Data sources in WPT 2018:
World Bank (217 countries);
PwC (53); Chartbeat (242)
Zenith (81); Ipsos (63);
WAN-IFRA member associations (26),
WAN-IFRA Outlook (63).

Additional data from 2018:
Edelman Trust Barometer,
International Monetary Fund,
International Telecommunications Union.
What is the cost of TRUST?

2018 WORLD PRESS TRENDS

Powered by WAN-IFRA
Q. Is there a relationship between levels of trust and the performance of news media firms?

Source: Edelman Trust Barometer 2018
WPT2018 a data tell us about?

A selection of relevant variables used in the statistical analysis of the data in WPT 2018

**News Publishing**
- Print and digital circulations revenues
- Print and digital advertising revenues
- Investment priorities

**Media Usage**
- Newspaper Circulation
- Digital Circulation
- Sources of digital traffic
- Digital devices

**National Economy**
- GDP
- Population
- Internet Penetration
- Human Development Index
- Rule of Law

**Media System**
- Trust in media
- Trust in platforms & journalists
- Press Freedom Index
Our conversation today

Key trends in the news publishing industry

Our industry’s digital transformation

The role of trust, leadership and press freedom in our performance & our profits

@Newspaperworld  @francoisnel  #WPT2018
‘It’s on us now’
Global economy stabilises, time to accelerate

Overall, increasing economic growth. Early digitalisation with little substitution of print products

Global economic turbulence. Digital substitution becoming significant

Economic growth stabilises. Digital substitution accelerates, along with pressure to adapt business models

Source: WPT analysis of average global GDP and average global newspaper revenues across three phases in this report. Data from IMF (World Economic Outlook) and PwC (Global Entertainment & Media Outlook 2018-2022). Illustration adapted from analysis by Prof Castulus Kolo, 2018
Global advertising expenditure is going up. But …

Source: Zenith, 2018
Newspapers’ share of the adspend is now under 10%.

- Internet: 37.6%
- Outdoor: 6.7%
- Cinema: 0.7%
- Newspapers: 9.5%
- Magazines: 5.2%
- Television: 34.1%
- Radio: 6.2%

Source: Zenith, 2017 (81 countries)
Growing digital advertising revenues overshadowed by declines in print ads

Source: Global print and digital circulation revenues: US dollar millions (indexed at 2013 = 100)
Analysis of revenue data provided by PwC (Global Entertainment & Media Outlook 2018-2022)
Just a reminder: not only are audiences moving to digital, they’re heading to mobile - so are ad revenues

+38%
Mobile adspend in 2017

-5%
Desktop adspend in 2017

Source: Global, across 81 countries, Zenith, 2017
So, advertising revenues continue to slide despite growth in digital. But overall newspaper audience revenues stable.

And just when we thought we could rely on our loyal, trusted older readers to stick with us in print...

Source: Selected countries from across all regions taken WAN-IFRA’s association database (n= 26)
Global print circulation stable, digital audiences continue to grow as more publishers connect directly with audiences.

 Indexed at 2013 = 100. Source: Global print and digital circulation: 000s of units (indexed at 2013 = 100)
 Analysis of data provided by PwC (Global Entertainment & Media Outlook 2018-2022)
Digital circulation revenues shoot up as more users pay directly for digital content.

Indexed at 2013 = 100. Source: Global print and digital circulation: US dollar millions (indexed at 2013 = 100)
WPT analysis of data provided by PwC (Global Entertainment & Media Outlook 2018-2022)
“It’s now more likely that when someone reads a news site on a phone, that they went there directly versus via their Facebook feed.”

- Josh Schwartz,
Head of Product, Engineering and Data Science, Chartbeat

Source: Chartbeat 2018
The importance of direct customer relationships.

Dark Social* traffic now the most important source of digital traffic for publishers

- **Dark Social**: 52.6%
- **Facebook**: 43.6%
- **Other Social**: 3.8%

*Dark Social is traffic from emails, Instant Messengers and the like.*
Our industry’s digital transformation is well underway.

