

Executive Summary

In recent years, the global media industry has experienced dramatic changes, both in terms of user behaviour and revenue-making performance. Emerging channels, including the Internet, mobile and other interactive media, are outperforming their traditional counterparts in growth rates and seizing market share from them.

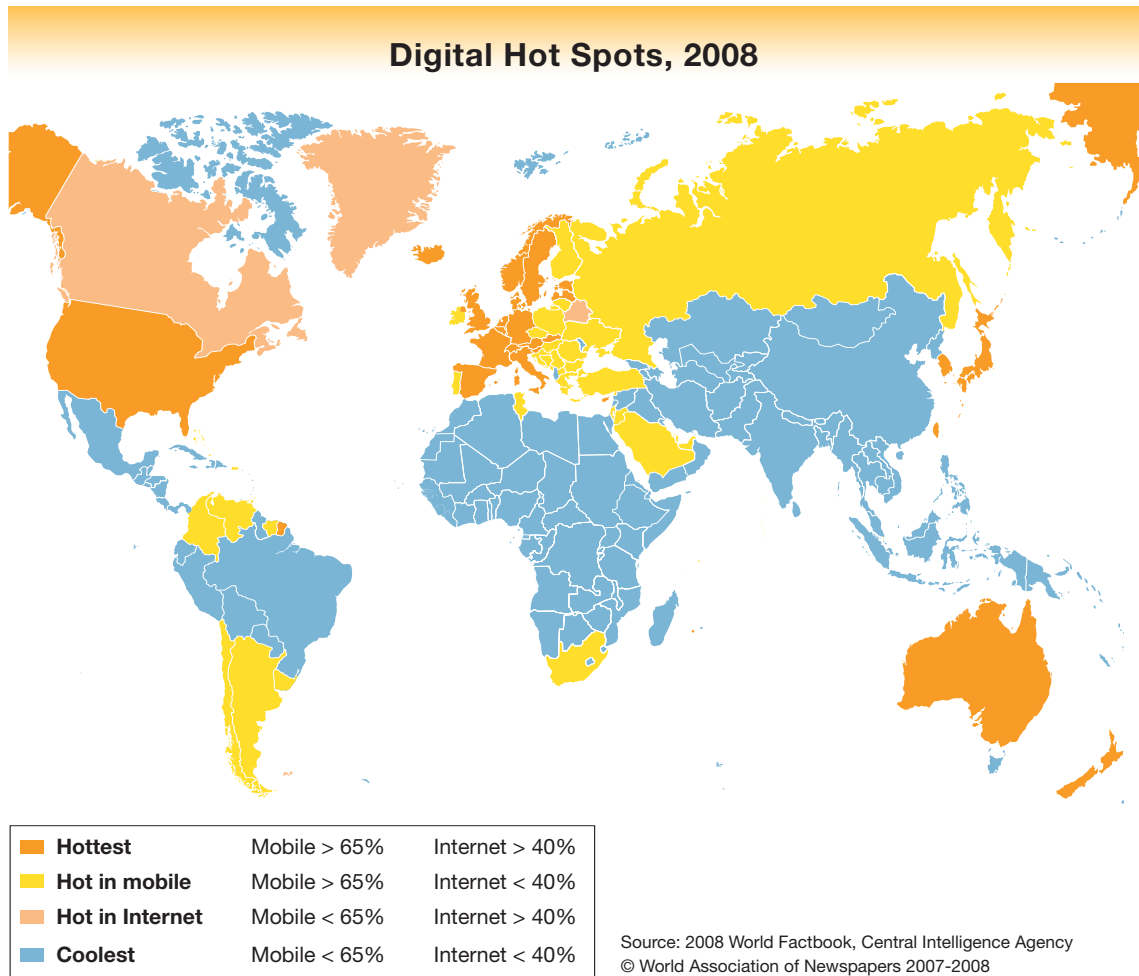
Digital media are a double-edged sword to the newspaper industry. Many publishers around the world are experiencing a recession in print advertising and readership, but at the same time are seeing new opportunities opening up in emerging platforms, including online and mobile. The most important task for newspapers is to wisely navigate these new areas, developing a strong presence in online and mobile. This means tapping into new revenue streams with a plan to monetize strategically both now and in the future, ensuring increasing strength in these new areas, which translates into financial gains and stability as time goes on.

