

Managing a daily newspaper in view of the dominance of electronic media

KEY WORDS

management, media market, daily newspaper, electronic media, media marketing

ABSTRACT

The article presents market conditions of managing a daily newspaper on the Polish media market after 2009. The analysis of macroeconomic and sector factors that have the greatest impact on strategy development of press publishers has been conducted. The article also presents strategic goals of a daily and describes possibilities of creating strategies by publishers in a situation of readership decline, concentration of press titles and increasing significance of electronic media.

The high globalization potential of the Polish media market, the intensifying competition between and within press segments, fundamental changes in the way consumers use media and the economic slowdown in 2009 forced publishers of daily newspapers to exercise more aggressive strategies.

The problem with greater concentration of press publishers on issues connected with management and building diverse marketing strategies was discussed during the II Congress of the Polish Communication Association in Lublin, September 2010. In the research section on media economics, it was agreed that research and didactic work should be conducted in two areas: media economics and media management.

In recent years, more and more publications deal with media economics. According to Marian Gierula, the developmental perspective of local press in a certain region is strictly connected with its economic condition and perspectives¹. Jerzy Jarowiecki points out², that among many publications in this research branch, the most acclaimed are books by: Tadeusz

¹ M. Gierula, *Rola prasy lokalnej w integracji małych miast i wsi*, [in:] *Prasa lokalna w budowie społeczeństwa obywatelskiego. Materiały z konferencji zorganizowanej przez Komisję Kultury i Środków Przekazu przy współudziale Izby Wydawców Prasy pod patronatem Marszałka Senatu RP Longina Pastusiaka, 21 września 2004 r.*, ed. by M. Lipińska, Warszawa 2005, p. 41.

² J. Jarowiecki, *Badania nad polską prasą lokalną. Studium przeglądowe*, [in:] *Prasa lokalna Dolnego Śląska. Teoria, tradycja, współczesność*, ed. by J. Jarowiecki, G. Nieć, Wrocław 2007, pp. 39–40.

Kowalski *Media i pieniądze*³ containing the analysis of basic economic regulations on the media market, Ryszard Kowalczyk *Prasa lokalna w systemie komunikowania społecznego* and *Wczoraj i dziś prasy lokalnej w Polsce*⁴, Stanisław Michalczyk *Media lokalne w systemie komunikowania. Współczesne tendencje i uwarunkowania rozwojowe*⁵, and also Marian Gierula *Polska prasa lokalna 1989–2000. Typologia i społeczne funkcjonowanie*⁶.

This article suggests that on the printed-press market, the daily newspaper segment, and especially influential and regional dailies, is in its most difficult marketing situation, despite relatively high circulation. What has also been employed that despite this situation, managers of daily newspapers have greater possibilities of modifying their marketing strategies. However, it requires thorough changes in managing the daily newspaper.

Microeconomic and sector environment of daily newspaper editors

Tadeusz Kowalski and Bohdan Jung suggest that media do not function on the market in an autonomic and dispersed fashion. In fact, they form a web of mutual relations, dependencies, competition and common interests. In order to describe these relations, the term market structure is used. It provides an organizational and competitive description of a specific market, especially the number and scale of the dispersion of buyers and sellers of goods and services. According to the authors, different forms of market can be distinguished by describing their three elements: organizational structure, rules of functioning and activities. Based on these assumptions, Kowalski and Jung distinguish the following market structures: monopoly, monopsony, oligopoly, monopolistic competition and perfect competition. Each form influences the behavior of media companies and has become the subject of numerous researches⁷.

Daily newspaper publishers use different strategies of action. A strategy can be understood as the position of the organization towards the environment. It is treated as a relatively stable model of functioning of an organization, as a set of rules, ways of reacting,

³ T. Kowalski, *Media i pieniądze. Ekonomiczne aspekty działalności środków komunikowania masowego*, Warszawa 1998.

⁴ R. Kowalczyk, *Prasa lokalna w systemie komunikowania społecznego*, Poznań 2003; idem, *Wczoraj i dziś prasy lokalnej w Polsce*, Poznań 2002.

