



A review of digital news consumption

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1 Introduction

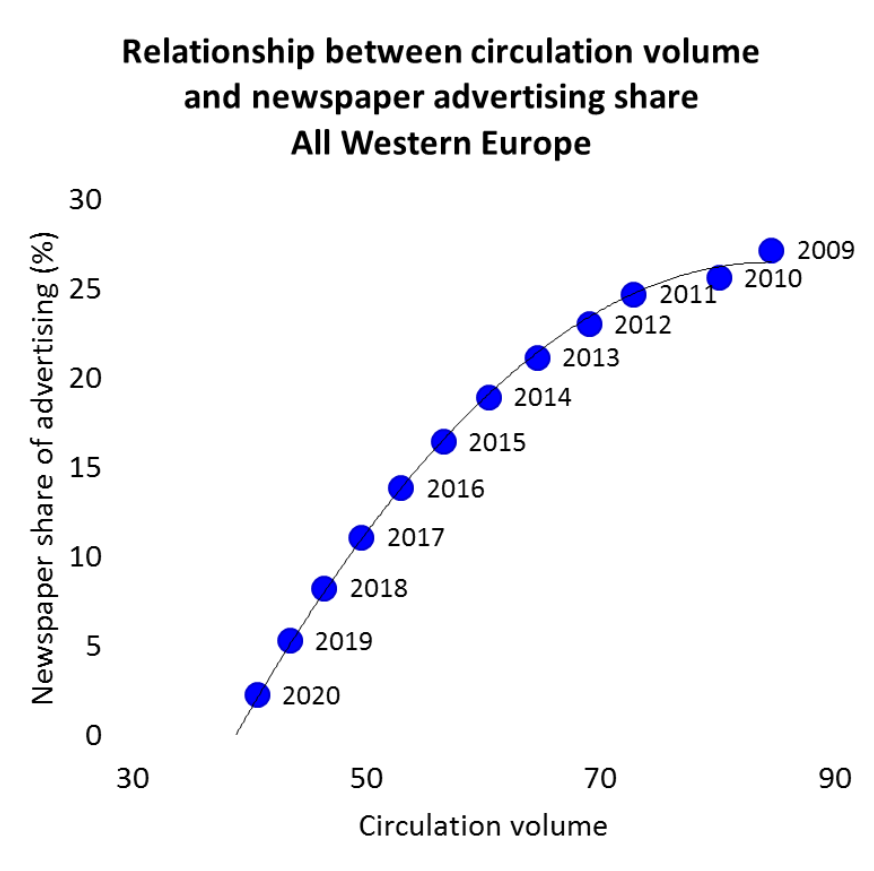
Across Europe the long term declines in print readership are being more than compensated by the growth in digital audiences. In recent years, the rapid evolution of mobile news services has resulted in a second digital phase of audience growth.

However success in the digital environment is patchy. While many publishers have migrated their audiences and advertising revenues from print to digital, many more are finding digital revenues elusive.

This report endeavours to outline the factors that are determining success. It provides a series of key performance indicators that track the contribution of these factors to a publisher's success. Finally it offers a number of steps that publishers can take to improve their fortunes over time.

2 The impact of print decline

The direct relationship between print circulation and advertising revenue is well established. The chart below-left shows the exponential effect of circulation decline on newspapers' share of advertising across Europe.



This analysis suggests that across Europe newspaper share will theoretically reach zero during 2021. The reality is that trends will vary by country, by category, by advertiser and by title.

