FIPP INSIGHT

TRENDS SPECIAL REPORT

- VIDEO
- SOCIAL MEDIA
- MOBILE
- BIG DATA
- **GLOBAL DIGITAL REVENUE**
- CONTENT
- MAGAZINE MEDIA

DIGITAL REVENUE TRENDS

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WORLD MEDIA TRENDS 2015

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2. Social media
3. Mobile
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5. Revenue
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To compile the reports, WNMN sources evidence-based data from sources around the world, analyses the data and provides commentary on top trends identified, trends you should be considering in your business today.

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FIPP

FIPP – the worldwide magazine media association – represents companies and individuals involved in the creation, publishing or distribution of content, by whatever channel, to defined audiences.

FIPP exists so that its members develop better strategies and build better media businesses by identifying and communicating emerging trends, sharing knowledge, and improving skills worldwide.

GLOBAL DIGITAL REVENUE TRENDS 2015

Internet advertising spend is poised to surpass television adspend, driven by PC-based Internet and especially mobile Internet advertising. Meanwhile, e-commerce and digital subscriptions, as well as video, programmatic and native advertising all portend a vibrant future of digital revenue making for publishers.

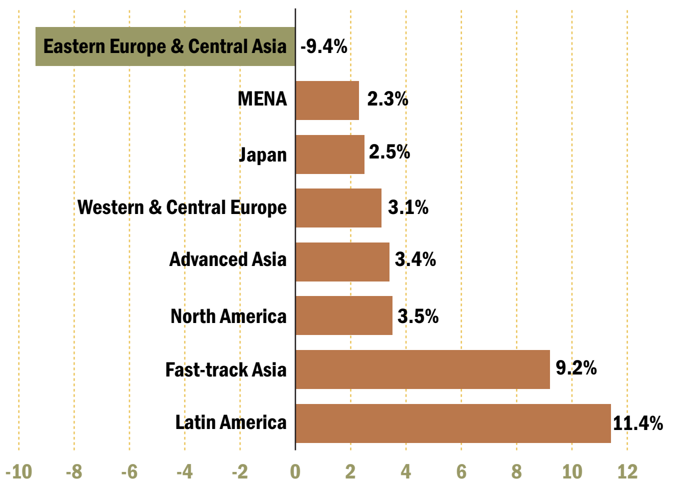
Internet advertising spend is poised to unseat television adspend as the No. 1 advertising category across the world. The momentous transition is driven by growth not just in Internet advertising accessed via PCs, but especially growth in advertising accessed via mobile platforms. Meanwhile, e-commerce, digital subscriptions, video, programmatic and native advertising all portend a vibrant future of digital revenue making for publishers.

Global advertising revenues have grown an average of 5 percent year-over-year since the recovery from the economic crisis of 2008 and 2009, according to MAGNA GLOBAL, from US$420 billion in 2010 to a projected $700 billion in 2019. Year-over-year growth was 4.2 percent from 2012 to 2013; 5.5 percent from 2013 to 2014; and 4.8 percent from 2014 to 2015. Digital advertising is credited with the adspend growth across the world.

Although adspend growth is slowing down in all regions of the world, the fastest-growing regions continue at a pace of almost 10 percent or more year-over-year from 2013 to 2014, and from 2014 to 2015.

Growth of adspend, by region

Percentage of year-over-year advertising spend growth, 2014 to 2015



Source: ZenithOptimedia, March 2015

© World Newsmedia Network 2015

Latin America has the fastest growth, at 14.9 percent in 2014 and 12.9 percent in 2015; followed by Emerging Asia at 11.5 percent in 2014 and 9.7 percent in 2015.

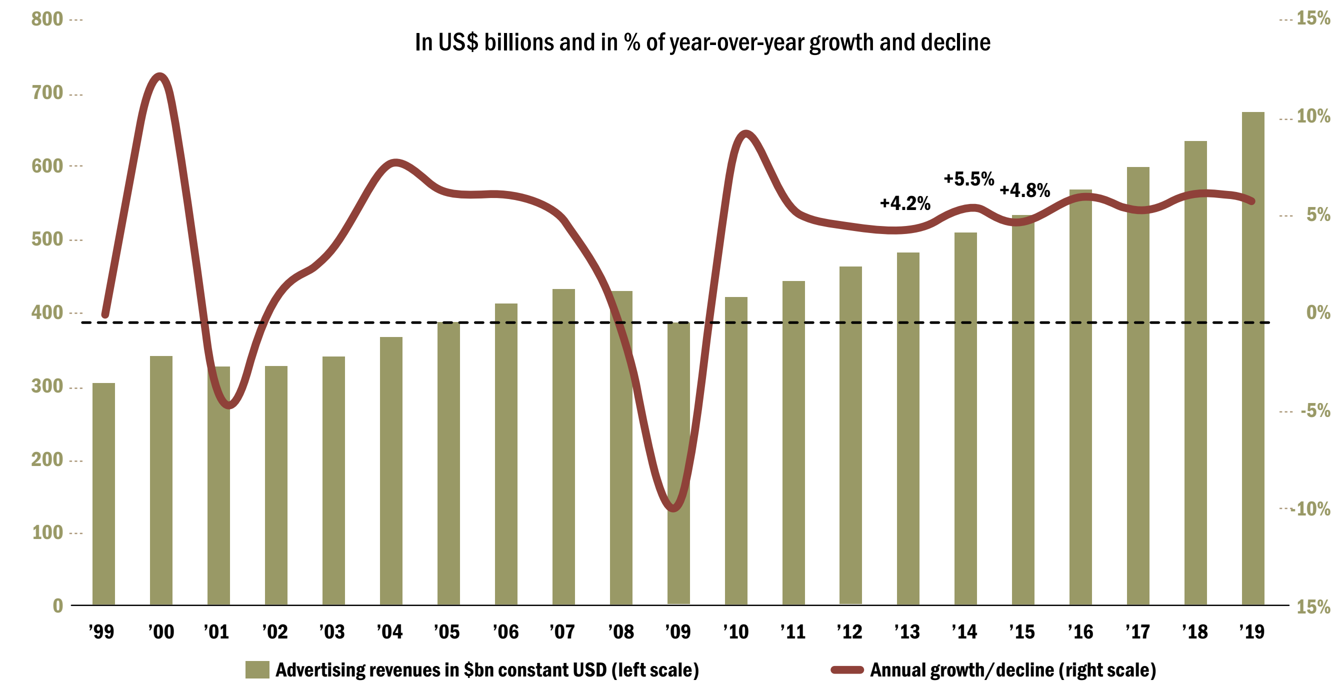
Not surprisingly, emerging markets are growing at a faster pace than developed markets, at 10.6 percent in 2014 and 9.5 percent in 2015, versus 3.5 percent and 2.9 percent for developed markets, according to MAGNA GLOBAL.

Developed regions include areas such as Western Europe, Central and Eastern Europe, North America and the Asia Pacific. Western Europe, Central and Eastern Europe and North America have growth of 4 percent or less growth in 2014 and 2015. Only countries in the Asia Pacific region are experiencing impressive growth among developed regions, with a 6.9 percent and a 6.4 percent growth in 2014 and 2015, respectively.

ZenithOptimedia, which carves up the world into regions differently than MAGNA GLOBAL, shows growth in a similar growth pattern for most regions. From 2014 to 2015, adspend for Eastern Europe and Central Asia declined 9.4 per-

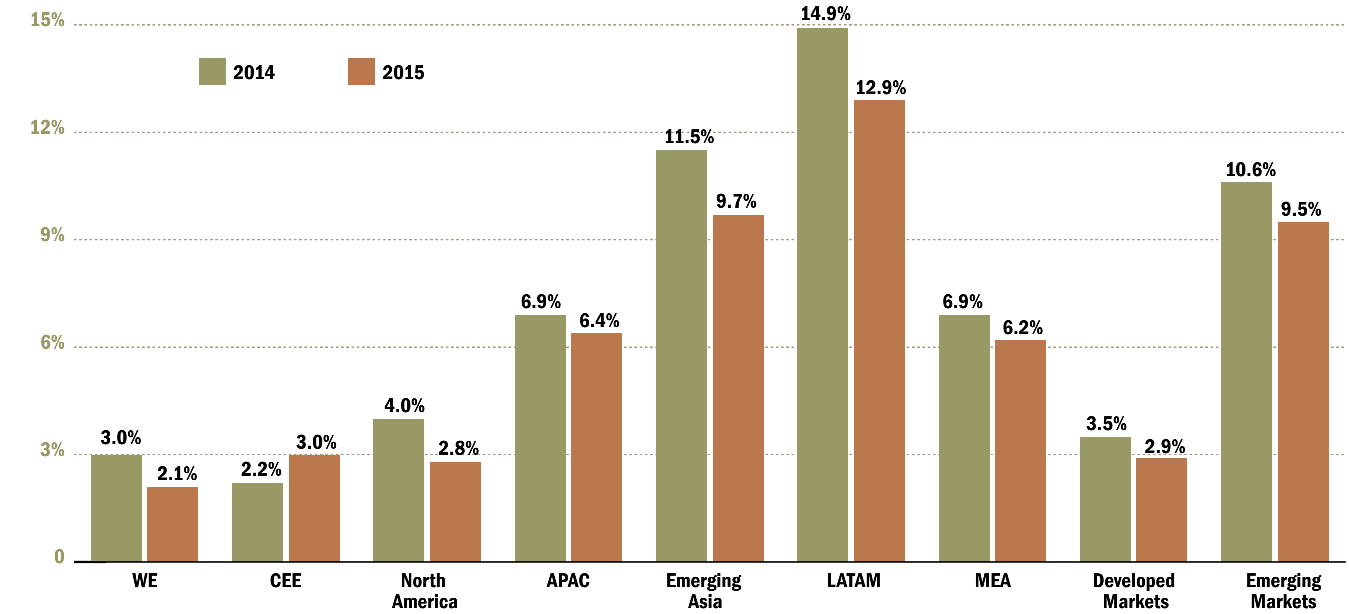
Global advertising revenues, regional ad revenue growth

Global ad revenues, 1999 to 2019



Regional revenue growth

In percentage of growth, 2014 to 2015



Source: ZenithOptimedia, March 2015

cent. Central Asia includes Kazakhstan, Kyrgyzstan, Tajikstan, Turkmenistan and Uzbekistan, while Eastern Europe includes Belarus, Bulgaria, the Czech Republic, Hungary, Moldova, Poland, Romania, Russia, Slovakia and Ukraine, according to Zenith.

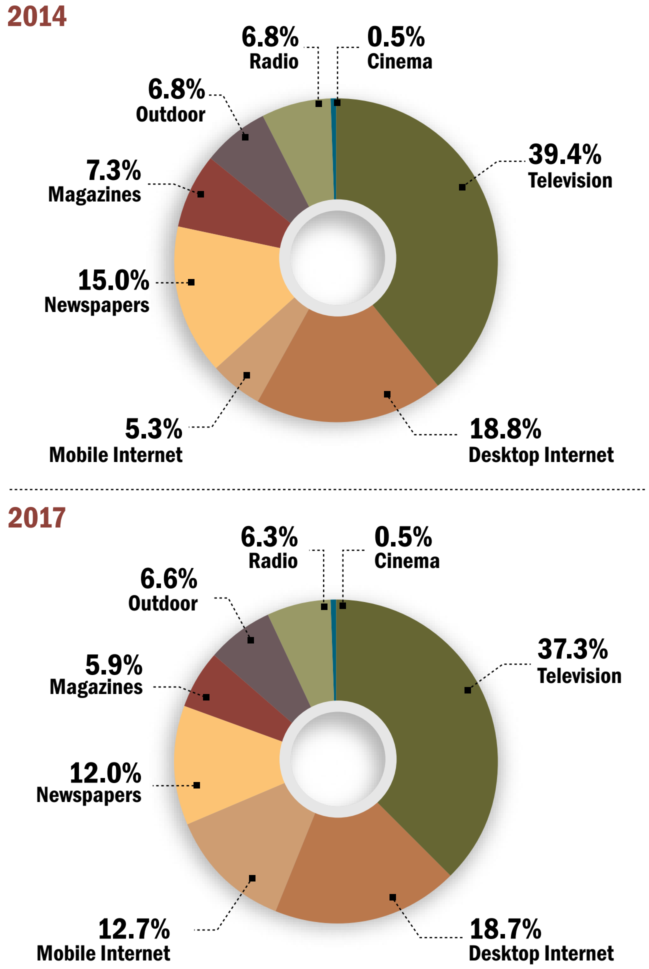
Meanwhile, adspend for fast-track Asia, which includes China, India, Indonesia, Malaysia, Pakistan, Philippines, Taiwan, Thailand and Vietnam, climbed 9.2 percent, and Latin America surged 11.4 percent.

The slowest-growth adspend regions include the Middle East and North Africa, 2.3 percent; Japan, 2.5 percent; Western and Central Europe, 3.1 percent; Advanced Asia, 3.4 percent; and North America, 3.5 percent, according to Zenith. Advanced Asia is considered Australia, New Zealand, Hong Kong, Singapore and South Korea.

Please see pages 25 through 32 for detailed breakdowns of regional adspend and country-by-country adspend across the world.

Share of global adspend, by medium

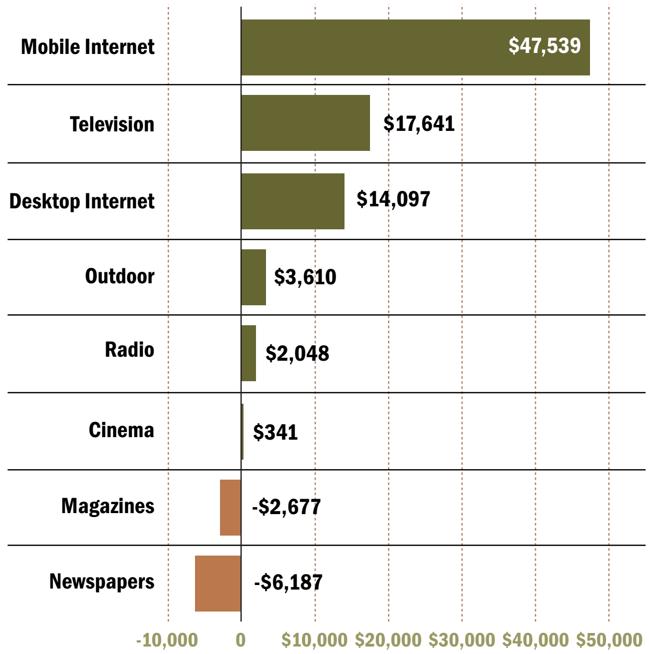
Percentage of adspend share, 2014 vs. 2017



Source: ZenithOptimedia, March 2015 *© World Newsmedia Network 2015*

Contribution to global adspend growth, by medium

2014-2017 (US$ million)



Source: ZenithOptimedia, March 2015 *© World Newsmedia Network 2015*

Mobile advertising, defined by ZenithOptimedia as including all Internet advertising and in-app ads delivered to smartphones and tablets, including display, classified and search, is growing nine times faster than desktop Internet advertising expenditure.

Zenith projects mobile Internet advertising will grow by an average of 39.8 percent a year between 2014 and 2017, driven by the rapid spread of devices, connectivity and content on mobile. By contrast, Zenith predicts desktop Internet advertising will grow at an average of 4.6 percent a year.

In 2014, Zenith estimates global expenditure on mobile advertising was $27.4 billion, representing 22.1 percent of Internet adspend and 5.3 percent of total adspend. The research firm predicts that by 2017, mobile adspend will rise to $75.0 billion, or 40.4 percent of Internet adspend and 12.7 percent of all adspend.

The Zenith figures for newspapers and magazines include only advertising in printed editions of these publications, not on their websites, or in tablet editions or mobile apps, all of which are reflected in the Internet category.

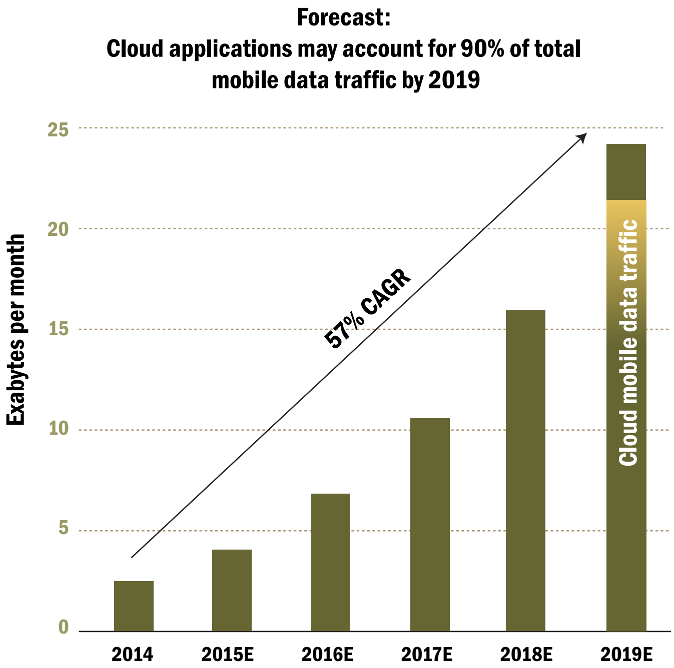
Mobile is now the main driver of global adspend growth. Zenith predicts mobile will contribute $47.5 billion in adspend between 2014 and 2017, while television will be the second-largest contributor to adspend, accounting for $17.6 billion, followed by Internet accessed via desktop and laptop computers at $14.1 billion. According to Zenith, mobile Internet adspend represented 5.3 percent in 2014, but will soar to 12.7 percent by 2017, mostly at the expense of traditional media: television, newspapers and magazines, each predicted to fall about 2 percentage points between 2014 and 2017. Meanwhile, desktop Internet, outdoor, radio and cinema adspend shares are expected to remain stable.