⁵ S. Michalczyk, *Media lokalne w systemie komunikowania. Współczesne tendencje i uwarunkowania rozwojowe*, Katowice 2000.

⁶ M. Gierula, *Polska prasa lokalna 1989–2000. Typologia i społeczne funkcjonowanie*, Katowice 2005.

⁷ T. Kowalski, B. Jung, *Media na rynku. Wprowadzenie do ekonomiki mediów*, Warszawa 2006, pp. 24–26.

reassured by organizational culture. A strategy can also be described as underlining the meaning of its self-identification, discovering and shaping its identity, its own “self”⁸.

According to Rafał Krupski, the most basic idea is that of Herbert A. Simon, who treats these categories as conventional behavior for an organization. Alternatively, a more concrete proposal is that of Thomas J. Peters and Robert H. Waterman. A strategy is the established behavior of the organization towards its environment and interior.

The external environment of the daily newspaper publisher can be divided into distant (macroeconomic) and nearer (sector). The internal environment is analyzed by distinguishing five groups of resources: financial, technological, human, material and organizational.

Among macroeconomic factors influencing the daily newspaper publishers, the most significant is the economic slowdown of 2009 and the changes in the advertising market connected with it, but also, a decrease in readership. The factor, which fundamentally influenced the sector, was the concentration of the press market, which meant a decrease in the number of daily newspapers and also the fragmentation in the remaining segments of the media market.

The economic slump of 2009 caused the shrinking of the advertising market, which was detrimental for media managers. Starlink media agency estimated that the value of the Polish advertising market in 2009 was 6.945 billion zloty, 11.4 per cent less than in 2008. Television had the largest share in the market – 3371.5 million zloty (a decrease compared to the year before by 11.9 per cent). Second place went to the internet segment (879.4 million zloty of revenue, increase by 9 per cent – table 1). Significant falls in advertising revenue were noted by managers of traditional media (magazines – decrease by 14.8 per cent, daily newspapers – 18.7 per cent, radio stations – 16.3 per cent). Data shows the growing domination of electronic media, like television and internet, over the press, among them, daily newspapers.

Table 1. Advertising market in Poland in 2009

Segment of media market	Advertising revenue in 2009 (in million zł)	Changes compared with 2008 (in per cent)
Television	3371.5	-11.9
Internet	874.9	9
Magazines	767.8	-14.8
Outdoor advertising	666.3	-17.1

⁸ *Zarządzanie strategiczne. Koncepcje, metody*, 2nd ed., ed. by R. Krupski, Wrocław 1999, p. 15.

Daily newspapers	651.3	-18.07
Radio	522.1	-16.3
Advertising in cinemas	91.1	5.8
TOTAL	6945	-11.4

Source: Data of Starlink Media Agency.

There were also negative trends in the competitive environment of daily newspapers. From the 1990s, there was a tendency to concentrate the segment, hence the decrease in the number of daily newspapers. In the magazine segment however, fragmentation took place (table 2).

According to Kowalski and Jung, fragmentation should be seen as a positive stance from the point of view of pluralism in the communication system⁹. On the press market, fragmentation is perceived as dividing the market offer (among others, creating short-range media, tabloidization of press, decrease of advertising published in media) and as a market reaction to the media offer (searching for other, non-media space for allocating advertising, a retreat to interactive media, lack of trust towards media)¹⁰.

Table 2. The fragmentation of magazines and concentration of daily newspapers on the Polish press market in the years 1990–2009

Tytuly	1990	1995	2000	2005	2006	2007	2008	2009
Newspapers (number of titles)	130	108	66	69	66	50	58	50
Newspapers (circulation in million copies)	1390.5	1433.7	1153.3	1353.1	1427.3	1361.4	1219.9	1168.3
Newspapers (average circulation in thousands of copies)	6947	6114	4512	5804	5850	5469	4606	4563
Magazines (number of titles)	3007	4340	5468	6652	6693	6314	7171	7160
Magazines (circulation in million copies)	679.3	1776.8	1552.3	1795.5	1621.8	1473.5	1616.3	1504.7
Magazines (average circulation in thousands of copies)	41 194	77 720	67 820	81 054	77 063	75 020	81 576	84 095

Source: „Statistical Yearbooks”, Central Statistical Office (GUS).

