

THE FUTURE OF THE PRESS: by Future News Group

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Expectations of free service, encouraged by the internet, are a threat to publishers and the supply of reliable news, but the problem is only temporary. A better distribution platform will make news profitable again.

Stagecoach operators were also once worried about the future, threatened by railways that couldn't make a profit either. In fact passenger transport was about to flourish.

SAVING THE RELEVANT PARTS

Pessimism about news-gathering is entirely unjustified. It will always make sense for a few skilled people to specialise in it on behalf of the many. The world is not less complex than before, and the benefits of understanding it are still great.

Members of the press tend to see the problems of news publishing in terms of job continuity. Print workers could be forgiven for feeling a little malicious pleasure. Now the next ones up the ladder face a similar loss of employment and status.

But those who think that journalism is doomed have failed to separate the essential business of the press from its incidental parts. They are stagecoach drivers unable to see beyond the end of the horse.

The incidental parts of news publishing are not only printing and distribution. They include the sections of each newspaper that have little or no readership but were created in times of plenty, to fill the space between advertisements. Many of the columns and other standard features of today's newspapers came into existence because a newspaper requires a certain volume of writing to differentiate it from an advertising bulletin. Newspapers generally pay lower taxes and delivery charges.

The era of press subsidies will soon end. The next generation has not learned the joys of a crisp sheet of paper to be read over breakfast or on the way to work. Paper products are slow, expensive and not perceived as green.

RIVALLING TV AND EVEN THE WEB

Early electronic publications have been unprofitable, leading some journalists to conclude that the news services of the future will have to be financed from taxes. That might indeed provide the greatest employment but it would be bad for quality. For every good public service broadcaster there are several poor ones. Without competition from private media they would become worse. Supporters of the public service model have been seduced by tv news. In fact its popularity is already being eroded by on-line news.

Electronic newssheets will be a strong competitor to television in the future. The problem for publishers now is that distribution based on the internet has eroded profits before the technology to create a new business model is ready.

This is not a unique situation. The music industry lost sales after personal computers made CDs easy to copy. It compounded this disadvantage by ignoring mobile music players and by annoying customers with intrusive copy protection schemes. Only recently did music publishers realise that

the public would buy music if they could get it with ease at a low price. Trying to force them back to CDs had failed. News publishers hoping to revive the broadsheet are similarly wasting their time.

FUTURE NEWSPAPER ADVERTISING

How will future news publications be financed? Newspapers have lost real estate advertisements and job announcements because the web is a more convenient and efficient place for them. This loss is permanent. Advertising in a number of other categories – cars, clothes, consumer goods, corporate image, food, travel – is still found in newspapers although less than before. Will this reduced advertising base last?

The travel trade still seeks the older readership of newspapers, hence the continuing thickness of holiday supplements. This loyalty will dwindle over time, but only slowly. In most other categories, however, the future lies in attracting young readers.

Claiming a young readership is not enough. The print industry has treated advertisers with contempt, exaggerating the size and quality of its readership. Today circulation figures are widely disbelieved. It is little wonder that Google's formula, when only a clicked advertisement costs money, has struck such a chord with advertisers. At last they can pay by results. The balance of power has changed permanently.

But Google's grip on the on-line advertising market is overestimated. Pages of web search results are not the ideal environment for most advertisers. The selling point is that that is cheap.

If news can demonstrably win back readers, advertisers will return and pay a premium for a better medium. The range of products promoted will be narrower than in the past, but the costs of electronic production are lower.

THE SHIFT TO READING DEVICES

Publishers would like to charge readers, too, and they will soon be able to. Payable news services need an efficient and convenient micro-payment system. Mobile phones have one, because subscribers are already invoiced for calls.

Mobile phones are not yet comfortable to read but larger screens are not far in the future. The prototypes are book readers, but devices like the Kindle are the fax machines of this age, imitating paper but not improving on it. Their successors will be bright, light and cheap, and combine the functions of mobile telephones and netbooks. They will be able to access both free material via the internet and subscriber content via the mobile telephony network.

The grail of designers is to create a reading device that has a screen larger than the device itself. Whether this is achieved by folding or extensible screens, outward or inward projection, or some other method, remains to be seen. But the screens will be high-definition, making them ideal for newspapers and magazines

Obviously no one will purchase an on-line magazine if the same content is available free, so free web publications will be curbed. But because the future news distribution platform will be a synthesis of broad and narrowcasting, publishers would be wise to maintain some web presence.

Music downloads are currently being promoted by giving the service free with new phones. After the first year, downloads become payable, or the range of free music narrows. However better options will be available in future. One method for promoting e-sheets will be to display a summary of the story to all readers but allow subscribers to view more detailed information.

