

Newspaper circulation may be worse than it looks

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In this Nov. 14, 2009 photo, a customer purchases a newspaper in Palo Alto, Calif. While U.S. newspapers are losing subscribers at a staggering rate, a few dailies stand out because their circulation is rising. But they aren't necessarily selling more copies. (AP Photo/Paul Sakuma)

(AP) -- While U.S. newspapers are losing subscribers at a staggering rate, a few dailies stand out because their circulation is rising. But they aren't necessarily selling more copies.

Here's why: Since April 1, new auditing rules have made it easier for newspapers to count a reader as a paying customer.

These looser standards are especially helpful to a newspaper if it sells an "electronic edition." That can include a subscriber-only Web site, such as what The [Wall Street Journal](#) has, or it can be a digital replica of a

newspaper's printed product. Several dozen publications, including USA Today, sell access to these daily "e-editions" that show how the news was laid out in print.

Under the new auditing standards, if a newspaper sells a "bundled" subscription to both the print and electronic editions, the publication is often allowed to count that subscriber twice.

If not for these rules, the industry's numbers would look even worse. Average weekday [circulation](#) at 379 U.S. newspapers fell 10.6 percent during the six months ending in September. That was the steepest decline ever recorded by the Audit Bureau of Circulations, the organization that verifies how many people are paying to read publications.

It's not clear what the numbers would have been under the old auditing standards. But the effects of the new rules were widespread. There were 59 newspapers that listed at least 5,000 electronic editions in their weekday circulations, according to an Associated Press review of the figures filed with the ABC for the April-September period. In all but a few instances, the number of electronic subscribers was substantially higher than a year ago.

The decline in newspaper circulation has several causes. Many publications have intentionally reduced the range of their deliveries, cutting out exurbs or distant parts of their states where they sold relatively few copies. Higher prices for home delivery and newsstand copies also have driven some readers away. Publishers are betting they can keep their most loyal readers and are charging them more to help offset their crumbling ad sales - the main source of newspaper revenue.

Nevertheless, many newspapers are still offering discounts to bolster their circulation so they don't risk losing even more advertising revenue.

The size of the audience is one factor marketers consider when they buy ads.

The Las Vegas Review-Journal was among the newspapers whose weekday circulation rose from the same time last year. Nevada's largest newspaper saw its average weekday circulation rise 6.6 percent, or nearly 11,000 subscribers, to 175,841. It was a remarkable improvement, given that weekday sales of its print edition fell by 12,000 copies and Las Vegas ranks among the cities hardest hit by the Great Recession.

How did it happen? The Review-Journal's circulation this year included 23,132 electronic editions compared with just 511 at the same time last year.

The big difference didn't occur because that many more people suddenly decided to buy the Review-Journal's digital replica of its print edition.

The change happened because the price the newspaper was charging for the online replica - it costs print customers an extra 50 cents per week - hadn't been high enough to qualify as paid circulation until the ABC's April change. That let newspapers define their paying readers as anyone who spends at least a penny for a copy. Previously, a newspaper copy had to sell for at least 25 percent of the basic price to qualify as paid circulation.

The ABC said it changed the rules to reduce its auditing costs and "provide greater pricing and marketing flexibility" for publishers.

Steve Coffeen, the Review-Journal's circulation director, said it makes sense to count the bundled subscriptions twice, as well as other people buying the electronic edition at a sharp discount, because it provides a complete picture of the newspaper's paying audience. Advertisers generally prize readers who pay for a publication, reasoning they are

more likely to peruse it.

"It's important to show advertisers we are fighting the good fight and using other platforms to reach readers," Coffeen said.

That rationale makes sense to Randy Novak, director of newspaper strategy for NSA Media, one of the nation's largest buyers of newspaper ads. He doesn't see much difference between readers who are getting the newspaper at a deep discount or the standard price. He wants to reach people who care enough about the newspaper to be willing to pay for it at all.

However, another big buyer of newspaper ads says the new ABC rules made the reported circulation numbers less credible.

"You really have to do your homework now and ask newspapers about how much double counting is going on," said Allison Howald, U.S. director of print investment at PHD Media.

A surge in digital sales propelled the York Daily Record in Pennsylvania to a 16.5 percent increase in weekday circulation - the highest among dailies selling at least 50,000 copies. The Daily Record listed 10,073 electronic editions in its latest circulation of 55,370. At the same time last year it counted just 42 electronic editions in its circulation of 47,549.

In most cases, the electronic edition is a replica of the printed product, right down to the ads. The technology even makes it possible to simulate the act of turning the pages of a paper edition. Most electronic editions are sold at a small fraction of the price for the printed edition, partly because publishers don't have to pay for newsprint or fuel to deliver the copy.

Web subscriptions were pivotal in The Wall Street Journal's growth over the past decade. The digital sales are the main reason that the Journal surpassed USA Today as the top-selling U.S. newspaper in the April-September period. USA Today, owned by Gannett Co., still holds the edge in print circulation.

The Journal charges its print subscribers an additional 40 cents per week for unrestricted access to its Web site. Journal spokesman Robert Christie wouldn't comment on whether the new rules for counting subscribers contributed to a 14 percent increase in the newspaper's 407,002 digital subscribers. Including the print side, the Journal's total circulation edged up by just 0.6 percent to 2.02 million.

"We followed the ABC's rules and methodology," Christie said.

Some newspapers that posted circulation gains say they are picking up readers who feel abandoned by bigger publications. Cutbacks at newspapers in Atlanta, Charlotte, N.C., and Nashville, Tenn., contributed to most of the 2 percent increase at the 70,000-circulation Chattanooga Times Free Press in Tennessee, said Publisher Tom Griscom. "We are keeping an eye on print and not letting it drift away," Griscom said.

A reduced emphasis on print at The Detroit News and the Detroit Free Press, which now deliver to homes only three days a week, also helped Michigan's Oakland Press increase its weekday circulation 7 percent to 68,067. But electronic sales were the main factor. The [newspaper](#) listed 6,500 more electronic editions in its latest circulation numbers than it did a year ago, offsetting a slight decline in print.

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