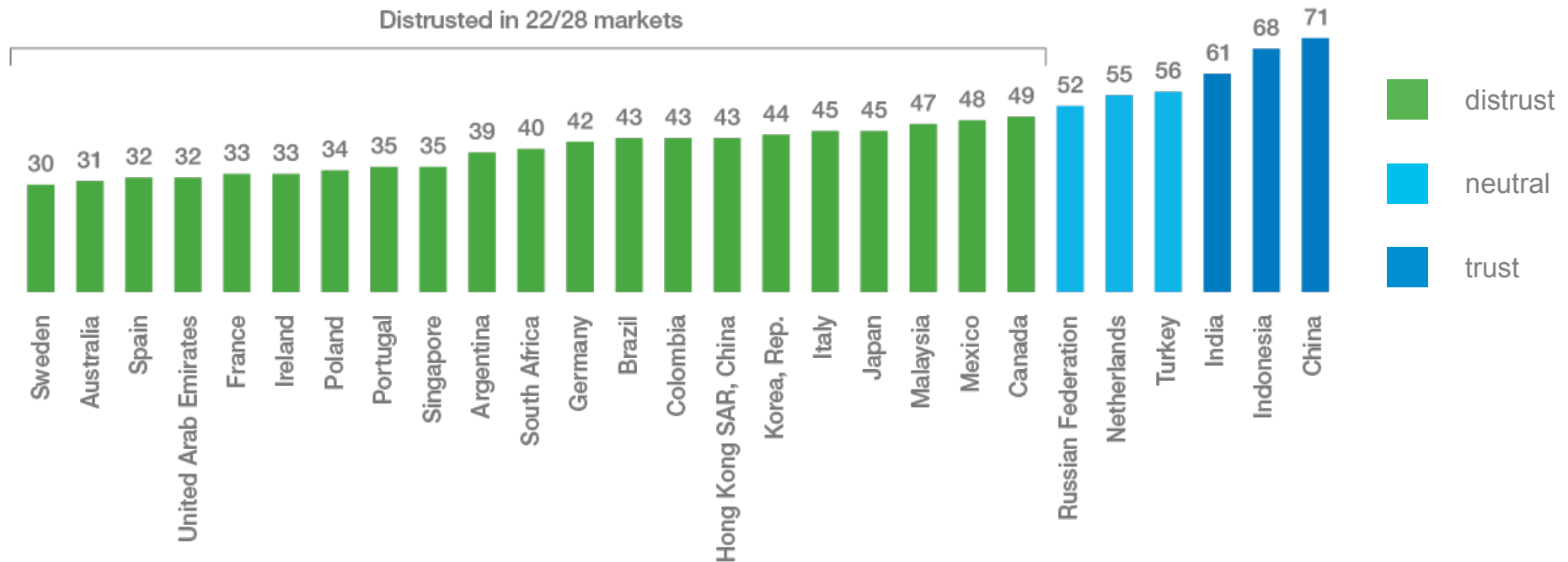
TRUST?

2018 WORLDPRESSTRENDS

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Q. Is there a relationship between levels of trust and the performance of news media firms?

Media Now Least Trusted Institution



WPT2018 a data tell us about?



A selection of relevant variables used in the statistical analysis of the data in WPT 2018

News Publishing

Print and digital circulations revenues
Print and digital advertising revenues
Investment priorities

Media Usage

Newspaper Circulation
Digital Circulation
Sources of digital traffic
Digital devices

National Economy

GDP
Population
Internet Penetration
Human Development Index
Rule of Law

Media System

Trust in media
Trust in platforms & journalists
Press Freedom Index

Our conversation today

Key trends in the news publishing industry

Our industry's digital transformation

The role of trust, leadership and press freedom in our performance & our profits



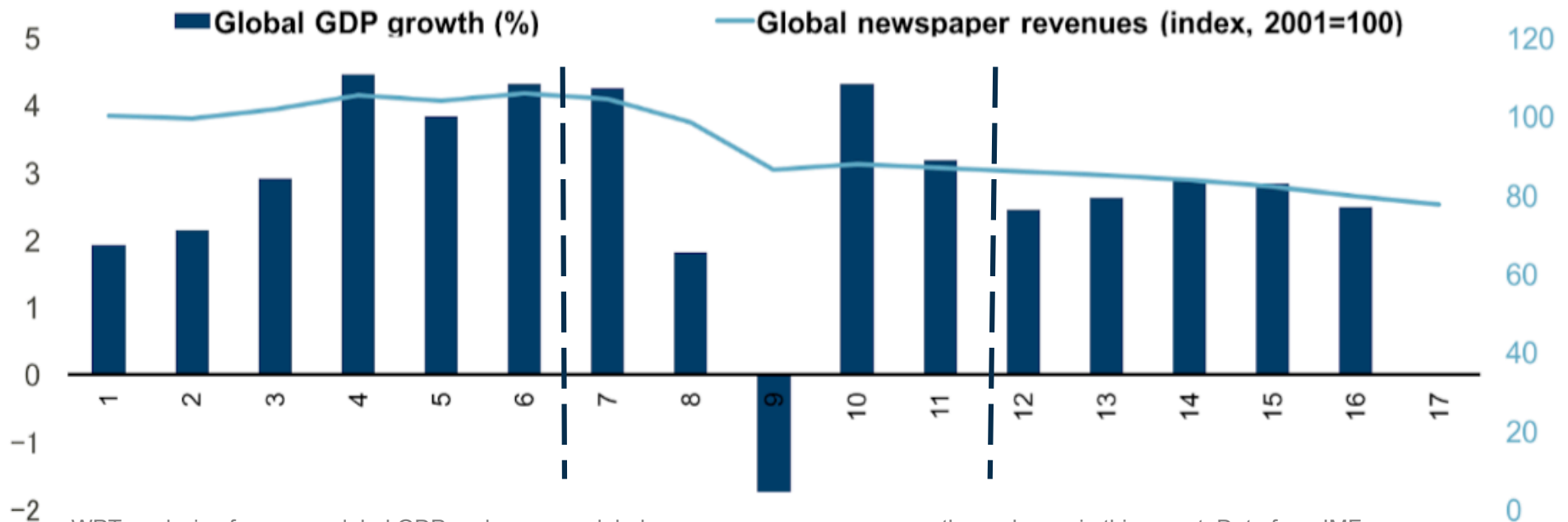
'It's on us now'

Global economy stabilises, time to accelerate

Overall, increasing economic growth. Early digitalisation with little substitution of print products

