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World Press Trends: Newspapers Still Reach More Than Internet

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Newspaper circulation declined in print world-wide last year but was more than made up by an increase in digital audiences, the World Association of Newspapers and News Publishers (WAN-IFRA) said Thursday in its annual update of world press trends.

"Circulation is like the sun. It continues to rise in the East and decline in the West," said Christoph Riess, CEO of WAN-IFRA, who presented the annual survey Thursday at the World Newspaper Congress and World Editors Forum in Vienna, Austria.

The survey found:

- Media consumption patterns vary widely across the globe. Print circulation is increasing in Asia, but declining in mature markets in the West.
- The number of titles globally is consolidating.
- The main decline is in free dailies. "For free dailies, the hype is over," said Mr Riess.
- For advertisers, newspapers are more time efficient and effective than other media.
- Newspapers reach more people than the internet. On a typical day newspapers reach 20 percent more people world-wide than the internet reaches, ever.
- Digital advertising revenues are not compensating for the ad revenues lost to print.
- Social media are changing the concept and process of content gathering and dissemination. But the revenue model for news companies, in the social media arena, remains hard to find.
- The business of news publishing has become one of constant updating, of monitoring, distilling and repacking information.
- The new digital business is not the traditional newspaper business.

Mr Riess's presentation focused on six key areas: the media consumption shift; economic

developments; newspaper circulation and number of titles; advertising expenditure by media; newspaper revenue; and internet versus mobile.

This represented a significant shift from past versions of the world press trends survey, which WAN-IFRA has been carrying out since 1988. Long a statistical compendium of information from more than 200 countries, the 2011 report focuses on the 69 countries that account for 90 percent of global industry value in terms of circulation and advertising revenue. "We're concentrating on value rather than volume, focusing on key numbers in key markets," said Mr Riess. "Our approach puts a premium on insight over numbers." This reflects feedback from industry stakeholders, as part of the new WAN/IFRA review. But the survey will continue to monitor all countries.

Media Consumption Shift

When measured in minutes per day, media consumption patterns vary widely. For example, television dominates in the United States, internet accounts for one-third of media time in Austria, and digital gets just a fraction of consumption time in Russia. Time spent with newspapers is low when considering their impact and influence on society, compared with other media – and to their advertising revenues.

"Newspapers have always had a lower percentage of the time spent by the media user, relative to the high advertising revenues that newspapers produce," said Mr Riess. Newspapers account for 8% of media consumption time, but 20% of all advertising revenue. "We have always been extremely efficient in using the time of our readers. But now we are in a more challenging environment, because readers are more promiscuous, they have more choices, they read newspapers with less frequency. We have to do more to attract them, find new ways to garner loyalty."

There is no doubt that internet consumption is increasing world-wide, to the cost of broadcast more than other media, the report found. Radio consumption. in terms of minutes per day has fallen 23 percent since 2006, compared to 7 percent for newspapers, it found.

Economic Developments

There appears to be a structural shift in advertising and newspaper revenues. Long mirroring the growth and contraction of Gross Domestic Product, both global advertising revenues and newspaper revenues appear to be decoupling from their patterns related to GDP.

In the 20 years to 2001, advertising revenue increased more than GDP in an upturn, and fell farther than GDP in a downturn. "But this has not been true since the 2001 downturn," said Mr Riess. "After 2001, we have had good growth in Asia, but, contrary to the previous 20 years, advertising revenues increases were not higher than GDP during a recovery. And we have a greater decoupling of newspaper advertising revenues, which don't follow the recovery as in the past. We have a structural change in general, especially in newspapers."

Newspaper Circulation

Daily print newspaper circulation declined from 528 million in 2009 to 519 million in 2010, a

drop of about 2 percent. But what has been lost to print has been more than made up by digital newspaper readers. Digital audiences are typically a third of print readership. So against a 2 percent decline, digital growth is significantly greater.

In fact, when measured in terms of readership, newspapers reach 2.3 billion people every day, 20 percent more than the 1.9 billion that the internet reaches world-wide.

But the significance of this is not the total numbers, but in changes in purchasing patterns. "We get readers, but less regularly," Mr Riess said. "It's the same with digital – the problem isn't visitors, but frequency and depth." Mr Riess said the patterns required a reconsideration of newspaper subscription models, and of finding new ways to convince readers to come back.

Again, circulation patterns vary greatly world-wide. In the Asia Pacific region, circulations increased 7 percent from 2009 to 2010, and 16 percent over five years. Latin America also saw significant circulation increases – 2 percent last year and 4.5 percent over the past five years. But drops occurred in Europe – 2.5 percent year-on-year and 11.8 percent over five years in Western Europe and 12 percent last year and 10 percent over five years in Eastern and Central Europe. The decreases were greatest in North America, where newspapers have lost 11 percent of circulation year-on-year and 17 percent over five years.

