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Future of Newspapers: Survival or Extinction?

A paper submitted by
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ABSTRACT

The Future of Newspapers: Survival or Extinction?
In the age of media convergence, with the explosive growth of the Internet and multimedia, the future of newspapers has become a matter of legitimate concern. While the print media still has certain distinct advantages such as portability, accessibility and low cost, they are no match for their electronic counterparts today.

Newspapers have lost its main function, namely news breaking, to 24-hour radio and television. They have been floundering for decades with their readers aging, their revenues declining and their circulation sinking. Television has stolen their news, magazines their advertisers and good writers cable their young readers.

In the meantime, online journalism is exploding. More than 1600 newspapers are online. The number of online newspapers in the US went from 197 to 492 in 1997. Over the past nine months, the number of people with Internet access in the U.S. and Canada increased from 58 million to 79 million.

Online journalism with its capabilities such as hypertext, multimedia, email, interactivity, and customization pose a serious challenge to the newspapers. They have taken away the limitations of time and space from journalism and broken down geo-political barriers and made them available to a worldwide audience.

Besides online newspapers, Internet providers such as Microsoft and Netscape are making serious inroads to the domain of newspapers. These information providers already have the capability of bringing to their customers all the information newspapers provide and more at a quicker pace. This was demonstrated by the release of the Starr Report on the Internet last year. Microsoft's online magazine Slate and web site Sidewalk are prototypes of what the Internet providers can do to the newspapers.

The fact is that newspapers are fast becoming dinosaurs, which could become extinct without being replaced. Online newspapers and Internet providers can threaten the existence of newspapers by taking away their advertising base, on which their survival depends. However, all is not lost and newspapers have a fighting chance if they act promptly.

This paper analyzes these trends and suggests ways in which newspapers can avoid extinction by embracing the Internet as a tool for their survival and growth.
The Future of Newspapers: Survival or Extinction?

Introduction
Writing the obituary of the newspaper has become a pastime and passion of many media pundits for more than a decade. In the 1980s, some of them even made a living out of it. Their efforts have intensified in the late 1990s with the advent of online newspapers.

In an age of rapid and revolutionary changes in communication, marked by the convergence of media and information technologies, it is risky, if not foolish to predict the future of a medium.

To the believers of print journalism, the reports on the demise of newspapers are highly exaggerated and premature. They see far too many cultural and economic factors, which support the survival of newspapers.

However, the proponents of the new media boldly predict that newspapers could become dinosaurs, which could face extinction without replacement. They are convinced that unless newspapers undergo radical changes and make them useful and relevant, they can vanish like the T-Rex (Feola, 1998). They point out that online newspapers and Internet providers can do almost everything the newspapers do today.

Media industries, especially newspapers, must either prepare themselves for a radical transformation or face disaster. The billion-dollar question is whether newspapers would become dinosaurs, which perish in the media meltdown of the new millennium, or be resilient enough to adopt the new technologies and adapt themselves to the new communications environment of the Information Age.

The challenges faced by newspapers also raise a much larger issue—the future of journalism, as we know it. Print is only one of the delivery systems of journalism. On-line newspapers and commercial Web sites are redefining journalism itself.

Online Journalism: A Passing Fad?
The proponents of the print newspaper point out that at various moments in history, newspapers have faced serious challenges from newer media such as radio and television. However, in spite of decline in numbers and circulation, even newspapers in the Western countries have managed to ward off these challenges and survived so far. For them, the Internet revolution is just another passing fad.

However, history shows that new technologies and new media have always had a major impact on existing media, which eventually became victims of the communication revolution. Radio, which began as a form of wireless, reigned as the national medium for entertainment and news in the U.S. between 1927 and 1950, cutting into the content and advertising revenues of newspapers. Then in the early 1950s, television became the new medium, threatening the future of motion pictures, newspapers and radio.
Today radio is alive and well than ever before. Newspapers did not go out of business even in the Western countries. In fact, they are thriving in Asia, in an era of the rapid growth of television. In spite of the proliferation of videocassette recorders and cable TV boom, the motion picture industry is thriving in countries such as United States. Ironically, television and movies have complemented each other and have become catalysts for each other's growth. Pay-per-view TV, VCR and cable have made strong contributions to the economic viability of the motion picture industry.

