WORKSHOP C

“The Future of the Media”
A Media Debate

4th
EUROPEAN SUMMIT
ON MEASUREMENT
13-15 June 2012, **Dublin**

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Jeremy Thompson

Managing Director, The Gorkana Group

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The Panel

Andy Brown, Chairman, Kantar Media

KC Brown, Head, Cision Global Analysts

John Croll, CEO, Sentia Media

Mazen Nahawi, President, News Group International

Douglas McCabe, COO, Enders Analysis

Jeremy Thompson

Managing Director, Gorkana Group

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The Future of the Media

UK

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The Headlines

National newspapers report significant declines in print circulations year on year

242 local newspapers closed between 2005 and end of 2011

The Guardian is fastest growing national press website

Mail Online passes NYT a world's largest newspaper

BBC News remains the UK's leading news website

Twitter now has 10m users in UK

Leveson inquiry continues to claim scalps

So, what's going on?

Social Media

News push to social media users

Social media referral drives traffic

Journalists plus new social media commentators gaining new authority and influence

Journalists utilising social media channels to source and distribute stories

Mainstream media

Case study: The Economist

"In parts of last year we were growing by 20% a month on the amount of traffic from these sites so we've started to adjust and have started to think about doing journalism in a different way".

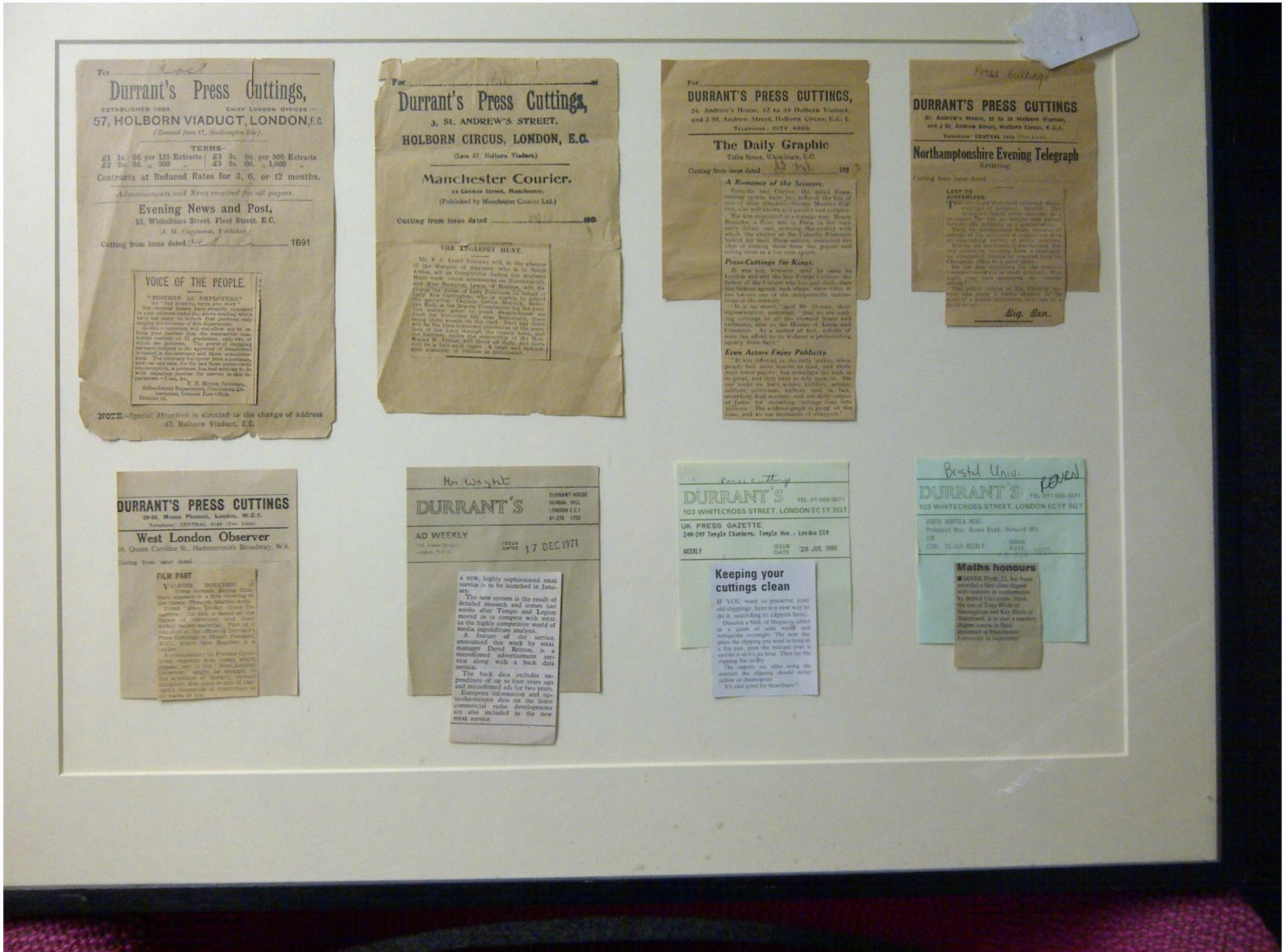
Tom Standage, Digital Editor, The Economist

Social media traffic now delivers half as many page views as Google to The Economist's website.

This dramatic increase in traffic referrals has made senior Economist execs sit up and change their online offering as a result.

- Introducing a more frequent publishing schedule to drive up online content.
- Encouraging journalists to interact and engage in social media.
- Proactively seeding content into Facebook, Twitter and Tumblr
- Investigating more flexible paywalls, to ensure that traffic is not driven away.

How should we adapt to change?



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How should we adapt to change?

- Develop an integrated offer
- Invest in social media expertise
- Thinking about influencers not just journalists
- Think about content rather than medium
- Insight is key
- Add value

Andy Brown

Chairman, Kantar Media

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“all great change is preceded by chaos”(D.Chopra)

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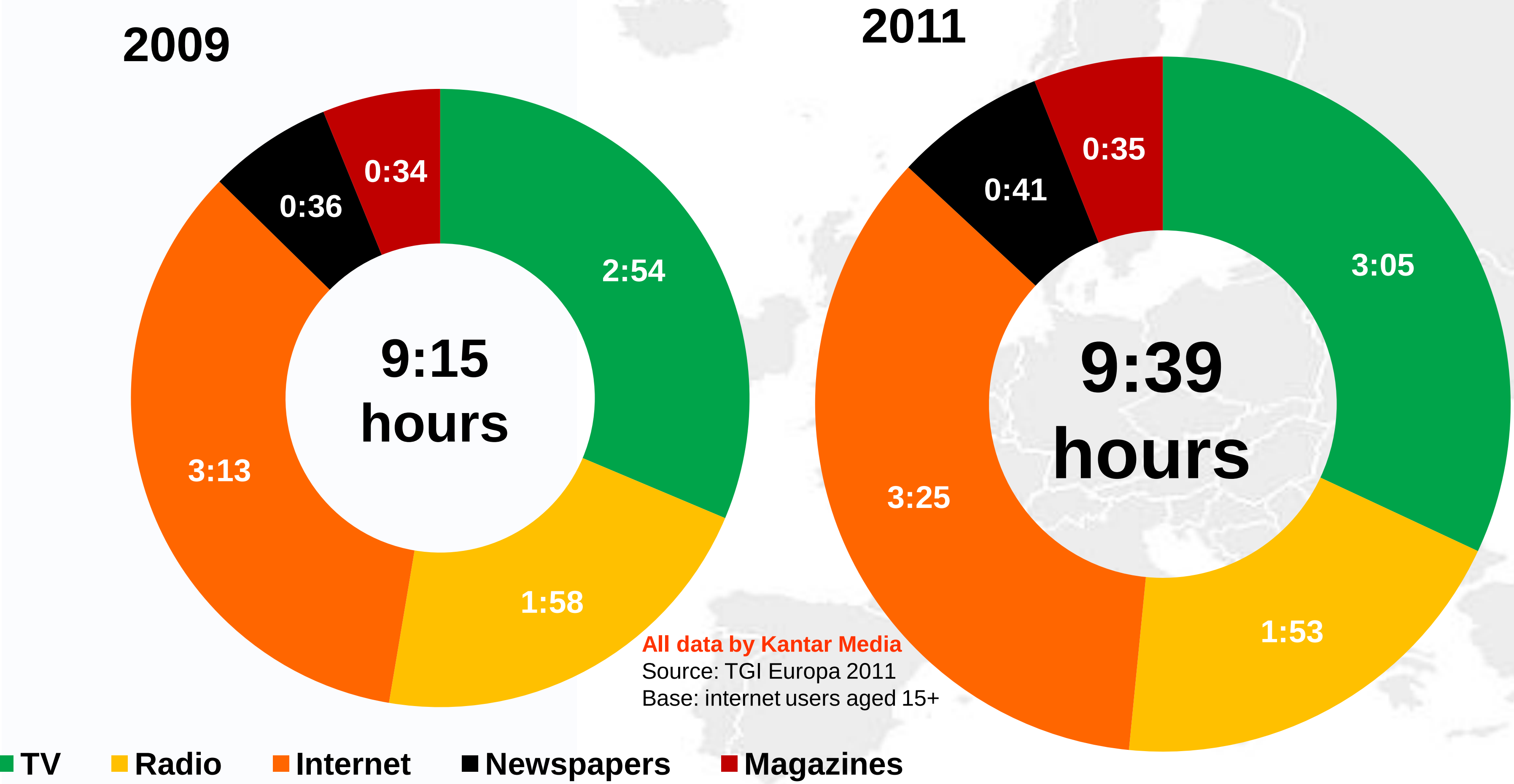
No More Media Boundaries

No More Media Boundaries

Average Media Mix for Connected People in Europe



All data by Kantar Media
Source: TGI Europa 2011
Base: internet users aged 15+

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What about Social Media Measurement?

What About Social Media Measurement?

CONSIDERING YOUR SOCIAL MEDIA STRATEGY ALONE?

ONLINE BUZZ

VIRAL VIDEO

SOCIAL FANS

No More Communications Silos

8 Channels Building the Digital Share Measurement

EARNED MEDIA

ONLINE BUZZ

VIRAL VIDEO

ONLINE NEWS

SEARCH QUERIES

OWNED MEDIA

SOCIAL FANS

SITE TRAFFIC

PAID MEDIA

PAID ONLINE ADS

PAID SEARCH CLICKS

All data by Kantar Media
Source: Kantar Digital Share

No More Communications Silos

8 Channels Building the Digital Share Measurement

All data by Kantar Media
Source: Kantar Digital Share

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Advertisers demand ROI…

… on earned media as well!

#3. ROI: Having clarity on what IMC financial success looks like (pay-back)

In Practice:

A survey of members of the WFA, found **that 96 per cent were spending more** of their budgets managing **Facebook pages, Twitter** accounts and other social media, racing to accrue fans, re-tweets and that elusive but ubiquitous quality: engagement.

But – **half were "unsure"** of the returns they were getting from their efforts, while a quarter that did know found the payback was "just average or poor".

Future of Media Summary

- Massive changes in consumer’s media behaviour will change how brand’s and institutions communicate
- Growing acceptance of the concept of Paid, Owned and Earned Media
- Greater need evaluate things holistically (across all communication channels)
- Greater need for Return on Investment
- For the industry this creates opportunity (if we adapt to the change!)

