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The general-interest digital press as advertising platform: Changes in its business model

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Abstract

Introduction. The relationship between the press and advertising has undergone a strong transformation during the digital migration. Traditionally, the press maintained a high rate of efficiency that ensured a hefty percentage of income. However, the media have also undergone a strong transformation during the years of the crisis, and although the general-interest press closed the year 2015 with 17 million daily readers, its advertising revenue continued to fail to reach a level of balance. The objective of this work is to analyse the causes of this loss of balance and examine the changes in the business model. **Methods.** The study adopts a qualitative approach (based on in-depth interviews with the representatives of twenty of the most important online news media). In addition, in order to increase the scientific strength of the project, an in-depth literature review has been conducted. **Results and conclusions.** Although the online editions of the press have experienced a great growth in the last years, the revenue of the printed press in 2015 was 241% higher than its digital counterpart.

Keywords

Business models, digital advertising, digitisation, advertisers, funding of digital press, advertising platforms; digital press return.

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Translation by **CA Martínez-Arcos**
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1. Introduction

The economic crisis has deeply affected the advertising revenue that feeds the media. During the last fifty years, the advertising industry has enabled the development and multiplication of media (Trappel, Bergés, and Vartanova, 2015), however, this has not happened during the digital transition. The online editions of newspapers were launched with total economic dependence on the offline newspapers. And although the online editions continued to grow significantly in terms of readers, the income they have contributed and continue to contribute so far to their media groups are little significant. In the 5th Cultural Industries Forum (2013), Carlos Relloso, the managing director of PRISA Digital Development, pointed out that the ratio of revenue generated by the traditional platforms was ten to one with respect to their digital counterpart.

Before the emergence of the Internet, the newspaper industry was already a declining sector (Díaz Nosty, 2013). The loss of economic balance between the revenue from single-copy and advertising space sales, was added to such factors as circulation stagnation, the increase in newspaper printing costs, demographic changes and changes in reading and consumption habits –which reflected social transformations that endangered the viability of the printed press (Boczkowski, 2010). For the press, having a presence in the Internet was already a challenge of great magnitude (Casero-Ripollés, 2010), but the situation worsened with the loss of economic balance.

This uncertainty generated greater interest from the press towards the technological developments and resources that could be able to alleviate the losses in total revenue. If we take into account that media companies have a different ability to generate resources, which depends essentially on their need to obtain external capital (Picard, 2014) in the digital sphere, all media companies have found it difficult to consolidate a pay-for-content model. In addition, advertising rates have not been adapted to the benefits the media can offer as platforms to advertisers.

Together with the change of business model, there was a search for new ways of financing. While the press traditionally maintained a dual revenue model, most of the digital editions consolidated free access models, and tried out premium paid services that did not take off. The situation they faced was characterised by a decline in copy sales, a reduction in advertising revenue since 2007, increased costs associated with the digital integration and, finally, an increase in readers, due to new possibilities of free access. Thus, revenues did not increase despite the overall amount of structural costs increased despite the fact that, as Miguel de Bustos and Casado del Río (2010) point out, they

are 35% lower in digital newspapers. This is undoubtedly a serious situation, since the digital revenues only constituted a tiny amount with respect to the costs the digital editions represent. On the other hand, there were other additional factors to take into account. In Spain, the press has an audience of 17 million of daily readers, with a penetration of 43.3% in the Spanish adult population (AEDE, 2015). Of these readers, 50.2% correspond to the printed press; 31% to the digital media and the remaining 18.5% are mixed readers. The forecast estimates that there is a clear trend towards digitalisation and that in 2016 the print and digital new media will have the same number of readers. Advertisers will be next to their potential customers, but it is necessary to economically improve the sale of digital spaces (Roca, 2014), i.e., to increase revenues without saturating the medium.

Also to be taken into account is the fact that commercial communication is one of the business processes with more possibilities to make large transformations thanks to the new technologies (Arias, 2010). It is precisely this economic value, which was traditionally transferred to the audience, what has jumped through the air. The new advertising order gives supremacy to quality, to the detriment of quantity. New measurements have been incorporated but the sector continues to worry over the unification of hybrid metrics that combine traditional census methods, surveys and external auditors (Maestro, 2015). The challenge is that the evaluation of the new typology of digital advertising threatens the principles that have been entrusted for decades, such as the asymmetry of information and the media of reference (Beelen, 2006).

Hence this research focuses on the need to establish an efficient revenue model for digital media; a model that cannot rely exclusively on advertising revenues, although it is necessary to adapt them according to the value offered to advertisers.

2. Objectives and methods

Our first hypothesis is that “the general-interest digital press has suffered a reduction in value as advertising platform during its migration to Internet”. Our second hypothesis is that “while the traditional press, as an advertising platform, enjoyed a dominant position due to its profitability and efficiency, the digital spaces -which have greater possibilities of impact on the target audience - are still unable to get a higher value and do not result valid to increase the income of an industry in crisis”.

Therefore, the first objective of this study is to quantify the loss of revenue experienced by advertising media in the digital transformation, especially in the marketing of digital advertising. Thus, we have to consider that any commercial transaction involves setting the price for the product or service that you want to exchange. During most of the history of the press, the dual funding model (Picard, 1989:17 et seq.) has had readers as its basis. However, with the digital migration, the produced devaluation has meant a serious financing gap, since between 2006 and 2014 revenues have fallen 46% (AEDE, 2015).

The second objective of this study is to provide economic data that confirm the changing pattern based on the advertising revenues of the newspaper industry. The difficulty of this process, that

connects directly with the limits of this research, is evident, since the focus is to find out disaggregated and specific data on the online press. It is true that information on advertising revenue is public and is presented annually in the income statements of media companies, but the specific data on advertising in the business units of the digital media have not followed the same pattern of transparency.

