

# Why newspaper markets are growing in China and India, while they decline in the US and UK

## Abstract

Newspapers are widely held to be in serious crisis. In the Western world, the rise of online news and new multiple sources of news and information have changed the economics of newspaper publishing. The impact of the Global Financial Crisis and the associated downturn in newspaper advertising spending has only exacerbated the economic difficulties confronting the industry.

The crisis has been felt most painfully in the United States, where even as online audiences grow, print circulation continues to decline. Even more critically, so does advertising revenues. When circulation and ad revenue are combined, the U.S. newspaper industry has shrunk 43 per cent since 2000, while it's estimated that the number of journalists in daily newspapers has fallen from 56,000 to 40,000. The worry is that fewer reporters mean things don't get covered, with democracy diminished. In the United Kingdom, where newspapers are less dependent on advertising revenue than their trans-Atlantic counterparts, the effects have been less marked.

The digital revolution is undermining the business models that see consumers pay for print news, with a younger generation accustomed to the idea that news is free. Newspapers are struggling to try and find a way to make money online, hamstrung by the lack of a viable revenue model. To make matters worse, newspapers make only about a tenth from their print readers as what they make from digital readers. According to the Newspaper Association of America, a print reader is worth an average of US\$539 in advertising alone, while an average online reader is worth US\$26.

However the crisis of the newspaper is far from universal. In China and India, newspaper markets are growing strongly, fuelled by robust economic

growth and demand from an emerging urban and literate middle class that is enjoying higher incomes and rising standards of living.

In China, newspapers have evolved from being the 'tongue and throat' of the Communist Party to being commercialised. This development means that while newspapers in China will not challenge the Party, they are asking lots of questions, so the country is more open as a result.

In India, the growth of a popular vernacular press is skewed to entertainment, scandal, gossip and sports with some coverage of public affairs; which while not being a perfect development, supplements what the Indian media system has offered to the country's citizens in the past.

This is no time for fatalism or simplistic predictions of the supposed 'death of the newspaper' with the Internet cast as the chief villain. Newspapers will continue to exist but are at a watershed moment: buffeted by the digital revolution yet with a unique opportunity to reinvent themselves - never more important considering the vital role that journalism plays in society and democracy.

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**Paolo Hooke**

University of Technology Sydney

## Introduction

“Circulation is like the sun. It continues to rise in the East and decline in the West,” remarked Christoph Riess, CEO of the World Association of Newspapers and News Publishers, at the annual World Newspaper Congress and World Editors Forum in Vienna in October 2011.<sup>1</sup>

This scholarly dissertation will compare the declining newspaper markets in the United States and United Kingdom with the growing newspaper markets in China and India, analyse the reasons behind the growth and decline, and discuss the implications for journalism and society.

The dissertation will survey existing literature, identifying a major gap that needs addressing. It will appraise research methodologies. After presenting the data and findings; it will examine the factors behind the growth and decline, discussing the implications for journalism and society. The dissertation will conclude with thoughts on the future of newspapers.

The scope of the research is limited to four countries - United States, United Kingdom, China and India – chosen to be illustrative of broader trends in the global newspaper industry and to keep the proportions manageable in line with the word length.

The significance of the research is far-reaching: the business of journalism is not just about the economic viability of newspaper publishing and profits and jobs, it is also about democracy itself.

## Literature review

That the business of journalism is changing is an often discussed but infrequently written about subject, let alone the subject of a scholarly dissertation. Nicholas Lemann, Dean and Henry R. Luce Professor of Journalism at the Columbia University Graduate School of Journalism, describes a situation usually discussed on the basis of anecdote and unproved assertion.

<sup>1</sup> World Association of Newspapers and News Publishers, 2011, “World Press Trends: Newspapers Still Reach More Than Internet”, available at <http://www.wan- ifra.org/press-releases/2011/10/12/world-press-trends-newspapers-still-reach-more-than-internet> accessed 7 April 2012.

Indeed the only global survey of its kind is *The Changing Business of Journalism and its Implications for Democracy*. This groundbreaking book from the Reuters Institute for the Study of Journalism is the first major overview of how the news industry is dealing with several unprecedented challenges, in particular the rise of the internet and the draining of advertising revenue from traditional media platforms. *The Changing Business of Journalism* provides a detailed analysis of structural changes in the business of journalism, outlining the threats and opportunities facing legacy news organisations across the world, including those in the U.S., U.K. and India. Rejecting simplistic predictions of the technologically determined death of the news industry it argues that the industry’s latest downturns are more closely related to its dependence on advertising and the impact of the Global Financial Crisis (2007-2009) than with the spread of the Internet, so that it’s “premature to announce the death of the newspaper.”<sup>2</sup>

A second key work in the literature is the Organisation for Economic Co-operation and Development [OECD] publication: *News in the Internet Age: New Trends in News Publishing*, which outlines the radical changes to the economics of news production and distribution. The study says that after very profitable years, “newspaper publishers in most OECD countries<sup>3</sup> face increased competition and often declining advertising revenues, titles and circulation.” The economic crisis has only exacerbated this downturn while in some 20 out of 30 OECD countries; newspaper readership is on the decline, especially among younger people. *News in the Internet Age* charts the evolution of the global newspaper publishing market, with a particular emphasis on the development of online news and its related challenges. It provides some striking statistics: the newspaper publishing market shrunk by an estimated 21 per cent and 30 per cent respectively between the years 2007 and 2009 in the U.K. and U.S.<sup>4</sup>

<sup>2</sup> Levy, D. and Nielsen, R. (eds), 2010, *The Changing Business of Journalism and its Implications for Democracy*, Reuters Institute for the Study of Journalism, University of Oxford, UK, pages 1-14.

<sup>3</sup> At the time of publication of *News in the Internet Age: New Trends in News Publishing* in 2010, the following countries were members of the Organisation for Economic Co-operation and Development: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.

<sup>4</sup> Organisation for Economic Co-operation and Development, 2010, *News in the Internet Age: New Trends in News Publishing*, OECD Publishing, Paris, France, pages 9, 30.

*News in the Internet Age* concurs with *The Changing Business of Journalism*, that newspapers are far from finished. It points out that the data and large country-by-country differences do not lend themselves to make the case for 'the death of the newspaper', in particular if non-OECD countries and potential positive effects of the economic recovery are taken into account.<sup>5</sup>

Notwithstanding the fine scholarly work in *The Changing Business of Journalism* and the wealth of statistics in *News in the Internet Age* there is a major research gap on the extraordinary changes affecting the global newspaper industry. This dissertation will address this gap, by investigating through the lens of international and comparative journalism the declining newspaper markets of the United States and United Kingdom and the growing newspaper markets of China and India. It offers scholarly and journalistic outcomes; it will survey far-reaching recent developments in the global newspaper industry and analyse implications for the practice of journalism, which affects journalism students and academics worldwide.

