

AN FTI CONSULTING REPORT – PUBLISHED 12/15/2020

2020 Publishing + Digital Media Year in Review



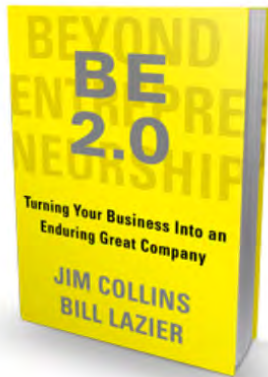
As we approach the end of 2020, a year like none other, it is clear that there will be a new normal brought by the global pandemic and changes to the fabric of our country. However, what is less clear is the impact of a new normal on our employees, customers and businesses.

Publishing, print media and digital content businesses have seen significant impact from the COVID-19 global pandemic. The virus has forced

businesses to reevaluate commonly accepted best practices and make strategic decisions to put them in the best position to succeed. As a result of the pandemic, new trends have emerged, previous patterns have accelerated, established sectors have reinvented themselves and the transformation of various legacy industries has quickened as they struggle to adapt. Since 2014, we have summarized the year and discussed important trends. This year, we present 16 graphics to tell the story of 2020.

1

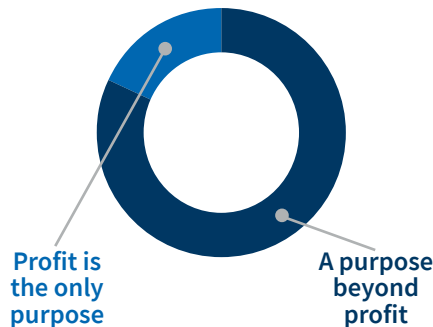
How We Work



A business fundamental has changed which will “require a whole new way of leading to demand that our leaders not only provide direction, but that they also tell us why.”

Figure 1 - BE 2.0: Turning Your Business into an Enduring Great Company by James M. Collins and William Lazier - 2020

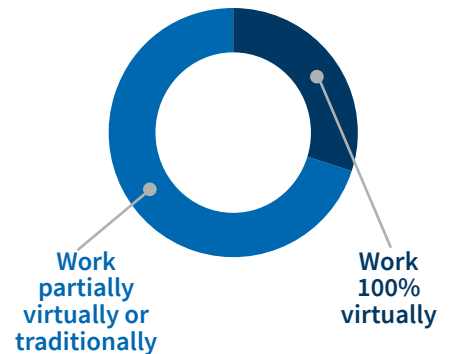
Survey Results



And employees want an employer with a broader purpose than just profit.

Figure 2 - 82% of those surveyed say that organizations must have a purpose beyond profit
2020 McKinsey Survey

Survey Results



COVID has shattered cultural and technological barriers that prevented remote work in the past, setting in motion significant shifts in work and the economy.

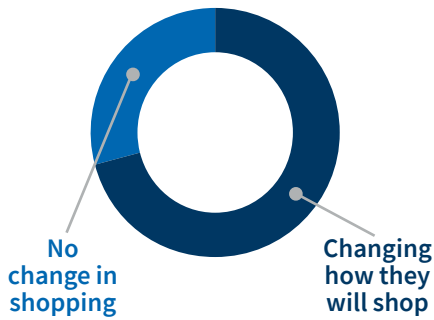
Figure 3 - Recent surveys suggest that 20% - 30% of employees want to work 100% virtually in the future
2020, Multiple Surveys



2

Consumer Trends

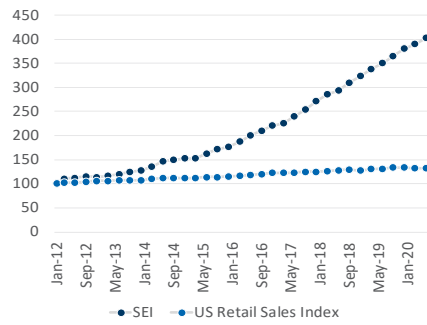
Survey Results



Of those who changed their shopping habits, 95% are turning to online shopping.

Figure 4 - Surveyed 2,018 U.S. consumers to learn about how they plan to shop this holiday season. Survey respondents were an average of 38 years old, while 55% were female and 45% were male, 2020, Travis Credit Union

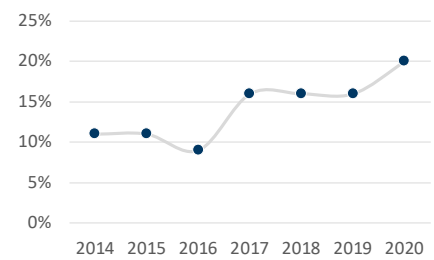
US Retail Sales Index



And the already booming Subscription Economy Index growth will now accelerate even more than the pre-COVID forecast of 4x vs. Retail Sales.