KC Brown

General Manager, Cision Global Analysts

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Future of Media: North America

Creating Insights through Big Data

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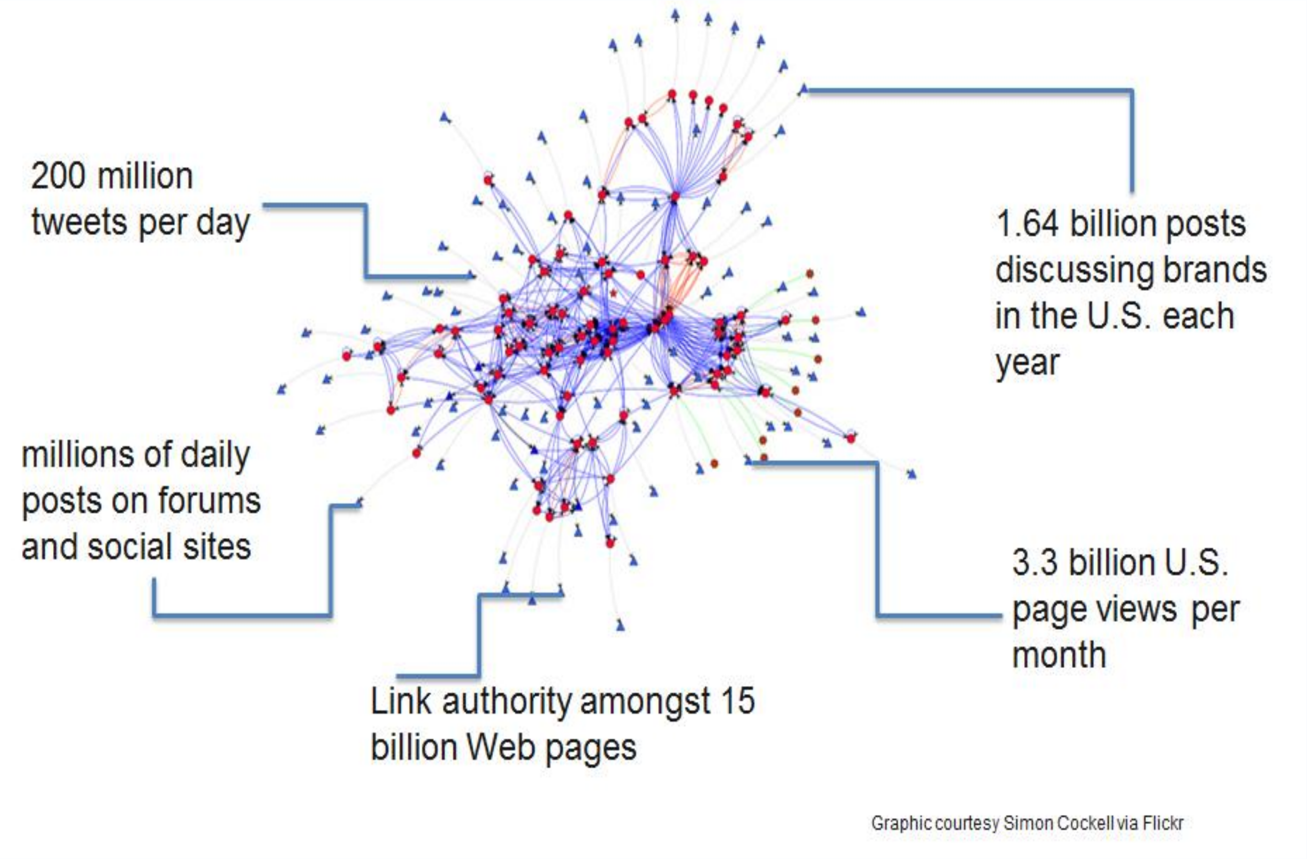
Creating Insights through Big Data

Five Trends Driving the Future of Media Analysis

- Digital First
- Big Data
- The Rise of the Influencer
- Predictive Analysis
- Semantic Web Intelligence



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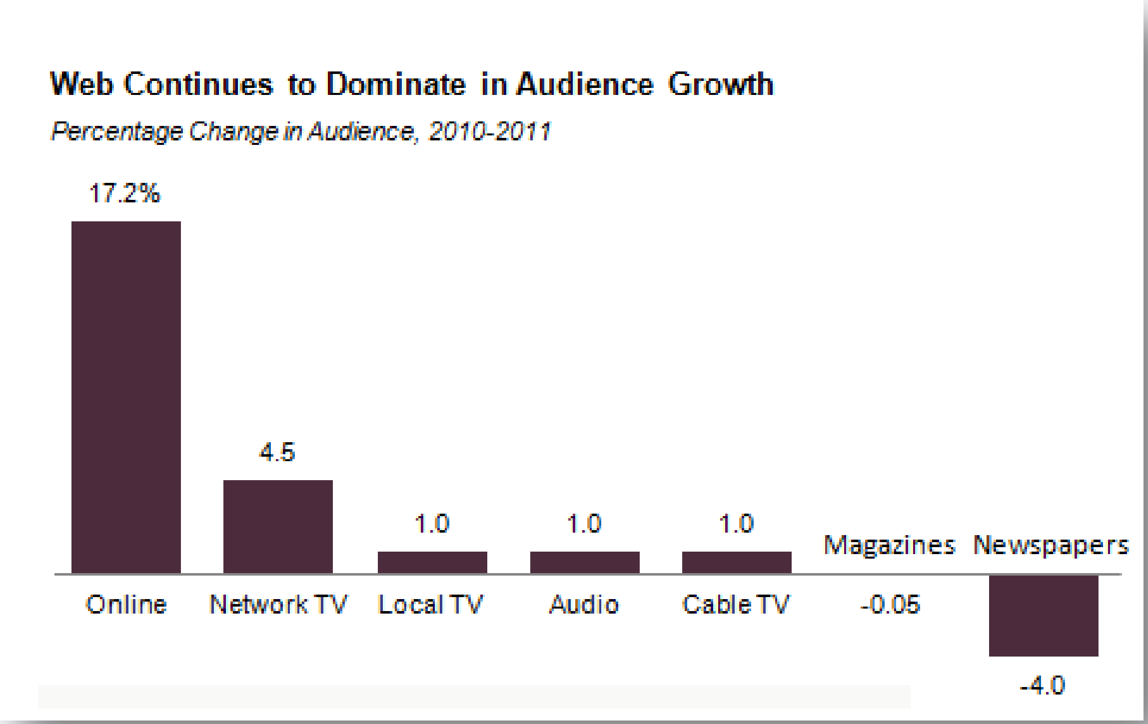
Digital First

The End of News as an Event

- Mobile- and tablet-based, aggregated, real-time, personalized news content replacing appointment TV & newspaper consumption
- Traditional media shifting to a “digital first” strategy



Pew Research Center’s Project for Excellence in Journalism
2012 State of the News Media

Digital First

The End of News as an Event

“Industry-wide, 20 to 25 percent of daily newspapers will have erected some form of paywall by the end of 2012”
- Ken Doctor, a news industry analyst for Outsell and the author of Newsonomics

“72% of brand marketers plan to shift funds away from traditional marketing to digital marketing”
- Study from Society of Digital Agencies 2011

“More news outlets will move to digital subscriptions in 2012 — as a matter of survival. ”
- State of the News Media Report 2012 Pew Research Center

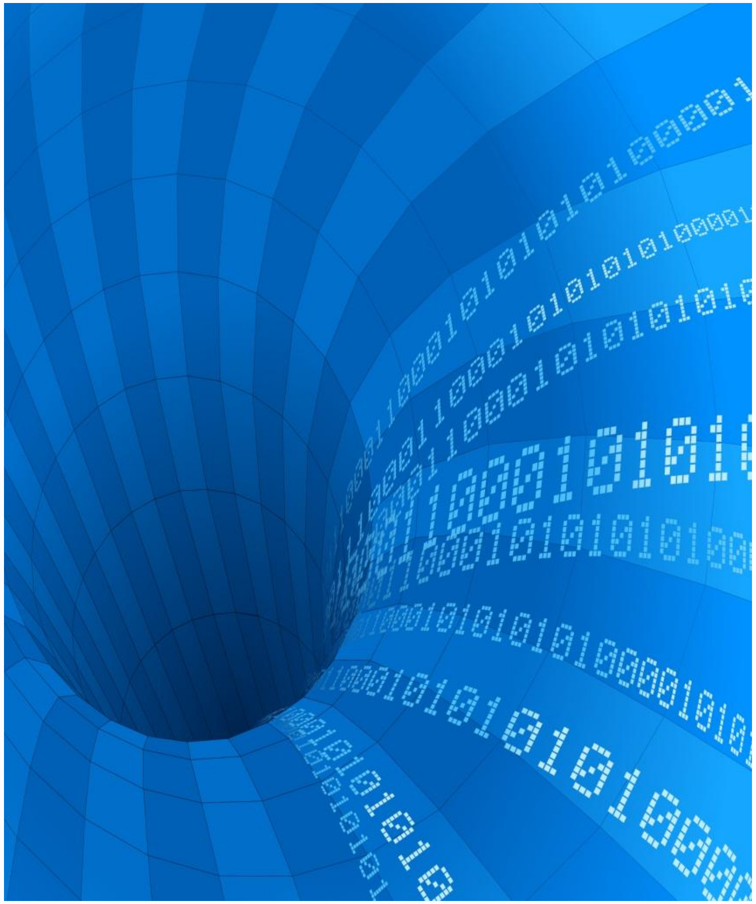
“More than a quarter of the population, 27%, now get news on mobile devices.”
- State of the News Media Report 2012 Pew Research Center

Big Data

Defining the Challenge – The Data Explosion

- International Data corporation (IDC) released calculations of the total amount of data now being stored and managed — enough for a stack of DVDs reaching from the earth to moon and back (about 240,000 miles each way). By 2020, that stack will reach halfway to Mars.

- “by 2020, the amount of data will have grown 44-fold, to 35 trillion gigabytes. Fueling the growth will be the evolution of all major forms of media – voice, TV, radio, print – from analog to digital.”



IDC Analyze the Future

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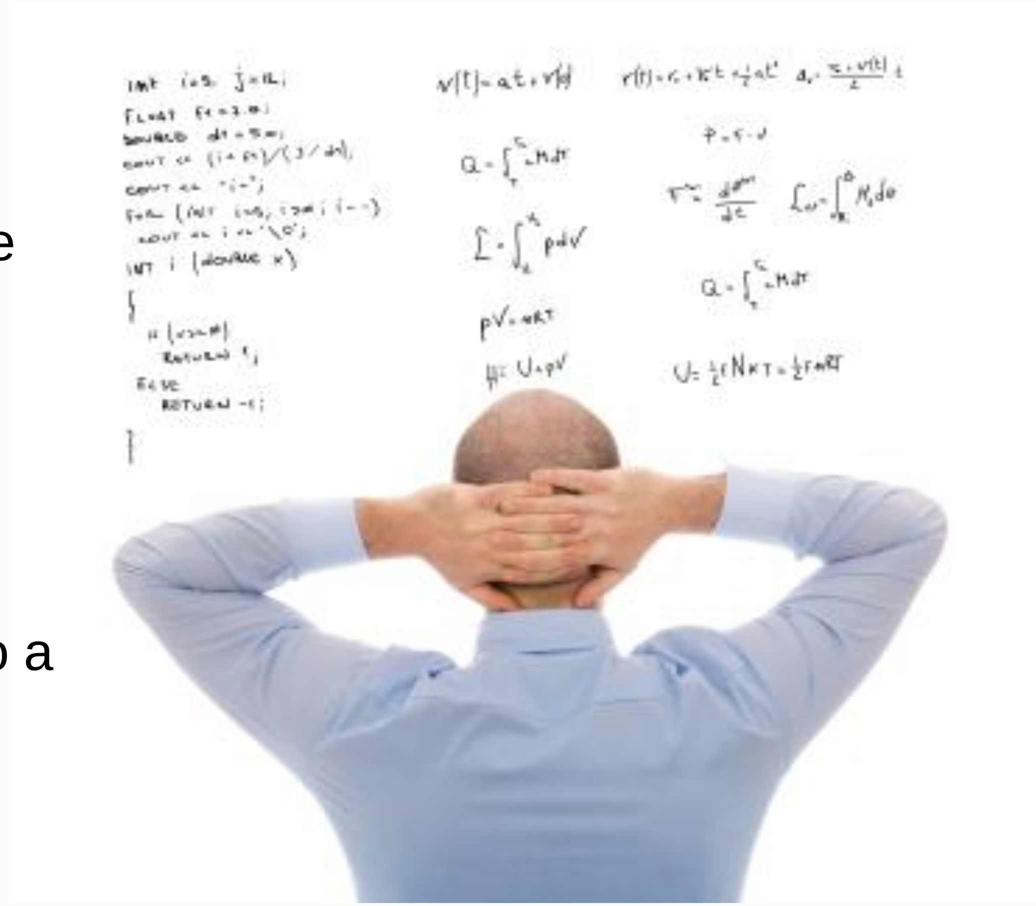
Big Data

