

# Newspapers must surprise to survive

Print media is under threat, but with agile editorial leadership it can retain an important role, writes Neil Shoebridge.

David Kirk is worried. The number of young people reading newspapers is declining and Kirk, chief executive of newspaper publisher Fairfax Media, is not sure if those people will turn to newspapers when they get older. "Will people who are aged 12 to 20 now pick up printed newspapers when they are 28 or 30? I don't know," he says. "As people get older they are exposed to newspapers, be it in their workplace or from their peers. But no one knows if this current generation of people aged under 20, who have grown up with the internet, will ever turn to the printed versions of newspapers."

The rise of the internet and other newish media and entertainment products is squeezing "old" media such as newspapers, free-to-air television and radio.

A recent study from Nielsen Online claims that Australians older than 16 spent an average 3.1 hours a week reading newspapers last year, down from 3.2 hours in 2006.

In comparison, the average amount of time they devoted to the internet rose from 12.5 hours a week to 13.7 hours, while television captured 13.3 hours of people's time (down from 13.8 hours in 2006) and radio captured 9.9 hours (down from 11.6 hours). People aged 16 to 29 spent an average 2.1 hours a week reading newspapers, compared with 4.1 hours among people aged 50 and older.

Fairfax (the publisher of *The Australian Financial Review*, *The Age* and *The Sydney Morning Herald*), Rupert Murdoch's News Ltd and other newspaper publishers have been grappling with the issue of how to get young people to read newspapers for many years.

News Ltd's director of marketing and circulation, Joe Talcott, says newspapers have never had a strong presence among people aged under 25. But he admits that the old theory that people turn to newspapers when they start to "nest" — that is, acquire jobs, cars, homes and so on — is under threat.

Figures compiled by media agency Mitchell Communication Group show that last year 34.5 per cent of males aged 14 to 17 and 23.7 per cent of 18-to-24s did not read newspapers. Among women, the comparable figures were 37.1 per cent and 27.8 per cent.

"A lot of people are growing up without newspapers in the home," Talcott says.

"It's not true that young people aren't reading; look at the success of the Harry Potter books. But many aren't reading newspapers, and getting them to read newspapers will not be easy."

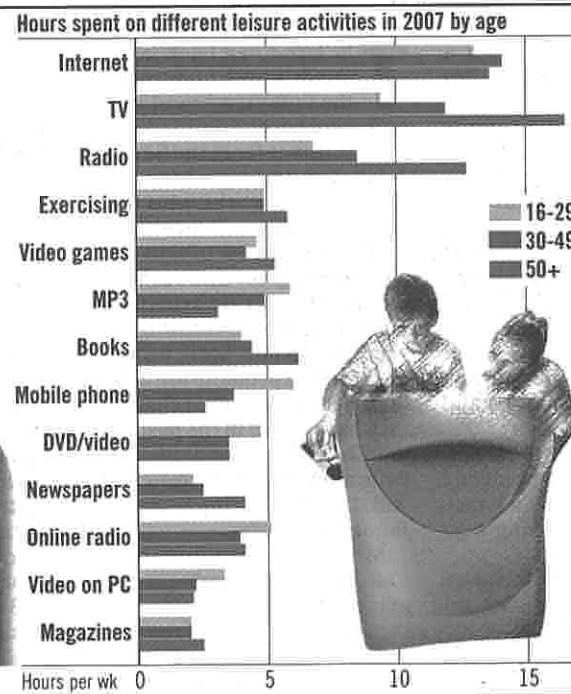
While newspaper executives worry about how to lure young people, Tony Hale, chief executive of industry group The Newspaper Works, says the widely held view that newspapers are being ignored in favour of other media is wrong.

Hale cites a study conducted by Roy Morgan Research in December last year that showed 82 per cent of 14-to-24s had read a newspaper in the previous week, while 78 per cent had accessed the internet.

"The premise that young people aren't reading newspapers is completely inaccurate," he says.

"There has been a bit of a decline, but that is hardly surprising given

## Time on their hands



## Print still well regarded by the young

Neil Shoebridge

Industry group The Newspaper Works is preparing to release a report that its chief executive, Tony Hale, says will silence people who claim newspapers are ignored by, or irrelevant to, young people.

The report is based on a study conducted by Celsius Research and, according to Hale, proves that print newspapers and their online spin-offs are held in high regard by teenagers and people in their 20s.

"When they read newspapers, young people are just as mentally engaged with the product as older consumers," he says.

"And, like older people, they see newspapers as shaping the important issues of the day and setting the daily news agenda more than other media."

"They don't see the internet as an

agenda-setting medium and they recognise that TV and radio largely follow stories that are broken first in newspapers."

The Celsius study found that 42 per cent of people aged 14 to 17 saw print newspapers as having more credible content than other media, compared with 33 per cent of the total population.

Twenty eight per cent of the people surveyed said ads in print newspapers were "generally" more believable than ads in other media. But among people aged 18 to 24 that number rose to 33 per cent.

The Newspaper Works — which was set up by newspaper companies in July 2006 to promote their medium to advertisers and media buyers and lift newspapers' share of the \$12 billion media ad market — will start promoting the findings of the Celsius study next

month. (The industry group's backers are News Ltd, APN News & Media, West Australian Newspapers and Fairfax Media, the publisher of *The Australian Financial Review*.)