⁹T. Kowalski, B. Jung, *Media na rynku...*, p. 143.

¹⁰J. Mikułowski-Pomorski, *Zmieniający się świat mediów*, Kraków 2008, pp. 210–211.

The number of papers in Poland has decreased from 130 in 1990 to 50 in 2009. At the same time, their circulation also decreased from 1390.5 million copies to 1168.3 million copies. In 2009 the average circulation of papers also decreased – from 6947 thousand to 4563 thousand. Favourable tendencies took place in the segment of magazines, which increased in volume from 3007 to 7160. Their circulation also increasing.

In 2009, the most difficult situation was for publishers of daily newspapers, those opinion-forming and regional. They lost advertizing revenue and readers became more interested in tabloids and thematically narrower media, and also, electronic media.

Publisher reactions towards unfavorable changes in the external environment

In the situation of an economic slump and breakdown of demand on the side of both readers and advertisers, daily publishers undertook the following steps:

- radical cost reduction
- increasing prices and therefore restraining from the strategy of price-wars
- developing strategies strongly targeted on gaining advertisers
- diverging from adding products to daily newspapers and weekly magazines (CD's, books, gadgets)
- developing internet sites based on printed titles.

A radical decrease in costs required cuts in journalists, more mergers in press titles, creating thematic departments for more than one medium within the media group. It was continued, but with more determination, the process of simplifying organizational structures.

Many publishers decided to increase prices. This concerned “Gazeta Wyborcza” and “Dziennik”. Increasing prices of daily newspapers meant a detour from the price-war strategy prevailing from 2003. For the dominating daily newspapers, this strategy was very successful. However, in the case of smaller revenues from advertizing, maintaining low prices threatened the financial liquidity of companies and could even lead to bankruptcy.

They also concentrated on developing marketing strategies directed towards advertizing, creating so-called advertizing packages. Some of those packages, in terms of range, could compete with the highest viewer rating television programs.

Daily publishers used innovative techniques to advertize commercials. For the first time in the segment of printed press, they decided to sell Gross Rating Points. In this case, what is bought is not advertising space in the given press, but its range. Such regulations are used, among others, in television air time. The GRP method was used by Axel Springer in

their four daily newspapers. The gradual decline by from using added products to daily newspapers, which allowed restricting costs, was also characteristic for daily newspapers.

In 2009 press publishers started developing internet services based on the printed editions. In the rating of the most popular internet sites in Poland in 2009, press publishers had high notes. The Gazeta.pl group had 6th place with 10.8 million users and was up from 8th place. The publisher of regional dailies Polskapers was outside the first 100 of the most popular sites, but in 2009 it took 14th place (4.7 million users). Infor group – the publisher of “Gazeta Prawna”, which in the same year merged with the publisher of “Dziennik” daily Axel Springer, was 20 (3.8 million users, 57th in 2008). The Axel Springer group, publisher of “Fakt”, “Dziennik” and “Przegląd Sportowy” took 23rd place (3.7 million users as compared with 40th place earlier). Another regional daily publisher – Media Regionalne – was 36th (2.9 million users, outside the 100 in 2008). Presspublica (publisher of “Rzeczpospolita”) performed poorly, taking 93rd place (1.3 million users), but in 2008 it too was not in the 100 most popular internet sites in Poland¹¹.

Developing web portals, daily press publishers tried to constrain the effects of decreasing readership of printed press. Advertisers were reassured that although the newspaper had lower readership, the ratings of web portals have increased. In total, the advertizing in the paper and web portal reached a greater range of consumers.

Course of changes in the strategies of daily newspaper publishers

The year 2009 was special when it comes to the internet activity of daily newspaper editors. It began an important stage in the strategy of press publishers – the gradual reshaping of press publishers into multimedia companies. This in turn, required changes in managing daily newspapers.

The new attitudes towards managing daily newspapers were based on the following assumptions:

- the changing macroeconomic and market conditions increased the competition for advertisers between sectors of the media market;
- it requires strategies directed towards gaining advertisers, therefore packaging advertising, introducing unconventional formats of advertising, merging advertising and journalist content;
- the term “reader” should be substituted with the term “mass media consumer”;

¹¹ Based on research conducted by Megapanel PBI/Gemius in November 2009.

