WAN-IFRA | REPORT

Shaping the Future of News Publishing

PRINT-ONLINE PERFORMANCE GAP

World Printers Forum Report: A US-only study raises debate

IMPRINT

**PRINT-ONLINE PERFORMANCE GAP,
A US-ONLY STUDY RAISES DEBATE**

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WORLD PRINTERS FORUM

The World Printers Forum of WAN-IFRA promotes the value of printed news media in the digital age. It aims to be the central point of the international news media print community, including printers, materials suppliers and equipment manufacturers for the print production value chain from prepress to press and to product finishing and delivery.

It addresses all print-related questions. Its objective is to encourage innovation and productivity as well as product development that can be instrumental for publishers to exploit future-oriented news media products. It promotes the power of print and the sustainability of print production.

The World Printers Forum has also launched an online forum, an exchange platform for discussing, informing and debating all topics related to newspaper production. The Forum is open to everyone and is free to use.

The online forum is an ideal exchange platform for newspaper production experts to voice their opinions, share technical knowledge and learn from other experts.

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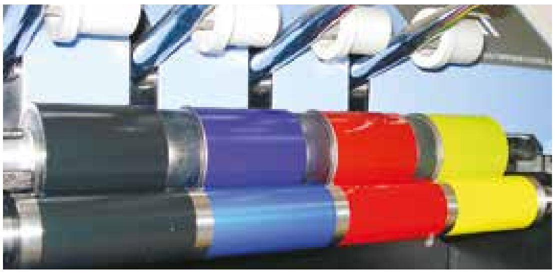

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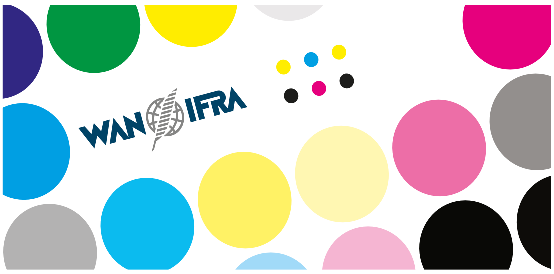

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ABOUT THE REPORT

Dean Roper, Editor-in-Chief, WAN-IFRA

Just when you thought the old print vs. digital debate was no longer useful, along comes a study to stir the flames. Healthy debate is good, right?

This past summer after journalism professor H. Iris Chyi and doctoral student Ori Tenenboim of the University of Texas published their study, "Reality Check – Multiplatform Newspaper Readership in the United States, 2007–2015" – this new, or old, debate was on in the US.

Using a longitudinal analysis of readership data (2007, 2011, and 2015) of 51 US newspapers (with circulations under 120,000), the findings of the study, essentially, said that newspapers' assumptions, and subsequent strategies, that "print will one day die" and "digital will rule" were woefully off the mark.

The study doesn't outright suggest that publishers abandon their digital efforts, rather, to play to the strengths of where newspapers' audience and revenues mostly reside – in print.

Chyi revisits the study in this World Printers Forum report, addressing and challenging some of the heated debate that ensued when the study was published, particulary from what she calls the "pro-digital, anti-print" voices within the industry.

She concludes her part of this report, which also includes feedback from a broad range of industry experts, by saying: "The key is to acknowledge the reality, drop the death narrative [of print], value audience research, and deliver quality content through preferred platforms. Albeit no longer 'wildly profitable,' there is still a future of newspapers."

So let me "start" there ...

WAN-IFRA supports and promotes the ongoing transformation within our industry, much of it indeed driven by technology but ultimately by our audiences and their ever-shifting consumption habits. We believe that an agile, multi-platform strategy is the only way forward to satisfy those evolving habits. And it goes without saying that there is no one-size-fits-all strategy for any publisher, market or region.

For most publishers around the world, print indeed remains a core part of any platform strategy, and our World Printers Forum focuses its energy on exploring the innovations and strategies for newspaper printers.

This study, and our report, begs the question to us: What if we are on the wrong path? What if we should still be focusing most of our investment and energy primarily on print?

Chyi is pretty clear in her arguments and conclusions. It was interesting to read the feedback from the global panel of newspaper experts – publishers, printers, (production) suppliers – we interviewed about the study. Most agreed: it's not a question of print or digital, it's more a question of what readers want and delivering them quality content however they want to receive it.

You agree?

INTRODUCTION

Despite having been written off countless times in the past, the printed newspaper stubbornly refuses to die. It is astounding to witness the tenacity with which the more than 400-year-old news medium asserts itself in the digital era. In many industrialised counties – from North America to Europe and Oceania – circulations, and especially advertising revenues, are in decline. But from a global perspective newspaper circulations are growing from year to year.[1] This is due mainly to increased circulations in Asia.

Martin Schwarz, 4c (left), and Manfred Werfel, WAN-IFRA

Some 40 % of the world's adults read a newspaper daily – corresponding to 2.7 billion people.[2] Therefore it is obvious that readers value the printed newspaper.

On 16 January 2017, the Australian gxpress.net reported: "Print remains the preferred medium for the majority of Australians who read news media, the latest emma statistics show. November figures have nine out of 10 consumers – or 16.7 million Australians – reading news media, with 80 % of them (13.5 million) preferring to read a printed newspaper.

Some 12.8 million readers accessed news media via smartphone, tablet, laptop or PC. The report says 11.2 million people, or 61 % of consumers, read a metro newspaper in the period covered by the report, while 7.5 million people (41 % of consumers) read a regional or community newspaper."[3]

On 12 January 2017, John Ridding, CEO, Financial Times, asked: "Who wants today's newspapers?" He emphasises the importance of the printed newspaper in the media mix when he states: "Ultimately the FT strategy is led by its readers. If they don't want print, we won't deliver it. The fact is, they do. And they do so as part of a portfolio of formats – perhaps a digital summary when they wake, the newspaper over coffee or at the weekend, desktop on arrival at work, email alerts through the day, video when on a mobile device.

Not losing money on print is obviously good for business. But there are additional benefits. It re-establishes the rightful order for an independent media. To summarise the late, great Henry Luce, the primary relationship of a newspaper should be with its readers, not its

1 WAN-IFRA World Press Trends 2016, Paris 2016, Page 24
2 WAN-IFRA World Press Trends 2016, Paris 2016, Page 23
3 http://www.gxpress.net/digital-strong-but-aussies-still-prefer-print-cms-10811

advertisers. Hard-headed Mad Men and Women get this, too. Proof of quality circulation, through successful price rises and robust readership, has enabled the FT to take advertising share in most markets and in most sectors. Confident pricing and quality circulation – even with the consequence of reduced volumes – are not an alternative to advertising. They are a support."[4]

Hermann Petz reports similar experiences. He serves as the Chief Executive Officer at Moser Holding Aktiengesellschaft and Chairman of Supervisory Board at Regional Media Austria AG. Petz is also the author of a German-language book titled "The Newspaper is Dead, Long Live the Newspaper."

Petz was the keynote speaker at the World Printers Forum Conference in Hamburg 2015. What you will read in the headlines is print numbers have gone down again, Petz said, but he noted that 57.9 % of Tiroler Tageszeitung (TT) readers only read the print media. Thirty-two percent read both versions and only 10 % of TT's readers are online readers only.

"My favourite myth is that young people no longer read the print newspaper," Petz said, "but at TT – 40.3 % of people 14-18 years old read a TT print product."[5]

At the beginning of February 2017, Neil Thurman who works at the Department of Communication Studies and Media Research at LMU Munich and at the Department of Journalism, City University of London, UK, published a scientific article concerning the time British newspaper readers spend reading their newspapers.

He came to the conclusion that "of the time spent with 11 UK national newspaper brands by their British audiences, 88.5 % still comes via their print editions, 7.49 % via mobiles, and just 4 % via PCs." He continues: "UK national newspaper brands engage each of their online visitors for an average of less than 30 seconds a day, but their print readers for an average of 40 minutes."[6]

But how will the opportunities for the printed newspaper develop in the future? In Europe, it has been our experience that many technical, scientific and society trends develop first in the USA before growing in importance in Europe following a certain time lag. This can be expected to be the case especially for the digital social media, as they are developed and used first in the USA, something that is additionally favoured by the largely liberal economic policy of the United States.

US situation might offer glimpse of future for all

Consequently, if the current situation in the North American newspaper industry provides an indication of what the future can be expected to bring for the European industry (and after a certain delay also for the countries in the Middle East and Asia), then it is definitely worthwhile to take a look across the Atlantic.

Perhaps it is possible to identify most immediately the competition between digital and print as well as the interrelationships between the rise of the former and the supposed decline of the latter on the basis of the development of regional newspapers. Journalism professor Iris Chyi and doctoral student Ori Tenenboim from the University of Texas at Austin, are currently having to deal with a large volume of protest due to a study on this topic. Since the US news portal Politico reported about its results[7], there has been an increasingly passionate discussion in the USA concerning the central assertions of the paper.

Taking as a basis 51 US metropolitan newspapers with a circulation of more than 120,000 copies in each case, the authors closely examined whether the digital focus on the reader market in recent years bore fruit. It can be said right away: this was by no means the case.

The reach of the print versions of the investigated newspapers dropped from 42.7 to 28.8 % between 2007 and 2015. The online reach of the newspaper websites stagnated, but in the same period rose from 9.8 to just 10 %. "Therefore we do not believe that the readers abandoned the print product for the websites of the newspapers," Chyi told the trade publication 4c. Indeed, the online versions of the newspapers seem to be once again on the losing side in recent years: In 2011 their reach had actually achieved 10.7 %.

The authors of the study deliberately excluded the major national or internationally important US newspapers from their investigations as, due to their prominent position, these newspapers, e.g. The

4 http://www.thedrum.com/opinion/2017/01/12/who-wants-today-s-newspapers-ft-chief-john-ridding-why-print-still-has-future

5 WAN-IFRA, World Printers Forum Conference 2015, Conference Summary, Frankfurt am Main, Germany, December 2015, http://www.wan-ifra.org/articles/2015/09/30/conference-summaries

6 http://www.tandfonline.com/doi/full/10.1080/1461670X.2017.1279028

7 http://www.tandfonline.com/doi/full/10.1080/17512786.2016.1208056?scroll=top&needAccess=true

New York Times, The Wall Street Journal, USA Today, differ from the majority of regional newspaper houses and accordingly are not exemplary for the mass of medium-sized publishing houses with a regional focus.