Another limit of this work has to do with its chronology. We selected 2011 and 2015 as the temporary framework of the research and as the symptomatic fraction of time to identify the relationship between the digital media and advertising.

In order to meet the aforementioned objectives, our study has adopted a qualitative approach, which has incorporated some quantitative techniques.

The qualitative approach involves the application of in-depth interviews with representatives of the media sector. The sample selection sought to accommodate the representatives of advertising in digital media and people involved in this field. Working with the epistemological paradigm of the Delphi method of consultation of experts, we created an interdisciplinary group formed by journalists, advertisers and academics, with the double objective of profiling the universe and the sample of the study and developing the key (structured) questionnaire that allowed, above all, obtaining data on advertising sales.

The final sample managed to gather twenty media that reach the largest part of the audience of general-interest online newspapers (*El País, El Mundo, Abc, La Vanguardia, El Periódico de Catalunya, El Confidencial, La Información, 20minutos, Periodista Digital, Libertad Digital, eldiario.es, publico.es, Infolibre, Zoomnews, teinteresa.es, Huffington Post, vozpopuli.co, elplural.com, la marea, Jot Down, esmateria*). Moreover, the application of the in-depth interview technique to the people most responsible for such media allowed for the establishment of comparisons and the description of trends.

The interviews were applied, as mentioned, to the directors, editors and digital development directors of the different media. Here it is important to note that pure players agreed to answer questions about economic aspects, while the people responsible for emblematic newspapers, on many occasions, referred us to the official information contained in the White Book of the Association of Spanish Newspaper Publishers (AEDE) and their annual accounts.

Thus, in this work, the primary sources have been fundamental. However, after seeing the answers, all the collected information was subjected, again, to the discussion of the initial team of experts (focus group) in order to achieve, a holistic approach and greater analytical depth and rigour.

This phase was complemented by the incorporation of the quantitative apparatus, which, as a secondary source, was compared with the personal statements obtained in the previous phase. These indicators were raised from a dual perspective: intra-corporate data (based on the investment reports

made by Infoadex and the White Book of the Press, i2P, Arce Media and Media Hotline) and extra-corporate data (whose main source of reference was the Spanish National Institute of Statistics-INE).

To conclude, and to provide scientific strength to the project, we conducted an in-depth literature review to provide an argumentative exposition, guided by the principle of deduction.

3. State of the art review

Within the theoretical research framework, it is convenient to clarify that the relationship between digital media and interactive advertising has very unique and different features from those of the rest of the media. Under this umbrella, and taking into account the transformations that the advertising industry has suffered, we can define two lines of research that affect the processes that interfere with the object of study. On the one hand, the adaptation of the media companies to the digitisation and, on the other hand, the management of advertising as the media's main source of finance, all within the framework of their economic structure.

Advertising businesses and newspaper always have followed different paths, although parallel and with common interests (Baladrón, 2005). However, in the interest of preserving the objectivity and credibility of the medium, advertising has been perceived as the “enemy”. This is an idea supported even by the Spanish General Law on Audiovisual Communication (LGCA, 2010), which points out that the regulation of advertising was conceived as an instrument for the protection of the consumer against the broadcasting of advertising messages. The idea of protection against advertising seems to forget that such messages are subject to their own legislative framework (General Law 34/1988, of 11 November, on Advertising).

Particularly delicate is the position of the press, whose dual funding model has been compromised twice by the change in the reading contract and by the fall in advertising investment. The reading contract serves as a “metaphor” that describes the relationship between the media and consumers under conditions of competition linked to concurrent and similar products (Mazzone, 2012). Therefore, the reality indicates that the change of paradigm in the current commercial communication is essential when analysing the situation after the emergence of interactive media (Madinabeitia, 2010).

However, when it comes to evaluating this paradigm shift, we must remember a peculiarity of the news media: they have a business that is not based on the sale of what they produce, and instead they “trade” with the audiences they attract with their contents. Advertising, and non-sale of content, serves as engine of income (Farias and Roses, 2009). And it is precisely the importance that, traditionally, revenues from advertising have had within the income statement of the various publishing companies what reinforces the relevance of the object of study.

Advertising also experienced a contraction as a result of the economic recession and the change of model that it is yet to be defined and quantified. And the sector must adapt itself to a complex environment where we have to take into account several factors: the fragmentation of audiences that complicates the coverage of the campaigns; the advertising saturation that affects advertising

efficiency; the loss of control of the advertising message; the multiplicity of media that increase possibilities but complicate planning; the increased personalisation of messages; the interactivity with receivers; the collaborative environments; the reduction of costs that separate advertisers; and the increased reach of messages (Martí, Cabrera and Aldás, 2012).

In particular, if we look at the relationship between digital media and advertising we can start from the idea that revenue from the digital section of the newspaper companies is low in comparison with the revenue from the printed edition, as it will be shown later with data from online and offline advertising revenue. Just as the different departments have undergone different levels of convergence in the adaptation of digitisation, the management of these data has suffered a similar variation. The evolution of data on revenue from advertising has had a similar development to the process experienced by the digital newsrooms. In fact, digital revenue figures have been separated, in most cases, from the general revenue statements, which actually prevents the real understanding of the income of the digital press as an advertising platform. A clear example is the evolution experienced by these data in the annual statements of the last five years of media groups such as Prisa and Vocento.

