

The cheated reader

How media are upping the pressure: No budget, no reporting / Part 1



Augsburg (December 7, 2012). The German media industry is experiencing the biggest wave of dismissals since 1949, the German Federal Labour Agency said just a few days ago. In other words: In the mega German media market, media is in decline. This Friday, "Financial Times Deutschland" will appear for the very last time. It will cease to exist, both in print and online. And the daily "Frankfurter Rundschau" filed for insolvency just a few weeks ago. These two cases alone affect 800 employees.

Yet they are only the first prominent victims, behind the scenes, much more has happened over recent years. Publishers have repeatedly explained their losses with reference to the collapse in advertising revenues and headwind from the internet. Most of them are not in a position to counter the trend with sustainable online concepts with

Thousands of magazines, hundreds of newspapers: For the first time since 1949, the German media market is fiercely shaken by a crisis. / photo: map

paid content. How are these trends playing out?

hospitalityInside.com interviewed eleven PR managers from renowned hotel chains and PR agencies - all specialised on the hotel industry and tourism and with considerable experience under their belts - about the changing behaviour of media and the mix of editorial content and advertisements. And it looks grim.

The PR agencies and press offices of international chains participated in the survey are mentioned below; the managing directors and PR managers surveyed all have long-standing experience in hotel and tourism PR. First, the trends the survey revealed about the media behavior in summary:

- ◆ The mix of editorial content and advertisement is increasing in many media, though not in all.
- ◆ The pressure from advertising is intensifying: media meanwhile often offer an active mix of editorial content and advertisements.
- ◆ Some continue to separate editorial content and advertising strictly from one another, whilst others are increasingly making use of "advertorials".

The classic media picture is taboo, and classic PR work with it. Print has a new competitor: Online. The speed of this change has been ignored by some publishers at their peril. Stephan Scherzer, CEO of the Association of German Newspaper Publishers (www.vdz.de), gave a graphic illustration of this point in October at the Association's annual press conference: In order to establish a global circulator of 50 million, it would take

Print	Centuries
TV	13 years
Radio	38 years
Internet	4 years
iPod	3 years
Facebook	2 years

Google+ 6 months

In September 2012, there were 1,511 general interest newspapers - a greater number than ever before - in Germany. In order to compete online, at least the big media brands of leading publishing houses are expanding their web presence through mobile apps. Obviously general interest newspapers already have a greater circulation than other types of media: At the moment, they reach 41% or 7.81 million users, whereas daily newspapers reach only 31% or 5.99 million users (source: VDZ with reference to AGOF mobile facts 2012-I).

All the same, this is still only an online drop in an ocean of print: "Publishing houses generate more than three quarters of their revenues from print," Scherzer says of the 412 newspaper publishers which the Association represents.



Today, on December 7th the German subsidiary of the British financial paper will appear a last time.

Even daily newspapers are increasingly attempting to raise their appeal in print, online and with mobile applications. Though here too, it will take an enormous amount of time until these media have restructured: In Germany, there were still 333 daily newspapers in August 2012, as well as 20 weekly and 6 Sunday newspapers.

According to the Federal Association of Newspaper Publishers (www.bdzv.de), their classic business pillar - revenues from classifieds and advertising - contracted in 2011 by 2.2 percent to 3.55 billion Euro for the third year consecutively. At the same time, circulation (22.8 units), was down on the third quarter of 2012/2011 by 3.5%. This figure already includes 227,668 ePaper editions produced by 121 newspapers. ePaper sales grew by an impressive 51.4% - and could therefore be viewed as a signal of a change in trend.

Yet print media are facing difficult times: they are losing advertising revenues and their circulation is down, and online is not yet in a position to compensate for these losses. Sustainable concepts are lacking. Publishers are struggling helplessly against Google attacks, and even those willing to make the leap online are experiencing serious knock-backs (see below).



Marina Noble.

