VDZ Annual Press Conference 2019

Agenda

1. Relevance and Performance of the Publishing Industry
2. Trend Survey and Industry Key Figures
3. Media Policy Issues
VDZ Annual Press Conference 2019

Challenges

Time

Trust

Attention
Today...

Altering facts, duopoly of TV marketers, hundreds of publishers, concentration of service providers, fake media, public service broadcasts, alternative facts, market concentration of media agencies, Google, Amazon, Facebook, +WhatsApp +Instagram.
Freedom of the Press

Global Map of Freedom of the Press 2018

- Good conditions
- Satisfactory conditions
- Noticeable problems
- Difficult conditions
- Very serious conditions

Source: Reporter ohne Grenzen, 2018
Freedom of the Press

Attacks in Paris and Copenhagen
Freedom of the Press

In answer to "Paris"
Freedom of the Press

Magazine Publishers standing up for Freedom of the Press
Plurality in the press protects your freedom of opinion
Most Journalists work at publishing companies

- **Newspapers**: 13,000
- **Magazines**: 9,000
- **Radio/TV ÖR**: 7,000
- **Radio/TV private**: 7,000

Source: VDZ-Rederechte, DJV
Relevance and Performance of the Publishing Industry
Trust in Editorial Media

Trust in relation to general news and information

Agreement in percent

| Editorial Media | 61 |
| Platforms       | 40 |

Source: 2018 Edelman Trust Barometer. Global study in 21 countries on trust in media and institutions. Journalism here are traditional media and online only media. By platforms, respondents mean an average of search engines and social media. The survey of trust was based on a scale of 9, trust corresponds to the upper four scale values.
Agenda

1. Relevance and Performance of the Publishing Industry
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Relevance and Performance of the Publishing Industry

No Question of Age: (Almost) everyone reads Magazines

Net Ranges

Magazines are constantly being read
Relevance and Performance of the Publishing Industry

With the help of Online Services, Consumer Magazines come up on top

Online reach according to media category in comparison to the previous year

<table>
<thead>
<tr>
<th>Media Category</th>
<th>Reach (%)</th>
<th>Change (%)</th>
<th>Online WNK in an average month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Magazines</td>
<td>70%</td>
<td>-8%</td>
<td>41.3 million</td>
</tr>
<tr>
<td>Daily Newspaper</td>
<td>55%</td>
<td>-15%</td>
<td>32.7 million</td>
</tr>
<tr>
<td>TV Stations</td>
<td>44%</td>
<td>-4%</td>
<td>25.8 million</td>
</tr>
<tr>
<td>Radio Stations</td>
<td>7%</td>
<td>-33%</td>
<td>3.8 million</td>
</tr>
</tbody>
</table>

Base: 59,14 Mio. Onliner WNK, AGOF Internet facts (2018-IV); Onliner WNK – widest user part
Relevance and Performance of the Publishing Industry

Consumer Magazines extend their lead in reach in the category of Mobile Enabled Websites und Apps

<table>
<thead>
<tr>
<th>Reach of Enabled Websites and Apps</th>
<th>Unique Mobile Users in an average month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Magazines</td>
<td>69% (+6%) 40.6 million</td>
</tr>
<tr>
<td>Daily Newspapers</td>
<td>63% (+7%) 37.2 million</td>
</tr>
<tr>
<td>TV Stations</td>
<td>30% (+20%) 17.9 million</td>
</tr>
<tr>
<td>Radio Stations</td>
<td>4% (-33%) 2.1 million</td>
</tr>
</tbody>
</table>

Relevance and Performance of the Publishing Industry

Magazine Publishers increase their Digital Reach

Development of Visits

Sum of visits for over 113 digital sites of magazine brands in billion

<table>
<thead>
<tr>
<th>Year</th>
<th>Visits (billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.6</td>
</tr>
<tr>
<td>2011</td>
<td>1.8</td>
</tr>
<tr>
<td>2012</td>
<td>2.0</td>
</tr>
<tr>
<td>2013</td>
<td>2.3</td>
</tr>
<tr>
<td>2014</td>
<td>2.8</td>
</tr>
<tr>
<td>2015</td>
<td>3.3</td>
</tr>
<tr>
<td>2016</td>
<td>3.5</td>
</tr>
<tr>
<td>2017</td>
<td>3.8</td>
</tr>
<tr>
<td>2018</td>
<td>3.9</td>
</tr>
</tbody>
</table>