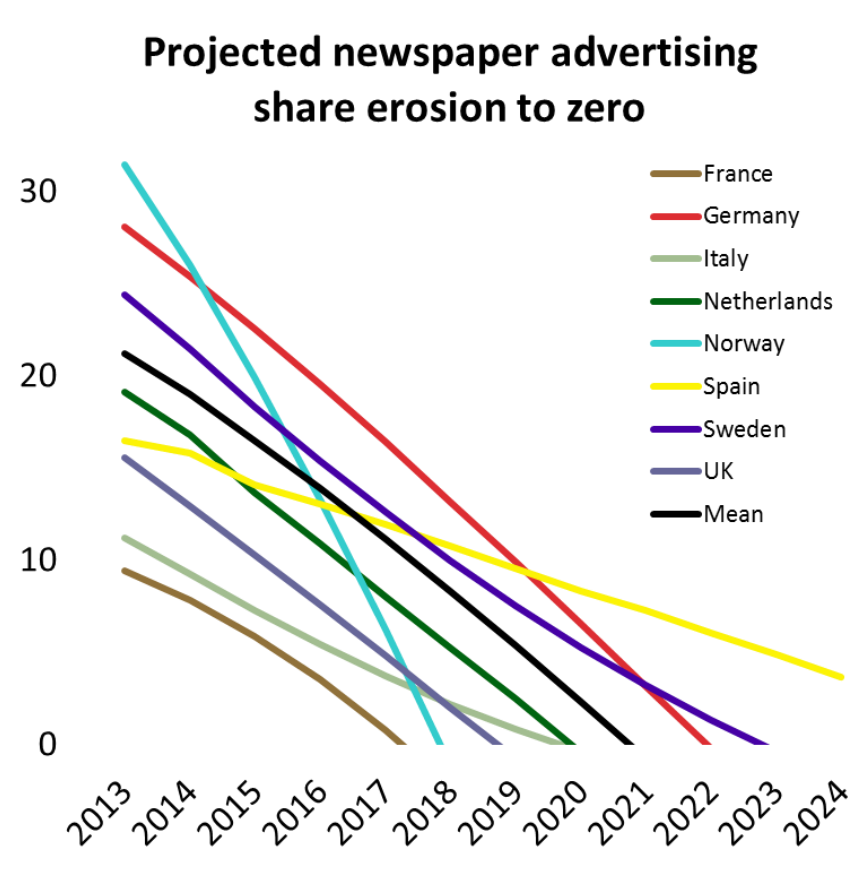


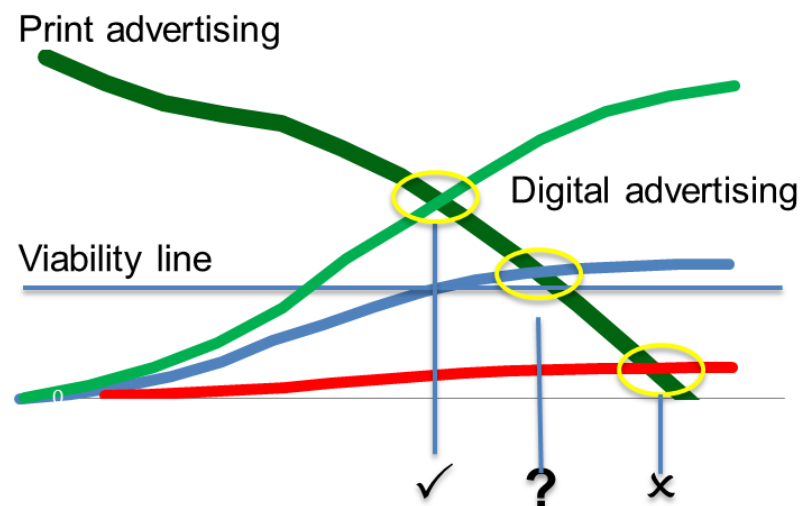
Table 1 Year of zero viability

Austria	>2026	Italy	2020
Belgium	>2026	Netherlands	2020
Denmark	>2026	Norway	2018
Finland	2026	Spain	>2026
France	2018	Sweden	2023
Germany	2022	Switzerland	2019
Ireland	2020	UK	2019

The challenge for every publisher is the point at which they achieve their “Point of Inflection” [POI] that is the time at which digital revenues are growing faster than print revenues are declining.

Many companies have already reached this point. Others can look forward to this point at some time in the future. But for a large proportion of the industry, the point of inflection will be beyond that when the business is no longer viable.

Anticipating the point of inflection



This point of inflection relative to ongoing viability are simple calculations from which publishers can determine the dynamics of a successful future.

3 The newspapers' digital audience

Audience measurement of websites involves collection of data on the following factors: visitors, total pages visited and total time spent. From this, relative site performance, in the form of an “*Engagement Index*” is created based on the following four key indicators

