State of the Digital Publishing Market Report
November 2020

PUGPIG

Introduction

Welcome to the first annual Pugpig State of the Digital Publishing Market Report

It's something we've wanted to do for some time - to create an annual report that tracks data trends across news and consumer media, and then places those trends alongside in-depth face to face interviews with senior media execs.

The thing is, while there's plenty of data flying around, we don't see many reports compiled from conversations with our industry leaders - and that's where you can get real insight. Our report aims to give an insider view into where the industry is going rather than just the data on where it currently is. Now that so much is going on in the industry, and we have a critical mass of publishers and readers here in the UK and in the USA, it feels like the perfect time to kick it off.

This year we've started with some basic trends on app usage, but next time we'll be publishing considerably more data driven insight across web and apps to go along with our interviews. We hope you manage to get something from the report - if you have any feedback just let us know...

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Approach

This report has been compiled from a mix of analytics and face to face interviews

1. We took 12 months of sample data from across our stable of brands (over 300 of them) to look for macro level trends across daily news media, weekly news media and monthly consumer media

2. We conducted in depth interviews with over 30 senior execs whose roles ranged from CPTO, Head of Product and SVP Marketing to Head of Digital, CTO and beyond. Publishers covered a broad mix of news media and consumer magazine publishers (you'll find a list of participating companies in the appendix). During the interviews, we discussed a range of topics including the challenges that they are currently facing, their relationships with the big tech platforms, where they are spending their money, and their strategic goals for the coming year.

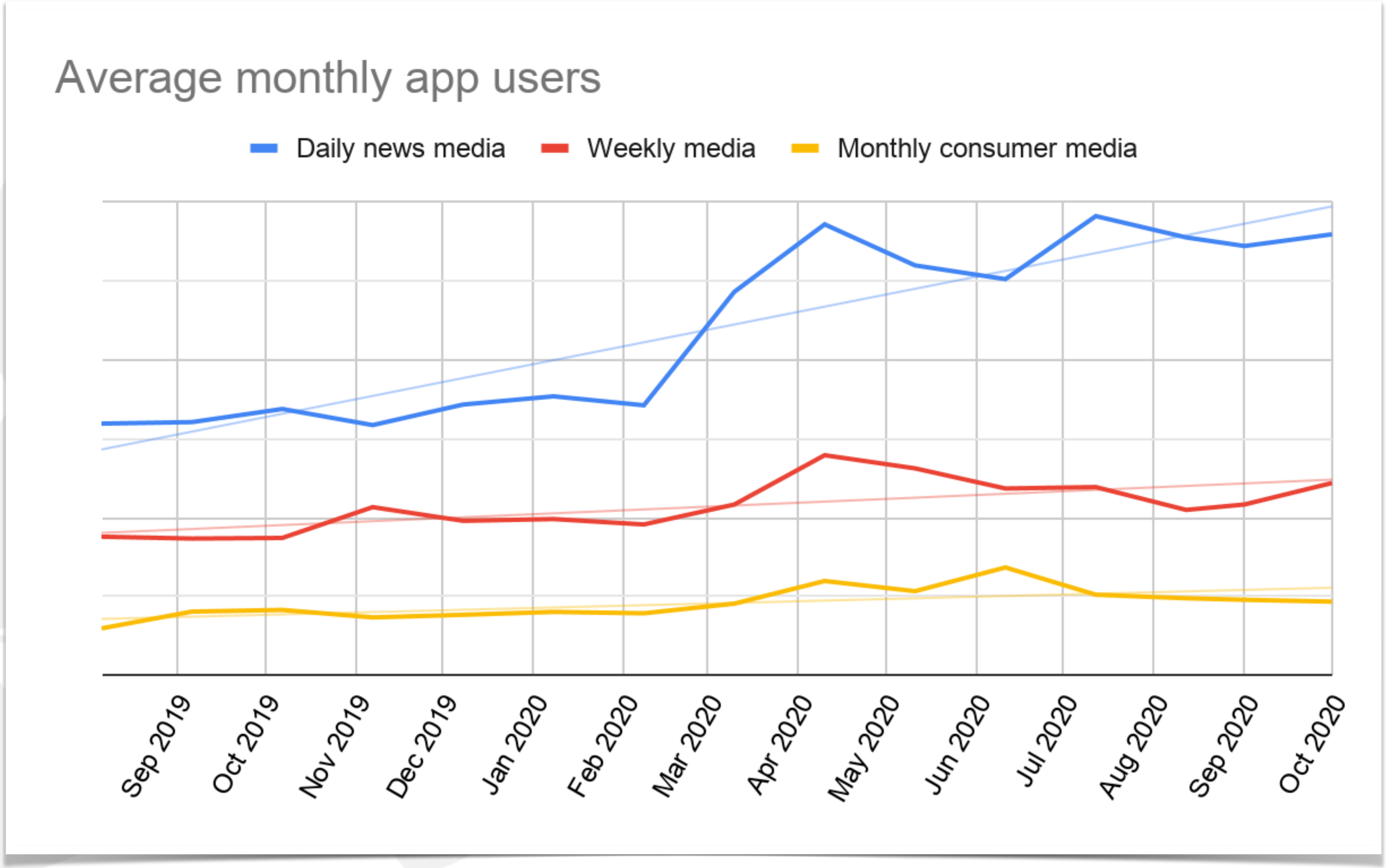
If you'd like to dig into any of the data or information published in this document, feel free to get in touch at info@pugpig.com

The data

Aggregated data across our daily, weekly and monthly publications

We're seeing steady growth in digital usage

With a visible Covid effect across the board since March

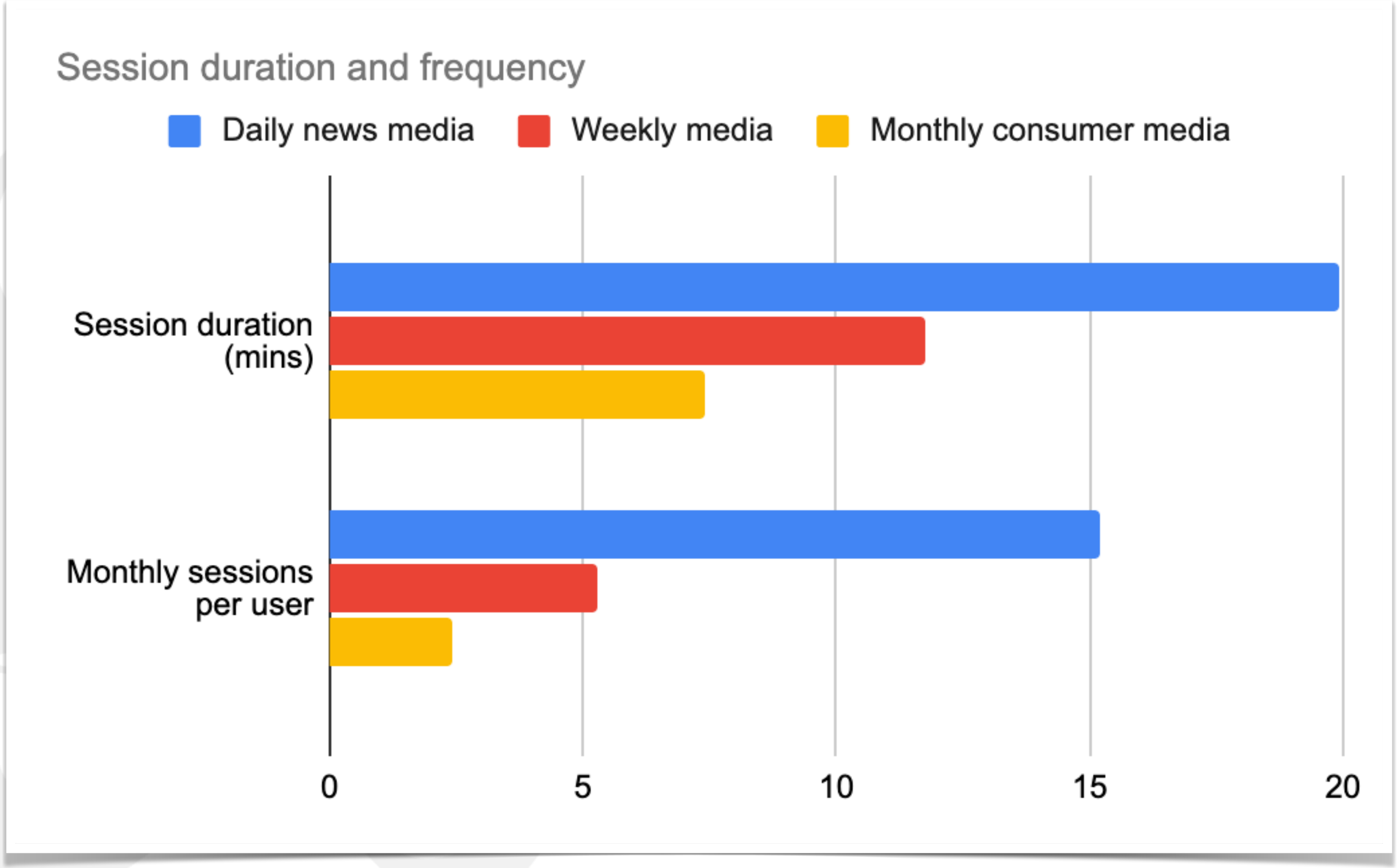


Notes:
The Covid bump is clear to see in the raw data - we saw significant increases in users from Feb across all media, with the daily news brands getting a significantly bigger jump than the weeklies and monthlies.

Many monthlies ran free issue campaigns over the summer which created a nice uptick in usage, and while we've seen a drop off since the summer, the majority of publishers are maintaining most of the gains they achieved earlier in the year well into the Autumn - so it's looking great for readership across the board.

Dailies are winning on audience and engagement

Monthlies still have work to do to increase time spent



Dailies are delivered via a mix of live and edition apps, weeklies and monthlies are all edition-based

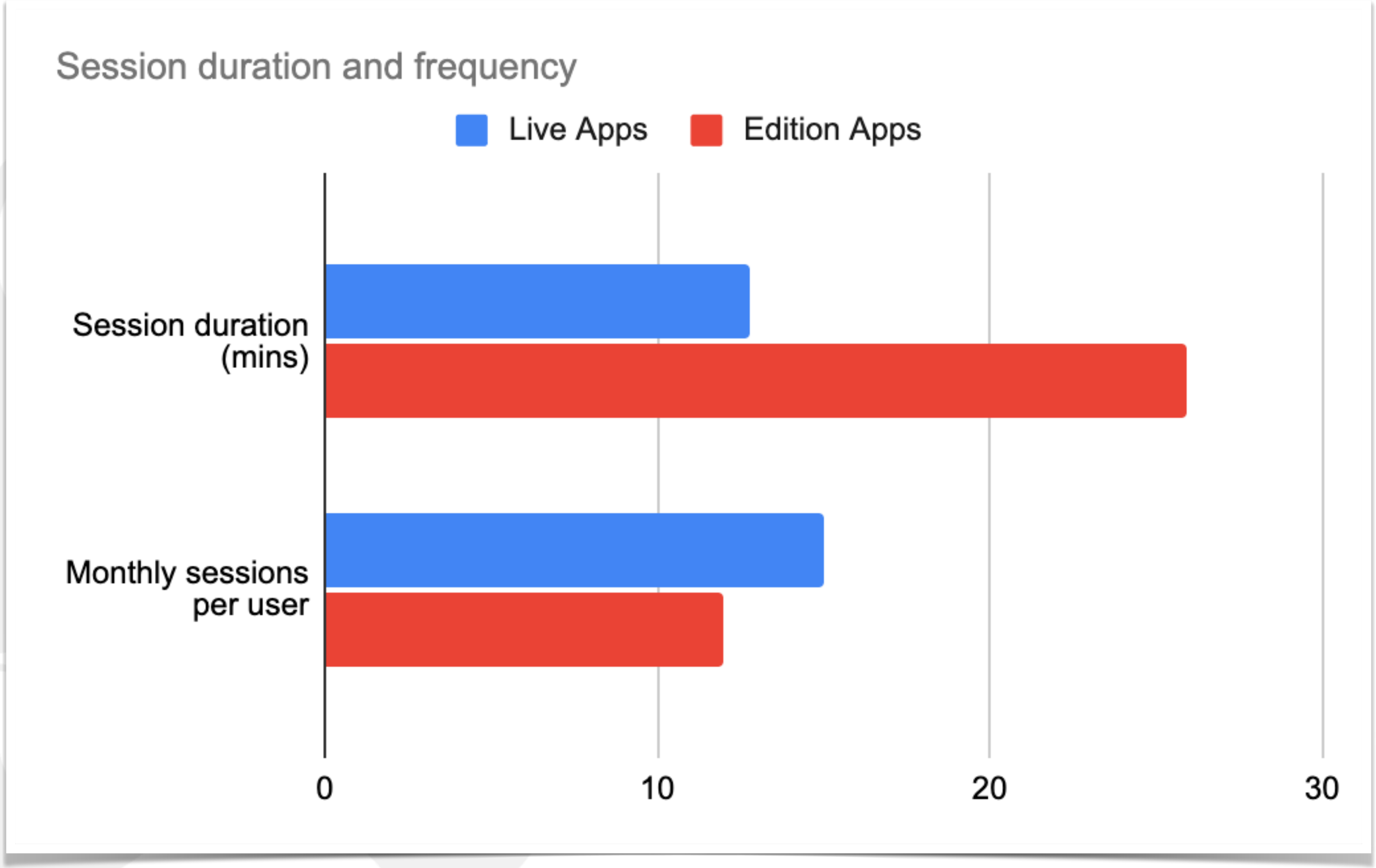
Notes:
While the monthly sessions per user numbers are much as you would expect, the session durations warrant a closer look.

Average session durations for daily and weekly news dwarf the monthlies with some topping 25 minutes. While this seems counterintuitive, it can be partly explained by the maturity of the news products and the value of habit-forming.

It also suggests the monthlies may have work to do in creating more engaging products for their readers.

And editions are still performing well

Giving longer reads without compromising frequency

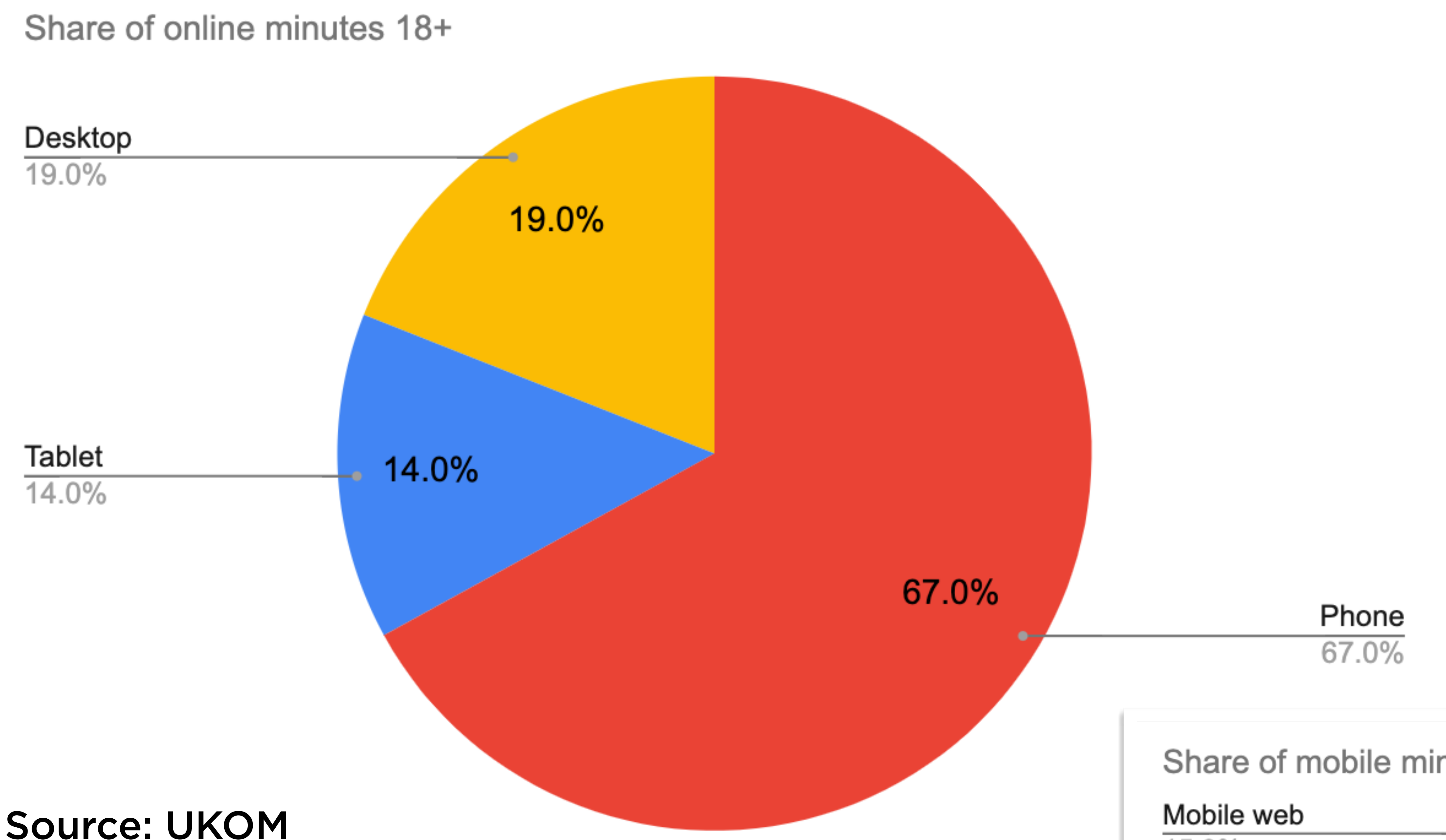


Notes:
Again, no surprise that edition apps enjoy longer session durations. What is surprising is that live apps (that update throughout the day) are not used considerably more frequently than editions.

