

## FACING THE CHALLENGE OF AN AILING INDUSTRY

*Whither the world's troubled newspaper industry, is the question being asked by editors as advertising budgets come under pressure and competition from electronic media hots up. But it's not all doom and gloom as GUY BERGER surveys the world scene*

**W**ITH quiet courtesy, a gentle Japanese at the World Newspaper Congress in Prague this year asked about the circulation of my newspaper, *South*. "Twenty thousand a week," I replied, "What's yours?"

"It's 14,5 million every 24 hours," came the reply from a representative of the world's biggest daily newspaper, *Yomiuri Shinbun*.

This incredible paper prints in eight factories across Japan. It hires 100 000 delivery boys — and if any of the lads wants a career in newspapers, *Yomiuri* has six training colleges to prepare them.

An earnest Tunisian publisher posed a question to the Japanese: "Are you able to recycle some of your newsprint?" he asked. *Yomiuri* has this in the bag too: it issues subscribers with a packet that contains exactly a month's worth of papers.

And yet the Japanese newspaper industry — like its counterparts elsewhere — is not doing too well.

Arranged by Feij, the International Federation of Newspaper Publishers, the conference gave a glimpse — and a gloomy one too — into the serious financial pressures on the press around the globe.

Fiej director general Timothy Balding paraphrased Woody Allen in assessing 1990 as a crossroads for the world's newspapers. One path leads to utter hopelessness; the other to total extinction. In short, advertising revenues worldwide are slipping away, while sales are stagnant or worse. This is a complete reversal of strong growth since 1987.

**In advertising**, the global recession is largely to blame. A representative from *Dagens Nyeter*, Sweden's biggest morning paper, told the Fiej conference how the slump in job recruitment ads had cost that publication a full third of its advertising income.

New competition for adshare from cable TV and direct marketing is also hitting newspapers heavily.

But while ad revenues shrivel, the figures show that publications are becoming much more reliant on adverts for their income. So newspapers internationally are becoming adpapers, and editors are gazing into continuously shrinking newsholes.

But at least the heightened commercial pressure on papers has not extended into editorial to the degree that it has in Russia. In Moscow recently, *South's* senior reporter Rehana Rossouw found that editorial is entirely up for sale. The cash-strapped Russian press now

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only covers a press conference if the organisers pay for it. And the publications themselves can only get information from public officials if they are prepared to pay.

You want an interview with the state attorney investigating the KGB archives on JFK? Only hard currency will get it. Otherwise, wait 'till he publishes his private book on the topic — and an advance copy will cost extra dollars.

The Russian economic crisis has also seen a collapse of sales in the erstwhile Soviet Union. But sales are also shrinking in most other countries — a potentially more fateful trend than the collapse in advertising revenues.

**In only 10** of 30 major countries surveyed by Fiej was there a rise in the numbers of copies sold per 1 000 inhabitants in 1991. It is especially bad in Britain, according to a Midlands publisher who told Fiej how his paper's old readers were dying off while young people simply ignored newspapers. "All that is left for us is some sheep: the ultimate marketing challenge," he quipped.

The decline in sales has, of course, aggravated the general fall in revenues. And the effect of the general downturn has been to trim the number of titles published in countries such as the USA, Brazil and Greece. Only South Korea, India and Israel have seen a significant increase in press diversity in recent years.

Publishers worldwide are looking for new solutions to these problems:

☛ There are exciting campaigns to reorientate papers to attract young readers, even catching them at school.

☛ Innovative supplements are drawing in untapped advertising, and there are increasing links with electronic media.

☛ From South Africa, Times Media Limited's Roy Paulsen — who has since been elected as new president of the Newspaper Press Union (NPU) — told Fiej about the advertising success of research into "the 30/30 principle".

The research proves that advertisers are most effective when they put at least 30 percent of their advertising budgets into print and synergise this with electronic media.

☛ Fiej research released at the conference also revealed increasing outside subsidies available to newspapers.

PLEASE TURN OVER ☛

☞ In almost half of 30 countries Fiej surveyed, newspaper sales are VAT free. In Sweden, according to publisher Ake Ahrsjo, this provision required a little personal arm-twisting in his country. Approached by editors in their constituency, Swedish MPs soon fell into line to support the "no taxation on information" concept.

☞ At least one third of the countries Fiej surveyed have laws that limit concentration of newspaper ownership and about half restrict cross-ownership of print and electronic media.

☞ In nearly half the states surveyed, newspapers receive public subsidies in the form of cheaper postal rates, while a third get telephone rebates. A seventh get newsprint subsidies.

☞ In 12 countries (Austria, Belgium, Finland, France, Greece, India, Italy, Luxembourg, Netherlands, Norway, Poland and Sweden), there are direct public subsidies and the amounts have risen far above inflation since 1987.

**With South Africa's** press also suffering financially these days, it was surprising that those kind of public subsidies did not feature at the NPU's September conference in Swaziland.

The NPU is now, for the first time, a member of Fiej, having been accepted at the Prague conference.

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This followed the alternative press joining the NPU, and the creation of a unified South African press sector.

In this spirit, Nasionale Pers' chief executive officer, Ton Vosloo, representing the NPU at the Fiej conference, piloted a conference resolution that won support from the world press industry for press freedom and diversity in South Africa.

**The Prague** conference also meant a first for South African press people to meet African colleagues from countries such as the Cameroon and Kenya.

If much of the world newspaper industry is having it bad financially nowadays, African publishers battle against a double burden that includes draconian press controls.

Alerting the Fiej conference that the problems facing the press can be as much political as economic, the African delegates focussed minds.

Beyond the business issues, however, the Africans reminded the conference about what the press is finally all about. ●

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# Our chair of learning is for everybody



Murray & Roberts firmly believes that education is the way to a better South Africa. To this end we support a broad range of activities to promote a culture of learning.

- Financial support of tertiary education, including two University Chairs: UCT, construction management and Rhodes, environmental education. Students in architecture are offered a workshop-cum-competition challenge via the M&R Des Baker Awards.
- We support pre-varsity bridging courses at certain Technikons.
- Through Sunflower Projects and AMS, we are involved in stimulating a variety of informal businesses where the emphasis falls on building self-reliance.
- Sunflower Projects also operates parallel literacy and numeracy programmes.

- The Group supports upliftment and educational programmes which contribute towards alleviating pressure on scarce natural resources.
- In recognition of the special role sport plays in cross-cultural unification, the M&R Jack Cheetham Memorial Award is presented annually to sports administrators. We sponsor the Rugby Union's Youth Development Week and support the United Cricket Board's youth initiatives.

- In the cultural sphere we sponsor the Male Voice Choir Festival and support the African Youth Ensemble as well as the Cape Town Symphony Orchestra.

These are just some of the ways in which we are committed to building a better future for both our own employees and the wider communities within which we operate.

We have learnt that by combining our skills with the natural talents of our fellow South Africans, we can all move forward into the future with confidence.



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