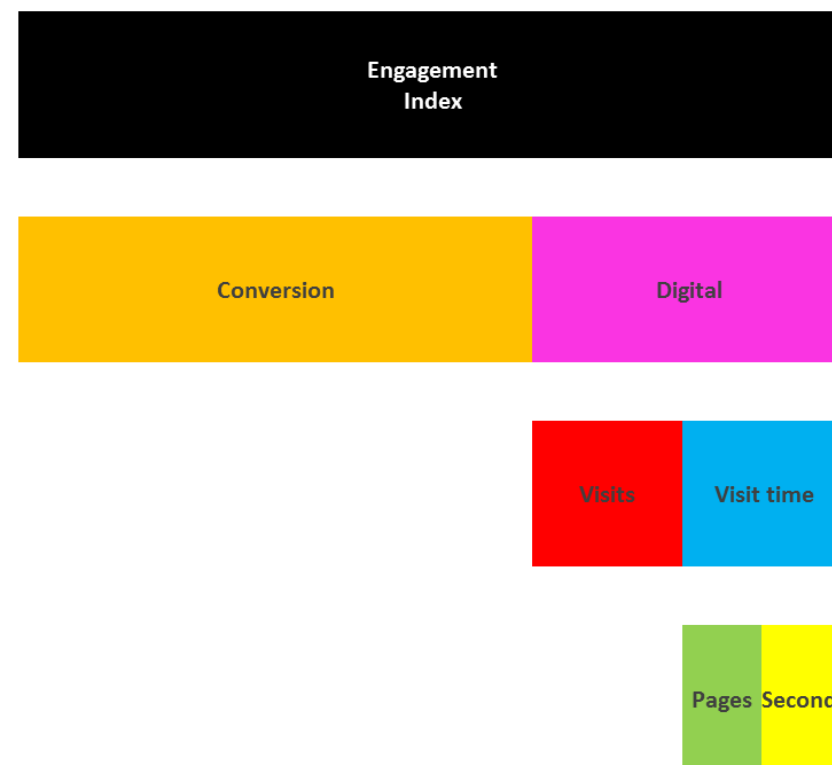
Conversion	Presented as the ratio of total visitors per month, relative to average circulation.
Visits	The number of visits each visitor makes to the news site(s) per month.
Pages	The number of pages visited on each visit.
Time	The amount of time spent on each page.

The chart opposite shows how each of these factors impacts the overall level of engagement.

The key factor is the ratio of digital visitors to print sales. This accounts for 62% of the total Index. In terms of the 38% digital engagement levels. 18% is derived from the number of visits and 20% from time spent, and of this 20% time per page accounts 10.4% and the number of pages, 9.6%¹.

¹ Source: CHAID analysis of comScore MMX data.

CHAID ANALYSIS OF ENGAGEMENT INDICATORS



Publishers must have a structure programme to manage the interrelationship between their print and digital services.

Table 2. Engagement statistics – News Media by country

	Base data					Engagement ratios				Indexed ratios				Engagement indices	
	Daily print circulation (000)	Total Unique Visitors (000)	Total Visits (000)	Total Pages Viewed (Million)	Total Minutes (Million)	Visitors per copy	Visits per visitor	Pages per visit	Seconds per page	Visitors per copy	Visits per visitor	Pages per visit	Seconds per page	Digital only Index	Total Index (inc print)
Countries	65,412	152,618	1,815,273	8,452	8,511	2.6	11.9	4.7	60.4	100	100	100	100	100	100
USA	40,420	111,055	976,210	3,844	3,711	2.7	8.8	3.9	57.9	104	74	85	96	84	62
Germany	16,307	27,699	331,289	1,635	1,655	1.7	12.0	4.9	60.7	64	101	106	101	102	69
UK	11,999	23,888	337,911	1,181	1,426	2.0	14.1	3.5	72.5	75	119	75	120	102	81
France	8,924	22,215	216,438	1,067	1,070	2.5	9.7	4.9	60.2	94	82	106	100	95	81
Italy	4,168	17,343	204,723	1,080	899	4.2	11.8	5.3	49.9	157	99	113	83	98	146
Spain	2,350	16,997	235,284	1,103	1,620	7.2	13.8	4.7	88.1	274	116	101	146	120	467
Poland	2,190	11,811	78,754	299	200	5.4	6.7	3.8	40.0	204	56	82	66	67	62
Netherlands	3,555	8,136	120,045	652	515	2.3	14.8	5.4	47.3	87	124	117	78	104	98
Belgium	1,520	4,894	55,783	288	277	3.2	11.4	5.2	57.6	122	96	111	95	100	124
Sweden	3,082	4,560	56,805	282	148	1.5	12.5	5.0	31.5	56	105	107	52	84	33
Portugal	904	1,049	5,002	13	15	1.2	4.8	2.6	65.9	44	40	57	109	63	11
Switzerland	2,849	2,189	16,290	98	93	0.8	7.4	6.0	56.8	29	63	130	94	91	22
Austria	2,905	2,003	14,053	73	47	0.7	7.0	5.2	38.1	26	59	112	63	75	11
Denmark	1,088	2,030	24,429	97	55	1.9	12.0	4.0	34.3	71	101	85	57	79	34
Finland	1,541	3,250	67,109	260	227	2.1	20.7	3.9	52.3	80	174	83	87	108	100
Norway	1,540	2,539	28,628	242	189	1.6	11.3	8.4	46.8	62	95	181	77	110	83
Ireland	490	2,016	22,728	80	76	4.1	11.3	3.5	57.1	156	95	76	94	88	105

Source: comScore MMX

The table above shows the basic audience statistics for digital news readership by country. The figures are PC audiences only. Because the engagement ratios have different base levels, the ratios are then indexed.

