

Executive Summary

Even as the global economic downturn stunted or reversed growth across industries in the last half of 2008 and into 2009, digital media and advertising have continued to see growth, and are forecast to continue their expansions well into 2012. As technologies evolve and digital sectors advance, new media is gaining market share while traditional media see limited growth or decreasing share overall.

Newspapers around the world are charged with mapping out both the media mix best suited for their readership, as well as revenue streams and monetization possibilities that fit their needs best. Publishers are learning that challenges and solutions are no longer the same at every newspaper, and are digging into demographic and geographic data that can best inform and help them tailor plans for the future to the unique needs and wants of their readers.

The World Association of Newspapers and News Publishers' World Digital Media Trends 2009 partnered with 54 research partners to map out the world's media and advertising landscapes, as well as media usage trends on different platforms and how they impact the

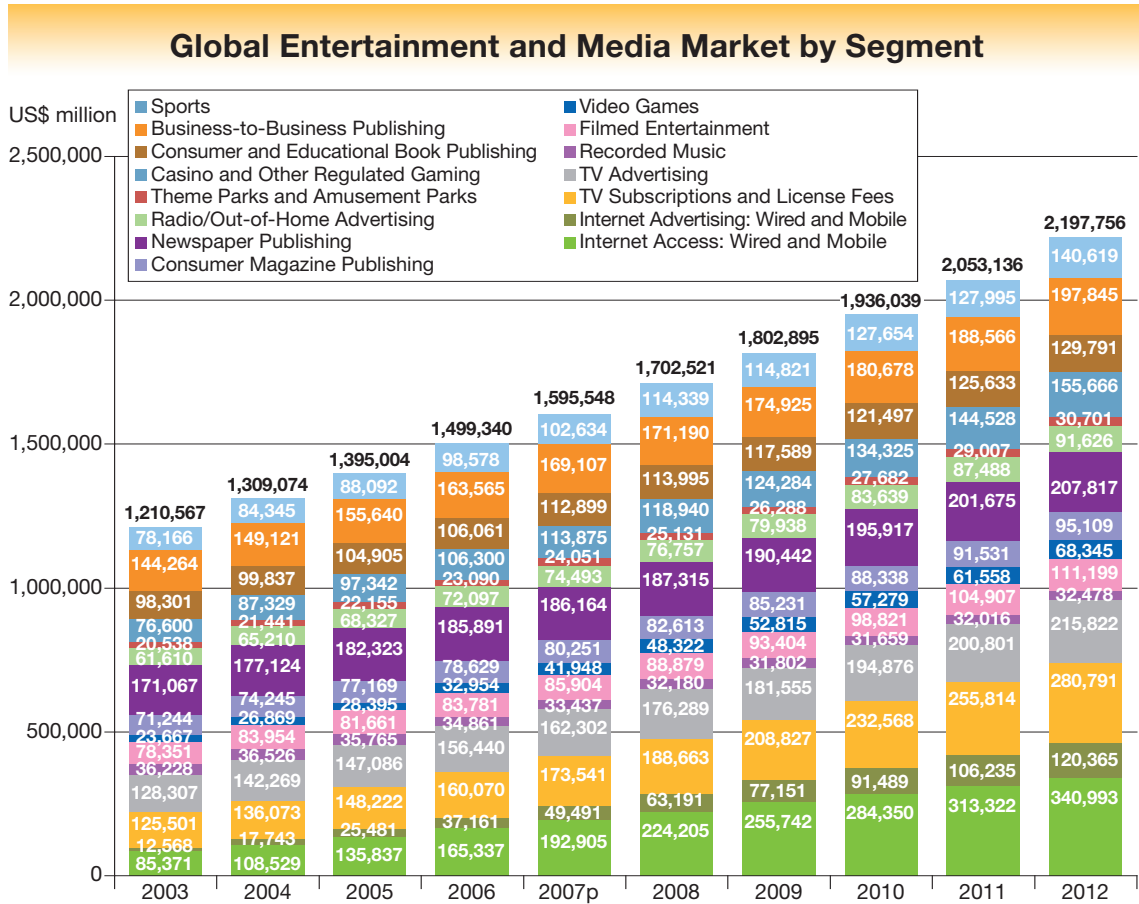
newspaper industry. As technology accelerates change, publishers today are tasked with making good decisions quickly, and this report aims to better inform those decisions.

