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Newspaper marketing

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Newspapers throughout the democratic world remain a tremendously powerful medium, and I believe they have qualities that will enable them to both survive and develop in the electronic environment that is now emerging.

As more and more evidence shows, sustainable success for newspapers is probably determined by two major factors: Quality in the products and quality service in marketing and distribution.

I would venture to suggest that for years the majority of publishers and editors have been complacent about their businesses, and have neglected or refused to adopt modern sales marketing techniques. They have been unshakably convinced for decades that they knew what their readers wanted. Now in newspaper after newspaper, they have not only begun to ask their readers but have been changing editorial content accordingly.

Publishers are now increasingly adopting traditional marketing approaches. They are investing heavily in quality research programmes. They are appointing marketing and direct marketing specialists. Newspapers are becoming better targeted. Content is getting more tailored. Investment in improved content, presentation, relevance and accessibility is being rewarded in improved sales and reader loyalty.

A recent study undertaken for the World Association of Newspapers by McKinsey & Company demonstrated that sustained growth in circulation is possible even in toughening market conditions. McKinsey examined eight newspapers in Denmark, France, Great Britain, Ireland, Sweden and the USA, which have increased circulation annually over several years by between 3 and 13 per cent in mature markets. Every company's situation was different of course, but the McKinsey analysts saw six broad lessons that could be drawn from the eight publishers.

1. Have an explicit aspiration to grow. Aspiring to grow means putting your faith in the future of newspapers and focusing on long term values rather than short term profits. Cost cutting strategies alone will never be enough to yield long term gains. Rather, putting all your emphasis on expense reduction runs the risk of "corporate anorexia".

2. Understand what readers really want. The traditional way of gauging readers' interests relies on the intuition of senior editorial staff, reader complaints and letters to the editor. Those are important but intuition has its limits — particularly when the needs of an ethnically diverse readership are divined by a less diverse editorial

obvious in the case of a price increase. If you provide a lower benefit at the same price or the same benefit at a higher price, that turns the price benefit equation to your disadvantage running the risk of a loss in market share.

But what about reducing price without any change in the newspaper? You would think this would be a straightforward way to win market share, but McKinsey found that this approach can turn into a market-share loser strategy. The explanation behind this is again that customers buy on value. The price as such is seen as a proxy for the perceived value — so when the price goes down the value is assumed to follow.

5. Use a consumer goods approach to sell and market your newspaper. The idea of marketing newspapers like soap is not a popular idea with publishers let alone editors, but the consumer goods concept really means different marketing strategies should be used for different market segments. And marketing efforts should be aimed at building the newspaper's brand among its customers.

McKinsey talks about "life cycle value" in the context of newspaper marketing, referring to the loyalty of subscribers. All other things being equal, it's better to target high life cycle value, that is subscribers who are likely to stick with the newspaper for the long haul.

6. Focus on execution. As with most things in life, good follow through is essential to win the circulation game.

The circulation winners make sure to act quickly rather than spend too much time analysing detailed consequences of every action, McKinsey found.

The winners had a relatively higher tolerance for mistakes and a greater willingness to use trial and error to reach eventual success. But successful organisations have a knack for quickly latching on to competitive advantages and

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staff as is usually the case. Seven of the eight "circulation winners" used targeted market research to deepen their understanding of particular reader segments: Market research is often a sore subject for journalists who worry that publishers are putting more stock in the gimmicks of the consulting trade than in the substance of the news. But Nora of Le Parisien maintains that "market research is very important because if you put the reader at the middle of your story, you have to know exactly what he wants, all the time".

3. Tailor your newspaper to fit readers' needs. It's easy to over-generalise on this subject. But the eight "circulation winners" followed some common themes as they remade their newspaper to suit the needs of their readers. The one recurring product improvement was the upgrading of serious 'hard news'. At Jyllands-Posten, in Denmark, 50 per cent more space was devoted to hard news and the number of investigative articles was doubled.

The local and regional newspapers also looked for ways to develop community forums to make their publications the focus of an interactive experience analogous to that found in some online publications. Another theme was improving accessibility to the information in the newspaper. *The Times* of London used more colour, more promotional boxes and more indexes to make it easier for readers to navigate through the paper; and created new supplements to highlight targeted topics such as business, entertainment and information technology.

4. Complement price changes with product improvements. "A change in price, whether it is an increase or a decrease, should be complemented by product improvements as perceived by the reader" the research showed.

The reasoning behind this is

quickly evaluating their efforts, terminating experiments that fail.

The McKinsey consultants argued that many of the lessons gleaned for their "circulation winners" in Europe and the US could be applied to papers in less developed markets as well.

"Sooner or later you will see a similar pattern as developing countries come to a similar stage" they said. "A trend that takes 10 years in a mature market might take five years in a developing market.

In the next ten years, I suspect we will see the following trends:

Increased emphasis on positioning of both newspaper audiences and their content. Within the newspaper there will be more sectioning and targeting of niches within niches. This targeting will be backed by more sophisticated methods of distribution and sales management. Publishers will seek to diversify not only into the Internet but also increasingly into segmented niche publications. Whether publishers also migrate into broadcast services will depend in many cases on the flexibility of the regulatory authorities. The range of media options are increasing. But each will complement the others. There has been no case in history of one medium superseding a previous one. The only restraint is over-zealous regulation of cross media ownership.

I firmly believe that one day we shall look back at the late eighties and early nineties, and find that the explosion of electronic publishing initiatives combined with the newsprint price crisis and the loss of advertising in the recession had the effect of a serious wake-up call on the newspaper industry which shook it from a certain conservatism and complacency and enabled it to confront the future revived and modernised.

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