Hold the Presses:
The vision unsplendid for
Australian newspapers

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Abstract

The destiny of Australian newspapers and the journalists who work for them came into sharp focus in August 2008 when Fairfax Media announced it was cutting five per cent of its Australian and New Zealand workforce. At the same time it flagged it would be outsourcing some editorial production, notably the sub-editing of non-news pages, to private contractors. Fairfax’s cost-cutting measures illustrate the extent to which the survival of some of our biggest newspapers is threatened by the modern medium of the Internet.

This thesis synthesises and assesses the views of notable players in the news industry on the future of Australian newspapers. Its concern is the future of the print platform per se, not the likely structure and future output of today’s newspaper companies. It draws on interviews with practitioners and publishers, public statements, documents and academic literature. It also seeks to determine the status of newspaper circulation and readership in Australia relative to the increasing size of the potential market. It examines available data on readership and circulation and benchmarks that data against Australian population growth to indicate audience-share and market penetration in a different light to that provided by the conventional publications of the Audit Bureau of Circulations and Roy Morgan Research, which report actual sales and estimated readership in absolute rather than terms relative to the potential market. The thesis establishes that newspapers are losing their patronage across the population at large.

In developed nations, online news and advertising that are delivered on computer screens at home, in the workplace and on mobile devices challenge the viability and utility of daily newspapers in their traditional form. The embrace of digitised
news in its various formats heralds a third wave of technological challenges to newspapers and to those practitioners for whom journalism is still a form of higher calling.

Part of the response by newspapers to the challenge to their dominance has been to create their own news websites. This thesis confirms that a successful business model for these websites has yet to emerge, certainly not one that provides pre-Internet advertising share and revenue.

This thesis breaks new ground in two areas: the real terms decline of Australian newspaper circulation and readership; and it finds consensus, notably between current and former Fairfax executives, that the future of Australian newspapers is a complex equation, primarily determined by the market in which each operates and its primary source of revenue.
Acknowledgements

I take this opportunity to express my sincere appreciation of the guidance and advice given to me by my supervisors, Dr Libby Lester and Dr Verica Rupar. I am fortunate in that not only did that guidance emanate from their academic backgrounds but also from their distinguished careers as journalists working in the print medium. I also express my deep thanks to my spouse Vicki Montgomery, who not only offered her unqualified support for what I set out to do, but also accepted the task of proof-reading it. With great reluctance, she accepted my policy of not changing the original language, usage and grammar of cited text in direct quotes. Hence, the reader will find inconsistency in the use of such words as “Web”, “website” and “Internet”.

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## Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ABC</td>
<td>Audit Bureau of Circulations</td>
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<td>ABC</td>
<td>Australian Broadcasting Corporation</td>
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<td>ACMA</td>
<td>Australian Communications and Media Authority</td>
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<td>ACP</td>
<td>Australian Consolidated Press</td>
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<td>APC</td>
<td>Australian Press Council</td>
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<tr>
<td>CAR</td>
<td>computer-assisted reporting</td>
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<tr>
<td>CERN</td>
<td>European Organization for Nuclear Research</td>
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<tr>
<td>DVD</td>
<td>digital video disk</td>
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<tr>
<td>EPIC</td>
<td>Evolving Personalized Information Construct (flash movie)</td>
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<tr>
<td>RMR</td>
<td>Roy Morgan Research</td>
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<tr>
<td>SMS</td>
<td>Short Message Service communications protocol, which facilitates text messaging between mobile phones</td>
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<tr>
<td>VDT</td>
<td>video display terminal</td>
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<td>VDU</td>
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1. Introduction

1.1. Problem statement

From their heyday in the first half of the 20th century and their peak sales in the mid-1980s, Australian newspapers have experienced reduced circulation and readership. The phenomenon is common to newspapers in most developed nations, where new media technology is facilitated by modern telecommunications infrastructure and relative affordability. That contrasts with the available market in developing nations, notably India and African countries, where limited digital infrastructure and relatively high computer hardware costs serve to favour newspapers in their printed form. In developed nations, where the technology is accessible, online news that is delivered on computer screens at home, in the workplace and on mobile devices challenges the viability and utility of daily newspapers in their traditional printed form.

The embrace of digitised news in its various formats heralds the third wave of technological challenges to newspapers, to those who own and produce them, and to those practitioners for whom journalism, certainly serious journalism, is still a form of higher calling. There have been printed news sheets since the development of the Gutenberg press in the 15th century. They survived the advent of radio in the first half of the 20th century and television in its later decades, but their survival is threatened by a medium that poses, according to all those I have interviewed and to the authorities I quote, the greatest challenge.

I am a practising journalist who worked at the national daily newspaper, The Australian, between 1983 and 2003. I have also worked on British and Australian
provincial newspapers, in radio and television with the Australian Broadcasting Corporation, in public relations and in online media. This thesis was spurred by what I perceived to be a sense of alarm among traditional Australian newspaper readers that the days of the aromatic, foldable, ink-on-your-fingers newspaper are numbered; that the printed newspaper is becoming redundant, more an item of discretionary expenditure rather than a staple, daily requirement, and thereby increasingly uneconomic for those who produce them. I presented an exploratory paper on the subject of the future of newspapers to a University of the Third Age summer school in Hobart in February 2007. In that paper I referred to the Amazon Kindle, an electronic book that receives data wirelessly, in the back of the car, the train or the bus. The available downloadable data includes the text of books and newspapers; quality newspapers with mastheads including The New York Times, The Wall Street Journal, The Washington Post, Le Monde, The Irish Times and Time magazine. How might a tool such as the Kindle impact on a traditional newspaper, still printed with ink on newsprint paper, copied hundreds of thousands of times and freighted to its readers? The University of the Third Age audience, whom one could not describe as “young”, was aghast. To them, the prospect of life without newspapers was unthinkable.

The lion’s share of research in this field has been carried out in the US and, increasingly, in the UK, but the future of newspapers is becoming a popular topic in Australia for academic and industry discussion. Its relevance was confirmed in August 2008 when one of the two major players in the Australian newspaper industry, Fairfax Media, announced it was cutting 550 staff, five per cent of its Australasian workforce, and outsourcing (sending out to non-staff contractors) parts of its editorial production, notably the layout and sub-editing of non-news pages.
The company's announcement labelled the move a "business improvement program". This had followed its April 2006 merger with the largely provincial newspaper owner, Rural Press, and a deliberate move by the company to a greater concentration on online media for new avenues of advertising revenue and news output. It was triggered by the underperformance of its broadsheets, The Age and The Sydney Morning Herald, as online media challenged those newspapers' share of classified advertising revenue in the key areas of real estate, jobs and cars (Ricketson, 2008).

The owners of some notable newspapers have had to expand and diversify the nature of their overall business to a significant degree in order for the newspaper itself, the focal point of the business, to have the chance of surviving. In his recent book detailing his observations of Fairfax Media where he had been chief executive, Fred Hilmer noted the disparity between Australian newspapers' approach to the challenge of the Internet and that of some US papers. He referred in particular to The Washington Post Company, publisher of The Washington Post. Under chief executive Donald Graham, Hilmer said, the company had diversified into education and broadcasting, reducing the printed newspaper's proportion of the business to about 20 per cent (Hilmer, 2007). I explore The Washington Post model and its application for, or relevance to, other newspapers in Chapter 2.

Many of those who embrace the new digital media as part of their apprenticeship into what might be called "new journalism" appear in no doubt that the end for newspapers is imminent. In November 2004, Robin Sloan and Matt Thompson, two journalist/producers at the Poynter Institute for Media Studies at St Petersburg in Florida, US, released an eight-minute flash movie titled EPIC 2014. It was based on a presentation they gave at the institute that year. The next year Sloan and Thompson
updated it to *EPIC 2015* (Sloan and Thompson, 2005). It represents a fictional *Museum of Media History* that explores the effects on journalism and society generally of the convergence of popular news aggregators like Amazon and Google with other Internet phenomena such as blogging, social networking and user participation. It predicted that in the year 2015, people would have access to a “breadth and depth of information unimaginable in an earlier age”.

Everyone contributes in some way, participating to create a living, breathing mediascape. However the press, as you know it, has ceased to exist. The Fourth Estate’s fortunes have waned. Twentieth century news organisations are an afterthought, a lonely remnant of a not too distant past. (Sloan and Thompson, 2005)

No-one interviewed for this thesis believes that newspapers will cease to exist by 2015, though some may fall by the wayside. They do accept that newspapers have been slow to grasp the dimension of competition from new technology and to grasp that technology themselves.

### 1.2. Aim and scope

This research does not seek a simple answer to the ultimate question: will the newspaper as a physical entity survive? In reality, there is no one-word answer. Australia’s newspapers operate in different markets; they have individual business models with varying degrees of financial dependence on classified advertising, display advertising and circulation. It is, therefore, interesting and useful to identify and analyse the dynamics of the current challenges facing newspapers, and to contextualise these dynamics within historical change and geographical differences.

In this way, we are able to better understand what it is that newspapers are actually facing as they head further into the 21st century. To do this, I identify the parameters of the problem through existing scholarly literature and industry documents, and via
interviews with key players in the industry: publishers, editors and journalists. I also draw on public statements made by leading industry figures. I then compare and analyse this material. What is the weight of their informed opinion about the future of Australian newspapers within their individual sectors? Does that shine the light on the future of newspapers in Australia? Additionally, do current statistical data norms about circulation and readership reflect the true state of the Australian newspaper industry and how should online readership be incorporated into those statistics?

The aim of this research is to assess the status of Australian newspapers in their various genres; to contextualise the Australian outlook within the global perspective; and to report and analyse informed discourse within the newspaper industry and academic literature about the future of the printed newspaper medium.

The Internet facilitates news and information dissemination through the medium of websites, blogs, podcasts, video downloads and mobile phone technology. “News” often takes on a personal dimension: it is person-specific information, usually social in character, disseminated to “readers” through such outlets as MySpace (www.myspace.com), Facebook (www.facebook.com) and Twitter (www.twitter.com). For example, in early 2009 seven-time winner of the Tour de France Lance Armstrong was using Twitter to keep his fans informed of his comeback progress (www.twitter.com/lancearmstrong). “Twittering” has become an appropriate gerund to describe this form of information exchange.

British media commentator and professor of journalism at City University, London, Professor Roy Greenslade, who is also a former editor of the Daily Mirror, is a specialist speaker at conferences on the future of newspapers throughout the world. He believes media convergence is inevitable:
The current platforms: television, radio, newspapers, can all converge on screen with broadband on the net. And we’re looking towards perhaps having one screen which can do everything ... We can’t be certain, but as of now, I think the single platform of the net will be how we’ll receive television and radio, audio, and text in future. (Greenslade, 2008)

Greenslade sits at an extreme of the spectrum of opinion, but no matter where one settles within the spectrum, it is still valid to muse on the preparedness of newspapers for the change that is under way. This study examines the measures publishers and editors are taking both to embrace and to counteract the Internet on the economics, operations and functions of print. The degree to which they respond and act can also be taken as an indication of the magnitude of the challenge.

The potential scope of this study is considerable, but I have restricted it to factors that I broadly categorise as technological, economic and professional. These categories reflect the dominant themes raised within the literature and interviews. While it was tantalising to delve into ancillary issues such as the relative comprehension of written versus screen text and the implications of technological and professional innovation on journalism education, a full discussion of such issues is beyond the scope of this thesis.

1.3. Thesis overview

The thesis begins by presenting, in the next chapter, background material that contextualises my research questions and methodology. It reflects the anxiety among traditional newspaper readers to whom I referred at the beginning of this chapter. A significant section of the background material emanates from various international conferences on the future of newspapers, in particular that held at Cardiff University in 2007. My main research work is reported in Chapters 3, 4 and 5, divided into the
three fields of research flagged earlier: technological, economic and professional. The three are necessarily inter-linked.

Communication technology has driven newspapers since the Gutenberg press. They have embraced print media technology and confronted electronic media technology, of which the Internet is but the latest development. In Chapter 3 of this study I argue that the Internet is a far more serious challenger to newspapers than were radio or television. I assert this because the Internet removes the privileged element of a news organisation: journalists, editors and owners being the gatekeepers of news; that is, being the filter that determines the information that readers consume. The Internet also removes the commercial element of fee for service. Search engines and hypertext links are the stiles that bridge the traditional fences around the news. They have a similar impact on the other area that newspapers once controlled, classified advertising. Search engines facilitate fast retrieval of product and consumer information, tailored to individual requirements of location, price, condition, colour, etc., and easily tracked by keyword searches. In Chapter 4, I examine the economic implications from both an editorial and advertising perspective. For newspapers to survive, it is clear they must adapt and adopt the new technology that threatens them. In Chapter 5, I examine the repercussions that technological and economic change in media platforms have on the role of newspaper journalists as preparers and presenters of news. In Chapter 6, I synthesise the research findings against the present state of knowledge and expectation of the future of newspapers, as set out in Chapter 2, and in so doing, a clearer picture emerges of how this latest and, by consensus, most threatening challenge to newspapers is both conceptualised and enacted upon.
There are doomsayers who predict the end of newspapers as we know them. Sloan and Thompson (2005) nominate the year 2015. In his book *The Vanishing Newspaper* professor emeritus in journalism at the University of North Carolina Philip Meyer produced a graph showing US newspaper readership (as a percentage of the population) plummeting to zero by the year 2043, following the steady downward pitch from 1980 to 2002 and extending it through to the baseline zero by 2043 (Meyer, 2004: 16). No-one interviewed for this thesis believes that Australian newspapers, as a genre, will cease to exist by 2015 or even 2043, but they do nominate those most endangered by the competition presented by the new digital media.
2. Background

2.1. Introduction

In this chapter, I set out a brief history of the written and printed word and the technological changes and challenges that the newspaper, generically, has encountered. This portrays the adaptability of newspapers to change and to answer challenge. The newspaper has always been an evolving species with an instinct to survive. I then examine the reporting and interpretation of circulation and readership decline of major newspapers in Australia and contextualise it with other developed nations and developing nations, where, by contrast, newspapers are growing. I examine the nature of development within the Australian newspaper industry from the perspectives of technological change, economic challenge and professional cultural transition by reviewing literature on change in the media, which, in recent years, has been referred to as “mediamorphosis” (Fidler, 1997). In particular, I refer to papers delivered at the major international conference on the future of newspapers at Cardiff University in September 2007 as, together, they provide an overview of the major themes within current and cutting edge academic discourse and research on the issue. Having established the knowledge base and theoretical parameters of the subject, I set out the research questions and research design/methodology.

2.2. The historical view

In the evolution of information technology, accelerated change in the last 40 years tends to be uppermost in one’s mind. Robert Darnton, director of the University Library at Harvard, isolates four fundamental changes in information technology since humans learned to speak (Darnton, 2008). The first was developing the ability to write about 6000 years ago (and to use alphabets 3000 years ago). The second was
the replacement in the early Christian era of the vertical or horizontal scroll by the codex format. Codex pages are usually stitched together and are turned. The third was Gutenberg’s invention in the 1450s of movable type to print (though the Chinese and Koreans used forms of movable type hundreds of years earlier). The fourth was the coming of the Internet in the mid-1970s. In Darnton’s mind the Internet’s development is more significant for news and information dissemination than, for instance, the telegraph, radio or television. From today’s perspective it may seem that Darnton is overstating the case, which is understandable since he comes from a library rather than journalism background, but in terms of the likely long-term impact on newspaper fortunes, there can be little argument with his reckoning.

Newspapers have been developers, users and beneficiaries of textual technology since Gutenberg (Marjoribanks, 2000). The Gutenberg press and Mergenthaler’s invention of linotype mechanical typesetting in 1884 founded what was, until the late 20th century, the modern newspaper industry. The harbinger of today’s digitised age in the industry was the video display terminal (VDT), also called a visual display unit (VDU). It was a primitive, dark-screened computer with green or orange luminescent text that provided the sub-editing room of the early 1980s with electronic pagination; that is, the ability to bring together onto one computer screen all the elements of a newspaper page: text, graphics, pictures, advertisements and all rules and page numbering (Marjoribanks, 2000: 139). It revolutionised the process of editing a newspaper. Reporters fed copy into the system using primitive word processors that stored text on magnetic tape. News Limited in Australia was at the forefront of this early digital technology. For example, The Australian in 1983 provided its state bureaux with the means to file copy electronically. The first models offered only one line of visible text as a journalist typed. The data were stored on
tape. Because they interfaced electronically with the receiving newspaper’s computers, their introduction marked the beginning of the end of the linotype operator and the copytaker, a typist, usually female, who keyed in text from a reporter who was out on the job and who dictated their story over the phone. Desktop publishing programs such as Adobe PageMaker and Quark Express took the em rule (a specialist printer’s ruler) and pencil out of layout design. These digital innovations transformed newspaper production to a degree that few could have envisaged even 10 years earlier.

