

# The Facts about Australian newspapers

October 2010



Australian newspapers

## Revenue Facts

Australian newspapers

## Circulation Facts

Australian newspapers

## Audience Facts

Australian newspapers

## Digital Audience Facts

Australian newspapers

## Product Quality Facts

Australian newspapers

## Fragmentation Facts

Australian newspapers

## Trust Facts

Australian newspapers

## Green Facts

Australian newspapers

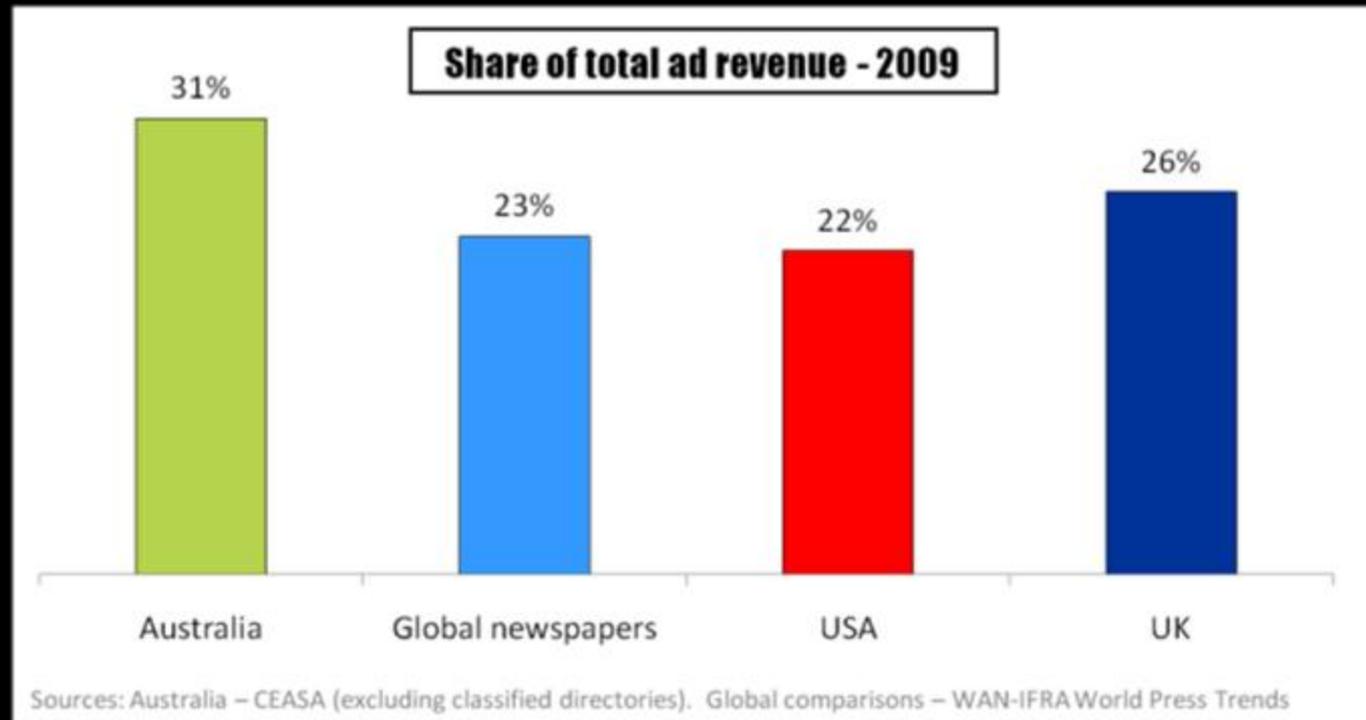
## Structural Facts

**Australian newspapers**

# **Revenue Facts**

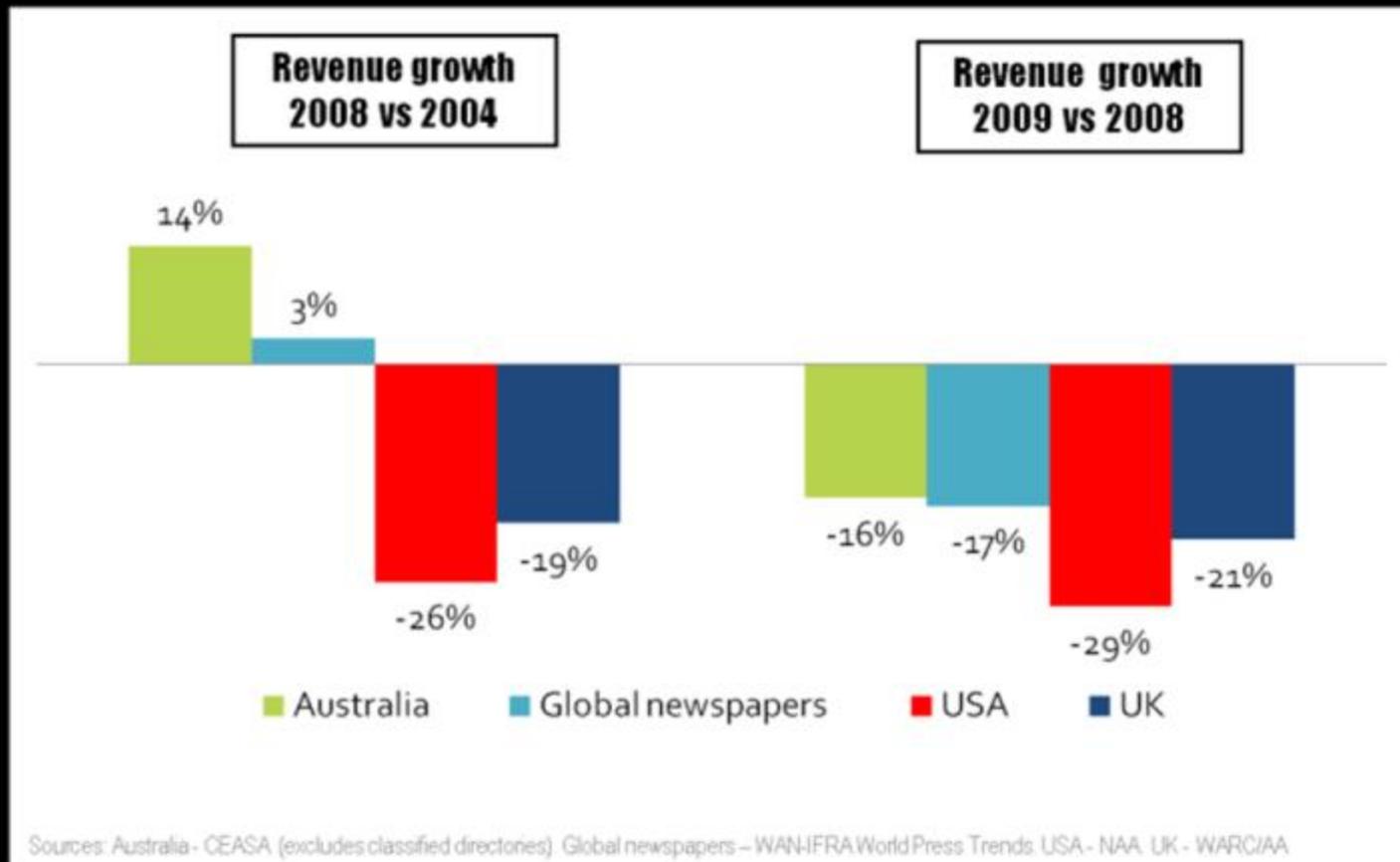
Australian  
Newspapers  
**FACT#1**

# Share of newspaper ad revenue is holding well against UK & USA.



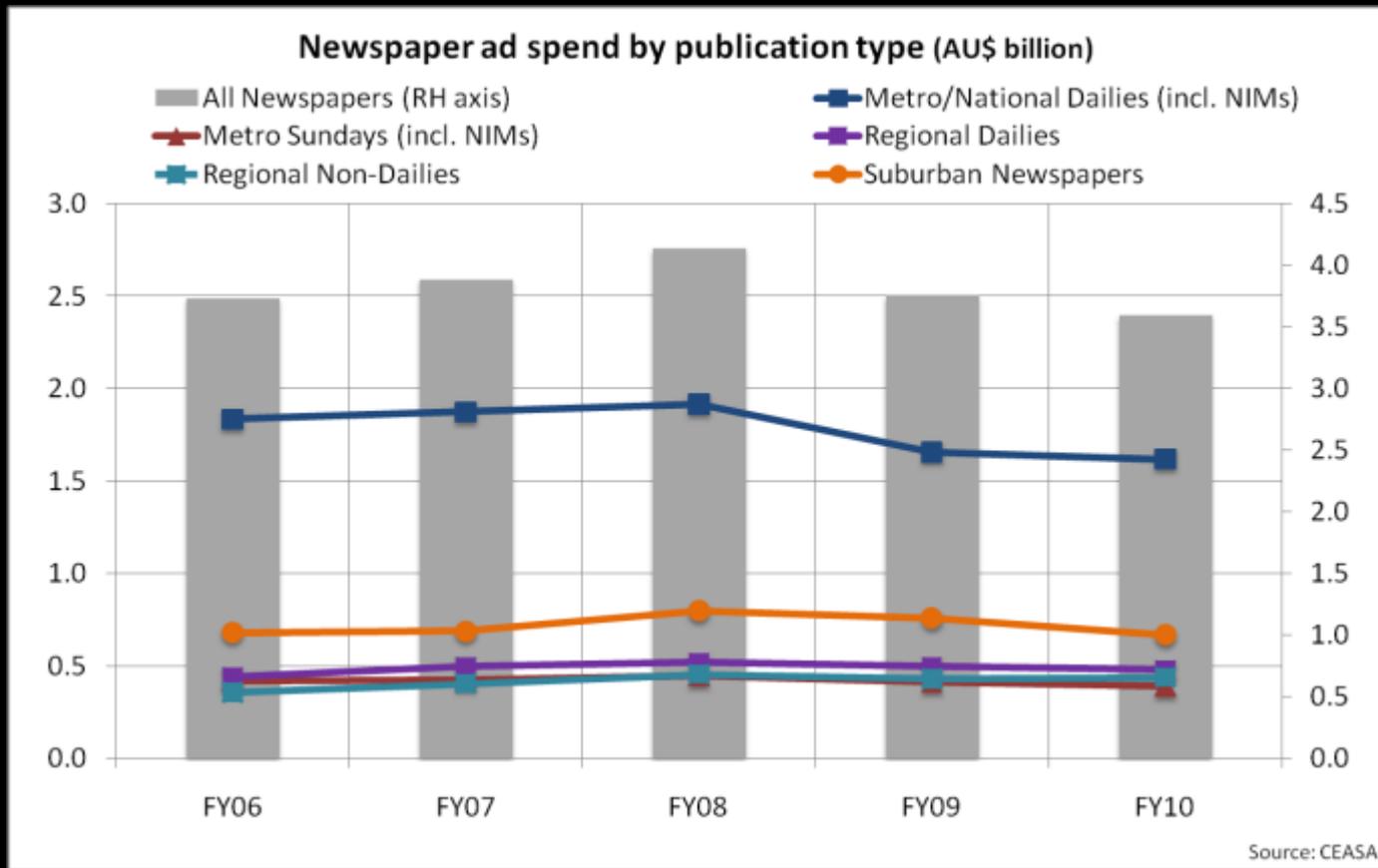
