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THE
NEW ZEALAND
DAILY NEWSPAPER:
AN ENDANGERED
SPECIES

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2 July 1981

The views expressed in this paper are those of the author and do not necessarily represent the views of the Commission For the Future.

PLEASE NOTE

This paper is one of a set of nine working papers prepared for the Communications Policy Research Group, Commission For the Future.

The conclusions in this paper are based not only on the evidence presented within it but also on evidence of the convergence, increased efficiency and reduced cost of new electronic technology contained within the other research papers in the set.

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THE DAILY NEWSPAPER IN NEW ZEALAND: AN ENDANGERED SPECIES

1

Summary of Conclusions Reached in this Paper:

The daily newspaper in its present form appears to have a limited future. There are three major reasons for this:

First, the substantial transfer of public and advertising support from newspapers to television that has been taking place since the early and mid-1960s.

Second, the even greater competition that appears certain to evolve during the next 15 or 20 years from electronic 'newspapers' -- combinations of news and feature film with textual reports which viewers will be able to call up at will on domestic television screens.

Third, the basic economic fact that newsprint cannot compete with screens. Electronic display screens are capital purchases whereas newsprint is a never-ending cost -- expensive to buy, expensive to process, expensive to distribute.

The overall circulation of New Zealand's daily newspapers is static when considered in isolation but has diminished steadily since 1966 in relationship to increases in the population and in the number of private households.

Television, on the other hand, has expanded steadily in every respect -- number of sets, number of channels, number of viewing hours, areas covered by transmitters and the introduction of colour.

Private radio has developed and is continuing to expand; private enterprise is about to contribute additional hours of television viewing; a major newspaper is investigating cable television; and at least three viewdata services are being planned.

Before the electronic 'newspaper' is fully developed*, further consolidation can be expected in the print sector. Six companies now control five-sixths of the daily newspaper circulation and most of the community newspaper and national weekly circulation as well, but further mergers appear inevitable because of continuing economic pressure. This additional consolidation could provide an adequate financial base from which to publish a national daily.

The production of national daily newspapers in New Zealand is now a practical proposition because of technological advances already being employed overseas. These involve the preparation of newspaper pages in one centre for printing in other parts of the country. Instead of distributing truck loads and aircraft loads of newspapers throughout the land, the publisher simply transmits master copies of each page to satellite printing presses by telephone cable or microwave.

No matter how large their circulations or how efficiently they are produced, print newspapers seem destined to give way eventually to news services published without the use of paper. These services will be based on advanced forms of viewdata, which at present is in a very early stage of development.

The full potential of viewdata as a news service and as a competitor for the printed daily newspaper will not be realised until broadband communications networks such as optical fibre cables have been installed. It is a fundamental assumption of this paper that to be economically competitive New Zealand will need such networks before the end of this century.

In attempting to put a time scale to impending change, it is essential to remember that the rate of change is speeding up year by year and to allow not only for technology already in the pipeline but also for the technology not yet in the mind of man. When this is done, it is difficult to envisage the New Zealand daily newspaper surviving in print form much beyond the year 2000.

Supposing it does not survive, the economic advantages to the publishers of the new information services, and the benefits to the public of greater efficiency in some respects, will need to be balanced against the loss of some thousands of newspaper jobs and the loss of the unifying effect on society of the large body of common information presently distributed daily by the press.

*The electronic 'newspaper' referred to in this summary must not be confused with the 'electronic' newspaper produced on news-print by means of computer type-setting and other electronic processes.

THE NEW ZEALAND DAILY NEWSPAPER: AN ENDANGERED SPECIES
 THE NEW ZEALAND DAILY NEWSPAPER: AN ENDANGERED SPECIES

"The technical differences between communications systems (e.g. data communication and traditional means such as newspapers) will eventually disappear."

- White Paper on the Information Policy
 of the Dutch Government, September 1980

HISTORICAL BACKGROUND

New Zealand's first newspaper, the New Zealand Gazette and Britannia Spectator, was published on Petone Beach, Wellington on 18 April 1840. (Britannia was the name that the early settlers gave to Petone.)

Because of the isolation of each settlement and the hunger of the pioneers for information, newspapers were established at a surprising rate. Between 1860 and 1879, 181 were founded -- and 87 went out of business.

Early governments nurtured the press, to the extent of allowing newspapers free carriage within New Zealand from 1858 till 1867*.

Competition at times was intense. For a period in 1894 three daily newspapers were published in the coal-mining town of Reefton, which at that time had a population of about 2000.

Nevertheless, New Zealand's daily press as we know it today is essentially a survivor from the first 40 years of colonisation. In 1879 the newspapers set up a co-operative news service, the New Zealand Press Association, based on the new trans-Tasman cable and on the telegraph service which by then had been established throughout most of the country. By September of that year, 28 of the 33 daily newspapers now published were already in existence.

* Even today there are special postage rates for newspapers posted by their publishers. In 1974 the concessional rate was 3 cents. Last year the postal charge for each copy of our larger newspapers rose to 50 cents.

In 1900 there were 54 dailies and the number increased to 67 in 1910. During the 70 years since then, not one daily newspaper has been successfully established, which indicates the tight, low-profit character of newspaper publishing in New Zealand.

TABLE 1 - NUMBER OF DAILY NEWSPAPERS PUBLISHED IN NEW ZEALAND

<u>1900</u>	<u>1910</u>	<u>1920</u>	<u>1930</u>	<u>1940</u>	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1980</u>
54	67	62	60	51	43	42	41	33

MERGERS AND TAKEOVERS

By 1957 the number of dailies had declined to 42, but almost all of them were independent of each other. The only company publishing more than one daily newspaper at that time was New Zealand News (Auckland Star and Christchurch Star).

Through the 60s and 70s, increased competition for advertising from broadcasting -- and especially from the new medium, television -- forced newspaper managements to look for cost savings and was a factor contributing to the merging of publishing company interests.

By 1967, NZ NEWS had added the two New Plymouth dailies to its stable and a second newspaper group had been established: UNITED PRESS AND PUBLISHING (Rotorua Post, Wanganui Chronicle, Levin Chronicle).

By the end of 1980 there were five daily newspaper groups and only two of New Zealand's major dailies were still independent: the New Zealand Herald and the Christchurch Press.

NZ NEWS had acquired control of the Napier Telegraph and bought the Oamaru Mail and had made an unsuccessful attempt to establish a evening daily in Dunedin. The group's daily circulation totalled 233,900 and it also published two weekend editions with a combined circulation of 138,800 and the NZ Woman's Weekly with sales of 212,000.

UNITED PRESS AND PUBLISHING had acquired the Wanganui Herald and had a total daily circulation of 42,400. Modest returns from this were substantially boosted by printing many outside publications on the newspaper presses in between the daily runs.

The Wellington Publishing Company, which had published only one daily, the Dominion, had expanded into INDEPENDENT NEWS LIMITED and now also owned or controlled the Evening Post (Wellington), Waikato Times (Hamilton) and Manawatu Evening Standard (Palmerston North) with a total daily circulation of 219,200. In addition, INL published all three of New Zealand's mass-circulation weekly newspapers (Sunday News, Sunday Times and Truth) with combined sales of 437,700.

The ownership of Dunedin's two dailies, the Otago Daily Times and Dunedin Evening Star, had been merged under the umbrella of OTAGO PRESS AND PRODUCE LIMITED which had also acquired control of the Mataura Ensign, Gore. After years of falling sales, leading to escalating losses, the Star had closed. The combined circulation of the ODT and the Ensign was 56,300.

LUCAS AND SON, publishers of the Nelson Mail, had bought control of the Marlborough Express, Blenheim, producing a group circulation of 26,300.

In 1967, the combined daily circulation of group newspapers was 262,700, or 25 percent of the total daily circulation of 1,034,700. By the end of 1980, group circulations had risen to 578,100 or 55 percent of the total of 1,049,600.

Even those figures do not reveal the extent to which control of New Zealand's newspapers has become concentrated in the hands of a few boards of directors.

Two-thirds of the total daily circulation is now controlled by three boards -- Wilson and Horton (publishers of the NZ Herald), NZ News and INL. Five-sixths is controlled by six boards, the additional companies being Christchurch Press Company, Otago Press and Produce and UPP.

CIRCULATION TRENDS

The combined circulation of New Zealand's daily newspapers peaked at 1,097,000 in 1974, fell by five percent during the following five years, and rose slightly last year to 1,050,000. In 1966 it stood at 1,045,000 so in general terms it has made little progress over the past 14 years.

TABLE 2 : Combined Circulations, New Zealand Dailies (000s)

<u>1957</u>	<u>1961</u>	<u>1966</u>	<u>1967</u>	<u>1971</u>	<u>1974</u>	<u>1976</u>	<u>1980</u>
850	926	1045	1035	1067	1097	1073	1050

- Notes: (1) The figures for 1957 and 1966 are from C Gillion's research paper "Newspapers and the demand for newsprint". The subsequent figures are derived from the Audit Bureau of Circulations and other sources, and the 1961 figure is from the 1962 NZ Year Book.
- (2) The figures after 1966 include the Westport News (circulation about 2000) which has been published on five days a week throughout that period and the Marlborough Express, published on five days a week since 1979, which now has a circulation of 8900.

The fortunes of individual newspapers have varied considerably. Of the 32 dailies which had a circulation* of more than 3,000 in 1967, 19 have gained at least 10 percent in circulation, six show no major change from 1967, four have lost more than 10 percent, one is no longer a daily and two have ceased publication. (See Table 3)

* The circulation figures shown in Tables 3 and 7 and used generally throughout this paper are average net circulations, almost all of which have been audited by the NZ Audit Bureau of Circulations. The bureau notes that these figures include free copies considered to be of advertising value within the limits of the bureau rules but exclude all other free copies, special bulk sales and all unsolds.

TABLE 3: Circulations (000s) of all New Zealand Dailies

Newspaper	1967	1971	1974	1976	1980
NZ Herald, Auckland	218	224	235	234	241
* Auckland Star	135.5	138	135.5	128.5	119
* Evening Post, Wellington	95.5	100.4	101.2	97.4	93
Christchurch Press	70	70	74	74.5	77.6
* Dominion, Wellington	71.1	77	74.5	69.5	63.8
* Christchurch Star	65.7	69	70	67.4	62.5
* Otago Daily Times, Dunedin	41.6	41.5	43.5	43.8	52.5
XX Dunedin Evening Star	28.5	26	24.5	24	XX
Waikato Times, Hamilton	32.7	34.9	37.2	35.7	38.9
Southland Times, Invercargill	23.6	31.9	32	32.7	33
XX Southland News, Invercargill	10	XX	XX	XX	XX
* Standard, Palmerston North	21.8	23.9	25.2	24.8	25
* Daily News, New Plymouth	19.3	20.6	21.4	21.3	22.5
Herald Tribune, Hastings	16.8	18.2	19.4	19.4	20.2
* Daily Telegraph, Napier	15.6	16.9	18	17.7	19.1
Northern Advocate, Whangarei	14.5	15.3	17.1	16.5	17.7
Timaru Herald	14.8	15.5	16.4	16.8	17.5
* Nelson Mail	15.1	16.2	17.4	17.8	17.4
Bay Times, Tauranga	10.3	12.9	14.2	14.2	16.3
* Rotorua Post	13.7	14.4	15.8	14.9	15.6
Gisborne Herald	11.1	11.4	11.8	11.3	11.7
* Wanganui Chronicle	11.6	11.9	11.8	11.3	11.2
* Taranaki Herald, New Plymouth	12.4	11.6	11.5	10.4	10.8
* Wanganui Herald	9.8	10.3	10.2	10	9.7
Wairarapa Times-Age, Masterton	7.7	8.2	9	8.8	9
* Express, Blenheim (M-F since 1979)	7.7	8	8.7	8.7	8.9
* Levin Chronicle	4.5	4.8	5.1	5.6	5.9
Greymouth Star	5.6	5.4	5.6	5.5	5.8
Ashburton Guardian	3.6	3.9	5	4.9	5.8
* Oamaru Mail	3.9	4	4.3	4.1	5.3
* Mataura Ensign, Gore	4.7	4	4.2	3.9	3.8
ND Hawera Star	3.3	3.1	3.2	3.1	ND
Dannevirke Evening News	2.9	2.9	2.9	2.8	2.8
Northland Times, Dargaville	3	2.4	2.4	2.5	2.7
ND Thames Star (M-F)	2.9	2.3	2.5	2.5	ND
Westport News (M-F)	2	2.1	1.9	2	2.2
Hokitika Guardian	1.3	1.3	1.4	1.4	1.4
ND Waimate Advertiser	1.6	1.5	1.4	1.4	ND
XX Central HB Press, Waipukarau (M-F)	1	1.3	1.4	1.5	XX
All daily newspapers	1034.7	1067	1096.6	1072.6	1049.6

* Group publication
 XX = Closed
 M-F = Not published on Saturdays
 ND = No longer a daily

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The New Zealand Herald, Auckland, has much the biggest circulation in the country at 241,000 -- 23,000 more than in 1967. Since 1974 the rate of increase has averaged less than half a percent per annum.