MAGNA GLOBAL forecasts a 57 percent compounded annual growth rate for global mobile data traffic, from about 2 exabytes a month to more than 25 exabytes per month of global, user-consumed mobile data from 2014 to 2019. One exabyte equals 1 billion gigabytes. One exabyte would be equivalent to 36,000 years of HD-TV video viewing, while five gigabytes would be equal to about 30 seconds of TV-quality video viewing.

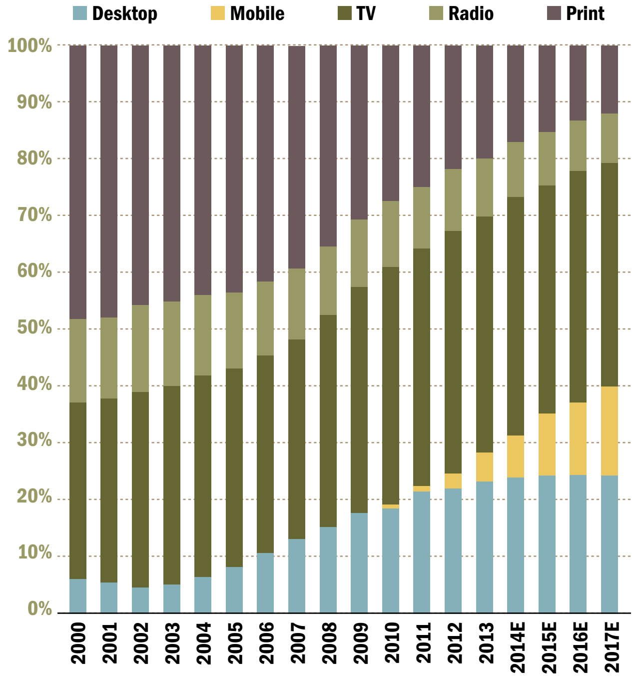
This exponential growth of mobile devices and usage are driving an increasing market share of advertising spend for mobile. By 2017, MAGNA GLOBAL projects that mobile advertising share will exceed print and radio, and approach desktop/laptop-accessed online advertising share levels. According to PricewaterhouseCoopers and Ovum, total Internet advertising revenue, including mobile and PC-based advertising, is poised to become the No. 1 advertising medium by 2019, as reported in PwC's "Global entertainment and media outlook 2015-2019." Total global Internet advertising is

Global mobile data and advertising market share

Global mobile data traffic



Mobile advertising market share



Source: MAGNA Global, 2014

forecast to grow from $135.4 billion in 2014 to $239 billion in 2019, or a 12.1 percent compounded annual growth rate, PwC stated in "Outlook," published in June 2015.

Currently TV is the No. 1 advertising spend category in most countries around the world. However, digital advertising expenditure is quickly unseating the longtime incumbent to be the No. 1 advertising category in the major advertising markets of the world.

According to MAGNA GLOBAL, digital advertising became the No. 1 category in 2013 in Canada, the Czech Republic, Denmark, Estonia, Germany, the Netherlands, Norway, Sweden and the United Kingdom.

Internet advertising becoming No. 1 ad category

Year and country where Internet advertising share eclipses TV advertising

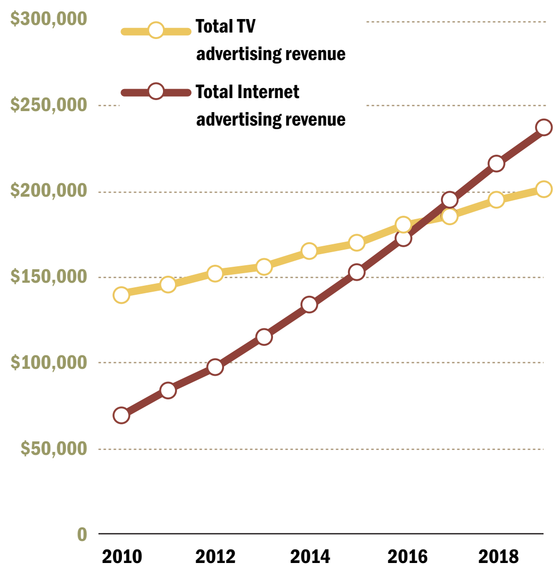
2013	2014	2015	2016	2017
9 countries	14 countries	16 countries	20 countries	23 countries
Canada	...same plus...	France	Bahrain	New Zealand
Czech Republic	Australia	UAE	Poland	Qatar
Denmark	China		South Korea	United States
Estonia	Finland		Switzerland	
Germany	Hungary			
Netherlands	Ireland			
Norway				
Sweden				
United Kingdom				

Source: MAGNA GLOBAL, 2015

In 2014, Australia, China, Finland, Hungary and Ireland were added to the list. By 2015, France and the United Arab Emirates also became a digital-first country. By 2016, Bahrain, Poland, South Korea and Switzerland will be added, followed by New Zealand, Qatar and the United States,

Global Internet advertising will overtake TV advertising in 2017

Total Internet advertising revenue and total television advertising revenue, in US$millions, 2010 to 2019



Note: This chart contains an element of double-counting; online TV advertising revenue forms a small part of both total TV advertising revenue and total advertising revenue

Source: PricewaterhouseCoopers, "Global entertainment and media outlook, 2010 to 2019," June 2015 according to MAGNA.

The advertising revenue landscape for all U.S. media is undergoing a seismic shift from 2012 to 2018, according to eMarketer. Advertising spend for traditional media, including television, newspapers, magazines and directories, is diminishing, while adspend for digital platforms, including mobile and PC-based Internet, is surging.

U.S. advertising revenue share, 2012 to 2018

Percentage of total advertising revenue share, by category

	2012	2013	2014	2015	2016	2017	2018
TV	**39.1%**	38.8%	**38.1%**	37.3%	**36.9%**	36.2%	**35.7%**
Digital	**22.3%**	25.2%	**28.2%**	30.9%	**33.2%**	35.3%	**37.3%**
—Mobile	2.6%	5.7%	9.8%	14.0%	18.7%	22.6%	26.4%
Print	**20.7%**	19.0%	**17.7%**	16.5%	**15.5%**	14.7%	**14.0%**
—Newspapers*	11.5%	10.2%	9.3%	8.6%	8.0%	7.5%	7.1%
—Magazines*	9.2%	8.8%	8.4%	7.9%	7.5%	7.2%	6.9%
Radio**	**9.3%**	8.9%	**8.6%**	8.2%	**7.8%**	7.5%	**7.1%**
Outdoor	**4.0%**	4.1%	**4.0%**	3.9%	**3.8%**	3.7%	**3.6%**
Directories*	**4.5%**	4.0%	**3.5%**	3.1%	**2.8%**	2.5%	**2.3%**

Note: eMarketer benchmarks its U.S. newspaper ad spending projections against the NAA and its U.S. outdoor ad spending projections against the OAAA, for both of which the last full year measured was 2012; numbers may not add up to 100% due to rounding; *print only; **excludes off-air radio and digital

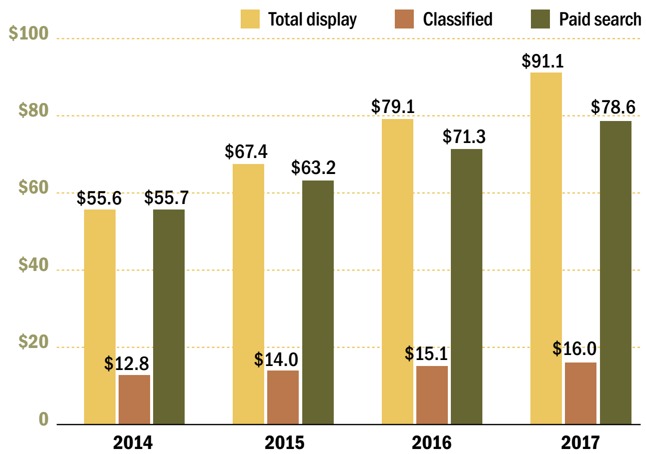
Source: eMarketer, 2014

U.S. television ad revenues are projected to drop from a 39.1 percent share in 2012 to a 35.7 percent share in 2018; newspapers, from 11.5 percent to 7.1 percent; magazines, from 9.2 percent to 6.9 percent; radio, from 9.3 percent to 7.1 percent; and directories, from 4.5 percent to 2.3 percent, according to eMarketer.

According to Zenith, the Internet's main advertising categories, display, classified and paid search, will undergo a shift in adspend levels in 2015, with display advertising overtaking longtime Internet adspend incumbent, paid search. Display is the fastest-growing Internet advertising category,

Internet adspend, by type, 2014 to 2017

In US$ billions



Source: ZenithOptimedia, March 2015

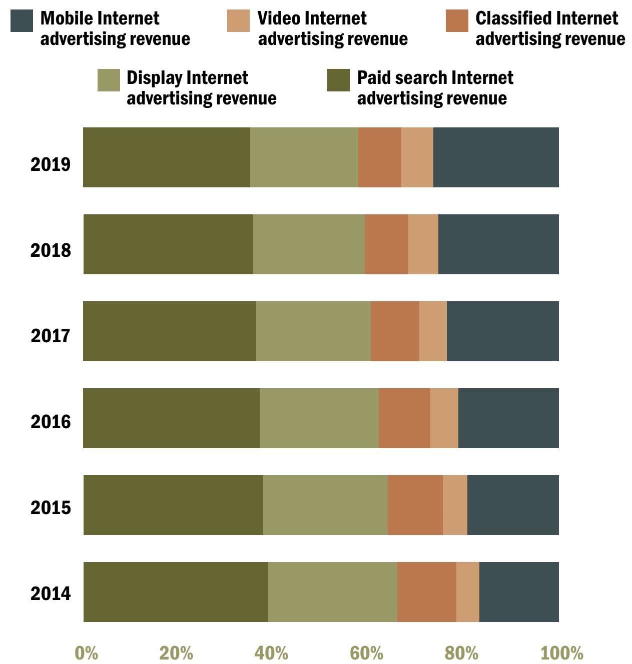
with a projected 18 percent compounded annual growth rate to 2017. Among the subcategories for display are banners, online video and social media.

Paid search advertising growth is slowing down comparatively, expanding 12 percent per year, while online classifieds are expected to grow about 7 percent until 2017, Zenith reports. Social media advertising is expected to grow 25 percent every-year for the foreseeable future.

PricewaterhouseCoopers and ZenithOptimedia categorise Internet advertising differently. Therefore, PwC projects that search will continue as the No. 1 Internet advertising category, followed by Internet display advertising, for the foreseeable future.

Search will continue to comprise the largest single component of Internet advertising

Total Internet advertising revenue by sub-segment (%), 2014 - 2019



Source: PricewaterhouseCoopers, "Global Entertainment and Media Outlook, 2015-2019", www.pwc.com/outlook

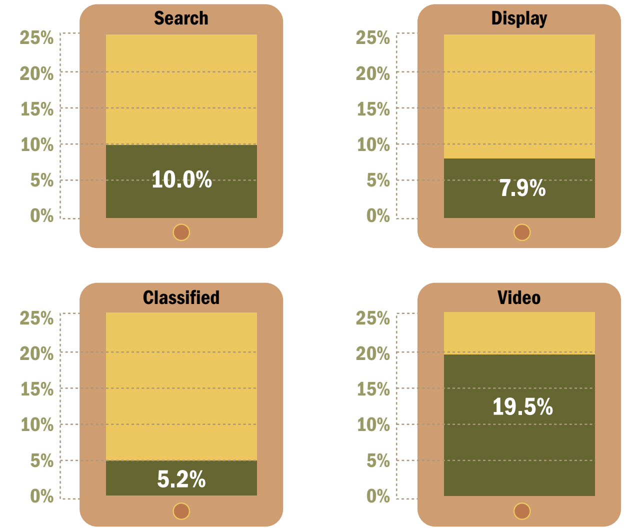
The difference between PwC's and Zenith's methodologies is that PwC breaks out mobile advertising as a separate category, which mainly includes display advertising. As mobile advertising grows faster than search and PC-accessed Internet display, it is likely that display across platforms has surpassed that of search advertising if mobile categories and wired Internet advertising were combined.

Mobile advertising will exceed display advertising by 2018, according to PwC. Display is projected to grow by a compounded annual growth rate of 7.9 percent, while mobile is forecast to grow 23.1 CAGR by 2019.

Wired (non-mobile) video is the fastest growing segment of wired Internet advertising, according to PwC. Video only

Video's rate of growth outstrips the other wired sub-segments

Global wired Internet advertising market by sub-segment CAGR (%), 2014-2019



Source: PricewaterhouseCoopers, Global Media and Entertainment Outlook, 2015-2019; www.pwc.com/outlook

comprised less than 5 percent of all Internet advertising in 2014, but is expected to reach 8 percent by 2019, a 19.5 CAGR. By far, wired video advertising growth outpaces any other Internet category CAGR from 2014 to 2019, including classified, 5.2 percent; search, 10 percent; and wired Internet display, 7.9 percent. Wired video advertising represented US$6.32 billion in 2014, and a projected $15.39 billion in 2019.

According to Zenith, online video, accessed via both PC and mobile devices, is growing faster than any other digital category – 34 percent from 2013 to 2014 – and is expected to grow 29 percent CAGR until 2017.

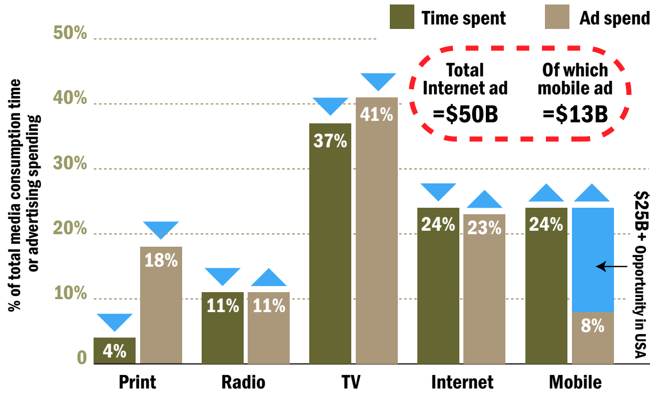
Video is a fast-growing category in most major markets of the world. According to Digital TV Research, online TV and video advertising revenues will reach multi-billion dollar levels in 2017, led by the United States, $10.95 billion; China, $2.06 billion; Japan, $2.02 billion; the United Kingdom, $1.86 billion; Germany, $1.63 billion; France, $1.22 billion; Canada, $964 million; and Italy, $822 million.

Media analysts argue that percent of time spent should correlate to advertising spend. In the United States, only radio and Internet adspend are parallel to time spent by users on the media. TV skews slightly higher to receive more adspend compared to time spent, 41 percent vs. 37 percent; while print receives a disproportionate share of adspend compared to its diminishing readership: 18 percent vs. 4 percent.

Meanwhile, after years of a much lower adspend compared to surging usage, Internet is finally garnering a more proportional ad share, while mobile lags, with only 8 percent adspend compared to 24 percent of time spent, compared to other media.

U.S. media time spent vs. adspend

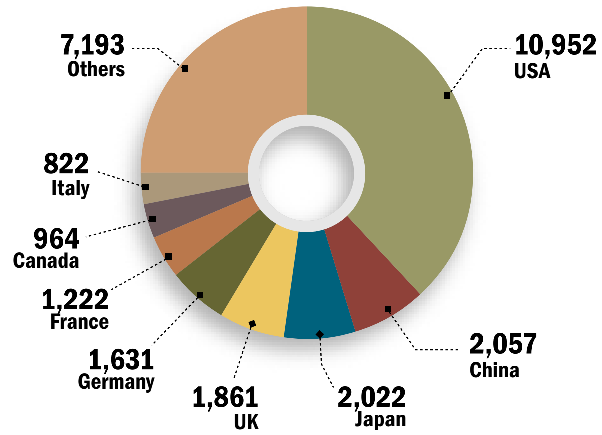
Percentage of total media time vs. adspend in 2014



Source: Internet Advertising Bureau, as interpreted by Mary Meeker, Kleiner Perkins Caufield & Byers, "Internet Trends 2015"

Projected 2017 online TV and video revenues

Revenues in US$ millions, including countries that are main recipients of digital video advertising revenue



Source: Digital TV Research, 2014

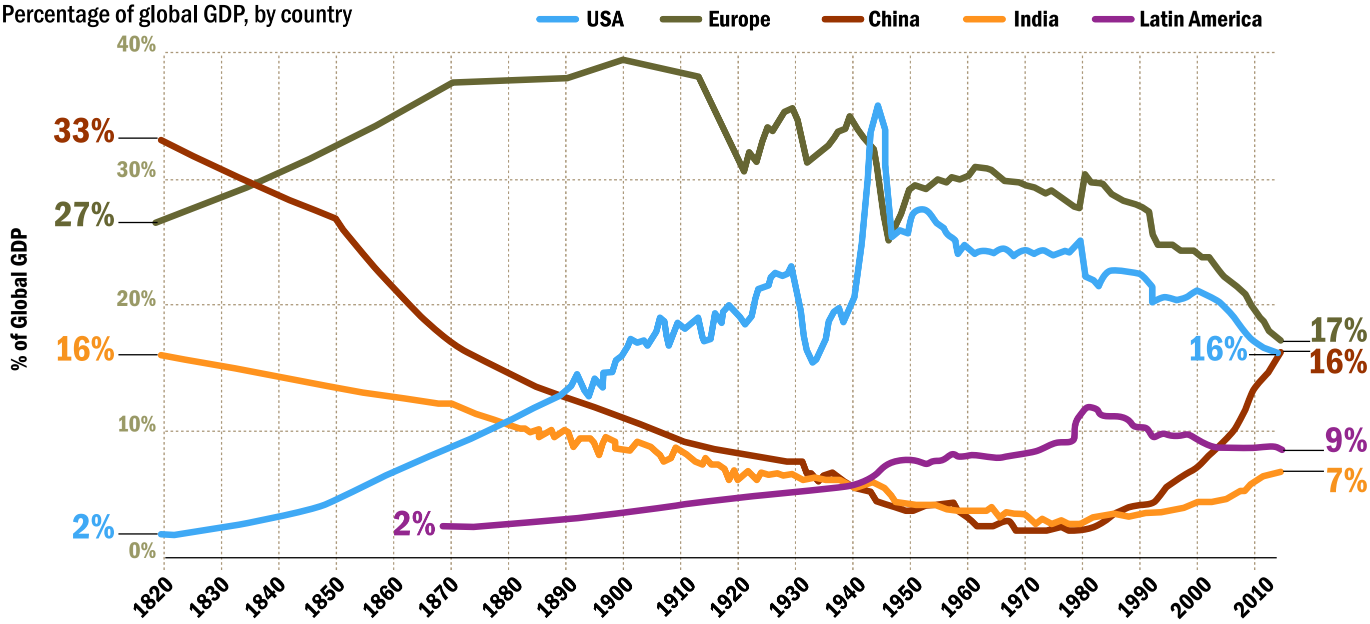
Gross Domestic Product figures have long been predictors of adveritsing spend, country by country. Those with the highest GDPs frequently get the highest amounts of adspend. According to research from the University of Gronigen and OECD, shares of the highest GDPs have ebbed and flowed among countries in North America, Europe, Asia and Latin America.