Source: IVW Digital, Visits for 113 magazine stamps
Relevance and Performance of the Publishing Industry

Eleven Publishers’ Offerings among the Top 20 in the Digital Ranking

<table>
<thead>
<tr>
<th>Online Offerings – stationary and/or mobile consume</th>
<th>Unique users in millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>eBay Kleinanzeigen</td>
<td>29.36</td>
</tr>
<tr>
<td>T-Online</td>
<td>26.92</td>
</tr>
<tr>
<td>BILD.de</td>
<td>23.06</td>
</tr>
<tr>
<td>web.de</td>
<td>21.27</td>
</tr>
<tr>
<td>FOCUS Online</td>
<td>20.78</td>
</tr>
<tr>
<td>SPIEGEL ONLINE</td>
<td>20.45</td>
</tr>
<tr>
<td>WELT.de</td>
<td>20.01</td>
</tr>
<tr>
<td>CHEFKOCH.de</td>
<td>18.57</td>
</tr>
<tr>
<td>CHIP Online</td>
<td>16.92</td>
</tr>
<tr>
<td>gutefrage.net</td>
<td>15.88</td>
</tr>
<tr>
<td>merkur.de</td>
<td>15.22</td>
</tr>
<tr>
<td>GMX</td>
<td>15.02</td>
</tr>
<tr>
<td>Funke Medien NRW</td>
<td>14.71</td>
</tr>
<tr>
<td>n-tv</td>
<td>14.32</td>
</tr>
<tr>
<td>DuMont Newsnet</td>
<td>13.58</td>
</tr>
<tr>
<td>STERN.de</td>
<td>13.36</td>
</tr>
<tr>
<td>mobile.de</td>
<td>13.33</td>
</tr>
<tr>
<td>COMPUTERBILD.de</td>
<td>12.86</td>
</tr>
<tr>
<td>ImmobilienScout 24</td>
<td>12.84</td>
</tr>
<tr>
<td>wetter.com</td>
<td>12.79</td>
</tr>
</tbody>
</table>

Base: German-speaking resident population in Germany aged 14 and over; target group: users of stationary and/or mobile services; Source: AGOF digital facts 2019-2
Relevance and Performance of the Publishing Industry
Press Diversity for any Interest of the Readers

Segment structure of public magazines
Share per amount of Print Titles in Segments according to IVW

Source: IVW 2017-4; Number of registered titles in the general-interest journal category
Relevance and Performance of the Publishing Industry

German Citizens do not feel Magazine Prices are „too expensive“
As in this sector prices generally tend to be relatively high
Relevance and Performance of the Publishing Industry

Average cost per Title 4.32 Euro

Copy price according to Segments

Expressed in Euros per Journal

Overall average copy price on available consumer magazines (Basis: consumer magazines at IVW)
Relevance and Performance of the Publishing Industry

19 Magazines per Person in Germany

Sold consumer magazines per year; on average 19 copies for each inhabitant in Germany.

1.6 Billion

Paid Circulation according to Segments

Expressed in million copies per year

- Program Guides: 386
- Weekly Women's Magazines: 326
- Current Magazines: 202
- Motor Press: 195
- Monthly Women's Magazines: 73
- Housing and Garden Magazines: 67
- Sport Magazines: 49
- Business Publications: 35
- Other Magazines: 30
- Confessional Magazines: 29
- Other: 173

Source: IVW 2018–4, Federal Statistical Office | The total number of issues sold per year results from the average quarterly circulation sold multiplied by the number of issues per year of the general-interest magazines with national circulation in the IVW | Average number of issues sold per German and year results from dividing the total number of issues sold per year by the population figure according to the Federal Statistical Office for 2018 as of 30 September 2018 (83.0 million inhabitants)
Around 4 Billion Euro Retail Sales

