

The Evolving, Yet Unique Landscape of the Developing World’s Newspaper Industry

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INTRODUCTION

I have the distinct honour of being the very. Last. Presentation of the entire conference. ON a Friday. When everyone is already thinking about how they are going to get home. There is probably no worse time slot to give a paper, except perhaps the hour right after a heavy lunch. So when I was thinking about what I was going to say, the pressure was on to ensure that it was interesting, informative, and worth the time. So I promise I will do my best to make it worth your while.

My name is Tim Russell, and I am the Vice President of the International Division for NewsBank, based in the United States. For those of you that aren’t familiar with NewsBank, We have been in business for over 40 years – starting out as a microfiche press-clipping service, then graduating to publishing a newspaper index on CDROM. In 1996 we licensed our first 8 full text titles and made them available online. And in the past 20 years, have grown to become the largest aggregator of current and historical news sources from around the world. Our flagship product, *Access World News*, has more than 10,000 current news feeds from nearly every country in the world, and is used primarily in academic, public, corporate and government libraries to support research.

Of those 10,000 sources, they come from more than the 2600 publishers from around the world we work with, all of whom are struggling with a changing news landscape. Over the many years of working with these publishers, we have witnessed a **dramatically changing news industry**. And perhaps none more so than in the past 10 years, as newspapers and news media have had to adapt to declining revenue. Consolidation. The threat of online sources. Changing reader trends. Preservation and archiving of digital content. Access and changing business models. Changing values and changing definitions of “news” as we know it.

My presentation today will therefore draw from NewsBank’s experiences working with all the major publishers to provide an overview of the changing global news landscape and hopefully provide some clarity on where it is all headed. I intend to cover:

- The changing newspaper trends around the world
- What will the future look like?
- Unique challenges of making both historical and current news from the developed market available

- The publisher/library economic conundrum: how do we make it available?

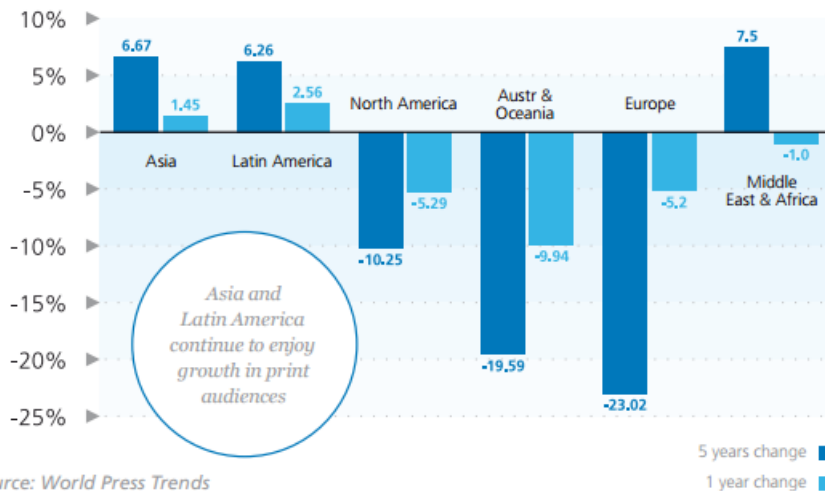
1.1 The changing newspaper trends around the world

It's no surprise to anyone here that the news industry is, and has been in, a state of trouble. We all know that the internet has fundamentally changed the way readers consume news and how those news providers can afford to pay to provide the news. Print advertising revenue is now just 45% of what it was in 2006. The growth in online ad revenue has been slow. Quality of journalism is in decline. The news industry is undergoing a massive transformation and it will be messy. And guess what? Nobody has the answer. Not yet, anyway.

So what's driving this change? Well, a lot of factors.