The next largest newspaper, the Auckland Star, has lost 20,000 circulation in the last 10 years. Most of this -- 16,500 or 12 percent -- has been lost since 1974.

Both the Wellington dailies have lost circulation since 1974. The Evening Post has dropped 8,000 (or 8%) to 93,000 and the Dominion nearly 11,000 (14%) to 63,800.

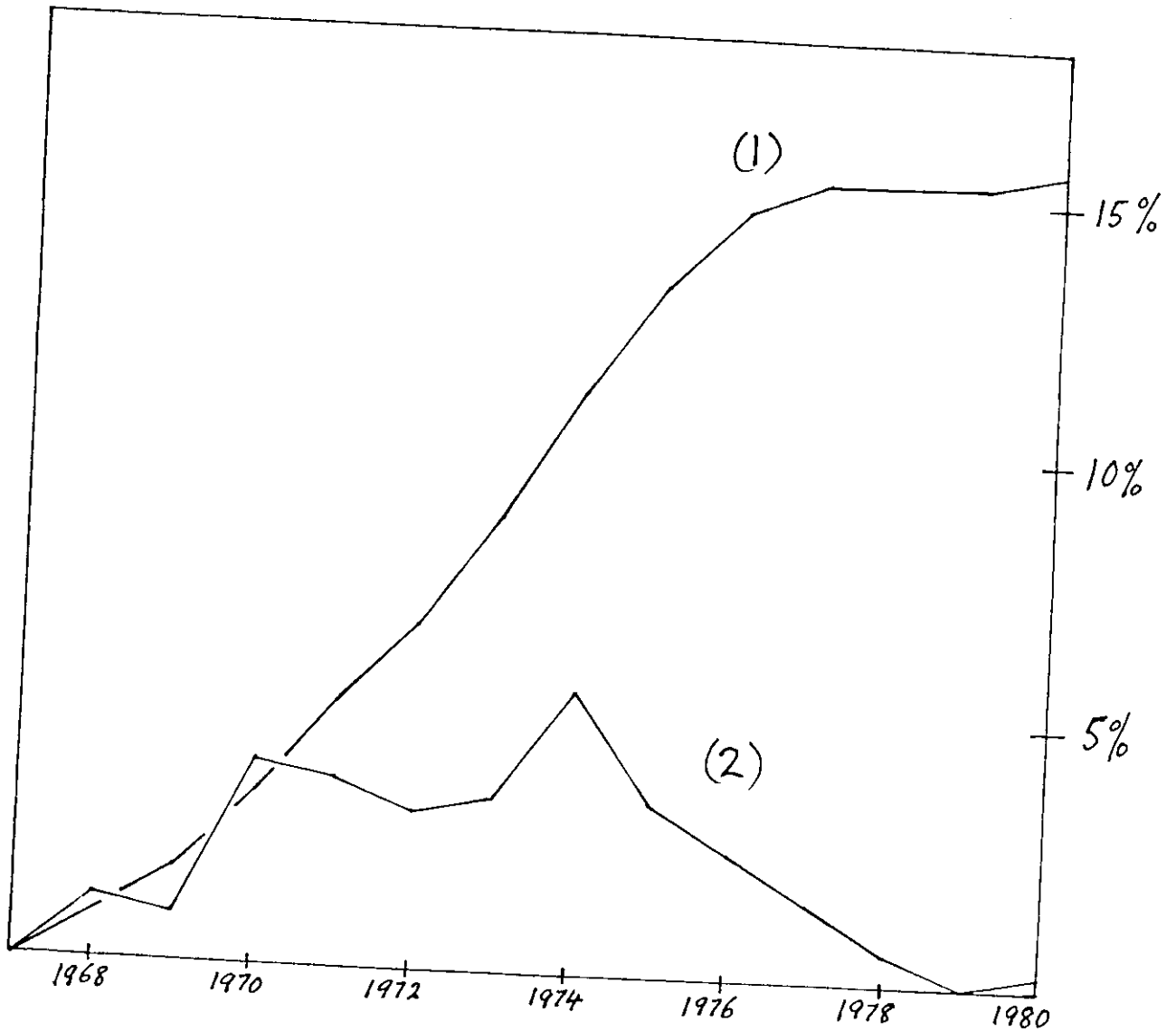
In Christchurch, the Press has posted a five percent increase to 77,600 since 1974 and over the same period the Star has fallen by 7,500 (11%) to 62,500.

In 1974, Dunedin had two daily newspapers with a combined circulation of 68,000. The evening paper closed in 1979 and the survivor, the Otago Daily Times, now has a circulation in excess of 52,000.

The six largest dailies - those published in Auckland, Wellington, and Christchurch - account between them for about 63 percent of the total New Zealand daily circulation. The combined circulation of the big six was 656,000 in 1967 and 657,000 in 1980. The following graph depicts percentage gains and losses in the combined circulation of the six newspapers against the percentage increase in the total New Zealand population.

Graph 1PERCENTAGE MOVEMENTS FROM 1967* IN —

- (1) Total New Zealand population
- (2) Combined circulation of the six largest NZ daily newspapers (those published in Auckland, Wellington and Christchurch)



*The year from which Audit Bureau of Circulation figures were first published

The effect of television competition for readers/viewers (as distinct from competition for advertising) appears to have put the larger evening newspapers at a disadvantage wherever they circulate in the same area as a good or adequate morning paper. In all probability this factor has been a major contributor to the falling circulations of the Auckland and Christchurch Stars and to the demise of the Dunedin Evening Star.

Smaller newspapers have been affected less, presumably because they generally provide a wider range of news about the local community. Some of them, such as the Bay of Plenty Times, Tauranga, and the Ashburton Guardian, have made considerable circulation gains over recent years.

The majority of daily newspapers, however, have not been able to build up their production in the way that would be expected in other industries.

COVERAGE AND READERSHIP

Newspapers generally obtain three-quarters of their income from advertising, which not only makes them especially vulnerable to downturns in the economy* but makes them dependent in the long term on preserving their share of the advertising pool. This in turn depends on their circulations keeping pace with population increases and on there being no fresh and significant competition for the available advertising finance.

Between the 1966 census and March 1980, New Zealand's population increased by 17.6 percent. Over approximately the same period, the combined circulation of the country's daily newspapers increased by just half of one percent.

* Classified advertising, an important contributor to newspaper revenue, usually falls away sharply during recessions.

In 1966 the combined daily circulation represented 390 copies per 1000 of population. This ratio has fallen progressively to 373 in 1971, 343 in 1976 and 333 in 1980. By this measure, daily newspaper coverage has fallen nearly 15 percent since 1966.

TABLE 4 : NZ Combined Daily Circulations per 1000 Population

<u>1957</u>	<u>1961</u>	<u>1966</u>	<u>1967</u>	<u>1971</u>	<u>1974</u>	<u>1976</u>	<u>1980</u>
382	384	390	380	373	362	343	333

Graph 2 shows that increases in overall daily newspaper circulation since 1957 (upper figure) are not impressive when related to population increases over the same period.

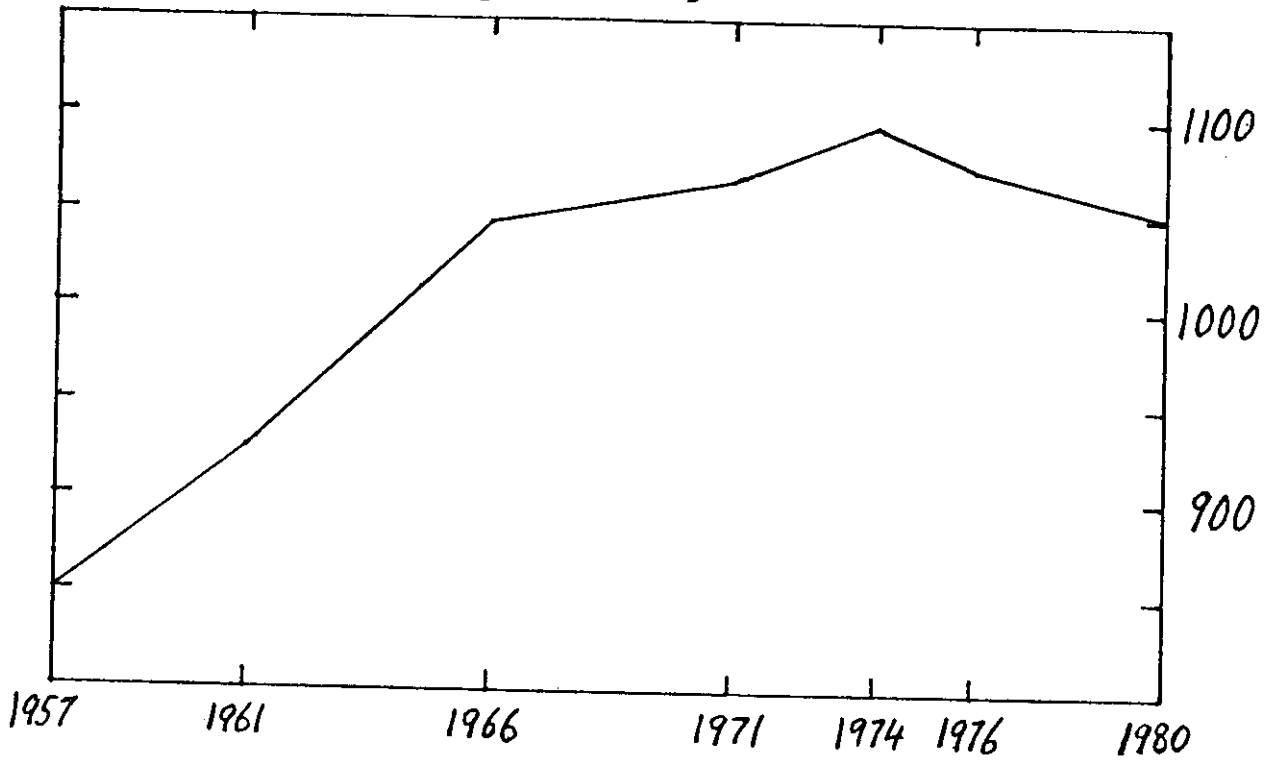
Since 1971, the circulation of the Auckland Star has fallen nearly 14 percent, from 138,000 to 119,000, while population in the Auckland urban area has increased by 103,000 (nearly 16 percent) to 753,000.

Though the Star's circulation extends beyond the urban area, if we assume there has been no major variation in the ratio of urban to non-urban sales we can calculate the Star's performance from its ratio of total circulation to urban population at corresponding times. On this basis, coverage fell from 212 copies per 1000 population in 1971 to 158 in 1980, a loss of 25 percent. (Since 1967, when the Auckland Star's coverage was 240 copies per 1000 population, the newspaper's coverage has fallen by 34 percent.)

Table 5 shows the circulation gains and losses of the 24 larger dailies relative to population increases in approximately their circulation areas. Because of this approximation even the percentage movements should be used with some caution, but movements of more than five percent would certainly appear to be significant. Applying that cut-off, only two newspapers have improved their relative position in the past nine years, one of them when a competitor ceased publication. On the debit side of the ledger are 10 newspapers -- plus the one that closed -- and those 10 include five of the six largest dailies.