REDESIGN FOR AN ELECTRONIC AGE

E-sheet readers will have less screen space than web browsers currently do but this is not a disadvantage. Large monitors may be ideal for spreadsheets but not for news reports, which are easiest to read on a fairly narrow column.

Newspapers formatted their content into columns because larger pages were easier to print and collate and because column text fitted around advertisements. An e-sheet has no pages to turn and no physical limit to page length.

Newspapers on the web currently show an obsession with simulating a printed layout; a top banner, several columns, and an absurd footer. The aim is to use up the great screen width available and to create distinctive positions for advertising. Advertisers have not been impressed and readers are faced with a confusion that disrupts the linear flow of news reporting. Paradoxically, on an e-sheet reader with a smaller display, the news becomes more readable.

With less screen space, navigation between stories demands a new approach. One option is an initial page listing the stories available, which the user selects and prioritises.

In a world of choice, advertising cannot be forced on a reluctant reader. It too needs to be summarised and presented on the initial page, where it can be selected for reading or ignored. This will allow the readership of advertisements to be audited, giving commercial accountability to e-sheets.

The display devices will learn their users' preferences. Stories likely to be of interest can be placed higher on the menu or even selected automatically. Users who want to be more active will allow their e-sheet readers to send feedback to the publisher about what they have chosen to read. This feature will be far more useful than sales figures and letters to the editor ever were.

NEW MARKETS FOR NEWS PUBLISHERS

Can an electronic version coexist with a printed newspaper, or will it cannibalise the parent? This is a real danger, especially if a publisher adopts the sales strategy of giving away the basic e-sheet and charging only for more detailed news reports. But the potential of e-sheets is so great that the danger of cannibalism has to be ignored. The biggest asset of an established media house is no longer its venerable name but its reporting resources.

Publishers who see on-line publications as a way of reinforcing their printed product are facing the wrong way. E-sheet readers will open up new markets and create businesses for them that did not exist before.

When the same devices are used to purchase and read books, magazines and current events, these previously separate business areas will converge. Constant revision will be a challenge to book publishers. News publishers are already accustomed to it.

Publishing groups that contain book, news and magazine divisions are the best placed to benefit from the synergy created by e-sheet readers. Off-news e-publications can be harnessed to rebuild the mass audience for current news. Soft news areas like entertainment, sports and health may seem to offer the greatest number of readers. However, profitability will not rise correspondingly because of competition and increasing specialisation.

Sports, business and technology information markets will all fragment but, at the same time, they will become more international. Publishers in major world languages will not be the only winners as cost barriers to long-distance distribution fall.

E-SHEETS AND MARKETING

How can an electronic publication inform the public of its existence without news agents or bookshops to display it? This is less of a problem than it appears because impulse news purchases are already fairly unimportant.

Social media on the web will have a powerful marketing effect. Also, e-sheets themselves will be able to publicise other titles on the same subjects or from the same source. This is why even publishers who still enjoy large paper circulations should move actively into e-sheets. E-sheets also offer new potential for marketing other products. Reading devices can be designed to accept marketing alerts originating from, or licensed by, subscribed publications, although readers must be able to opt out of receiving these.

To minimise the number of opt-outs, publishers will have to limit the number of alerts. Some will also decide to manage the content of alerts far more closely than they currently vet printed advertisements. Disclaimers like “readers are advised to make their own enquiries before responding to announcements in our pages” are a disgrace to the profession of journalism. Licensed alerts should have an implicit endorsement.

At the mass end of the publishing market, readers who agree to receive alerts can be offered lower fees for subscribing to the associated e-sheet. However, publishers who successfully monitor the relevance and content of alerts may not need to offer discounts. Appropriate, targeted alerts will enhance the value of subscriptions.

The traditional gatekeeping role of the press can thus be expanded from news into marketing. Spam and fictitious blogs have devastated the marketing power of the internet. With the right safeguards, the mobile net can escape the same fate.

SPECS FOR E-SHEET READERS

It's time to look beyond the demise of the printed newspaper. True, we still lack a convenient e-sheet reading device but the up-side is that the publishing industry can help specify and design it.

First there are the physical features of the device. Display methods should not be standardised, but display dimensions could be, and publishers should consider what would suit them best.

The structure and presentation allowed by existing markup languages may be enough but, if they are not, now is the time to work out what is missing. In any case, specifying a set will standardise the capabilities of display devices.

Will users be able to bookmark, store, excerpt, resend and even modify news stories? These are issues of copyright as well as commercial logic, and long-run preparations are needed. They cannot be implemented over-night.

If advertisers want pay-by-readership, a trustworthy audit system will be needed. If publishers want to send sponsored alerts to subscribers, secure technology must be built into the system from the outset, to prevent spammers from hijacking it.

Now is the time to prepare for this new world. It is not as far in the future as many publishers think, but it will not create itself. Those who fail to participate in the planning may face steep entrance fees when they try to climb on board later.

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