Australian  
Newspapers  
**FACT#2**

# Revenue strong prior to the GFC, and less affected by it vs. other key international benchmarks.



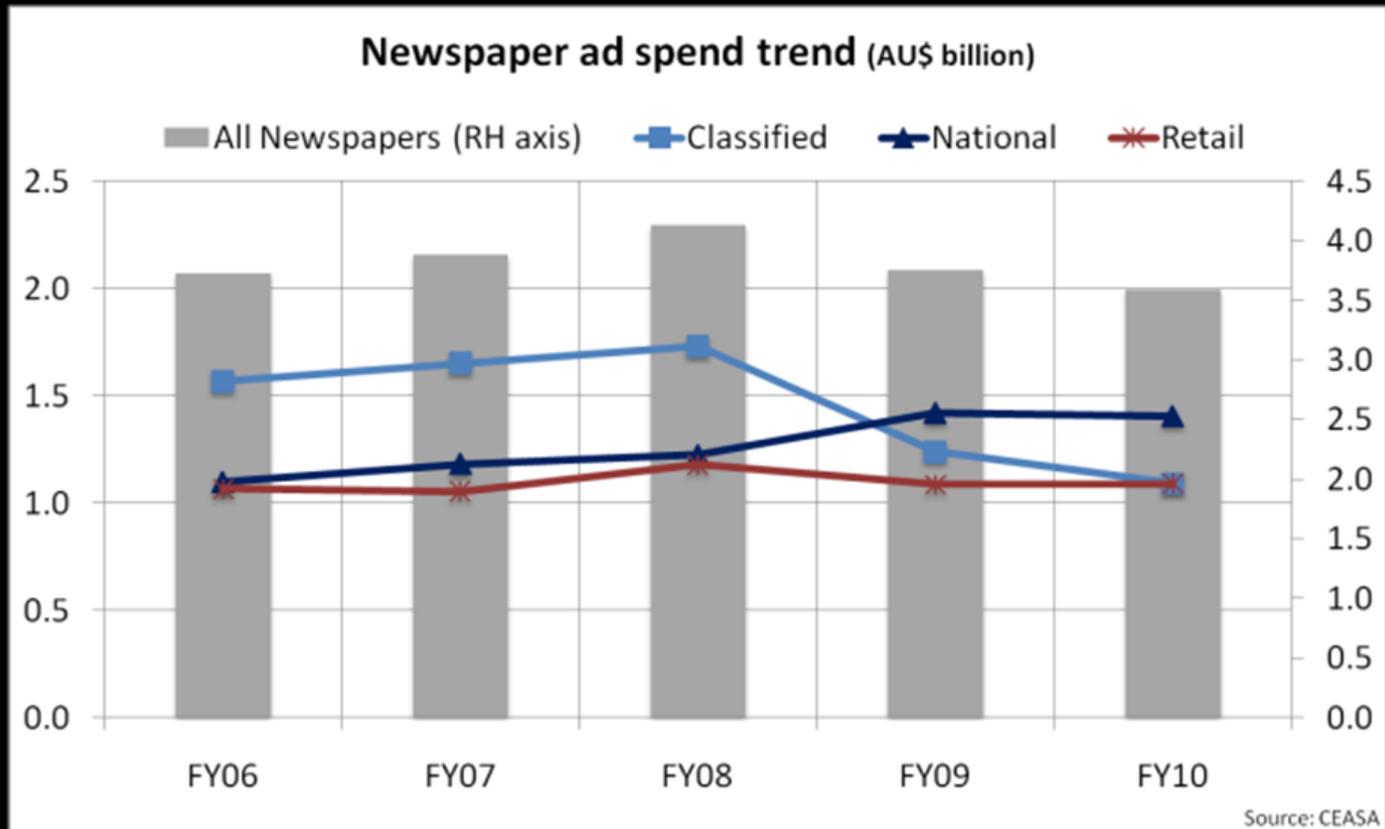
Australian  
Newspapers  
**FACT #3**

# Newspapers of all types have held up well through the GFC.



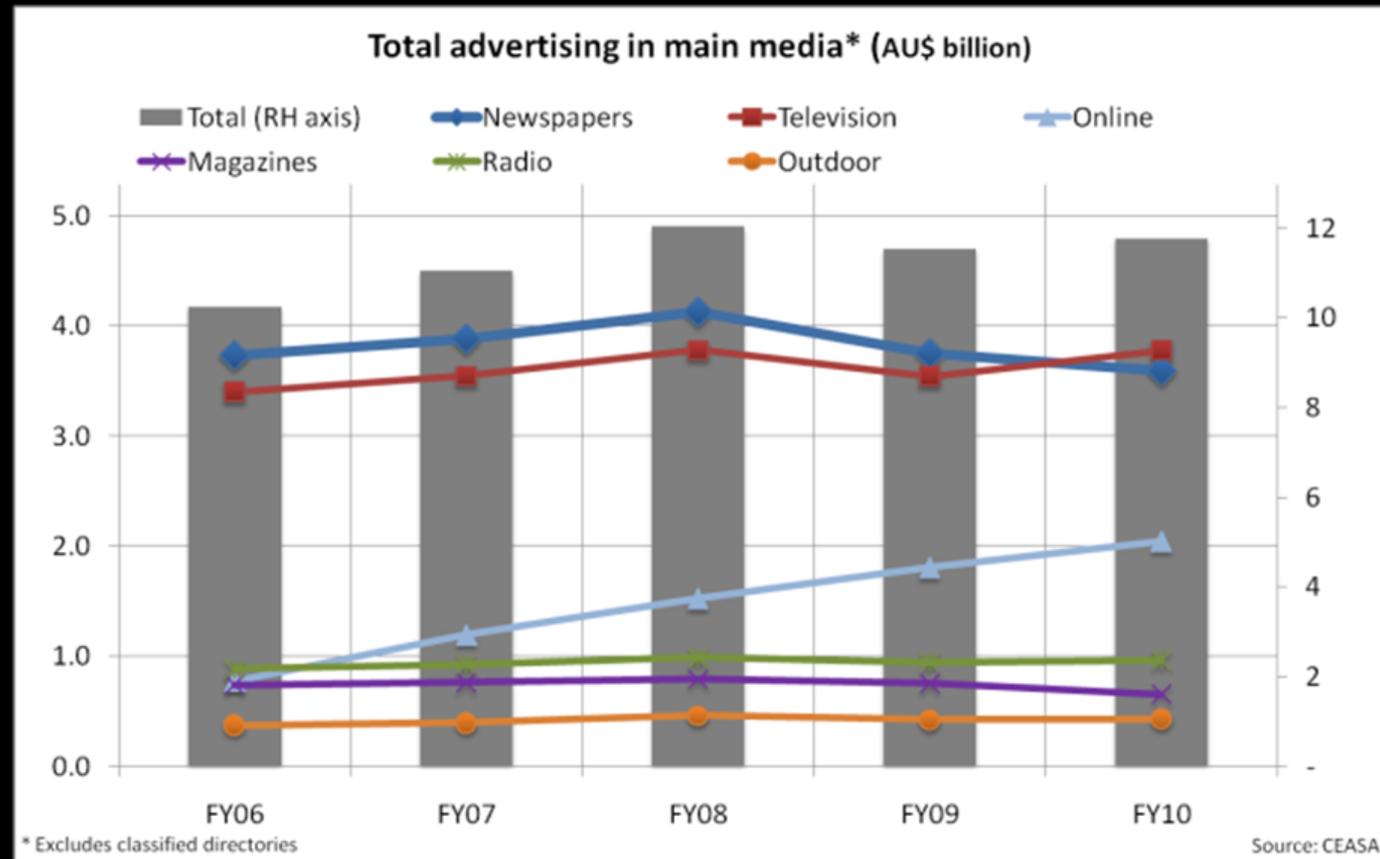
Australian  
Newspapers  
**FACT#4**

**National & Retail newspaper ad spend remained stable while Classifieds were subject to employment and automotive market forces.**



Australian  
Newspapers  
**FACT#5**

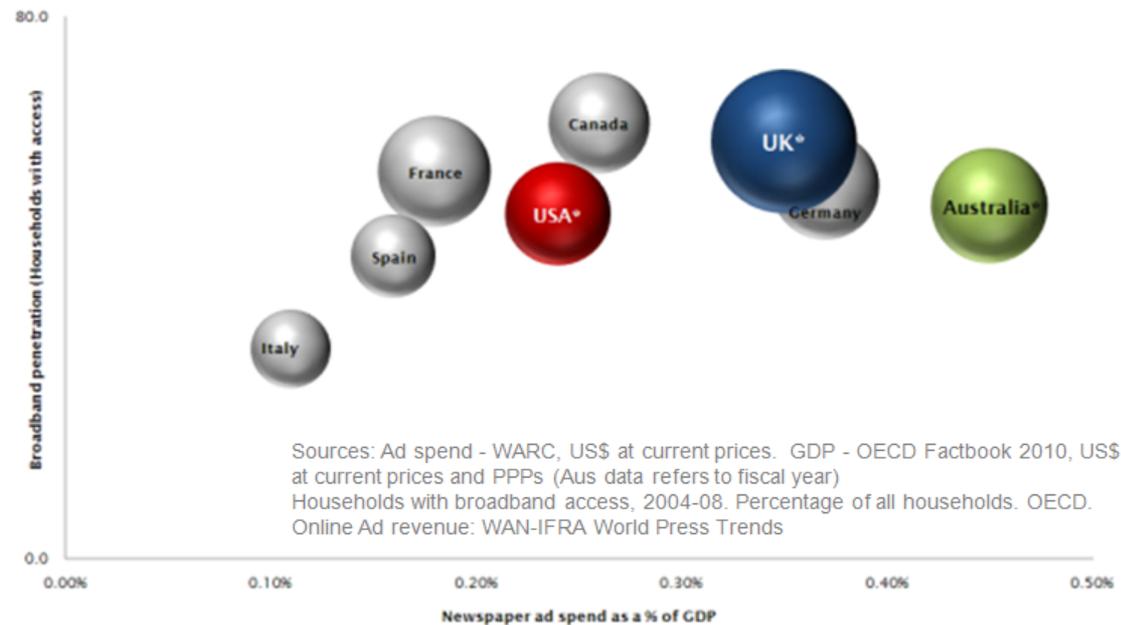
**2009 declines were consistent  
with economic conditions.**



