

The Future of Print News Media: Adapting to Change

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The advances in Internet and information technologies in the last ten years have brought about a structural change in the way information is aggregated, transformed, and then disseminated. Most people of the older generation prefer to get their news the old-fashioned way i.e., from newspapers and magazines. The younger generation, on the other hand, logs on to online sources for their information needs. There is genuine concern that as the older generation moves on, the old media will also gradually disappear.

The rise of the new media has put the old (print) media establishment on the defensive. The new is not displacing the old, however; rather, it is transforming the old by forcing it to accept transparency, responsiveness and efficiency. Increased competition is making the old media to pull up its socks and provide the additional value demanded by a free market where the number of players has multiplied.

Key words: media, print media, news print media, global media

Back in the sixties and seventies at my home in New Delhi there used to be a daily tussle between my father and me. The sound of a newspaper falling on the floor of our balcony every morning would be enough to wake both of us in our respective rooms and we would jump out of our beds to grab the newspaper first. Now, I am never in a hurry to read the newspaper because I get my news from a variety of sources—television, websites, news portals, and magazines. But I still read the newspapers and books.

The print media refers to books, periodicals, and newspapers. It is also called the old media because for over five hundred years until recently there was little change in the way these were published. The term “new media” refers to the new means of information publishing and dissemination, and includes web sites, news portals, blogs, email and podcasting, to name a few. The new media is based on the worldwide web and does not require the use of paper.

The print media started after 1440 when Johann Guttenberg of Germany invented the printing press. The printing press was an instrument of production that made it possible to produce multiple copies of a book or newspaper once the type was set. Its true significance lies in its contribution to the spread of ideas and knowledge. Before the printing press arrived, books used to be written by hand and considerable time was required to produce just one copy. Information and knowl-

edge, therefore, remained in short supply. The present digital or electronic media revolution represents the next stage in the development of publishing and it adds immense storage, retrieval and distribution possibilities to the production of printed word. The new media revolution was achieved as a result of the development of desktop publishing in mid-eighties due to advances in computer science and which once again revolutionized the process of production, and, second, the scope of retrieval and dissemination of information on the worldwide web due to the rapid advances in the information and communication technologies.

The advances in Internet and information technologies in the last ten years have brought about a structural change in the way information is aggregated, transformed, and then disseminated. This was earlier done by a select group of people engaged in the news and publishing industries. The Internet has empowered the consumer of information to also become its producer and distributor. This has resulted in the elimination of barriers to media entry, the rise of distributed journalism, and the flood of reporting and related activities, thus challenging the foundations of the old media news and publishing establishments.

Most people of the older generation, like me, prefer to get their news the old-fashioned way i.e., from newspapers and magazines printed on paper, but also like to supplement this by turning to other sources on the Internet. The younger gen-

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eration, on the other hand, depends mostly on sources in the new media like blogs, podcasts, or subject-specific portals. There is genuine concern that as the older generation moves on, the old media will also gradually disappear. And there is some strong and disturbing evidence to support that view. This evidence is derived from reports of declining sales and subscription levels put out by the print media establishments, supplemented by reports from governments and other organizations reporting a general decline in reading habits among the younger generation. This paper represents a modest attempt to examine the current state of the news print media in the United States, Japan and India, and to make a comparative analysis among and within these countries by looking at data available from various organizations.

The American Case

There is a general perception that all is not well with the print media. If we look at the print news media, circulation has been declining and advertising revenues are flat. According to the Editor and Publisher Yearbook data, industry daily circulation was down 2.8% for the six months April–September 2006. A closer look at the data, however, suggests that the bulk of the decline is due to the waning popularity and eventual closure of the evening editions, whose circulation nosedived from 21 million in 1990 to less than 7 million in 2006. At the same time, the morning daily circulation climbed steadily from 41.31 million in 1990 to 46.93 million in 2003. It started to decline in 2003 and at the end of 2006 the circulation of morning papers was down by 3.17 percent (Editor and Publisher Yearbook, 2007).

Even among the print media dailies, the story is different when one compares national dailies with the regional papers. The regional papers seem to be increasing their circulation and this is probably at the expense of the national dailies. Readers are more interested in local news, politics and sports, something the regional dailies are better equipped to provide than the big national newspapers.