**The Net, the Web and digital media**

For the point of view of this thesis, it is useful also to describe briefly the history of the Internet, what it is and how it differs from the World Wide Web, commonly termed “the Web”.

The Internet is a global system of computer networks, interconnected by wired and wireless telephone systems. The computers within the networks are located within the public and private sector, academia and business. They are able to exchange data with each other. The first text was passed between two computers at the Massachusetts Institute of Technology in 1962 (Leiner et al., 2000). Australian Internet historian Gerard Goggin says the 1969 official launch date of the Internet was followed by 20 years of use mainly by researchers before it came into general use (Goggin, 2006: 259).

The World Wide Web uses the Internet system to link documents and files on the global network of computers. Files are written in hypertext, which is the coded language of the Web. It facilitates links to other files and documents on the Web. “On the Net, the connections are cables between computers; on the Web,
connections are hypertext links," writes Sir Timothy Berners-Lee, who developed the Web in 1989 when working at the European Organization for Nuclear Research (CERN) in Switzerland (Berners-Lee, 2008). For the purposes of this thesis, I refer throughout to the broader technology of the Internet.

Computers, the Internet and the Web are but part of the generic that is called, variously, "new media", "online media" or "digital media". Their common bond is the use of binary code rather than an analogue format to process and display information. The terms can be used to encompass such devices as post-Filofax electronic personal organisers, mobile or cellular phones, compact discs, DVDs, e-books. New York media convergence academic John Pavlik, the author of Journalism and New Media, says that: "Together, this new media system embraces all forms of human communication in a digital format where the rules and constraints of the analog world no longer apply" (Pavlik, 2001a: xii).

This (no longer) new digital technology is a double-edged sword for the press because today's newspapers are assembled by its information delivery systems, which date back to the advent of VDUs. Information is gathered by digital media and it is disseminated using digital media. Computer Assisted Reporting (CAR) includes Web-based search engines, instant referencing to archives, access to analytical programs such as Microsoft Excel, and e-mail. The information accessible through CAR makes the Internet an indispensable research and communication tool in the journalist's kit. It has made journalists more mobile and also able to work more effectively away from a newsroom.

Digital tools for news gathering, communication, editing and production have become increasingly portable, inexpensive and powerful, giving journalists in the field the same capability as those in a hard-wired central newsroom. (Pavlik, 2001b)
In the Australian context, the Internet, as distinct from digital technology, raised alarm at the highest levels rather than being warmly embraced. News Limited, for instance, was reluctant to introduce desktop Internet access at its Holt Street, Sydney, offices until towards the end of the millennium. Then chief executive Lachlan Murdoch told those attending national editorial conferences in the late 1990s (in which I participated) that journalism should adhere to the notebook and pencil, face-to-face practices of the past. That the Internet could save the company time and money by reporters checking basic facts and background material before doing the normal legwork of an assignment was insufficient reason at that time for desktop access to the Internet to be universally available for staff journalists working in Sydney, though it was commonplace in the state bureaux, including Hobart.

The principle that Lachlan Murdoch was espousing was sound in terms of gaining information first-hand from sources rather than relying totally on Internet-based information and deeming it to be factual. Scholars, including Deakin University’s Stephen Quinn, have applied some perspective: that is, that while computers can help journalists be better reporters or sub-editors, they can’t replace the traditional disciplines that set apart today’s trained journalists from citizen journalists and bloggers, disciplines such as “collecting information from sources, writing simply and accurately for specific audiences, and knowing the legal and ethical constraints of the job” (Quinn, 2002: 2). It is also one of the central themes of UK journalist Nick Davies’ Flat Earth News (Davies, 2008), to which I later refer. What Lachlan Murdoch did not comprehend was that the two practices – notebook and pencil practice and Google practice – are not mutually exclusive. Today they are the norm.

Australians have embraced the Internet in the same way that they showed no fear of video, mobile phone and DVD technology. By September 2007, 76 per cent of
Australian households had access to the Internet (figure 1), 58 per cent of them on broadband (Australian Communications and Media Authority, 2008: 16). Australia’s embrace of the Internet is said to be third in the world, behind Sweden (90 per cent) and the US (86 per cent) (Clarke, 2004: 37).

![Internet access chart](image)

**Figure 1: Internet access by percentage of population, September 2007 (ACMA 2008)**

For the newspaper industry the national acceptance of the Internet is a significant trait because it allows Australians to adapt their news, information and entertainment consumption accordingly. Later I explore the degree of loyalty to print and the generational implications of that.

**Partisan press and the point of difference**

Partisanship has played a significant role in the development of British national newspapers and Australian metropolitan newspapers. In the 18th century, British newspapers served as the templates for those in the new colony of Australia. The original templates were built on the premise of a homogenous readership, people with common views and commercial interests. In the 19th century, newspapers in
both countries evolved into “partisan journals” (Conboy and Steel, 2008), their partisanship a luxury enabled by their financial success. The newspapers sought to exploit what Conboy and Steel described at the Cardiff conference as “a community of information, a community of political preference for an informed middle ranking citizenship” (Conboy and Steel, 2008: 651).

The Internet’s accessibility and low production costs promote hyperdifferentiation, which can be described as the ability to choose one’s own news preferences. It has positive and negative connotations. You read what you want to read. You may read it from a particular political or social perspective, but it also reduces the opportunity for you to engage in issues or opinions outside your normal sphere of interest.

Today’s Internet-based news delivery systems are inverse in a broad, historical sense because the consumer determines what they want from a diverse network of digitised news data, most of it free. When you buy a newspaper through your local newsagent, you must take the news you are given, and you pay for it. The newspaper may be a browser by nature, but the browsing range is limited to those articles chosen by editors, who act as gatekeepers in selecting and rejecting copy for publication. The editor’s own value-judgements based on their “experiences, attitudes and expectations” influence the nature of news that is communicated (White, 1950: 386). Therefore, the role of the gatekeeper in fact distorts the degree to which one can say that the news media reflect societal norms (Reese and Ballinger, 2001: 647). The Internet, on the other hand, promotes browsing, news surfing and distraction.
2.3. The health of Australian newspapers

Australia has:

- 49 daily English-language newspapers
- two national dailies (one finance-focussed)
- 10 metropolitan dailies (only *The West Australian* is outside News Limited and Fairfax)
- 11 metropolitan Sunday newspapers
- 186 suburban/community newspapers
- 238 country press newspapers
- 162 regional community newspapers

Of the nationals and metropolitans,

- 2.3 million are sold Monday to Friday, with a claimed nine million readers
- 3 million are sold on Saturdays, with a claimed 10.4 million readers
- 3.5 million are sold on Sundays, with a claimed 10.8 million readers

(Australian Press Council, 2006: 11)

One ascertains the health of Australian newspapers from three statistical sources – their circulation (sales), their readership (the number of people who *read* as distinct from *buy* a newspaper) and their advertising revenue. Of the three, only circulation is accurately quantifiable. The Audit Bureau of Circulations (ABC) reports quarterly on average net paid sales of publications by inspecting the invoices and accounts that the newspapers send to their distributors. Readership is an estimate, the result of market surveys by Roy Morgan Research (RMR). Additional readers of a newspaper
beyond the purchaser are called pass-on readers. RMR interviews more than 1000 people each week to determine an estimate of pass-on readership and publishes its results every six months, for a total sample of about 30,000. The historical relationship in Australia between readership and circulation has been a multiplier of between three and four (Australian Press Council, 2006: 17), see figure 2.

![Readership factors](image_url)

**Figure 2**: Roy Morgan Research’s multipliers to apply to circulation to determine likely readership

Unlike in the US, specific data on advertising revenue by Australian newspapers are not publicly available, although there are indicators such as claims by the industry of its overall advertising revenue and also the regular ANZ Bank survey of jobs advertised in the press.

**Circulation**

The advent of the Internet has continued the erosion of the newspaper’s supremacy as a news platform, as the Australian Press Council (APC) demonstrates. The APC, wholly funded by Australian newspapers and magazines, has a primary role of adjudicating public complaints made against the press. It has assumed a secondary
role of regularly assessing the health of the industry, using journalism academics and researchers, and ABC and Morgan data, to assess the condition of this segment of the industry. Its 2006 *State of the News Print Media* report illustrated that the circulation of Australian newspapers peaked numerically in the decade from 1975 to 1985 since when "the overall loss of circulation has been of the order of 20 per cent" (Australian Press Council, 2006: 12). The trend for regional dailies was similar. The APC’s charts were based on raw figures and not adjusted for population growth, which is what I do in Chapter 4. This adjustment makes the decline substantially steeper.

Tiffen and Gittins (2004) used a different metric: the number of newspapers sold for each 1000 of the population. It shows a more dramatic decline discernible than that produced by the ABC/APC data. Using this measure, Tiffen and Gittins found that Australian newspaper circulation halved between 1980 and 2000 (figure 3). In 1980 there were 323 newspapers sold for each 1000 of the population. In 2000 it was 162.

![Figure 3: Daily newspapers sold per 1000 of population (Tiffen and Gittins, 2004: 182)](image-url)
In the Tiffen and Gittins’ survey of 18 countries, Australia ranked 14th: its rate of circulation decline was sharper than most of the other countries. They did not attribute the fall directly to competition from other media or to technological change but referred to economic considerations and consumers’ disapproval of newspapers:

This is mainly a consequence of so many newspapers closing, and of how demography and history have shaped Australia’s newspaper market. It is also consistent with the comparatively low public approval of Australian newspapers ... (Tiffen and Gittins, 2004: 183)

That disapproval led to a serious lack of confidence by the Australian public in the information imparted by their newspapers, particularly when compared with readers in Japan and North America (figure 4).

![Graph: Public confidence in the Press in the 1990s](image)

**Figure 4: Public approval ratings of newspapers (Tiffen and Gittins, 2004: 244)**

Bowman reported a similar trend in New Zealand: declining newspaper circulation readership until September 11, 2001 when there was a temporary lift but “their interest has not been sustained” (Bowman, 2002: 7). In the US, according to circulation data provided by the Newspaper Association of America and reported by
Philip Meyer in *The Vanishing Newspaper*, the market penetration by newspapers peaked in the 1920s (Meyer, 2004: 4-5). Expressed as a daily average circulation as a percentage of households, it was 130 in the 1920s, more than one newspaper per household each day. By 2001 it was down to 54.

While the Australian data are revealing, I argue that problems remain with their formulation, which has led to the severity of decline of Australian newspaper circulation being underestimated, certainly by the newspapers themselves, the Australian Press Council and the organisation established to promote newspaper advertising, The Newspaper Works. I discuss this in Chapter 4, where I examine current ABC data on Australian newspaper circulations and reappraise those data using a real terms population correction factor.

**Readership**

The term “readership” has quantitative and qualitative applications, both of which are pertinent to research on the future of Australian newspapers and both of which are within the bailiwick of RMR. The quantitative application is used to determine the total audience of a newspaper, that is, the number of people who read all or part of the publication as distinct from the number of people who buy it. The qualitative term “readership” is used to identify the demographics of those readers, usually in terms of age, education and/or income. Robert Stevenson, also at the University of North Carolina, illustrates what he calls the “freefall” of US newspaper readership in the last quarter of the 20th century, showing a steady decline from just less than 70 per cent of the population reading a newspaper daily in 1972 to less than 40 per cent in 2000 (Stevenson, 2002). In Australia, RMR found that by 2004 those aged over 50 were the only demographic group in which more than half read at least one metropolitan daily paper each week (Sternberg, 2006: 336). It is ominous because
many suggest that such a position is irretrievable (Brown, 2005; Mindich, 2005; Stevenson, 2002; Sternberg, 2006; Meyer, 2004). US media industry consultant Merrill Brown, who wrote a 2005 report for the Carnegie Corporation of New York on the future of news, argued that, based on similar trends in the US, “no future generation of new consumers will fit earlier profiles since their expectations and their habits have changed forever – and technology is a big part of the reason why” (Brown, 2005). Stevenson analysed the readership age cohorts during the same period and concluded “... each generation reads less than the one it replaces, and within each generation, fewer read daily now than in the past. Everything in the cohort analysis points toward a bleak future for newspapers; there is no good news” (Stevenson, 2002: 11).

The fundamental question is: if 18-34 year olds are not reading newspapers, will the loss of that readership influence advertisers to desert print for the Internet? There is a consistent trend. Mindich quotes a US study of newspaper readership by Putnam and Peiser that shows a relatively stable historical pattern of readership by various age groups as they age (Mindich, 2005: 28). It shows that a newspaper reading habit tends to stay through one’s life, good or bad. For example, in 1972, 46 per cent of those aged 18-22 read a newspaper every day. Thirty years later 40 per cent of them were still doing so. However, that same year, 2002, of the then generation of 18-22 year olds only 21 per cent were reading a newspaper each day, less than half the readership among 18-22 year olds than 30 years earlier. Mindich reached the same conclusion as Meyer.

Eighty percent of young people don’t read the newspaper today, and there is no evidence that they will read 20 years from now either ... It would be less troubling if the 80 percent of young people who do not read newspapers everyday watched TV news or logged on to news web sites. Most don’t. (Mindich, 2005: 3)

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The conclusion to be drawn is that this younger demographic uses other tools, contemporary tools, to filter its digestion of news.

Australian scholars have reported the same trends; that young Australians are not reading newspapers (Sternberg, 2006: 333). Using the same RMR data on readership I referred to earlier in this chapter, the APC found that only about 16 per cent of newspaper readers are younger than 25 but more than 40 per cent are aged over 50. Of readers of The Weekend Australian, for instance, 11 per cent are aged under 25 and 49 per cent are aged over 50 (Australian Press Council, 2006: 21). The APC interpreted these circulation and readership data as “threatening” (Australian Press Council, 2006: 1).

Now the industry is looking at a new measure of readership. With the advent of newspaper websites, the Australian Press Council refers to the “concept of audience share”. In future it will include those who read the paper in its print form and those who read it online.

Increasingly the measure of readership will centre on the combined total of unique print and online readers. Roy Morgan Research and individual newspapers already suggest that audience share is a truer measure of readership. When the readership of editions that circulated in both media is counted, a positive readership picture emerges. (Australian Press Council, 2006: 23)

One can well foresee that “a positive readership picture emerges”. It adds more than 350,000 to The Sydney Morning Herald’s readership (see figure 5).
However, there is no indicator of the extent of duplication: how many of those people who are recorded as unique browsers of a newspaper website are also readers of the newspaper’s print version. This is an important factor when thinking about future newspaper revenue, how to charge advertisers for their ads, to which I now turn.

**Newspaper revenue**

Australian newspapers derive 75 per cent of their $5.1 billion annual revenue from advertising (display and classifieds) and 25 per cent, $1.3 billion, from circulation sales or cover price sales at the newsstand or from home deliveries (Australian Press Council, 2006: 36). PricewaterhouseCoopers estimates this advertising revenue is rising at an average annual rate of four per cent, whereas it predicts the annual growth of advertising on the Internet will grow by 20 per cent per annum for the rest of the decade with revenues reaching $1.78 billion by 2010 (Australian Press Council, 2006: 36, 39).
The term “rivers of gold” for classified advertisements is attributed to News Corporation chairman and chief executive Rupert Murdoch. When he actually used the term is unclear but it is generally sourced to his description of the revenue stream from classified advertisements in the Fairfax papers in Sydney and Melbourne that he coveted at the time. He revisited and revised the quote in 2005 when, referring to the impact of the Internet on newspaper revenues, he said “sometimes rivers dry up” (UK Press Gazette, 2005). Murdoch has been forthright in describing the transition in the news marketplace. His view, now generally accepted, is that to boost a newspaper’s circulation and appeal to advertisers it has to accumulate online readers and advertisers to divert the rivers of gold into the newspaper’s online tributaries.

When Fred Hilmer took over as chief executive officer at Fairfax in 1998, its fourth CEO in four years, he found an overarching problem. The Age and The Sydney Morning Herald accounted for 74 per cent of group revenues but the group lacked “a coherent strategy for growth” (Hilmer, 2007: 17). He cited Donald Graham, the chief executive of The Washington Post, which diversified into education and broadcasting, reducing the newspaper’s proportion of the business to about 20 per cent, as telling him:

The Washington paper is at the core of our values but it is not the core of our business anymore because it’s not a business that has the growth our shareholders expect. The Washington Post Company is not The Washington Post paper or we would be out of business. (Hilmer, 2007: 21)

That is now taken as gospel throughout the industry in the developed world. For a newspaper company, the newspaper cannot be the sole or even necessarily the dominant focus of the business.

