



Empowering
the news
publishing industry

Consumer Centric Communication (CCC) The Future of Advertising

IFRA Italia, June 19, 2008

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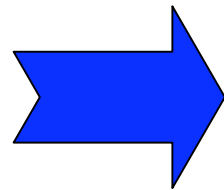
www.ifra.com

The future of news publishing

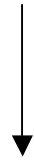
The Challenge



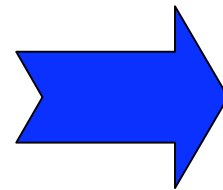
WWW



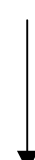
The Answer



MMM



The Target



CCC

Overview

 **Starting point**

 **Forecast 2020**

 **Consumer centric communication**

 **The future of sales in news publishing companies**

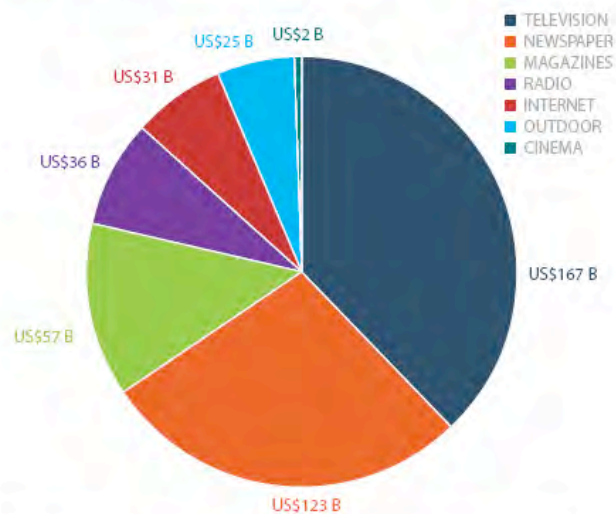
 **Summary**

1 A. Market position

- **Newspaper are in a solid market position – but the beauty is only skin-deep**

GLOBAL ADVERTISING SPENDING

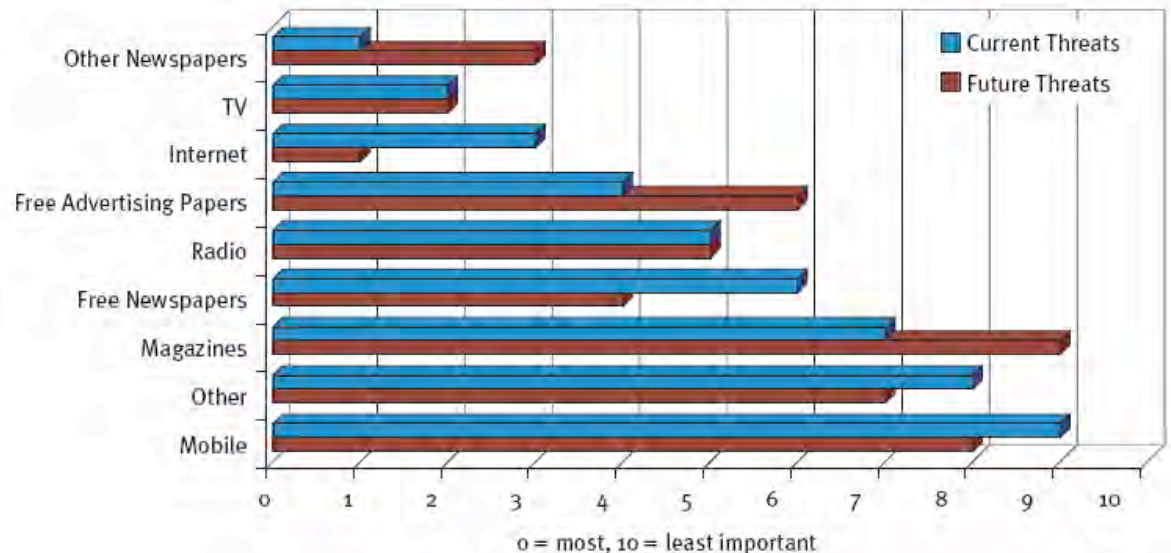
2007 (US\$ Billion)



Total global advertising spending 2007: US\$446 Billion

Source: Zenith Optimedia

Competitive Threats – Now and in the Future



Source: IFRA Where NEWS? Report No. 1

1 B. Commitment of readers

- **Commitment of readers is dwindling – the Internet is rapidly gaining acceptance**

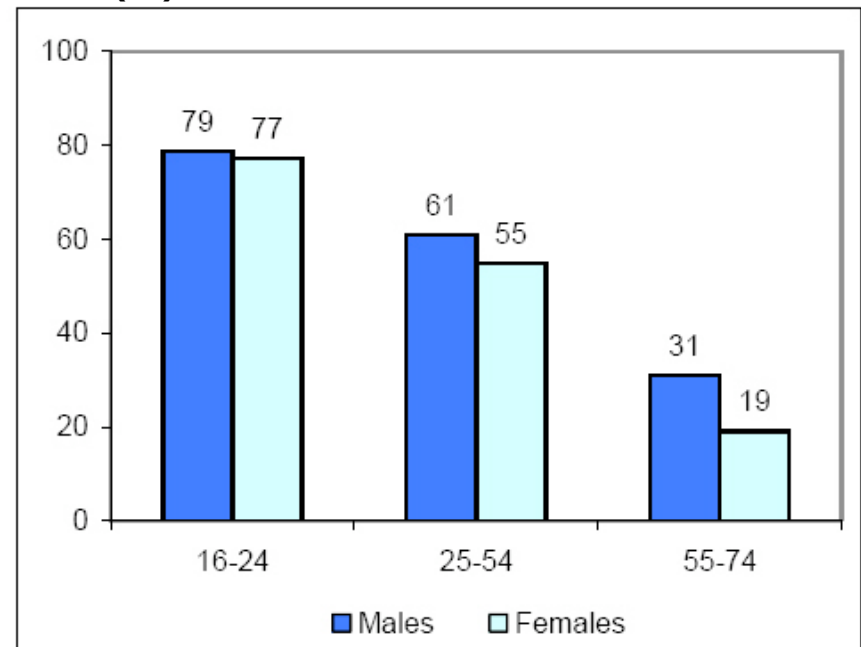
"I primarily read the news online or on my mobile phone"