Defining the Challenge – The Data Explosion

- “Big Data has such a vast size that it exceeds the capacity of traditional data management technologies; it requires the use of new or exotic technologies simply to manage the volume alone”

- “Too much information is an issue, but too much data is also a massive analysis issue”

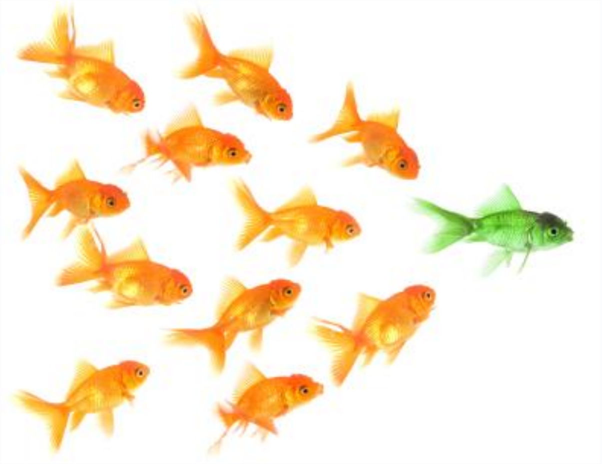


Gartner

The Rise of the Influencer

Measuring Conversations Beyond Traditional Content

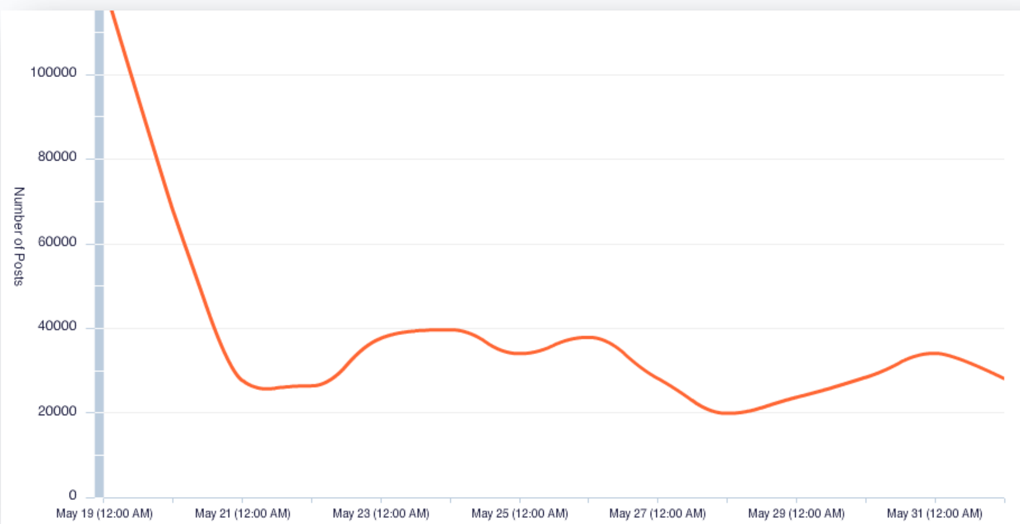
- Voices on social sites vie for influence directly with traditional media.
- Focus is shifting to the social capital of the influencer, not the media outlet itself.
- 71% of journalists and influencers use social media sites to network, promote their own content and source stories. (2011 Cision Social Journalism Study)



Trend Analysis

Using Social Data for Long-Range Predictive Analytics

LinkedIn stock price, May 19 to June 1, 2011



Discussion of LinkedIn on the social Web May 19 to June 1, 2011

- Acceleration of conversations on blogs often precedes both the manifestation of a trend and its news coverage

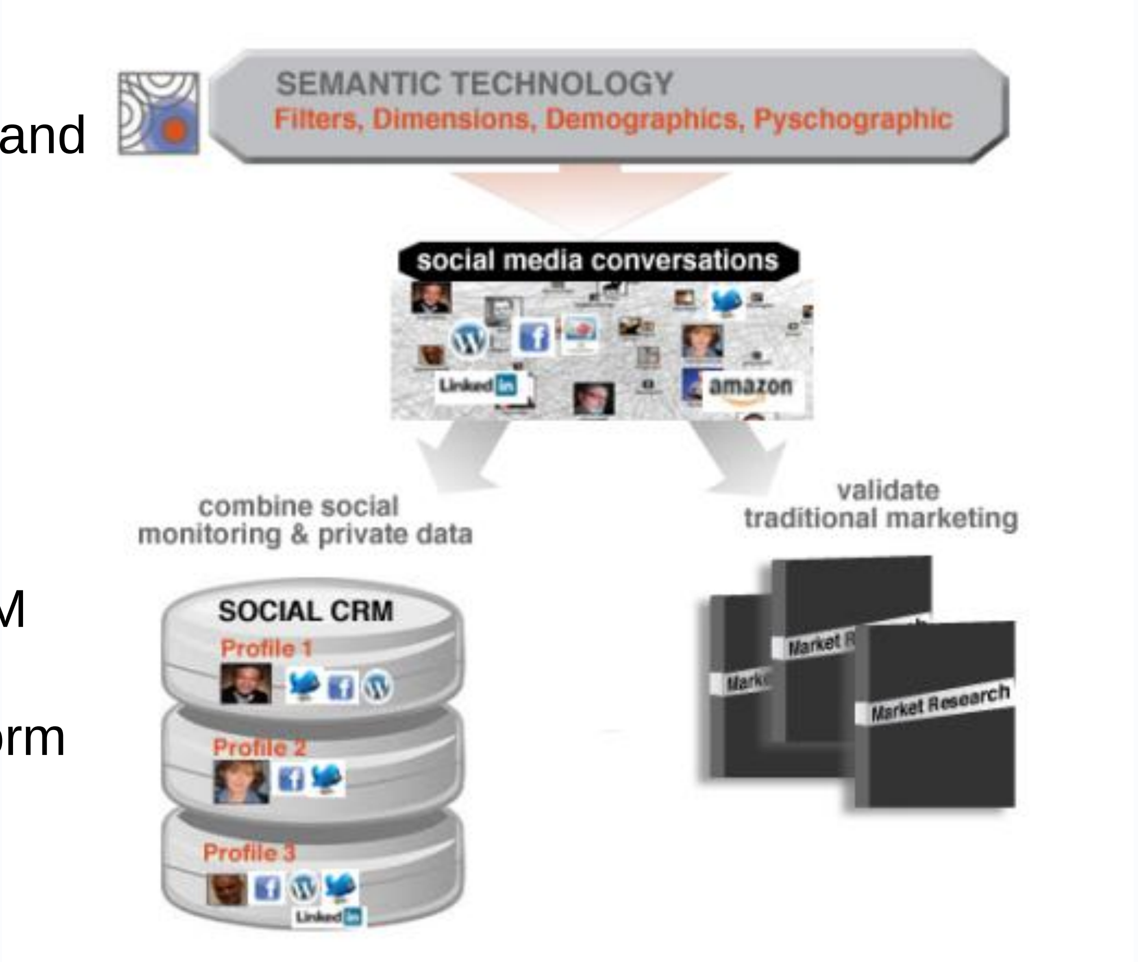
- Example: the LinkedIn IPO Announcement

Semantic Web Intelligence

Mining internal troves of structured & unstructured data

- Marketing mix modeling through unstructured data and structured text can identify messaging and insights holistically

- Online social content and private data such as Web form submissions and CRM notes can be distilled into broad themes that can inform your messaging



Source: Collective Intellect

Making Sense of It All

What your business will need to succeed

- **Digital First:** The skills to derive content and insights from multiple touch points, measurement signals and media
- **Big Data:** New technologies to store, secure, organize and make sense of massive quantities of information
- **Influencers:** Tools to identify, gain insight into and engage the tastemakers
- **Trend Analysis:** Data scientists and statisticians to filter conversations down to predictions and common themes
- **Semantic Web Intelligence:** Marketing mix modeling utilizing both structured and unstructured data to gain a view of the complete picture

John Croll

CEO, Sentia Media

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Asia Pacific's Media Landscape

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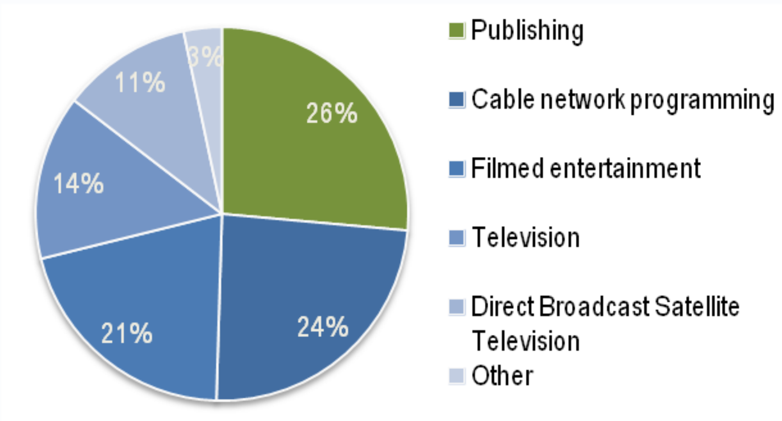
Media Audience Drivers

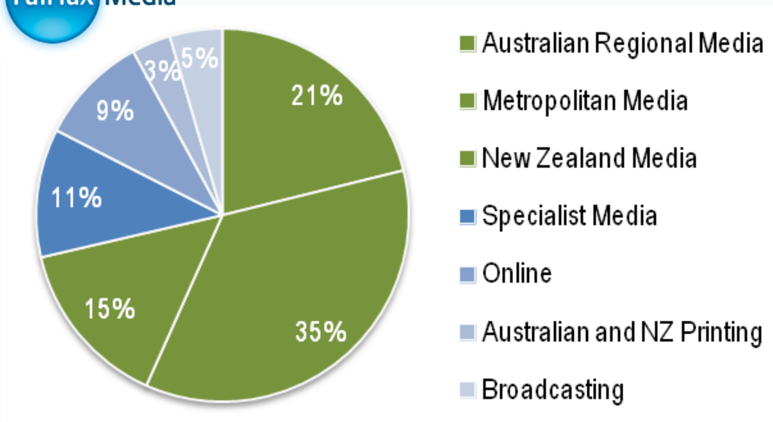
- Real Time
  - Continuous, real time availability
  - Audiences want access to information and relevant stories as they occur
- Personalisation
  - Audiences have the desire to consume personally relevant information.
  - Media alignment with smart, automatic filters and referral networks
- Interactive
  - People have the desire to be engaged in the relevant stories and with each other
  - Media has the alignment of event viewing, opinions to stories and gaming.
- Availability
  - People want to consume their chosen media when, where and how it suits them.
  - Media alignment to multiple of delivery platforms including mobile, tablets and screen convergence.

