

THE INTERNET AS A MEDIUM

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Introduction

The impact of the Internet on printed newspaper readership has been much debated, with champions and naysayers on both sides of the issue. Some newspapers see their online versions as a valuable brand extension, while others position their sites as a separate product from the print edition. Still others are increasingly concerned that since enthusiasm for funding Internet ventures has waned, management perceives newspaper websites as expensive money-losing experiments. The questions of cannibalization between the print and Internet version, and duplication of their readership, have not been much addressed with data. Additionally, little data exists comparing the characteristics of the readers of the electronic and print versions of the paper. This paper attempts to shed light on this topic with the use of a single-source database measuring both readership of the print and internet versions of major market newspapers in three U.S. markets; Miami, FL, Seattle, WA and Washington, DC. The unique feature of the database is the similarity of question administration for both the print and online readership questions. Additional data is incorporated from Scarborough's print readership trends across the top 50 U.S. markets. A third data source is a special Scarborough study of National Internet Usage, including detailed questions on traditional and new media usage. This study provides additional detail on consumers' attitude towards, and usage of, online newspaper media contrasted with traditional printed newspapers.

Background /Research Methodology

Scarborough Research has been in the Newspaper Audience measurement business for over 25 years. Scarborough's measurement of print audiences is based on a series of questions in the telephone phase of our syndicated survey. These questions have been refined over the years with the guidance of industry experts—including the Newspaper Research Council and the ARF's Newspaper Audience Research Council—and are now considered standard in the industry.

The series begins with a screening question which determines which newspapers the respondent "read or looked into, either at home or away from home" during the past 7 days for weekday papers, or the past 4 weeks for Sunday editions. Respondents are asked on an aided basis specifically about a list of newspapers customized to the market, and are given the opportunity to mention "other", non-listed newspapers as well. Respondents who screen in are then asked for the last time "before today" that they read each newspaper. Those who respond "yesterday" are counted as average issue readers.

Five-Day Cumes for daily newspapers and Four-Week Cumes for Sunday newspapers are calculated using the Mallet math model. The Mallet model was developed using historical respondent data on newspaper readership turnover from week to week, and allows for cume estimation without using a second interview.

The Scarborough Report data are initially collected over the phone using an RDD probability sample. The sample frame is Adults 18+ in telephone households. A random respondent is selected within each household using the "last birthday" method. During the telephone interview, data is collected for newspaper readership, radio listening and demographics. A second mailed survey phase is sent to respondents consisting of a cover letter, cash incentive, consumer survey booklet questionnaire, and an open-ended 7-day television diary. The mailed phase collects comprehensive retail shopping behavior and lifestyle information, while the TV diary collects viewing patterns over seven days. Scarborough collects information throughout 75 markets in the U.S., covering over 78% of the total Adult 18+ U.S. population. Data are weighted and projected to Adults 18+ in each local market. The base sampling area is the Designated Market Area (DMA). Scarborough's local market databases provide a detailed portrait of the U.S. newspaper reader.

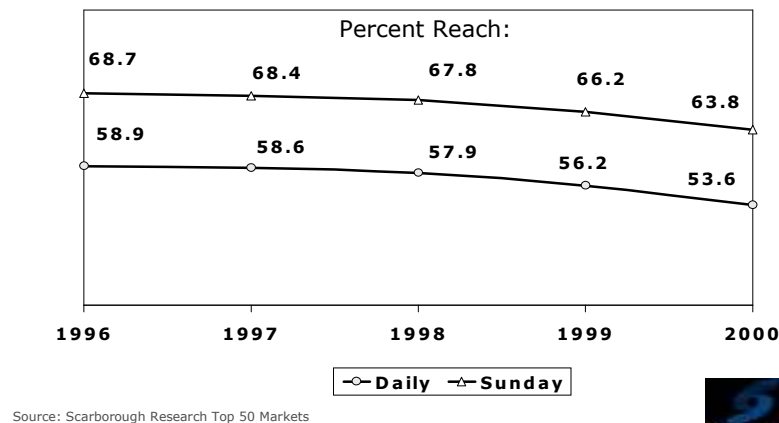
Print Readership Trends

Over time, the data trend shows that both Daily and Sunday newspaper readership have been generally trending downward. Chart 1 shows the data for the percentage of the population (% reach) who read any Daily and any Sunday newspaper over the past five years, across the top 50 U.S. Markets (ranked by population). Average Issue Audience has declined for both Daily and Sunday newspapers, a total of five percentage points over the last five years.

Chart 1

Average Issue Readership Trends

- Both Daily and Sunday Newspaper Readership Continues to Erode at a Slow But Steady Pace.

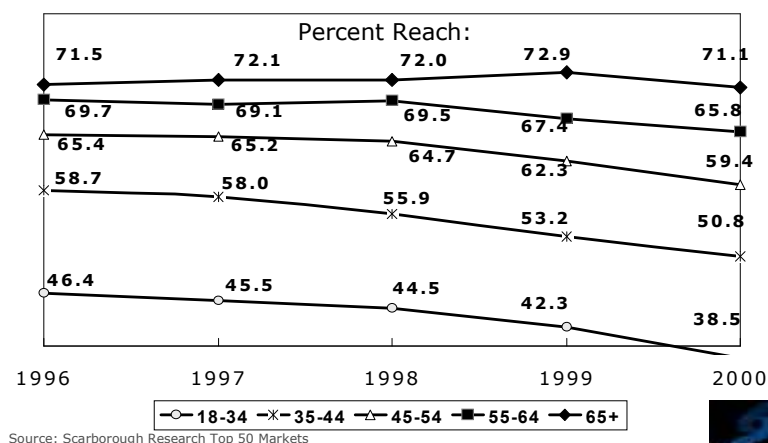


Examination of demographic data reveals that these declines in readership have not occurred at a steady pace across all age groups, but are most severe among the youngest age groups, the 18-34 and 35-44 cohorts. Chart 2 illustrates these differences. Readership has held steadiest among the 65+ age group, and declined moderately among the 55-64 age group. By contrast, it has fallen nearly eight percentage points among both the 18-34 year olds and the 35-44 age group. The 45-54 group also show significant declines, dropping six percentage points since 1996.

Chart 2

Daily Average Issue Readership Trends

- Daily Readership Declines Greatest Among Younger Adults

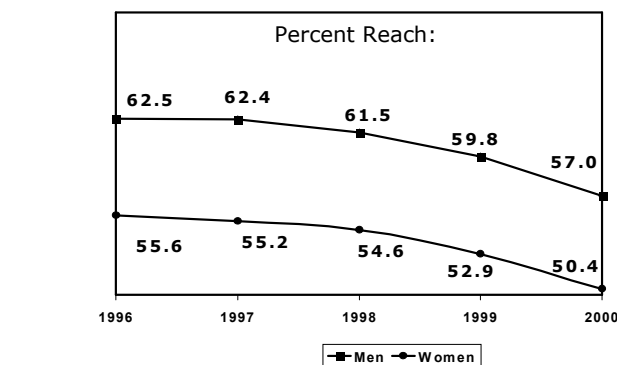


Historically, Men have shown significantly higher levels of printed newspaper readership than Women. When looking at the declines in readership, we see that the falloff has taken place at the same rate with respect to gender. Chart 3 shows that Male Daily Newspaper readership over the past five years in the top 50 U.S. Markets runs about six to seven percentage points higher than Female Daily Newspaper readership. The decline, however, is fairly even across the genders: slightly more than five percentage points from 1996 to 2000.

Chart 3

Daily Average Issue Readership Trends Gender

■ Male Readership Significantly Higher, While Decline in Readership Equal Among Men & Women

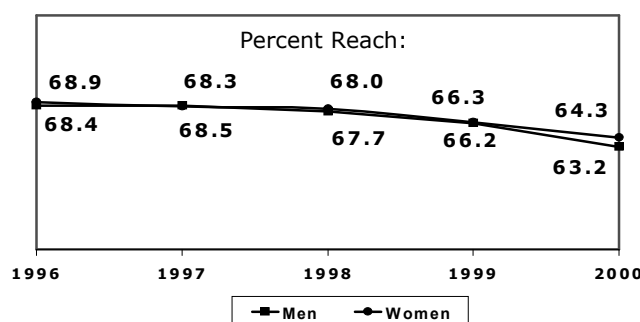


A different pattern regarding readership and gender appears for the Sunday newspaper. Readership of the Sunday newspaper when trended over time shows that there is no readership “gender gap” for the Sunday newspaper across the majority of U.S. markets. While the same general downward trend in readership is apparent, Chart 4 shows that readership of the Sunday paper for Men and Women remains very close.