What really happened? Despite bad data from the period of the crisis, digital newspapers even reported great economic achievements; as a result of the low allocation of costs that really had an impact on the existing structures, as many of the interviewees have confirmed. These strategies are a common part of a sort of business dialectic. But when the point is the survival of a sector, the impediments to recognise a mismatch in the market that is common to all the media are not only of little help, but prevent the full understanding of the main problems of that sector and the correction of the existing mismatches. In any case, some media manage to operate with lower costs and greater efficiency than others, since they produce low-cost content for a small number of consumers (Picard, 2014), but this is not a valid solution for all of them.

Today, however, most of the leading publishers in the market have unified their data and in recent tax years there has been an economic convergence of the print and digital editions, which further reduces the possibilities for disaggregating economic data and perform an objective analysis. As international examples, Barthel (2016) says that for a small group of newspapers [2] advertising revenues went from representing 17% in 2011 to 25% in 2015, but also points out that the evolution of advertising from digital advertising does not compensate for the continuous decrease of revenues from the print editions. Once again, we see how these figures do not represent the entire industry, since they only belong to companies listed on the stock exchange market, while the other companies do not reveal their digital revenue data.

As we see, there are many factors that influence the evolution of digital advertising. And while it is a medium with numerous possibilities and huge audiences, advertisers still do not fully trust this channel. With regards to the development of interactive advertising, Evans (2009) pointed out that it would grow along with the increase in the consumption of media and along the implementation of the prediction methods and algorithms that could optimise the efficiency of messages between consumers and advertisers.

On the other hand, and as noted by Farias and Roses (2009), the free access to content that prevails in the medium hinders its profitability, while advertising is scarce and the media are no longer its main platform. For Soengas, Vivar and Abuín (2015), advertisers are forced to design new strategies, based on a more emotional and experiential advertising, with valuable content that will attract consumers instead of searching for them and bombarding them with commercial information. The problem is that advertising is not allowing the media to live (Cagé, 2016) and advertisers no longer invest in mass advertising strategies that are dominant in the context of traditional media. A fortress for the platforms is the fact that the new technologies not only allow advertisers to collect an incredible amount of data about their consumers, but also allow them to send messages to different consumers (Gabszewicz, Resende and Sonnac, 2015), but this is an advantage that so far has not been rewarded.

The press and advertising industries must conform to a model where the epicentre lies on the reader. Bermejo (2010) affirms that the media panorama is focused in this protagonism. The new advertising contents replaced the messages with contexts of communication around the brands that can attract of a new type of consumer who is critical and participatory of the communication processes of these same brands. Traditional advertising models are still present in much of the market, but the new channels drive the development and broaden the communicative possibilities that advertisers can offer.

Faced with this media panorama, it is necessary to revalue profitability and efficiency, which undoubtedly requires improving the management of the inventory of advertising spaces (Maestro, Fernández-Beaumont and García Santamaría, 2014), and making advertising spaces to report more benefits to the platforms. More and more voices are demanding the revaluation of advertising on the internet and the improvement of the market value to the cost of the advertising campaigns (Toledo, 2010). The results obtained in this study confirm this need. But it is not only an economic imperative. We must remember in this respect that within the press-advertising relationship, we cannot keep track of the habits and interests of the audience beyond the quantitative value (Aguado, 2012). The new communicative contexts and the variation according to the medium as an advertising platform respond to the interests that the audience has previously marked.

4. Results

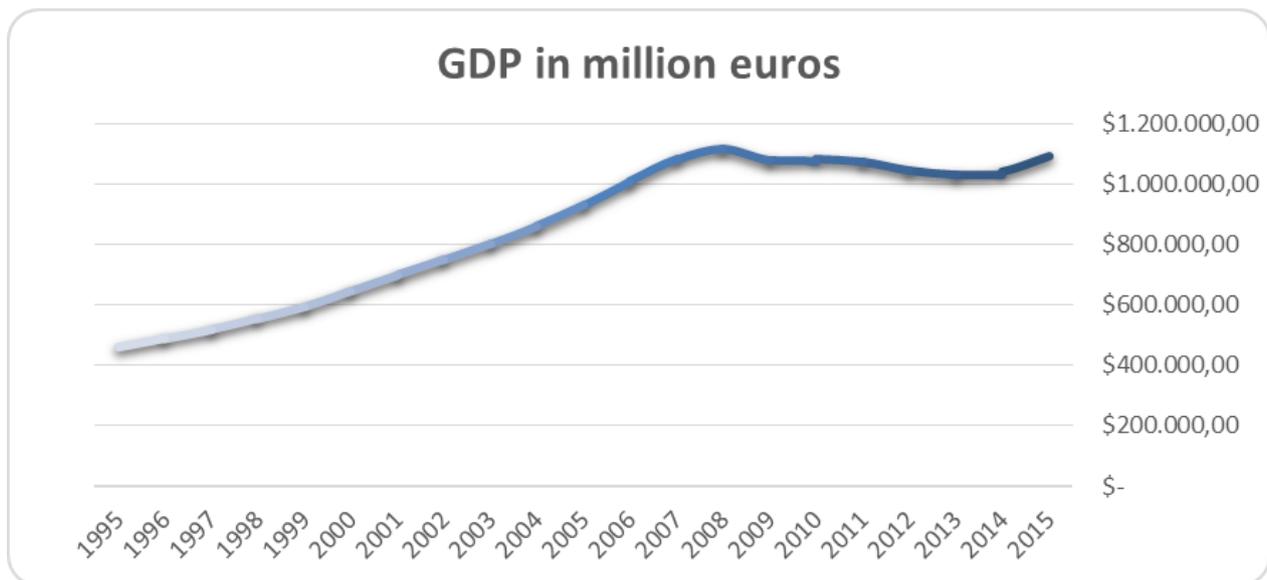
Finally, it is necessary to point out that we are witnessing a period when the strong advertising investment on the Internet does not correspond with the income obtained by the digital media (Díaz Nosty, 2013). Following this statement, this research aims, based on the objectivity of economic data, to quantify the shortcomings and weaknesses of the system and to lay the foundations, based on the mistakes made, for an efficient and profitable income model.