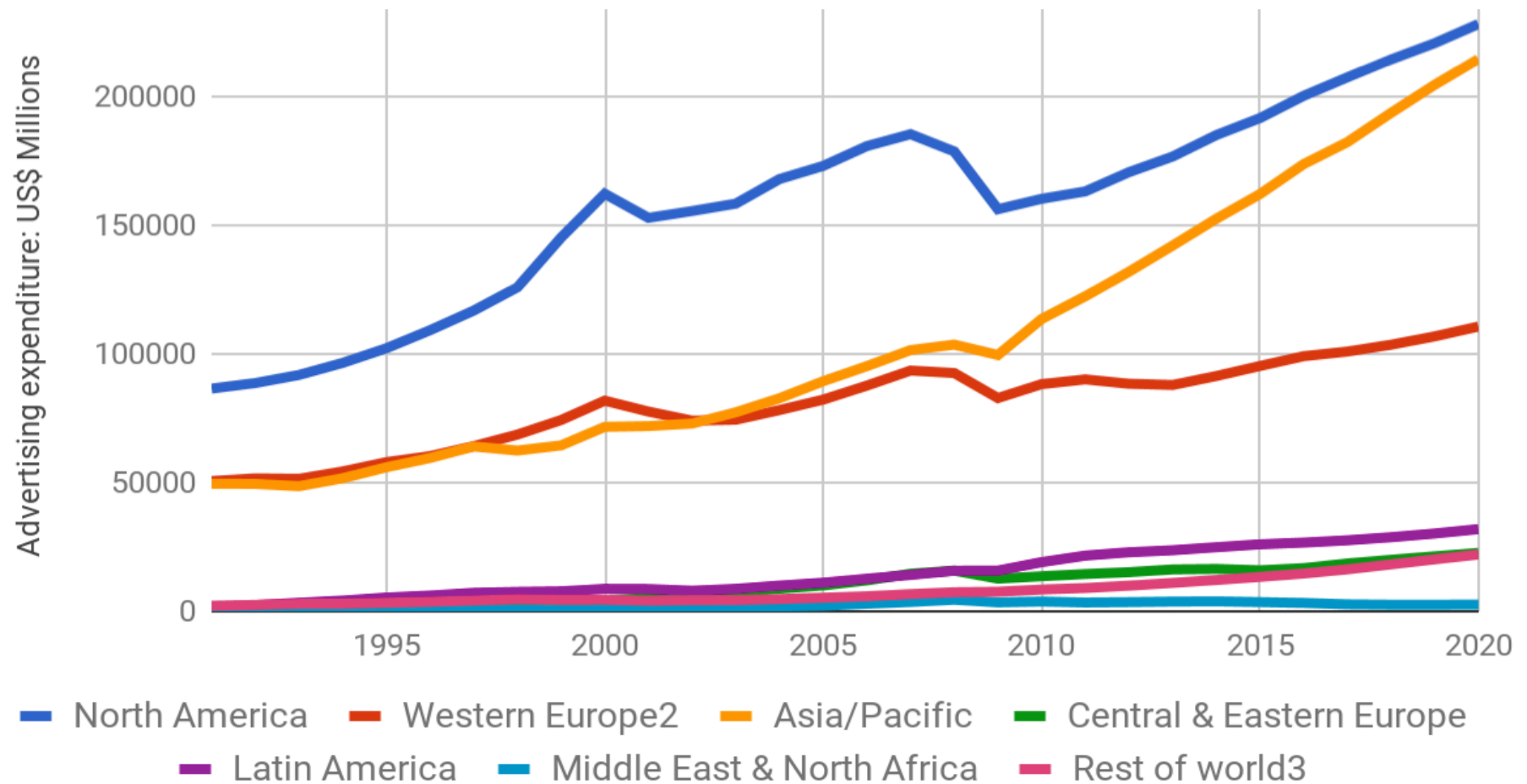
Global economic turbulence. Digital substitution becoming significant

Economic growth stabilises. Digital substitution accelerates, along with pressure to adapt business models



Source: WPT analysis of average global GDP and average global newspaper revenues across three phases in this report. Data from IMF (World Economic Outlook) and PwC (Global Entertainment & Media Outlook 2018-2022). Illustration adapted from analysis by Prof Castulus Kolo, 2018

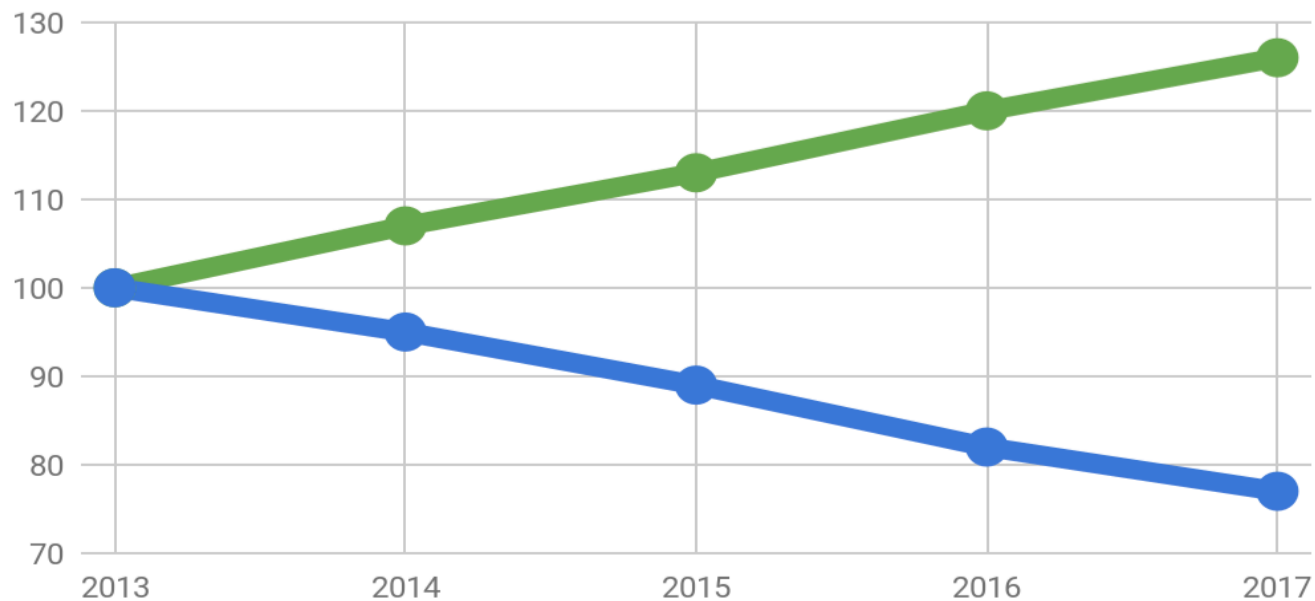
Global advertising expenditure is going up. But ...



Newspapers' share of the adspend is now under 10%



Growing digital advertising revenues overshadowed by declines in print ads



Advertising revenues in US\$ millions (indexed at 2013 = 100)

+5%
Mean increase
Digital

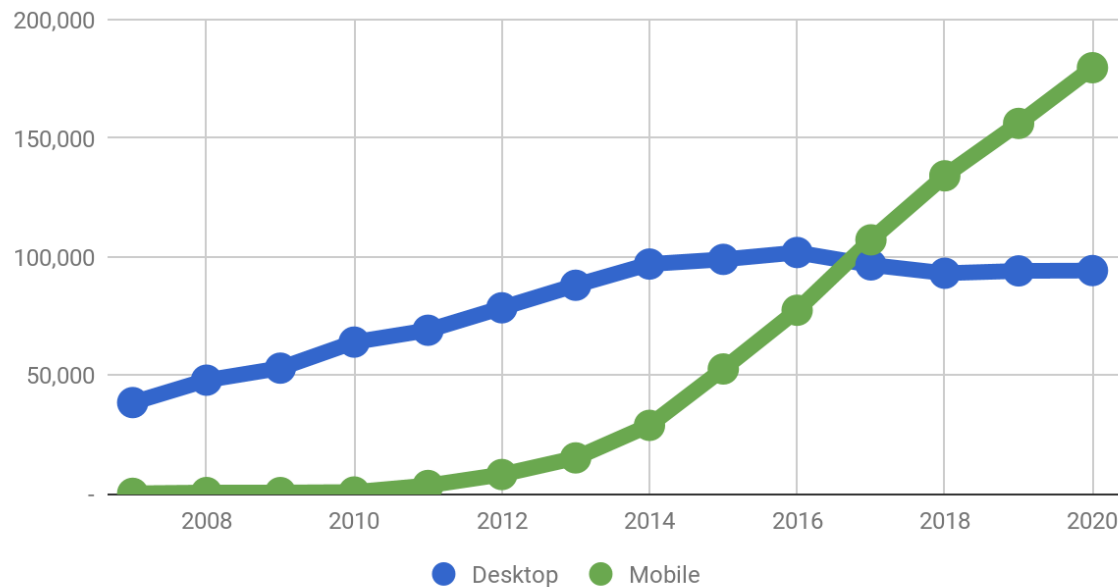
-5%
Mean decrease
Print

Source: Global print and digital circulation revenues: US dollar millions (indexed at 2013 = 100)
Analysis of revenue data provided by PwC (Global Entertainment & Media Outlook 2018-2022)