From there, overall Indices are produced that show the overall levels of engagement with news media. That is number of visitors, pages visited and time per page. A total index the level including conversion from print.

As the table above indicates levels of engagement show extra-ordinary variances from country to country.

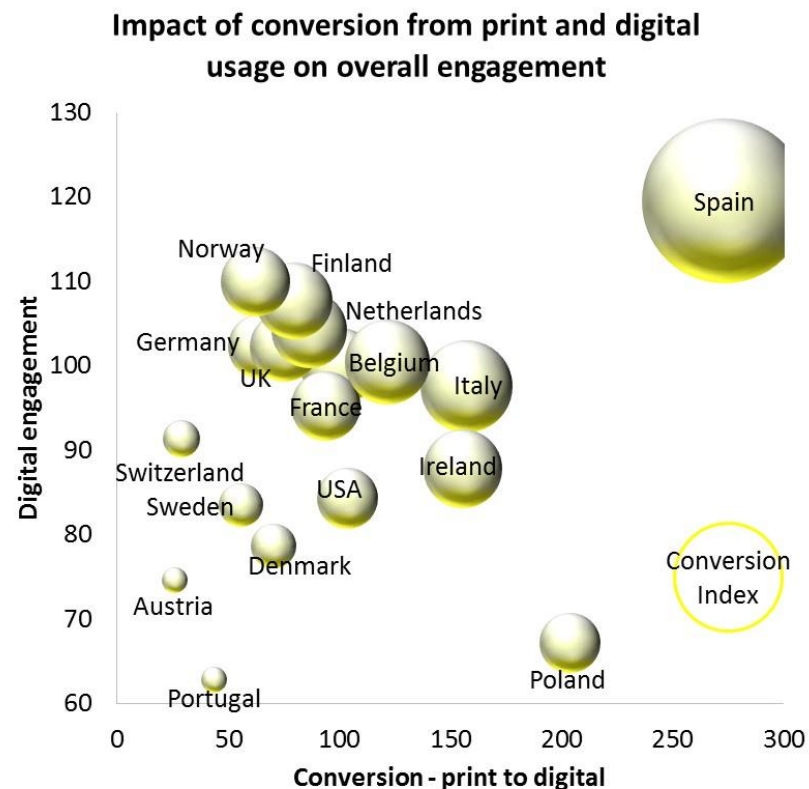
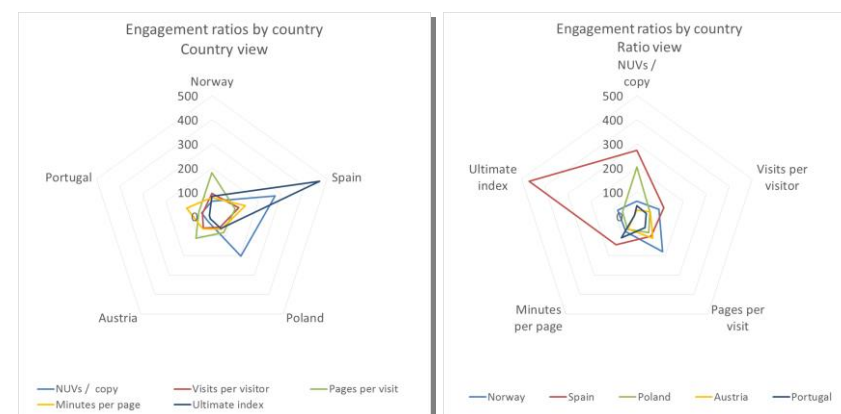
Spanish newspapers show the highest levels of engagement, both in terms of the scale of their digital audience relative to print, and the levels of visit frequency, pages and time spent.

By comparison Austrian and Portuguese newspapers show the lowest overall engagement levels.

But as the two charts to the bottom right show, the mix of each countries engagement ratios are very different.