Chapters 1 and 2 explore the global media and advertising landscapes, focusing on the digital sides of these sectors and how movement in those digital categories influences traditional media and even other digital competitors.

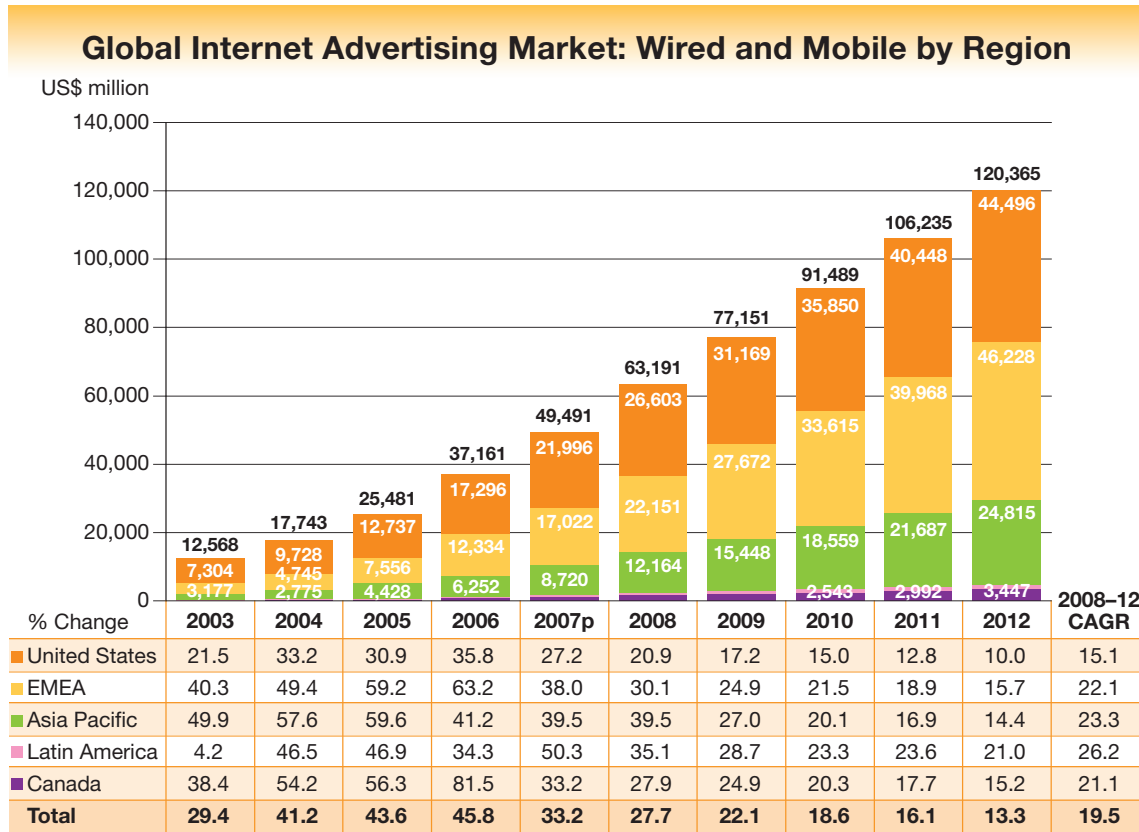
The global media and entertainment market grew from US\$1.21 billion in 2003, reached \$1.59 billion in 2007 and is expected to reach \$1.8 billion by the end of 2009, according to PricewaterhouseCoopers LLP and Wilkofsky Gruen Associates.

As technologies advance, digital media advertising is also growing on all platforms. In 2003, Internet advertising worldwide made up \$12.6 million; however, by 2012, PricewaterhouseCoopers and Wilkofsky Gruen Associates forecast it will reach \$120.4 million, with Europe, the Middle East and Africa taking the lead in terms of market share.

