On the future of newspapers

By Gisele Wertheim-Aymes

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First National Bank CEO Michael Jordaan unwittingly sparked a public debate on the future of newspapers recently. Writing in the bank's weekly email newsletter, he asked employees whether they'd be willing to help the company save more than R1 million a year — and spare the environment — by reading news online instead of having it subscribe to newspapers.

Business Day editor Peter Bruce picked up on this communication and challenged Jordaan's views in defence of his paper's print income stream.

Not the only media owners

Of course, newspaper proprietors are not the only media owners who have to consider how they are going to deal the growing power of the web. Every media owner — whether in television, radio, out-of-home, cinema or direct — has to review his or her business model and figure out how to harness new technologies to create conversations with customers.

Online penetration in South Africa is still tiny compared with more developed nations — around 5% against the 25% global average. And though mobile penetration is pervasive, the use of the mobile device as the primary means to download high-end content is still limited to affluent consumers who have the handsets that allow them this indulgence.

Advertisers in SA are still pumping billions of rand into television, print and radio. Only 3% of ad spend goes to the web. But this will change as cellphone rates come down and once there is more equitable and affordable access to broadband. It's not a question of if. It's a matter of when.

Delivering the keynote address at the recent Newspaper Association of America's annual conference, Google CEO Eric Schmidt said newspapers will “have to get used to the idea that they are not just generators of trusted, professional content, but also aggregators of the new kinds of information the web has enabled — collectively edited knowledge structures like Wikipedia, and user-generated information like blogs, images and online video”.

Consumers are in control

For Schmidt, the consumers are in control.

News Corp founder Rupert Murdoch has also added his voice to the debate. An octogenarian and self-proclaimed digital immigrant, and arguably the most powerful newspaper proprietor in the world, Murdoch told financial analysts at a Goldman Sachs conference that *The Wall Street Journal*, owned by News Corp, would soon begin charging for access on mobile devices.

Murdoch predicted that print newspapers would be extinct within 20 or 30 years, replaced by portable electronic readers.

“All the new digital enhancements won't cure newspapers' problems overnight,” he said. “More people will be buying their newspapers on portable, flexible devices instead of crushed trees. It won't be soon. It could take 20 years. But there will be no paper, no printing plants, no unions.”

It's clear that newspaper publishers — and content producers more broadly — are struggling to come to terms with the changes.

Look at the Associated Press. The wire agency announced in September 2009 that it intended to try to control the dissemination of its news content. Commentators took this to mean that AP was putting itself on a collision course with Google, whose Google News service aggregates the world's news sources.

AP's decision was met with widespread disdain, with many suggesting its refusal to adapt to the demands of the Internet marketplace would result in its extinction.

Optimistic about SA media

I'm optimistic about the SA media industry's ability to work all this stuff out before it's too late. SA has the luxury of watching the rest of the world go through these pains and to formulate a response. We still have a small, albeit fast-shrinking, window of opportunity to put strategies in place to deal with the challenge.

There is evidence of leadership in SA media circles. Kagiso Media, for example, has announced the formation of a new division, Kagiso Media Convergence, to drive the strategy towards new media.

And you must know there's hope when an old-school publishing company such as Caxton announces its intention to invest in digital channels.

Then there's Naspers, of course, which has shown strategic digital prowess, developing web and mobile assets and investing in Internet ventures around the world.

Will find a way

I'm confident that the SA media industry will find a way to make it work and avoid the kind of “denialism” that has led in the death of newspapers and media outlets elsewhere.

I was amused at a recent blog post by Arianna Huffington's about the web denialism she says is still prevalent at some big US news groups.

Huffington, founder of The Huffington Post — an early new-media breakaway and one of the real success stories of online publishing — wrote in a blog post that the “key question is whether those of us working in the media (old and new) embrace and adapt to the radical changes brought about by the Internet or pretend that we can somehow hop into a journalistic Way Back Machine and return to a past that no longer exists and can't be resurrected.

“As my compatriot Heraclites put it nearly 2500 years ago: ‘You cannot step into the same river twice.'”

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