The demise of the daily newspaper over 50 years

Share of adult Danes who read a newspaper “daily” or “almost daily” (percent).

1964: 92
2015: 41.5
Publishers (in the western hemisphere) mostly face declining classical businesses and strong digital competitors

### Big picture

#### Traditional revenues (Print + Digital Ads and Circulation) [billion US$; current prices]

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>167</td>
</tr>
<tr>
<td>2013</td>
<td>164</td>
</tr>
<tr>
<td>2014</td>
<td>161</td>
</tr>
<tr>
<td>2015</td>
<td>158</td>
</tr>
<tr>
<td>2016</td>
<td>154</td>
</tr>
</tbody>
</table>

CAGR – 2%

#### Google and Facebook audience and ad shares

<table>
<thead>
<tr>
<th>Audience Share</th>
<th>Facebook</th>
<th>Google</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined</td>
<td>64%</td>
<td>36%</td>
</tr>
<tr>
<td>Share in new ad spend</td>
<td>89%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Global newspaper revenue

Source: WAF Analysis 2017

AUDIENCE REVENUES
$86 BN

ADVERTISING REVENUES
$68 BN
Trust have a positive effect on willingness to pay.
US Publishers transform to digital subscriptions

Data Source: American Press Institute 2016
More than 75% of American Newspapers Have Digital Subscription

Data Source: American Press Institute 2016
Why Digital Subscription is Successful

- Netflix, Spotify and others have educated the market
- Users accustomed to subscribing online
- Convenience for customers
- Lower price
- Increasing trends of companies offering subscription services
- Higher revenue and predictable business model
Meter Model Dominates in the US

Data Source: American Press Institute 2016
Freemium is preferred in Germany

- Freemium model: 58%
- Meter model: 37%
- Hard Paywall: 5%
Pivot towards the hybrid model pay wall....

If not subscription, then registration.

FREE
- Ads
- Data
- Sponsors
- Native ads

FEE
- Meter
- Freemium
- Hybrid
- Bundling with print
- Hard wall Subscription
- Single purchase
# Proportion that Paid for Online News

<table>
<thead>
<tr>
<th>Country</th>
<th>% Paid for Online News in 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUT</td>
<td>5%</td>
</tr>
<tr>
<td>CAN</td>
<td>7%</td>
</tr>
<tr>
<td>CZE</td>
<td>7%</td>
</tr>
<tr>
<td>GER</td>
<td>7%</td>
</tr>
<tr>
<td>GRE</td>
<td>7%</td>
</tr>
<tr>
<td>HUN</td>
<td>7%</td>
</tr>
<tr>
<td>IRE</td>
<td>7% in 2015</td>
</tr>
<tr>
<td>POR</td>
<td>7% in 2015</td>
</tr>
<tr>
<td>CAN</td>
<td>9%</td>
</tr>
<tr>
<td>USA</td>
<td>9%</td>
</tr>
<tr>
<td>SPA</td>
<td>10% in 2015</td>
</tr>
<tr>
<td>AUS</td>
<td>10% in 2015</td>
</tr>
<tr>
<td>BEL</td>
<td>12% in 2015</td>
</tr>
<tr>
<td>NLD</td>
<td>12% in 2015</td>
</tr>
<tr>
<td>JPN</td>
<td>10% in 2015</td>
</tr>
<tr>
<td>FIN</td>
<td>15%</td>
</tr>
<tr>
<td>ITA</td>
<td>12% in 2015</td>
</tr>
<tr>
<td>POL</td>
<td>27%</td>
</tr>
<tr>
<td>SWE</td>
<td>20%</td>
</tr>
<tr>
<td>NOR</td>
<td>17% in 2015</td>
</tr>
</tbody>
</table>

**Q7a.** Have you paid for ONLINE news content, or accessed a paid-for ONLINE news service in the last year? (This could be digital subscription, combined digital/print subscription or one-off payment for an article or app or e-edition). *Base:* Total sample in each country

*Reuters Institute: Digital News Report 2016*
Countries with Ongoing Payment Pay More

Average annual news spend per customer: subs vs. one-off payments...

Age distribution for new subscription sales per product – Schibsted Norwegian Subscription papers

Age of subscribers
Google has a 50% global browser market share...