### Methodologies

This dissertation will employ quantitative, qualitative and journalistic methodologies. Quantitative methodology involves data about newspaper markets, circulation and readership in the United States, United Kingdom, China and India. This methodology will establish that newspaper markets are declining in the former two countries but growing in the latter two. Qualitative methodology involves analysing the reasons behind the relative growth and decline of newspapers in these countries and discussing the implications for journalism and society. This methodology will identify common qualities or characteristics of change in these newspaper markets. Journalistic methodology involves interviewing leading journalism academics and practitioners. It is particularly useful considering the relative lack of literature on the subject and research gap. Linking these methodologies is research journalism - disciplined reflection of why these trends in newspaper markets are occurring and what they mean for journalism and society.

### Data and findings

Data from the PricewaterhouseCoopers' *Global Entertainment and Media Outlook 2011-15* reveals a considerable decline in the newspaper markets of the United States and United Kingdom and fast growth in the newspaper markets of China and India. Below are revealing statistics from 2006-2010

<sup>5</sup> Ibid, pages 3-4.

on the newspaper publishing market, newspaper print circulation and advertising. These figures confirm the research question's central tenet: that as the East rises, the West is in decline.

### Newspaper publishing market 2006-2010<sup>6</sup>

US\$ million	2006	2007	2008	2009	2010	Growth
United States	59,897	55,740	48,045	37,771	35,570	-40.6%
United Kingdom	10,402	11,340	10,695	9,333	9,592	-7.8%
China	9,892	10,347	11,020	11,318	12,105	+22.4%
India	2,491	2,922	3,126	3,173	3,544	+42.3%

### Daily newspaper print unit circulation 2006-2010<sup>7</sup>

Thousands	2006	2007	2008	2009	2010	Growth
United States	54,829	53,492	51,497	48,025	44,800	-18.3%
United Kingdom	16,650	16,074	15,500	14,900	14,340	-13.9%
China	98,700	102,500	107,000	117,815	134,190	+36%
India	79,000	83,000	85,000	88,000	91,000	+15%

### Newspaper publishing market, advertising 2006-2010<sup>8</sup>

US\$ million	2006	2007	2008	2009	2010	Growth
United States	49,276	45,375	37,848	27,564	25,837	-47.5%

<sup>6</sup> PricewaterhouseCoopers, 2011, *Global Entertainment and Media Outlook 2011-15*, available by subscription, accessed 26 May 2012.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<b>United Kingdom</b>	6,350	6,386	5,674	4,521	4,934	-22.3%
<b>China</b>	4,653	4,831	5,183	4,804	4,587	-1.4%
<b>India</b>	1,440	1,737	1,998	1,972	2,192	+52.2%

\*At average 2010 exchange rates.

## Analysis and discussion

### The United States and United Kingdom

“American journalism is at a transformational moment, in which the era of dominant newspapers and influential network news divisions is rapidly giving way to one in which the gathering and distribution of news is more widely dispersed,” says Leonard Downie Jr. and Michael Schudson in *The Reconstruction of American Journalism*, a report commissioned and published by the Columbia University Graduate School of Journalism in 2009.<sup>9</sup>

“As almost everyone knows, the economic foundation of the nation’s newspapers, long supported by advertising, is collapsing, and newspapers themselves, which have been the country’s chief source of independent reporting, are shrinking - literally. Fewer journalists are reporting less news in fewer pages, and the hegemony that near-monopoly metropolitan newspapers enjoyed during the last third of the twentieth century, even as their primary audience eroded, is ending.”<sup>10</sup>

The scale of the problem confronting the U.S. newspaper industry is dramatically revealed by *The State of the News Media 2012*, the Pew Research Center’s annual report on American journalism.

“The problems of newspapers became more acute in 2011. Even as online audiences grew, print circulation continued to decline. Even more critically, so did ad revenues,” says the report. “In 2011, losses in print advertising dollars outpaced gains in digital revenue by a factor of roughly 10 to 1, a

<sup>9</sup> Downie, L. Jr. and Schudson, M., 2009, “*The Reconstruction of American Journalism*”, Columbia University Graduate School of Journalism, New York, USA, available at [http://www.journalism.columbia.edu/system/documents/1/original/Reconstruction\\_of\\_Journalism.pdf](http://www.journalism.columbia.edu/system/documents/1/original/Reconstruction_of_Journalism.pdf) accessed 28 April 2012, page 1.

<sup>10</sup> Ibid, page 1

ratio even worse than in 2010. When circulation and advertising revenue are combined, the newspaper industry has shrunk 43 per cent since 2000.”<sup>11</sup>

Sociologist Paul Starr of Princeton University highlights three points of vulnerability behind the U.S. news media’s crumbling economic foundations. “First, American newspapers have derived 80 per cent of their revenue from advertising, and much of that advertising revenue has been irreversibly lost. Metropolitan newspapers used to enjoy a stranglehold on certain categories of advertising. The Internet has now broken that monopoly and provides advertisers with alternatives that are often better and cheaper than what newspapers can offer. Second, chiefly as a result of generational change, American newspapers have experienced comparatively large, long-term losses in circulation that have intensified in recent years. So income from circulation as well as advertising is under pressure. Third, through mergers, acquisitions, and leveraged buyouts, many newspaper companies took on heavy debt burdens just before their advertising revenue began to collapse. Unable to deliver expected profits, the newspaper industry lost nearly all of its market value, and eight major newspaper companies went bankrupt.”<sup>12</sup>

Nicholas Lemann says there is a general feeling in the U.S. that the newspaper industry has stabilised and that the steep declines in economic fortunes from 2005 to 2010 have levelled off. He hasn’t seen the massive shedding of staff in the last two years than in the years from 2005 to 2010. “So there’s some feeling in the newspaper business that newspapers may actually survive at a much lower level of staffing and economic prosperity than existed before. But remember that American newspapers in 1995 were about as profitable a business sector as there was, almost unrealistically profitable, so if they went from having 30 per cent profit margins to 10 per cent profit margins that’s still a pretty good place to be compared to most other business sectors.”<sup>13</sup>

Lemann says that ultimately there has to be some business model and the big problem for these newspapers is not that their print editions are losing money but that their digital editions are not making money. They are struggling to

<sup>11</sup> Mitchell, A. and Rosenstiel, T., “The State of the News Media 2012: an annual report of American journalism”, The Pew Research Center’s Project for Excellence in Journalism, available at <http://stateofthemediamedia.org/2012/overview-4/> accessed 30 May 2012.

<sup>12</sup> Starr, P., 2011, “*An Unexpected Crisis: The News Media in Post-industrial Democracies*” in Lloyd, J. and Winter, J. (eds.), *Media, Politics and the Public* Stockholm: Axel and Margaret Ax:son Johnson Foundation, pages 27-28.