The number of newspaper titles worldwide increased by 200 in 2010, to 14,853, but the rate of increase is slowing due to consolidation in many markets as publishers close unprofitable titles and the number of free newspaper titles decreases worldwide. This was particularly pronounced in Eastern Europe, where freedom of expression led to the creation of numerous titles that were not sustainable economically. The number of newspaper titles declined 4 percent in Eastern Europe in 2010, and 8 percent over 5 years.

In fact, free newspapers took a big hit in 2010 – a drop in total distribution to 24 million copies from a high of around 34 million in 2008. "The hype is over," said Mr Riess. "In many cities, too many free titles were launched. There were newspaper wars. Now the market is maturing, and though the number of titles has declined, there are still opportunities.

Mr Riess noted that free newspapers have a strong impact on younger audiences. "Free newspapers added energy to our industry," he said. "They encouraged a lost younger generation to read newspapers, and this was positive." Audience research across European cities where free newspapers are available shows that readership among 15- to 24 year-olds is 50 percent higher for free dailies than for paid-for dailies.

Newspaper readership is highest in Iceland, where 96 percent of the population reads a daily newspaper, followed by Japan (92 percent), Norway, Sweden and Switzerland (82 percent), and Finland and Hong Kong (80 percent). Japan is the leader when it comes newspaper sales, with the average circulation of its newspapers at 461,000 – an enormous total. Austria comes second with an average of 162,000 per title.

But bigger isn't always better, said Mr Riess, noting the worldwide circulation average is about 17,000 per newspaper. "Newspapers are about communities, either of geography or of interest," he said. "It is in satisfying these communities that newspapers can still flourish."

Advertising Expenditures by Media

Television continues to be the world's largest advertising medium, with a total ad expenditure of 180 billion US dollars in 2010. Newspapers were second with 97 billion, followed by internet (62 billion), magazines (43 billion) and radio (32 billion).

But newspapers are lagging behind both television and internet when it comes to growth trends, and internet is outpacing both, the survey found. Internet advertising grew 22 percent year-on-year in Asia in 2010, compared with 11 percent for television and 3 percent for newspapers. In Europe, internet advertising rose 14 percent from 2009, compared with 9 percent for TV, while newspaper advertising fell 1 percent.

In South America, internet advertising rose 31 percent year-on-year in 2010, compared with 19 percent for television and 6 percent for newspapers. In North America, internet advertising was up 13 percent and television 8 percent, while newspaper advertising fell 9 percent. Internet's share of the advertising market has surpassed newspapers in the United States, and will reach newspaper levels in Europe and Asia very soon.

Newspaper Revenues

Newspaper advertising revenues took a big hit in the global recession, but the decline slowed in 2010. Globally, newspaper advertising revenues declined 23 percent over five years and only 3 percent last year.

In North America, newspaper advertising revenues were down 17 percent for the five-year period but increased 1 percent last year. In Western Europe, they were down 12 percent over five years and up 2 percent last year. Eastern Europe saw advertising revenues fall 3 percent over five years and 3 percent last year. In the Asia Pacific, newspaper advertising revenues were down 1 percent over five years but up 4 percent last year. In Latin America, the revenues declined 23 percent over five years and 3 percent last year.

Mobile vs. Internet

Which offers a better business model for newspaper companies – internet or mobile? Again, it depends on the market, said Mr Riess, and there are wide variations around the world.

In Russia, for example, mobile penetration is 130 percent compared with 30 percent for internet, so clearly mobile offers better opportunities. The same goes for India, where 60 percent of its 1 billion population has mobile telephones. In the United States, where the penetration of both mobile and internet is high, both platforms offer opportunities.

The internet advertising model has been well-established, but most of the revenue goes to search engines – 65 percent to Google alone.

On the mobile platform, the paid-content model is well-established, since users accept monthly contracts, pre-paid phones and paid-for apps. But here too, new players – Apple and the mobile operators – take a large share of the revenue. "If we're not careful in the newspaper industry, they will take away our business," Mr Riess said.

"But this world isn't easy, it isn't either internet or mobile, there will be different ways to use these channels and there will be hybrid ways – like tablets – that will use both the paid content and the advertising models. Every company has to look at its target group and readership, and this group defines how best to reach it. And this has to be reconsidered constantly."

WAN-IFRA, based in Paris, France, and Darmstadt, Germany, with subsidiaries in Singapore, India, Spain, France and Sweden, is the global organisation of the world's newspapers and news publishers. It represents more than 18,000 publications, 15,000 online sites and over 3,000 companies in more than 120 countries. Its core mission is to defend and promote press freedom, quality journalism and editorial integrity and the development of prosperous businesses.

Learn more about WAN-IFRA at <http://www.wan-ifra.org> or through the WAN-IFRA Magazine at <http://www.wan-ifra.org/magazine>

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