Australian  
Newspapers  
**FACT#6**

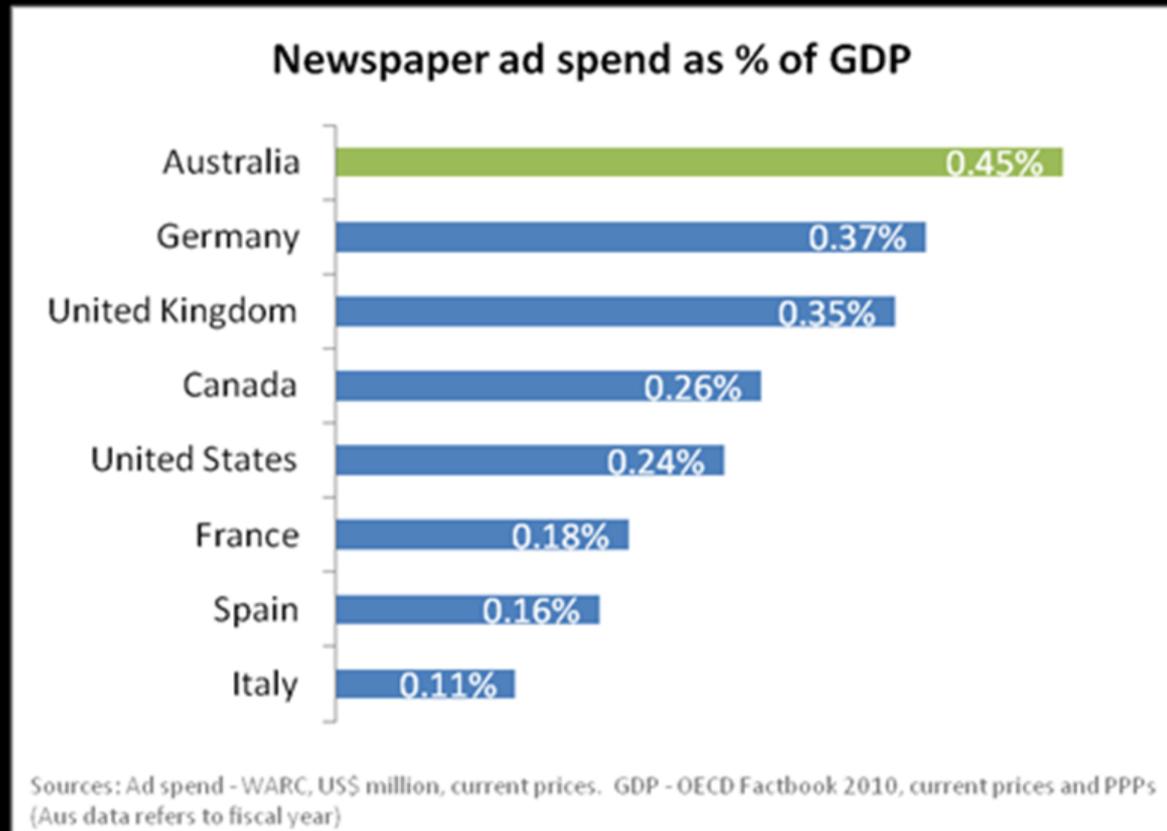
# Australian newspaper ad revenue is strong in the face of broadband penetration & share of online ad spend challenges.

Newspaper ad spend as % of GDP (horizontal) relative to broadband penetration (vertical) and online ad revenue share 2008/2009 (bubble size)



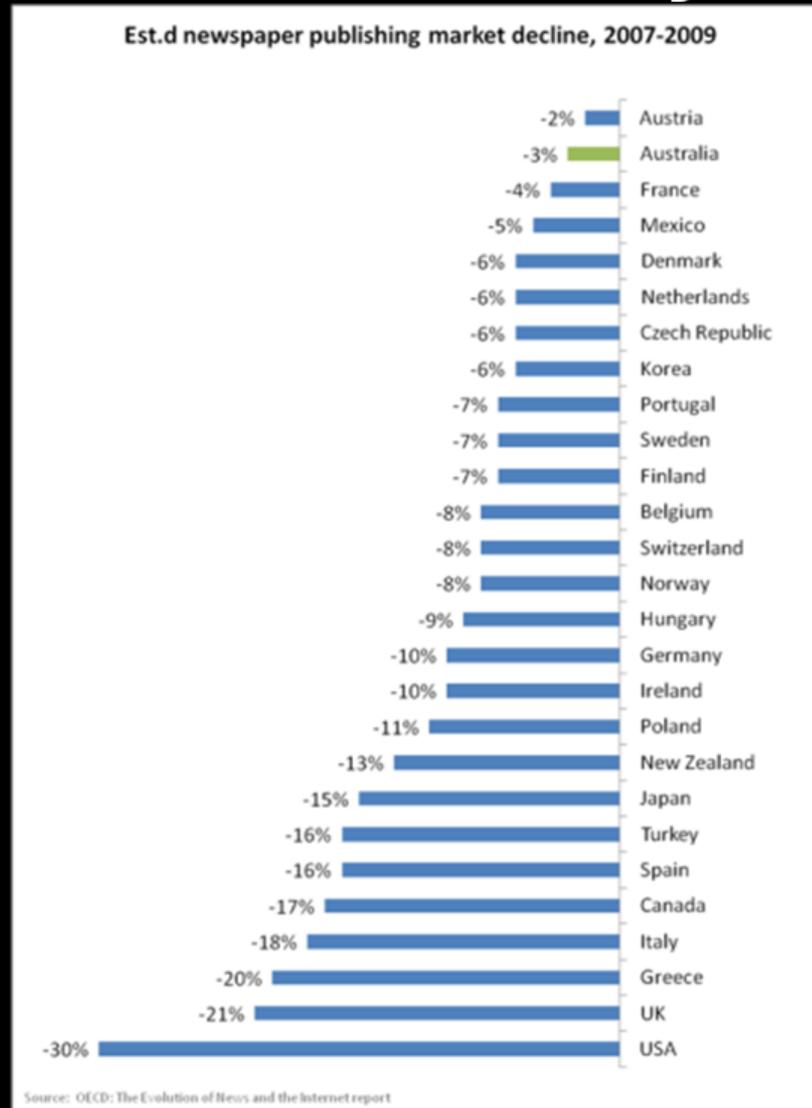
# The Australian newspaper industry punches above its weight.

Compared with the USA, Canada and the five main European markets, newspapers in Australia command a higher proportion of GDP.



Australian  
Newspapers  
**FACT#8**

# Australia has outperformed other OECD countries in recent years.



# Financial analysts forecast Australian newspapers to make a quick return to growth.

## Newspaper advertising recovery risk on upside

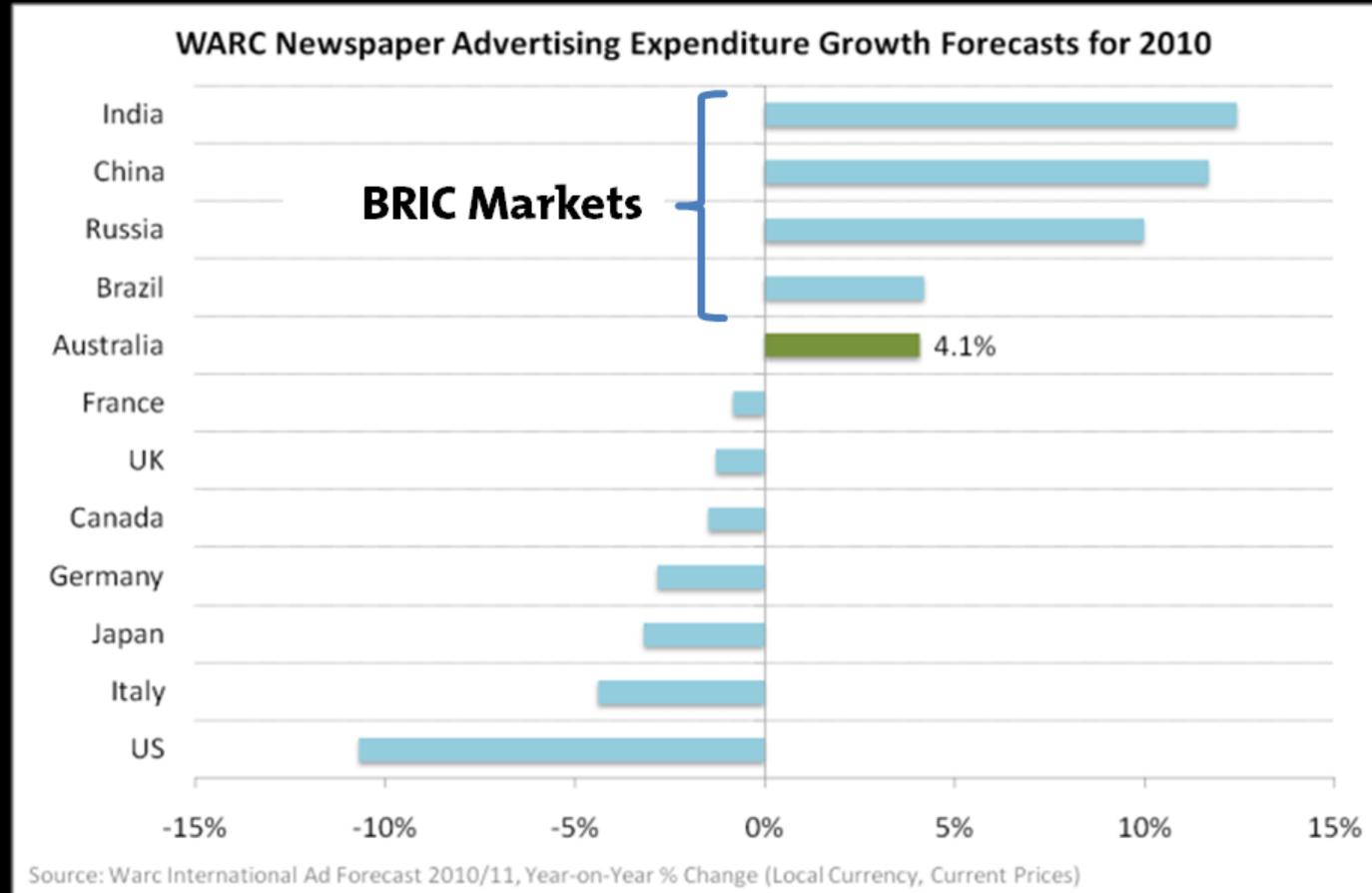
Newspaper advertising in 2008/09 experienced its biggest decline in history despite the fact that the Australian economy weathered the Global Financial Crisis (GFC) in relatively good shape. We therefore believe that total advertising, and newspaper advertising in particular, is positioned for a strong recovery as advertising gets back more in line with the economic fundamentals.

On this basis we forecast Australian newspaper advertising to grow by 6% in 2010, which is in-line with the 2003 recovery period (following the 2001/02 downturn) when metro newspaper advertising grew 5.5% and total newspaper advertising (inc regional and community) grew 8.8%. We believe that this forecast is conservative given the low base for a return to growth and would see upside risk to our expectations.

