Books, Magazines, Newspapers and the Tablet: Traditional versus Digital

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Senior Vice President
Industry Challenge

• Since Apple debuted the iPad, tablets have become the fastest growing digital technology ever introduced.

• Analysts at Gartner reported 206 million tablets sold globally in 2013 & projected to grow 20% in 2014 to 256 million units.

• As digital media continues to grow, print is continually questioned as a viable information and advertising medium.

• We must inform our readers and advertisers that print is, and will continue to be, a viable medium. Digital and print can and will co-exist.
**Industry Challenge**

Half of American adults now own either a tablet or an e-reader

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have an e-reader</td>
<td>50%</td>
<td>42%</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td>Have a tablet</td>
<td>40%</td>
<td>32%</td>
<td>42%</td>
<td>50%</td>
</tr>
</tbody>
</table>

% of American adults ages 18+ who own each device

50% have an e-reader
42% have a tablet
32% have either tablet or e-reader

Source: Pew Research Center’s Internet Project Omnibus Survey, January 2-5, 2014. N= 1005 American adults ages 18 and older. Interviews were conducted on landlines and cell phones, in English and Spanish.

PEW RESEARCH CENTER
Audience Survey

• Survey question:
On average, do web users look at information below the fold (the part of the web page visible when users first land) at least 65% of the time?
Books, Magazines, Newspapers and the Tablet: Traditional versus Digital

Books, Magazines & Newspapers remain relevant as digital grows.

The U.S. print market in 2013 was estimated at $158 Billion - $30 Billion of the total was newspapers.

- RR Donnelley
Books, Magazines, Newspapers and the Tablet Traditional versus Digital

Tablets and cell phones are great tools for news, information and promotional messages…

…and so are books, magazines and newspapers!

Both mediums should continue to play strong roles for publishers, readers and advertisers.
Books, Magazines, Newspapers and the Tablet Traditional versus Digital

Few readers have abandoned print for e-books

• Though e-books are rising in popularity, print remains the foundation of Americans’ reading habits: Among adults who read at least one book in the past year, just 5% said they read an e-book in the last year without also reading a print book.

Pew Research January 16, 2014
Books, Magazines, Newspapers and the Tablet Traditional versus Digital

Few readers have abandoned print for e-books

• 87% of e-book readers also read a print book in the past 12 months, and 29% listened to an audiobook.

• 84% of audiobook listeners also read a print book in the past year, and 56% also read an e-book.

• A majority of print readers read only in that format, although 35% of print book readers also read an e-book and 17% listened to an audiobook.

Pew Research January 16, 2014
• Online content is read and quickly archived, whereas daily and weekly printed newspapers are accessed up until the next issue

• Studies prove we read materials on paper up to 30% faster than on a screen

• “Newspapers account for 8% of media consumption time, but 20% of all advertising revenue.”

   - Christopher Riess, CEO of World Association of Newspapers and News Publishers
Books, Magazines, Newspapers and the Tablet: Traditional versus Digital

- Measured in terms of readership, newspapers and the internet reach about the same number of people every day - 2.3 billion worldwide.

Newspapers & internet each enjoy 2.3 billion daily readers
## Books, Magazines, Newspapers and the Tablet: Traditional versus Digital