In the first phase only ads that fail to meet guidelines set by Coalition for Better Ads will be blocked (Google is a member most publishers are not)

The media today: Google starts its ad-blocking purge in February
# The Least Preferred Ad Experiences for Desktop Web and Mobile Web

<table>
<thead>
<tr>
<th>Desktop Web</th>
<th>Mobile Web</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pop-up Ads</td>
<td>Pop-up Ads</td>
</tr>
<tr>
<td>Auto-playing Video Ads with Sound</td>
<td>Prestitial Ads</td>
</tr>
<tr>
<td>Prestitial Ads</td>
<td>Auto-playing Video Ads with Sound</td>
</tr>
<tr>
<td>Ad Density Higher Than 30 Percent</td>
<td>Postitial Ads with Countdown</td>
</tr>
<tr>
<td>Flashing Animated Ads</td>
<td>Full-screen Scrollover Ads</td>
</tr>
<tr>
<td>Large Sticky Ads</td>
<td>Large Sticky Ads</td>
</tr>
</tbody>
</table>

*Source: Coalition for Better Ads*
Will these ads pass the Google Chrome adblocker?
In an exclusive video interview with CNN Tech's Laurie Segall, Facebook VP Adam Mosseri described the move as a "rebalancing" of how Facebook's algorithms rank items in the main feed.

They are really saying to corporates including media: Pay if you want access to peoples news feed...

Facebook to show more content from friends, less from publishers and brands
Facebook to show more content from friends, less from publishers and brands

Greatest gift to #publishing in years! Unintended, @Facebook now forces #newsmedia to focus on own platform and their direct #customerrelations. This will change the #media #businessmodel towards #paidcontent delivered on own platform cnnmon.ie/2D6HOR7 via @CNNMoney

Facebook hopes to improve the well-being of its users by prioritizing content from friends and family over posts from brands and publishers.
So many publishers think they have audiences, when what they really have is traffic. I think we’re about to find out who has an audience.

- Casey Newton, Silicon Valley editor at The Verge

Average Organic Reach of Content Published on Facebook Brand Pages

Analysis of 100+ Facebook Brand Pages around the world with more than 48 million total fans conducted by Social@Ogilvy in February 2014. Full details in the Appendix of this report.
Parse.ly network referrals to publishers, 2017

As a percent of total referrals

- Google: 43.3%
- Facebook: 25.3%
Publishers eye push notifications in aftermath of Facebook news feed changes
It looks like Facebook is going local... (recent test in Olympia, Washington)
Only very few quality newspapers will survive on advertising only.

You must have substantial digital revenues from your consumers.
U.S. Newspapers See Surge in Digital Subscriptions

Paid digital-only subscribers of selected U.S. newspapers and news publishing groups

- The New York Times: +47%
- The Wall Street Journal: +30%
- The Financial Times: +15%
- Gannett*: +62%
- Tronc (e.g. LA Times): +82%

* includes digital-only plus Sunday subscriptions sold by the 109 local news properties owned by Gannett

Source: Company reports
34% GROWTH IN DIGITAL SUBSCRIBERS Y/Y

Schibsted’s VG.no & Aftonbladet.se: approx. 10% of daily visitors pay for content
You need the right TECHSTACK to work with paid digital subs...
Charging for content takes a new go-to-market strategy.
Same publisher, same CMS, but different business models....

1st screen of leading Danish paid daily’s PREMIUM section and frontpage of leading Danish free weekly newspaper.
The Building Blocks for Success in Digital Publishing (twipe: 2015)

- Strategy
- Organogram
- Systems & workflows
- Design
- Data
- Processes

CULTURE
Big Data & Machine Learning
Recommendation Module Daily CTR

Clavis

By Harry McNichols To Write Dead

"There is no map, and starting a path ahead will not be easy. We will need to invent, which means we will need to experiment."

That was Amazon founder and CEO Jeff Bezos, in a letter he wrote to Washington Post employees upon agreeing to personally acquire the 236-year-old newspaper in August 2013. He acknowledged they might have apprehensions about the historic transfer of ownership, and most of his advice was directed to ensuring them that the company would remain dedicated to serving readers even in a time of rapid change for the business of journalism.

More than four years later, it’s clear that Bezos was true to his word. But the invention and experimentation that’s happened at the Post has included a side project which is a major departure from the company’s traditional comfort zone.