This may be because we haven't got live apps quite right yet, or it might simply show that readers are happy with content being updated less often. Either way, it's something to keep an eye on.

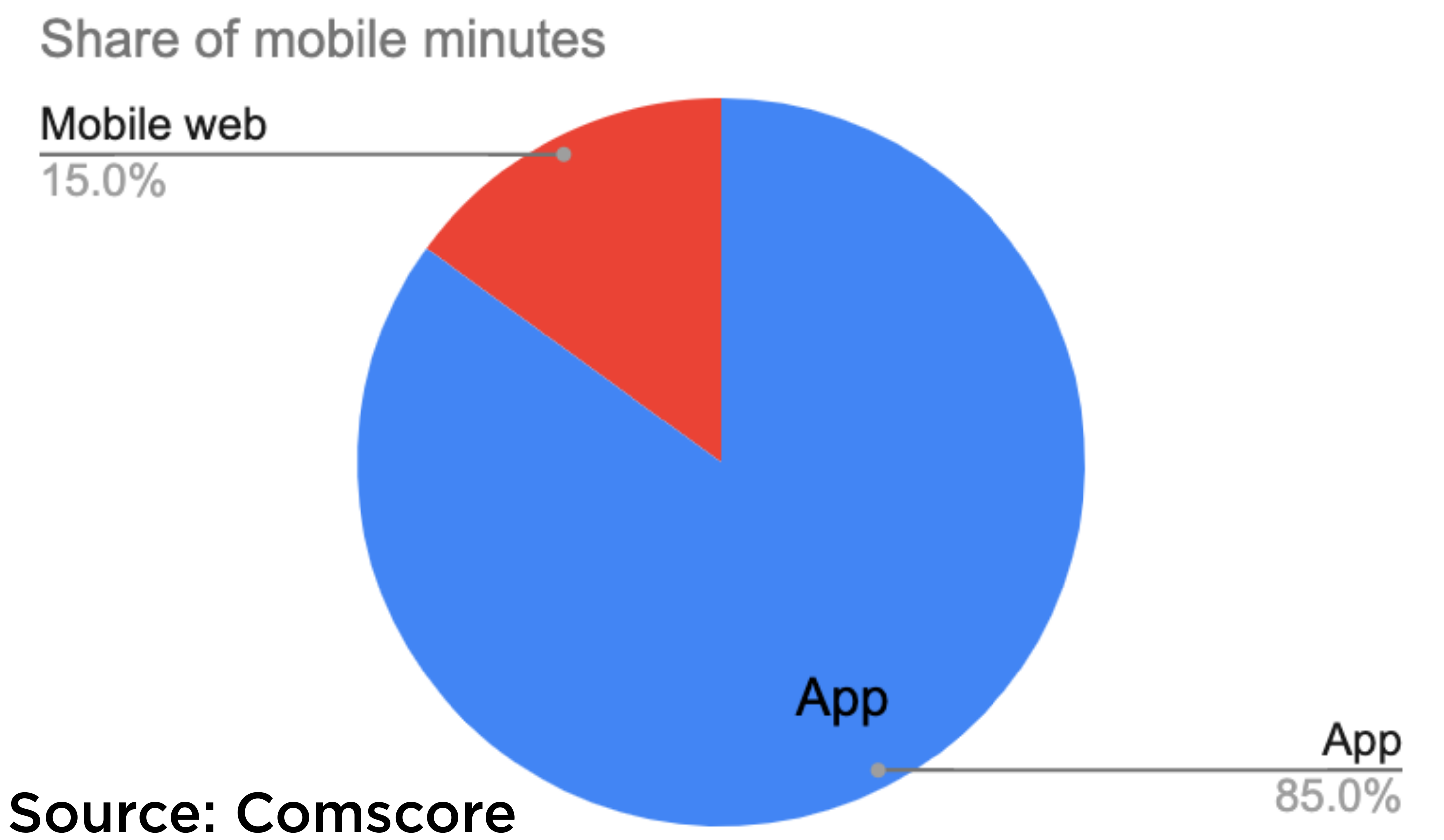
Phones and tablets account for 81% of online minutes

So mobile is where your audience is at



Source: UKOM

Notes:
It's pretty clear that with so much time being spent on tablets and phone, you need to put mobile at the heart of your engagement strategy. Not only that but it needs to be phone first - the following slides show that there's still loads of room for growth on mobile, with tablets well over-indexed across all media.

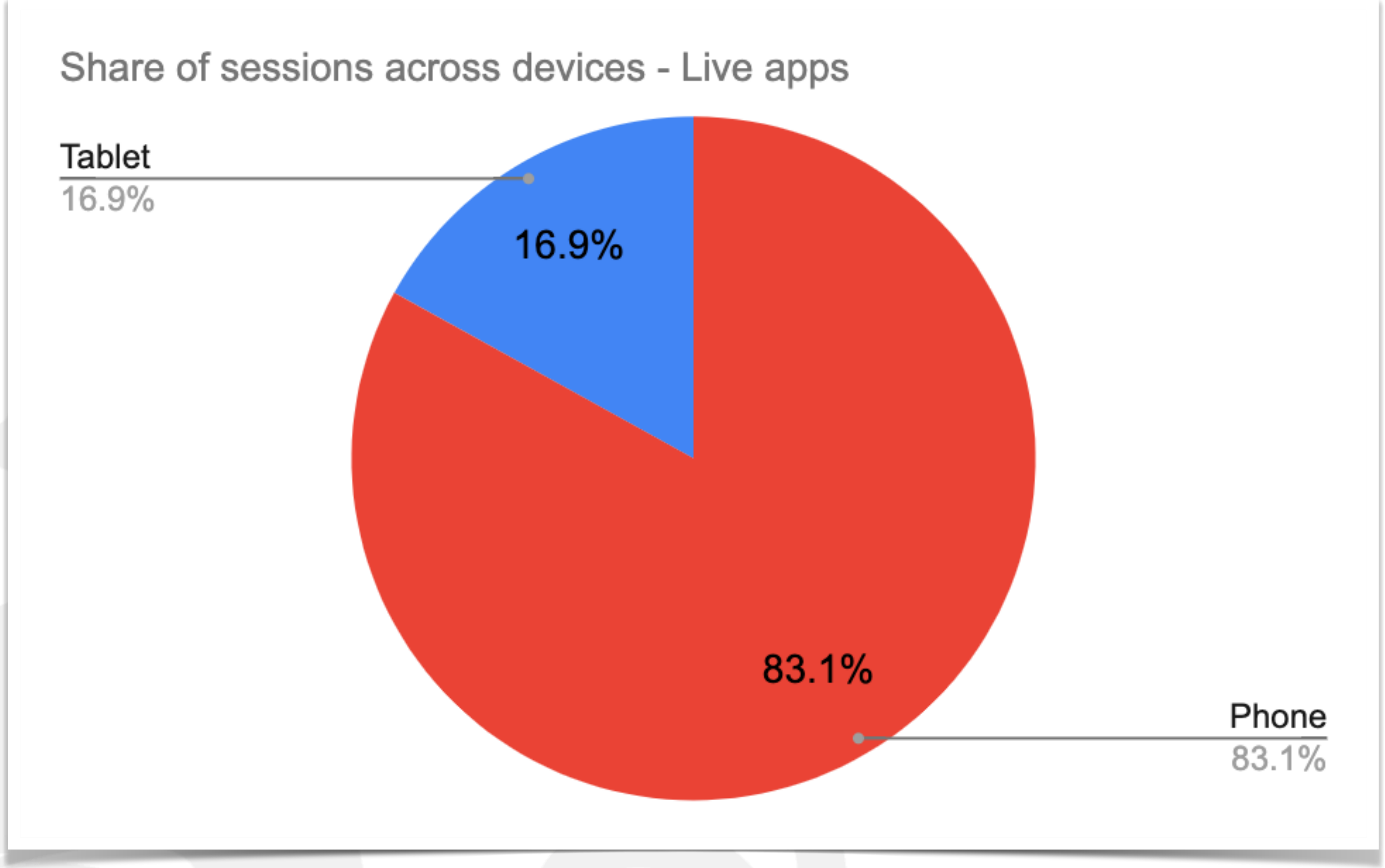


Source: Comscore

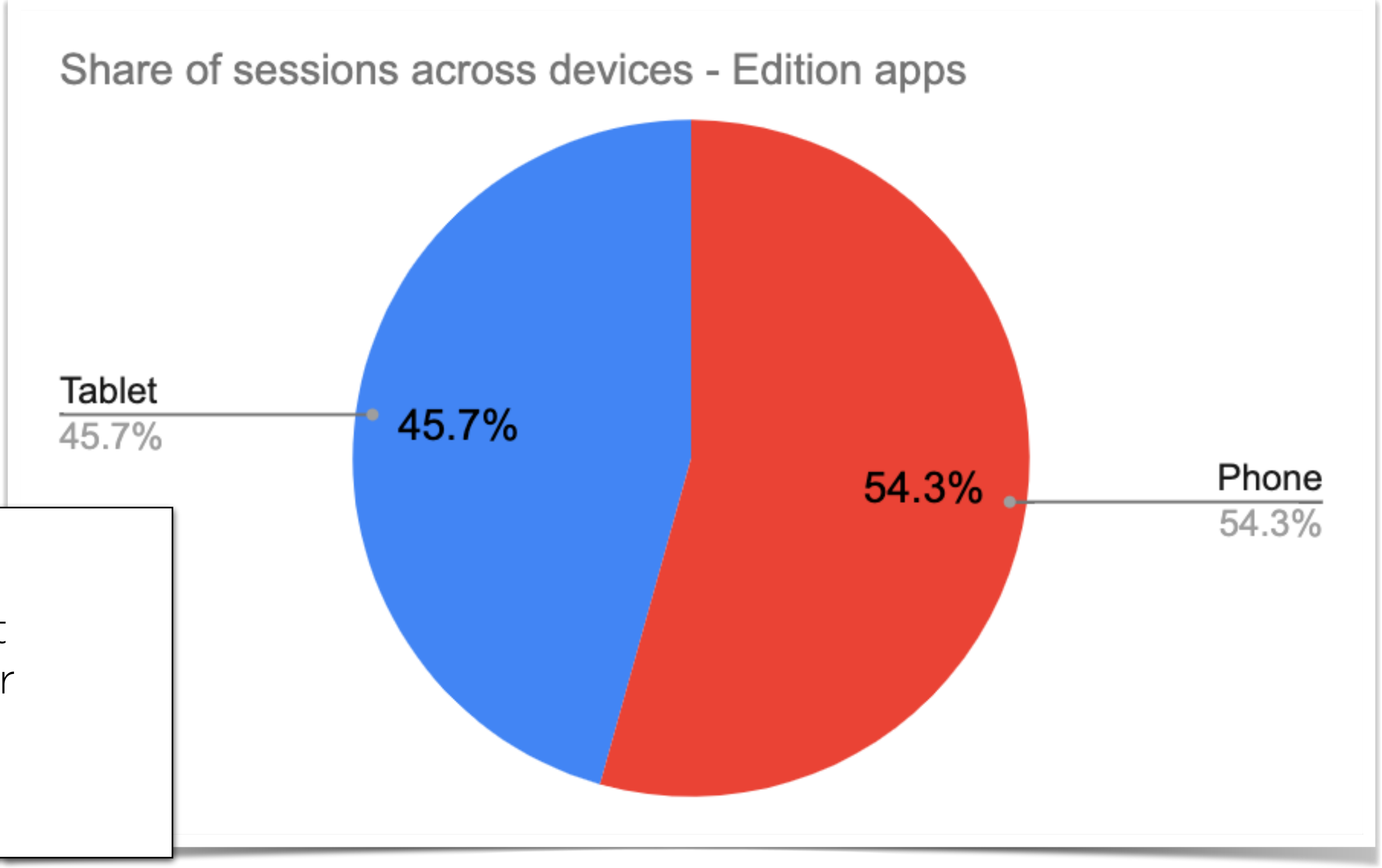
Notes:
Mobile web is hugely important for driving social and search traffic to brands. With apps now accounting for 85% of all time spent on mobile, this is where your most loyal and engaged readers spend their time.

Live apps are super phone heavy

While digital editions are split between phone and tablets



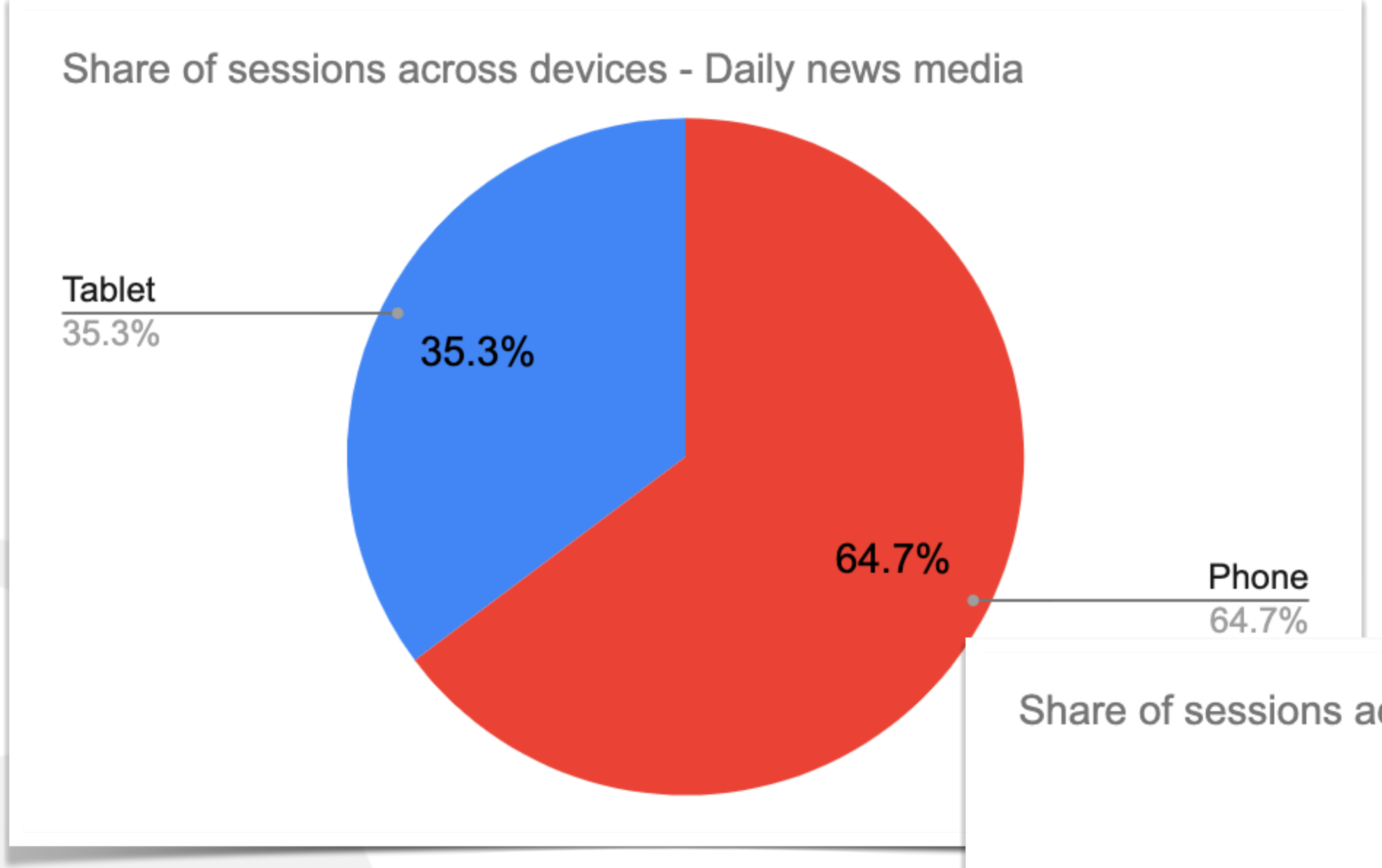
Notes:
You can see here that while live apps skew heavily towards phone (they're designed that way), digital editions are split more evenly. This may in part be due to the contribution of the more visually rich monthlies, along with the older audiences that editions tend to draw, who are heavier tablet users.

