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Newspaper As A Business Proposition

By

Ashoke Dutta
NEWSPAPER AS A BUSINESS PROPOSITION

A Newspaper is an unbound, printed publication, issued at regular intervals, which presents information in words, often supplemented with pictures.

If we closely examine one of the major newspaper published from one of the metro cities, we find that more than half the paper is filled with advertisements followed by news given by one of the agencies. We will also find that syndicated features & columns, sports and other specialised reports far exceed local hard news. We might as students of journalism get disheartened when we find a lot of deviation from what we expect a newspaper to be, in terms of reporting significant political and social developments, scrutinizing actions of government and acting as a forum for various community viewpoints.

Newspaper publishing is a business these days and the publisher will have to look after the profitability of the business with a business acumen. The content of the newspaper will therefore reflect the needs, tastes and preferences of the readers. The content therefore becomes a product of conflicting goals; the goal of the publisher to make money, of the reader to be entertained and of the reporter to change the world.
The changing emphasis on the objectives of bringing out a newspaper is reflected in the contents of change in the newspaper over the last few years. It is seen that readers do not take much interest in editorials. The new newspaper of the modern day usually carries one editorial instead of the conventional three or four. With increasing competition more and more coverage is given to sensational news, advertisement, local news, etc. And this sort of sensational stuff gives rise to what we call Yellow Journalism. This has resulted in a situation that, in India today many of the Newspaper houses try to maintain the financial viability while unconsciously the quality of the newspaper deteriorates from the journalistic point of view. This sometimes leads to unethical practices as newspaper publishing is going one phase to another where making money becomes important. But this objective can otherwise be well attained through the adoption of Modern Management Techniques and technical know-how bringing about, a quantum change in the newspaper publishing. Avoidance of junk news and introduction of specialised management can of course ensure the social responsibility as well as the commercial viability as well. Hence, the need for competent management. The need to operate the management of newspaper houses on sound commercial basis has made the owners reduce their risk liability through growth possibilities. The growth can be achieved through entry to new markets or through new publications.
Matrix of Growth Opportunities:

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<th>Publication</th>
<th>Existing</th>
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<td>Existing</td>
<td>X</td>
<td>Market expansion</td>
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<td>New</td>
<td>Product Development</td>
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Before an organisation embarks upon a growth plan, it may be helpful to raise some very basic questions and go through a step by step analysis to find out the present state of the organisation and in what direction it should go.

The first step is to ask -

What is the mission or goal of the organisation?

This can often open up wide possibilities e.g. a newspaper house may find that it can get into book publishing which it had not thought about before.

The second step would involve a SWOT analysis exercise.

SWOT standing for an analysis of Strength, Weakness, Opportunities and Threats of the organisation, e.g. if it has a good agency network and its strength lies in the field of distribution, it can take up the agencies of other products and therefore help reduce or spread the overhead expenses.

Another useful tool which helps owners is the product portfolio analysis. The basic objective being to find out the position of the existing publications.
A simple model of the product portfolio, categories the products into four slots. If a matrix is drawn and two dimensions are taken viz. growth potential and Market Share and each parameter divided into High and Low categories, then the categories are, The Star, The Cow, The Dog and the Question Mark. This in combination with the product Life Cycle (which basically states that every product in our case publications, has a slow phase of introduction, fast growth, matures and then declines) can act as a monitor which helps in planning for introduction or phasing out of a new product or publication.

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The newspaper/publishing industry must appraise the market opportunities and be ready for cashing in on them. In today's competitive world to survive, the best strategy is to grow. With rapid change in communication and graphic technology and vast opportunities thrown up there, and one must estimate value of the market and take necessary steps to ensure profitability and growth through the use of Modern Management Techniques.
NEWSPAPER IN THE MARKET PLACE

Newspaper suffer from a very short shelf life. The product being highly perishable, a daily newspaper becomes useless within a couple of hours of its production.

If we consider that the newspaper is similar to any other consumer product, the marketing techniques applicable to consumer products can therefore be applied to the newspaper.

The highly perishable nature of this product make its distribution and the techniques of distribution one of the most critical issues in selling. In the absence of the use of the latest technology to publish simultaneously the same paper from various centres, it has become necessary for newspaper houses to outwit competitors in finding out new ways and improving on existing methods of reaching the paper to its market. It has been observed that in the early hours, availability of a newspaper becomes more important than the name or brand. Papers that are able to reach first in such destinations as airports, stations or bus stands have larger cash sales.