Graph 2NZ DAILY NEWSPAPERS: COMBINED FIGURES

Total circulations in 000s



Circulations per 1000 of population

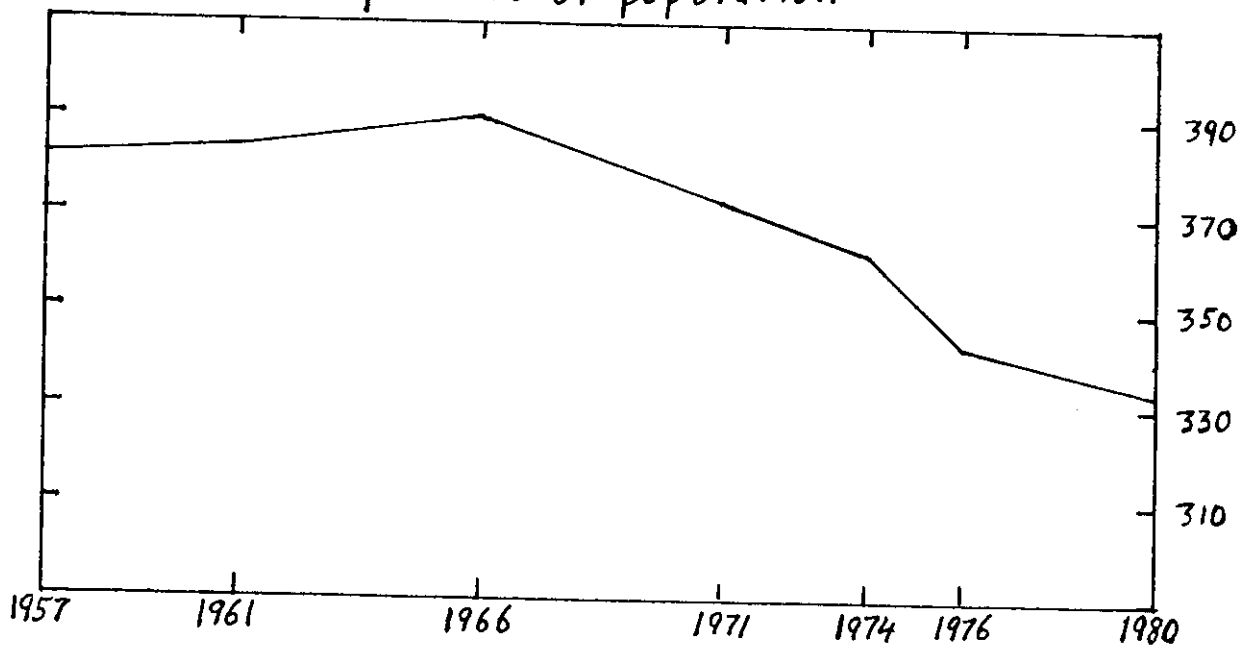


TABLE 5: The circulation of daily newspapers (over 6000 circulation) expressed per 1000 of population in 1971, 1976 and 1980 in each newspaper's prime or approximate circulation area.

Notes: (1) The significance of the table lies in the variations between 1971, 1976 and 1980 for each individual newspaper. Because the arbitrarily assigned circulation areas are of varying degrees of appropriateness, comparisons between one newspaper and another can only be made on the basis of percentage change and then only with some caution.

(2) SA = Statistical Area; SD = Statistical Division; UA = Urban Area

Newspaper	Prime or Approximate Circulation Area	Circulation per 1000 of Population			% change, 1971-1980
		1971	1976	1980	
NZ Herald, Auckland	Northland, Central Ak, Sth Ak-BoP SAs	184	170	173	- 6
Auckland Star	Combined Ak UAs	212	173	158	-25
Evening Post, Wellington	Wellington SD	310	279	266	-14
Christchurch Press	Canterbury SA	176	174	181	+ 3
Dominion, Wellington	Wellington SA	139	117	108	-22
Christchurch Star	Christchurch SD	228	207	192	-16
ODT, Dunedin	Otago SA	227	232	279*	+23*
Waikato Times, Hamilton	Hamilton SD	257	231	245	- 5
Southland Times, Invercargill	Southland SA	300	300	307	+ 2
Standard, Palmerston North	Palmerston North SD	296	280	277	- 6
Daily News, New Plymouth	Taranaki SA	204	199	211	+ 3
Herald-Tribune, Hastings	Hastings UA + 1/3 balance of HB SA	243	236	242	0
Daily Telegraph, Napier	Napier UA + 1/3 balance of HB SA	230	216	230	0
Advocate, Whangarei	Whangarei UA + 1/2 balance of Northland SA	235	226	240	+ 2
Timaru Herald	Timaru UA + 50%	356	373	387	+ 9
Nelson Mail	Nelson SA	235	235	229	- 3
Bay Times, Tauranga	Tauranga UA	320	295	331	+ 3
Rotorua Post	Rotorua UA	362	319	328	- 9
Gisborne Herald	Gisborne UA + 1/2 balance of East Coast SA	294	283	295	0
Wanganui Chronicle	Wanganui UA + 50%	209	190	187	-11
Herald, New Plymouth	New Plymouth UA + 1/3 balance of Taranaki SA	195	160	165	-15
Wanganui Herald	Wanganui UA	271	252	243	-10
Times-Age, Masterton	Masterton UA	408	419	425	+ 4
Express, Blenheim	Marlborough SA	253	249	251	- 1

* Most of the gain is due to the closure of the Dunedin Evening Star

While circulation per 1000 of population is a much better indicator of relative acceptance in the market place than circulation figures alone, readership calculations are based on penetration into the home.

And while overall newspaper circulations are now at much the same level as in 1966, the number of private households (permanent private dwellings including flats and baches) increased from 716,104 to 923,257 (28.9%) in the 10 years to 1976 and in the writer's estimate now stands at 949,000 or 32.5 percent above the 1966 figure.

Approximately 95 percent of New Zealand's population is contained within private households (94.3% in 1966, 94.9% in 1976). For comparative analysis it is therefore reasonable to express total daily coverage as a ratio of newspapers to households and from 1966 to 1976 this ratio fell from 1.46 copies to 1.16*, a drop of 21 percent.

For a reasonably accurate readership ratio (even though, strictly speaking, it is only a potential readership ratio), the average number of daily newspapers per household can be multiplied by the average number of persons aged 10 years and over in each household. Expressed in this way, newspaper readership fell by 25 percent from 1966 to 1976 and the writer estimates it has since fallen a further three percent. (See Table 6)

Graph 3, which is based on data in Table 6, shows the combined effect on readership of static circulation, major increases in the number of households and an appreciable reduction in the numbers in each household.

A further inroad on time at present spent reading newspapers may be made by video recorders. Each purchase of a recorder will mean another household always having a video programme on hand that some or all members of the household wish to watch.

* Even at 1.16 newspapers per household there is certainly some dual readership, although it is much less than the 16 percent that might be supposed because tens of thousands of newspapers go every day to offices and other work places and to hotels, motels, hospitals and other non-private households. Some private households, on the other hand, buy no newspapers or only buy irregularly.

TABLE 6: Calculation of Daily Newspaper Readership

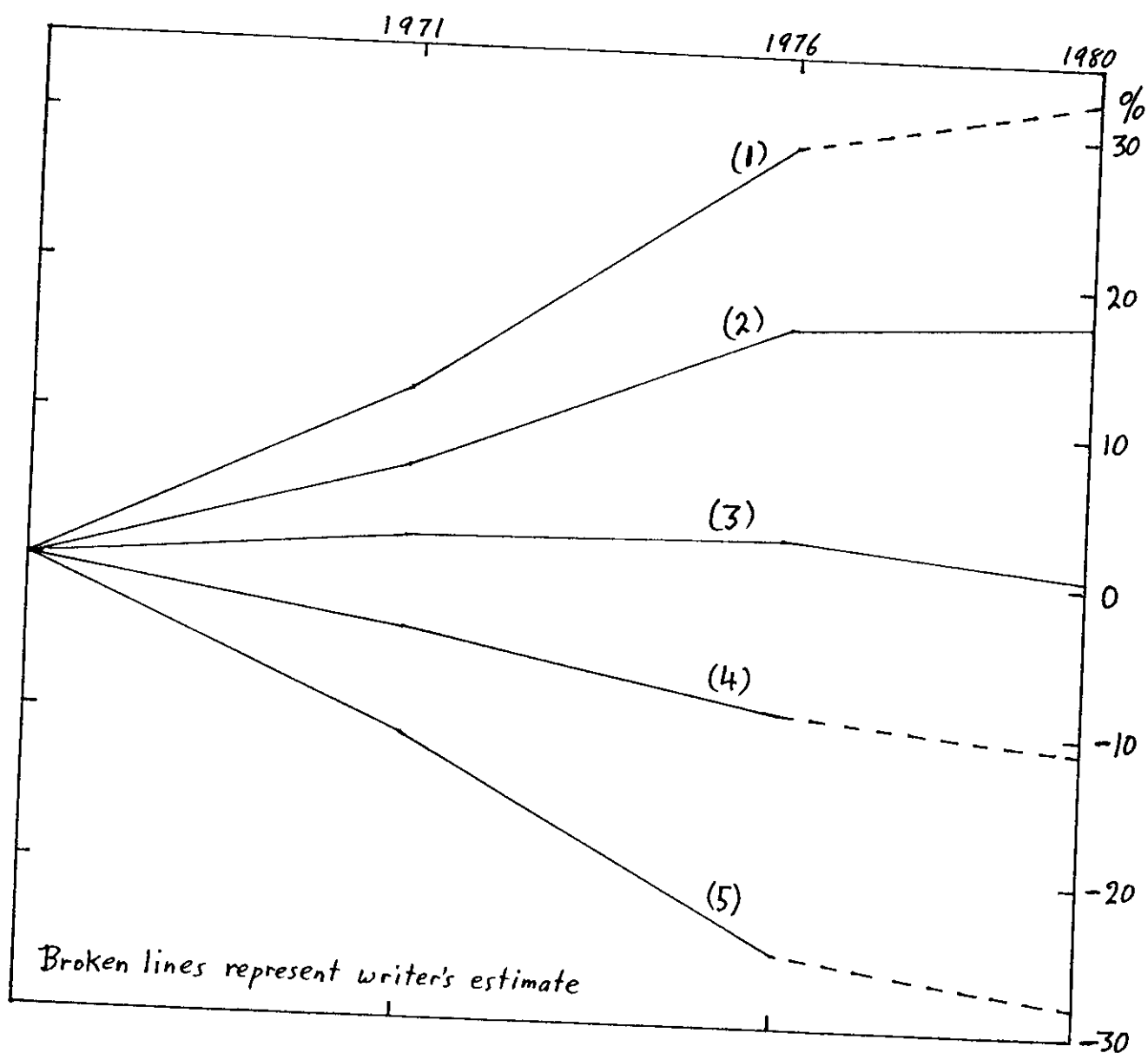
	1961	1966	1971	1976	1980
NZ Population (000s)	2415	2677	2863	3129	3149
Increase on 1966			6.9%	16.9%	17.6%
Combined circulations of NZ dailies (000s)	926	1045	1067	1073	1050
Increase on 1966			2.1%	2.7%	0.5%
Total of private households in NZ (000s)	633.7	716.1	801.7	923.3	949E
Increase on 1966			12%	28.9%	32.5%E
Average occupancy rate of private households	3.565	3.523	3.38	3.216	3.15E
Decrease on 1966			-4%	-9%	-11%E
Proportion of NZ population aged 10 and over	77.1%	77.4%	78.8%	80.6%	82%E
Assumed average h/h occupancy aged 10 and over	3.565	3.523	3.38	3.216	3.15E
Decrease on 1966	x 0.771 = 2.75	x 0.774 = 2.73	x 0.788 = 2.66	x 0.806 = 2.59	x 0.82E = 2.58E
Combined daily circulations per household	1.46	1.46	1.33	1.16	1.11E
Decrease on 1966			-9%	-21%	-24%E
Readership as papers per household x occupancy aged 10 and over	4.01	3.99	3.54	3.00	2.86E
Decrease on 1966			-11%	-25%	-28%E

Note: E represents the writer's estimate

Graph 3: DAILY NEWSPAPER READERSHIP FACTORS

Percentage movements since 1966, based on the figures in Table 6, of —

- (1) Total private households
- (2) Total New Zealand population
- (3) Combined circulation of NZ dailies
- (4) Average occupancy of households
- (5) Readership of NZ dailies as calculated in Table 6



COMMUNITY NEWSPAPERS

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In recent years there has been a considerable strengthening of the local or community press, published once, twice or sometimes three times a week and meeting a clear demand - both in city suburbs and in rural districts - for information at the parish pump level.

In 1980 the Community Newspapers' Association had 54 member newspapers with a combined circulation approaching 600,000 a week. The significance of the community sector newspapers has been recognised for some years by the two largest daily newspaper chains, NZ News and INL, and many of them are now owned by these corporations.

Nevertheless, the commercial value of the community newspapers must not be over-emphasised. Daily newspapers have 10 times the circulation and most of them have many more pages and carry far more advertising at much higher rates.

MAJOR WEEKLY PUBLICATIONS

Another factor in the newspaper world is the weekly periodical. Sometimes it is a newspaper in its own right, such as NZ Truth; sometimes it is a weekend sports paper or Sunday paper published by a daily newspaper, such as the Auckland Star's 8 O'Clock or the Dominion Sunday Times; sometimes it is a magazine rather than a newspaper, as with the Listener and Woman's Weekly. But whatever it is, it siphons off an appreciable portion of the profitable national advertising pool.

With the exception of the Listener, all the major weeklies are owned by either INL or NZ News. Since these publications are partly or largely produced in down-time, on equipment and with staff employed primarily for other purposes, they further strengthen the INL and NZ News groups relative to the remaining independent dailies. Table 7 lists these periodicals with their circulations from 1967 to 1980.