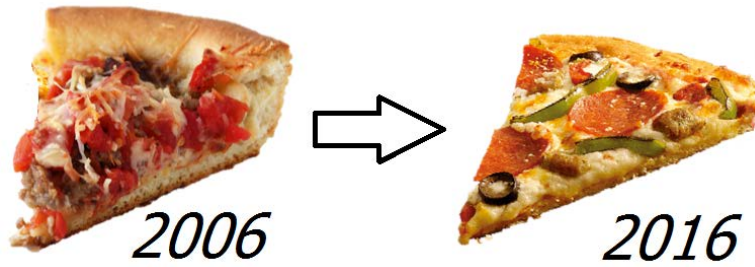
- A steep overall decline in news revenue
- Consolidation – Axel Springer buys Business Insider
- New technologies and new news platforms
- The threat of online sources/competition/free papers (ie Metro)
- Changing reader trends
- The expense of preservation and archiving of digital content
- Access and changing business models.
- Changing values and changing definitions of “news” as we know it.

Global Daily Print Newspaper Circulation 2013 (in %)

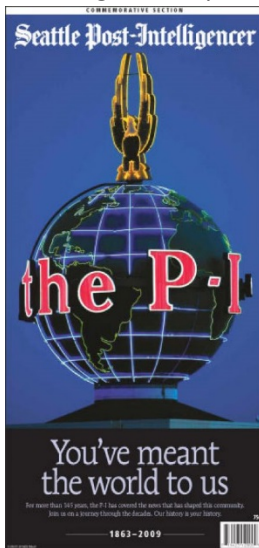


In many cases, news publishers aren't quick enough, wealthy enough or have the managerial expertise to navigate and turn a profit from such fast-moving market changes. So many of the “venerable” publishers – think Times of London, Der Spiegel, New York Times, South China Morning Post etc. DO have some resources and expertise, and have largely been at the forefront of implementing new business strategies such as paywalls, online and print bundles and data analytics to experiment with different

pricing models. Smaller publishers by comparison do not have the same level of expertise or resources, and are often forced into “save” strategies, which can include:



- reducing the size of their newspaper (Boston globe)
- reducing the frequency of publication



- Shift to online only



- Bankruptcy or sale at a loss

As a result, the quality of journalism is slowly eroding. However, even those willing to pay say they will spend three times less for digital news than for print news.

Digital vs. Print Advertising Revenue Potential



Source: Pew Research Center's Journalism Project

Print and digital newspaper adspend forecast (in US\$ bn)



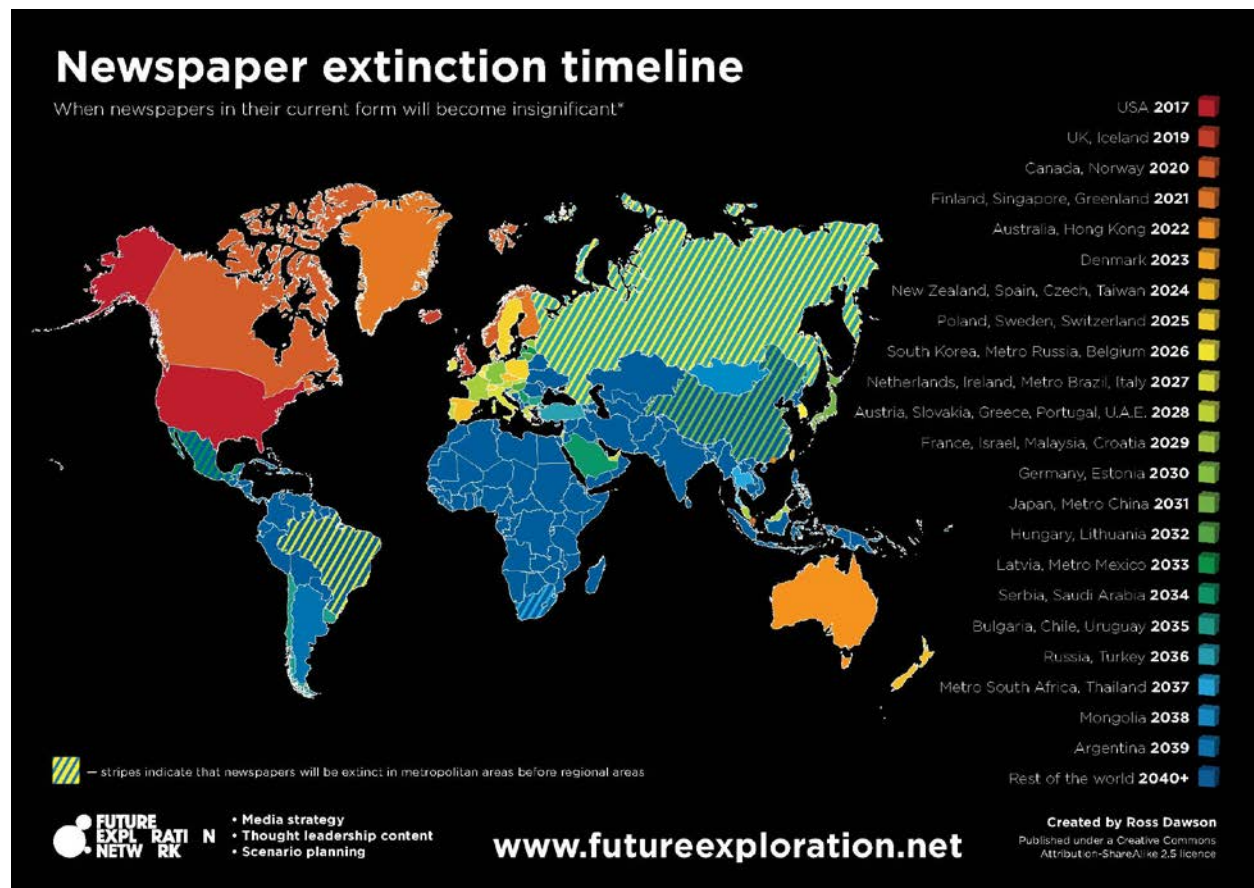
Source: World Press Trends, ZenithOptimedia, PwC Global Entertainment & Media Outlook

