

Glimmers of hope for troubled US newspapers, study says

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The US newspaper industry is seeing some glimmers of hope after being battered for years, a prominent study concluded Monday.

While the industry is about half the size it once was, there are some positive signs, including new [revenue streams](#) from digital paywalls and a general economic improvement which is aiding newspapers, the study found.

"For the first time since the deep [recession](#) that began in 2007, newspaper organizations have grounds for a modicum of optimism," said the authors of the study by the [Pew Research Center](#)'s Project for Excellence in Journalism.

The 2013 State of the [News](#) Media report said newspapers "have started to experiment in a big way with a variety of new revenue streams and major organizational changes."

Some of these, such as using social media to help advertisers, are too new to be measured, but are part of a trend which suggests stabilizing revenue, the researchers said.

Among other positive signs, the report said:

- Digital pay plans have been adopted at 450 of the 1,380 dailies US and "appear to be working not just at The [New York Times](#) but also at small and mid-sized papers." These are helping add new revenues and reduce

dependence on advertising.

- Publicly traded newspaper companies saw their share prices rise in 2012, albeit from a reduced base, with several up 30 percent or more.
- Newspapers coming onto the market are finding buyers. Among the notable investors are Warren Buffett, whose Berkshire Hathaway bought a group of 63 newspapers and several others.
- The modest improvement in the economy has eased pressures on the industry, with auto advertising reviving and real estate and employment ads recovering in some markets as well.

Nonetheless, the authors say these positives "are, for the time being, mostly promise rather than performance" and that the basic indicators remain grim.

[Print advertising](#) fell for a sixth consecutive year in 2012—by a significant 7.3 percent or \$1.5 billion. National advertising is especially weak, suggesting that corporations are shifting to other platforms.

The Pew research shows digital advertising now represents 15 percent of total newspaper ad revenue, but has grown anemically the past two years and does not come close to covering print ad losses.

The study indicates newsrooms are still being slashed and that readership from mobile platforms is failing to generate significant revenues.

"Though the great majority of newspaper organizations are profitable on an operating basis, many companies continue to struggle with debt and pension obligations assumed in better times," the report said.

"In a symbolic indicator of decline, newspapers are abandoning the

grand headquarters buildings that used to help anchor downtowns in favor of smaller, less expensive offices. Those that stay are starting to rent excess space to other businesses."

Some dailies have cut print frequency to three times a week, which has sparked a heated debate in the industry. The most prominent of these was the New Orleans Times-Picayune and its parent Advance Publications.

In Pew interviews with executives at 13 major newspaper companies, the most common prediction was that more papers would soon adopt the three-day-a-week publication schedule.

The report said newspapers continue to slash staff, making it harder to cover news in the way readers have expected.

"This adds up to a news industry that is more undermanned and unprepared to uncover stories, dig deep into emerging ones or to question information put into its hands," the report said.

And a public opinion survey released in the report showed that 31 percent had "deserted a news outlet because it no longer provides the news and information they had grown accustomed to," Pew said.

Overall, Pew said media organizations—including newspapers, broadcasters and cable news operators—were shrinking further, driving consumers to seek information elsewhere.

"There are all sorts of contributors in the evolving landscape of news and, in many ways, more opportunities for citizens to access information," said Amy Mitchell, acting director of the Pew Center's Project for Excellence in Journalism.

"But there are more signs than ever that the reduced reporting power in the news industry is having an effect and may weaken both the industry's capacity to produce in-depth journalism and its credibility with the public at the same time that others are gaining more voice."

Pew said that Google has become a dominant force in digital news, impacting traditional media groups.

"News organizations are increasingly dependent on Google and a handful of other powerful tech firms for the tools and platforms needed to reach their audience," the Pew report said.

"They also are increasingly vulnerable to the changes the tech firms are introducing. The shift to mobile, for example, is making news an ever-more expensive arena in which to operate, but it is not yet producing the kind of new revenues to back up news organizations that will allow them to support those expenses."

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