TABLE 7: Circulation of Major Weeklies (000s)

	67	68	69	70	71	72	73	74	75	76	77	78	79	80	% change
Listener	127.0	130.5	133.4	137.7	129.2	122	121.7	140	219	261	287.1	314.6	320.8	346.4	+ 173
Woman's Weekly	195.1	200	210	230	230	228	223	230	224	208	225	220	216	212	+ 8.7
Sunday News	110.2	115.3	120.2	98.3	106.1	116.3	142.6	159.2	173.4	175.9	179	177	183	192.3	+ 75
Truth	226.5	226.5	217	231.1	226.7	212	221.6	208.5	194	177.7	175	162.8	154.4	146.1	- 35
Sunday Times	101.1	117.6	125	145	143	132	140	145.5	160	146	126.5	119.2	105.6	99.3	- 1.8
Auckland Weekly News	116	88.5	81.3	82.5											
Sunday Herald							55.5	53.5							
8 O'Clock Auckland	98.7	96	100	100	108	107	112	115	115.5	104.5	105	103	99	102.5	+ 3.9
Weekend Star, Chch	37.9	36	36	36	37	37	37	38.5	40.1	36.5	34.1	33.8	35.5	36.3	- 4.2
Sports Post Wellington	74.3	68	60.9	56.3	60	57.5	55.7	57.7							

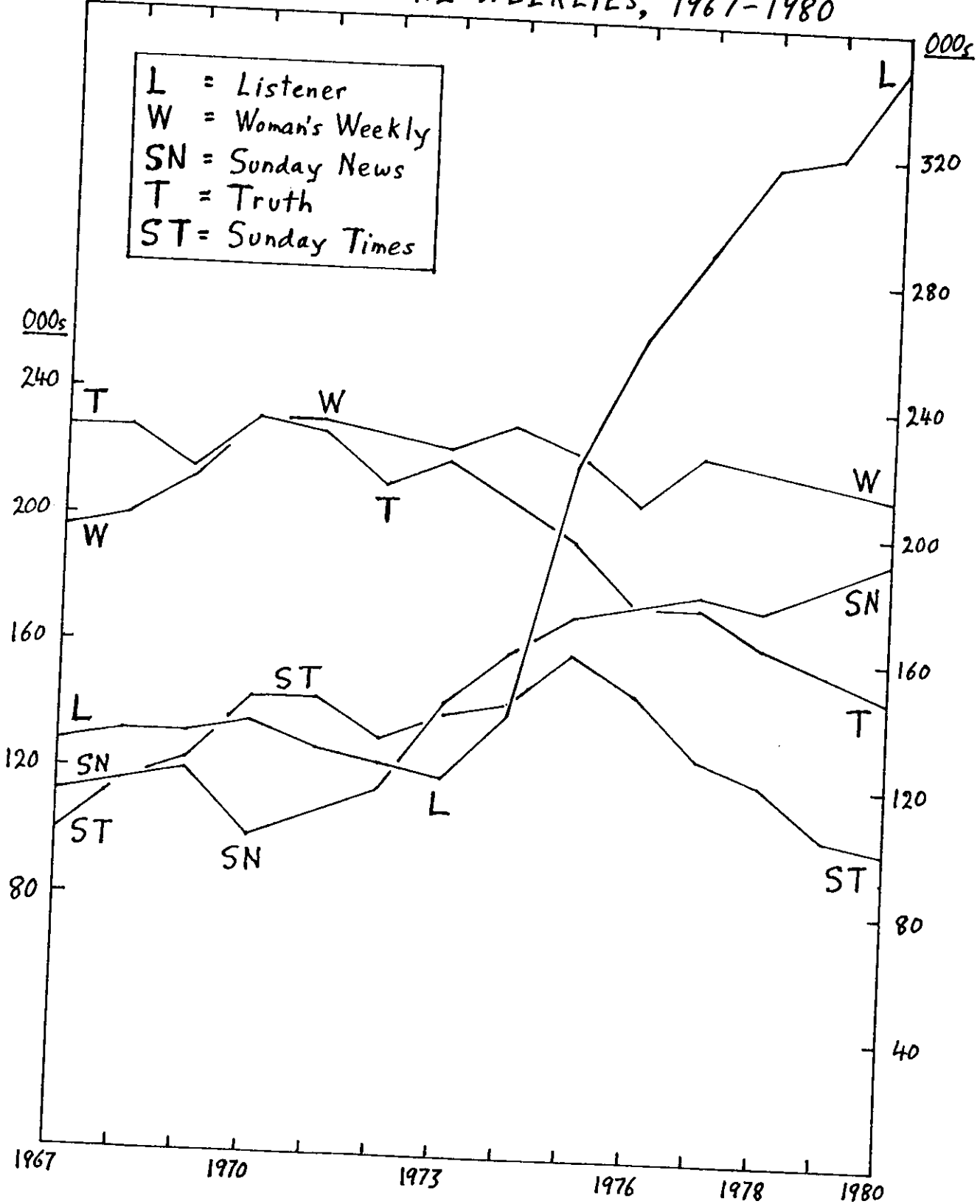
As with the dailies, the weeklies have failed overall to keep pace with population increases; their fortunes have varied considerably; and several have been closed because of falling circulations. Apart from the closures, however, the extremes have been much more extreme. In the last 10 years the Sunday News has increased its circulation by almost 96 percent, from 98,300 to 192,300. In the last seven years NZ Truth has lost 75,500, or more than a third of its former circulation, and in the last five years the Sunday Times has lost 60,700, or 38 percent.

These changes, however, are eclipsed by the remarkable (185%) rise of the Listener from 121,700 in 1973 to 346,400 in 1980. This is shown most clearly in Graph 4, where it can be seen that in 1973 the Listener had the lowest circulation of the big five, three years later it had the highest, and now it is 134,000 clear of its nearest rival.

The other publishers ascribe this success to the Listener's near monopoly of television programmes, but in fact the Listener's publishing rights are less exclusive now than they were in 1973.

Graph 4

CIRCULATIONS OF NZ WEEKLIES, 1967-1980



COMPETITION FROM BROADCASTING

Whatever measure is used, New Zealand's daily newspapers have lost an appreciable part of their former access to the consumer, and at the same time broadcasting competition has been greatly strengthened.

In 1966 there was only one private radio station, operating without warrant from the Hauraki gulf. Television was monochrome and one channel and there were 434,877 licensed receivers. Eleven percent of New Zealand's population was out of range of the 1966 television transmitters.

Today there are ten private commercial radio stations and applications have been lodged for several more. The introduction of FM stereo radio has been promoted by various groups for years and is currently under consideration by the Broadcasting Tribunal. There are two television channels, one with 99.95% coverage of the population and the other with 91.3% coverage, and apart from older films, virtually all transmissions are in colour. The number of licensed receivers has more than doubled (889,213 as at 30 September 1980) and 70.6% of them are colour. (See Tables 8 and 9 and Graph 5)

Whereas the ratio of daily newspapers to private households fell by 21% from 1966 to 1976 and is estimated to have fallen a further 3% since, the ratio of licensed television receivers to households rose by 41% between 1966 and 1976 and is estimated now to be 52% above the 1966 ratio. (See Graph 6). According to the 1980 NZ Year Book, 94% of all homes now have television sets.

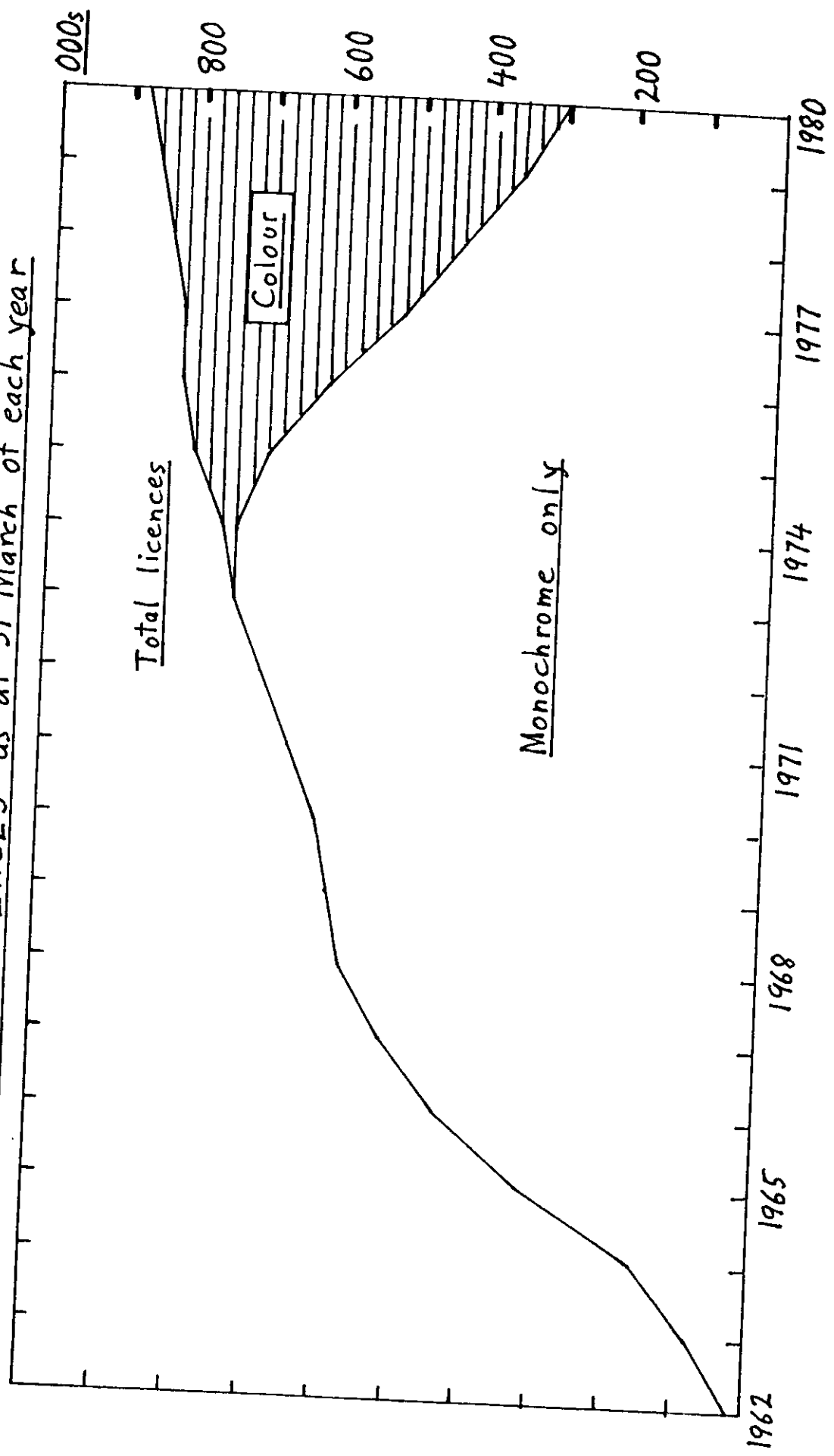
TABLE 8: Television Licences as at 31 March (000s)

<u>Year</u>	<u>Total Licences</u>	<u>Colour</u>
1962	23.3	
1963	81.8	
1964	167.7	
1965	313.9	
1966	434.9	
1967	529.9	
1968	575.9	
1969	607.8	
1970	627.6	
1971	664.4	
1972	696.2	
1973	732.3	
1974	754.6	
1975	790.6	12.2
1976	811.2	82.0
1977	815.8	188.9
1978	843.6	302.2
1979	859.9	394.2
1980	883.0	499.2
		583.2

TABLE 9: NZ Population Within TV Reception Areas

	<u>TV1</u> <u>%</u>	<u>TV2</u> <u>%</u>
1966	89	
1971	99	-
1975	99.9	-
1976	99.9	70
1977	99.9	71.8
1978	99.9	77
1980, December	99.95	90
		91.3