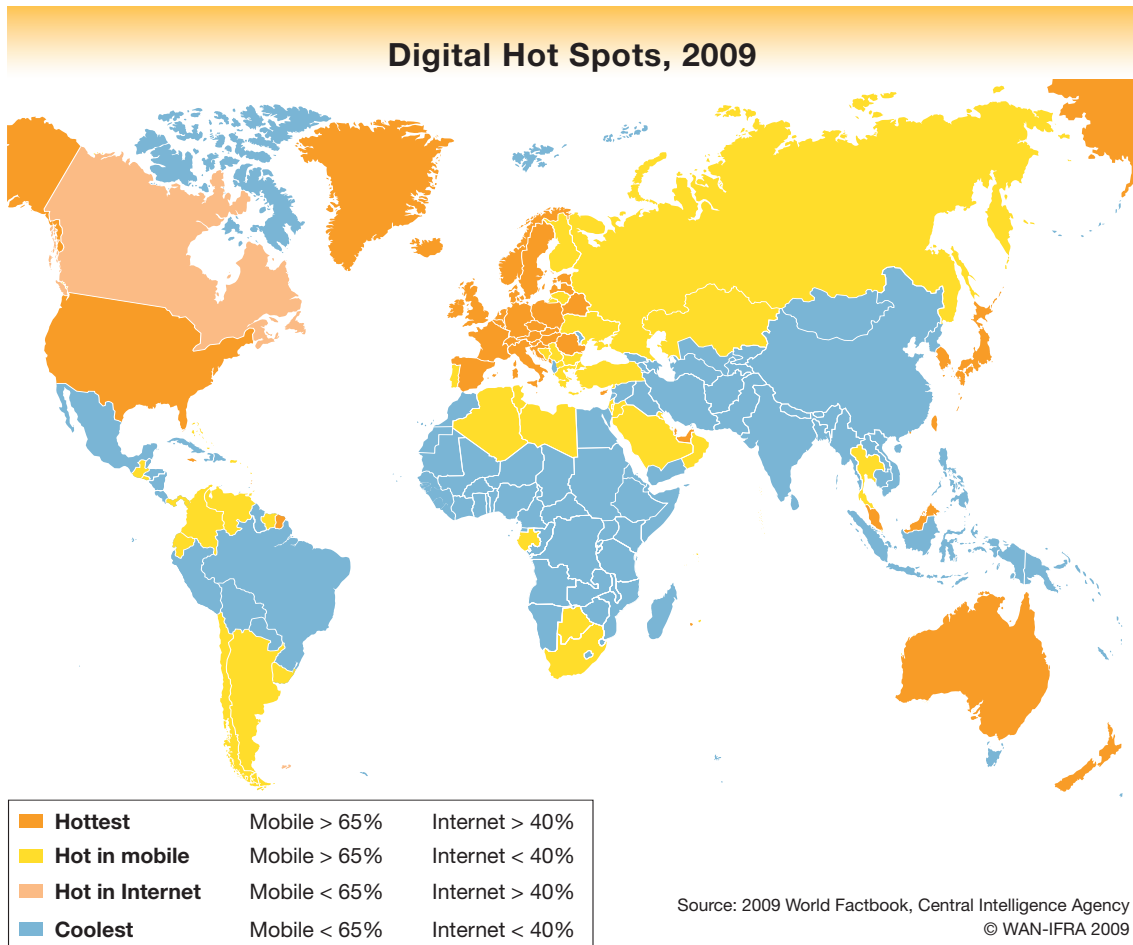
The EMEA countries are expected to have



Note: Newspaper, consumer magazine and trade magazine Web site and mobile advertising is included in their respective segments and in most countries also in the Internet advertising segment, but only once in the overall total.
 Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates © WAN-IFRA 2009



Source: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates © WAN-IFRA 2009



38.4 percent in 2012, compared to the United States' share of 37 percent and the Asia Pacific region's share of 20 percent. In 2003, the United States share was at 58 percent, while about 25 percent came from EMEA and another 14 percent came from the Asia Pacific region.