### Advertising expenditure by medium

*US$ million, current prices Currency conversion at 2012 average rates*

<table>
<thead>
<tr>
<th>Medium</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspapers</td>
<td>98,337</td>
<td>96,520</td>
<td>93,844</td>
<td>92,626</td>
<td>91,682</td>
</tr>
<tr>
<td>Magazines</td>
<td>45,216</td>
<td>44,933</td>
<td>43,644</td>
<td>43,088</td>
<td>42,860</td>
</tr>
<tr>
<td>Television</td>
<td>183,042</td>
<td>191,907</td>
<td>200,490</td>
<td>209,465</td>
<td>219,860</td>
</tr>
<tr>
<td>Radio</td>
<td>32,784</td>
<td>33,751</td>
<td>34,478</td>
<td>35,526</td>
<td>36,506</td>
</tr>
<tr>
<td>Cinema</td>
<td>2,358</td>
<td>2,472</td>
<td>2,721</td>
<td>2,782</td>
<td>2,984</td>
</tr>
<tr>
<td>Outdoor</td>
<td>30,975</td>
<td>31,741</td>
<td>32,263</td>
<td>33,309</td>
<td>34,629</td>
</tr>
<tr>
<td>Internet</td>
<td>67,837</td>
<td>76,618</td>
<td>88,413</td>
<td>101,761</td>
<td>116,837</td>
</tr>
<tr>
<td>**Total *</td>
<td>460,550</td>
<td>477,941</td>
<td>495,854</td>
<td>518,557</td>
<td>545,358</td>
</tr>
</tbody>
</table>

Source: ZenithOptimedia
Books, Magazines, Newspapers and the Tablet: Traditional versus Digital

“The Sage of Omaha” Warren Buffett recently paid $142 million for several newspapers:

“\textit{In towns and cities with a strong sense of community, there is no more important institution than the local paper.}”

- Warren Buffett

Warren Buffett, chairman and CEO of Berkshire Hathaway, throws a folded Omaha World-Herald - one of Berkshire's latest acquisitions.
Warren Buffet likes to buy into companies that produce a product the public wants and needs – buying into industries that he believes will produce steady profits for years to come.

Rather than basing his decisions on what others think, Warren Buffet prefers to study the fundamentals of a prospective acquisition himself.
• According to research by the Readership Institute at Northwestern University, advertising is one of the top five drivers of newspaper readership.

• Advertisers want consumers engaged and involved with the advertising message. Again, newspapers shine.
Shopping study by MORI Research:

52% of consumers say newspapers are where they go to check out advertisements and see newspaper advertising as “valuable” in planning shopping.

Consumers seek out the newspaper to make product buying decisions.

46 percent say newspapers are their “preferred’ medium to receive ad information.
How America Shops and Spends 2014
Consumers, Advertising & Media

• Eight in 10 (79%) of adults have taken action as a result of reading or seeing an ad in a print newspaper in the past 30 days.

• Newspaper media, combining the print newspaper and newspaper websites, are used by 57% of adults in the past seven days for shopping planning and purchase decisions. More than half (52%) use the print newspaper and one in five (21%) use newspaper websites.

• Four in 10 adults have taken an action online as a result of reading or seeing an ad in a print newspaper in the past 30 days.
How America Shops and Spends 2014
Consumers, Advertising & Media

• Preprints in the weekday and Sunday newspaper move consumers to act in a variety of ways. Nearly eight in 10 (78%) adults have taken some action in the past 30 days from an ad in a circular appearing in the newspaper package.

• Newspapers are the leading medium consumers use for coupons. Seven in 10 (69%) cite the Sunday or weekday editions as coupon sources.
How America Shops and Spends 2014
Consumers, Advertising & Media

• More than half (55%) of those who used various online ads also used print newspaper ads in the past week for the shopping planning and decision-making process. In the course of a month, nearly nine in 10 of those using online advertising took action as a result of a print newspaper ad (86%) or a newspaper preprint (84%).

• Of the 51% who sought out circulars online in the past 30 days, more than eight in 10 of them (86%) took some action in the same time period as a result of a print ad circular delivered in the newspaper.
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How America Shops and Spends 2014
Consumers, Advertising & Media

<table>
<thead>
<tr>
<th>Media Used in Past 7 Days for Shopping Planning and Purchase Decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspapers, Print</td>
</tr>
<tr>
<td>Online (net) including newspaper websites</td>
</tr>
</tbody>
</table>

- It comes as no surprise that a large number of adults use some type of online advertising during the course of a week (58%) for shopping planning and purchasing.