Graph 5: TELEVISION LICENCES as at 31 March of each year



Graph 6

GAINS AND LOSSES PERCENT IN -

A. Television licences:
(1) per 1000 population
(2) per household

B. Daily newspaper
total circulation:
(3) per 1000 population
(4) per household

Broken lines represent writer's estimate

1966 1971 1976 1980

%
70

60

50

40

30

20

10

0

-10

-20

GAINS

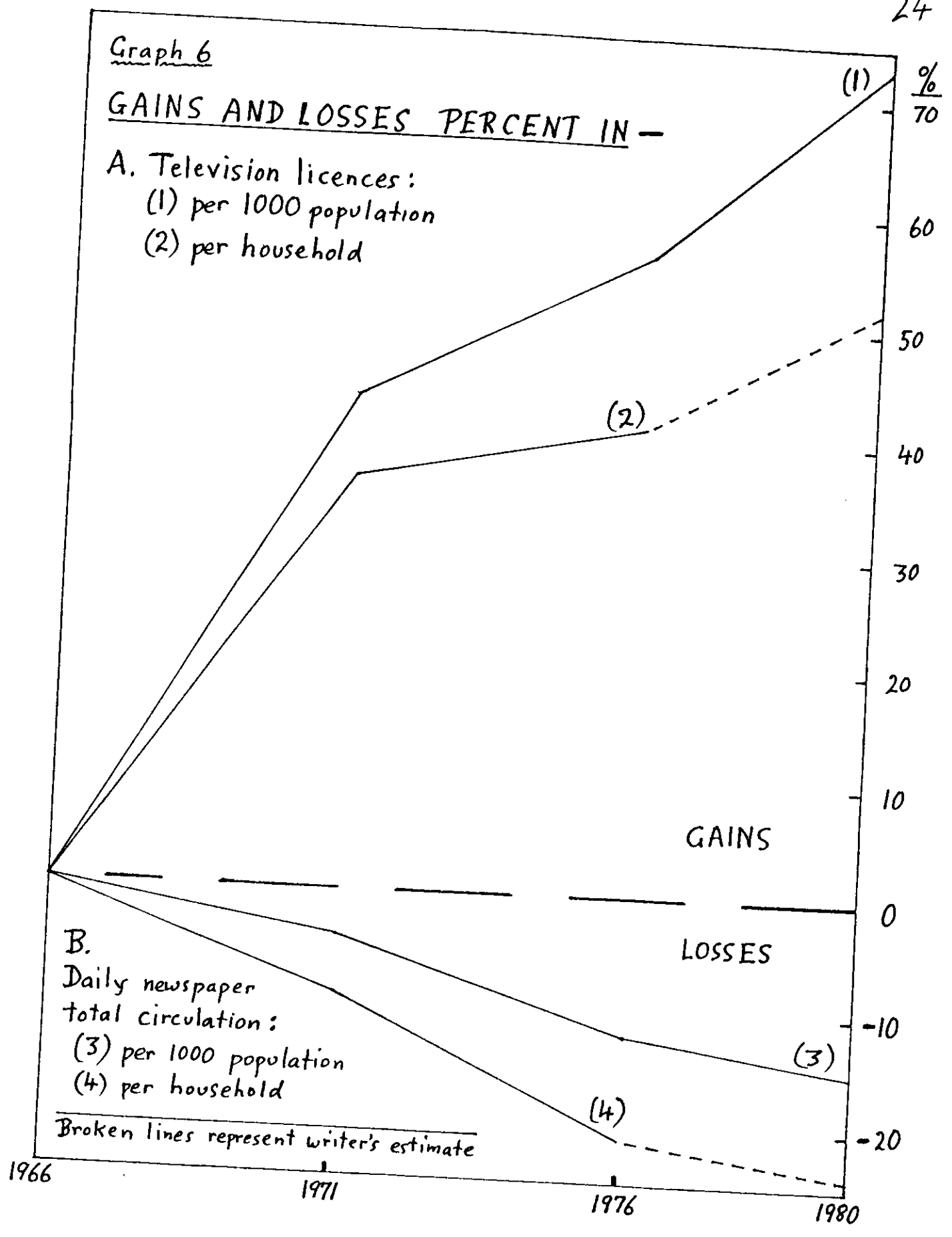
LOSSES

(1)

(2)

(3)

(4)



Furthermore, the hours of television transmission are now much longer than in 1966 and are to be increased still further. (See Table 10)

TABLE 10 : Approximate Weekly Transmission Hours

<u>Year</u>	<u>TV1</u>	<u>TV2</u>
1961	16	
1962	28	Nil
1963	35	Nil
		Nil
1965	50	
1966	65	Nil
		Nil
1972	65	
1975	86	Nil
1976	86	74
1977	80	74
1978	80	63
1979	83	68
		71

Every one of these advances in the broadcasting service to the consumer has meant an increased field for advertising and a corresponding shrinkage in the advertising revenue available to newspapers, and this shift from the print medium to the electronic medium appears still to be continuing. (See Graph 7 and Table 11).

Graph 7: DISTRIBUTION OF NEWS MEDIA ADVERTISING REVENUE

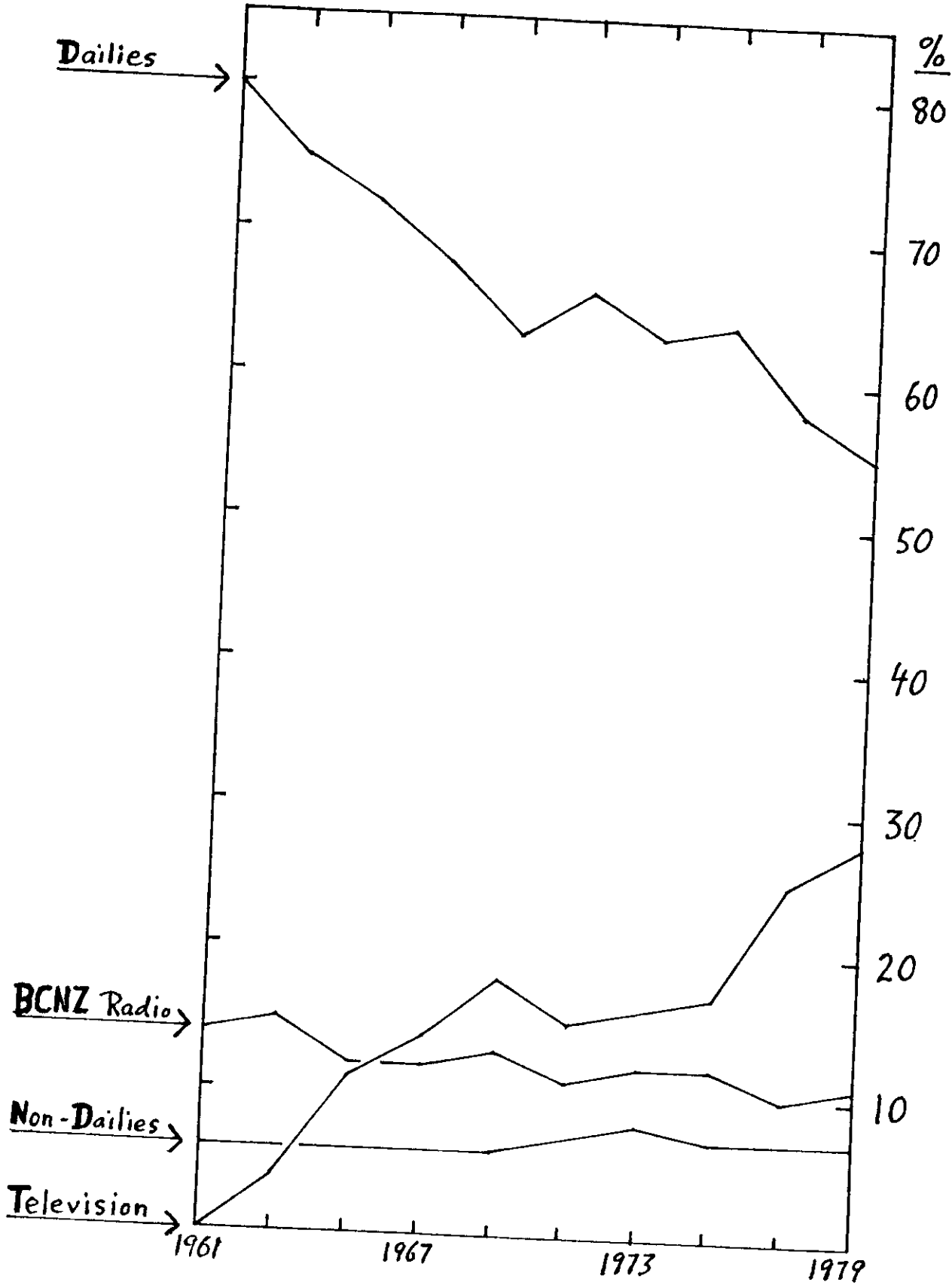


TABLE 11: Newspaper and BCNZ Broadcasting Advertising Revenue*

	Size of Pool (\$M)	Percentage Shares			
		BCNZ Radio	Television	Dailies	Non Dailies
1961	24.2	14	Nil	80	6
1963	26.6	15	4	75	6
1965	34.0	12	11	72	6
1967	39.9	12	14	68	6
1969	41.0	13	18	63	6
1971	50.7	11	15	66	7
1973	62.0	12	16	63	8
1975	83.6	12	17	64	7
1977	120.8	10	25	58	7
1979	157.8	11	28	55	7

The advertising revenue of private radio stations has not been included in the above table because industry figures are obtainable only from 1978. (In any case, there were no private stations in 1961 and Hauraki was the only station operating prior to 1970.) However, the combined advertising income of private radio stations in the 1979 financial year was \$7.2 million. When this is added to the media pool for that year the percentage shares for each of the news media are as follows: dailies, 52.8; non-daily newspapers, 6.3; television, 26.5; BCNZ radio, 10.1; private radio, 4.4.

In spite of having its advertising revenue share reduced to two-thirds of the 1961 level, the daily newspaper sector has managed to keep ahead of inflation as represented by the Consumer Price Index. The combined newspaper advertising income rose 348 percent between 1961 and 1979, which was 14 percent more than the CPI increase.

However, the newspaper industry is labour-intensive and over the same period the national average award wage increased by 485 percent, or 31 percent more than the percentage increase in advertising revenue. The costs of newsprint and other materials and of distribution have also increased greatly in recent years.

*Based on figures supplied by the Department of Statistics

When all the factors are considered, it is not surprising that all the major newspaper publishers are diversifying their operations as quickly and as widely as their circumstances permit and are concentrating on the field of electronic communication.

ADVERTISING REVENUE TO BE SPREAD FURTHER

Not only are the daily newspapers failing to keep abreast of their present competitors; they also face the certainty of new competition for their readership and for advertising revenue.

Ironically, much of this new competition for newspapers may come from the publishers of newspapers. Alternative Television Network -- a consortium including NZ News, INL and Hauraki Enterprises -- and a group of three television companies, organised by Wilson and Horton (NZ Herald) and comprising almost all major New Zealand newspaper publishers except NZ News and INL, are bidding against each other for the introduction of private enterprise television in New Zealand.

Wilson and Horton are also partners in a consortium established to investigate the introduction of cable television in New Zealand. (See footnote on next page).

Also looming on the horizon is the provision of videotex* information services directly into the home on demand. While this development could be financed entirely by customer charges, high initial costs make it much more likely that advertisers will be involved in one way or another.

During 1980 a New Zealand consortium which included INL, Wilson and Horton and the Christchurch Press Company, announced plans to introduce a viewdata system and said other publishing groups would be invited to take part. (Allied Press, Dunedin, has since joined the consortium.)

This was followed by news that Fourth Estate Publications also planned to introduce viewdata in association with International Computers (NZ) Ltd.

* Videotex is a broad term encompassing both of the present types of electronic information service: Viewdata, which is transmitted by telephone wires or other cables; and teletext, which is broadcast over television channels. Either kind of transmission can be designed to be received on a modified domestic television set. Viewdata and teletext are discussed later in this paper.

Both these planned services are aimed initially at business customers but subsequent penetration into the home is a logical development.

In February 1981 a viewdata news service, Newztel, was accredited to the New Zealand Parliament's press gallery. One of the principals, Mr Peter Acland, said the service was to provide competition for newspaper and radio news. The immediate market would be the commercial and professional sector but he envisaged eventual development of home-based terminals, and he pointed out the advantage of the service: the instant availability of the latest information.

It appears unlikely that any of these viewdata services will provide drastic competition for daily newspapers during the next few years, except perhaps in the field of business news. However, the new services can be expected to attract some advertising revenue (and also some development capital) away from newspapers.

Newspapers still have advantages over their present competitors, such as provision of a much greater range of information and generally better access to consumers in the higher income brackets. (While television gives advertisers an unrivalled access to the majority of people, there remains an important minority which views selectively and infrequently and which is more effectively reached through the print medium.)

Nevertheless, further concentration of the ownership of New Zealand's daily press during the next few years appears to be inevitable. Whether added competition comes from the outside or from diversification by the newspaper owners themselves, it will have the same effect on the profitability of newspaper operations.

FOOTNOTE: Cable TV programmes, which include feature films, documentaries and sports coverage, are transmitted by specially-laid cables to domestic television sets. More than 50 percent of all Canadian households receive television programmes by cable as well as by broadcast.

PROSPECTS FOR A NATIONAL NEWSPAPER

How far will this process of 'rationalisation' be carried? Taken to the extreme, or at least to the extreme of what might be acceptable to the Monopolies Commission, all dailies of any significant size may become members of two newspaper chains developed on the same lines as the present competition for private enterprise television.

