

Circulation versus advertising as a newspaper's primary revenue source

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1987

Thamboo, B. (1987). Circulation versus advertising as a newspaper's primary revenue source. In AMIC-UNESCO-MPI Workshop on Women and Newspaper Management : Kuala Lumpur, Oct 26-Nov 7, 1987. Singapore: Asian Mass Communication Research and Information Centre.

<https://hdl.handle.net/10356/86447>

Circulation Versus Advertising As A Newspaper's Primary Revenue Source

By

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CIRCULATION VERSUS ADVERTISING AS A NEWSPAPER'S PRIMARY REVENUE SOURCE

by

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CONCLUSION

CO-ORDINATED MARKETING
CONCEPT of CIRCULATION

and ADVERTISEMENT

INTERDEPENDENCE

Advertisement Revenue Calculation

Advertisement Cost = Applicable Advertisement Rate X Advertisement Size
(+ Premium if any).

Display Ads

a) Run-off-paper (ROP)	_____
b) Supplements	_____
c) Magazines	_____
d) Cinema	_____
	A

Classified Ads

a) Appointments/Notices	_____
b) Classified Display	_____
c) Semi-Display	_____
d) Lineage (Run-ons)	_____
	B

Less a) Ad Agency Discount _____
 b) Media Rep. Discount _____
 c) Volume Discount _____

C

Nett Advertisement Revenue

A + B - C

DATA KEY PUBLICATIONS (Malaysia)

	<u>Circulation</u>	<u>Readership</u>	<u>Rate</u>	<u>B.s.c.c</u>	<u>cpm R'ship</u>	<u>(cents)</u>
<u>English</u>						
NST	170,000	561,000	20.00		3.5	
Star	150,000	515,000	12.70		2.4	
Mail	63,000	286,000	11.00		3.8	
Business Times	13,000	62,000	6.00		9.6	
<u>Bahasa Malaysia</u>						
Berita Harian	214,000	1,173,000	11.00		0.93	
Utusan Malaysia	244,000	1,369,000	11.00		0.8	
<u>Chinese</u>						
Nanyang Siang Pau	147,000	754,000	10.50		1.4	
Sin Chew Jit Poh	116,000	559,000	7.50		1.3	
Shin Min Daily News	65,000	263,000	5.80		2.2	

ADVERTISING EXPENDITURES BY MEDIA APPROPRIATION IN PENINSULAR MALAYSIA
1980 - 1986

YEAR	NEWSPAPER	MAGAZINES	PRINT-MEDIA	TELEVISION			OTHERS*	TOTAL					
				MEDIA (RM million)	RTM	TV 3							
1980	130	637	26	132	156	751	31	152	21	101	208	100.2	
1981	149	612	34	142	183	741	38	151	25	101	246	100.1	
1982	163	617	36	137	199	742	48	181	22	81	269	100.2	
1983	192	581	43	131	235	711	67	201	28	81	330	100.2	
1984	208	557	41	112	249	661	114	301	16	47	379	100.1	
1985	208	521	47	121	255	642	133	341	RTM 80 TV 3 53	9	397	100.1	
1986	178	487	42	112	220	591	145	391	RTM 63 TV 3 82	9	21	374	100.1

ADVERTISEMENT

TRENDS and POTENTIAL

	1970	1980	%Change
Number of Persons	10,200.1	12,930.6	26.8
Number of Households	1,863.3	2,504.4	34.4
Average Household Size	5.5	5.2	5.5

Source: 1980 Census Malaysia

Copies

Print Order

Less a) Returns (Unsold) $\frac{B}{A}$
b) Miscellaneous (promotions and
complimentary) $\frac{C}{A + B}$

Nett Sales in Copies $\frac{A - (B + C)}{A}$

Revenue

Nett Sales (in copies) x Cover Price $\frac{X}{A}$

Less a) Agency Discount (e.g. 20% of
Cover Price) $\frac{Y}{X}$
b) Less Insertion Cost $\frac{Z}{X + Y}$

Nett Sales in Revenue $\frac{X - (Y + Z)}{X + Y + Z}$

DAILY NEWSPAPER CIRCULATION (000's)

MALAYSIA

Year	Total	Malay	English	Chinese
1981	1,189.2	368.5	350.2	470.5
1982	1,274.0	416.4	374.1	483.6
1983	1,335.8	457.6	373.9	504.4
1984	1,366.0	465.9	379.6	520.5
1985	1,423.9	494.8	393.5	535.7
1986	1,344.4	499.8	404.1	440.5

Source:

Audit Bureau of Circulation, Malaysia

Newspapers:

- Malay** - Berita Harian, Utusan Malaysia, Utusan Melayu
- English** - New Straits Times, Business Times, The Malay Mail and The Star
- Chinese** - Shin Min, Sing Pin, Tong Bao, Nanyang, Sin Chew China Press, Kwong Wah and Kin Kwok. Sing Pin and Kin Kwok stopped distribution in 1986.

PERSONS PER NEWSPAPER

Country	1970	1975	1982	1982 per capita GNP (US\$)
United Kingdom	-	2.3	2.4	9,660
United States	3.3	3.5	3.7	13,160
Japan	2.0	1.8	1.7	10,080
South Korea	7.4	-	5.2	1,910
Malaysia	13.3	11.5	8.8	1,860
India	-	62.5	50.0	260

Source: UNESCO Yearbook 1983

CIRCULATION

TRENDS and POTENTIAL

EVOLUTION OF NEWSPAPERS

CIRCULATION

VS

ADVERTISEMENT

AS A NEWSPAPER'S

PRIMARY REVENUE SOURCE

CONCLUSION

CO-ORDINATED MARKETING CONCEPT of CIRCULATION and ADVERTISEMENT

INTERDEPENDENCE

Current Revenue Contribution

	<u>£/10.</u>	<u>Ans.</u>
	<u>%</u>	<u>%</u>
U.S.A.	20	80
UK	30	70
M'SIA (Eng.)	30	70
M'SIA (Mal./Ch.)	70	30