For this report, jointly prepared by WAN-IFRA and the trade publication 4C, H. Iris Chyi wrote a summary of her last year's study. In her summary, she also reflects upon the reactions to date and the discussion about the study in the USA.

Moreover, we considered it important to discover the views of newspaper experts outside of North America on the matters under discussion. To this end, we interviewed a number of acknowledged experts from newsrooms, publishing houses as well as equipment manufacturers and material suppliers. We include their replies to our six questions in this report, after the summary of the Texas study.

Goal is to encourage discussion about future

It is not our objective with this publication to present unchallenged truths, but to encourage a discussion on the importance of the printed newspaper today and in the future, as well as the consequences from the findings of this research.

For this purpose we also wish to use this year's "Print World" conference, which will be held together with the IFRA Expo from 10 to 12 October 2017 in Berlin. We are pleased to announce that H. Iris Chyi, who authored the study, has already confirmed her participation in the Print World conference in October.

We hope you enjoy reading this report and would be pleased to learn your opinion on the subject. The trade publication 4c has also reported on this subject (see link below).

Join the discussion in the World Printers Online Forum by using the link in the box below.

Martin Schwarz
Editor in Chief, 4c
Vienna, Austria

Manfred Werfel
Deputy CEO, WAN-IFRA
Frankfurt am Main, Germany

February 2017

USEFUL LINKS

Chyi, H. I., & Tenenboim, O. (2016), Reality check: Multiplatform newspaper readership in the United States, 2007–2015, Journalism Practice, 1–22
http://www.tandfonline.com/doi/full/10.1080/17512786.2016.1208056

Martin Schwarz, Zeitungsmarkt, Nichts gewonnen, viel verloren, Article in trade publication 4c, 22.10.2016
http://www.4-c.at/stories/artikel/aid/29377/Zeitungsmarkt/Nichts_gewonnen_viel_verloren?af=SiteSearch

Join the discussion at the World Printers Online Forum about this topic
https://forum.wan-ifra.org/general-business/new-report-print-online-performance-gap#sthash.ANksvxec.100jwb38.dpbs

REALITY AND IRRATIONALITY

US Metropolitan Newspapers Between Print and Digital

by H. Iris Chyi, Associate Professor, School of Journalism at the University of Texas, Austin, USA

Twenty years into US newspapers' experiment with digital, most are stuck between an unsuccessful experiment (for their online offerings) and a shrinking market (for their print product). Facing existential challenges, newspaper publishers have become more determined than ever, acting upon the assumption that print is dying so newspapers must transform themselves digitally to survive.

As a result, newspaper executives allot already dwindled resources to digital. Thousands of print journalists have lost their jobs, and the disinvestment results in more declines in circulation and advertising revenue, which serve as further evidence that the print format is dying. This suicide spiral may kill print newspapers prematurely.

Observed among industry leaders is a collective pro-digital, anti-print mentality, so robust that even the Newspaper Association of America (NAA) dropped "paper" from its name, which is interpreted as "a move that signals the changing fortunes of print in a media ecosystem dominated by digital news" (Mullin, 2016a, para. 1). Ironically, the (supposedly dying) print edition still outperforms the (supposedly dominating) digital edition by almost every standard – readership, engagement, subscription and advertising revenue – all by a wide margin.

It is 2017. Newspaper executives can no longer afford to ignore the fact that their digital strategy is not working.

As a reality check, this report first presents research findings on US newspapers' digital struggles in terms of readership and business prospect, and by doing so, examines two prevalent-yet-unchecked assumptions about an all-digital future. The second part of the report addresses major pro-digital, anti-print arguments surfaced in a recent debate regarding what went wrong during the past two decades. The purpose is to expose some of the irrationalities that may have shaped US newspapers' technology-driven strategy. Regarding the future, readers have made their choice. What newspaper executives need to do is to acknowledge the reality immediately, which is the first step toward saving the newspaper industry.

20 years of online journalism and unchecked assumptions

Contrary to general impressions, most US newspapers were not laggards in adopting internet technology for news delivery. The World Wide Web did not become publicly accessible until 1991, and the first web-based newspaper (the Palo Alto Weekly) went online in January 1994. By May 1995, as many as 150 US dailies offered online services – when less than 1 % of the US population had web access (Carlson, 2003). The New York Times went online in January 1996, and by 1999, more than 2,600 US newspapers offered online services (Editor & Publisher Interactive, 1999). However, by 2003, the industry consensus was that no business model had been found (Carlson, 2003). Media scholars also wondered whether online media can survive without a viable model and whether maintaining digital media is of value when profitability is not achievable (Kawamoto, 2003). These were the major lessons learned during the first decade of US newspapers' online experiment.

The story could have ended there. But new technological advances one after another – the emergence of post-PC devices (e.g., smartphones, e-readers, and tablets), the rise of web 2.0 technology (e.g., blogs), and the astounding growth of social networks – all reinforced newspaper executives' belief in a digital future. Every technology looks like the next thing, where the future of newspaper lies. As a result, the newspaper industry took a technology-driven approach, focusing on multi-platform news delivery: "Read the Los Angeles Times on Kindle … Leave a comment on a blog about media and marketing from the Chicago Sun-Times … Participate in a discussion board hosted by The Washington Post about college admissions … Receive SMS news about the Dallas Cowboys from The Dallas Morning News." According to Picard, "It's hard to find a technology that news organisations don't embrace" (2009, para. 1).

In 2007, when asked whether The New York Times would still be printed in five years, its publisher Arthur Sulzberger, Jr. said, "I really don't know. … And you know what? I don't care either," adding, "The internet is a wonderful place to be, and we're leading there" (Avriel, 2007). When the recession hit, long-term declines in print circulation quickened, and "death narratives" surrounding the print edition went viral. Sensational headlines such as "Extra! Extra! Are Newspapers Dying?" (Lieberman, 2009), "How to Save Your Newspaper" (Isaacson, 2009), and "Is There Life After Newspapers?" (Hodierne, 2009) appeared everywhere. A content analysis of US newspapers' coverage of their own financial woes revealed that more than 1 in 4 stories invoked "death" imagery; the overall tone of the coverage was negative; and such coverage exaggerated the scale of the "crisis" and largely ignored the historical context for it (Chyi, Lewis, & Zheng, 2012). By 2012, Reynolds Journalism Institute reported that as many as one-third of US newspapers envision a time when they will stop publishing the print edition (Jenner, 2012).

But the "print is dying" narrative has been a recurring theme in US newspapers' self-evaluation. Even when newspapers were "wildly profitable" in the 1990s, closures of afternoon papers and the financial difficulties of some metro dailies led many within and outside the industry to the same conclusion (Picard & Brody, 1997).

Another widely held assumption is that "digital natives" are online and they would never read your dead-tree newspaper in print. As a result, "newspapers need to figure out how to attract young people to their internet sites" (quoted in Graybeal, 2011, p. 95).

Acting on these unchecked assumptions on the all-digital future led to 20 years of trial and error – bad decisions were made, unwise strategies adopted, audiences misunderstood, and product quality deteriorated (Chyi, 2013).

Digital Revenue: Or Lack Thereof

Newspapers have never generated sufficient digital revenue to cover the loss on the print side. From

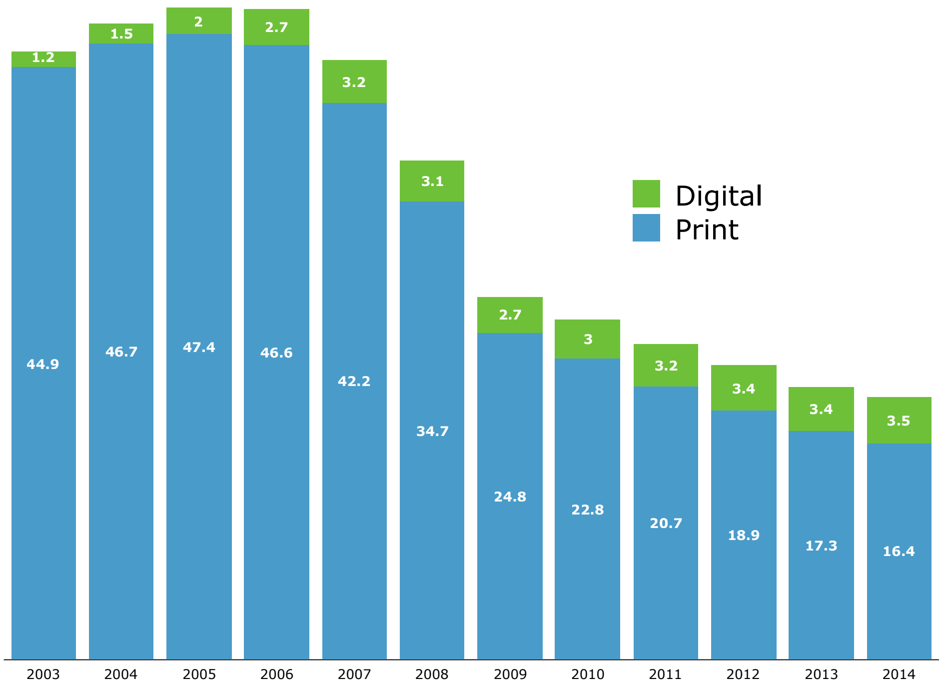

Fig. 1: US Newspaper Advertising Revenue: Print and Digital, annual revenue in billions of US dollars[8]

2007 to 2014, US newspapers' print advertising revenue dropped from $42.2 billion to $16.4 billion, while digital ad revenue increased from $3.2 billion to $3.5 billion in the same period (see Figure 1, Pew Research Center, 2015). Despite substantial declines, the dead-tree edition remains the cash cow, generating 82 % of total ad revenue (Pew Research Center, 2015). The NAA (now NMA) stopped releasing industry-wide revenue data after 2014, but the latest development is that three out of five publicly traded newspaper firms reported declines in their digital ad revenue in 2015 – 6 % for The Tribune Publishing, 5 % for Gannett, and 1 % for A.H. Belo (Barthel, 2016).