In each chain, much of the editorial content and of the national advertising content could be prepared in one office and reproduced in every other newspaper with a minimum of further processing. The member newspapers in each of these chains might be individually owned at the start but would probably merge before long.

A simpler and more efficient development would be for a major publisher, possibly in conjunction with other companies, to establish a national* daily with separate editions for the larger cities and provinces. Several of the editions of such a national newspaper would be printed in each of a number of plants which could, for example, be situated in Hamilton, Palmerston North and Timaru.

Editorial and advertising material would be prepared in bureaux throughout the country, transmitted electronically to one or more co-ordinating offices for editorial layout and page composition for the various editions, and then transmitted to the satellite printing presses as facsimile pages ready for final reproduction. Similar practices are already in extensive operation overseas.

* There are no "national" dailies in New Zealand to this point because it is physically impossible to deliver a newspaper printed in any one centre to homes in centres many hundreds of miles distant. Within the industry, our newspapers are classified as "metropolitan" (published in Auckland, Wellington, Christchurch or Dunedin), "provincial" (any other moderately large daily) or "community" (lacking national and international news).

Whatever happens in the next few years, the writer believes that economic pressure will lead to further mergers and closures and that the remaining newspapers will soon be using computers and micro-processors in all of their departments. Printing staff will not be the only employees affected, and it appears distinctly possible that job opportunities in the newspaper industry may contract by as much as one-third in as little as five years.

Newspaper workers may see this view as alarmist but in their own interests they should consider what is already happening overseas: not only in editorial and printing departments but also in circulation departments and office procedures; not just on newspapers but also in the business world generally.

RADIO, TELEVISION AND THE PRESS COMPARED

The essential qualities of the present daily news services can be summarised in each case by just one word.

ADVANTAGES -

- Radio: Speed. No other medium can inform so many people as quickly (except at those times when most people have television switched on).
- Television: Entertainment. Handled properly (and certainly not just read out by a talking head), information presented by television is more interesting, entertaining and easy to assimilate than information from any other source.
- Newspapers: Depth. Far more information can be communicated in a given time by the written word than by speech. (Television film can be more efficient than either but is subject to major limitations.)

DISADVANTAGES -

- Radio: Ephemeral. Only skeletal information can be provided in the normal bulletin and this may not stay long in the memory. (One skeleton is very much like another.)

Television: Unbalanced. With the best will and the highest ethics it is often very difficult to present balanced film coverage of news events. The time available for screening is usually measured in seconds so only one aspect can be shown and selecting that aspect creates all sorts of problems.

Newspapers: Boring. To quote an advertising executive, "Press is dull, boring and essentially black and white."

The advantages of radio (which can also hold the attention of the ear without interfering unduly with the other faculties) and of television ensure their long-term survival.

At the same time, the failings of radio and television leave room for any information service that is not only fast and entertaining but is also better balanced and available in depth.

Whatever the failings of the daily newspaper in its present form, many may feel it deserves to survive on its merits. Merit, however, tends to come a poor second to economics, which is another word for survival of the cheapest.

The writer believes that if newspapers are to continue long-term, they must adapt fully to the electronic medium of communication by dispensing with newsprint. They will then be able to provide news as quickly as any other electronic information service, but a most valuable feature will be lost: the daily provision of a large body of common information to a large proportion of the population.

This information may be neither as comprehensive nor as balanced as purists might wish, its presentation may lack insight and empathy, but it provides one of the few unifying influences in an era marked by social stress and division.

NEWSPAPER OWNERSHIP AND EDITORIAL POLICY

Returning to the prospects for the next few years, some may see the expected further concentration of newspaper ownership as contrary to the public interest because it may reduce the

opportunity for the publication of alternative viewpoints. While the New Zealand press does not indulge in the extremes of criticism and political partisanship found in some overseas newspapers, it has perhaps gone too far the other way. Dr D E Stewart of Otago University has observed:

*"As in many nations, the press is free to print what it likes, freedom of expression and freedom of the press are basic rights - however, these freedoms are curtailed by legal constraints, a structure of formal guidelines and policies, and informal norms and values amongst pressmen and management. These have become so widely held and institutionalised that the New Zealand Press has been described as timid, consensual, and dull."*¹

More mergers and amalgamations may aggravate the situation. On the other hand, the greater resources of larger publishers would enable them, if they so wished, to do more detailed, long-term investigative reporting such as that by Pat Booth and the Auckland Star which contributed to the eventual pardon of Arthur Allan Thomas.

In general, however, the owners and managers of New Zealand's major newspaper companies have little liking for controversy and even less for crusading journalism. And to quote further from Dr Stewart's paper:

"Newspaper editors have strenuously maintained that they receive no directives or suggestions from either managements or boards on editorial or news content² but this may well be unnecessary since the auto-censorship and informal norms covering the collection and distribution of news and comment make management directives superfluous. Editorial appointments are made by boards and management and the tendency is to appoint men in their own image."

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Whether further and perhaps extreme concentration of newspaper ownership would be in the public interest or not, on past precedents the issue will be decided in the end by the industry's cost accountants.

Wilson and Horton closed the Weekly News (better known as the Auckland Weekly) and INL closed the Wellington Sports Post when their circulations appeared to have stabilised (see Table 7) and while they still had considerable readership loyalty. Presumably their accountants considered that better returns could be achieved by promoting other publications.

Perhaps they were right. On the other hand, the manager of the American Newspaper Advertising Bureau has commented: "Newspapers are unique. When they disappear, their successors and competitors never manage to capture more than a fraction of their lost readers." (3)

TELEVISION AND THE PRINTED WORD

Clearly, growing up in the era of television has affected the palates of flat-dwellers and young home owners. A generation ago almost all of them would have subscribed to a daily newspaper. It appears that now in many cases their appetite for information has been modified by television and their tastes have adapted to television presentation. They do not receive nearly as much verbal information from television as they would from the printed word in the same time but they are satisfied nevertheless, especially since television communicates so much more than the written word by way of movement and colour, wide view and close-up, inflexion and body language.

It is not only young casual readers who no longer regard the newspaper as a daily necessity. The writer has observed the same attitude among university students and young professional people.

It seems likely that the relative loss in newspaper coverage noted earlier is due largely to a failure to capture the interest of young people as they become adults. If this is so, the daily newspaper in its present form is already moving down the path trodden earlier by the dinosaur and the dodo.

A final factor -- in more ways than one -- is the millstone around the newspaper industry's neck known as newsprint. A great deal of labour and capital are expended manufacturing newsprint in the first place, then transporting and storing it, printing an image on it, and distributing it far and wide to hundreds of thousands of readers. But for the single, dominant element of newsprint, newspapers could compete with the broadcasting media on much more level terms.*

The point of this observation is that the technology for producing newspapers without newsprint is already available and the prototypes of the first electronic newspapers are already appearing in commercial or experimental form on television screens in overseas homes.

If the printed newspaper survives into the next century, it is likely to be mainly in the form of weeklies and other periodicals.

OVERSEAS NEWSPAPERS: THEIR PAST AND PRESENT

Newspapers have existed in one form or another for much longer than is generally realised. A manuscript gazette of official news was published daily in Rome from 59 BC.

The first printed newspaper was probably the Dutch "Nieuwe Tijdinghen", published from 1605, and the first daily may have been the English "Daily Courant" which appeared in 1702.

The modern daily newspaper evolved with the coming of steam to power printing presses (1814) and to provide distribution by rail; and with the evolution of the telegraph and the laying of cables (Dover-Calais, 1851; trans-Atlantic, 1866). These major technological advances enabled news to be gathered in hours, published in editions of several hundred thousand copies, and distributed to the mass of the population in a way that had never before been possible.

* New Zealand newsprint cost \$404 a tonne in January 1981 compared with \$142 in 1971 (and \$143 in 1961!) However, as emphasised here, the purchase price is only part of the cost of using newsprint.

For the next 100 years, give or take a decade or two, the only serious competition faced by daily newspapers was from other daily newspapers. Then along came television and as it developed and acquired colour it attracted considerable advertising support away from newspapers.

Competition from television and the escalating costs of newspaper production and distribution have been met in two main ways overseas.

The first is direct or indirect government subsidy of the newspaper industry, which applies in most European countries. Even in the United Kingdom there are major tax concessions. The danger of this approach is that, potentially at least, the editorial content and policies of newspapers become vulnerable to government pressure.

The other approach, developed to the greatest extent in the United States, has depended on mergers and amalgamations to obtain economies of scale and reduce internecine competition; on the extensive use of computer technology; and on producing a wide variety of editions, sections and supplements to cater for various segments of the readership market.

A consequence of a second approach has been the creation of widespread monopolies in the United States, where in 1979 only 2.5 percent of the 1600 communities in which daily newspapers were published had competing publications of any kind.

However, through these measures the newspaper industry in the United States appears currently to be in a reasonably strong position and newspapers in Europe appear not to be under immediate threat.

Lacking both subsidies and large markets, New Zealand's daily newspapers are not nearly as well placed to meet the dual problems of competition from broadcasting and of sharply increased costs.

THE POTENTIAL OF VIDEOTEX

Videotex, a new and potentially competitive information service, is already in commercial operation in the United Kingdom and in experimental operation in many other countries.

Some 100,000 British television sets are adapted (at an additional cost of about \$240 each) to receive the Ceefax and Oracle teletext broadcasts from the BBC and the Independent Broadcasting Authority. Apart from the initial cost of an adapted set, these services are free. They have been in operation for four years and transmit about 400 pages of up-to-the-minute news and specialised material. The viewer uses a remote control device to select pages for viewing from a displayed index.

The other form of videotex is viewdata, which is usually transmitted over telephone lines. The British system, Prestel, is operated by the Post Office and is based on a store of about 170,000 pages contributed by about 160 organisations. Television sets adapted for Prestel cost up to about \$2200, and the users of this service have to pay firstly for the use of the telephone line (up to seven cents for every ten minutes), secondly for a videotex charge of six cents a minute and thirdly for many of the pages at prices ranging from two cents to \$1.20. After two years of operation, 8500 Prestel sets are connected to the system. There is no overall editing of the Prestel information store, and some of it is poorly indexed so that the viewer can waste time and money identifying the required pages.

About 200 words of videotex can be displayed at a time but in practice the number is commonly 50 to 100, compared with perhaps 5000 on a newspaper page. Colour is used but so far the definition is poor and only crude designs and diagrams can be transmitted.

All things considered, it is understandable that some newspaper people do not see the potential of videotex as a serious competitor. The owners and operators of the trans-Atlantic passenger liners would have laughed their heads off if anyone had suggested in 1910 that aeroplanes would drive them out of business.

There is already ample evidence that videotex will swiftly become much more attractive and useful to consumers. Telidon receivers, developed by a Canadian Government research agency, incorporate micro-computers and are far superior to Prestel in both quality and flexibility. With the addition of a transmitting accessory the user can draw plans and sketches with a light pen and transmit them, together with text, to any other user. The system offers consumers the prospect of banking, shopping, learning and working without leaving their living rooms.

Telidon's picture is some 260 times sharper than Prestel's so photographs can be transmitted, although the reproduction is still well below newspaper standards.

Other examples of videotex systems with great potential are the Qube cable system in Columbus, Ohio, France's Antiope and Japan's Captain.

Qube provides a high degree of personal service -- for example, it will even summon medical assistance automatically if an elderly person wearing a special medallion falls in or near the home.

Antiope's facilities include the capacity to provide a national electronic mail network as soon as low-cost teleprinters have been developed for home installation.

The Japanese have allocated more than NZ\$15 million to the development of Captain, which has been designed for subsequent transformation into a medium incorporating news and feature film.

Telidon and these other systems are still at the developmental stage. They will need more advanced transmission lines such as optical fibre cables to perform to their full potential, and there is still the problem of how the services which they can provide are to be owned and controlled.

Nevertheless, the solution of these problems is only a matter of time. Within five to 10 years New Zealand could be installing an advanced form of videotex, and the savings in transport costs alone could pay for it.

These savings would include reductions in:

- (1) Commuting travel, since much work would be done from the home.
- (2) Inter-city travel, since many business conferences would be conducted by video.
- (3) Postal delivery, since most mail would be transmitted directly from sender to receiver.

THE FUTURE OF PRINTED NEWSPAPERS

Just as propellor-driven aircraft are still able to compete with jets in certain applications, some daily newspapers may still be published in 30 years' time in some parts of the world.

Further technological advances can be expected in printing so that -- while the economies of large-scale production remain available -- newspaper production is likely to become relatively cheaper. As with other businesses, word processors and the electronic transfer of funds will lead to cost savings through major reductions in office staff.