**+6.1%**

2010 FY

# Like the BRIC markets, Australia is forecast for ad spend growth.

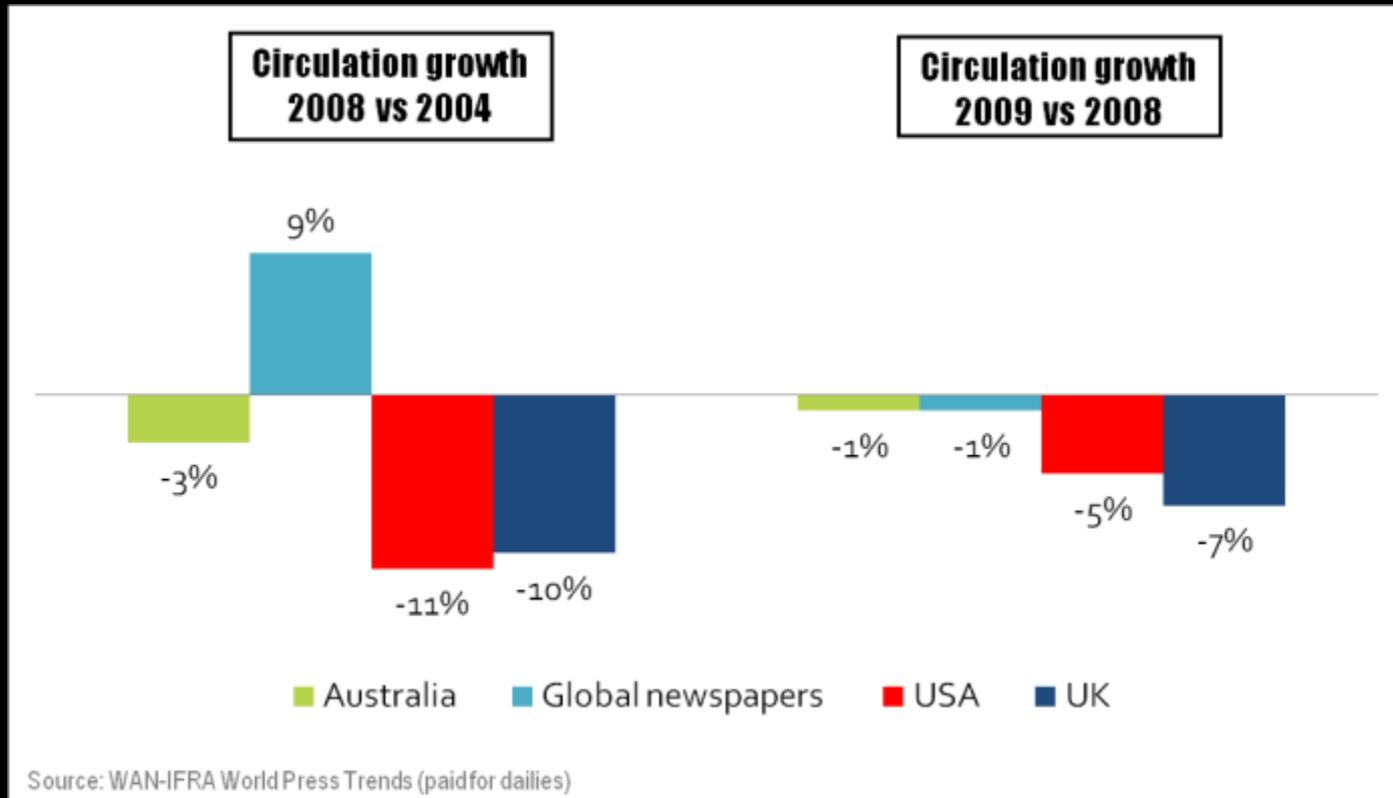


**Australian newspapers**

# **Circulation Facts**

Australian  
Newspapers  
**FACT#11**

# Australian newspapers have experienced the least impact to circulation.



Australian  
Newspapers  
**FACT#12**

Australians buy  
**20 million**  
newspapers every week.

Source: ABC, Apr-Jun/Jan-Jun 2010, analysed by The Newspaper Works



Australian  
Newspapers

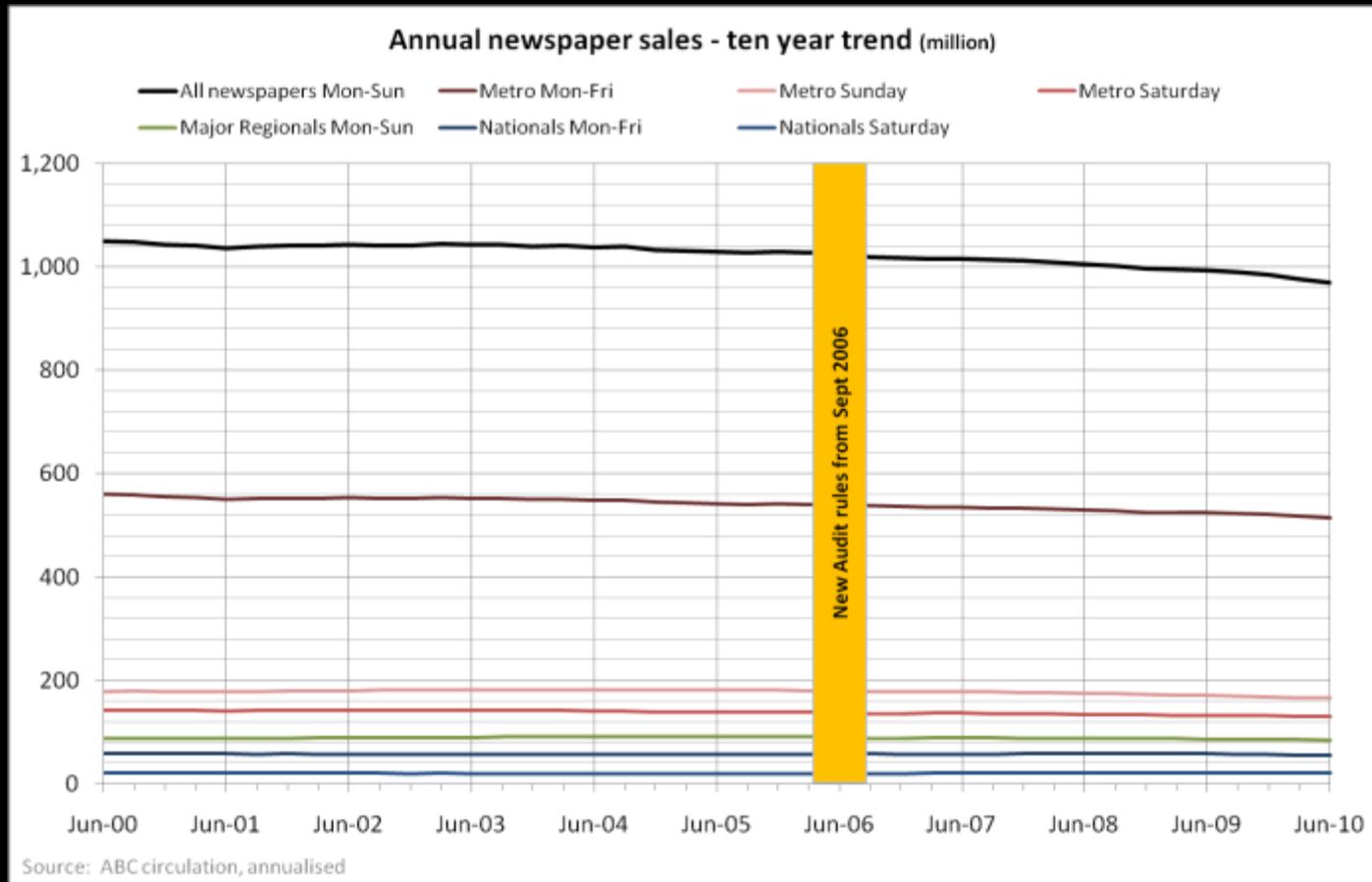
## FACT#13

Despite fragmentation  
and proliferation,  
circulation has  
*eased by less than 1% per year*  
over the past 10 years.

Source: ABC, aggregated and annualised by The Newspaper Works. Comparison of Australian national, metro and large regional titles, 2009 vs 1999.

Australian  
Newspapers  
**FACT#14**

# Sales have held up well over the last decade.



# Analysts acknowledge circulation performance in Australia.

## Circulations holding up reasonably well

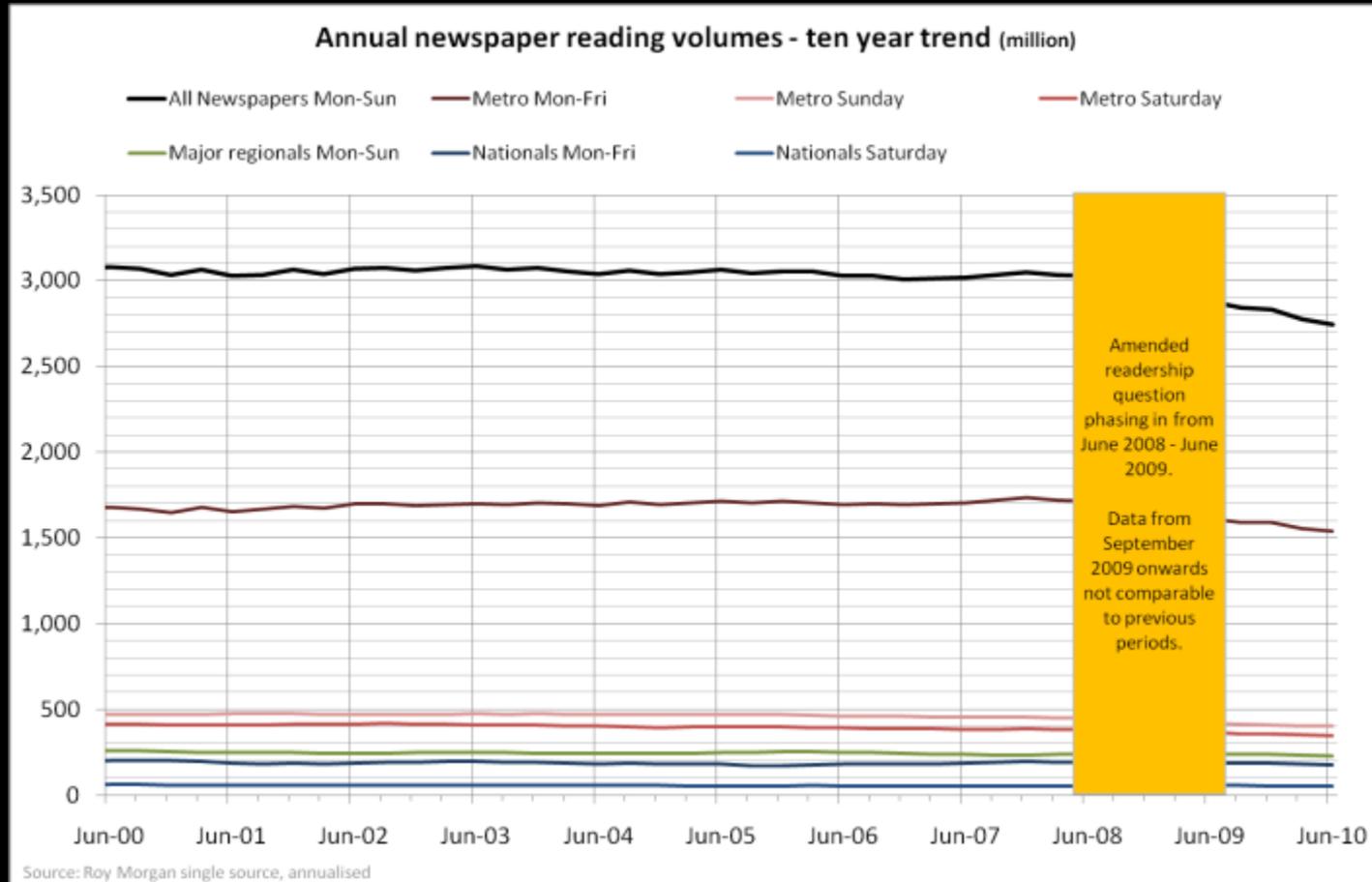
Australian newspaper circulations continue to hold up reasonably well. We estimate that weekday circulation across the main metro and national publications has fallen by an average of 0.8% over the last 10 years and weekend by 0.6%. Recent declines in 2008 and 2009 have been 1.0-1.5%, with no signs of any major acceleration. We believe that this sort of rate of decline is manageable and on its own unlikely to have a material impact on advertising revenue given audience fragmentation across all types of media.