The Decline of Newspapers
Yet, no one can deny that the newspaper industry in Europe and the U.S. has been on the decline. In spite of their inherent strengths such as portability and low cost, newspapers have lost ground due to a number of reasons.

Loss of the news breaking function
Since radio got into the business of news almost half a century ago, newspapers have lost their main function, namely, news breaking. 24-hour radio and television have made it impossible for them to deliver breaking news. Yet, newspapers have not acknowledged this reality, and most of them are desperately trying to maintain this function.

Decline in readership
For the past three decades, newspapers in Western countries have been facing steady decline in readership. In the U.S. today, 58.7 percent of adults read newspapers during the week compared to 77.6 percent in 1970. The loss of younger audiences had threatened their future long before online newspapers came into existence. This is bound to happen even in Asia in the not too distant future, as television and information technology dominate the communication landscape of the continent.

Loss of Advertising:
Newspapers do not make money from content. Subscription cost cannot cover printing and distribution costs or salaries. In countries like the U.S., one third of newspaper revenues comes from classified advertising, which newspapers have always dominated. The Web poses a big threat to this 15 billion-dollar jackpot.

Media critic Jon Katz (1994) summarizes the plight of newspapers in the U.S. as follows:

"Newspapers have been floundering for decades, their readers aging, their revenues declining, their circulation sinking. Television has stolen much of their news, magazines their advertisers and best writers, cable their young readers. And the digital revolution has pushed them still closer to the wall, unleashing a vigorous flow of news, commentary, and commerce to millions and millions of people."

As a result of this decline there are fewer jobs in print journalism in recent years. More and more journalists are forced to become independent contractors and small business entrepreneurs.
The medium, which withstood the onslaught of radio and television without making fundamental changes in its canons and culture is facing its most serious challenge today from the Internet. It is caught up in the third major revolution in communication history. In his landmark book in 1970, “Good Bye Gutenberg,” Anthony Smith heralded the advent of computers in the newsroom as the third revolution in communication history, after the invention of writing and printing. Even Smith was not able to predict at that time that the Internet will push that revolution to monumental dimensions and even threaten the very existence of newspapers.

The Potential and Promise of Online Journalism

The Web is a medium freed from the constraints of time and space experienced by print. It has broken down traditional deadlines imposed by the telegraph, the old printing process and traditional distribution systems. It has penetrated all geo-political barriers for newsgathering and distribution. Above all, it has taken the gate keeping function away from the newspaper editor and put it some of it in the hands of the reader, who now can decide what to read, when, and in what order.

For an average reader, immediacy is probably the most striking feature of online journalism. Theoretically, it can beat even 24-hour radio and television news, which has a 20 to 30-minute turnaround time.

Immediacy also makes online newspapers an ideal medium for disseminating breaking news. On the Internet, there is no good reason for finished material to wait for other material to catch up (Kinsley, 1998).

Media critics like Katz think that interactivity is the most exciting feature of online journalism. It initiates a real dialogue between the reader and the reporters and editors, something the limited letter-to-the-editor pages could not do. However, printing the e-mail address of the editor or the reporter at the end of a story is not going to do the trick, unless the reporters and editors are willing to reply to the e-mails.

E-mail provides a quick and versatile tool for research and reporting. It gives today’s reporters instant access to sources from all over the world. The velocity of e-mail is one reason readers insist that Internet publications be faster than traditional newspapers.

Hypertext is another exciting feature of online journalism. The ability of the Hypertext Markup Language (HTML) to link readers to other parts of the same document or other web sites, has made the Web a medium without boundaries (Bolter, 1991). Online newspapers can provide tightly edited capsule stories and link them to in-depth coverage. This could take in-depth reporting of a story way beyond the extensive coverage provided by newspapers.
The multimedia capabilities of online newspapers make them more dynamic than their print counterparts. When animated graphics, audio clips and video clips have added to photographs, the on-line newspaper becomes a colorful, lively and exciting medium.

The potential for customization through Webcasting and push technology makes it possible for readers to create their own newspaper. These a la carte editions of newspapers are very appealing to people who have little time to go through the whole newspaper.

The Phenomenon of Web Journalism
The growth of on-line newspapers has been explosive over the past five years. Today, the Internet provides 1,600 newspapers from all over the world, with 40 to 50 million potential readers (Pavlik, 1997).

