Newspapers in the Changing Media World

Kristiina Markkula, 7/8/2012
Content

• newspaper situation today globally and in Finland
• the Next Media project
• eReading Services as part of media business
  • business models
  • media experience
  • enabling technologies
  • lessons learned
Newspapers today
Global view

- the money comes from printed newspapers but the hype is with digital newspapers
- circulation of printed newspapers globally will grow by 13% from 2011 to 2015

BUT

- the growth is in Asia and South America, not in Europe (steady) or North America (declining)
- the global reach of daily and non-daily global newspapers is 37.5%
- there is 25% more newspaper readers than Internet users
Newspaper countries 2009
Newspaper circulation/1 000 inhabitants

<table>
<thead>
<tr>
<th>Country</th>
<th>Circulation/1000 inhabitant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway</td>
<td>538</td>
</tr>
<tr>
<td>Finland</td>
<td>462</td>
</tr>
<tr>
<td>Japan</td>
<td>458</td>
</tr>
<tr>
<td>Sweden</td>
<td>422</td>
</tr>
<tr>
<td>Austria</td>
<td>325</td>
</tr>
<tr>
<td>Switzerland</td>
<td>322</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>285</td>
</tr>
<tr>
<td>Luxemburg</td>
<td>282</td>
</tr>
<tr>
<td>Germany</td>
<td>279</td>
</tr>
<tr>
<td>Netherlands</td>
<td>260</td>
</tr>
</tbody>
</table>

Countries with assessment based circulation have been left out.
Global advertising trends

• global advertising share was 28 % in 2006 and 20 % in 2011
• the fastest growers are
  • wired and mobile Internet, growing from 9 % in 2006 to 19 % in 2011
  • television, growing from 38 % in 2006 to 40 % in 2011
• the advertising share for newspapers is not growing, not that much even on digital platforms
• the biggest players in online advertising are Google, Yahoo, Facebook and YouTube
The situation in Finland

• Finland has about 195 newspapers, including about 50 daily newspapers
• total circulation in 2011 was 2.7 million copies
• newspaper circulation has been decreasing slightly in recent years, -2.9% in 2011 compared to 2010
Total newspaper circulation 2002–2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Million copies</th>
<th>Newspapers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>2,989</td>
<td>164</td>
</tr>
<tr>
<td>2003</td>
<td>3,041</td>
<td>172</td>
</tr>
<tr>
<td>2004</td>
<td>3,039</td>
<td>172</td>
</tr>
<tr>
<td>2005</td>
<td>3,047</td>
<td>172</td>
</tr>
<tr>
<td>2006</td>
<td>3,022</td>
<td>177</td>
</tr>
<tr>
<td>2007</td>
<td>3,009</td>
<td>179</td>
</tr>
<tr>
<td>2008</td>
<td>2,978</td>
<td>181</td>
</tr>
<tr>
<td>2009</td>
<td>2,899</td>
<td>179</td>
</tr>
<tr>
<td>2010</td>
<td>2,827</td>
<td>181</td>
</tr>
<tr>
<td>2011</td>
<td>2,695</td>
<td>168</td>
</tr>
</tbody>
</table>

Source: Finnish Audit Bureau of Circulations
Total print + online reach 2010
% of age group

- 12–19 years: 82%
- 20–24 years: 93%
- 25–29 years: 94%
- 30–34 years: 91%
- 35–39 years: 93%
- 40–44 years: 94%
- 45–49 years: 93%
- 50–54 years: 93%
- 55–64 years: 94%
- 65+ years: 92%

Net reach readers counted either as print or online reader i.e. only once.
Source: KMT 2010 survey, combined reach report
What newspapers are doing

• newspapers are active online
  • nearly all newspapers have online news
  • about 120 have an online digital version of the paper (in PDF format, for instance)
• about 10 newspapers have a tablet computer version, more are coming
• newspaper reading on smart phones or tablet computers has grown rapidly during the last year
  • the biggest newspapers have seen a growth of over 200% during the last year
  • users are mostly young, male and highly educated
Challenges

• competition for readers’ time
  • other media
  • social media: Facebook, YouTube, Google+
• free web content
• newspapers must also develop their printed newspapers
Next Media
“Making the media sector a winner”

Next Media aims at innovations in media experience, new business models, concepts, and technology.

Breakthrough target:

Next Media aims at renewing the business environment of the media sector by breaking the limits of media content and changing the way media is created, configured, serviced, and consumed.
Next Media programme structure 2012

- **eReading**
  - Media Business
  - Advertising Research
  - User and Service Experience
  - €4,1M
  - 23 companies
  - 5 research org.
  - 2 libraries

- **Personal media day**
  - Media Experience
  - Business Concepts, Advertising
  - Consumer Research, User Experience
  - €3,3M
  - 31 companies
  - 4 research org.

