



KubasPrimedia

# *Preview 2011: Newspaper Benchmarking Report*

A webinar from



**Suburban Newspapers of America**

*Local news. Engaged audience. In print and online.*

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KubasPrimedia

13 January 2011

# Agenda

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- **Preview 2011: Ad Revenue Expectations**
- **Realistic? The NAA Numbers**
- **Preview 2011: Strategic Initiatives**
- **Challenges for 2011**

***Preview 2011:  
Ad Revenues***

# Preview 2011 Background

- **Preview 2011 is 5<sup>th</sup> annual**

- Survey of newspaper executives and managers
- All types of newspapers, US and Canada
- Conducted online in November 2010, 426 respondents

- **Content:**

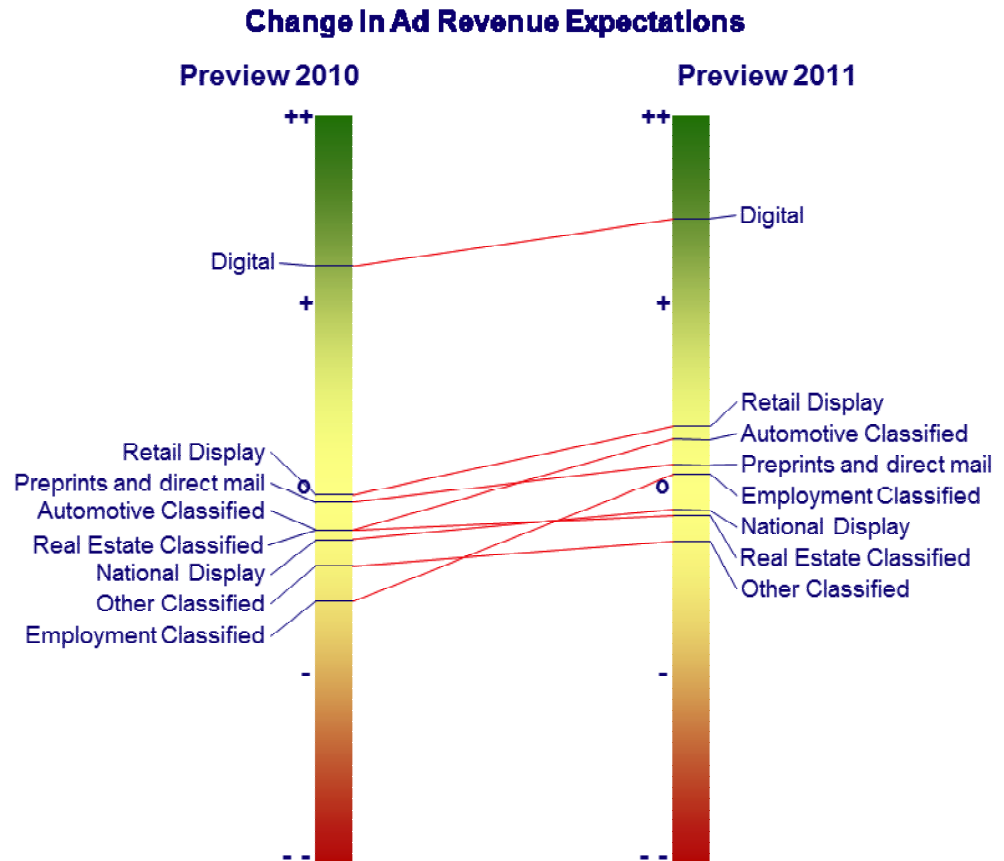
- Ad revenue expectations
- Strategic initiatives

2. What is your outlook for advertising revenue from each of the following for next year, 2011, versus this year?

	Large decrease	Small decrease	About the same	Small increase	Large increase
National display	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retail display	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employment classified	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Automotive classified	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Real estate classified	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other classified	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preprints and direct mail	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Digital (online, mobile, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

# Ad Revenue Expectations

- “Everything’s getting better”
- **Big expectations for Digital**
  - “That’s what they always say”
- **Most improvement:**
  - Automotive
  - Employment
  - Retail display
- **But still (less bad) decreases in:**
  - National
  - Real estate
  - Other Classified
  - Preprints



++ Large Increase + Small Increase o About the Same - Small Decrease -- Large Decrease

