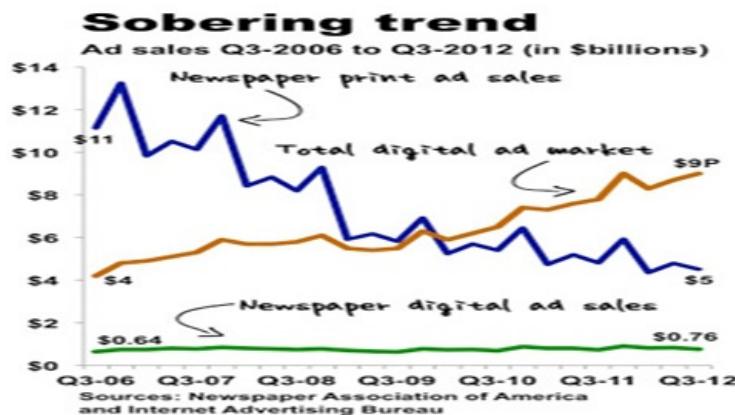


NEWSPAPERS AD REVENUES FALL FOR 75 SUCCESSIVE MONTHS: ARE THEY ON THEIR WAY OUT?



When a company starts losing revenue and spends more than it earns, it times to close shop – sadly this is coming true for newspapers as the circumstances are so heavily stacked against them that they are now feeling the heat. As if declining readership and competition from the internet and other media was not enough, the Newspaper Association of America reported that newspaper advertising revenues were down again – the 25th consecutive quarter, when they have failed to redress the trend. The newspaper industry had little to thank for on thanksgiving as it unobtrusively updated its website with the news that advertising revenue fell to its lowest levels since 1982. The loss of \$4.5 billion over a year may not sound an alarming high amount, but, to understand its significance, it would have been worth upwards of \$10 million in 1982, whose record it had just surpassed. In dollar terms it means that from an all-time peak of \$49.4 billion in 2005, ad collections have gone down to, according to estimates, \$22.5 billion this year. Ad sales for newspapers has slid 5.1 percent and given it the rather dubious and, most certainly one they would rather not have, of their main source of revenue falling for so protracted a length. Since 2006, the newspaper industry is witnessing a continual downfall and analysts say that unless some drastic transformation takes place, this could hammer the final nail in the newspaper coffin. Those worried about the destiny of the print media are justified in their angst, given that even a newspaper icon like the New York Times is facing financial difficulties despite its reputation for top quality reporting, every day from all across the world. The only reason why some of the newspapers are still managing to stay afloat, inspite of 75 consecutive months of ad falls, is that traditionally the profit margins in the industry are high and newspaper publishers are known for the cost-cutting skills. But industries don't survive by slashing costs; they survive only by increasing their earnings. By initiating austerity measures, the newspaper can only buy time. Moreover, proclamation by many newspapers that they are seeking to switch over to digital publishing is indication enough that they have read the writing on the wall. Newspapers need to innovate if they are to survive. They have to understand what the reasons are for their downward trend to have been so consistent and unwavering. The newspapers have to make themselves more appealing to the younger generation that is veering from it, thanks to the onset of the net and other modern media. Newspapers adapt themselves very poorly to the internet model and only the old-faithful will show their loyalty to the traditional models. Technology has scored over newspapers inasmuch that if a reader needs to access some old information, the net will provide it at the click of a button, whereas even though newspaper archives exist, who will want to dig into a compost pile of old newspapers? Newspapers not only have to face the challenges of dwindling ad revenues and fewer subscribers, they will also have to lower their subscription charges if they are to compete with its technology-stimulated competitors. This premise is based on the simple theory, why would people pay for news that is available free. The net has rung the death knell for the music industry that inspite of its best efforts could not prevent pirated music being downloaded from the net easily. News nowadays is not only freely available, many a time it is streamed directly into the user's homepage. The internet is responsible for the deaths of many things that were run the traditional way – newspapers being one of them. When newsbreaks, it is online in a matter of minutes, on the social media it does not even take minutes, it is there for the people to savor in seconds. The news of Osama Bin Laden's assassination, arguably the biggest and most awaited news of the year, was carried by CNN even before the news was made official. The newspapers carried the news the next morning, by which times the people had had their fill, knowing every single nugget about the operation of the entire operation that was worth knowing. Newspapers have ceased to be effective and unless they know of a way out, they are on the way out.