Despite the prevalence of digital paywalls among newspaper sites (Williams, 2016), most publishers do not reveal digital subscription revenue. Anecdotal information suggests that the number of digital subscribers for most local newspaper sites is underwhelming. For example, merely 65,000 digital-only subscribers signed up for Gannett's 81 local dailies as of June 2013 (Mutter, 2013).

Newspapers' digital performance (or lack thereof) is certainly problematic and has confirmed that newspapers have been "exchanging analog dollars for digital dimes" (quoted in Dick, 2009, para. 1). With the industry's focus on digital, it is peculiar that US newspapers' online products generate so little advertising and subscription revenue. This raised questions regarding newspapers' online readership – because a healthy audience base should bring in healthy advertising and subscription revenue.

Online readership: A bleak reality

Most newspapers use the "unique visitors" metric when reporting the size of their online audience. Such data are often calculated on a monthly basis and do not distinguish repeated visitors from one-time users (e.g., those coming from search engines, news aggregators, or social media), thus creating an impression of a sizeable audience, which serves as a great sales pitch for advertiser-supported media (Chyi & Tenenboim, 2016).

Newspaper audience is also measured by "readership." Print readership refers to the number of adults who have read or looked into a print newspaper during a specific timeframe (e.g., one week or one month); online readership refers to the number of adults who have visited a newspaper site (Newspaper Association of America, 2015). Readership data, often collected through telephone surveys, allow for side-by-side comparisons between a newspaper's print and online reader base within the geographic market where the survey is administered.

Research on newspapers' multi-platform readership started in the 1990s. Since then, empirical studies on newspapers' online and print readership conducted in different media markets (Chyi, 2006; Chyi & Huang, 2011; Chyi & Lasorsa, 1999, 2002; Hargrove, Miller, & Stempel, 2011) have identified strikingly similar patterns on consumer demand for newspapers' multi-platform products: (1) Most newspapers' print penetration exceeds online penetration in their home market – that is, print readers outnumber online readers. (2) The majority of a newspaper's online readers still hang onto the same newspaper's print edition – meaning online-only readers account for only a fraction of the combined readership (Chyi, 2013).

A recent study (Chyi & Tenenboim, 2016) reconfirmed all the above-mentioned patterns characterising newspapers' multi-platform readership. This study, the most comprehensive of its kind, analyses 51 major US newspapers'[9] online and print 7-day in-market readership data (collected by Scarborough Research in 2007, 2011, and 2015 in these newspapers' DMA[10]), presenting the following results:

1) Without a single exception, all 51 newspapers' print edition reaches more readers than the digital edition in these newspapers' home markets (28.8 % vs. 10 %). In other words, after 20 years' experiment with digital, the supposedly dying dead-tree edition still outperforms the supposedly promising online edition by a wide margin (see Table 1).

2) Finding No. 1 holds true across all age groups. Even among the youngest group (ages 18-24), an average of 19.9 % read the print edition of the newspaper during the past seven days; only 7.8 % accessed the paper digitally (Figure 2). This finding rejects one of the most important assumptions behind newspapers' technology-driven strategy – that young people would drop the print edition in favor of the same newspaper's digital product. After 20 years, the "dead-tree edition" remains the primary product

8 Source: State of the News Media 2015 (Pew Research Centre, 2015)

9 Included in the sample are 51 local newspapers with circulations of 120,000 or above.

10 A DMA (Designated Market Area) is a specific geographic area to which a county in the United States is exclusively assigned on the basis of the television viewing habits of the people residing in the county, defined by A.C. Nielsen.

TAB. 1: MAJOR US NEWSPAPERS' IN-MARKET PRINT AND ONLINE READERSHIP/REACH, 2015[11]

State	Newspaper	Print		Online	
		Readership	Reach	Readership	Reach
Arizona	The Arizona Republic	1,282,828	33 %	641,452	16 %
Arkansas	Arkansas Democrat-Gazette	511,356	45 %	63,889	6 %
California	Los Angeles Times	3,328,388	24 %	1,502,302	11 %
California	San Francisco Chronicle	1,098,968	19 %	725,017	13 %
California	San Jose Mercury News	1,828,706	32 %	633,977	11 %
California	The Orange County Register	1,096,503	8 %	415,414	3 %
California	The Press-Enterprise	572,889	4 %	196,037	1 %
California	The Sacramento Bee	770,680	24 %	256,850	8 %
California	U-T San Diego	916,212	37 %	271,819	11 %
Colorado	The Denver Post	1,016,547	31 %	322,225	10 %
Connecticut	The Hartford Courant	591,431	28 %	168,235	8 %
Florida	Orlando Sentinel	882,172	28 %	275,950	9 %
Florida	South Florida Sun-Sentinel	687,846	19 %	201,277	6 %
Florida	Tampa Bay Times	1,097,400	30 %	175,152	5 %
Florida	The Miami Herald	943,478	26 %	281,286	8 %
Florida	The News-Press	274,641	27 %	57,713	6 %
Florida	The Tampa Tribune	705,802	20 %	206,509	6 %
Georgia	Atlanta Journal-Constitution	1,261,091	25 %	748,534	15 %
Hawaii	Honolulu Star-Advertiser	556,996	50 %	122,294	11 %
Illinois	Chicago Sun-Times	1,693,644	23 %	451,538	6 %
Illinois	Chicago Tribune	2,411,373	33 %	883,485	12 %
Indiana	The Indianapolis Star	747,841	33 %	243,426	11 %
Kentucky	The Courier-Journal	619,026	46 %	116,884	9 %
Massachusetts	The Boston Globe	1,292,997	25 %	842,798	16 %
Michigan	Detroit Free Press	1,337,559	36 %	512,932	14 %
Minnesota	St. Paul Pioneer Press	698,848	20 %	189,771	5 %
Minnesota	Star Tribune	1,481,656	42 %	466,800	13 %
Missouri	St. Louis Post-Dispatch	933,935	38 %	354,057	14 %
Missouri	The Kansas City Star	722,333	39 %	211,196	11 %
Nevada	Las Vegas Review-Journal	571,947	36 %	169,738	11 %
New Jersey	The Star-Ledger	1,203,064	7 %	940,220	6 %
New York	New York Daily News	3,293,146	20 %	853,669	5 %
New York	Newsday	1,727,648	10 %	583,108	4 %
North Carolina	The Charlotte Observer	679,980	29 %	231,627	10 %
North Carolina	The News & Observer	559,487	24 %	196,447	8 %
Ohio	The Columbus Dispatch	708,687	38 %	180,912	10 %
Ohio	The Plain Dealer	931,483	31 %	334,573	11 %
Oregon	The Oregonian	807,434	32 %	440,753	18 %
Pennsylvania	Pittsburgh Post-Gazette	635,753	28 %	216,383	9 %
Pennsylvania	The Philadelphia Inquirer	1,394,400	22 %	458,441	7 %
Pennsylvania	Tribune-Review	724,128	32 %	173,449	8 %
Texas	Austin American-Statesman	622,672	40 %	255,751	16 %
Texas	Fort Worth Star-Telegram	798,304	15 %	388,135	7 %
Texas	Houston Chronicle	1,587,093	32 %	500,424	10 %
Texas	San Antonio Express-News	783,880	40 %	279,587	14 %
Texas	The Dallas Morning News	1,361,341	25 %	416,763	8 %
Utah	Deseret News	348,975	16 %	241,404	11 %
Virginia	The Virginian-Pilot	554,200	37 %	205,037	14 %
Washington	The Seattle Times	1,201,321	31 %	522,633	13 %
Washington DC	The Washington Post	2,131,608	41 %	1,075,807	21 %
Wisconsin	Milwaukee Journal Sentinel	753,384	42 %	273,950	15 %
Average		**1,073,394**	**28.8 %**	**401,522**	**10 %**

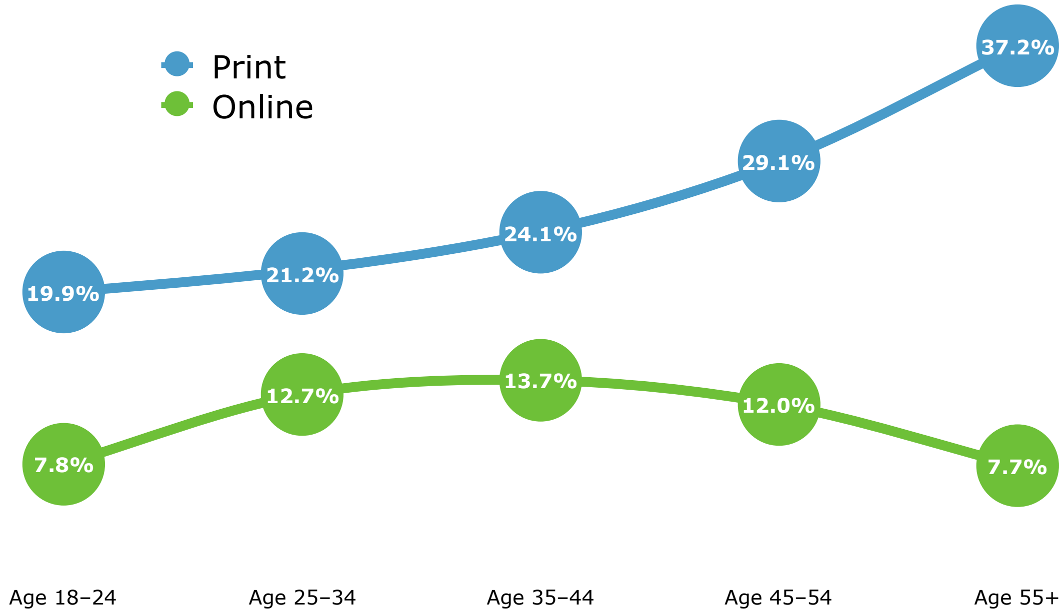

Fig. 2: In-market Print and Online Reach by Age, 2015[12]

for all age groups – not just the elderly but also digital natives.

3) Regarding the composition of combined readership, print-only readers (23.3 % of the local population) account for the majority of combined readership, followed by hybrid readers, who read both print and online editions (5.5 % of the population), and online-only readers (4.5 % of the population), who constitute the smallest audience segment. In other words, the digital product has failed to deliver a substantial non-print reader base.

