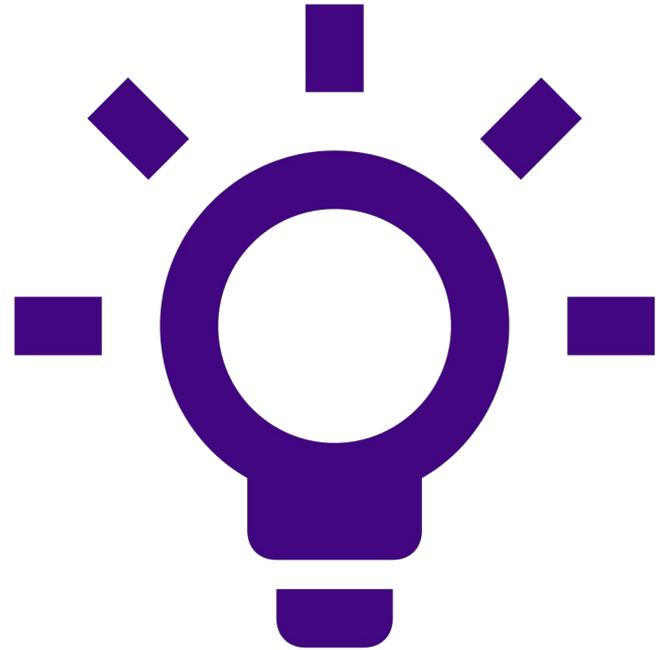

Sustainability Insights

The News Sustainability Project
June 2023



The News Sustainability Project has surfaced critical insights on drivers of sustainability that can benefit both publishers and the broader news industry ecosystem.

Our research involved collecting detailed data from over 450 publishers globally, conducting interviews with 50+ industry experts and deep discussions with numerous industry associations.

That work led to benchmarks and insights that deepened our understanding of sustainability across the world but also within specific regions and types of news organizations.

We present an initial view of those insights here – based on analysis and synthesis conducted in 2022. When publishers complete the [Publisher Sustainability Diagnostic](#), their verified, anonymized responses will be added to the underlying dataset we use to produce benchmarks. As more publishers complete the diagnostic, our dataset will grow larger and more nuanced. Accordingly, we will continue to refresh our analysis and produce new studies as our understanding of sustainability continue to grow richer.

Key Findings

We identified ten key insights on publisher sustainability

1. The **pandemic was an inflection point** for the news industry
2. The **big are getting bigger, legacy local publishers are struggling**, and **lean digital natives are emerging**.
3. Publishers need to **build direct relationships** with their readers
4. **Revenue diversification is important** for sustainability readiness but **needs to be executed judiciously**.
5. Content rightly demands significant investment, but **product & technology can be a differentiator**
6. **Product thinking and operational discipline** really matter
7. Leadership need to build a **detailed vision for success** and set clear goals
8. Many are losing the **talent “tug-of-war”** and are suffering the costs
9. A **viable business model** has to align with your content and context
10. The **Global South faces distinct and deep challenges** around digital ecosystem health.

The pandemic was an inflection point for the news industry

- **News publishers' recovery from the pandemic has been 'K-shaped'**

Large, well-financed, digital-first, reader revenue focused publishers have benefited, while local, traditional, print-reliant have been put at greater risk, and are worse positioned - leading to a "K Shaped Recovery."

- **Those heavily reliant on print revenue are the least 'sustainability-ready' - as exemplified by the pandemic**

Publishers that continue to rely on print revenue are worse positioned. For example, publishers that generate 0-20% and 20-40% of their revenue from digital have an average sustainability readiness score of 57. This is notably lower than publishers with 40-60% of revenue from digital (66), 60-80% (64) and 80-100% (60).

- **COVID-19 had a positive effect on audience engagement and digital transformation for those who were well positioned**

The pandemic helped accelerate the transition to digital-first, with industry leaders acknowledging the potentially irreversible decline of print. Audiences were reminded of the value of quality news sources and adopted new, digital consumption habits - helping publishers to make the critical switch. However, recent research has suggested that increases in audience engagement were transitory and there is now a global falling interest in news².

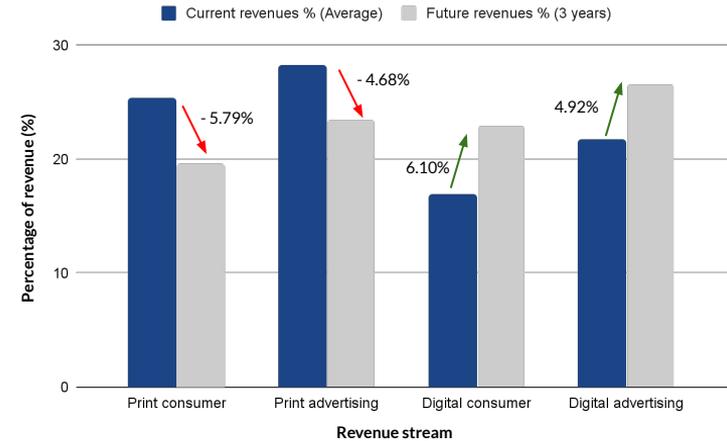
So what? The pandemic was a painful lesson in future-proofing, which must not be wasted. Publishers must make a concerted effort to proactively build resilience into their business by diversifying revenue lines, improving operational discipline and cash allocation, or investing in the editorial output. The well positioned should maintain momentum, continuing to accelerate digital transformation and build resilient revenue sources.

¹ <https://www.poynter.org/locally/2021/the-coronavirus-has-closed-more-than-100-local-newsrooms-across-america-and-counting/>

² https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2022-06/Digital_News-Report_2022.pdf

Necessary transformation

Projected changes in revenue sources for digital forward publishers between 2022 - 2025



“

The pandemic meant that the print product simply lost the point of existing - but that helped us as we were stuck in our ways. We are now fully digital and our product is unrecognisable compared to 5-6 years ago.

”

LATAM Digital Forward, Local Publisher

The big are getting bigger, but there are emerging green shoots within local news

- **Large, successful publishers benefit from an almost irreplicable ‘flywheel’**

Large loyal audiences can be monetised more easily, funding digital and editorial product investment, which leads to larger, more loyal audiences, and so on. 96% of leading publishers (those in the top 20% of sustainability readiness scores) are planning to increase or significantly increase their editorial investment - compared to just 15% of lowest performing publishers (bottom 20%). In fact, of the lowest performing publishers, more plan to decrease their editorial investment (15) than increase it (12).

- **In general, locally focused publishers are the least ‘sustainability-ready’**

Hyper-local and Local publishers are challenged market segments, with average sustainability scores of 57 and 59 respectively¹. This segment of the market also operate with very limited profit margins (on average, 1.3% and 2.6% respectively over the last 3 years). Their market power has been eroded, with readers increasingly finding information from new sources, or directly from larger publishers.

- **Lean digital natives play a growing role in addressing information voids.**

Growing segment of digital native news organizations to fill geographic or topical information gaps. Many leveraged low-cost technology, using philanthropy as financial runway to build self-sufficient businesses, and - if a group - centralized resources across multiple titles to benefit from economies of scale.

So what? Local is not a lost cause, but may require a new op model and a greater emphasis on audience centricity. Emerging local archetypes of success typically have a smaller organization, lower revenue expectations, limited fixed overheads and a laser focus on creating differentiated content for their local community. Local publishers also need to “super-serve” their audience to compete against larger publishers. That means conducting market research (focus groups, interviews etc.) to become truly audience centric and deliver deep value to the community they serve.

¹ comparatively, Regional average score is 62, National is 60 and International is 72.

Positive growth forecast for large publishers overshadows muted expectations of small organisations

Revenue forecast from 2022 to 2025

International				Slight increase	
National					
Regional					
Local	Slight decrease				
Hyper-local					
	5-9 employees	10-49 employees	50-99 employees	100-249 employees	250+ employees

Small local organizations are already the least ‘sustainability-ready’, and have softer revenue forecasts for 2025. These two factors combined puts vulnerable local news publishers at even greater risk.

“

In countries with higher levels of payment (e.g. the USA and Norway) between a third and half of all subscriptions go to just a few big national brands – suggesting that winner-takes-most dynamics are persisting. But in both these countries a significant minority are now taking out more than one subscription, often adding a local or specialist publication.