In 1820, China commanded one-third of the world's GDP, which diminished steadily until a century later, when it bottomed out and then steadily rose to a 16 percent share by 2014. Meanwhile, Europe controlled 27 percent of the world's GDP in 1820, compared to 17 percent today. The United States represented a 16 percent share of the world's GDP share in 2014, compared to only 2 percent in 1820 and 36 percent in its heyday during World War II.

Traditionally, statisticians calculate an 80 percent correlation between GDP and advertising spending. However, in recent

Global gross domestic product, 1820 to 2014

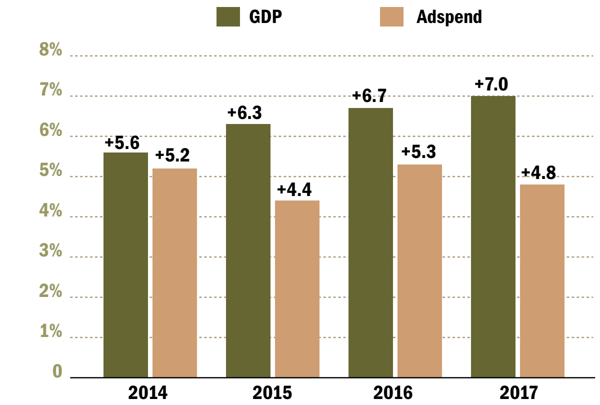
Percentage of global GDP, by country



Source: University of Gronigen, OECD, as interpreted by Mary Meeker, Kleiner Perkins Caufield & Byers, "Internet Trends 2015" *© World Newsmedia Network 2015*

Growth of adspend and GDP, 2014 to 2017

Subtitle: Percentage of year-over-year advertising spending and gross domestic product



Source: ZenithOptimedia, March 2015 *© World Newsmedia Network 2015*

years, a country's macroeconomic elements are factored in, such as the unemployment rate and inflation.

According to ZenithOptimedia, using International Monetary Fund statistics, the gap is widening between GDP and adspend, country by country. By 2017, global adspend as a percentage of GDP will decrease, from 5.3 percent to 4.8 percent. The changing GDP correlation with adspend is making it more difficult to accurately predict a country's future adspend.

E-commerce and M-commerce

E-commerce is one of the most popular online activities, and one of the highest potential revenue strategies for media companies today. Almost 90 percent of the world's Internet users have bought a product online; that's more than 1 billion people in dozens of countries.

Chinese consumers are the most enthusiastic e-commerce aficionados. About one-third of the world's online shoppers are from China. Eighty percent of Chinese Internet users regularly shop online, while 70 percent of India's Internet users buy online, according to GlobalWebIndex's "Commerce Q4 2014" report.

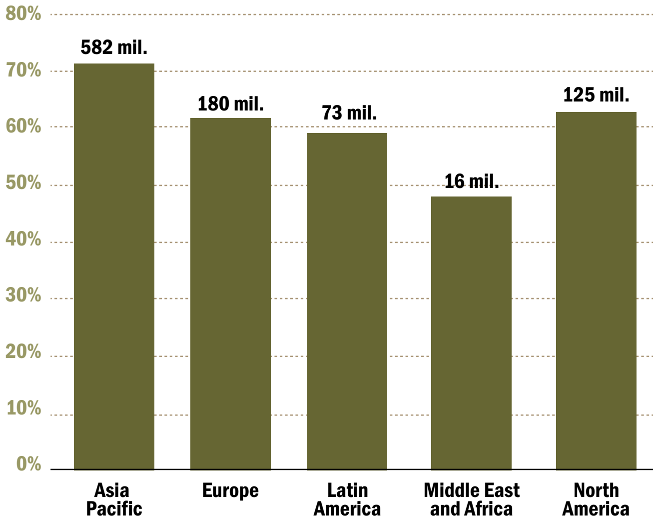
Desktop and laptop PCs are the most popular devices for e-commerce; however, the use of mobiles and tablets for shopping is growing faster than usage on PCs. GWI reports many shoppers are concerned about privacy and their digital footprints, as 45 percent are deleting their cookies at least once a month so websites will not remember them, and a significant portion are using VPNs and proxy servers so their activity online cannot be traced.

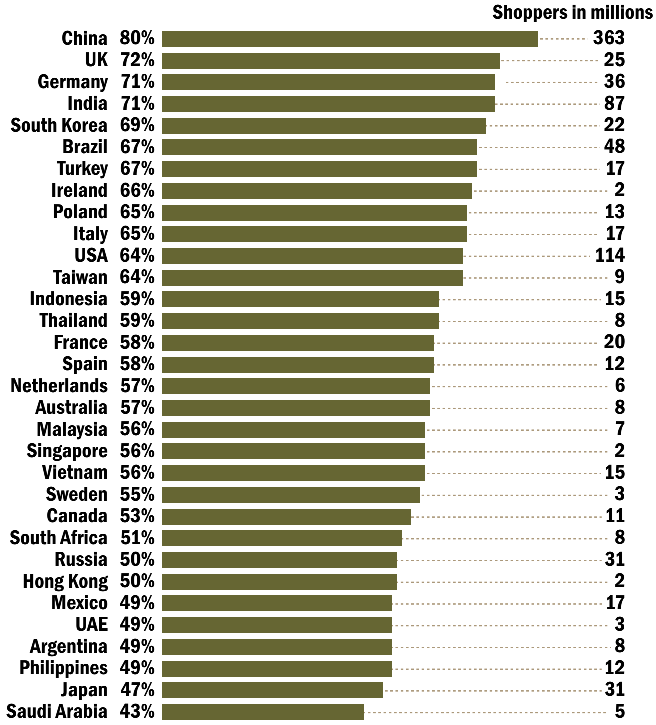
Clothes and shoes are the most popular items purchased online, while mobile phones are the most popular tech product, according to GWI. Free delivery is the most important factor motivating purchases everywhere GWI researches, except in China, where online reviews are the most favoured.

Asia is by far the most e-commerce engaged region of the world, with 582 million online shoppers, representing just over 70 percent of the Internet population of Asia buying an item online in the last month. Europe and North America share similar penetrations of online buyers, at about 61 percent each; however, Europe has 180 million regular online buyers, while North America has 125 million online buyers, according to the GWI study. The Middle East and Africa region has the fewest online buyers, at 16 million, with a 48 percent penetration, and Latin America has a 59 percent penetration, representing and 73 million online buyers.

Global online shoppers by region and country

In millions of online shoppers, and in percentage of those who have shopped online in the past month





Source: GlobalWebIndex, December 2014

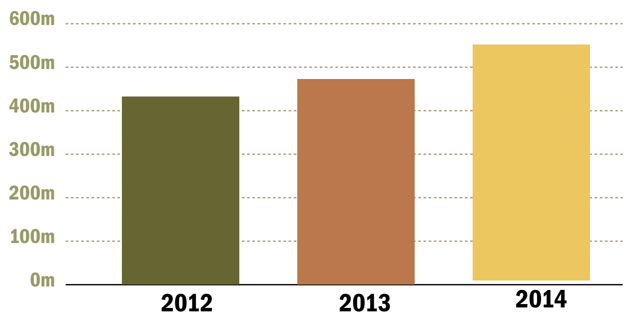
The most prolific e-commerce nations with the highest percentage of Internet users engaging in e-commerce are China, 80 percent; the United Kingdom, 72 percent; India and Germany, 71 percent each; South Korea, 69 percent; Brazil and Turkey, 67 percent each; Ireland, 66 percent; Poland and Italy, 65 percent each; the United States and Taiwan, 64 percent each; Indonesia and Thailand, 59 percent each; and France and Spain, 58 percent each.

The global number of online users who shopped online "in the last month" has surged from 833 million in 2012, to 948 million in 2013 and 971 million in 2014. Similarly, mobile e-commerce, or m-commerce, numbers are rising, from 420 million in 2012, to 480 million in 2013 to 530 million in 2014, according to GWI.

GWI demographics about online buyers suggest they are from

Global online shopping growth, 2012 to 2014

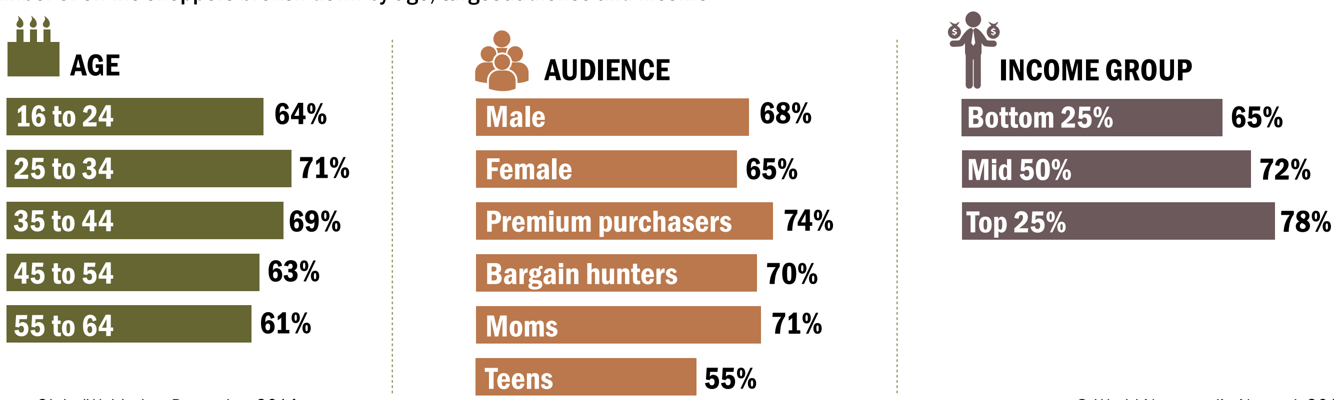
Number of online shoppers last month, in millions



Source: GlobalWebIndex, December 2014

Global online shopper demographics

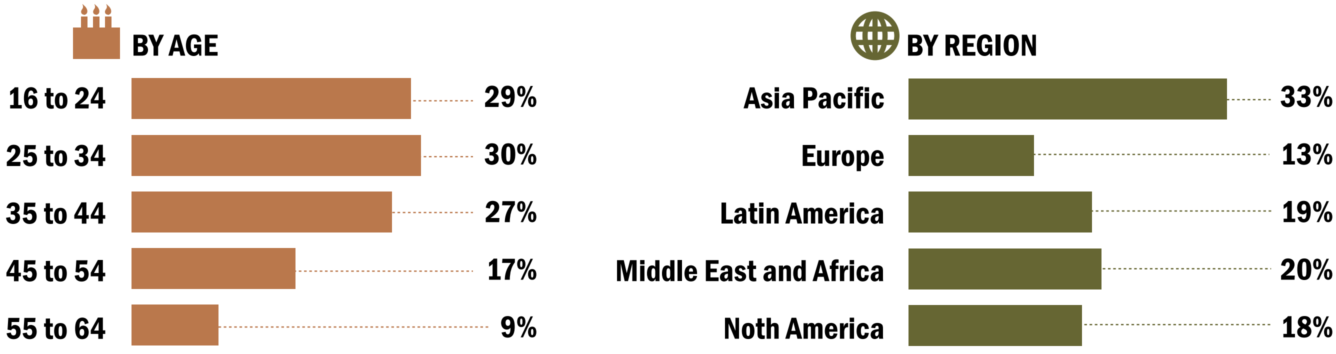
Number of online shoppers broken down by age, target audience and income



Source: GlobalWebIndex, December 2014

Global user demographics for shopping apps

Percentage of apps users, by age and region



Source: GlobalWebIndex, December 2014

every age group, equally men and women, and tend to belong to higher income groups. Buyers mostly come from the 25-to 44-year-old age group, and from the top 25th percentile of incomes.

Online shoppers can choose to use a website to purchase items, or to buy through an app. Those who buy online using apps tend to be younger and from the Asia Pacific region. Almost one-third of those ages 16 to 44 have used shopping apps in the last month, while 33 percent of those Internet users from Asia Pacific have bought online in the past month. The next most prolific online buyers come from Middle East & Africa, 20 percent; Latin America, 19 percent; North America, 18 percent; and Europe, 13 percent.

Clothes and shoes are by far the most popular items to purchase online globally, with more than 25 percent researching and 35 percent buying clothing online in the past month, according to GWI. Twenty-eight percent of those who buy online have bought shoes in the past month, while 22 percent have researched shoes online. Other popular e-commerce categories include books, gifts, mobile phones, snack foods, water/soft drinks, shampoo, chocolate, travel, packaged foods and films.

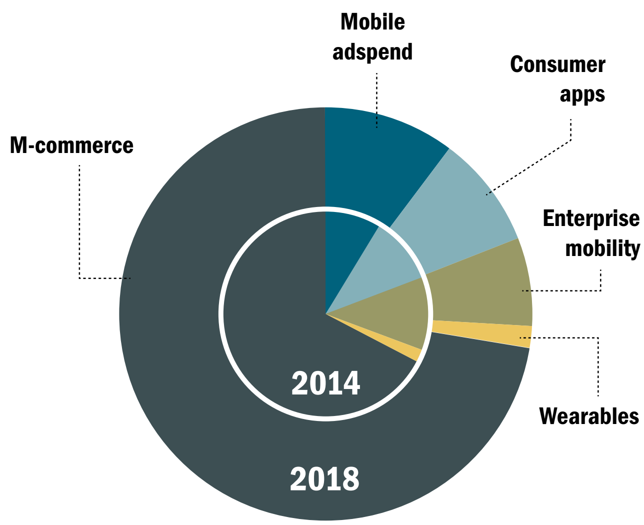
Mobile Internet revenues are poised to grow 300 percent, from 2014 to 2017, according to Digi-Capital. By 2017, revenues are projected to reach US$700 billion, driven mainly by m-commerce, which will represent almost three-quarters of mobile revenues by 2018, according to the investment research firm. M-commerce represented about two-thirds of the mobile revenues pie in 2014.

The other drivers of mobile revenues are $74 billion in consumer apps, $53 billion in enterprise mobility, $42 billion in advertising and $11 billion in wearables by 2017, with almost half of the revenues generated in Asia, according to Digi-Capital.