<sup>13</sup> Interview (phone) with Professor Nicholas Lemann, 24 March 2012.

try and find a way to make money online, even though almost all of the local newspapers made themselves the dominant news supplier in their online markets and often have theoretically enormous audiences. “All these folks, if you talked to them 15 years ago many of them were saying ‘hey I’d love not to publish a newspaper and just be a news organisation that’s just online’ but what’s kept them from doing that is the lack of a business model. So the newspaper companies would be perfectly happy to be an online purveyor of news and information if they could do it and make money at it, because then they wouldn’t have to buy paper and run printing presses. But if they did that they would all lose money because they are losing money online.”<sup>14</sup>

Nobody is predicting growth, at least circulation growth, for local newspapers in the U.S., says Lemann. “So the kinds of scenarios that you hear around are that the print editions will survive but they won’t be growing in circulation. Many places are considering going to three or four days a week of publication. Many of them are finding they can charge more to their readers, so circulation which used to be negligible as a revenue source is increasing as a revenue source.” He says the sales pitch would be that this is a smaller but very dedicated audience of the community’s more affluent people who want a higher value information product than television.<sup>15</sup>

For Lemann, the implications of the decline in U.S. newspapers have two dimensions; the supply side and the demand side. The most prominent proponent of the demand side argument is Paul Starr, who argues it’s important for the health of democracy to have large aggregated audiences for the one information product. So that if you have the same amount and quality of information out there but it’s divided into many different particularised news streams instead of a centralised one that hurts the robustness of democracy because it’s meaningful to have everybody come together to one place. Lemann says this line of thinking provokes huge disagreement between the respective proponents of traditional media and digital media: the latter group just don’t buy it.<sup>16</sup>

On the supply side, the argument is less contested, says Lemann. “That is that a subset of journalism is original reporting and the amount of employment devoted to original reporting has demonstrably decreased by a lot and bloggers and citizen journalists just simply do not work as a replacement for vanished reporters because they can’t go cover city hall and so on. So that is a real problem. There are fewer reporters in the United

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<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

States than there were 10 years ago or 20 years ago and a lot of things don’t get covered.”<sup>17</sup> It’s estimated that the number of journalists in U.S. daily newspapers has dropped from 56,000 in 2001 to 40,000 in 2009.<sup>18</sup>

However, Professor Robert Picard, Director of Research at the Reuters Institute for the Study of Journalism at the University of Oxford, disagrees. Picard, a contributor to *The Changing Business of Journalism*, counters that there are still plenty of journalists in the U.S. and U.K. “The question is not how many total there are but what you do with the ones you have,” he says. “We are not seeing any cutback in entertainment coverage, in chasing celebrities and so yes they’ve cut back on investigative [reporting] but it’s the editors who are making these decisions by choosing to still emphasise these other issues. So the capacity and the capability to do good journalism is still there but it’s a question of whether the editors will allocate the resources to do so and give up some of the things that they have added in the years since.”<sup>19</sup>

Picard argues that this isn’t an economic decision but rather an editorial decision in which editors decide they are going to place a certain number of journalists in the features section, a certain number in the sports section, a certain number in the lifestyle section and so on. “Those are internal decisions that are being made and what newspapers are going to have to do now is start saying, ‘well, if we’re losing all of these readers who wanted those kind of things, why are we still staffing at the high levels if we’re not attracting them anyhow.’ And maybe they will come back into [reporting on] government; maybe they will come back into investigative [reporting]. There needs to be a fundamental rethinking of the newspaper and the newspaper product in this period, not just a kind of eco-cutting across all sections.”<sup>20</sup>

Paul Starr sees the digital revolution’s implications on journalism and society as mixed. “Yes, it has allowed new entrants into the media and generated promising innovations in journalism. But by undermining the economic basis of professional reporting and by fragmenting the public, it has weakened the ability of the press to act as an effective agent of public accountability. If we take seriously the idea that an independent press serves an essential democratic function, its institutional distress may weaken democracy itself. And that is the danger that confronts us: throughout the post-industrial world,

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<sup>17</sup> Ibid.

<sup>18</sup> *The Economist*, 2011, “*Special Report: The News Industry*” available at <http://www.economist.com/node/18904136> accessed 6 June 2012.

<sup>19</sup> Interview (phone) with Professor Robert Picard, 6 April 2012.

<sup>20</sup> Ibid.

the news media face a serious, long-term crisis that social theory did not anticipate.”<sup>21</sup>

Nicholas Lemann says that in the West, the general picture is one of decline and the question is have we seen an end to the decline and so will just have a smaller industry or is it an industry that will continue to decline and eventually disappear. “And that’s what can’t be ascertained right now. The biggest single thing that would help would be if someone figured out to how to make money doing journalism online, which nobody has really figured out yet and then it doesn’t really matter whether newspaper companies are doing it or somebody else is doing it [journalism].”<sup>22</sup>

Clearly, newspapers aren’t able to earn as much from online advertisements as they did from traditional classified advertisements and the lack of a viable revenue model for making money from online news is a huge concern. “Certainly that’s been problematic and there’s been this expectation that they would and that’s been a problem of the way of thinking about news and the value of news,” says Picard. However he says that news has never been very commercially valuable and it’s always been something around that news that has created the economic value.<sup>23</sup>

There was a lot of unrealistic expectation that newspapers could just move their news product over to the Internet and everything would be fine, says Picard. “The fact is it’s a very different relationship, it is a much smaller audience, it doesn’t have the mass appeal and it doesn’t serve large scale retail advertisers very well and those were the ones that were the basis of the newspapers’ advertising.” Picard says that while all this has created a set of problems for the newspaper industry, it is in fact doing quite well when seen in an historical and comparative perspective. “In the United States last year the average return [of the newspaper industry] was 13 per cent on sales, the average return for all industries was about 4 per cent, so it’s still doing very well.” Picard says that the U.S. newspaper industry still has the business levels that it had in the 1970s. “And nobody was complaining that those were terrible times for the newspaper industry. But they got used to this unusually rich period of the 1980s and 1990s and that that was what normality was in the industry but what all the competition for providing news and information is doing is stripping out those profits that were created during that period.”<sup>24</sup>

<sup>21</sup> Starr, P., opus cit, page 21.

<sup>22</sup> Interview (phone) with Professor Nicholas Lemann, 24 March 2012.

<sup>23</sup> Interview (phone) with Professor Robert Picard, 6 April 2012.

<sup>24</sup> Ibid.

Picard says there was no way the U.S. newspaper industry could sustain the growth rates of the 1980s and 1990s. “Between 1950 and 2000 you basically had a tripling of incomes in the newspaper industry in real terms and most of that occurred in the last quarter of the century so it was just far too great growth that could be sustained anywhere.”<sup>25</sup>

Up until about 2005, particularly in the U.S. and to a certain extent in Europe as well, newspapers were losing one to one-and-a-half per cent of circulation each year, according to Picard. “So it little by little was being eroded and they weren’t paying much attention to that, what it was doing however was eroding its penetration, one-and-a-half per cent penetration per year. That was important for advertisers. And so when people started re-looking at the industry and what it was delivering, they began getting very worried that while newspapers are only delivering [to] 25 to 40 per cent of households in communities, that’s not a real good delivery for the advertiser,” he says. “Now from the reader side, it was just this loss little by little, they went places they preferred to be. People that were interested in sports preferred to watch the event rather than read about it and they couldn’t do that before live television. So little by little they began shifting and getting more choices of where they could get sport. [It was the] same thing with lifestyle and features and cooking and all these things that were put into newspapers to make them attractive to readers and advertisers who weren’t interested in news. So all of those people have just been moving and in the mid part of the last ten years, the Internet and the ability to have material in mobile forms [have] pulled people away who weren’t hard-core news readers.”<sup>26</sup>

The Internet is just another development on the continuum of new technologies that have eroded newspaper audiences, according to Picard. The development of television and later cable television moved audiences away from newspapers. “The Internet came along and again it moved more audiences. So the effect of the Internet is not an isolated effect but it’s a progressive effect and it alone is not the problem of the newspaper industry.”<sup>27</sup>

Picard says that hard-core news consumers still spend most of their time on newspapers, although they also spend time online. “The ones that have left [print newspapers] were those that were less committed to news and more interested in other kind of information. The really serious news consumers have stayed with newspapers or at least with the online version or tablets.”