Chart 4

Sunday Average Issue Readership Trends Gender

There is **NO** Gender Gap on Sunday



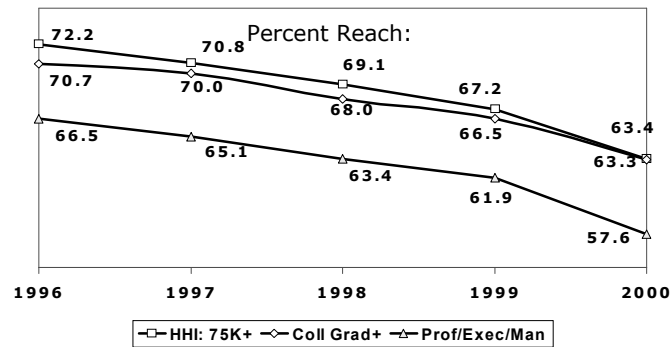
In the United States as in many other countries, printed newspaper readership has tended to be highest among the more educated, as well as those with above-average household incomes and “white-collar” occupations such as professionals, executives and managers. When looking at trend data, however, even these “upscale” demographic groups show notable declines in newspaper readership. Chart 5 shows the declines in daily newspaper readership for three of these groups across the top 50 U.S. markets:

Those with a Household Income of U.S. \$75,000 or more, those who have graduated college (university degree) or more, and those with an occupation of either Professional Specialty (doctors, lawyers, architects, etc.), Executives or Managers. All three demographic groups demonstrate the same erosion of daily newspaper readership.

Chart 5

Daily Average Issue Readership Trends

- Strong Trend of Daily Readership Erosion Even in Upscale Demographics



Source: Scarborough Research Top 50 Markets

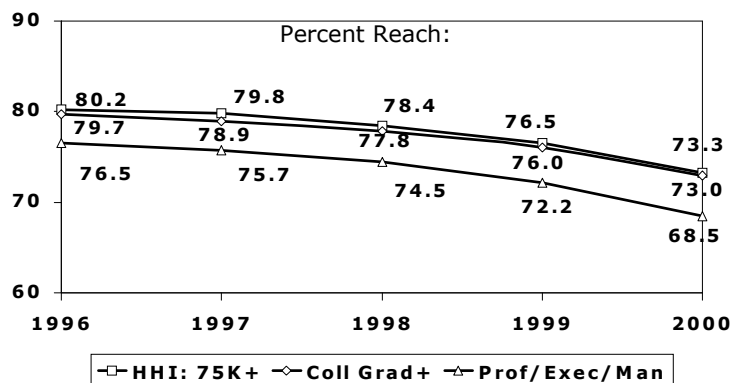


Among these “upscale” demographic groups, the decline in readership is not as severe for readership of the Sunday newspaper. While still showing the same downward trend, the drop-offs over time are less dramatic. Chart 6 shows the trend for Sunday readership for these demo groups

Chart 6

Sunday Average Issue Readership Trends

- Decline Not as Strong With Sunday Readership

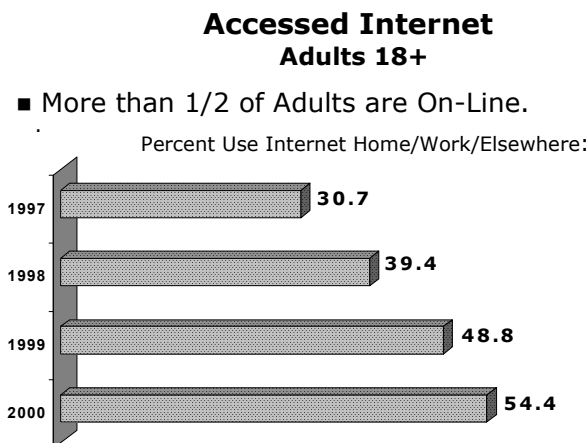


Source: Scarborough Research Top 50 Markets



At the same time that printed newspaper readership has been declining, usage of the Internet among American consumers has been increasing. Chart 7 shows that the incidence of Internet usage has now reached the majority (54%) of the Adult population in the U.S. top 50 Markets. Where it began as a medium for a technologically savvy elite, the Internet is now a primary communication and information medium for more than half of U.S. Adults. The rapid growth of its popularity among U.S. consumers surpassed the adoption rates of all previous major media, including print, radio, broadcast television and cable television.

Chart 7



Source: Scarborough Research Top 50 Markets



With access to the Internet the consumer has an alternative distribution channel to read content for their local newspaper. They can also read local newspapers from other markets outside their local area, in a much easier fashion than the traditional printed newspaper would allow.

During the period from 1996-2000, hundreds of local newspaper organizations rushed to create websites to deliver their traditional content as well as new content to consumers, using this new venue. The traditional staples of the printed paper, including articles, editorials and features, service information and advertising, appeared on these sites, as well as new content unique to the Internet environment. This innovative content included items such as news updated every hour (or in some cases, more frequently), search engines to find a home, job or new car, frequently updated weather forecasts, feeds from video cameras to check traffic, interactive city-guides and entertainment guides, shopping forums, and other non-traditional content. Often the home page of the website looked very similar to the front page of the printed newspaper, with the same masthead in the same font text. In other cases the “branding” of the site was more unique, to distinguish the online version from the original printed version of the newspaper. Still other sites evolved into multi-media content sponsored sites, shared by the local newspaper, television station and radio station.

The investment made by these companies in creating these new online newspapers, and the confusion among consumers as to the “branding” of online content, necessitated the goal of measuring the audience delivered by these new online newspaper vehicles.

Readership questions

To respond to this challenge, in 2000 Scarborough added specific questions about Internet readership of major market newspapers in three markets – Washington, DC, Miami, Florida, and Seattle, Washington. These questions were designed to parallel the readership questions used for measurement of the printed newspaper audience. These markets were selected based on specific local client demand for more detailed information.

The question series begins with an Internet usage screening question, followed by the measurement of specific newspaper web sites, using the same aided recall method as employed for the printed paper. The actual question wording is shown below:

1. “Next, I would like to ask you about your usage of the Internet. Have you, yourself, accessed the Internet from home, work, or some other place in the past 7 days?”
2. “Have you read or looked at the online version of the (Newspaper Name) in the past 7 days?”
3. “Have you visited any other newspaper websites on the Internet in the past 7 days?”
4. “What were the names of the other newspaper websites you visited in the past 7 days?” (up to three unaided mentions recorded).

Asked only if the respondent said “Yes” to reading the online paper in the past 7 days:

5. “When was the last time before today that you read or looked at the online version of (Newspaper Name)?”

The “yesterday” reader of the online newspaper is reported as the audience to the website. The unaided mentions collected (up to three are recorded) are cleaned to eliminate any mentions which in fact are not newspaper websites. These mentions do come up as some people get somewhat confused about exactly what is a newspaper web site.

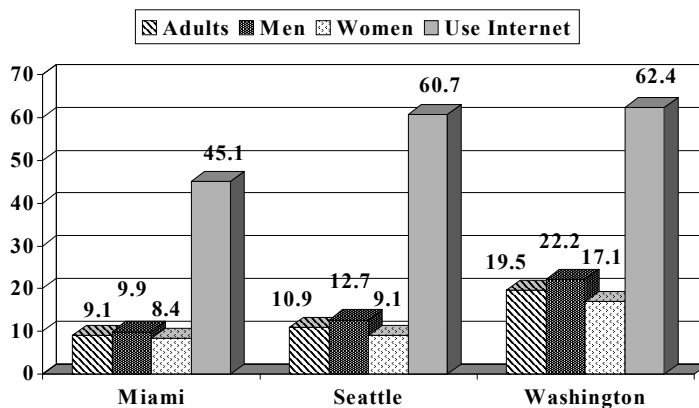
Research findings

Readership Levels

Readership of online newspapers is still a relatively low-incidence phenomenon in the U.S., particularly when compared to printed newspaper readership. The incidence of readership of any online newspapers ranges from a low of nine percent to a high of nearly twenty- percent across the three markets that included readership measures. Similar to the print paper trend, Men consistently exhibit higher levels of online newspaper readership than do Women. Higher readership levels appear to coincide with higher local market levels of Internet usage. The market with the highest incidence of past-7 day Internet usage exhibits the highest readership, while the market with the lowest incidence of online readership shows the lowest level of online newspaper readership. Chart 8 shows the readership levels for any online newspaper in the three markets, for Total Adults, Total Men and Total Women, all age 18+. The percentage of internet usage in each market is shown also.