% broadband users who agree:



Source: Fluid Lives Report 2007

Individuals who used Internet at least once a week in 2007 (%)

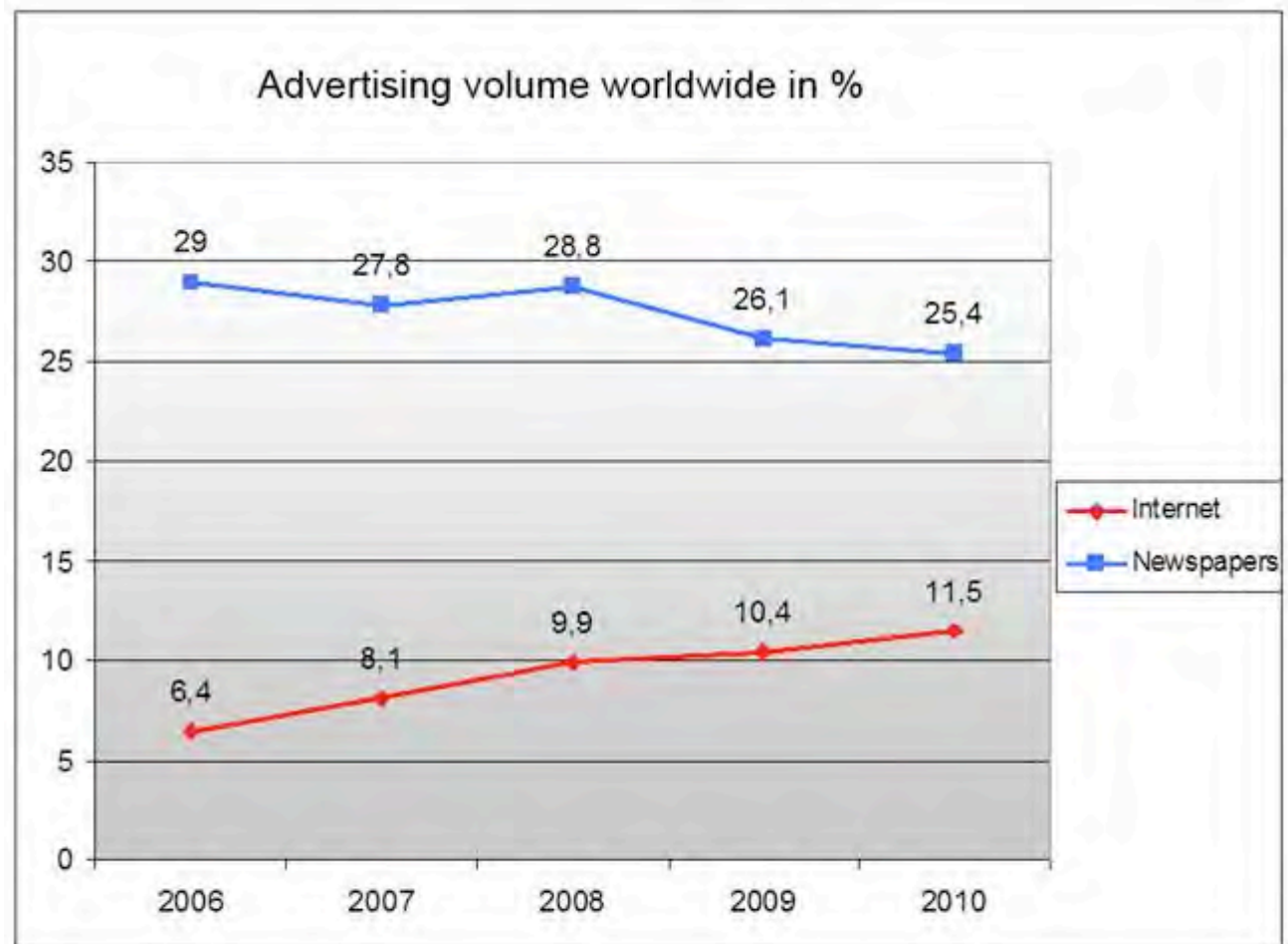


EU27 without MT

Source: Eurostat, ICT statistics

1 C. Advertising volume and share

- The share of the different media in ad spent is shifting – printed newspapers loose