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

He points out that research on media consumption in Europe and North America shows that people have not given up on print but use online for additional kinds of uses or uses between print use. “So hard core news users are still using the basic news providers. That is starting to shift a bit with tablets because of the convenience of tablets but the use patterns are still pretty strong.”<sup>28</sup>

Many people within the industry and outside worry about newspapers having smaller print runs or even printing on three or four days a week. But this is not an unusual setting for the newspaper, says Picard. “If you look at the legal definition of daily newspaper that’s used internationally and in many countries; it’s published four days a week. And up until the 1970s or so, most newspapers in Europe and North America were five days a week or less and then they added the Sunday edition and the Saturday edition. But that was not traditional for the newspaper industry for its two hundred year history. It was always the smaller frequency. So we are now seeing different frequencies being tried by different publishers. A lot of them are more comfortable with the five day a week. But there are a few that have gone down to four. But that’s another way of dealing with the issue of cost and news but also primarily because the advertisers that used to fund some of the other editions just aren’t there today.”<sup>29</sup>

Picard says that the Global Financial Crisis pushed advertisers into reducing their newspaper advertising in a way that one would expect during a recessionary period. “But what is also happening is because advertisers have less resources to spend on advertising and they now have better understanding of what they can do with personal marketing, with the Internet and other such things, many of them are actually changing their ad mix.” Picard says it’s the change of the ad mix, of where advertisers spend their money and their move into forms of marketing that aren’t advertising, which are all having a long-term effect. “So you’ve got the short term effect of the recession period plus some shifting going on as well. We will continue to see an improvement as the recession cycle comes back up but you’re still going to have this long-term shift that’s going on where many advertisers are now seeking more effectiveness from other media.”<sup>30</sup>

In summary, for Picard, developed nations like the U.S. and U.K. have mature markets for goods and services and newspapers are no longer as effective for meeting the needs of advertisers because readers have many

<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

<sup>30</sup> Ibid.

options due to technology and are changing their media use patterns. The biggest factor in the West behind the decline in newspaper markets has been the increase in providers and platforms on which news and information are carried. “This has created competition for traditional providers of news and stripped profits from them,” says Picard. “The financial crisis led advertisers to reduce spending and this has put additional pressure on publishers and led some to reconsider their traditional patterns of media advertising use and move some expenditure to digital media and personal marketing. The primary result of this has been less revenue for publishers and a reduction in expenditures, including a reduction in journalistic staff.”<sup>31</sup>

Dr Rasmus Nielsen, Research Fellow at the Reuters Institute for the Study of Journalism at the University of Oxford and co-editor of *The Changing Business of Journalism*, says that the rise of online news and new multiple sources of news and information have changed the economics of newspaper publishing in the U.S. and U.K. It means that a younger generation have grown up accustomed to the idea that news is free. “And in particular among younger people, there’s been a large substitution of the printed product for newspapers towards the digital part of the newspapers, so it’s not that people don’t read newspapers any more, it’s just that more and more young people read them online and the economics of online publishing are not very good.”<sup>32</sup>

Nielsen gives the staggering statistic that newspapers make about a tenth from their print readers as what they make from digital readers. “That’s the rule of thumb; that a digital reader is worth about a tenth of what a print reader is worth.”<sup>33</sup> According to the Newspaper Association of America, a print reader is worth an average of about US\$539 in advertising alone, while an average online reader is worth a paltry US\$26.<sup>34</sup>

Clearly, the digital revolution is undermining the business models that see consumers pay for the news. As Dr Andrew Currah points out in his investigation into the effect of the digital revolution on the economics of news publishing in the U.K., this threatens to impact the quality of independent journalism and hollow out the craft of journalism. “The digital revolution has this economic impact because, in the age of the search-

<sup>31</sup> Interview (email) with Professor Robert Picard, 28 February 2012.

<sup>32</sup> Interview (phone) with Dr Rasmus Nielsen, 6 April 2012.

<sup>33</sup> Ibid.

<sup>34</sup> Levine, R., 2011, *Free Ride: How the Internet is Destroying the Culture Business and How the Culture Business can Fight Back*, The Bodley Head, London, U.K., page 113.

powered web, the consumer is increasingly unwilling to pay for news, and prefers instead to read selected parts of the news agenda," he says. "The web therefore leads to the 'commoditisation' and 'atomisation' of news. Without large audiences, the advertising value of the news is reduced. The Internet is capturing a rapidly growing share of total advertising expenditure, but most of this is going into paid search, controlled by new media companies such as Google, which aggregate the news (and other content) but do not create it." Currah concludes there is a danger of a sharp decline in spending on original newsgathering such as investigative reporting and a further rise in pre-packaged PR material, a weakening of editorial standards and a news agenda increasingly shaped by the noise of the crowd.<sup>35</sup>

The Global Financial Crisis has also been a very hard hit for the newspaper industry, says Nielsen. "The newspaper industry in the U.K., with some differences from company to company, about half their revenue comes from advertising, and advertising is very sensitive to changes in the economic cycle." He points out that in the U.S. the situation is even worse in that newspapers historically have made 80 and up to 90 per cent of their revenue from advertising. "So when the advertising market is hit by a recession that impacts very sharply and immediately the economics of newspaper publishing. Whether that has impacted circulation is more a question of the consumer side, it's a question of whether people who lose their jobs or fear they may lose their jobs stop buying newspapers than would have otherwise bought newspapers. I am not sure the impact has been so direct on circulation, I am not sure the crisis itself is so important in explaining the declining circulation though of course in some cases it means the newspapers in the past who could afford to distribute their newspapers quite widely now can't generate enough advertising revenue to make that attractive and hence have pulled back from selling their copies in certain areas where advertisers are not interested in readers."<sup>36</sup>

In terms of newspaper closures, very few peak daily newspapers have closed in the U.S., says Nielsen. "There's been a closure in Denver in Colorado and there's been a closure in Seattle in Washington but apart from that it's been fairly stable so it's more a question of newspapers cutting back staff and cutting cost than it's a question of closures at this point though that may of course change in the future." In the U.K also there are some titles that have closed but mostly they have been free-circulation weekly or community

<sup>35</sup> Currah, A., 2009, *What's Happening to Our News: an investigation into the likely impact of the digital revolution on the economics of news publishing in the UK*, Reuters Institute for the Study of Journalism, University of Oxford, UK, pages 5-7.