**Australian newspapers**

# **Audience Facts**

Australian  
Newspapers  
**FACT#16**

# Readership has been resilient across publication types.



Australian  
Newspapers  
**FACT#17**

**86% of Australians**  
read a newspaper  
every week.

Source: Roy Morgan Single Source. People 14+, read any Newspaper incl. communities in last 7 days, Jul 09 – Jun 10.

Australian  
Newspapers  
**FACT#18**

The number of newspaper readers has  
**increased by 8%**  
in the last ten years in line  
with population growth.

Source: Roy Morgan Single Source. People 14+, read any Newspaper incl. communities in last 7 days, Jul 09 – Jun 10 vs Jul 99 – Jun 00

Australian  
Newspapers  
**FACT#19**

A black LG monitor is shown from a three-quarter perspective. The screen is black with white text centered on it. The text reads: "Sunday newspapers reach more Australian adults than commercial Sunday night news programmes combined." The LG logo is visible at the bottom center of the monitor's bezel.

Sunday newspapers  
reach more Australian adults  
than commercial  
Sunday night news programmes  
combined.

Newspaper readership: Roy Morgan Single Source 12 months ending December 2009, 5 cap cities, All 18+.  
Sunday TV news audience: OzTam Weeks 1-52 2009. Audience Sun Commercial News. 5 cap cities, All 18+.

Australian  
Newspapers

## **FACT#20**

**In 2005, 4.04M watched the  
Australian Open Tennis Final\*.**

***Sunday newspapers  
ace that with  
7.2M readers each week.***

Source: OzTAM. \*The 2005 Australian Open Men's Tennis Final is the most watched TV event since OzTAM began collecting ratings in 2001.

On average, 7.2 million people read Sunday metropolitan newspapers every week (Roy Morgan Research, July 2009 – June 2010. All people 14+. Net readership).

Australian  
Newspapers

**FACT#21**



The Rugby World Cup Final was  
watched on average by 4.01M  
people in 2003.

Our game-day comes  
every Saturday,  
with 6.2M readers.

\*The 2003 RWC Final is the second most watched TV event since OzTAM began collecting ratings in 2001. The average reported audience was 4.01M . On average, 6.2 million people read Saturday metropolitan newspapers every week (Roy Morgan Research, July 2009 – June 2010. All people 14+. Net readership).

Australian  
Newspapers

## FACT#22



The MasterChef Final  
was watched on average  
by 5.2M people.

Sunday metro newspapers  
dish up 7.2M readers  
every week.

Source: OzTAM ratings reported by SMH/Mumbrella including regional viewers.

On average, 7.2 million people read Sunday metropolitan newspapers every week (Roy Morgan Research, July 2009 – June 2010. All people 14+. Net readership).

Australian  
Newspapers

**FACT#23**

**More people read a  
newspaper every week  
than use the  
internet every month.**

Source: Roy Morgan Single Source. People 14+, read any Newspaper incl. communities in last 7 days/ accessed the Internet at least monthly, July 09 – June 10



Australian  
Newspapers  
**FACT#24**

**AUSTRALIAN  
NEWSPAPERS**

**6.6 MILLION**

**views on YouTube™  
would be a  
once-in-a-lifetime  
smash hit.**

**For us,  
it's Tuesday.**

Newspapers deliver large, highly  
involved audiences day in, day out.

Source: Roy Morgan Single Source, People 14+, total average issue readership of national and metropolitan daily (mon-fri) newspapers, Jul 2009 – Jun 2010.

Australian  
Newspapers

**FACT#25**

Australian newspapers  
reach **more 14-24** year olds  
than commercial TV on a  
weekly basis.

Readership Source: Roy Morgan Single Source 12 months ending December 2009, 5 cap cities, People 14-24  
TV Source: : OzTAM Weeks 1-52 2009, 5 cap cities, People 14-24

Australian  
Newspapers

**FACT#26**

800,000 more  
14-29 year olds  
read a newspaper  
than visit  
Facebook every  
seven days

Attach:



Share

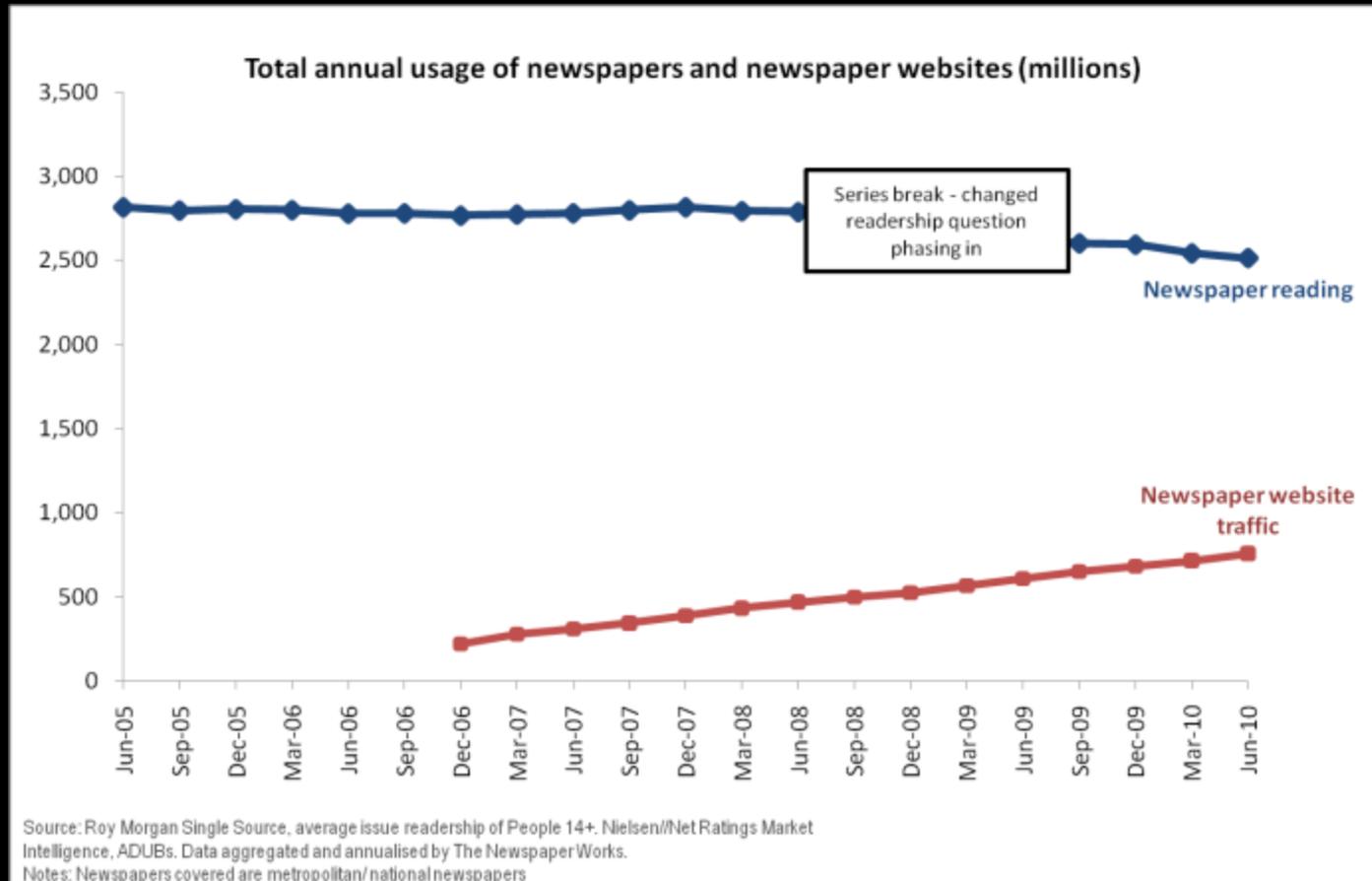
Readership Source: Roy Morgan Single Source People 14-29, read any newspaper incl. communities in last 7 days/visited Facebook in last 7 days, July 09-June10

**Australian newspapers**

# **Digital Audience Facts**

Australian  
Newspapers  
**FACT#27**

# New distribution of newspaper content is expanding audiences.



Australian  
Newspapers

**FACT#28a**

# Newspaper platforms offer complementary reader experiences.



Newspaper websites  
'scratch the news itch'



Newspapers provide a  
mind-expanding read

Example1

Australian  
Newspapers  
**FACT#28b**

# Newspaper platforms offer complementary reader experiences.



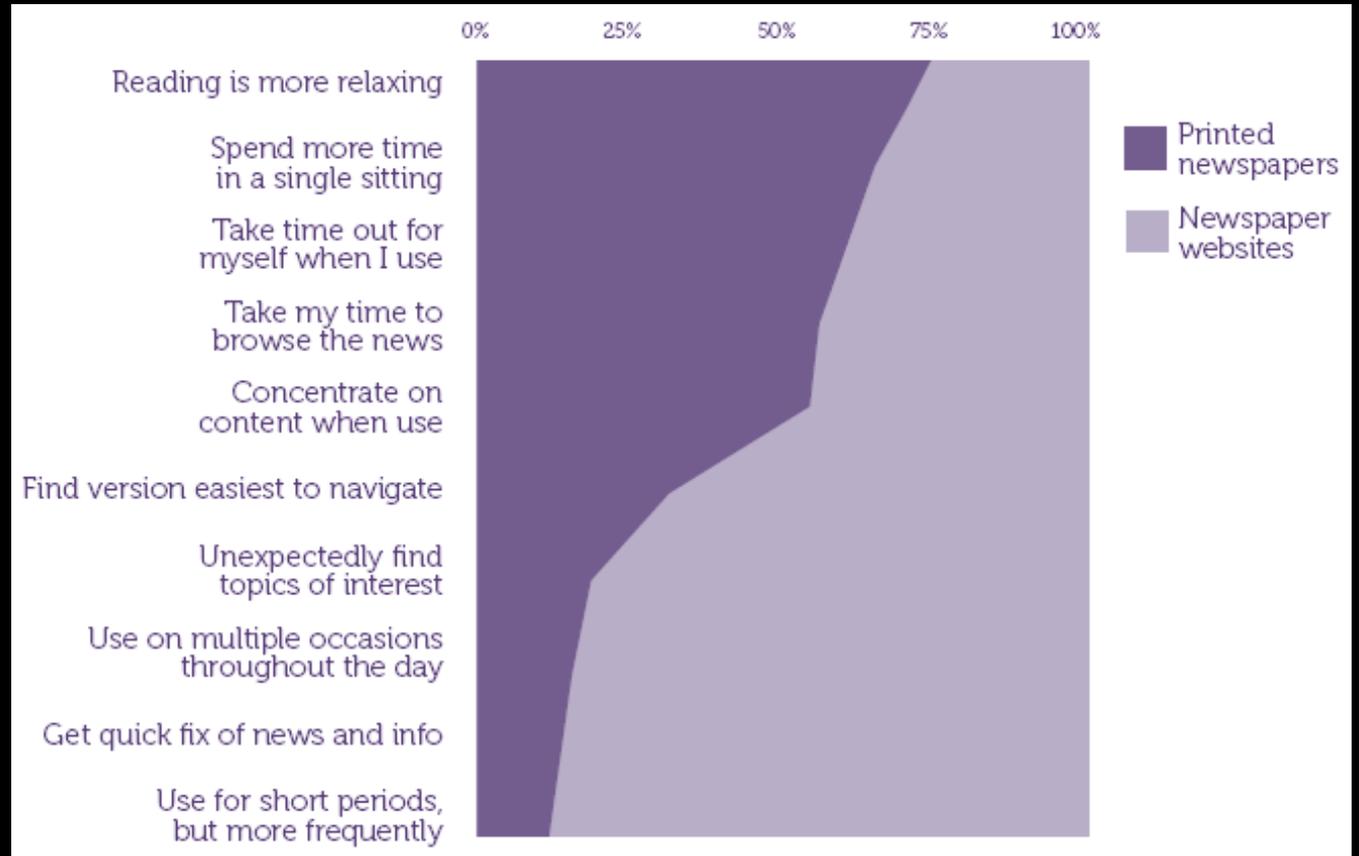
Newspaper websites  
'scratch the news itch'