Australia’s major metropolitan, regional and community newspaper publishers have combined to maximise their advertising revenue from the traditional medium. In
2006, News Limited, Fairfax, Rural Press, APN News and Media and West Australian Newspapers formed a marketing company, The Newspaper Works, to promote newspapers as the premium advertising medium, the medium of choice. Its membership is limited to newspapers published in English at least four days each week and which derive at least 50 per cent of their circulation through paid sales. It is also developing a program to expand distribution of newspapers in existing and new channels. The name reads “the newspaper works”. In other words, it is asserting the newspaper is an effective advertising medium. It argues that readership of printed newspapers has remained stable over the last few years, with over 15 million Australians (91 per cent of the population aged 14+) reading a newspaper each week (Hale, 2007b: 5). The Newspaper Works’ only published data at the time of writing, Newspapers Today Part 1 Print, was released in mid-2008. Its main finding was that Australians are most likely to engage with newspapers because they are “absorbing”, “dynamic” and “reputable”. It appears deliberately not to countenance the fact that, in real terms, many of Australia’s leading newspapers, as a business proposition, are in decline.

2.4. The digital challenges to Australian newspapers

The accessibility of digital news and information has allowed new players into journalism and the news business. They enter the market at a low threshold cost. A common problem facing newspaper publishers is that their prime product, or what used to be their prime product, has inherently high creation, production and distribution costs: the cost of newsprint, ink, presses and freight/delivery. The costs facing the new players are minute by comparison and are relatively fixed. Digital media face no significant extra distribution costs when their equivalent of circulation increases. They do not need more paper, ink, trucks, manpower or space in the cargo
hold of aircraft. As one of my interviewees, Eric Beecher, a former editor of The Sydney Morning Herald and Murdoch’s now defunct afternoon daily the Melbourne Herald, now owner of crikey.com, explains, the cost differential is likely to widen:

The newspaper and the old media are fixed in time because they have been around for so long. The new media is just starting — it’s a few per cent on its journey so it is going to continue to change, obviously more people are going to use it. The devices on which it can be received are going to get smaller and faster and better, whereas at the end of the day the newspaper is the newspaper. It has colour, it’s on newsprint — that’s it. It has to be printed and it has to be distributed. (Beecher, 2007: interview with the author)

As I have already discussed, Australian newspapers have been developing their own Internet sites to carry editorial and advertising as an alternative platform to their print version. They have found it difficult to find a solution that is financially viable. The optimum business model for newspaper companies to prosper online as well as in print is not obvious (Australian Press Council, 2006: 2). The Internet is not a financial substitute for print, as respected US media owner and investor Warren Buffett pointed out to his Berkshire Hathaway shareholders in 2007:

Simply put, if cable and satellite broadcasting, as well as the Internet, had come along first, newspapers as we know them probably would never have existed ... the economic potential of a newspaper Internet site — given the many alternative sources of information and entertainment that are free and only a click away — is at best a small fraction of that existing in the past for a print newspaper facing no competition. (Buffett, 2007: 12)

Newspapers have traditionally run their businesses as elites or monopolies, acting as “tollgates” (Meyer, 2004: 35), figuratively collecting their commissions as readers interact with advertisers. News editorial has not been incidental to this trading relationship; it has been the lure to draw readers to advertisers’ products. The business of the newspaper may appear overtly to publish the news, but in a true business sense it is essentially to bring words to readers and readers to advertisers. Oligopolistic activity has allowed newspapers to become “gatekeepers” of the news...
(Sambrook, 2005), determining the nature of the information that passed from newsgatherer to the reader. One of the consequences of cheap new technology to disseminate the news has been the transition in the news culture from that of sermon to conversation, from lecture to dialogue. Newspapers have had their authority undermined and that has consequences for the journalism itself. "Journalism must be transformed from a largely one-way discourse to a dialogue responsive to the views and vision of the public" (Pavlik, 2001a: 136). With the Internet's emergence "information has broken free and become commoditized and democratized" (Sambrook, 2005). In effect, the tollgate is no longer exclusive, because, as Meyer puts it, "new technology is bypassing the bottleneck" (Meyer, 2004: 35). This "bypassing" by new media of the old platform in terms of both editorial and advertising has profound implications. The ease and low cost of entry into the market by online publishers and their access to "a growing army" (Franklin, 2008: 631) of citizen journalists and photographers raise fundamental questions about the survival of orthodox text-based news and about the future of journalism itself.

The "problem" audience for newspapers - the young, those aged 18-34, those who are not reading - does not concern itself with the credibility of the journalism it consumes. It does not consider it to be in any way debased. In a paper given at the Cardiff conference, Berte and De Bens cited a European study that found young readers "do not perceive free news as less reliable or less accurate" (Berte and De Bens, 2008: 693). On the contrary, Internet-based news serves to re-engage those who are disillusioned and "represents a potentially better form of journalism because it can re-engage an increasingly distrusting and alienated audience and citizenry", according to Pavlik. He warns that it threatens journalism standards because authenticity of content, source verification, accuracy and truth "are all suspect in a
medium where anyone with a computer and a modem can become a global publisher" (Pavlik, 2001b). That is one of the early legacies of the Internet to journalism. In the next sections, I consider other legacies of the Internet revolution on newspapers in more detail.

2.5. The Times, it is a-changing

Outsourcing

In the traditional newspaper newsroom, there tended to be four physical divisions of labour:

- reporters and their chiefs-of-staff
- photographers who kept to themselves in windowless rooms
- sub-editors, wires editors, layout editors and news editors
- the editor

A modern phenomenon in Australia and New Zealand is the diminution of the third group, the sub-editors, with their work now contracted out. Outsourcing is the term given to sub-contracting in the news business. Newspapers traditionally have been produced in-house, certainly up to the printing stage. That is, editorial has been commissioned, written, edited, illustrated, proof-read, composed and printed by one company. To contain costs, some are now turning to outsourcing their labour requirement, notably lay-outs, sub-editing and editing, to outside contractors on a fee-for-service basis. It has been made possible by computer assisted reporting (CAR). APN-owned newspapers in New Zealand and some in Australia, most recently Fairfax Media, are now outsourcing their subbing and lay-outs to specialist contractors not necessarily based in the same city or even the same country.
(Tabakoff, 2007). Outsourcing is a significant component of the Fairfax Media August 2008 “business improvement program”, to which I referred in Chapter 1. In May 2007, a US online site, pasadenanow.com, planned to hire two reporters in India to cover city council meetings in Pasadena, California. They could do so because the meetings were broadcast on the Internet and the editor reasoned it didn’t really matter whether the reporter was present in order to cover the story. He could hire the two Indian reporters for about $US60 a day. When the plan became public, the editor reconsidered (Pritchard, 2007). What it demonstrates is that remote reporting as the next development in outsourcing is already a reality.

**The e-paper**

Most newspapers now have a Web presence, and it is that with which this thesis is most concerned in terms of the difficulties being experienced in developing an economic business model. However, skulking in the shadows is a different animal, the electronic newspaper, a taboo subject within the Australian industry for years. I raised the prospect of an electronic, wireless, tuck-under-your-arm news-sheet at an editors’ conference at *The Australian* in Sydney in the late 1990s. The then editor-in-chief, David Armstrong, prayed such a device would not emerge in his lifetime. It is likely to. The electronic newspaper uses electrophoretic ink technology, such as that of E Ink Corp, a derivative of the Massachusetts Institute of Technology, to impregnate a wireless, plastic-coated single-sheet scroll that is programmable to one’s individual news and information requirements. It is constantly updated through wireless communication to the Internet. The technology sends electronic charges along a grid embedded in the sheet. The charges cause changes in the particles within the grid to form text and images. E Ink president Russell Wilcox told Reuters in April 2007 that its holy grail, a colour prototype, could be launched in 2008.
“potentially opening the technology to e-magazines and e-newspapers” (Szep, 2007). The Amazon Kindle, mentioned in Chapter 1, uses E Ink technology.

Missouri School of Journalism’s Roger Fidler, a specialist lecturer in, and developer of, digital alternatives to newspapers, is credited with the term “mediamorphosis” to describe the modern evolution of media technology. Fidler, in what is now a dated treatise, expressed the view that the end product most likely to be adopted by serious news browsers would be a portable, rectangular display similar to what we know today as the Kindle in one format or the e-newspaper in another. He concluded that “by the end of the next decade, displays with the contrast and clarity comparable to pigmented ink printed on pulp paper should be commonplace” (Fidler, 1997: 251-252).

2.6. Comprehension

Because the e-newspaper represents virgin territory it is still an under-explored area of academic research in terms of its effectiveness as a news platform in the context of comprehension. However, there have been some interesting studies on comprehension of content on newspaper websites vis-a-vis the printed version. If the Internet is to be an effective medium, people have to comprehend what they are reading, and it should be a cardinal consideration for academic research as the new media establish themselves as credible platforms. As mentioned earlier, it is beyond the scope of this thesis to do so in any detail. However, it should be noted that studies into comprehension and the relative ability of the mind to absorb detailed news and features on screen are contradictory and inconclusive. A 2004 Dutch study found little difference.
No consistent reading pattern is evident and the print version readers do not read more than the online version readers. News consumption seems to be more dependent on the news category, reader gender and interest in a particular topic than on whether the news appears in print or online. (D'Haenens et al., 2004: 363)

A University of Illinois speech communication study of online and print readers of *The New York Times* (Tewksbury and Althaus, 2000) showed otherwise. It supported the conventional wisdom that one absorbs more information in the printed form than online. Tewksbury and Althaus tested a sample of student volunteers familiar with both the print and online versions of *The New York Times*. The students were said to be comfortable with both technologies. They used three test groups over a week. One group was not told the purpose of the study and maintained its normal news consumption habits. The second group attended a computer session for one hour each day and read *The New York Times* online. The third met in a classroom for an hour each day and read *The New York Times* in its conventional broadsheet form.

The focus of the study was to determine whether the move from print to online consumption of news would change the nature of the relationship between editor and reader. The key question was whether online formats provided readers with greater flexibility in their selection of stories and whether that resulted in personalised news consumption. As Tewksbury and Althaus note (459): "As a consequence, online news providers may inadvertently develop a readership that is more poorly informed than readers of traditional newspapers about the core events that shape public life."

Tewksbury and Althaus found that online readers of *The New York Times* appeared to have read fewer national, international, and political news stories during their one-hour session and "were less likely to recognise and recall events that occurred". In other words, their comprehension and absorption of information was reduced. As
such, it is a factor that has been overlooked or undervalued in the debate over the future of newspapers.

There is some evidence, now somewhat dated, to support the view that, despite the overall transition to digital media, many people still have to print out what is on their screen in order to fully comprehend it. Researchers Abigail Sellen and Richard Harper looked at aspects of paper consumption in the notionally paperless world of the modern home and office.

... the World Wide Web, far from decreasing paper consumption, served to increase the amount of printing done at home and in the office. With the Web, people could access more information more easily than before, but though they used digital means to find and retrieve information, they still preferred to print it out on paper when they wanted to read it. (Sellen and Harper, 2002: 7-8)

In a more recent investigation, Eleanor Laise, a reporter with The Wall Street Journal, found that those who still demand a monthly bank statement in print form are in the majority. She quoted from a 2006 Jupiter Research survey that only 15 percent of online banking customers had stopped receiving paper statements from their primary bank (Laise, 2007: para 9).

2.7. The changing practice

When assessing the future of newspapers, one also assesses the future of journalism. Digital technology has created the environment for untrained, citizen journalists to ply the trade of the professional and to produce their own sites, perhaps oblivious to the rules of equity, fair play and the maintenance of personal reputation and integrity as set out in the Media, Entertainment and Arts Alliance Code of Ethics, which stipulates, inter alia, "Alliance members engaged in journalism commit themselves to honesty, fairness, independence, respect for the rights of others" (Media Entertainment and Arts Alliance, 2008). In other words, with the expansion of news
Outlets comes a departure, or risk of a departure, from the reporting standards that elevated journalism to a profession.

At the same time, there is a new order that suggests the need for a new sociology of journalism (McNair, 2005) that looks at the media, not in the traditional sense as instruments of control concentrated in the hands of dominant elites, but as “autonomous and increasingly unruly agencies” driven by forces over which those old elites have little control.

Ideological realignment, competitive realities imposed on media organisations by globalised news markets and the demands of increasingly media literate and democratically empowered audiences, and the communicative possibilities of new technologies, have ushered in what we might call an era of dissolutions – the erosion of temporal, spatial, ideological, cultural and social barriers that have structured capitalism for centuries – and generated the conditions for a paradigm shift, a reorientation from control to chaos in the default position of the sociological imagination. (McNair, 2005: 160)

Undeniably, the order is rapidly changing. The “chaos” to which McNair refers may be better described as a regime of open slather news vending, in which the normative operation of journalism has been largely replaced by participatory networks. Not only does opinion reign supreme, but the old order of fact-checking, balance and fairness in news reporting is cast aside as the Matt Drudge (author of the blog *The Drudge Report*) doctrine dominates. “I’m a citizen first and a reporter second. You should let people know as much as you know when you know,” Stuart Allan quotes Drudge as saying (Allan, 2006: 44).

Associate Professor Jane Singer, a specialist in online media at the University of Iowa and most recently holding the Johnston Press Chair in Digital Journalism at the University of Central Lancashire in the UK, argues that online journalists challenge the already disputed concept of journalists being regarded as professionals because of the reluctance of online journalists to carry out the public duty functions of
analysing complex problems (Singer, 2003). “More recently, online journalists have continued to rank reporting and generating story ideas as relatively unimportant” (Singer, 2003: 148). Singer bemoans a lack of attention to fact-checking and a decline in trustworthiness. “In this view, ability to enhance the professional public service role through new media is undermined by practitioners’ inability or unwillingness to carry out this role” (153). That led Dr Chris Paterson, international news specialist at the University of Leeds, to conclude that a plethora of online news services may give the appearance of diversity, whereas, without online journalists doing the hard graft of reporting and research, the number of researched news stories is likely to be quite limited.

But in the longer term the industry must invest in more original reporting as an alternative to the few genuinely international news organizations now on offer, and give more prominence to buying, and properly translating, original non-English language reporting from around the world. Without such change, new media will continue to present to most users the dangerous illusion of multiple perspectives which actually emanate from very few sources. (Paterson, 2006: 21)

As the US journalist/author Eric Alterman points out, those few sources are usually newspapers and so the element of multiple perspectives online is not only illusory, it is also disingenuous. It is pilfered news that renders no benefit to the journalists who produced it or their newspapers.

It is a point of ironic injustice, perhaps, that when a reader surfs the web in search of political news he frequently ends up at a site that is merely aggregating journalistic work that originated in a newspaper, but that fact is not likely to save any newspaper jobs or increase papers’ stock valuation. (Alterman, 2008: para 7)

The departure from the rigours of notebook and pencil enquiry in Australia that Lachlan Murdoch had in mind when he first baulked at having the Internet available on News Limited desktops in Sydney also disturbs journalist and media commentator Margaret Simons, but from a different perspective: that news becomes “a constant cycling and re-digestion of diminishing quantities of fresh information”.

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She adds: “In a country that is certainly under-reported, I can’t help but wonder how much more could be done if those same people were out on the street, reading documents, thinking, making telephone calls, finding things out” (Simons, 2007: 138).

This is a theme closely allied to Nick Davies’ *Flat Earth News* argument that British newspapers are now in the ownership hands of “grocers” driven by the commercial paradigm of low costs and high returns rather than the professional integrity of delivering hard-fought news to their readers. The cheap news process is fed by the two conveyor belts of information: the Press Association and public relations operatives.

The important point here is that, as the new owners of the mass media have shifted their priority from propaganda to commerce, that shift itself has introduced a whole new set of obstacles for truth-telling journalism. In an imaginary world, we might remove Rupert Murdoch and all his influences on all his outlets; we could replace him with Rupert Bear: the Murdoch newspapers and television stations would continue to pump out falsehood, distortion and propaganda. (Davies, 2008: 22)

The impact of propaganda, particularly that emanating from the public sector, “spin” in its modern sense, on contemporary public debate, is an under-researched area of Australian media studies, as Bond University’s Mark Pearson has noted:

Given the pivotal location of the media at the communication interface between politicians and their constituents, formal research into the field of government media relations deserves the highest priority. While truth might be a negotiable commodity in the new era of spin, there are measurable truths about the scale, techniques and impact of this black art that need to be discovered and told. (Pearson, 2008: 54)

Davies’ *Flat Earth News* adds to a now solid body of work that mounts a case that, since about 1970, “western and liberal societies have witnessed a significant deterioration in journalism performance and output” (Ursell, 2001: 175). UK media academic Gillian Ursell quotes Anthony Smith’s *Goodbye Gutenberg: The*
Newspaper Revolution of the 1980s as having identified two distinct groups of journalists each serving a different market.

... the one catering to a kind of information helotry, for whom the right to know has been subtly transformed into the right to be entertained; the other catering to an enlarged class of well-informed people who have themselves acquired the ability to evaluate and handle sources and compare different versions of the same event. (Smith quoted in Ursell, 2001: 177)

Flat Earth News clearly illustrates this attitude. However, there is a counter view and it is related to the core question of one's definition of news in the modern context and whether journalists in the traditional sense of the word have been superseded. Chris Anderson, author of The Long Tail, argues that it is not inconceivable that bloggers are better informed than journalists.