Since 2013, a now Post operation now called Arc Publishing has offered the publishing system the company originally used for WashingtonPost.com as a service. That allows other news organizations to use the Post’s tools for writers and editors. Arc also streamlines the responsibility of ensuring that readers get a snappy, reliable experience when they visit a site on a PC or mobile device. It’s a high-end version of its partner, or WordPress.com, tailored to solve the content problems of a particular industry.
Machine Learning Algorithm Outperforms Front-Page Editor

SvD’s new CMS, meant to be easy and intuitive, allows reporters and editors to assign stories “news” and “lifetime” values.

Schibsted Group’s own CMS The Creation Suite implemented at Swedish publisher SvD. The editor in charge only has to make two decisions. How important is the story, and the lifetime of the story. The rest is done by predictive analysis...
PERSONALIZED EDITORIAL NEWSLETTERS

collaborative filtering in email

Schibsted Group traces individual usage behavior and curates newsletters accordingly
THEY CONSISTENTLY OUTPERFORM MANUALLY CURATED ONES

CTR in A/B-tests

<table>
<thead>
<tr>
<th></th>
<th>Manually curated</th>
<th>Personalized</th>
</tr>
</thead>
<tbody>
<tr>
<td>39</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>40</td>
<td>4%</td>
<td>9%</td>
</tr>
<tr>
<td>42</td>
<td>3%</td>
<td>6%</td>
</tr>
<tr>
<td>43</td>
<td>6%</td>
<td>10%</td>
</tr>
<tr>
<td>44</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>45</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>46</td>
<td>6%</td>
<td>10%</td>
</tr>
<tr>
<td>47</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td>48</td>
<td>5%</td>
<td>7%</td>
</tr>
</tbody>
</table>
What is premium content?
Trends in premium online publishing

The snow burst through the trees with no warning but a last-second whisper of sound, a two-story wall of white and Chris Rudolph’s piercing cry: “Avalanche Alert!”

The very thing the skiers and snowboarders had sought—fresh, soft snow—instantly became the enemy. Somewhere above, a pristine meadow nestled in the slopes of a lightning belt, sliding a slab nearly 200 feet across and 5 feet deep. Gravity did the rest.

Snow shattered and spilled down the slope. Within seconds, the avalanche was the size of a thousand cars barreling down the mountain and weighed millions of pounds. Slowing about 10 miles per hour, it crashed through the sturdy old-growth trees, mapping their limbs and shredding bark from their trunks.

The avalanche, in Washington’s Cascades in February, slid past some trees and rocks, like ocean swells around a ship’s prow. Others it captured and added to its violent load.

Somewhere inside, it also carried people. How many, no one knew.

The slope of the terrain, shaped like a funnel, squeezed the growing swell of churning snow into a deep, twisting gash. It moved in waves, like a roller coaster on a series of drops and high banked turns. It accelerated as the slope steepened and the weight of the sides pushed from behind. It shuffled through shallower pitches. The energy raised the temperatures of the snow a couple of degrees, and the friction carved striations high in the icy sides of the canyon walls.

Elyse Sangstad, a professional skier, wore a backpack equipped with a air bag, a relatively new and expensive part of the arsenal that backcountry users increasingly carry to ease their minds and increase survival odds in case of an avalanche. About to be swallowed, she pulled a cord near her chest. She was knocked down before she knew if the canister of compressed air inflated long pillows behind her back.

She had no control of her body as she tumbled downhill. She did not know up from down. It was not unlike being ear-to-ear in a relentlessly crashing wave. But snow does not need. It swallows its victims. It does not spit them out.