Australian Media Companies Diversification

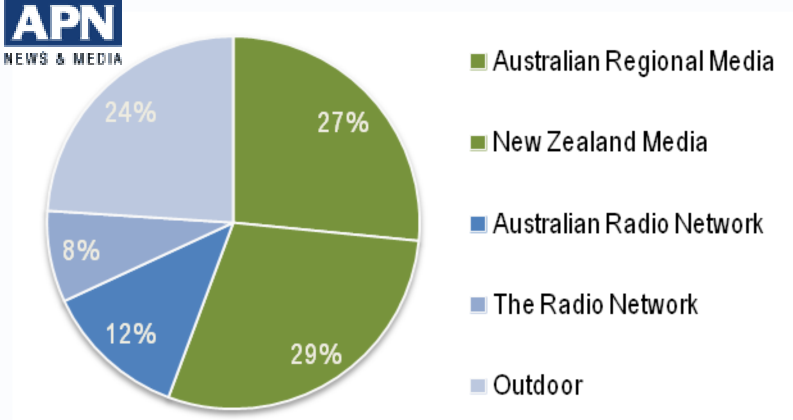
News Corporation



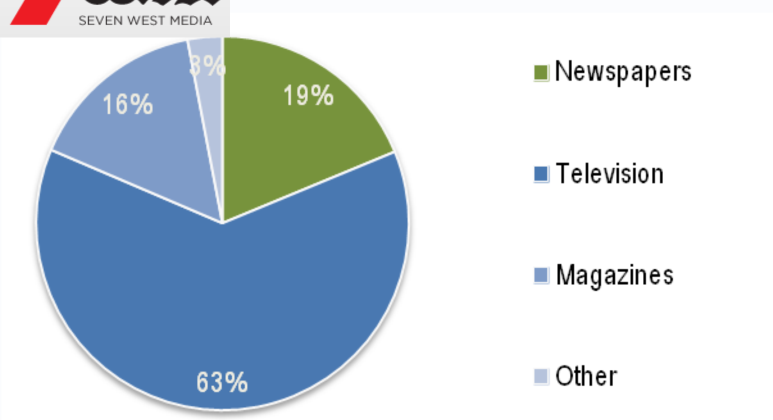
Fairfax Media



APN NEWS & MEDIA

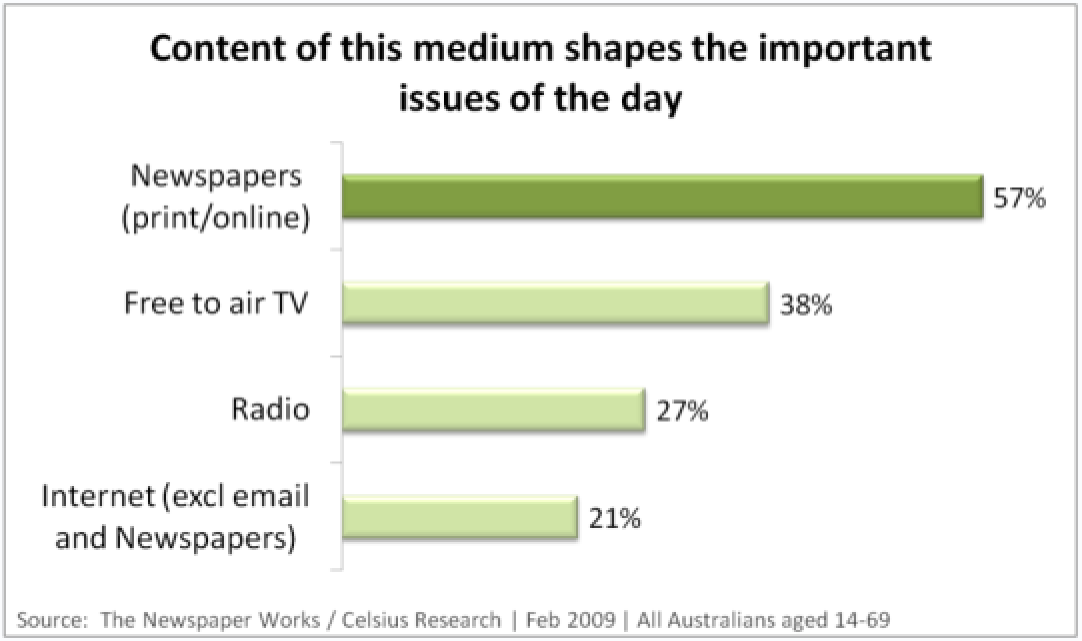


7 West SEVEN WEST MEDIA



Sources: News Corporation 2011 Annual Report | Fairfax Media 2011 Full Year results presentation | APN 2011 interim results presentation | Seven West Media 2011 Full Year Results Presentation

ANZ Landscape



"We have the opportunity to move from setting the agenda each morning....to actually owning the agenda. All day. Every day."

John Hartigan, Chairman & Chief Executive, News Limited
Opening Address, PANPA Future Forum August 2010

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ANZ Landscape

Publishers have moved Online successfully – 6 of the top 10 sites

1	ninemsn Nine News	ninemsn
2	**smh.com.au**	**Fairfax Digital**
3	Yahoo!7 News - 7News Websites	Yahoo!7
4	**news.com.au**	**News Digital Media**
5	**The Age**	**Fairfax Digital**
6	**Herald Sun**	**News Digital Media**
7	ABC News Websites	ABC
8	BBC	BBC
9	**couriermail.com.au**	**News Digital Media**
10	**thetelegraph.com.au**	**News Digital Media**

Source: Nielsen Online Ratings/Dec 2011, Current Events & Global News (sub category)

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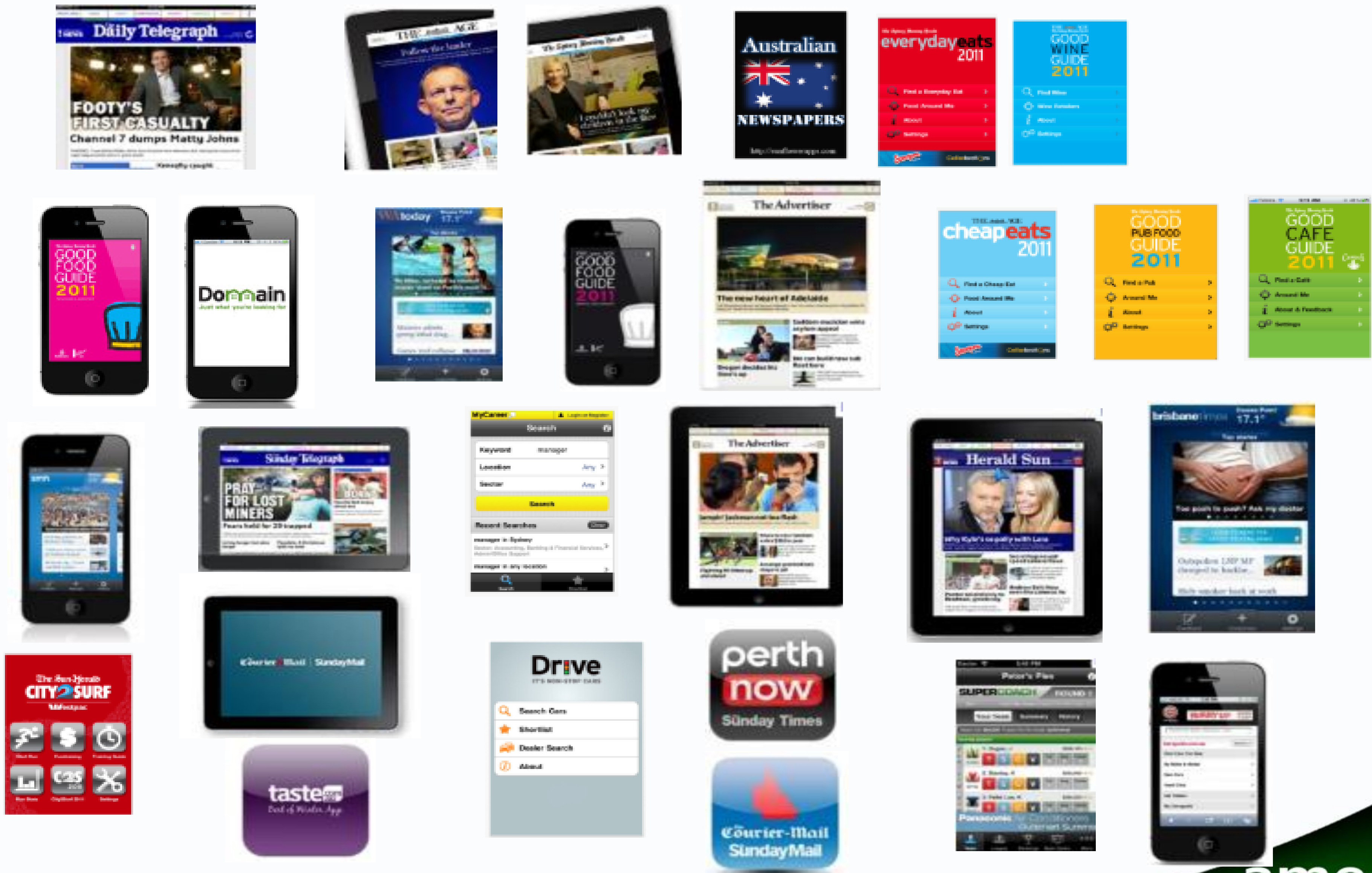
ANZ Landscape
3 million newspaper apps downloaded