India and China represent the highest percentage of m-commerce users, with 41 percent of all e-commerce sales in 2014 in India coming from mobile devices, and 33 percent of all e-commerce on mobile in China. Other major countries of the world pale by comparison. About 20 percent of all e-com-

Global mobile Internet revenue share, 2014 vs. 2018

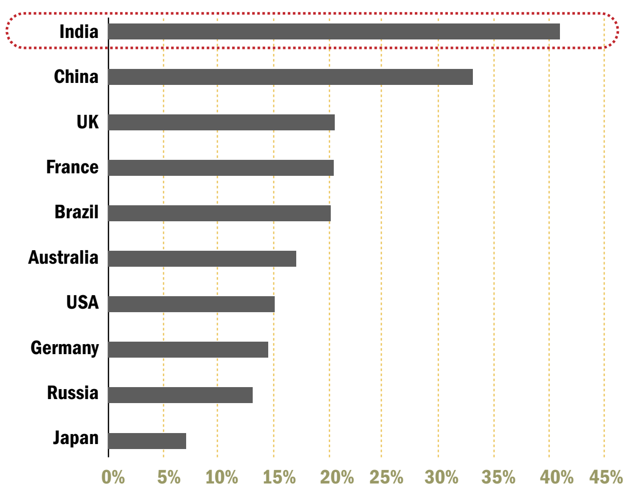
Revenue share of US$850 billion in mobile Internet, by category



Source: Digi-Capital, 2014

2014 global m-commerce sales

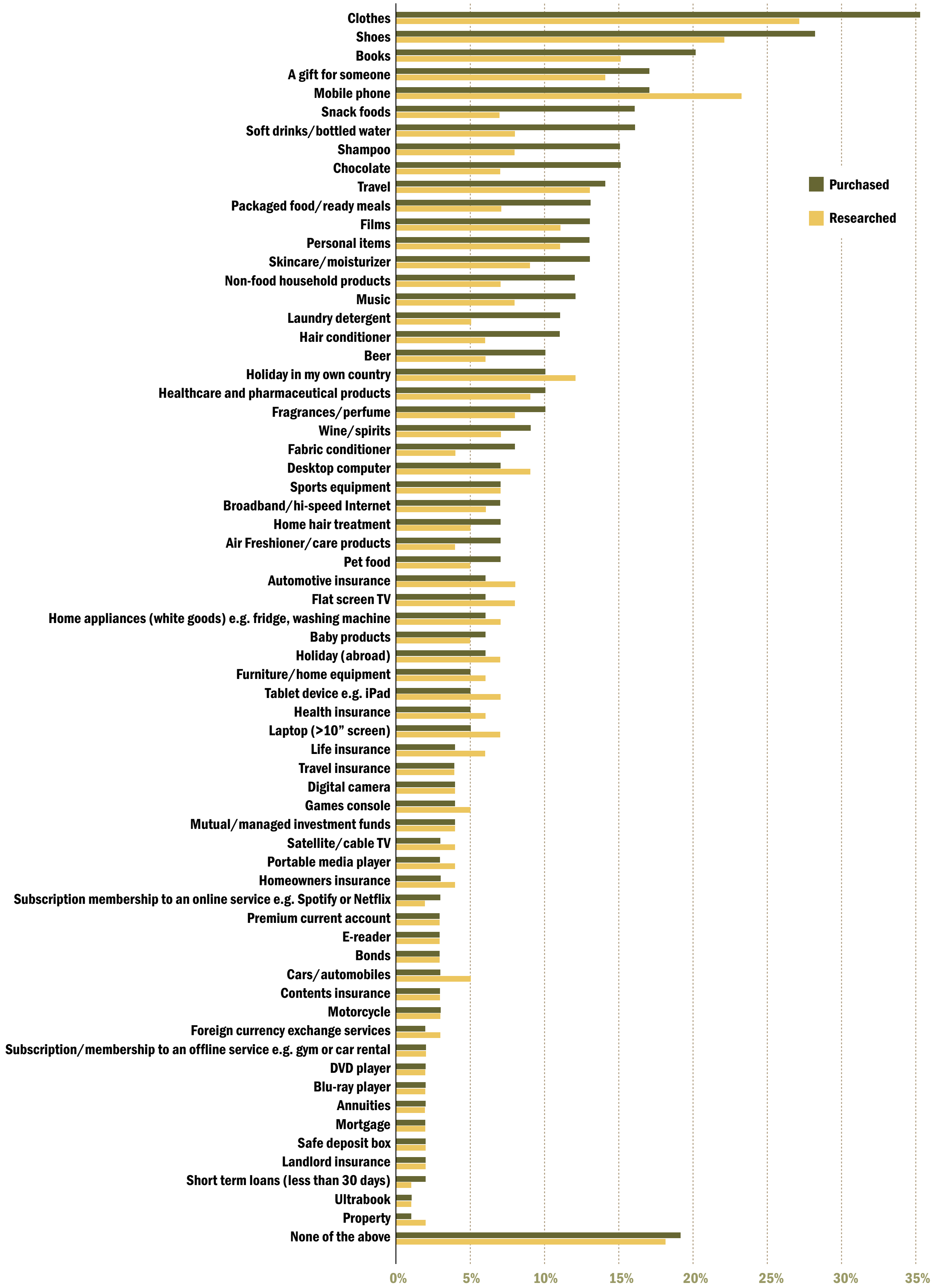
Mobile commerce as a % of e-commerce, by country



Source: Morgan Stanley research, as interpreted by Mary Meeker, Kleiner Perkins Caufield & Byers, "Internet Trends 2015"

Top researched and purchased items online

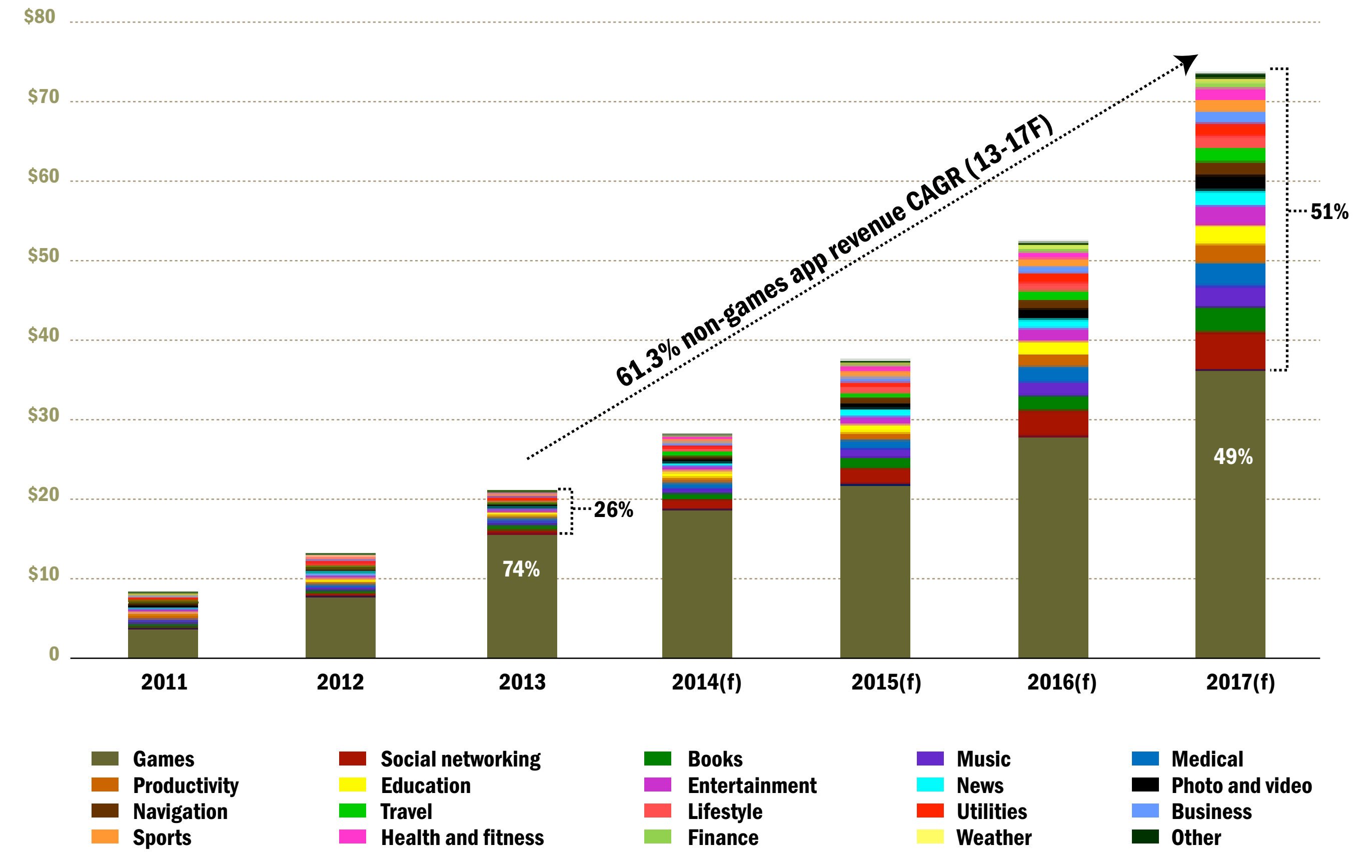
Percentage of global online users who purchased or researched an item online in the last month



Source: GlobalWebIndex, December 2014

Global mobile apps revenue, 2011 to 2017

Revenues in US$ billions, apps categorised by business sector



Source: Digi-Capital, 2014

merce was done on mobiles in 2014 in the United Kingdom, France and Brazil; 17 percent in Australia; 15 percent in the United States and Germany; 13 percent in Russia; and 7 percent in Japan, according to Morgan Stanley research.

Mobile apps

According to Digi-Capital, games apps have dominated the mobile apps market since apps were first developed. However, that is changing. In 2013, 74 percent of all mobile apps were games apps, but by 2017, Digi-Capital predicts that 49 percent of all apps sold will be games. This represents a 61.3 percent compounded annual growth rate for non-game apps from 2013 to 2017. The next most popular apps are social networking, books, music, medical, productivity, education, entertainment, news and photo and video apps.

Digi-Capital forecasts that mobile apps could reach more than US$70 billion in revenue globally in 2017. Driving the surge in mobile apps usage is the growing development of utilitarian apps, and the burgeoning use of mobile phones in general. Revenues for a variety of apps are expected to grow to $75 billion by 2018, according to Digi-Capital, particularly for social networking, books, music, medical, productivity, education, entertainment, news and photo and video apps. Non-game apps continue to gain revenue share from 2014 to 2018, and into the foreseeable future, according to Digi-Capital.

Programmatic advertising expenditure is expected to surge from 2011 to 2017, from $4.9 billion to $33.3 billion, according to MAGNA GLOBAL. Currently dominated by the U.S. digital advertising market, programmatic advertising is becoming an irreversible global trend. In the U.S. alone, programmatic will represent 63 percent of all digital display advertising by 2016, up from 53 percent in 2015.

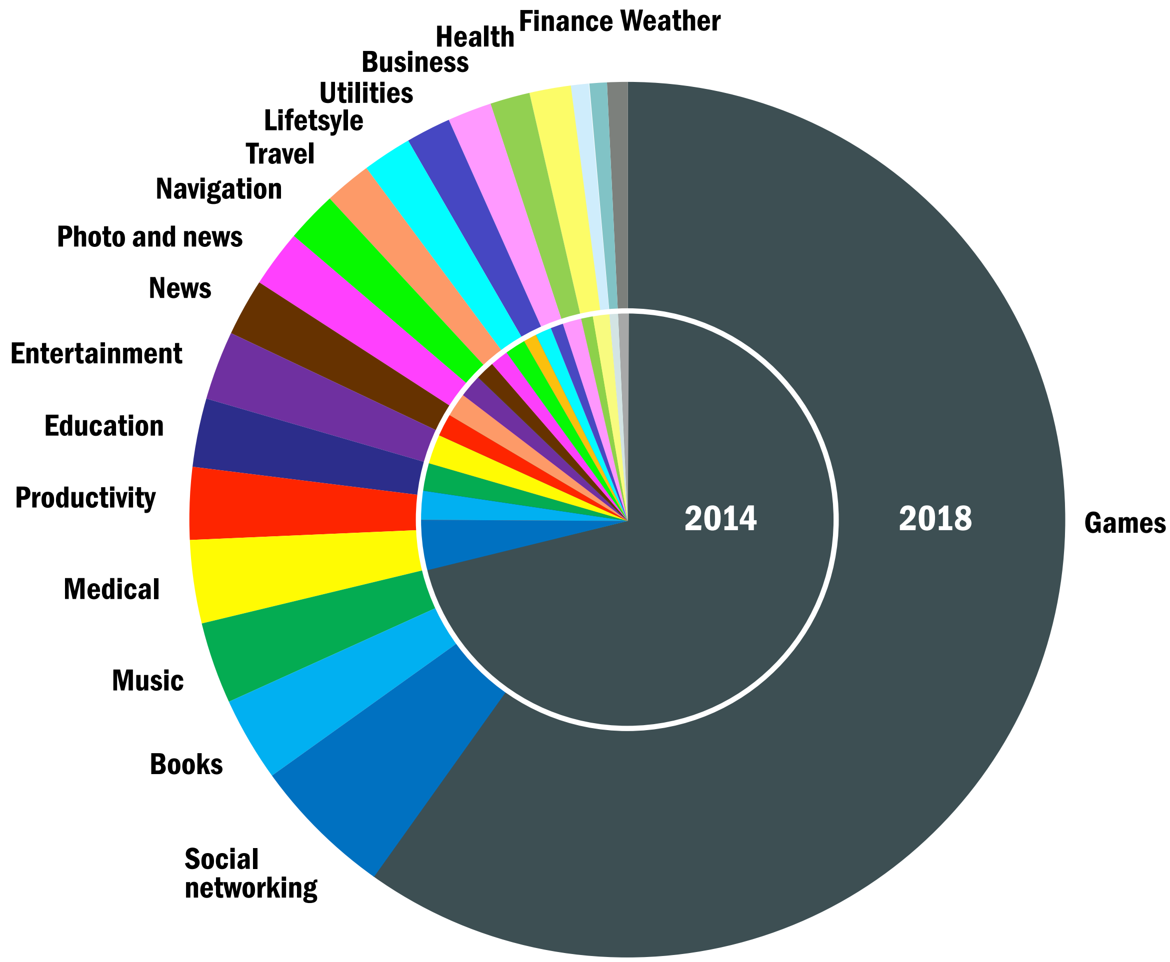
Despite the threat to other possibly more lucrative forms of advertising, publishers are embracing programmatic advertising around the world.

The audience data analytics movement has given rise to a variety of trends, including content and advertising targeting and automated advertising serving. Publishers collect data about their users' demographics and content consumption habits using analytics software. When publishers partner with advertising networks, they have the ability to build campaigns and target consumers based on users' demographics and reading patterns.

Among these emerging trends is programmatic buying, that is, automated digital display advertising buying, which is growing exponentially around the world. Programmatic digital display advertising buying represents another clear threat, yet a possi-

Global mobile apps revenue share, 2014 vs. 2018

Revenue share of US$75 billion in social apps by 2018, apps categorised by business sector



Source: Digi-Capital, 2014

CNHI uses apps to grow mobile revenue

Community Newspaper Holdings, Inc., a regional newspaper group in the United States with 75 dailies and 45 weekly newspapers, embarked on a project to launch 75 apps and to make US$6 million in advertising revenue.

Before 2014, only nine of CNHI's newspapers had apps, and only 5 percent of the advertising inventory was utilised, Matthew Ipsan, chief digital officer at CNHI, told the INMA World Congress in May 2015. In January 2014, CNHI engaged the apps developer Verve, to create a basic app template for the network of news outlets, and to focus on monetisation through remnant advertising inventory.

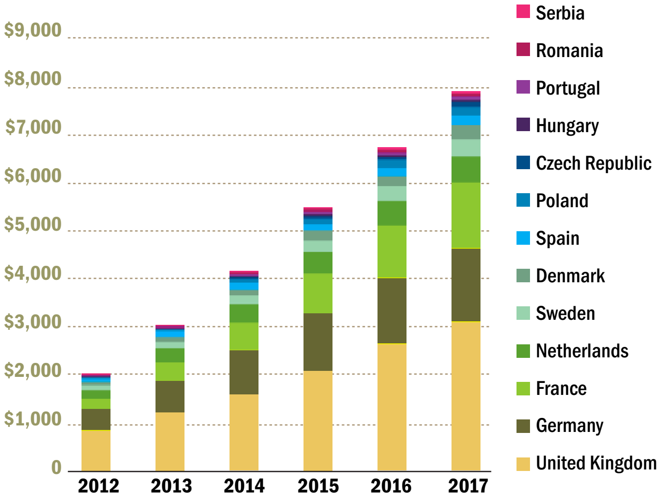
The objective of the apps project was to increase audience engagement by 25 percent, and to generate $6 million in incremental revenue, Ipsan said. Using the "fast prototyping" technique, CNHI identified the optimal user experience (UX) for the app based on tested audience usability. In August 2014, CNHI began to develop apps for three platforms: iOS, Android and Kindle for each daily newspaper location. The 225 apps were rolled out within three months. A subscription meter code was attached to each app, which was downloaded by users for free from app stores.

By April 2015, each daily newspaper had three apps, one for each platform. More than one-third of the content (35.4 percent) was consumed through a mobile device, with 3.4 percent consumed through the apps. Through promotion in the newspaper and elsewhere, almost 188,000 apps were downloaded, including 141,000 iOS apps; 35,000 Android apps; and 10,500 Kindle apps, he said.

From April 2014 to April 2014, CNHI experienced an 85.3 percent mobile revenue growth, including a 17.4 percent mobile app revenue growth. Local ad inventory sold grew from 5 percent to 22.8 percent. App revenue grew 17.4 percent from November 2014 to April 2015, Ipsan said.

Programmatic advertising spend in Europe, 2012 to 2017

In US$ millions



Source: MAGNA GLOBAL, 2015 *© World Newsmedia Network 2015*

ble opportunity, for publishers and broadcasters.

Programmatic buying is a threat to media companies because billions of display ads are being bought and sold as commodities on automatic ad exchanges each day, ostensibly driving down CPM (cost per thousand) prices. The advertising is served to thousands of websites, frequently without regard to quality of publishing site or value of audience. Media owners argue the value of their advertising inventory, and indeed, their brands, are being diminished in this scenario.

The opportunity is for publishers and broadcasters to create advertising consortiums in order to create high-value ad networks. The networks, then, become a more valuable and more popular programmatic buy together than they were as separate publisher/broadcaster sites. These high-quality networks can fetch higher CPMs for their higher-value, engaged audience members on these exchanges. That said, the programmatic buy for premium publisher sites is so new, there are no historic data to show revenue trends.

Content marketing & native advertising

According to the Wall Street Reporter, native advertising stra-egies and implementations have pros and cons for publishers. On the positive side, native advertising represents a potentially lucrative new revenue stream, users opt in to the content online, and publishers can leverage their reach and brands to sell native advertising campaigns.

Native advertising can drive high engagement with users, and represents strong potential for mobile platforms, and a potential to gather useful data from readers.

On the negative side, perhaps the biggest challenges are the transparency and disclosure issues surrounding the origin of the branded content. Publishers take great effort in labeling the content as paid, and segmenting it from journalist-driven editorial content.

Another negative element is that strategy and implementation of native advertising is both labour and scale-intensive. Strategies are still new and being developed on the fly, publisher by publisher, which means metrics and key performance indictors are largely unknown. Education and training is required for sales and content team members.