On the other hand, the total number of morning papers in the U.S. has continued to grow. For the morning edition news dailies, the number at the end of 2006 was 833 (compared to 817 in 2005). The number of Sunday papers has remained more or less the same since 1997 when it crossed 900 for the first time and since then has

shown only minor fluctuation within a narrow band. The number of evening papers continues to decline at a fast pace, from 1,084 in 1990 to 614 in 2006, which signifies their bleak future in the present circumstances (Newspaper Association of America, 2007).

It is generally believed that the decline in circulation is a result of declining interest in reading, especially among the young. Some industry experts believe that the decline is due to a multitude of reasons. The most important, it seems, is the migration of print readers, especially the young, to online sources. Second in importance is the perception that the present generation of young adults comprises a lot more people who have little or no interest in news or reading in general. This may be true since we do not see many young people these days reading newspapers.

Since 1992, the number of people who say they regularly read newspapers has fallen by 20% according to a survey by Pew Research Center for the People and the Press. The survey data also suggests that lifestyle changes since the early nineties are a major factor. A major reason cited by 23% of the respondents is lack of time. That trend started in the late sixties and became intensified with the advent of the worldwide web. Among people who still read the print news, almost half said the biggest attraction was local news followed by culture and arts (Online Papers Modestly Boost Newspaper Readership, 2006).

The Japanese Experience

Japan has one of the highest rates of literacy in the world and reading habits have been deeply ingrained. There are 122 daily newspapers printing about 69 million copies every day. By comparison, the number of copies published in the United States is 52 million, and in China 98 million. The Yomiuri, which prints over 10 million copies of the morning edition, started publishing in 1874 and is ranked as the world's biggest newspaper. The Asahi, with a daily circulation of over 8 million copies, is Japan's second largest newspaper. Of the world's 100 best-selling dailies, 60 are published in Japan, India and China. The world's five top countries in daily circulation are China (98.70 million), India (88.90 million), Japan (69.10 million), United States (52.30 million), and Germany (21.10 million), according to *World Press Trends* (World Press Trends, 2007).

Unlike in any other country, there is a deep

connection between the major national dailies and television broadcast channels. The Yomiuri is affiliated with NTV (Nippon TV Network, Channel 4); Asahi Shimbun with Channel 10; The Nihon Keizai Shimbun with TV Tokyo, Channel 12; The Mainichi with TBS Channel 6; and The Sankei with Fuji TV, Channel 8.

In response to the growing popularity of Internet and the rapid launch of Web sites among the U.S. media, The Yomiuri in June 1995 launched its own Internet news service. After an uncertain start, the Yomiuri Online finally stabilized and in early 2005 it reported receiving 6.6 million unique hits. Now, The Yomiuri puts up about 200 stories on its Web site every day and 80 percent of the Web content is taken from The Yomiuri's morning and evening editions. The site is updated around the clock. At present all major dailies in Japan have an effective online presence, however, Nikkei is the only newspaper whose web-based offering generates substantial revenues. It has adopted a business model that is similar to the Wall Street Journal, charging subscription fees to access archives and in-depth content.

According to the 2005 circulation figures from *Nihon Shimbun Kyokai* (The Japan Newspaper Publishers & Editors Association), the total circulation of newspapers published in Japan dropped marginally from 52.85 million in 1995 to 52.56 million in 2005. The number of subscriptions per household, however, has seen a steady downward decline from 1.19 to 1.04, a drop of 15 percent, during the same period. The circulation of morning papers, on the other hand, increased from 31.64 million in 1995 to 33.92 million in 2005, an increase of 7.21 percent. The evening paper has seen a decline of 24.24 percent in circulation, from 2.01 million to 1.52 million. The decline in evening edition readership can be attributed to changing lifestyles and lack of free time. No wonder, the circulation of the set (subscription to both morning and evening editions combined) also dropped 10.84 percent. This seems to be a global trend; evening editions are suffering the same fate both in India and the United States too (*Nihon Shimbun Kyokai*, 2006).

If we look at the newspaper industry revenue figures we see that advertising revenue as a percentage of total revenue has fallen from 32.5 percent in 2002 to 30.3 percent in 2006. This may be due to the reduced circulation of the evening paper. Revenue from sales has maintained its

share of total revenue at 53.6 percent. The shortfall in advertising revenue has been compensated by revenue from 'other' sources, which increased its share from 13.8 percent in 2002 to 16.0 percent in 2006.