- **Hyperlocal**
  - Media Business
  - Business and Advertising
  - User Research
  - €2,3M
  - 10 companies
  - 6 research org.
eReading Services as part of media business
Case eReading Services

Business goal of case
• to develop a content and publisher driven model for delivering paid content to different kinds of eReading devices

Main research questions
• Which are the future business models/earnings principles?
• How to create the best possible media and purchase experience?
• What kinds of technological enablers, standards, and interfaces will be needed?
Some numbers

Around 300 000 tablets in Finland
  • Mostly iPads
  • 50 000 ? eReaders

iPad users (5/2011)
  • 33–44 years old, high-earning men

iPad is used
  • at home, on holidays, with the family
  • in the morning and evening
  • for a long time

Sources: Sanoma iPad study 5/2011 and Gregor Waller 8/2/2012
Where are we now?

2010

- 0

2012

- 1,300 eBooks
- More than 10 tablet newspapers, another 10 coming, even more PDF papers
- 20 magazines
Business models and advertising
Four different strategies to approach the business

- media in transition from goods-dominant to service-dominant logic
- radical enough changes needed
- modular thinking is needed in order to increase flexibility and efficiently create new service offerings

**Figure 4: Critical capabilities by chosen digital landscape strategy**
Successful business model

HS Print + HS Digipaper

136,000 subscribers, one-third of the total number
New book concepts

Read the book service

Timo Parvela:
Taro at the Centre of the Earth
12 different forms of advertising in USA

Tablet advertising is a combination of mass media advertising, interactive media advertising and computer mediated communication.

Important features

• interactivity
• location
• eCommerce/eService
• engagement
• tactical advertising in newspapers is challenging
Advertising on iPad

• CRT (click through rate) is much higher on a tablet computer than on a web site
• touch screen, rich media and interactive features
• advertising models can vary from text advertising to engaging advertising (games or other activities) or e-commerce possibilities in the ad
Retail advertising example in HS on iPad

- Advertising page between two departments
- Updates two times a week, offering the same as in the printed paper
- Cooking recipes, video, shopping list
- Done in HTML5 with rich-media features; changing content updates automatically
Media experience
Media experience

- combination of reading device + reading software + content presentation
- integration of self-report, psychophysiology, eye-tracking, and media ethnography could give a more comprehensive outlook
- the challenge is to show that momentary measurements predict long term media consumption
Trials, user tests -> new concepts

For print readers

For non-print readers
Enabling technologies
Platform-agnostic content presentation

HTML5/CSS3

Veromalli kelpasi puolueille
Televisionun kuvapaikasta Yle-erosta paassiin toist aan sopiin eduskunnassa. Venoksi on tulossa 50–140 euroa vuodessa. Keroin makou koskee suuntaa osaa palkansaajista, sillä seen tulevaan on 20 000 euron ansio vuodessa.
Veroa maksavat myös yritykset ja yhteisöt.

Jääkiekko
Venäjä jätti Leijonat rollille

Kinkku maistuu
MONIKULTTUURISUUS: Kuopion Kalevalan keulun vitos
luokkalainen Su Moh popsii mielelouhi suomalaista jouluruk
kaa.

Kotimaa, hae uutinen

Hyöty ei heti pelasta Atriaa
Yenäjällä raskaasti näppälinen Atria hyödyt Yenäjän WTO
järjestysten edusta tiedillä vasta vuonna 2020.
Varatoimitusjohtaja Juha Ruohola sanoo silti, että nyt on
otettu askel oikeaan suuntaan.

Kuntalainen sivuosassa
Hallintarekenteiden muokkaaminen kuin na vaar
joon ilmeisesti pelastaa muita.

LYHYESTI
KalPa ja JYP samaan lähkeen Euroligassa
Ylioppilat
Reader client and event analytics

Daily paper, archives, search and selection according to user preferences
World’s thinnest eReader

- local news in Vantaa were delivered to a very thin, solar powered eReading device via a digital TV network
- tests in Shanghai, China with the People’s Daily
Lessons learned
Knowledge on a competitive level

- prototyping and testing have been a valuable way to learn
- new business innovations
- new product and service concepts
  - around 20 tablet magazines and over 10 newspapers, 1300 eBooks – more coming out soon, some book apps
  - several eShops for eBooks and tablet computer papers
- new ways to operate within companies, new partnerships
- some technical developments will be available as open source
- new education, for instance, for graphic design and media adoption studies established
Next Media helps Aalto University create new education

- user-centred graphic design
- publication design on new platforms
- possibility to increase the number of researchers
- the amount and quality of co-operation has increased
Summary

• Change from print to digital is true, but happens slowly
• Be innovative, try, fail and try again
• Test with your customers, crowdsourcing
• Try to find new business models
• Network with people and companies
More information and blogs

www.nextmedia.fi

Aalto Econ:
http://readvertisingblog.wordpress.com/

Aalto ARTS:
http://mediaconceptsrg.blogspot.com/
Thank you for your time!
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