<sup>36</sup> Interview (phone) with Dr Rasmus Nielsen, 6 April 2012.

newspapers and not national or regional titles. "So what we see is more cost-cutting and retrenchment than actual newspaper death."<sup>37</sup>

Nielsen underlines the rise of the Internet and the impact of the Global Financial Crisis as the two most important factors behind the economic difficulties of the newspaper industry in the U.S. and UK. However beyond that, at the company level, some companies are caught in a vicious circle where to balance the books, to avoid operating losses, they cut costs so savagely that it severely impacts the quality of the product which of course only further undermines both readers' and advertisers' interest in buying newspapers and reading newspapers and buying news from advertising, he says. "So there's a certain vicious circle that appears to have sucked down some titles in both the U.S. and the U.K. whereas there are other newspapers who have tried to take a slightly more medium or long-term view and invest more in editorial quality but also in technical innovation in terms of building better websites, in terms of building mobile and tablet applications and who have certainly not escaped the challenges that all newspapers face but seem to be doing better in retaining readers and advertisers."<sup>38</sup>

The U.S. newspaper industry has been harder hit by these changes than most other countries in the West, according to Nielsen, as U.S. newspapers are not used to competition, unlike their counterparts in most European countries. "Whereas in the U.S. most newspapers are regional monopolies who have only in the last 15 years had to contend with the fact that there were many other sources both for readers to go to but also for advertisers to go." Nielsen says this is a new situation that they have had a hard time adapting to.<sup>39</sup>

"Newspaper circulation in the U.S. has been declining for more than 50 years and I don't see any changes in the near future that would increase the number of people significantly who are paying newspaper readers," he says.

"Newspapers may increase their reach through free online websites, they may also be successful in transitioning from primarily print to a print and digital mix for their paying customers but I would be surprised to see any overall upwards tendency in the number of paying readers for newspapers in the U.S. or for that matter in the U.K. though that doesn't mean that the industry can't stabilise at a lower reader base. We have to remember that there was a time before mass circulation and newspapers existed then too, so they would be different and smaller but still be there."<sup>40</sup>

<sup>37</sup> Ibid.

<sup>38</sup> Ibid.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

Nielsen points out that in terms of advertising, part of the difficulty the industry faces is that many countries are coming out of 20 years in which newspapers were usually monopolies in their local advertising market and were able to extract above-average profit and essentially dictate prices to their advertisers. "This led to economic growth in a period in which circulation continued to decline. We had a pretty ironic situation in which the numbers were good when you looked at money but they weren't very good when you looked at readers. And of course this monopoly status is long gone by now and many companies are having a very hard time getting used to the fact that they can't expect to deliver to shareholders or owners the kind of 20 per cent margins that they could well into the 90s." Nielsen says it's hard to imagine this situation changing, that one can create any kind of monopoly for the kind of advertising that newspapers can offer either in print or digital in the near future. He is confident that much of the industry will be able to reinvent itself but says it will be a much smaller industry and it's very hard to envisage that it will grow again to the kind of size it was in the 1980s and 1990s.<sup>41</sup>

The implications of the decline in newspaper markets in the U.S. and U.K. are that we will have less professionally produced journalistic content and less widely circulated professionally produced news content, according to Nielsen. As the number of people who prefer and can get various other forms of content grows, news increasingly becomes an elite phenomenon. "And that's particularly worrying in the U.S., because in the U.S. you have a situation in which the media system is overwhelmingly based on the private provision of public goods. So in countries like the U.K. you can at least rest assured that the BBC will continue to provide professionally produced news content and keep an eye on people in positions of power and make it widely available to the population."<sup>42</sup>

Whereas in the U.S., Nielsen says, if the regional newspaper stops covering city hall, it's not clear that anyone else will. "I think that's a pretty disturbing trend though of course that doesn't take anything away from the fact that some of the same trends that are undermining the ability of newspapers to cover politics and public affairs are also immensely empowering for many citizens who can now interact, who can share content, who can remix content, who can produce their own content. So it isn't all doom and gloom. I

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<sup>41</sup> Ibid.

<sup>42</sup> Ibid.

like to invoke Dickens and say it's the best of times and the worst of times in a way for journalism and democracy in Western democracies."<sup>43</sup>

### China and India

While the West is in decline, the East rises. The sun shines brightly on newspaper markets in China and India, fuelled by strong economic growth and demand from an emerging urban and literate middle class that is enjoying higher incomes and rising standards of living. According to the World Association of Newspapers and News Publishers *World Press Trends 2010 edition*, China accounts for 25 of the world's top 100 paid-for daily newspapers and India 22.<sup>44</sup>

Robert Picard says that people with disposable income buy newspapers, start thinking about social issues and seek out more entertainment. "They start looking for products that would be of interest and the newspapers are filling that role right now and so there's great growth going on in them [China and India]." Picard says that the two countries' economic changes, social changes, and demographic changes are coming together in a way that makes newspapers very attractive. "They also have such large populations that it's easy to get half a million or a million people to read a publication and when you're doing that you're starting to get real economic viability."<sup>45</sup>

### China

China is the world's largest newspaper market, with 1,937 newspapers printing 43.9 billion copies in 2009, says a China.org.cn report, accounting for one in five newspapers printed worldwide.<sup>46</sup>

China has experienced strong growth in newspaper circulation in recent years thanks to 10 per cent average economic growth over the past 30 years, rising living standards, huge urbanisation and higher literacy, which has made newspapers appealing to both consumers and advertisers.

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<sup>43</sup> Ibid.

<sup>44</sup> World Association of Newspapers and News Publishers, 2010, *World Press Trends 2010 edition*, Paris, France, page 7.

<sup>45</sup> Interview (phone) with Professor Robert Picard, 6 April 2012.

<sup>46</sup> Velker, M., 2011 "Top 10 daily newspapers in China" China.org.cn available at [http://www.china.org.cn/top10/2011-10/31/content\\_23772241.htm](http://www.china.org.cn/top10/2011-10/31/content_23772241.htm) accessed 29 April 2012.