4) Print readership declined substantially, dropping from 42.4 % in 2007 to 35.9 % in 2011 and 28.8 % in 2015. This finding was in line with the decline in print circulation often highlighted in the news.

5) Last but not least, these newspapers' in-market online readership has shown little or no growth since 2007 – online reach was 9.8 % in 2007, 10.7 % in 2011, and 10 % in 2015. More than a half of the newspapers under study actually experienced a decline in online readership between 2011 and 2015. This suggests that US newspapers' in-market online reader base has stopped growing.

US newspaper sites' failure in building a substantial audience base within their local market explains the difficulties in generating sufficient digital revenue. In contrast, a handful of online news aggregators and social media have garnered unprecedented market power with access to a much more sizeable audience.

News aggregators have been documented as major news destinations for American internet users at both national and local levels. According to the Pew Research Center, the most visited news sites in 2006 were MSNBC (31 %), Yahoo (23 %), CNN.com (23 %), and Google (9 %) – none of which was affiliated with a newspaper. The most visited newspaper sites were NYTimes.com and USAToday.com – each mentioned by 5 % of online news users (Pew Research Center for the People & the Press, 2006). In 2008, Yahoo became the leading online news destination. In 2012, it remained the most visited news sites (26 %), followed by Google or Google News (17 %), CNN (14 %), local news sites (13 %), and MSN (11 %). Only 5 % of online news users named The New York Times, and 2 % named The Wall Street Journal, USA Today, or The Washington Post their mostly visited news site (Pew Research Center for the People & the Press, 2012).

11 Source: Scarborough Q3, 2015 seven-day in-market DMA print and online readership data (Chyi & Tenenboim, 2016)

12 Source: Scarborough Release 2, 2015 seven-day in-market DMA print and online readership data (Chyi & Tenenboim, 2016)

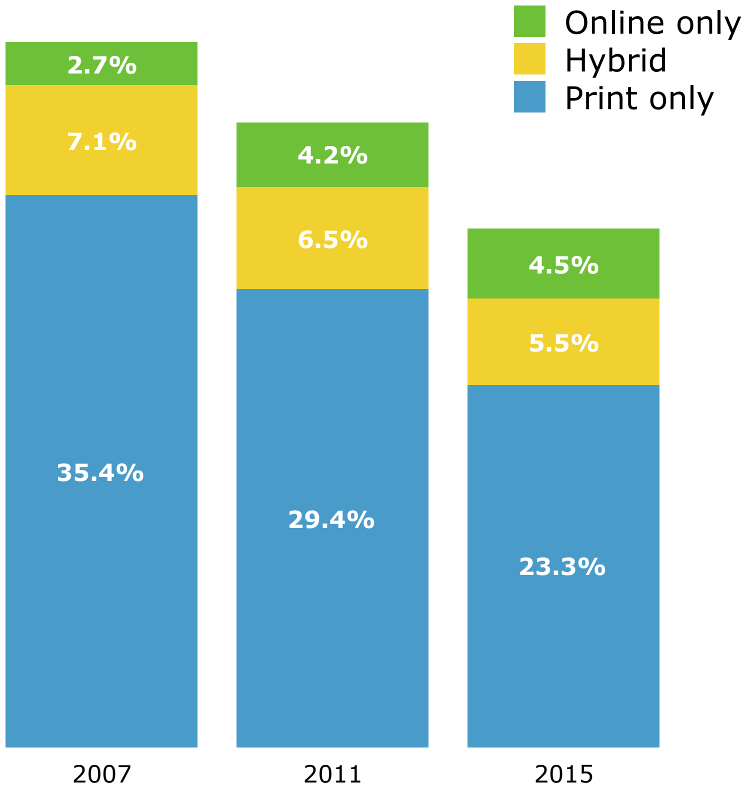

Fig. 3: Composition of In-market Combined Readership (Local Population), 2007-2015[13]

The dominance of news aggregators was also observed at the local level. In 2006, Yahoo News was the No. 1 news site in 53 of the Top 100 local markets, according to comScore Media Metrix, followed by MSNBC (20), AOL News (14), and local newspaper sites (11). Among the top 67 local newspapers in the US (with circulation of 100,000 or above), only 13 were the No. 1 online news destination in their local market (Chyi & Lewis, 2009).

In recent years, social networking sites have become major sources for news. According to the Pew Research Center, in 2016, 62 % of US adults reported getting news on social media. Specifically, 44 % of the US population get news from Facebook, and 9 % get news from Twitter (Gottfried & Shearer, 2016). With its unprecedented power for content distribution, Facebook has been accused of "swallowing journalism" (Bell, 2016, para. 1).

Beyond readership, user engagement with news sites, usually measured by "time spent," is also problematic. According to the NAA, average time per visit was 4.4 minutes, which amounted to 39 minutes per user throughout the month, or 78 seconds per day (Newspaper Association of America, 2012).

Combining readership and engagement, the online-print performance gap is so deep and wide that the comparison often appears unrealistic. For example, Langeveld estimated that about 97 % of time spent with newspaper content was in print, and only 3 % was online (Langeveld, 2009, 2010). Based on 2011 data provided by 12 U.K. newspapers, Thurman figured that at least 96.7 % of the time spent with these newspapers by domestic readers was in print (Thurman, 2014). McKinsey and Company also reported that 92 % of the time spent on news consumption was on legacy platforms – 35 % on newspapers and magazines, 4 % on computers, and 2 % on smartphones and tablets each (Edmonds, 2013).

13 Source: Scarborough 2007, 2011, 2015 seven-day in-market DMA print, online, and combined readership data (Chyi & Tenenboim, 2016)

In sum, the bleak reality of 2017 is that not a single local US newspaper has made it digitally. They have failed to generate sufficient digital subscription or advertising revenue – mostly because they have never reached sufficient online readers.

Industry discourse: Pro-digital, anti-print

What's even more problematic than the reality presented above is the denial of that reality. Despite the fact that the print edition remains the core product and outperforms the same newspaper's digital offerings by almost every standard, industry discourse too often emphasizes digital gain (by focusing on the growth rate as opposed to absolute volume).

In contrast, the stronger-than-expected appeal of print newspapers has received little attention, while circulation and advertising losses are not only highlighted but often linked with the "death narrative" (Chyi et al., 2012). So many stories include a statement like this: "According to the Pew Research Center, print newspaper advertising revenues dropped from $47 billion to $16 billion between 2005 and 2014, and the bottom is not in sight" (Kennedy, 2016, para. 11). Rarely mentioned is the fact that newspapers' digital advertising revenues have generally stayed flat during the past 10 years (or, to be more precise, "increased" from $3.2 billion in 2007 to $3.5 billion in 2014).

So optimistic about digital and so antagonistic to print – this is how industry discourse instills false hope for the digital future.

In October 2016, Jack Shafer, an influential journalist and media critic wrote a column in Politico Magazine introducing Chyi and Tenenboim's study (2016). Shafer's essay (2016), titled "What If the Newspaper Industry Made a Colossal Mistake?" was shared extensively, led to more than 8,200 downloads of Chyi and Tenenboim's study, and triggered an intense debate about the future of newspapers. Many industry observers and digital enthusiasts participated in the debate, and some responded to Shafer's article and Chyi and Tenenboim's research fairly strongly and emotionally. They put forth many pro-digital arguments, which are of interest because they reflect opinion leaders' current thinking about the state of US newspapers' digital experiment. Here are some prominent themes in such narratives:

Print will die. There is no future for print newspapers. Columnist Megan McArdle (2016), in her analytical piece on Bloomberg View, stated: "It is unlikely that in 50 years, many people will be getting their news physically printed upon the ground-up carcasses of trees" (para. 3). "In the long run, [print] revenue will, to a virtual certainty, fall to $0" (para. 6). Like in most "print newspapers will die" narrative, no empirical evidence was given – the author simply assumed that print will die.

There is no point to discuss whether newspapers should go digital. Some digital enthusiasts believe that "digital transformation" is the only way out, and there is no need for further discussion. A Poynter article, "It's 2016, and we're still arguing whether newspapers should have websites" (Mullin, 2016b), illustrates this pro-digital yet anti-intellectual sentiment. Kevin Anderson, media consultant and former journalist, sensationalised this further in "Print vs. digital: The media meme that will not die":

Just like a horror movie where the monster keeps rising again even after the dashing hero has staked it and chopped off its head, we have

the media meme that will not die: The overly simplistic view that if only newspapers in the US would have kept their focus on their loyal print audiences that everything would be sweetness and light (Anderson, 2016, para. 1).

And he blamed the researchers and Shafer for triggering an unnecessary debate:

This report and Shafer's cheerleading on its behalf threatens to re-open a relatively settled cultural conflict in newspapers that could de-rail serious, credible attempts to fashion a sustainable future for local newspapers and the in-depth journalism they produce (Anderson, 2016, para. 9).

The value of any experiment lies in the lessons learned, yet this line of criticisms reflects how digitisation, once an experiment, has turned into an ideology that bears no tolerance for challenge. While the industry's digital strategy has long been guided by fears and wishful thinking (Chyi, 2013), turning away from straight facts is not a constructive approach and, in Kevin Anderson's own words, is "not helpful during a time of severe stress in the industry" (Anderson, 2016, para. 9).

Newspapers were too conservative and never really tried "digital first." Several digital enthusiasts (e.g., Mathew Ingram, Peter Goodman, Kurt Greenbaum) rejected the idea that newspapers' technology-driven approach is a losing proposition. Instead, they argued that "digital first" was never really tried in US newsrooms and blamed newspapers for not having acted more aggressively. Steve Buttry, who took part in the Newspaper Next project and promoted digital solutions in more than 100 newsrooms and at more than 100 industry conferences and seminars, wrote, "I can flatly say that the industry never, ever adopted anything close to a digital-first strategy" (Buttry, 2016, para. 7). "The few times I heard truly creative ideas for reporting news and generating revenue in the digital marketplace, they met with huge skepticism and open resistance. The newspaper industry settled for repurposing and extending editorial content in a marketplace that demanded and rewarded visionary new products" (Buttry, 2016, para. 15). To this view, Jack Shafer responded in a series of Tweets: "Billions spent, and nobody tried? The WP spent 100s of millions setting up a parallel online newsroom in the 2000s. That's not trying?" "It was a huge investment in a parallel and independent WP digital newsroom. Lots of original content." "Also, socialism has never really been 'tried.'"

