

Print media declines further, outlook good for digital

PricewaterhouseCoopers' (PwC) first edition of the *South African Entertainment and Media Outlook: 2010 - 2014 (The Outlook)* revealed that digital advertising on newspaper websites will total an estimated R231 million in 2014, a 23.6% compound annual increase from R80 million in 2009. However, the South African newspaper market fell 15.9% from R11.5 billion in 2008 to R9.7 billion in 2009 and a further 1.2% decrease is expected in 2010.



The newspaper publishing market consists of spending on daily print newspapers by advertisers and readers and advertising on newspaper websites as well as mobile phone sites. As readers and advertisers migrate to digital platforms newspaper websites will benefit.

Vicki Myburgh, director of entertainment and media for PwC Southern Africa says, "As broadband takes off in South Africa, we expect newspapers to face greater competition than in the past and we anticipate that readers and advertisers will move from print to online at a faster rate."

Paid-for online content and distribution for mobile devices will lead to an expansion in overall circulation spending beginning in 2011. However, this is expected to be offset by reduced traditional circulation spending. Circulation spending is expected to decrease from R3.4 billion in 2009 to R3.2 billion in 2014, 1.2% compound annual decrease.

Four newspaper groups dominate

Four major groups dominate the South African newspaper industry - CTP/Caxton, Independent Newspapers, Johnnic Communications and Naspers (Media24). CTP/Caxton recently entered into a joint venture with Capital Media Group, a black owned media and publishing company based in Pietermaritzburg with a combined weekly circulation of 105 000 copies between its three weekly titles - *Edendale Eyethu*, *Maritzburg Sun* and *Public Eye KZN*.

The largest newspaper in South Africa is *The Daily Sun*. Published by Naspers (Media 24), it has a circulation of 400 699 (ABC Jan-Mar 2011) and an estimated 4 million readers.

"Although these publications are not immune to the recession, the newspaper market has generally been shielded from Internet competition because of low broadband penetration. With broadband now taking off in South Africa, newspapers are expected to face greater competition going forward as readers and advertisers move from print to online at a faster rate," continues Myburgh.

Print ads to decline

The fragile state of the economy should see print advertising decline by an additional 0.4% in 2010. As the

economy strengthens, print advertising will follow and continue to expand through 2014, with high single-digit gains projected for 2013 to 2014.

However, even as the economy recovers, the shift in advertising toward the Internet will lead to slower growth in print advertising. Although newspapers websites attract visitors and advertising, they do not compensate for print advertising declines because Internet advertising rates are much cheaper than print.

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