

## THE LAST READER?

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In his last novel, 1984, Orwell describes a world in which television is universal and works in both directions, though apparently only in black and white. Weights and measures have been decimalised. Books are written by fiction machines, while the press has dwindled to a single newspaper, *The Times*, with a circulation of one, used exclusively as a document of record.

As a forecaster Orwell scores about five out of ten. We do have universal television but it still works in only one direction. In Britain the currency and most weights and measures have been decimalised. Print is now set by computer but, although you might not always think so, texts are still written by novelists and journalists. Where George Orwell got it really wrong is over the press, which is stronger than ever. While a time may come when "The last reader reads no more", as Oliver Wendell Holmes put it, there is not the slightest sign that it is even approaching.

I wonder what forecasts we would have made for the press today if fifty years ago if we had known that television would be universal, in colour, available on any number of channels and made flexible by video time-shift.

We would have considered point by point the advantages of television over the press: that it is universally accessible whereas print requires literacy; that it offers movement, sound and full colour where print offers only text plus still pictures in black and white or colour; that television is immediate where print is anything from half a day old or longer by the time it reaches its readers. Perhaps most strikingly, television offers its advertisers a completely captive audience, whereas print media can do no more than provide opportunities to see advertising which readers may accept or ignore as they wish.

I think our expectations would have been that television would take over as the dominant medium for both news and entertainment for the bulk of the population. Even more clearly television would dominate advertising if once it were allowed to establish itself as an unrestricted medium. Without such restrictions advertising would flow into television, and print media would enter a vicious spiral of declining quality, declining circulations and further losses of audiences and advertising support.

In the post-war period European governments did generally take this view of the threat that television posed to print media, so that commercial television remained lightly or heavily restricted for the next thirty years in most countries. But now we have experience of a decade of complete de-regulation in some of Western Europe's most important markets and relaxation in others. We can therefore examine what the effects of competition over both audiences and advertising have actually been.

At first sight the fears of the impact of television on the press appear to have been fully justified. Table 1 shows the trend of national newspaper circulation in the UK from 1960. The table shows circulations of national dailies and Sundays per head. They are also combined by giving dailies a relative weight of six.

**TABLE 1**

**UK National Newspaper Circulation p.c.**

	Dailies	Sundays	Combined
1960	.318	.515	.346
1965	.273	.461	.299
1970	.275	.439	.299
1975	.266	.383	.282
1980	.281	.343	.290
1985	.273	.299	.272
1990	.262	.278	.264

Source: ABC

There was an immediate sharp fall in circulation after 1960, the year in which the commercial television network was completed. It was followed by a decline averaging about 0.5% per year after 1965. But this does not tell the whole story as we see if we look at trends in newsprint consumption as well as circulation.

Table 2 shows the relationships between circulations of dailies and newsprint consumption on the one hand and per capita GDP on the other for three groups of advanced countries. These are the 12 EC countries, less Luxemburg, plus the USA, Japan, the three other Nordic countries, Austria and Switzerland.

The six rich countries at the beginning of the period were the USA, Switzerland and the four Nordic countries. Their mean per capita GDP expressed at constant prices in local currencies converted into 1985 dollars was 15,080 in 1981, rising to 17,300 in 1991.

**TABLE 2**

**Newspapers by Countries' GDP p.c. Ranking**

	1979	1988	Change % p.a.
circulation of dailies per capita:			
6 rich countries	.290	.272	-0.8
6 medium	.413	.406	-0.2
6 poor	.097	.102	+0.6
	1980	1988	Change % p.a.
newsprint consumption per capita:			
6 rich	44.5	47.4	+0.8
6 medium	21.1	25.2	+2.2
6 poor	6.2	10.0	+6.2

The medium group consists of Germany, Japan, France, the UK, the Netherlands and Belgium. Their mean per capita GDP increased from 9,130 to 12,070 over the period. The six poor countries at the time were Italy, Spain, Greece, Portugal, Austria and Ireland. Mean per capita GDP rose from 5,400 in 1979 to 8,080 in 1991.

The first part of the table shows that there is no consistent relationship between per capita circulation of dailies and GDP. In particular, Japan had about twice the circulation level of the United States in 1979 when its per capita GDP was only about half as great. In contrast the second half of the table shows that per capita consumption of newsprint is closely associated with per capita GDP and its rate of growth.

Table 3 re-groups the countries listed in Table 2 according to their annual mean increase in GDP in their own currencies deflated by their own indices of retail prices between 1981 and 1991. On this basis the six countries with low rates of growth were the USA, the Netherlands, Switzerland, Sweden, Norway and Greece. Their mean real growth in per capita GDP was 1.36% per year.

The medium group consists of Germany, the UK, France, Belgium, Finland and Denmark, with mean annual growth of 2.45%. The six countries with high rates of growth are Japan, Italy, Spain, Portugal, Austria and Ireland. Their mean annual growth was 3.74% over this period.

**TABLE 3**  
**Newspapers by Countries' GDP p.c. Growth Ranking**

	1979	1988	Change % p.a.
circulation of dailies per capita:			
6 low growth	.276	.266	-0.4
6 medium	.330	.309	-0.7
6 high	.335	.348	+0.4
	1980	1988	Change % p.a.
newsprint consumption per capita:			
6 low	43.0	45.6	+0.7
6 medium	20.5	24.7	+2.3
6 high	14.7	18.7	+3.0

The trend of circulation of daily newspapers again does not follow a consistent pattern, with a greater decline in the medium group of countries than in the slow growing group. In contrast the trend of per capita newsprint consumption is very close to the rate of growth in per capita GDP in each group of countries. We can see that total demand for newsprint is economically determined while the circulations of dailies are governed by historical and marketing factors specific to each country.