Chart 8

Online Readership by Market, Gender Percent Read Any Online Newspaper/Past 7 Days



Source: Scarborough Research, NY, NY , Release 1, 2001

The incidence of readership of individual online newspapers remains fairly small with the exception of the Washington Post in Washington, D.C. Chart 9 shows the incidence of past-7-day and yesterday readership of each individual newspaper measured in the three markets.

Chart 9							
Online Newspapers							
Individual Newspaper Readership Levels across Three US Markets							
Market/Paper	Read Last 7 days			Read Yesterday			
	Adults	Men	Women	Adults	Men	Women	
<u>Miami, FL</u>							
Miami Herald / herald.com	4%	4%	4%	2%	2%	1%	
El Nuevo Herald / elherald.com							
Sun-Sentinel / sun-sentinel.com	4%	4%	3%	2%	3%	1%	
<u>Seattle, WA</u>							
Seattle Post-Intelligencer / seattle-pi.com	3%	5%	2%	2%	3%	1%	
Seattle Times / seattletimes.com	5%	5%	4%	2%	3%	2%	
<u>Washington, DC</u>							
Washington Post / washingtonpost.com	16%	17%	14%	8%	10%	6%	
Washington Times/ washingtontimes.com	2%	2%	1%	1%	1%	0%	
Source: Scarborough Research, NY, NY , Release 1, 2001							

Readership Profiles

Chart 10 shows a detailed profile of the readers of Any Online Newspaper (past 7 days) compared to Any Daily Printed Newspaper. These two measures were selected to provide the best comparison of the typical audience of each medium. Combining the daily and Sunday readers of any paper would not be selective, as it would include nearly eight out of ten adults in Washington and seven out of ten adults in Miami and Seattle. Some evidence suggests that the online newspaper industry in the U.S. is moving to a standard of past 30-day readership, due to the way online media schedules are bought and sold. Beginning with Release 1, 2002 Scarborough syndicated measurement, this 30-day period will indeed be the new time period for asking about specific, individual online newspaper measurement. However, at the time of the data collection, the past-7 day measure was the emergent standard time frame used in the question, and so it is used for comparison. In addition to the change of asking about individual online newspapers in a 30-day time frame, future Scarborough syndicated data collection will include a question about reading any online newspaper in the past 7 days, to track the incidence of this behavior across all markets, going forward.

Chart 10

Online Newspapers:						
Readership Profiles across Three US Markets						
Percent Composition by column						
Market:	Miami		Seattle		Washington,DC	
	Read Any Online News-Paper Past 7 Days	Read Any Daily Printed News-Paper	Read Any Online News-Paper Past 7 Days	Read Any Daily Printed News-Paper Read	Read Any Online News-Paper Past 7 Days	Read Any Daily Printed News-Paper Read
<u>Demographic Category</u>						
Number of Unweighted Respondents (n) =	n=(397)	n=(1,959)	n=(410)	n=(2,023)	n=(1,118)	n=(3,430)
% Adults 18+	100%	100%	100%	100%	100%	100%
% Men 18+	52%	52%	58%	51%	55%	52%
% Women 18+	48%	48%	42%	49%	45%	48%
Age 18-24	14%	7%	9%	10%	15%	10%
Age 25-34	23%	11%	24%	14%	27%	17%
Age 35-44	23%	18%	34%	20%	27%	23%
Age 45-54	21%	18%	20%	21%	20%	22%
Age 55-64	9%	13%	10%	14%	8%	14%
Age 65+	11%	33%	3%	21%	3%	15%
Chart 10, Continued, next page						

<u>Chart 10, Continued</u>						
Market:	Miami		Seattle		Washington,DC	
	Read Any Online News- Paper Past 7 Days	Read Any Daily Printed News- Paper	Read Any Online News- Paper Past 7 Days	Read Any Daily Printed News- Paper Read	Read Any Online News- Paper Past 7 Days	Read Any Daily Printed News- Paper Read
<u>Demographic Category</u>						
Age 18-34	37%	18%	33%	24%	42%	26%
Age 35-54	44%	36%	54%	41%	47%	45%
Age 55+	19%	45%	13%	35%	11%	28%
Education: Grade School 8th Grade or less)	0%	2%	0%	0%	1%	1%
Education: Some High School (Not Graduate)	3%	5%	1%	4%	1%	4%
Education: High School Graduate	20%	29%	16%	25%	11%	23%
Education: Some College	43%	38%	46%	43%	34%	34%
Education: College Graduate	17%	14%	20%	14%	23%	17%
Education: Some Post Graduate	4%	3%	4%	3%	7%	5%
Education: Post Graduate Degree	14%	9%	13%	10%	23%	17%
Education: High School Grad or less	23%	37%	17%	29%	13%	28%
Education: Some College (1-3 years, Not graduate)	43%	38%	46%	43%	34%	34%
Education: College Graduate Plus	35%	26%	37%	27%	53%	39%
Race: White/Caucasian	84%	85%	86%	90%	69%	73%
Race: Black/African-American	13%	13%	3%	4%	20%	21%
Race: Asian	1%	1%	6%	3%	7%	4%
Race:Other	1%	1%	4%	3%	4%	2%
Language Spoken Most in Home:English	79%	78%	-NA-	-NA-	90%	93%
Language Spoken Most in Home: Spanish	16%	18%	-NA-	-NA-	4%	2%
Language Spoken Most in Home:Other	5%	4%	-NA-	-NA-	7%	4%
Spanish/Hispanic Origin: Yes	32%	26%	4%	3%	6%	4%
Dominant Language: Spanish	8%	13%	-NA-	-NA-	-NA-	-NA-
Dominant Language:English	13%	7%	-NA-	-NA-	-NA-	-NA-
Dominant Language: Equal	6%	5%	-NA-	-NA-	-NA-	-NA-
Dominant Language: None of Above	5%	2%	-NA-	-NA-	-NA-	-NA-
Subtotal(only asked among Hispanics)	32%	26%	-NA-	-NA-	-NA-	-NA-
Employed Full Time	62%	48%	68%	55%	81%	65%
Employed Part Time	16%	12%	15%	13%	8%	11%
Not Employed	21%	40%	17%	33%	11%	24%
Chart 10, Continued, next page						

Chart 10, Continued						
Market:	Miami		Seattle		Washington, DC	
	Read Any Online News- Paper Past 7 Days	Read Any Daily Printed News- Paper	Read Any Online News- Paper Past 7 Days	Read Any Daily Printed News- Paper Read	Read Any Online News- Paper Past 7 Days	Read Any Daily Printed News- Paper Read
Demographic Category						
Occupation Summary: Technicians & Related Support	5%	4%	5%	4%	5%	4%
Occupation Summary: Professional Specialty	16%	10%	25%	12%	29%	19%
Occupation Summary: Exec/Admin/Mgrl	17%	11%	17%	12%	27%	18%
Occupation Summary: Sales	14%	8%	5%	7%	6%	6%
Occupation Summary: Admin. Support/Clerical	16%	12%	20%	14%	17%	15%
Occupation Summary: Precision Prod/Craft/Repair	4%	4%	3%	5%	1%	4%
Occupation Summary: Mach. Operators/Assem/Inspct.	1%	1%	1%	1%	0%	1%
Occupation Summary: Handlers/Equip. Clns/Laborers	0%	1%	1%	2%	0%	1%
Occupation Summary: Farming/Forestry/Fishing	0%	0%	1%	1%	0%	0%
Occupation Summary: Service	4%	7%	4%	6%	3%	6%
Occupation Summary: Transp./Material Moving	1%	1%	0%	3%	0%	2%
Subtotal (all employed)	79%	60%	83%	67%	89%	76%
Kids in Hhold: Any kids under 17	42%	33%	43%	35%	45%	40%
Kids in Hhold: No kids under 17	58%	67%	57%	65%	55%	60%
HHI: \$30K or less	8%	25%	8%	20%	5%	11%
HHI: \$30-49.9 K	29%	27%	25%	31%	15%	22%
HHI: \$50-74.9K	20%	18%	27%	21%	19%	19%
HHI: \$75K+	43%	30%	40%	28%	61%	48%
HHI \$75-99.9K	16%	12%	16%	13%	23%	18%
HHI \$100K+	26%	18%	24%	14%	39%	29%
Source: Scarborough Research, NY, NY, Release 1, 2001						