Digital media are increasingly becoming more social and is expanding communication options. People are no longer limited to mail, voice calls, e-mail and text messaging. Today, they can chat online through text, voice or video; message or share images with individuals, groups or followers through social networking and sharing services like Twitter, Facebook or Flickr; play games online via their PCs or game consoles like Xbox or Playstation; and much more.

Each year, the World Association of Newspapers and News Publishers conducts research on the world's digital hot spots, to help gauge which countries and regions are likely to see growth in both Internet and mobile access. This is important when it comes to planning better ways to reach

audiences and mapping revenue potential, as discussed in Chapter 3.

WDMT has indexed four key digital media categories:

- **Hottest:** Areas with the highest rankings. Mobile penetration in these regions is higher than 65 percent, and Internet penetration is higher than 40 percent.
- **Hot in mobile:** Areas with high rankings in mobile penetration, but not Internet. Mobile penetration in these regions is higher than 65 percent, but online penetration is lower than 40 percent.
- **Hot in Internet:** Areas with high rankings in online penetration but not in mobile. Mobile penetration in these regions is lower than 65 percent, while Internet penetration is higher than 40 percent.
- **Coolest:** Areas with the lowest rankings in both categories. Mobile penetration in these regions is lower than 65 percent and Internet penetration is lower than 40 percent.

Through this index WDMT has discovered most digital countries in the world are located

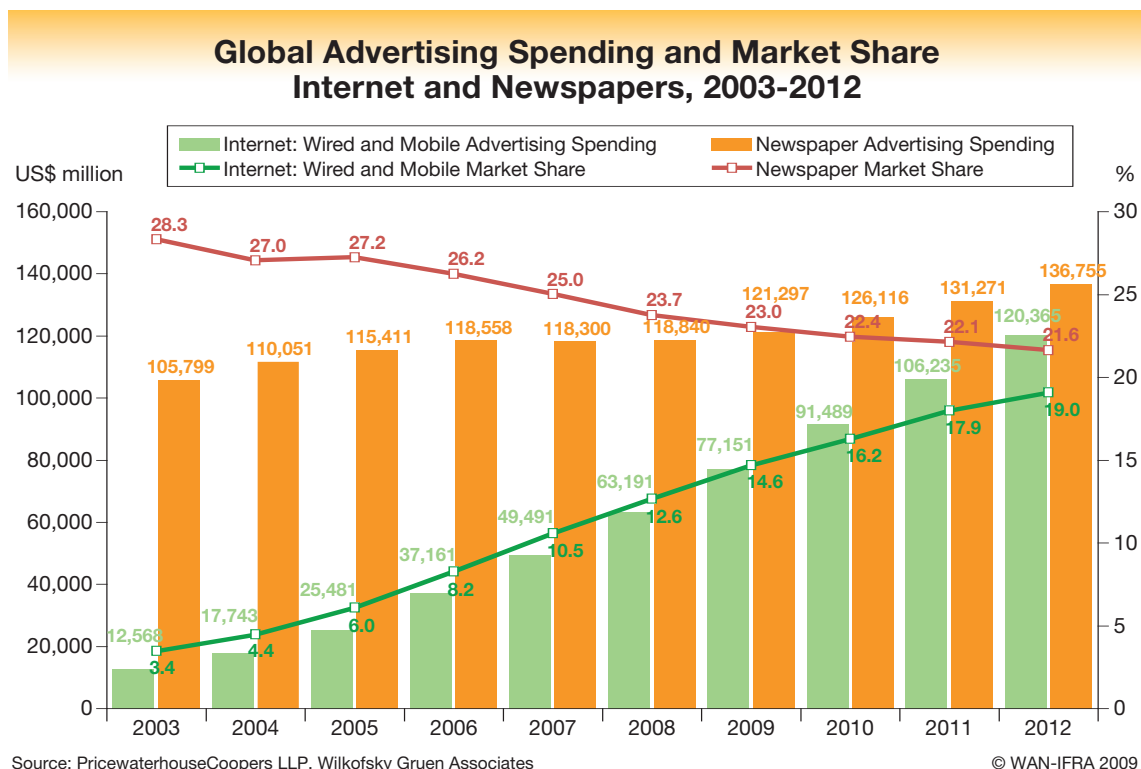
in Scandinavia, Western, Central and Northern Europe, Japan, Korea, the United States, Australia and New Zealand. Countries on the cool end of the spectrum are more likely to be in the Middle East and Africa.