But as more and more people built first home pages and then blogs, it became less and less clear what the distinction was between professional journalism and amateur reportage. In their own area of interest, the bloggers often know as much as if not more than the journalists, they can write as well, and they are much faster. Sometimes, because they are participants, not just observers, they even have better access to information than the journalists. (Anderson, 2006: 185)

Journalism academics O'Sullivan and Heinonen surveyed 239 journalists in 11 European countries, print, online and those working in both media, about their attitudes to the Internet and to online journalism. The questions ranged from their use of the Net as a research tool to their affinity with their readers. They found that newspaper journalists adhere to conventional values. For instance, 93 per cent still believed that face-to-face conversation with their sources was important, whereas only 63 per cent of online journalists felt that way (O'Sullivan and Heinonen, 2008: 361-2). Less than a quarter of newspaper journalists believed that citizen journalism or blogs represented real journalism (364).

Allied to the question of professionalism is that of the perceived independence of journalists. Singer says advertising in the US has never been a money-maker online
nor has charging subscribers to access news sites been a viable option for any but those with brands holding a truly unique value. One option left to the new site developer is to attract sponsors for the content. "Sponsorships, however, raise red flags for many journalists concerned about autonomy because sponsors are likely to be closely involved in determining the nature of the content they are backing" (Singer, 2003: 155).

So the Internet facilitates news dissemination across websites, blogs, podcasts, video downloads and mobile phone communications and may be where all media will converge. The rise of the Internet has affected newspapers in terms of circulation, readership and revenue, but it has affected journalism in more complex ways, for example, how it is practised, the originality of reporting and the ethics of reporting. This overview of current research reveals the trends but it does not answer, in an Australian context, questions about the specific challenges facing newspapers. The next section suggests a series of research questions and a study design that can help fill these silences.

2.8. Research questions and design

This thesis examines the measures publishers and editors are taking both to embrace and to counteract the Internet and new media on the economics, operations and functions of the most traditional news platform, print. In doing so, it is able to assess the status of these challenges to newspapers. My review of literature and statistical data establishes that the Internet is having an adverse impact on Australian newspaper circulation and readership. The task is to identify the parameters and specifics of this challenge to their viability and to compare and analyse the forecasts of players in the industry – publishers, editors and journalists. Therefore, the key
research questions are how and whether printed newspapers will survive the news and information transition to the Internet, in the opinion of key industry stakeholders and observers. I also ask whether there is a common future for all genres of Australian newspaper. If not, where and what is the divergence?

The three elements of the study, the building blocks upon which the research is based, are concerned with:

1. the cultural ethos that has been receptive to change in accessing media forms;
2. the technical challenges of digitisation;
3. the professional implications of online and citizen journalism.

I was guided in my methodology by the principles of the Delphi Method, which is a highly-structured, controlled process for gathering information and opinion from a nominated group of experts or credentialed observers, usually by questionnaires (Linstone and Turoff, 1975). I was aware that the outcome in my case was likely to be no higher than the aggregated opinion of a hand-picked group. I spoke to my interviewees separately, most of them face to face, with the same set of interrogatories, though variations do occur in the questions as a natural reaction to the responses already solicited. The object was to elicit opinion from a group not tainted by committee opinion or influences. I selected potential interviewees on the basis of their awareness of the impacts of the Internet on newspapers.

I approached management and news executives from News Limited, Fairfax Media, McPherson Media (Australia’s largest newspaper group independent of the majors), The Newspaper Works (a newspaper advertising promoter that is a joint venture between News and Fairfax), former editors of The Age, The Sydney Morning Herald
and *The Australian* for interviews — and met with a positive response from all but News Limited, where the editor of its Hobart-based daily, the *Mercury*, was the only respondent, despite numerous requests on my part to Sydney-based executives. In all, eight interviews were conducted. A full list of interviewees is attached in Appendix 1.

One confronts the challenge of reporting vested interests in this study and hence I give weight to the views of those who have worked or are working in both the print and online platforms. There is also the allied consideration of the independence or neutrality of the interviewer in an exercise such as this, a question raised by Fontana and Frey when they examined the broad subject of interviewing for academic work (Fontana and Frey, 2005: 716). They say that ethnographers realise researchers are not "invisible neutral entities" but "part of the interaction they seek to study, and they influence that interaction". In conducting interviews, particularly about subjects in which one has been intimately involved in a 40-year career and in which one has not a vested interest but an aspiration that there might be a certain outcome, one must suppress those views and aspirations in both the inquisitorial and interpretative phases. It is inevitable, as Thomas Schwandt, Professor of Educational Psychology at the University of Illinois' College of Education suggests, that the structure of the interview becomes a joint or corporate effort.

... it has become increasingly common in qualitative studies to view the interview as a formal discourse between two or more speakers or as a linguistic event in which the meanings of questions and responses are contextually grounded and jointly constructed by interviewer and respondent. (Schwandt, 1997: 79)

As such, I drew on a semi-structured interview method, posing the same set of broad open questions to each interviewee. The questions were:
how has the Internet impacted on the Australian newspaper as an entity?
how are newspapers responding?
how have they adapted the Internet themselves as a media tool?
how has this changed the nature of the relationship between the reader, the medium and the advertiser?
how has it changed the nature of journalism and journalism education?

Each interview, with the exception of that with Jonathan Este, which was a short call to establish a fact, lasted for approximately one hour. Some were conducted by phone, others face to face. Tapes were transcribed and transcriptions were returned to each interviewee for verification. I also collected public statements from key industry figures. As I have mentioned, the subject matter has become topical during the course of the preparation of this thesis. The future of newspapers is an issue exercising the minds of journalists throughout Australia, not the least reason for which is the shedding of jobs by Fairfax.

My task then became to structure my thesis in accordance with the themes that emanated from my interviews and from my reading of the evolving debate and the academic foundations of that debate.

In the ensuing chapters I examine and discuss the technological changes that are taking place within the print news industry because of the organic nature of the Internet, integrating interview material with documentary and other information. Subsequent chapters adopt the same approach, but in the areas of the economy of
newspapers and the professional implications of the change that is under way. The final chapter synthesises the conclusions I reach in the preceding chapters.
3. Technological and cultural change

3.1. Introduction

In Chapter 2, I referred to the digital challenge to newspapers and to the mediamorphosis, the evolutionary change in the mass media, that is under way via the Internet. Newspapers are the product of their evolution from previous technological regimes and socio-economic trends that reach back to the 17th century. Their adaptability has been pivotal to their future (Conboy and Steel, 2008: 651).

The technology of each new media form influences the future form and function of pre-existing media. The advent of radio and television news and advertising shaped the way that newspapers reported the news and sold their ads. The ability of the Internet to constantly update the news, to illustrate it, to illuminate it through hypertext links, and to enable buyers to zero in on the products they seek, is a considerably greater threat to newspapers than that provided by radio and television. Fidler recognised this more than a decade ago.

Although print media that rely on mechanical presses and pulp paper can be expected to coexist with digital print media for many years, there will come a time, perhaps within a human generation, when publishers will be compelled for financial, competitive, and environmental reasons to finally abandon their industrial age publishing technologies. (Fidler, 1997: 251)

Through the insights of those involved at the metropolitan, regional, corporate and editorial levels of the Australian newspaper and online news industries, I seek an understanding in this thesis of how newspapers in Australia have been positioned for change. In this chapter, I assess the progress of Australian newspapers to embrace, adapt and adopt technological change. I use, as my primary sources, the views and observations of those I have interviewed within the industry. Firstly, in broad terms,
I track the extent to which newspapers, including Australian newspapers, have engaged the challenges and challengers to their dominance of news and advertising.

There has been a lack of uniformity in the pace and zeal with which Australian newspapers have embraced the opportunities that the Internet provides. This is demonstrable in both an internal sense, which is the degree to which journalists have been encouraged to use the Internet as a research tool, and in an external sense, in which newspapers have used their Internet presence as another platform of their news delivery. For some newspaper companies, large and small, it has been a case of complacency rather than haste. That is the antithesis of the culture of chaos regarded as an essential component of change and to the anarchistic nature of change to which Fidler refers (1997: 27-28). Chaos, not complacency, brings the innovations that change media systems.

In the final years of the millennium in Australia, newspapers engaged digitisation as the latest advance in news and information technology, but initially as a tool of the trade. They did so before they explored the full potential of the Internet as an advertising and editorial medium. Reporters and fact-checkers used the Internet as a means of facilitating research, newsgathering and production.

High profitability deriving from their pre-eminence as an advertising platform cushioned newspapers from the initial impact of newcomers, who began providing platforms for online news and advertising. Many newspapers delayed until the late 1990s the implementation of strategies to shore up their market positions through the development of sophisticated news websites and online advertising presences. There are a number of reasons for this “inertia in the face of this advance” (Murdoch, 2005). Newspapers had enjoyed a centuries-long monopoly on the delivery of news
until the advent of radio. Then, even with the arrival of television, high profitability and sustained circulations masked a slow but steady decline in readership already under way before the arrival of the Internet as a news provider.

The September 2007 Future of Newspapers conference at Cardiff University focussed on aspects of technological and cultural change within the global newspaper industry. I shall draw on this material to contrast and expand upon my interview material, and to compare the academic and practitioner discourses on this topic. To secure their future, newspapers have had to grapple with change that occurs at speed. To illustrate that, at Cardiff, McNair discussed the preparation of the fifth edition of his book, *News and Journalism in the UK*, which was first published in 1994 and in which he periodically analyses the evolution of the British press.

McNair’s 1994 edition had made no reference to the Internet. Assessing change from four perspectives – technological, economic, political and cultural – within the framework of the political economy of the newspaper industry over the last 20 years, McNair concluded there was a future for print journalism “at least within the lifetimes of the people in this room” (McNair, 2007: 2). Given the demographics of the audience on that day, he was giving print another 60 years of life, which is a longer life expectancy than Fidler has been prepared to concede. McNair qualified that longer life expectancy by noting the change in content that is already evident. He described it as a continuing regime of “less vigorous” content in tabloid newspapers (which means more celebrity news), and more lifestyle supplements and softer coverage in the serious press, and more free newspapers. “Free sheets,” argued McNair, “encourage a newspaper habit amongst the young and encourage them to trade up to high-quality, paid-for newspapers” (McNair, 2007: 6). That is a sentiment with which two of those I interviewed, Bruce Wolpe, then director of corporate
affairs at Fairfax Media, and Ross McPherson, joint managing director of McPherson Media at Shepparton, concur. Wolpe, who, at the time of writing, was moving to the US to work in the new Obama administration, accepts that the young, by and large, don’t read “big” newspapers, such as those in his stable, *The Age* and *The Sydney Morning Herald*, though eventually they become readers of the bigger, quality press.

There are fewer younger readers – they come to us later. Generally, when people form partnerships or marriages, buy homes and so forth and get into serious employment they tend to gravitate to us, but the demographic profile is that our audience is getting slightly older. (Wolpe, 2007: interview with the author)

While Wolpe therefore expresses the view that eventually his newspapers’ circulation and readership will be restored with the upward mobility or maturing of their potential audience, McPherson, representing independent, provincial newspapers, is less optimistic that potential readers will pay for the printed product. He predicts his newspapers may soon be free, principally because there will be growing reader resistance to buying them, given the alternative platform of the Internet. “I am not too fixated on what will happen to the newspaper itself, except that I think paid circulations are going to remain under considerable pressure” (McPherson, 2007: interview with the author).

It is also clear that, if a newspaper is to survive in any form but most certainly in its printed form, a pivotal factor will be its credibility and reputation. In modern parlance that means its “brand”. It was one of the conclusions that McNair drew in his Cardiff paper: that the brand of a newspaper will secure the longevity of its business.

It is the news brand that counts in the medium marketplace, and guarantees the long-term survival of the business. When Rupert Murdoch purchased the *Wall Street Journal* in August 2007 he did not pay $5 billion for the rights to sell paper
and ink on the streets of New York and Washington, but for the global brand which the WSJ represents (niche financial data, for online and mobile access to which business and other users will pay handsomely in the century ahead). It is what the title stands for in a globalised media marketplace that has value, not the carrier medium by which it has traditionally been distributed within national public spheres. (McNair, 2007: 10)

This is the very theme that Rupert Murdoch addressed in the third of his 2008 Boyer lectures in Australia. While promoting his view that a newspaper that retained “a bond with its readers” would prosper, that newspaper might be a very different product to the traditional “printing on dead trees”.

But I don’t think I will be proven wrong on one point. The newspaper, or a very close electronic cousin, will always be around. It may not be thrown on your front doorstep the way it is today. But the thud it makes as it lands will continue to echo across society and the world. (Murdoch, 2008: 25)

As interviewees Eric Beecher and Alan Kohler, together with Rupert Murdoch, argue in the following chapter, the securing of a future for any newspaper in the Internet age in Australia is to build, on the foundation of its reputation and its credibility, a business model that will ensure its viability, in whatever form. Few proprietors have Murdoch’s resources to allow that to be a long-term exercise. In the next section, I examine the cultural changes that are taking place in newspapers as they establish and modify their products to meet the changing technological expectations of their readers.

3.2. Cultural change

I referred in Chapter 2 to the legacy in the UK and Australia of a partisan press, whereby one has been able to select a newspaper of choice according to one’s own personal political and social preferences. Internet-based journalism has reintroduced the opportunity for partisanship to be a factor in the choice people make in their source of news. Partisanship in this sense means adopting a particular point of view,
aligning one’s philosophies and policy views to a particular political, social or economic ideology. The reader adopts the news source that best coincides with those views. In this new journalism, that has translated into newspapers offering their readers the opportunity to interact with the journalists who write the news. Franklin summarised the Cardiff 2007 conference consensus as being:

The model of journalism which previously witnessed journalists, columnists and leader writers handing down authoritative opinions in the manner of “tablets of stone”, is retreating to make way for a new journalism which seeks to encourage readers to join journalists in a more open and interactive discussion. (Franklin, 2008: 631)

The diminution of the role of gatekeeper has been central to the appeal of the new media. In Murdoch’s terms, young people want control, not to be controlled. “They don’t want to rely on a god-like figure from above to tell them what’s important. And to carry the religion analogy a bit further, they certainly don’t want news presented as gospel” (Murdoch, 2005).

Online delivery of news has converted what traditionally has been a lecture on the news of the day to a dialogue, the distinction being that in a mass media system “a few voices speak to the masses – the public becomes a media market; in online environments communities speak to each other” (Fenton, 2007: 5).

The departure from the norm that this new form of dialogue journalism represents is characterised by its lack of convention. It is “open to novices, lacks editorial control, can stem from anywhere not just the newsroom, involves new writing techniques, functions in a network with fragmented audiences, is delivered at great speed, is open and iterative” (Fenton, 2007: 4). A by-product of this notion of news by choice is the downside of hyperdifferentiation, which can be defined as limiting one’s information scope to those sites where political interpretation, for instance, is
deemed apposite. "The model of a deliberative democracy is therefore ultimately replaced by a consumer democracy in which the tendency for fragmentation and atomisation has a real impact on political debate" (Conboy and Steel, 2008: 658). In Conboy and Steel’s terms “it will be lamentable if the construction of hyperdifferentiated audiences undermines rather than enhances the deliberative component of democratic societies” (658).

People’s ability to hyperdifferentiate with new media is demonstrable in market-town Australia. Ross McPherson, one of three brothers who run McPherson Media at Shepparton in Victoria’s Goulburn Valley, Australia’s biggest independent newspaper chain, makes an insightful observation about the power of the Internet to isolate pockets of special interest in a small community.

Where five years ago I would have said that our paper at Rochester had the longest life ahead of it because there are no other sources of news, the reality is that any group, women in a netball club for instance, are starting up their own online publications. With social networking and wired communities, the potential for that is going to be considerable. We are starting to see in a lot of little towns that this is happening. People see a way of having some ownership over their own community conversation in a way that is different to the traditional newspaper. I am not as confident as I was a few years ago that the small regional paper will last necessarily any longer than any other kind of newspaper. (McPherson, 2007: interview with the author)

What we are observing, therefore, is the power of the Internet to fragment audiences into groups of special interest who are able to run their own “news” websites, but in this case “news” translates as information and updates of particular interest to them.

It is an extreme form of hyperdifferentiation. It diminishes the attraction of the local newspaper to them, unless that newspaper, online or in print, is able to satisfy their requirement for that special interest news. I now examine the empirical evidence that shows age and habit are determinants of newspaper usage and consumption.
3.3. Consequences of change: resistance and adoption

That new technology arrives does not imply its universal adoption by consumers (Palfreman, 2006; Pavlik, 2001; Meyer, 2004). There is clear empirical evidence that consumers abide by habit in news delivery platforms. Resistance to change in the mode of news delivery and consumption is demonstrable in terms of age demographics. The older we are, the more likely we are to read newspapers regularly, certainly the more likely we are to read them as a daily regimen (Meyer, 2004: 17). One's chosen form of technology becomes one's travelling companion throughout life. If you grew up with newspapers, you keep reading them as a matter of choice and preference whereas, broadly speaking, 18-34 year olds have no sense of loyalty or tradition to newspapers (Murdoch, 2005). This adaptability of the young to more readily adopt new technology leads to Palfreman’s theory that the young are “wired differently”.