Age and Gender

Similar to the pattern seen with printed papers, examining gender shows that generally Men are more likely than are Women to read online newspapers. In Miami the gender skew is identical for both the print and online papers, with both showing a 52 % Male: 48% Female ratio. Seattle exhibits a more marked Male skew for online newspapers at 58% M: 42% F, compared to the more even 51:49 for printed newspapers. Washington, D.C., falls in the middle at 55% Male: 45% Female for online newspapers and 52% M: 48 %F for their print counterparts, illustrated on Chart 10.

The age skew of online and printed newspaper readers contrasts sharply. The online newspaper reader is notably younger than the printed newspaper reader. This is demonstrated across all three markets shown in Chart 10. While more than two out of five (45%) of Any Daily Printed Paper readers in Miami are age 55+, only 19%, or less than one out of five, of Miami online newspaper readers are over age 55. Nearly two out of five online paper readers in Miami are age 18-34 (37%), compared to less than one out of five printed paper readers (18%). A similar distribution is shown in Seattle and Washington, although the 18-34 group represent slightly more of all print newspaper readers in these markets compared to Miami.

Education

While printed newspaper readers are more likely to have higher than average education levels, Chart 10 shows this tendency is even stronger for online newspaper readers. The pattern of concentration of online newspaper readers in higher education categories is consistent across the three markets. In Miami, three out of four online newspaper readers have at least some college/university education (78%), compared to only two out of three printed newspaper readers (64%). The skew towards more educated online newspaper readers is even more pronounced in Seattle and Washington, where 83% and 87% of online newspaper readers, respectively, have attended or graduated university. This contrasts with only 70% of printed newspaper readers in Seattle and 72% in Washington. This pattern is most striking at the highest and lowest ends of the educational scale: for example, in Washington, D.C., one out of four readers (23%) of online newspapers has a Post-Graduate Degree (Doctor, Lawyer, Ph.D, etc.), compared to less than one out of five printed newspaper readers (17%). In Miami, while 7% of daily newspaper readers have not attained a high school diploma, only 3% of online newspaper readers are in this category.

Race and Ethnicity, Primary Language

The influence of Race, Hispanic Ethnicity and Primary Language Spoken on online and printed newspaper readership varies depending on the local market in question. This is because many local U.S. markets are not homogeneous but distinctive in these characteristics, as reflected in the data.

Notably, online newspaper readers are more highly concentrated in the Asian category in both Seattle and Washington. The concentration of Asian online newspaper readers in Seattle is twice as high (6%) as the percent of all print newspaper readers who are Asian (3%). Washington shows a similar finding with Asians representing 7% of all online newspaper readers compared to only 4% of those who read any daily printed newspaper. There are fewer Asians in Miami than these other two markets, and they represent the same small proportion (1%) of both online and printed newspaper readers. Other categories for race (White, Black, Other Race) show little variation between the skew of online and print newspaper readers.

While Hispanics are less likely than average to be readers of either online or printed newspapers, Hispanics in Miami represent a greater proportion of online newspaper readers (32%) compared to printed newspaper readers (26%). This pattern is repeated in both Seattle and Washington, although there are much lower concentrations of Hispanics in these markets compared to Miami. One reason may be the availability in Miami of the major market online newspaper in the Spanish language. While much of online newspaper content is published only in English, Miami provides an exception to this rule.

In both Miami and Washington, those who most often speak a language at home other than English or Spanish comprise a greater percentage of online paper readers than print paper readers. Data for Seattle is not available for comparison, as this market-specific question is asked in these two markets but not asked in the Seattle market. One can theorize that the Internet provides easy access to in-language newspapers for these non-English/non-Spanish speakers in these markets. Anecdotal evidence supports this; when examining open-ended write-in mentions in the Scarborough National Internet Study (discussed in detail later in the paper), non-English language online newspapers often appeared in the mentions.

Employment & Occupation

Employed persons represent a greater share of all online newspaper readers than of all print newspaper readers, across the three markets. As shown in Chart 10, those who are employed full time represent nearly two-thirds of Miami online newspaper readers (62%) compared to less than half of Miami print paper readers (48%). This finding is supported by the age skew of Miami print-paper readers. Miami printed newspaper readers are more likely to be aged 55+, hence more likely to be retired or employed only part-time. More than two thirds of Seattle online newspaper readers (68%) are employed full time compared to just over half (55%) of printed newspaper readers. In Washington, full-time employees represent an even larger share: eight out of ten online newspaper readers (81%) compared to two out of three (65%) printed-paper readers. In contrast to Miami, only a third (28%) of Washington printed-newspaper readers are age 55+, accounting for the higher share of employed readers of the print version in this market.

Children in the Home

Across all three markets, demonstrated on Chart 10, households that contain children under the age of 17 comprise a greater percentage of the total for those who read newspapers online compared to those who read any daily printed paper. Similar to the employment skew, this could also be due to the age skew of the online newspaper reader households, which are younger, and more likely to be in the earlier stages of raising their families. One can also theorize that homes with younger children may be more likely to have computers with Internet access, to provide for assistance with homework and school projects and other educational pursuits for the children.

Household Income

Online newspaper readers have a higher household income profile than printed newspaper readers across the three markets, as shown in Chart 10. In line with their above-average levels of education, readers of online newspapers concentrate in the

Household Income U.S. \$75,000+ group. This group represents 40% or more of all online newspaper readers in Miami and Seattle, and 61% of all online paper readers in Washington, D.C. The Household Income U.S. \$100,000+ group also holds one out of four online newspaper readers in Miami (26%) and Seattle (24%), and nearly two out of five online newspaper readers in the Washington market (39%).

Duplication of Online/Print Readership

Online Newspapers: Duplication with Print

Chart 11 shows the duplication between past-7 day online newspaper readers and the average issue audience of printed newspapers, for the online papers that were measured in the study in each market. There are fairly high levels of duplication between online newspaper readers and their print counterparts. Across the markets, at least six out of ten people who read any online newspaper in the past seven days are also readers of any daily printed paper. (68% in Washington, 60% in Seattle and 58% in Miami). In two of the markets, (Miami and Washington), three-quarters of online paper readers are also readers of any Sunday newspaper, (74% in Miami and 76% in Washington), while two out of three (64%) in Seattle also read any Sunday newspaper.

No doubt much of this duplication is due to the overlap of the demographic profile of online newspaper readers and printed newspaper readers, both of which skew above each market's average on education, occupation and income. What is interesting is that across the three markets in question, which represent a fairly varied set of American cities, a majority of those who access any newspaper online still continue to read any daily newspaper. This is taking place despite their being able to access nearly the same identical content for free on the Internet. If newspaper publishers' worst fears were being realized, that is, that those who can get the paper's content online were immediately and completely abandoning the printed paper, we would not see these high levels of duplication.

Consumer's loyalty to the printed paper is corroborated by findings from Scarborough's National Internet Study, where a majority of respondents indicated their frequency of purchasing of printed newspapers remained about the same since they started using the Internet (discussed in more detail in the section on this study).