The commercialisation of China's newspaper market as a result of reform introduced by the Communist Party has also been important, says Dr Yan Wu of the Department of Political and Cultural Studies at Swansea University. "In 1978, the Chinese government piloted with the Party's organ *People's Daily* by introducing the business model into newspaper management. In the years following, newspapers in China have gradually commercialised. The market-oriented newspapers rely on advertising (instead of government subsidy) as main income and therefore catering for the mass market by focusing on consumer news, crime stories, lifestyle news, service information, etc. However, the marketisation and tabloidization does not necessarily mean the lack of control from the government."<sup>47</sup>

In a general sense the Chinese media, while not challenging the legitimacy of Communist Party rule, has evolved from being the 'tongue and throat' of the Party to being commercialised and operating in diversified markets. "To a degree," says Yan Wu, "the government endorses the financial independence of the press within the country as long as they don't challenge the Communist Party's governance directly."<sup>48</sup>

Yan Wu says that relatively low level of Internet penetration is also a factor. "Though China has the world's largest online population [over 500 million users], the Internet penetration rate is actually not high. Most people still rely on traditional media for news." Meanwhile, with an ageing population relying on government-subsidized papers, the press boom can be sustained for some time. However Wu points out that annual reports by the [China Internet Network Information Center](#) show a trend of more young people relying on the Internet or other web-based media forms (such as Sina Weibo – Chinese Twitter) for their primary source of news, with advertisers also moving from print media to online-media. Wu says that the growth in China's newspaper market will bring diversification in journalistic forms, improvement in the quality of journalism and an enlarged space for press freedom, as well as rights consciousness among citizens.<sup>49</sup>

Changfeng Chen, Professor at the School of Journalism and Communication at Tsinghua University, points to the growth of newspapers' income during 1992-2005, related to the country's growing economy, rising living standards and urbanization. She said other reasons behind newspapers continuing to earn money are the protection they enjoy from the government and its policy, for example all levels of government have to subscribe to the *People's Daily*,

<sup>47</sup> Interview (email) with Dr Yan Wu, 13 April 2012.

<sup>48</sup> Ibid.

<sup>49</sup> Ibid.

the organ of the Party Central Committee, so the *People's Daily* has a monopoly as the Party's organ in China. Chen also cites the fact that new media are not as aggressive in China as in the U.S. and U.K., for example websites can't collect and release news by themselves in accordance with regulations; and so the growth of new media in China is slower than in these two countries.<sup>50</sup>

Zhou Li, editor-in-chief of the *China Daily (Hong Kong Edition)*, cites Chinese government policy in loosening up private investment in media in the context of improving its soft power as another factor in the growth of the country's newspaper market. "Even some State Owned Enterprises have delved into media industry including newspapers, which they cannot touch before." He also points to the country's huge urbanization drive which has enlarged newspaper readership and the booming property industry which has injected lots of advertising dollars into newspapers.<sup>51</sup>

However Peter Herford, Professor and Executive Director of the International Media Institute at Shantou University and Guest Professor at the Journalism and Media Studies Centre at the University of Hong Kong, doubts the reported increases in China's newspaper circulation. "When you look at Chinese newspaper readership statistics you will see selective areas of growth, what it does not tell you is anything about readership," he says. "North America and Europe have some version of what in the U.S. is called the audit bureau of circulation. This is an independent agency that, like an accounting firm, validates circulation figures from newspapers and magazines. Even with this level of supervision, there are many ways organizations cheat on circulation figures. It is an art as well as a science. But there is a certain level of confidence in circulation figures from countries who subscribe to these auditing services and live by their standards."<sup>52</sup>

No such organization exists in China. "Circulation figures are all self-reporting figures; they deal only with circulation and not readership. That means a publisher might produce an extra 10, 20 or 30,000 copies of a newspaper and even distribute the extra copies. But do they sell or are they read? No way of knowing," Herford says that from his anecdotal and research information in China the younger generations (teens through to 30s) are no longer newspaper readers, certainly not in paper form. "I have students who have never bought a newspaper. What reading of newspapers

<sup>50</sup> Interview (email), Professor Changfeng Chen, 18 April 2012.

<sup>51</sup> Interview (email) with Zhou Li, 12 March 2012.

<sup>52</sup> Interview (email), with Professor Peter Herford, April-May 2012.

there may be in the younger generations occurs online and precious little of that.”<sup>53</sup>

“If you look at newspaper circulation with respect to population in any city, province or nationally, you discover that the percentage of newspaper readers even if you calculated five readers per newspaper circulated is infinitesimal. That leaves me dubious about the reported increases in circulation; and if it is true, it still represents an insignificant slice of the population. Put it another way: news and information in China does not move in print. It moves on the Internet. 300 million weibos (Chinese Twitterers) with as many as 2/3 of them active (three times a week or more); that’s where the growth is. Mobile telephony is exploding with smart phones. Those phones are the future of news consumption. Newspapers are the past, even in China.”<sup>54</sup>

It may well eventuate that newspapers are a thing of the past, even in China. An alternative view is that the country’s newspapers have massive growth potential, unlike their faltering Western counterparts. The China.org.cn report says that despite the industry’s massive size, newspaper readership remains low compared with developed nations. In 2005, only 76 people per thousand Chinese read a daily newspaper, compared with 198 in the United States and 545 in Japan.<sup>55</sup>

Dr Haiqing Yu, Senior Lecturer of Chinese Media and Culture and Associate of the Journalism and Media Research Centre at the University of New South Wales, says that the Chinese newspaper market will enjoy further growth. “China’s two-track economic structure: the concentration of media market in the east/coastal and urban areas; the digital divide between urban and rural areas; inter-regional divide and intra regional divide. These offer further opportunities for Chinese newspaper industry to expand their market.” However such growth is not indefinite, says Dr Yu, citing the impact of digital media on the newspaper industry in advertising revenue and the transfer of professionals from traditional to new media. “When the Chinese market matures, we’ll see the decline of the newspaper market as we are witnessing now in the more developed economies.”<sup>56</sup>

Robert Picard says that growth has been a good development. “Even though newspapers in China will not challenge the Party and the Party structure, they are asking lots of questions, they are serving a role against corruption, they

<sup>53</sup> Ibid.

<sup>54</sup> Ibid.

<sup>55</sup> Velker, M., opus cit.

<sup>56</sup> Interview (email) with Dr Haiqing Yu, 13 April 2012

are pushing the boundaries in terms of the way China handles things like disasters and so they are a force for change in that regard.” Picard says that newspapers are giving more ways for people to become vocal and involved in the kinds of community decision making and even state decision making than they could before as people gain knowledge from newspapers. “So while they’re not going to challenge the Party, they’re not going to challenge the fundamental basis of the country, they’re changing a lot of the processes by way society has operated in China. It’s more open than it was 25 or 30 years ago as a result.”<sup>57</sup>

## India

*The Economist*, in a special report on the news industry, says that there is certainly no sign of a news crisis in India, now the world’s fastest-growing newspaper market. It cites some remarkable statistics from the World Association of Newspapers and News Publishers: between 2005 and 2009 the number of paid-for daily newspapers in the country jumped by 44 per cent to 2,700 and the total number of newspapers rose by 23 per cent to more than 74,000. In 2008 India overtook China to become the leader in paid-for daily circulation, with 110 million copies sold each day.<sup>58</sup> Newspaper revenues are driven by advertising, which is buoyant. In the year to March 2010, the amount spent on newspaper advertisements in India surged by 30 per cent, the fastest increase in the Asia-Pacific region, according to market-research firm Nielsen India.<sup>59</sup>

According to the *Indian Media and Entertainment Industry Report 2011* by the Federation of Indian Chambers of Commerce and Industry, a trade body, and KPMG, a consultancy, India is one of the largest newspaper markets with more than 107 million copies circulated daily, more than China, and accounting for more than 20 per cent of all dailies across the world. “The total literate population in India is estimated to be 579 million with over 30 per cent readership penetration. The Indian print market is well off in comparison to the global market, which is witnessing a decline in print

<sup>57</sup> Interview (phone) with Professor Robert Picard, 6 April 2012.