”

Reuters Digital News Report 2021

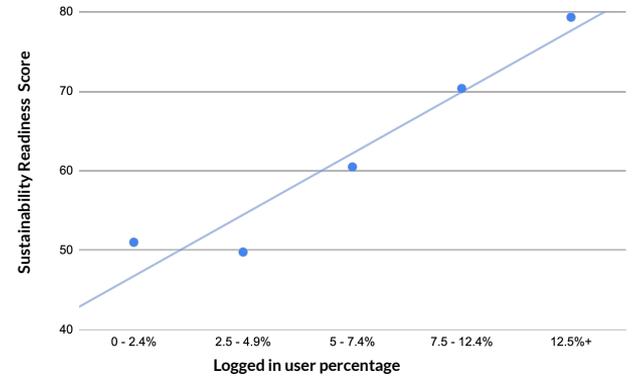
Publishers need to build direct relationships with their readers

- Direct relationships with readers drives profitability - particularly in NA & Europe**
 68% of “very profitable” publishers (average profit margin of over 10%) recorded logged-in audiences of over 7.5% in the last six months. For comparison, only 12% of loss making publishers (negative profit margin) recorded logged-in audience of over 7.5% - in fact, 63% recorded 0 to 4.9% logged-in audiences. This can be explained by first-party data driving loyalty, reader revenue and an increase in advertising CPM.
- First party data is growing in importance**
 As online tracking becomes more limited due to browser changes (such as Chrome deprecating third party cookies or Apple’s ITP), publishers are perfectly positioned to collect user data and monetise it through advertising. Privacy regulation is also limiting publishers ability to bring users back to their sites (e.g. pixel retargeting) - thus increasing the importance of an email address and login information to drive loyalty.
- Disintermediating your relationship with your reader is not good for business**
 Of the cohort of publishers involved in the study that were “loss making”, 57% listed news aggregators as their top or secondary source of traffic. Of the cohort of publishers that were “very profitable” only 9% selected the same. This highlights the risk of disintermediation and its impact on sustainability.

So what? Publishers need to prioritize capturing first party data to drive loyalty and improve monetization. For many, this will mean creating a newsletter or registration strategy to capture email addresses and other critical data points - while reducing their reliance on third party tracking.

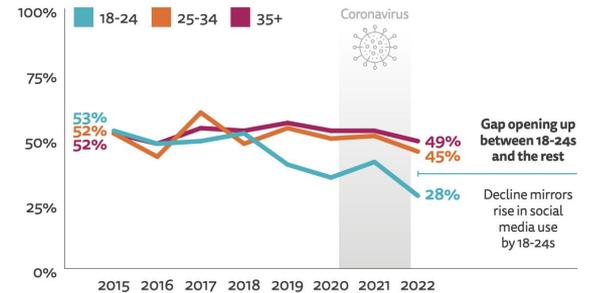
Knowing the user

Relationship between logged in user percentage and sustainability readiness



Demise of the direct relationship (UK)

Proportion who start their news journey with a news website / app



Q10. Thinking about how you got news online (via computer, mobile, or any device) in the last week, which were the ways in which you came across news stories? Base: 2018-22; 18-24 = 200, 25-34 = 300, 35+ = 1500.

Diversification is important for sustainability and profit - but needs to be approached thoughtfully

- **Our study suggests, based on sustainability readiness scores and profit margins, that four primary revenue sources (15%+) is optimal**

Publishers are increasingly diversifying to supplement their core revenue streams. Publishers with 4 primary revenue sources (of 15% or above) had significantly higher average sustainability readiness scores of 66 (versus 58 for others). Publishers with 4 primary revenue sources also had significantly higher average profit margins (6%) versus other publishers (1%)

- Average profit margin though begins to dip beyond 4 revenue streams, suggesting the importance of focusing on effectively executing a handful of core revenue streams.
- **Our study found many examples of diversification boosting sustainability:**
 - A LATAM digital native launched a communications agency, which works with global brands to create and distribute products and campaigns that engage their audiences.
 - Another LATAM digital native created a visual communication consulting agency which helps brands to illustrate their stories and connect with target audiences.
 - A specialist international publisher, based in Europe, launched a jobs board for the industry that they cover to connect readers (potential candidates) with client organizations. This provided the publisher with a more compelling and eclectic advertising proposition for its brands.

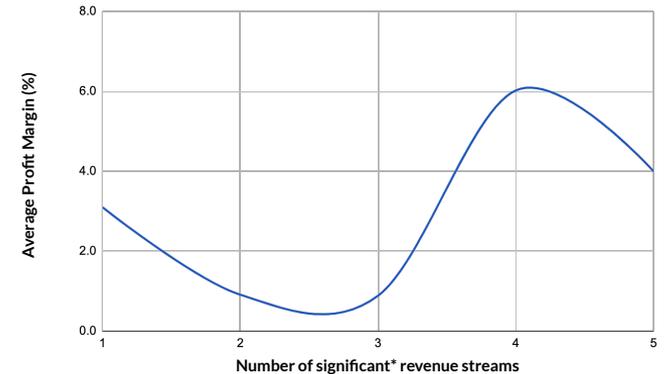
So what? Publishers should focus on carefully diversifying their revenue

mix. This suggests that publishers should slowly ramp up their diversification efforts (up to 4 primary streams) and ensure that all major revenue streams complement one another in a single coherent strategy. However, despite the relationship between diversification and sustainability readiness, it is also important to be aware that diversification can carry risk due to loss of organizational focus.

*significant reflects 15%+ of overall revenue

Four significant revenue streams

Significant revenue streams in relation to average profit margin



*significant reflects 15%+ of overall revenue



There can be something new that is not something you have always been.

US, Digital Forward, Local Publisher

Rather than pivot to the latest things, publishers first need to figure out their core... more often than not, adding in new ways of making money - takes organizational focus away from the most important thing: the content.



Brian Morrissey, The Rebooting.

Content rightly demands the greatest investment, but product & technology can be a differentiator

- **Publishers that produce content that better meets the needs of their community than those of their competitors, are better positioned**

Publishers that “strongly agreed” (5 out of 5) with this statement had an average sustainability readiness score of 72 versus those who disagreed (48) or strongly disagreed (42). Creating valuable, differentiated content requires sizeable investment - setting aside print & distribution costs - this typically means between 35% and 45% of total costs.

- **Publishers that have efficient newsrooms and invest in product & technology typically outperform others in the market**

As highlighted in the bar chart, leading publishers (in the top 20%) are able to allocate a larger proportion of their costs to product & technology (24%) when compared to other publishers (18%). This additional investment comes Editorial efficiency, without compromising the quality of the journalistic output.

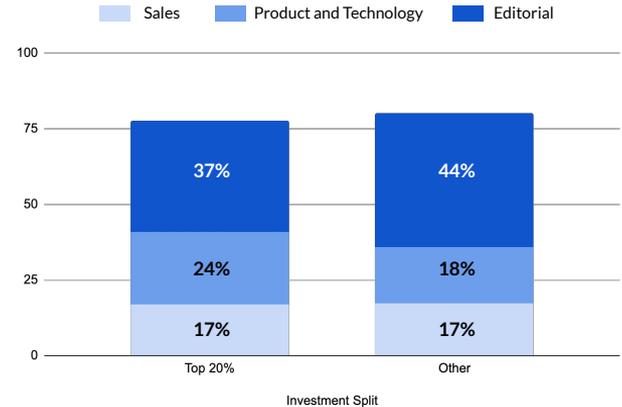
- **Hyper-local publishers struggle to compete**

Differentiated value proposition was crucial to sustainability readiness and profitability. Local and hyper-local news organizations performed poorly, challenged by a rise of commoditized information and having to compete for a finite digital wallet for news.

So what? Publishers should beware of the ‘doom loop’. Publishers that have slashed editorial costs to ensure short-term survival can create a painful cycle of decline, whereby lower investment in editorial leads to a weaker product, which reduces the size of the audience, which reduces revenue via monetization streams, which further reduces investment. However, in tandem, news organizations need to consider whether allocating costs from editorial to product & technology could mean a greater return on investment for the organization - ensuring their future sustainability.

The interplay between efficiency and investment

Allocation of costs (excluding *Print* and *Other*) comparing top performers and others



Leading publishers, especially larger organizations, are able to allocate a lower proportion of their costs to Editorial compared to the rest of the market due to efficiency operations, and then redistributed this funding to Product and Technology functions.



Our business is underpinned by the strength of our newsroom. Content is king and continued investment is a necessity... The journalism is ultimately part of our DNA and has kept us alive for over 140 years.