Driving changes in the overall media mix and growth in digital media usage is the increase penetration of the Internet, mobile and the digital technologies that come with them, discussed in Chapters 3 & 4:

- According to comScore World Metrix, in December 2008, the worldwide Internet unique audience reached one billion, with more than 40 percent coming from the Asia Pacific region. Europe accounted for a 28 percent share, while North America's share was 18 percent. Latin America, the Middle East and Africa each only made up less than 10 percent.
- According to IDATE, global broadband subscribers are forecast to more than triple, from 216 million in 2005 to 749 million in 2012. As of the end of 2008, DSL still dominated the broadband market, accounting for a 62 percent share. Cable modem and other broadband access technology each contributed 19 percent.
- Universal McCann shows that in March 2008, 184 million people worldwide started a

blog, 26.4 million of which were from United States. Additionally, there were 246 million people worldwide who read blogs, or 77 percent of active Internet users, 60.3 million of which came from the United States.

- According to the Nielsen Company, social networking is a promising star worldwide. It reached 61 percent of the global online population in December 2007, and increased another 5.4 percent to 67 percent in December 2008. Brazil had the highest penetration rate in the world, with 80 percent of the online population using social networking as of December 2008.
 - The number of mobile subscribers is expected to jump to 4.9 billion in 2012, up from 1.7 billion in 2004. More than half of them are expected to come from the Asia Pacific region, according to Portio Research.
 - In terms of mobile penetration, the global average was 27.6 percent in 2005, and 46.5 percent in 2008, according to IDATE.
- Meanwhile, the world's newspaper publishing market has recessed, according to PwC and Wilkofsky. It grew to \$191.5 billion in 2007, and is expected to decline to \$157.2 billion in 2011. However, in 2013, the research firms expect the market to increase to \$164.6 billion, as detailed in Chapter 5.



Online Newspaper Ad Annual Growth, 2006-2008

Respondent	% Change 2006-2007	% Change 2007-2008
Asia 1	n/a	9,6%
Asia 2	n/a	4,5%
Asia 3	73,9%	63,8%
Asia 4	20,7%	2,9%
Australasia	40,7%	32,2%
Europe 1	238,5%	41,4%
Europe 2	41,7%	47,1%
Europe 3	27,3%	-71,4%
Europe 4	n/a	86,8%
Europe 5	n/a	-10,3%
Europe 6	46,5%	-85,0%
Europe 7	36,0%	18,1%
Europe 8	27,7%	15,8%
Europe 9	n/a	25,9%
Europe 10	47,0%	34,4%
Europe 11	35,8%	15,8%
Europe 12	60,6%	24,3%
Europe 13	42,7%	12,1%
Europe 14	60,3%	-0,9%
Europe 15	32,4%	6,7%
North America 1	-5,2%	-4,3%
North America 2	17,6%	23,0%
North America 3	344,8%	15,3%
North America 4	17,1%	-1,2%
South America 1	-19,3%	-49,2%
South America 2	64,9%	-64,3%
South America 3	-69,0%	71,5%
South America 4	11,6%	-91,4%

Source: WAN-IFRA – Borrell Benchmarking New Digital Revenues Survey, 2009 © WAN-IFRA 2009

Newspaper advertising, although declining in print, is growing on the digital side. Between 2000 and 2010, ValueNotes projects CAGR increases of 25 percent.

In Chapter 6, the World Association of Newspapers and News Publishers worked with Borrell Associates, Inc. to conduct the Benchmarking New Digital Revenues Survey, the most extensive survey of digital advertising at newspapers around the world.

The survey discovered that although print advertising saw a downturn in most parts of the world, it was most severe in North America and Europe; however, South American newspapers reported higher growth between 2007 and 2008, with respondents even reporting increases in the double digits.

Online newspaper advertising, meanwhile, generally performed better than print, except in South America, the survey found.