But how are things shaping up?
The pace of digital transformation from print to digital news business is accelerating but varies significantly between mature and developing markets.

Percentage of overall revenues derived from digital activities:
- **High**: 20% - 31%
- **Moderate**: 10% - 19%
- **Low**: 1% - 9%
- **No data**

Source: WPT analysis proposed by Prof Castulus Kolo of data provided by PwC (Global Entertainment & Media Outlook 2018-2022)
The extent and pace of our industry’s digital transformation is shaped by a variety of national and media factors. There are significant differences in developed and developing markets.

<table>
<thead>
<tr>
<th></th>
<th>Correlation Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>0.571**</td>
</tr>
<tr>
<td>Population growth</td>
<td>-0.403**</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>0.521**</td>
</tr>
<tr>
<td>Income share</td>
<td>-0.797*</td>
</tr>
<tr>
<td>Tablet traffic to news publishers</td>
<td>0.510**</td>
</tr>
<tr>
<td>Search traffic to news publishers</td>
<td>-0.409**</td>
</tr>
<tr>
<td>Rule of Law</td>
<td>0.676**</td>
</tr>
<tr>
<td>Press Freedom</td>
<td>-0.562**</td>
</tr>
<tr>
<td>Total page views</td>
<td>0.361**</td>
</tr>
<tr>
<td>Edelman Trust Barometer 2018</td>
<td>-0.404**</td>
</tr>
</tbody>
</table>

Sources: PwC (Global Entertainment & Media Outlook 2018-2022); World Bank; Chartbeat; WJP Rule of Law; Edelman Trust Barometer 2018; Reporters Without Borders’ Press Freedom Index 2018

* Statistically significant (p< .01); ** Highly statistically significant (p < .001)
While print remains stable in some markets, those traditional revenues will shrink as digital transformation thrives.

Sources: WPT Analysis by Prof Castulus Kolo. Data providers: PwC (Global Entertainment & Media Outlook 2018-2022); World Bank; Chartbeat; WJP Rule of Law; Edelman Trust Barometer 2018; Reporters Without Borders’ Press Freedom Index 2018. Digital Transformation Index = share of digital revenue to total revenues.
Are we growing fast enough?

News media executives worldwide see a variety of risk to their firms’ success from inside and outside the organisation - including political instability and regulation. They are right to be concerned.
To what extent does regulation impact on the financial performance of news media firms?
Our study found that overall financial success of media organizations worldwide was statistically significantly correlated with two factors:

1. the entrepreneurial leadership of the firm  
   \((r = .23; p < .05)\)
2. press freedom  
   \((r = .21; p < .05)\)

Media firms had better overall performances in countries with high degrees of press freedom and in instances where the firm’s leaders were oriented towards being entrepreneurial.

Source: WPT analysis of primary data of a World New Publisher Outlook survey (10 languages; 246 media executives from 69 countries) and secondary data from the World Press Freedom Index. Statistical analysis (Pearson’s r correlations), exploring relationships between indicators of press freedom, entrepreneurial leadership, entrepreneurial orientation and firm financial performance.
Back to trust....
Trust in media overall is at a low ebb but journalists are more trusted than platforms and institutions overall.

Source: Edelman Trust Barometer 2018: general population. ‘Institutions’ = NGOs, businesses, government, media.
While trust in platforms declines, trust in journalism rebounds

Percent trust in each source for general news and information 2012 to 2018

Source: Edelman Trust Barometer 2018
The impact on trust on the performance of news and the revenues of news media firms worldwide is undeniable.

The greater the trust (Edelman Trust Barometer 2018), the greater the:

- *digital circulation* figures ($r = .57; p < .001$)
- *print circulation* figures ($r = .59; p < .001$)
- print advertising *revenues* ($r = .50; p < .001$).
- print circulation *revenues* ($r = .44; p < .01$).
- digital advertising *revenues* ($r = .24; p < .05$).