European Digital Forward, Regional Publisher



Building a strong operational foundation really matters

- **Operational foundations are lacking throughout the ecosystem**

The lack of operational foundations is most evident within small organizations where capacity is extremely limited and organisations are typically focused on the quality of their content (see the graph on the right). Within large organizations, the opposite phenomenon can result in similarly poor outcomes as they build a complex network of systems and processes that inhibit operational agility and result in significant operating expenses on the companies' P&L.

- **There is a clear relationship between operational excellence and profitability**

For example, publishers that actively monitor their cost base and forecast revenues have an average profit margin of 6%, whereas those that don't recorded a loss of approximately 4%. Another example is setting and communicating key strategic goals - those who do this effectively have an average profit margin of 5%, whereas those that don't recorded a loss of 2%.

- **Financial planning and cost management is not optional**

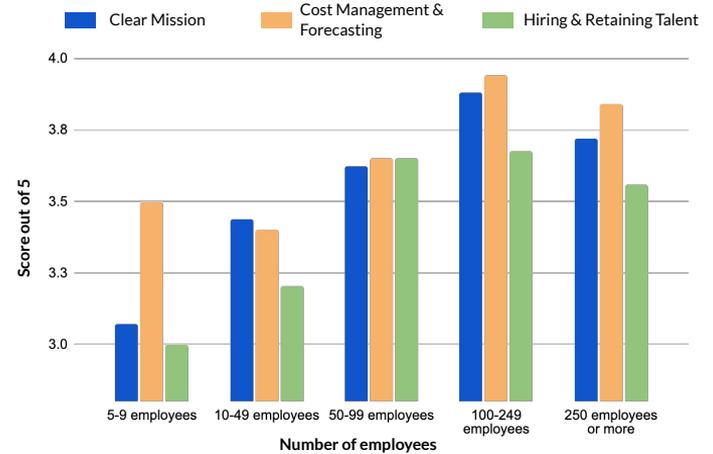
Cost discipline is an essential prerequisite to the success of: new digital-native local publishers that are adopting a lean model, digital forward publishers that are managing the future of their print business and group companies that hope to achieve economies of scale.

So what? Publishers need to acknowledge and invest in their operational foundations.

Publishers can use creative ways to build quality foundations at a fraction of the cost - using scalable low-cost technology solutions, collaborating with other publishers and ecosystem actors to benefit from shared learning and economies of scale and utilizing free resources.

Unequal foundations

Operational performance comparing different company sizes



I once worked with a boss who, every Friday afternoon, would put invoices and cheques alongside one another - and stop paying invoices once the cheques ran out. Clearly this isn't the answer, but it is the discipline of good operations and finance management which is so critical to success.



CEO of leading US digital native nonprofit

Leadership underpins great execution

- **Growing external pressure calls for decisiveness**

Mounting issues such as growing competition from other sectors, structural print decline, market instability (recession, inflation), increasingly complex monetization models and declining trust / interest in news, has forced leaders to be proactive and decisive when it comes to assuring the long-term sustainability of their organization.

- **Successful publishers clearly outline what success looks like**

Our study has shown that leadership best practice, such as setting and communicating clear strategic goals across the organization, is often not followed. This is especially apparent below the international level - while 31% of international publishers strongly agreed that they followed this process, only 16-19% of hyper-local, local, regional and national answered in the same way.

- **Trust is the organisational glue**

Those that successfully led through digital transformation exhibited trust within their teams - injecting energy and decisiveness at critical moments. Lucy Keung notes: *"The old model of an all-powerful leader at the top who makes decisions and can ride across any decision at any point definitely doesn't work anymore. You need a more diffuse leadership where people are empowered throughout the organisation to make those decisions – and they feel backed, even if they're wrong."*

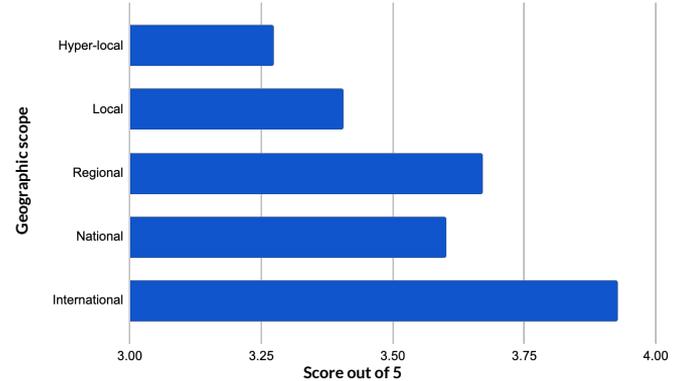
So what? Leaders need to set clear, specific organizational goals and communicate them to the organization

Leadership teams need to determine the path to sustainability and the key outcomes that they need to achieve in order to get there. Once this has been established, they need to set a clear, specific organizational goal and communicate that at every level of the business - empowering employees to deliver on that goal.

¹ Author of *Hearts and Minds: Harnessing Leadership, Culture and Talent to Really Go Digital*.

Leading from the front

How effective each segment is in terms of setting and communicating strategic goals, and focusing on long-term value creation



Transformation is hard, but all the information is out there about how to do it; there are far too many old white men in our industry spending too much time on the golf course, and not enough time getting their hands dirty and getting this done.

CEO of NA digital forward publisher

Much of leadership is providing the direction and then helping people believe in themselves. Self-belief cannot be undervalued. Once we set our goal, we asked our people: how can you contribute to us achieving this shared goal?

CEO of LATAM digital forward publisher



Many are losing the talent ‘tug-of-war’ and are experiencing the costs

- **The industry’s reduced financial resources, and need for tech talent post digital transformation, have made hiring and retention very challenging**

This has created a “tug-of-war” for critical roles e.g. developers. 26% of the publishers surveyed disagreed that they were able to attract and retain the talent needed to fulfill their mission. For hyper locals, this rose to 42%, likely reflecting the larger salaries, comparative job security and the brands of larger publishers.

- **This ‘tug-of-war’ is even more challenging in the Global South**

Publishers from North America and Europe poach their top talent either individually or by setting up satellite offices in foreign regions. An African Digital Native publisher interviewed said that one of their leading engineers was offered 400% of their current salary by a Canadian publisher - making it impossible to compete. Another LATAM niche publisher said their developer was paid 700% more after moving to the US.

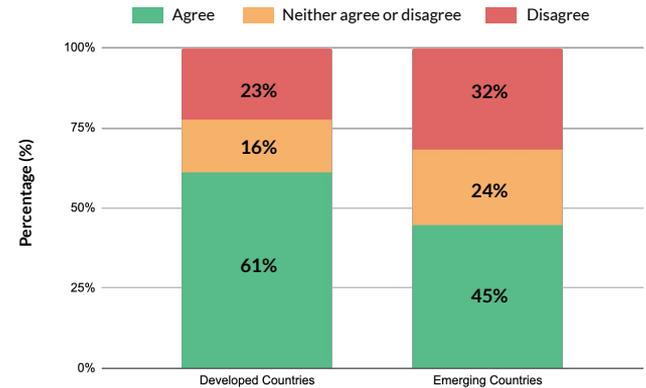
- **Some (particularly local) publishers are leveraging scaled technology solutions in the absence of in-house expertise**

These allow development of digital maturity without the investment needed for a mature Product & Tech function. Potential evidence of this is that the smallest publishers were more likely (21%) to “strongly agree” that they had the necessary technology infrastructure than national (12%) or international publishers (16%).

So what? Limitations on business and tech talent will remain, requiring ecosystem actors to invest in solutions that reduce demand on talent, and publishers to upskill. Larger publishers are increasingly using their superior brand reach to access talent abroad, while smaller publishers are providing generous work-from-anywhere policies, and hiring younger employees with high potential.

Talent and the Global North vs the Global South

Ability to hire and retain the necessary talent by geography



NB: Developed Countries are comprised of North America, Europe, Oceania and some parts of Asia. Emerging markets are comprised of Middle East, Africa, Latin America and some parts of Asia



We do nothing groundbreaking: we pay people well, we care about their mental health, we give them interesting tasks and we are kind - it is unfortunate this is too rare, especially in news organizations

LATAM Digital Native, International Specialist



A viable business model has to align with your content and context

- **A viable business model is at the core of publisher sustainability**

A viable business model is inextricably linked with the editorial offering and effective operations. However, as noted by one of our advisory board experts: *“Most people go into news for journalism, not the business model”*. Of the 450 publishers involved within our study, only 56% agreed that they have the viable business model required to support their independence and journalistic mission.