Relevance and Performance of the Publishing Industry

Retail and subscription turnover by IVW-segments*

Top 10 segments, in billion Euros per year according to copy prices

Programm Guides: 574
Current Magazines: 426
Weekly Women's Magazines: 420
Monthly Women's Magazines: 130
Motor Press: 123
Housing and Garden Magazines: 112
Sports Magazines: 109
Business Publications: 97
Knowledge Magazines: 91
Children's Magazines: 85

4.0 Billion
Euro sales turnover of consumer magazines at IVW

Source: Sales revenue from general-interest magazines: VDZ sales market estimate 2018
*Turnover projection for a total of 557 IVW magazines (EV/Abo sales p.a. x copy price in Euro) based on IVW 2018-4 editions, including e-paper.
Relevance and Performance of the Publishing Industry

Strong Sales Base

Circulation structure of consumer magazines
Share according to the sum of editions of any kind of distribution by IVW

- Retail Sale: 46%
- Subscription: 40%
- Magazine Subscription Service, 6%
- Others, 5%
- On-Flight Copies, 3%

Source: IVW 2018-4
Relevance and Performance of the Publishing Industry

Digital Natives make up most Payments for Digital Journalism

Willingness to pay for digital media

<table>
<thead>
<tr>
<th>Specification in percent</th>
<th>20</th>
<th>39</th>
<th>34</th>
<th>16</th>
<th>17</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gesamt</td>
<td>18 - 29 Years</td>
<td>30 - 39 Years</td>
<td>40 - 49 Years</td>
<td>50 - 59 Years</td>
<td>60+ Years</td>
<td></td>
</tr>
</tbody>
</table>

Source: PwC Population Survey "Use of Online Media Services", 2019
Relevance and Performance of the Publishing Industry

On Growth Track:
EPaper Sales increased by 135% over the last 5 years

Development ePaper Sales
Sold edition p.a. in TEX (average Q1-Q4)

Source: IVW 2006-2018 | Average values Q1-Q4 of the ePaper circulation sold multiplied by the frequency p.a. of the national public shares covered by the IVW.
Relevance and Performance of the Publishing Industry

Reach of Magazines increases through Digital Offers

Brand reach magazines
Average amount on 57 magazine brands

Print exklusive

2.08 million
Readers per issue

245 Tsd.

Digital* exclusive

2.74 million
User per publication

*stationary and mobile

Base: German-speaking population aged 14 and over; average number of readers per issue and user per print publication interval (monthly titles = NpM; weekly titles = NpW) over 57 journals and digital offerings surveyed in B4P; source: B4P 2018-II
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Relevance and Performance of the Publishing Industry
Economic key Figures are impressing

Employees and turnover 2018 of german publishers (special interest journals and consumer magazines)

60,000 employees
20.6 billion Euros

Source: VDZ-Research/Wrapper
Magazine Publishers expect Stability in total Turnover in 2019

Expected sales trend of specialized and public publishing houses in 2019

- Digital Business: 9.6%
- Additional business segments: 3.8%
- Sales Print: -3.8%
- Sales Digital: 14.5%
- Ads: -4.2%

VDZ Trend Survey 2019
(represented around two thirds of the industry's turnover)
Trend Survey and Industry Key Figures

Magazines broaden Sales Base

Expected revenue shares in 2019
Comparison with 2018

Additional business segments
Content-Marketing, Conferences, Fairs, Seminars, Lead-Generation, Database- and IT-Services, Books, DVDs, etc.

Digital
Bannerwerbung, E-Commerce, Rubrikengeschäft, Search, Paid Content etc.