Before analysing in detail the data on advertising investment in the Spanish market, it is necessary to know the initial situation of the Spanish economy. Thus, Figure 1 presents the evolution of the Spanish GDP, at current prices, to help us describe the economic situation between 1995 and 2015. The data cover from 1995 – the year when the digitisation of the press started – to 2015. There is a clear uptrend, with a decline caused by the economic crisis after 2008, and a slight improvement after 2013. These data are repeated with the GDP figures with respect to the global advertising investment, although the same does not occur with the behaviour of both variables.

Figure 2 shows the annual variation of GDP and the rate of advertising investment during the same period. The calculation of variation, of both the GDP at current prices and the investment, is based on the data from the previous year provided by the INE.

In this case, we see how investment in advertising is much more unstable than the GDP. In other words, advertising investment does not grow or decrease in the same proportion than the economy does. This circumstance leads us to think that the advertising market is affected by variables other than the evolution of the economy.

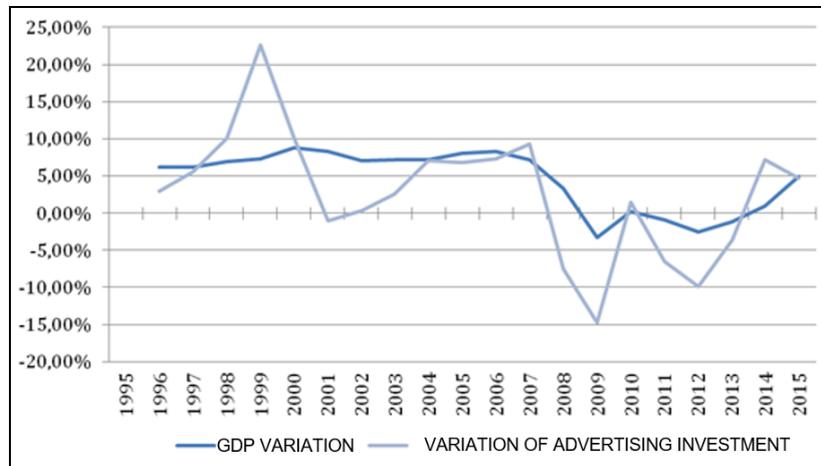
Figure 1: GDP evolution in Spain (1995-2015)



Source: Data from INE

Far more striking is the evolution of the percentage of advertising investment on GDP, since the general trend is the reduction of the percentage of advertising investment on GDP. It went from 1.68% in 1995 to 1.08% in 2015. The years when advertising investment had greater weight in Spain are 1999 and 2000.

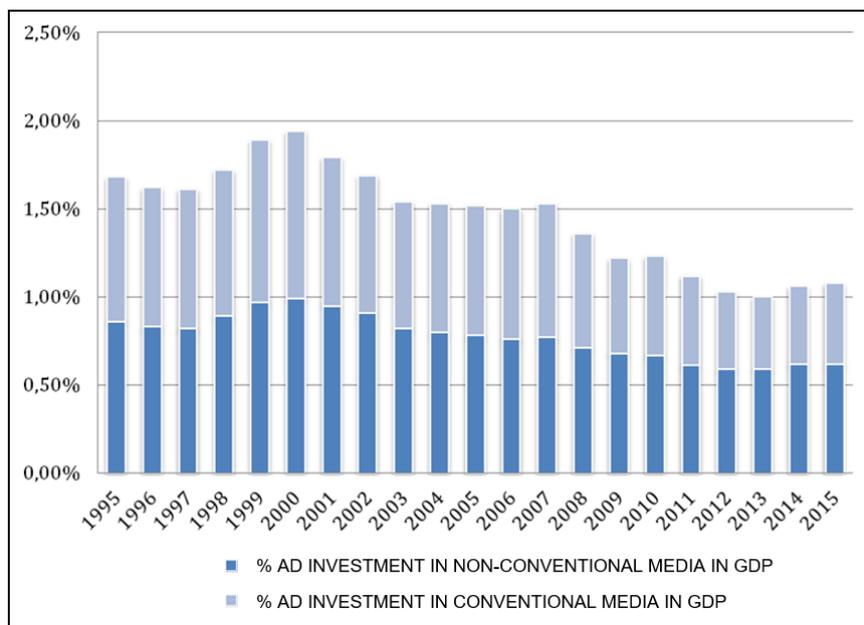
Figure 2: Evolution of the annual variation of GDP and advertising investment in Spain (1995-2015)



Source: Authors' own creation with data from INE and Infoadex

If we focus on the evolution of the percentage of the investment in conventional and non-conventional media, we can say that while both figures have lost importance, investment in conventional media has gone from 0.82%, in 1995, to 0.46%, in 2015 (Infoadex, 2015). Investment in non-conventional media reached 0.62% of the GDP in 2015. This figure confirms the tendency of advertisers to search for new alternatives in advertising planning.

