
Is there hope for the newspaper industry?



By [Kevin Tan](#)

The future may be looking decidedly bleak for the newspaper industry in the US, but for Joshua Benton, Director of the Nieman Journalism Lab at Harvard University, there is still cause for optimism.

The future may be looking decidedly bleak for the newspaper industry in the US, but for **Joshua Benton**, Director of the Nieman Journalism Lab at Harvard University, there is still cause for optimism.

“I’m a pessimist for existing newspaper companies. I’m a total optimist that there’s going to be more information available to consumers and to readers than there has ever been the case before,” says Benton, speaking to INSEAD Knowledge on the sidelines of the *Reporting New Realities* media conference held recently in Hong Kong.

“This is already true and I don’t think that’s going to change. We are seeing a remarkable eco-system of new online start-ups arrive both at the local and the national levels in the United States and elsewhere.”

“And they are innovating, they are coming up with new models, and while I may not be optimistic for the old players and their sustainability and their willingness to change and to innovate in this new world, I think that as consumers and as citizens of democracies, we’re going to be ok.”

Even so, that is of little comfort to print journalists, as the industry continues to be buffeted by falling advertising revenues, declining circulation, and mounting editorial job losses. Indeed, Benton notes that about a third of all newspaper journalists in the US have lost their jobs since 2006.

According to a recent survey of 353 newspaper and broadcast executives by the Pew Research Center’s Project for Excellence in Journalism, 70 per cent of respondents reported staff cutbacks in the past three years. In addition, 70 per cent of newspaper executives say their newsrooms are leaner than ideal but can still do the job well, although 15 per cent of newspaper executives think that their newsrooms are too small to do more than the bare minimum. Only 15 per cent of respondents believe that paid online content will be a significant source of revenue in three years.



But notwithstanding the severe economic blow to the industry, **Almar Latour**, Editor-in-Chief of *The Wall Street Journal Asia*, views the present as probably “the most exciting time to be in the media”, as the world is taking “great steps forward” thanks to technological advances on the internet.

“Disruptive technologies are overhauling one industry after another, media not being the last, but also not being the least impacted,” says Latour, who moderated the panel discussion. “These are also remarkable times because in my view they are fantastic times. More people have more access to information than ever before, more places than ever before and faster than ever before.”

On the flip side, the steady decline of the print journalism industry has been caused by the collapse of the barriers of entry and the ensuing greater competition for advertising revenue due to the advent of the internet, says **Reg Chua**, Editor-in-Chief of the *South China Morning Post* (SCMP).



“Just looking at it from a business point of view, the costs and revenue sides don’t match up,” says Chua, a former top editor at the Wall Street Journal (WSJ) and panellist at the conference. “That’s why the costs have been slashed dramatically at a lot of newspapers, and people are trying to do all sorts of different things, to either bring down the costs or generate new revenues.”

On the debate about whether newspapers should charge for providing access to news online, Chua says papers that have the capacity to charge, should, while those that don’t, shouldn’t. As the dominant English newspaper in Hong Kong, the SCMP has an online paid subscription model similar to that of the WSJ’s.

“You want to make sure you don’t have a certain amount of cannibalisation, you want to make sure that you’re collecting circulation early and you want traffic all at the same time,” says Chua. “And there is not sort of a Goldilocks solution but there are ways you can tweak it to get a bit of everything.”

To be sure, having an online paid subscription business model may not necessarily shore up the economic fortunes of newspapers. Newsday, a daily newspaper in the state of New York, had decided to put up an online paywall. But after a few months, the paper found that only 35 people had subscribed for online access, says Benton.

He also notes that two newspapers in the US have so far ditched their print operations to become entirely online papers. One of them, the Seattle Post-Intelligencer, retrenched 90 per cent of its staff in the process of doing so.

“It’s not a business model that supports newsrooms of the size that newspapers used to have. But it’s an attempt to try and maintain the remnant of an editorial voice in the city,” says Benton.

Still, most newspapers are considering putting up online paywalls in a bid to protect their print readership, which brings in most of their revenues, says Benton. “If they can say ‘well if you buy a print subscription, you’ll also get access to the website, something that not everyone else gets’, that can mean extra incentive. That’s something that newspapers are really going to be trying more of, I think.”

For Chua, newspapers have a fundamental problem in that they are not providing news in a way that consumers want. Citing the products of ESPN and Sports Illustrated such as fantasy football or baseball leagues, Chua argues that newspapers should entice consumers by providing “immersive” and “engaging” environments.

As existing newsrooms have certain inbuilt cost structures, newspapers should strive to do a better job of making use of the internet to generate revenue, as well as to rethink their news products, adds Chua.

“It isn’t simply we squeeze journalism, we squeeze advertisers or subscribers ... and we’ll be ok. I think we need to rethink what it is we make and how we make it,” says Chua.

And newspapers should also think about using their relationships with advertisers, as well as their ability to gather powerful and notable people to

social events, generate revenue by holding conferences or public events that consumers are willing to pay for, argues Harvard's Benton.

But Benton says that while such options can help generate revenue, he does not expect them to generate the large amounts of revenue that the pre-internet monopolistic model of newspaper advertising did, when newspapers effortlessly enjoyed healthy profit margins of 20 per cent or more.

By his reckoning, for most general interest newspapers, even adopting the paid online subscription business model is unlikely to reverse the long-term decline of the newspaper industry.

"I think there are some newspapers for which a paid content model can work. Usually the financial press can pull it off. There might be news organisations that do focus on one niche (which) is powerful enough that they can afford to charge people," says Benton.

"But when you are a news organization, like most newspapers, that offers general news, the kind of news that can be easily substituted by any number of free sources online, it becomes very difficult to charge."

"For every American newspaper that is interested in charging for their website, there's a long line of local competitors who are happy to take all the free traffic away. And that's the real reason why newspapers, for the most part, haven't gone the paid content route because they've been so afraid that this brand that they have built up for 100 years or more could go away in an instant if a local television station or a local online start-up suddenly becomes the free alternative."

"If only two or three per cent of your readers are willing to pay, what are the other 97 per cent going to do? They are probably going to another website that doesn't have the cost structure that large newspapers have."

Reporting New Realities in Asia and the Pacific was held at the University of Hong Kong on April 25-28, 2010.

Find article at

<https://knowledge.insead.edu/marketing/there-hope-newspaper-industry>