<sup>58</sup> *The Economist*, 2011, “*Special Report: The News Industry*” available at <http://www.economist.com/node/18904136> accessed 8 April 2012.

<sup>59</sup> *The Economist*, 2010, “*Newspapers in India: Where print makes profits*” available at <http://www.economist.com/node/17106285> accessed 30 April 2012.

revenues over the past few years. Developed regions such as North America and U.K. are witnessing a significant decline in newspaper circulation while India defies the trend. In contrast to the U.S., U.K. and global trends, print circulation numbers in India continue to be on an uptrend. Furthermore, given rising literacy levels and no immediate threat of new media platforms, the trend is expected to sustain over the next five years.”<sup>60</sup>

For Rasmus Nielsen, the newspaper for more than a century has been essentially an urban middle class phenomenon. “So when you have a situation like in India and the one you see also in other emerging economies like Brazil where you have sustained economic growth combined with political decisions that mean that millions of people join the middle class and also millions of people learn to read in countries that are democracies in which to be a full citizen there is a social convention, an expectation that you stay at least somewhat informed about public affairs, beginning to buy newspapers become a more attractive proposition for the individual citizen.”<sup>61</sup>

Nielsen says that newspapers also become more attractive for advertisers who see a growing customer base for people who have been lifted out of poverty and deprivation and who suddenly have money to spend. “So those are the main drivers in countries like India. So it’s urbanisation, growing literacy, economic growth within the context of a democracy in which it is a meaningful thing for the average citizen to try to stay informed about public affairs.”<sup>62</sup>

Dr William Crawley, Senior Fellow, Institute of Commonwealth Studies at the University of London, says the factors behind the growth of India’s newspapers have been the liberalisation and growth of the country’s economy, the boost to advertising from competitive consumer oriented industries, the freeing of restrictions on the availability of newsprint and the still low cost of newspaper production, in contrast to Europe and the U.S. “This was taking effect before the great expansion of satellite television and television advertising and it built on the long standing traditions of newspaper readership especially in urban and metropolitan India.”<sup>63</sup>

<sup>60</sup> FICCI-KPMG, 2011, “*Indian Media and Entertainment Industry Report 2011*” available at <http://www.kpmg.com/in/en/issuesandinsights/thoughtleadership/ficci-kpmg-report-2011.pdf> accessed 3 May 2012, page 37.

<sup>61</sup> Interview (phone) with Dr Rasmus Nielsen, 6 April 2012.

<sup>62</sup> Ibid.

<sup>63</sup> Interview (email) with Dr William Crawley, 16 April 2012

Growing literacy rates particularly in regional languages has broadened the potential readership of newspapers, Crawley adds; citing as an example the state of Kerala where high literacy has supported large circulation publications in the local Malayalam language. He says that the diversification of electronic media and the explosive growth of entertainment TV have also boosted print publications which feed on the publicity about the entertainment industry.<sup>64</sup>

Robert Picard points out that India has put a lot of effort into boosting its literacy rate. The 2011 national census data showed an adult literacy level of 74 per cent, up nine per cent from the last census a decade ago. “As soon as a person becomes literate, what they get is a newspaper – even before they buy a phone, it’s the first luxury a man affords,” said A.S. Raghunath, in a report by *The Globe and Mail*. Mr Raghunath, a veteran editor who advises new entrants in regional markets, said the newspaper retains an aura of respect in India and the newly literate like to be seen with one. “And with a cover price of one, two or at most four rupees, new-reading households will often subscribe to not just one paper, but two or three,” says the report.<sup>65</sup>

Peter Herford also cites the importance of increased literacy: “...here is one take that can explain the rise in circulation of some newspapers in India (and a few other developing countries): increased literacy. This does not work so well in China where literacy is high, but India the jump in literacy is significant, along with a larger population. The illiterates are the poor. Once they read newspapers are their only choice as most cannot afford a TV...yet.”<sup>66</sup>

*The Economist* points to the country’s booming economy, which it says is driving the “headlong growth” of Indian newspapers. “As India’s middle class swells, firms are splashing out on newspaper advertisements for property, mobile phones, cars and matchmaking services that promise your daughter a computer-savvy hubby.”<sup>67</sup> At less than four rupees a pop, Indian papers are cheap, so many households buy more than one daily, it says. “English-language papers, which attract richer readers, charge the most for

<sup>64</sup> Ibid.

<sup>65</sup> Nolen, S., 2011, “As India’s literacy levels rise, newspapers thrive” in *The Globe and Mail* available at <http://www.theglobeandmail.com/report-on-business/international-news/as-indias-literacy-levels-rise-newspapers-thrive/article2020336/singlepage/#articlecontent> accessed 30 April 2012.

<sup>66</sup> Interview (email), with Professor Peter Herford, April-May 2012.

<sup>67</sup> *The Economist*, 2010, “*Newspapers in India: Where print makes profits*” available at <http://www.economist.com/node/17106285> accessed 30 April 2012.

ad space. *The Times of India*, whose circulation of 4 million makes it the world's biggest English-language newspaper, charges roughly ten times more than regional dailies do. Regional papers rely instead on a steady but less lucrative flow of government ads.<sup>68</sup>

As wealth and literacy spread, however, regional and local-language papers are likely to gain ground, says *The Economist*. "People like to read in their mother tongue. The circulation of Hindi papers rose from less than 8 million in the early 1990s to more than 25 million last year." Even more growth may lie ahead. If 200 million Indians read a paper daily, that still leaves a billion who don't. The Federation of Indian Chambers of Commerce and Industry and KPMG forecast that over the next four years the newspaper industry's revenues will grow by 9 per cent a year, to US\$5.9 billion.<sup>69</sup>

According to the *Indian Media and Entertainment Industry Report 2011* by the Federation of Indian Chambers of Commerce and Industry and KPMG, contrary to most other markets in the world where print media continues to lose market share, the trend in India is strikingly different. "Print media witnessed a growth of 10 per cent in 2010 and is expected to continue to grow at a similar pace over the next five years. Rising literacy levels and low print media penetration offer significant headroom for growth. The growing regional markets are a testimony to the increase in newspaper consumption and hence the potential for advertising revenues."<sup>70</sup>

"While many newspaper markets have been hit by the growth of online journalism the outlook for Indian print media remains buoyant. One of the key reasons is the low penetration of Internet outside large urban centres," says a report by BBC News Chennai. "India is considered among those developing countries that will last see the wrath of digital penetration because Internet penetration is still nascent and consumer migration [to online] has not yet happened," says the report, quoting KPMG.<sup>71</sup>

While they are growing considerably, India's newspapers are well aware of the imminent threat posed by the Web, especially considering the country

<sup>68</sup> Ibid.

<sup>69</sup> Ibid.

<sup>70</sup> FICCI-KPMG, 2011, "*Indian Media and Entertainment Industry Report 2011*" available at <http://www.kpmg.com/in/en/issuesandinsights/thoughtleadership/ficci-kpmg-report-2011.pdf> accessed 3 May 2012, page 6.