# US Vs. Canada

- **More varied and different expectations in Canada**

- **Better in Canada:**

- Digital
- Retail display
- National display
- Preprints

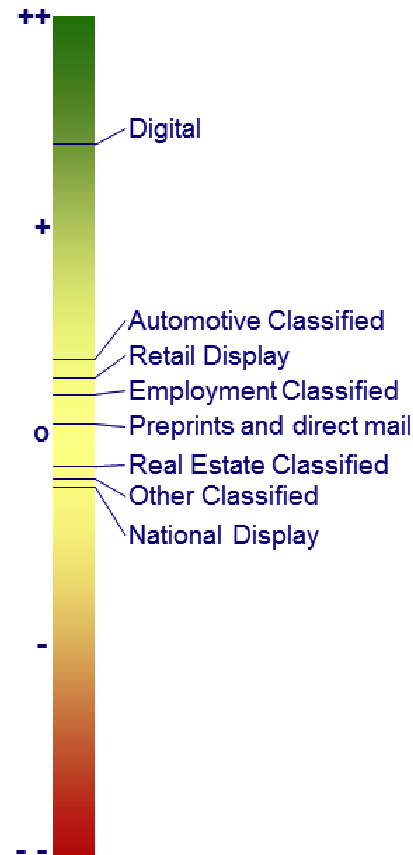
- **Worse in Canada:**

- Automotive
- Employment
- Other classified

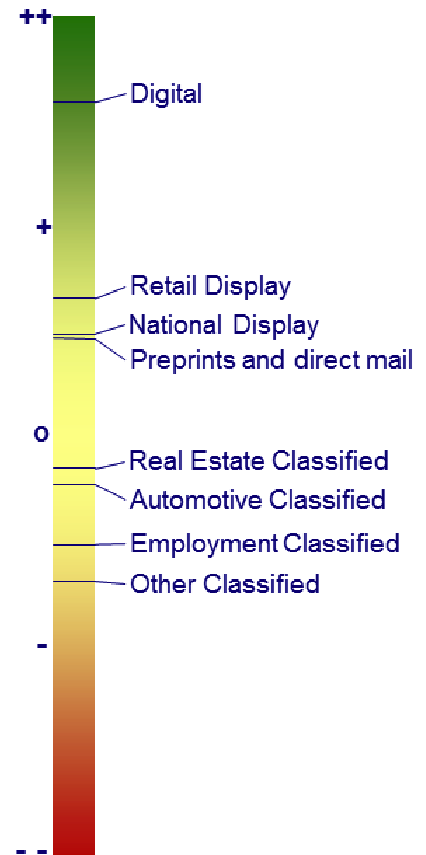
- **About the same:**

- Real estate

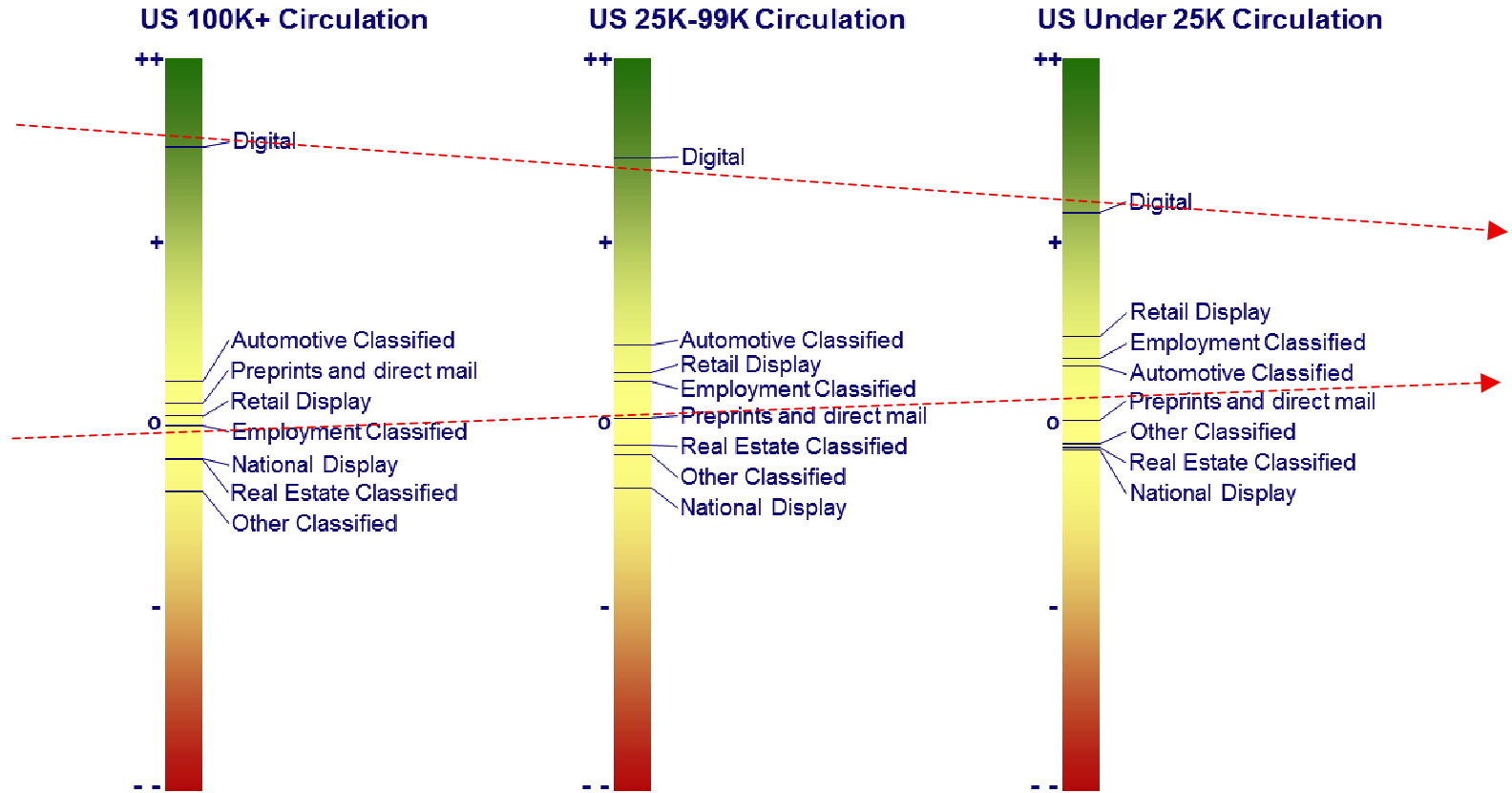
United States Total



Canada Total



# US Newspapers by Size



## ● Fairly similar ...

- Digital decreases from large to small papers
- Non-digital mostly increases from large to small papers
  - Especially Retail and Employment

# Put Some Numbers Against It ...

Preview 2011 Projected Change	
Category	% Growth
Digital	+18.1%
Retail display	+4.3%
Automotive classified	+3.4%
Preprints & direct mail	+1.6%
Employment classified	+1.0%
National display	-1.4%
Real estate classified	-1.7%
Other classified	-3.6%
<b>Weighted Avg</b>	<b>+3.4%</b>

## ● Scale:

- +25% for “large increase”
- -25% for “large decrease”

## ● Note on “Weighted”:

- Composition of newspaper ad revenue has changed

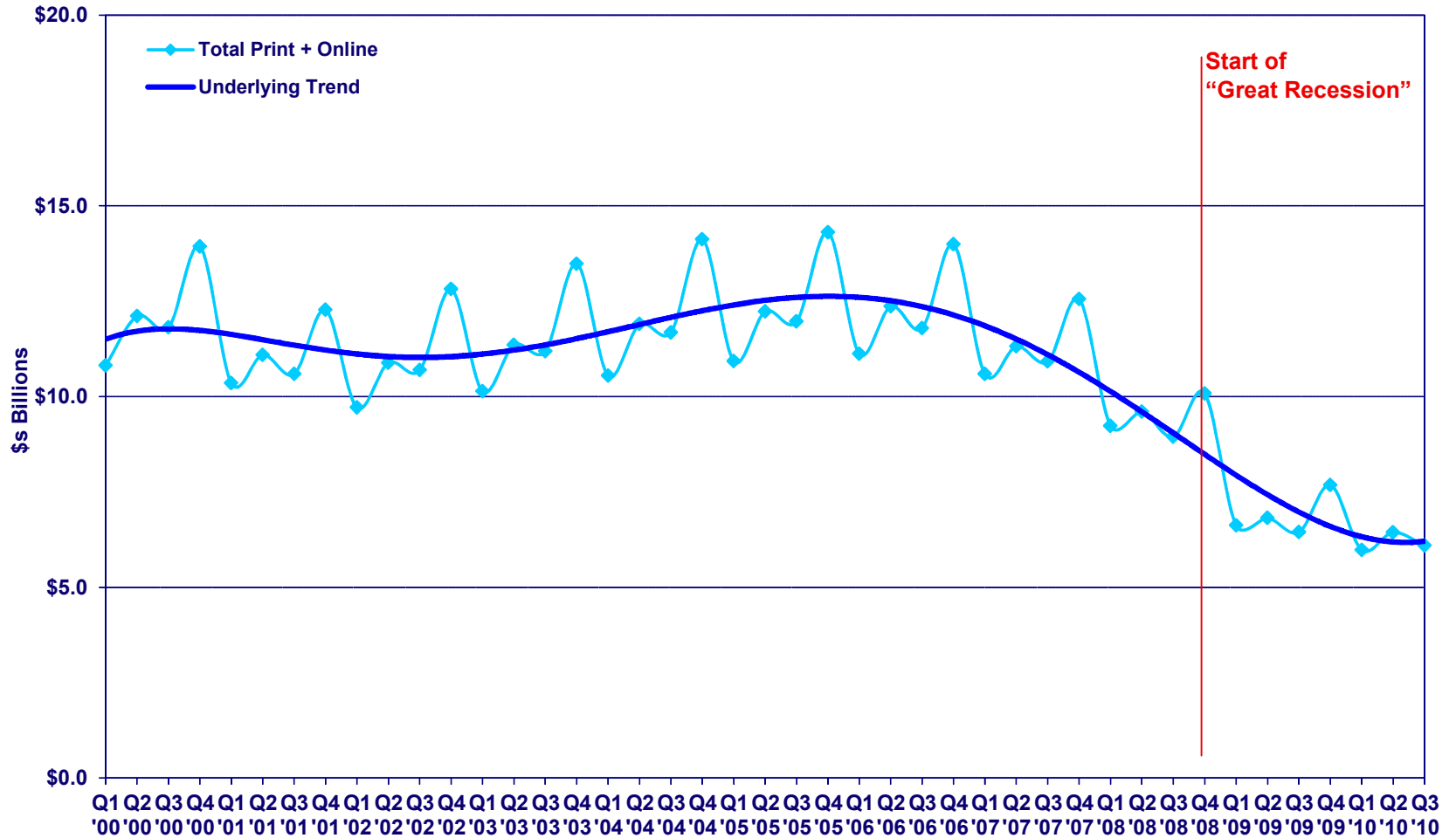
## ● Classified as % of total ad revenue:

- In 2000: 40%
- In 2010: 22%

***Realistic?***  
***The NAA Numbers***

# Total Ad Revenue

Total U.S. Newspaper Advertising Revenue: Quarterly and Underlying Trend

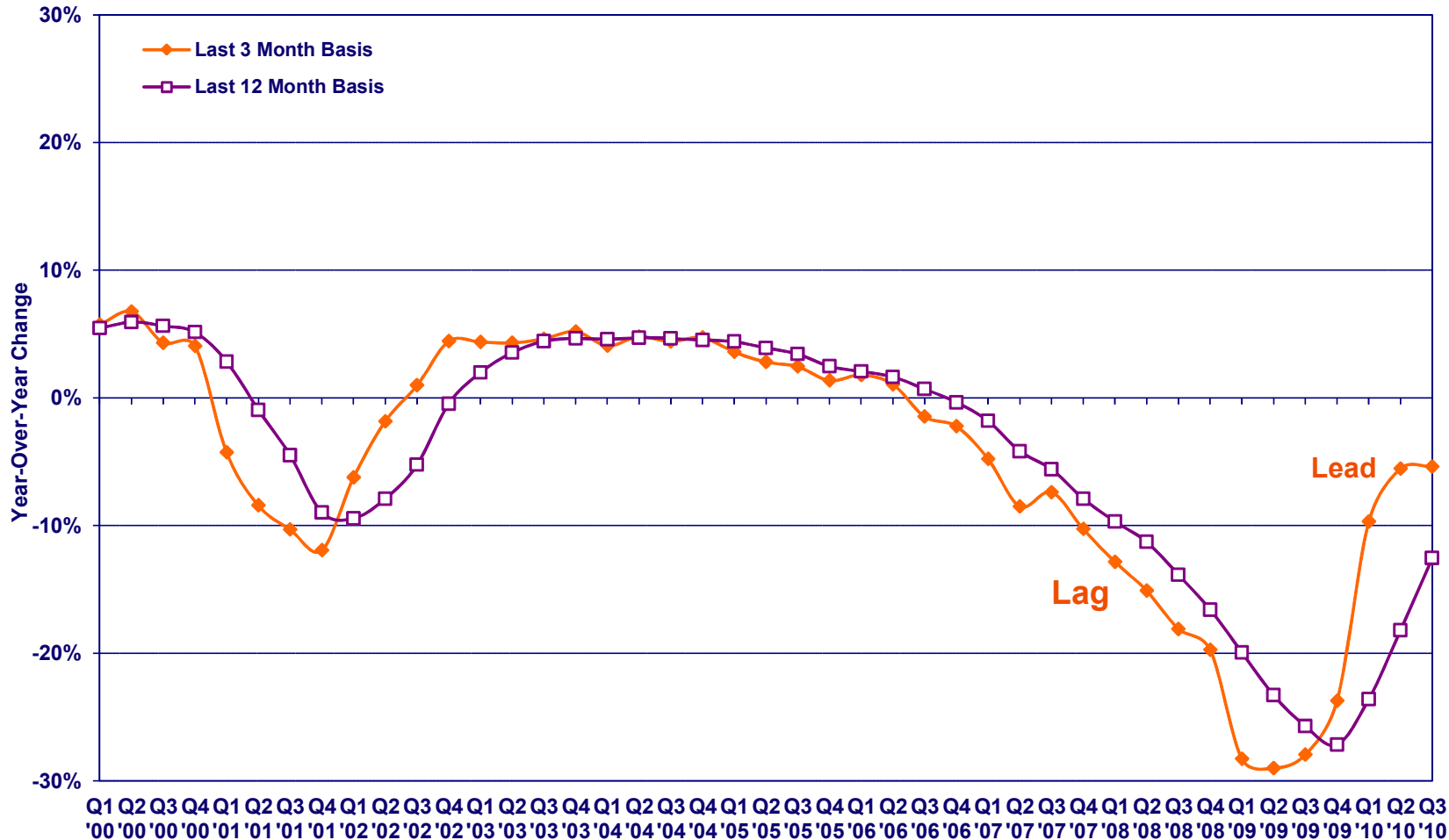


Source: Newspaper Association of America and KubasPrimedia Calculations



# Year-Over-Year Change

Total U.S. Newspaper Advertising Revenue: Year-Over-Year % Change

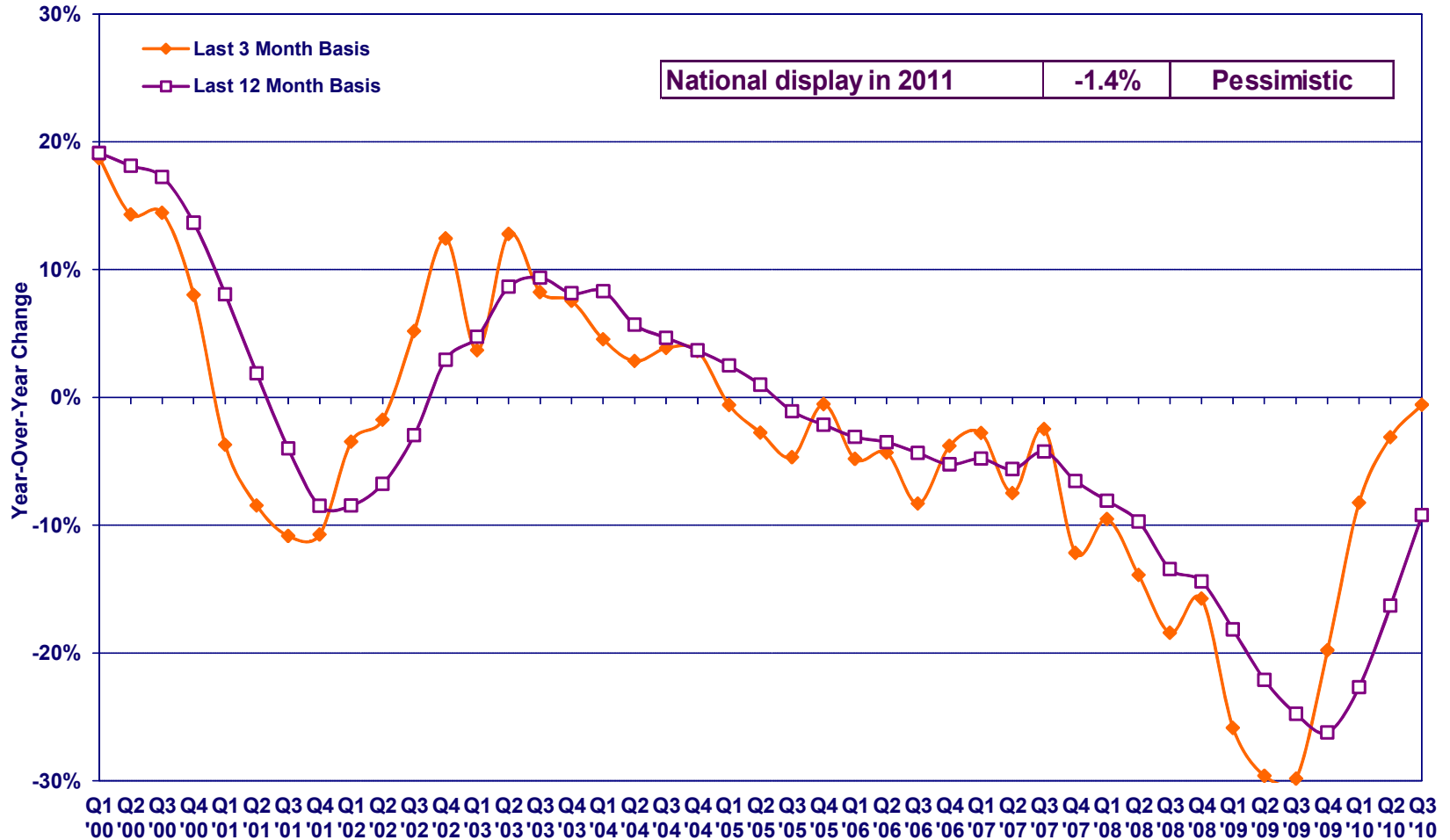


Source: Newspaper Association of America and KubasPrimedia Calculations



# National

National Advertising Revenue: Year-Over-Year % Change



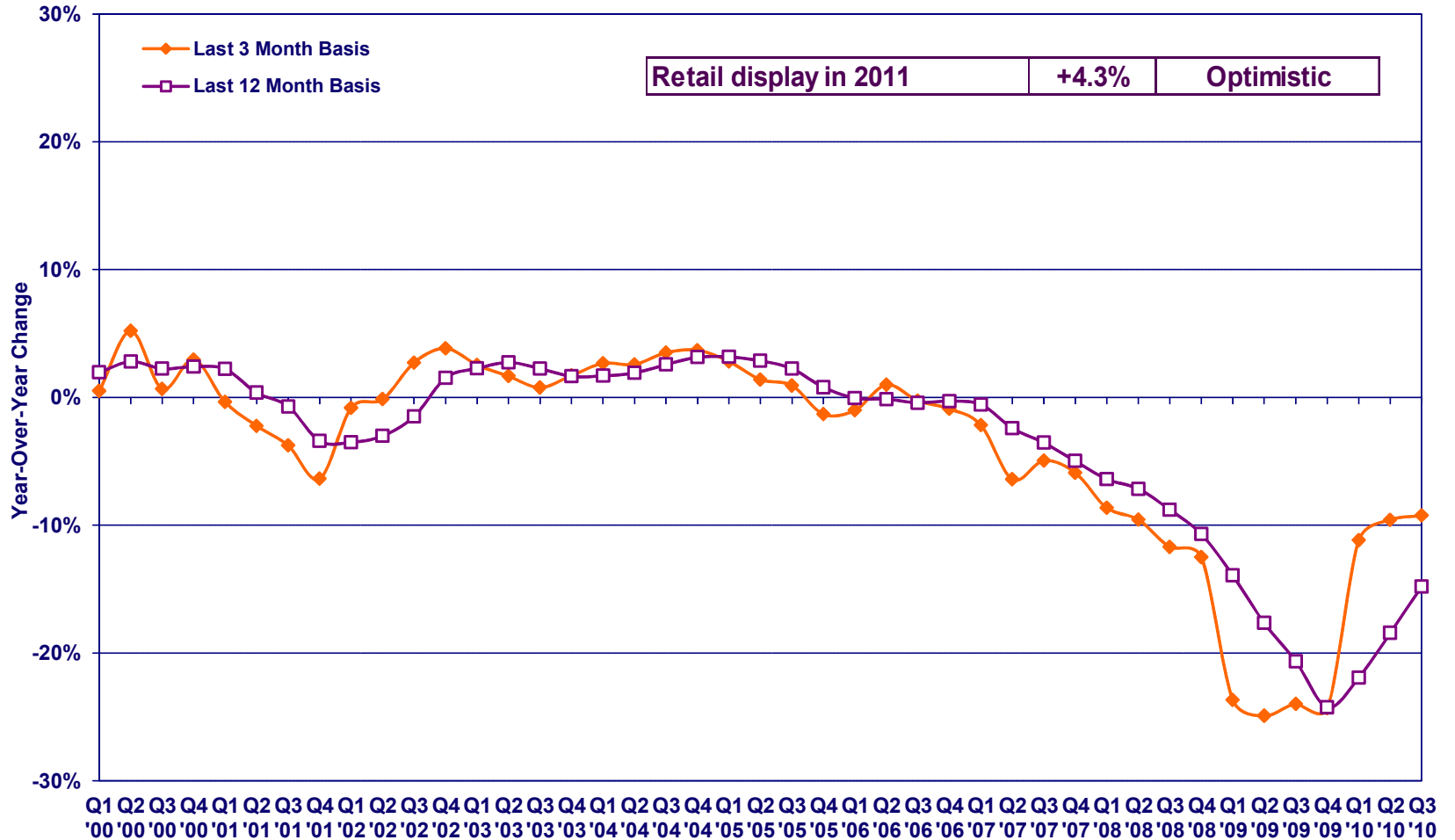
National display in 2011	-1.4%	Pessimistic
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Source: Newspaper Association of America and KubasPrimedia Calculations