Figure 5 - 2020 US Retail Sales Index, US Census Bureau

Paying for Online News



Riding the wave, US newspapers are estimated to have gained one million new digital subscribers during the pandemic as the willingness to pay for online news is growing.

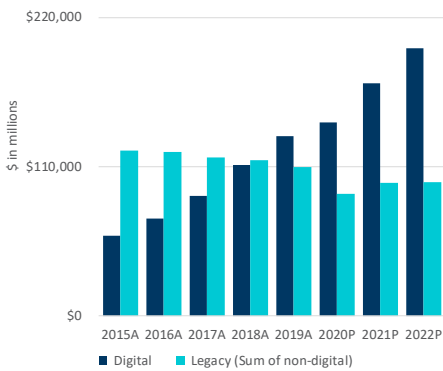
Figure 6 - 2020 Percentage of People in US Who Paid for Any Online News, MediaPost



3

Advertiser Trends

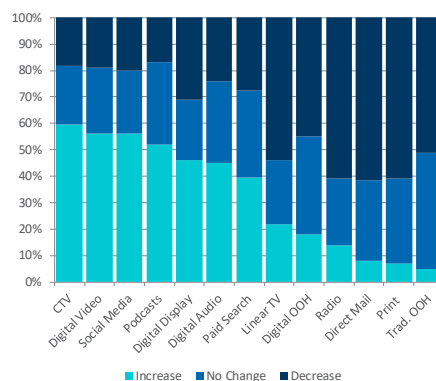
US Legacy vs. Digital Ad Spend



Digital advertising is forecasted to grow in 2020 while legacy advertising is expected to fall significantly.

Figure 7 - 2020 FTI Consulting: Future of Journalism, US Ad Spend; eMarketer

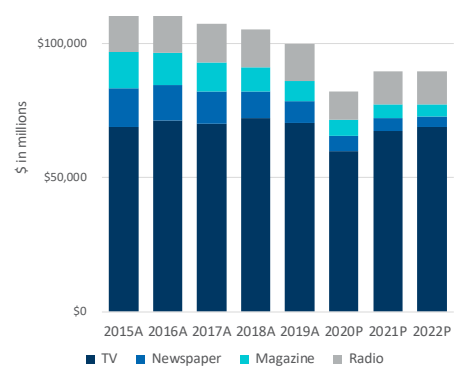
Ad Buyer View of Ad Spend



From 2019 to 2H 2020, US ad buyers have dramatically turned toward digital media vs. legacy due to the impact of COVID.

Figure 8 - 2020 US Agency and Brand Buy-side Decision-Makers, eMarketer

US Media Ad Spend | Selected Sectors



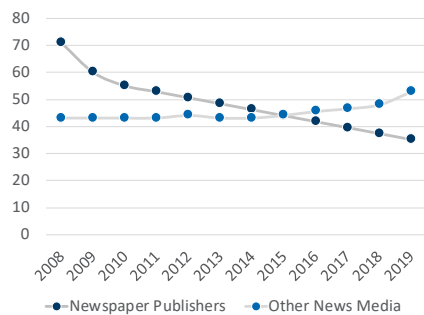
As a result, 2020 forecasted ad spend is expected to decline nearly 18% following a 5% decline in 2019; newspaper and magazines in 2020 are only 14% of the total.

Figure 9 - 2020 Total U.S. Media Ad Spend by selected segments



Journalism and Content

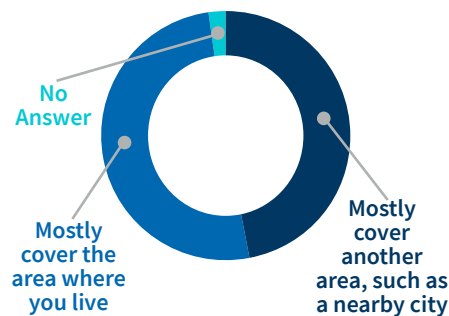
US Newsroom Employment in 1,000s



COVID has caused closure of more than 60 local newsrooms across America; the total news media industry dropped 15% over the last 10 years.

Figure 10 - 2020 Newsroom employment at U.S. newspaper, Pew Research Center

% of U.S. Adults who say their Local News Media...



And nearly half of the respondents feel their area is no longer covered.