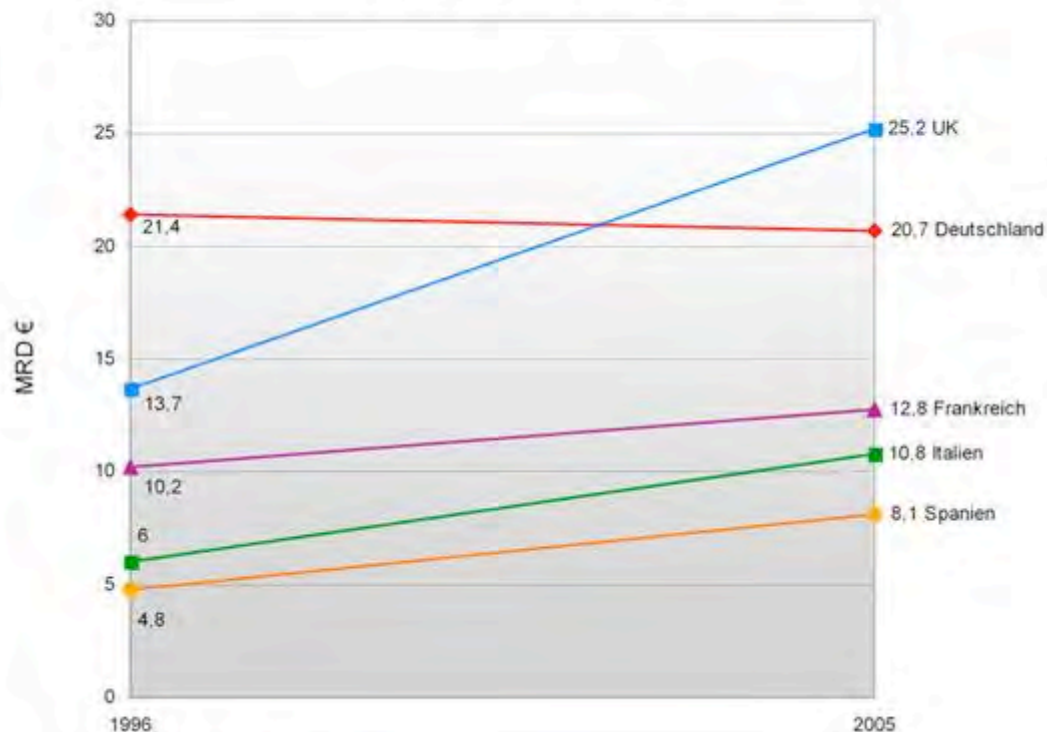


Quelle: ZenithOptimedia, Dezember 2007; Grafik MW Verlag

1 C. Advertising volume and share

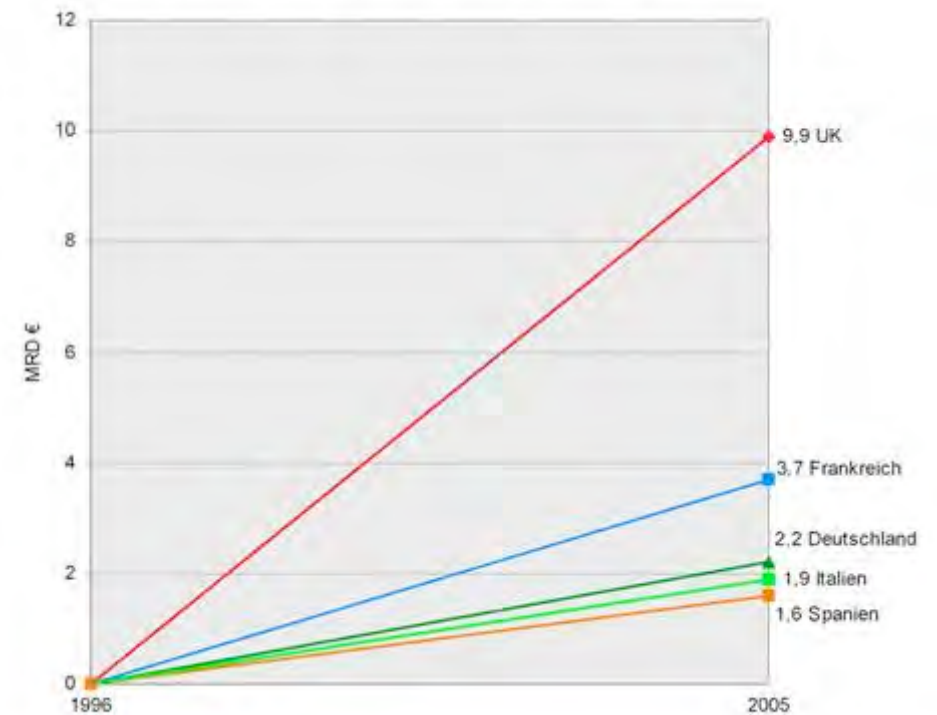
- Without internet advertising there would be small or no growth

Advertising volume europe



Quelle: ZAW 2007, Grafik MW Verlag

Advertising volume europe, internet



Quelle: ZAW 2007, Grafik MW Verlag

1 E. Challenges

■ A bunch of other challenges is laying ahead...

- Existing business models are coming under fire – there is a crisis of paid for models.
- Users are getting more and more picky on what kind of advertising (if any) they are going to accept...
- Reach within designated target groups is getting more and more important to advertisers, not all of that can be delivered by now by newspapers.
- Advertisers demand results.