I don't like being the bearer of bad news. Yes, the market is declining. Yes, the overall consumption is down. But this is an industry in transition, and where there is change, there is opportunity. And it's not all bad news. As I pointed out in the slide before, print circulation is actually increasing in places like Asia and Latin America. And publishers in Europe and North America are finally starting to see critical mass (ie revenue and profits) in their digital sectors. The New York Times, for example, recently passed one million digital-only subscribers, the most of any news organization in the world. They have another 1.1 million print-and-digital subscribers, so that in total, have more subscribers than at any time in their 164-year history. Does that translate to profitability? Not necessarily. And newspapers don't have near the same amount of resources that they had 20 years ago. But at least there are some new business models that are starting to generate significant numbers.

From our perspective, we are optimistic. Why? Because the appetite for news will never go away. News and newspapers remain one of the most heavily used resources in a library. Our usage statistics consistently show increasing usage across all market sectors. So the AMOUNT of news being consumed is increasing. But the **kind of news** and more importantly, the **platform** on how it's delivered will change.

1.2 What will the future look like?

That all having been said, the "newspaper" as we know it may someday have the same fate as the dinosaurs.



Take a look at this slide. This shows a projected timeline when newspapers in their current form will “become insignificant”. Most developed countries such as the US, Canada, UK, Australia etc. have newspaper industries in freefall, with ‘extinction’ projected within the next five years; the result of both global and local issues including:

- Increased adoption and use of mobile/tablets
- Increased production costs
- Uptake of digital news monetization mechanisms
- Changing demographics and consumer behaviour
- Industry structure, including financial stability of companies and distribution structures

