

Sustainability & Growth of a Daily Newspaper

K.K. Puri, Retired

Keywords: newspaper, gravure

Background:

A century of profitable relationship existed between Publishers, Advertisers and Journalists. New and competitive start-ups of a daily newspaper were few because they required huge capital outlays for printing, finishing and delivery equipment. Today the Internet has fundamentally changed this alliance. The world does not need a daily newspaper but there is still a great demand for accurate and appealing content by the journalists and for lucrative advertising revenue.

Steep decline in print advertising and audience in the last three decades have caused continuous red ink on the balance sheets of the publishers. In some G-8 Countries, the only daily newspaper in town has gone out of business. Please refer to Newspaperdeathwatch.com for the list. Here is a small window on the debt situation of very large U.S. daily newspaper publishers: Gannett Co. US\$1.26-billion, McClatchy Co.

US\$ 1.78-billion, N.Y. Times Co. US\$ 163-million (after selling 21 floors of the new building and a share purchase and a loan by Mexican Billionaire Carlos Slim Helù). Another world-class newspaper, Chicago's Tribune Co. and its affiliate Los Angeles Times are facing very complex challenges to survive after exiting bankruptcy protection. Only News Corp. Inc.'s, new publishing spin off, has a *debt-free* balance sheet. Source: Bloomberg 2013.

According to PricewaterhouseCoopers, "the share of digital in advertising spending in Europe will increase from currently 27% to almost 40 % by 2016 whereas the development of advertising spending in print based media will be flat" Source: Prima's Annual Conference in Vienna, May 2013.

Two fatal mistakes by the publishers of Newspapers and Magazines: (1) Almost 44-years ago they allowed Google, Inc. to provide online headlines and content for *free*. They failed to demand a share of the ad revenue for their content. The

advertisers loved the Google business model because they paid only when there was a hit on their ads. (2) Further down - the road Steve Jobs CEO of Apple Inc. offered major U.S. & Canadian Publishers a business model, similar to i-Tunes, for an e-newspaper using i-Pads, but the publishers were *not* willing to share the subscribers lists.

Jeff Bezos, CEO Amazon.com Inc. has acquired the iconic “Washington Post” for US\$ 250- million. It is expected that he will apply the same business strategy for the growth of the newspaper what he has done for books in e-format or print. Amazon sells more books because of price and “convenience”, giving authors/ journalists more options than Book Publishers who sell printed books in stores. Under Mr. Bezos leadership his company’s worldwide revenue in 2013 was over US\$ 60-billion. Probably, he will digitize the newspaper’s reputable content and promote e-distribution on a global basis. Washington Post could become an engine of innovation for newspaper publishing in print and digital format.

The moribund state of newspaper publishing exists only in the English speaking Countries of the G-8. In the rest of the world, newspapers are profitable and increasing in circulation. According to WAN -IFRA, “Newspapers reach 20 % more people world-wide than the Internet. For advertisers, newspapers are more time efficient and effective than other media.”

Will the newspaper delivery person have a job in the future? According to our research the answer is yes. Here is why:

- Printed newspaper is the *most trusted* medium because it cannot be hacked or manipulated. According to McKinsey Research in U.K. 66% of the respondents regard newspaper ads informative, inspiring confidence vis-à-vis TV ads.44%, Radio ads. 38%, sponsored links 25%, Internet banners and pop-ups 12%
- Data theft and digital manipulation for financial gain or bullying on the Internet is on the rise. A secretive Chinese Military Unit is believed to be behind a series of hacking attacks on U.S. Corporations and U.S. Government Agencies. According to Berlin’s Security Research Lab. Hackers could use compromised SIMs to commit crimes such as sabotage Financial Institutions, Power Grids, Traffic Control Systems” Here is an example to prove the point, a fake tweet from a *hacked* Associated Press Account reported ¹¹ President Obama has been injured due to an explosion in the White House” Within three minutes S&P 500 collapsed by US\$130- billion and Dow Jones lost 145 points. Source: National Post 2013-05-29. As we see it, major newspaper publishers of the G-8 need to be mindful of digital manipulation in making investment decisions in digital technology, because hackers seem to be always ahead of the curve. In short, not all eggs in digital basket and abandon Print!