2. Forecast 2020

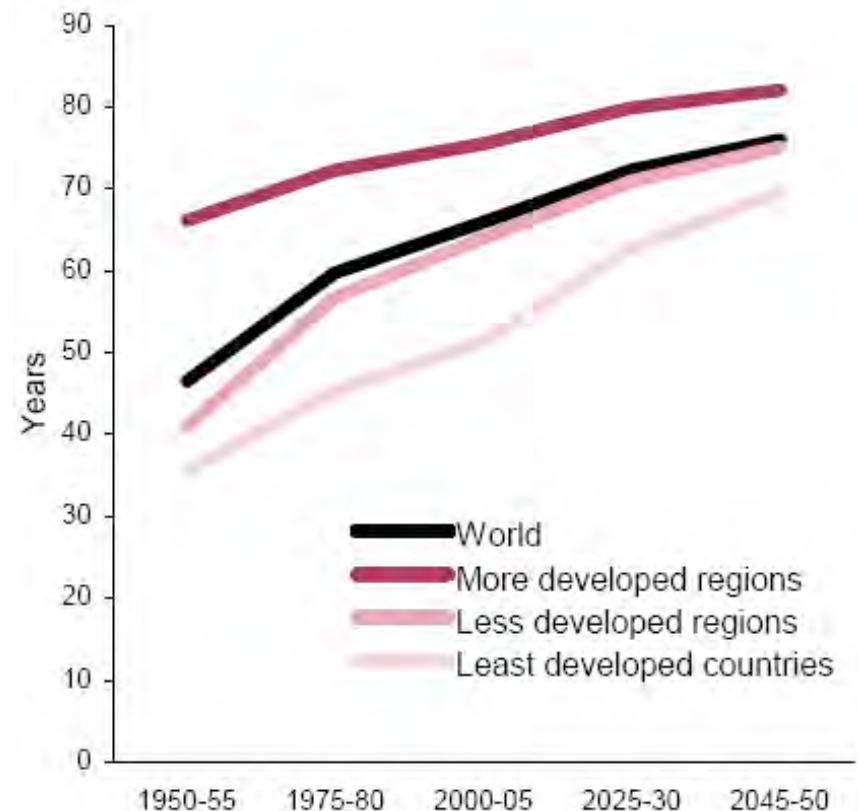
👉 👈 **Demographics**

👉 👈 **Adspend**

2 A. Demographics 2020

- People are getting older
- They live in metropolitan areas
- They are more mobile than ever
- There are more households, but less families
- The average income is decreasing
- Differences in education and qualification deepen
- More people in the age group between 15 and 70 are working, but often only part time
- More time to spend for media – even more competitors

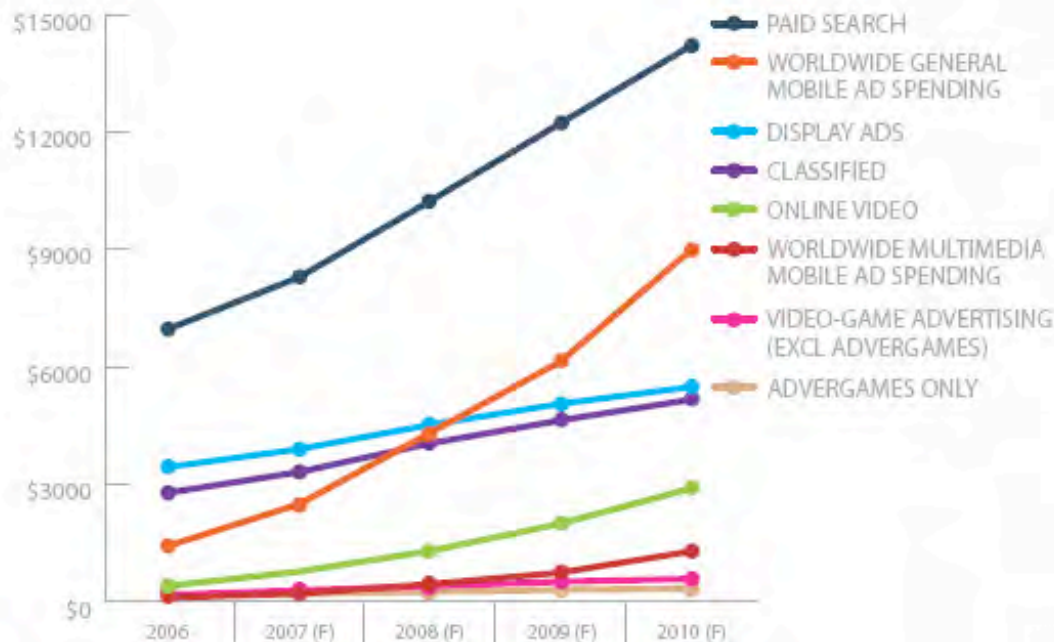
Figure 3. Life expectancy at birth: world and development regions, 1950-2050