Newspapers provide a  
mind-expanding read

Australian  
Newspapers  
**FACT#29**

# Newspaper content is consumed differently across various platforms.



Source: Newspapers Today

Australian  
Newspapers

## FACT#30

# Six of the top 10 news websites are owned by Newspaper publishers.

1	Nine News	ninemsn
2	Sydney Morning Herald	Fairfax Digital
3	news.com.au	News Digital Media
4	The Age	Fairfax Digital
5	Herald Sun - News	News Digital Media
6	Yahoo!7 News	Yahoo!7
7	The Australian	News Digital Media
8	Daily Telegraph - News	News Digital Media
9	BBC News	BBC
10	Fox Sports - News	Premier Media Group

Nielsen Online/Market Intelligence/Domestic/June 2010

Australian  
Newspapers  
**FACT#31**



**Australians have  
downloaded over  
331,000  
newspaper brand apps  
in just 5 months.**

Source: Combined downloads for iPhone & iPad devices as at 30.06.10. Domain, MyCareer, The Australian iPad app first month, Herald Sun SuperCoach iPhone app since Feb, Herald Sun SuperFooty iPhone app since May

**Australian newspapers**

**Fragmentation**

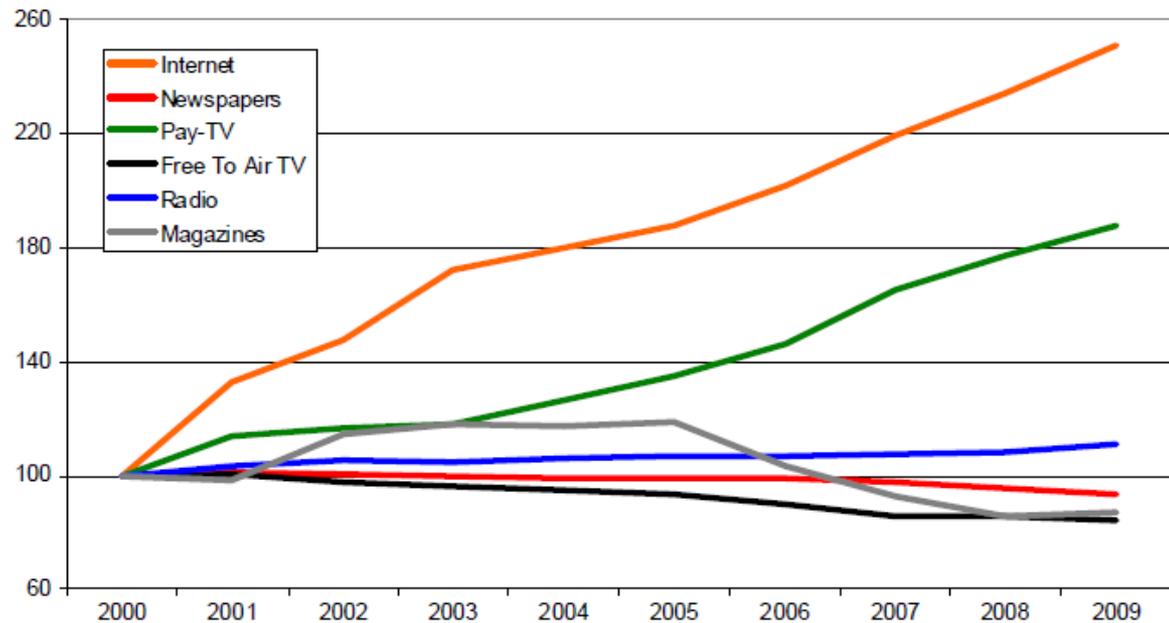
**Facts**

Australian  
Newspapers  
**FACT#32**

# Newspapers are the least impacted by fragmenting audiences.

We expect advertising market share trends long-term will be significantly influenced by the trends in audience fragmentation. New media has made obvious gains in audience growth, however, our fragmentation index also shows that despite the newspaper industry bearing the brunt of fragmentation concerns, the Free to Air Television and Magazine sectors have seen the largest declines in audience since 2000.

**Figure 36: Credit Suisse media fragmentation index**



Source: ABC, OzTAM, Nielsen, ABS, company data

Australian  
Newspapers  
**FACT#33**

# Newspapers have not fragmented and splintered their audience like other media.

GSJBW CME RESEARCH Media Fragmentation in Australia	Unit/ Measure	Act. 2000	Act. 2008	% Chge
<b>TELEVISION</b>				
Metro FTA	Channels	5	11	120%
Subscription/pay TV	Channels	32	90	181%
Subscription/pay TV	Penetration	15.8%	29.7%	76%
<b>PRINT</b>				
Newspapers	Metro mastheads	25	25	0%
Magazines	Titles	732	1,100+	50%
<b>FILM</b>				
Cinemas	Cinema screens	1,817	1,941	7%
Motion pictures	Films screened	250	317	27%
DVD/VHS sold for rental	millions	3.9	13.1	236%
DVD/VHS sold by retail	millions	1.4	68.8	581%
<b>TECHNOLOGY/TELECOMMUNICATIONS</b>				
Fixed line broadband	Household penetration	1.3%	62.9%	>100%
Wireless broadband (via 3G mobile networks)	Subscribers (000s)	0	1,116	>100%
3G mobile telephones	Subscribers (000s)	0	9,003	>100%
<b>OTHER LEISURE</b>				
Gaming consoles - hardware	Sales (\$m)	139.0	577.9	316%
Gaming consoles - software	Sales (\$m)	254.1	750.4	195%

Source: Goldman Sachs JB Were



**Australian newspapers**

**Product Quality**

**Facts**

Australian  
Newspapers  
**FACT#34**

**\$730M invested by Australian publishers means content relevant to changing consumer needs .**



More pictures to come



Australian  
Newspapers

**FACT#35**

**\$730M invested by Australian publishers means new & superior products.**

Consumer/ Advertiser need	USA	UK	Australia
Printed page quality	Limited use of colour	Modest use of colour	High use of colour throughout all newspapers
Inserted magazines	Restricted to top titles only	High quality, generally limited to nationals	High quality, frequent throughout metro and regionals
Colour sections	Limited	Mostly nationals, plus major regionals	Daily throughout all newspapers