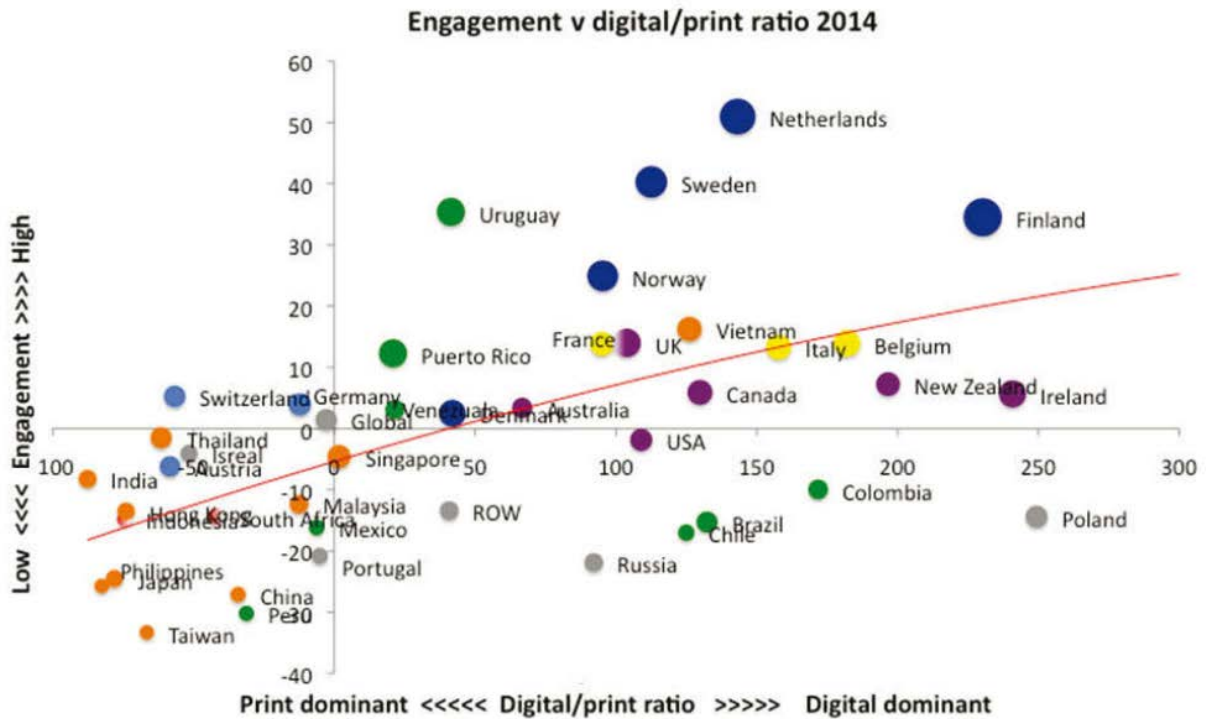
But interestingly, whereas the majority of developed countries have newspaper industries approaching extinction, the developing world has a news industry that is comparatively robust with a long life ahead of it. What makes the developing world so unique? It is likely the result of many factors:

1. **The developing world’s transition to online:** unlike the developed world’s hunger for “distractions” like Instagram, twitter, Facebook, Youtube, etc, these distractions are not as much a part of the daily life in the developing world. News and newspapers are still the primary driver

for information and education, and as many open their economies and liberalize their government policies, we see increased press freedoms that foster news and newspaper development.

2. **Broadband penetration** that lags most other developed nations: Although strides have been made, internet penetration of any kind is still only 48%. Mobile broadband has 26% population and fixed broadband is only available to 3.1% of the population. As a result, newspaper publishers don't have to (yet) face the same rapid adoption of platform migration from print to mobile/tablet.
3. **Adoption of "Best Practices"**: Most other newspaper publishers around the world have already been forced to address the steep decline of print readership and adopt new technologies, revenue streams and business models to cope. And with each of those comes a steep and expensive learning curve. Newspaper publishers have the benefit of adopting "best practices" already tried and tested by other publishers, including paywalls, online/print bundle packages, online revenue, archive monetization and balanced print/online publication schedules.
4. **Rise of the Tabloid and Subsequent Free Content**: Perhaps fueled by consumer trends away from lengthy investigative reporting or lengthy stories, the overall appetite for news is shifting to "bites" – that is, small nuggets of information. This has resulted in the rise of tabloids and free content such as METRO.
5. **Demographics**: the age demographic most likely to read newspapers is generally considered to be 35 or older. Not that it's unusual for the younger generations to read newspapers, but they are more likely to be early adopters of new technology – in this case, mobile technology, apps & broadband that are eroding traditional print publishers' revenue. With nearly 33% of its population aged 35 or older, print newspaper still has a large demographic base.
6. **Efficient and low cost distribution networks**: Developing nations benefit from a comparatively low cost production and distribution network – one of the largest expenses associated with newspaper production. By achieving economies of scale, outsourcing printing and an inexpensive labour force for distribution, publishers here are able to achieve roughly the same ARPU (average revenue per user) as similarly developed countries, but at a considerably lower cost.