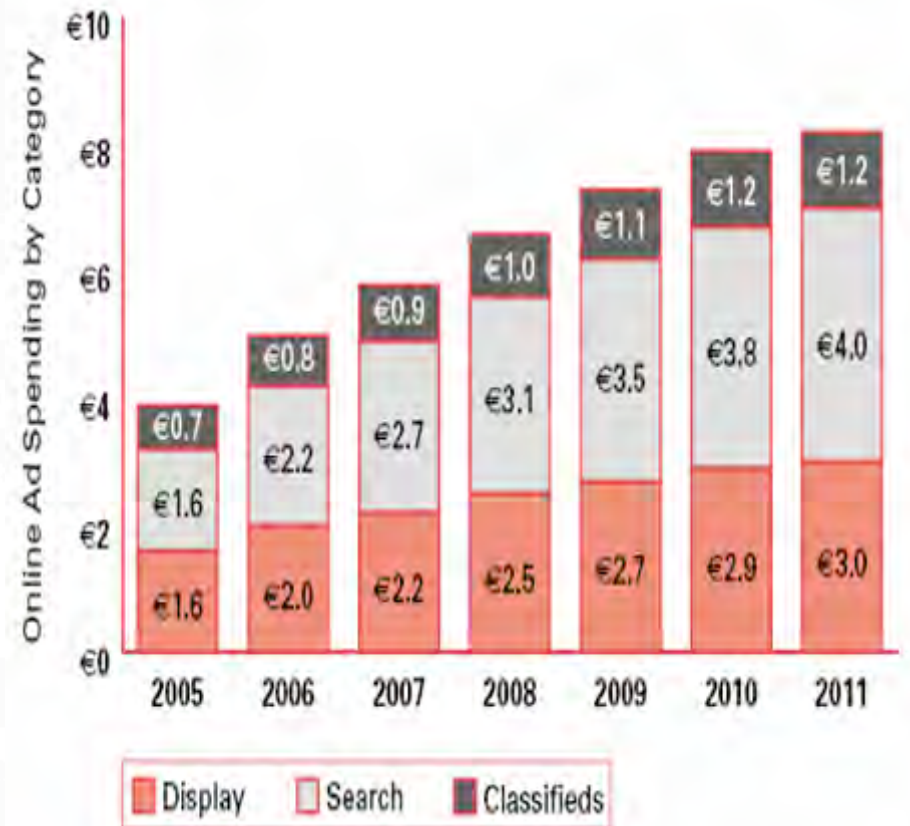
2 C. Adspend 2007-2012

GROWTH IN DIGITAL ADVERTISING

US\$ Million

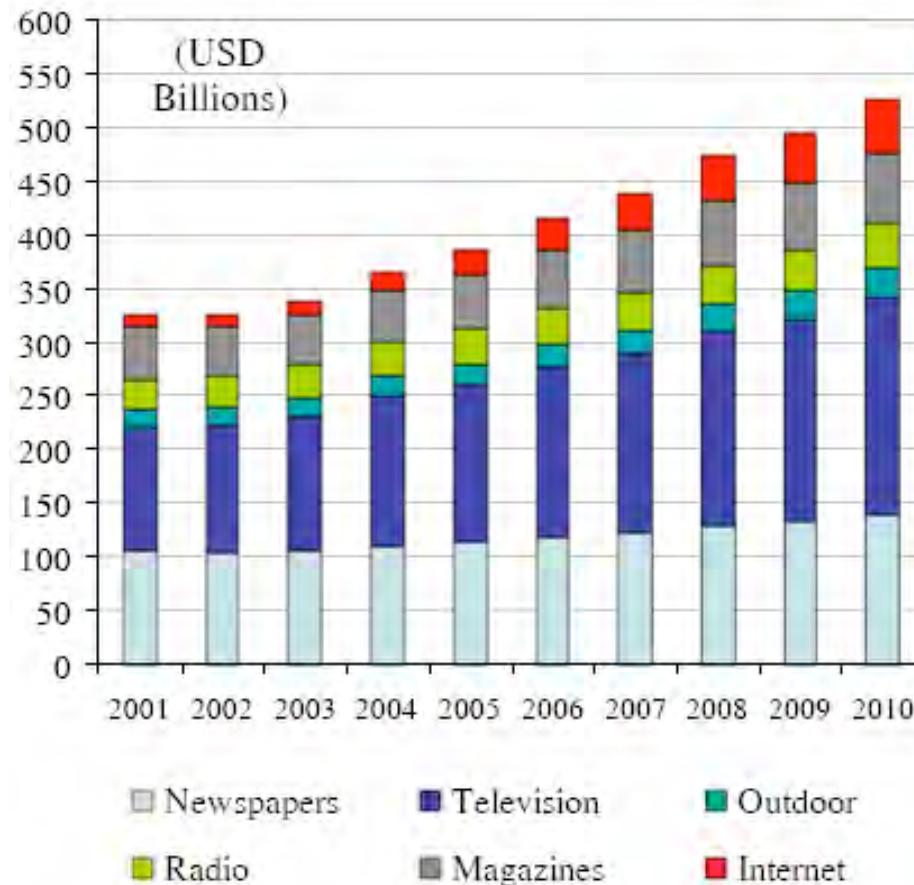


Source: eMarketer



In Billion Euro, Source: Jupiter Research

2 C. Adspend worldwide 2001 - 2010



3. Consumer centric communication

- A. Surviving in a changing environment**
- B. Re-thinking content**
- C. The traditional sales process**
- D. A new approach to sales**
- E. CCC goals**
- F. CCC requirements**