Nevertheless, there is still the problem of newsprint itself -- or of any material product that may be developed as a substitute. Nothing that has to be distributed physically can compete economically with an image transmitted to a screen.

Distribution costs will eventually eliminate household delivery except in societies where it is fully or heavily subsidised by the state.

Commuter and street sales will be economically possible for longer but no New Zealand daily as presently structured could survive on these sales alone. The development of efficient home information/office systems combined with increasing transportation costs seems certain to reduce the numbers of commuters and of those working in city centres.

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In any case, personal and highly portable electronic screens are already being developed so that before long people will be able to watch television and teletext while commuting, including up-to-the-minute news flashes.

One possibility, which overcomes the daily delivery problem, is for newspapers to be transmitted to printers in the subscribers' homes. The printers would have to be much cheaper, smaller, faster and quieter than anything now available, but advancing technology could solve all these problems. Each subscriber could receive an edition tailored to his or her individual interests -- with or without information on horse-racing, the share market, American politics, international chess, etc.

Even when delivered in bulk instead of daily, newsprint would still be relatively expensive and have other disadvantages, but eventually a re-usable material would be developed as an alternative.

Even so, it is doubtful if there would be a large market for this kind of newspaper once electronic screen information services are well developed.

The printed newspaper may be the founding member of the mass media club, but it may not be eligible for membership past the 1990s.

NOTE: While the future of newsprint manufacturers is outside the scope of this paper, it would appear highly unsafe for them to base long-term estimates of future demand on present consumption and past growth rates.

NEWSPAPERS WITHOUT PAPER

The most logical and likely news development is the universal use of the television set to receive not only television programmes but alternatively a news display whenever the viewer wishes.

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By using a call-up keyboard the viewer will first receive a summary of the latest news highlights as a textual display. Then he or she will call up additional information on any item that is of interest, together with video clips and (where appropriate) maps, multi-coloured diagrams and other visual aids to the comprehension of complex reports and issues.

The use of textual displays will save time, since scanning is much quicker than listening to the spoken word, but all the advantages of television will also be available. The providers and users of this service will have the best of both worlds.

There will be no waste of time, energy or material. Each viewer will call up only information of interest or value to that particular individual.

Lists of contents will be available for each of a wide variety of information sectors -- politics, commerce, sport, racing, international affairs, farming, medicine through to cat-breeding and stamp collecting.

There may be no letters to the editor but instead there could be frequent polls of the viewers, answered on the spot by using the keyboards, and the results of these polls would become part of the news.

For the minority who read newspaper editorials, the electronic newspaper could commission comment and interpretations from various individuals, to be presented in either textual or spoken form.

In any reasonably free society, competing information services will be available. This competition should lead to high standards of news collection and presentation, and fairly large organisations will be required to provide national and international news. Even if the present provincial daily newspapers manage to survive to this point, it is difficult to imagine them being able to compete in the electronic era.

On the other hand, there will still be a demand for local or community news and small news organisations could provide this effectively and economically as long as they can obtain access to transmission facilities at reasonable rates.

Present-day readers may have great difficulty adjusting to a newspaper they cannot hold in their hands and cannot put away to look at again later. This problem could be partially overcome by adding printers to television receivers but the result might not look or feel much like a newspaper. The problem of subsequent reference could be solved better through a filing facility enabling the viewer to keep in storage, on disc or tape, any information that he or she might wish to retrieve in subsequent days or years.

Bearing in mind the fact that this file material could include video clips of controversial incidents in sport and other information that generally cannot be reproduced on newsprint, and the fact that the electronic newspaper will always have the latest news instantly available, it is difficult to argue that the newsprint daily newspaper will be able to compete indefinitely against the current new technology, let alone the technological advances still to be made.

In spite of the lack of physical contact with a tangible object which is a major psychological disadvantage of the electronically-displayed newspaper, the writer believes that for economic reasons most consumers will accept that loss and welcome the advantages of the new newspaper.

After all, the printed book is also on the list of endangered species. It seems certain that in the 21st century most new books will be available only on a plastic disc or tape, which will be 'played' page by page on standardised reading screens that can be held in the hand or propped on a table or desk.

Some books will still be printed on paper but only where they are considered worthy of presenting as an art form and where consumers will be prepared to meet the high costs that will be incurred for relatively small production orders.

It is possible that a similar, limited market will exist long-term for printed periodicals, including weekly newspapers. The tactile newspaper would probably have to be produced with an artistry and to a editorial standard to match the printing costs, which in time will become relatively high because of limited sales.

PROBLEMS FOR NEWSPAPER PEOPLE

Newspaper workers, managements and owners appear headed for serious problems unless they read the signs in time.

It seems certain that many workers will be forced to seek employment in other industries or in other sectors of the economy. Those displaced will include most printers and delivery workers and the majority of clerical staff.

The fate of many other newspaper people will depend on who develops and publishes the new, fully-electronic information services. Provided that both managements and journalists are sufficiently adaptable, the present newspaper sector must be a strong candidate because of its long and wide experience in news gathering. (On the other hand, to reach its potential the new medium will also have to make skilled use of television production techniques.)

In New Zealand, newspaper directors appear to be doing all in their power to enter the fields of television and viewdata (though this does not necessarily mean they realise all the possibilities of videotex).

The change from newspaper reporting by the column and half-column to the highly-condensed and mind-catching summaries required for the new medium would be difficult for many journalists to achieve and some would find it impossible.

The new journalists will have to be able to amalgamate more material from more sources than at present, they will have to work against never-ending deadlines, and they will have to be able to combine text with speech, film, photographs and diagrams in effective information packages.

In fact, relatively few people will be able to do more than a part of this work. Specialisation, co-ordination and large editorial staffs seem almost inevitable.

Most younger journalists (and some older ones) may adapt adequately and those already in their fifties may reach retirement age before their present newspapers sink under them. This will still leave some hundreds of journalists -- the bulk of those who are now in their 30s and 40s -- whose future appears uncertain.

The writer has expressed the view earlier in this paper that as many as one-third of the present jobs in the newspaper industry may be lost through mergers, take-overs and closures of the existing daily newspapers. The move of the surviving print industry into the fully-electronic information industry, assuming it can be made, is unlikely to provide jobs for more than half of the workers who are still employed at that point.

OPTIONS AND REQUIREMENTS FOR THE FUTURE

There appear to be a number of alternative futures available to New Zealand, depending to a considerable degree on what options we select in the use of energy and other resources during the next few years.

As far as newspapers are concerned, however, the choice of options may be quite limited.

Barring catastrophes, we seem to be moving inexorably toward one variety or another of an information-based, post-industrial society. Presumably any such society will need a form of newspaper, but except for limited applications it may neither need nor be able to afford print newspapers.

There may well be an intervening stage before the development of fully electronic newspapers in New Zealand. Given the problems of the existing daily press, the topography of the country, and the success of satellite printing overseas, we may see the restructuring of our print media industry into just two levels, national and community, with possibly a thinking person's weekly press on the side. This could take place largely within the next five to ten years.

In the longer term, it is difficult to see how newsprint can survive into the 21st century against the competition of the electronic screen. From the avid interest which the major New Zealand newspaper companies are taking in television and viewdata, this conclusion may have been reached already in publishing company boardrooms. Perhaps the writing is already on the wall; not printed but projected.

In this event, some options will still be open and the decisions that are taken may have a fundamental influence on our whole society.

What facilities will be available for the transmission of electronic newspapers? Will they be restricted to approved users, and if so, approved by whom? Will they be available on a strictly-accounted, user-pays basis, and if so, will individuals and small organisations be able to meet the transmission charges? Will most of the truth and nothing but the truth be available to all the members of our future society or only to the more wealthy members? And if Pontius Pilate felt unable to decide what was true, to whom can we entrust the news services of the future?

Even now, there is concern in some quarters about the adequacy, balance and impartiality of the information which New Zealanders receive from their newspapers, and which the newspapers in turn receive from the NZ Press Association and its overseas contacts.

A commentator has observed that the NZPA "attempts solely to distribute and not interpret news, but this does not prevent bias in the sources from which it draws or the areas to which it devotes most attention". (4)

Anthony Smith has referred to "Saigon's Five O'Clock Follies, the daily briefings that confused a decade of reporting on the war in Vietnam" and has gone on to say: "Iran had been a further example of Western journalism following blindly the flow of official handouts and pursuing information only within the general lines of national policy". (5)

Certainly New Zealanders received a different picture of the war in Vietnam from that which neutral countries -- for example, Canada, Scandinavia and continental Europe -- received from their own reporters.

Both as an oil producer and as a market, Iran is of considerable importance to New Zealand. Regrettably, in general we received the same inadequate and misleading reportage from the Shah's Iran as did the American people, which is hardly surprising since in general it came from the same sources.

It can reasonably be concluded that the overseas representatives of the New Zealand press should abstract their news reports with more care and from a wider range of sources.

From his comments quoted earlier in this paper, Dr D E Stewart obviously believes that our internal press coverage also requires improvement.

An issue of critical importance to the news media and to the people of New Zealand is the future upgrading of our communication facilities.

The writer believes there can be no argument with the view of the Dutch Government, quoted at the beginning of this paper: "The technical differences between communications systems (e.g. data communication and traditional means such as newspapers) will eventually disappear."

This means that newspapers of the future will be transmitted, not distributed in a material form, and the question is by what facility or facilities.

The present telephone and broadcasting systems could be used, but only if the future news services are to be relatively primitive.

From the technology now available, and for reasons set out in the 1981 Report of the CFF Communications Policy Research Group, the most appropriate options appear to be optical fibre cable as the main electronic highway and orbiting satellites for supplementary internal transmissions as well as international communications.

Whatever technical options may be adopted, if the citizens of the future are to be thinking and decision-making individuals, rather than just economic units of production and consumption, there are surely two prerequisites in the information sector.

The first is that whatever form of news service we receive in the future must draw upon the whole range of significant information.

The second is that there should be ready access to transmission facilities for the alternative viewpoint, the non-conformist attitude, the unpopular cause and the politically-embarrassing fact.

CITED MATERIAL

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- 3 Leo Bogart, Journal of Communications, Spring 1975
- 4 Wood, G.A. "The New Zealand News Media: Political Orientations and Patterns of Control" in "New Zealand Politics: A Reader", edited by S. Levine.
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THE DAILY NEWSPAPER IN NEW ZEALAND: AN ENDANGERED SPECIES: A CRITIQUE

The title to the paper and the summary of conclusions prepared by Mr Conway suggests that the daily newspaper in New Zealand in its present form, has a "limited future". Three reasons are given to support this assessment. These reasons are strongly challenged particularly as data is available which clearly shows that in fact the contrary assessment is correct, that newspapers based on experience to date will only improve in content, layouts and circulation in the years ahead. While many of the facets of the paper based on the data used are quite correct, the assumptions the facts are used to support, indicate that the author does not understand performance of media in the New Zealand market or the reasons behind an advertiser's decision to allocate funds to any of the media groups. For instance circulation and advertising expenditure data have been used to support a claim that "there is a substantial transfer of public and advertising support from newspapers to television". This claim is demonstrably incorrect.

The second basic assumption is that increased competition from electronic "media" will affect the performance of newspapers. This assumption is supported by material published primarily in the mid 1970's, before any country had practical experience of consumer orientated electronic information services, cable television, interactive cable television, and prior to the consumer boom in videotape recorder sales and sales of home computers. Practical experience shows that increased activity is assisting the print industry.

This evaluation will therefore concentrate on the four basic areas:

- (1) Penetration
- (2) Advertising Support
- (3) Increased Competition
- (4) NZ Newsprint Consumption

(1) Penetration of Daily Newspapers (Reader Support)

The author has used a complicated formula to produce a set of figures which are designed to estimate daily newspaper readership from 1961 to 1980 (Page 15 Table 6).

If the author had extended his research to include media researchers, advertising agencies, or newspapers he would have discovered that simulation is unnecessary as syndicated industry research exists to provide the industry with this information.

The research proves that contrary to the estimated 28% reduction in readership of daily newspapers from 1966 to 1980, the unduplicated readership of daily newspapers against All People 15+ has remained constant from 1968 to 1980.

1(i) <u>Unduplicated Weekly Readership All People 15+</u>		
	<u>1968</u>	<u>1980</u>
	94.0%	94.0%
Source:	1968 National Research Bureau 1980 McNair Surveys (NZ) Ltd	

It is true that combined circulation has remained static over the last few years, but the point which is not made in the paper is that household penetration represents the newspaper industry's potential.

With 1980 daily circulation in excess of 1,050,000 copies per day it is clearly apparent that daily newspapers are read each day in almost all of New Zealand's 949,000 private dwellings. (It should be noted that a percentage of these "private dwellings" comprise second and holiday homes which must be discounted for assessment purposes).