The report is part of Hale's strategy to persuade those media buyers and advertisers who believe newspapers are not read by young people that they are wrong.

According to a Roy Morgan Research study conducted in December last year, 82 per cent of 14 to 24-year olds had read a newspaper in the previous week, down from 86 per cent in late 1997.

"There has been some slippage, but the number of people reading newspapers remains high," Hale says.

"Clearly we need to correct the misconceptions about newspapers and young people."

the massive changes seen in the media world over the past 10 years."

Media buyers tell a different story, most insisting that newspapers — like free-to-air TV and radio — are losing customers to other, newer media. But Hale insists they are misguided.

"Some advertisers and media buyers are convinced that people's consumption of traditional media has fallen away," he says.

"That is just not the case. Look at newspaper readership numbers: they have been steady as a rock over the past decade."

Fairfax, News Ltd and other publishers have pumped a small fortune into their websites in recent years, in part to capture young people who are not reading the printed versions of their newspapers.

"Two of the greatest assets established media companies have is their capacity to generate unique content and the heritage and quality of their brands," Kirk says.

"But because media audiences are fragmenting, it is becoming more difficult to monetise those assets in one medium. Therefore, you need to spread those assets across several media — printed newspapers, the internet, mobile phones and so on."

But ask newspaper executives if their websites have protected or increased the total number of people reading their products and they shrug their shoulders: the industry does not produce

combined print/online readership and usage numbers, that is, numbers that remove duplication and give a picture of a newspaper's total audience.

A recent study in the United States by research company comScore found that non-newspaper readers are likely to be young and are big consumers of news from other media, particularly the internet.

"That current generations are growing up getting their news online for free is an indicator that print circulations are likely to continue their decline," comScore's executive vice-president, Jack Flanagan, says.

"But the internet represents a significant opportunity to extend — and even improve upon — existing news brands and reach out to new consumers with living, breathing real-time content."

While a website might protect a newspaper's total audience, publishers cannot afford to drive the bulk of their audience online.

Advertising rates and yields (the revenue each ad generates) are lower on websites than in print newspapers. Increasing competition and slowing growth in the online ad market squeezed websites' yields last year and that squeeze is expected to continue for the next few years.

Although an online-only newspaper has a much lower cost base than a print newspaper — there are no paper or delivery costs, for example — it does not generate any

cover-price revenue or the same advertising volume or revenue.

Talcott agrees with the oft-repeated claims by internet executives such as Paul Bassat from Seek and Simon Baker from REA Group (which runs realestate.com.au and is 58 per cent owned by News Ltd) that classified advertising will continue to shift from print newspapers to websites.

But he argues that print newspapers will continue to draw a large number of consumers, including young people.

"People will still want a collated and edited view of the world and their communities," Talcott says.

"And the internet can't match the printed newspaper's ability to surprise. People like the fact they can turn the page and find information they weren't expecting."

Kirk says the theory that young people will turn to newspapers when they "nest" is still valid. But he is not sure what form that newspaper will take.

"An edited view of news and information will still hold appeal, particularly as people move into the workplace, buy homes and become part of a community, at work or where they live," he says.

"But will they use print or online newspapers? I'm not sure."

Most newspaper publishers are using their websites to lead people to their printed products. But Talcott admits that News Ltd does not know if the people using its websites will start buying its printed newspapers.

## WHAT THEY SAID

**Will people who are aged 12 to 20 now pick up printed newspapers when they are 28 or 30? I don't know.**

David Kirk, chief executive, Fairfax Media

**A lot of people are growing up without newspapers in the home. Getting [young] people to read newspapers will not be easy.**

Joe Talcott, director of marketing and circulation, News Ltd

**The premise that young people aren't reading newspapers is completely inaccurate.**

Tony Hale, chief executive, The Newspaper Works

**That current generations are growing up getting their news online for free is an indicator that print circulations are likely to continue their decline.**

Jack Flanagan, executive vice-president, comScore

**We have to work on the content and marketing of newspapers in a way that we didn't have to work on them in the past.**

David Kirk

**The internet can't match the printed newspaper's ability to surprise. People like the fact they can turn the page and find information they weren't expecting.**

Joe Talcott

"That's the theory a lot of publishers work on when they set up newspaper websites," he says. "But we haven't been doing this long enough to know if website users will become newspaper buyers when they get older."

Like other newspaper companies, News Ltd has added new sections to its newspapers and changed the way it reports and presents some stories in the hope of luring young people.

Talcott says products such as *mX*, the free commuter newspaper that News Ltd distributes in Melbourne, Sydney and Brisbane, are a key part of the company's strategy to attract young readers.

"Young people will read a newspaper if it is relevant to them," he says. "The *mX* papers are written mainly for people aged 20 to 29. Their content and tone is highly relevant to those people and they have built a strong readership."

Not surprisingly, Kirk insists newspapers will remain "a very powerful, mass-advertising vehicle".

But he says they need to constantly change to attract both young and old consumers.

"We have to work on the content and marketing of newspapers in a way that we didn't have to work on them in the past," he says.

"But as long as they are aggregating an audience, as long as they are well put together and lively, and as long as they continue to offer the benefit of turning the page and seeing something you didn't expect, newspapers have a good future."