# Retail

Retail Advertising Revenue: Year-Over-Year % Change



Source: Newspaper Association of America and KubasPrimedia Calculations



# Preprints

- **No separate NAA data**

- Preprints included in national and retail totals

Preprints & direct mail in 2011	+1.6%	Pessimistic
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## Our view:

- **Preprints have kept up better than in-paper**

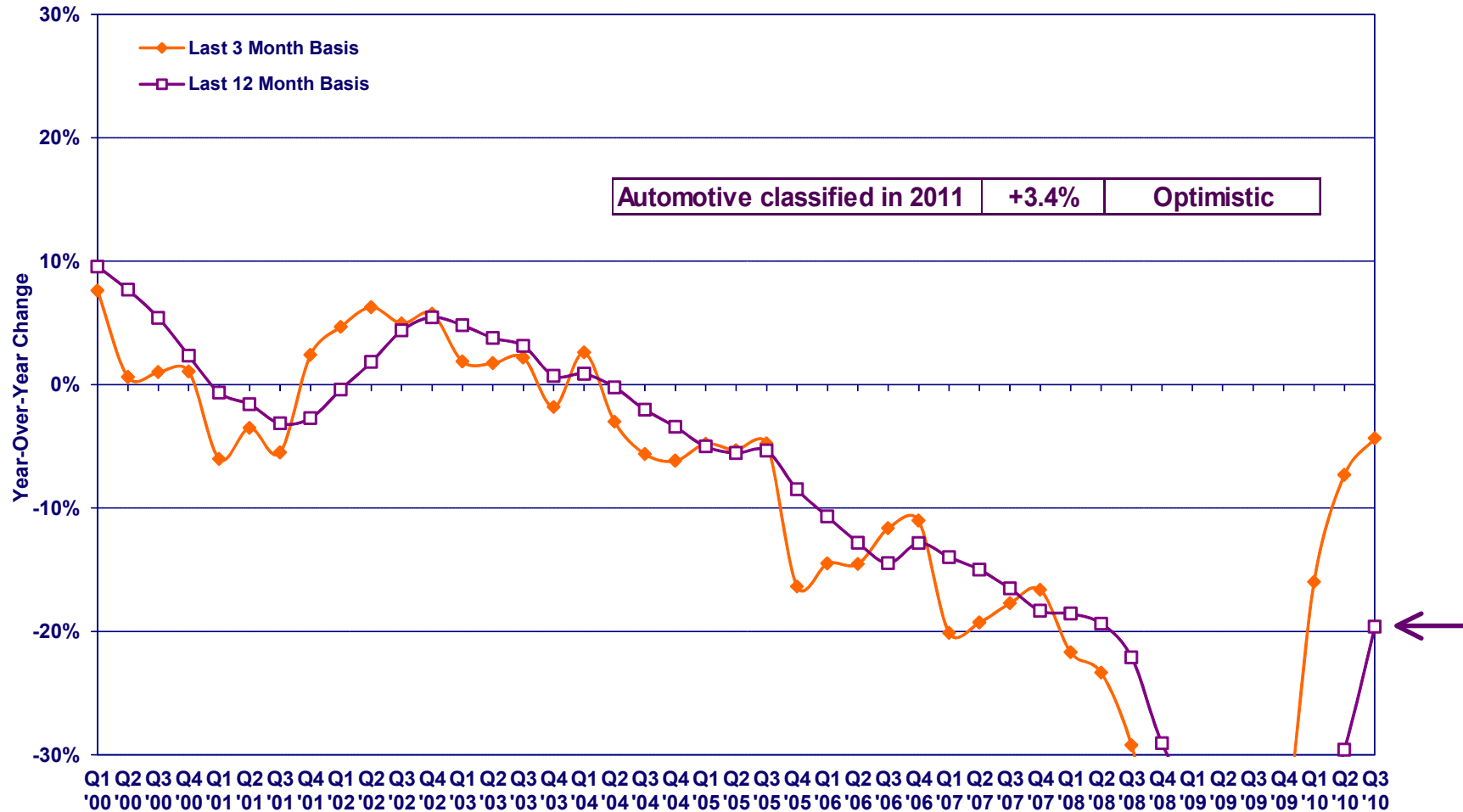
- In a downturn, preprints are usually last to suffer, first to come back
- Good fit with frugal shoppers and dealing retailers
- Upside potential for more volume

- **Preprints have grown in importance**

- As other ad categories decline
- Our estimates of preprints as % of total ad revenue
  - In 2000: 14%
  - In 2010: 26%

# Automotive

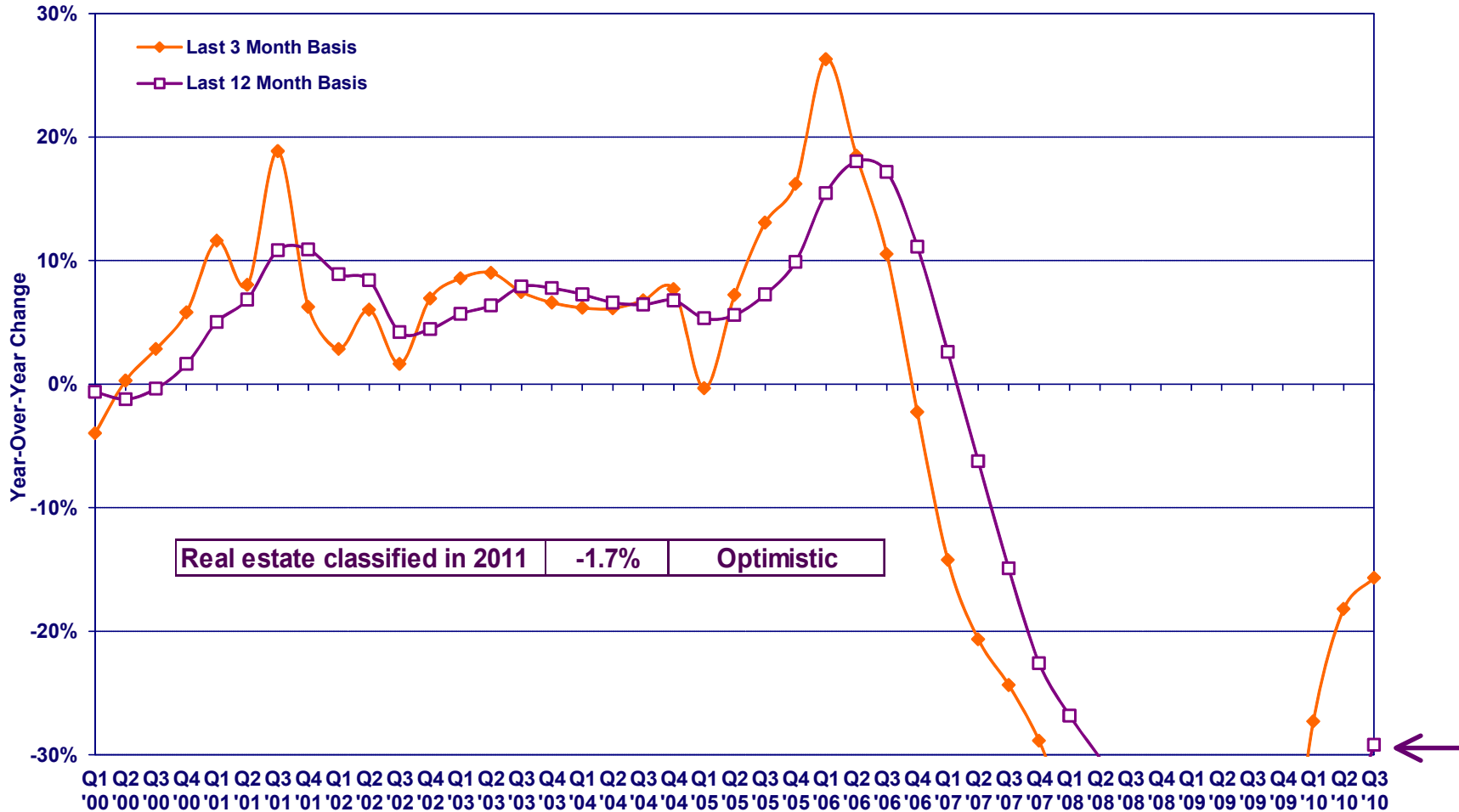
Automotive Classified Advertising Revenue: Year-Over-Year % Change