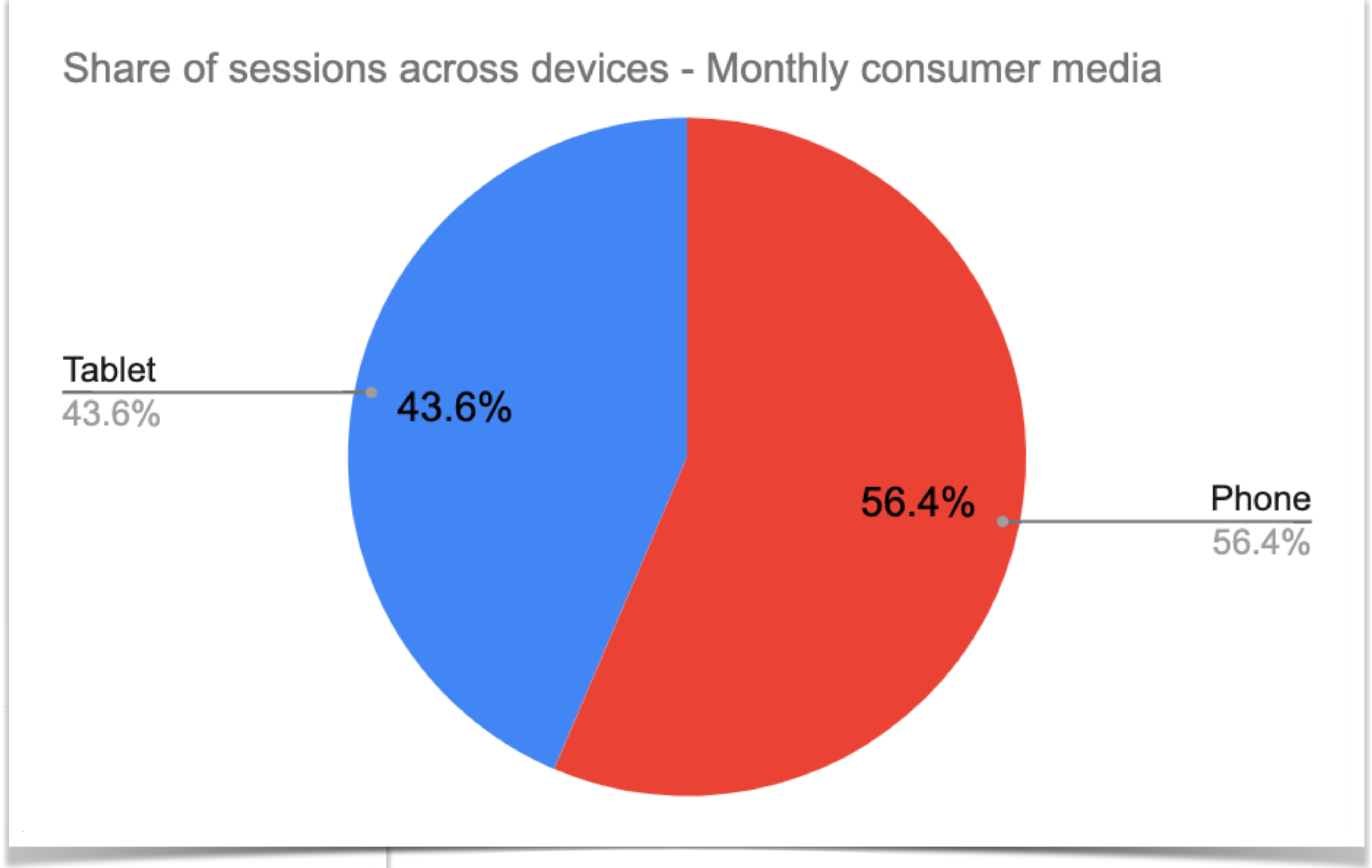


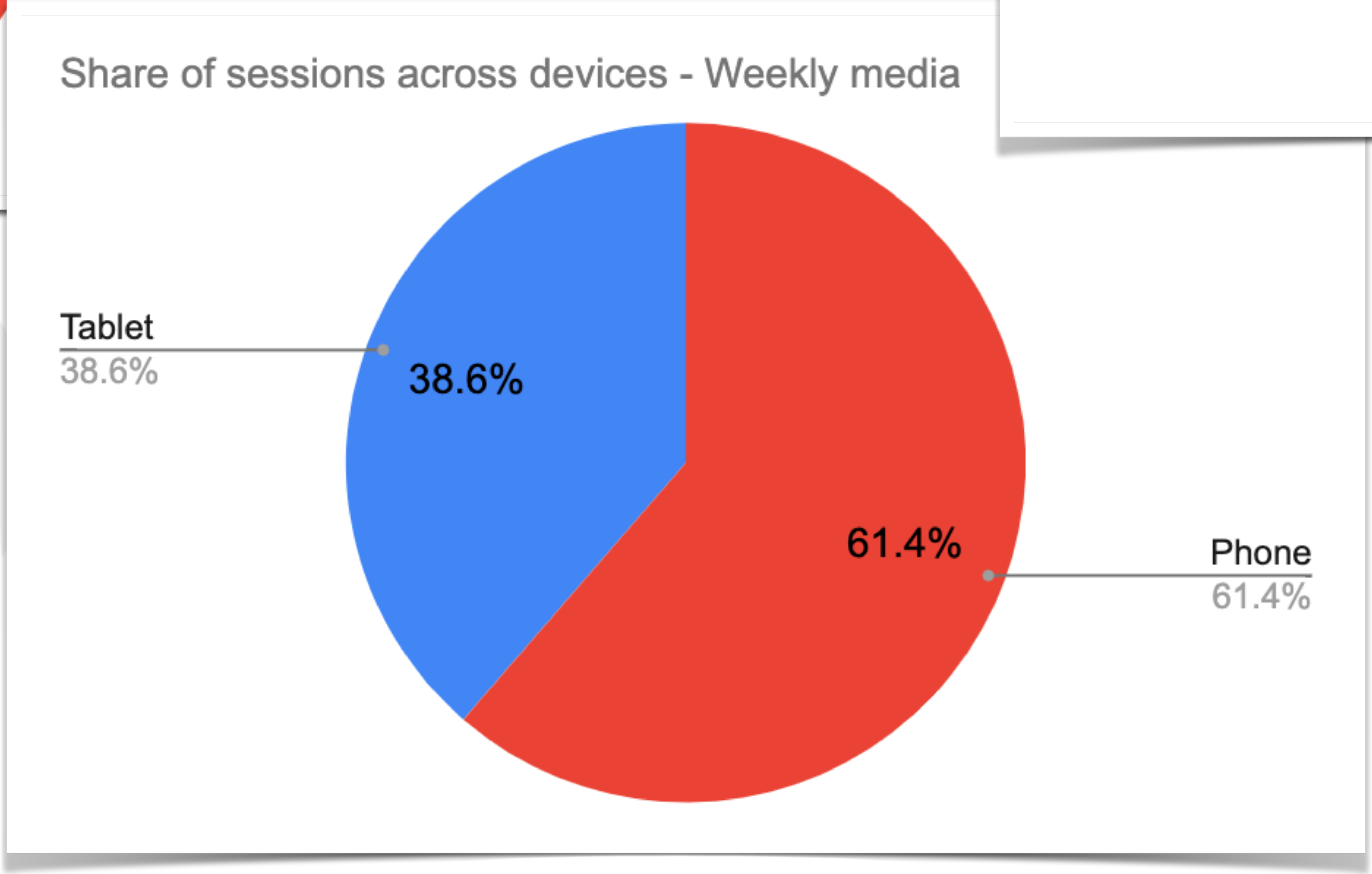
Notes:
So, if phones represent 80% of all mobile minutes, either we accept that editions are better suited to tablets, or there's an untapped audience for digital editions on phones that needs to be addressed through better marketing and product design.

Monthlies are still most reliant on tablets

With dailies and weeklies a better fit for phone







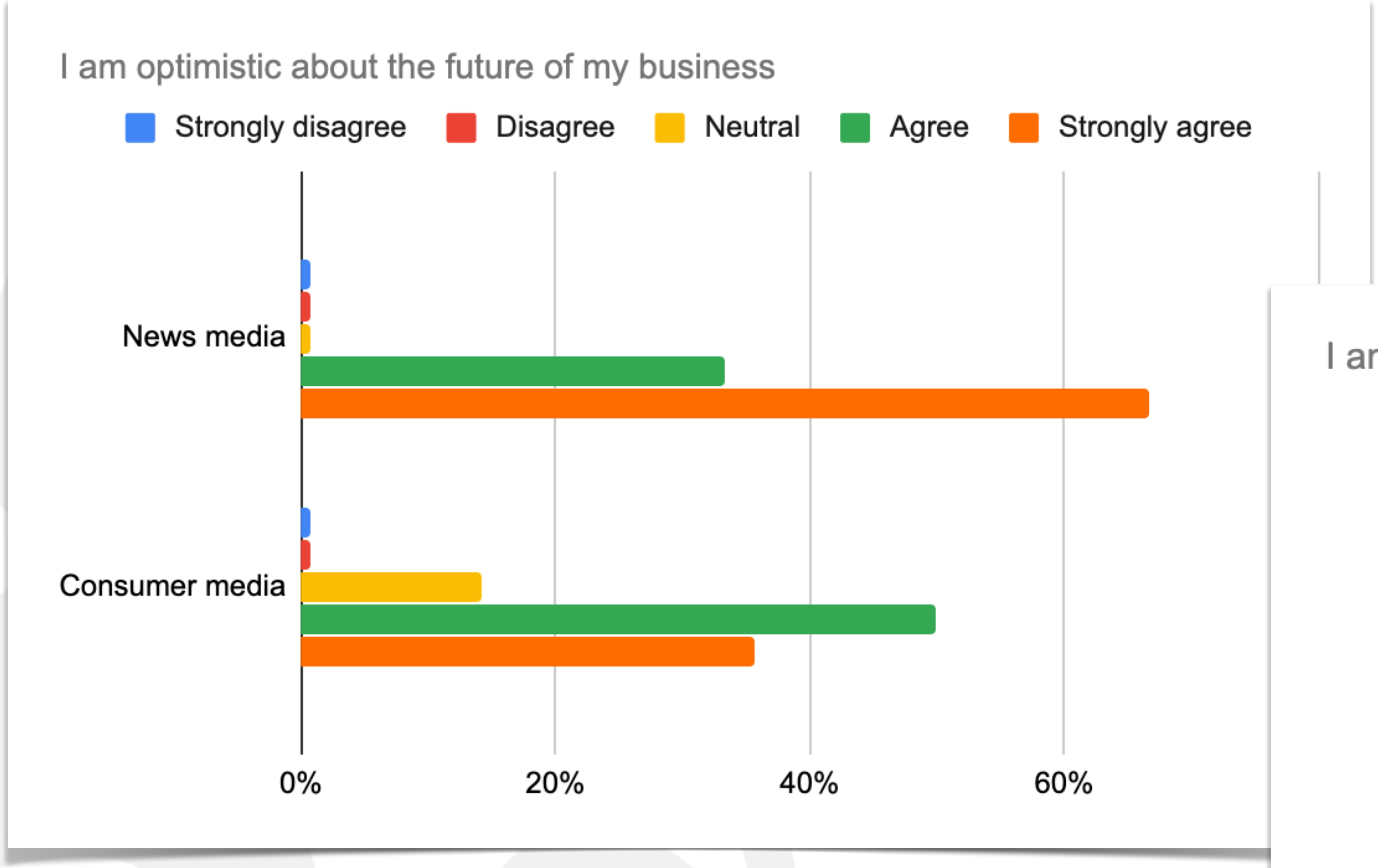
Notes:
There's a clear relationship between frequency and form factor here, with tablets suiting the lean back experience that monthlies do so well. Nevertheless, expect the share of phone use to increase across the board over time.

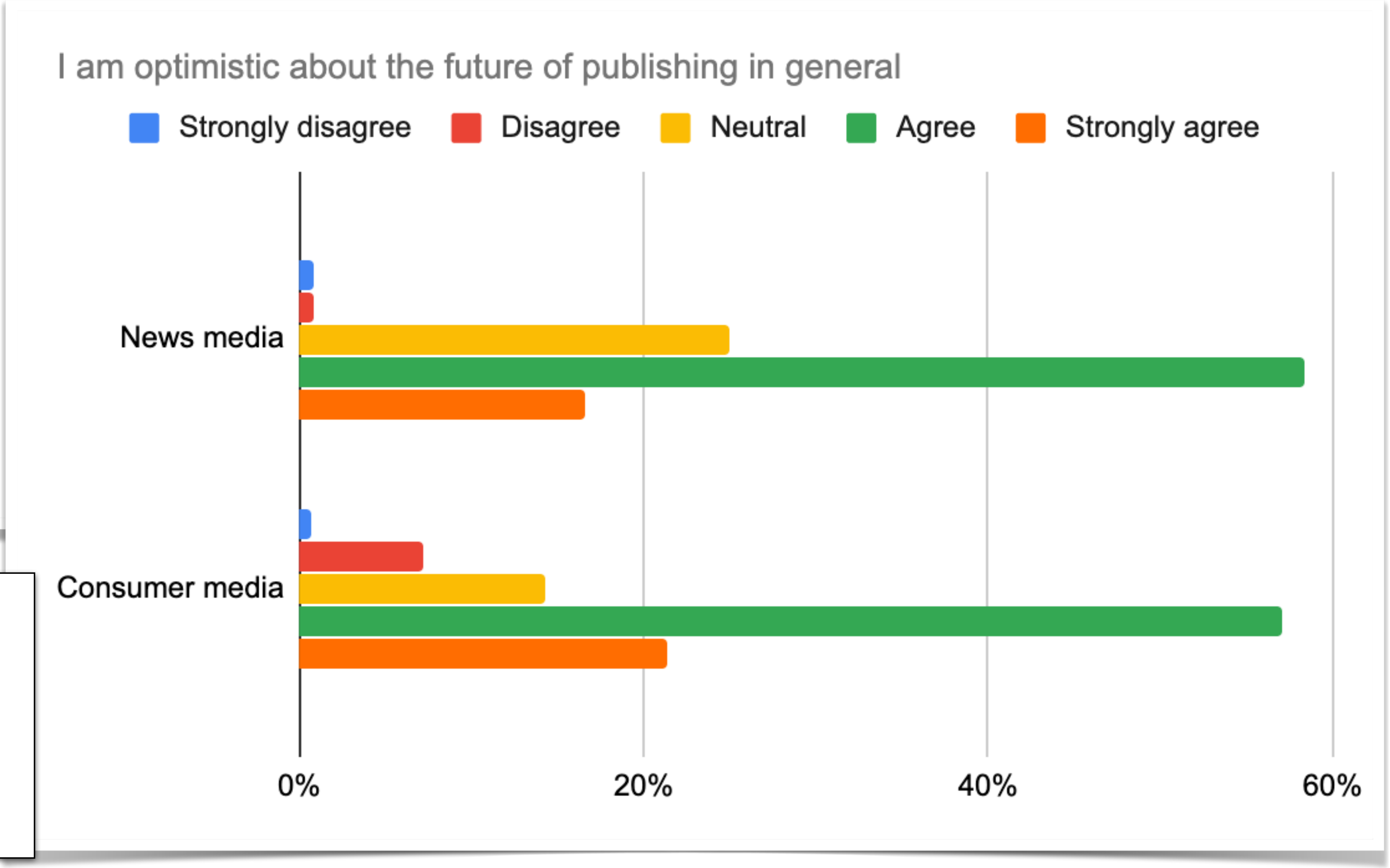
The interviews

Face to face conversations with execs across news and consumer media

There's optimism around the future of publishing

Overwhelmingly for the company, not as bullish for the industry

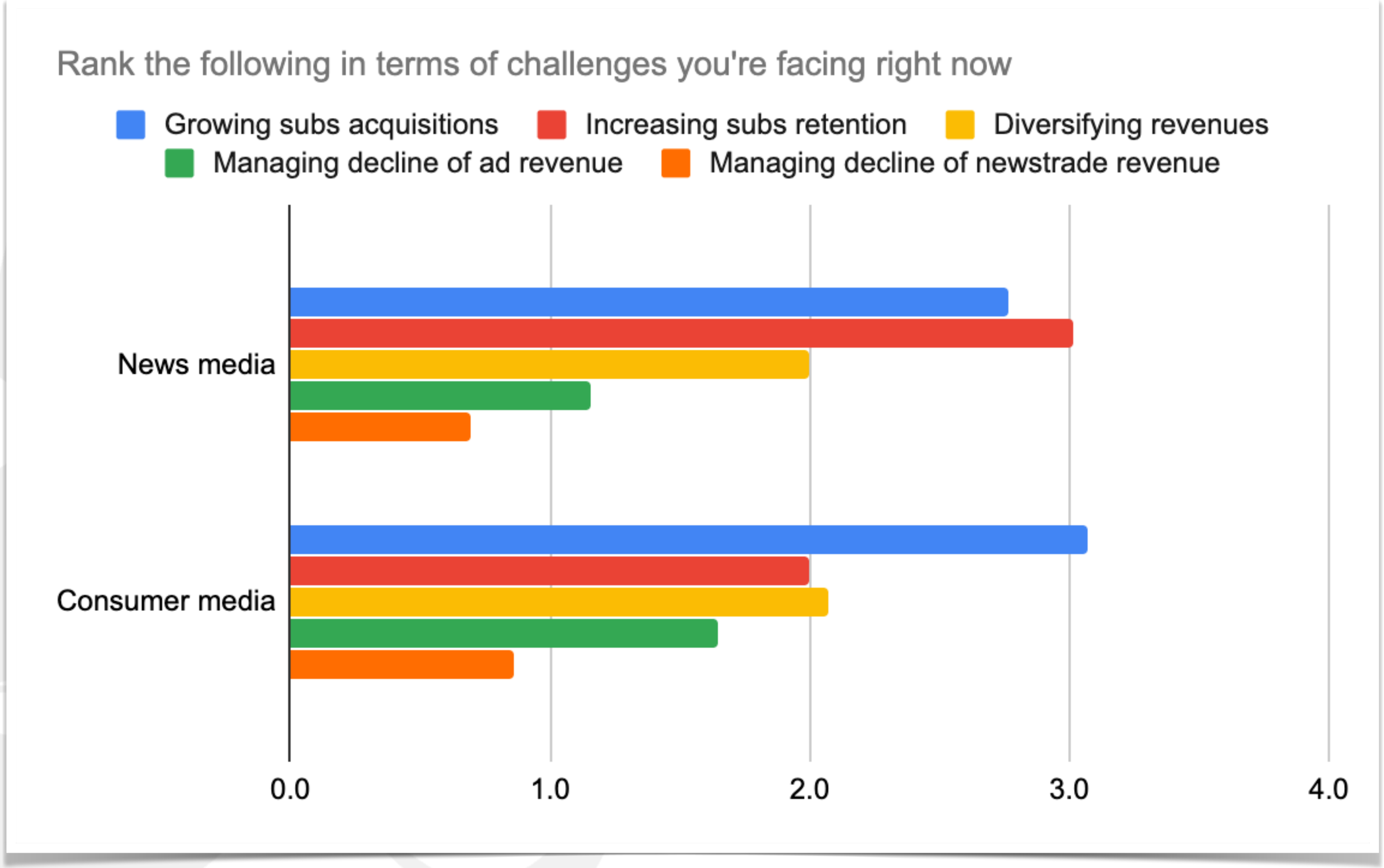




Notes:
News media companies are clearly more optimistic about the future, and the majority of respondents think that they're going to outperform their market.