Chart 11

DUPLICATION OF AUDIENCES						
Past 7-day Readers of: Online Newspaper (Horizontal Percent)	Percent Of Online Newspaper Readers Who Also Read :					
	Any Daily Printed News- paper	Any Sunday Printed News- paper	Daily WashingTon Post (Printed)	Daily Washing-ton Times (Printed)	Sunday Washington Post (Printed)	Sunday Washington Times (Printed)
<u>Washington</u>	(n=3,430)	(n=3,841)	(n=2,374)	(n=329)	(n=3,297)	(n=228)
Any Online Newspaper	68%	76%	55%	8%	70%	4%
Washingtonpost.com	68%	76%	57%	6%	71%	3%
Washingtontimes.com	73%	69%	44%	43%	53%	22%
	Any Daily Printed Newspaper	Any Sunday Printed Newspaper	Daily Seattle Post- Intelligencer (Printed)r	Daily Seattle Times (Printed)	Sunday Seattle Times & Post- Intelligencer* (Printed)*	
<u>Seattle</u>						
	(n=2,023)	(n=2,274)	(n=549)	(n=686)	(n=1,341)	
Any Online Newspaper	60%	64%	17%	24%	41%	
Seattle Post-Intelligencer / Seattle-pi.com	50%	67%	19%	23%	48%	
Seattle Times/seattletimes.com	57%	60%	18%	31%	46%	
Chart 11 cont'd next pg.						

Chart 11, Cont'd.	Any Daily Printed News- paper	Any Sunday Printed News- paper	Daily Miami Herald (Printed)	Daily El Nuevo Herald (Printed)	Daily Sun- Sen- tinel (Printed)	Sunday Miami Herald (Printed)	El Nuevo Herald (Printed)	Sun- Sentinel (Printed)
Miami								
	(n=1,959)	(n=2,630)	(n=911)	(n=234)	(n=748)	(n=1,297)	(n=333)	(n=1,109)
Any Online Newspaper	58%	74%	30%	8%	23%	42%	9%	32%
Miami Herald/ herald.com	54%	71%	47%	15%	5%	64%	17%	8%
El Nuevo Herald / elherald.com#	56%	67%	44%	42%	1%	59%	40%	3%
Sun-Sentinel.com	50%	76%	15%	0%	39%	24%	0%	59%
** The Sunday paper in Seattle is a combined edition due to JOA								
# small sample base								
Source: Scarborough Research, NY, NY								
Release 1, 2001								

The ability of print papers to retain the interest of online paper readers seems to vary by market. Also, Sunday papers in these markets seem more successful at continuing to reach the online newspaper reader than do daily papers. Chart 11 shows in Washington, where both Internet usage and traditional newspaper readership are above-average compared to other markets, the leading daily in the market reaches over half of all of those who have read any online newspaper in the past 7 days. The printed daily Washington Post reaches 55% of those who have read any online newspaper in the past 7 days, and 57% of the readers of the Washington Post on the Internet. The Sunday printed Washington Post reaches even more of these “wired” readers, 70% of “any online paper” readers and 71% of washingtonpost.com readers.

By contrast, in Seattle, another market with above-average penetration of both Internet users and traditional printed paper readers, the readers of the two leading print newspapers duplicate less than a third of the online audience. Only 19% of the Seattle Post-Intelligencer’s past-7-day online readers read the print version of the Seattle Post-Intelligencer, and only 31% of the Seattle Times’ online audience read the daily printed Seattle Times. Notably, the Seattle Post-Intelligencer’s online audience is considerably younger than the Seattle Times’ online audience, as shown below:

Percent Composition:

Read Past 7 Days:	seattle-pi.com	seattletimes.com
Age	(n = 78)	(n = 105)
18-34	43%	26%
35-49	41%	33%
50+	16%	41%

Source: Scarborough Research R1, 2001 Seattle

This difference in age skew may account for the higher duplication of the print version among the seattletimes.com readers, compared to the seattle-pi.com audience, since traditional printed newspaper readership is correlated with an older age skew.

The Sunday paper in this market is somewhat unique, as it is a combined edition of the two leading papers, which operate under a JOA (joint operating agreement), a special business arrangement which allows each paper to be run as a separate business but under the same parent company ownership. The Sunday “Seattle Times & Post-Intelligencer” printed paper reaches nearly the same percentage of each individual properties’ online readers, with 48% of Seattle-pi.com readers and 46% of seattletimes.com readers belonging to the Sunday audience of the combined print edition of these two papers.

The Miami market has an average level of Internet usage and printed newspaper readership. One of the leading dailies in this market, The Miami Herald, is read by 47% of readers of its online counterpart (herald.com). Even more of these online readers are duplicated by the Sunday Miami Herald, which reaches 64% of Past-7-day herald.com readers, as shown in Chart 11. The Miami Herald also publishes a Spanish Language edition, daily and Sunday, called El Nuevo Herald. Similarly, the herald.com website is offered in Spanish at elherald.com. While the sample base for readers of elherald.com is small (n=48), the data can be evaluated on a directional basis. Duplication with the printed paper appears in the range of other online/print editions. 42% of those who have read elherald.com in the past 7 days also read the printed daily El Nuevo Herald, while 40% of these online readers read the printed Sunday El Nuevo Herald.

The Sun-Sentinel, another leading daily in the Miami market, is read by 39% of those who have read the sun-sentinel.com on the Internet in the past week. The Sunday Sun Sentinel reaches 59% of the past-week readers of its’ online edition.

The findings of the study at the level of individual newspapers and their online counterparts seem to demonstrate that people who are reading the leading “brands” of online newspapers in each market continue to turn to the printed paper both on a daily basis as well as Sunday. This finding is supported by the relatively high levels of duplication observed among readers of online newspaper and the printed newspapers in these markets.

Print duplication with Online

Chart 12 shows the duplication of the online audience against the traditional printed newspaper reader, the converse of Chart 11. Because the reach of all the printed newspapers in each market greatly exceeds the reach of the online newspapers, when looking at duplication this way the percentages will be smaller by definition, as they represent a smaller piece of a much bigger pie. Nonetheless this chart illustrates the overall reach of the online audience among the print audience.

Chart 12

DUPLICATION OF AUDIENCES			
	Percent Of Printed Newspaper Readers Who Also Read Online/Past 7 Days:		
Average Issue Newspaper Audience (Horizontal Percent)			
Washington, DC	<u>Any Online Newspaper</u>	<u>washingtonpost.com</u>	<u>washingtontimes.com</u>
	(n=1,118)	(n= 894)	(n=94)
Any Daily Printed Newspaper	22%	18%	2%
Any Sunday Printed Newspaper	22%	18%	2%
Daily Washington Post (Printed)	26%	22%	2%
Daily Washington Times (Printed)	25%	16%	13%
Sunday Washington Post (Printed)	24%	20%	2%
Sunday Washington Times (Printed)	19%	11%	9%
Seattle, WA	<u>Any Online Newspaper</u>	<u>seattle-times.com</u>	<u>seattletimes.com</u>
	(n=410)	(n=129)	(n=187)
Any Daily Printed Newspaper	12%	3%	5%
Any Sunday Printed Newspaper	12%	4%	5%
Daily Seattle Post-Intelligencer (Printed)	13%	4%	6%
Daily Seattle Times (Printed)	16%	5%	8%
Sunday Seattle Times & Post-Intelligencer (Printed)**	13%	5%	6%
Chart 11 Continued Next pg.			

Chart 11, Cont'd.

Miami, FL				
	<u>Any Online Newspaper</u>	<u>Miami Herald (Online)/ Herald.com</u>	<u>El Nuevo Herald (Online) elherald.com#</u>	<u>sun-sentinel.com</u>
	<u>(n=397)</u>	<u>(n=171)</u>	<u>(n=48)</u>	<u>(n=159)</u>
Any Daily Printed Newspaper	11%	4%	1%	4%
Any Sunday Printed Newspaper	10%	4%	1%	4%
Daily Miami Herald (Printed)	12%	8%	2%	2%
Daily El Nuevo Herald (Printed)	11%	9%	7%	0%
Daily Sun Sentinel (Printed)	11%	1%	0%	7%
Sunday Miami Herald (Printed)	12%	8%	2%	3%
Sunday El Nuevo Herald (Printed)	9%	8%	5%	0%
Sunday Sun Sentinel (Printed)	10%	1%	0%	8%
Source: Scarborough Research, R1, 2001				

The most notable feature of the data is the variance across the markets. Washington, D.C. stands out as the market with the highest penetration of online newspaper readers among the printed newspaper readers, reaching nearly one out of four (22% of Any Daily Printed Newspaper readers have read any online newspaper in the past 7 days). This contrasts with the Seattle and Miami markets, where just over one out of ten daily print newspaper readers also read any online newspaper (12% in Seattle and 11% in Washington). In most cases each printed paper shows the greatest duplication with its own online counterpart than with other online papers, suggesting the same audience is accessing both the print and online versions, rather than seeking competitive content. For example, The Washington Post Daily (printed) paper duplicates 22% of washingtonpost.com past 7 day readers but only 2% of washingtontimes.com past 7-day readers.