Just a reminder: not only are audiences moving to digital, they're heading to mobile - so are ad revenues

Desktop and Mobile



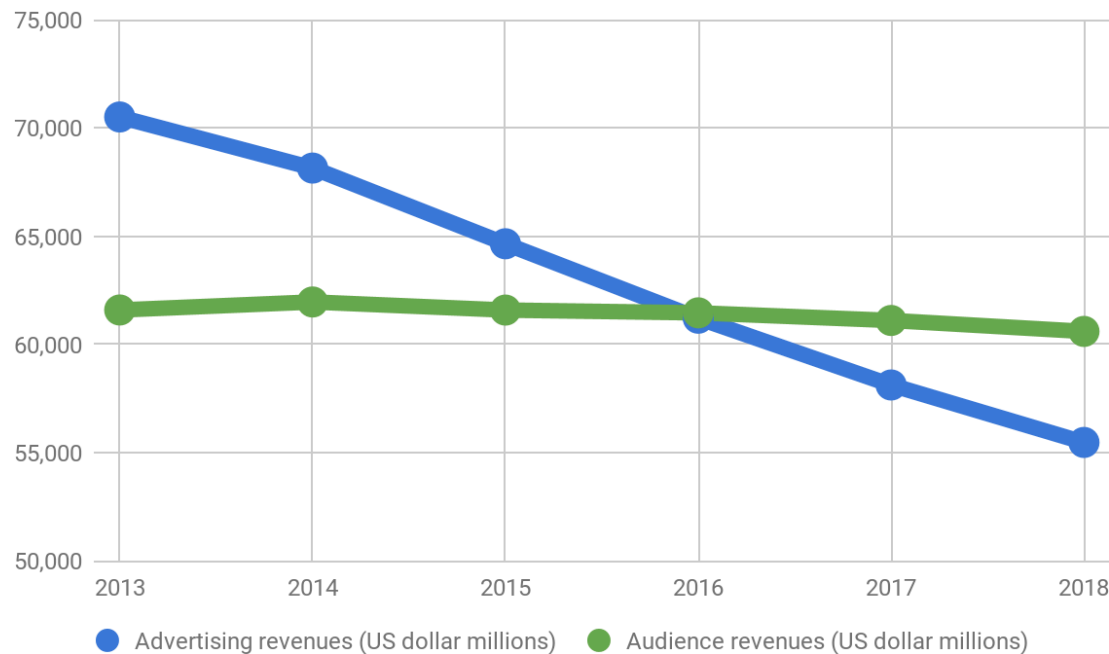
+38%

**Mobile adspend
in 2017**

-5%

**Desktop adspend
in 2017**

**So, advertising revenues continues to slide despite growth in digital.
But overall newspaper audience revenues stable.**

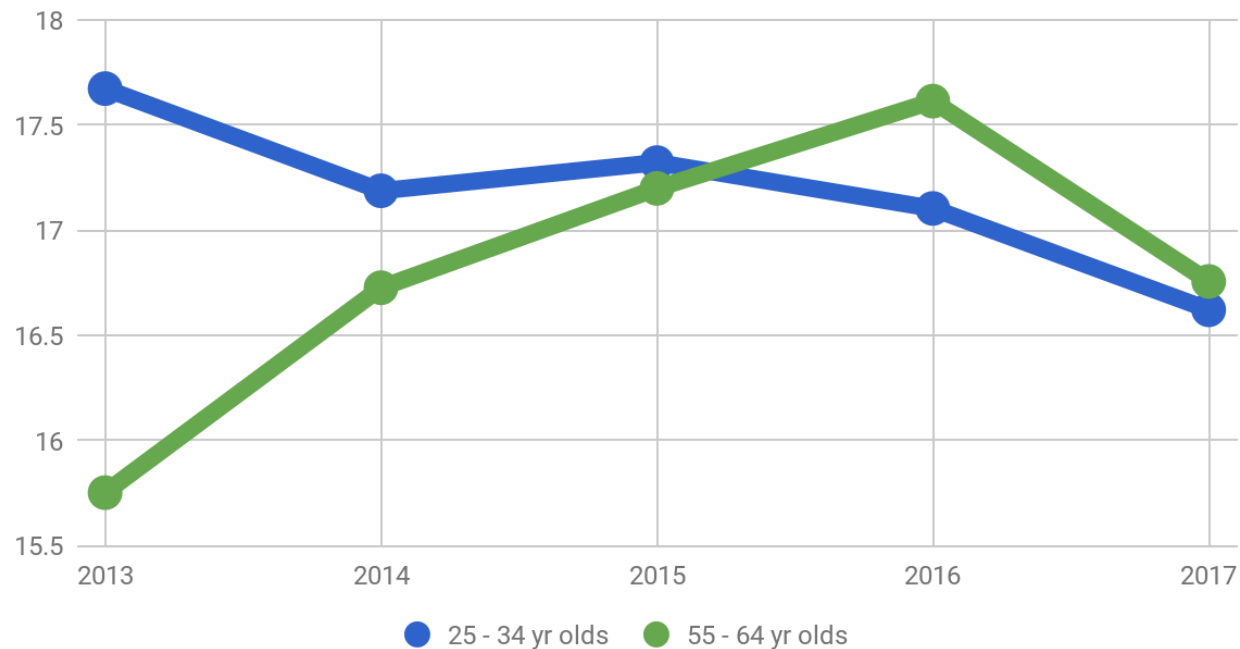


Audience Revenues
\$61 bn

\$55 bn
Advertising revenues

And just when we thought we could rely on our loyal, trusted older readers to stick with us in print...