The web may have arrived just at the right time to re-engage a generation that has abandoned newspapers. Why don’t they read? Partly because today’s 20-year-olds [sic] – who have grown up immersed in an audiovisual world of computers, video games, cable and satellite television – might be neurologically wired differently from their baby-boomer parents. (Palfreman, 2006)

Palfreman’s argument raises several significant issues for those addressing the causes and consequences of change in news consumption; for instance, that, in interfacing with media, Generations X and Y operate within different media systems, with different concepts of the news and social information that they require. They don’t necessarily want to catch up with the orthodox meaning of “the latest news”. Their interest is more likely to be in social network news. The new media of blogs and social websites operate very much within the realm of the village, whose parochialism is in terms of interest rather than geography. The few technical
limitations of this new form of journalism are bandwidth, connectivity, and credibility of content (Pavlik, 2001a: 4).

Alan Kohler, a business news specialist in Australia, argues that Australian newspaper publishers are blinkered to the change that he says is afoot.

They [newspaper companies] are basically still asserting that newspapers have a future, but as far as I can tell, they are not examining clear-headedly what that future is and how they need to prepare for it...

Whether it is classified advertising information, share price information or just straight news information, it seems to me we are already a long way through a transition to online. It will shift fully to online. (Kohler, 2007: interview with the author)

From an Australian perspective, the perception of the speed of change and of change of culture is subjective. Rowe’s view, given in an unpublished paper delivered at the Cardiff conference, is that the media sector is “unquestionably in flux, but the pace, extent and consistency of trends may be exaggerated on various sides, and their causality and consequences uncertain” (Rowe, 2007: 2), which makes research theses such as this the more compelling in terms of their desire to seek a glimpse into the future. What can be asserted is that the change in news delivery platforms is as revolutionary as it is evolutionary.

**The bloggers, the citizen journalists and the cannibals**

There are three creatures of technological change in the news media industry: the blogger, who comments or gathers others’ comments on public affairs and broadcasts them; the citizen journalist, an amateur armed with the modern “democratised” tools of the trade (Anderson, 2006: 63), a sense of inquiry and an innate wish to pass on news, information, gossip and opinion to anyone who will take the time to read it; and the cannibal, the newspaper website supplier who devours his own news and offers it up for free on the Internet.
To counteract the proliferation of online news and opinion, newspapers have been forced not only to follow suit, to emulate what the amateurs provide, but to accept citizen journalists and bloggers into the fold. So they offer a menu of free websites, readers’ pictures and comments, and a growing legion of staff bloggers, paid to engage with correspondents, to comment beyond their normal role as reporters.

To compete in the free, online market, newspapers have been able to play to their strength, which is their ability to produce content. With that advantage comes a potential, substantial cost. Print versions of newspapers risk cannibalisation. They provide free of charge on a website the content they must pay to have produced in print and which they expect the public to buy. According to the Australian Press Council, cannibalisation is no longer a problem because publishers deem their online sites to be significant parts of their core news business and that cannibalisation “once spoken in fearful tones in nearly all discussions about the likely impact of Internet news on newspapers, is no longer heard” (Australian Press Council, 2007: 21). I believe that to be wishful thinking on the press council’s behalf. It is not reasonable to argue that a newspaper company willingly gives away for free what it expects its print customers to pay for. Rather it is the penalty it must pay to remain competitive.

The move by Australian newspapers to provide news websites initially involved the simple act of copying and pasting text that was being filed for the next day’s newspaper onto the website and releasing it early in the morning of publication. Papers followed the US example of what Gunter (2003) describes as “shovelling” print or text-based information from the newspaper source to the online site with no eye to greater multi-media opportunities in the presentation of news. “Many initial news websites were accused of offering little more than ‘shovelware’, that is, hard
copy shoveled onto the Net” (Gunter, 2003: viii). Shovelling is a manifestation of cannibalisation: news, which one pays for in print, is provided free online.

The content on a newspaper’s website does not necessarily reflect the usual standard of its reporting. As Kohler observes, the websites are dumbed down (Kohler, 2007: interview with the author). Kohler is a former editor of The Age and The Australian Financial Review who now writes for, and part owns, online media. He argues that, because newspaper websites are free and dependent on high volumes of traffic for their revenue, and because website managers are measured and judged according to the amount of traffic and revenue they get, The Age and SMH websites have been made “much more downmarket” than the newspapers themselves (Kohler, 2007: interview with the author). It is a form of tabloidisation, dumbing down, in the pejorative sense.

Academic discourse on the quality of Australian newspaper websites is unflattering and reflects the range in quality. Alan Knight, professor of communications at Queensland University of Technology, is critical:

If you look at the web-based newspapers in Australia or the web-based material in Australia it’s not very good; it doesn’t make much use of the multi-media format; that is, it doesn’t do great links to television or audio. It doesn’t often have great pictures. It just has text on the web, next to the ads. (Knight, 2007)

The Mercury in Hobart, like most of the News Limited stable of metropolitan mastheads that share the same website template, took its time developing its site. The Internet, for that stable of editors, was seen neither as a threat nor an opportunity, according to Mercury editor Garry Bailey. “We saw it very early on, but like everyone else, through a real fog,” (Bailey, 2007: interview with the author).
3.4. The dog's tail theory

It would be regarded widely within the Australian press industry as sacrilege to predict that, for many newspapers, their online platforms will become their prime business, but it is the view held by Kohler and Beecher and, to a degree, by McPherson. They say the tail will soon wag the dog.

At some point the equation has to flip so that Fairfax and News Limited become website companies that have newspapers. At the moment they are newspaper companies that have websites. If they were courageous and far-seeing, they would have already switched their culture to being website companies that have newspapers. All the journalists would be employed by the website and as an adjunct they would be producing a newspaper to the site, because clearly everyone can see the future is the website. (Kohler, 2007: interview with the author)

The economic problem, which I explore further in Chapter 4, is that the bountiful classified advertising revenue that newspapers enjoyed cannot be replaced by online revenue. That is the US experience. Newspapers have to attract more than 30 online readers to compensate for the loss of one print reader in terms of advertising revenue (Patterson, 2007). If Patterson is right, it will take the mass exodus of advertisers to the Internet to continue unabated, encouraged by the business model strategy that Beecher says is at the heart of continuing economic success for media companies, for sites to become profitable.

In going online, major world newspapers have significantly enlarged their reach beyond the bounds of print distribution. Twice as many people access The Guardian online as the 364,000 who buy the paper itself and two-thirds of them are overseas (McNair, 2007: unpublished conference paper). Though the business model for profitable online sites remains elusive, the economic proposition is put that “if 16.1 million monthly users, relatively affluent and well educated, is not the basis of the stable advertising revenue going forward, then what would be?” (McNair, 2007: 10).
Within the Australian newspaper industry, proprietors, executives and marketing affiliates remain optimistic about the prospects for the survival of newspapers, though the discourse becomes somewhat blurred about the vehicle: the newspaper company or the newspaper in its various forms (Hale, Beecher, Kohler, Wolpe, McPherson). The logical conclusion is that as the digital revolution accelerates, newspapers have to be seen as simply one delivery method and that “properly executed, great news brands will expand, not contract” (Murdoch, 2007).

3.5. The vision

The synthesis of opinion I canvass is that Australian newspapers have been ill-equipped for the change that is before them because the evolution of news and information from print to Internet to e-paper has been faster than they have been willing to countenance. Newspapers are the product of technological innovation, some of it attributable to challenges within their marketplace, notably radio and television and most recently the Internet. Newspapers, including The Australian, were slow to realise the value of the Internet as an information tool and even slower to realise its potential as an additional platform for their content. They had been cushioned from the shock of the Internet by high profitability from print-based advertising. The Internet challenges the viability of newspapers because it is an organic communications medium, available to be exploited by those who no longer have to compete with newspapers by buying paper stock, printing presses, delivery trucks and space in aircraft cargo holds.

Non-newspaper websites and blogs resume the tradition of the partisan press of the 19th and early 20th centuries. One is able to select the appropriate political or other interpretative filter to digest and analyse news. Online delivery of news has
converted what traditionally has been a lecture on the news of the day, a product of institutional journalism, to a dialogue or discussion. In their news consumption young people want control, not to be controlled. In Murdoch's terms, they don’t want to rely on a god-like figure from above to tell them what is gospel. The new media are democratised and participatory. The change in news delivery platforms is as revolutionary as it is evolutionary. It attacks the disciplines and rigours of traditional journalism: the concepts of fairness, even-handedness, balance, fact-checking, ethics, craft, syntax, and structure. It is, as Fenton notes, a new system that is open and iterative, operated in the main by journalism novices and is subsequently typified by a lack of editorial control.

The economic impact on newspapers, already hit by falling circulation and readership as is explored in Chapter 4, has driven them to look to their websites and other electronic forms as their salvation and led Kohler and Beecher to the view that, as Kohler puts it, “the equation has to flip” to a position that companies such as Fairfax and News Limited evolve as website companies that have newspapers rather than the other way round (Kohler, 2007: interview with the author). In other words, the print version is no longer the mainstay of the business. The tail is wagging the dog. Their argument is largely supported by one who may continue to have a major say in news development, Rupert Murdoch, who says the newspaper, “or a very close electronic cousin”, will always be around (Murdoch, 2008).
4. Economic challenge

4.1. Introduction

Unless a newspaper is owned by a philanthropist or shareholders of charitable mind, economics will determine if it survives as a physical, paper entity. The former Australian weekly news magazine *The Bulletin* is a case in point. First published in 1880 it was an influential voice in social and political commentary in Australia. It was bought by the media baron Sir Frank Packer in 1961. Son Kerry Packer maintained it in good and bad circulation years but on his death in 2005 it passed into the hands of the next generation of media baron, James Packer. In late 2007 he sold off *The Bulletin* as part of his sale of his publishing company, Australian Consolidated Press (ACP). Under the new owner, ACP closed *The Bulletin* in January 2008, a victim of the Internet, according to the ACP press release that announced its demise.

In the latest Audit Bureau of Circulations figures, *The Bulletin* had 57,039 in sales (Sept 07), which is down from circulation highs of over 100,000 in the mid 1990s. This trend is consistent with that experienced by many leading weekly news and current affairs magazines globally and is somewhat symptomatic of the impact of the internet on this particular genre. (Australian Consolidated Press, 2008)

Writers of its obituary mused that, had it remained in the hands of Kerry Packer, *The Bulletin*, “the last bastion of the long view” (Wright, 2008), would have been allowed to continue despite its dwindling circulation, because of its status among the older generation of Australians who saw it as an essential part of the fabric of public life in this country. Former editor Kathy Bail was reported as saying that if Packer had lived, *The Bulletin* would still be publishing: the death of Kerry Packer was “the turning point” (Wright, 2008).
The economic forces at work in a newspaper are high labour, production and distribution costs, offset by advertising and cover price revenues, which are determined by readership and circulation. Capturing the attention of readers and monetising that attention is the essence of a newspaper's business. It is the key to survival in a marketplace where loyalty now tends to be age-related, as I discussed in Chapter 3. The exceptions to the rule are newspapers such as the national broadsheet newspaper, The Australian, which survived its early loss-making years through owner Rupert Murdoch's philanthropy. In this chapter, I draw together the disparate views of proprietors, editors, journalists and academics with a view to extracting the dominant themes of the discourse about the economic prospects of the newspaper as a physical entity.

There is no simple answer to the main question that I put to those I interviewed: "Is there a future for newspapers in Australia?" The consensus view is that the outlook differs depending on the type of publication, the dominant revenue source of that publication and its positioning in its market. The degree of consensus is best illustrated by Beecher and Wolpe, each coming from opposite sides of the Fairfax fence, and whose views are detailed later in this chapter. Wolpe, then still at Fairfax, expresses the corporate view of newspapers; Beecher, a former editor of The Sydney Morning Herald, speaks with the benefit of that experience and that of his next enterprise, which is, providing news on the Internet via crikey.com.au.

An important distinction or point of difference that emerges between those I interviewed who still work within the newspaper industry and those who have left newspapers to pursue a future in the digital media is their doubt about the veracity of the current assessment of readership, which is one of the metrics, or measures, by
which a newspaper’s health is judged. The industry would like to rely on a new metric, the combined print and online readership of their product.

4.2. The migration of classified ads

Warren Buffett, the influential US investor and chairman of the Berkshire Hathaway group, owner of The Buffalo News, wrote, before the 2008 global economic downturn started, “the days of lush profits from our newspaper are over ... And fundamentals are definitely eroding in the newspaper industry ...” (Buffett, 2007: 11). As I discussed in Chapter 2, Buffett believes that if the Internet had been invented before the press, newspapers would never have existed. There are two main reasons: the attraction of new digital media to younger generations; the suitability of the Internet to classified advertising. Newspapers carry two types of advertisements: classifieds and display ads. Classifieds are those that are usually grouped under headings that classify what is being offered in that section, e.g. motor vehicles, houses to rent, boats and marine, garage sales. Display ads are typically illustrated ads from major enterprises.

Generation Y, the age cohort known as the children of the baby boomers, those born between the late 1970s and about 1991, plays a key role in the economic prosperity of a newspaper. Financial adviser KPMG in a 2007 report in the US, The Impact of Digitalization: a generation apart, said that the Internet, Facebook, YouTube, SMS (Short Message Service) messaging and podcasting were “the currency and the conversation of Generation Y” (KPMG, 2007: 8). It depicted Generation Y as the “tech-savvy” generation, at home with computers, cell phones and blogs. Significantly, from the point of view of this thesis, KPMG found that 34 per cent of Generation Y gained their news from websites.
That conclusion underscores the earlier research in the US by Meyer (2004), Mindich (2005) and Downie (2002) that Generation Y is not drawn to newspapers. It has an affinity with new communications tools from which it derives social networking habits and perceptions and news that may be alien to conventional newspapers. *The Impact of Digitalization* report, which was aimed at corporate executives unfamiliar with the latest Web developments and the social networking habits of Generation Y, warned that capturing attention and monetising that attention had new complications, so “old media must rethink their business models” (KPMG, 2007: 4). The lesson here is that if Generation Y does not read newspapers, it cannot read their classified ads.

Media companies make money by monetising the attention they attract. They aim to attract a readership or audience and convince potential advertisers that those readers and viewers are likely buyers of the advertisers’ goods and services. They seek to attract major advertisers to buy display advertising space and minor advertisers to buy classified advertising space.

As noted in Chapter 2, Australian newspapers derive 75 per cent of their revenue from advertising and 25 per cent from circulation, or cover price (Australian Press Council, 2006: 36-39). For some, the classified advertisements are lucrative. According to Beecher, they are worth up to $4 million to *The Sydney Morning Herald* each Saturday and run at a profit margin of between 80 and 90 per cent (Beecher, 2007: interview with the author). Since the advent of television, Australian newspapers’ share of advertising revenue has been in decline (Tiffen, 2006: 97). It fell from 51 per cent in 1961 to 21 per cent in 1998. In addition, circulation has not been keeping pace with population growth. Between 1970 and 2000 circulation fell
by half – 321 sold per 1000 down to 162 (Tiffen, 2006: 107). I explore Australian circulation and readership statistics later in this chapter.

The migration of advertising revenue to the Internet is clear, according to Commonwealth Securities Limited’s senior media analyst Craig Shepherd. Classifieds are not the rivers of gold they once were (see Chapter 2) and, just like any business, newspapers have faced higher labour and other input costs, leading to reduced profitability (Shepherd, 2007). Shepherd echoes the views of Beecher, Kohler, Murdoch and William Powers, a fellow at Harvard’s Joan Shorenstein Centre on the Press, Politics and Public Policy (2007). They each conclude that newspapers have yet to determine how to monetise the Internet. “Most newspapers haven’t figured out [sic] to make as much money from publishing with electrons as they made (and still make) from vending ‘ink on crushed wood’” (Powers, 2007: 12). Murdoch prefers the term “dead trees” (Murdoch, 2008).

Murdoch says he does not know “anybody under 30 who has ever looked at a classified advertisement in a newspaper” (UK Press Gazette, 2005). Rather than searching the columns of advertisements in newspapers, they search and transact online. Spurgeon found that as early as 2003 twice as many jobs were being advertised online in Australia than in mainstream newspapers (Spurgeon, 2003).