Even if "digital first" is indeed the panacea that has never been tried, the right question to ask in 2017 is: Why has nobody tried it? To expect US newspapers, mostly local, with limited resources and little expertise in digital, to transform themselves completely and to compete effectively with online giants without taking industry-wide actions is unrealistic to begin with.

Newspapers made a mistake by offering content for free online. There may be some truth in this argument. For well over a decade, most US newspapers gave digital content away for free, which might have contributed to the difficulty in charging for online content when newspapers erected paywalls in recent years. But the real question is: Given free online offerings, why did the vast majority of newspaper sites fail to establish a substantial online user base in their home market? Scholars indicated that online users perceive online news as an inferior good (Chyi, 2013; Chyi & Yang, 2009), which explains why newspapers' digital experiment turned into such a huge disappointment.

Digital media are still young. It is too early to tell. Rick Edmonds, business analyst at Poynter made this argument: "Early efforts were not that great in quality. We used to have shovel-ware, which was to take stories from the morning paper and put them online – a decade ago, that's all people were doing" (quoted in Mullin, 2016b, para. 19). Digital media may still feel young, but newspaper companies have experimented with so many (if not too many) different things beyond shovel-ware – websites, blogs, e-readers, smartphones, tablets, Facebook, Twitter, Snapchat, and with multimedia content such as Flash, podcast, video, and now virtual reality. The industry-wide obsession with technology has been extraordinary. However, after 20 years, no one, not even digital enthusiasts, could name even one non-national newspaper that has achieved online success. Most importantly, given information surplus, the dominance of aggregators and social media, and new technology like ad-blockers, the digital edition's readership and revenue problems may very well get worse.

Digital news is better than print. Digital enthusiasts are often technological determinists – who are fascinated by online news' interactive and multimedia capacity and believe readers naturally (or eventually) would prefer digital news over the dead-tree edition. Two media scholars expressed this view: "We disagree that print is a superior format for news. Yes, it has that tangible quality to it that makes it feel more reasonable to pay for it, but you can't interact with it, it doesn't allow for multimedia formats, you can't link to broader context, and it isn't nearly as good at giving you what you want when you want it" (Brown-Smith & Groves, 2016, para. 19). Yes, print news may appear dull, slow, unexciting, and is often referred to as something obsolete (like horses, carriages, or buggy whips), but the truth is that far more newspaper readers prefer the print format over the same newspaper's digital offerings. Demand is determined by consumer response as opposed to personal opinion or wishful thinking.

Also don't forget that, in reality, "Too often the digital website differs little from the print edition, save for the fact that it is harder to read, burdened by poor load-time and 'rich' ad units, an 'inferior good,' as [Chyi and Tenenboim's] study says" (Jim Friedlich, quoted in Grubisich, 2016). The fact that so many newspaper sites still cannot address the usability issue (which is Web Design 101) suggests that digital transformation is not as easy as once imagined.

Overall, these arguments reflected how deeply rooted the "digital mentality" is and exposed some of the irrationalities that may have shaped US newspapers' technology-driven strategy.

Conclusion and suggestions

Two decades have passed since major US newspapers launched their Web editions. Research has revealed that the readership problem largely accounts for US newspapers' long-time difficulties in monetising online content. Also taking into consideration the market power of other players in the media landscape, it is hard not to conclude that there is no such thing as an all-digital future for the vast majority of US newspapers.

The reality, as Michael Rosenwald (2016) put it, is: "No app, no streamlined website, no 'vertical integration,' no social network, no algorithm, no Apple, no Apple Newsstand, no paywall, no soft paywall, no targeted ad, no mobile-first strategy has come close to matching the success of print in revenue or readership" (para. 8).

Indeed, despite the decline, nothing works better than print. Readers prefer print. They said a print newspaper is like a nice, balanced meal in a sit-in restaurant, while an online newspaper is like fast food or instant noodles (Chyi, 2013; Chyi & Yang, 2009). Newspaper readers are by no means "platform-agnostic."

Looking into the future, the oversupply of news, information, and entertainment on digital platforms will continue driving the price of online content below zero. Google, Facebook, and other tech giants will continue their domination in the digital world. With already dwindled resources, most US newspapers can no longer afford pursuing unrealistic digital dreams. They have no choice but to refocus on print, where their competitive advantage lies.

The good news is, most US metro newspapers still reach one third (33.3 %) of the population in their local market, and most (86 %) of these readers are still reading and paying $300-500 a year for the "dead-tree" edition.

The key is to acknowledge the reality, drop the death narrative, value audience research, and deliver quality content through preferred platforms. Albeit no longer "wildly profitable," there is still a future for newspapers.

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EXPERT OPINIONS

What international newspaper experts think about the US-only study

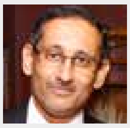
The findings of Iris Chyi and Ori Tenenboim are very clear: The investments of US newspapers in their digital presentations have not achieved the degree of success that would have been necessary to offset the decreasing revenues from the print business. But how do insiders from the European and international newspaper industry judge the findings from the USA, and how are they affected by the competition between print and digital?

You will find the answers of interviewed experts on the next pages. While these undoubtedly do not provide a representative picture of the prevailing opinion and mood, they do show the different conditions in the various countries as well as the range of reactions.

In order to facilitate a better overview, we have summarised the experts' replies to each of our six questions.

These publishing experts answered our questions

KASTURI BALAJI



Director, Kasturi & Sons Ltd, The Hindu Group, Chennai, India. K Balaji was Chairman of the World Printers Forum Board during the term of January 2015 through February 2017.

GERALD GRÜNBERGER

Managing Director of the Austrian Newspaper Publishers Association (VÖZ), Vienna, Austria

MARIO LAUER

Chief Marketing Officer, Süddeutsche Zeitung, Munich, Germany

HERMANN PETZ

Chairman of the Executive Board of Moser Holding, Innsbruck, Austria

MUJO SELIMOVIĆ

Founder of MIMS Co. and publisher of the daily paper Oslobodjenje, Sarajevo, Bosnia and Herzegovina. Mujo Selimović has been a member of the World Printers Forum Board since February 2017.

These print experts answered our questions

SANAT HAZRA

Technical Director, Bennett, Coleman & Co, The Times of India Group, Mumbai, India. Sanat Hazra has been a member of the World Printers Forum Board since February 2017.

PEDER SCHUMACHER

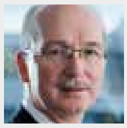
Chief Executive Officer of V-TAB, Gothenburg, Sweden. Peder Schumacher is has been a member of the World Printers Forum Board since January 2015. He is also chairman of NOPA, the Nordic Offset Printing Association.

These experts from supplier companies answered our questions

ANU AHOLA

Senior Vice President, News & Retail, UPM Paper ENA, Helsinki/Augsburg, Finland/Germany. Anu Ahola has been a member of the World Printers Forum Board since February 2017.

DIETER BETZMEIER

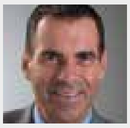


Member of the Board of Directors of manroland web systems GmbH, Augsburg, Germany. Dieter Betzmeier has been a member of the World Printers Forum Board since January 2015.

DR. MICHAEL HIRTHAMMER

General Manager, Director Global Paste Technologies Screen & Industrial, DIC and Sun Chemical, Eurolab Karlstein, Germany. Michael Hirthammer has been a member of the World Printers Forum Board since January 2015.

MENNO JANSEN



Chairman Q.I. Press Controls BV, EAE Engineering Automation Electronics GmbH, Oosterhout, Netherlands. Menno Jansen has been a member of the World Printers Forum Board since February 2017.

"INVEST IN THE QUALITY OF THE PRODUCTS"

QUESTION 1: THE STUDY SHOWS THAT READERS HAVE NOT SWITCHED FROM THE PRINTED PRODUCT TO THE WEBSITES OF THE NEWSPAPERS IN RECENT YEARS, BUT THAT NEWS AGGREGATORS OR SOCIAL MEDIA HAVE SKIMMED THESE READERS. DO YOU SEE THE SAME DEVELOPMENT IN YOUR REGION AND MARKET AS WELL?

The experiences of publishing house representatives and newspaper printing experts clearly differ depending on the country and market conditions concerned. Overall it can be stated that the trend observed in the USA can be encountered less outside of North America, and less at regional newspapers than at national newspapers.

Paper and ink suppliers see the general trends in media use and register corresponding drops in demand, with consequences for the structure of the supplier companies.

This is what publishing experts say

Hermann Petz (Moser Holding): "We do not see here any clear trend that would confirm the results of the study. On the contrary, the use of our print products remains stable at a high level, while the online use of our offerings is on the rise. We feed our social networks selectively with contents (e.g. no Facebook Instant Articles Integration) and cooperation with aggregators is avoided, especially as in Austria there is no offering comparable to e.g. Yahoo, and Google News plays a more minor role than in Germany.

In addition, in our case the print and online product are by no means identical. Only about 25 % of our print contents are available also online. Not available are especially valuable contents such as editorials and opinion columns. This ensures that important impulses to refer to the print product are retained. Moreover, lifetime habits and rituals do not change as quickly as some fear or wish. And reading the daily newspaper is firmly entrenched in Austria (68 % net reach).

But what we nonetheless must bear in mind is that although the mobile use of online offerings of publishing houses is increasing continually, the time of use (in minutes) does not match what we are registering in the desktop area. This indicates that social networks or also news aggregators have the potential to become gatekeepers, or the actual points of entry leading to the news content in the mobile area and guide readers only selectively to our contents. We must increase our efforts to keep these readers on our pages longer."

Mario Lauer (Süddeutsche Zeitung): "The changed media use behaviour is felt naturally also by the Süddeutsche Zeitung. Thus especially the younger target audiences get their information frequently through social media or online. News aggregators are not yet really a widespread presence on the market in Germany. As a nationally distributed, quality newspaper, Süddeutsche Zeitung has always invested in the quality of its products. This applies equally for the print version, e-Paper and app, as well as for the online product, sz.de. Although we are also registering an overall drop in circulation, many readers are enthusiastic about the E-Paper. Our objective is to generate reader loyalty towards the Süddeutsche Zeitung brand."