Newspaper Readership (%)



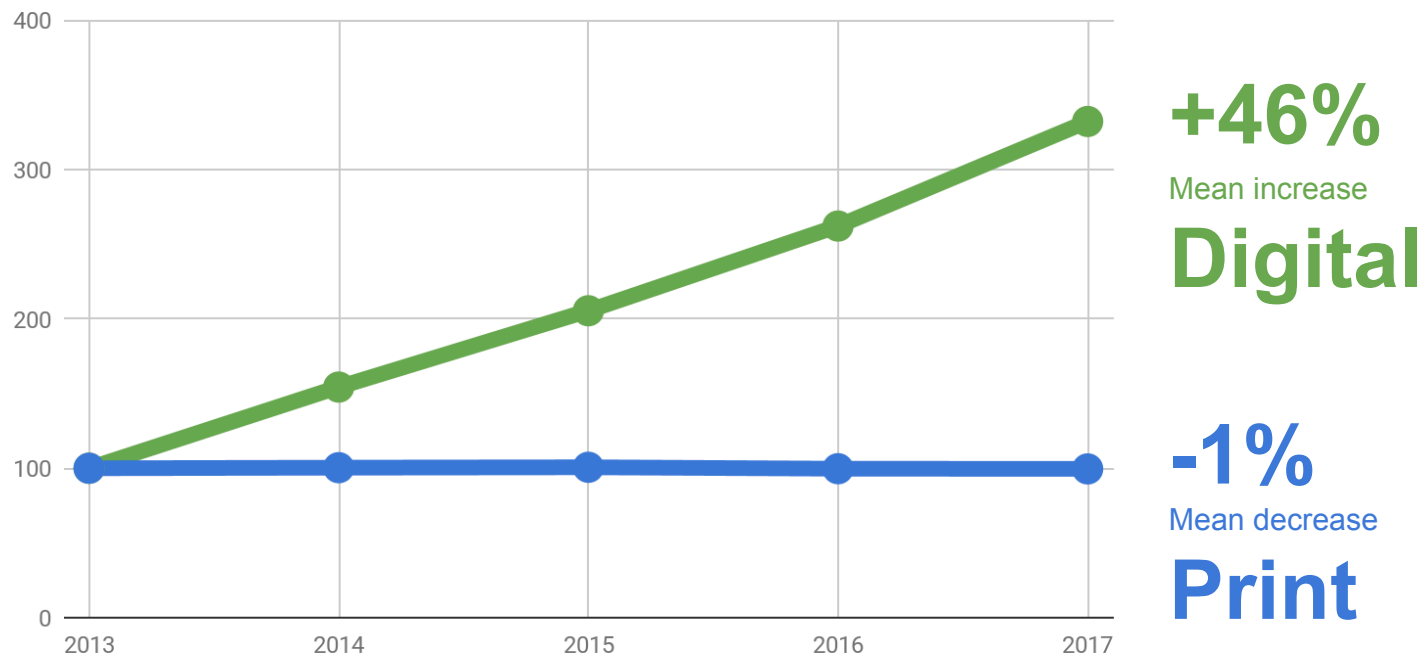
-5%
55-64 year olds

Older

-3%
25-24 year olds

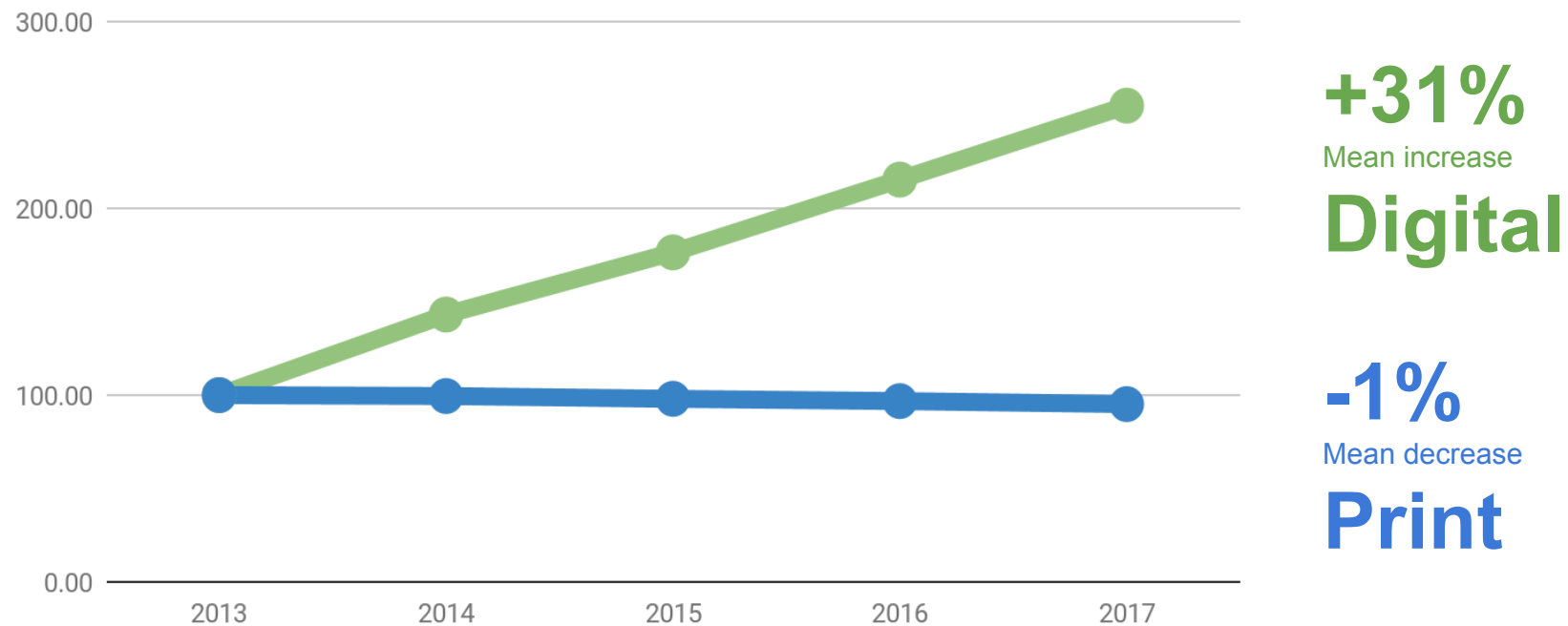
Younger

Global print circulation stable, digital audiences continue to grow as more publishers connect directly with audiences



Indexed at 2013 = 100. Source: Global print and digital circulation: 000s of units (indexed at 2013 = 100)
Analysis of data provided by PwC (Global Entertainment & Media Outlook 2018-2022)

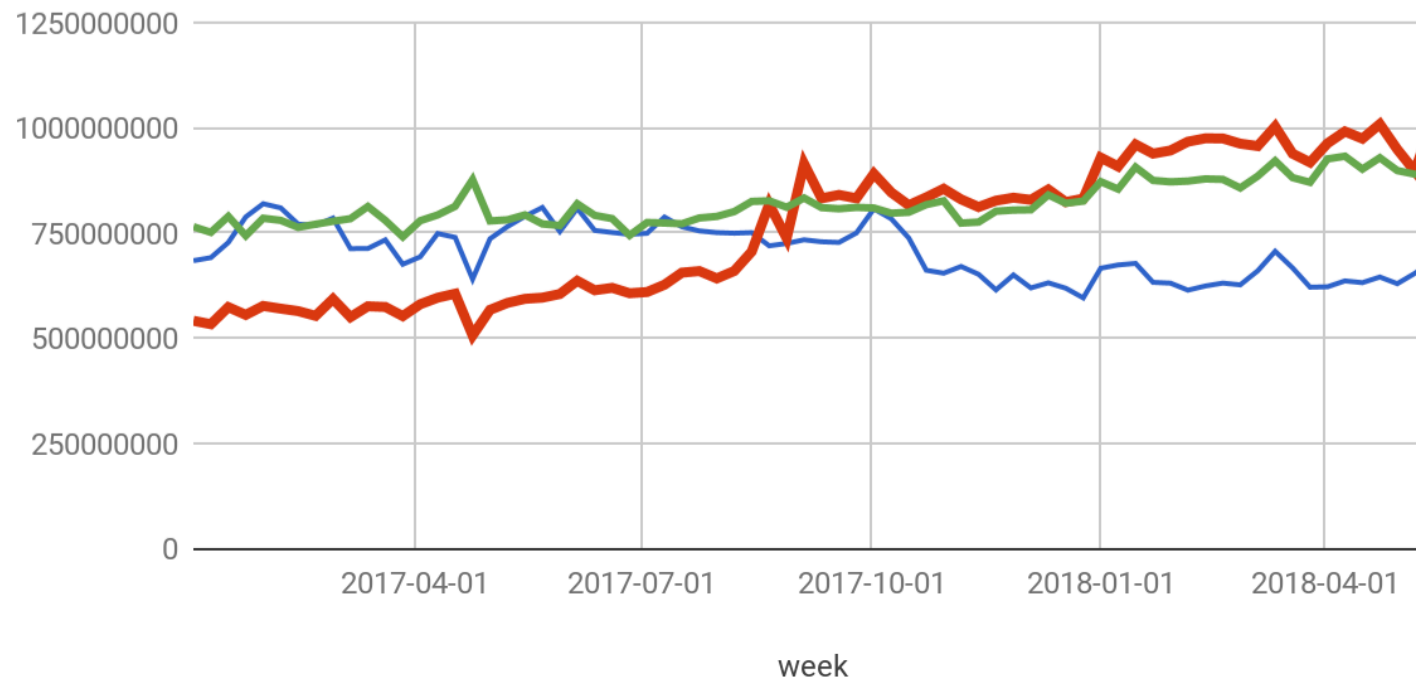
Digital circulation revenues shoot up as more users pay directly for digital content