In 1996, the number of online newspapers in the U.S. doubled from 197 to 492. Today, more than 750 of the 1,100 newspapers have Web sites. So do half the weekly newspapers and half the nation's magazines. Several hundred radio and television stations also have their own Web sites. America OnLine, the leading U.S. Internet provider carries 118 Asian newspapers.

According to the Commercenet/Nielsen Internet Demographic Survey, in 1998, the number of Internet users over age 16 in the U.S. and Canada reached 79 million, up from 58 million in nine months. Last year, a UPI survey found 80 percent of computer users polled, believed that during the next five years the Internet will eclipse print newspapers as a significant source of information. (Childs, 1998)

Most newspapers have taken to cyberspace not to be outdone by their competitors. The web versions have enabled them to reach out to non-readers across the globe. Online versions also enable them to establish an infrastructure for classified online advertising.

The online newspaper ventures belong to three broad categories. The most common is an abbreviated Web version of the print product. The second are online papers with some original material, written specifically for them. Some of them are updated more than once a day. The third are Web sites which carry basic circulation and advertising information about the paper.

Traditional media companies have two advantages in online journalism—name recognition and sheer volume of content at their disposal. They also have resources to produce online newspapers. Major newspapers like the New York Times, Washington Post and Chicago Tribune employ about 100 people on their online versions.

Commercial Web Sites: the Real Threat
The real threat for newspapers comes not from online newspapers but from Web sites, especially commercial Web sites of major Internet providers such as Microsoft, Netscape and Yahoo. More and more people are turning to Web sites than online newspapers for breaking news. Recent surveys suggest that 40 percent of readers in the U.S. go to search
engines, not Web versions of newspapers for news. Right now only 19 percent of US homes are hooked up to the Internet, but that figure is expected to jump to over 40 percent by 2001. And WebTV will bring millions who will never buy a computer to the Web.

The release of independent counsel Ken Starr’s report on President Bill Clinton over the Internet was the defining moment for the Internet as an information provider. Something spectacular happened as 119,059 words were transferred from a floppy disc to a government computer and sent out to the whole world. Nearly 24.7 million people viewed the Starr report on the first two days of its release. That was larger than the combined circulation of the top 50 U.S. newspapers.

According to Jon Katz, if television news was legitimized by the Kennedy assassination, and the Persian Gulf War established the relevance of cable, the Starr report ratified the Internet as America’s premier means of rapidly disseminating critical civic information. (Katz 1998). He believes that one of the many significant things about the Starr document is that it demonstrates that new technologies can disseminate information more rapidly and more broadly than conventional journalism does.

What is even more significant is that a private Web site publisher, Matt Drudge, broke the scandal that culminated in the Starr Report, while Newsweek magazine was sitting on the story. The Web has empowered individuals to take on the established media like Newsweek and compete with them head on. This provides an insight into what corporations such as Microsoft and Netscape can do with the new medium.

The release of Starr report on the Internet was not an isolated event of breaking news on the Net. In 1997, the trial judge who presided over the sensational British nanny case in Boston released his verdict on the Internet, although technical glitches delayed the process. Recently, millionaire media magnet Steve Forbes announced his candidacy for the Republican Party on the Internet, although that event was also televised.

Microsoft’s master plan to invade the domain of journalism is another example of the threat newspapers and journalism face from commercial Web sites. In 1996, Bill Gates started MSNBC in collaboration with NBC network, bought Comcast corporation, USA’s fourth largest cable systems operator, and launched Slate, an online news and views magazine. In April 1997, he bought WebTV Networks, which makes set-top boxes for those who do not own a computer to access the World Wide Web via their television set. In addition, he also owns Corbis, the world’s largest digital archive of photographs and artwork for licensing to newspapers, magazine and catalogue publishers. At the end of 1997, Gates also launched a commercial Web site called Sidewalk, offering a menu of local arts and entertainment listings, restaurant reviews, and tourism guides.

Combining all these resources, Gates is in a position to offer everything a newspaper contains more efficiently on computers hooked into the Internet and the World Wide Web. (Hickey 1997).
By 2001, newspapers in the U.S. are projected to forfeit 1.5 billion dollars in local ads to various online services, and another 3.6 billion dollars in discounts. Slowly and steadily, Web sites will cut into the advertising base of newspapers.

Web sites like Sidewalk may not have domestic and foreign bureaus, but they will provide international and national news in conjunction with wire services and add a menu of local news. Many Internet users are satisfied with this product and may not worry about picking up a newspaper.