Industry research (Heylen Newspaper Reader Behaviour Study 1979) shows that 76% of newspaper sales were home delivered. Using the figures nominated in the paper;

(1980 Daily Sales	1,050,000)
(1980 Permanent Dwellings	949,000)

we can demonstrate that 76% of total daily sales = 798,000 home delivery copies and home delivered penetration = 84.08%.

The majority of the 151,000 permanent dwellings not covered by daily home deliveries, purchase newspapers as a regular daily habit from newsagents, dairies, honesty boxes, street vendors, etc. This still leaves more than 100,000 copies daily to be delivered to offices, hotels, motels, hospitals, etc as stated in the paper.

Combined daily circulation growth has not kept pace with population growth, but the decline has taken place in the area of "two newspaper" homes. In 1969 the average New Zealander read 1.41 newspapers per day, (National Research Bureau, 1969 Readership Study). In the 10 years to 1979 this figure had declined to 1.29, however, a 7.6% increase in total newspaper readership (188,000 readers) was recorded in the 1980 McNair Readership Research and it is probable that this increase will be reflected in increased circulations in September 1981.

In other words, static circulation relative to population growth, has only resulted in a reduction in "two newspaper" homes. Household penetration is still in excess of 90% daily, as it has been since the 1950's.

(2) Advertising Support

The basic premise presented through this section of the paper is that increased competition from broadcast media will continue to erode newspapers' share of the advertising dollar.

This is where the author demonstrates an almost total lack of knowledge of the reasons why an advertiser decides to spend with one medium rather than another.

There are two prime approaches to media selection:

- (a) Mass audience approach
- (b) Audience segmentation

Approach (b) is usually limited to campaigns targeted towards specialist audiences e.g. travel agents, solicitors, dairy farmers, etc. The New Zealand market is generally regarded as too small for finite segmentation of the general consumer market.

Approach (a) is commonly used for most consumer orientated campaigns in New Zealand.

As a result of development of television services through the mid 1960's and early 1970's, television advertisers were presented with an increasingly larger mass audience each year. The first step towards fragmentation of the relatively predictable mass audience delivered by television began with the second channel introduction in 1975. The introduction of a third channel, the development of satellite super stations, the rising popularity of videotape recorders, and the introduction of lower priced video disc units will all contribute to a greater degree of television audience fragmentation. As this audience fragmentation takes place media selection strategies are forcing expenditure away from a fragmented range of viewing options, towards the stable and mass audience of daily newspapers.

This trend has been experienced in the last few years. As television audiences decline and television advertising costs increase, which they are currently doing, a perceptible swing in the placement of national advertising dollars from television to other media has been observed.

Table 2 (i) shows display advertising volume in daily newspapers 1977, 1978, 1979 and 1980.

2(i) <u>Advertising Volume Daily Newspapers 1977-1980</u>				
	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Display Advertising ('000 cms)	34,151	34,485.1	37,161.7	39,989.8
Source: Industry Returns to Newspaper Publishers Assn				

Note: Classified advertising volume has been excluded from these figures because this form of advertising is not available to other media.

The increase in display advertising volume must be viewed against a reported reduction in the percentage of available television time sold (Broadcasting Corporation Reports to Parliament).

Advertising Revenue

Mr Conway's paper goes to great lengths to point out that the newspaper share of total advertising revenue has declined from its pre-television share of 80% to the 1979 figure, but it fails to record the fact that the introduction of competitive media vehicles has resulted in the total advertising pool increasing by 652%, or almost twice the rate of the CPI increase between 1961 and 1979.

While television advertising revenue has increased over the 1977-80 period, for example, its growth has not been at the expense of newspapers which have retained a constant share of just under 50%.* There is no evidence to suggest that this pattern will alter dramatically in the immediate future. To obtain a more accurate picture of media share in "real" terms, media rate inflation must be taken into account. Using rate increases for the 1979-80 period supplied by a major New Zealand Advertising agency, Dobbs-Wiggins McCann-Erickson, it is possible to compare the rate and revenue increases for several major media groups. This provides the following information:

Advertising Revenue in Major NZ Media

<u>% Increase Rates</u>		<u>% Increase Revenue</u>	
Newspapers	+19%	Newspapers	+20%
Television	+27.5%	Television	+27%
Radio	+20.5%	Radio	+25%

These figures suggest that in real terms, share figures are generally holding constant and that increases merely reflect increases in rates.

The paper fails to record the fact that although the newspaper industry costs have increased at a greater rate than advertising revenue, the progressive introduction of new, computer based, technology has resulted in significant reductions in the cost of producing a daily newspaper, thus ensuring that the newspaper retains its attractiveness, cost wise, as an advertising medium.

Nor does the paper mention the additional source of revenue available to newspapers - circulation income. This figure is currently in excess of \$52,000,000 per annum, and it represents

* See Appendix 1

a 60% increase on the advertising revenue figures quoted by Mr Conway.

Most advertising industry sources predict that the continuing decline of television ratings and increased costs fueled firstly by TVNZ rate increases, and then by the introduction of additional channels, will result in increased demand for newspaper advertising.

(3) The Future of Printed Newspapers

The paper's opening paragraph on this section (pp41) indicates that the author does not consider the continued existence of newspapers as a very real possibility.

The balance of the paper supports this viewpoint by listing other forms of media which are evolving overseas, and positioning them as prime competitors to daily newspapers. This positioning is undertaken in spite of many experiences which show the news media to be complementary rather than competitive.

The American and Japanese markets both illustrate that the new electronic media and daily newspapers in fact have cross pollinated and fed each other so that the reader is able to obtain more from his newspaper in terms of specialist tailored information more suited to his needs and lifestyle.

The television industry should be more concerned about these developments because of audience fragmentation. Overseas satellite networks, for example, are having effects on the television industry in terms of loss of audience, and the diversion from television of certain categories of advertising.

The impact on newspapers is expected to be mild. In a recent assessment carried out by International Resource Developments, a recognised world leader in commercial research of financial and high technology industries, it was predicted that in the United States, revenue loss of about \$110 million in advertising revenues will be diverted from newspapers in 1985; this compares with total estimated newspaper advertising revenues in 1979 at \$14.6 billion. Even in 1990, when the impact will certainly be greater, only about \$450 million worth of advertising is expected to be diverted away from newspapers. However, the losses for television and radio over the same period are predicted to be twice this amount. Translating these predictions to the New Zealand situation, revenue loss is expected to be minimal for the newspaper industry, primarily because of the complementary nature of much of the new electronic media forms. These predictions are the antithesis of the predictions made by Mr Conway.

The IRD paper also predicts no loss of newspaper readership through the advent of the electronic developments; although much news and other information will appear on the electronic and print medium, newspaper subscribers will still find the print medium convenient for ease and speed of scanning, browsing, etc, and will continue to subscribe to papers. And of course, many papers are purchased to be read on trains, buses, etc, at times when the view data type systems could not in any case

be accessed."

The following extract from an address presented by Peter Romans, Production Director of the American Newspaper Publishers Association, summarises the mood of optimism in the American newspaper industry:

"There has I feel been a great deal of speculation, action and at times over reaction to the electronic newspaper and the delivery of electronic information to the home, and the disastrous effect that these blossoming marvels will have on the traditional newspaper.

Just as magazines, radio and television have had some impact and effect on the newspaper product in the past, so will the coming developments of electronic information systems have an impact on newspapers in the future.

Remember that information printed on paper is economical, efficiently perceptible, portable and in depth, and will continue to provide the most effective method of transferring mass amounts of information to a mass audience.

The strength of the daily newspaper has always been and will continue to be that it provides information on subjects the reader "did not know he wanted to know about".

4. New Zealand Newsprint Consumption

One of the most revealing sets of figures that are available and which distort Mr Conway's assessment that newsprint costs cannot compete with costs associated with electronic media forms are the newsprint consumption figures available from the Tasman Pulp and Paper Company.

<u>Year</u>	<u>Past NZ Newsprint Useage (In Tonnes)</u> <u>Apparent Annual Consumption</u>
1960	42,406
1964	69,508
1968	70,215
1972	98,329
1976	100,002
1980	107,700

These figures clearly show that, useage of newsprint has dramatically expanded over the last twenty years. The fact that Tasman plan to commission an additional newsprint mill suggests that that Company does not share Mr Conway's pessimism of the future.

Conclusion

The aim of this critique has been to challenge, in a fundamental way, a number of conclusions reached by Mr Conway. It is perhaps unfortunate that Mr Conway's paper appears to have been prepared with a pre-determined conclusion in mind. Only material which can be used to support the original hypothesis has been included. The projections relating to threats caused by the electronic newspaper and electronic information systems do not bear any resemblance to the initial experience in countries experiencing the new wave of communications technology.

The paper's basic premise of a withdrawal of advertiser and reader support can be demonstrated to be incorrect in the case of readers and a situation which is changing, and will continue to change, as far as advertisers are concerned.

In these circumstances predictions relating to minimal job opportunities, loss of advertiser support and loss of investor support are extremely dangerous when they are unsustainable, and contrary to trends occurring both in New Zealand and in overseas countries. The effect that these unsustainable conclusions will have on staff morale and advertiser and investor confidence if published, cannot be gauged. However, to publish the paper in its present form, will, it is suggested be an extremely cupable act.

Whilst this critique has shown that the future for the newspaper industry is encouraging, market changes have meant that the newspaper industry has not remained complacent to the electronic boom. In fact, there is ample evidence available that the industry has met the challenge of competition in a very vigorous way. The adoption of technology will have the effect of ensuring that the industry retains its competitive edge over other media forms and remain an attractive vehicle for advertisers, readers and most importantly investors.

APPENDIX 1

Advertising Revenue: Major New Zealand Media

	<u>\$m 1977</u>	<u>\$m 1978</u>	<u>\$m 1979</u>	<u>\$m 1980</u>
Newspapers	74 (47.7%)	84 (47.4%)	91 (46.3%)	109 (46.4%)
Television	31 (20%)	38 (21.5%)	42 (21.4%)	53 (22.5%)
Radio	17 (11%)	20 (11.3%)	24 (12.2%)	30 (12.7%)
Magazines	10 (6.4%)	12 (6.8%)	14 (7.1%)	16 (6.8%)
Direct Mail & Other	23 (14.9%)	23 (13%)	25 (12.7%)	27 (11.5%)

Source: January/February issue of NABSCAN

Comment from Mr N.P. Webber, NPA President

I have been asked at short notice (and on the very eve of publication) to comment on "The New Zealand Daily Newspaper : An Endangered Species", written by Mr. Michael Conway and published by The Commission For the Future.

I have not the time - and see little point - in writing another lengthy paper putting forward a very different viewpoint.

However, I would like to make these brief points.

Like almost every product or service today, newspapers face changing times through new technology.

The newspapers of New Zealand, like newspapers world-wide, have and are, adapting to changing life-styles, the advantages of the computer, new methods of printing, and new forms of communication. Generally speaking the newspaper industry in this country is coping well with the challenges. As has always been the case, some are doing better than others. Some newspapers have closed and in most cases are being replaced with different types of newspapers. No doubt this process will continue in the years ahead.

The daily newspaper is still a primary form of communication. Nevertheless, most newspapers are actively investigating other forms of communicating news and advertising, especially in the electronic field which comprises broadcast television, cable television, radio (including FM radio), and data retrieval systems (Videotex).

This active investigation has been proceeding for many years.

In U.S.A., the most advanced electronic economy in the world, newspapers are still viable and their numbers and total circulation remain very high. Broadcast television, cable television, radio, and forms of Viewdata have to date, had little impact on the viability of daily newspapers. There is no evidence of pessimism although the industry is constantly adapting to more efficient and economical methods of production and distribution.

Mr. Conway's paper is a highly subjective opinion which is open to challenge on many points. It contains several questionable assumptions. It is singularly lacking on contrary opinion and research data which are needed to make it objective.

Forecasting the future is a perilous occupation. After World War 1 there was a widespread conviction that radio would severely affect daily newspapers. But this has not proved to be so. A few decades ago the demise of the cinema was confidently predicted at the hands of broadcast television: today the cinema is very much alive while broadcast television itself shows evidence of decay.

The confidence of the newspaper industry in the future is underlined by the billions of dollars being spent world-wide in new forms of composition and printing, including here in New Zealand. Newsprint consumption in New Zealand is growing, not declining. Surely the Tasman mill would not be seriously contemplating a substantial expansion (costing around \$200 million) if it was not confident of the future. This parallels expansion of newsprint production in many countries of the world, including Australia. However, it would be idle to pretend that changes are not occurring -- and will occur -- among daily newspapers.

In my opinion, the demise of the daily newspaper is not even in sight.



N.P. Webber,
President,
Newspaper Publishers' Association
of N.Z. (Inc.) (NPA)