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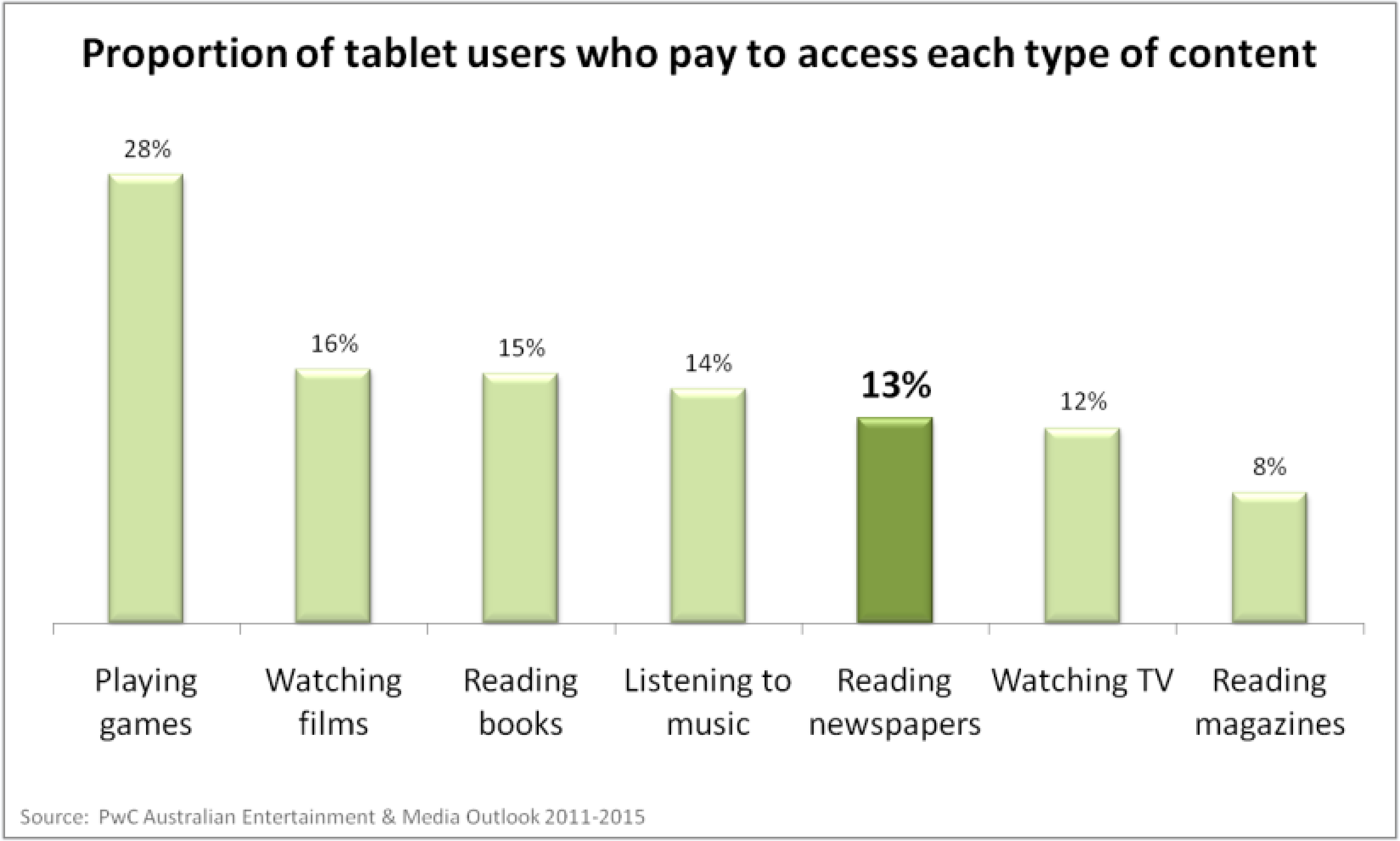
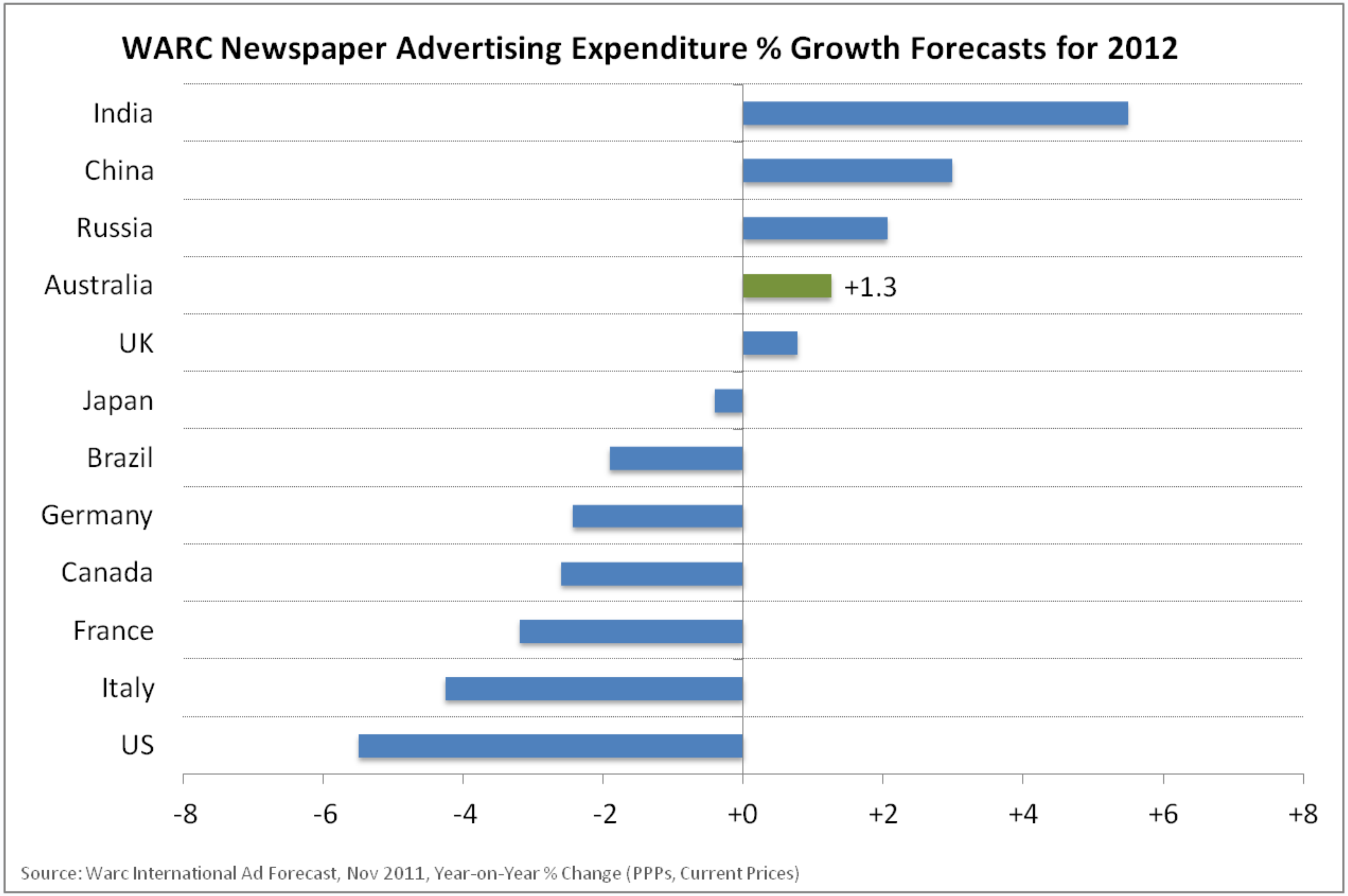
ANZ Landscape

Consumers starting to pay for online content



Global Comparisons



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Asian Media Landscape

- Government ownership has shielded media companies from the economic conditions experienced in other countries.
- Government controls of traditional media has greatly increased the influence of social media.
- Increasing number of consumers is a target for global brands with newspaper circulation growing and as infrastructure improves higher online audiences
- China's newspaper circulation growing at 14% and is the largest newspaper market in the world.
- In urban China the Internet reached 68% penetration with further investment in infrastructure.

China Media Intelligence Clients

- Outputs not as important – they don’t want all the clips.
- Customised daily analysis reports with only the few influential media items attached.
- Measurement & Evaluation practices need to be improved
- Even with the strength of the traditional media market, online and social media is extremely important
- China clients are looking globally and want international dashboards across all important markets.

Evaluation and Measurement Drivers

- Integrated
  - With audience fragmentation across different platforms and the interplay of social and traditional media it is essential that analysis reports are integrated.
- Real Time
  - Social media and online news is driving the speed of the media cycle, our analysis needs to be delivered in as close to real time as possible.
- Accessible
  - Our reports needs to be accessible through online environments that provide the analysis to clients clearly and in a format that is easy to distribute.
- Customised
  - The business and communications strategy for each client is different, they expect us to report in a customised away against these outcomes.

Mazen Nahawi

President, News Group

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Twitter:
@mazennahawi

Future of the Media Middle East

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Twitter:
@mazennahawi

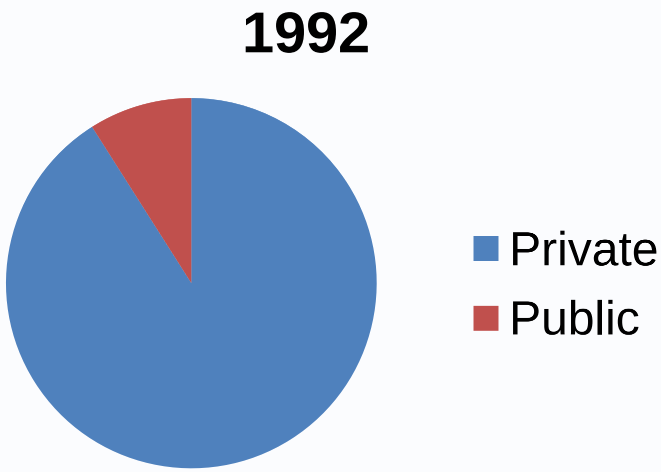
Primary Trends

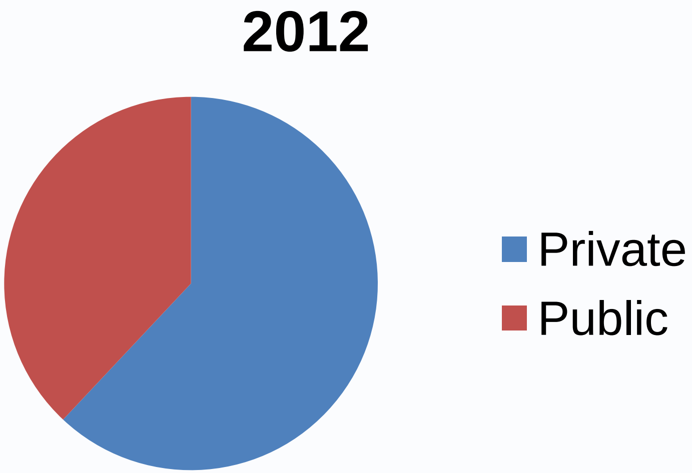
- Digital Media Growing Rapidly
- Traditional Media Continuing to See Strong Growth
- Media Fragmentation Accelerating Rapidly
- Ownership decidedly moves to the private sector

	1992	2002	2012
Newspapers	146	312	877
Magazines	2,000	6,000	21,000
Television	8	170	690
Radio	12	240	400
Online	15,000	6-10million	110 million
Social	N/A	1-2 million	100 million

Indicative Numbers

Public/Private Ownership





57

Newspapers launched post revolution in Libya

8

Nationwide TV stations launched in Syria post revolution

42

Nationwide TV stations launched in Iraq post Saddam era

International Media Flooding In....

......All are online, all must measured

Consumption: Behavioural Trends

- Heavy Correlation Between Online and Traditional Media Output
- Thought Leadership Remains Domain of Traditional Media
- Influence and Activist Firmly Entrenched in Social Media

Communications Trends

- Public Relations spending rose form $60 million in 2000 to $600 million in 2012
- Advertising spending rose from $1.2 billion to $7 billion
- Over 30,000 students studying media, journalism and communications
- Rapid growth in specialized agencies, foreign investment, global recognition

Communications Trends

- PR agency spending rose form $30m 2000 to $600m in 2012
- Overall PR spend estimated at $1.1 billion
- Over 30,000 students studying media, journalism etc
- Rapid growth in specialized agencies, foreign investment
- Growing global recognition for media and agencies

Measurement Trends

- Nielsen and TNS fighting over audience measurement rights
- Communications research growing, AVEs broken
- Social media measurement in early stages
- Significant demand for measurement from global blue-chips

175 Million
New Media Consumers

- Media is largely privately owned
- Massive competition on local levels
- Declining dependence on foreign wires

How is it relevant to us?

- New attitudes
- Massive new market
- Communications changed forever
- Must be monitored, measured, ENGAGED