- **Alignment between the content value proposition, market context and business model is critical**

Revenues need to directly correlate and reward the type of journalism that publishers are producing and fit key market context factors. Whilst it is easy to focus on digital subscriptions as the “silver bullet” for publishing, it is not viable for some content (e.g. civic news), within all regions and for all segments - it still needs to be proven in developing countries and local journalism.

- **Local and hyper-local publishers, in particular, struggle to develop a strong value proposition**

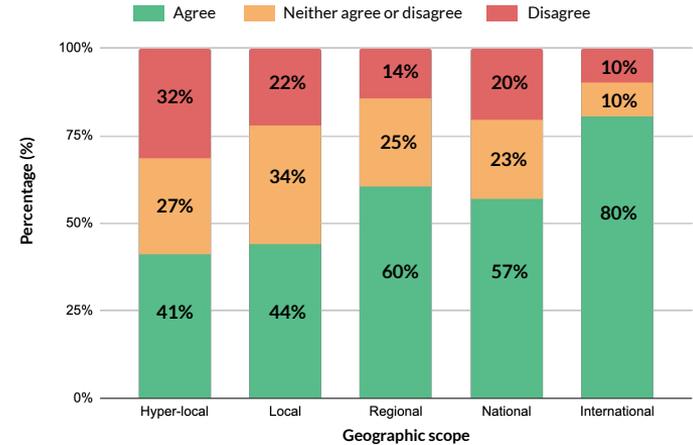
Differentiated value proposition was crucial to sustainability readiness and profitability. Local and hyper-local news organizations performed poorly, challenged by a rise of commoditized information and having to compete for a finite digital wallet for news.

So what? Hyper-local and local publishers must consider how their business model aligns with the core business.

Smaller publishers need support creating business models that are aligned with their content and market context, whilst ensuring they have the internal capabilities and capacity to execute it effectively.

Fighting for survival

Self-assessed business model viability across segments of the market



“

“Indian audiences aren't ready for subscriptions yet. Therefore, it is important to move up the curve in terms of monetisation strategies and keep them diverse: display ads, sponsored content then to syndication, maybe micro-payments then subscriptions. It's a journey rather than a sudden reorientation of strategy.”

”

CEO of leading APAC digital native publisher

A tale of two halves - the global south facing distinct and profound challenges

- Global South has significantly lower sustainability readiness scores than other regions**

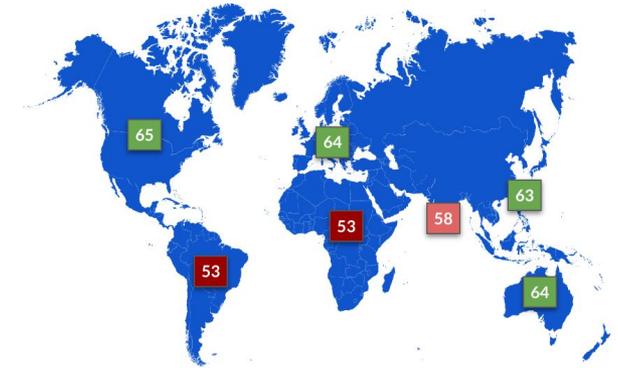
Healthier print businesses lengthen runway but likely saps urgency for digital transformation. In developed markets, digital forward, subscription-leaning publishers contribute to a healthier ecosystem. In global south, even national and regional publishers struggle.

- Significant challenges to building and monetizing direct relationships**

The Global South face some common challenges. A lack of email culture poses challenges to building direct relationships, integral to sustainability. Encroaching authoritarianism often places additional pressure on direct advertising revenue. A culture of paying for digital news is nascent, although a growing habit with younger, urban and diaspora consumers.

- Technology solutions often too costly, relative to revenue opportunity**

Reliance on costly technology solutions - especially subscriptions management solutions - focused at clients in the developed world often wipes away gains made in subscriptions businesses. Publishers often unable to make the case, as a result, for additional investment in subscriptions despite growth.



Average 2022 Sustainability Readiness Scores

	Europe	North America	East / SE Asia	Oceania	South Asia	ME & Africa	Latin America
Average sustainability score	64	65	63	64	58	53	52
Financial resilience score	67	67	67	65	58	57	55
Foundations score	66	67	65	65	62	51	56
Product score	62	65	61	65	54	48	48
Business model score	60	59	56	61	56	56	49
Past Profit (last 3 years)	4.2%	5.1%	4.1%	4.1%	2.1%	-2.1%	-1.3%
Projected Profit (next 3 years)	10.9%	10.6%	9.9%	9.9%	9.8%	3.0%	7.5%

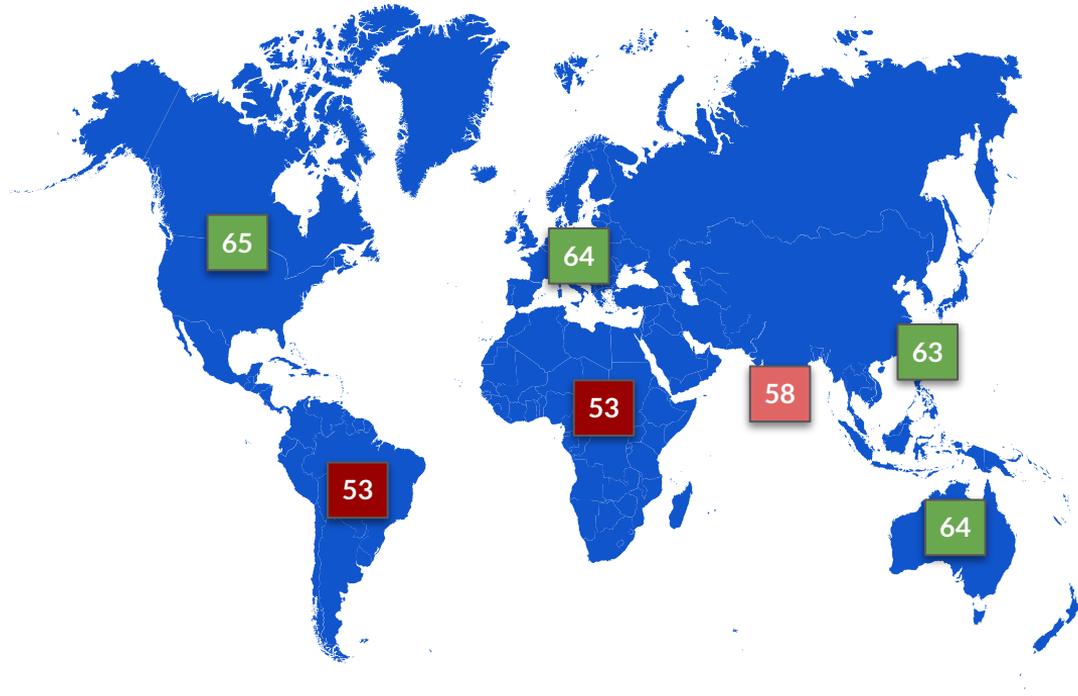
So what? The global South faces distinct challenges around digital sustainability, requiring further attention from ecosystem actors.

The lack of affordable technology solutions, consumer preferences that complicate the ability to develop direct relationships, and nascent cultures of paying for digital news - compounded by challenging socio-economic and political contexts - requires ecosystem actors to strengthen its efforts in the global South.