Indexed at 2013 = 100. Source: Global print and digital circulation: US dollar millions (indexed at 2013 = 100)
WPT analysis of data provided by PwC (Global Entertainment & Media Outlook 2018-2022)

“It’s now more likely that when someone reads a news site on a phone, that they went there directly versus via their Facebook feed.”

- Josh Schwartz,
Head of Product, Engineering and Data Science, Chartbeat



+51%

one year increase
Google search

+15%

one year increase
Direct

-0.4%

one year decrease
Facebook

Facebook, Mobile Google Search, Mobile Direct, Mobile

The importance of direct customer relationships.
**Dark Social* traffic now
the most important source of
digital traffic for publishers**

3.8%

Other Social

52.6%

Dark Social



43.6%

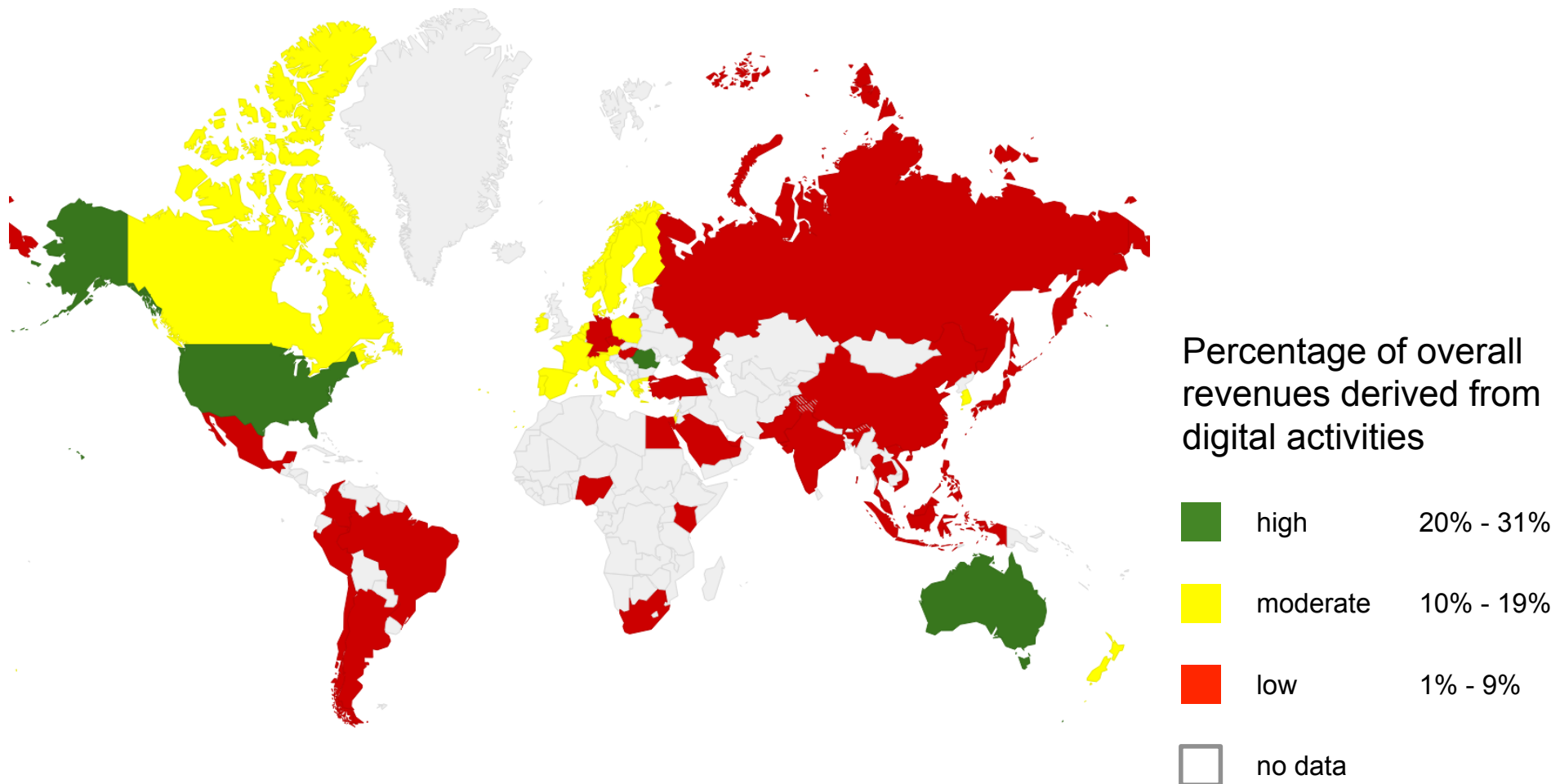
Facebook

*Dark Social is traffic from emails, Instant Messengers and the like.

**Our industry's
digital transformation
is well underway.**

**But how are things
shaping up?**

The pace of digital transformation from print to digital news business is accelerating but varies significantly between mature and developing markets



Source: WPT analysis proposed by Prof Castulus Kolo of data provided by PwC (Global Entertainment & Media Outlook 2018-2022)

The extent and pace of our industry's digital transformation is shaped by a variety of national and media factors. There are significant differences in developed and developing markets.