Print
Sales and advertising

Expected revenue shares in 2019:
- 55% (2018)
- 49.6%
- 25.9%
- 23.5% (2018)
- 24.5%
- 21.5% (2018)
Share of Turnover of other Business Segments

Revenue in 2018, VDZ members

- **Stellen-Plattformen**: (Stepstone, Fachjobs, Xing etc.)
  - 709 million Euro

- **Software & Services**: (Online-Datenbanken, IT-Dienstleistungen etc.)
  - 425 million Euro

- **Bildung**: (Seminars, E-Learning, Webinars)
  - 310 million Euro

- **Veranstaltungen**: (Fairs, Congresses, Events)
  - 229 million Euro

- **Transaktionsplattformen**: (Online-Shops, Comparison portals etc.)
  - 2.278 million Euro

Source: VDZ/Schickler
Trend Survey and Industry Key Figures
Magazines for any Interest of the Readers

Amount of Consumer Magazines

- 2001: 1,178
- 2018: 1,625

Special Interest magazines (2017): +38%

Consumer Magazines:
- 2001: 1,178
- 2018: 1,625

Base: publications published at least quarterly
Source: Scientific Institute for Press Research and Media Consulting (WIP)
Trend Survey and Industry Key Figures

Publishers plan to release new Titles and special Editions

**Plans for print foundings in 2019**

- New periodic titles: **45%**
- New print special editions: **61%**
Publishers plan to release new Digital Content Products in 2019

New Digital Content Offers planned 2019

New Digital Journal Products: 23%
New Podcast formats: 38%

VDZ Trend Survey and Industry Key Figures
(representing around two thirds of the industry’s turnover)
VDZ Annual Press Conference 2019

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Media Policy Issues

VDZ message to Politicians, Parties and Parliaments

1. No further restrictions of the journalistic and economic conditions for printed and digital press.

2. The editorial framework must also include editorial freedom as well as a non-discriminatory access to traditional and digital sales platforms.

3. In the modern media world, refinancing independent press requires marketing on an increasing number of different platforms and markets. Therefore, the amount of laws that have to respect the needs of the freedom of the press are increasing as well.
Key Topics for 2019

- Copyright property rights are essential for publishers
- The current form of the E-privacy-regulation is unacceptable
- No further restrictions of direct sales of press subscriptions
- German implementation of new EU VAT legislation must extend reduced VAT without compromises on digital magazines and newspapers
- Non-discriminatory access of legal press to market-dominating digital platforms
- Legal publications and lawful content must not be discriminated
Media Policy Issues

Federal Cartel Office accuses Facebook of exploitative abuses and term abuses

"Data is a decisive factor in competition today. Especially for Facebook, they are the main factor for the dominance of the company. On one hand it is a free service for users. On the other hand, the attractiveness and value of the advertising space increases with the amount and depth of data about users. Especially when collecting and exploiting data, Facebook must therefore adhere to the rules and laws that apply in Germany and Europe as a market-dominating company."

"By combining data from its own website, in-house services, and third party web site analysis, Facebook gets a very accurate profile of its users and knows what they are doing on the Internet."

Andreas Mundt, President of the Federal Cartel Office

Source: Federal Cartel Office
Media Policy Issues

Google: 3 EU-Fines of 8.25 billion Euro

- 2017
  - Market abuse
  - Online search
  - Total penalty: 2.42 Billion Euro

- 2018
  - Android Operating system
  - Total penalty: 4.34 Billion Euro

- 2019
  - Google AdSense
  - Total penalty: 1.49 Billion Euro

Total penalty: 8.25 Billion Euro

Source: EU
High priority political demands from publishers

The recognition of press publishers as rights holders by the EU copyright reform was long overdue and is to be welcomed. The same applies to the reinstatement of publisher participation in VG word distributions. The Federal Government must implement the reform as soon as possible.

In the implementation of the copyright reform, further deteriorations in copyright protection must be avoided, as was recently the case in the Copyright Knowledge Society Act.
Finally, the European law permits discounted value added tax on digital magazines, newspaper and books. Therefore, a transmission into German tax legislation should happen quickly.

A preservation of magazine and newspaper subscriptions is depending on any form of direct sales. Thereby, an opportunity of a two-year subscription duration is necessary to maintain countless magazines and newspapers. Upcoming restrictions of direct sales, as planned in Germany, threatens press distribution.
Trend Survey social/economic environment

High priority political Demands from Publishers

The Federal Government must do everything in its power to prevent threats to the refinancing of digital offers from specialist publishers and publishers through the e-Privacy Regulation. The planned standards on cookies will not bring any relevant additional data protection. However, they will continue to favor log-in platforms at the expense of digital press offers. This misses the point of privacy legislation and general digital policy.