- Our research shows, that educated and professional middle-class and wealthy around the *globe always* subscribe to a printed daily newspaper. Global ad. Agencies and Global Corporations recognize this. Using their in-house databases, newspaper editors can put together a reliable and a verifiable story that is comprehensible to every reader, events such as U.S market meltdown in 2008 or 9/11 attacks, or the first election of Obama as President of the United States. Newspapers are always accountable for data, words, illustrations that are permanently printed on paper. Whereas many blogs on the Internet are published in a cavalier manner or as off-the-cuff remarks without ever being questioned and may not be reliable.

The Project Attempts To Solve For The Following Challenges:

- Generation X, Y and Millennials of the G-8 consume news using Smart Phones, iPad, Desktop, Social Media etc. They wonder who reads newspaper Editorials and Letters to the Editor. The young of the rest world inhabit a post-nationalistic universe, a globalized mass media youth culture that is transnational, do read printed newspaper. Also the Internet has given the young of the world an ever increasing appetite for information and content for their personal growth, professional development and career opportunities. The project attempts to *bring back* the global young audience to use print for a quick overview and use the digital website of the newspaper for in-depth information. Outside of G-8 Countries most young of the world have been using the printed newspaper. One more point, according to the BBC, London, there are 73-million youth unemployed around the world. Arab Spring is an example.
- For newspaper publishers of G-8 *status quo* cannot be an option in these transformative times. It's an opportunity to forge alliances with profitable publishers of BRIC and other G-20 Countries instead of defaulting. The start-up of the proposed project does NOT need large capital outlays and can be funded by cash flows from the daily newspaper operations. The new product is like a TV Guide weekly insert to deploy under-utilized printing equipment.

During the boom years, newspaper publishers were more interested in acquisitions than new start-ups and made little investment in R & D. Now they have an opportunity to offer a global product to young audiences in both *digital and print format*. On the surface the project appears lofty and involved, like a ball of hair, but for publishers, printing & inserting a magazine and satellite transmission are not a challenge. Tackling the issue of Translation, see below. Magazines such as The Economist, National Geographic, Time etc. have been international for a long time. According to Duncan Edwards, CEO Hearst Magazines International, "launch magazines internationally are doing better than expected." Advertising and readership are faltering in the G-8 but they are flourishing in the rest of the world. Let's join to form a super club for future growth! G-8 can offer the best of editorial content and

the rest of the world the best of advertising.

The Proposal: A joint-venture between, only as an example, News Corporation, Inc. N.Y., Ashai Shimbun, Tokyo, The Times of India, Mumbai and 21 iconic Newspapers of the World for the young readers. Note: India has the largest number paid subscriptions of daily newspapers in the World!

Name: Global Mosaic This Week (Name registered with Canadian Intellectual Property office, Industry Canada of Federal Government)

Corporate Structure: The Founding Shareholders and the Publishers of largest daily newspapers of G-8 Countries as well as Spain, Chile, Mexico, Argentina, Brazil, Australia, New Zealand, Philippines, Thailand, India, China, Sweden, Israel, South Africa, Nigeria, Ghana, Turkey, Switzerland, Indonesia. Other Countries can join later. The three Founding Members of the new magazine will control the publishing rights and own digital assets, which could be the backbone of future business alliances and innovative development.

Product: Global Mosaic This Week. A weekly, full-colour, free insert magazine in D1 A4 format (*8 x 11" or close*) containing 32-pages, self-cover. 12-pages of brief editorial content and 12-pages of advertising by Global Corporations as international content; 4-pages of local content, 4-pages of national advertising as national content.

The new weekly magazine, ready-to-print, will be put together in English by an Editorial Board based in N.Y. or Berlin or Toronto (lower costs) or Pittsburgh (lower costs) or London or Stockholm. The 24-page international content (*pictures, graphics, and text*) will be transmitted via satellite simultaneously in English, Japanese, Spanish, German, French, Russian, Portuguese, Italian, Mandarin and Cantonese. This unique translation feature ensures maximum readership. Total number of estimated copies of the insert magazine will be 12-million per week, printed in the local language by the national daily newspaper. Like an insert flyer, the advertiser is assured of a secure delivery.