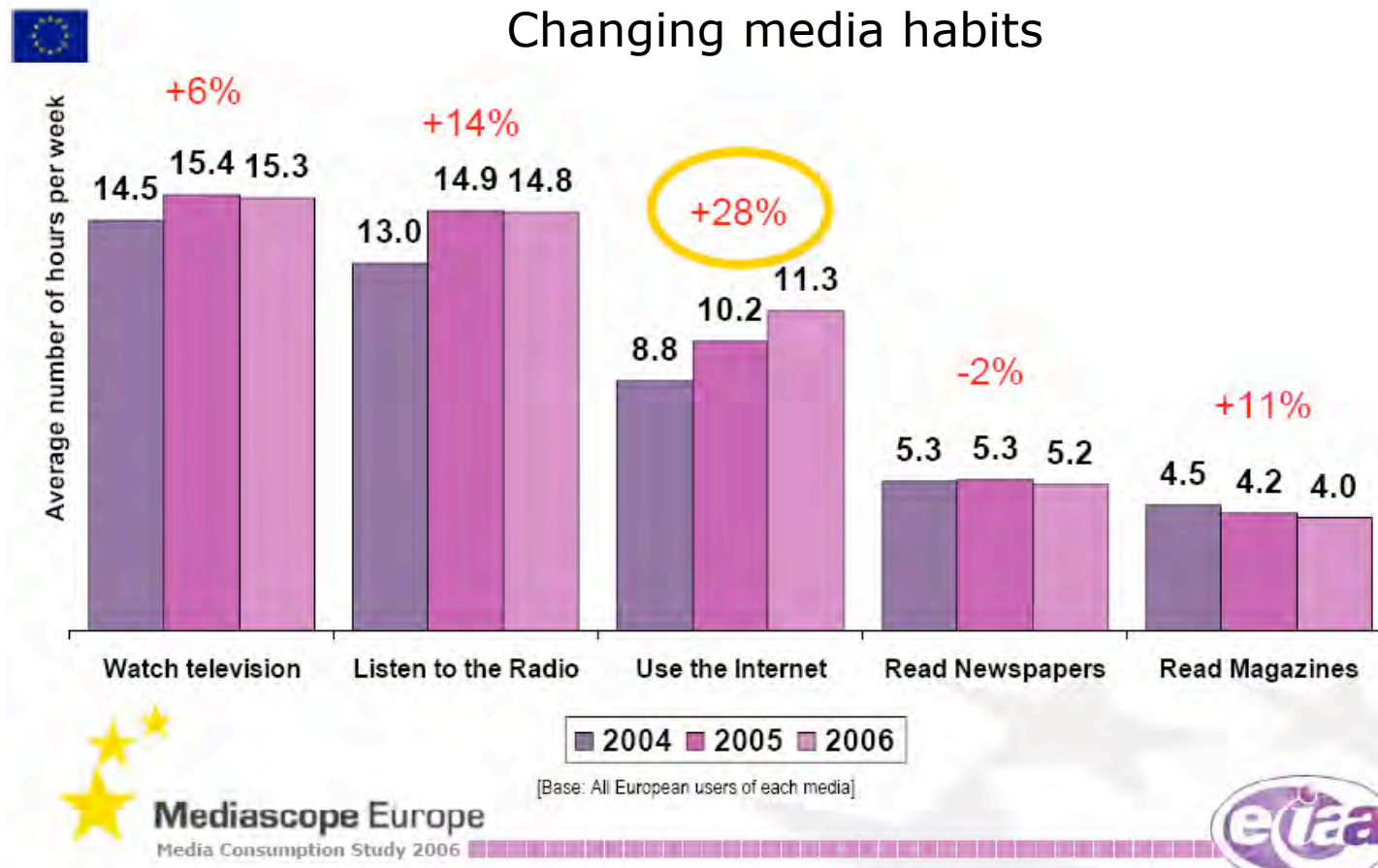
3 A. Surviving in a changing environment

- **For advertisers, reach is becoming the new currency**
- **For media, the fight for attention in a world of information + advertising messages overload is accelerating**

3 A. ...the fight for attention

■ Mobility, media diversity, multi tasking...

Changing media habits



Source: EIAA Mediascope Study

3 A. Surviving in a changing environment

- **Growing digital competition**
- **Disruptive technological changes**
- **Consumers are taking over, are changing their attitude towards life**
- **Events are gaining importance**
- **Changing role of brands**

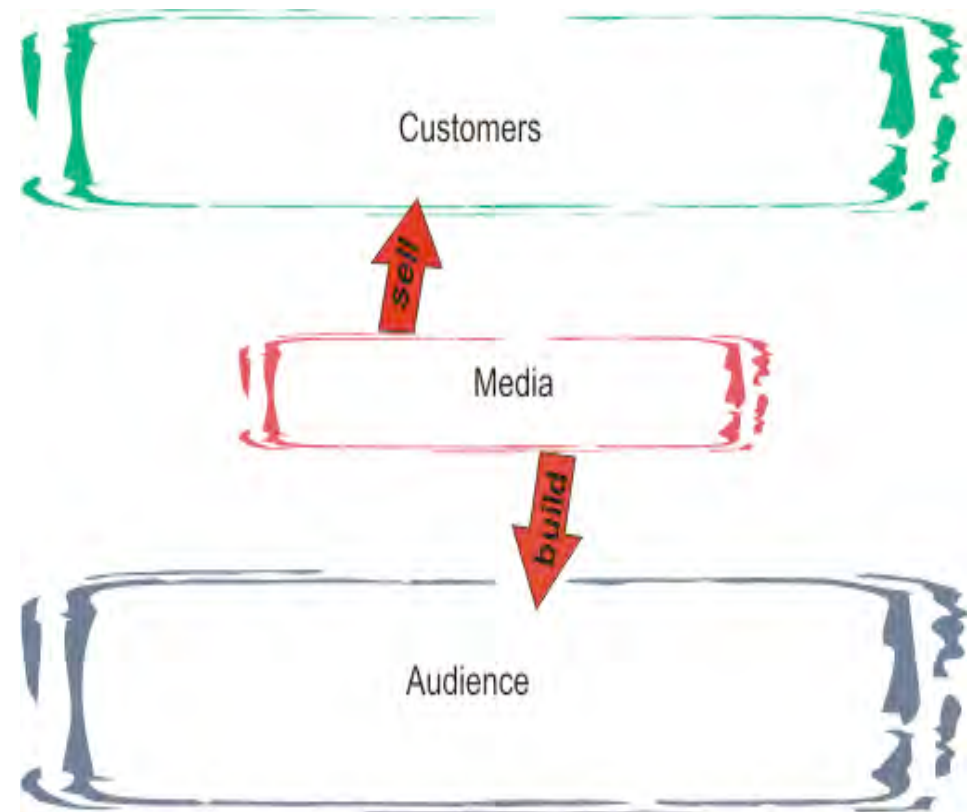
3 B. Re-thinking content

- Newspapers today are multiple media companies that reach out to their audiences in many different ways.
- A new kind of thinking helps them in generating content from a common base and to publish unique versions for the channels.
- The various media channels are optimized to fill the needs of people in the area of distribution of news publishing products, to grow reach and built audience.