Douglas McCabe

COO, Enders Analysis

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ENDERS|ANALYSIS

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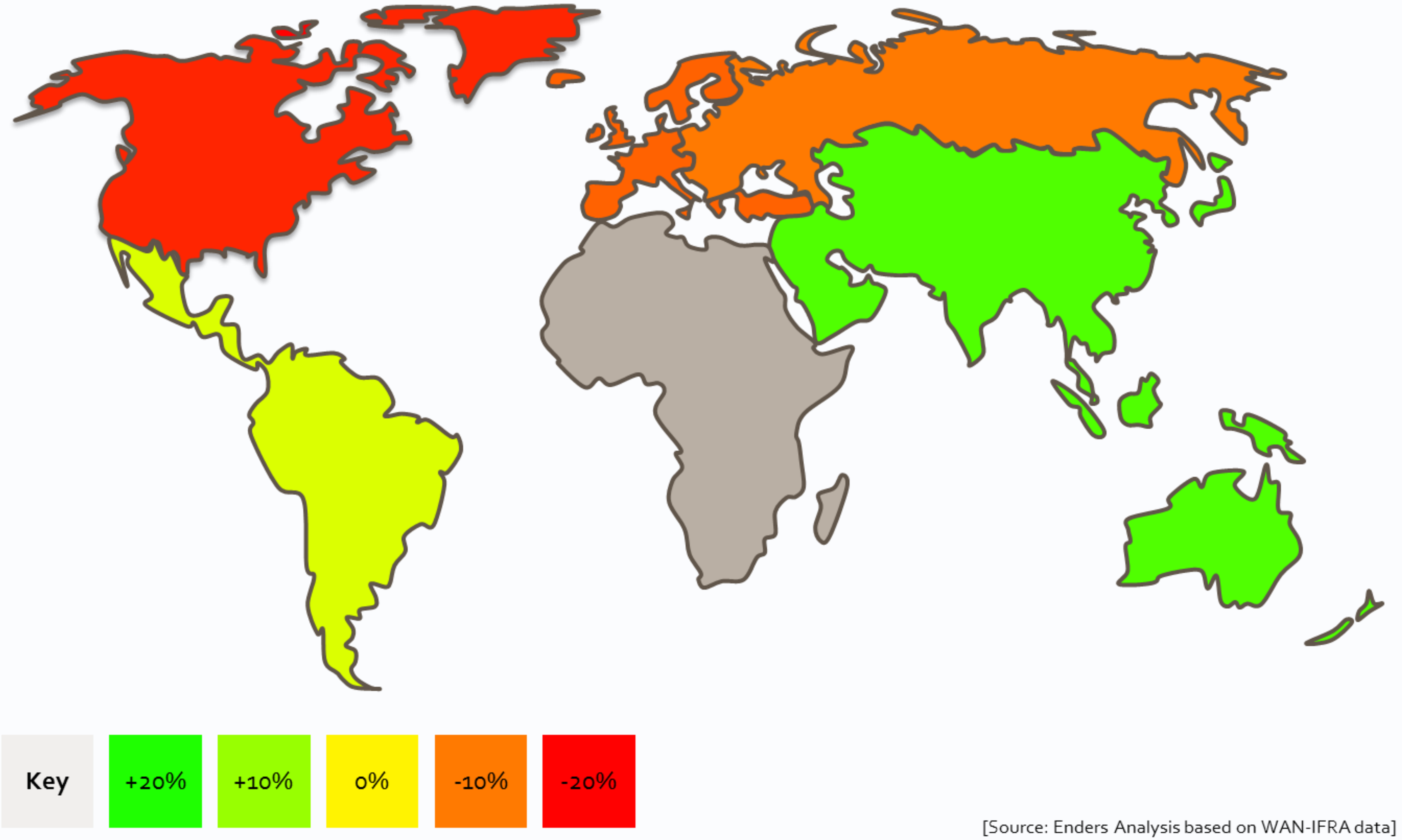
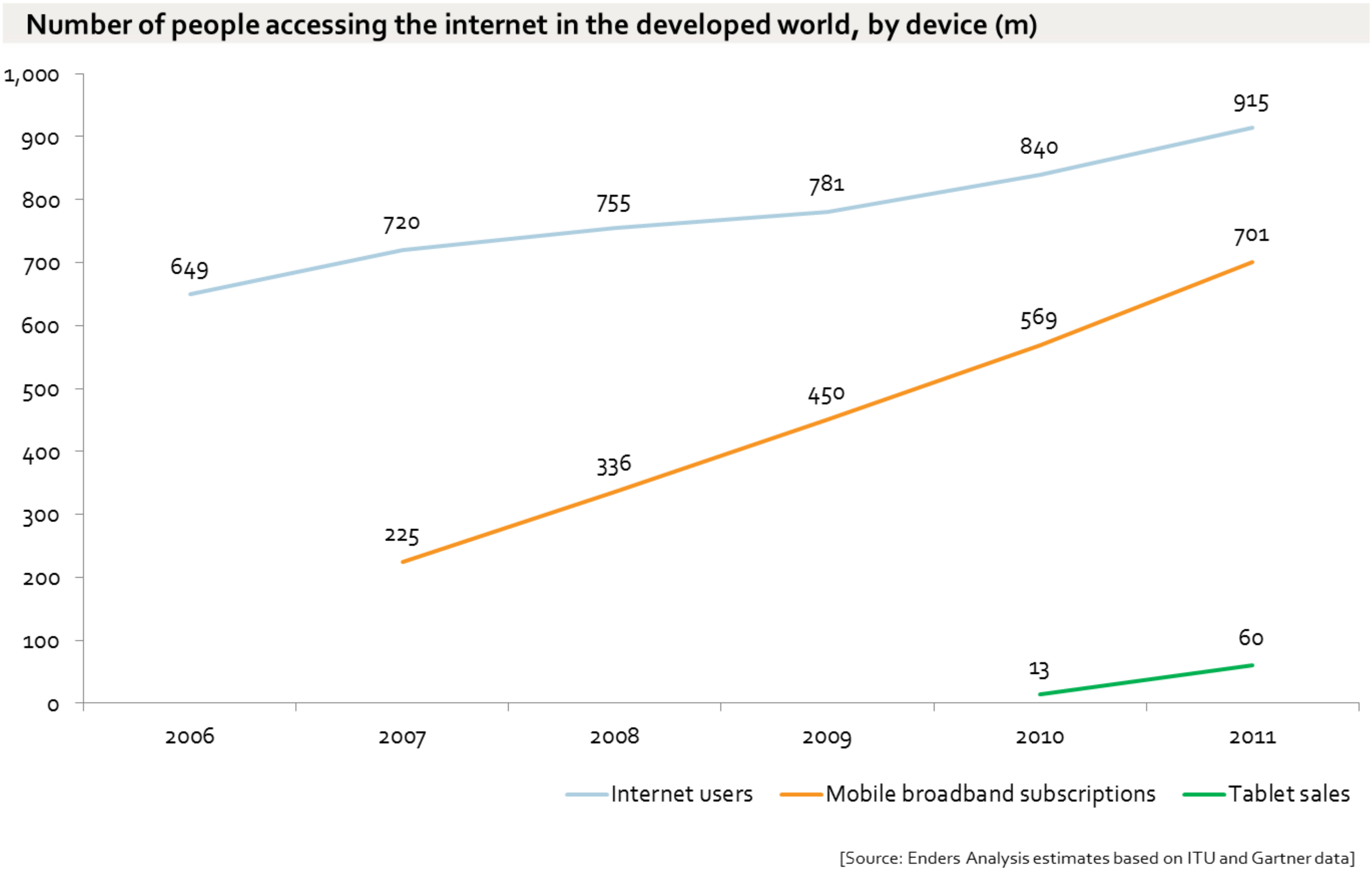
Newspaper circulation rises in the South, declines in the North

Change in circulation between 2005 and 2010 (%)



[Source: Enders Analysis based on WAN-IFRA data]

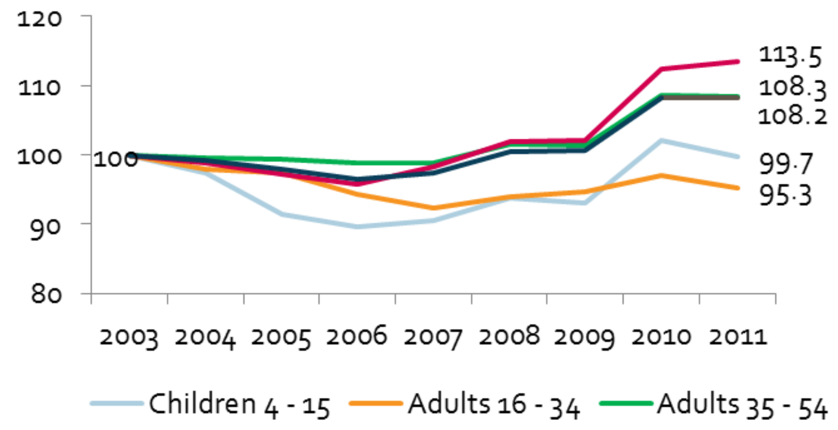
Internet access rising on multiple devices



TV viewing as high as it has ever been (in the UK)

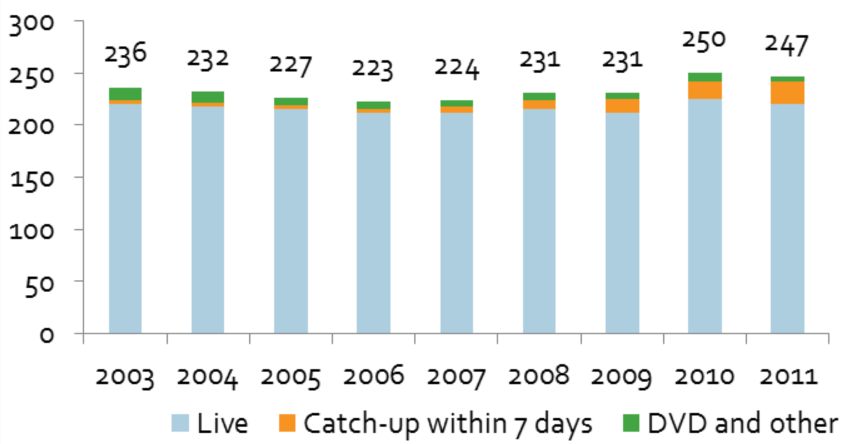
- Total viewing has remained stable over the period that has seen dramatic expansion of broadband access to the internet
- Strong sales of larger widescreen and HD sets offering enhanced picture quality
- In addition, timeshift viewing has grown steadily as a function of PVR adoption, now in circa 55% of UK TV homes
- Most timeshift viewing is within 7 days of original broadcast, and most of that takes place within 24 hours of airing.
- Catalogue remains a TINY proportion (around 2.5%) of total viewing. Viewing is still largely driven by the schedule

UK average daily viewing index (2003=100)



[Source: Enders Analysis based on BARB/InfoSysTV]

UK Total daily viewing minutes



[Source: BARB/InfoSysTV]

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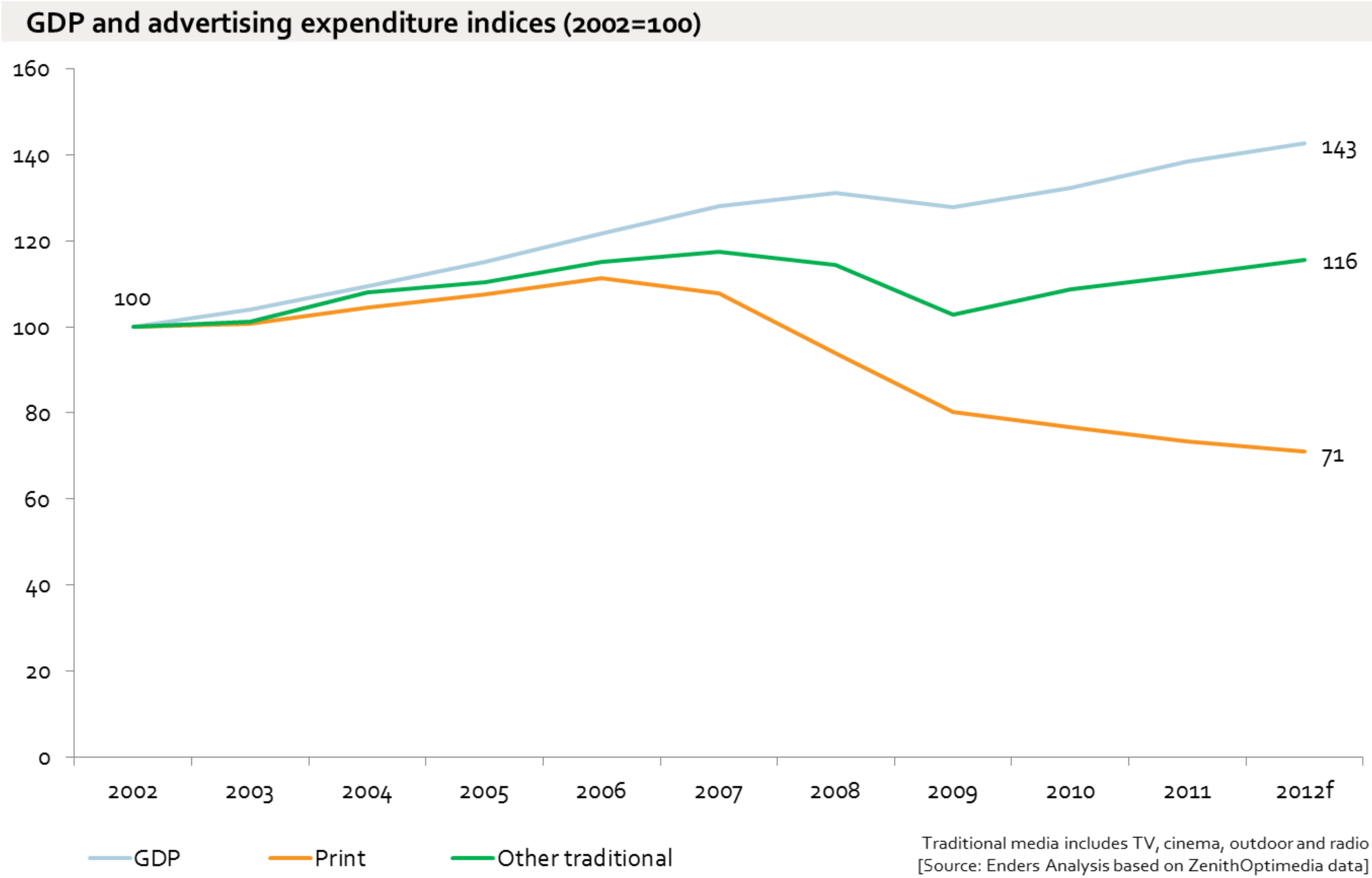
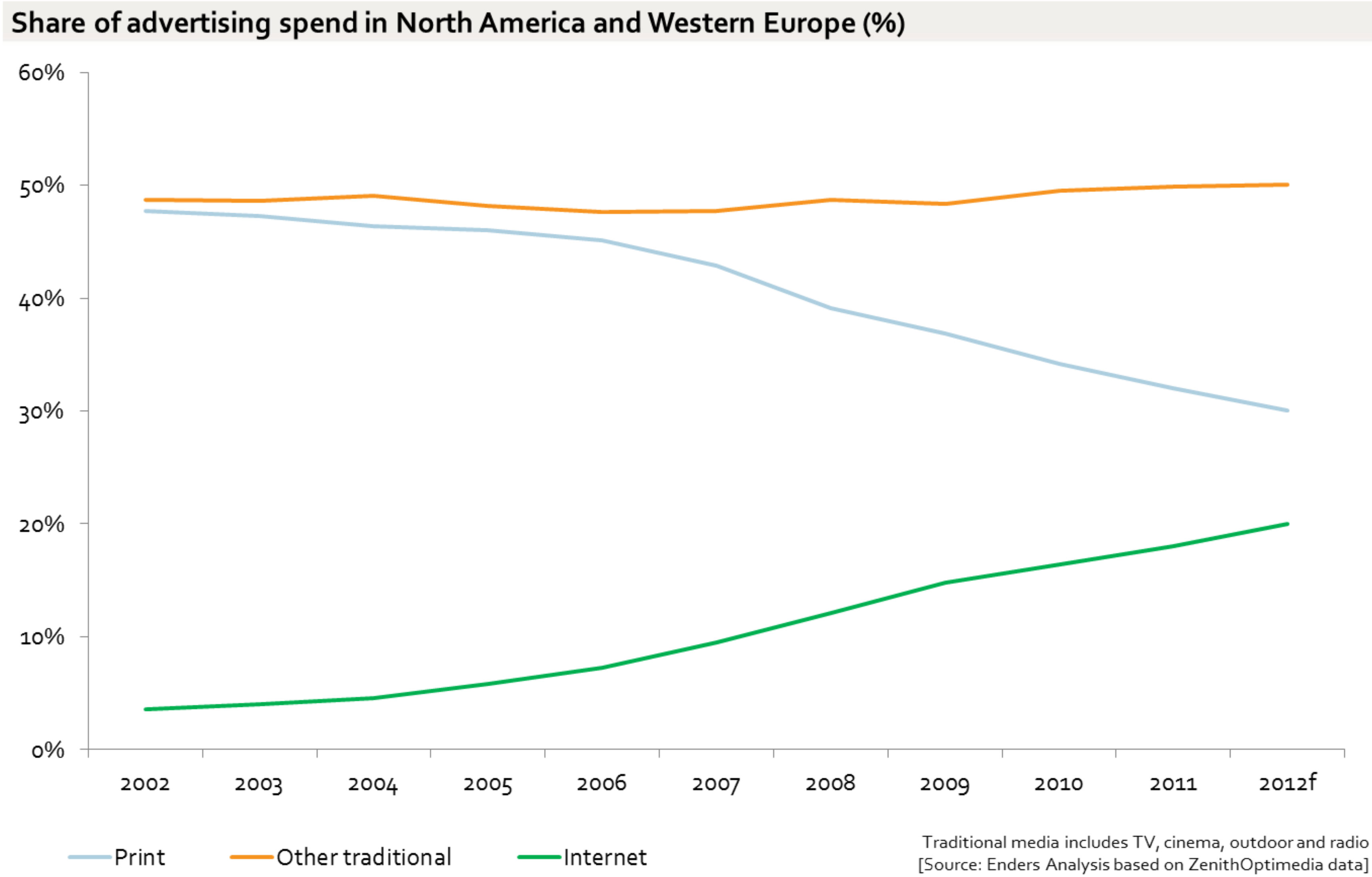
The decoupling of GDP and traditional advertising spend