- Yet this online advertising is fragmented across ten different types probed in this study, ranging from email advertising (39%) to ads shown in video games (7%). Advertising on general interest websites are used by one-fifth of consumers during the week, and the same number (19%) cite social media. Advertising on smartphones are used by less than one in five (16%) of adults, and fewer cite ads appearing on their tablets (13%).
# How America Shops and Spends 2014

Consumers, Advertising & Media

<table>
<thead>
<tr>
<th>Advertising Benefit</th>
<th>Newspapers</th>
<th>Internet</th>
<th>TV</th>
<th>Radio</th>
<th>Magazines</th>
<th>Catalogs</th>
<th>Mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>You check for regular shopping</td>
<td>30%</td>
<td>32%</td>
<td>5%</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
<td>16%</td>
</tr>
<tr>
<td>Most valuable in planning shopping</td>
<td>29%</td>
<td>33%</td>
<td>5%</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
<td>16%</td>
</tr>
<tr>
<td>Best for alerting you to sales</td>
<td>28%</td>
<td>24%</td>
<td>18%</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td>16%</td>
</tr>
<tr>
<td>Advertising from stores you shop</td>
<td>27%</td>
<td>28%</td>
<td>6%</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
<td>19%</td>
</tr>
<tr>
<td>Most believable &amp; trustworthy</td>
<td>26%</td>
<td>18%</td>
<td>9%</td>
<td>2%</td>
<td>4%</td>
<td>4%</td>
<td>15%</td>
</tr>
<tr>
<td>Look forward to the advertising</td>
<td>22%</td>
<td>19%</td>
<td>10%</td>
<td>1%</td>
<td>5%</td>
<td>5%</td>
<td>17%</td>
</tr>
<tr>
<td>Most convenient to use</td>
<td>21%</td>
<td>44%</td>
<td>10%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>12%</td>
</tr>
<tr>
<td>Preferred advertising media</td>
<td>20%</td>
<td>31%</td>
<td>11%</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
<td>17%</td>
</tr>
<tr>
<td>Is the most up-to-date</td>
<td>20%</td>
<td>45%</td>
<td>14%</td>
<td>2%</td>
<td>1%</td>
<td>2%</td>
<td>10%</td>
</tr>
<tr>
<td>Easy to comparison shop</td>
<td>19%</td>
<td>53%</td>
<td>4%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>11%</td>
</tr>
<tr>
<td>You avoid this kind of advertising</td>
<td>9%</td>
<td>17%</td>
<td>19%</td>
<td>9%</td>
<td>3%</td>
<td>5%</td>
<td>19%</td>
</tr>
<tr>
<td>Most annoying advertising</td>
<td>4%</td>
<td>20%</td>
<td>36%</td>
<td>14%</td>
<td>2%</td>
<td>1%</td>
<td>13%</td>
</tr>
</tbody>
</table>

*Base = Total Sample*
Conclusion

• Digital media continues to grow and print remains strong and viable.

• Print and digital compliment each other and both have a their strengths.

• Embrace digital and find new ways to have it compliment and supplement your print efforts.
Conclusion

“Print may be on the decline, but if it is, it is a slow decline. It may even be a dinosaur, but dinosaurs ruled the world for 160 million years.”

- Michael Hoyt, Columbia Journalism Review

http://www.youtube.com/watch?v=MOXQo7nURs0
Future Research Questions

• How can newspapers and magazines adjust to the continual rise of digital media to become more profitable?

• How can print media attract a younger audience?

• How can newspapers and magazines benefit from the growing social media and social media advertising phenomena?
Audience Survey Results

Shift to second computer to display survey results

• Users Look Most Above the Fold

• Web users spend 80% of their time looking at information above the page fold (meaning, the part of the webpage that’s visible when users first land there). Although users do scroll, they allocate only 20% of their attention below the fold.

• Users spend 69% of their time looking at the left half of the webpage and 30% viewing the right half.

- Center for Parent Information and Resources
Thank You!

Q & A

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