In summary, it appears that in the three markets examined, a majority of online newspaper readers, between 60-70%, are also reading one or more printed papers, but the reverse is not true. Only 10-20% of traditional printed newspaper readers are reading any online newspaper in a given week. This pattern could be due to the fact that traditional printed newspapers have a broader reach across the population, while Internet based online newspapers reach a more selective elite. Due to the print newspapers greater net reach, the duplication patterns will favor greater coverage of print papers among the smaller, selective online newspaper reading group and smaller coverage of the online papers among the larger printed-paper-reading group.

Scarborough National Internet Usage Study

Background/Methodology

In the third quarter of 2000, Scarborough conducted a comprehensive national study of consumer Internet usage. The study was a re-contact design. Respondents who had previously participated in the Scarborough Syndicated study were re-contacted by telephone. Respondents were selected via a random sample from the Scarborough Syndicated Study Release 1, 2000 (current six months). The respondents were distributed proportionally across all measured markets, consisting of 64 total markets at the time, which represent 75% of the U.S. population age 18+. A lot of detail had already been collected from this population: detailed demographics such as age, sex, income, education, what media they consume, what products and services they buy, i.e., what type of car they drive and where they went on their last vacation.

Respondents' e-mail addresses were collected and the survey was sent to them via e-mail. This resulted in 4,050 usable email addresses, yielding 2,132 in-tab e-survey completes (53% completion). A \$10 cash incentive was sent to respondents in the postal mail upon completion of their e-survey online. The fieldwork took place from July 24 - September 19, 2000. The data were weighted & projected to total past 30-day Internet users age 18+ in 64 measured markets.

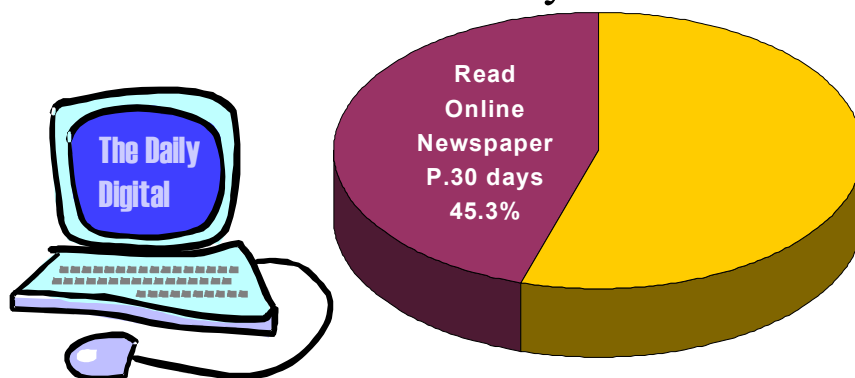
The Internet-delivered questionnaire focused specifically on respondents' internet behavior, covering a range of topics including: how they get online, how long they have been online, what they do online, whether they read online newspapers, whether their media habits have changed since they started using the Internet, whether they still buy printed papers, whether they get increasingly more of their news from the Internet, what items they shop for and purchase online, and their attitudes towards various Internet topics.

Charts 13 through 24 show the highlights from this study. Note that the base for these charts was Total Internet Users, not Total Adults as shown on previous charts. The time period asked about also varies (past 30 days versus past 7 days), therefore the reported incidence of online activities, including newspaper readership, will be higher by definition. On Chart 13 we see that more than two out of five past-30-day Internet users have read any online newspaper in the past 30 days (45%). This was asked as an unaided question using a prompt, which provided a description of an online newspaper, as follows:

"Online newspapers provide news, advertising and other information similar to printed newspapers, and are available electronically on the Internet/World Wide Web. Have you, yourself, read or looked at an online newspaper on the Internet/World Wide Web in the past 30 days?"

Chart 13

More than 2 out of 5 Internet Users Read Any Online Newspapers in the Past 30 Days

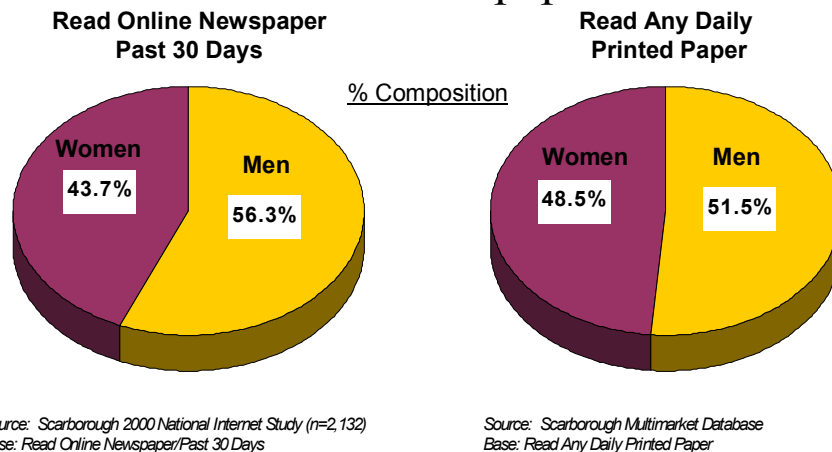


Source: Scarborough 2000 National Internet Study (n=2,132)
Base: Total Internet Users

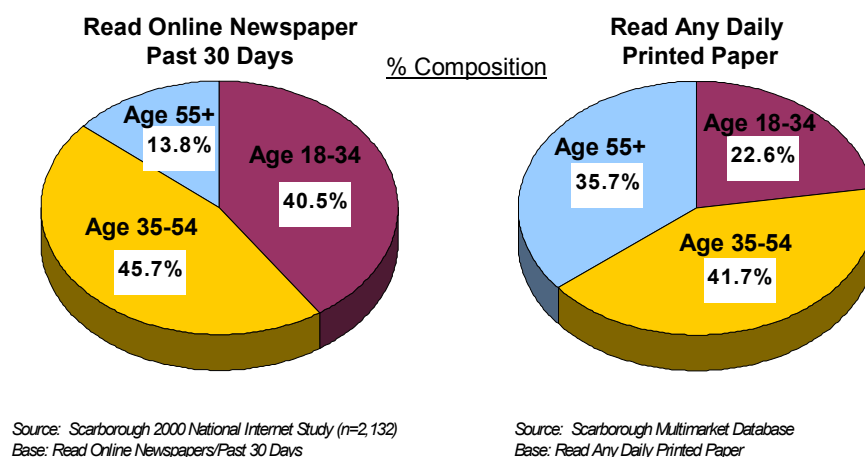
Charts 14 and 15 show the age and gender profile of these online users. They reflect similar findings to those of the aided readership questions asked in the three markets. Online newspaper readers are more likely to be Men than Women. They are also more likely to be Men than Daily Print paper readers. The age skew of online and printed paper readers varies dramatically, shown in Chart 15. Online newspaper readers skew much younger than traditional printed paper readers, and are much more likely to be under the age of 55.

Chart 14

Online Newspaper Readers are More Likely to be Male Compared to Traditional Print Newspaper Readers

**Chart 15**

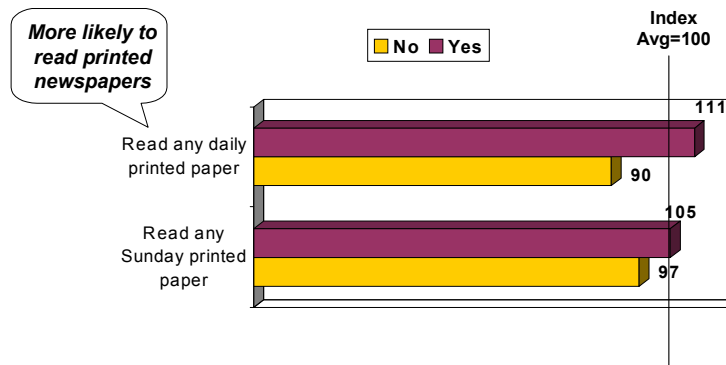
Online Newspaper Readers Skew Much Younger than Traditional Printed Paper Readers



Past 30-day online newspaper readers were found to be 11% (Index 111) more likely than all Internet users to read any daily printed paper, and 5% (Index 105) more likely than all Internet users to read any Sunday paper, shown on Chart 16.