How is native advertising defined? Ninety-three percent of U.S. publishers surveyed by Business Insider and eMarketer agreed the most important aspect of the definition is the

Other programmatic-driven alliances

In March 2015, media powerhouses the Guardian, CNN International, Reuters, the Economist and the Financial Times launched the Pangaea Alliance, an advertising network that allows advertisers to buy campaigns across the 110 million media users of the five upscale media brands.

The alliance will create the scale that will allow the media brands to compete with digital behemoths, such as Google, Yahoo! and Facebook. The private ad exchange will help Pangaea protect higher CPMs that have been previously driven down by deeply discounted "remnant" advertising networks.

The Pangaea Alliance is using the Rubicom Project's technology platform. The Financial Times and Reuters will share anonymised subscribers' first-party, data which will allow advertisers to target specific audiences in real-time.

Other programmatic advertising-driven networks have been created in various countries, including La Place Media in France; Dansk Udgivernetværk in Denmark; AOP network in the United Kingdom; and Premium Publishers Network in Switzerland.

Spotlight on the Local Media Consortium

In an effort to increase the "cost per thousand" (CPM) pricing on digital advertising on behalf of premium publishers and broadcasters, the Local Media Consortium was created in the United States in 2013.

Local Media Consortium
A NATIONAL PARTNERSHIP OF POWERFUL LOCAL MEDIA

The LMC's main activity is a digital display advertising exchange powered by Google technology.

The consortium is a strategic partnership of more than 1,000 U.S. newspapers and hundreds of broadcast outlets and serves as a model for other premium publisher ad exchanges around the world. The scale of the LMC allows publishers to compete with large ad networks.

"Scale matters," said Rusty Coats, executive director of the LMC. "Top quality content brings an attractive user base to the online market. Scale means more opportunities for national advertisers to reach locally with premium content. Structure makes it easier for advertisers to buy. Improved opportunities for publishers of high-quality content to earn additional revenue."

Rusty Coats

Coats also spoke at a Poynter Institute revenue innovations study tour in March 2015, organised by World Newsmedia Network.

The LMC's missions are to leverage the collective size and value of local media companies to create networked costs savings, audience and advertising product offerings and revenue opportunities, and to provide solutions providers with an efficient and effective entry point to local media companies. The LMC's focus has been leveraging its scale to forge new partnerships, exploring new business development opportunities and allowing members to work together to innovate, Coats said.

The LMC continues to grow, currently serving more than 4 billion monthly page views, 470 million monthly unique visitors and 156 billion local ad impressions per month.

About 40 percent of the ad exchange's revenue comes from more than 250 national and international brands, including Kraft, Honda, American Express, AT&T, Disney and Amazon for an average CPM of US$2.60. The remaining 60 percent of the revenue comes from lower CPM advertising. However, CPM rates have risen 40 percent since April 2014, he said.

Looking to the future, an estimated 4 billion ad impressions per month multiplied by an average of $1.25 CPM equals about $5 million per month in new money in the premium publishers' ecosystem, Coats said.

The partnerships have been forged with a variety of powerful players, including Yahoo!, Google, HomeFinder and Monster, among others, Coats said. The most powerful partnership is an advertising exchange, powered by Google. In an effort to drive profitability and sustainability for participating high-quality content companies, Google has provided the network with technologies to power the network, including Doubleclick for Publishers and the Ad Exchange. Inventory for buyers includes desktop, video and mobile opportunities.

By creating this exchange, LMC helps advertisers locate quality inventory and buy it at scale, he said. The automatic delivery mechanism of programmatic advertising has enabled the quick and efficient delivery of higher CPM advertising across the national and regional networks formed by LMC.

The network has ensured the delivery of higher CPM advertising because the ad inventory is clearly defined as premium inventory; the inventory is not simultaneously sold elsewhere, which prevents national advertisers from shopping around for lower rates, which reduces the risk of having to discount inventory to offload it.

The LMC's philosophy on programmatic advertising drives the ad exchange's strategy: "Programmatic is a means of automating selling that should be handled strategically to maximise yield and profit," Coats said. "Many LMC publishers are moving toward putting all of their inventory in the exchange and forcing in-house sales to truly compete with the market."

The members agree to a five-year contract, each member organisation gets one vote regardless of its size, and the dues are based on the share of total membership, Coats said.

The native advertising landscape

In the United States alone, branded content revenue is expected to surge at a 21 percent compounded annual growth rate from 2014 to 2019, from US$10 billion to $25 billion, according to Business Insider.

Native advertising is of interest to consumers if it is credible, attractively laid out, funny and/or thought-provoking, according to a recent Boston Consulting Group survey of consumers from the United States, the United Kingdom, Germany and Italy.

Neal Zuckerman, managing director of Boston Consulting Group, presented findings of the 2015 study at the INMA World Congress in May 2015. Among the overall findings were:

- The vast majority of consumers have encountered, enjoyed and sought out branded content
- Branded content positively impacts favourability and purchase return on investment, but magnifies negative sentiment among those who dislike the brand
- Consumers are giving media properties permission to play in the branded content arena
- Tone and style are critical elements to successful branded content — the same as journalistic content

According to Michael Zimbalist, senior vice president for advertising and innovation at The New York Times, advertisers want as much engagement on their advertising content as on The Times' editorial content.

The Times built an entire advertising segment around the winning solution of engagement called Brand Studio, in which brands will publish articles that are labeled "paid post." The most popular paid post was sponsored by Netflix for the popular series "Orange is the New Black" called "Women Inmates: Why the Male Model Doesn't Work." The post is about the need for policies and procedures as the number of women inmates soar. The post placed in the top 1,000 Times articles during a Chartbeat study on the most engaging Times articles.

The Netflix native content on The Times garnered a lot of buzz in the media. MSNBC's Sam Petulla tweeted, "The New York Times just published what is probably the best piece of sponsored content you will find." Advertising Age declared, "[This is] the piece that turned branded content mainstream."

Another popular native advertising article in The Times was sponsored by The Weinstein Company, a U.S. filmmaker that backed the award-winning "Imitation Game." The post was about the subject of the film, British computer pioneer Alan Turing.
Cannes Lions' Phil Thomas, illustrating the rise of native advertising, said branded content at Cannes Lions is the biggest, fastest growing area of the whole festival. Last year entries increased by 43 percent. (An interesting side note: while print is shrinking in contrast to branded content, it remains one of the festival's biggest sections with 9,000 entries, according to FIPP's recap of the Digital Innovation Summit in Berlin in March 2015).

The World Newsmedia Network in March 2015 assembled a panel of publishers who have successful native advertising businesses in New York. They include online magazine Quartz; online and print magazine Forbes; and content marketing solutions company Newscred.

Quartz, on QZ.com, creates native advertising that resembles the editorial content it produces, but clearly labels the native advertising as branded content, and may have content mentioning the brand that has paid for the content.

Forbes is a pioneer in the area of branded content, and has evolved the way it publishes native advertising.

"We create real-time, two-way conversations. We found a way to include more voices from staff writers, content experts and from our audience and our marketing partners. We launched Brand Voice, about storytelling and thought leadership, what makes it native is that our partners use our same tools, clearly labeled, also has to be relevant content," said Mike Monroe, Forbes director of marketing.

Native advertising represents 30 percent of Forbes' advertising revenues.

In the early days, Forbes editors were skeptical of native advertising, as Forbes was one of the first publishers to test the waters. What they learned was that if the content is not of high quality, it won't become popular.

"If it's not high quality, it won't trend. Readers are looking for thought leadership, not a commercial play," Monroe said.

As a vendor, Newscred offers content marketing as a solution for advertisers and publishers. Newscred offers planning, sourcing, publishing and measuring content performance.

Quartz's Content Studio creates content marketing on behalf of advertisers. After the campaign is done, the story lives on in perpetuity, said Marissa Hayes Aydlett, VP of Global Marketing and head of Content Studio.

At Quartz, there is a relationship between editorial and advertising, she said. “There is not a concrete We have really great collaboration between the editorial and advertising sides. Strong relationships and collaboration are essential. The thing that won’t change and can’t change is editorial independence.”

Forbes measures the success of each content marketing campaign using SimpleReach’s metrics as the No. 1 indicator for success. SimpleReach technology requires the user to log in to the dashboard and look at a variety of metrics on the article, author levels and number of page views. Advertisers also can log in for the data, which helps drive the success of future posts.

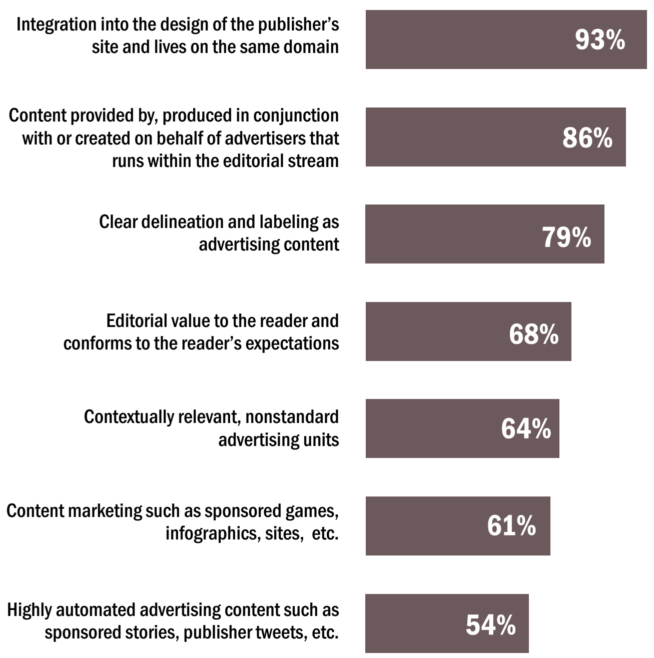
At Quartz, advertisers are not allowed access to the CMS, but Content Studio editors make recommendations after each campaign.

Both Quartz and Forbes recommend the partnership approach with advertisers, rather than one-off campaigns. It’s about brand rub-off, continuity and creating a body of work. Integrating a distribution strategy on social media is a key factor in readers coming back to read more native advertising posts.

“See what works for your publishing brand. See how people react. It’s more about body of work, not an individual post. The more you publish [with the brand], the stronger you will be,” Monroe said.

U.S. publishers’ native advertising definitions

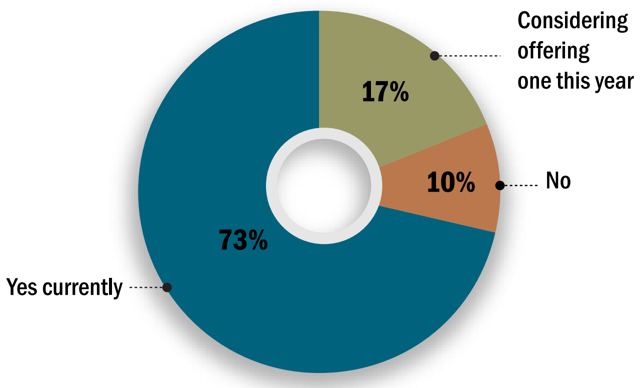
Percentage of respondents defining native advertising in various ways



Source: Business Insider, 2015 *© World Newsmedia Network 2015*

U.S. publishers’ native advertising

Percentage of respondents offering native advertising



Source: Business Insider, 2015 *© World Newsmedia Network 2015*

“integration into the design of the publishers sites and lives on the same domain.”

Eighty-six percent of those published agreed that native advertising comprises “content provided by, produced in conjunction with or created on behalf of advertisers that runs within the editorial stream,” while 79 percent said native advertising is clearly delineated and labeled as advertising content.

More than two-thirds (68 percent) of the respondents said the content has editorial value and conforms to the readers’ expectations, and 64 percent said it is contextually relevant, nonstandard advertising units. Sixty-one percent said it was content marketing such as sponsored games, inforgraphics or sites, while 54 percent said it was highly automated advertising content such as sponsored stories and publisher tweets.

Of the U.S. publishers polled by Business Insider, 73 percent are currently publishing native advertising on their site, while 17 percent are considering offering it this year. One-tenth said they are not offering native advertising.

Native advertising revenues are growing quickly and present huge potential for publishers. In the United States, native advertising on PC and mobile represented less than US$5 billion in adspend in 2013, compared to a projected almost $22 billion in 2018, according to BI Intelligence.

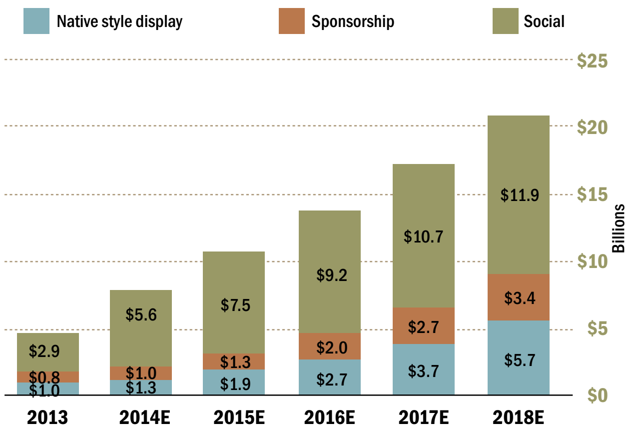
Social native advertising continues to be the largest share of all native advertising, followed by native-style display and sponsorship. BI Intelligence defines social native advertising as “ads that are seamlessly integrated into a user’s feed and are nearly indistinguishable from organic content.” Social native advertising is growing from $2.9 billion in 2013 to a projected $11.9 billion in 2018 in the United States.

Paid content continues to be on revenue-making strategies lists of most publishers around the world. In some cases, media companies have experimented with a variety of approaches, and many have settled on the "metered" model, that is, offering readers five or six articles per month for free, reminding them that they will need to pay after the sixth article, and then charging the user upon reaching their article threshold. Piano Media, a subscription technology company based in New York and Vienna, has gathered data about its many newspaper and magazine client subscription trends, and has determined which categories of content tend to engender loyalty and higher rates of traffic.

The most popular content to drive loyalty and unique users are sports, followed by general news, people features, culture content, business, automobiles, and opinion. Lifestyle and career content may drive traffic, but not necessarily loyalty, according to Piano Media's findings.

U.S. native advertising revenue

In $US billions, including desktop and mobile native advertising including display, sponsorship and social



Source: MAGNA GLOBAL, 2015 © World Newsmedia Network 2015

Watch this space: Blendle, pay-per-article start-up

Source: www.iphoned.nl

Armed with US$3.4 million in first-round funding from The New York Times Company and Axel Springer Digital Ventures, Blendle is aiming to build the iTunes of the newsmedia industry.

The Dutch startup launched its pay-per-article business in 2012 in the Netherlands, and has expanded to include German and English language titles in 2014 and 2015. Among its publisher customers are English-language titles the Washington Post, the Wall Street Journal, and the Economist; Dutch newspapers de Volkskrant, de Telegraaf, and NRC Media newspapers; and Women's Health, Men's Health and Elle magazines in the Netherlands.

The number of Blendle registered users has grown from 130,000 in 2014 to 300,000 in 2015, two-thirds whom are under 35-years-old. Registrants can click on Blendle's client publishers and choose from the array of articles available for individual purchase.

Publishers set the price for each article. The publishers and Blendle split the revenue 70 percent/30 percent, respectively. Most publishers set the per-article price at 20 cents or 25 cents. As extra incentives, new users receive about $2 to spend on articles available on the site, and a money-back guarantee if the reader is not satisfied with the article.

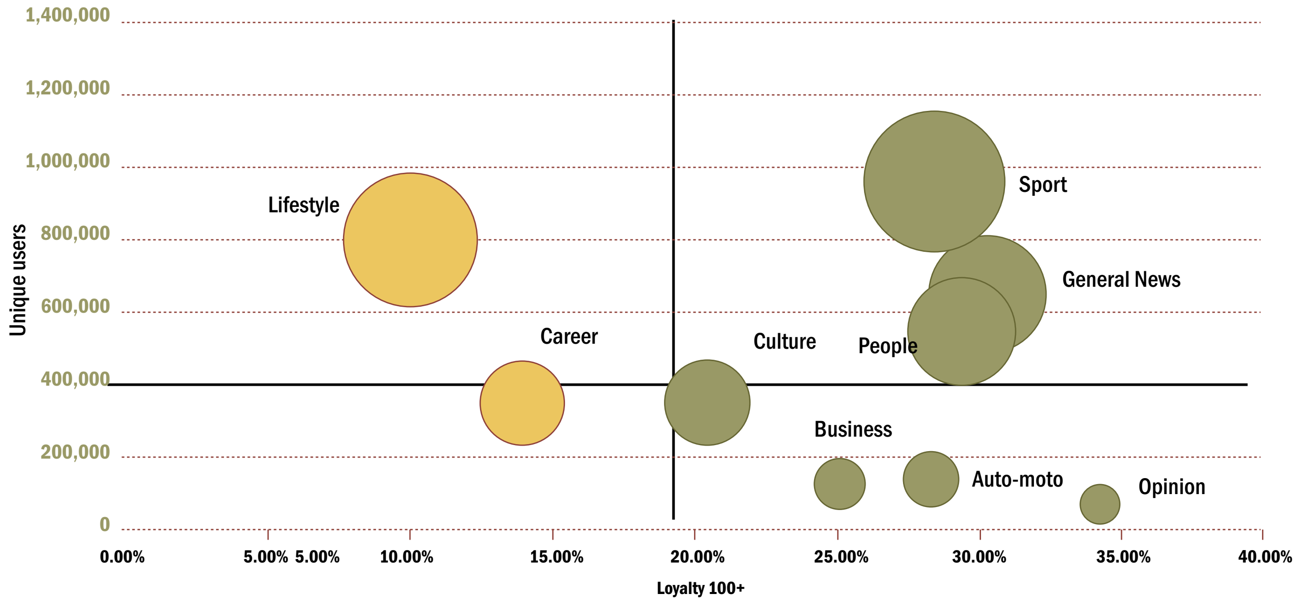
Speaking at the Global Editors Network summit in Barcelona in June 2015, Blendle's head of international, Duco van Lanschot, said Millennials prefer the iTunes and Netflix payment models, whereby users only pay for what they consume.