Sustainability Readiness Score Regional Breakdown

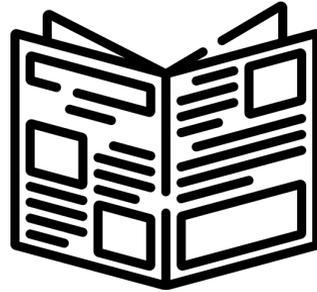
Sustainability Readiness Comparisons

Publishers in our study averaged a sustainability readiness score of 61 in 2022*



Digital forward and digital native publishers scored similarly in terms of sustainability readiness

Digital forward



62

253 publishers

Digital native

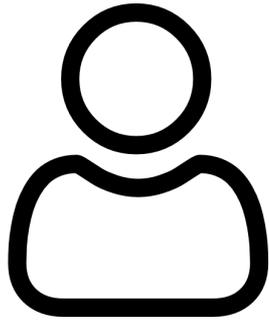


60

148 publishers

Our study has shown little difference in the sustainability of generalist versus specialist publications

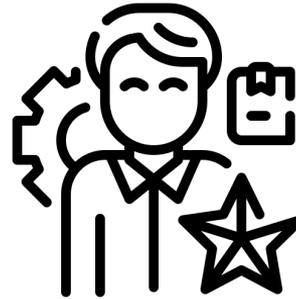
Generalist



61

271 publishers

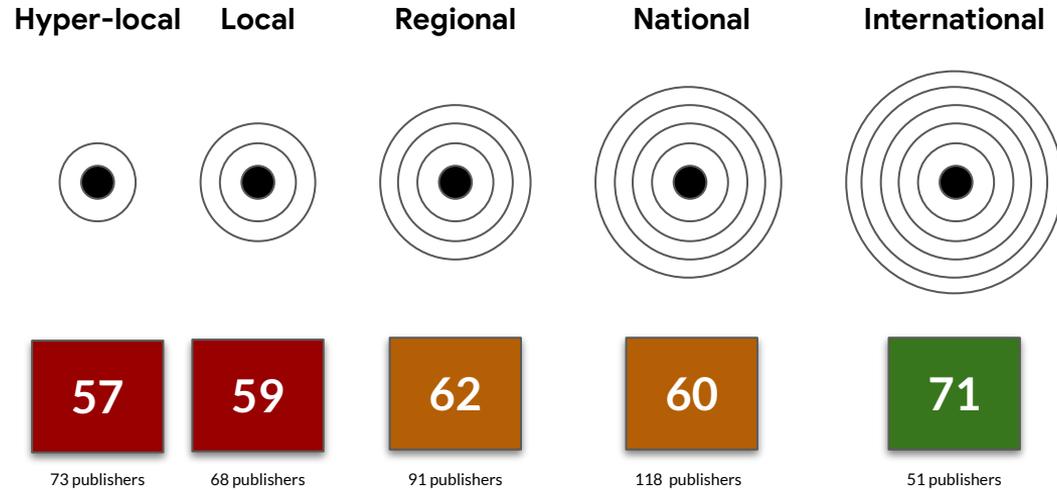
Specialist



61

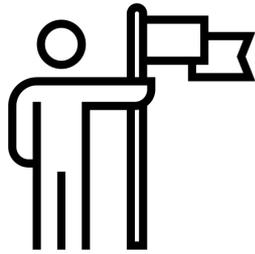
130 publishers

The study revealed differing levels of sustainability depending on the scope of the publisher



The study has also shown the importance of ownership in influencing publisher sustainability

Independent



58

242 publishers

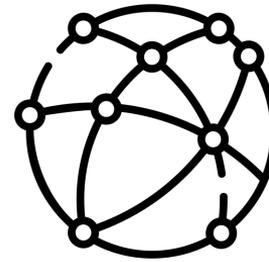
Non-Profit



59

22 publishers

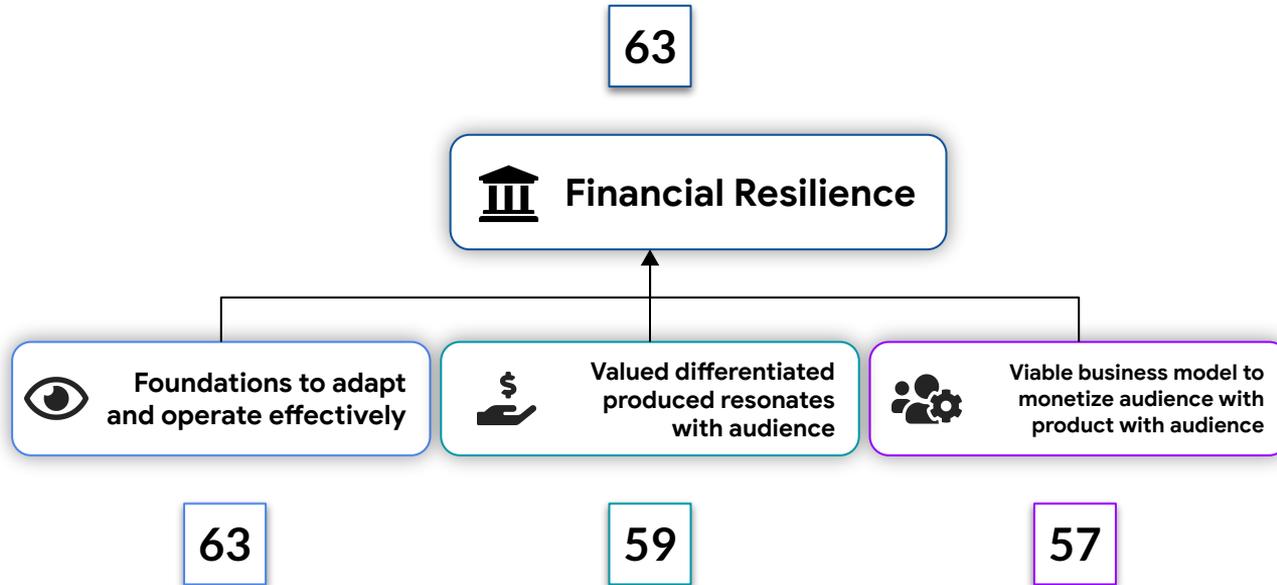
Group / Conglomerate



66

137 publishers

Developing a viable business model was the biggest global challenge



Certain publishing segments are experiencing pronounced challenges . . .

Region	Legacy	Scope	Average Score
MEA	Digital Only	Hyper-Local	42 (4 publishers)
MEA	Digital Forward	National	46 (8 publishers)
Asia	Digital Only	National	48 (15 publishers)
MEA	Digital Only	National	49 (8 publishers)
MEA	Digital Forward	Regional	49 (4 publishers)
LATAM	Digital Forward	Regional	51 (12 publishers)
Europe	Digital Forward	Hyper-Local	52 (8 publishers)
LATAM	Digital Forward	National	52 (11 publishers)

... while other segments of publishers have reasons for optimism

Region	Legacy	Scope	Average Score
Asia	Digital Only	International	84 (5 publishers)
North America	Digital Forward	International	77 (7 publishers)
Oceania	Digital Forward	National	75 (5 publishers)
Europe	Digital Only	Hyper-local	72 (8 publishers)
MEA	Digital Forward	International	72 (5 publishers)
Asia	Digital Forward	Regional	70 (17 publishers)
Europe	Digital Forward	National	70 (16 publishers)

Publisher sustainability readiness varies significantly across geographies

	Europe 	North America 	East / SE Asia 	South Asia* 	Oceania 	ME & Africa 	Latin America 	Global Average 
Average sustainability score	64	65	63	58	64	53	52	61
Financial resilience score	67	67	67	58	65	57	55	63
Foundations score	66	67	65	62	65	51	56	63
Product score	62	65	61	54	65	48	48	59
Business model score	60	59	56	56	61	56	49	56
Past Profit (last 3 years)	4.2%	5.1%	4.1%	2.1%	4.1%	-2.1%	-1.3%	2.8%
Projected Profit (next 3 years)	10.9%	10.6%	9.9%	9.8%	9.9%	3.0%	7.5%	9.3%

*South Asia only includes publisher data from India, we will look to increase the representation within South Asian countries once the Diagnostic has been made publicly available.

Regional Deep Dives

Regional analysis: Europe



European publishers who haven't been able to transition to be digital-first or subscription-focused have fallen behind.

Although Leading European Publishers (top 20% in Europe) have managed to transition a comparatively high proportion of their revenue to digital (70%) and digital subscriptions (28%), those within the bottom 20% have fallen behind (digital 52% and digital subscriptions 19%).



Technology infrastructure, monitoring and forecasting costs and hiring and retaining talent are the most important foundations

Leading European publishers outperform significantly on all of the above capabilities - with technology being highest factor. At a hyper-local level, collaboration is also a critical differentiating factor. At a national level, transitioning from fixed costs to variable costs also distinguishes the best performers from others in the market.