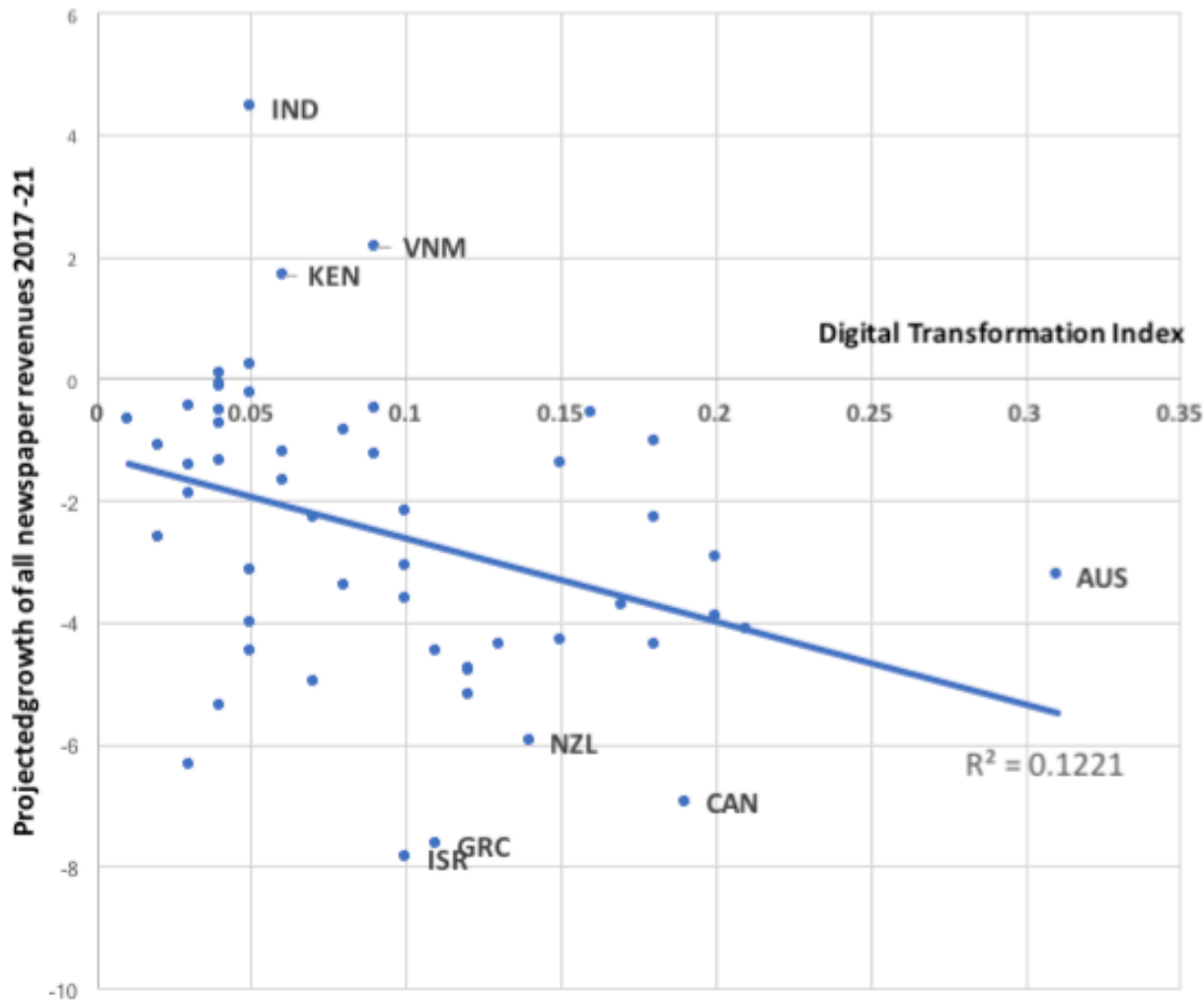


Education	.571**	Population growth	-.403**
GDP per capita	.521**	Income share	-.797*
Tablet traffic to news publishers	.510**	Search traffic to news publishers	-.409**
Rule of Law	.676**	Press Freedom	-.562**
Total page views	.361**	Edelman Trust Barometer 2018	-404**



Sources: PwC (Global Entertainment & Media Outlook 2018-2022); World Bank; Chartbeat; WJP Rule of Law; Edelman Trust Barometer 2018; Reporters Without Borders' Press Freedom Index 2018

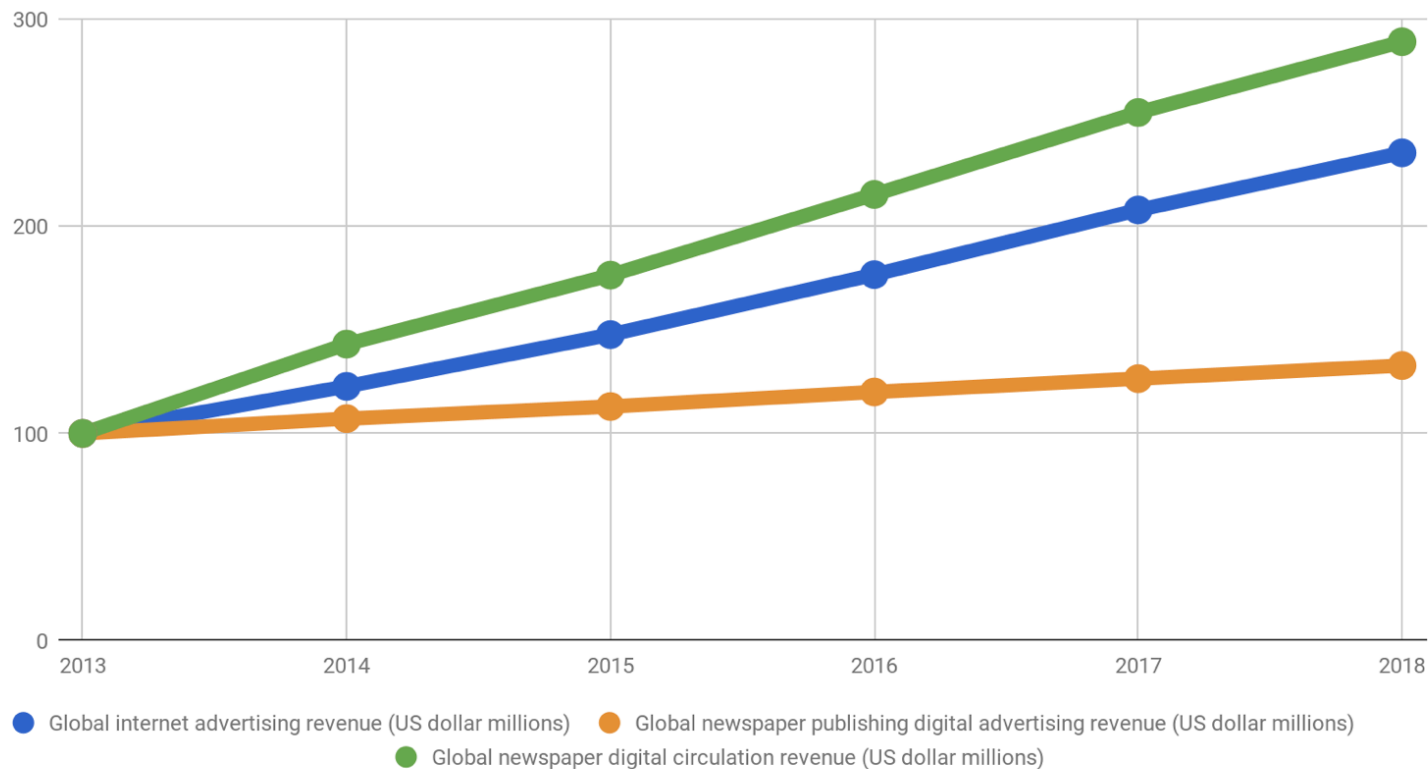
* Statistically significant ($p < .01$); ** Highly statistically significant ($p < .001$)



While print remains stable in some markets, those traditional revenues will shrink as digital transformation thrives

Are we growing fast enough?