Chart 16

Who Are Online Newspaper Readers?



Source: Scarborough 2000 National Internet Study (n=2,132)
 Base: Total Internet Users
 Target: Read Any Online Newspaper/Past 30 Days

A very specific question regarding the cannibalization of printed newspapers by online newspapers was asked of respondents. Respondents were asked whether they have changed the frequency with which they buy printed newspapers, since they started using the Internet. Chart 17 shows that two out of three respondents (65.6%) indicated that they buy printed newspapers about as often as they used to before they started using the Internet. Only 9% said they buy papers less often than they used to, while a scant 3% claimed that they no longer purchase printed newspapers.

Chart 17

Has Your Print Newspaper Buying Changed Since you Started Using the Internet?

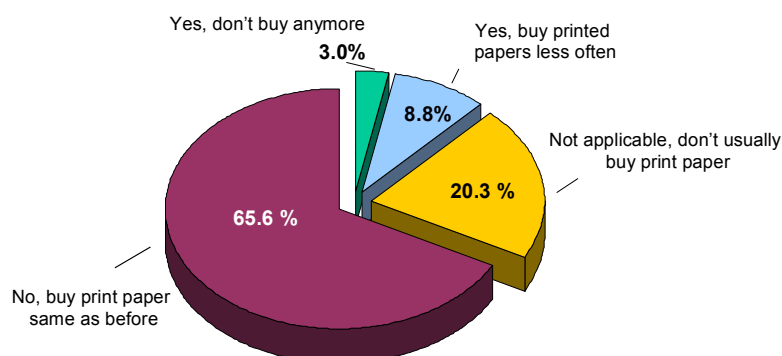


Chart 18 reveals the profile of the small group of Internet using consumers (11.8%) who have changed their newspaper-buying habits by not buying newspapers or buying fewer newspapers. They are primarily younger men, who have been using the Internet for three or more years. While this group is currently small, it may raise concerns about the future strength of the print-paper franchise among the upcoming younger generation.

Chart 18

Who is Buying Fewer; or Stopped Buying Printed Newspapers?



Source: Scarborough 2000 National Internet Study (n=2,132)
 Base: Total Internet Users
 Target: Whether Buying Newspaper Has Changed Since Using Internet: Yes, Don't Buy Anymore/Buy Newspapers Less Often (11.8%)

A more general question about changes in media habits reveals that while respondents perceive some change in behavior, the large majority report that they have not changed their media consumption. Chart 19 shows the frequency distribution of answers to the question below:

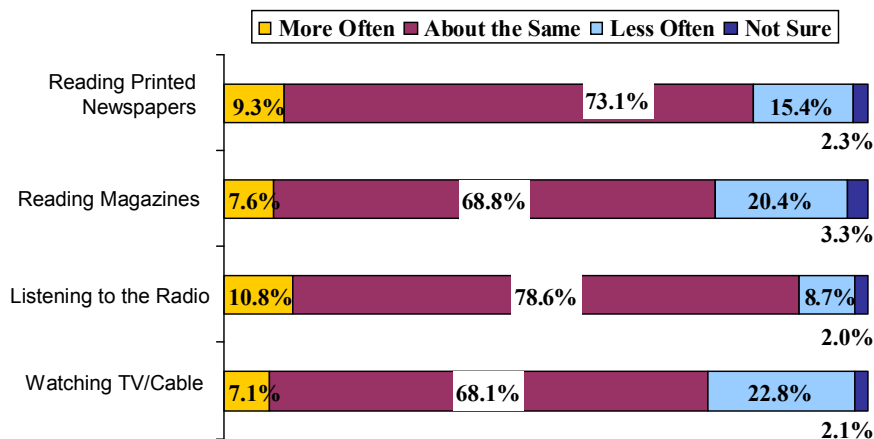
“Thinking about each of the different activities shown below, check whether you are doing them MORE often, ABOUT THE SAME or LESS often as you used to before you began using the Internet/World Wide Web.”

Check a column for each line

	More often	About the same	Less often	Not sure
Reading printed Newspapers	μ	μ	μ	μ
Listening to the Radio	μ	μ	μ	μ
Watching TV/Cable	μ	μ	μ	μ
Reading Magazines	μ	μ	μ	μ

Chart 19

Since Using the Internet, How Has Your Media Consumption Changed?

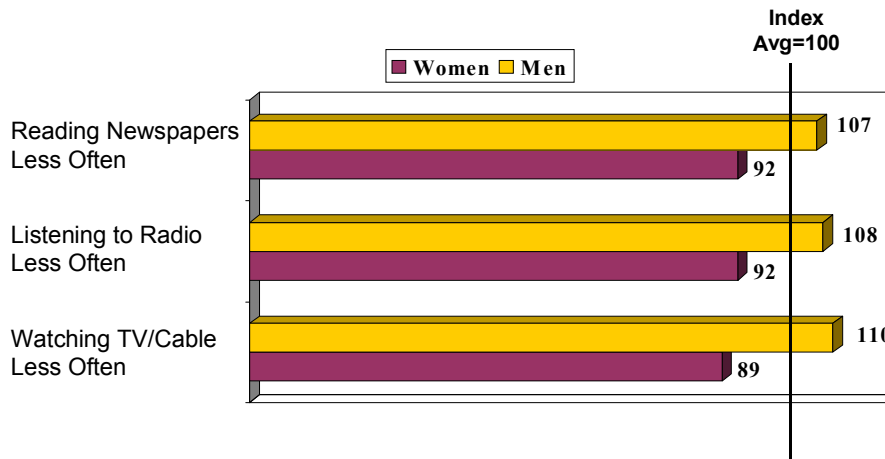


Source: Scarborough 2000 National Internet Study (n = 2132)
 Base: Total Internet Users

Intriguingly, as seen in Chart 19, only 15% of respondents reported that they are reading printed newspapers less often. Nearly as many (9%) indicated that they are reading printed newspapers more often than they used to. Three out of four (73%) report no change in their printed newspaper reading habits. More consumers report less frequent television viewing and magazine reading than report lower levels of print paper reading.

Chart 20 shows the gender skew of persons who reported less media consumption, by type. In each case those who claim lower levels of media consumption since they first started using the Internet are more likely to be Male than Female, including those reporting they are less likely to be reading newspapers as often.

Chart 20
Men Report Consuming Less Traditional Media Since Using the Internet



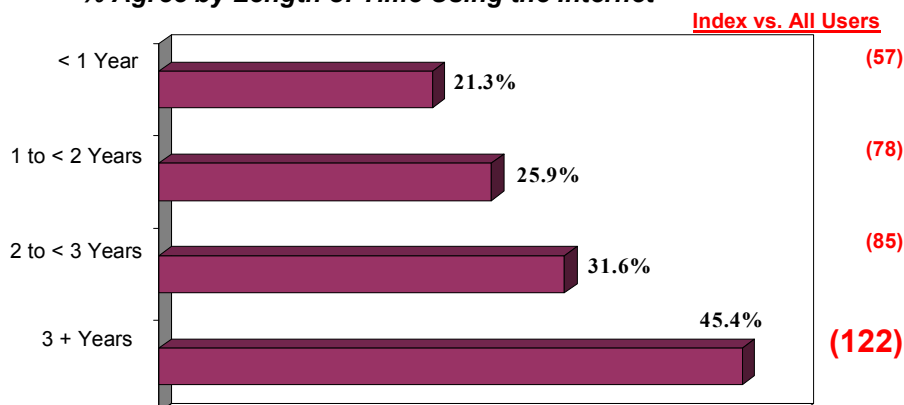
Source: Scarborough 2000 National Internet Study (n=2,132)
Base: Total Internet Users

One section of the questionnaire focused on consumers' attitudes towards the Internet as a news source, compared to other sources. Charts 21 and 22 show the persons most likely to agree with the statement "I am increasingly using the Internet to get my news". They are those who have been using the Internet for a greater length of time, (3+ years) and who use the Internet more frequently throughout the day, (3+ times a day) and for a longer number of total hours per week (5+ hours per week).

