

## **Spanish press in crisis: Digitalization will shape its future**

**The economic crisis has now reached the Spanish press. This year, the sector will have to operate with a 90 percent fall in operating income.**

January 26, 2009

During 2008, Spanish press companies saw their income reduced by about 8 percent compared with the previous year, falling to around 2.7 billion euros. The principal cause of this seems to be the drop in advertising revenue as a result of the economic crisis. Gross advertising sales fell in 2008 by 16 percent, and this year are expected to be around 1.3 billion euros from 1.5 billion.

This fall in revenue particularly stands out in a year in which operating costs increased notably within the sector. In 2007, this expenditure experienced a 7 percent increase, largely due to rising paper costs, and in 2008 they continued to rise at a slightly reduced rate (3.56 percent).

This fact, combined with the fall in advertising, has had an immediate effect on the operating income of Spanish daily newspapers, which this year stands at 35 million euros, 90 percent less than 2007. As a result, the gross operating profits of 92 million euros for the daily press sector are 79 percent less than the previous year.

Despite these largely negative data, the Spanish sector remains strong, according to the current study. Sales fell slightly by 1.9 percent while circulation increased 1.4 percent on 2007, in contrast to the average drop of 1.8 percent experienced in the 15 principal E.U. nations. Although the number of readers dropped by 1.27 percent, female readership increased by 0.4 percent, with 20 million newspapers read each day.

## **More sales promotions**

According to this study, in 2009, editors will try to recuperate some of this lost ground through various means. The main lines of attack will be to increase prices to compensate reduced circulation, optimize costs, outsource printing, increase readership and strengthen promotional strategies.

Newspapers are employing this latter approach more and more as a key to increase sales and acquire readers, and the number of special sales promotions in Spanish newspapers continues its evolution from 2001. In 2007 alone, this number reached record levels in the sector, increasing by 32 percent, and amounting to 2,000 special offers.

The year 2008 saw, on average, 285 days of special offers in daily newspapers. The use of this type of promotion allowed the Spanish press to increase daily sales by 2 percent.

Another positive focus in times of crisis is that referred to in "Combined Efficiency of Press and Television," a study carried out by the company Carat Expert and included in the 2009 White Book. According to this study, advertising in the press is both the least intrusive and most highly valued by consumers.

## **Safeguarding the role of the press**

Pilar de Yarza, president of AEDE, believes that the future of daily newspapers lies in their maintaining their traditional character: "reflective, humanist and influential in creating public opinion."

By defining the daily press as a public service, this implies the need to provide financial assistance for newspapers, as is the tradition in a large part of Europe, where the press is seen as a mechanism that safeguards pluralism in the dissemination of information, above all during crises. Such systems are standard in France, Finland, Norway, Austria, Belgium, Italy and Portugal.

The director general of AEDE, Ignacio M. Benito, stresses the need to address the issues of an ageing readership and the lack of appeal that the daily press has especially among readers aged between 14 and 54. These problems, too, might also be solved with financial aid.

## **A digital future**

Benito also suggests that an essential factor in guaranteeing the future of the printed press in Spain is to embrace the digitalization of the daily editions.

The number of digital readers has, in fact, tripled over the past six years, and during 2007 went up by 24 percent. There are already 6.4 million people in Spain who read the news digitally, a figure that amounts to almost half as many who read "traditional" formats.

[www.iese.edu/insight](http://www.iese.edu/insight)