Content from established media brands matter. Van Lanschot cited a study that said users were willing to pay three times more for digital content produced by a print legacy brand. This finding shows quality content is sought after regardless of the age of the user, he said.

"There is a market online for quality content, but you have to deliver it in an easy way, easy to pay for it," Van Lanschot said. "We want to educate young people to start paying for journalism again. They shouldn't expect it for free."

Global consumers' paid content preferences

Size of bubbles represent greater number of unique users on average. Placement of bubbles shows varying levels of loyalty accessing publishers' websites



Source: Piano Media, June 2015

The New Yorker's paid content approach

The New Yorker has never given magazine content away for free. Until now.

Monica Ray

From 2001 to 2014, 60 to 70 percent of each issue's stories were locked and only available to subscribers, with no access to interested, potential subscribers, such as casual visitors to the site, or those visiting via Facebook, Twitter or search engines, Monica Ray, executive vice president for consumer marketing at the Condé Nast title, told the INMA World Congress in May 2015 in New York.

According to research, highly engaged users showed a strong willingness to pay US$69 per year for TNY.com content. When surveyed, 3.5 percent of visitors said it was a great bargain, 5.7 percent said it was a good bargain, 37 percent said it was a fair price, 33 percent said it was somewhat expensive and 21 percent said it was too expensive, Ray said.

They also found that New Yorker long-form content readers are 1.5 times more likely to pay.
"Our best customers gave us permission to build a new paywall," Ray said.

The paywall strategy was to redesign TNY.com to improve content rediscovery and recirculation. In July 2014 the redesigned website launched, the paywall was taken down and all content was free to all visitors on TNY.com.

In Nov. 2014, they put up a metered paywall, where the first six articles per month were free, and then readers would pay for more. All content was subject to the paywall, including longform, short form and cartoons. Readers would get an alert at four articles, and a reminder to "Rejoin the Party" at six articles. The cost is $12 for all access to print and digital for PC, tablet and mobile editions.

Ray reported a 56 percent, year-over-year increase in subscriptions from Dec. 2013 to Dec. 2014, and an 80 percent subscription increase for Q1 2015, compared to Q1 2014. One key to the success of the strategy is to "keep asking" the audience to subscribe and remind them their free access is ending soon, she said.

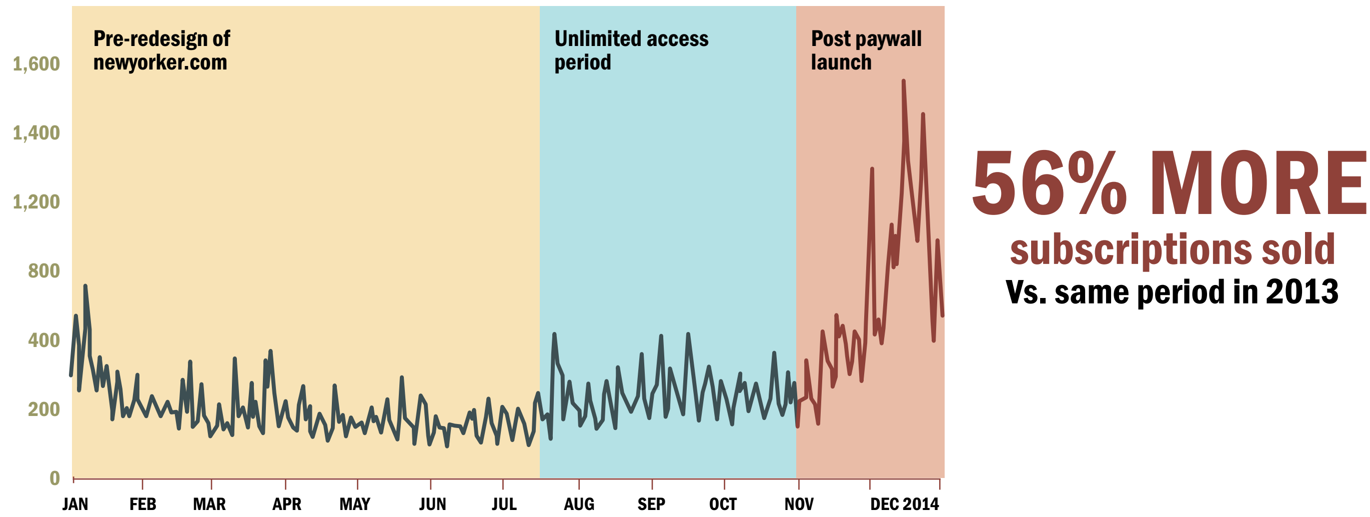
The points at which free-access readers tend to be converted to subscribers is when they are reminded their free access is running out, Ray said. The majority of new subscribers converted just after their six-article limit was reached (59 percent), followed by when their free access was about to run out as they accessed the fourth article (16 percent). The numbers tapered off dramatically after article 10.

All content drives subscriptions, particularly the magazine itself, 27 percent; news, 22 percent; culture, 15 percent; humour, 17 percent; cartoons, 5 percent; and science, 1 percent.

Ray described the channels that drive most traffic to The New Yorker's paywall. Newsletters represent by far the strongest referral traffic, at 24 percent, followed by partner syndication, 10 percent; other referrers, 6 percent; direct access, 6 percent;

The New Yorker's post-paywall subscription growth

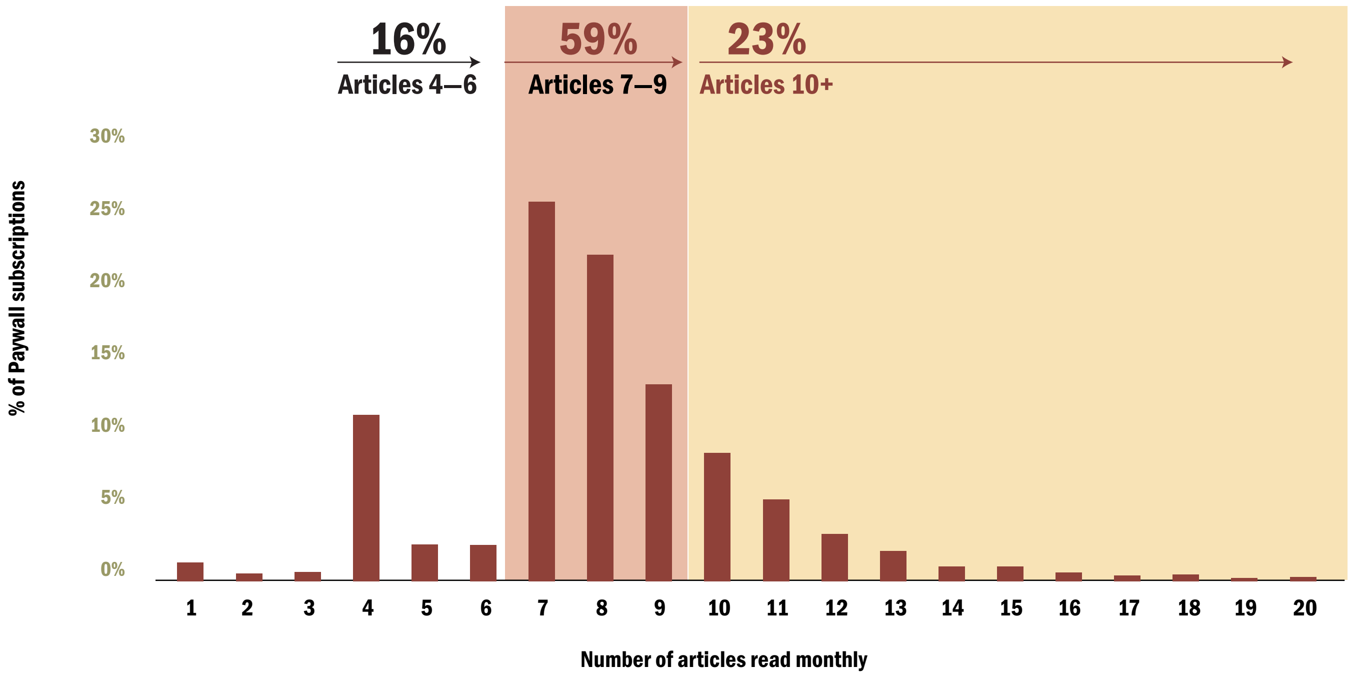
In number of subscriptions purchased



The New Yorker, May 2015

When readers subscribe during The New Yorker visitor journey

In percentage of paywall subscriptions



The New Yorker, May 2015

social media, 5 percent; and search engines, 4 percent, Ray said.

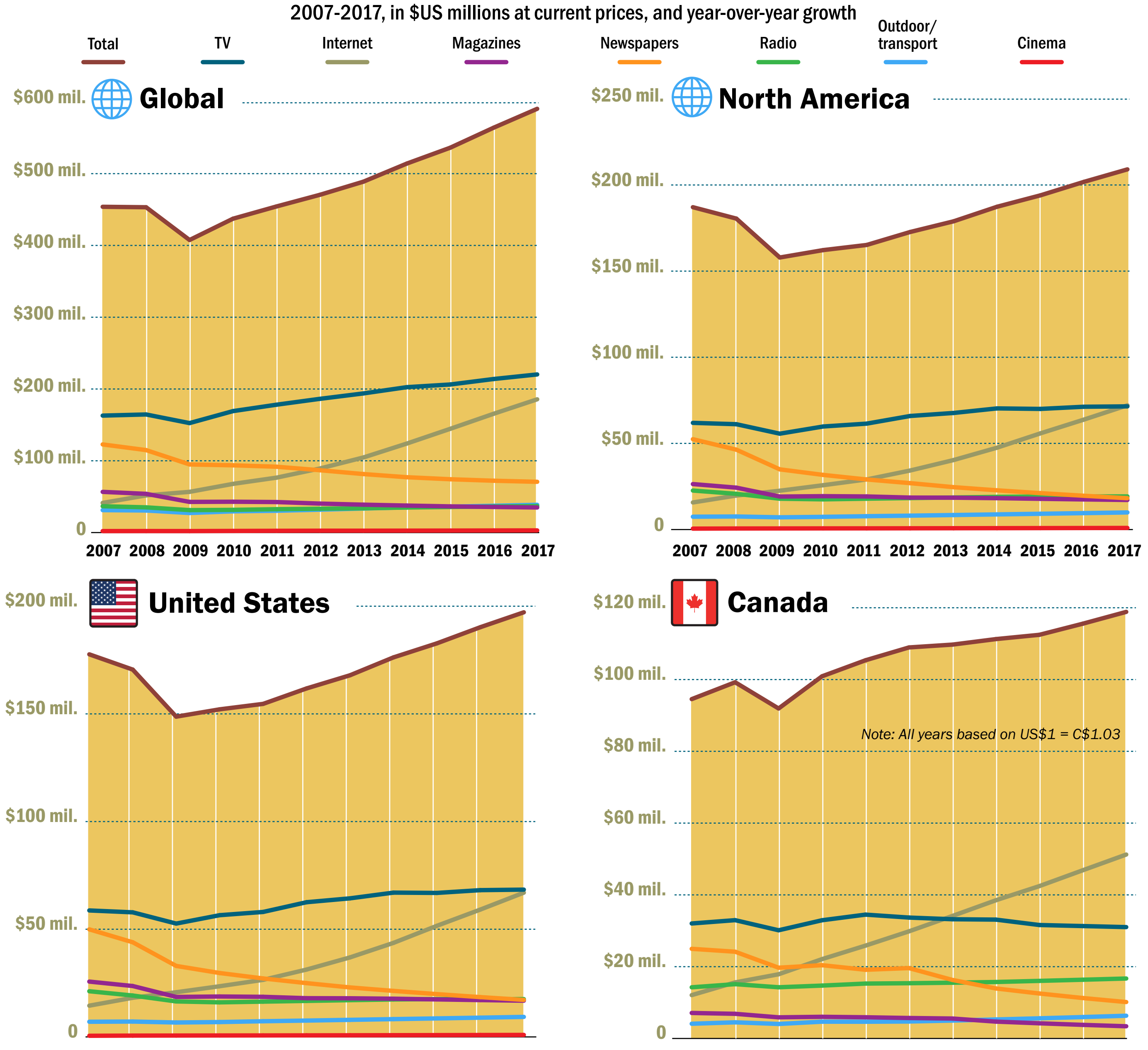
Introduction to regional and country summaries

Each regional and country marketplace has its own adspend "fingerprint," in other words, its own mix of media category adspend share. Each unique media landscape is driven by user device and media habits, infrastructure, resources, media literacy and media accessibility.

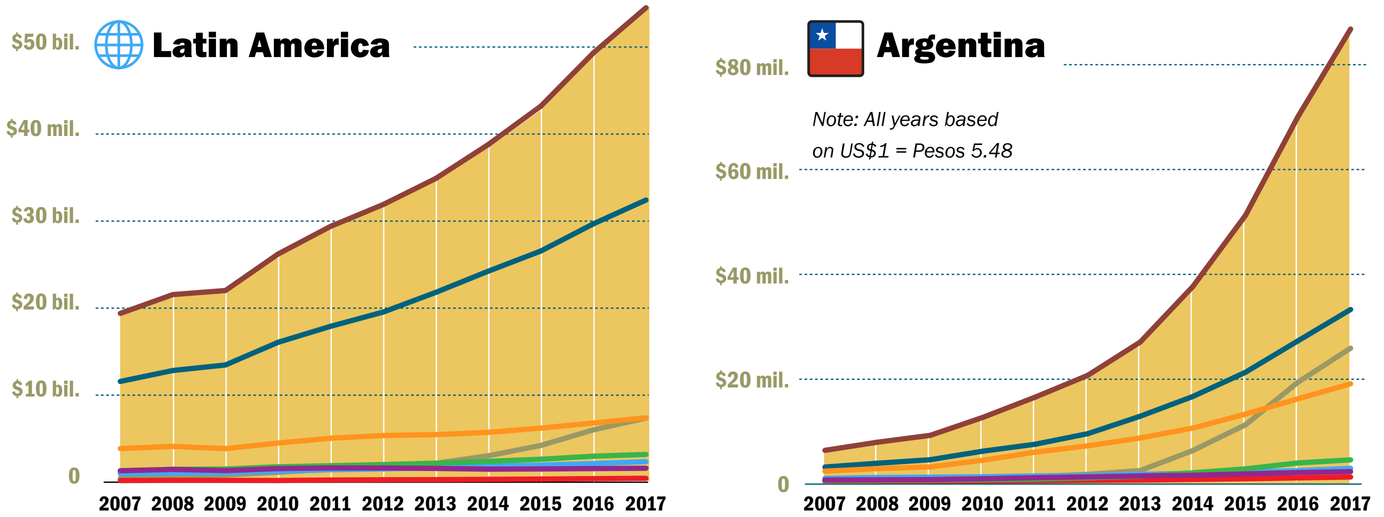
The following pages detail the media mixes for each region of the world, and for selected countries within those regions. Each chart shows the proportion of television, newspaper, magazine, Internet, outdoor and other advertising revenue shares from 2010 to 2017, according to ZenithOptimedia.