Revenue increase



38%

Global Internet Advertising

27%

Newspaper Publisher Digital Advertising

7%

Global newspaper digital circulation

News media executives worldwide see a variety of risk to their firms' success from inside and outside the organisation - including political instability and regulation. They are right to be concerned.

non-conventional competition *ad revenue decline*
ad blockers *political instability*
reluctance to *digital*
lack of *innovate* *disruption*
diversification *Google*
Monetisation *and Facebook*
revenue decline



To what extent does regulation
impact on the financial
performance of news media firms?

Our study found that overall financial success of media organizations worldwide was statistically significantly correlated with two factors:

1. the entrepreneurial leadership of the firm

($r = .23$; $p < .05$)

2. press freedom

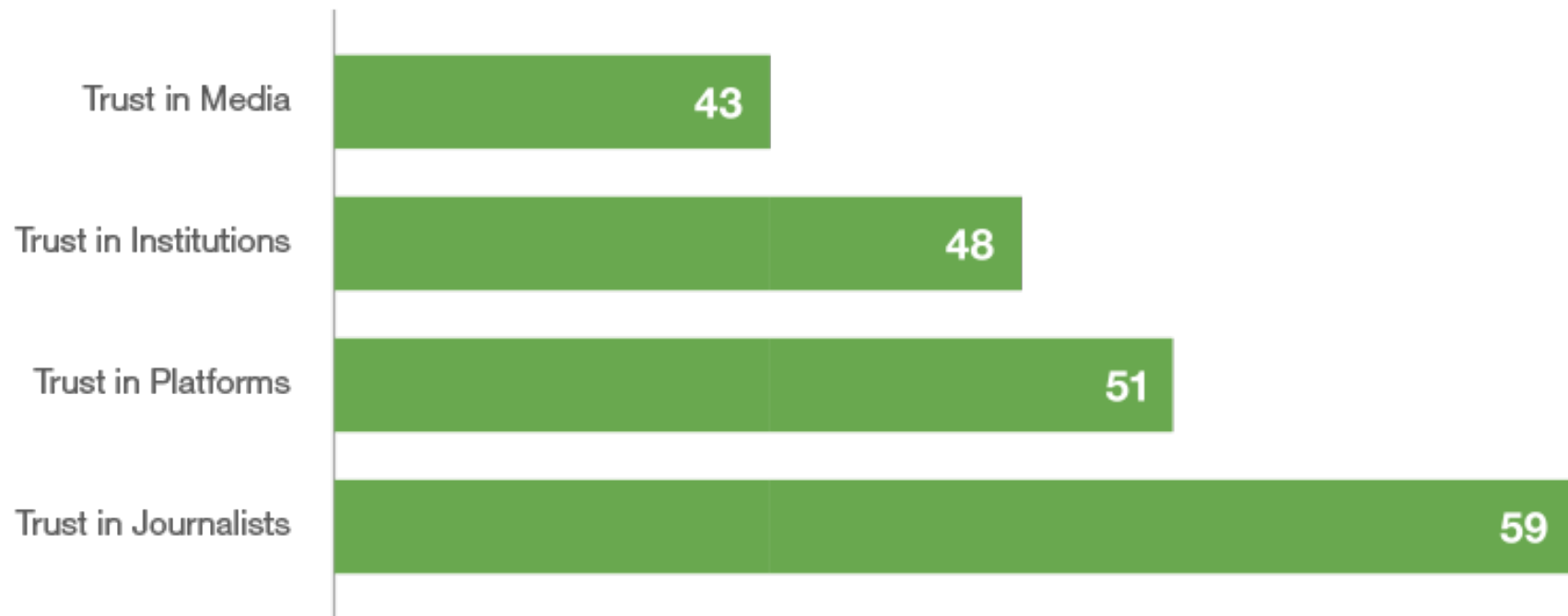
($r = .21$; $p < .05$)

Media firms had better overall performances in countries with high degrees of press freedom and in instances where the firm's leaders were oriented towards being entrepreneurial.

Source: WPT analysis of primary data of a World New Publisher Outlook survey (10 languages; 246 media executives from 69 countries) and secondary data from the World Press Freedom Index. Statistical analysis (Pearson's r correlations), exploring relationships between indicators of press freedom, entrepreneurial leadership, entrepreneurial orientation and firm financial performance.

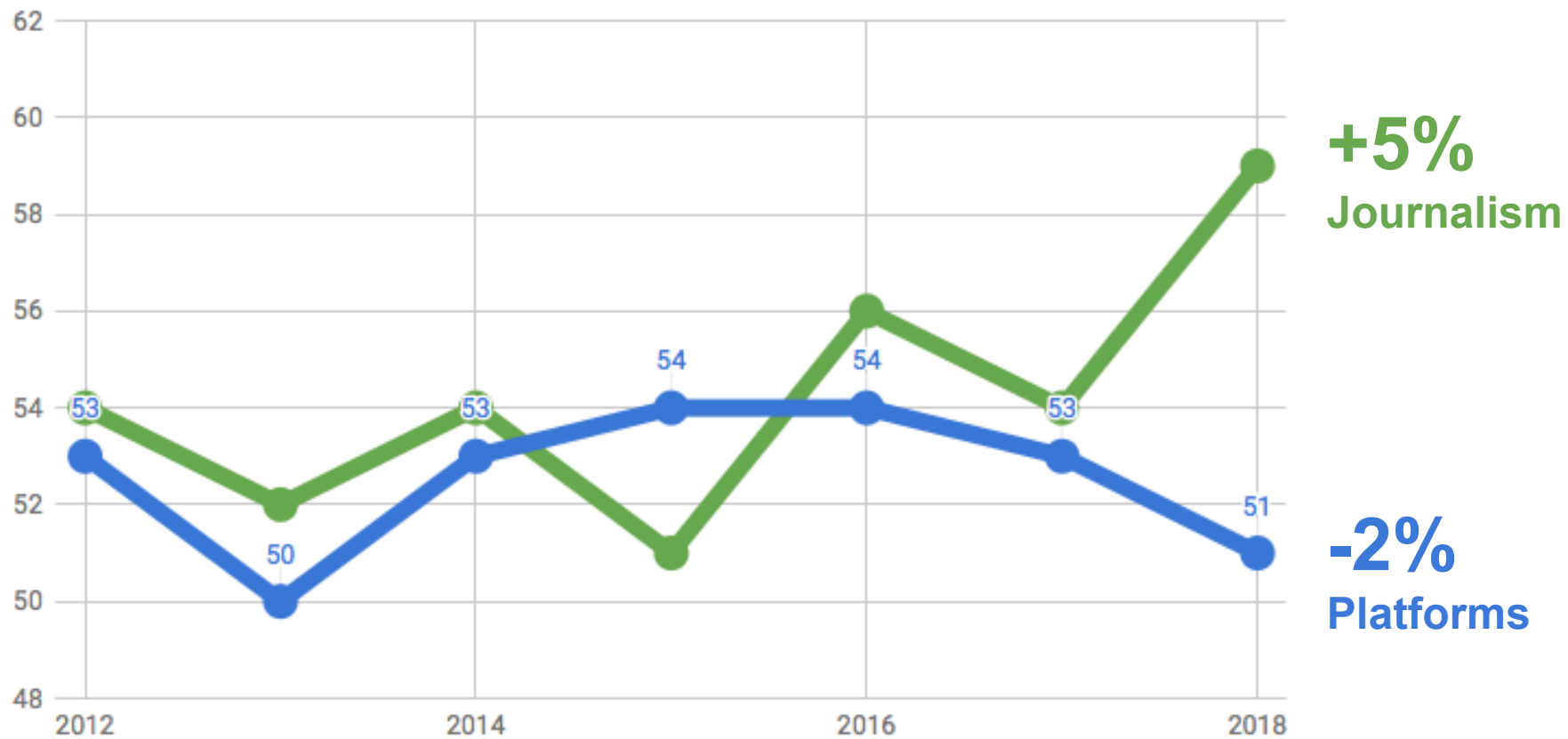
Back to trust....