Cultural and linguistic factors are very interesting. But it is the behavior patterns behind these that are the first of that define engagement. They are also the first steps in defining the solution to the under-engagement of newspapers.

Adoption of engagement KPI reporting is a proven means of growing audience, and revenue, and reaching the POI.



4 The power of engagement

The value of the engagement index described above is that it defines an audience's behavior, and pinpoints a product's strengths and weaknesses.

Table 3 below sums up the challenge that publishers face in the digital world.

Table 3. Newspaper's share of digital consumption

	Visitors	Visits	Pages	Time
2015	42.3	5.9	0.8	1.1
2014	46.4	5.8	0.8	0.6

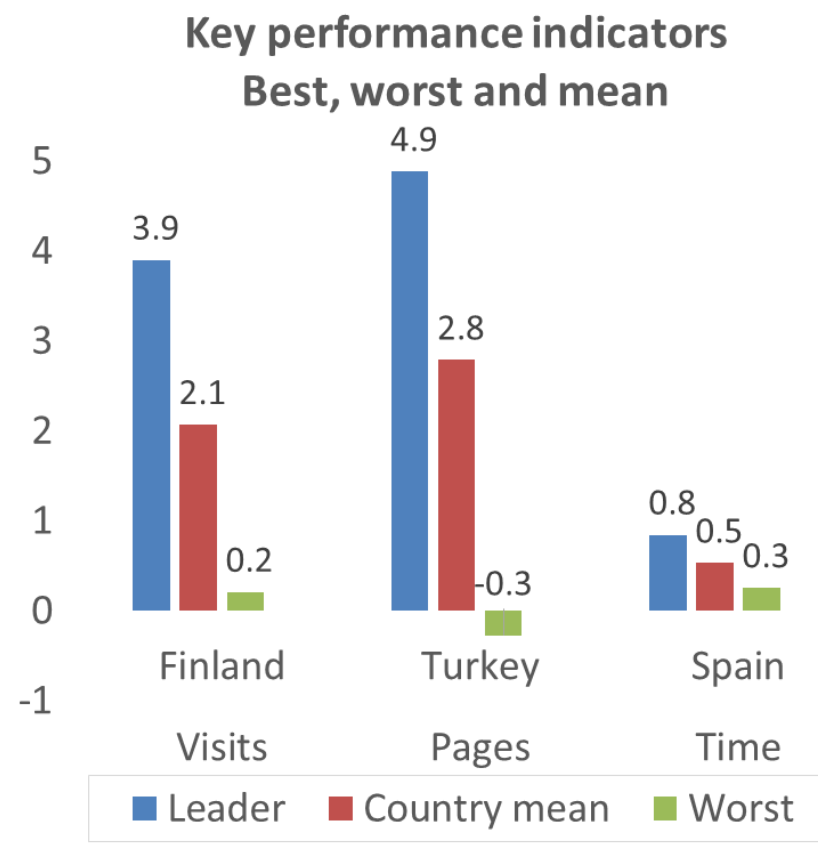
While news sites attract visitors, their frequency, volume and time is fractional compared with print.

These factors are well documented. Less understood is the cumulative effect this has in terms of reach and frequency, which are tenets of advertising planning.

Table 4 Comparison of print and digital engagement

	Print	PC
Visits per month	17.0	4.6
Minutes per visit	27.0	2.4
Monthly engagement	459.0	11.0

Over a month visitors spend a fraction of the time with digital compared with print. Beyond cultural influences are massive ranges in terms of the best and worst players in any market. Best practice can be as much as double the average and a hundred fold the poorest players



5 Top 25 sites

Opposite is a table showing the Top 25 news-sites in the world². Facebook and Twitter are included in the listing given their recent announcements regarding initiatives in the news sector. Google Digital News Initiative, where they are investing €150 million in news initiatives in Europe is also significant.

The table makes interesting reading. First of all the scale of global digital news readership combined is less than the audiences of Twitter or Facebook.

The table also shows the success of new entrants such as the Huffington Post which in many recent audience measurements has put it ahead of the New York Times, and BuzzFeed, which in nine years has moved ahead of industry icons such as CBS and the BBC.

Traditional publishers must ask why new entrants such as Buzzboard and HuffPo have achieved such a global audience.

² Note this data is for PC audiences only, and the now emerging mobile data is having significant effect on the audience levels and rankings.