<sup>71</sup> Vaidyanathan, R., 2011, "*Newspapers: Why India's newspaper industry is booming*", BBC News Chennai, available at <http://www.bbc.co.uk/news/business-14362723> accessed 3 May 2012.

now has over 100 million Internet users. The BBC report cites Mukund Padmanabhan, associate editor of *The Hindu*; "Internet penetration is still relatively low but that will soon change. Every newspaper realises there's lots more competition than there was before."<sup>72</sup>

Dr Usha Rodrigues, co-author of *Indian Media in a Globalised World*, explains the rise of India's newspaper market with this reckoning: as the economy grows, incomes grow and demand for media and entertainment rises as people want to read more newspapers, magazines and books. Another important reason has been the end of the idea that newspapers should be shared communally - whereas before perhaps five newspapers would be purchased for a village of 5,000 people and read out, Indians now increasingly prefer to buy their own paper.<sup>73</sup>

Rodrigues says that the Indian newspaper market will not decline for a while yet despite improved Internet access. "This is because of continuing increase in literacy level and disposable income of the growing population. India's middle class will continue to grow for a while, particularly the bottom half of the population will increasingly benefit from the trickle-down effect of economic growth, giving them increasing purchasing power." She notes this purchasing power should translate into higher newspaper sales and advertising revenue for the newspaper industry, although competition with new media platforms will intensify. "But, overall, Indian newspapers are in a better position because they have time to learn from their Western counterparts and adapt to a multimedia environment in the news business."<sup>74</sup>

The Indian newspaper market has got many of the same factors promoting its growth as exist in China, says Robert Picard. "The interesting thing in India is they have gone very heavily to the entertainment, sports, light news, celebrity kind of journalism, and much more so than the Chinese have, and it's [India] a very vibrant market serving that but it's not being as much of a check on government as we see elsewhere."<sup>75</sup>

These comments are echoed by Rasmus Nielsen. He says that the elite press in India such as *The Times of India*, *The Indian Express* and other respected titles, will face some of the same challenges that confront their Western

<sup>72</sup> Ibid.

<sup>73</sup> Rodrigues, U., 2010, Chapter 3: "*Print Media in the Era of Globalisation*" in Ranganathan, M. and Rodrigues, U., 2010, *Indian Media in a Globalised World*, Sage Publications, New Delhi, India, pages 56-57.

<sup>74</sup> Interview (email) with Dr Usha Rodrigues, 29 April 2012.

<sup>75</sup> Interview (phone) with Professor Robert Picard, 6 April 2012.

peers. “But what you also see is the growth of a popular vernacular press that has more in common with the tabloid tradition in some Western European countries, which are partly about entertainment, partly about scandal and gossip and sports but also include coverage of public affairs from the point of view of communities who historically have been underserved by the media in India.” Nielsen says this is not a perfect development, it’s not a development that serves all the needs of democracy, but it’s a development that supplements way what the Indian media system has offered to the country’s citizens in the past.”<sup>76</sup>

### The future of the newspaper

Peter Herford argues that the debate over ‘citizen journalism’ is no longer a debate. “Call it what you will but the ability of individuals to gather and disseminate information is creating a parallel journalism universe,” he says. “Those who need the comfort of gate-keepers will have their newspapers (although at 5-10 dollars a copy eventually), there will be the equivalent online publications organized along traditional lines; but running alongside will be an increasingly sophisticated network of people, millions of people made available to you and me via algorithms that will sift according to our needs and interests.”<sup>77</sup>

He is pessimistic about the future of the newspaper. “Most newspapers have already reduced print runs. The newsprint industry is in the dumps. Good for saving trees. Many newspapers have already reduced daily printing. In some cases Sunday newspapers remain successful, in other cases they have been dropped entirely.”<sup>78</sup>

He acknowledges that India’s middle class will likely continue to read newspapers so that they have things to discuss, an important sociological phenomenon. Similarly, in the U.S. among the national elite if one does not read *The New York Times* you are “out of it” Herford says. “*New York Times* sets the agenda not only for a lot of [Washington] DC, but also for discussion among the leadership class. Same is true for the *Wall Street Journal* and *Financial Times* in business.”<sup>79</sup>

However, young people care less or not at all about such agendas, according to Herford. “They have their individual interests served by their Internet,

<sup>76</sup> Interview (phone) with Dr Rasmus Nielsen, 6 April 2012.

<sup>77</sup> Interview (email), with Professor Peter Herford, April-May 2012.

<sup>78</sup> Ibid.

<sup>79</sup> Ibid.

smart phone [and] tablet sources. Smaller circles of smaller interests. They do not need newspapers as their guide. They define news differently than the traditional newspaper reader. This is all part of [a] large social and intellectual movement that is bigger than we can deal with here.”<sup>80</sup>

### Conclusion

The sun rises in the East and sets in the West as far as newspapers are concerned: China and India are on the ascent and the United States and United Kingdom are in decline. Yet this is no time for fatalism or simplistic predictions of the supposed ‘death of the newspaper’ with the Internet cast as the chief villain. Newspapers will continue to exist, but may have smaller print runs or print on three or four days, stabilising at a lower circulation base.

In some ways these are the best of times and worst of times for the newspaper: buffeted by the digital revolution and the rise of online news yet with an unique opportunity to reinvent themselves as a legacy news organisation in the 21<sup>st</sup> century - this has never been more important considering the vital role that journalism plays in society and democracy.

The challenge is not to replace the business of print journalism but to renew it so that it can survive and even prosper in our digital age.

### Interviews

Interview (phone), 24 March 2012, Professor Nicholas Lemann, Dean and Henry R. Luce Professor of Journalism at the Columbia University Graduate School of Journalism, United States.

Interview (phone), 6 April 2012, Professor Robert Picard, Director of Research at the Reuters Institute for the Study of Journalism at the University of Oxford, United Kingdom.

Interview (email), 28 February 2012, Professor Robert Picard, Director of Research at the Reuters Institute for the Study of Journalism at the University of Oxford, United Kingdom.

<sup>80</sup> Ibid.

Interview (phone), 6 April 2012, Dr Rasmus Nielsen, Research Fellow at the Reuters Institute for the Study of Journalism at the University of Oxford, United Kingdom.

Interview (email), April-May 2012, Professor Peter Herford, Executive Director of the International Media Institute at Shantou University and Guest Professor at Journalism at the Media Studies Centre at the University of Hong Kong.

Interview (email), 18 April 2012, Changfeng Chen, Professor, School of Journalism and Communication at Tsinghua University, Beijing, China.

Interview (email), 13 April 2012, Dr Yan Wu, Department of Political and Cultural Studies, Swansea University, Wales, United Kingdom.

Interview (email), 13 April 2012, Dr Haiqing Yu, Senior Lecturer of Chinese Media and Culture, Associate of Journalism and Media Research Centre, University of New South Wales.

Interview (email), 16 April 2012, Dr William Crawley, Senior Fellow, Institute of Commonwealth Studies, School of Advanced Studies, University of London, United Kingdom.

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