Microsoft and other online information providers are not only raiding news and advertising, but are also hiring away journalists from the mainstream media. This brings back memories of age of Yellow Journalism, when tabloid barons like Joseph Pulitzer and William Randolph Hearst, raided one another's newsrooms for successful staffers.

What Can Newspapers Do?
Newspapers must take the challenge of online journalism and commercial Web sites seriously and immediately. First and foremost, newspaper editors have to accept the gravity of the situation. The business models and journalistic practices inherited from the Gutenberg revolution are no longer valid today.

1) Use the window of opportunity
Time is of the essence in this process as the Internet is booming at a pace no one had anticipated. Fortunately, as online newspapers are still in the developmental stage, newspapers have some grace period to adopt the new technology and to become a major player on the Web.

Newspapers still have a generation of loyal followers who see them as an integral part of their lives. Although many of them use the Internet for instant information, they regress to the comfort zone of newspapers for credible and in-depth information. Their addiction to linear literacy is likely to last for their lifetime.

Limited Internet access continues to be the main obstacle for the growth of online newspapers. Even in countries like the U.S., it will take a few more years before the majority of the population has access to the Net. In most Asian countries, it will take a lot longer. Besides, most online newspapers have not exploited their technical capabilities such as hypertext, interactivity and immediacy and become something more than an online copy of the primary product. Katz's observations about the state of online newspapers are valid even today:

"So far, at least, online papers don't work commercially and conceptually. With few exceptions, they seem to be just what they are expensive hedges against onrushing technology with little rationale of their own. They take away what's best about reading a paper and don't offer what's best about being online...That is the point of a newspaper--the object is to replace, or
put into a different format, but to gain a toehold in cyberspace and even absorb some of its values. (Katz, 1994)

At least for a few more years, online papers are not likely to become economically self-sufficient in order to be a viable alternative to newspapers. Advertising on the Web paper is still in its infancy. The amount of space devoted to advertising on the Web is almost negligible compared to the 60 percent of space devoted to advertising in newspapers.

The public, which has perceived Web papers as a free commodity, is not yet ready to pay for them. Among the U.S. newspapers, only the Wall Street Journal has been able to impose a subscription fee of $29. The Journal’s plan for “pay-per-story” through a micro payment scheme is yet to be implemented. Microsoft’s plan to collect subscription for Slate was postponed indefinitely. It will take a long time to persuade readers to pay for Web newspapers.

Production costs also stand in the way of the growth of Web papers. It takes a huge investment on the part of newspapers to maintain an online edition with regular updates. Papers like the New York Times employ a 100-person staff for their Web version.

All these factors provide the newspapers a window of opportunity to plan and execute a survival strategy. The question is whether they will make the move at a pace which matches the blistering pace of the Web.

2) Redefine the mission and change the culture
The press lords of today must accept the fact that journalism is not a delivery system like the newspaper. Journalism is content. The term “journalism” is derived from a French word “daily.” Newspaper is only one of the delivery systems of news. News has become a moment to moment phenomenon rather than a daily routine.

Newspapers must acknowledge the fact that while some vehicles for providing information will die, some modified and new vehicles will be born. Electronic tablets and radio papers could very well replace the presses and delivery trucks. The mission of the newspaper should go way beyond producing printed papers and delivering them to customers once a day.

Above all, newspaper establishment must be ready to change from organizations which supply newspapers, to organizations which supply information. This calls for a major change in the content and organizational culture of newspapers. Interactivity with the readers should become the major hallmark of the journalistic process. That is possible, only if the newspapers are willing to give up some of their control and elitism, which comes from being the first to report news. They can no more be sole gatekeepers of news and information.

3) Establish the need for newspapers in the digital age
Newspapers have become all the more relevant in the Information Age. The information glut from print, broadcast and the Web has created the need for journalists who can
choose and interpret the information people need in their daily life. In other words, the public needs journalists who can translate information into knowledge.

In the age of instant information from multiple media outlets, journalists will be the only information providers committed to free speech. They will cover political and governmental issues with a passion that other news sources will not have. Even in spite of the influence of advertising, theirs will be the only editorial voice advocating public interest.

Newspapers are also needed for authentication and context setting. The commercial Web sites will not have the same authenticity as an institution which has survived the test of time for more than a century.