Table 5 Top 25 News sites (PC only) worldwide

Audience in millions		Newspapers	Others
1	Facebook	-	834
2	Twitter		780
3	All news media	720	-
4	Instagram	-	90
4	Google News	-	50
5	Xinhua News	67	-
6	People's Daily	62	-
7	Mail Online	61	-
8	CNN	-	56
9	China Daily	51	-
10	NBC News	-	51
11	ESPN	-	46
12	NYT	43	-
13	Guardian	41	-
14	Buzzfeed	-	41
15	CBS News	-	40
16	Huffington Post		39
17	BBC News	-	36
18	Hearst NP's	31	-
19	Telegraph	28	-
20	Fox News	-	27
21	Washington Post	27	-
22	Tribune group	26	-
23	Times Of India	22	-
24	Bloomberg	-	22
25	El Pais	16	-

Source: comScore MMX plus other sources

6 The paywall myth

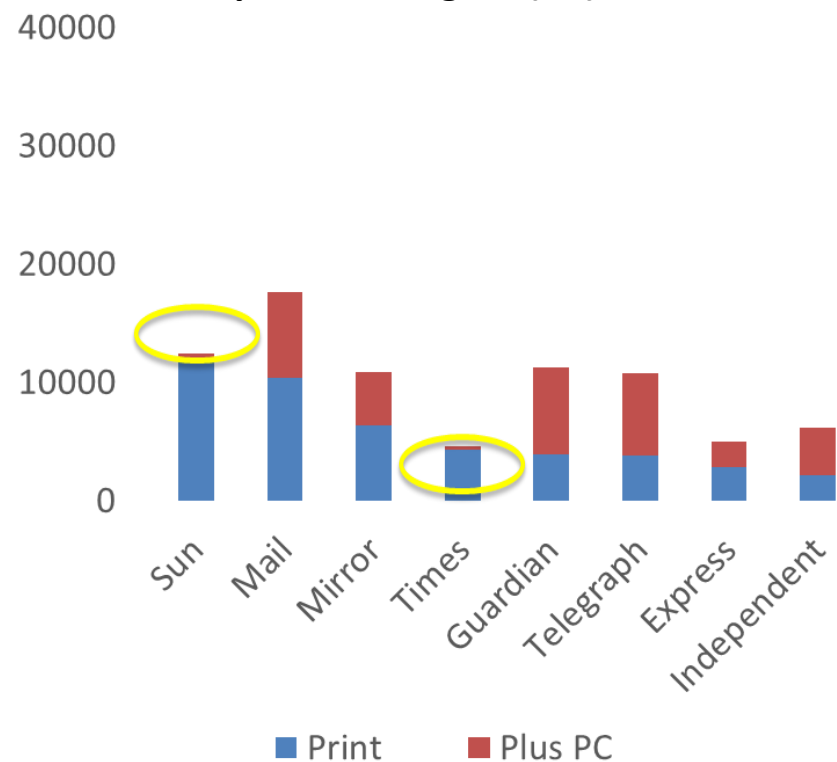
Martin Sorrell has recently suggested that the future for news-media lies in some form of content payment³. This is probably true for the elite players such as the New York Times, Economist, FT, WSJ, perhaps the Guardian, but for the average local generalist title this writer has argued strongly for years that the economics don't stack up.

This is demonstrated in the UK, where News UK's Sun and Times have operated a paywall for years. By comparison with their peers, their digital audiences are trivial, and certainly too small to attract significant advertising, whatever their levels of engagement.

News UK recently announced that they were abandoning The Sun's paywall. It is only a matter of time before The Times will be forced to do the same.

Too many decisions are made with undertaking relatively simple analysis of newspaper economics and elasticity.

Combined print and digital (PC) audiences UK



³ Source: <http://www.theguardian.com/media/2015/oct/19/martin-sorrell-newspaper-digital-ad-paywalls-wpp-chief>

7 The Mobile Opportunity

As global data begins to emerge about news mobile audiences, it is clear that the long awaited mobile revolution has arrived. As far back as 2004, the WAN Shaping the Future of the newspaper project anticipated the transformation, indeed savior, of newspapers in the form of mobile communications.

In the 1920's the radio initially threatened the record industry before it became the means of promoting music. In the 1960's the film/cinema industry initially collapsed because of the emergence of television only for video to transform the film industry, and herald the home video and the recovery of the cinema.