Advertising spend in North America and worldwide

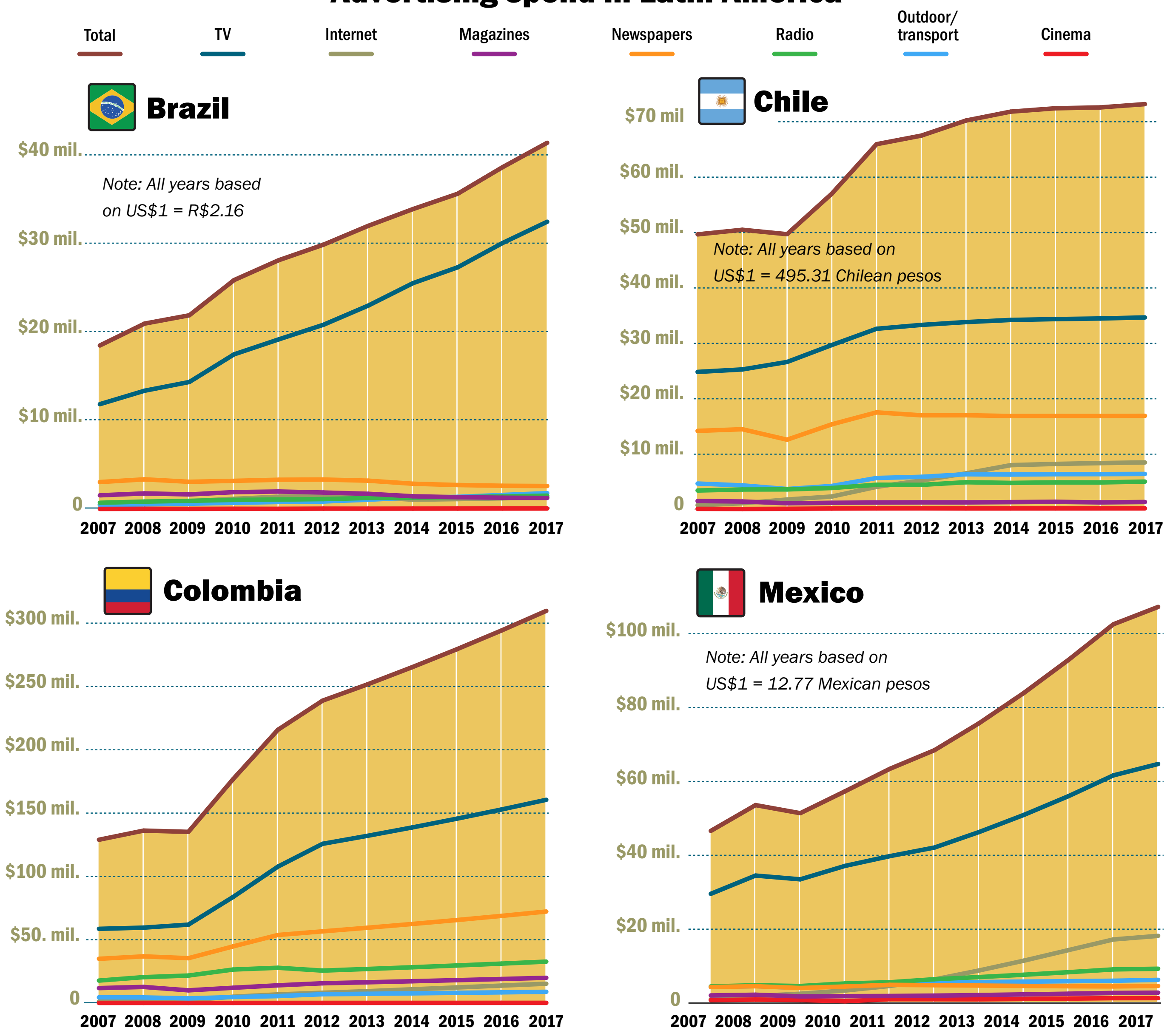
2007-2017, in $US millions at current prices, and year-over-year growth



Advertising spend in Latin America

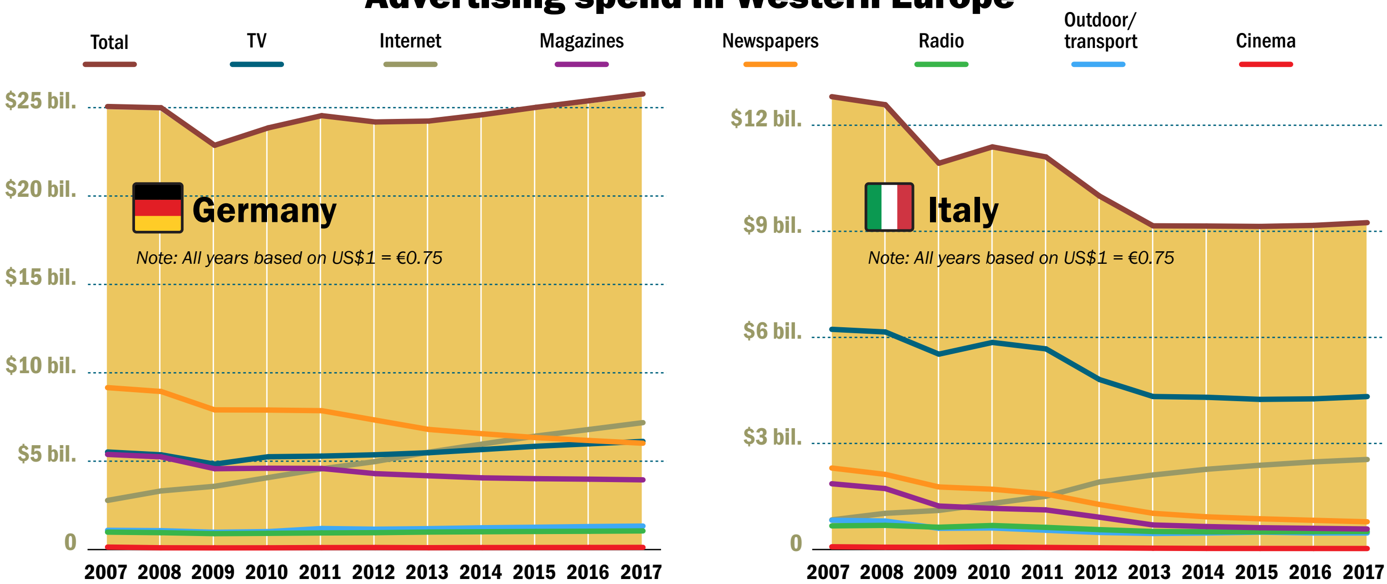


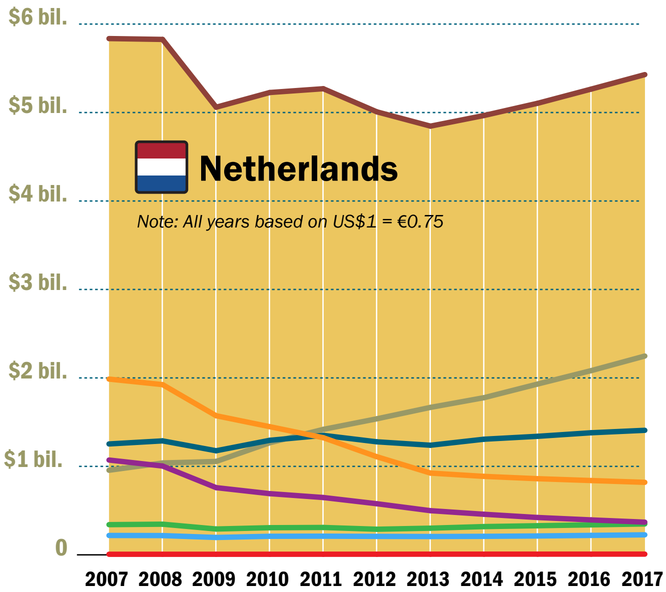
Advertising spend in Latin America

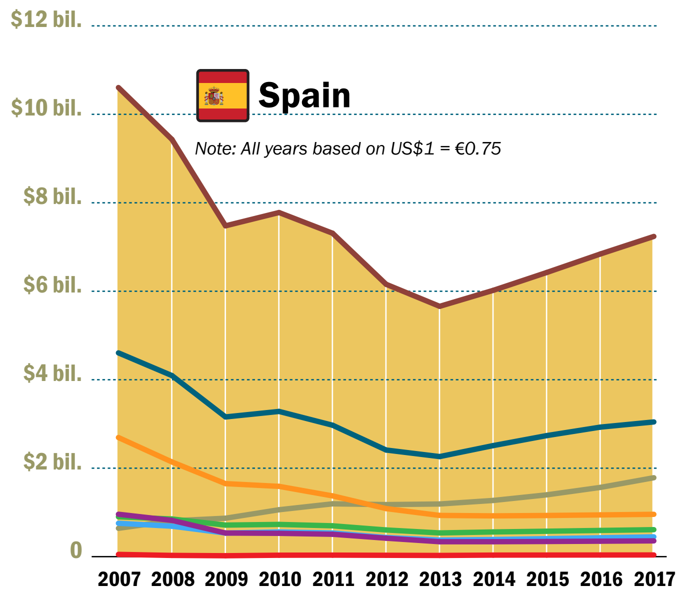


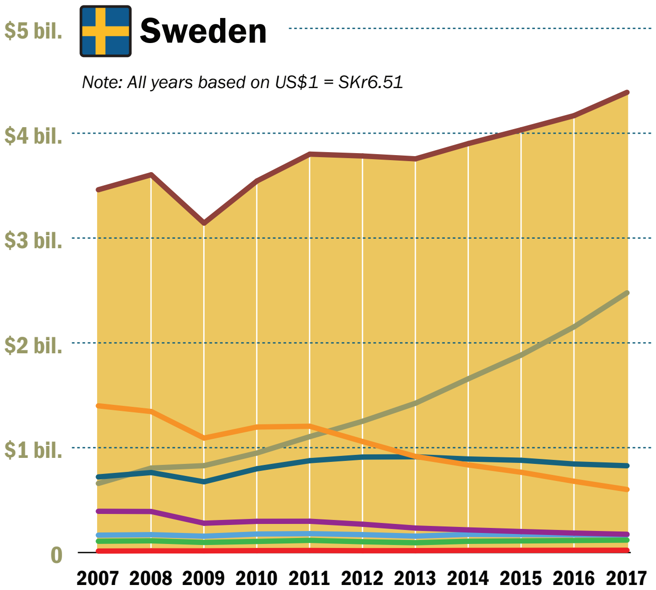
Source: ZenithOptimedia, March 2015

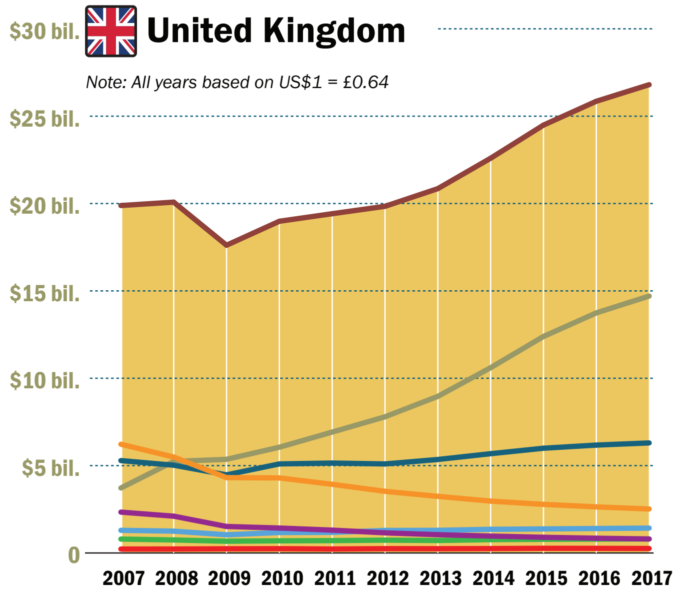
Advertising spend in Western Europe





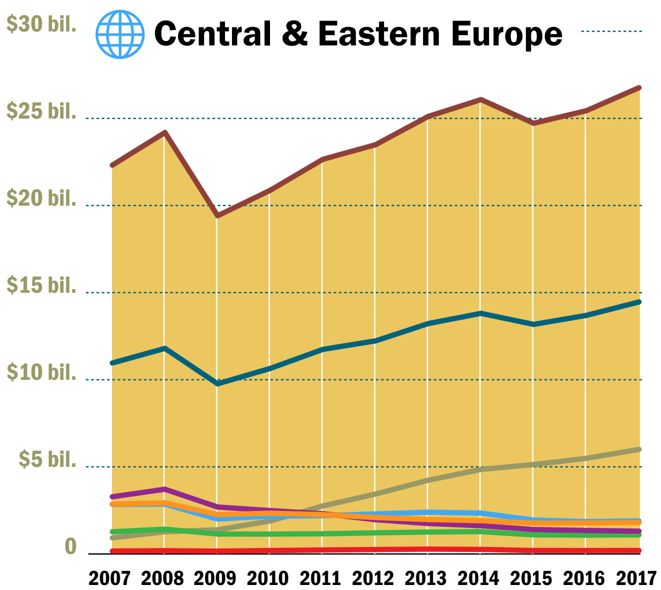


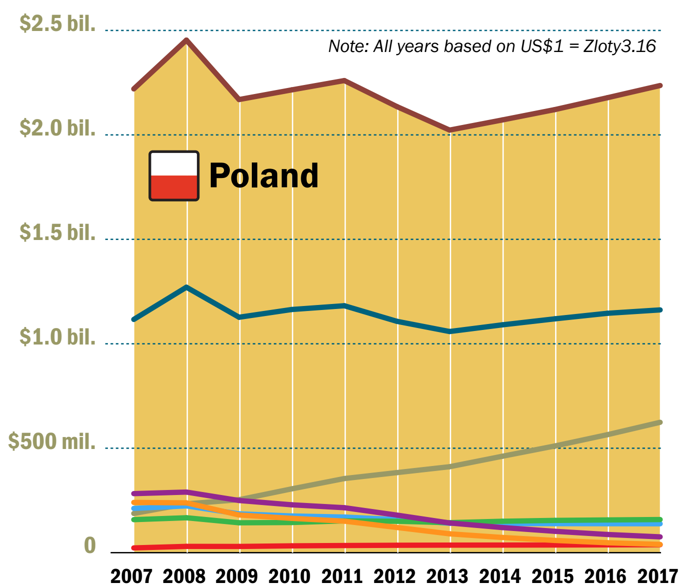


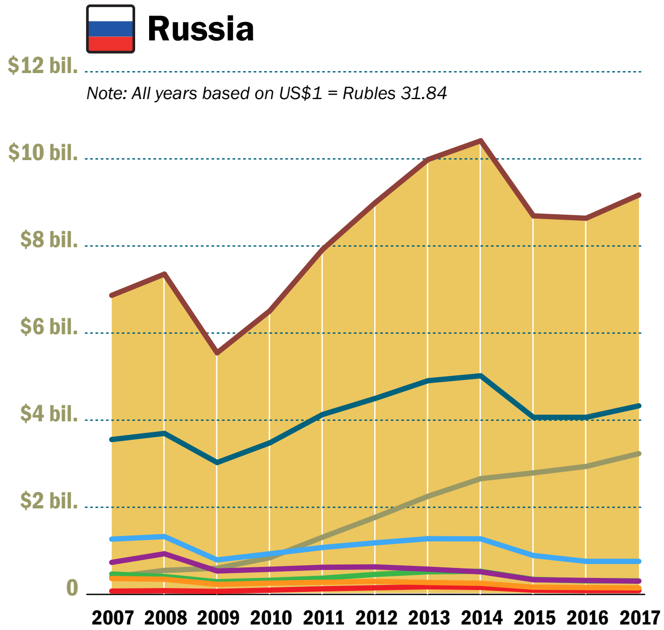


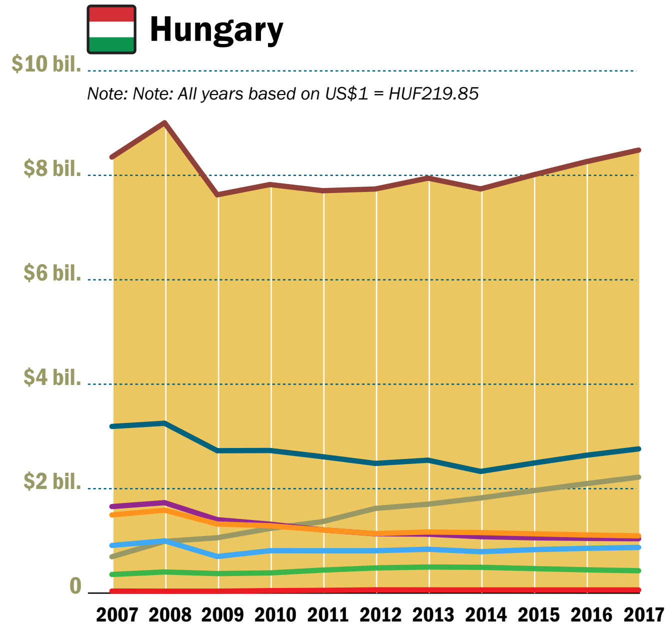
Advertising spend in Central & Eastern Europe

Total | TV | Internet | Magazines | Newspapers | Radio | Outdoor/ transport | Cinema



