

Why the media sector's print run is not done

By [Nick Hedley](#)

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Five years ago, Warren Buffett famously bought a handful of newspapers in a move that went against the generally accepted idea that print media was facing a painful death.

While the CEO and chairman of Berkshire Hathaway has expressed his reservations since - saying that local papers are on rocky footing - he maintains that market leaders in the industry have a long life ahead.

Naspers CEO Bob van Dijk is less optimistic.

"I think the shift [to digital consumption] will be complete in a number of years. It's hard to speculate whether that will be three, five, seven or 10 years, but newspapers are not there to stay - although news is, and I think if we adjust well, it can be an attractive business."

Van Dijk says SA is not immune to the erosion of traditional print revenue, but adds that "what I do think is encouraging is that news consumption is not declining, people are just consuming news in different ways".

Naspers wants to find a sustainable business model for its publications "because news is important", he says, citing a report by News24 that its parent company may have had shady dealings with the Gupta family's ANN7 channel.

"As we've seen in the past week, your own news companies don't always do what suits us as a group, but lo and behold this kind of journalism is really important. I think online news has a great future and that's what we hope Media24 will build."



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Andy Gill, MD of media at Tiso Blackstar Group - the owner of Business Day and the Sunday Times - sides with Buffett's more sanguine view.

"Number one [print publications] and a strong two, in most markets, have a place because there's still strong appetite for quality content and there's still strong appetite for print as a premium product" - from both advertisers and consumers.

Leading papers tend to be "deeply analytical" and have built the trust of their readers. They are also adapting their business models by investing in their digital platforms and adding new revenue streams - including events, "credible" native advertising and surveys. Print, then, is becoming a profitable part of a broader package.

"Events are not hugely costly, but they give a lot of traction to the relationship you have with an advertiser. And events businesses fit very well with newspapers because of the masthead - it gives that conference credibility."

Niche publications, including financial newspapers and magazines, "are even more sustainable", partly because their readers are more willing to pay up.

But Gill concedes that generic titles have it harder as they are competing with "commoditised" online news that is free to access.

Tiso Blackstar is pulling the plug on the print edition of The Times, which lost money in the 10 years that it tried to take on entrenched dailies. Tiso Blackstar's other papers have stabilised, according to Gill.

Those publications that will last will have strong online platforms, "but in the short and medium term, newspapers will remain the biggest contributor to revenue - all our newspapers are profitable, bar The Times".

Rather than advertising income, which has "plateaued", a greater long-term risk to newspapers is the cost of distribution in SA, as most media houses still distribute their papers separately.

"Internationally, the model has fundamentally altered. Most European countries have consolidated their distribution platforms because they realised distribution only works with economies of scale."

Commoditising and consolidating distribution would reduce the cost per copy and allow more titles to stay afloat, and this would keep the media diverse, Gill says.

Anton Harber, a professor of journalism at Wits University and founding editor of the Mail & Guardian, says that "printing and distribution might be ripe for further consolidation because single newspapers can no longer afford these infrastructures".

To survive, titles "will have to become better targeted, know more about their audiences, and be more multiplatform", Harber says.

He expects daily newspapers to disappear, though some weeklies, magazines and books "will survive" as carriers of longer, less time-constrained material.

"What is important to our democracy is not how many newspapers we have " but how many diverse news outlets we have in all platforms. We must stop worrying about the survival of newspapers, and think about the survival of journalism and the news business - however it is delivered."

Meanwhile, Arthur Goldstuck, MD of World Wide Worx, believes that print will enjoy "a lengthy afterlife even once it is pronounced dead".

Goldstuck agrees that high quality journalism will "keep print alive".

"We are seeing several categories of print still going strong, in particular niche magazines and financial newspapers that are regarded as newspapers of record, such as the Wall Street Journal."

Their strength hinges on "a powerfully integrated strategy that allows for digital as well as hybrid subscriptions".

Source: Business Day

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