Trust in media overall is at a low ebb but journalists are more trusted than platforms and institutions overall



While trust in platforms declines, trust in journalism rebounds

Percent trust in each source for general news and information 2012 to 2018



The impact on trust on the performance of news and the revenues of newsmedia firms worldwide is undeniable

The greater the trust (Edelman Trust Barometer 2018), the greater the:

- *digital circulation* figures ($r = .57$; $p < .001$)
- *print circulation* figures ($r = .59$; $p < .001$)
- print advertising revenues ($r = .50$; $p < .001$).
- print circulation revenues ($r = .44$; $p < .01$).
- digital advertising revenues ($r = .24$; $p < .05$).

The 5 key ways publishers build trust are by fulfilling their mandates to:

1. Be the guardian of information quality
2. Protect ordinary people from abuses of power
3. Supply information for good life decisions
4. Check and balance other institutions
5. Entertain and amuse

Trust in the message and the medium is inextricably intertwined.

The greater the wealth, the greater the rule of law, the greater the access to technology, the greater the press freedom...
...the more we are able to judge critically.



Trust in..	Media	Platforms	Journalists
Newspaper circulation	.606**	.430*	.486*
Digital circulation	.596**	nc	.468*
Print circulation	.601**	.434*	.490*
Large populations	.660**	.551**	.579**

	Media	Platforms	Journalists
GDP per capita	-.538**	-.645**	nc
ICT Development	-.565**	-.721**	-.489*
Human Development Index	-.597**	-.614**	nc
Education	-.498**	-.825**	-.504*
Rule of Law	-.536**	-.625**	nc
Press Freedom (neg coded)	.590**	.631**	nc



Sources: PwC (Global Entertainment & Media Outlook 2018-2022); World Bank; Edelman Trust Barometer 2018; Reporters Without Borders' Press Freedom Index 2018; Chartbeat; WJP Rule of Law Correlations with the Edelman Trust Barometer 2018: Pearson's r; * Statistically significant (p < .01); ** Highly statistically significant (p < .001)

Our **World News Publishers Outlook*** study has shown that, despite tough conditions, there are successful publishers operating the across all range of markets. And it also shows that the leaders of profitable firms are doing things differently now. And have different priorities and expectations for the future.

*Note: World News Publishers Outlook 2017 is available to download. The 2018 study is currently underway.



Successful media organisations are significantly more likely than unsuccessful ones to be involved in:

	Activity	Chi square	p	Odds ratio
Offering business customers innovative solutions	Advertorial / native advertising	6.96	<.01	2.2
	Content marketing	16.27	<.001	3.4
	Creative agency	5.03	<.05	2.2
Innovative consumer-focused editorial products	Internet only websites	4.28	<.05	1.8
	Consumer digital products	7.63	<.01	2.4
	Software app development	4.72	<.05	2.0
	Web TV	8.41	<.01	2.5
Connecting audiences and business customers in new ways, in person	Running conferences	9.48	<.01	2.5

Successful organisations are NOT likely to be prioritising investment in print/subscription copy sales; Prioritising the long term importance of print products; Developing the skills of salespeople

Successful media organisations prioritise *short term* investment in:

	Investment Activity	p	r
Talent	Training budget	< .05	.15
	Data journalism	< .01	.20
	More diverse workforce (age, gender, ethnicity)	< .05	.18
New business development	Developing new business/ products outside the media sector	< .01	.23
	Insourcing processes from other companies	< .05	.15
	Upgrade editorial technologies, e.g. CMS	< .05	.17
	Separate digital media business	< .05	.15
Partnerships with technology companies	Developing partnerships with digital technology platforms	< .05	.18

Successful media organisations prioritise *long-term* investment in:

	Investment Activity	p	r
New quality formats	Special reports	< .05	.15
	Podcasting / Streaming audio	< .05	.17
New technologies	Web TV / video	< .05	.17
	Events and conferences	< .01	.20

A. Yes!

High levels of TRUST *
=
High level of AUDIENCES
+
High level of REVENUES**

*Trust in the media's comprise three dimensions: the media bonafides/intentions + the media' competence to execute + the media's reliability to deliver on what is promised.

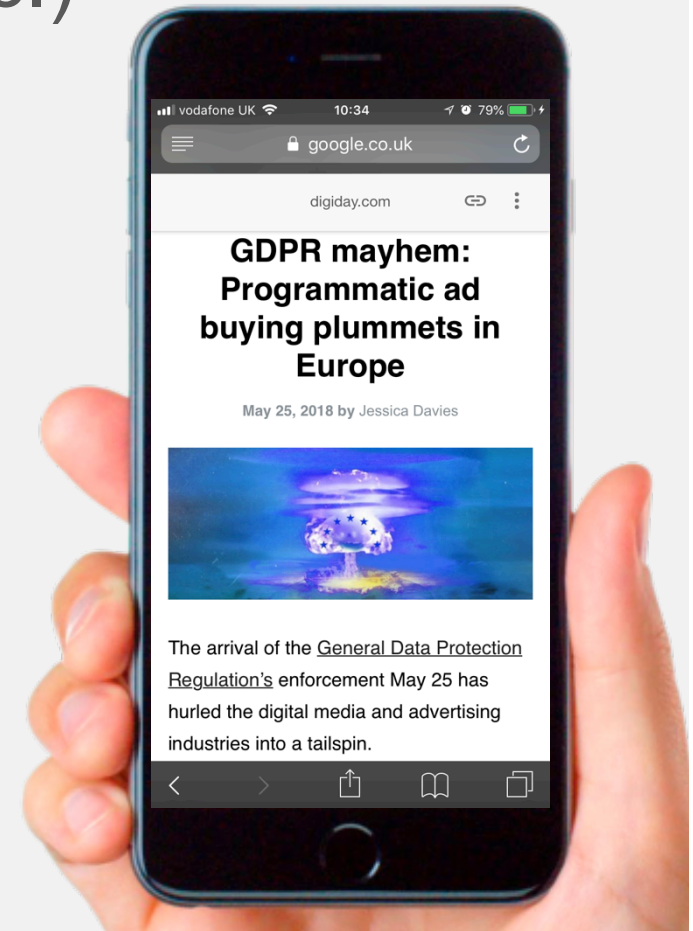
SUMMARY

5 key 2018 World Press Trends

- 1** | **No going back.** The news media digital transformation is accelerating.
- 2** | **Know your customer.** Publishers are increasingly building directly relationships with audiences and advertisers.
- 3** | **Solutions mindsets make the difference.** Successful firms are moving from providing products to services for audiences and businesses demonstrating a service-oriented mindset.
- 4** | **Regulation matters.** News media firms with entrepreneurial leaders are likely to be successful whatever the general market conditions - except when press freedom is low.
- 5** | **Trust costs - and it pays!**

What next?

- 1 Watch.** Media policy & regulation (GDP, Privacy, Copyright, etc.)
- 2 Ask.** We invite questions of the data.
- 3 Participate.** The *2018 News Publishers Outlook* study is underway. And more.



Thank you. Questions?

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End of slide show here