Gerald Grünberger (VÖZ): “News aggregators and social media are undermining the offerings of the digital newspaper market also in Austria and thus hindering the establishment of sustainable business models. In addition, in Austria there is competition from ORF, a public broadcasting corporation that uses fee revenues for digital competition.”

Mujo Selimović (Oslobodjenje): “We are witnessing the same pattern, especially due to the influence of the social platforms. ‘Readers’ are more focused on speed-read/share/comment and few have any brand loyalty. Thus source (trusted brand) plays no role with their content consumption. ‘Be-the-first-to-publish’ has, according to the ‘nature’ of the social platforms, moved towards ‘be-the-first-to-share’ (and comment), whereas content itself (and source) plays a secondary role.

Our biggest challenge lies with the fake (news) portals that disguise their aggregator nature – they are quick to rewrite (or even worst – copy/paste) news and stories and share, driving traffic (i.e. acquiring reach) to their profiles on social platforms and subsequently websites.”

K Balaji (The Hindu Group): “Print circulation is still growing, although the rate of growth is not as strong and predictable as in the past decades. Also the rate of growth for English is lower than that for some of the Indian languages. So it is not yet a case of print readers opting for digital over print. However, we estimate that between 30 % and 45 % of the traffic to the websites of newspapers comes via Google.”

This is what print experts say

Peder Schumacher (V-TAB): “We do see the tendency. However a lot of the readers have actually stayed with the newspapers on the web.”

Sanat Hazra (The Times of India Group): “Yes, I see the similar pattern in India, where social media is getting the most benefits of the digital media.”

This is what experts from supplier companies say

Dieter Betzmeier (manroland web systems): “This trend can be observed to a disproportionately high degree at national newspapers. Regional newspapers manage in part to stabilise their circulations by focusing on reporting about local events as well as by ensuring editorial quality. Both media can mutually complement each other if skilful use is made of their strengths.”

Anu Ahola (UPM): “Social media are playing an increasingly important role as a source of news. This overall trend is also visible in large European countries such as Germany, France and the UK, but not to the same extent as in the US. This is a statistical fact even though there is no noticeable difference in smartphone penetration between Western Europe and the US. The use of social media, however, varies between different countries in Europe. In the US, around 50 % of people use social media as a source of news, whereas in the UK the figure is about 35 %, in France about 40 % and in Germany about 30 %. In Italy, the figure is the same as in the US.

It is important to look at the bigger picture. At least in Germany, France and the UK, TV continues to be a major source of news for 70–75 % of the population. Online platforms (including social media) are on roughly the same level as TV in the UK, France and Italy, whereas in Germany online is clearly below TV, standing at 60 %. In the US, online platforms surpassed TV already some years ago. There has been very little change in TV’s and online’s respective importance in the past three years in European countries. However, within the online category overall, social media has been clearly gaining share. Meanwhile, print has been declining. In large European countries print was clearly above social media as a source of news only three years ago, but now the two are on par in the UK, and social media is above print in France and Italy, but still below print in Germany. One noticeable issue is that video content in news is clearly increasing, with the US leading this trend. (Source for figures: Reuters Institute Digital News Report 2016)”

Dr. Michael Hirthammer (Sun Chemical): “As a printing ink manufacturer, we see the turning away from the print media reflected in an annual decline in demand of 5–10 %. Because this development has been ongoing for several years already, the losses are so serious that site mergers and site closures are the result. From an ink manufacturer’s point of view, it is not possible to say with any certainty to where the readers are diverting their attention.”

“PRINT READERSHIP IN EUROPE HIGHER THAN IN THE US”

QUESTION 2: IN YOUR OPINION, HOW HAS THE NEWSPAPER REACH IN PRINT AND ONLINE DEVELOPED IN RECENT YEARS?

Most of the interviewed experts continue to see a by far greater reach for print than digital for the newspaper markets outside North America. This is despite the fact that the reach of the printed newspaper has declined in some European countries. The German-speaking regions evidently constitute a positive exception. Especially Austria is able to claim stable reaches. In India, print circulation and print reach continue to increase, though with lower growth rates.

This is what publishing experts say

Hermann Petz (Moser Holding): “In the last years, the reach of print has declined, in part dramatically, at international level, especially in the USA and Scandinavian countries. But saying ‘it is the internet’s fault’ is a simplified answer. For example, in many Scandinavian countries the logistics processes have become in part unaffordable, for which reason the publishing houses themselves have pushed their readers towards digital – to save costs. In the USA, home delivery has always been less widespread compared to Austria. Established rituals, such as the family reading the newspaper together in the morning, are therefore also not as firmly anchored in the daily information rituals. This is something that today – as opposed e.g. to the DACH region[14] – has also clearly detrimental effects on subscriber loyalty and new generations of readers.

These are just some of the factors that account for the difference. From our point of view – with focus on the Austrian market – there is no collapse of subscription figures or distribution statistics.

The positive factors of the Fake News discussion in recent months as well as the growing crisis of confidence in relation to news distributed via social media are already resulting in rising numbers of subscriptions and readers in the USA. Similar effects can also be expected for European countries.

Some concrete facts about our flagship daily newspaper, Tiroler Tageszeitung:

In the past five years, the reach of our print product has stayed relatively stable. Nearly every second inhabitant of Tyrol daily reads the print version of the Tiroler Tageszeitung or our compact version for commuters, TT-Kompakt. Especially impressive is also the development of our print reach among the very young readers in the region: In this case, every third person between the age of 14 and 19 years reads the Tiroler Tageszeitung or TT Kompakt.

The development of our online portal tt.com in the past five years is very satisfying: The numbers of unique users have more than doubled during this period. More than half a million Austrians (therefore more than every second inhabitant of the Tyrol region) use tt.com at least once a month. The mobile reach development is also impressive: 42 % of smartphone-internet users in Tyrol visit tt.com at least once every month via their mobile.”

Mario Lauer (Süddeutsche Zeitung): “The reach of the print version has shown a very stable development in recent years. The reach of sz.de declined slightly after a paywall was introduced.”

14 DACH is an acronym for the Central European countries Germany (Car-plate: D), Austria (A) and Switzerland (CH)

Gerald Grünberger (VÖZ): "Austria continues to be a country of newspaper and magazine readers. There are few countries in which newsstand newspapers and newsstand magazines, with relatively stable circulations, achieve a comparable reach on the reader market while continuing to be as important to the advertising market as is the case in Austria. Nearly all leading Austrian publishers also succeeded in establishing digital platforms and increasing their reach."

Mujo Selimović (Oslobodjenje): "Given the hostile environment, we are performing rather well. The region has seen a constant reach growth through a combination of online and offline. My estimation is that with us, so-called 'old brands' managed to survive the initial threat from the digital brands, somehow protecting our major forte – skilled storytelling; but we were not focused enough on communicating trusted content from trusted sources. Our only mistake was that we did not put any pressure on copycats and were too slow in battling their only advantage – skilled and smart investment in technology and (reach) manipulation through social platforms, but we were rather (only) focused on content.

Also, our recklessness with our own content (by not reacting to each and every content manipulation through all legal means) created a strange status quo in which investment in content (journalism) is viewed as throwing money out of the window."

K Balaji (The Hindu Group): "Print circulation and readership are still generally on an upward trajectory. This is accompanied by a growth in digital traffic to news sites; so there is growth on both fronts. Of course, there is hardly any news website that is not free. News consumption is estimated to account for 50 % of all web traffic. 70 % of the news consumption happens via the mobile."

This is what print experts say

Peder Schumacher (V-TAB): "The reach decreased in print and increased online. But one must remember that the reach in print in Sweden traditionally has been very high from an international point of view, and the increase in online is developing from a rather low level."

Sanat Hazra (The Times of India Group): "In India, print media is still growing, however, in a very small percentage. Most of the growth is coming from regional language publications. In this market, publishers' digital platforms have not developed very much."

This is what experts from supplier companies say

Dieter Betzmeier (manroland web systems): "The reach of the print version continues in most cases to be more than twice that of the digital version, and the response rates with print are many times higher than with online. Therefore, it is not just a case of who takes notice of the product but also the extent to which the reader reacts to the content. This applies both for the editorial and advertising areas."

Anu Ahola (UPM): "Reach is difficult to measure, thus I would rather refer to readership, which, although not full proof either, is a bit easier to measure. Print readership seems to be overall on a clearly higher level in Europe than in the US, varying from 70 % in German-speaking areas to 50 % in France and 30-40 % in Italy and Spain. The US is somewhat below 30 %. In the past 10 years, readership in Germany has been declining only moderately, whereas in other large countries the decline has been more rapid."

Dr. Michael Hirthammer (Sun Chemical): "In a discussion with students at the Hochschule für Medien (Media University) in Stuttgart, the participating students pointed out that the trend among young students was clearly towards reading news online. The reasons given were: the news is up-to-the-minute and free of charge. This was not as clearly the case with older students. Print versions were rated higher, mainly due to the reading experience."

“PUBLISHERS DID THEMSELVES NO FAVOUR BY GIVING AWAY CONTENT”

QUESTION 3: THE STUDY ASSUMES THAT PAID CONTENT HAS BEEN PARTICULARLY LIMITED FOR REGIONAL NEWSPAPER PUBLISHERS, BECAUSE THE DECISION FOR PAID CONTENT MOSTLY CAME TOO LATE. SECONDLY, IT SEEMS TO BE DIFFICULT FOR NEWSPAPERS ESPECIALLY IN REGIONAL AREAS TO PLAY A ROLE FOR WHICH PEOPLE ARE ALSO WILLING TO PAY. WHAT IS YOUR VIEW ON THESE CONCLUSIONS?

The interviewed international newspaper experts did not agree on the question of for or against paywalls. Results differ greatly for different countries – e.g. Germany versus the United Kingdom. The willingness to pay for digital content varies greatly in accordance with the prevailing market culture. There is a general attitude of scepticism. Perhaps it is only possible to successfully introduce a paywall for exceptionally high-quality contents. Similarly the absence of an integrated business strategy mutually coordinating the strengths of the various media channel is bemoaned.