Source: Newspaper Association of America and KubasPrimedia Calculations

# Real Estate

Real Estate Classified Advertising Revenue: Year-Over-Year % Change

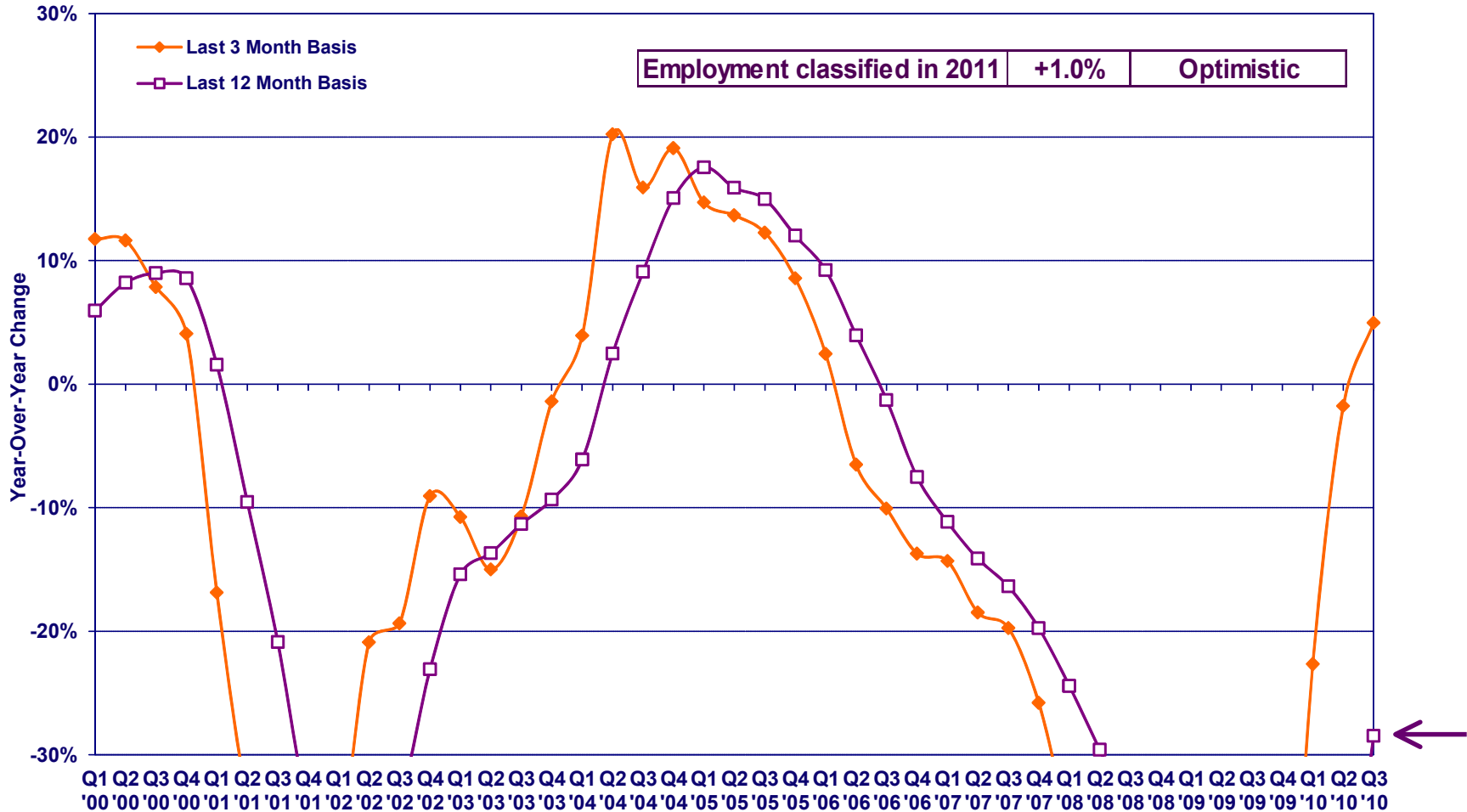


Source: Newspaper Association of America and KubasPrimedia Calculations



# Employment

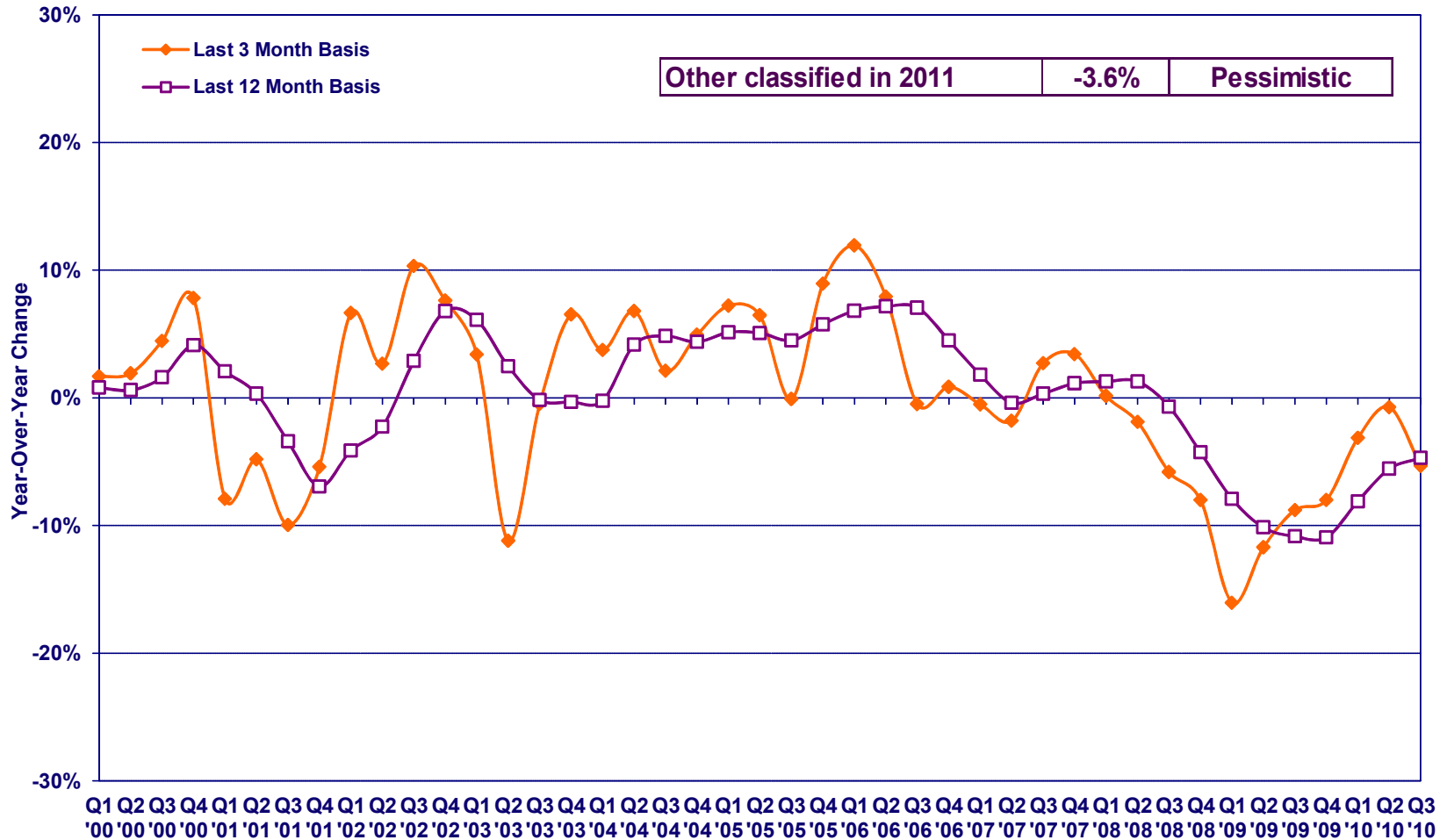
Employment Classified Advertising Revenue: Year-Over-Year % Change