Subscriptions are the biggest challenge for all

Consumer mags focused on acquisition and news media on retention

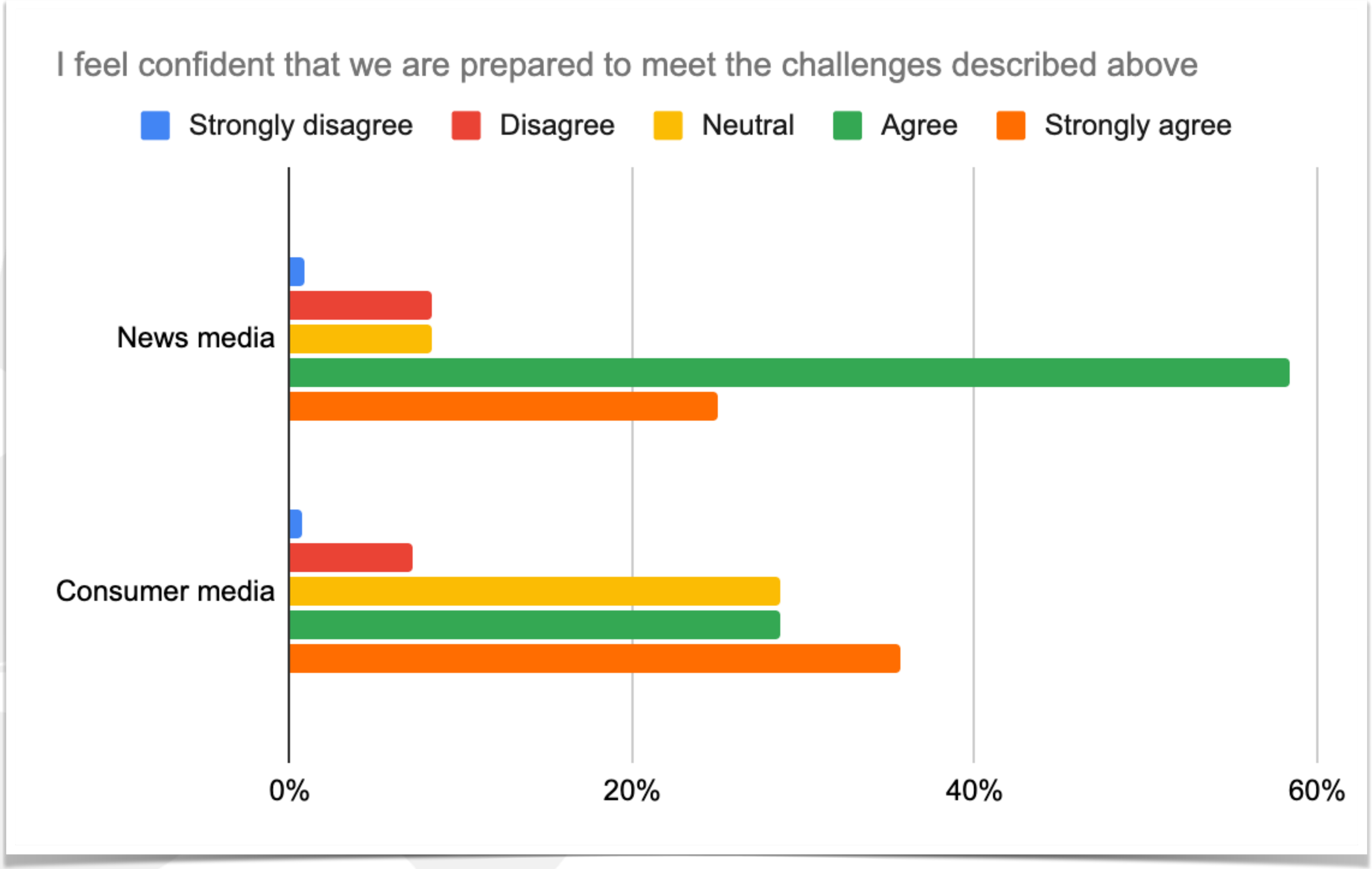


Notes:
News media have been doing subs for some time now and are therefore focused on protecting their existing audience.
Many consumer publishers are only now starting to take digital subscriptions more seriously, and as a result they're all about acquiring audience.

News trade and advertising revenue sat at the bottom not because they're unimportant, but because their decline is seen as inevitable.

News media better prepared to meet the challenge

83% of news media feel prepared vs only 64% of consumer mags

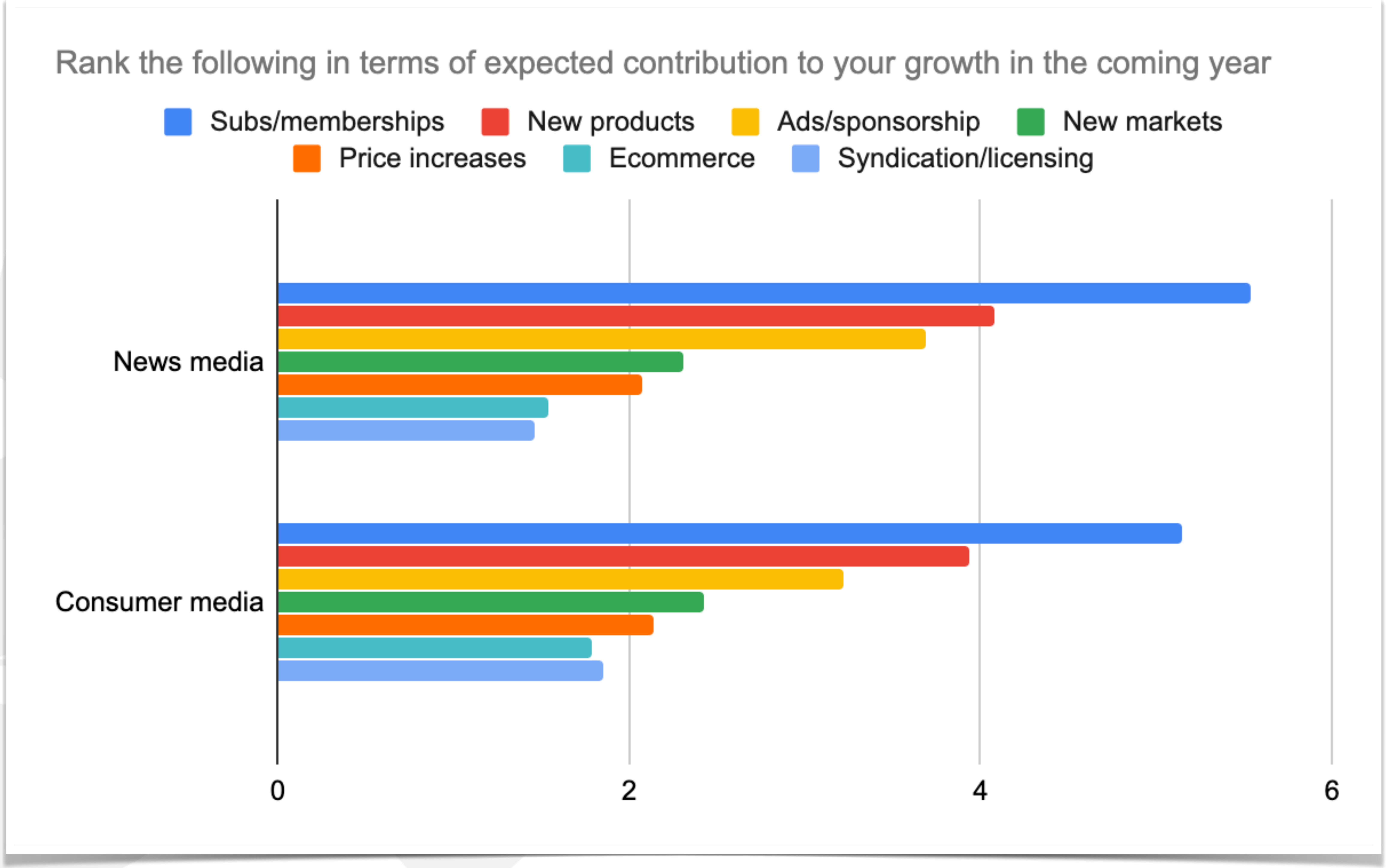


Notes:
While there was unanimous agreement that boards accept the challenges and want to do something about them, confidence is higher in the news media that they are prepared to do so.

“We’re willing but not ready yet”, from one consumer publisher captures the sentiment rather well.

Subs also driving growth for the coming year

With new products closely following. Ecommerce remains niche.



Notes:
"What are the big growth drivers for the coming year?"

Again subscriptions sit at the top of the priority list for almost everyone. Interesting though that new products came ahead of ad revenue. It's clear that publishers are thinking hard about new business models to stave off the decline in ad revenue.

What are you thinking/excited about right now?

It's all about reader revenue

"I think the correction that's happening - the move away from the race to the bottom in terms of programmatic advertising and the move towards meaningful long term relationships with our subscribers is long overdue and that's exciting"

"Subscriptions, subscriptions, subscriptions"

"Shifting from a speed measured in years to one measured in months"

"Retention is right at the top of almost everything I think about"

"I think we are more worried than excited"

"The increased importance of digital especially due to current situation - it now has greater visibility from senior stakeholders"

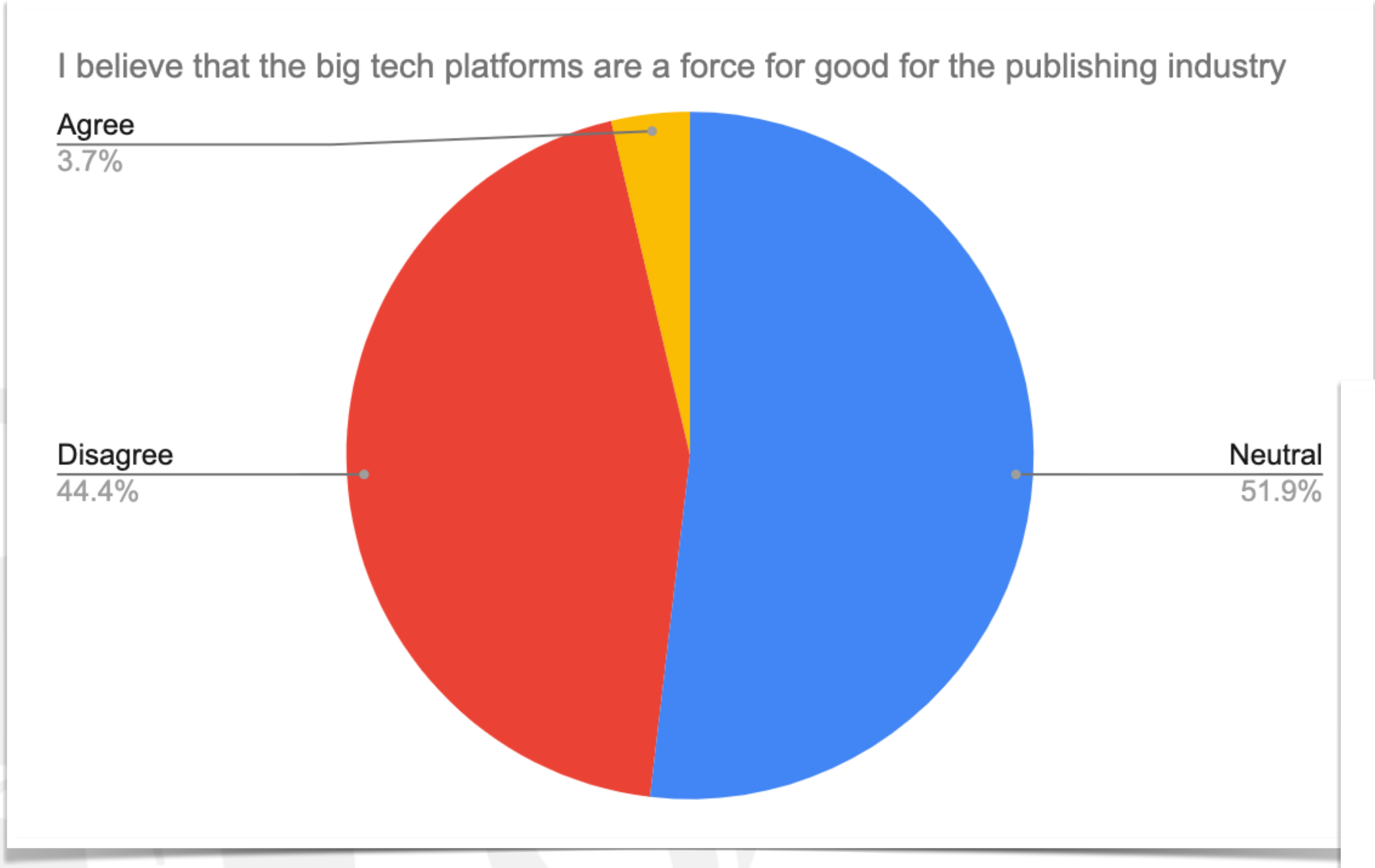
"Despite all the covid crap there will be more appetite for doing stuff and accelerating faster.