This is what publishing experts say

Hermann Petz (Moser Holding): “I agree that publishers did themselves no favour by giving away content in the beginning. And I stand by the thesis of my book[15], i.e. that online mass media without global business models still have a financing issue and will continue to do so.

However, there are possible signs at present of a coming epochal change. Ten years ago, the internet was full of freely available, accurate, high-quality information. Readers could trust that what appeared on the internet was true. But the situation has changed dramatically since then. Today, it is becoming increasingly difficult to distinguish between verified information and fake information, as well as between independent and sponsored information. Moreover, the sheer volume of data on the internet doubles every couple of months.

In this situation, the value and credibility of long-standing news brands are of assistance: These brands make it easy to recognise journalistic contents in social networks or news aggregators – and compare with Fake News. There are indications of an increased willingness to pay for this value. Accordingly, it is too soon, after 25 years of the internet, to terminate the debate concerning paid content.”

Mario Lauer (Süddeutsche Zeitung): “Süddeutsche Zeitung is a nationally distributed quality newspaper. We have had a very good experience with the introduction of paid content. The development of our digital version/e-paper testifies to this.”

Gerald Grünberger (VÖZ): “The development of a digital ‘pay-for’ mentality is proving to be slower in Austria than in other countries – after all, ORF

15 Herrmann Petz, Die Zeitung ist tot? Es lebe die Zeitung! – eine Denkschrift zur Zukunft der Printmedien, Innsbruck, Austria, 2015 (by Haymon), 173 pages, ISBN 978-3-7099-7199-4

(the public broadcasting corporation) makes fee-financed content widely available free of charge on the internet. Consequently, the Austrian publishers took a cautious approach towards the introduction of paid content for online offerings. However, pay-for models are increasingly being pushed – also in the regional area."

Mujo Selimović (Oslobodjenje): "Charging for content (through applying more or less the charging for print copy model) has proven wrong. The region has seen limited (all failed) attempts at paid content. In my view, due to the fact that disruptive (social) platforms are offering it for free. For too long we were giving out our content for free in order to be able to suddenly start charging for it. A different tactic has to be chartered and applied. In a world of (everything for free) social platforms hardly any content can be charged.

And yet, local and micro local digital (news) brands are lean organisations with focus on technology and SEO, heavily dependent (for content) on social platforms, with low maintenance cost (especially in content/journalism), thus further threatening our return on investment on content. Not to mention cannibalising advertising investments."

K Balaji (The Hindu Group): "The question is not 'regional' or 'national,' but whether the consumer perceives value in the media offering. If the answer is positive, he/she would be willing to pay. Of course, providing value and differentiating it from the offerings of others is not all that easy. But there appears to be no other option."

This is what print experts say

Peder Schumacher (V-TAB): "Various models have been tried, not all of them successfully, but there's a lot more to do in this area. It depends a lot on the content. If the content is right and it is easy to pay, people will most likely be willing to do so. But it will not match the revenues from print for a long time."

Sanat Hazra (The Times of India Group): "Agree with this observation except for newspapers with great content, such as The New York Times, Wall Street Journal and Washington Post."

This is what experts from supplier companies say

Dieter Betzmeier (manroland web systems): "For as long as publishers regard digital as a substitute for the printed newspaper and not as a complement, they will damage themselves on both fronts. If they acknowledge online as a high-speed medium and print as a consequential and precise medium, and make use of the respective strengths in both areas, then they are certainly complementary. In order to streamline their cost structure, the publishing houses should not attempt to compete against the successful online platforms such as MSNBC, Yahoo or Google. Instead, they should try to convince in these platforms with correspondingly simple and fast news, tailored to suit the news consumption habits of these platforms' users, and cooperate with the providers instead of introducing non-lucrative paywalls."

Anu Ahola (UPM): "In Europe the role of regional news(paper) publishers varies a lot from country to country. Two extremes are represented by Germany and the UK. In Germany, the percentage of regional news (out of total circulation) is above 90 % and in the UK below 30 %. In Germany, 60 % of the population regularly read local newspapers and 30 % read nationals. This has been unchanged over the past four years. A large proportion of income in Germany is subscription-based, whereas in the UK the subscription revenues are very limited. When it comes to revenues from digital platforms, the two countries represent extremes: In Germany, the figure is about 6 % and in the UK 17 % (no data available for regionals separately). It is hard to say to what extent these figures might be due to regionals' inability to monetise digital channels in Germany. It might simply be that people prefer reading print.

The overall willingness to pay for online content is still very low in Europe: 10 % or fewer people answered positively to the question: 'Are you willing to pay or have you paid anything recently for online content' in a poll done in Europe. The share of revenue of digital is expected to almost double in five years, though the growing use of ad blockers is one hindrance. Currently, about 25 % of people use ad blockers. (Source for figures: WAN-IFRA, Ofcom market report 2015, OMG, Statista, PWC Media Outlook 2016, Reuters Institute Digital News Report 2016)"

Dr. Michael Hirthammer (Sun Chemical): "Regional information is extremely important for the newspaper publishing houses. As I see it, there are hardly any other possibilities to obtain local news in a condensed form. A solid platform on which national and international topics could be built. In my opinion, an opportunity was missed when entering the digital era to expand and strengthen regional importance."

"PRINT MEDIA ARE STILL THE ULTIMATE BROWSERS"

QUESTION 4: IF THE STRENGTH OF THE PRINT PRODUCT IS UNDERESTIMATED AND THE DIGITAL PRODUCTS ARE OVER-ESTIMATED, AS THE STUDY SUGGESTS, WHAT DOES THIS MEAN FOR THE STRATEGY OF NEWSPAPER PUBLISHERS?

The interviewed experts agree on the importance of print for newspaper publishing houses. They also emphasise the importance of print product innovation and further investment in the printed newspaper. The printed newspaper product continues to represent the core brand of a publishing house. There appear to be indications of the beginning of a change of attitude in the advertising industry in this direction.

But journalistic quality is seen as having top priority and must extend over all distribution channels. Again there are calls for an overall business strategy that recognises and makes mutual complementary use of the respective strengths of the media channels to offer the customer a comprehensive offering. Major importance here is attached to reader and user research.

This is what publishing experts say

Hermann Petz (Moser Holding): "Here something is evidenced in a study that we as well as many others had a gut feeling that it could be so, or even must be so. But publishers and other media people tend to mistrust their own wishful thinking and question their own perception – that is part and parcel of how we understand our role as media producers.

We have always said that print is strong and remains strong. Unfortunately, already years ago marketing people took control of the digital area and made promises that have still not been fulfilled. For some time, this drowned out the somewhat hesitant communication strengths of print.

It is all the more pleasing to hear that the number of advertisers, e.g. the marketing specialists Boris Schramm (Group M) or Martin Sorell (WWP), as well as Marc Pritchard (Procter & Gamble), is growing who do not see print in a negative light as a result of loud marketing."

Mario Lauer (Süddeutsche Zeitung): "The print product is the leading element in the product portfolio of a daily newspaper publishing house and will continue to be so for the foreseeable future. All other offerings benefit from the appeal of the brand, the content relevance and the overall importance in the market.

Therefore, I consider it correct to continue to invest in the print product. This has a positive effect on the development of e-Paper and website, helping these offerings to grow and stabilise their reach. Naturally, it is necessary to invest also in the digital products in order to guarantee the promised quality on all channels."

Gerald Grünberger (VÖZ): "Anyone who is interested in technological innovation in the media industry knows that print media are still the ultimate browsers. Daily newspapers and magazines allow the reader to rapidly scan hundreds of articles – knowing that they have been journalistically verified. This user-friendliness represents a decisive competitive edge and should therefore be an essential component of all future strategies for success."

Mujo Selimović (Oslobodjenje): "As I write this, global events are offering a simple answer – trust.

For too long we were negligent of the Millennials' content consumption habits and gave up the fight with the copycats, content thieves, non-factual journalism. We underplayed what we are good at – facts, trust and good storytelling. Now, that a positive momentum is here, now that even the Millennials understand what fake news is, and now that even they slowly come to understand what trusted sources are about (i.e. news brands and not the shares on their social profile platforms), now is the moment that we simply cannot afford to slip up. We have to play out our biggest strength (trust) to meet and mitigate the ever-growing public fear of non-factual content."

This is what print experts say

Peder Schumacher (V-TAB): "The publishers should remember that print still is the core of the business and needs full attention in every aspect."

Sanat Hazra (The Times of India Group): "We need to constantly innovate print media with the concept of More, Better, Less."

This is what experts from supplier companies say

Dieter Betzmeier (manroland web systems): "In addition, this means using the available communication channels for information in accordance with their strengths, and not to fight or condemn them. How this can be skilfully done can be seen from the example of printers of magazines and catalogues who are now producing more than ever before. While it is true that several effects combine to play a part here, it is still vital to at least have the ability to recognise and use this and not swim against the tide. Examples of positive effects in this connection are response rates for print that were recognised by the major retailers and web providers, and special effects in advertising."

Anu Ahola (UPM): "Quality journalism is the unique selling point of newspaper publishers. One of the far-reaching macro-trends affecting the media business is the sharing economy, which is driven naturally by social media. As content gets distributed and shared more widely, its origins blur and ownership gets diluted. Without clear branding and transparent content ownership, the distinctions between traditional publishers' quality content and that produced by a low-grade content farms gets lost, and the publisher is the loser. Clear ownership of quality journalism should not be given up by publishers. It is essentially about finding a fit-for-purpose channel mix. The issue is not print against online against TV against radio, but instead how to move to a genuinely multi-platform world, where different readers can benefit from the unique characteristics of each media. This requires heavy investment in consumer research as well as a uniform view about consumer media habits between a publisher and advertisers."

Dr. Michael Hirthammer (Sun Chemical): "Both media must be better interconnected and should be mutually complementary as regards information communication and information presentation. In addition, the print media can enhance the attractiveness of the newspaper and increase its value. Various paper qualities are available for this purpose, inks and special effects offer a further possibility."

"A MENACING DEVELOPMENT FOR THE ENTIRE INDUSTRIAL SECTOR"

QUESTION 5: WHAT ARE THE CONSEQUENCES OF THE DECLINE IN INVESTMENT IN PRINT FOR PUBLISHING HOUSES AND THE DEVELOPMENT OF NEWSPAPER TECHNOLOGY AND MATERIALS?