Source: Newspaper Association of America and KubasPrimedia Calculations

# Other Classified

Other Classified Advertising Revenue: Year-Over-Year % Change

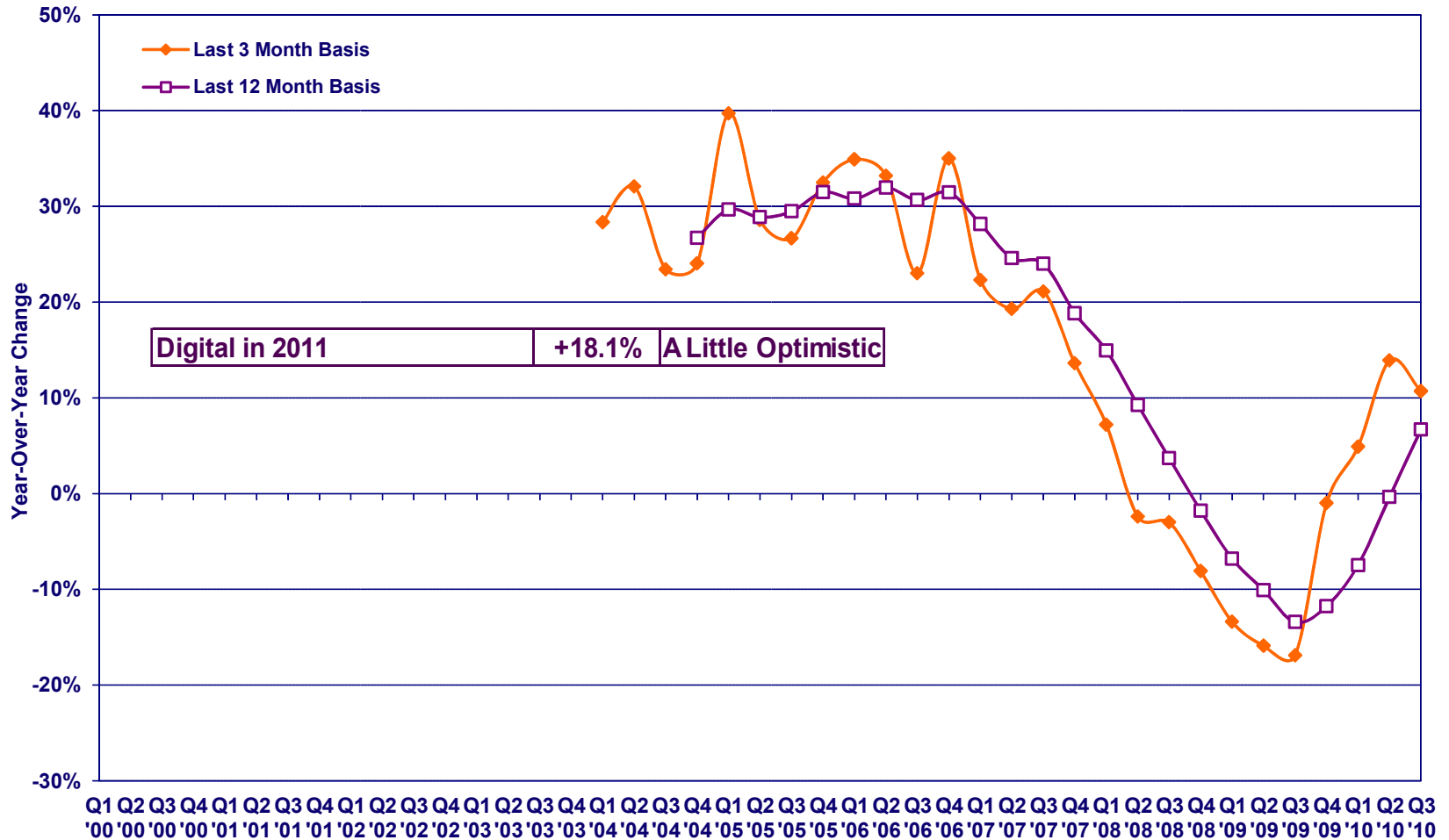


Source: Newspaper Association of America and KubasPrimedia Calculations



# Digital

Digital/Online Advertising Revenue: Year-Over-Year % Change



Source: Newspaper Association of America and KubasPrimedia Calculations



# Our Judgment

Preview 2011 Projected Change		Judgment
Category	% Growth	Vs. NAA Data
Digital	+18.1%	A Little Optimistic
Retail display	+4.3%	Optimistic
Automotive classified	+3.4%	Optimistic
Preprints & direct mail	+1.6%	Pessimistic
Employment classified	+1.0%	Optimistic
National display	-1.4%	Pessimistic
Real estate classified	-1.7%	Optimistic
Other classified	-3.6%	Pessimistic
<b>Weighted Avg</b>	<b>+3.4%</b>	<b>Realistic</b>

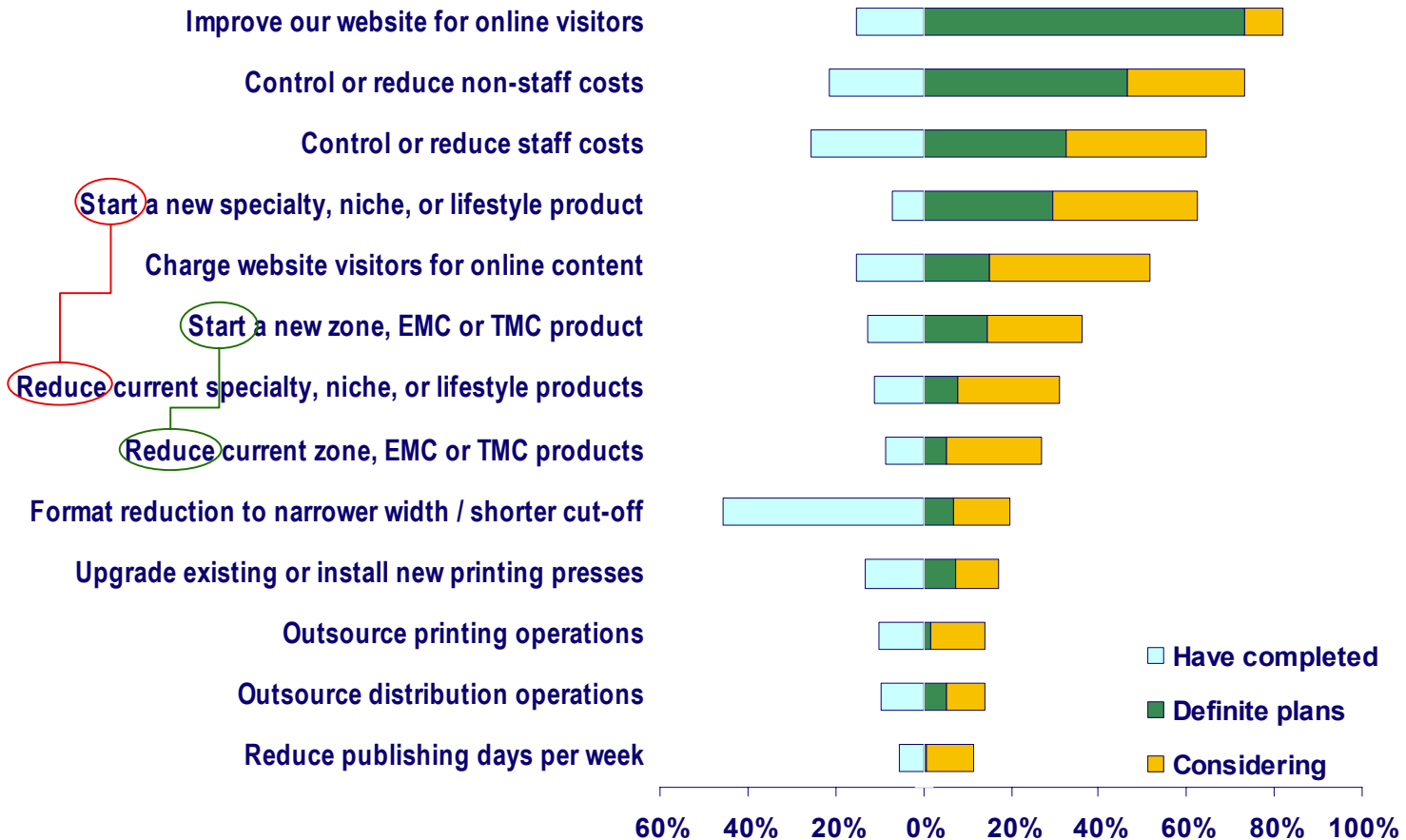
(more or less)