"That the business believes in subscriptions at last"

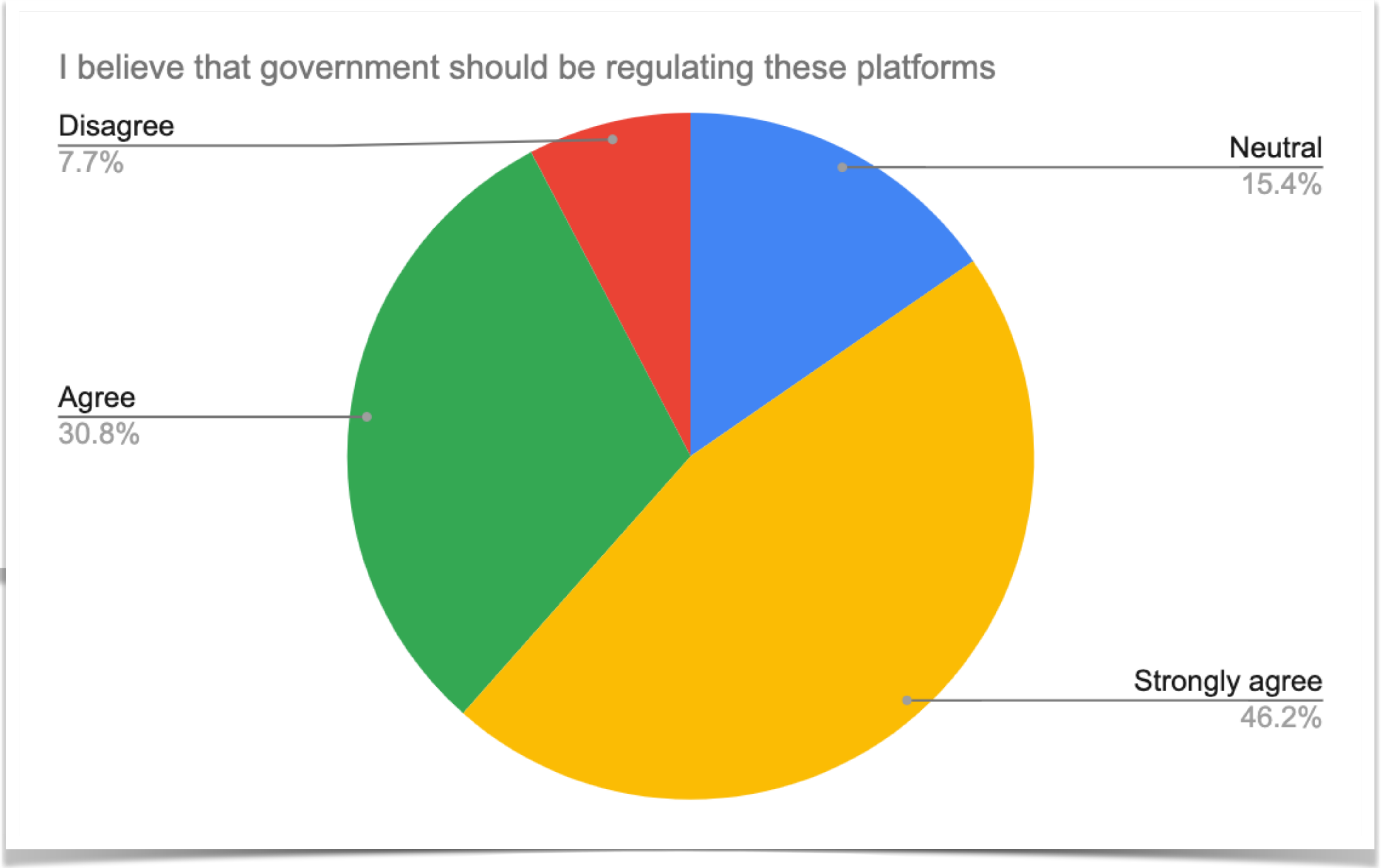
"Increasing scale,
increasing product choice that we sell,
increasing active days amongst the members"

Unease continues over the power of the platforms

Although not all feel regulation is the solution

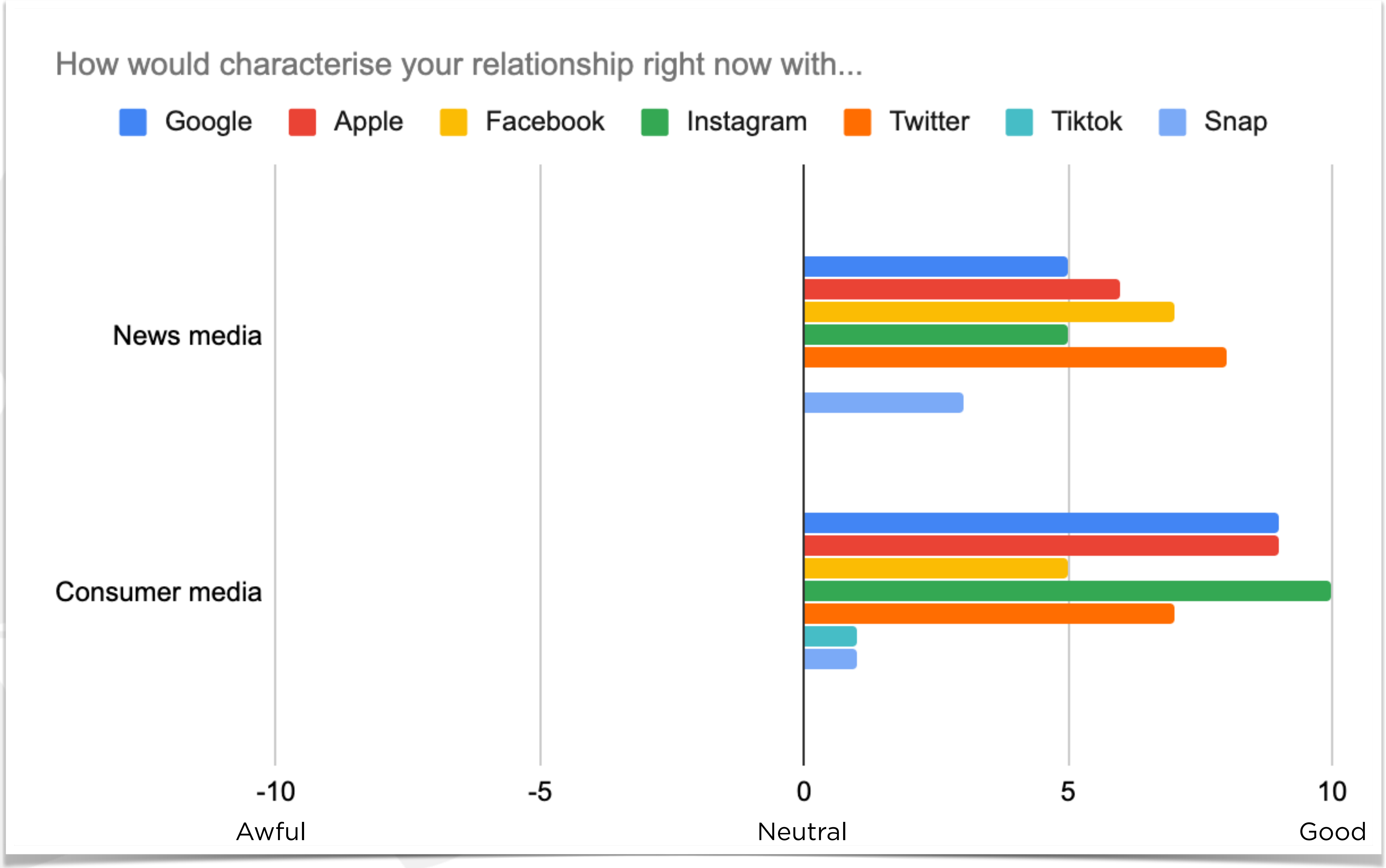


Notes:
The neutral vote in the regulation question below represents a lack of belief in regulation full stop rather than a lack of desire to keep the platforms under control. The overwhelming sentiment was that the platforms should be controlled, only the method was questioned.



Day to day relationships are good though

Tiktok and Snap continue to feel less strategic



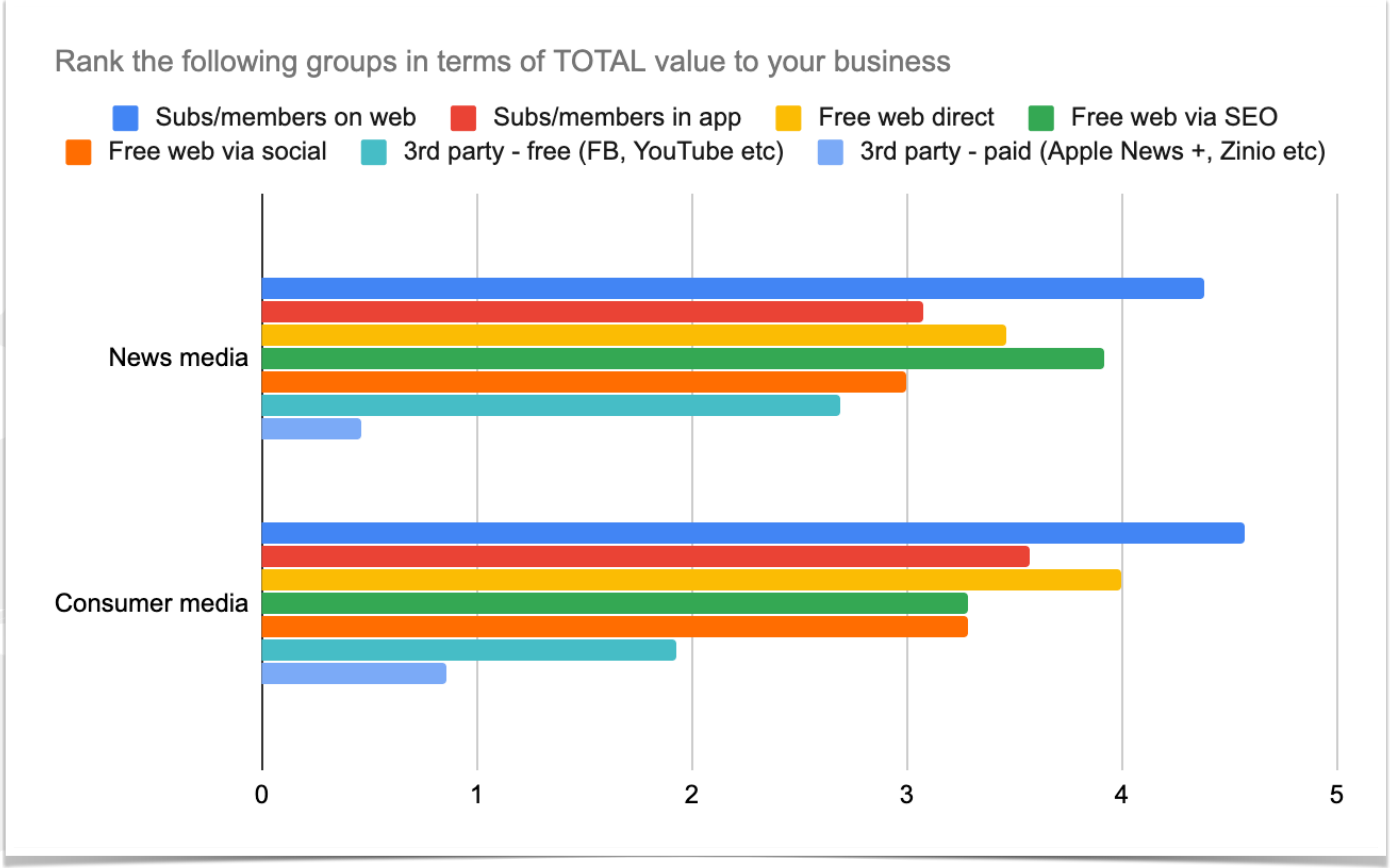
Notes:
Not a very scientific one - we gave points to each from +2 for great to -2 for awful and totted them up. So here you simply get a sense of people's feeling towards the platforms.

But what we do see is that while there is a sense that the platforms are not benign, they are actually pretty good to work with day to day.

Very few had any corporate relationship with Twitter, Snap or TikTok.

Subscriptions are the biggest digital revenue driver

Websites dominate total revenue

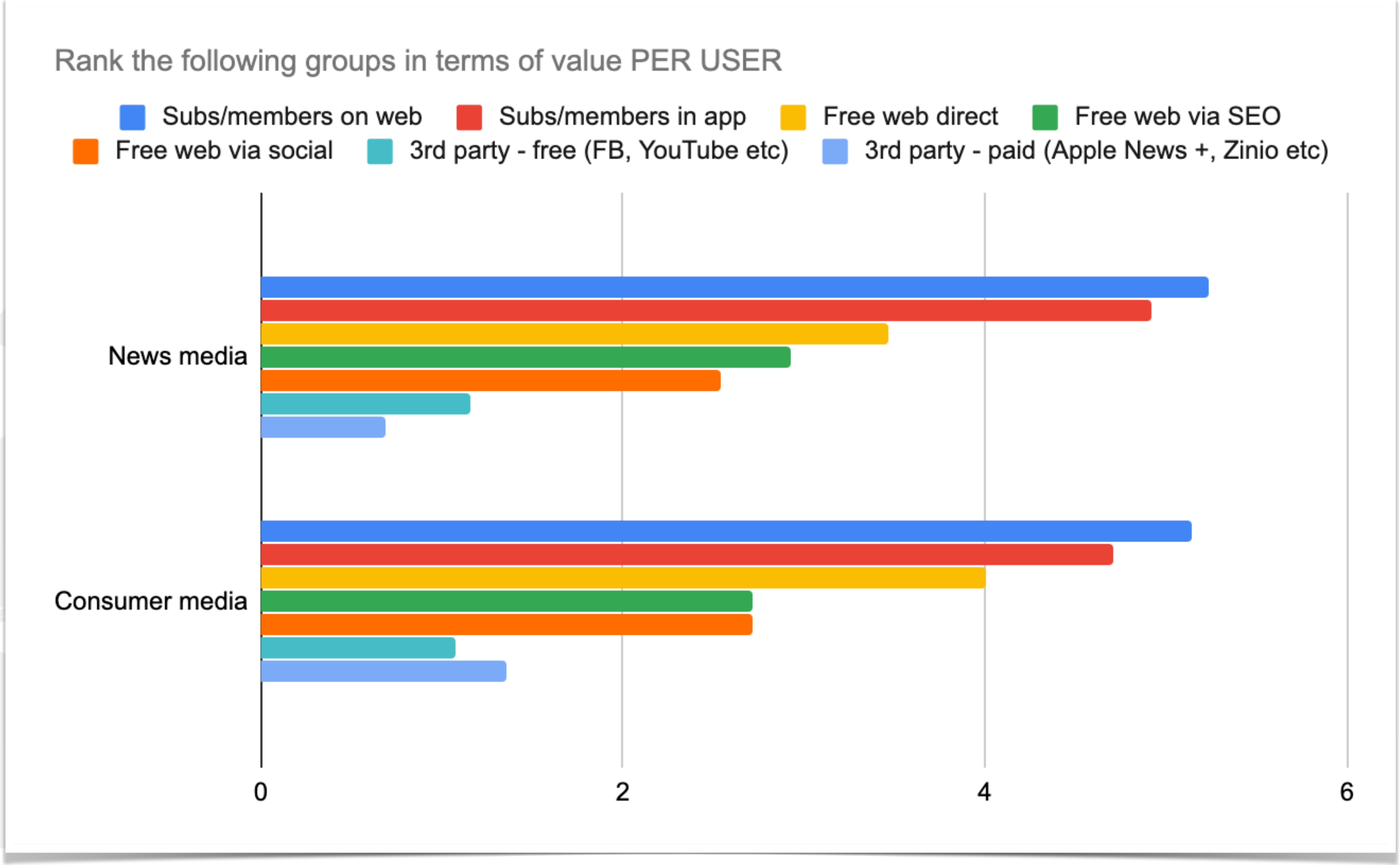


Notes:
Our aim with the next two questions was to get a sense of the relationship between the total value that each channel generates vs the quality of that revenue (i.e. the average revenue per user)

We wanted to take scale out of the equation in order to better answer the question “If you have a single reader, where would you most want them to be?”

The smaller higher value channels are also important

Apps take on greater value when looking per user

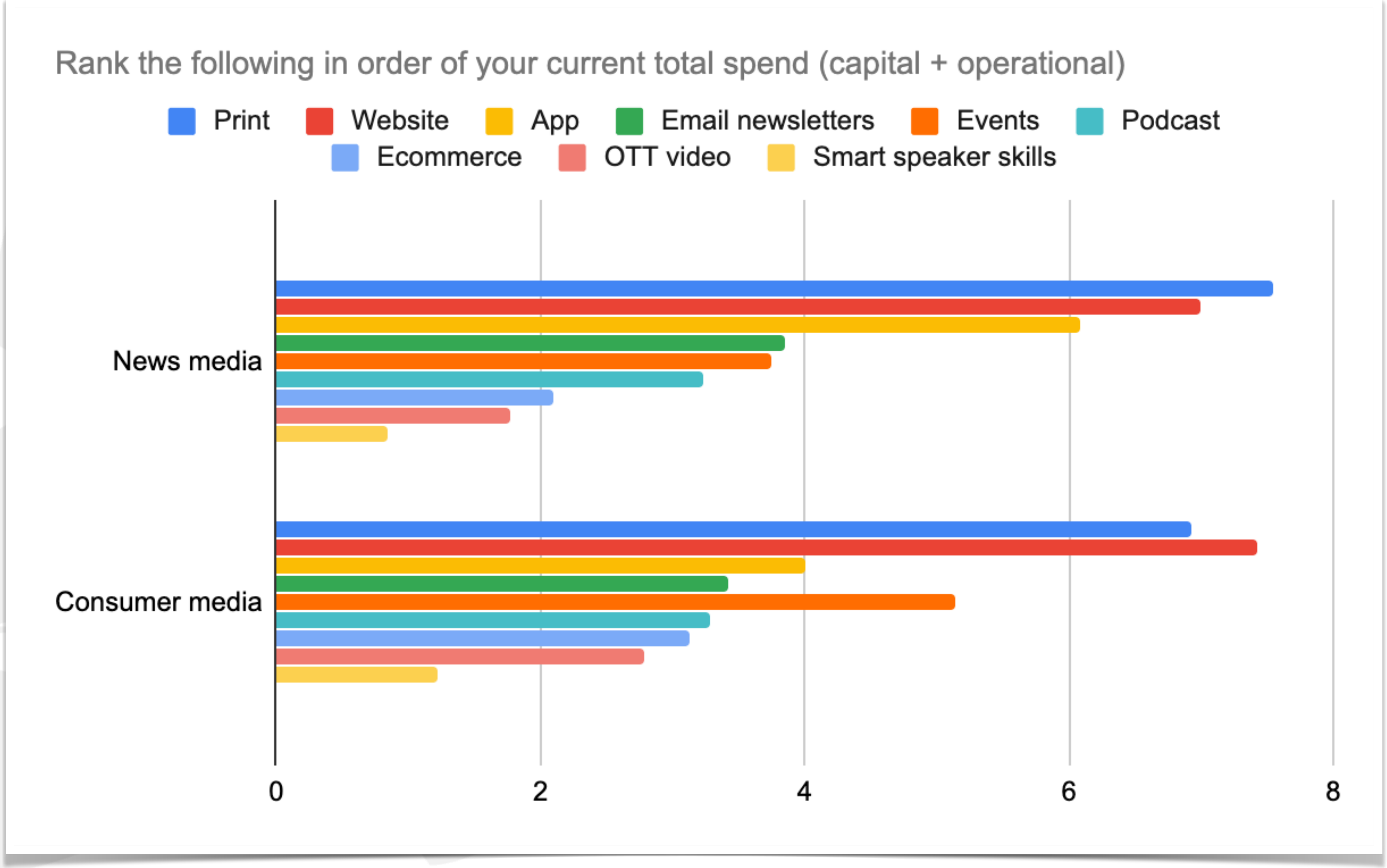


Notes:
As you might expect, what you find is that when you take scale out of the equation, you start to see the free content drop down in the rankings, while paid services become more important.