Geographical Analysis of News Audience Behavior



So while those all look positive for many countries around the world, make no mistake. There are dark clouds on the horizon. The newspaper industries may appear relatively strong when compared to other developed countries around the world, but the industry overall is undeniably in a downturn, with little end in sight. The downturn mirrors the trend elsewhere in the world, where the internet has seriously disrupted the industry and free online news has steadily eroded newspaper circulation.

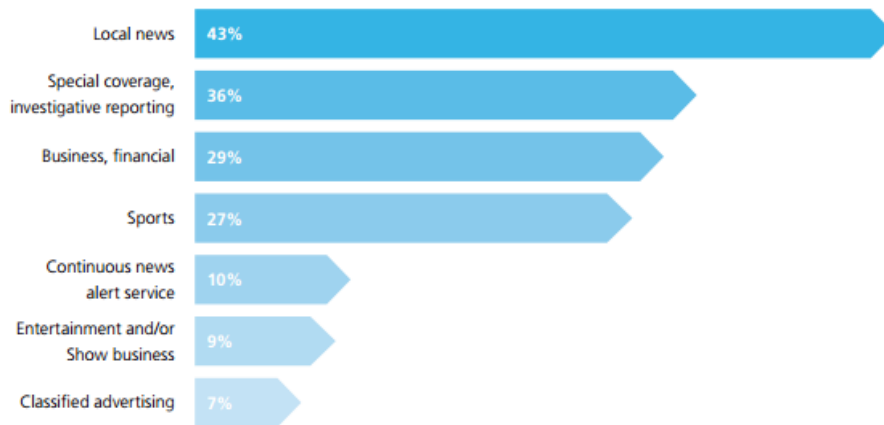
So what will the future look like? A Pew Research Center Report in 2015 on the changing adoption practices of news reveal that we're like to see the following changes in news consumption:

- News will start with mobile
- Overall increase in total news output, and across multiple platforms – straining preservationists
- Video and multimedia will play a more important part of the story
- A cacophony of Digital Noise with the editorial voice lost
- Web 2.0 – Social Media – User involvement, user generated value
- Citizen Journalism
- Corporate Journalism
- Hyper-local focus of news – local news continues to dominate individuals' needs
- Advertising integrated everywhere
- News is instantaneous – end user expectation
- Quality of news content will vary widely.
- New sources of news will continue to emerge – verticals, topical.
- Emergence of analytic tools will drive need and value of news: Data & text mining, Visualization, Sentiment Analysis, Relational and Geographic Analysis, Timelines

We project:

- Value of news will remain strong
- News will shift more towards shorter, “to the point” factoids
- Less investigative journalism (too expensive)
- Mobile will be the dominant news platform
- Venerable titles will retain their position as market leaders, but a lot of other smaller competition

Content that consumers of online news pay for



Source: Bain Analysis

This poses a unique challenge to aggregators like NewsBank, and to libraries such as yourselves: How do we curate and archive this new news content? How do you, as librarians, decide what to archive and preserve in the digital realm? We’ve talked a lot today about what different libraries are doing to archive it, but it’s clear that there is no common consensus, no common platform, and perhaps most importantly – it’s going to be expensive.

This brings me to the next point I want to cover, because it’s an important one. As the economics of news has changed, so has the economics of preservation and access.

1.3 Unique challenges of making both historical and current news from the developed market available

I don’t need to convince anyone here about the value of newspapers. We all know very well – and appreciate- the unique value newspapers bring, whether it’s supporting research or preserving history. Many libraries around the country have some newspapers in print, and there are many microfilm collections. But digitization of newspapers? This is an exciting time to be a researcher! After all, being able to do a keyword search on “Willie Brandt” and pull up all articles about him electronically opens doors and leads to discoveries that could never be possible in simply reading print or microfilm. The sheer volume and the sheer authoritativeness and comprehensiveness of research being produced today is exponentially greater than it was even just five years ago.