Figure 11 - For local news, Americans embrace digital but still want strong community connection
2018, Pew Research Center



As layoffs continue, new models are emerging, from the re-bundling of disparate content to journalists creating individual brands independent of major media outlets.

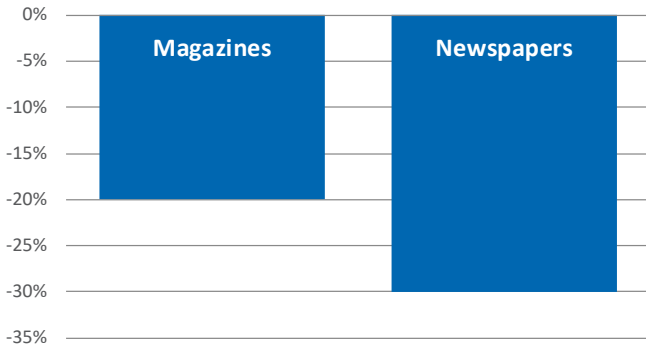
Figure 12 - 2020 Various headlines in print and digital



5

Impacts by Segment

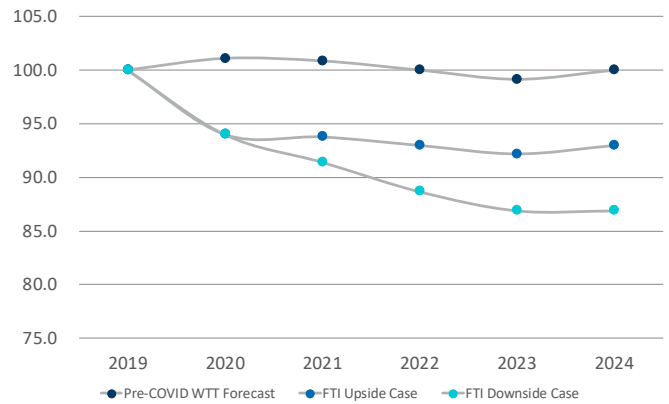
Decline of Advertising Revenue for Print Media



Setting aside political advertising, the pandemic profoundly negatively affected magazine and print advertising revenues, which faced 20% and 30% declines respectively, with consumer revenue moderating total revenue loss to 12% and 17% respectively.

Figure 13 - 2020 FTI Consulting Analysis

Print Media Value of Shipments



Overall, print media shipments are forecasted to fall 7% in 2020 with the upside becoming generally flat and the downside continually declining.

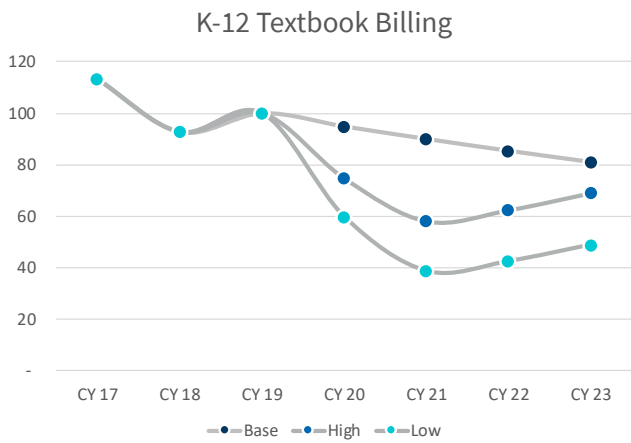
Figure 14 - 2020 Printing Outlook COVID Update, WhatTheyThink



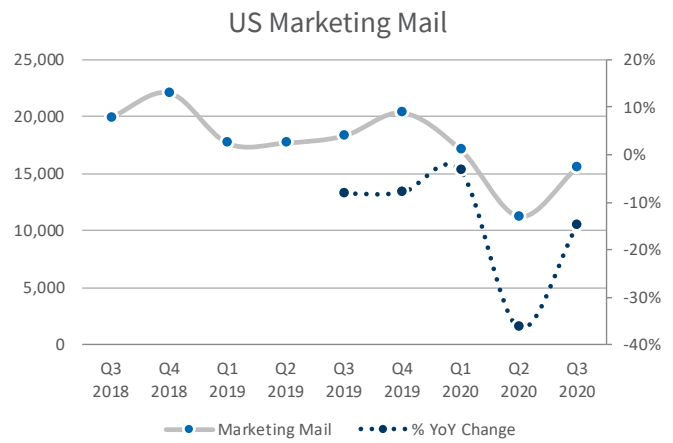
5

Impacts by Segment

continued



Rapid decline in K-12 print text book revenue vs. pre-COVID base estimates occurred in 2020 as digital learning becomes more prevalent in the out years.