Australian  
Newspapers  
**FACT#36**

# \$730M invested by Australian publishers means more creative options for advertisers

Transparent cover wraps

Tailored front pages to specific audiences

3D newspapers



Background – Subscriber |  
Foreground: Retail

**Australian newspapers**

# **Green Facts**

Australian  
Newspapers  
**FACT#37**

**77% OF ALL  
AUSTRALIAN NEWSPAPERS  
ARE RECYCLED.  
THAT'S THE HIGHEST  
PERCENTAGE IN THE  
WORLD.**

Source: PANPA 2010



Australian  
Newspapers

## **FACT#38**

**No native trees are used to make newspapers, only softwood plantation fibre.**

**All fibre used is from Forest industry waste or recovered paper waste**

Source: PANPA 2010



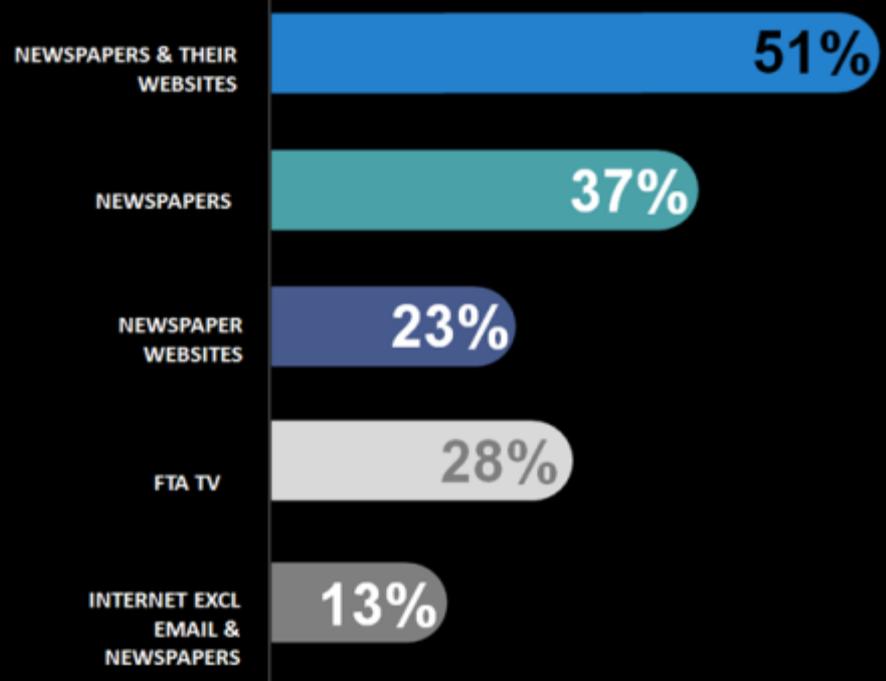
**Australian newspapers**

# Trust Facts

Australian  
Newspapers  
**FACT#39**

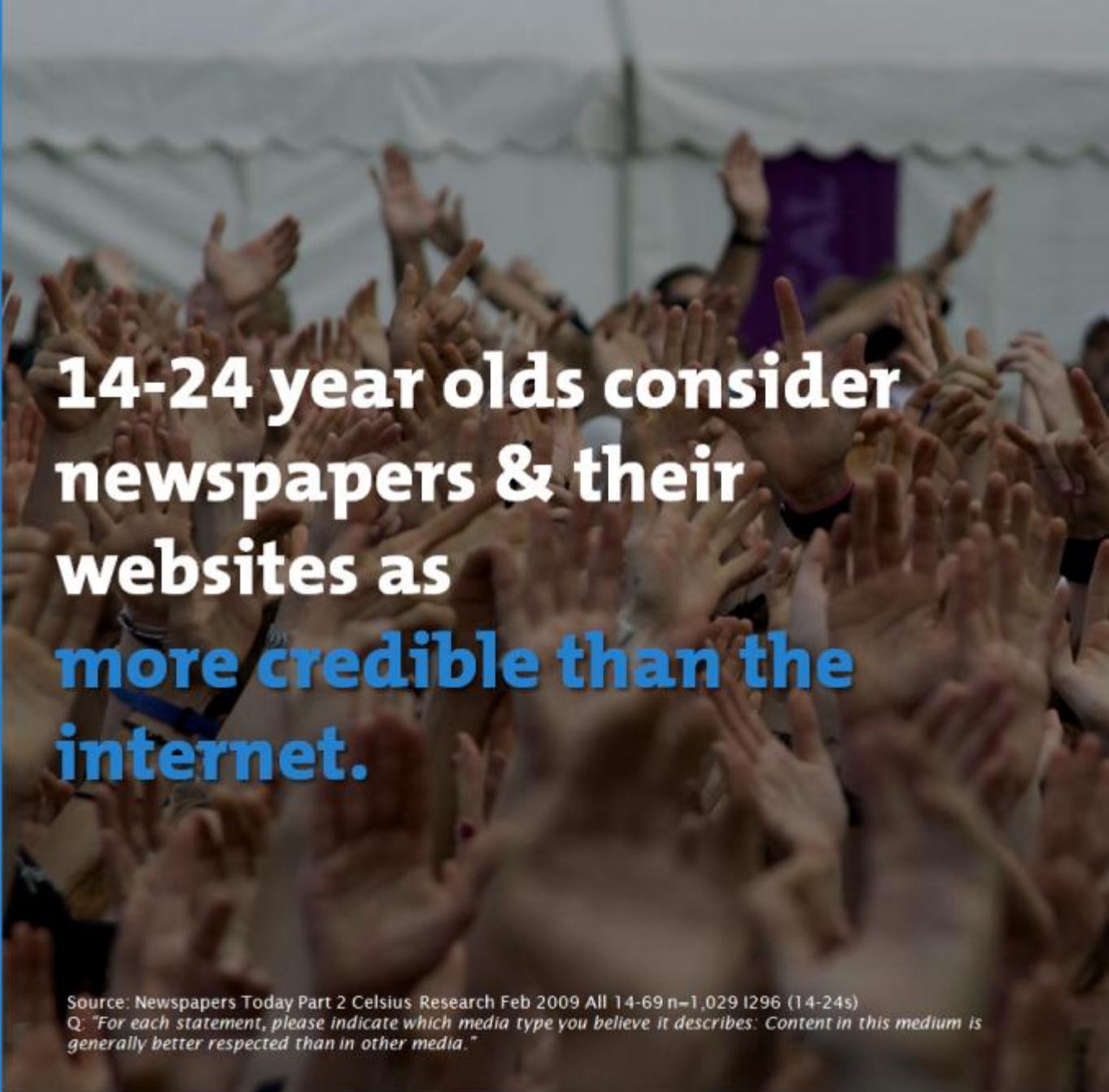
# Australians **respect** newspaper content more than any other media.

**2009** *"The content in this medium is generally better respected."*



Source: Newspapers Today Part 2 Celsius Research July 2007/Feb 2009 All 14-69

Australian  
Newspapers  
**FACT#40**

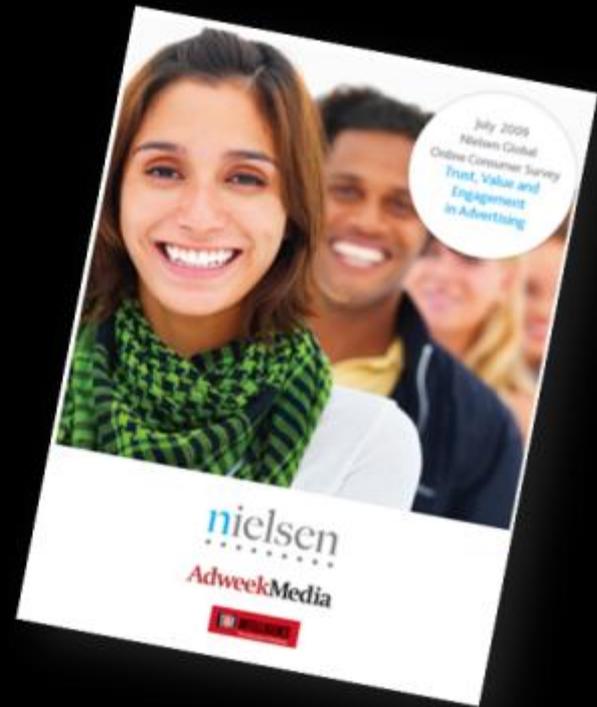


**14-24 year olds consider  
newspapers & their  
websites as  
more credible than the  
internet.**

Source: Newspapers Today Part 2 Celsius Research Feb 2009 All 14-69 n=1,029 I296 (14-24s)

Q: "For each statement, please indicate which media type you believe it describes: Content in this medium is generally better respected than in other media."

Australian  
Newspapers  
**FACT#41**



**And newspaper advertising  
is the **most trusted** of any  
main media.**

Source: Nielsen Global Trust in Advertising Study 2009 – Australian respondents

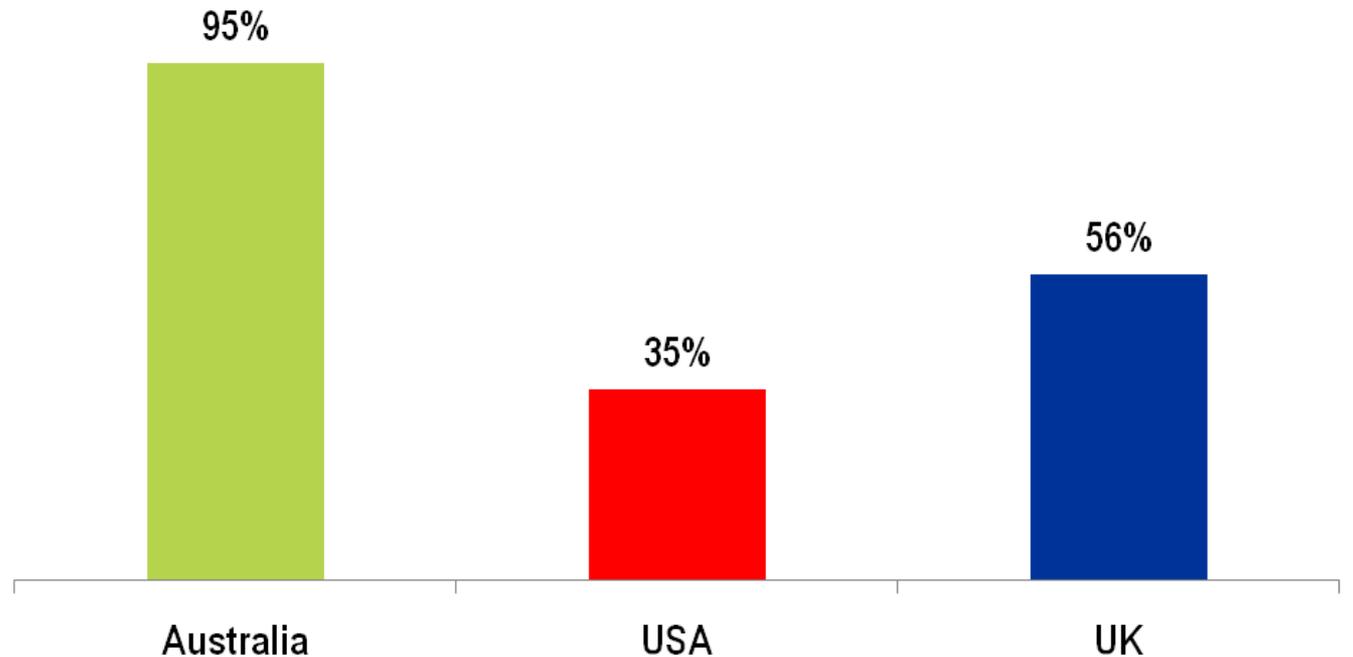
**Australian newspapers**

# **Structural Facts**

Australian  
Newspapers  
**FACT#42**

# Ad revenues are more concentrated in Australia.

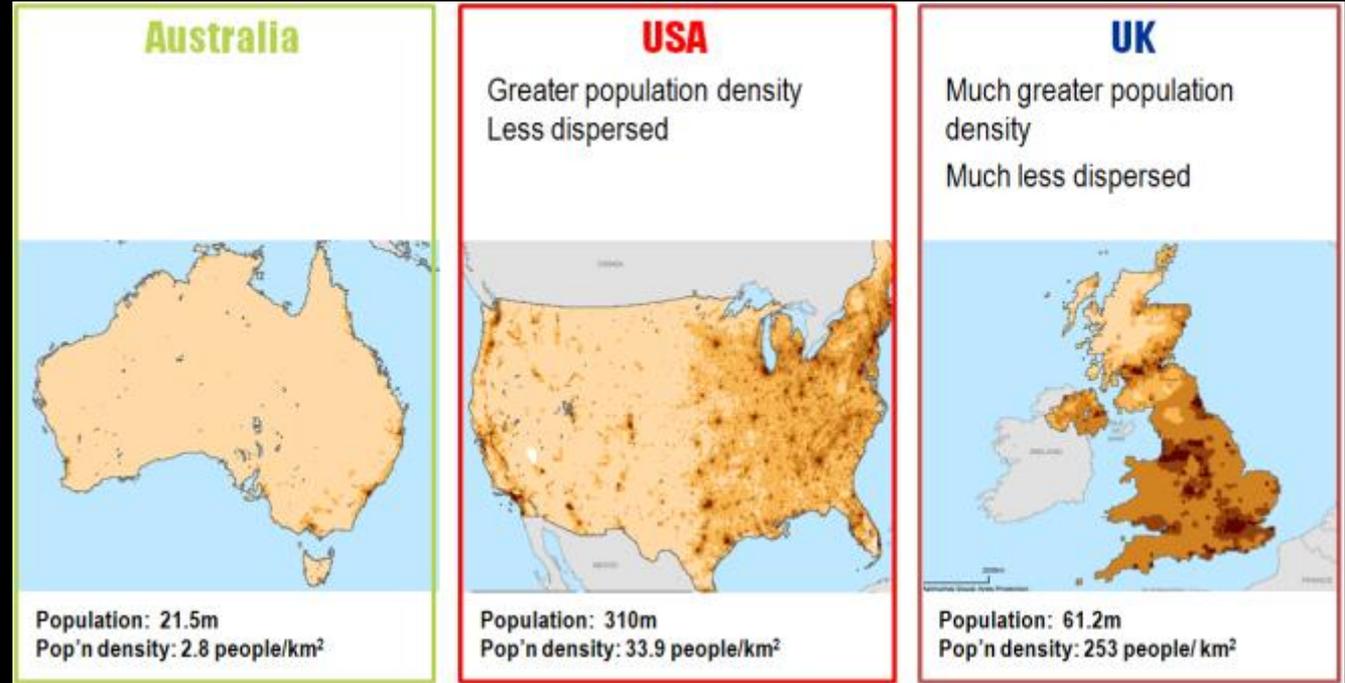
**Approximate share of total newspaper advertising revenue for top 4 newspaper companies by market**



Source: CEASA 2010/publisher estimates, World Press Trends 2010, Zenith Optimedia

Australian  
Newspapers  
**FACT#43**

In contrast to the US and UK,  
Australia has clear geographic  
markets, served by fewer  
dominant newspaper titles.