As we all work to digitize content- whether you're a commercial publisher like NewsBank, ProQuest or Cengage, a National Library or an academic library- one of the hardest things to do is determine what should be done and of course, how to pay for it. Important titles with research value have a relatively easy time getting resources to digitize. And some countries have very robust and active digitization initiatives, like Germany. Here's a list from the CRL website showing the wide variety of newspaper digitisation initiatives in Germany. [SHOW GERMAN DIGITISATION SLIDE]

So Germany is good. But what about the rest of the world? Researchers will soon find that:

- There isn't much that has been done
- Those that have been done aren't very accessible
- Aside from the CRL's ICON website, there's no centralised resource or list showing what has been digitized or what is being digitized
- Digitisation equipment, expertise, facilities and capacity are hard to come by in developing countries, so not much has been done.

I cannot say with certainty what other institutions intend on doing. I can only speak to NewsBank's efforts, and that is to continue to build the largest collection of news content from around the world. We continue to add new current and historical sources daily and increase the database size. But there is a point where some news isn't economically viable to collect.

2. Some of the unique challenges of making both historical and current news content from Sub-Saharan Africa available for research, using the *Rand Daily Mail* as a case study

As mentioned before, Germany has done an excellent job, both at the academic, public library and commercial level, to digitize news content and make that available to researchers. Elsewhere around the world, the majority of "major" publications have been digitized, from the New York Times, Times of London, the Hindu, South China Morning Post, Sydney Morning Herald etc.

But once you get beyond those major publications, little else has been done, except sporadically. So why hasn't more been done? There are a lot of reasons, which I'll address in more detail in a moment. I will further explain using the *Rand Daily Mail* as an example.

If you're not familiar with the Rand Daily Mail you'd be forgiven, since it ceased publication in 1985. But the RDM is South Africa's most important historical resource. From its early beginnings in 1902, the *Rand Daily Mail* was known for its controversial yet courageous journalism. And in the height of the apartheid era, its writers openly addressed issues that white readers knew little about. For example, they portrayed Mandela as a hero as opposed to a terrorist. In 1960, Benjamin Pogrund covered the Sharpeville massacre; in 1976, Helen Zille uncovered Steve Biko's murder; in 1978, Mervyn Rees and Chris Day broke the news about the apartheid state trying to influence opinion. The RDM was eventually shut down by the white government in 1985. But the *Rand*



remains one of South Africa's most important historical newspaper titles and is an essential resource for researching and understanding the apartheid history.

- The National Library didn't have the rights nor the capacity to digitize it.
- The Johannesburg Public Library didn't have the rights nor the facilities to digitize it.
- None of the academics could take on the size and scope
- Times Media had already paid US\$1million to Olive to digitize the Sunday Times archive and couldn't afford to do the Rand Daily Mail

I'm pleased to report that in 2015, after four years of discussions and logistics, NewsBank and Times Media, owner of the RDM archive, entered into a partnership to digitize the entire archive from 1902 until 1895. But there were, and still are, considerable challenges in getting this important newspaper digitised – challenges we hadn't faced anywhere else in the world. So to address the question of '*why hasn't more been done?*', the next part of my paper touches on some of the unique challenges of making a digital newspaper archive from Sub-Saharan Africa available for research, using the *Rand Daily Mail* as a case study.

A National Treasure: The ideal situation would be for a local, South African entity to digitize and make this title available. The decision to work with a commercial vendor – and a foreign one at that – was not one taken lightly. The sheer size and scope of the collection meant that digitisation costs alone would exceed US\$1million. This was, and likely remains, a substantial investment that Times Media couldn't undertake themselves. Nor could an academic institution or a public library. So until and unless some kind of funding comes from some source, in all reality, the only practical and economical way to accomplish this was for a commercial publisher to make the investment in digitizing the paper.

Lack of an adequate digitisation facility in South Africa: South Africa, as with most other developing countries around the world, lacked an adequate digitisation facility locally. Although there are some private and public digitisation facilities, none had capacity nor processes robust enough for fragile historical texts.