4.3. The three presses

Beecher and Wolpe identify three distinct newspaper market sectors, each with different prospects:

- metropolitan newspapers primarily dependent on classified advertising revenue
• metropolitan newspapers primarily dependent on display advertising revenue and cover price
• the regional and rural press.

The extent of the threat of the Internet to these three newspaper sectors depends on the position of each in its market with regard to its dominant revenue source and its competition. Newspapers such as *The Age* and *The Sydney Morning Herald* that depend on classified advertising revenue, have a less certain future, according to Beecher and Kohler. In their interviews with the author, they argue it is inevitable that the Internet will win the classifieds war because of what they see as a “fundamental flaw” in the pricing system for newspaper advertisements, particularly classifieds. The flaw they perceive is that advertisers are being charged for an advertisement that appears in the newspaper for the whole of its circulation yet the number of people wanting to read that particular classified may be just a few dozen. Therefore, Beecher argues, advertisers are being asked to, and forced to, pay for 99 per cent wastage (Beecher, 2007: interview with the author). Beecher and Kohler therefore argue that the Internet is a superior medium, cheaper and more effective than newspapers to carry classified ads, that the logic of advertising on the Internet is overwhelming. “It is like comparing the horse and buggy to the car. To me that is unassailable logic” (Beecher, 2007: interview with the author).

Broad-based, popular newspapers, typified by the News Ltd stable of metropolitan, state capital-based newspapers, depend for their revenue on a mix of display advertising, classified advertising and a disproportionately high level of cover price revenue. These newspapers – the Sydney *Daily Telegraph*, the Melbourne *Herald Sun*, the Brisbane *Courier Mail*, Adelaide’s *Advertiser* and the Hobart *Mercury*
— are seen as less vulnerable because of their relatively lesser dependence on revenue from classified advertising (Beecher, 2007: interview with the author).

The migration of classified advertisements from print to online has reduced the profitability of the major Fairfax broadsheet newspapers to the extent that its management differentiates rates of growth. There is “high growth” and “lower growth”. “What the Internet has done is reduce classified revenues from high growth to lower growth” (Wolpe, 2007: interview with the author). However, display advertising revenue has grown “and remains quite strong”, Wolpe says, while the circulation impact caused by the Internet “has halted and in fact our print circulations have been growing over the past two years”. What then is a balanced view of newspaper circulation in Australia? I turn to my analysis of circulation data for three of Australia’s biggest selling newspapers: the two main Fairfax broadsheets, *The Age* and *The Sydney Morning Herald*, and *The Australian*.

### 4.4. Circulation of major Australian newspapers

Circulation and readership are the measures of a newspaper. They are the indicators, the metrics, of how it is faring in the market. Circulation is the term given to newspaper sales: how many copies of each edition are being sold. In recent years in Australia it has become a more exact science as the Audit Bureau of Circulations, which conducts the sales audit, has sought to more clearly distinguish normal retail sales from those copies sold at a discount or given away free – to hotels, school libraries, for instance. Readership is a less exact mathematical exercise. It is an estimate of how many people read, as distinct from buy, a newspaper. That survey is conducted in Australia by Roy Morgan Research (RMR) for the newspaper industry.
As mentioned in Chapter 2, the Audit Bureau of Circulations reports average net paid sales of publications, quarterly, by inspecting invoices and accounts sent to distributors. Until May 2006 they were audited half-yearly.

As I note above, in his interview with the author, Wolpe claimed Fairfax’s print circulations had been growing over the past two years. Figures 6 and 7, drawn from the circulation figures published in the Australian Press Council’s 2006 *State of the News Print Media in Australia* report (Australian Press Council, 2006) and the October 2007 supplement (Australian Press Council, 2007), demonstrate his point, prima facie, as far as *The Age* and *The Sydney Morning Herald* are concerned.

However, the trend, the long-term indicator, for *The Sydney Morning Herald* is declining and, as will be shown, the circulation position in real terms, when compared to population growth in the relevant states of Australia, is worse.

![The Age Circulation Chart](chart.png)

*Figure 6: Daily circulation of *The Age*, 2002-07*
To understand how newspaper circulation relates to the potential available market for newspapers, I have applied a real terms growth factor. Using 2002 as the baseline, I compared newspaper sales growth/decline to population growth and project where sales should have been if they had kept pace with population growth. I used the population statistics from the Australian Bureau of Statistics Table 3101.0, *Australian Demographic Statistics*. In round terms they amount to 1.15 per cent average national population growth per annum in the period, but I have applied the Victorian annual population growth figures to the circulation of *The Age*, the NSW annual population growth figures to the circulation of *The Sydney Morning Herald*, and the national annual population growth figures to *The Australian* and *The Weekend Australian*.

In real terms, the charts show a less favourable story than Wolpe painted, although it should be noted *The Age* lost relative circulation at the beginning of the decade and has been recouping it in the past two years (figure 8).
The Sydney Morning Herald is clearly losing ground (figure 9).

A comparison for The Australian shows the same trend even though circulation is growing (figure 10).
These graphs demonstrate the slide in market penetration of these major Australian newspapers. Newspaper company claims of circulation growth have to be assessed in the light of the size of the potential buyer market. The potential market is growing at a greater rate than any circulation increases. Sales of our major newspapers are not keeping pace with population growth.

For the broadsheets, Saturday sales have been a traditional financial powerhouse because of their classified advertising content. Yet it is clear from figures 11 and 12 that the circulation of the Saturday editions of The Age and The Sydney Morning Herald has been in endemic decline.
Again, when the real terms factor is applied the situation for both newspapers is more stark (figures 13 and 14) while *The Weekend Australian* appears to be catching up on considerable lost ground (figure 15).
Figure 13: Circulation of *The Saturday Age* and comparison with real terms status quo since 2002

Figure 14: Circulation of the Saturday edition of *The Sydney Morning Herald* and comparison with real terms status quo since 2002
The charts of these major Fairfax and News Ltd papers demonstrate that all are behind where they should be to keep pace with the growing potential market. Fairfax concedes it is achieving lower growth in metropolitan publishing and claims high growth in regional and rural markets (following the merger with Rural Press in 2006) and in financial publishing, and “explosive” growth in Internet publishing.

The result of all that for a company like Fairfax is we are growing earnings significantly but the contribution from metropolitan newspapers is lower than what it has been. It is still profitable but it is lower profitability. (Wolpe, 2007: interview with the author)

Nationally, despite the migration of classified advertisements to the Internet, the newspaper industry claims 85 per cent of its total classified revenue still comes through its newspapers, rather than online, and has grown by four to five per cent over the past three years (Hale, 2007a: interview with the author).

It is difficult to argue with Beecher’s theory that if a newspaper carries fewer classified advertisements, fewer people will buy the paper. He illustrates the point
with an anecdote that, though perhaps not representative, nevertheless is sobering for journalists.

What they [Fairfax] won’t divulge is how many people buy Saturday’s paper for the ads and how many buy it for the content. I learned that lesson well before I became editor on the paper. My first job as a reporter was at The Age in Melbourne and I still remember the night I got my first front page lead in Saturday’s paper. I was so chuffed I waited outside at midnight until the papers came off and there were lines of cars of people waiting for the paper and I watched them all pick up the paper, take the classifieds out and throw the editorial in the bin. (Beecher, 2007: interview with the author)

A French study (Rouger, 2008) has examined the crisis of falling circulation in the French regional daily press, a notable segment of the market that outsells the national daily press. For instance, Ouest-France sold 783,000 copies a day in 2004, twice as many as the national daily Le Monde. The circulation of national dailies fell from five million per day in 1968 to 2.2 million in 2002 (Rouger, 2008: 824). The study found similar reasons for circulation decline in both sections of the daily press in France, but others are sociological and more specific to the regional press.

Our hypothesis is that, aside from the economic factors we have already dealt with, the difficulties of the French regional press are due to changes in the links between individual and society which affect the readers’ (or potential readers’) relation to territories. (Rouger, 2008: 826)

A lesson for Australia from the French study is that editorial managers have to attract a “younger, fickler audience” (Rouger, 2008: 829) and that requires modifying the treatment of local news.

4.5. Readership

Roy Morgan Research measures readership by regularly surveying the population. The Australian Press Council confirms that the historical relationship between readership and circulation of our newspapers has been a multiplier of between three and four (Australian Press Council, 2006: 17). The industry view (Hale, 2007a: - 70 -
interview with the author) is that circulation and readership in Australia have held up “very strongly”, losing about one per cent over the past five years and that if one adds the readership of the free transit dailies the total readership has actually grown marginally over the past five years. As demonstrated earlier in this chapter, that fact is contradicted by the real terms situation with newspaper circulations. Wolpe adds a new marketing dimension: natural selection.

There is also an argument that you can shrink circulation to get to your target audience; in other words, you may have lower raw numbers but you may have a higher proportion of really valuable readers and that is a marketing issue. (Wolpe, 2007: interview with the author)

So, the demographic profile is that the Fairfax audience is getting slightly older and that to increase circulation, as Wolpe notes, “you are fighting a trend in which your natural audience is ageing but it can be done”.

The nub of the debate within the industry in Australia about the future of newspapers and of their current health is the means by which that diagnosis is determined by readership and particularly the issue of whether it is legitimate for Wolpe, for instance, to claim “if you combine their total readership in print and online more people are reading our newspapers than ever before in the history of the company”. That is demonstrably true though the measurement protocol to back the claim is still to be tested and also brings one no closer to the fate of newspapers per se. The issue is about readership “metrics”, how best to measure readership, how the surveys should be updated, whether to include online newspaper readership; if so, how to prevent double-dipping of people who both read the newspaper and click on the online version.

By its nature, the circulation audit should be an accurate indicator of a newspaper’s sales and its health, particularly since the audit bureau has sought in the latest
changes to delineate different types of sales to isolate that part of a newspaper's circulation that ends up as freebies, particularly in schools, or which is heavily discounted in bulk sales, for instance, to hotels and conferences. Those figures are now clearly set out in the bureau reports and seldom rise above two per cent of circulation. However, the definition of readership is clearly critical since it is the basis upon which a newspaper sets its rates to advertisers. The more readers a newspaper can claim, the more it can charge. The count of eyeballs is compounded if the provider is able to convince its advertisers that online readers are part of the legitimate readership. Beecher regards readership as being unreliable because it is based on market research. The reason newspaper publishers want to change the formula of estimating readership, he says, is that "they want to find someone who will increase the readership" by including online newspaper readers. Beecher cites the precedent in television. "That's what happened to the TV ratings, they changed to OzTam because they weren't happy with Nielsen's figures and OzTam's figures went up at the time when the whole media was declining" (Beecher, 2007: interview with the author).

It is only in recent years that the newspaper industry has shown any interest in having the scope and measure of readership reassessed, including how online readership should be calculated and presented. "We get almost $4 billion revenue and that's the only metric we have" (Hale, 2007a: interview with the author). With news consumption now fragmented, the advertising industry wants to know the ideal metric for assessing newspaper readership patterns, including what parts of the paper are being read. "What we haven't done is assess the methodology for those and indeed how we may do it," Hale says. "What we would like to be able to do is to
provide the unduplicated readership figures of print, of online and of them both together."

The Australian regional press is monitoring the readership metrics exercise, which is essentially a negotiation between The Newspaper Works and Roy Morgan Research. One of the two remaining family-owned independent regional companies, Shepparton-based McPherson Media, says readership ratings are “less of a big deal” for country papers, most of which are monopolies. Joint managing director Ross McPherson says his advertisers are not fussed:

They want to know that you are sort of growing one way or another, we show them our total audience, website and paper, talk about that, some are interested in the online, some are not. It varies a lot depending on the advertisers. (McPherson, 2007: interview with the author)

4.6. Newspapers’ future online

I should reiterate at this point that this thesis is concerned with the future of newspapers per se, not the future of newspaper companies using different platforms for editorial and advertising. With the evidence of real terms newspaper circulation decline in Australia, the industry view is that online platforms will be their salvation but that print will continue to be significant. Online business will grow, print revenue will stabilise (Wolpe, 2007: interview with the author). One danger for them is that the online version of the newspaper will become “the paper killer”, as described by Paul Steiger, former editor of The Wall Street Journal, because “… the web could deliver words and numbers at nearly the speed of light without the cost of printing, paper or delivery trucks, all searchable and archivable” (Steiger, 2007). Why pay for news when you can get the same news from the same newspaper company for free?

The business model that makes a website profitable is still “a puzzle waiting to be solved” globally and in Australia, according to Goldsmith’s Natalie Fenton (2007:}
unpublished conference paper), US media analyst Lauren Rich Fine (World Editors Forum, 2007), Lewis (2004a), and Cardiff’s Bob Franklin (2008), who noted:

Paradoxically, despite the significance of the Internet to journalists and the future of newspapers, there is no agreed and consensual industry-wide business model for how to turn a profit from online editions. But since newspapers are essentially economic organisations, the further development of online editions will prove problematic unless they can move to profitability. (Franklin, 2008: 636)

Fenton says that recent history suggests that newspapers, even though they operate largely on a platform of print and will lose revenue on the Internet, will still dominate the Internet because of their access to content (Fenton, 2007: 9). There is also the element of covering new opposition.

We should remember that the history of communications technology shows us that if innovative content and forms of production appear in the early stages of a new technology and offer potential for radical change this is more often than not cancelled out or appropriated by the dominant institutions operating within dominant technological and socio-political paradigms. (Fenton, 2007: 19)

In Australia, Kieran Lewis is one of the few Australian academics to have tracked newspaper website profitability. His 2004 pluralism study covered 18 publications, of which he found only two were profitable “consistent with literature that highlights a lack of commercially viable independent online news ventures both in Australia and internationally” (Lewis, 2004b: xiv). However, Lauren Rich Fine, a former analyst with the financial management company Merrill Lynch, says that even if the rapid online growth continues, it will be at least “a couple of decades” before online sales represent more than 50 per cent of a newspaper’s advertising revenues (World Editors Forum, 2007: 26). That is partly a reflection of the price differential between online and print advertising.

Newspapers may have been able to contain the losses now attributable to the migration of classified advertisements to the Internet if they had adopted earlier
strategies to own the dominant Internet site in the classified advertising categories
that they dominate in print; notably real estate, jobs and cars. Beecher argues they do
not own them; that the dominant market leader in each category is a new player. In
addition, within each of those three major advertising categories, there are dozens of
specialist sites. In marketing terms, it means that all three have been fragmented
where before they had been within the exclusive domain of print. The nature of the
Internet is to fragment markets.

Even if News or Fairfax had succeeded in being the number one classified site to,
in theory, defend their newspapers, the profits that they would make from that
would be one-third or one-quarter of the profits that they make from the print
version. (Beecher, 2007: interview with the author)

Around the world, achieving an online business model, in which advertising or
subscriptions meet the cost of providing editorial material text, has been elusive.
Bleyen and Van Hove found that, to contain costs, most newspapers resorted to
cannibalisation on their sites – devouring their own material for which their
newspaper readers have to pay but which their online readers get for free. They
developed a database of 82 national dailies in eight western European countries in
mid-2006 to analyse their online revenue models. The key question was whether the
online version was perceived by readers as a complement to, or a substitute for, the
print version (Bleyen and Van Hove, 2007: 6).

In short, in the literature there is mixed evidence regarding the question of whether
online news and news on paper are independent goods, complements or
substitutes. However, studies showing evidence of cannibalisation seem to
dominate. (Bleyen and Van Hove, 2007: 7)

Their observation goes to the heart of the dilemma facing newspaper companies and
newspaper buyers. Are the online versions a form of vegetative reproduction of a
newspaper or a form of self-mutilation? The buyer asks the same question as Bleyen
and Van Hove: should I continue to pay to have the paper delivered when I can get
the same news online free? What remaining justification is there to buy a newspaper?

The obvious answer is that the newspaper you still wish to buy must add value beyond the free avenues of news, opinion and advertising. That reflects the Murdoch theory for acquiring The Wall Street Journal: that people still place a value on quality and to the work of editors and journalists who take their readers seriously, and (some) readers will continue to pay for that quality, though they are less willing to pay for it online. Bleyen and Van Hove found that the more expensive the newspaper the higher the probability that parts of its website will attract a fee, which was certainly arguable in the early days of newspaper websites but the experience of the Australian Financial Review and The New York Times is that Internet users are reluctant to pay for online news. Nevertheless it is difficult to argue with Bleyen and Van Hove that the monetising concept holds that online businesses must first capture large audiences and later monetise those audiences through subscription fees, advertising and e-commerce, unattractive though subscription fees might be. “Despite the fact that newspapers have tried various ways to develop viable business models and revenue streams for their online services, in general these efforts have not been very successful” (Bleyen and Van Hove, 2007: 10).