Sales promotion is another area which is making its impact in the marketing of newspaper. Display contests, dealer leader, Trade schemes have already proved its usefulness. Agent motivation techniques including Agents Conferences are common. Concept of product plus in terms of free pull out, special supplements are already being used by many publishing houses.

Like any other product, the product content and profile will have to change with the changing likes and dislikes of the readers. Readership surveys have therefore a very important role for the marketing and editorial departments.
The changing likes and dislikes can be observed from studying the newspapers which are increasing in circulation very fast. The recent use of pictures, colour, comics strips and less editorial are an indication of the trend.

To be able to increase circulation and capture a higher percentage of market share, it is necessary to create a demand for the new newspaper and ensure supply as per the requirements of the readers.

Identification of newspaper with the needs and aspiration of the readers is also another important factor in the sales of the papers. The recent coverage given to consumer complaints and civic difficulties being faced by people come in this category. The Public Relation aspect of newspaper cannot also be left out. The debates, vintage car rallies also plays an important role in bringing about loyalty of the readers.

Even though in newspaper marketing it is the reader who plays a decisive role, the social and ethical responsibilities cannot be ignored by the owners.
PROBLEMS OF NEWSPAPERS' CIRCULATION & DISTRIBUTION

Newspapers can be considered as a consumer product. Here, the raw materials are different unlike the consumer products where we have the same standard of raw materials. Being made up of information from various sources, the process of newspapers publication involves screening, arranging of the news and publishing at a regular frequency.

The daily newspaper has a very short shelf-life. In fact, within a few hours, the value of a newspaper becomes the value of wastepaper, of a negligible amount. Besides, the problem of distribution is immense. Each day of publication, the newspaper has to reach our remotest readers in various types of weather.

The other thing that has to be kept in mind is that the people reading the newspaper are not alike. No two people read the same issue of the same newspaper in exactly the same way.

The circulation of newspaper is never constant in terms of individual readers or actual members. But, there is always constant relationship between circulation and the available readership market.

It is important for the Circulation Manager to know as much as possible about the readers of newspapers how they read it, why they read and what they read in it.
The ideal objective of any Circulation Manager would be to reach as maximum number of household as possible, and the market is considered saturated when about 85% of household are reached. The present circulation and distribution pattern in this country can be divided into two broad heads:

1) City distribution
2) Upcountry distribution.

The City distribution involves distribution of a particular newspaper in the place of publication of a particular newspaper. The distribution line here consists of an intermediary trader normally known as City Contractor who, for a particular percentage commission consideration, ensures distribution to various points in the city so as the readers of the household can be reached at the minimum possible time.

The peculiarity of the city distribution is that unlike trading or selling of other commodities, here the product is first given to the hawkers and subsequently, money is collected from them. Hawkers are the people who reach the paper to the various houses. This has been necessitated by the fact that the least amount of time should be spent in the transaction between the City Contractor and the hawkers. In most places of distribution known as centres, it is seen that there are some leading hawkers who divide the papers taken by them among various other hawkers and the centres; collect the money from them
and hand it over to the representatives of the agents known as delivery men.

One of the major problems faced in this type of transaction is the recovery of the actual amount of money. It is apparent from the inherent procedure that a number of loopholes exists and it is quite possible for the various personnel involving in the distribution line to misappropriate the finance. For example, the lead hawker may say that he has not received the number of copies as indicated or as it should have been and therefore, deposits less money. Similarly, it is possible for the delivery men to take away or refrain from depositing the amount to the City Contractor and/or to the Company.

The other major problem faced in the city distribution relates to the periodic disturbances created by the hawkers and our delivery men on the slightest pretext. It may be because the paper is delayed, or because some of the hawkers require certain additional money.

Recourse by the hawkers to looting has been frequent and common. The Circulation Manager has therefore, not only to deal with the distribution of the paper, but also interact with Law Enforcing Authority in the city to maintain the discipline.
The Circulation Manager has to negotiate and deal with these hawkers and their representatives. It is often seen that being an external element, it is very difficult to enforce discipline as practically no help is received from the Government. There are various centres in India where unions of hawkers have been formed and they negotiate individually and/or jointly on the terms and conditions for the distribution of the paper. Newspapers Management have to start thinking in terms of alternative modes, types of distribution and come up with some innovative solution.