- **Net: A small increase in 2011 ad revenue**
- **Your mileage may vary**
- **Preview 2010: “The Year of the Bottom”**
- **Preview 2011: “The Year of a Return to Positive Growth”**
  - But not by much
  - Still way behind 2005

***Preview 2011:  
Strategic Initiatives***

# Strategic Initiatives: Operations

## 2011 Operating Initiatives



# Priorities: Operations

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## ● **Definite plans:**

- Improve website for visitors
- Control costs
  - Both staff and non-staff
  - Some done, but more to go
- New secondary publications
  - Both niche and zone
  - Plans for starts outnumber stops by 3:1

## ● **Mostly just considering:**

- Charging for online content

## ● **Mostly done:**

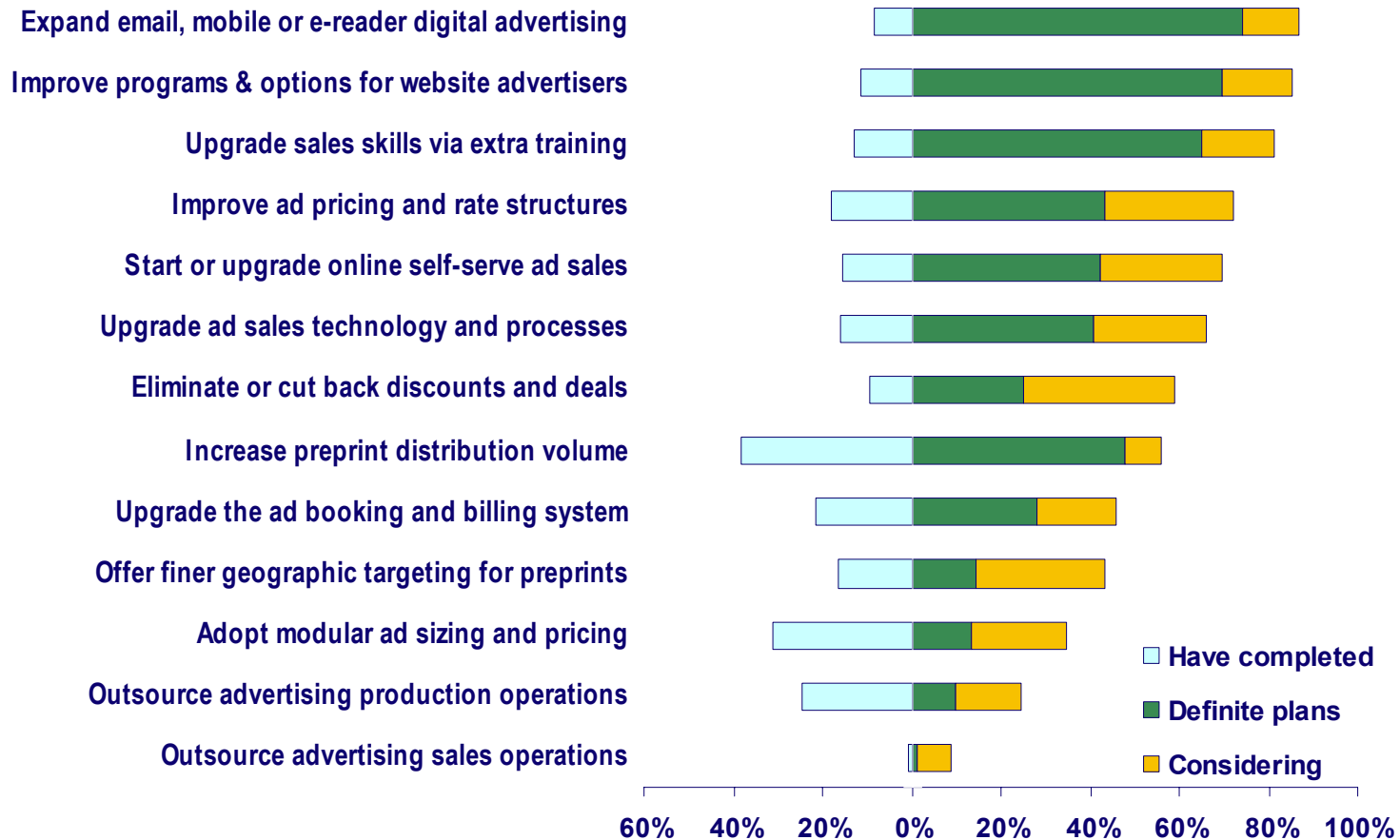
- Format reduction

## ● **Mostly *not* on the radar:**

- Press upgrades
- Outsourcing printing or distribution
- Reduce publishing days

# Strategic Initiatives: Advertising

## 2011 Advertising Sales Initiatives



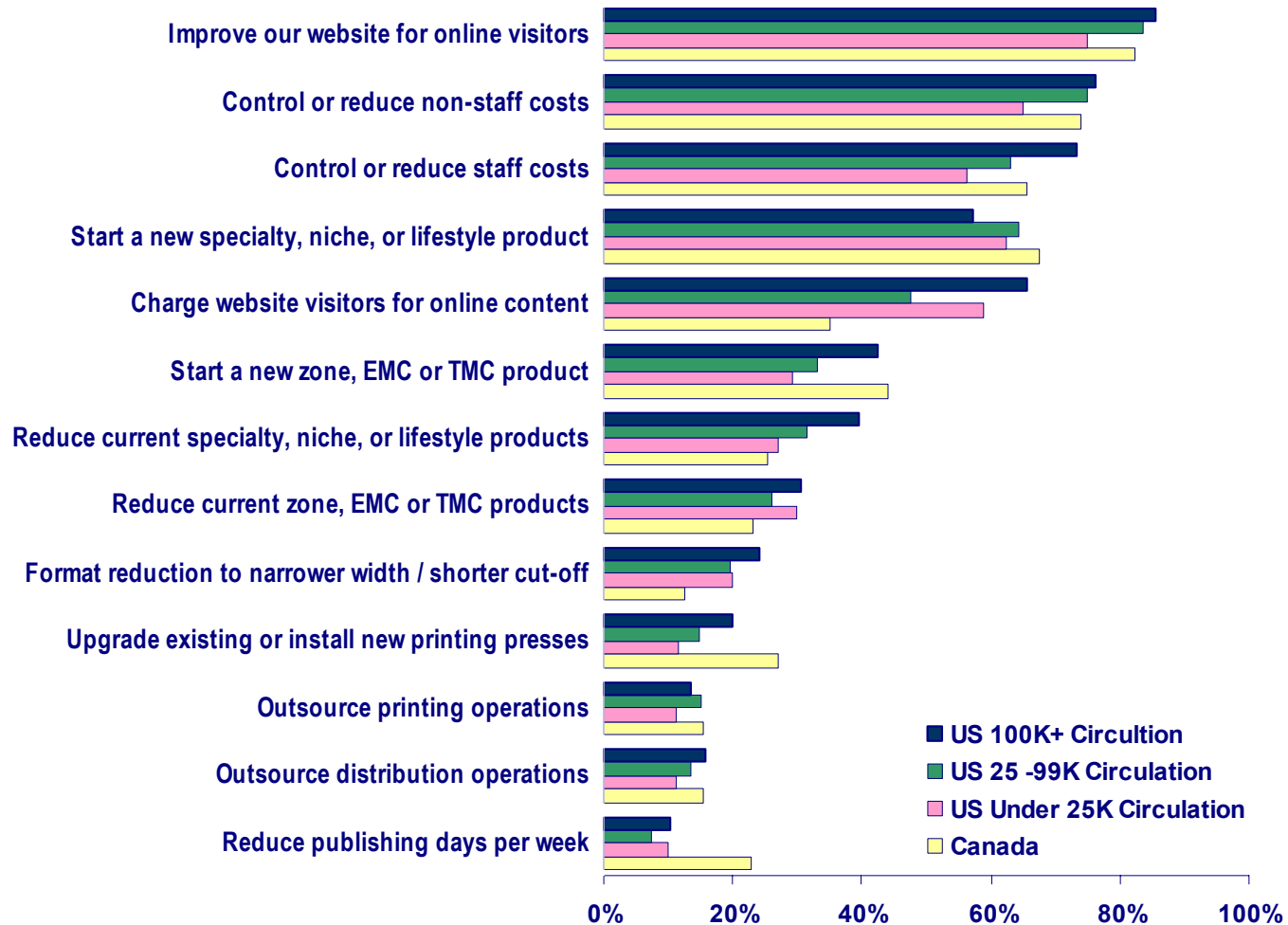
# Priorities: Advertising

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- **Definite plans, ~ 70%:**
  - Digital, Digital, Digital
  - Online, Online, Online
- **Definite plans, ~ 40% to 60%:**
  - Sell harder
    - Sales rep training
    - Improve pricing structures
    - Self-serve ad sales
    - Sales technology and processes
- **Definite plans, ~ 50%:**
  - Increase preprint volume
- **Mostly just considering:**
  - Cut back discounts and deals
  - Finer geo-targeting for preprints
- **Split decision:**
  - Modular
  - Outsourcing ad production
- **Don't even think about it:**
  - Outsource ad sales