Aggressive actions

The fact is, in December 2012, the pace in which online media are establishing themselves is pushing established publishers into the defensive, and is being expressed with aggressive action in day to day business. "Those selling advertising space are quite clear in their position," Marina Noble reports, Managing Director of Noble Kommunikation based in Neu-Isenburg. The most extreme example she can recall was a note from one newspaper which stated that "for economic reasons, it can now only print releases from advertising clients". But it gets worse: "Ever more often, there are statements such as 'the chance of editorial consideration will be higher on taking out an advertisement'," Sabine van Ommen reports from her agency in Berlin. This note didn't come from an advertisement sales department, but from the editor's office. "We have the impression that pressure on editors to acquire business is mounting."

Thomas Wilde, Managing Director of Wilde PR in Munich, expects things to get more aggressive and pressure on editors to rise considerably: "Coupling PR, paid for through advertisements, and editorial content will no longer be the exception."

This trend has meanwhile also reached Switzerland. For Edith Weibel, Head of Weibel PR in Egg near Zurich and with decades of experience in the German and Swiss media market, 2012 was a sobering year: "No budget, no reporting. This fact is openly communicated." In Austria, meanwhile, hardly anybody is bothered by such a mix. There, the "print cost supplement" has for years been an every day element of media business.

Not all media are following the trend

All PR representatives surveyed reported that media are quite open about their policies on coupling advertising with editorial content and are justifying these policies with reference to their current economic straits. Public grumbling as last ditch attempt? Are media moaning instead of writing? The media sector damages itself with such behaviour.

Sole consolation: Not all media have, as yet, been caught up in this trend. However, there is no uniform line here. Low circulation specialist publications



Edith Weibel.

are strongly pushing coupling business, as are lifestyle magazines and an increasing number of dailies. The situation for hotel media is the same. Whilst some are seeking coupling business, others have not yet been confronted with such a need.

There are still a few of the "good ones" left. "Genuine media have not changed their behaviour so radically to be able to point to a real shift," Ute Hopfengaertner says, Hotel Specialist at Wilde & Partner. Marina Noble agrees: "The gap is growing. Attention is paid to the strict separation of editorial content and advertisement and to indicate contents which are paid."



Marion Schumacher.

Though she explains this trend from quite a different perspective: The German Media Council, a body for voluntary self-regulation of the media in Germany (www.presserat.info), recently issued a warning to a renowned magazine after it found that it had breached the principle of clear separation for editorial content and advertisement as set down in the German media code of conduct.

The PR manager of Moevenpick Hotels & Resorts based in Zurich is also keen to avoid dependencies. Marion Schumacher entertains no discussion of advert-fed reporting: "We make a clear distinction, the communication department is not responsible for advertising. We also have different contact partners." But just how long will she hold strong in view of the trends set out above? Of course, even she can't make forecasts in this regard, but she does say that the media landscape is currently in a state of flux. "At the moment, it is to be expected that quality publications which have found their niche and profile will still be around in five years," she goes on.

Trend: pre-prepared texts

For this reason, Moevenpick avoids advertorials. Just like the barter, the "advertorial" (a mix of advertisement and editorial) is becoming increasingly popular. In an advertorial, advertising and PR texts are laid out like editorial content and take on the appearance of an independent article. Basically, such texts should be indicated as "advertorial", though here too the media knows no shame. "Advertorials are now commonplace," Dorothea Hohn reports, Managing Director of Global Communication Experts in Frankfurt, "at best, they are actually identified as such. There are, however, an increasing number of media that ask for information material, then print a PR text and even write own authors' names below."



Dorothea Hohn.

Anne Heussner from primo PR based in Frankfurt has, over the last three years, for quite a different reason, increasingly had to deliver "articles almost completely written" - though free from adverts. Here, it was the case that journalist's workloads were just too high and they were thankful for anyone willing to contribute interesting (free) content, although a normal journalistic contribution had been previously agreed. And the dot on the i: "It's often the case that a journalist conducts a longer interview with a manager and then admits to no longer being able to write the article..."