Figure 3: Advertising investment as percentage of GDP (1995-2015)



Year	% of ad investment in GDP	% of ad investment in non-conventional media in GDP	% of ad investment in conventional media in GDP
2015	1.08%	0.62%	0.46%
2014	1.06%	0.62%	0.44%
2013	1.00%	0.59%	0.41%
2012	1.03%	0.59%	0.44%
2011	1.12%	0.61%	0.51%
2010	1.23%	0.67%	0.56%
2009	1.21%	0.68%	0.54%
2008	1.36%	0.71%	0.65%
2007	1.53%	0.77%	0.76%
2006	1.50%	0.76%	0.74%
2005	1.52%	0.78%	0.74%
2004	1.53%	0.80%	0.73%
2003	1.64%	0.82%	0.72%
2002	1.68%	0.91%	0.78%
2001	1.79%	0.95%	0.84%
2000	1.93%	0.99%	0.95%
1999	1.90%	0.97%	0.92%
1998	1.72%	0.89%	0.83%
1997	1.61%	0.82%	0.79%
1996	1.62%	0.83%	0.79%
1995	1.68%	0.86%	0.82%

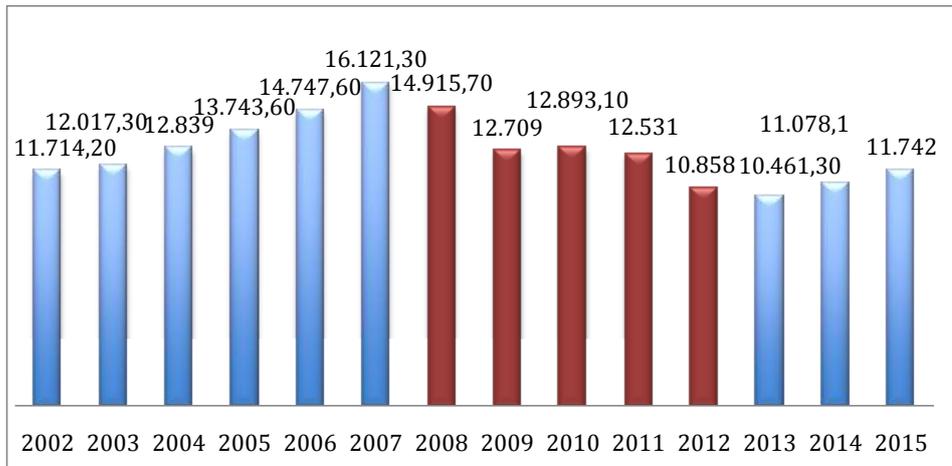
Source: Authors' own creation with data from INE and Infoadex

4.1. Advertising investment in Spain

The analysis of the evolution of advertising investment started with the annual reports developed by Infoadex, a benchmark in the sector, and IAB Spain, an agency specialised in digital investment. Both institutions define the universe under study differently. IAB Spain manages a much wider universe, incorporating the measurements of platforms that do not fall within the traditional definition of conventional media. However, both reports are needed to delve into the market and identify trends.

Our period of study on advertising investment starts in 2002, when investment reached 11.714 billion euros. After a decade of evolution in which growth was maintained until 2007, in 2014 investment was lower than in 2002 (figure 4). And in 2015 investment stood at 11.742 million euros, compared to 16.121 million (+27.2%) achieved in 2007.

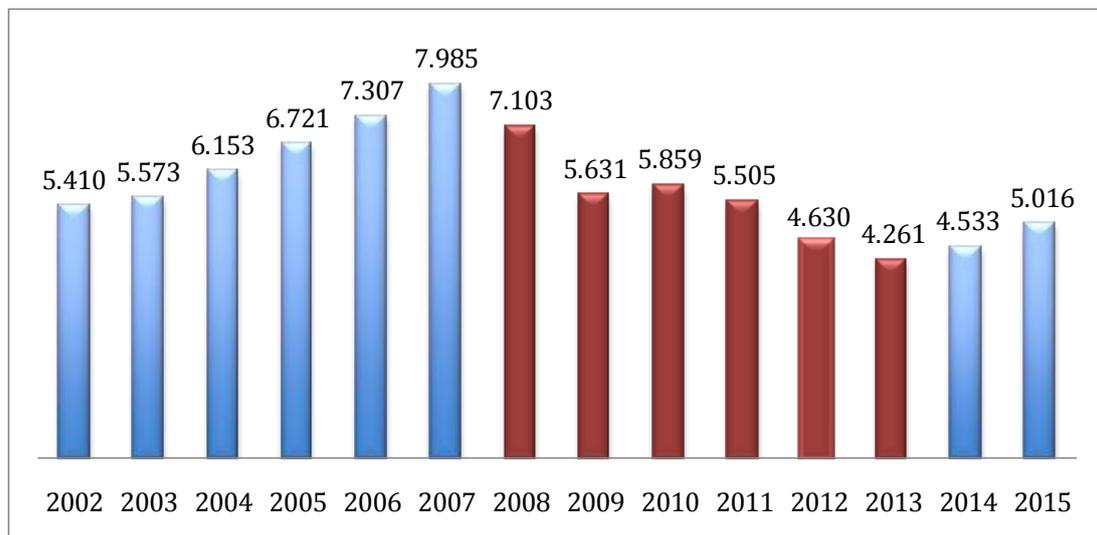
Figure 4: Total advertising investment in Spain (2002-2015). In million euros.



Source: Authors' own creation with data from Infoadex 2002-2015

Infoadex's data on total advertising investment combines investment in conventional and non-conventional media with the last estimate for the year 2015 (Figure 5). Although our study focuses on conventional general-interest newspapers, it is essential to understand the evolution of all advertising investments that take place in the advertising market.

Figure 5: Evolution of advertising investment in conventional media (2002-2015). In million euros.