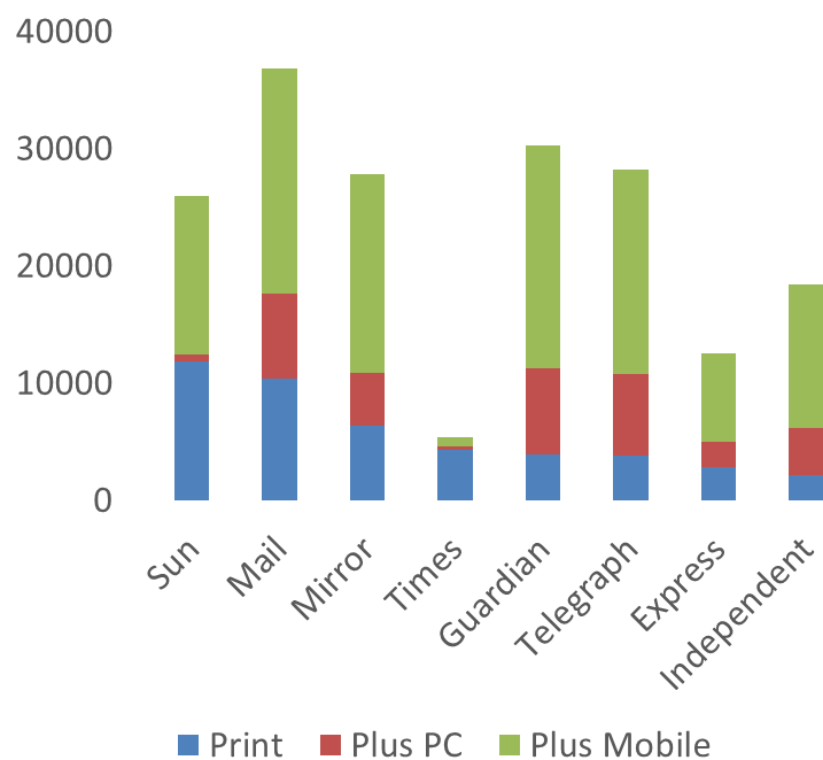
Now most digital players are witnessing a remarkable migration of audience not just from print, but increasingly from PC's to mobile devices. And where audiences go, advertising revenues inevitably follow.

Old Industry	Threat	New Industry
Records	Radio	Music Business
Film	Television	Home Video
Newspapers	Mobile	Where? When? Who?

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Global data remains scant, as the analytics providers rush to establish robust audience measurement systems, but data from the UK and other mature markets demonstrates not only the scale of new audience creation, but also how news media can differentiate from other digital players because of mobile's unique synergies with the notion of news.

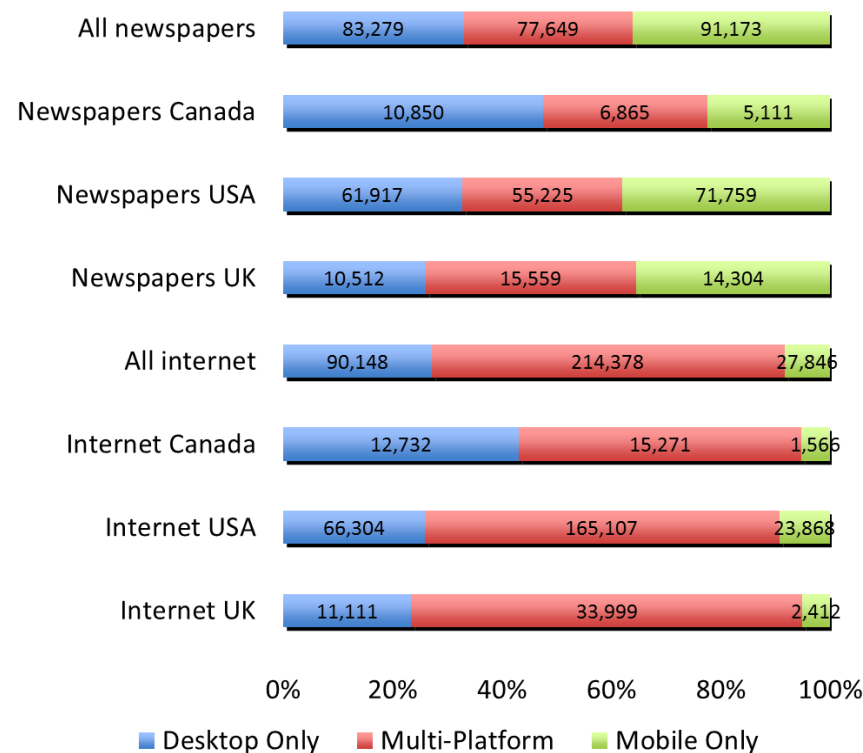
UK newspaper audience by channel



The chart below left shows how mobile has increased a publisher's reach, in some cases five-fold from their print levels (note the paywall impact on The Times!)