Kieran Lewis refers to two early Australian studies by Mings and White, (1997) and (2000), that found consensus that newspaper publishers had sought to embrace the Internet without fully understanding how they might profit. They detailed a set of business models: a subscription model, an advertising model, a transactional model and a partnership model. The various descriptors indicate the revenue source. The subscription model attracts an entry cost. Their findings on the subscription model were inconclusive, especially given the experience of Beecher’s Australian current
affairs news/blog site *crikey.com*, which was still operating in 2008. They were ambivalent about the likely success of the Internet being an adjunct to a news medium's advertising business. They were inconclusive about the economics of a news website as a transactional model, in which it acts as a business portal for electronic commerce transactions. They said the response to business partnership proposals had been flat.

It must now be accepted, given the sobering experience of the US, that, even if newspapers are able to redirect classifieds onto their own websites, revenue will drop because Web ads cannot match the profit margins on print ads. “Newspapers have created web sites that benefit from the growth of online advertising, but the sums are not nearly enough to replace the loss in revenue from circulation and print ads” (Alterman, 2008: para 5). As Alterman suggests, declining circulation is as critical as a website business model as newspapers struggle with their extended range of platforms.

**4.7. The view from the inside**

In Australia, proprietors and/or management have converging views about the security of tenure of the non-metropolitan dailies; regional and rural papers and the financial press. In the typical one-paper towns of Australia, newspaper websites and those of competitors are less developed and advertising revenues are less affected.

... the industry has moved from defence to offence and so actually regional and rural papers today are much better positioned to harness the Internet going forward rather than being threatened by the Internet as metro newspapers were ... (Wolpe, 2007: interview with the author)

For those operating in the regional marketplace, the view is clearer.

The entity of a newspaper is evolving into a multi-platform creature. The thing that we call a newspaper is, in fact, going to change. Paid circulations will become
increasingly free and they will then complement other kind of services, other platforms over which the content is distributed ... The research we have done has found we are still holding onto our older readers but getting younger readers is harder and harder. Most regional papers are finding the same struggle. (McPherson, 2007)

In Hobart, the local daily, the *Mercury*, has had a declining circulation since 2005 but its readership fell sharply in 2005, rose in 2006 and declined again in 2007. Its editor since 2001, Garry Bailey, notes that:

*The formula is going up from 2.5 to 3 or 4 and then coming back down for no apparent reason. Also readership is changing on different days. It used to be pretty smooth right through the week but people are becoming more discerning about when they want to buy a paper. I think that is coming down to people’s busy lives, the fact that logistically newspapers are behind the times — you can’t get papers to people when they want it, where they want it.* (Bailey, 2007: interview with the author)

The smaller the community the more likely it is the local paper will be protected, but Beecher believes the migration of classifieds will eventually hit them.

*So while they have that protective layer to some extent you have also got to remember that they are much smaller businesses and therefore they are much more vulnerable to essentially smaller movements of revenue away from them than the bigger newspaper which has lots of other things going on.* (Beecher, 2007: interview with the author)

McPherson has outlined the complexities within the regional market, but within that market a free newspaper as an adjunct to the main online presence is the distinct likelihood.

From a global perspective, journalist and media academic and commentator Roy Greenslade presents the extreme view of the future of newspapers:

*There are going to be very, very far fewer of them, probably a paper of record in most societies which will be accessed by a relatively information-rich, affluent political and media elite, largely unread by most people who will get all their content and analysis through the net.* (Greenslade, 2008)
There is a consensus view developing that, if there is a key to survival, the model for that survival may be *The Washington Post*, to which I referred in Chapter 2 (Hilmer, 2007). In this scenario, the newspaper becomes a small part of a diversified company, whose profitable non-print operations fund the quality journalism and the losses of the flagship. Mark Scott was editorial director at Fairfax before being appointed managing director of the Australian Broadcasting Corporation in 2006. He says that Fairfax was 75 per cent cash-dependent on *The Age* and *The Sydney Morning Herald* five years ago, long before the merger with Rural Press. While the two broadsheets now deliver only 25 per cent of Fairfax revenue, the balance still comes mainly through print, the new acquisitions. “The untested question is that you have a portfolio that is only in print. Is that sustainable?” he asks and cites the Hilmer reference to *The Washington Post*: “*The Washington Post* remains the spiritual core of that company. They have protected quality journalism by diversifying out of print. The challenge is that, if you only have a portfolio of interests that is print, is that trouble for you” (Scott, 2008).

Campbell Reid, News Limited editorial operations director, agrees that diversification is the key and there is no doubt that News Corp has diversified its activities well beyond print, but at the same time says there is a culture within newspaper companies that “the story” and quality journalism still provide the key to success (Reid, 2008). “We have not broken out of the shackles of believing this is how quality journalism is delivered.” Reid’s view indicates that, at the time he was speaking, May 2008, News Limited had still to seize upon the assertion best expounded by Beecher, that it will be the business model, not the standard of journalism, that will determine the future of its newspapers.
Scott summarises the core question succinctly:

The question is what are the business models that will endure? The demand for the newspaper may still be there but will it be possible to deliver? As the audience fragments, as they come together in more and more places in fewer and fewer numbers the cost of doing expensive content becomes harder and harder to sustain. (Scott, 2008)

Newspapers are an expensive way to present the news. Warren Buffett is right: if the Internet had been invented before the press, there never would have been any newspapers. The fragmentation of the news audience in a technologically-advanced country such as Australia, as shown by the declining circulation figures for our major newspapers, makes newspapers even more expensive to produce and to resource. Therefore, Murdoch’s “thud” of the paper on the front doorstep (Murdoch, 2008) will increasingly be replaced by the click of a mouse.
4.8. The vision

What then is the outlook for the printed format of a newspaper in Australia from the synthesised point of view of those who work inside the Australian industry? That the newspaper industry is going through a dramatic transition is beyond question. Whether it is terminal for some newspapers is the moot point. Some quoted in this thesis, those who have moved on from newspapers and, in Beecher’s case, no longer have to espouse their virtues, clearly believe the writing is on the wall for the major metropolitan newspapers that depend on classified advertising, *The Age* and *The Sydney Morning Herald*. The consensus view among all those interviewed, apart from Tony Hale of The Newspaper Works, is that the outlook for Australian newspapers depends on the nature of the publication, its dominant revenue source and its marketplace. There are three distinct market sectors in an economic sense: metropolitan newspapers primarily dependent on classified advertising revenue; metropolitan newspapers primarily dependent on display advertising revenue and cover price; the regional and rural press. Newspapers generally could have contained the losses attributable to the migration of classified advertisements to the Internet if they had developed early strategies to own the dominant Internet sites in the classified categories which they dominate in print, notably real estate, jobs and cars.

Or is this a period of natural evolution? The Internet and the digitisation of information provide the latest opportunities to diversify the delivery of content. The industry view, expressed by Tony Hale, is that newspapers are managing the challenge to them very effectively and their owners see newspapers as a very profitable medium for a long term in the future. Former Fairfax CEO David Kirk’s view is that there are two “iron laws” at work: media always evolves and audiences always fragment. “Media, and the management of change, are therefore
synonymous. If you have studied our industry, its history is a litany of change – of evolution and threat and adaptation” (Kirk, 2007: 3-4).

I find McPherson to be perhaps the true litmus of the future of our newspapers. He is insightful when he says the entity of a newspaper is evolving into a multi-platform creature, that newspapers are changing, they will become increasingly free and the real test for them in the long term will be attracting younger readers. By implication, print might never be able to do that again.

This thesis asserts that newspaper companies’ claims of circulation growth do not stand up to scrutiny. Plotting circulation and readership has to be assessed against the backdrop of the potential market. The potential circulation and readership of Australian newspapers is growing at a greater rate than any actual circulation increases. In other words, the saturation of newspapers within the available market is reducing. With our major broadsheet and tabloid newspapers, sales are not keeping pace with population growth.

Is the Internet their salvation? Not yet. Newspapers have to maximise their visibility on the Internet and to maximise their appeal to advertisers through what they see as an appropriate readership metric that measures eyeballs and preferences on both platforms: print and online. Wolpe and McPherson, in many ways on opposite sides of the fence in this issue, each argue that advertisers will accept separate metrics for online and print and make up their own minds about the value of each medium, though the Australian Association of National Advertisers in August 2008 insisted advertisers needed “a trustworthy, uniform system of measurement so they can determine where their money is best invested” (Jackson, 2008).
Meanwhile, as Fenton and Franklin assert, and Murdoch concurs, the business model that makes a website profitable is still “a puzzle waiting to be solved”. Mark Scott and Campbell Reid, at one stage holding similar editorial directorship positions at Fairfax and News Ltd respectively, agree that diversification of the group business is likely to be the key. In News Limited’s case, the company has diversified beyond print to give it the financial resources to shore up its quality journalism through such newspapers as *The Australian*, which also has a benevolent patron in Murdoch. At Fairfax, the whole business is diversified but still print-dominated. There is consensus that *The Washington Post* model, in which a newspaper becomes a small part of a profitable, diversified company, may ensure its longevity. It is also a truism that as the news audience fragments, providing quality journalism becomes harder to sustain.
5. Implications for the profession of journalism

5.1. Introduction

The third aspect of this thesis examines industry and academic discourse on the impact of new media on the profession of journalism and the continuing funding of what is termed “quality journalism”. It therefore deals with the contemporary status of journalism, the disciplines of newsgathering and news delivery, the reporting and publishing practices of new media writers, their use and assessment of sources and the implications of journalists writing for multiple news platforms. This is necessarily broad but why is it relevant to the future of newspapers? It is because the future of newspapers carries with it the future of journalism. If newspapers are to be redefined, re-shaped or made redundant, the implications are far broader for society, let alone journalism, than the physical changes of news delivery. I argue that the tenets of what we have claimed to be the “profession” of journalism are at stake.

Applying the term “profession” to journalists and journalism is itself argumentative (Singer, 2003). The context in which I use the term is the encapsulation of the culture, the skills, the traditions and the training of journalists, particularly in the era preceding multi-media skilling and the opening up of the market to citizen journalists and privateer bloggers. Real or imagined losses of a newspaper’s advertising revenue impact on the employment and training of that newspaper’s journalists. Newspapers have played a significant role in educating journalists in the disciplines of the craft that apply across the industry. The skills acquired as a newspaper cadet migrate with that cadet as their career takes them into other media. The scope of a newspaper’s educative responsibility, therefore, is wider than its immediate bailiwick. There is ongoing, extensive academic and industry debate over the implications of new media
on the profession of journalism in the UK, the US and Australia. This thesis reports the views of local proprietors and practitioners. It distils them into an analysis of the broad canvas of opinion, and in relation to my research questions raised in Chapter 2.

The opportunity to publish “news” is no longer for a privileged few specialist organisations. The low cost in establishing a news website enables new players, alternative voices, to join. One of the consequences of this explosion of the market is a transition from the traditional journalism/news culture from that of a sermon to that of a conversation or dialogue. It is a mark of the new journalism that newspapers, in print and on their websites, now engage their readers in debate, far deeper than had been the case with letters to the editor. Rutgers University journalism academic John Pavlik says journalism must be transformed “from a largely one-way discourse to a two-way dialogue responsive to the views and vision of the public” (2001a: 136).

Traditionally news organisations have derived their power and their revenue from their ability to determine the news that was to be digested. Their authority has been undermined. Sambrook (2005) uses the “gatekeeper” analogy: that news organisations have been accustomed to being the gatekeepers of information, but with the Internet’s emergence “information has broken free and become commoditized and democratized”. The Internet is the direct descendant of the town crier. People go online to connect with the news of their community, “whether geographic or of the mind” (Pavlik, 2001a: 30).

Australia has embraced the Internet. As shown in figure 1 in Chapter 2, by September 2007 an estimated 76 per cent of Australian households had access to the Internet, 58 per cent of them on broadband (Australian Communications and Media Authority, 2008: 16). Australian audiences are active rather than passive, “responding in complex and nuanced ways to the media they consume” (Green et al.,
Therefore, there is a growing audience for Web-based news. Today, with media convergence, the combination of the Internet, broadband and a screen, whether on the wall or on the desk, delivers today's news (Greenslade, 2008).

### 5.2. Managing the transition

Like most sites on the Internet, Australian news websites are characterised by their use of text, images, audio-visual material, interactivity and hypertext connections to the wider Web. Bruns (2004: 178) observes that “traditional Australian news organisations are no different from most of their international competitors in making little attempt to realise these potentialities”. He refers to shovelware (see Chapter 3) as “material repurposed from the main news publications and dumped online with little regard for or understanding of the requirements of the medium or the interests and needs of the online audience”. “Shovelware” has become a pejorative term in the language of the websites of the traditional news providers, notably newspapers. It implies a lack of willingness on the part of the news organisation to make resources available to the online service beyond simply moving text wholesale and unchanged from the print platform to the online platform.

How newspapers manage the transition to convergence, rather than supervising the decline of newspapers, will determine the longevity of traditional newsroom and news values. The British precedent does not inspire optimism. In *Flat Earth News*, Nick Davies (2008) relies heavily on empirical research into the quality of British journalism that was carried out contemporaneously by academics from Cardiff University’s School of Journalism, Media and Cultural Studies. It found that journalists had become “heavily reliant on pre-packaged information, either from the PR industry or other media (notably wire services)” (Lewis et al., 2007: 25).
Taken together, these data portray a picture of the journalistic processes of news gathering and news reporting in which any meaningful independent journalistic activity by the press is the exception rather than the rule. We are not talking about investigative journalism here, but the everyday practices of news judgement, fact checking, balance, criticising and interrogating sources, etc., that are, in theory, central to routine, day to day journalism practice. (Lewis et al., 2007: 28)

5.3. The Australian context

As Economou and Tanner have recently noted, the press in Australia “operating under the norms and values of the Fourth Estate” play a strategic role in political life.

If a vibrant democracy does indeed rely on a fulsome exchange of ideas and information, then the press play a crucial role in acting as the conduit between the institutions of government and the citizenry for just such an exchange to take place. (Economou and Tanner, 2008: 13)

Therefore, any commercial threat to the longevity of a significant sector of the Fourth Estate carries with it far greater implications for public debate and for the public watchdog role that newspapers have taken upon themselves. Economou and Tanner talk of the press being the “link” between the government and citizenry, with the strategic command of the flow of information (2008: 13). However, guardianship of the public interest will not guarantee newspapers’ survival.

Practitioners such as Eric Beecher believe that, no matter the hype and aspirations expressed within and outside the industry that newspapers will survive, their survival will be determined by the financial bottom line, much as it decided the fate of The Bulletin and much as it has impacted more recently at Fairfax Media. The doctrine must be that if the revenue from advertising and circulation dries up, then so will the journalism and eventually the paper “unless we have philanthropically-minded owners” (Beecher, 2007: interview with the author). As the Fairfax lay-off of 550 jobs announced at the end of August 2008 foreshadows, there is a clear nexus
between the number of journalists employed and the quality of the journalism that emanates from a group’s publications.

"The future of journalism is a very connected issue; that in a sense it’s all driven by the same problem, which is, the funding for newspapers is slowing down" (Beecher, 2007: interview with the author). If classified advertising has been funding the journalism, and that revenue stream falls, journalism will suffer.

It has never been actually divulged in that way but when the engine [the classified advertising is really the engine and the editorial is the carriage], when the engine starts to lose its power and the engine starts to fall apart and the thing slows down then clearly the carriage is going to be affected. (Beecher, 2007: interview with the author)

A dilemma for newspapers in both major Australian newspaper groups, News Limited and Fairfax Media, is that, contemporaneous with the challenge to their revenue and their ability to continue to pay for quality staff, they are asking their journalists to be multi-skilled, to do more with each story, to adapt them to other platforms. It means that newspaper journalists, who traditionally wrote each story once, deliberatively, for the next day’s edition, are now being asked to file brief, continuously updated stories for their websites as well as to take photographs and post them to the sites, to provide audio and video material, including TV-style stand-up pieces to camera. The journalists’ union view is that competition between News Limited and Fairfax for pre-eminence in the converged form, particularly to maximise advertising revenue online, “is driving them into huge commitments to their online presence, commitments which are beginning to outstrip the ability of their staff to fulfil them” (Warren, 2007).