Traditional media includes TV, cinema, outdoor and radio
[Source: Enders Analysis based on ZenithOptimedia data]

Print advertising is losing share to internet



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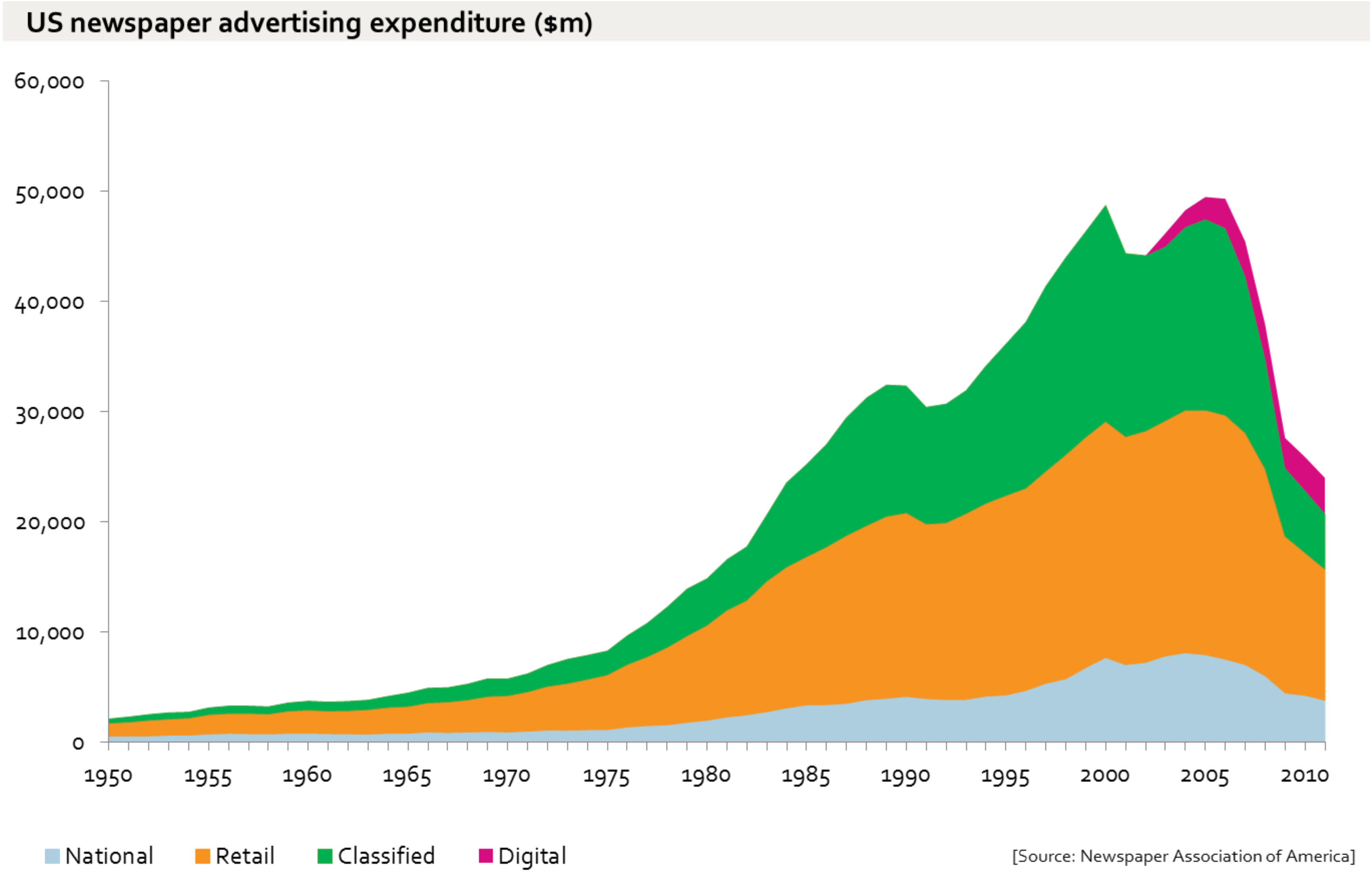
US newspaper advertising spend returning to its historical base



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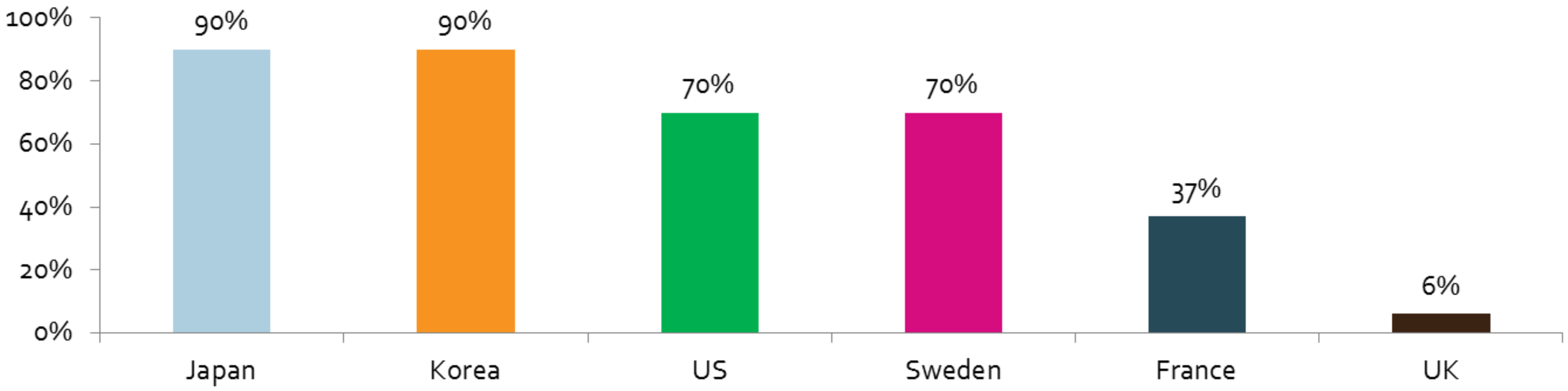
Subscriptions: a digital keystone

- In some markets, almost all newspaper circulation is through subscriptions
  – This is a cultural and historical bias
  – This bias is evident in other media – Spotify, the subscription music-streaming service was particularly successful in Scandinavian markets
- Subscriptions are a keystone in a successful digital strategy
  – It is cheaper to subscribe to New York Times print + digital subscription package that digital only
  – This is a strategy to sustain print circulation, and print advertising revenues

Share of newspaper circulation sold through subscription (%)



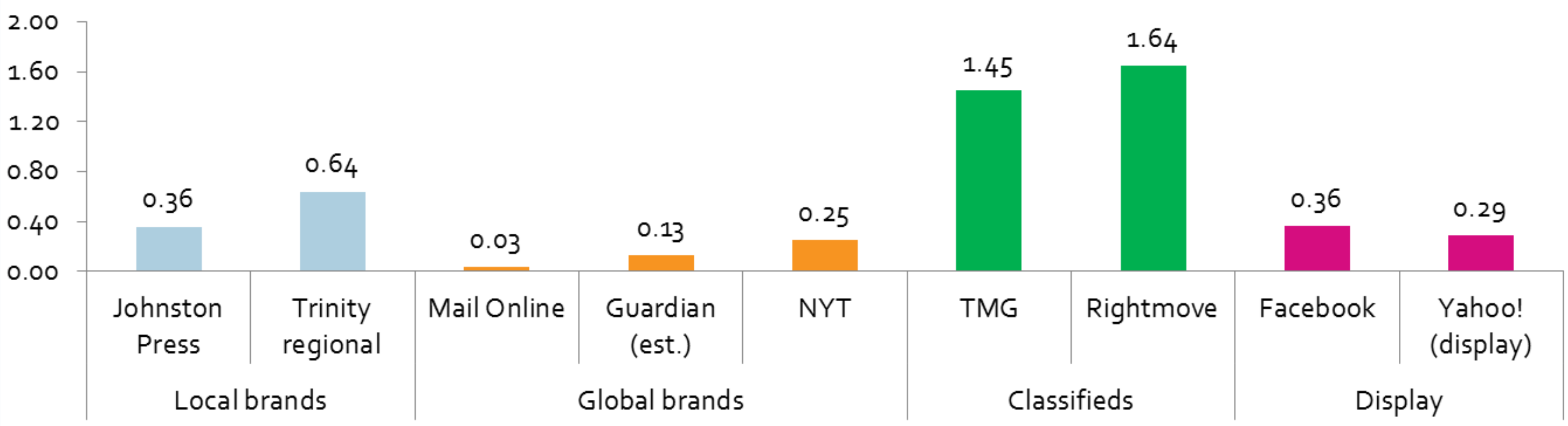
Note: UK data sourced for ABC for April 2012; France data sourced from DDM for 2009; all other data sourced from OECD, 2008
[Source: Enders Analysis based on OECD and ABC data