- resigning from the option of creating narrow messages, adjusted to certain target groups. The editorial office should create more than one message and these should differentiate;
- this requires using similar strategies as television and radio broadcasters, including intense development of distribution strategies;
- the above conditions require deep changes in managing editorial staff.

Since 2009, the fight between market media sectors for advertising budgets has intensified. Competition was enhanced by television broadcasters, who in the downward trend on the advertising market, started to significantly lower advertising prices. This forced daily publishers to develop relational strategies and along with other press publishers, create advertising packages. The most important advantages of such packages are:

- low costs for advertisers. Advertising purchased, e.g. in a few daily newspapers, in a package, was several times cheaper than when buying advertising in each daily separately;
- very broad range of advertising, in the case of packages comparable even with the range of electronic media;
- simplifying advertising formats. Three advertising formats were used in packages: full page, junior page and half page.

In 2009, the biggest range on the market of printed press was in the “Giant” (Gigant) advertising package (9,864,693 persons). It consisted of two daily newspapers of the Capital Group Agora (“Gazeta Wyborcza” and “Metro”) and twelve regional dailies, most of them belonging to Media Regionalne.

Advertisers, who used the package, also had the lowest cost per thousand at 21.77 zloty¹². Second place was the advertising package created by the publishing group Polskapresse (CPT – 21.77 zloty). It consisted of nine regional daily newspapers and the free paper, owned by the publisher “Echo Miasta”. The cost of reaching 1000 readers at the price of 33–39 zloty was offered by two tabloids: “Fakt” and “Super Express”.

The shortcoming of packages, especially those of the broadest range, was that they reached diverse target groups. In the Giant package, these were readers of influential, regional and free press. On the other hand though, press publishers could begin competing with electronic media for advertisers only by increasing their advertising offer. Moreover, during the economic slowdown in 2009, advertisers started searching for cheaper offers, oriented

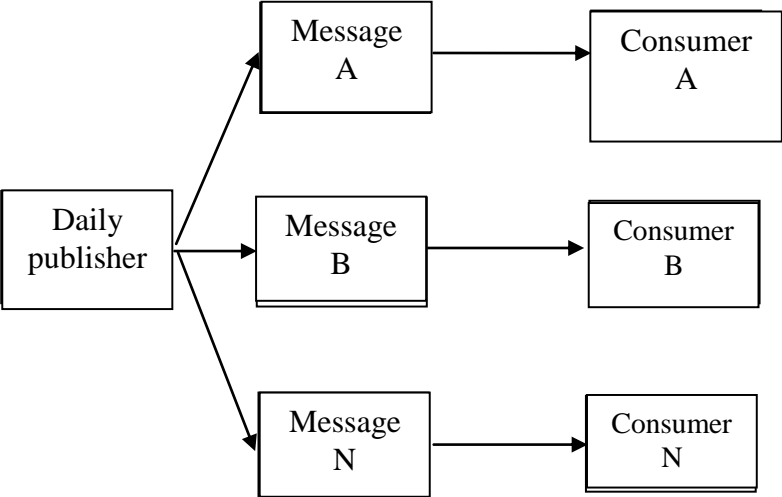
¹² The CPT index is calculated by dividing the price of the advertisement by the range of the daily (or readership), and multiplying it by 1000.

more towards a broader range of consumers. According to ZKDP¹³, in 2009, eleven newspaper and magazine publishers offered forty-three advertising packages, which contained seventy-six press titles.

Assuming that the consumers of the daily newspaper are not “printed press readers” but “media message consumers” had far-fetched consequences for managing the daily and most of all significantly broadened the target market audience. The publisher assumes that he has to reach people, who have a habit of reading printed press, but also those without it, who use mainly electronic media. The press office therefore cannot create just one type of media message, but has to create a few, for different target groups, adjusted to different media and distribution channels. These channels are the reference point for building a new system of managing daily newspapers. The current model:



is being replaced with the model:



¹³ Związek Kontroli i Dystrybucji Prasy – Audit Bureau of Circulations Poland.