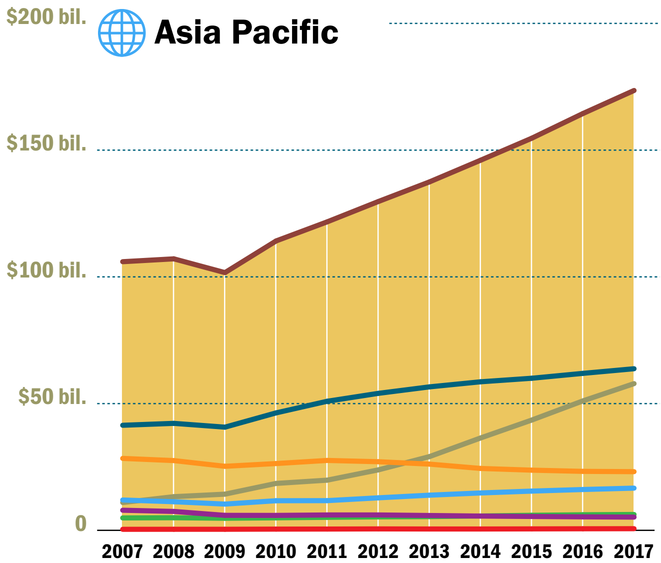


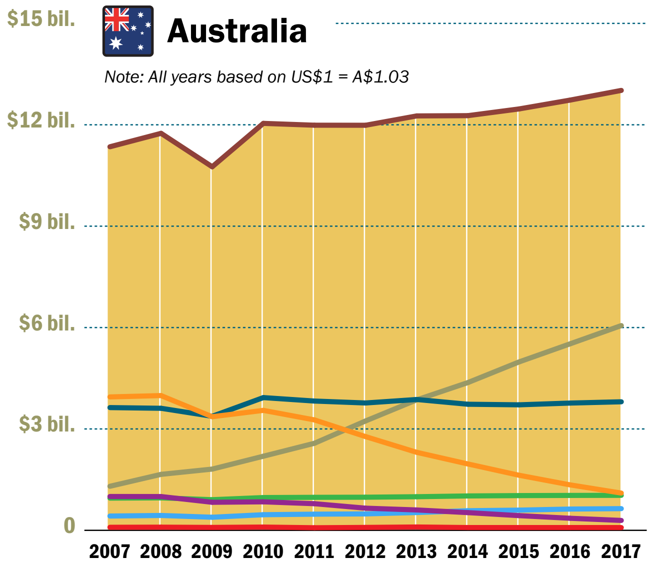


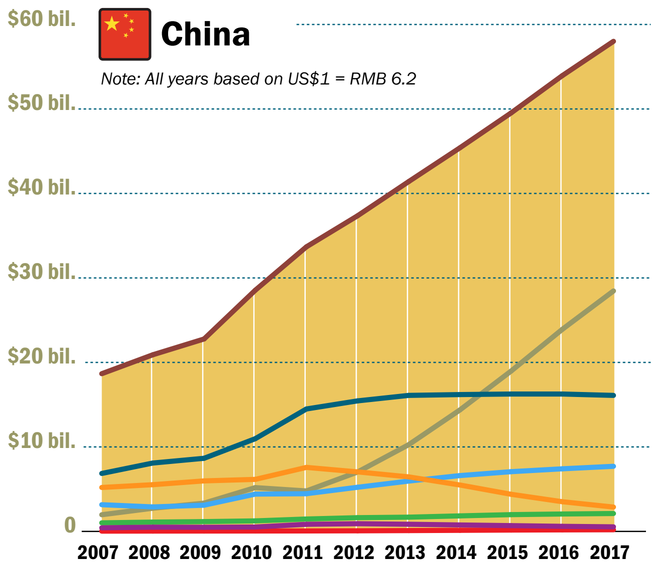


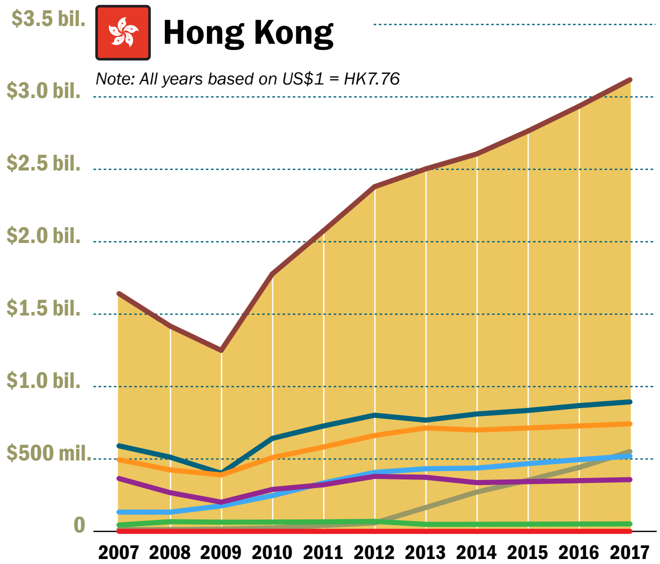
Advertising spend in Asia Pacific

Total | TV | Internet | Magazines | Newspapers | Radio | Outdoor/transport | Cinema

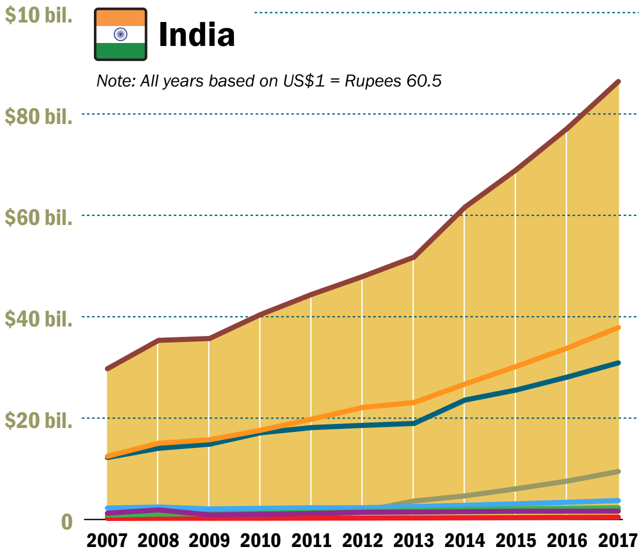


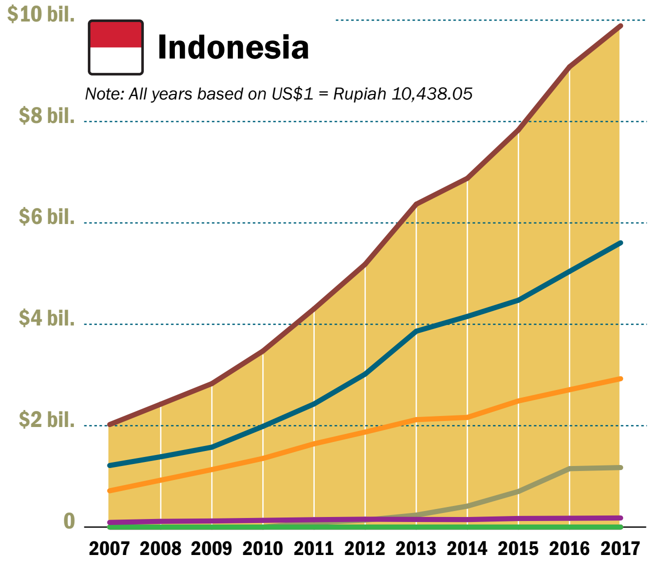


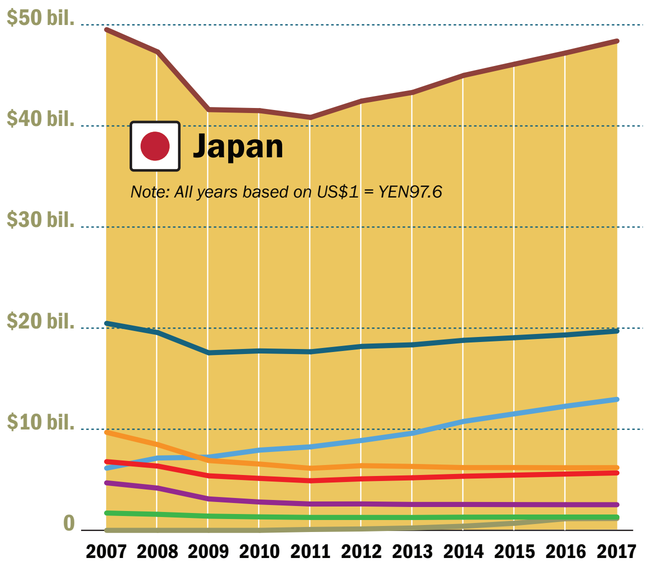


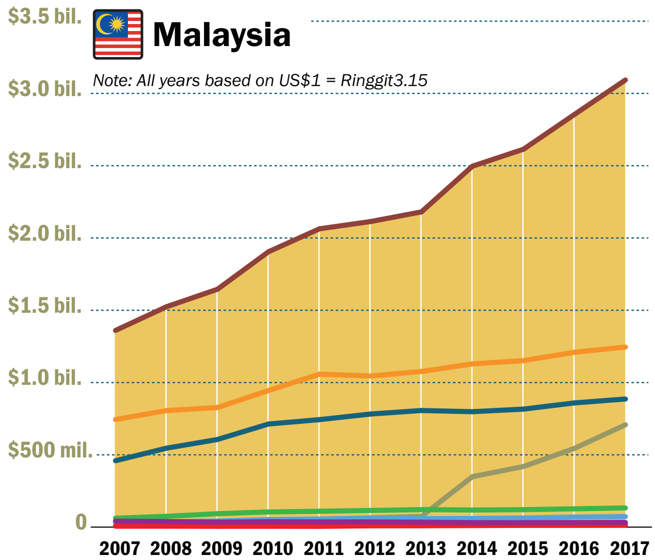


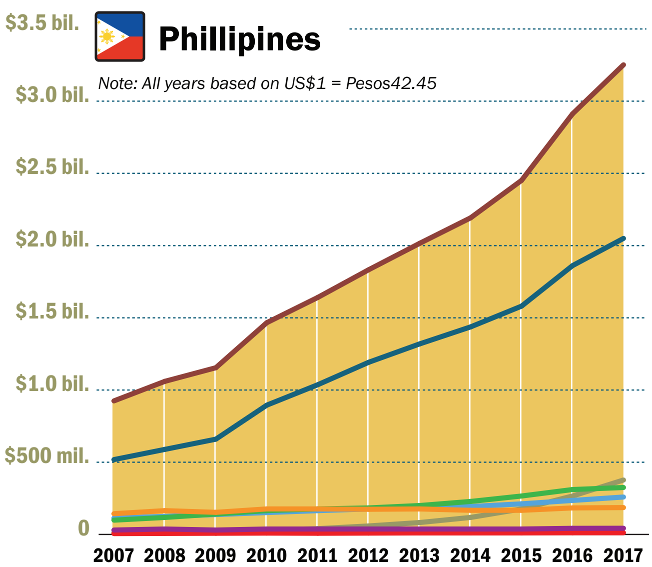
Total | TV | Internet | Magazines | Newspapers | Radio | Outdoor/ transport | Cinema

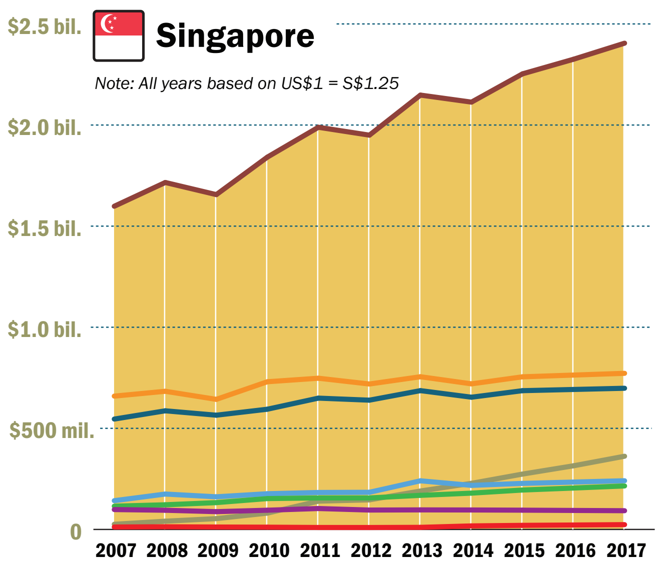




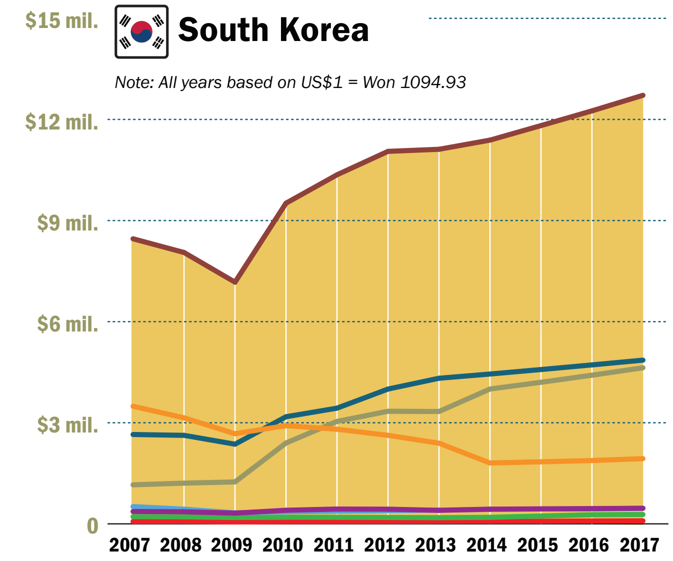


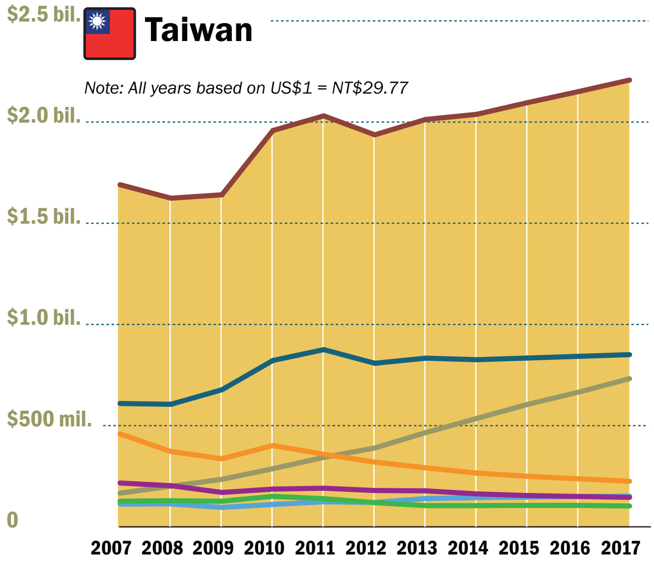




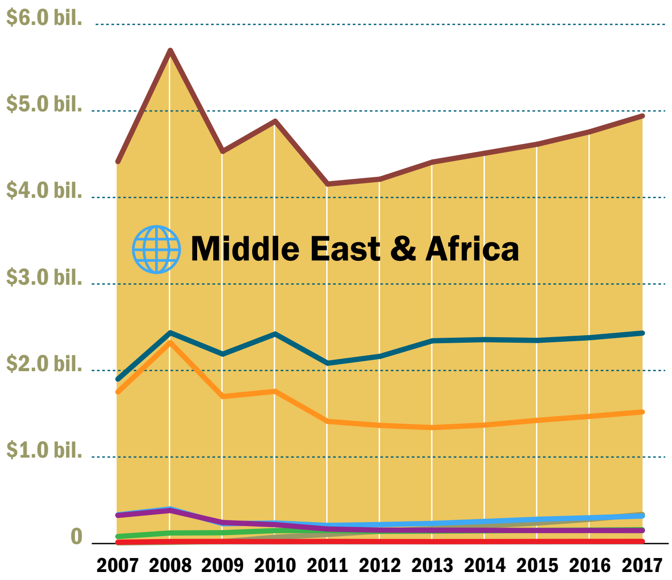


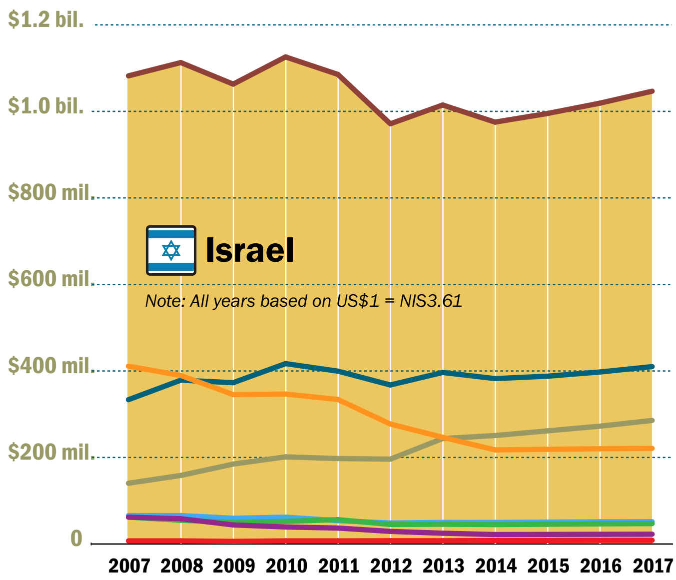
Total | TV | Internet | Magazines | Newspapers | Radio | Outdoor/ transport | Cinema

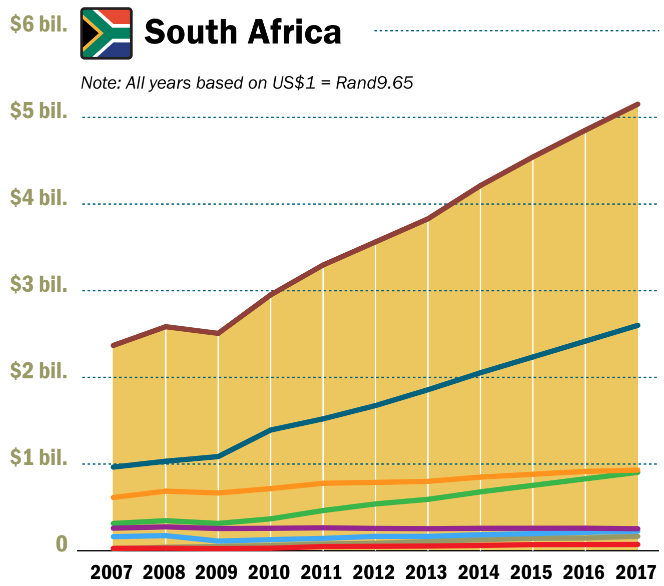


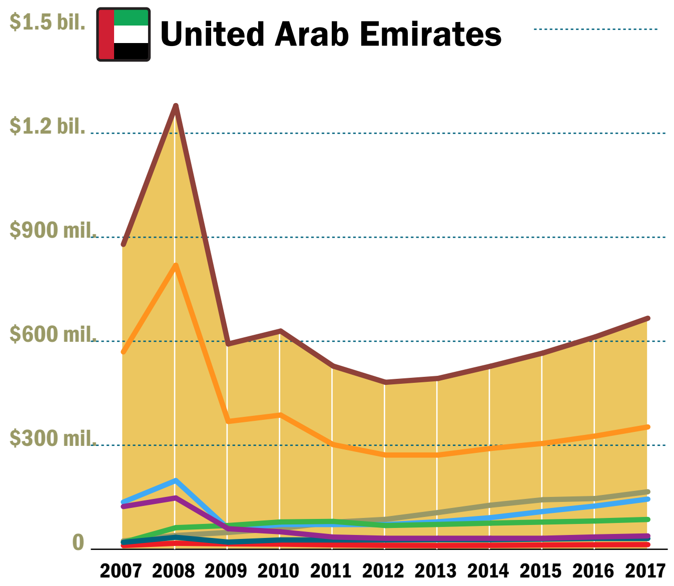


Advertising spend in the Middle East and Africa









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