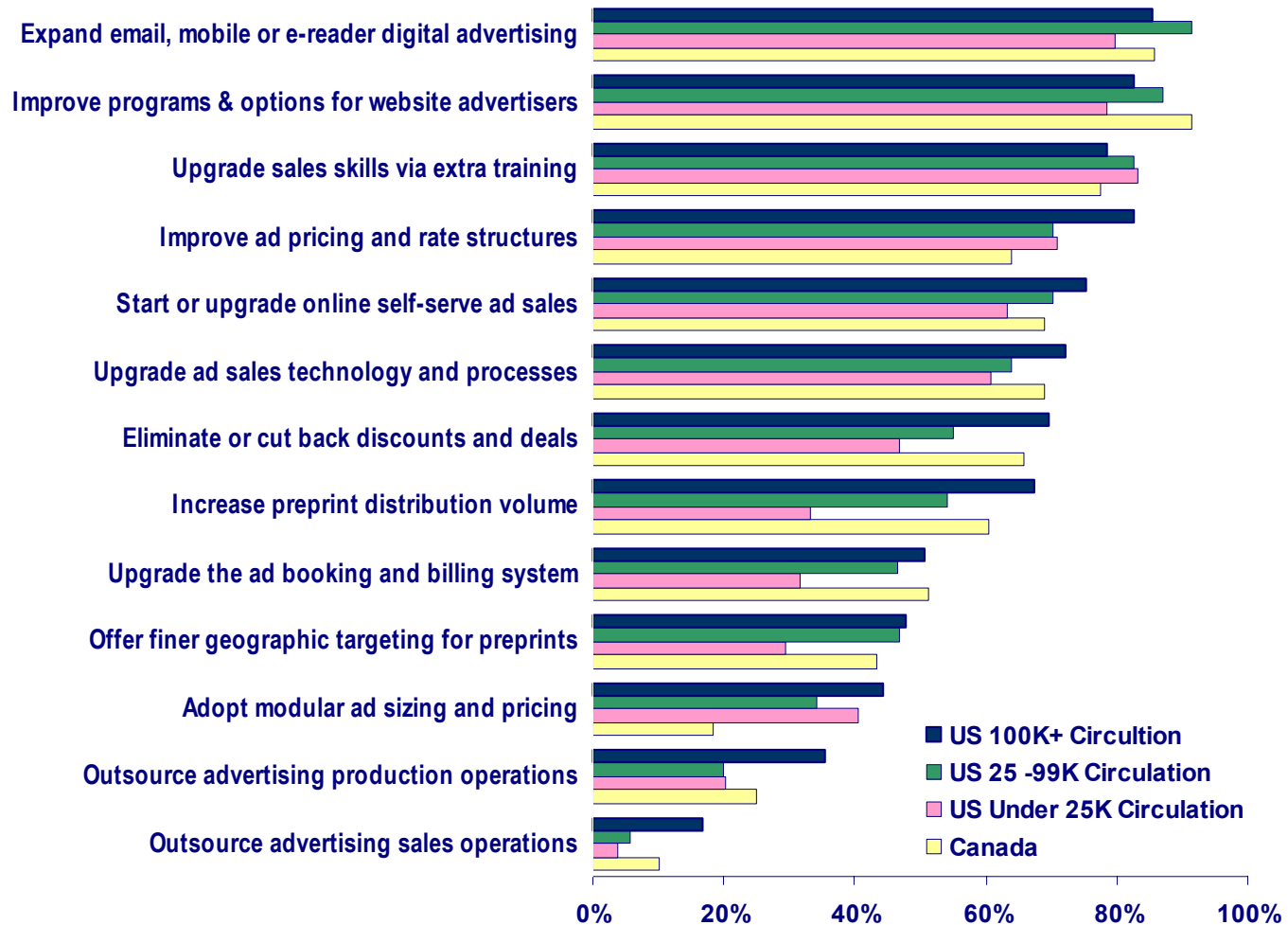
# Operating Initiatives By Newspaper

## 2011 Operating Initiatives Planned or Considered



# Advertising Initiatives By Newspaper

## 2011 Advertising Sales Initiatives Planned or Considered



# Relative Emphasis

## ● Large US newspapers (100K+ circ.)

- Relatively more concerned with:
  - Control or reduce staff costs
  - Charging for online content
  - More zone products
  - Improve ad pricing structures
  - Cut back discounts and deals
  - Increase preprint volume
  - Outsource ad production

Bottom-line: Mostly More

## ● Small US papers (under 25K circ.)

- Relatively less concerned with:
  - Cost control
  - New zone product (obviously)
  - Self-serve ad sales
  - Cutting back discounts and deals
  - Increasing preprint volume
  - Upgrading booking/billing systems
  - Finer geo-targeting for preprints
- But modular is relatively higher priority

Bottom-line: Mostly Less

## ● Mid sized US papers (25K - 100K circ.)

- Somewhat less concerned with:
  - Charging for online content
  - Modular advertising
- Somewhat more concerned with:
  - Digital advertising
  - Online advertising
- But nothing clearly outstanding

Bottom-line: Mostly average

## ● Canadian newspapers

- More:
  - New niche and zone products
  - Upgrade printing presses
  - Reduce publishing days per week
- Less:
  - Charge for online content
  - Improve website advertising
  - Improve ad pricing structures
  - Modular advertising

Bottom-line: Mostly different

# ***Challenges for 2011***

# Signs of Life

- Outlook is more upbeat than it has been in several years

**“I’m happy to report that the AJC is profitable again”**

**Michael Joseph, Publisher  
The Atlanta Journal-Constitution  
December 27, 2010**

**“... we returned to profitability in 2010 ... in large part, it was due to strong performance on the expense side”**

**Katharine Weymouth, Publisher  
The Washington Post  
January 7, 2011**



The screenshot shows a CNBC article from the 'MEDIA MONEY' section, hosted by Julia Boorstin. The article title is '2010 Surprise: Newspaper Stocks Q4 Surge'. It was published on Monday, December 27, 2010, at 10:24 AM ET. The author is identified as Julia Boorstin, a CNBC Correspondent. The article includes a 'Recommend' button with a count of 13, and social media sharing options for Twitter, LinkedIn, and a 'MORE' button. The main text of the article discusses the challenges newspaper publishers face, such as declining subscriptions and ad revenue, and notes that despite these challenges, newspaper stocks have led the media sector in the fourth quarter with a 22% rise.

- More money to do things in 2011?

# Operating Challenges

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- **Improve out website**
  - Lots to improve ...
- **Control costs**
  - Yes – but also have to invest in the business
- **New secondary products**
  - Be careful how you do it
  - Good idea to aim for more preprint volume
- **Charging for online content**
  - Have to get this figured out

# Advertising Challenges

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- **Digital/Online is a minefield**
  - Proliferation of devices, platforms, formats, options
  - Need pricey talent to do it right
  - Gotcha: revenue sharing
- **“Sell harder” gets harder**
  - Yes, need to do a better job selling
  - But digital/online makes it harder to sell
- **Increase preprint volume**
  - Competitive advantage for newspapers
  - Potential for local advertising
- **Dealing with deals and discounts – the elephant in the room**
  - Probably toughest challenge in all of sales
  - But there’s no point in selling harder if it’s just more deals and discounts

# The End

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- **For a copy of this presentation ...**
  - Contact SNA or contact Ed Strapagiel of KubasPrimedia, [eds@kubas.com](mailto:eds@kubas.com)

## Questions?