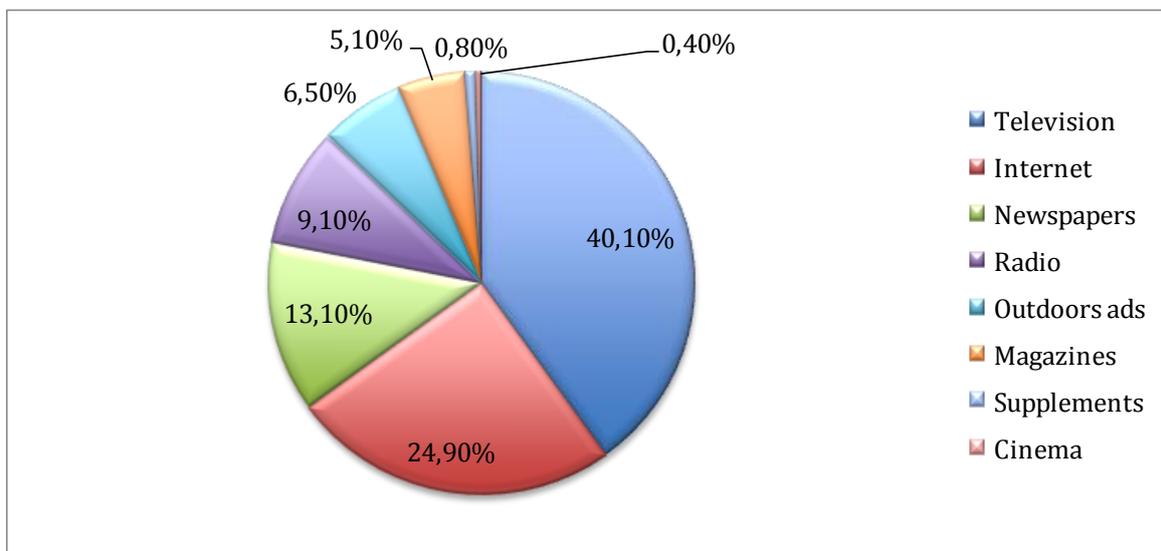
Source: Authors' own creation with data from Infoadex 2002-2015

Despite all the changes, the most influential variables that currently allow us to rate the service offered by a platform remain to be “coverage, audience profile, cost of impact, flexibility in negotiation and audience segmentation capability” (Ordozgoiti, Rodríguez, Olmos and Miranda, 2012:14). These characteristics can be obtained from the internet, but advertisers claim an equivalence with traditional measures to be able to unify criteria. Many voices in the industry believe that an agreement on measures would improve the revenue obtained by the different media. Nevertheless, and despite the signed agreement to unify audience measurement in 2012, the improvement has not had so far a clear impact on the investments picked up by the media, as we will see in the data offered by the press industry.

Thus, and in little more than a decade, advertising investment in the internet has gone from being irrelevant, 1.8% (Infoadex 2006), to keeping a steady growth that is unique in these moments of crisis. And it is known, in markets of reference such as the United States or England, the internet has already become the first advertising media.

In the new advertising landscape, the press has been relegated for the first time to the third position in terms of advertising investment. According to data from Infoadex, in 2015, the internet received 24.9% of the investment while the newspaper industry only received 13.1% (figure 6), which represents a turnover of 1,249.8 and 658.9 million euros, respectively. However, while the newspaper industry grew only 0.4%, the internet grew 16.1%. Therefore, it is clear that the press has seen its share of advertising investment reduced, although the total amount is divided into a small number of participants; the opposite to what happens on the Internet, where revenues are atomised.

Figure 6: Media participation in the advertising investment of 2015.



Source: Authors' own creation with data from Infoadex

4.2. The new role of the press as advertising platform

Today, we cannot conceive a campaign that is exclusively focused on non-digital media. Integration within advertising planning is a reality that helps the global media strategy. This need requires the press to pay special attention, since it offers traditional and digital platforms. To be able to convert the advertising efficiency of the medium in another currency it will be necessary to go further in this regard. The reality is that advertisers use the Internet to improve interaction with customers and sales (Celaya, 2008). In an environment where the possibilities have multiplied and advertisers need to reach their target audience, it will always be a good strategy to work on an effective multiplatform model that allows advertisers to improve both indicators.

All the possibilities for integration and combination of disciplines act as multipliers for the campaigns that are present in media and also for brand values (Suances, 2011). Digital advertising offers numerous benefits that directly affect the brand: affinity with the target audience, increasing segmentation, cost reduction, the possibility to generate the brand loyalty and brand awareness sought after by advertisers. All of them can be evaluated directly in the digital platform and allow the real-time measurement of the ROI (Return of Investment) [3].

The subsequent evaluation and calculation of the efficiency achieved are other of the values key for the optimisation of investment. The calculation of the ROI is one of the most important steps for any company that makes an investment in intangible goods.

In online media, companies can establish online measurement strategies, which are determined according to the required objectives at any given moment. The incorporation of web analytics to advertising management multiply the options for planning, metrics and the definition of KPI [4]. For example, a medium of communication as a newspaper can reduce advertising costs and enhance its brand image (Morales, 2010:41).

However, the conclusion is that the advertising investment captured by the digital press is so far very small with respect to that obtained by the print counterpart. In addition, the readership and effective potential of the online press is way lower than that achieved every day by newspapers. Figure 7 shows the advertising investment captured by the press, segregated by off and on channels, while Table 1 shows the total investment obtained between 2011 and 2015. We must bear in mind that ad investment has been in free fall since 2007, and that it only begun to grow again in 2015.