In Japan, most major media establishments have achieved a level of horizontal integration—combining radio, television and online—that is not seen in any other country. This is a huge plus, since it enables such enterprises to look at the entire media spectrum, shifting focus and fine-tuning strategy as and when necessary.

India in News

India's media and entertainment industry revenues grew 20% in 2006, and they're expected to more than double to \$22.5 billion by 2011, assisted by overseas interest and investment in India's media industry, according to a new research by Price Waterhouse Coopers (PWC). The study was commissioned by the Federation of Indian Chambers of Commerce and Industry (FICCI), and it projects that media industry growth will outperform the general economy each year for the next five years. Rising incomes and consumer spending fueled by the country's robust economic growth will combine with expanded information delivery options over mobile phones and the Internet to drive a boom that will benefit all segments of the industry, from radio to newspapers. The study believes that growing demand coupled with technological advancements like television viewing over the Internet and mobile phones, initiatives by the government to encourage investment, and investments by private media firms will be the key drivers for the industry. The reach of the press medium (dailies and magazines combined) has increased from 179 million to 200 million in the last three years—as a proportion reached of population aged 15 years and above it has increased from 26.4 per cent to 27.4 per cent (PWC Report, 2007).

According to the latest report from the National Readership Survey, literacy has risen from 62.5 per cent to 70.6 per cent. The rise has been more in rural areas (nearly ten points from 55.6 per cent to 64.6 per cent) than in urban India (79.3 per cent to 84.5 per cent). This should boost the market for the print media (National Readership Survey, 2007).

Dailies have driven this growth in the print media, their reach rising from 23 per cent to 24

per cent. Magazines, on the other hand, have declined in reach from 13 per cent to 10 per cent over the last three years. There is, however, still significant scope for growth, since there are as many as 314 million people who can read and understand a particular language but do not read any publication.

However, the reach has fallen in urban India—down from 48 per cent to 46 per cent. Rural India has bridged the gap considerably—the reach there rising from 17 per cent to 19 per cent—on a much larger population base. The number of readers in rural India is now estimated to be roughly equal to that in urban India.

Leading the growth in print media is a range of regional dailies that publish in local languages. Prominent among these is the *Dainik Jagran*, India's largest vernacular newspaper, which doubled its circulation to over 2.5 million in the last 5 years. The number of cities in which it prints has also doubled to 28 in the same period. In 2005, *Independent News & Media* of Dublin paid \$32.2 million for a 26% stake in the newspaper's publisher, Jagran Prakashan Limited.

Foreign investors are allowed to own only up to 26 percent in a media company, and foreigners cannot assume management control of an Indian media company. Despite this, the Indian print media industry got \$90 million in foreign investment in the last three years. India is one of the few countries in the world where newspaper circulation and revenues are showing robust growth. According to *World Press Trends*, the annual statistical data put out by the Paris-based World Association of Newspapers, the number of Indian newspapers was 1,834 in 2005 up 22.8 per cent from 1,493 dailies in 2001. As Timothy Balding, CEO of the World Association of Newspapers, says, "Newspapers are doing far better than commonly believed. In fact, the figures confirm that the industry is healthy and vigorous and is successfully dealing with increasing competition from other media". The data suggests that Indian dailies have increased their circulation 33 per cent from 59 million in 2001 to over 78 million in 2005. The newspapers earned more advertising revenues than cinema, magazines, radio and Internet combined.

Worldwide Prognosis

Paid newspaper circulation worldwide went up 1.9 percent in 2006 to more than 510 million

copies while the number of new paid titles crossed the figure of 11,000 for the first time. Free daily newspaper circulation more than doubled to 40 million copies during 2001–2006. Newspapers are the second largest advertising medium in the world after TV, and account for 29.4 percent of the global advertising spend. Newspaper advertising revenues rose 4 percent during 2006, and 15.6 percent from 2001 (*World Press Trends*, 2007).