Continued editorial investment, customer research alongside testing and an effective logged-in strategy is crucial

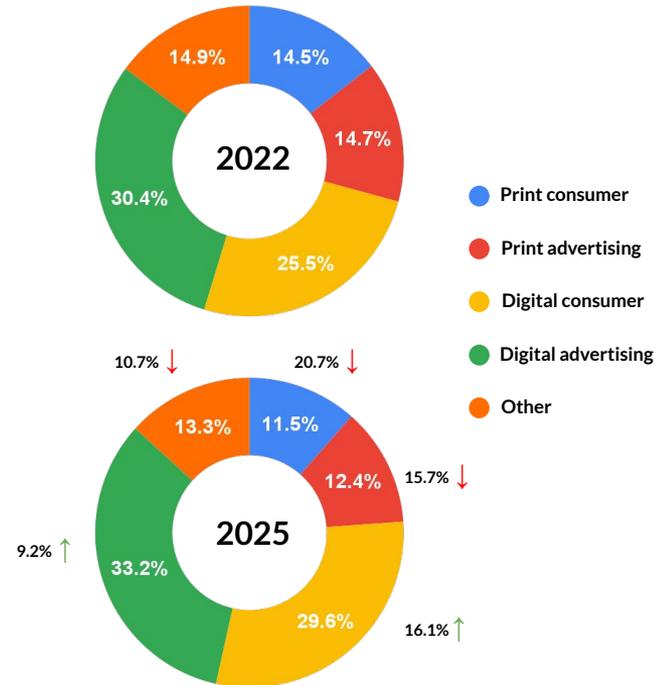
Leading European publishers - including hyper-locals - over-index on all of the above product areas. Leading National publishers also differentiate themselves from others by investing in building a diverse newsroom and audience.

So what? Local and hyper-local European publishers need support in continuing their digital transformation.

This segment of the market is being left behind by top performing International and National publishers. They need support in developing a strong technology infrastructure, monitoring & forecasting costs, continuing to grow digital revenues and building direct relationships with their audiences.

Significant growth in digital and subscriptions

Projected changes in revenue sources for European Publishers



Regional analysis: Latin America

Latin American publishers are among the most challenged globally, particularly in terms of financial performance

Latin American publishers are lowest global performers for financial resilience, digital monetisation and building valued products that resonate with their audience. International publishers are the best performers (63 out of 100 sustainability readiness score) followed by Local (55), National (54), Regional (50) and Hyper-local (49).

Diversity and customer centricity a differentiator for market leaders

Leading publishers outperform the rest of the market at building a diverse newsroom and audience, producing content that better meets the need of the community and customer research testing. Logged-in navigation isn't a great differentiator, displaying very low variance across bottom and top performing publishers.

Maximising digital revenue per user is key for sustainable operations

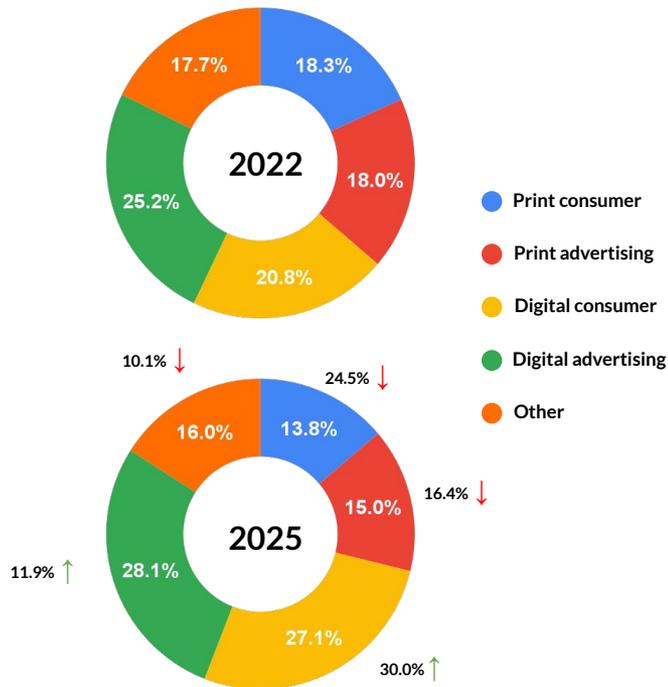
Leading publishers generated a significantly higher digital revenue per user (\$0.48) than other LatAm publishers (\$0.15). For National publishers, the key differentiator is the proportion of their overall revenue that is digital (55% digital revenue for leading publishers versus 38% for the rest).

So what? National and regional LatAm publishers need support and critical investment to improve their digital capabilities.

Latin American publishers, on average, are lagging behind the rest of the global publishing industry, and without additional support could be at risk of being left behind. To aid their digital transition they need support implementing technology infrastructure to optimise their digital offerings and create a leaner cost base, shrinking their fixed costs.

The digital shift continues

Projected changes in revenue sources for LatAm publishers over the next 3 years



Regional analysis: East / Southeast Asia

Asian publishers, balancing the continued reliance on print while transitioning to digital, are struggling to build future proof business models

At an aggregate level, Asian publishers scored 56 out of 100 in terms of their business model. Notably, Leading Asian publishers (top 20%) have a similar proportion of digital revenue (53% vs 53%), digital subscription revenue (17.5% vs 17.3%) and lower overall reader revenue (35% vs 38%) - despite this, they're more confident that they had a viable business model*. This is also a reflection that in a number of Asian markets, there's still a sizable demand for print.

Collaborative teams, long-term oriented ownership and communicating clear goals are critical foundations

Leading Asian Publishers outperform and differentiate themselves for each of the above capabilities.

Building direct relationships, data & analytics as well as customer research and testing are critical to an engaging product

Leading Asian Publishers - across segments - over-index on all of the above product areas. The leading 20% of East / South Asian publishers averaged a 5% logged-in audience percentage versus 3% for the remainder of publishers within the market (median).

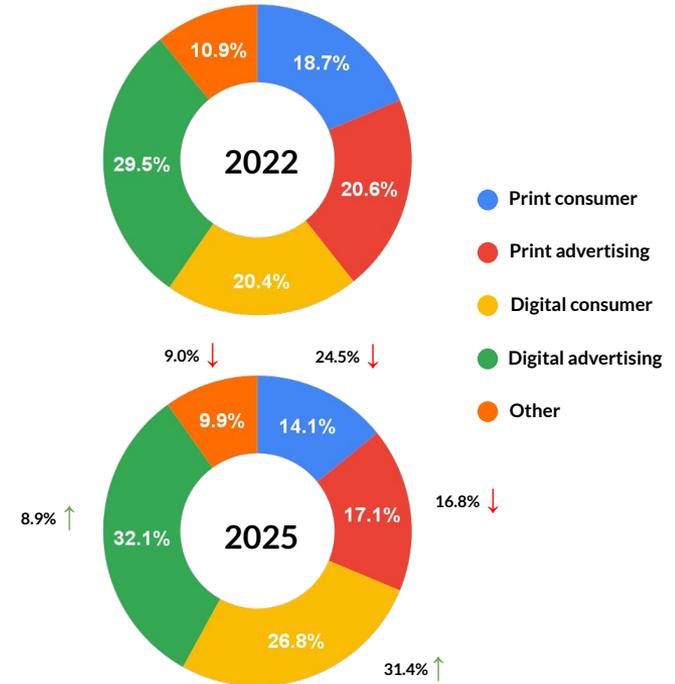
So what? Small Asian news publishers need the technology infrastructure and talent to fulfill their mission and transition to digital reader revenue.

This segment of the market is being left behind by top performing International and National publishers. They need support in developing a strong technology infrastructure, monitoring & forecasting costs, continuing to grow digital revenues and building direct relationships with their audiences.

* Our hypothesis for Asia being an outlier with regard to digital revenue split is that many countries within the region (such as Japan and India) still have high demand for print and are further down the digital maturity curve than Western countries.

A major transition to digital consumer revenue

Projected changes in revenue sources for Asian Publishers



Regional analysis: South Asia*

Digital Ads play a huge role in South Asian publishers monetisation strategy, accounting for a third of total revenue on average

South Asian publishers have the highest reliance on digital advertising as a source of revenue (33.8%) when compared to every other region across the world. Interestingly, the leading 20% of publishers in the region have a lower digital revenue percentage (67%) than the bottom 20% (70%), suggesting that print is still a viable source of income in the region.

Costs forecasting, talent hiring and retention and long-termist ownership are the most important foundations

Leading Asian Publishers outperform and differentiate themselves for each of the above capabilities.

Differentiated reporting and customer research alongside experimentation are the strongest differentiators

Leading Asian Publishers outperform and differentiate themselves for each of the above capabilities. Although there is a significant gap between the leading 20% and the bottom 20% of publisher with respect to logged-in audiences, the median logged-in percentage for the region is consistent at 3%. Building direct relationships is also challenged by operating in less email-driven cultures; although publishers are increasingly experimenting with collecting other forms of first party data (i.e., phone numbers).