Sources: PwC (Global Entertainment & Media Outlook 2018-2022) and Edelman Trust Barometer 2018; Analysis: Pearson’s $r$ correlation ($r > .5 =$ strong correlation). Significance ($p < .001$ means a 1 in a 1000 probability that these results could have been achieved by chance).
The 5 key ways publishers build trust are by fulfilling their mandates to:

1. Be the guardian of information quality
2. Protect ordinary people from abuses of power
3. Supply information for good life decisions
4. Check and balance other institutions
5. Entertain and amuse

Source: Edelman Trust Barometer 2018
Trust in the message and the medium is inextricably intertwined.

The greater the wealth, the greater the rule of law, the greater the access to technology, the greater the press freedom... ...the more we are able to judge critically.

<table>
<thead>
<tr>
<th>Trust in..</th>
<th>Media</th>
<th>Platforms</th>
<th>Journalists</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspaper circulation</td>
<td>.606**</td>
<td>.430'</td>
<td>.486''</td>
</tr>
<tr>
<td>Digital circulation</td>
<td>.596**</td>
<td>nc</td>
<td>.468'</td>
</tr>
<tr>
<td>Print circulation</td>
<td>.601**</td>
<td>.434'</td>
<td>.490'</td>
</tr>
<tr>
<td>Large populations</td>
<td>.660**</td>
<td>.551**</td>
<td>.579**</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trust in..</th>
<th>Media</th>
<th>Platforms</th>
<th>Journalists</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita</td>
<td>-.538**</td>
<td>-.645**</td>
<td>nc</td>
</tr>
<tr>
<td>ICT Development</td>
<td>-.565**</td>
<td>-.721**</td>
<td>-.489'</td>
</tr>
<tr>
<td>Human Development Index</td>
<td>-.597**</td>
<td>-.614**</td>
<td>nc</td>
</tr>
<tr>
<td>Education</td>
<td>-.498**</td>
<td>-.825'</td>
<td>-.504'</td>
</tr>
<tr>
<td>Rule of Law</td>
<td>-.536**</td>
<td>-.625**</td>
<td>nc</td>
</tr>
<tr>
<td>Press Freedom (neg coded)</td>
<td>.590**</td>
<td>.631**</td>
<td>nc</td>
</tr>
</tbody>
</table>

Sources: PwC (Global Entertainment & Media Outlook 2018-2022); World Bank; Edelman Trust Barometer 2018; Reporters Without Borders’ Press Freedom Index 2018; Chartbeat; WJP Rule of Law Correlations with the Edelman Trust Barometer 2018; Pearson’s r; * Statistically significant (p< .01); ** Highly statistically significant (p < .001)
Our World News Publishers Outlook* study has shown that, despite tough conditions, there are successful publishers operating across all range of markets. And it also shows that the leaders of profitable firms are doing things differently now. And have different priorities and expectations for the future.

*Note: World News Publishers Outlook 2017 is available to download. The 2018 study is currently underway.
Successful media organisations are significantly more likely than unsuccessful ones to be involved in:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Chi square</th>
<th>p</th>
<th>Odds ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertorial / native advertising</td>
<td>6.96</td>
<td>&lt;.01</td>
<td>2.2</td>
</tr>
<tr>
<td>Content marketing</td>
<td>16.27</td>
<td>&lt;.001</td>
<td>3.4</td>
</tr>
<tr>
<td>Creative agency</td>
<td>5.03</td>
<td>&lt;.05</td>
<td>2.2</td>
</tr>
<tr>
<td>Internet only websites</td>
<td>4.28</td>
<td>&lt;.05</td>
<td>1.8</td>
</tr>
<tr>
<td>Consumer digital products</td>
<td>7.63</td>
<td>&lt;.01</td>
<td>2.4</td>
</tr>
<tr>
<td>Software app development</td>
<td>4.72</td>
<td>&lt;.05</td>
<td>2.0</td>
</tr>
<tr>
<td>Web TV</td>
<td>8.41</td>
<td>&lt;.01</td>
<td>2.5</td>
</tr>
<tr>
<td>Running conferences</td>
<td>9.48</td>
<td>&lt;.01</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Successful organisations are NOT likely to be prioritising investment in print/subscription copy sales; Prioritising the long term importance of print products; Developing the skills of salespeople.
Successful media organisations prioritise short term investment in:

<table>
<thead>
<tr>
<th>Investment Activity</th>
<th>p</th>
<th>r</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training budget</td>
<td>&lt; .05</td>
<td>.15</td>
</tr>
<tr>
<td>Data journalism</td>
<td>&lt; .01</td>
<td>.20</td>
</tr>
<tr>
<td>More diverse workforce (age, gender, ethnicity)</td>
<td>&lt; .05</td>
<td>.18</td>
</tr>
<tr>
<td>New business development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developing new business/ products outside the media sector</td>
<td>&lt; .01</td>
<td>.23</td>
</tr>
<tr>
<td>Insourcing processes from other companies</td>
<td>&lt; .05</td>
<td>.15</td>
</tr>
<tr>
<td>Upgrade editorial technologies, e.g. CMS</td>
<td>&lt; .05</td>
<td>.17</td>
</tr>
<tr>
<td>Separate digital media business</td>
<td>&lt; .05</td>
<td>.15</td>
</tr>
<tr>
<td>Partnerships with technology companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developing partnerships with digital technology platforms</td>
<td>&lt; .05</td>
<td>.18</td>
</tr>
</tbody>
</table>
Successful media organisations prioritise *long-term* investment in:

<table>
<thead>
<tr>
<th>Investment Activity</th>
<th>p</th>
<th>r</th>
</tr>
</thead>
<tbody>
<tr>
<td>New quality formats</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special reports</td>
<td>&lt; .05</td>
<td>.15</td>
</tr>
<tr>
<td>New technologies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Podcasting / Streaming audio</td>
<td>&lt; .05</td>
<td>.17</td>
</tr>
<tr>
<td>Web TV / video</td>
<td>&lt; .05</td>
<td>.17</td>
</tr>
<tr>
<td>New business models</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Events and conferences</td>
<td>&lt; .01</td>
<td>.20</td>
</tr>
</tbody>
</table>
This year’s analysis of world press trends shows this lack of trust in the bonafides, the competence and the reliability of the media is costing us directly. These costs are not only felt on our reputations, but the costs are felt in our relationships with audiences and advertisers - and it directly impacts on our revenues. And, perhaps more profoundly, it is costing us our role as a central and pivotal player in our communities. Our analysis also provides statistically significant evidence that the converse is true: High levels of trust pays off in both audiences and revenues.

World Press Trends 2018 also shows that worldwide innovating news firms with entrepreneurial leaders are succeeding whatever the market conditions - except where press freedom is under threat.

A. Yes!

High levels of TRUST *

= High level of AUDIENCES + High level of REVENUES**

*Trust in the media’s comprise three dimensions: the media bonafides/intentions + the media’s competence to execute + the media’s reliability to deliver on what is promised.
No going back. The news media digital transformation is accelerating.

Know your customer. Publishers are increasing building directly relationships with audiences and advertisers.

Solutions mindsets make the difference. Successful firms are moving from providing products to services for audiences and businesses demonstrating a service-oriented mindset.

Regulation matters. News media firms with entrepreneurial leaders are likely to be successful whatever the general market conditions - except when press freedom is low.

Trust costs - and it pays!
What next?

1. **Watch.** Media policy & regulation (GDP, Privacy, Copyright, etc.)

2. **Ask.** We invite questions of the data.

3. **Participate.** The 2018 *News Publishers Outlook* study is underway. And more.
Thank you. Questions?

2018 WORLDPRESSTRENDS
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Thank you very much!
End of slide show here