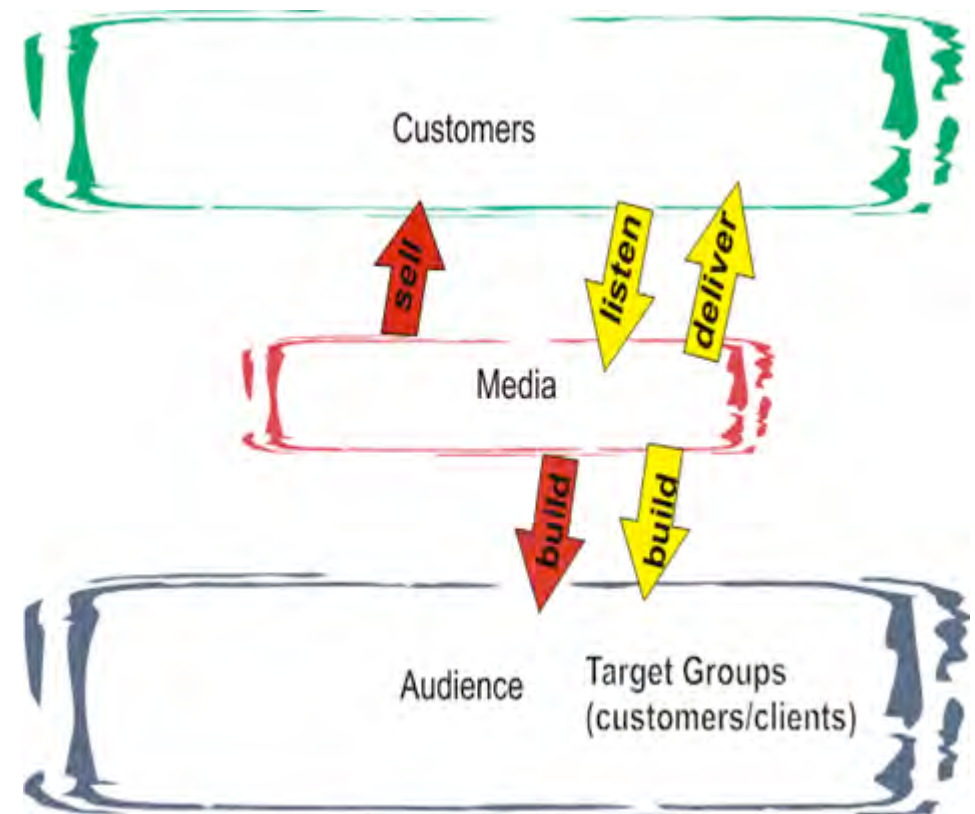
3 C. The traditional sales process

- Publishing houses have always sold their audience to customers. They are doing the same now for more media, with either converged or separate sales teams.
- The sales approach is centered on the available media and how to sell the limited advertising inventory in the most profitable way.
- Applying this approach to sales in the digital world doesn't work.



