

NY Times making more from readers than advertising

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The headquarters of The New York Times on April 21, 2011 in New York City. The New York Times Co. said Thursday that money from readers and subscribers overtook advertising revenues for the first time ever in 2012, as the media group reported a boost in profits.

The New York Times Company said Thursday that its income from readers and subscribers overtook that of advertising for the first time in 2012, as the media group reported a boost in profits.

The company, which is shifting focus from print to digital, said its fourth [quarter profit](#) more than tripled to \$176.9 million, though most of that came from a \$164 million gain on the sale of its [stake](#) in an online jobs website.

Nevertheless, the company beat most forecasts with a profit amounting to 32 cents a share excluding special items, and revenues increasing 5.2 percent to \$575 million in the period.

For the full year, the group posted a [profit](#) of \$133 million, compared with a loss of \$39.7 million in 2011.

Mark Thompson, the former [BBC](#) chief who became president and [chief executive](#) at the Times last November, said progress was being made, noting that the number of [digital subscribers](#) grew 13 percent in the quarter to 668,000.

"2012 showed both the opportunities and challenges we face as a company," he said in a statement. "We saw continued strong growth in digital subscriptions as well as increased revenue from our large print circulation base.

"For the first time in our history, annual circulation revenues surpassed those from advertising. Our pay model continued to prove itself."

The company said paid subscribers to The Times and the International Herald Tribune rose 13 percent to 640,000 as of the end of the [fourth quarter](#).

Its [Boston Globe](#) unit had 28,000 paid digital subscribers, up eight percent over the the third quarter of 2012.

For 2012, the company's circulation revenues rose to \$954 million,

outstripping the \$898 million from advertising.

Thompson said the figures showed "the demonstrated [willingness](#) of users here and around the world to pay for the high quality journalism for which The [New York Times](#) and the company's other titles are renowned."

But, in contrast, "the advertising environment remained challenging in the fourth quarter."

The company ended the year with \$955 million in cash and short-term investments.

In March 2011, The Times began charging for full access to NYTimes.com and it launched a subscription-only website for the Boston Globe later that year.

The group said circulation revenues are projected to increase in the mid-single digits in the first quarter of 2013 because of digital subscription initiatives and from a rise in the newspaper's price in 2013's first quarter.

Shares in the company rallied 4.3 percent to \$8.60 on the news, while analysts gave a mixed response.

Media analyst Ken Doctor at the research firm Outsell said the news group "isn't being pushed backward, it's just not making much forward progress. Financially, it's essentially flat, or a tad worse."

But he maintained that the digital strategy appears to be working so far.

"It's clear how much can be gained through smart introduction of metered paywalls, it's unclear how much circulation revenue growth can be had in the third year plus," he noted.

Kannan Venkateshwar at Barclays said the results were "better than our expectations" and predicted that the company will outperform most of its peers.

"Given the already high base of digital subscribers, we had expected some slowdown in digital subscriber growth, which has not materialized yet," the analyst said in a research note.

"While trends on the advertising side continue to be weak... circulation revenue gains have now been consistently offsetting the loss in advertising revenues for the last two quarters."

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