Table 1: Advertising investment in the press from 2011 to 2015 (million euros)

	Offline advertising investment	Online advertising investment	Off + online advertising investment
2011	969.5	124.7	1094.2
2012	673.1	129.5	880.6

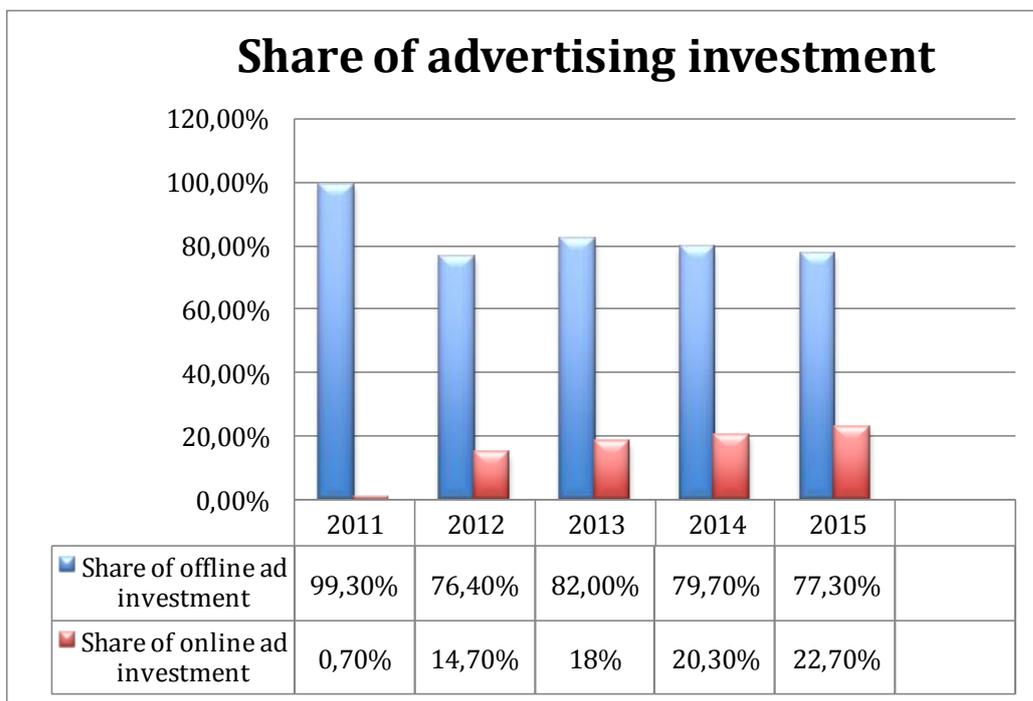
2013	620.8	136.4	757.2
2014	614.0	156.5	770.5
2015	616.8	180.9	797.7

Source: Authors’ own creation with data from i2p, Arce Media and Media Hotline for AEDE.

According to the analysis of the time frame of the study, offline + online investment, quantified by AEDE, went from 1.094,2 million euros in 2011 to 757.2 million euros in 2013. By 2015 the total number stood at 797.7 million euros, but the behaviour by channels reveals interesting data.

It is important to note the change that took place during these years, given that the agreement on digital audience measurement was reached in 2012. If we focus on the digital numbers, we can confirm an uptrend during all the years studied (4.8 million in 2012; 6.9 million in 2013; 20.1 million in 2014, and 24.4 million in 2015). We did not detect any significant change in investment between 2012 and 2013 that can be said to be caused by the unification of measurements. In fact, revenue appears to be related to the improvement in the economy and not to the optimisation of the parameters that influence advertising management.

Figure 7: Share of advertising investment in the offline and online press in 2011-2015



Source: Authors’ own creation with data from i2p, Arce Media and Media Hotline for AEDE.

Finally, also of interest is the share of advertising investment captured by every channel (Figure 7). Advertising revenue in the print press is concentrated, but is precisely in these years when the biggest transformation takes place since the arrival of the press to the internet. Data obtained during the period of study confirms the uptrend of the internet platform since its inception.

The increase in the share of online advertising investment from 0.7% in 2011 to 22.7% in 2015 seems to confirm a change of trend. The big jump occurred in 2012, when investment went from 0.7% to 14.7%. From 2013 onwards we can observe a greater rise in digital advertising revenue than in years earlier.

Thus, since the arrival of the press to the Internet (1995), digital advertising revenue has increased in all periods. However, the volume has always been low taking into account the possibilities that the medium can offer, as confirmed by Roberto de Celis, Director of Digital Businesses in Vocento, during the interview carried out for this research.

On the other hand, and despite the “long-held belief that the advertising market would grow indefinitely” (Cage, 2016:50), the results indicate that revenues have been reduced and remain in a strong imbalance. We have to take into account that without a revaluation of the platform and of the digital advertising market, the main problem for online news media is that they will not be able to guarantee income in the new distribution channels (Álvarez Monzoncillo, 2011), since the economic viability of the journalistic companies in an exclusively digital future would be very complex without improving others “business solutions”.

5. Conclusions

The main hypothesis of the study has been confirmed because the press has lost its dominant position, which was achieved by the advertising profitability and efficiency of the sector. This change has led to a reduction in the value that it, traditionally, held as an advertising medium as a consequence of the digital migration. The data presented in this work indicate that the accumulation of readers has not enabled the arrival of income (180.9 million euros of online advertising investment in 2015, with 49.8% of digital and mixed readers). It is important to note that income began to experience a greater growth from 2013 onwards; while the revenues of the print press are 241% higher than that their digital counterparts

The role of advertising has undergone a great transformation in the digital society. In this way, the audience holds the perception of advertising saturation: the use of digital ad blockers extends, while the economic structure of the sector is amended. Therefore, advertising agencies and media platforms have been forced to innovate in advertising planning.