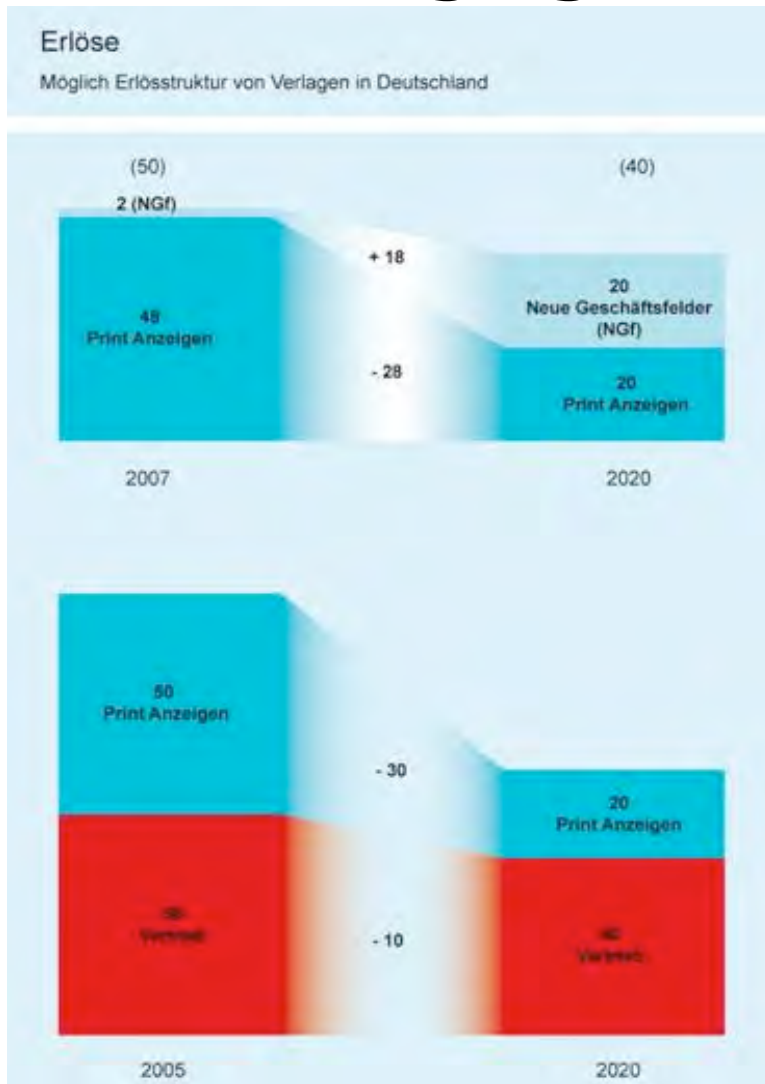
3 D. A new approach to sales

- In the digital world with its nameless choices for customers to reach out to consumers and clients in new ways, newspapers need to put the customer and his business needs in the center of the sales process.
- Only if media can prove that they promote the customer's business needs, media can prosper.

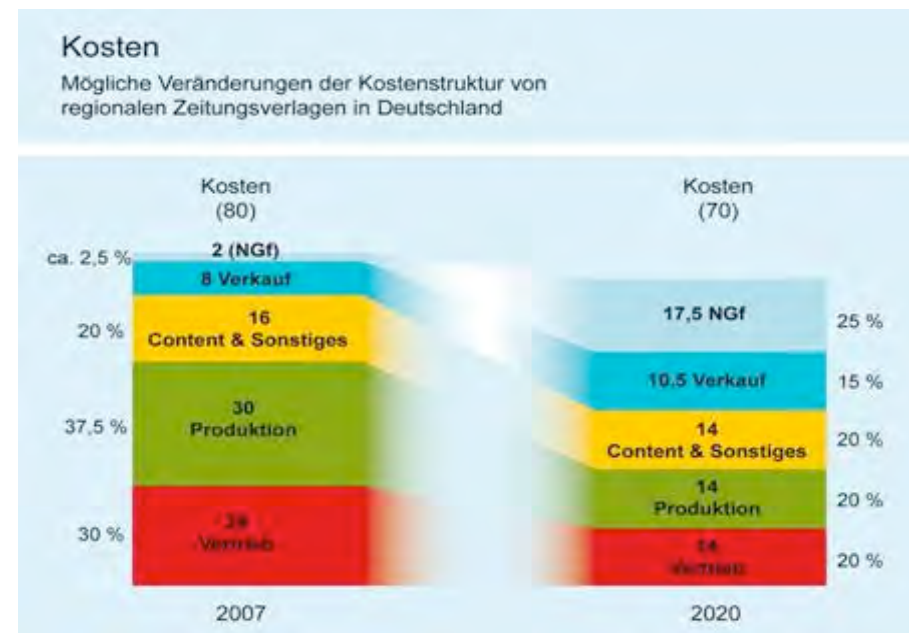


„Give customers more of what they say they want and less of what you think they need (or what you can easily provide)“

4 A. Managing change...

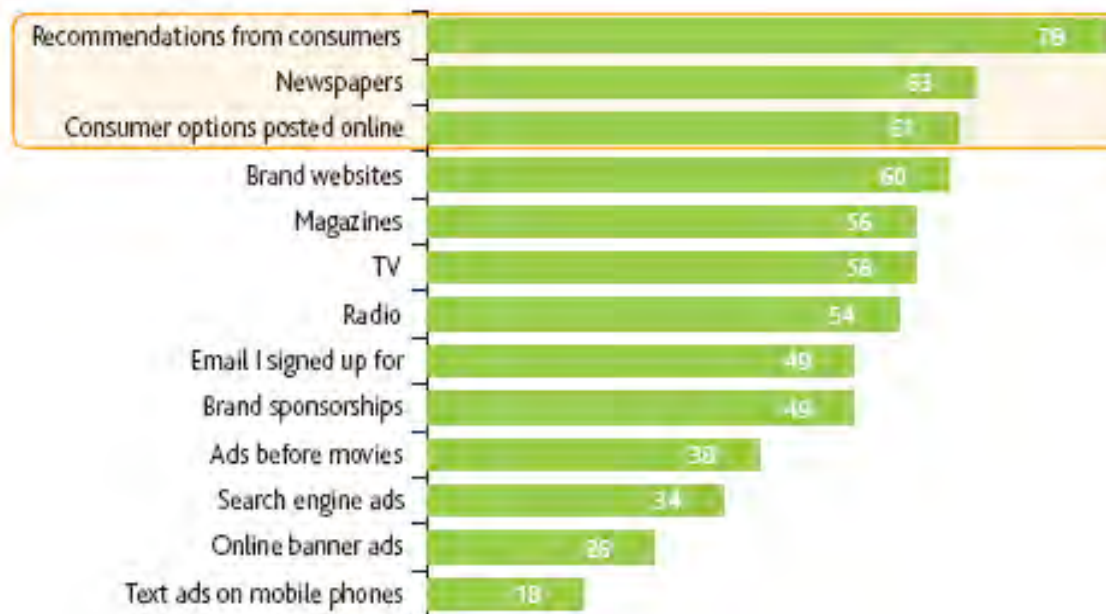


- **Print ad revenue is going to shrink**
- **Distribution revenue will also shrink**
- **New fields of business must grow rapidly**
- **The cost structure needs to change**



4 B. Newspapers can do!

High credibility of advertising



Source: Nielsen Report "Trust in Advertising", Oct 2007

Customer Centric Communication
The Future of Advertising in News Publishing Companies

Thank you for your attention!

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