Chaos and no alternatives

There is chaos in the media market, as these examples show. There is no longer a clear line and everybody is struggling to survive. The bad thing for the reader is: he or she is no longer in a position to trust any publication media or its contents, as it is no longer clear which articles are paid for, subsidised or manipulated for commercial reasons and which are not.



Thomas Wilde.

Marina Noble and Thomas Wilde agree: The future will be digital, high quality online journalism will, however, only establish itself if the consumer/user is willing to pay for it. "In an era of free internet content, a change in thinking needs to occur," Marina Noble says, "in the information jungle, the chances of survival for quality journalism offering added value and information that can be trusted are greater," she's sure of that. Yet Thomas Wilde remains "very sceptical" for the time being, at least for B2C - even if influential media moguls are meanwhile clearly in favour of paid content: "Because returns from advertising are falling, we need paid content," Ove Saffe, Managing Director of the Spiegel Group, said a week ago in Horizont.

On Monday, the media industry had to take another knock-back though: The online pioneer among the global publishers, Rupert Murdoch, will on December 15, suspend his iPad newspaper "The Daily" - after only 22 months. It gained only 100,000 subscribers - after development costs of 30 million US dollar. Each week, The Daily is estimated to have cost half a million dollars. At a price of 99 cents per week or 39,99 dollar per year, it would have required a million subscribers to be profitable. / Maria Puetz-Willems

Read Part 2 in next week's edition: How are hotel and tourism companies responding to these

developments? Is online seducing them all? And what expectations do they now have of PR agencies and PR managers?

Trends on the issue

Key results and the 11 PR agencies and PR managers surveyed (multiple answers possible):

How common is it for editorial content to be coupled with advertisements?

"Increasingly common" – 9 agreed
"Very seldom" - 2 agreed
"It has stayed the same" - 1 agreed

How common is it for media to actively offer the mixing of editorial and advertising?

"Increasingly common" – 5 agreed
"Occasionally" – 3 agreed
"Seldom" – 2 agreed

How common is it for you as an agency/PR manager to supply targeted PR articles which are then published as editorial content?

"Increasingly common" – 4 agreed
"Occasionally" – 3 agreed
"Doesn't happen" - 2 agreed

The following participated in the survey:

C&C Contact & Creation, Managing Director (MD) Gunter Traeger. Hotel PR clients, e.g. Aldiana, HMG Fleming's, Ostsee Resort Damp. www.cc-pr.com

Global Communication Experts, MD Dorothea Hohn. Hotel PR clients, e.g. Groupe Pierre & Vacances Center Parcs, Travel Charme Hotels & Resorts. www.gce-agency.com

Kempinski Hotels & Resorts, Kerstin Heinen, Director Corporate Communications, www.kempinski.com

Moevenpick Hotels & Resorts, Marion Schumacher, Vice President PR and Communication, www.moevenpick-hotels.com

Noble Kommunikation, MD Marina Noble. Hotel PR clients, e.g. Landal Green Parks, Sun Resorts. www.noblekom.de

primo PR, MD Anne Heussner, Hotel PR clients, e.g. Moevenpick Hotels & Resorts (Germany), Romantik Hotels & Restaurants. www.primo-pr.com

Sabine van Ommen PR, MD Sabine van Ommen. Hotel PR clients, e.g. The Peninsula Hotels, Amanresorts, Victoria-Jungfrau Collection. www.svo-pr.com

Stromberger PR, Owner Carmen Stromberger. Hotel PR clients, e.g. Shangri-La Hotels, Anantara, Kulm St. Moritz. www.strombergerpr.de

Uschi Liebl PR, MD Uschi Liebl. Hotel PR clients, e.g. Adina Apartment Hotels, Marriott International, One&Only Resorts. www.liebl-pr.de

Weibel PR, MD Edith Weibel. Hotel PR clients, e.g. The Rezidor Hotel Group, Waldhotel Davos, Hotel Misani. www.weibelcom.com

Wilde PR, MD Thomas Wilde. Hotel PR clients, e.g. Fairmont Hotels & Resorts, The Living Hotels, The Waldorf Astoria Berlin. www.wilde.de

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