The World Association of Newspapers' 2008 World Digital Media Trends (WDMT)

showcases a collection of top studies from 71 research partners about digital usage and revenue patterns. This report aims to provide a digital compass for media strategists and marketers around the world, as they consider how to best map out and tap into opportunities in a new media era.

The second edition of the WDMT report explores global and regional trends in digital media for revenue-making and usage patterns, as well as comparisons to data from other media outlets. This year, the report has been expanded by more than 30 percent, offering a wider variety of studies and more detailed view on global and regional media usage patterns and consumption.

The foundation of the expansion of Internet and mobile usage is digital infrastructure and device usage. Each year, WAN creates an index of "digital hot spots" around the world, based on the 2008 World Fact Book data produced by the U.S. Central Intelligence Agency. In its second year, the Digital Hot Spots index has been expanded to include not just combined mobile and Internet hot spots,



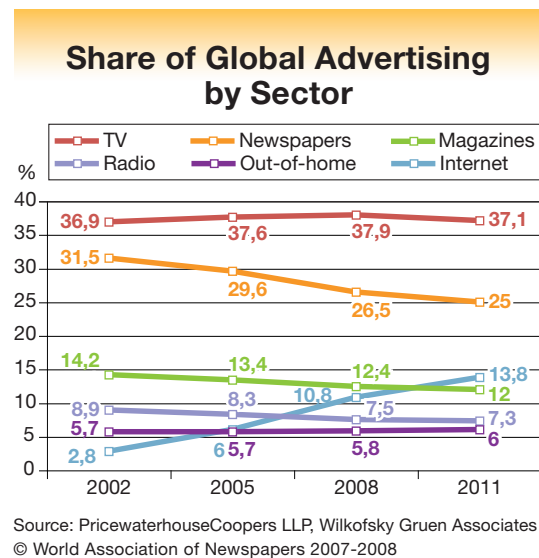
but also individual mobile and Internet hot spots around the world. Several countries have been added to the list of hot spots since last year, mostly in southern Europe.

The first two chapters in this report detail the media advertising landscape, with a focus on digital media. According to consulting group PricewaterhouseCoopers (PwC), digital/mobile revenues are predicted to expand within 10 years, from US\$12.7 billion in 2002 to \$153.4 billion in 2011, a growth of more than 12-fold. These digital revenues, including online subscriptions, digital mobile, TV and music downloads, video-on-demand, online ads, online/mobile video games and e-publishing, mark significant, double-digit range growth each year.