It's easy enough to scan an image. But the value that digitised collections bring to research comes primarily in the ability to search and retrieve the content. Critically important is the quality of the optical character recognition software (OCR), the search interface and the search and retrieval platform. Off the shelf OCR programs are fine for most current text. But historical texts- especially newspapers - present unique challenges:

- Poor quality images from microfilm, faded newsprint, or other broken text means those words likely won't be captured by OCR.
- Unusual or large broadsheet sizes
- "Smart Indexing" is a manual process whereby editors or indexers link various spelling variants of translated names, words or events to aid in discovery.
- Older spelling variants: the old British practice of using the letter "f" in place of "s" (i.e, "neceffary" = "necessary") means that a researcher would need to know, and type into a search box the old variant of the word to get the result.
- When dealing with damaged paper, poor quality images from microfilm, or even old or different spellings of words OCR and search engines won't decipher them. And if those words are not searchable, they're as good as lost. "Contextual Retrieval" is a process whereby the surrounding

words are automatically analysed to determine context. So that if a faded word is scanned and otherwise wouldn't be read by OCR, it could be determined by analyzing the surrounding text.

I can't address how other companies deal with these issues, but at NewsBank, we use special proprietary smart-indexing and contextual retrieval software, filters and a growing controlled vocabulary and thesaurus for handling transliterated text.

Risk of sending master files abroad: whether paper or microfilm, the risk of sending in some cases, the only surviving copy is a significant concern. Do you want to entrust your history to FedEx?

Recouping the expense: this is the single, largest hurdle with newspaper digitisation. Unless you are a public library and can get a public or private grant, how does one pay for such an expensive undertaking? Let's look at the economics of digitisation, again, using the *Rand Daily Mail* as a case study:

In this scenario, we are a commercial publisher who recognizes the need and scholarly value of having the *Rand Daily Mail* in digital format. We will incur the costs to digitize it, and hope to recoup those costs by selling the collection as an archive in South Africa and where possible, elsewhere around the world. Our market is primarily university libraries who will then make the collection available to students and professors to support their research.

COST: Because of the long print run and size of the collection, our digitisation cost will be US\$1.07million. This is archival-quality format (JPG images for web delivery and high-res TIFF for archival preservation), OCR deconstruction and platform hosting

MARKET: Primarily academic institutions in South Africa and perhaps one or two public libraries. There are 25 universities in SA. Five of those are technical universities, and 11 of the remaining 20 are "traditional" universities that usually purchase research collections to support undergraduate and postgraduate programs. Regardless of cost, we could reasonably expect these 11 institutions to at least have an interest in the collection at some point in the future.

Let's look now at the economics, and the math is simple. The digitisation cost is US\$1.07million. If we assume a perfect scenario and assume all 13 institutions would acquire it, the cost per institution would be US\$82,307. *And that is only to breakeven.* If, like most companies do, we wanted to make a profit, which we could then reinvest for future digitisation efforts, the cost would need to be more than that.

I'm sure most would tell you that is a very significant figure for most library acquisition budgets; made even more so by the recent steep decline of the Rand and last year's imposition of a 13% VAT on electronic library resources.

As a result, the only way to make such a project feasible is to supplement the South African market with acquisitions internationally: the Harvards, the Oxfords, the Goettingens, the University of Melbournes around the world who may have a similar appreciation and interest in the value of *Rand Daily Mail* for their own African Studies Departments and be able to purchase it. Instead of one library or university having to spend \$1million, we can spread the cost to many institutions around the world and it might only be \$50,000.

What's the bottom line?

- Even for titles with the most appeal and value, the local market may not be big enough to support broad newspaper digitization efforts. Supplemental sales would need to come from international sources to breakeven.
- Smaller titles of lesser value – and thus, smaller market size- likely are not possible. At least not from commercial sources. They would need to be paid for and made available by universities (who limit access to their students and staff only) or public libraries.
- The current state of local digitisation initiatives around the world don't engender much optimism that more will be forthcoming anytime soon.

3. CONCLUSION

Despite some of the challenges addressed here, there are ways that the research community can maximize the opportunities for acquiring new newspaper collections and work together to create new ones.

- At the public level, encourage and support local digitisation efforts by National Libraries and public libraries
- At the academic level, share content amongst academic libraries
- At the commercial level, join or form consortia to maximize purchasing power for commercial collections.