Average revenue per user

- UK regional newspaper publishers are currently commanding far higher monthly revenues per user than either the Mail Online or the Guardian, according to our estimates

- Internet advertising spend per user will remain under pressure:
  - Continuing flood of cheap inventory from site such as Facebook and YouTube
  - The increasing automation of sales channels (networks and exchanges)

Monthly digital revenue per worldwide user (£)



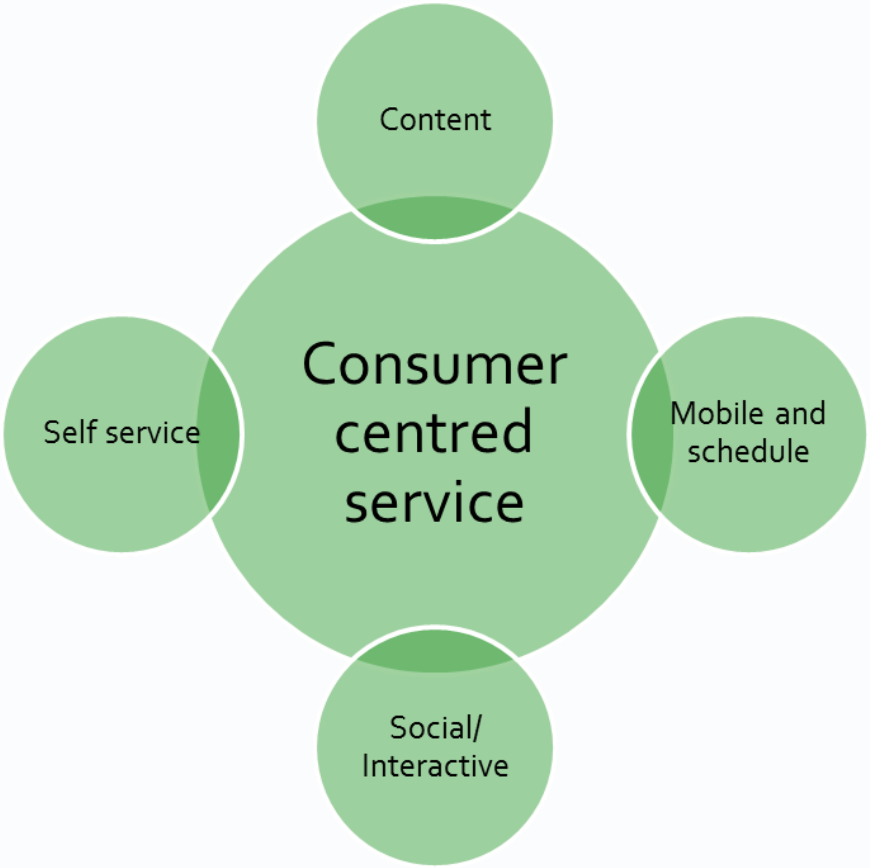
[Source: Enders Analysis based on comScore and company data]

Burberry: bypassing media to engage audiences directly

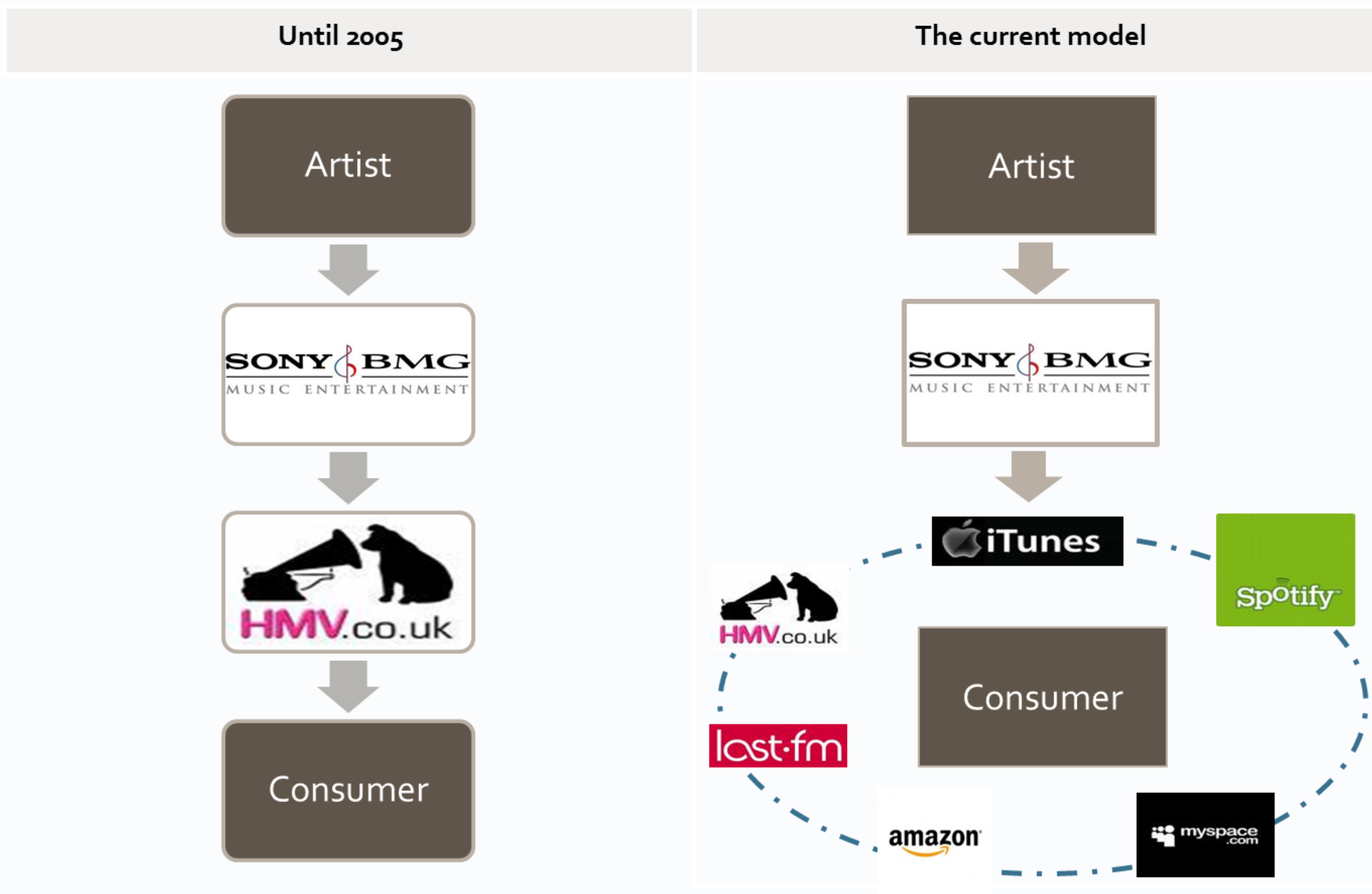
- Burberry uses media advertising to make precise emotional connections with consumers, but it also bypasses media entirely to engage consumers directly
- Campaign, right:
  - 300,000 consumers from 190 countries took part
  - Like-for-like sales of the trench coat increased by 85%
  - Publishers are challenged in this space because they fear cannibalisation of their highly profitable print portfolios
- As such, publishers risk undermining advantages they have as trusted curators of the product and service sectors
- 60% of Burberry marketing expenditure is digital
  - Global audience
  - Traditional yet edgy and disruptive

Operating model changes

Last 200 years	Next 10 years



Operating model changes in music



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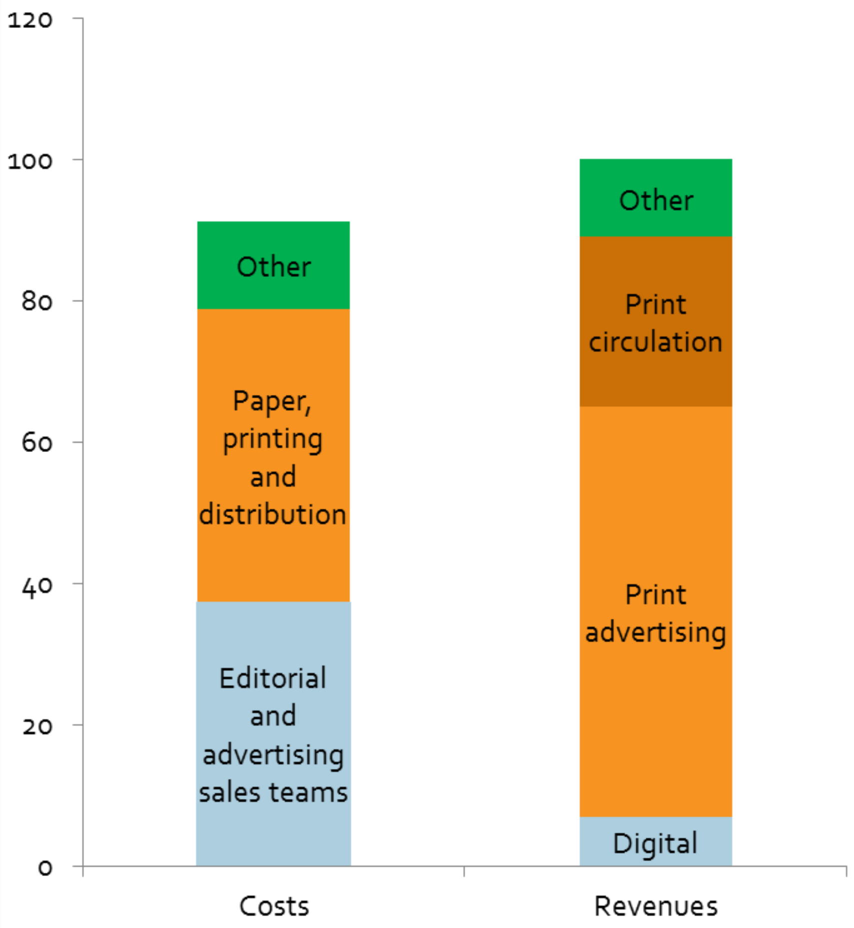
Operating model challenges

- Costs unrelated to editorial work such as production dominate newspaper costs
- Newspaper organisations more vulnerable to the downturns and less agile in reacting to online news
- Chart right illustrates a UK local title
- Costs structures vary in different markets – which impacts the publisher and sector ability to survive

Illustrative balance of costs and revenues



[Source Enders Analysis based on company data]

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Closing thoughts

- News is a more popular content with consumers than ever before, and TV and radio consumption are both very robust
  - The 'schedule' remains robust
- Print will rapidly move to a more fragmented delivery
  - Luxury
  - Weekly digest
  - Specialist
  - 'Pop-up'
  - (and also free)
- Media business will become global and local, with 'profitable middle' generally most threatened, and few global winners
- Measurement will become more critical – comparing measures across different media and business objectives a huge challenge
- Advertising itself will lose share of spend to other communications – technology, platform spend, direct-to-consumer – yet 'discovery' will become a greater challenge

What Enders Analysis does

Disruption		Mobile network economics		Regulation	
	Consumer behavior		Next generation broadband		Survival of newspapers and magazines
Consumer internet models		Sky and News Corp		Apple, Amazon, Google and Facebook	
	Mobile content business models		Future of local media		Digital music and ebooks

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Contact us

For further information, please don't hesitate to get in touch:

Douglas McCabe

+44 (0)20 7851 0910

douglas.mccabe@endersanalysis.com

Administration and information

Sophy Thorpe

+44 (0)1273 611140

sophy.thorpe@endersanalysis.com

www.endersanalysis.com

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