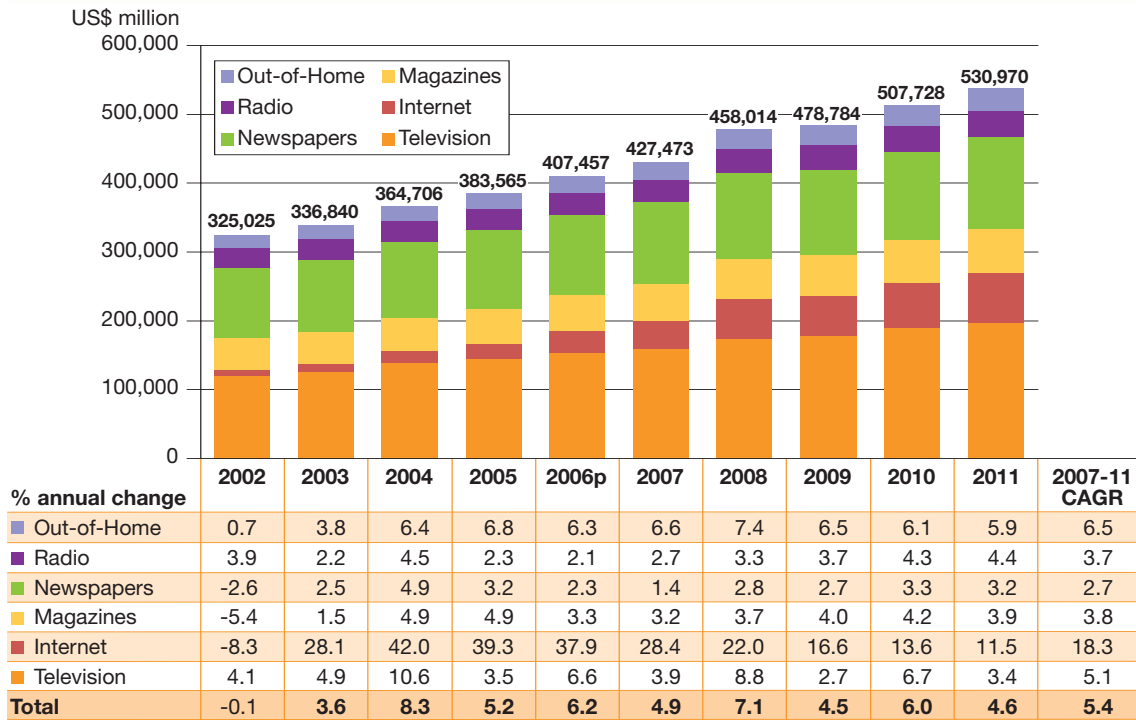
Global advertising has grown steadily since 2002, and is expected to reach US\$500 billion in 2010, with an average CAGR of 5.4 percent from 2007 to 2011, according to PwC. Television is the largest contributor, at \$119.9 billion in 2002, and is expected to reach \$196.9 billion in 2011. It remains responsible

for the biggest share throughout the time, around 37 percent.

Newspapers, although still growing ad revenues from \$102.5 billion in 2002 to \$132.7 billion in 2011, continue to lose market share. Other traditional media such as magazines and



Global Advertising by Segment



Source: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

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radio are also experiencing share decline, from 14 percent and nine percent, to 12 percent and seven percent, respectively. The most growth is happening in the Internet sector, which is predicted to surge from \$9 billion in 2002 to \$73.1 billion in 2011. Its CAGR from 2007 to 2011 will be three times more than the average, PwC has forecast, with its share jumping from less than three percent in 2002 to nearly 14 percent in 2011, and is expected to continue rising.

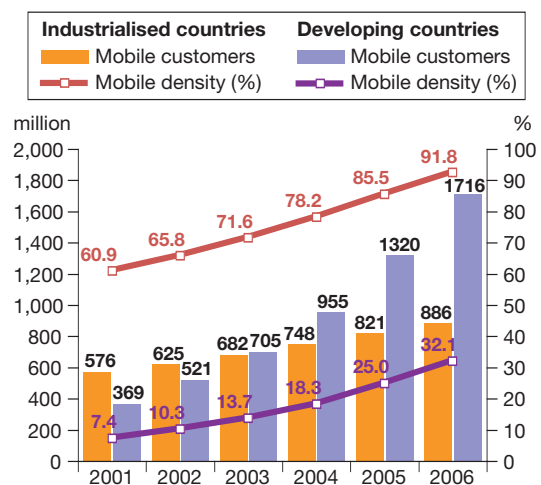
WDMT Chapter 3 digs deeper into media consumption and usage patterns, building on what factors drive revenue detailed in previous chapters.

This year, WDMT has also found many sources pointing out the growing popularity of digital channels, such as:

- The mobile customer base worldwide has grown from 945 million in 2001 to 2.6 billion in 2006. In 2001, more than 60 percent, or 576 million, came from industrialised countries, while 369 million were from developing countries. In 2006, however, customer bases in developing countries surpassed those in industrialised countries, with 1.7 billion, or 66 percent, versus the 886 million in industrialised countries.