According to the findings of a Harris Poll conducted in May 2007 by Harris Interactive in collaboration with the Innovation Media Consulting Group, online news and information will supplant TV news as the leading news source over the next five years, but newspapers can greatly upgrade their traditional print product by integrating online delivery as a part of what they offer, and by providing greater objectivity and more information that is relevant to their readers' interests (*Innovation Media Consulting Group*, 2007).

The rise of the new media has put the old (print) media establishment on the defensive. The new is not displacing the old, however; rather, it is transforming the old by forcing it to accept transparency, responsiveness and efficiency. Increased competition is making the old media to pull up its socks and provide the additional value demanded by a free market where the number of players has multiplied.

Tim Bowdler, CEO of Johnston Press UK, acknowledges the realities of decreasing sales of print media but debunks the excessively pessimistic forecasts and doomsday scenarios projected by some industry 'experts'. Speaking to *The Editors Weblog*, published by the World Editors Forum, he asserts:

I am in no doubt that the gloom expressed by the financial community and others is greatly overdone, much of it based on a poor understanding of our industry. Underlying cyclical trends are obviously something we have to contend with and in some areas of our business we have recently seen weakness in advertising revenues as a result. Whilst there are also structural challenges, migration to websites has not had a significant impact. Whilst circulations are in decline, this has been largely confined to daily newspapers and most obviously those serving the larger metropolitan areas. Weekly paid-for newspapers which make up a significant part of the UK regional press have suffered relatively

little over the past decade and publishers are not sitting inactive watching sales drift away, but are instead launching new titles, targeting geographic and demographic niches and in that way continuing to ensure high levels of market penetration and advertising response. Taking a longer term view, I suspect we will sell fewer newspapers, but, when coupled with these new print launches, we will continue to achieve high levels of market reach which will be further extended by our rapidly growing digital channels. The regional press in the UK has also been investing in modern printing plant and new IT systems which will help to drive ever-increasing levels of operating efficiency, improved quality and enhanced customer service. And, of course, the industry is investing heavily in digital channels which have become an embedded part of the local publishing mix and an extension to our print based activities.

Bowdler goes on to emphasize that the regional press will play an important role in the media industry for many years to come and that print will remain a vital part of the local media mix. The print mix will continue to adapt, reflecting changes in market conditions and the new digital channels will expand penetration into local communities enabling publishers to reach greater numbers of people.

Commenting on the Internet, Aroon Purie, CEO of the *India Today* Group, said, "Internet does not have to be a competitor like radio and television. It can be partner to the print media. It can only supplement the distribution of content and leverage the print brand". In fact, Indian print news media has rapidly adapted to the emergence of the worldwide web and major newspaper and magazine groups have an active online presence. According to Jacob Mathew, executive editor of the regional daily *Malayala Manorama*. "Eventually, major newspaper groups will emerge as multiple media enterprises combining the strengths of electronic and print media" (Print Media—Survival of the Fittest, 2006).

I believe that the old print media will transform itself and evolve into an entity that resembles a holding company. Through acquisitions and mergers, online presence, and broadcast operations, the traditional print news media will survive and continue to offer news and information to society. It is unthinkable that an institution that

has provided invaluable service to society for several hundred years will just 'wither' away.

On December 18, 2007, Kevin Martin, Chairman of the American Federal Communications Commission, announced new rules that allow newspaper publishers to expand their influence in the 20 largest U.S. media markets by buying television and radio stations. If the merger involves a TV station, the station being purchased can't be one of the four largest in the area. Secondly, there must be at least eight independent media voices in the market after the merger. This announcement effectively loosens a 32-year-old ban on cross media ownership and paves the way for some interesting M&A activity, eventually leading to consolidation in the media space. The likely beneficiaries will be, of course, the Big Media giants who already have sizable print and broadcast operations, including News Corporation, Tribune, Gannett, and Media General.

The advent of new media does not necessarily mean the demise of the old one. "The state will eventually wither away," said Karl Marx, "after the establishment of a classless society." The state did not wither away—either under Marxism or under the forces of globalization—nor will the old media. Instead, the old media will transform itself like the state—sharing power with citizens' groups, non-governmental organizations, civil society, and regional and international organizations—and become more democratic, open, interactive, and responsive to society. Over time, the distinction between the old and new will begin to get increasingly blurred, and we shall see the emergence of a new Global Media whose constituent parts will not only co-exist but also carve out their respective niches in the Global Media space.

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