Third party platforms languish at the bottom of the rankings illustrating a desire by the publishers to own the relationships with their readers.

Deep dive into delivery channels

For those who do, print remains the biggest cost



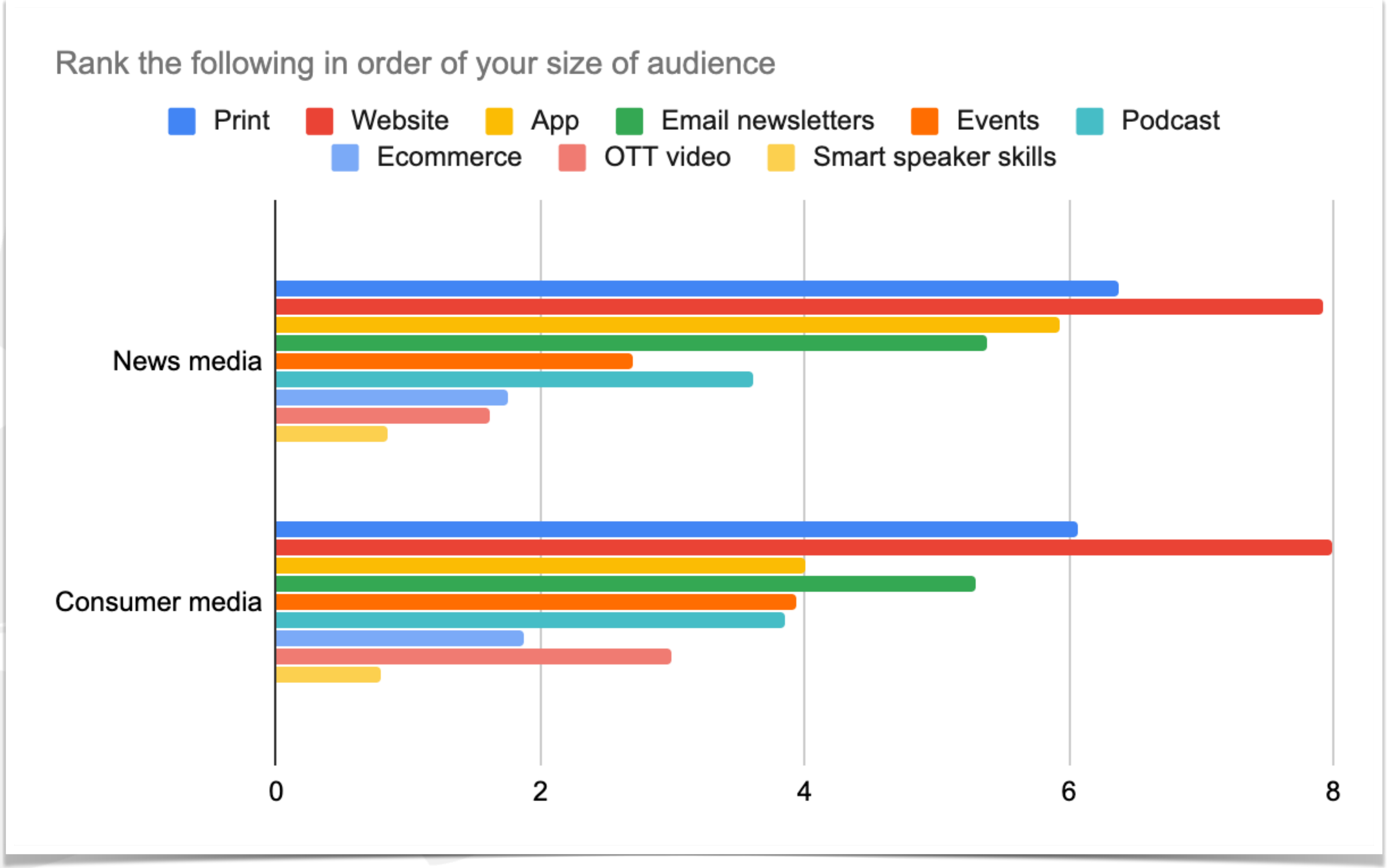
Notes:
The next four questions aim to get a sense of the relationship between the following:

1. How much people spend across various channels,
2. what audience they get from that spend,
3. what revenue they get from that audience
4. and finally the relative strategic importance.

It's no surprise that print still represents the biggest cost for all publishers. Web and apps follow close for news media, and spending on events is big in consumer media.

Deep dive into delivery channels

While websites continue to deliver the largest audiences

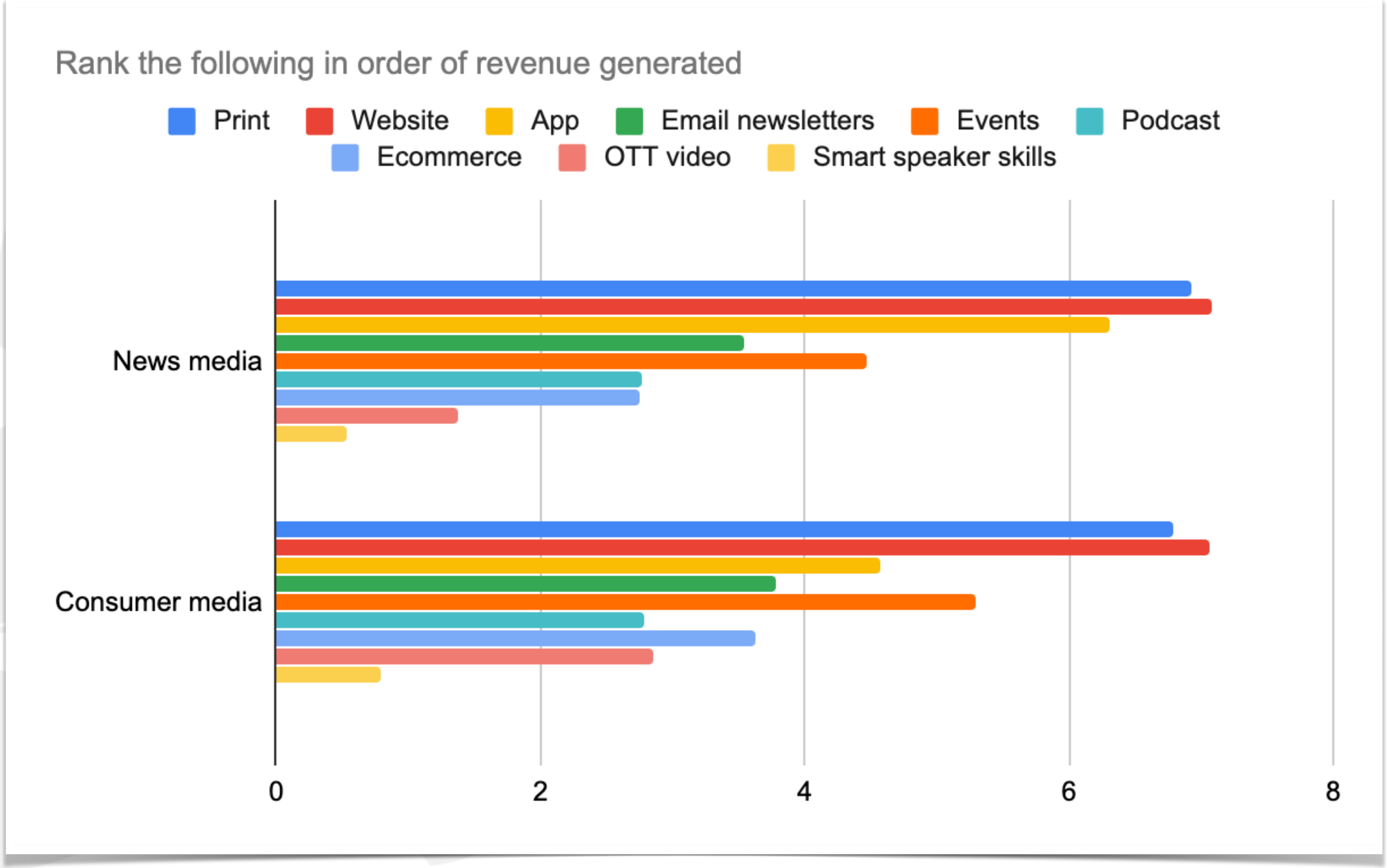


Notes:
When we switch to audience size, web takes the lead with email newsletters and apps behind (by a huge margin in numbers of course).

Ecommerce and smart speaker skills are still failing to get large audiences across media while OTT video is more important for consumer media.

Deep dive into delivery channels

Apps climb up the ranking when looking at revenue

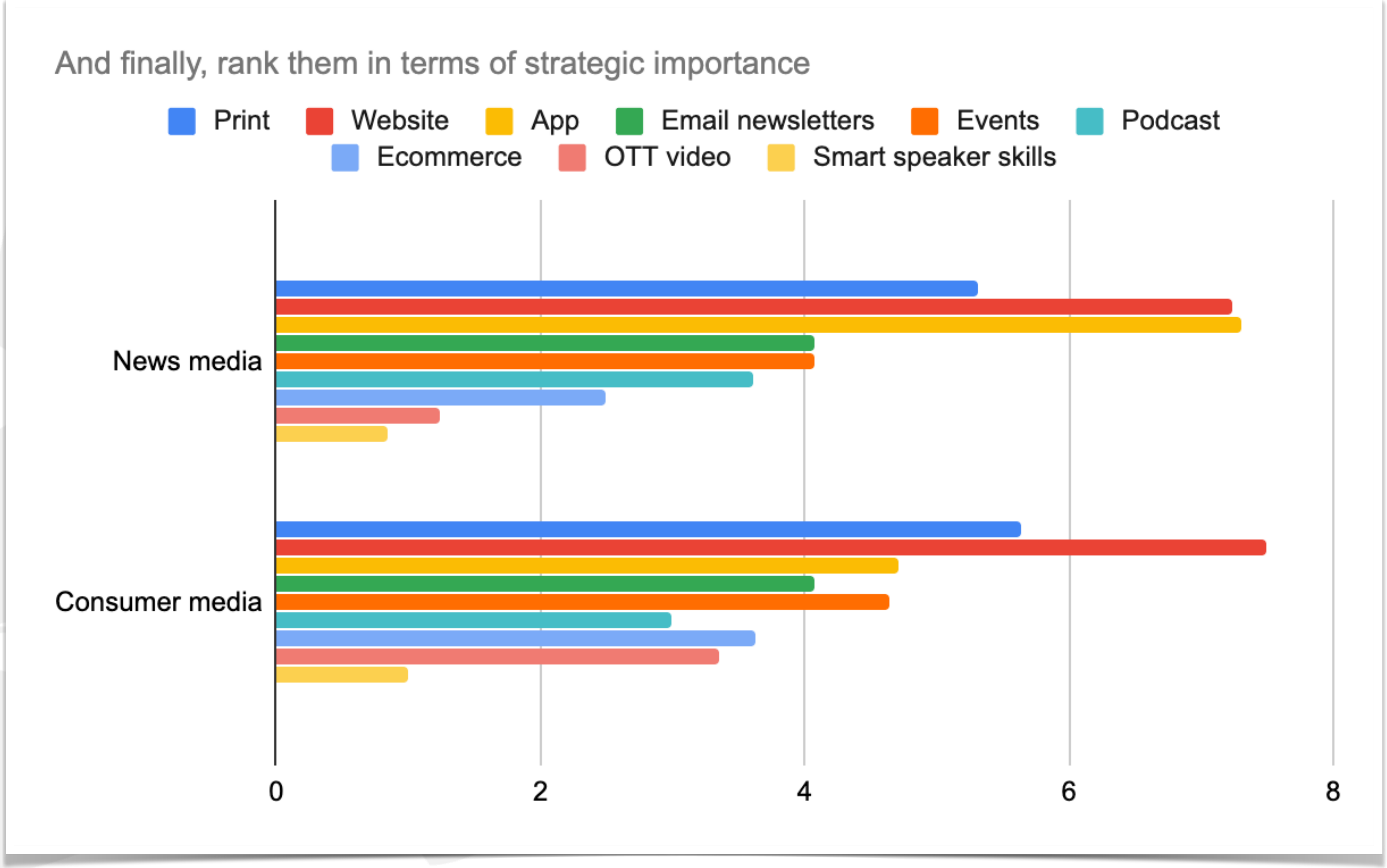


Notes:
This is where things start to get interesting. When we look at revenue in news media, print, web and apps were sharing the top three spots fairly equally, whereas in consumer media apps still are yet to find a strong foothold.

We asked these questions outside the Covid context which is why we see events showing as an important contributor to revenue, especially to consumer media.

Deep dive into delivery channels

Web, print, apps and events then dominate future strategy



Notes:
The most important question is of course, which are the most important to publishers strategically as they look to future growth?

Web and apps lead for news media with print a long way back, showing that digital really has come of age.

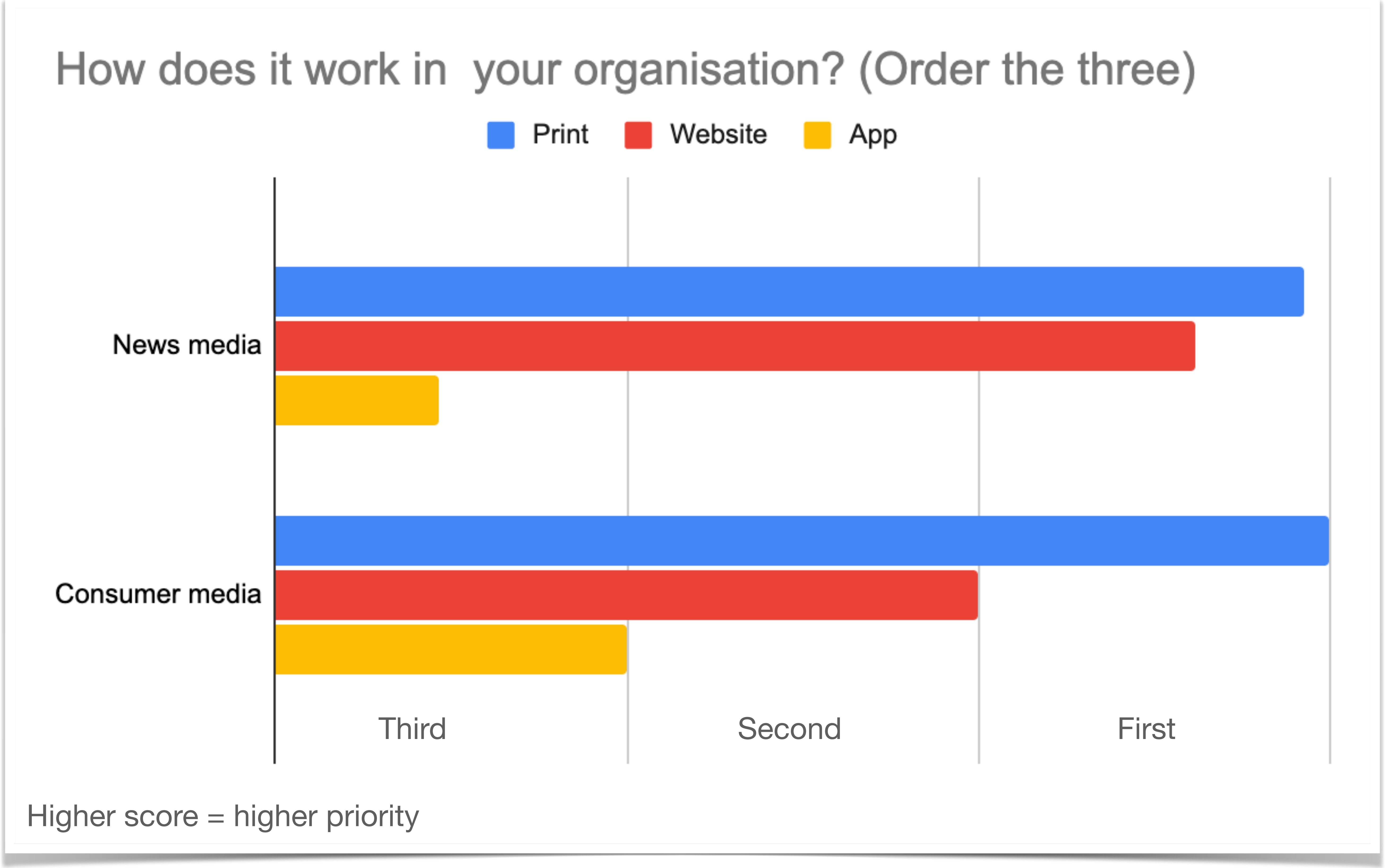
For consumer media there's more emphasis on the long term importance of print with apps, newsletter and events close behind and OTT video emerging as a format that is likely to become more important over time.