The research confirms the constant reduction in the importance of the advertising industry to the GDP in Spain. In the last 20 years, advertising investment as percentage of the GDP in Spain has gone from 1.68% in 1995 to 1.08% in 2015. This decrease has continued in periods of economic boom as well as in periods of recession. If we look at the figures of global advertising investment, we

can say that it has grown during the same time period. After reaching the largest number of the sector in 2007, with 16,121.3 million euros, in 2015 investment stood at only 11.742 million euros (-27.2%).

Faced with this panorama, the advertising revenues of the newspaper companies have been reduced during the economic crisis; although, previously, the digitalisation of the media had not achieved the expected profitability since the advent of the Internet. Publishing companies are facing two economic challenges: a continuous reduction in income from copy sales –which worsened with digital distribution- and a decline in the share of advertising investment.

However, the digital transformation has enabled the multiplication of the efficiency of the medium. In order to find sustainable advertising formulas, it is necessary to transform the efficiency of the medium into income. Improving efficiency and evaluation will allow the industry to reevaluate the advertising spaces.

At the same time, the presence of on and offline distribution entails a global media strategy capable of improving interaction between customers and advertisers. This integration of media and advertising campaigns is an advantage for the brand, both in advertisers and the media.

Technology also enables the improvement of the ex-post evaluation of the investments. The available metrics provide information for the campaign and for the platform. Now, we know our readers and their new reading uses, habits and patterns. This information improves the dual responsibility of the medium: it enables the adaptation of content strategies to the interests of readers and optimises the management of the medium as an advertising platform.

At the moment, and if we focus on the global figures for the press market, data are forcing a dual model of advertising revenue: the print platform, representing 77.3% of revenue, and the online channel, which closed its best tax year with 22.7% in 2015. These figures lead to a complementarity of platforms, since the closure of the print industry would entail the loss of the sector's main economic protector.

The data obtained during the study period also confirms the upwards trend of the Internet platform since its inception. Digital advertising income went from 0.7% in 2011 to 22.7% in 2015. Since the arrival of the press to the internet, the figure has grown year after year, but the volume has been reduced taking into account the possibilities the medium can offer.

This change coincides with the incorporation of a unified, yet controversial, system of measurements from the year 2012. New methods to buy and sell advertising spaces automatically started to be developed based on readers' navigation patterns. Therefore, the unification of measurements is not the sole determinant. There are other factors that need to be worked on, such as the arrival of new forms of marketing, the increase in profitability thanks to the ability to measure the ROI, and new forms of advertising such as branded content [5] and native advertising, which are well received by readers and improve the efficiency of the messages, according to the interviewed managers.

The new formats of native advertising increase efficiency and produce more engagement [6] than the traditional banners, which are so difficult to make profitable for digital editors. Native advertising can be a growth injection for digital revenue figures.

It is also important to note that the measurement unification as well as the trend of greater growth of digital advertising revenue, have temporarily coincided with an improvement in our economy. This economic advance helped the return of investment, although there are numerous and varied factors that affect the return.

There is no doubt that with the improvement of the external circumstances, the media should strive to offer efficiency to advertisers and readers. The newspaper industry maintains an audience of 17 million daily readers, and a 43.3% penetration in the Spanish adult population. The brand image and credibility that newspapers have on the basis of this monitoring may allow for the improvement of revenues, even though it has not been the case so far.

To keep this economic turn-around it is necessary to optimise the advertising management of the medium as a platform. It is time to incorporate the possibilities of knowledge of the reader through web analytics, the trading of advertising space through *Ad Exchanges* [7] and the possibility, sought after by advertisers, of betting on content rather on traditional creativity. All of this increases the value of each of the readers as recipients of messages that are appropriate each time. Therefore, the future profitability that the press may develop, in its double role (as an advertising platform and medium of communication), will depend on the importance given to all of these changes.

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Dates:

-Start of research: May 2014

-End of research: May 2016

6. Notes

[1] One of the problems that prevented the temporal comparison of newspapers' readers is the disparity of the sources of digital measurement. For example, *Elmundo.es* does not participate in the EGM (General Media Study) survey but does participate in the OJD Interactiva (OJD is a private association of media, agencies and advertisers). ComScore has data on all newspapers from 2012 onwards, so that the digital revenues observed before and after this unification enable us to draw important conclusions.

[2] Based on data from the New York Times Co., McClatchy, A. H. Belo, Lee Enterprises and E. W. Scripps.

[3] ROI (Return of Investment), is a performance measure used to evaluate the profitability of an investment. $ROI = \frac{\text{Gain from Investment} - \text{Cost of Investment}}{\text{Cost of investment}}$. ROI measures the amount of return on an investment or a number of investments. It is a financial indicator used to quantify the efficiency of an investment in media plans. Its result indicates the margin a company has got from a certain investment. To calculate it properly it is essential to know the relation that exists between the benefits and the costs of advertising.

[4] KPI, or Key Performance Indicators, are metrics used to quantify the results of a certain action, according to predetermined objectives.

[5] Branded content is a less intrusive, customised form of advertising that provides added value to consumers, through the generation of content.

[6] Degree of involvement between a brand and its users, which leads to greater interaction between them.

[7] In digital advertising, an ad exchange is the place where supply and demand meet to buy and sell advertising inventory. It is a technological online platform where advertisers and platforms get in touch. The platforms offer and manage their advertising spaces while advertisers buy and manage their advertising insertions. An inventory is offered to advertisers.

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