"With the rise of the Internet, 24-hour cable news, talk radio and tabloid TV shows, readers need a healthy reality check from the roar of the media circus. The public needs reputable news outlets to adhere to their core values of accuracy, credibility and balance to give stories like this context and perspective, a role that other media have forfeited." (Lasica, 1998)

4) Do well what they do
Newspapers need to keep on doing well what they do. Newspaper should not give up vitality and strengths—storytelling, analysis, and substance—in favor of gimmicks. At the same time, they should use the new technologies to improve their content and appearance.

The depth of research and reporting can be enhanced considerably. Many newspapers have embraced computer-assisted reporting (CAR) with great success. CAR has added a new dimension to investigative reporting.

The marvels of new technology should make newspapers visually more appealing. This might draw younger readers, who have grown up on the visual medium of television, back to the newspaper.

Undue emphasis on "objectivity" must give way to creativity and editorial energy. An 1848 tradition started by a wire service (the Associated Press) is no longer relevant to newspapers, which are no longer in the news breaking business.

Powerful editorials, commentary, outspoken analysis and investigative reporting must return to the newspaper pages. Newspapers still have an edge over radio and television, which are fundamentally entertainment media. Television news will always remain entertainment-oriented. It does not lend itself to in-depth editorials and commentaries. News magazine shows can never replace the editorial columns of the newspapers.

Newspapers must also rediscover the literary roots of journalism. Undue emphasis on objectivity stripped American journalism of its rich literary legacy. Newspapers in other
countries followed suit. Only through the craft of engaging and entertaining writing can journalists distinguish themselves from the sound bite journalism of radio and television.

Finally, mainstream newspapers should not lower its standards to catch up with the electronic media and on-line journalism in the news breaking game. Newspapers can never beat their rivals in this game. The dividing line between fact and rumor, which is blurred on the Web, must remain clear in the newspapers. Newspapers must resist the temptation of dumping of half finished pieces on their Web to beat the competition.

5) Be a major player on the Web
Instead of being complacent by having a Web page on which they place capsule versions of their print product, newspapers must become the leaders of Web journalism. Web versions must be distinctly different from the print version, with original stories and periodic updates during the day. The Web version should complement the primary product and persuade the readers to pick up the print version.

In addition, newspapers should venture into producing Web sites and produce sites which Cut into the domain of commercial Web sites. An interesting example is Boston Globe’s Web site Boston.com, which provides information on the region. Instead of creating a Web version of the Globe, the company collaborates with television stations and museums in the city as content partners. Individuals and organizations are welcome to link their homepages to the site.

Even small newspapers, which do not have the vast amount of resources major newspapers like the Globe has, have become very creative in competing on the Web. Sunline, a chain of small dailies and weeklies has focused on building an interactive electronic community through its Web edition (www.sunline.com). It has set up Web pages for all clubs, organizations, musicians, nonprofits and government agencies in the community (Lasica, 1998). Sunline also provided computer training for its readers to use the Web.

Newspapers are also beginning to form partnerships to ward off the threats of commercial Web sites. Two years ago, nine leading news companies such as Gannett, Hearst, Knight Ridder, The New York Times, Times Mirror and The Washington Post formed New Century Network, a consortium to pool and sell advertising to its members’ Web sites, as well as a service called NewsWorks to offer daily reports on world and international affairs and to provide links to 150 affiliated news sites. (Hickey 1997)

Don’t give away the whole content
Newspapers cannot afford to give away their entire content for free through the Web. Giving away partial contents have not hurt them so far. The trick is to use the Web edition as a bait or teaser to draw the reader to the print product.
Conclusion
The newspaper industry should take its cue from the motion picture industry, which experienced the dislocation of technological change, but managed to provide creative entertainment on film and in non-film format.

Newspapers must make sure that online technologies do not replace print or drive it to extinction. Instead, like the motion picture industry, the newspaper should develop online newspapers in tandem with the traditional paper, so that the online product complements, rather than replaces the primary product. Each will serve a different need and a different generational need.

It may seem that newspapers in Asia may not face some of these challenges in the immediate future. Socio-economic factors and the lack of access to the Internet in most countries may save newspapers from the problems faced by their European and American counterparts. However, as the world is shrinking into a global community and developing nations are rapidly becoming members of the Information Society, Asian newspapers will be finding themselves facing the same critical challenges sooner than they think. When it comes to technology, future is now and now is the time to act.
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