The flow of content

News media are faster to shift from print-first workflows

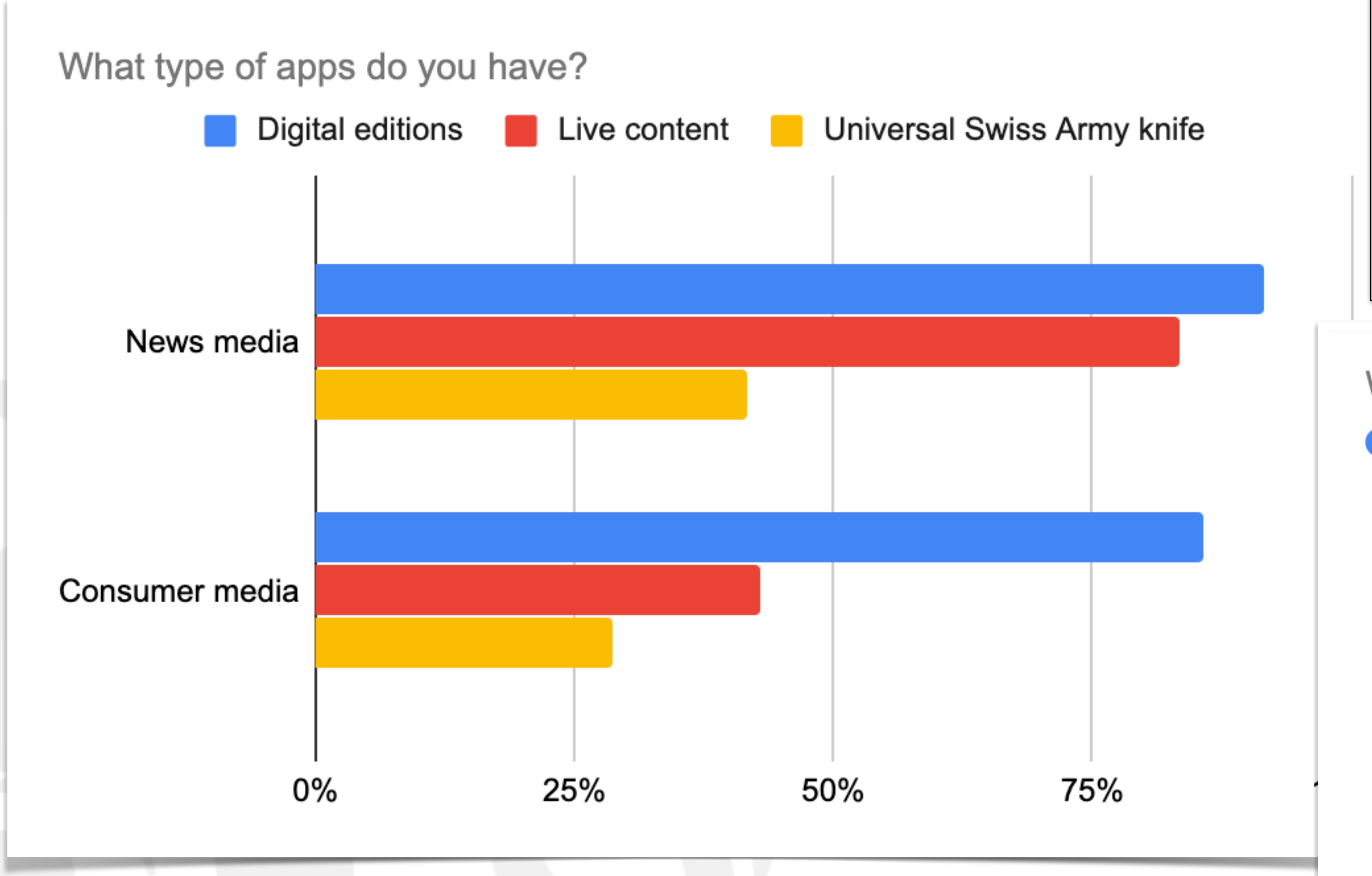
Notes:
Following Mark Thompson's observation of his time at New York Times: "When I got there, we had a print newsroom, with a few digital people. They'd make a wonderful print newspaper out of which they could get a website. And my notion was, it's exactly the opposite of that. We want to make a great smartphone news product out of which we can get a website. And then we can curate a great physical paper out of our website." We wanted to know how it worked with the publishers we spoke to.

With news media there was a good proportion of publishers who run a digital first operation, with one publisher truly app first then web then print. Consumer magazines almost all running a more traditional print first workflow.

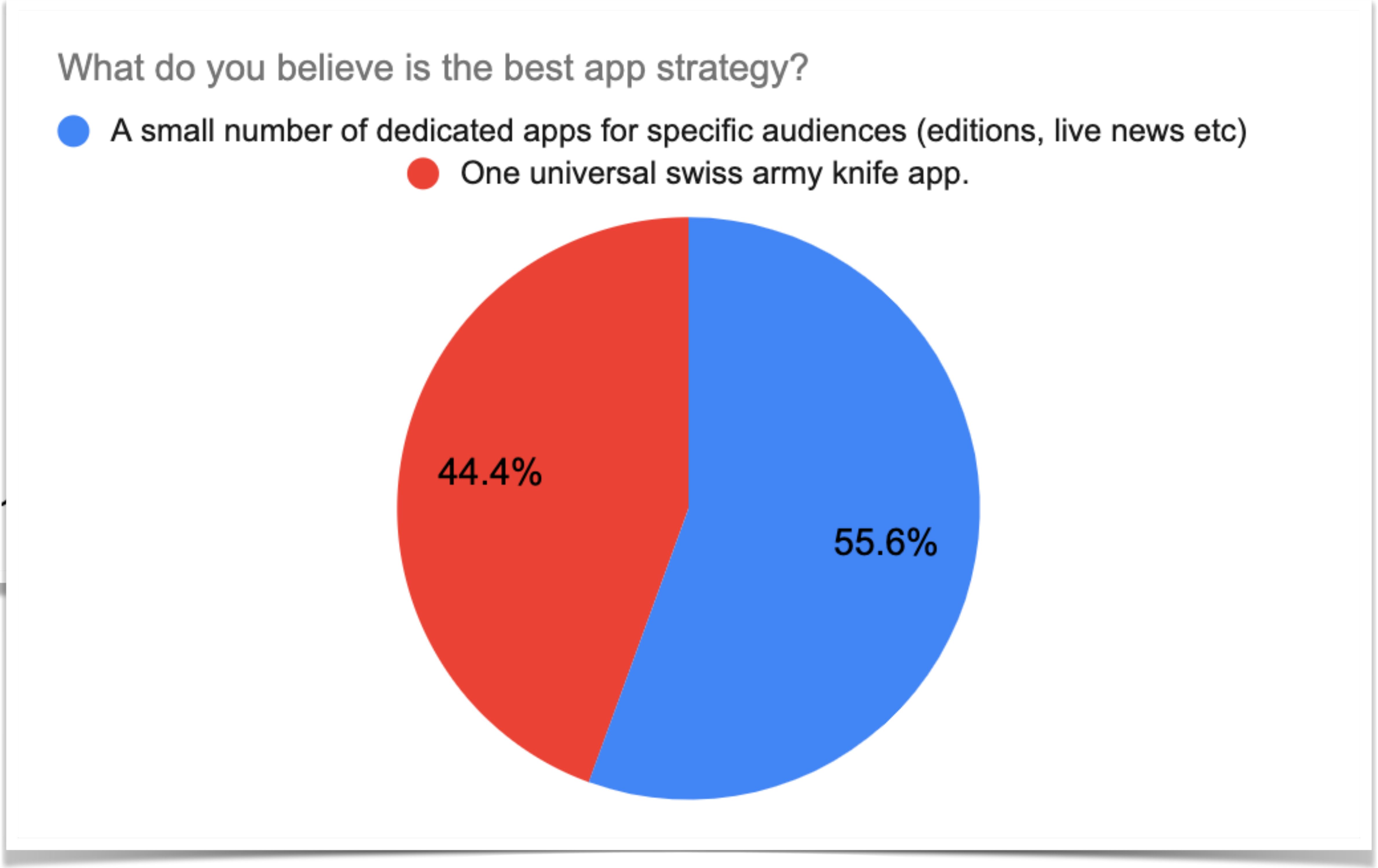


When it come to apps, you have options

And it's unclear whether one app really rules them all

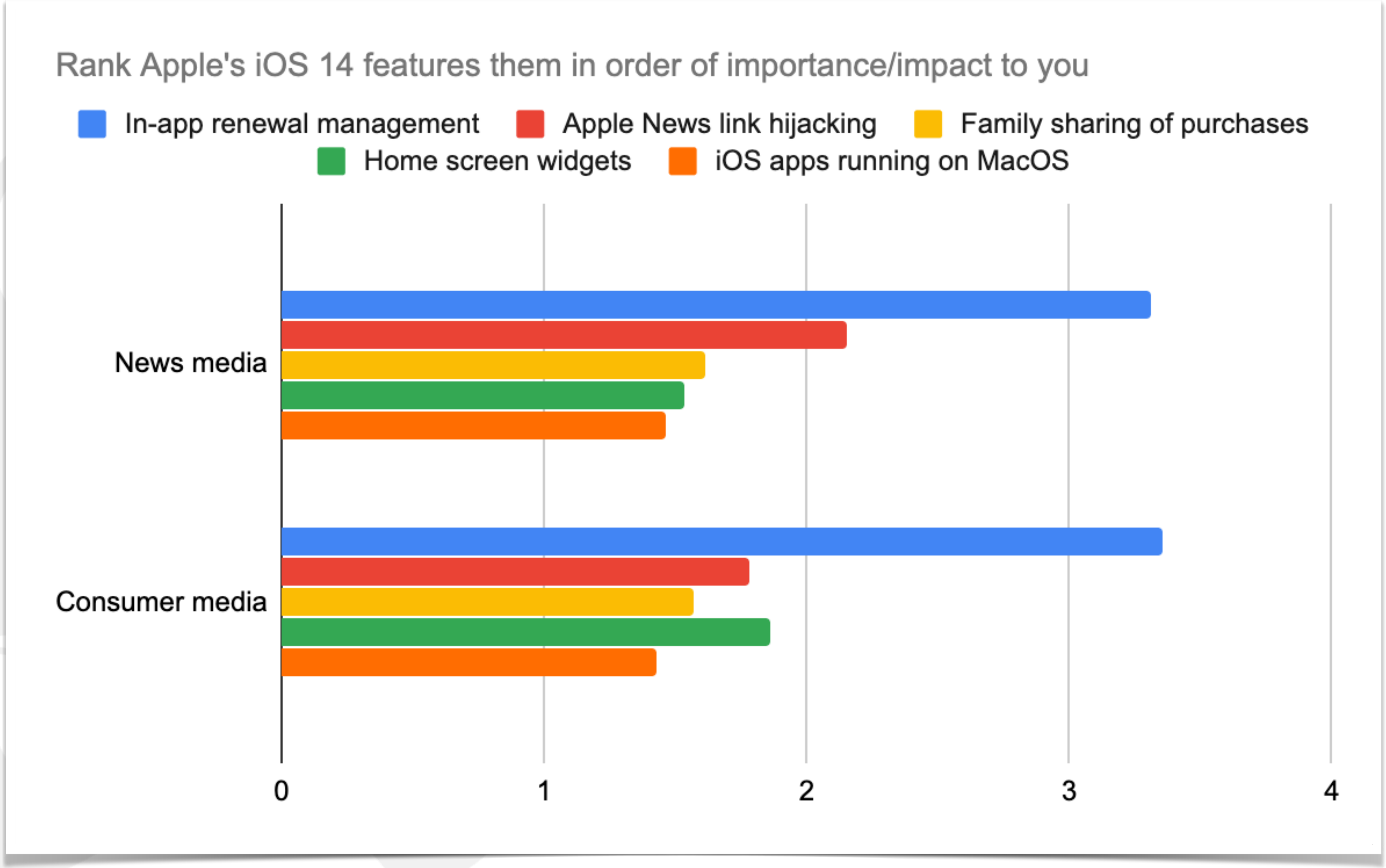


Notes:
Quite a difference here with consumer media mainly focused on digital editions of their print product, although we will be seeing a number of launches in the coming months that will change this. News media make use of both edition and live apps, each focused on quite different audiences.



iOS 14 - Apple's latest update

Again subscriptions dominate the priorities

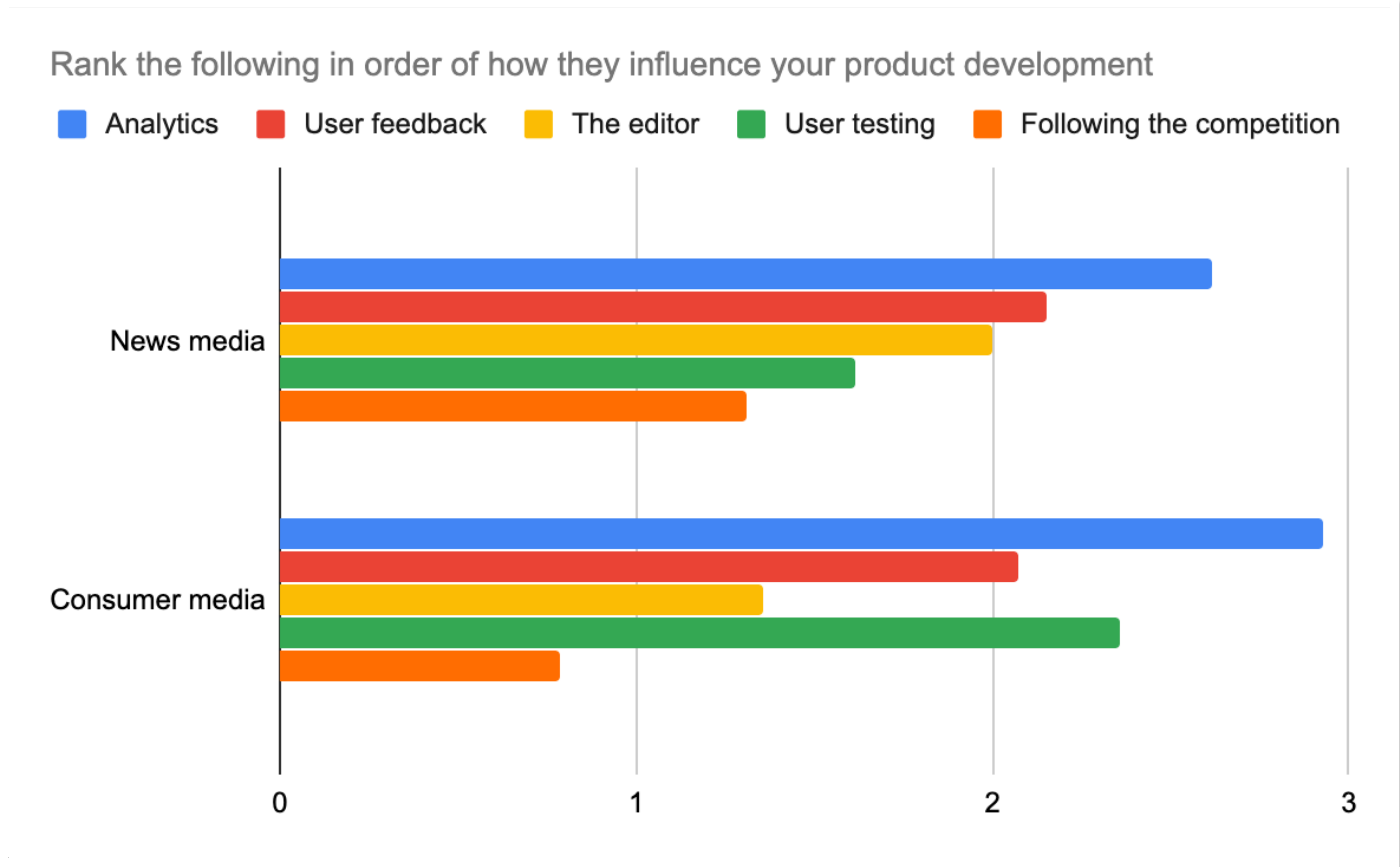


Notes:
Apple recently released a slew of new features that impact publishers and readers alike. We wanted to know which ones publishers cared about. While there was a level of ambivalence to many of the features, in-app renewal management came out as significant.