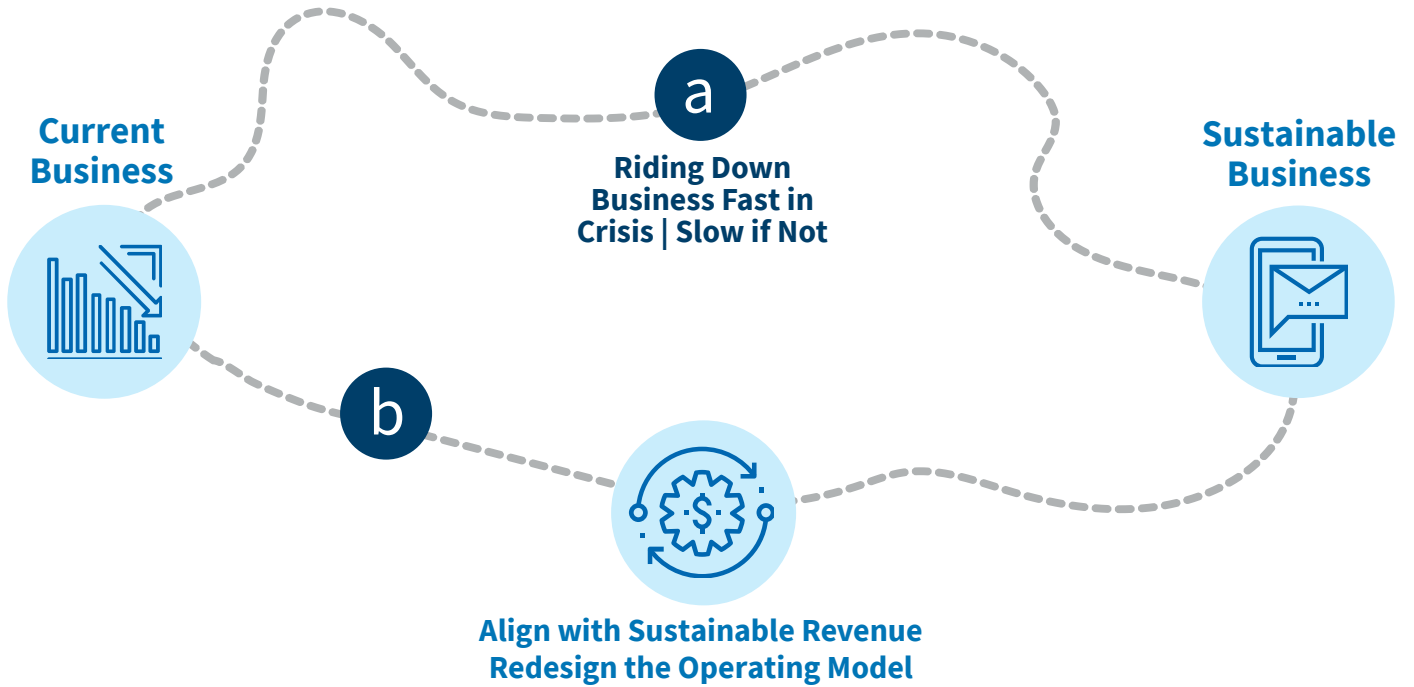


The otherwise declining marketing mail industry was buoyed by the 2020 election.

Figure 15 - 2020 Calendar Year Forecast

Figure 16 - 3Q 2020 USPS Quarterly Report, USPS Revenue, Pieces & Weight (RPW) Quarterly Report

The analysis and modeling FTI Consulting has done this year suggests that COVID has accelerated transformation trajectories in various sectors by at least two years. More than ever, companies need to determine their path forward towards a sustainable future.



KEN HARDING

Global Publishing + Digital Media Lead
Senior Managing Director
+1.303.689.8875
ken.harding@fticonsulting.com

PETER DOUCETTE

Managing Director
+1.617.747.1709
pete.doucette@fticonsulting.com

TIMOTHY THOMPSON

Managing Director
+1.303.907.0027
tim.thompson@fticonsulting.com

JUSTIN EISENBAND

Managing Director
+1.646.485.0533
justin.eisenband@fticonsulting.com

CONTRIBUTORS

Zach Kempner
Robert McElwee
Madison Wagner

The views expressed herein are those of the author(s) and not necessarily the views of FTI Consulting, Inc., its management, its subsidiaries, its affiliates, or its other professionals.

FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities. ©2020 FTI Consulting, Inc. All rights reserved. www.fticonsulting.com