It streaked in a patch. She opened off the rocks. She saw was snow terrorizing through a shattered
The five main projects of the Belt and Road Initiative

A visual explainer

One Belt projects

Main index

Railway to London

Gwadar Port

Railway to Iran

Asian gas pipeline

Khorgos Gateway
**China–Pakistan Economic Corridor**

With an estimated US$54 billion worth of infrastructure projects planned for this stretch, the China–Pakistan Economic Corridor is the biggest project under the belt and road banner. It's taken decades of work to build the road from China's Xinjiang to Pakistan's Gwadar port, but it's finally partly operational. Chinese cargo began to be transported overland to Gwadar Port late last year. Eventually, sea ports in Gwadar and Karachi will be linked with northern Pakistan, western China and Central Asia. Building the road had been difficult, said Liu Qiao, the chairman of China Communications Construction Group. "We've spent decades and 88 Chinese workers have died from natural disasters," he said.
PREMIUM SECTION

- Exclusive look and feel
- Aesthetics
- No or high end commercials
- Lean back mode
- Reduced complexity
- White space (or negative space)

CONTENT TYPES

- Long narratives
- Reviews
- Themes
- Multimedia productions
- Comments
- Editorials
- Columns
- Etc.

Theme on Vladimir Putin
Helsingin Sanomat

Shift from metered model to hybrid (5 articles for free + "Diamond" Content behind paywall)

Pagewiews no longer a central KPI -> No. of sessions and digital activity of subscribers.

New top KPI: diamond articles should convert 350 trials/day
The demand for innovative, investigative, and high quality journalism is higher than ever. This is good news for ambitious journalists eager to make a difference in their newsroom. They are the scarce resource when it comes to building a paid content digital audience...
Thank you & let’s meet on LinkedIn or twitter!

@SteffenDamborg
WAN-IFRA

South Asia Committee
An operating model for the digital world

The next-generation operating model for the digital world

Companies need to increase revenues, lower costs, and delight customers. Doing that requires reinventing the operating model.

Companies that strategically go on a digital offensive generate 3 times more revenue and profit growth than their more defensive counterparts

Jacques Bughin, Director McKinsey Global Institute
• Publishers force users to sign-in/register for websites and apps – as well as investing heavily in data – to help deliver more personalised content and messaging.
• For the traditional media, we’ll see a growing gap between big brands successfully managing digital transition and the rest (that are struggling).
• More publishers pivot to subscription (or other forms of reader revenue) as digital display advertising declines in importance.
• A number of publishers pivot away from video (... and back to text).
• In social media, we’ll see a further move to messaging platforms and conversational interfaces.
• China and India become a key focus for digital growth with innovations around payment, online identity, and artificial intelligence.
Neither RedBox nor Netflix are even on the radar screen in terms of competition

Jim Keyes, 2008
CEO Blockbuster

This quote illustrates the lack of sense of urgency needed when doing business on a burning platform...
Paid content is the top-priority

“Shifting strategy from reach + ads to engagement + subscriptions is not a simple change in business model, it is forcing publishers to rethink the content they create and the audience that they are targeting.”

Reuters Institute
Most Important Initiatives for 2018

- Improving data capacity: 62%
- Mobile (and desktop) notifications: 61%
- Registering users on website/app: 58%
- Production efficiency (making processes faster): 55%
- Optimising content for social: 54%
- Optimising content for search - SEO: 51%
- Email newsletters (starting or improving): 47%
- Content personalisation: 38%
What do you see as the single greatest risk to success in the year ahead?
Engagement consists of two uncorrelated dimensions: Active Time and Positive Affect

NEW METHODOLOGY

- There is no correlation between Attention Time and Positive Affect
- Positive Affect is driven by content (fit with interest, learn something new, ...), composition and fulfilling the objective within given time constraint
- Number of pageviews per visit or time on site per session is not valid measures. If you present click bate headlines the number of pageviews goes up, but you get negative affect....
What is the right content for attraction, conversion & retention?

Top 3 best converting JP articles in 2016:

Når kærligheden kollapser – sådan undgår I at gå fra hinanden

Stor guide til SUV-klassen - test af 16 biler i Qashqai-klassen

Træthed – og hvorfor træthed ikke blot er et spørgsmål om søvn
What benefits people like most from subscribing to news

- I get content that is only available to paying customers
- I like the coupons or discounts
- I feel good about contributing to the news organization
- I get access to print in addition to digital content
- It gives me access to events sponsored by the news organization
- I like getting an unlimited number of digital stories
- I get access to giveaways or other benefits only available to subscribers

Percent of payers who say...
Constructive & trustworthy news have a positive effect on audience loyalty and willingness to pay.

Source: Edelman Trust Barometer
“Our economics depend on having a direct relationship with our users. And that is the most important thing we can do.” Chief Revenue Officer Meredith Kopit Levien