

FALLING NEWSPAPER AD REVENUES VALIDATE WORST FEARS



These are amongst the worst times for the newspaper industry. Advertising revenues are falling drastically. Newspapers are pulling down shutters, staff is being laid off, and publishers are nipping and cutting their budgets. Most newspapers are reeling under the knockout punches delivered by the economic situation and competition from the web. The latest report from the Pew Research Center's Study, gives details of the plunging advertising revenues of the country's daily newspapers. Pew reported that, "Newspapers are losing \$7 in print advertising for every \$1 gained in online advertising. Because print advertising continues to evaporate and online advertising has not filled the void, advertising revenue is now **half of what it was** in 2005." It is worth recollecting that advertising revenue in 2005 was \$ 98.8 million. This year the newspaper advertising sales will be less than \$50 million, according to an analysis of the year-to-date performance of the industry. Pew suggests that newspapers need to prioritize their digital advertising sales, if they expect to survive. Tom Rosenstiel and Mark Jurkowitz who conducted the study, said, "The shift to replace losses in print ad revenue with new digital revenue is taking longer and proving more difficult than executives want and at the current rate most newspapers continue to contract with alarming speed." The study advises that newspapers have the power to change, but only if they amend their attitude to advertising sales. "Cultural inertia is a major factor. Most papers are not putting significant effort into the new digital revenue categories that, while small now, are expected to provide most of the growth in the future. To different degrees, executives predict newsrooms will continue to shrink, more papers will close and many surviving papers will deliver a print edition only a few days a week." The study has recommended, that even though newspapers with larger circulations and higher sales, will have the upper hand in increasing their online ad sales, smaller newspapers of circulation that is less than 25,000 copies, can also substantially improve their online ad sales and show considerable digital gains, by changing their traditional mindset, training their people and preparing a professional sales force, that is committed and competent. "The notion that you can only have success in digital if you're bigger is not what we found," said Tom Rosenstiel, director of the Pew's Project. "You can have success even at small papers if you're willing to change the culture." Veteran industry analyst John Morton cautioned, that growth in digital revenue will not completely offset declining revenue in the print media soon. He said, "I suspect the newspaper industry is going to be challenged in the next few years as it tries to figure out how to pull money out of the Internet," "The industry comes out of a culture where it was always the dominant advertising medium in all its markets. Now it is trying to compete in an arena where there is a lot of competition." Given the disappointing downward trends newspapers continue to show, most newspaper publishers are bracing for further deterioration in the months ahead. One executive, who prefers to remain unnamed, is more grave and condemning in his statement, he lamented, "There is no doubt we're going out of business now."