Market-dominating platform providers are not allowed to prefer nor discriminate or even block/disable certain media due to their likings or any political criteria. Such platforms must allow non-discriminatory access to legal journalistic editorial content.
Media Policy Issues

Demand: Copyright Protection of Publishers must be strengthened

We welcome the new European publishing law and the resumption of publishers' participation in distributions of VG Wort. The Federal Government has already approved the overall package and should also endorse the last formal approval in the Council. After that, swift implementation into German law is required.

1. The publishers' freedom of choice in the digital marketing of their journalistic products is a condition of state-independent press financing.

2. German law must be adapted to the new European framework.

3. The new EU law will again allow publishers to participate in distributions from collecting societies. This should be implemented in Berlin immediately.

4. All reforms must not lead to any further deterioration of copyright protection. This also applies to new EU barriers to digital learning and digital text and data mining.
Media Policy Issues

Claim: Equilibration of E-Privacy-regulation

The drafts of the e-privacy regulation still threaten at least 30 percent of the advertising revenues of journalistic Internet offers of the press publishers. In addition, the regulation will continue to give log-in platforms alone further competitive advantages and further disadvantage independent publishers' offerings.

1. The Federal Government should work to ensure that the basic EU data protection regulation determines the level of regulation. This already very restrictive regulation is able to treat data protection in the area of cookies etc. appropriately.

2. At least the Federal Government should ensure that the adaptation and application of EU data protection law does not impair refinancing opportunities for journalistic and editorial media. Unfortunately, this minimum requirement has not yet been sufficiently taken into account.
Claim: Direct Sales of Press Subscriptions should not be further curtailed

Subscribers are the most important group of readers of the free press and at the same time their most important financing factor. Millions of readers have to be won every year in order to keep the number of subscribers constant.

Subscriptions to magazines such as newspapers are products in need of explanation without a shop, which require all forms of direct marketing (telephone, front door, letter, e-mail, etc.)

1. The direct distribution of press subscriptions is not a problem, but a central part of the competition for readers who have always made a free private press possible and appreciated.

2. The possibility of two-year subscription periods is an essential prerequisite for the distribution and financing of countless publications. A halving to one year would further worsen the already unfavorable framework conditions for the free, stateless financing of independent editorial offices.

3. Further restrictions on telephone marketing or doorstep selling must also be firmly rejected.
Media Policy Issues

Claim: Introduction of VAT on digital press without any limitations

After many years of discussion, EU finance ministers 2018 have been agreed on granting member states an extension of reduced VAT on digital magazines, newspapers and books.

1. The federal minister of finance is encouraged to make a proposal, which converts the European legal specification into German law without any compromises.

2. Among other things EU law specifically records digital press exclusively.

3. In particular it includes offers, which compromise video elements as well as audio elements. (as long as offers do not essentially consist of videos or music)

4. A failure in meeting possibilities on EU agreement is unacceptable. Any realization/ implementation must capture the reality of digital press. It would go unrecognised, if digital book- or magazine versions for example were excluded, because they would be easily searchable or would show other additional features.
Claim: Guarantee for non-discriminatory Access to Legal Press Content of market-dominant Digital Platforms

Digital platforms of any kind turn into press distribution markets, which however may randomly prefer or disadvantage certain publications or contents.

1. Therefore, non-discriminatory access of legal press-offers to relevant market-dominant digital platforms must be taken into account.

2. In contrast any discrimination of digital press is unacceptable through a german media regulation, which only provides broadcasting or audiovisual media access rights for platforms on public internet.
Media Policy Issues

Claim: Content-related legal Publications are not allowed to be discriminated

1. The best (and only) way of combating fake news, is to spread even more Unfaked News through free, private and diverse media.

2. Each political intervention, which intended to fight against fake news or disinformation as though these publications were legal and textually lawful, would pose a threat to freedom of the press and of expression.

3. If legal publications keep on being content-related evaluated as Fake-News or disinformation, it will result in an end of the freedom of the press and of expression.
Magazines 360°

Magazine brands are an anchor for community
Thank you for your attention