For distributing to the places outside the city limits, distribution of newspapers is mainly done through the railways, long-distance services or hired/pulled taxis.

One of the major problems in this type of distribution is the correct order of packing and despatching so that the chances of mix-up are reduced to the bare minimum. To take an example, if a particular train has to be loaded and where despatches in all the stations have to be made, then the arrangement of the packing should be such as to correspond with the destination in the order of arrivals of the train.

It is seen that unless closely supervised or full-proof system devised, it becomes very difficult to maintain the despatches satisfactorily and without any comment from the agents.
As it is evident from the process of despatch involved, the chances of mix-up are very high. It is quite possible for packets destined for a particular place to be offloaded in towns earlier to the destination or it might sometime be over-carried.

Agents complain about short receipts, theft, damages in transit. It is really difficult to get compensation for the packets lost in transit due to theft, mishandling, etc. We have seen from practical experiences that in spite of our close relationship and best efforts, recovery of losses from the railways take a very long time. Some of the agents also face the problems of the Station Master not wanting to give proof of short receipts.

In case, there are differences in the commissions structure between places as well as between the city and the suburbs, chances of infiltration from the city to the suburbs are high. Here, people purchase the paper from the town near the respective station and carry them into the suburban areas.

The collection of money from the agents poses to be another major area of concern. It has been noticed that a number of agents do not make regular payments and unilaterally deduct money from their bills. This leads to complications in the accounts as well as difficulty for the Circulation Department.
Another major area of concern is for effective rural penetration due to lack of adequate infrastructural facilities. The newspaper has to be distributed daily into the farthest region under different weather conditions, and because of bad weather it is likely that the modes of transportation can be suspended.

It has also been seen that receipt of payment is late because of inefficiency of the Postal department and the difficulty in getting the draft from the various banks.

The last point that we would like to mention is regarding servicing to the subscribers. In case of growth of subscribers' numbers, efficient servicing becomes a problem as to keep track of individual requests, non-receipts, etc. But, the event of computer and its use in the subscription, servicing, has reduced the problem to some extent. But, nevertheless, the problem continues in a reduced form.
UNDERSTANDING ADVERTISEMENT AND SPACE SELLING

Advertisement:

In the newspaper terminology, the term Advertisement is a misnomer. In any organisation, Advertisement department connotes the department under the marketing function responsible for planning, advertising is to call attention to real needs and to order and executing advertisement campaigns on the basis of marketing and corporate needs. In the newspaper house advertisement department is the department concerned with selling — selling of space in a newspaper. Space that carries the message of the buyer and reaches the readers of that particular newspaper. Today, a lot of media professional object to the term of space selling as one is not selling a particular box, column of white space available in a newspaper but is responsible for selling a campaign that works, a readership that the buyer of space wants to reach.

Today the cost of the newspaper is low because newspaper has been used as a media for advertiser and the revenue of a publication is added to the selling revenue. In some paper revenue from advertisement could be as high as 80% of the total revenue. In case of a paper devoid of advertisement, the cost of the paper would be high. Haven't we noticed that 8 page language paper costing more than a 16 page English daily, why is it? It is only because of the total advertisement carried in the paper.
Advertising should appeal to the person who is going to buy the product advertised, i.e. the consumer, individually. Therefore it would lay to relate advertising to individuals aim.

The goal of advertising is to call attention to real needs and to offer a means to satisfy those needs. Today, it also, rightly or wrongly creates needs that do not naturally occur and attempts to satisfy them.

Advertising serves a variety of purposes. Most obvious, it stimulates commerce and especially retail sales of consumer goods. This is a vital, legitimate function. In the case of newspapers, it pays a great share of the cost of a newspaper thereby keeping the cost to the reader relatively low. This is most important in a democratic and free society because advertising puts the cost of the paper within reach of people.

Research shows that the newspaper reader considers advertising a vital part of the paper.

*Classified Advertisement*

Research shows that classified advertisement is one of the best read matter in newspaper. In fact quite a number of them buy the paper for it. It therefore pays to secure classified advertisements by promotional activity, special offers, etc.
Classified advertising works. The very best sales tool is a well trained and effective staff of sales persons. Experiments and promotion of giving away ads one day of the week or to the first few who sends in a coupon that it does work. Free insertions in the classified should be given only to individuals and not to business undertakings.