Chart 21

“I am increasingly using
the Internet to get my news”

% Agree by Length of Time Using the Internet



Source: Scarborough 2000 National Internet Study (n=2130)

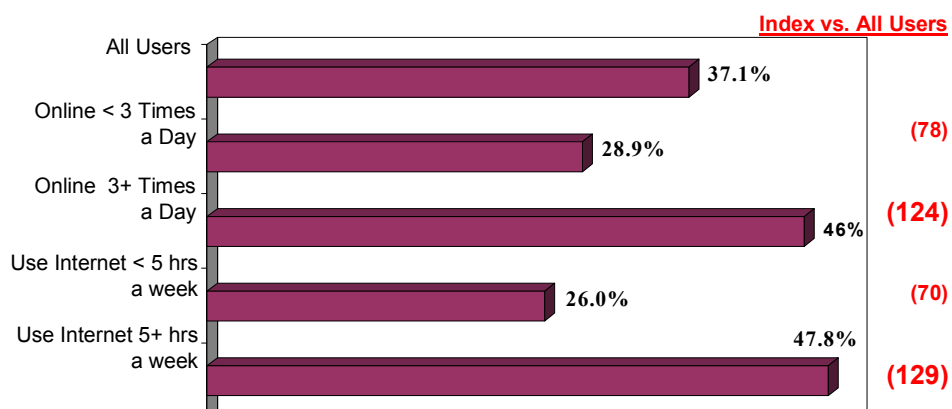
Base: Total Internet Users

* agree strongly, agree somewhat (5 pt. scale)

Chart 22

“I am increasingly using
the Internet to get my news”

% Agree by Frequency of Use & Hours Online per week



Source: Scarborough 2000 National Internet Study (n=2130)

Base: Total Internet Users

* agree strongly, agree somewhat (5 pt. scale)

Internet users who have been online for three years or more are 22% more likely (index 122) to agree with this statement than other Internet users. Internet users who get online three or more times per day are 24% more likely (index 124) than other Internet users to agree with this statement. And those Internet users who spend more than five hours per week online are 29% more likely (index 129) than other users to agree that they are increasingly getting their news from the Internet. These findings may indicate that as consumers become more acclimated to using the Internet, and integrating it into their daily lives, they turn to it for more of their personal needs, including finding out what is going on in the news. This may pose a concern about the future usage of print media among this group.

Chart 23 shows the frequency distribution of answers among Adults, Men and Women to the question shown below:

"When looking for news and information on the Internet/World Wide Web, how important is it to you that the website you go to has a familiar name that you associate with established news sources?"

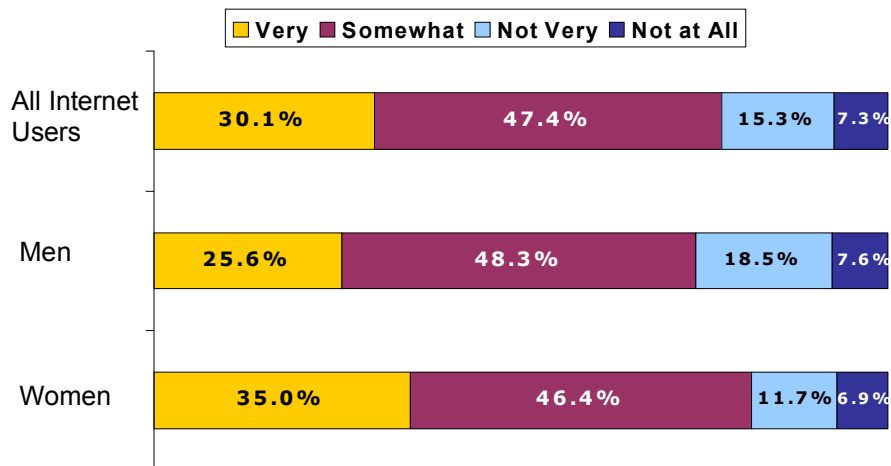
Check only one

- μ Very important**
- μ Somewhat important**
- μ Not very important**
- μ Not at all important**

The findings show that slightly less than a third (30%) of consumers feel that "brand name" is very important for Internet news sources, while slightly less than half (47%) think it is somewhat important. Fifteen percent cite branding for Internet news sources as not very important and only 7% think it is not at all important. The gender skew shows that branding is more important to female Internet users than male Internet users. Interestingly, beyond gender, this question did not show any variability across a wide variety of characteristics, including race, education, occupation, income, length of time using the Internet, frequency of daily Internet use, nor total hours per week online.

Chart 23

Importance of Name Familiarity When Looking for News & Information



Source: Scarborough 2000 National Internet Study (n=2,132)
Base: Total Internet Users

Conclusions

The environment for printed and Internet newspapers has undergone dramatic change over the past few years. The worldwide business climate for investment in Internet newspapers, and Internet media in general, has gone from sunny to gloomy since the venture capital well has dried up, and firms are no longer willing to spend unlimited dollars on online media vehicles with questionable revenue potential. From the publisher's perspective, Internet newspapers cannot be labeled a success, since most current Internet newspaper business models are not profitable.

From the U.S. consumer's perspective, however, online newspapers are certainly a success. Consumers of online newspapers in the three U.S. markets examined are mostly a sub-set of the readers of the printed versions of these papers, as shown by the high levels of duplication among the online and print audience. While total print readership trends show declines over time, the newer, electronic versions of the printed paper seem to have successfully attracted a large segment of their printed paper readers to this new content distribution channel for the media brand. While the total number of consumers who currently read online newspapers is relatively small, they tend to be the core franchise of well-educated persons who have traditionally been most likely to read printed newspapers, but with a younger skew.

Trend data reveals several convergent phenomena regarding the past and future direction of printed newspaper and online newspaper readers. While online usage is increasing among all consumers, now having reached the 50% mark in the top 50 U.S. markets, overall print readership shows a steady decline, particularly among younger, more educated, higher-income, white-collar consumers. The online newspaper reader skews towards younger, more educated, higher-income Men, the very same profile of those who report slippage in their involvement with printed newspapers, as revealed in the Scarborough U.S. National Internet Study. It seems probable that these attractive consumers are at risk of falling out of the habit of printed newspaper readership, as they continue to use the Internet for a longer length of time and for a greater number of hours per week.

However, so far it seems that most American consumers do not appear to swiftly abandon their print paper once they have access to and start using the online paper, as shown by the high print usage levels of the online newspaper reader. Perhaps having access to the online version as well as the hard-copy version of the local newspaper fulfills different needs for the consumer. As one online newspaper client suggested, consumers might be checking the current weather, traffic or sports scores on the online newspaper site, while taking the printed paper with them to read on their lunch break.

The challenge for U.S. newspapers going forward will no doubt be to find an effective profit model for their online franchise, while finding new ways to enforce the relevance of the print product to the American consumer. More and more consumers are using the Internet and integrating it into their daily habits. A majority now are online, where previously only "early-adopters" were Internet users. They appear enthusiastic about the online newspaper content provided on the Internet, and the data show that as they are online longer they seem to be depending more on the Internet for their news.

An obvious goal in deepening our understanding of the seemingly complex relationship between the printed paper reader and reader of the online newspaper is to have a larger, more comprehensive and frequently updated data set, going beyond just the three markets examined in this paper. Towards that goal, Scarborough has expanded the measurement of online newspapers across all 75 currently measured markets. Beginning with the Release 1, 2002 survey period, the incidence of visiting specific, local online newspaper websites in the past 30 days will be measured on an aided basis in all 75 Scarborough markets. Additionally, a specific question will be asked in all markets about past 7-day readership of any online newspaper. As a supplier of print audience data, Scarborough plans to track these measures going forward to provide detailed information about the ever-changing landscape of both traditional print and new electronic newspaper media.