# Readership in Australia is concentrated amongst a small number of newspapers.

## Australia

Most markets served by a single metro/regional daily newspaper

## USA

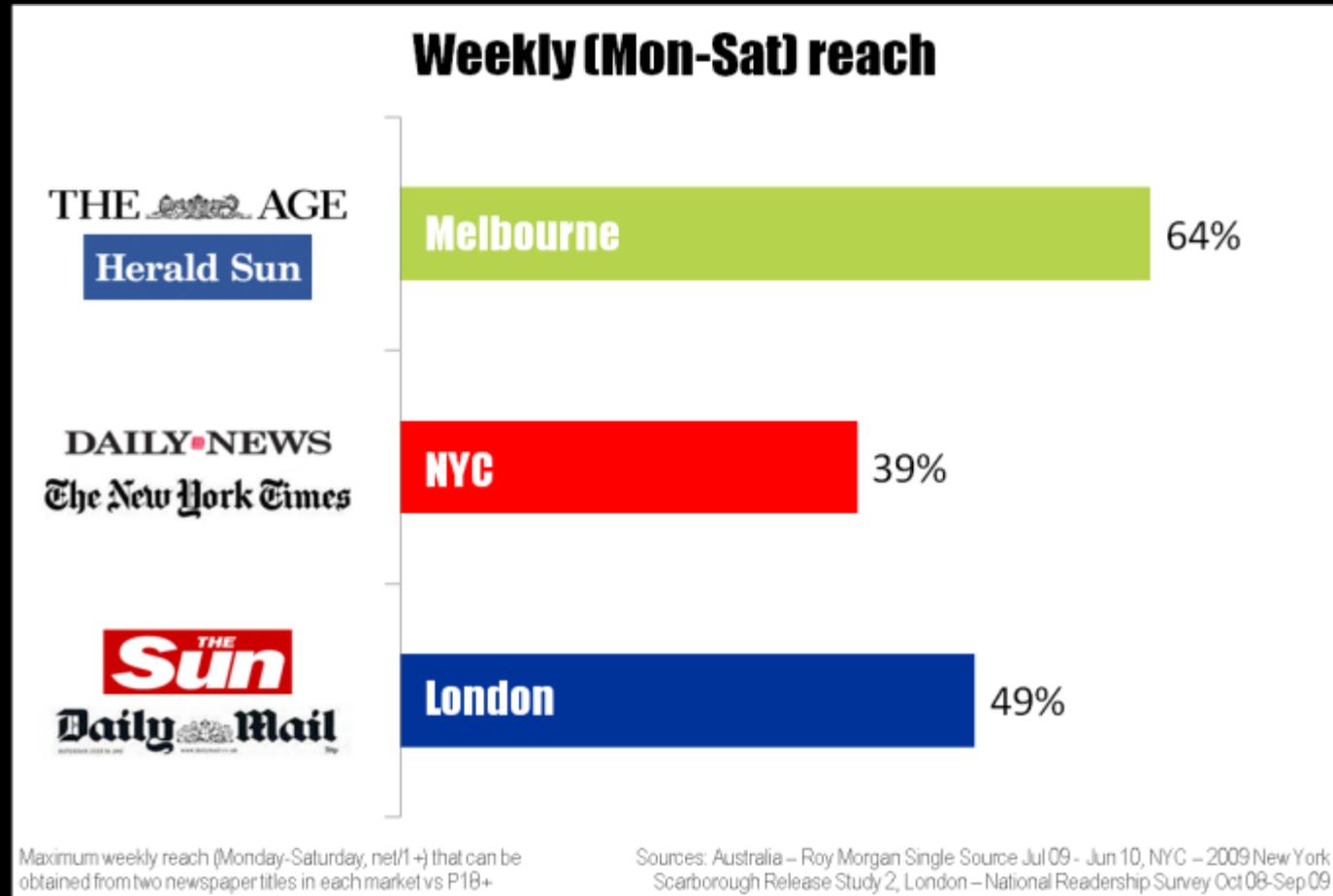
Many markets served by multiple metro/regional daily newspapers or small circulation titles

## UK

10 large national daily newspapers dominate and compete with one another

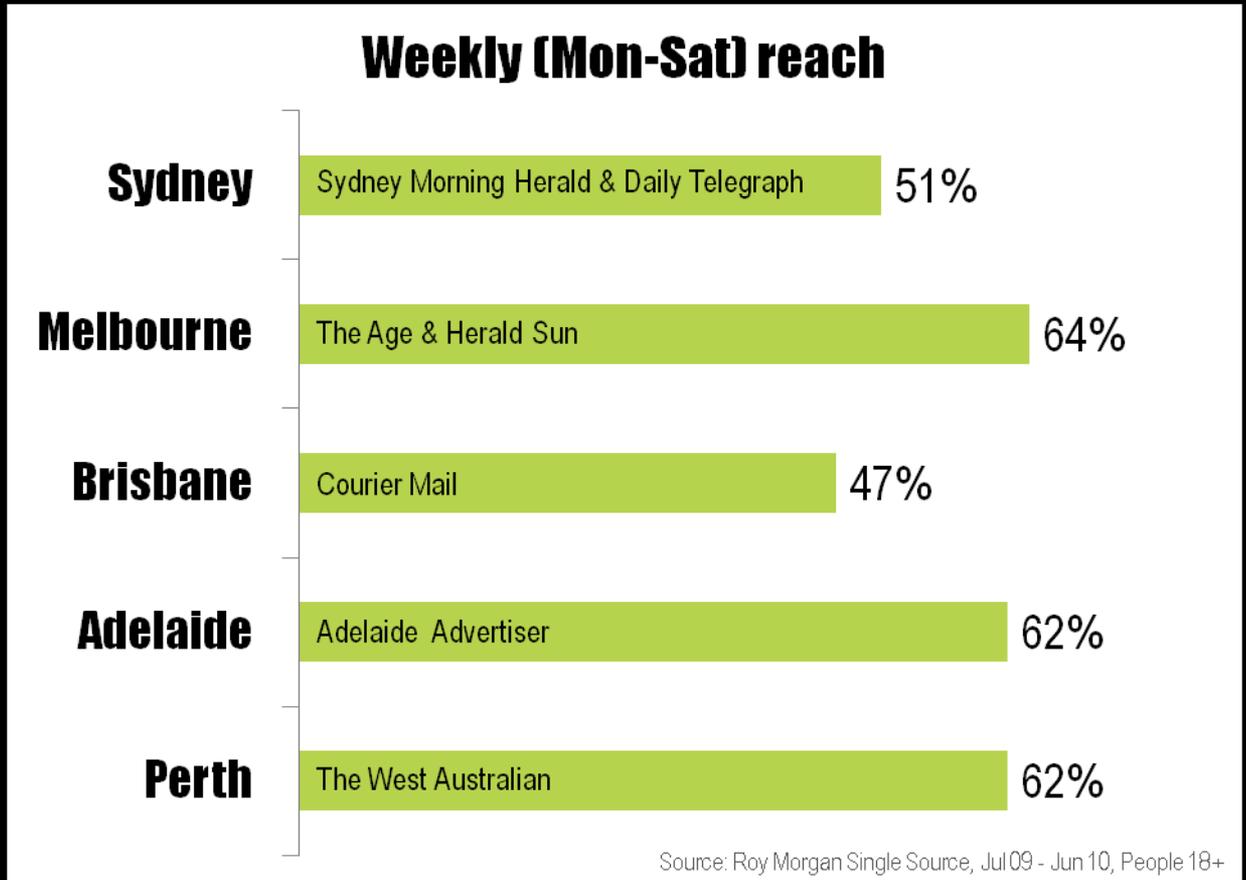
Australian  
Newspapers  
**FACT#45**

Readership of Australian newspapers is consolidated across fewer titles with clearly defined metro & regional markets.



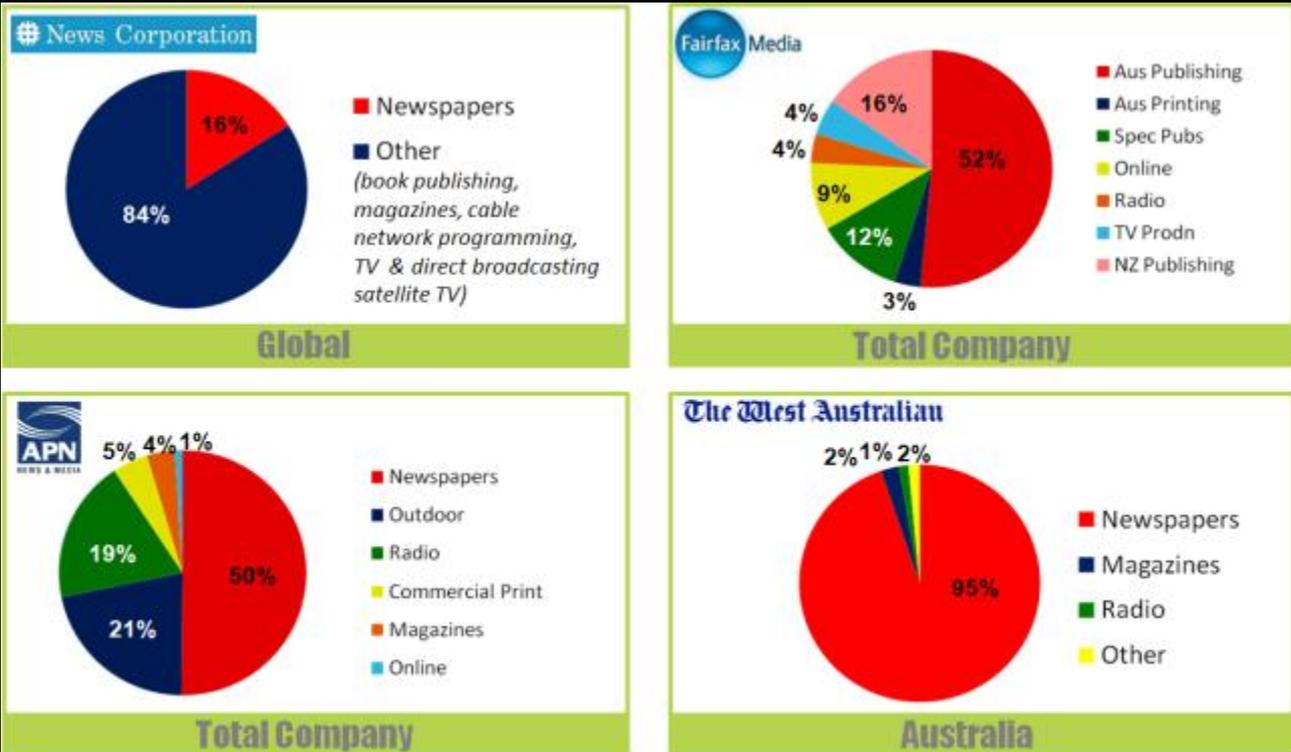
Australian  
Newspapers  
**FACT#46**

# Australian papers provide mass reach in all major cities.



Australian  
Newspapers  
**FACT#47**

# Australian Newspaper publishers have diversified revenue streams.



Sources:  
News Corporation Annual Report 2008 ; Fairfax Media Half Year Revenue Results (H1FY08/09); APN News & Media 2008 Full Year Result; WAN Full Year Results 2007/2008.