- Global wireless subscriptions continue to grow, from 1.1 billion in 2002 to a projected 3.4 billion in 2011, an expansion of more than three-fold.
- The broadband market is expected to grow from 51.38 million households worldwide in

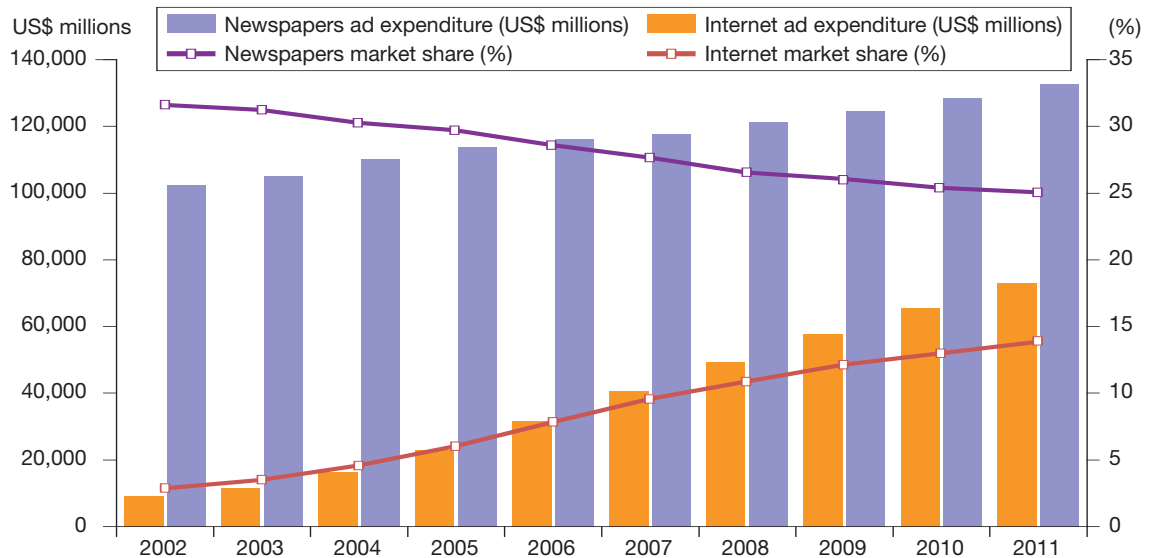
Global Mobile Customers & Mobile Density, Industrialised Countries vs. Developing Countries, 2001 – 2006



Source: Mobile 2007, IDATE

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Global Advertising Spending and Market Share: Internet and Newspapers



Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

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2002 to nearly 540 million households in 2011, a growth of more than ten-fold.

Chapter 4 focuses on how trends are impacting the newspaper industry. For newspaper companies, an obvious trend has appeared in past years showing overall global newspaper advertising market share is dropping. However, several studies have pointed out opportunities for newspapers that are able to embrace digital formats and marry the two.

- A Harris Interactive and Innovation Media Consulting Group survey in seven countries concluded that the Internet will become the primary news and information source within five years, while newspapers will lose the dominating position they have held for more than a century.
- A U.S. survey from Datran Media concluded newspapers should not stick to print advertising as their sole revenue source, but should embrace new opportunities in digital formats. According to the 2007 E-mail Marketing Survey, marketers would like to use new ad formats more than they would like to use print ads in their marketing plans for the following year. More than 60 percent of responding marketers planned to use e-mail or search marketing tactics in 2007, while less than 20 percent planned to use print advertising.
- Studies from comScore and the Newspaper National Network, on the other hand, report

that newspapers migrating to online should continue concentrating on print side, keeping existing print customers happy, while adding online advertising customers for a more positive combined revenue outlook.

In Chapter 5, WDMT has highlighted some savvy newspaper companies, which are achieving success with their digital revenue-making and audience-building strategies, serving as best practices in the digital era. These cases include quadrantONE, the Yahoo! Newspaper Consortium, NYTimes.com, Asahi Shimbun, Gannett Company, Inc., Agora and the E.W. Scripps Company. These pioneering examples will be a role models for the industry in this changing era.