The chart on the right shows how mobile news sites are attracting audiences, relative to other internet usage.

Digital mix by platform

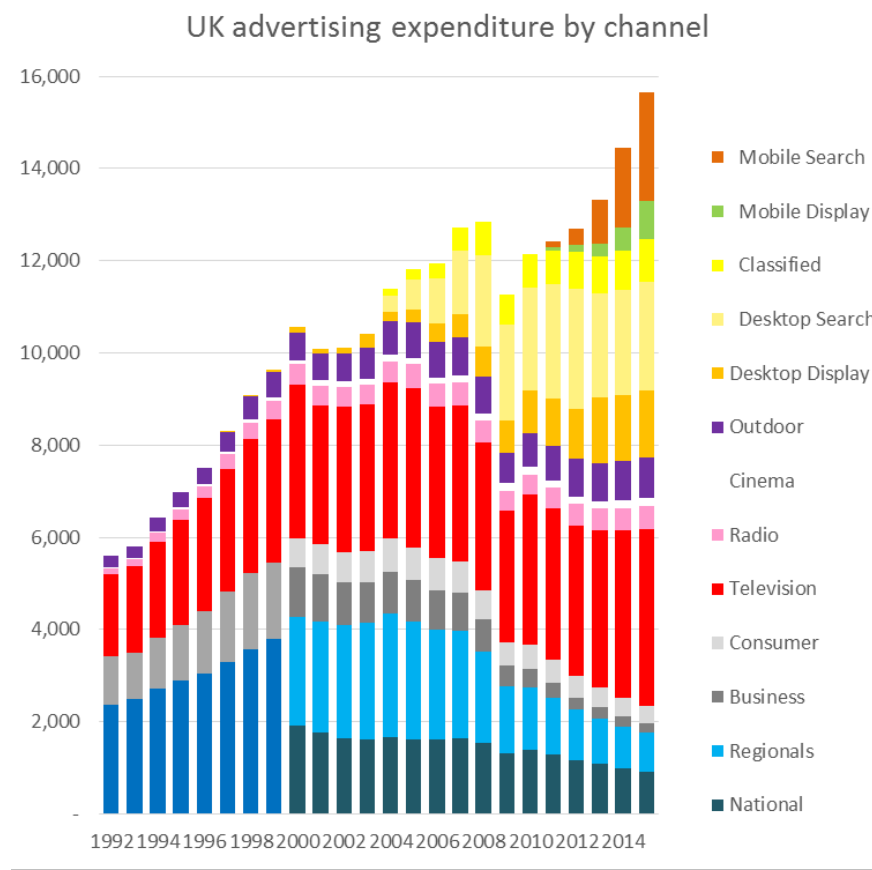


The rapid advance of the mobile medium is best demonstrated in its share of advertising spend. In the UK⁴. Mobile now accounts for 20% of all advertising and 40% of digital advertising and this is expected to rise to 22% and 60% by 2017⁵.

This growth, together with news media's considerable hold on the mobile medium relative to general internet usage, suggests that this is indeed an opportunity for accelerated recovery and achievement of the *POI*, as well as future growth.

However initial analysis of mobile audience behaviour suggests that engagement levels are more volatile, and that there is a strong need for tailoring both the content and advertising formats specifically to the mobile platform.

A first step in exploiting the mobile opportunity is maximising the understanding of the engagement KPIs that will be more volatile and critical in the mobile world.



⁴ The UK is arguably the most advanced digital advertising market, but the figures serve to demonstrate what will emerge in other markets in the near future.

⁵ Source: ZenithOptimedia.

8 In conclusion

European newspapers are hurtling to a point where their scale of circulation no longer justifies advertising investing in the medium.

Do you know when that point arrives?

The strategic goal is reach a point of inflection where digital revenue growth exceeds print decline, within the viability period?

How does your company's cash-flow forecast reflect this.

A KPI driven operating structure drives growth

How far are your KPIs from the best or average in your market.

Few pay walls survive mathematical scrutiny.

Who is modelling your paywall?

Moving to mobile requires two steps, maximising engagement and tailoring to the mobile space

How prepared is your business toward achieving these steps?

9 About this report

This report was produced for the International News Media Organisation. [INMA].

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