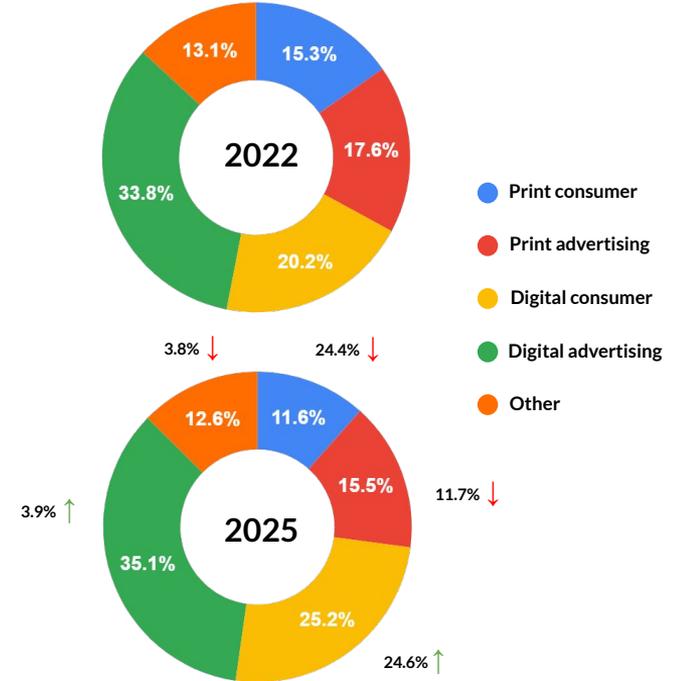
So what? South Asian publishers need to reduce their heavy reliance on digital ads to develop more sustainable business models.

As the region with the highest reliance on digital ads, it is important for South Asia publishers to diversify their business models and explore more resilient revenue engines - such as digital subscriptions - however, the success of these initiatives will be underpinned by customer centricity and building direct relationships.

*South Asia only includes publisher data from India, we will look to increase the representation within South Asian countries once the Diagnostic has been made publicly available.

A major transition to digital consumer revenue

Projected changes in revenue sources for South Asian Publishers



Regional analysis: North America

III North American publishers are among the best positioned globally, however digital forward local publishing is at risk

North American publishers are top global performers for financial resilience, building products and operational foundations. However, hyper-local digital forward publishers appear much less sustainable (59).

👥 Collaborative teams, creating and communicating an organizational goal and hiring & retaining talent are critical business foundations

Leading American publishers excelled, and differentiated themselves from the market, by executing these key capabilities. The greatest challenge for the bottom 20% is developing a technology infrastructure and hiring & retaining talent - two critical gaps impacting sustainability readiness.

💰 Advertising remains a key success factor, but digital consumer revenue is expected to grow enormously

Notably, Leading North American publishers actually have a lower proportion of reader revenue (37% versus 42%) and digital subscription revenue (20% versus 22%) - but major growth is being projected over the next 3 years (as shown on the graph on the right hand side).

👁️ Continued editorial investment, the use of audience data, analytics and business intelligence, and direct reader relationships are vital

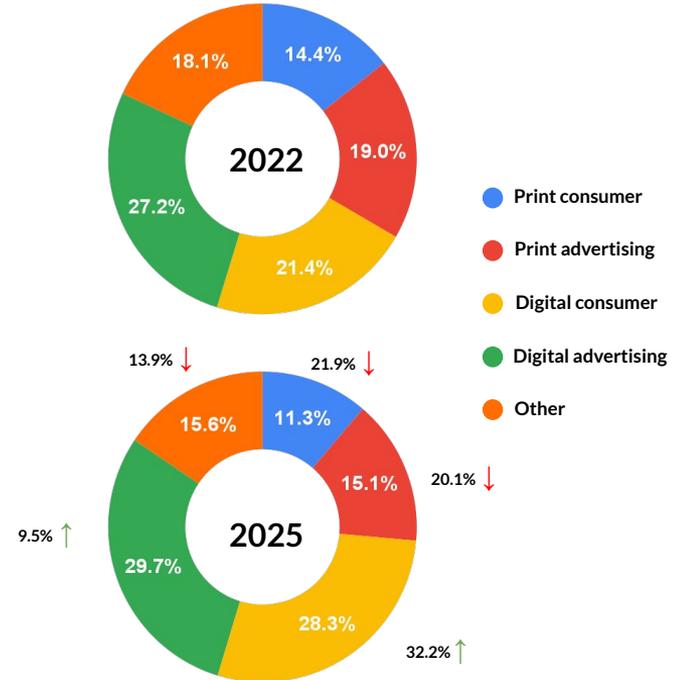
Key differentiators for leading publishers is the maturity of their logged-in user strategy and the use of audience data, analytics and business intelligence. At a local level, customer research & testing is also important.

So what? Oceanic publishers need to develop digital capabilities and infrastructure to catch up with market leaders.

As the segment at greatest risk, local publishers need help in developing their tech infrastructure, hiring / retaining / developing talent and using audience data, analytics and business intelligence to improve their digital product.

Significant growth in digital and subscriptions

Projected changes in revenue sources for North American Publishers



Regional analysis: Oceania

III Oceania publishers are performing above the global average, although there are challenges at a regional level

- Oceania publishers outperformed the global average sustainability readiness score with an average of 64 out of 100; this was driven by International (79) and National (76) publishers performing very well. However, regional publishers appear considerably less sustainable (57)

🔧 Digital capital expenditure and technology infrastructure are critical business foundations

Leading Oceania publishers excelled, and differentiated themselves from the market, by executing these two key capabilities above (respectively scoring 4.8 and 4.3). The greatest area of weakness for lagging publishers (the bottom 20%), in terms of their operating model, is switching from variable to fixed costs (2.3) which is what differentiates them from leading publishers the most.

👁️ An effective logged-in user strategy supports a high quality product

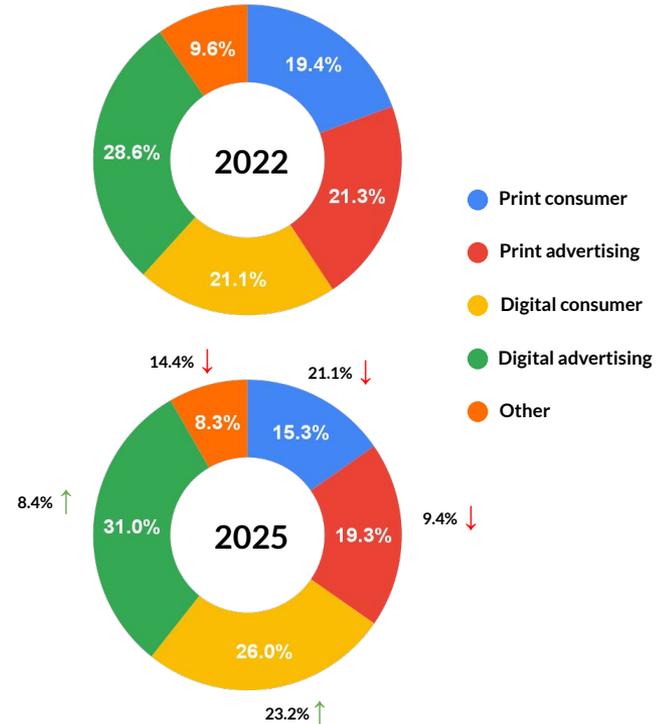
Maturity of logged in user strategy was highlighted as a critical success factor and key differentiator between leading Oceania publishers (all with 12.5% logged-in users or more) and the rest of the market (80% of which have below 7.4% logged-in users). Whilst it was the market leaders highest scoring factor, in contrast it was the lowest scoring factor for the rest of the market.

So what? South Asian publishers need to reduce their heavy reliance on digital ads to develop more sustainable business models.

Publishers across Oceania need to focus on growing their digital product, starting with increasing investment to make required improvements - such as developing further technology infrastructure and building a more mature, effective logged-in user strategy.

The accelerated transition to digital consumer revenue

Projected changes in revenue sources for Oceanic Publishers



Regional analysis: Middle East & Africa

- **Middle East & African publishers, despite generating a large proportion of their revenue from digital, lack financial resilience**

MEA publishers are currently generating a large proportion of their revenue from digital consumers (25%) and digital advertising revenue (32.8%), however their average financial resilience score within the region was only 57 out of 100

- **The greatest operational challenge in MEA is tech infrastructure**

The ability to build an integrated technology infrastructure that can fulfill business objectives is the most critical factor for Leading MEA publishers, and the greatest challenge for the least sustainable publishers (who gave themselves, on average, a score of 1.8 out of 5 for this category).