In their replies to this question, the interviewed experts expressed their concern both in relation to an undermining of quality journalism on the part of the publishing houses as well as their reservations regarding the competitive outfitting of the newspaper printing plants with equipment and materials. In the future, printers and publishing houses may possibly have themselves to ensure maintenance and system upkeep and provide the corresponding resources.

The danger is acknowledged that manufacturers and equipment suppliers could invest less in research and development. Even the future availability of high-quality newsprint is addressed. Lower investment in print could negatively affect, or even render impossible, market development as well as the efforts of the newspaper printers to cut production costs and increase productivity. It would also effect personnel motivation.

Any further drop in print investment is regarded as a menacing development for the entire industrial sector, which would lead to fewer options and further consolidations.

This is what publishing experts say

Hermann Petz (Moser Holding): "A drop in demand would mean overall rising costs, and at the same time less research and development. In the case of publishing houses, this would result in a serious threat to the financing of quality journalism, which must always act independently. Then again, there is as yet little to see from the paperless world as a whole. Paper continues to be produced and printed as always in vast quantities, though today in a way that is both more environment-friendly and sustainable than ever before.

The topic is somewhat more complicated where printing presses are concerned, as the major manufacturers are facing certain problematic situations, especially in Europe. However, we are not talking here about 'products' that must be bought every couple of weeks. It is becoming more difficult to organise replacement parts, specialists are not available at the flick of a switch. Consequently, publishing houses must equip themselves, invest in their own people who get the most out of their presses and guarantee operating safety. We are in a good position here and pin our hopes on Asia and Africa, where newspapers are experiencing growth and there is a corresponding need for printing technology that is driving development."

Mario Lauer (Süddeutsche Zeitung): "A drop in investment would negatively affect the importance of print brands. Content quality is a criterion that continues to be highly valued and demanded by the market. The reader is willing to pay for this. Mention should be made here also of newsprint and printing quality, as newspaper reading has an emotional component that functions through touch, smell and appearance."

Gerald Grünberger (VÖZ): "Quality in newspaper production has always been a strength of the Austrian publishing. Innovations – though also measures bringing about cost savings and synergies – are inherent attendants along this path."

Mujo Selimović (Oslobodjenje): "My first thoughts on the question were that it can lead to slow down in investment in research in new print technology and print materials, but on second thoughts, I believe, given the fact of unbelievably fast technological development, technology and material producers along with publishers have no choice, if they want to maintain their business, but to invest more effort, time, resources, energy and creativity to overcome the current fact of losing the battle with digital. Somehow, I believe print will continue to be an important part of the global media business, regardless of the current trend, and how to answer all challenges should be the subject of a joint effort of technology companies and publishers. I'm sure in the near future we will witness new ideas, technology and materials that are able to keep the print business attractive for readers."

K Balaji (The Hindu Group): "The consequences are quite serious. For example, there are worries over the continued availability of good quality newsprint at "affordable prices." The number of press suppliers has come down considerably, and there have been several mergers, closures, re-alignments, etc, in this community. Less work on newer technologies, etc. is a predictable result. One might ask, is there really any need for further R & D in our industry?

As far as digital technology is concerned, the recyclability of electronic devices and the understated carbon footprint are matters of serious concern."

This is what print experts say

Peder Schumacher (V-TAB): "With less development of content and technology print has been 'left behind.' There's obviously still a market for print, and it would probably not shrink as fast as it does if more of the investments went into print and not mostly into online."

Sanat Hazra (The Times of India Group): "These publications are unable to lower their manufacturing cost, cannot optimise productivity and produce good quality of reproductions, and not being flexible in zoning and printing of late news."

This is what experts from supplier companies say

Dieter Betzmeier (manroland web systems): "Already today, the hesitancy to invest in the newspaper industry due to feelings of uncertainty is causing printers in some areas to fail to satisfy market demands, or to do so only to a limited degree. This is especially evident if comparisons are made between highly automated and less automated installations and TCO calculations are applied to establish the actual Cost per Copy in an overall context. As a consequence, they lose their competitiveness, and in some cases on the cost side, exceed those of a heatset printer who produces a flyer in a million-copy run on a 96-page output monster."

Menno Jansen (Q.I. / EAE): "From a vendor point of view, the decline in investment leads to a significant rise in production costs. The rise is caused by a higher cost of ownership (maintenance) and a higher downtime of the press. Moreover, investing in modern quality controls like automatic register and colour control, will lead to savings in manpower and use of material like paper and ink. A decline in investment will ultimately influence the motivation of the production people as well. This may have an effect on new pressmen willing to work in an old fashioned environment as well."

Anu Ahola (UPM): "The downward spiral of print will be accelerated too early. The revenues from print may be lost much quicker than digital revenues are gained."

Dr. Michael Hirthammer (Sun Chemical): "It is a seriously threatening development for the entire industry, the end of which is unfortunately not yet foreseeable. Various printing technologies are competing for the same orders in a shrinking market segment. Then again, there are many new magazines covering new topics. Shorter print runs and a flexible production technology will be prevalent in the future. This will be accompanied by further consolidation."

"PRINT AND DIGITAL, NOT PRINT OR DIGITAL"

QUESTION 6: HOW SHOULD NEWSPAPER PUBLISHERS POSITION THEMSELVES BETWEEN THE POLES OF PRINT AND DIGITAL?

Here also our experts agreed: It is not a matter of deciding between the different publishing channels, but the development of both. Print and digital should be coordinated and connected by utilising the specific strengths of each platform.

It is important to develop and upkeep strong and competent publishing brands that can offer support, orientation, trust and values. The need is for product innovations to reach new user groups through more products that are aimed specifically at target audiences and that stand out clearly from competing offerings, and this within a larger publishing portfolio than in the past. The focus here should be on the user and reader.

A self-assured recalling of the strengths of the free professional newspaper would provide the news medium that still retains the highest degree of credibility and trust with a basis for its advance into the future.

This is what publishing experts say

Hermann Petz (Moser Holding): "It is unnecessary to take an 'either-or' position. Ideal areas of application exist for print and online, both will retain their justification in the daily use behaviour of media recipients.

Fortunately, print bashing is going out of fashion. In the first 25 years of the internet there was a certain distorted perception or lack of regard within the media industry. But that is what happens when people are intoxicated. They lose sight of what is most important.

We are optimistic that the perception can be corrected – driven also by the development over the last years, the crisis of trust that is being undergone by the internet in which even contents recommended by friends are no longer blindly trusted. This is where our strong publishing brands can help. They act simultaneously as anchor and lighthouse, offer support and orientation in a world that is becoming increasingly more complex and therefore should best be explained by experts. For this reason, we believe that the appreciation for the collective performance of publishing house personnel will become stronger once again, and in the future also digital will possibly be rewarded by appropriate payment."

Mario Lauer (Süddeutsche Zeitung): "Newspaper publishing houses would be well advised to continue to invest in their print products and not neglect them. However, it is digital that is producing the growth. The objective here must be to offer the market products aimed at targeted audiences in a high standard of quality, both in relation to contents and technology."

Gerald Grünberger (VÖZ): "The days of dogmatic 'either,' 'or' approaches are over. By now the advantages of the different platforms are generally known and pragmatic 'as well as' strategies are called for. But no matter whether in printed or digital form – in today's information flood, media with a publishing background must above all position themselves to offer orientation and create trust."

Mujo Selimović (Oslobodjenje): "I do not see it as opposing poles, and there is space in-between. I see it as an opportunity to carry the values of print into digital. We should be more vigilant as regards technological developments, more active in communicating our values, more innovative in communicating them to the Millennials – in the digital segment. And maybe, if we are good at it, we will see the day when the disruptive technology reaches its final goal – becoming so disruptive that they will turn to trusted brands/sources where they cannot be disrupted. But this will not happen if we sit idly by."

K Balaji (The Hindu Group): "Publishers need not take sides in the print versus digital debate. On both sides, the answers could lie in:

1. products for sharply targeted/segmented audiences
2. products with a clear differentiation from others in the market
3. perhaps a much larger range/number of products instead of a very few
4. subscription providing a very strong (and in many cases the dominant) revenue stream"

This is what print experts say

Peder Schumacher (V-TAB): "For years publishers themselves have been telling everyone that print is in decline. That is a strange attitude when print still is the most important part of the business. Publishers must dare to see there's still a good potential in print. It doesn't mean publishers should avoid digital. There must be development online for the future. But as long as that's where most of the readers are and where most of the money comes from, print will be the core business."

Sanat Hazra (The Times of India Group): "Publishers must focus on their readers first – content is still the king. Not heavily depend on advertisers to keep the cover price down. Focus on Print and Digital, not on Print or Digital. Compliment each other and don't fight each other."

This is what experts from supplier companies say

Anu Ahola (UPM): "This should vary by publisher, and should be especially dependent on their target audience's reading and media habits. We should move to a genuinely multi-platform world, where different readers can benefit from the unique characteristics of each media. Channel selection is also linked to the question of how easy it is for a publisher to master the (quality) content ownership in different channels. Successful positioning in different channels also requires a shared view of consumers' media habits between a publisher and advertisers. This comment does not cover business portfolio changes."

Dr. Michael Hirthammer (Sun Chemical): "I would like to see a better linkage of both media succeed. Information in printed newspapers as a platform would be supplemented by animations, images, videos, links to related information platforms in the digital version. It would be desirable to see a new awareness at the publishing houses of the possibility to increase attractiveness and value by innovations in content presentation as well as by using new possibilities offered by printing technology."

Dieter Betzmeier (manroland web systems): "The printing houses should focus more on their current and future portfolio and select the communication channel according to the content to be carried: Quick and dirty or detailed with background information and comments. Moreover, they should promote and use the strengths of the different channels, and not attempt to outdo them in a costly 'arms race,' as otherwise they unnecessarily label themselves as losers. As stated in the attached study, this can in fact lead to a 'premature demise.'

'Information brokers' existed long before the advent of modern communication channels, starting with the discovery of the possibility to forward news to third parties or to retain it. With today's increasingly fast information floods, there is even a growing need for carefully selected and structured, high-quality information that can be relied on. The newspaper continues to have the highest level of credibility and trust. Let us not forget our strengths."

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Shaping the Future of News Publishing