The ability to run apps on the desktop with the new Apple chipsets may be interesting - no-one knows whether it will take off, but there is a small chance it will completely change the way we think of apps. We'll find out soon...

Product development is largely data driven

Although the editor still holds great sway in news media

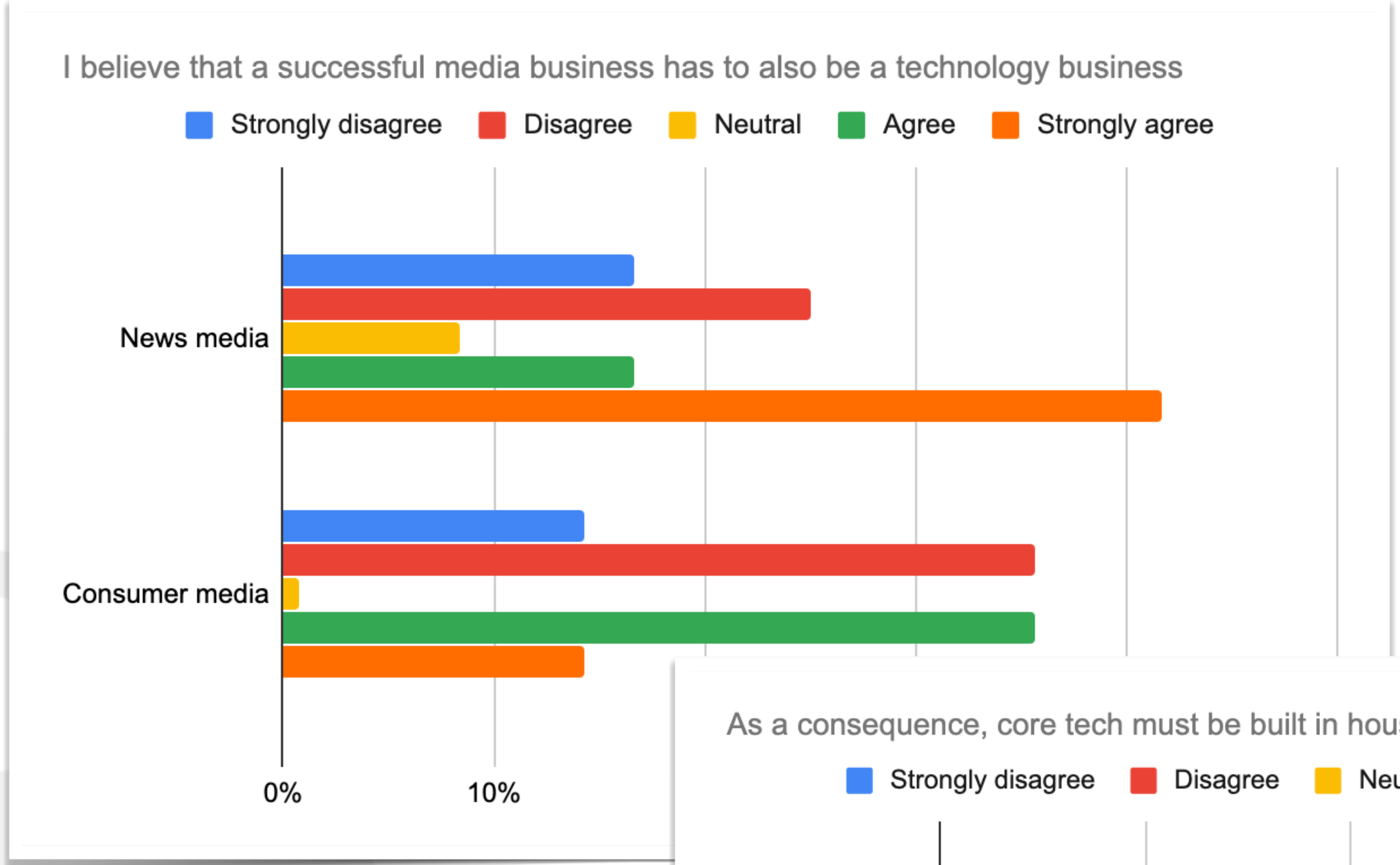


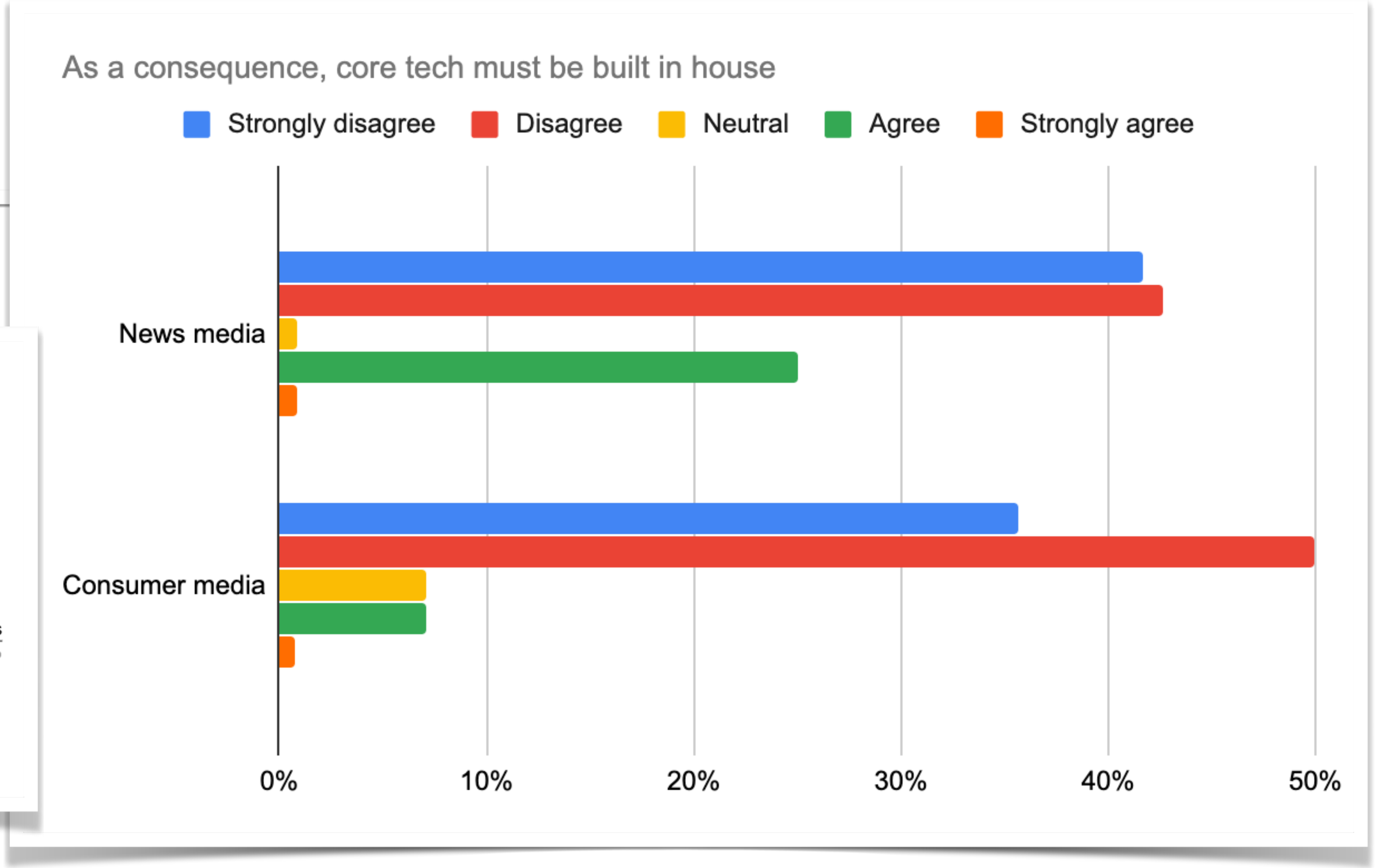
Notes:
A significant difference in the role of editors was the big takeaway here - while analytics rule across the board, in news media the editor was often seen to be the number one factor in driving product development.

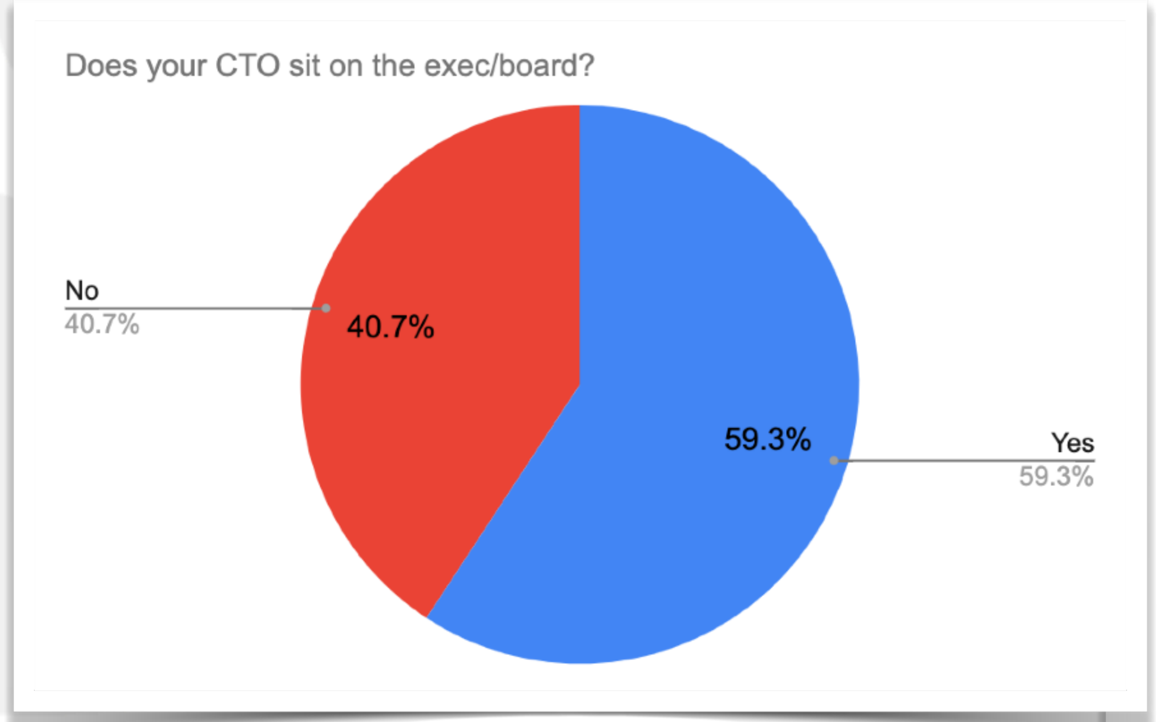
Consumer media editors are less involved in driving product development direction, with brands leaving it to the readers instead.

The role of tech continues to polarise

(Steve Jobs had a strong opinions about this one)







Notes:
A quick story - at a NewsCorp digital summit in Carmel back in 2010, James Murdoch asked Steve Jobs whether he believed that a modern media business also needs to be a technology business, fully expecting him to answer in the positive. “Absolutely not”, he said “you stick to the content and leave the tech to people like us” needless to say, there was deep consternation in the NewsCorp audience, but he made an interesting point and we wanted to know what publishers today think. Not whether a company needs to be good at tech, but whether they need to be a tech company.

Not a single person on the fence here, and yet no consensus - half our interviewees felt strongly that yes, a media business must be a technology business, and half thought the exact opposite. There was general agreement however on whether media businesses should build or buy their core technology - almost everyone said buy don’t build. There’s lots in there to dig into here...

If you could snap your fingers and change anything...

"If I could turn back time, If I could find a way..."

"Platforms like Facebook would promote trusted content over misinformation/fake content"

"I'd go back 10 years and stop the pursuit of scale for the sake of scale and help consumers understand the true value of high quality journalism"

"Tech giant regulation gets sorted out"

"Create a single global digital identity for consumers"

"I'd reduce the dominance of the big platforms"

"That we took subscriptions more seriously earlier on"

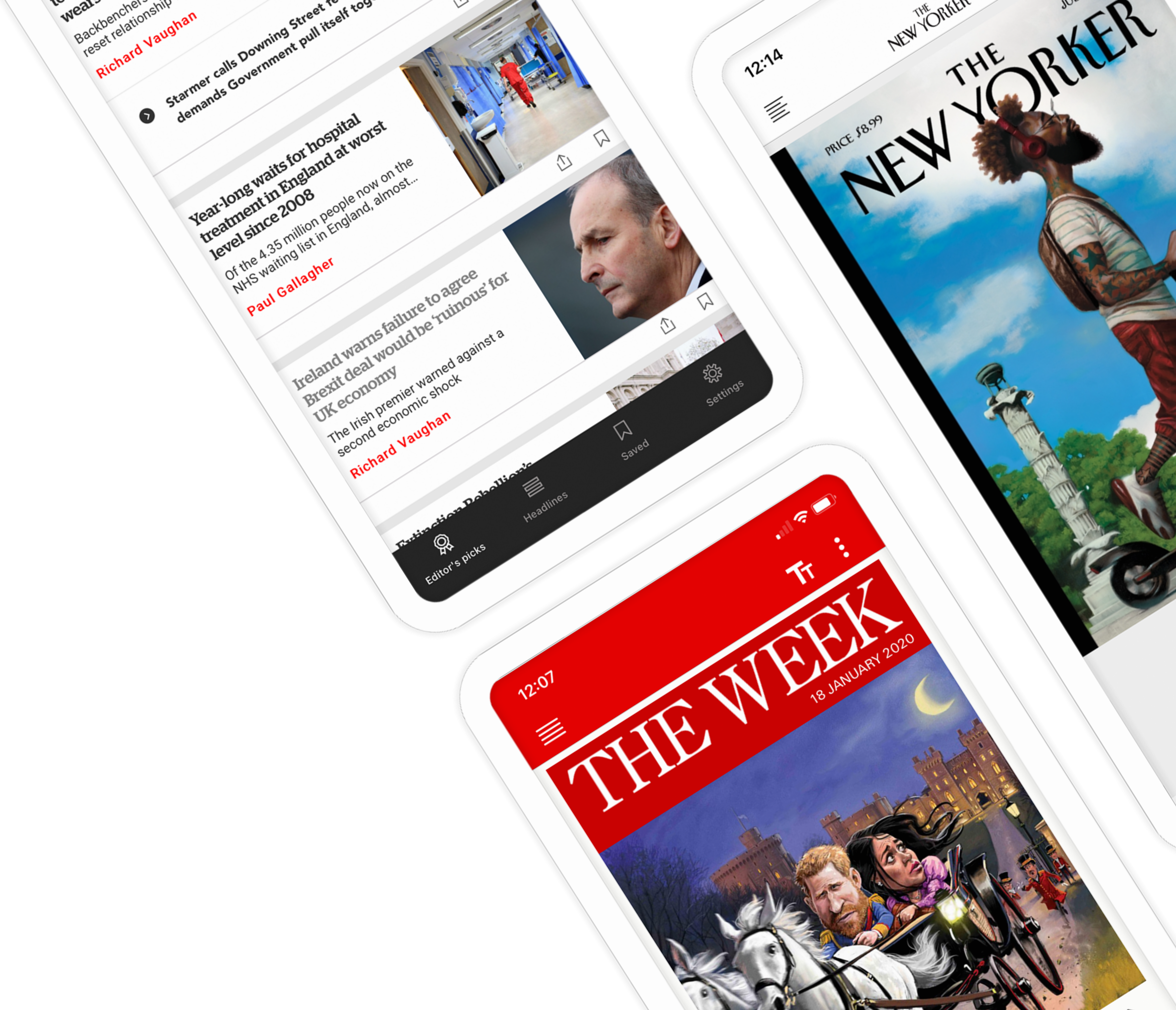
"Make everything truly mobile first (it's currently still an afterthought)"

"Improve the quality of the product and content that we publish (we've been focusing too much on cost cutting in the recent past) Every paper should be the best that we can product every time"

"Build a better monetisation model for local publishers - give them a chance to survive"

And that’s all for now…

See you next year!



Appendix

Thank you to all the people from the following publishers who kindly gave their input to this report

Archant
Australian Community Media
Bauer Media
Conde Nast GB
Conde Nast International
Dennis Publishing
Discovery Communications
DMG Media
DMGT
Dow Jones
Foreign Affairs
Future PLC
JPi

London Review of Books
Manifesto
Motor Sport Magazine
New Scientist Limited
New Statesman Media Group
News UK
Reach PLC
Sightline Media
Slimming World
The Economist
Tortoise Media
Wall Street Journal