- **The use of audience data, analytics and business intelligence, alongside direct reader relationships, drive engaging products**

Leading MEA publishers significantly outperform others on these key factors. However, the least sustainable publishers are yet to implement effective logged in user strategies and do not have effective customer research and testing capabilities.

- **The least sustainable segment have a different revenue mix**

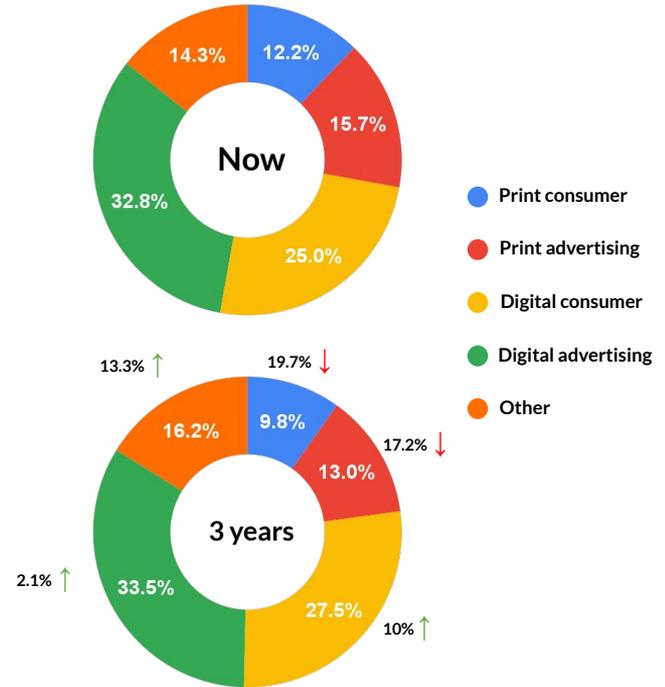
The bottom 20% of publishers exhibit significantly lower digital subscription revenue (14% versus 25% MEA avg.) and lower digital revenue (45% versus 63% MEA avg.)

So what? The least sustainable segment of publishers in MEA need support in developing the tech infrastructure required to pivot their business model.

This is critical to growing the proportion of digital revenue and digital consumer revenue. Without additional support, these publishers will continue to be reliant on digital advertising and low levels of digital average revenue per user.

Continued reliance on digital advertising

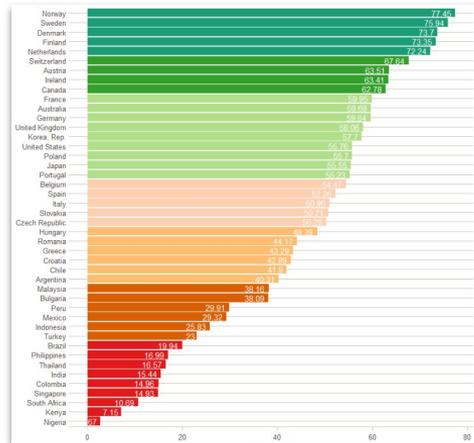
Projected changes in revenue sources for Oceanic Publishers



Market Favourableness



The market favorability score measures how favorable each country is for supporting publisher sustainability



- Assesses favorability for publishing organisations' sustainability across 44 countries
- Composite "market favorability" scores reflect thirteen criteria across five dimensions
- Enables publishers to understand their performance in the context of publisher performance across markets with comparable levels of favorability



The market favorability score is comprised of 13 distinct indicators across 5 dimensions



Publicly available

All datasets used were from publicly available sources such as the World Bank and Reuters Institute for Journalism Digital News Report 2021



Reputable

All data sources were reputable, so we can be sure that the data is accurate, thus increasing the level of confidence in the overall score

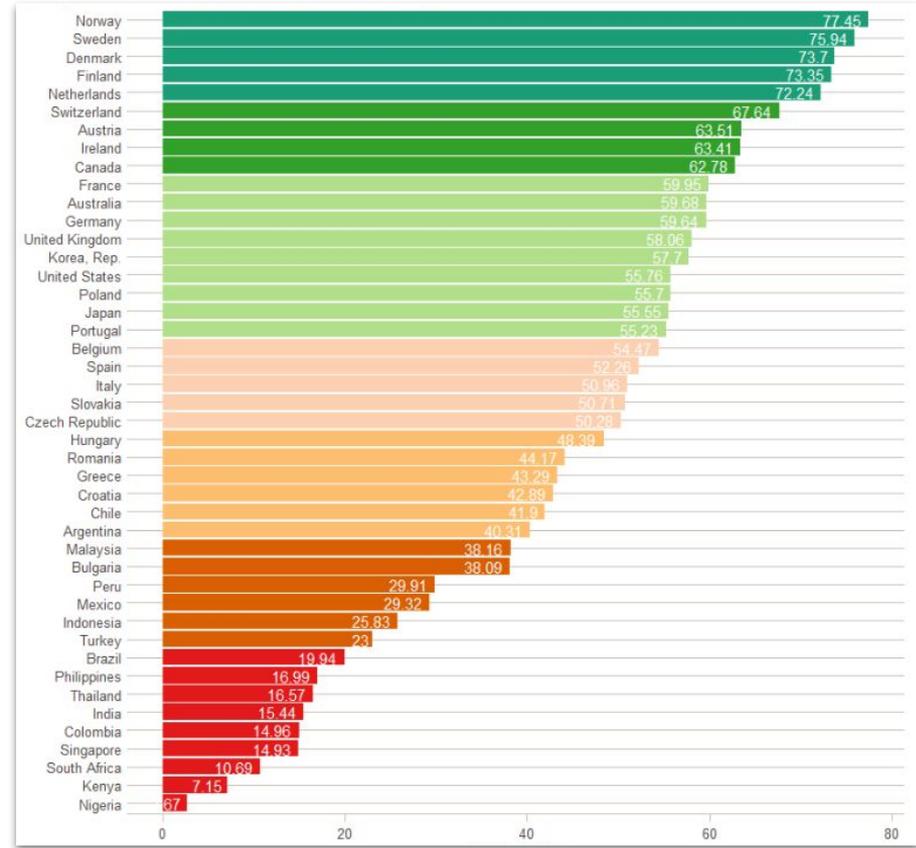


Regularly updated

All of the data sources selected are regularly updated, which will allow us to continuously update our scores and track changes over time

Government Intervention	1. World Press Freedom Ranking		
Economic Landscape	2. National economy	3. Population prospect	4. Income inequality
Addressable Market	5. Willingness to pay	6. Trust and credibility	7. Access format
Community	9. Social cohesion	10. Governance / Participation	8. Population
Tech - Audience Access	11. Data cost	12. Internet penetration	13. Download speed

We created a score for each country (where we had reliable data) and grouped them into “tiers”. This categorization was then stress tested with the Advisory board



There are a number of resources available to publishers



Publisher Sustainability Diagnostic

- Receive Sustainability Readiness Score and Industry benchmarks across key metrics
- Customized focus areas and tactics that can improve your sustainability
- Dashboard to track progress and build project plans

Other studies

Archetypes Report



Study Explainer



A wide range of industry experts have collaborated on this project

- **Robert Whitehead** INMA
- **Grzegorz Piechota** INMA
- **Earl Wilkinson** INMA
- **Prof Rasmus Kleis Nielsen** Reuters Institute for the Study of Journalism
- **Mira Milosevic** Global Forum For Media Development
- **Elizabeth Hansen** National News Trust
- **PJ Browning** Post and Courier
- **Chris Krewson** Local Independent Online News Association
- **Heidi Legg** Harvard, Shorenstein Center
- **Jon Slade** Financial Times
- **Kinsey Wilson** Newspaper
- **Anita Li** The Other Wave, The Green Line
- **John Heaston** The Reader
- **Sarabeth Berman** American Journalism Project
- **Fran Scarlett** Scarlett Ink Media
- **Janine Warner** Sembra Media
- **Eduardo Garces** El Espectador
- **Mijal Iastrebnner** Sembra Media
- **Styli Charalambous** Daily Maverick
- **Philippe Colombet** La Croix
- **Francois Nel** UCLAN
- **Carole Kimutai** Standard Group PLC
- **Barbara Kaija** Vision Group
- **Alan Soon** Splice Media
- **Bharat Gupta** Jagran News Media
- **Monica Attard** Centre for Media Transition
- **Ariel Zirulnick** Membership Puzzle
- **Ken Herts** Lenfest Institute
- **Jim Friedlich** Lenfest Institute
- **Douglas McCabe** Enders Analysis



Thank You