Procrastination has been the hallmark of the approach by Australian newspapers to threats and opportunities from the Web. There has been a false sense of security,
demonstrated by Kohler’s experience at The Age, which is worth repeating here, in detail:

When I was editor of The Age, I conducted a series of seminars in 1994 with all the journalists on The Age, in small groups trying to point out to them what I thought was the future of journalism. At this point the Internet was reasonably young. It seemed obvious that classified advertising was going to shift to the Internet. I told the journalists that basically the subsidy that we get as journalists from classified advertising was going to disappear and that therefore our output, our product, would be exposed to the marketplace. I was trying to convey that at that point we needed to start thinking about this and prepare for it. My view then and now is that the price of our output, if it is unsubsidised by classified advertising, would have to go up quite a lot. The question is: is it good enough for the higher price? At the time the cover price of The Age was $1 and the question was whether people would pay $3 or $5 per day for it, or even $2. Who knows what the correct price of the journalism on its own, unsubsidised, is? I was saying to the journalists that at some point the company that employs them is going to have to charge a much higher price for their output and the question is – is it good enough to justify that price? My view then was it was nowhere near good enough. The only reason you are getting away with selling the standard of journalism that you currently are is because it is only $1 per paper and the paper also has a whole lot of service information. There is classified advertising and there are share prices and crosswords, etc. If you are suddenly thrown into the marketplace and you have to start charging the right price for the journalism, who is going to buy it at $5 per day? The answer is almost nobody. That is still the equation: if the journalism is not subsidised by classifieds, what’s the price of it and is it good enough? (Kohler, 2007: interview with the author)

Kohler strips away the sense of quarantine from economic reality that many journalists labour under; that their watchdog role, their public duty, is unaffected by, unrelated to, the productivity of their circulation and advertising departments, whose endeavours determine the economic viability of the newspaper. As Kohler illustrates, journalism has a cost. It relates to product price. The laws of the market apply. If a newspaper cannot produce an appropriate business model to fund its new outputs, it must reduce costs and its major cost is journalism.

Michael Gawenda, who was editor of The Age from 1997 to 2004, says journalists have not grappled with the implications of Web-based news for journalism and for the printed product.
The fact is, at this point in time, the major resources in journalism, the major places where journalists work, are still, I believe, newsprint. If you exclude the ABC, which is a unique organisation, the overwhelming majority of journalists in Australia work in print. The question is, for those journalists, do newspapers have a future, what sort of future do they have and can they employ the same number of people? I think all those questions are just starting really to be asked in this country now. (Gawenda, 2008: interview with the author)

By way of an aside, it has been difficult to establish empirically whether Gawenda is correct in his assertion that newsprint journalism employs most journalists. The Media, Entertainment and Arts Alliance subscribes to Gawenda’s theory (Este, 2008: interview with the author) but the authority is no greater than that. There appears to be no national database to disclose where journalists are employed.

At the coalface, in large and small newspapers throughout the nation, proprietors and editors report enthusiasm for the news-breaking opportunities provided by the new media. It sets newspapers into direct competition with radio and the wires to break news as it happens. There is a sense of a new competitiveness for newspapers, no longer hamstrung by the delay in going to press. Mercury editor Garry Bailey illustrates the transformation occurring in the News Limited stable of metropolitan newspapers.

The day-to-day operation is almost back to the future – it’s almost like radio. Our reporting staff have taken to it very well, very enthusiastically. I think it has made them more efficient and it’s more exciting and now they know there is a competitor for the ABC out there again. (Bailey, 2007: interview with the author)

The Mercury’s news website carries local, national and world news on the same News Limited template as the Courier Mail in Brisbane and the Herald Sun in Melbourne. Only the local news on each site is different. In Hobart, three journalists are responsible for maintaining the site, one of them a former photographer, who writes captions. The major skill required is sub-editing and headline writing.
The biggest skill shortage we have is people with editing skills, people who can take an ordinary story and make it a great story, a sub-editor who can still write a great headline. These sorts of skills are required online. You still have to get people to the story. If you can display them in an imaginative and creative way, as a good sub would do, it is great value. We are not getting that out of journalism schools and I think that it is a cultural problem. People don’t realise – it’s the fault of newspapers as well as journalism schools – that backroom people have always been the drivers of newspapers. You have heard the term “a subs’ paper”. You don’t hear that anymore. We have to convince people that being a sub-editor is an equally noble occupation to being a writer or a reporter or a photographer. (Bailey, 2007: interview with the author)

There is resistance to change, predominantly among older staff, including those on regional newspapers (McPherson, 2007: interview with the author).

It’s only speculation. They are happy working with language; they started their life working on a newspaper because they liked the idea of a newspaper. They don’t necessarily like the idea of this online space or mobile space or SMS alerts. It just clogs up their thinking. They like the craft of language and working with words in print. It is not much different to any kind of technological change that we have seen in the compositing room over the years with typesetters, etc. Older people are more resistant to change, by and large. (McPherson, 2007: interview with the author)

Bailey and McPherson attest to the dramatic changes that have occurred in newsrooms across Australia within the span of less than one generation of journalists. For those on the reporting side of a newspaper, life will never return to the epoch when newspaper journalist, radio and television journalist were three sub-species of the profession. They are now integrated. For sub-editors, the Internet provides a new outlet for their skills for a continuously-changing electronic newspaper.

5.4. Newsroom culture

A traditional newsroom functions as a military unit (Pavlik, 2001b) with an established hierarchy or chain of command. There are both written and unwritten rules to be followed. The operation pivots around a chief of staff, who is responsible for allocating newsgathering assignments, while the written copy is submitted to a
news editor, with final determination of structure and placement in the hands of editors. There is also a natural promotion path within most organisations. Online newsrooms tend to be less structured; freelancers and contributors abound, often working from home, which makes it more difficult to instil and maintain a strong newsroom culture (Pavlik, 2001b). McNair describes it as a form of democratisation. “Not only does the Internet radically alter the way in which journalism is distributed and consumed, it decentralises and democratises the production process ...” (McNair, 2007: 7).

At the same time as the Internet dilutes newsroom culture as a characteristic of traditional journalism practice, it also serves to fragment the audience, because of the plethora of alternative news outlets it fosters. Melbourne author/journalist Margaret Simons notes that as fragmentation gathers pace within the new media “democracy will suffer, because we will no longer share a common “front page of concerns” (Simons, 2007: 33). The “front page of concerns” she refers to is, or was, the common agenda of public affairs that dominates political and journalistic discourse. It is the common bond of interest that enables people to engage in current affairs debate, among themselves and with their legislators. It is a consensus or community of interest, though opinion will conflict. An interesting offshoot of that observation about the impact of fragmentation and the breakdown of the newsroom culture led Simons to ask her Australian journalism students how they defined the term “quality journalism”. They responded that it meant “journalism written in a way that excluded them” (Simons, 2007: 36). Thus, we see the manifestation of a sense of elitism developing with fragmentation.
5.5. Citizen journalism

The Internet has elevated the populist aspects of conventional media to a new level. The traditional avenues for the public to engage and contribute have been through letters to the editor, vox pops (television and radio interviews with people in the street with a view to offering a straw poll of opinion) and talkback radio. Internet news is evolving as “regular, everyday people step up to the online microphone to share, shape and take charge of their stories” AOL (formerly America On Line) editor-in-chief Lewis D’Vorkin was quoted as saying in the wake of Hurricane Katrina (Jarboe, 2005). Today’s respondents to blogs and news sites might see themselves on a higher plane, citizen commentators akin to citizen journalists.

Matt Drudge, author of The Drudge Report blog that broke the Bill Clinton/Monica Lewinsky story, published photographs of Barack Obama in “Muslim” garb, and outed Prince Harry in Afghanistan to a US audience, operates according to the following code, quoted in Stuart Allan’s book Online News: Journalism and the Internet: “I’m a citizen first and a reporter second. You should let people know as much as you know when you know” (Allan, 2006: 44). Liberating though that may seem, it is a concept alien to conventionally trained journalists, who adhere to the tedium of checking their facts, as Merrill Brown notes:

For news professionals coming out of the traditions of conventional national and local journalism, fields long influenced by national news organizations and dominant local broadcasting and print media, the revolution in how individuals relate to the news is often viewed as threatening. For digital media professionals, members of the blogging community and other participants in the new media wave, these trends are, conversely, considered liberating and indications that an “old media” oligopoly is being supplemented, if not necessarily replaced, by new forms of journalism created by freelancers and interested members of the public without conventional training. (Brown, 2005)
A dilemma for a traditional newspaper is how to handle copy contributions from citizen journalists, otherwise termed "user-generated content". Oakham and Murrell (2007) examined the systems in place at the Herald Sun and The Age in Melbourne for checking material provided by citizen journalists. They interviewed the two editors at each newspaper who were responsible for user-generated content. Their particular interest was in the areas of verification and attribution. Their modus operandi was to ask similar questions of each editor. Though the systems in place at each newspaper were almost non-existent, the practice was much the same at each: to apply conventional journalistic scrutiny before publishing. Oakham and Murrell, in a paper presented at the Cardiff conference, concluded that The Age has a green light attitude to user-generated content whereas the Herald Sun has a flashing amber light. Newspapers will have to learn how to handle it because it is a source of news that will grow rather than shrink.

While it is clear that continuing research is needed, this early pilot study in the Australian context would appear to indicate that rather than citizen journalism being a qualitative change in journalism practice, it may be just another primarily technological development capable of being absorbed into mainstream news gathering practices. (Oakham and Murrell, 2007: 11)

Students of the proliferation of the blogosphere and the change taking place in Australian journalism ask what it will mean to be a professional journalist. How do you define it? What training will be required to be deemed to be a professional journalist?

5.6. The vision

This is the vision unsplendid. My principal sources of the future vision – Beecher, Kohler and Gawenda – wring their hands at the prospects; in Beecher’s terms “when the engine starts to lose its power and the engine starts to fall apart and the thing
slows down then clearly the carriage is going to be affected”. If newspapers lose
their revenue base, it is inevitable that the quality of their journalism will suffer
because fewer journalists will be employed. As Kohler notes, if the true price of
journalism in The Age, for instance, is $5, who will pay?

Digital media have allowed alternative voices to join the news industry. The nature
of the new media is to change the nature of the news they offer, from one of lecture
to one of dialogue, from one of professionalism to one of amateurism. Newspapers,
through their blogged websites, offer the same change of culture. The $5 lecture
becomes a free chat on the Web. Newspapers are willing to engage their readers in
debate and today the readers effectively choose the topic by the relative volume of
their responses to blogs. Australia is the third on the league ladder of countries
connected to the Internet. Almost 80 per cent have access at home. They are active
participants. Website audiences are growing. Websites now compete on even terms
with radio in breaking news. Newspaper journalists working on newspaper websites
have found a new dimension to their work, apart from blogging. To feed the
websites, newspapers are asking their journalists to be multi-skilled, to do more with
each story, to adapt them to the other platforms. They are expected to take
photographs and post them to the sites and to provide audio and video material; all
this at a time when they are losing circulation and readership and therefore suffering
diminishing revenue for their printed output.

Newspapers have played a significant role in educating journalists in the disciplines
of the craft that apply across the industry. Alternative news websites do not have the
hierarchical chain of command of traditional newspaper offices. Their staff is
minimal in number and egalitarian by nature. The disciplines and codes of behaviour
that drive journalism may be partially or totally absent. One of the few studies in
Australia shows that there are no written policies in place to guide editors in their handling of work submitted by citizen journalists.

As news consumption is fragmented because of the increasing choice of outlets, there is a diminishing communality of interest in news. Where newspapers once set the public affairs agenda by determining which news stories would be published, the new media facilitate filtering of news to special interest subjects, thereby shielding information outside that sphere of interest. Simons describes this appropriately as a loss of a “front page of concerns”. It represents a diminution of public participation in political debate.

What must be of professional concern to Australian journalists is the prevailing culture behind blogging and citizen journalism, the Matt Drudge approach of publish and be damned, to let people know as much as you know as fast as possible. That is untenable in Australian journalism.
6. Conclusion

The aim of this thesis has been to synthesise and assess the views of notable players in the Australian news industry about the future of our newspapers. In doing so, it has also sought to determine the underlying status of newspaper circulation and readership. It concerns itself with the future of the print platform, not the likely structure and output of today’s newspaper companies. As noted in the introduction, the subject came to the fore in Australia in August 2008 when Fairfax Media announced it was cutting its workforce and that it would be outsourcing some of its editorial production. Its cost-cutting measures illustrate the extent to which competition provided by the Internet threatens the operation, if not survival, of some of our newspapers, hitherto protected by lucrative returns from print-based classified advertising.

The Internet is an organic communications medium, exploitable by those who do not have to compete with newspapers by buying newsprint paper stock, presses, delivery trucks and space in aircraft cargo holds. The new digital options in news delivery are as revolutionary as they are evolutionary. Fenton (2007) and others observe that the new journalism is operated in the main by novices and lacks editorial control and oversight. Therefore it attacks the paradigms of traditional journalism: the concepts of fair and balanced reporting, equity, fact-checking and ethics.

Newspapers have responded to the challenge from Internet-based news and advertising by creating and marketing their own news websites. However, the people interviewed in this thesis agree with the Bob Franklin/Natalie Fenton/Rupert Murdoch/Warren Buffett view that a successful business model for these websites has yet to emerge, certainly not one that provides pre-Internet advertising share and
revenue. In fact, Kohler mounts the case that our major newspaper companies, Fairfax and News Limited, have to come to realise that “the equation has to flip” and they evolve as primarily website companies that have newspapers as part of their arsenal.

The findings of this thesis, the value it adds, can be synthesised thus:

- it demonstrates the real terms decline of Australian newspaper circulation and readership at a time when the industry is giving a contrary view;
- there is common ground between current and former Fairfax executives that ensuring the future of newspapers in this country is now a complex adventure into uncharted territory, and that view is shared in the regional press, viva voce, and by News Limited, through public statements by Rupert Murdoch and his executives;
- the viability of each masthead (individual newspaper) depends upon the market in which it operates and upon the primary source of its advertising and circulation revenue. There are three distinct market sectors in an economic sense: metropolitan newspapers primarily dependent on classified advertising revenue; metropolitan newspapers primarily dependent on display advertising revenue and cover price; and the regional and rural press.

The newspaper industry is going through a transition and for some it threatens to be terminal in terms of their ability to continue to print words, publish photographs and run advertisements on newsprint. Some of the interviewees in this thesis – Kohler, Beecher, Gawenda – clearly believe the future is set for those major Australian metropolitans that depend on classified advertising, *The Age* and *The Sydney Morning Herald*. 
The industry view, expressed by Tony Hale of The Newspaper Works, is that newspapers are managing the challenge to them effectively and their owners see newspapers as a very profitable medium for a long term in the future. He is supported by his sometime chairman David Kirk that there are two “iron laws” at work: media always evolve and audiences always fragment, that the history of newspapers is one of change, “of evolution and threat and adaptation”.

Newspaper companies’ claims of circulation growth do not stand up to scrutiny. I argue that plotting circulation and readership has to be assessed against the backdrop of the potential market. The potential circulation and readership of Australian newspapers is growing at a greater rate than any actual circulation increases; sales are not keeping pace with population growth.

Is the Internet their salvation? Not yet. Newspapers have to maximise their visibility on the Internet and to maximise their appeal to advertisers through what they see as an appropriate readership metric that measures eyeballs and preferences on both platforms: print and online. Wolpe and McPherson, in many ways on opposite sides of the fence in this issue, each argue that advertisers will accept separate metrics for online and print and make up their own minds about the value of each medium.

With the coming of the Internet has come a change of news culture, which further undermines newspapers. The new media have changed the nature of news, from one of lecture to one of dialogue. Newspapers have adapted to that change, through their blogged websites. It is part of the change for newspaper journalists, who have been forced to adapt to changed news consumption habits, facilitated by Australians’ embrace of the Internet. Australia is the third on the league ladder of countries connected to the Internet. Almost 80 per cent have access at home. Website
audiences are growing. Websites now compete on even terms with radio in breaking news. Newspaper journalists working on newspaper websites have found a new dimension to their work. To feed the websites, newspapers are asking their journalists to be multi-skilled, to do more with each story, to adapt them to the other platforms. They are expected to take photographs and post them to the sites and to provide audio and video material; all this at a time when they are losing circulation and readership and therefore suffering diminishing revenue for their printed output.

As this occurs, as news consumption is fragmented, there is a diminishing communality of interest in news. Where newspapers once set the public affairs agenda, the new media facilitate filtering of news to special interest subjects, thereby shielding information outside that sphere of interest. This is Simons’ described loss of a “front page of concerns”, a decline of public participation in political debate. This is the ultimate cost of new media to traditional journalism. The demise of *The Bulletin* and the shedding of editorial jobs at Fairfax Media, notably at *The Age* and *The Sydney Morning Herald*, bear witness.

Finally, there can be little argument with the proposition put by McPherson, that newspapers are evolving from paid news-sheets to multi-media creatures, of which the newspaper will increasingly be given away, free, as part of that new multi-media structure, but the challenge will be to convince young Australians to pick them up and open them, let alone read them.
7. Appendix 1

Those interviewed for this thesis:

1. Bruce Wolpe, then director of corporate affairs, Fairfax Media, by telephone, 5 October 2007. Wolpe has since joined the Obama administration in the US.
2. Eric Beecher, owner of crikey.com and former editor of *The Sydney Morning Herald*, Melbourne, 14 November 2007
5. Garry Bailey, editor of the *Mercury* and the *Sunday Tasmanian*, Hobart, 5 December 2007
7. Michael Gawenda, University of Melbourne, former editor of *The Age*, by telephone, 9 April 2008
8. Jonathan Este, Media, Entertainment and Arts Alliance, by telephone, 3 October 2008
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