Market Opportunity: The magazine offers *for the first time in the world* a platform for a truly global advertising by International Corporations, GM, Coca Cola, Microsoft, Siemens etc. by Government Agencies, NGOs, Cultural, Environment and Sports Groups, and by many others. There is no publication to our knowledge which offers a vehicle for 52-weeks a global cohesion of participating publishers, advertisers and young readers. The new magazine will profit from the growing demand for print and digital advertising in all G-20 Countries which now have global integrated markets.

Content: The intent is to attract young readers to inform and entertain, to bring global corporations to advertise, to promote the website of the daily newspaper.

The Magazine cannot afford to get confrontational towards Corporations, Governments, NGOs. It can only start to find solutions based on qualified and verified information to promote economic growth, to reduce poverty and inequality, sharing values, respecting differences, and promoting more transparency and to address the *real world problems*. The magazine is not the Cult of Celebrity. It will tell the young readers what's going on in the world this week and why it is important for Freedom, Free Markets and Human Rights. Ideas for improving the quality of life of young professionals, including sports, financial literacy, nutrition, medicine and health, social trends and attitudes, gender inequality, latest in science and technology, design, global environmental concerns and entrepreneurship. The print content is only one or two columns, for in-depth digital information go to the website of newspaper. Note: Content and Graphic Design are extremely important for the success of this Project, the Founding Publishers will provide the leadership and policy to protect investment.

Editorial Board: Will consist of the best talent available, average age 30-40. One chief editor for English (U.S.A., Australia, England, Ireland or Canada), One for French (Canada, France, Belgium), one from Japan, one for Spanish (Spain, or Mexico or Argentina), One for German (Germany or Austria or Switzerland), one for Portuguese (Brazil or Portugal), One from India and one from China, or Hong Kong, or Taiwan. All editors will report to the Editor-in-Chief appointed by the Founding Partners. The editorial board members will be responsible for precise and absolutely correct translation before transmission.

Note: News Corporation has newspaper correspondents in Australia, S. America, Germany, Japan, India and China who can create content for the magazine to reduce start-up costs. The other two founding partners could also play a role in the content creation.

8-page local/national content and advertising, (4+4) will be the responsibility of the local daily newspaper.

It has taken a lot of time and effort to prepare A Financial Plan and ROI for Global Mosaic Project. We have hesitated to publish the Business Plan in TAGA proceedings. The reason being that if a group of Publishers decide to seriously examine the project, they should have the first right and privilege to assess the risk based on the Financial Plan. It also boils down to our Group's ability and competence to perform.

In Summary:

Global Mosaic insert magazine for the young attempts:

- To grow daily newspaper's digital business without cannibalizing the print business and an effort to make print a success story in the global scheme of things.
- The project endeavors to make the young and their parents fully aware of some toxic sides of "new" digital media- Face book, YouTube, Blogs, Websites etc. Besides
- Hacking, the addiction to constant craving for "attention" & "connection", cyberbullying, unsocial behavior, violence, cheating in exams, poor study habits etc. Of course, Internet based digital media has also some positive learning opportunities
- Daily newspapers and Magazines are more relevant for tomorrow's academic success and future job prospects. Why do Shanghai Tokyo, Mumbai, Singapore students perform so well in Math/Science OECD competition it is because they devote 14-hours a week to *home work* and less on Facebook, Computer Games, as compared to Canadian youth who devote only 3-hours per week to home work! (Source: Globe & Mail, Toronto). The proposed insert magazine can make the young conscious of the fact that a newspaper, both digital and print, means "accountability now" with a follow up news that forecasts and statements made were accurate. Internet on the smart phone does not invest in editorials or create news as eyewitness by a journalist. Google and others are simply transfer agents of the "news"
- At the Barcelona Mobile World Congress, Feb. 2014, Consulting Co. Gartner, Inc. of the U.S. predicts," Spending on mobile ads will reach US\$ 18-billion this year and may more than double to US\$ 42-billion by 2017 as the pool of smart phone users grows rapidly". The young professionals who use smart phones for *free* information may *not* be interested in subscribing to a struggling local newspaper.
- The young are the largest number of readers of a "free" daily commuter newspaper in all major cities of the world. Reading is habit-forming and one reads 30% faster on paper (John Williams, Domtar): less strain on the human eyes and better retention. Global Magazine could be a catalyst to swing over more smart phone users to the Newspaper Industry.