In the second option, message A is content created for the printed daily. It is open whether it should be multi-topic or concentrate on only certain subject matters. Many experts believe that the second option gives the daily a greater chance at standing out¹⁴.

With the dominating position of electronic media, daily newspapers must have unique content to convince the reader that it's worth paying for. The multi-topic concept makes it difficult to stand out. Abandoning it means that the dailies, in terms of content, but also layout would become similar to magazines. In some cases, it could be unbeneficial from a marketing point of view. This would be the case if, e.g. a daily newspaper resembled a magazine with a very strong market position.

Message B would be created for the internet site of the daily. Most often, the topic division of such a portal would resemble the division in the daily. Information on the site would be placed instantly, in a shorter form or in some cases, full material which did not make the paper edition. In practice, journalists write two versions of a text – for print and for the internet.

Messages C...N are created for the remaining distribution channels, e.g. for mobile devices. They must be precisely adjusted to the requirements of such carriers. It could therefore be briefs, gossip, self-help or entertainment articles, so-called “soft news”.

In this case, information processing will look differently. Currently, the process looks as follows: selection → acquisition → selection → positioning.

Selection means choosing information, which the press office wants to acquire. Journalists from regional newspapers will be interested in news from the area, where their paper is distributed. Journalists from influential papers will want news from politics, economy etc., while other information will be valuable for tabloid journalists. Selection therefore depends on the type of newspaper (influential, business, tabloid, regional etc.) In the second stage, journalists collect information, supplementing it with secondary sources, and later again select information. Organizational units in the press office (editorial board, department heads, editor-in-chief) decide what information will be published in the newspaper, depending on the following criteria: current news, importance, range and attractiveness of the information. This stage also includes activities connected with text layout, editing, and proofreading.

The last stage is positioning information, which means arranging it in columns. Editing columns and the paper itself, journalists and editors rank information delivered to

¹⁴ For more on the subject see: *Wyjść z redakcji. Juan Senor talking to Katarzyna Kopacz*, “Press” 2011, nr 5.

readers. Positioning takes place with respect to the rules of layout and the newspapers division into topic sections.

The described process is beginning to change in the following way: acquiring → selection to different distribution channels → creating content for different user groups.

The journalist has to collect material in such a way so that he can create different types of messages with a diverse character. Hence, there is no selection. Let us assume that the reporter of an influential daily interviews a well-known politician. In the traditional case, he would obtain information concerning serious political issues. In the second case, he would additionally try to collect e.g. personal information about the politician. In later stages, the collected material would be the basis for more than one kind of messages, e.g. for the printed newspaper: an interview with an analysis of the political situation, for the internet site: a news-format interview, for mobile devices: news on the private life of the politician.

What remains to be determined is who should prepare the content for different media carriers – the journalist or specialized editors? Up to now, it has been the journalist. The drawback of this choice is a substantial workload for the journalist that inevitably leads to a decline in the quality of his work. A better solution is the second option, where the journalist provides material, which is later modified by specialized editors, depending on the type of media.

As a result of the discussed management changes, newspaper editors can achieve:

- maintaining a competitive advertising offer compared with electronic media,
- broadening their audience through developing different information distribution channels,
- improving the quality of journalistic texts (the journalist does not have to create more than one version of the text)
- independent from the decline in readership of printed press
- the possibility to fully use new technologies in increasing the competitiveness of the publishing house (media company) on the market.

Summary

On the printed press market, the daily newspaper segment, especially those influential and regional newspapers, is in a difficult marketing situation. This seems to be confirmed by concentrating the segment, which was applied mainly to regional titles.

It has also been noted that despite this difficult situation, daily newspaper managers have more and more possibilities of modifying their marketing strategies. This involves

packaging advertizing, introducing new unconventional types of advertizing, changing pricing strategies.

In the case of strategies directed towards gaining readers and shaping the media message, publishers concentrated on lowering costs, merging departments or titles, but also developing new products, among them, those based on new technologies. More radical changes were put on hold by cost restrictions. Substantial development in terms of creating new media messages requires large investments. Such ideas are prone to risks, therefore only the biggest players with the largest financial resources can attempt it.