News & Advertisement:

Most agencies who help secure advertisements for newspaper are two things: ad agency and public relations firm. They should go to news section for public relations function and not mix it up with ad department.

Advertisement Managers must remember that it is very important that any ad contracted for a certain time be printed as promised.
Functions of the Advertisement Department

The space selling team:

Here, the publications are assigned to different people with targets being set for each publication or person. Essential functions include:

(a) Gathering market information regarding possible campaigns by companies based in the area of the representative.

(b) Strategy planning for obtaining the campaigns in the Company's various publications.

(c) Client and Agency calls and servicing.

(d) Cultivating new and prospective clients.

(e) Media coordination - this includes at times, showing the client/agency the first run or colour proofs prior to the final printing.

(f) Arranging supplements for various publications.

(g) Checking other publications for campaigns missed and consequent follow-up, wherever required.

(h) Filling in weekly reports detailing client calls and follow-up action.
The Administrative Section

a) The casual advertisement - these are accepted generally for cash (collected by a person from the accounts department) in the reception area or by collection agents - these advertisements are either display or classified (matrimonial, personal, education, medicine, etc.)

b) Entertainment advertisement - includes cinemas, jatra, hotel, etc. and can be either casual or contract.

c) Box Section - applicable for two or three weeks. Replies are despatched either by post or peon - however, if the advertiser comes personally to collect the replies, the rates are lower.

d) Proof and translation - generally, translation is done on request - proof readings are normally done before the matter goes to press.

e) Despatch - includes details of voucher/complimentary copies along with detail of all outgoing letters.

f) Post-printing operations - after printing, the advertisements are measured and tallied with the 'press instruction' to check for discrepancies, if any, before billing.

g) Photo-type setting and Art Section - include seeing the composing, the touching up of the negative, the dummy and the pasting.
h) Scheduling - the time span required for co-ordinating receipt of materials and processing it. Normally colour takes a longer time than Black and White, and delays are communicated to advertisers and their agents. However, these deadlines are flexible and the operating margin can be reduced depending on urgency of the customers.

For dailies, advertisements are normally accepted up to the evening of the previous day.

In the case of dailies, details of booking are noted down on the register for day to day working.

The dummy making is also done along with details of number of total pages and pages to be printed in advance (when the machine capacity is not sufficient).

A copy of the dummy goes to News Editor, Press, Art Section and one is kept in the File.

i) Billing - Credit Press Order forms are filled up by the department and forwarded to the accounts.

j) Commission/Credit Facility - This depends on whether the release has come from an accredited agency or Provisionally accredited agencies or Non-accredited agencies.
At the end of the month, Accounts prepares a monthly review statement showing the payment position of agencies, a copy of which is sent to the Indian and Eastern Newspaper Society.

Management Information Systems:

1) Month by month performance appraisal of publications. Here systems can be designed to cover details such as name of publications, issue date, marketing date, performance vis-a-vis target per issue, cumulative performance in the current year, and deficit/surplus.

2) Competitive Publications report - Here publications are chosen as competitors on the basis of editorial homogeneity and target audience. The booking position for the next three months is consulted to get a list of prospective clients to judge campaigns missed.

3) A quarterly report on advertisements missed for each publication - this is forwarded to the field for explanation.

4) The advance booking form - filled twice a week for weeklies and once for fortnightlies depending upon the organisation's needs giving the booking position for the next six weeks - this is forwarded to the Top Management/Head of the Department. A modified version may be sent to the field.

5) Material follow up form - this is made periodically for each publication.
6) Collecting other data from N\&R\&S. etc. on request.

7) To have a ready-made audio-visual presentation on publications
which includes facts and figures as well as qualitative/soft data
which could be used by space selling team for presentations/image
build up amongst prospective/difficult clients.

8) A feedback mechanism for the weekly reports by the sales staff at
periodic intervals - perhaps a monthly review with the 'average
number of calls per person' and comments by the Advertisement Manager.

9) A register to be maintained for noting down names/phone numbers/
messages of persons who call during the day when the particular person
sought is not in office - it is felt that client servicing and
probably business decreases if the sales team cannot be contacted
throughout the day and messages are not recorded.

10) A possible source of information which has not been tapped is the
'creative/studio' section of the advertisement agencies - it may be
feasible to consciously cultivate known people in the studios in
the agencies for ike advance information on new/existing campaigns.