Perhaps the most interesting way of grouping countries is according to the extent that commercial television is restricted. While the constraints on advertising vary in some respects between all countries, a "free" or least restricted category can be defined as the USA, Japan, the UK, Spain, Portugal, Greece and Austria. For this category press expenditure as a percentage of press and television expenditure together declined only from 63% in 1981 to 61% in 1991.

The countries in which commercial television is still most heavily restricted are the four Nordic countries together with Germany Switzerland and the Netherlands. For this group the share of the press in combined press and television expenditure declined from 91% in 1981 to 85% in 1991.

The third group consists of the four countries which were effectively de-regulated during the eighties, that is France, Italy, Belgium and Ireland. In their case the share of the press fell from 81% of combined press and television expenditure in 1981 to 63% in 1991.

Table 4 shows how circulations of dailies and consumption of newsprint have changed for these three groups of countries.

**TABLE 4**  
**Newspapers by Countries' TV Restrictions**

	1979	1988	Change % p.a.
circulation of dailies per capita:			
7 free	.341	.325	-0.5
7 restricted	.364	.380	+0.5
4 de-restricted	.152	.142	-0.8
	1980	1988	Change % p.a.
newsprint consumption per capita:			
7 free	32.4	36.5	+1.5
7 restricted	26.0	28.5	+1.1
4 de-restricted	9.8	12.7	+3.3

The first part of the table appears to support the hypothesis that newspapers are severely affected by de-regulation, since the circulations of dailies did decline most in the countries where commercial television was most liberalised during the eighties; it was only in the most restricted group of countries that any increase in daily newspaper circulation was achieved.

However, the second half of the table demonstrates that the situation for total newsprint consumption was precisely the opposite. It was in the countries that television was most restricted that the use of newsprint stagnated while in those countries where commercial television was liberalised consumption per head grew fastest.

The conclusion to be drawn from these tables is that trends in the circulations of dailies are a poor guide to what is happening to the print medium as a whole. Taking the UK as an example, what has actually happened is, first, that the pagination and price of national newspapers have greatly increased. Hence on the assumption that demand for reading has been rising in line with the growth in newsprint consumption and growth of GDP, that demand can be met from a considerably lower number of copies. This process has clearly been at work for Sunday newspapers where the level of duplicated reading has fallen sharply.

A second factor is that daily newspapers are only one of the sectors of the newspaper industry. For historical reasons the importance of national and regional newspapers varies widely from country to country. Similarly, there is no reason why the breakdown between daily and weekly newspapers should remain constant over time.

This leads on to the third factor, the development of free distribution newspapers, which are mainly weeklies. This development has been stimulated by technology, by the growth of commercial television and by trends in advertising. But the effect is that the volume of print consumption has tended to rise in line with national income in all countries without any great variation arising from the scale of commercial television.

We now look in the same way at the trends of total advertising expenditure and press advertising expenditure by country during the eighties, expressed in constant 1985 US dollars per capita.

**TABLE 5**

**Advertising by Countries' GDP p.c. Ranking**

	1981	1991	Change % p.a.
total advertising per capita:			
6 rich countries	172.0	215.6	2.3
6 medium	66.4	109.4	5.1
6 poor	21.5	59.6	10.7
press advertising per capita:			
6 rich	102.4	120.3	1.6
6 medium	43.1	61.4	3.6
6 poor	13.6	31.5	8.8

The table shows that in the poor group of countries both total advertising expenditure and press expenditure per capita in 1981 were about one-eighth of the levels in the rich group of countries. But per capita GDP in the poor group was already 36% of per capita GDP in the rich group: total advertising was 0.43% of total GDP compared with 1.14% of total GDP in the rich group.

Over the next ten years press and total advertising expenditure, as well as per capita GDP, increased much faster in the poor group than in the rich group, so that by 1991 total advertising expenditure had reached 0.73% of GDP in poorer countries compared with 1.25% in richer countries. In all three groups total expenditure grew about 30% faster than press expenditure.

These patterns suggest that economic growth generates large but decelerating increases in advertising expenditure for all media, possibly reaching a ceiling at about 1.5% of total GDP. Press expenditure increases more slowly but still raises its share of GDP at the levels reached by the end of the period.

Table 6 illustrates the effects of varying degrees of restriction on the trends of total advertising expenditure and press expenditure in the same way as Table 4.

**TABLE 6**  
**Advertising by Countries' TV Restrictions**

	1981	1991	Growth p.a.
total advertising per capita:			
7 free	121.3	164.0	3.1%
7 restricted	84.0	119.5	3.6%
4 de-restricted	34.1	73.9	8.0%
press advertising per capita:			
7 free	67.5	86.2	2.5%
7 restricted	70.7	91.4	2.6%
4 de-restricted	22.0	40.1	6.2%

If the deregulation of commercial television had a significant effect on press advertising we would expect to find a decline, or minimal growth, for press expenditure in those countries where television has been liberalised to the greatest extent. The table shows that this is not the case.

In fact both total advertising expenditure and press expenditure show almost exactly the same relationship to GDP as when countries are grouped as in Table 5. The only difference is that the most restricted countries start with a higher press share but show lower growth in total and press advertising than is to be expected. But de-restriction has left growth trends unaffected.

The performance of press advertising therefore follows the patterns already seen for the consumption of newsprint. It is essentially the level of national income per capita that determines press advertising expenditure; the deregulation of commercial television has had little effect on the trend.

The effects of television on the structure of the press is to make it more and more specialised. For national newspapers the immediacy of television reduces their role as news media and increases their importance for more magazine-like characteristics including comment and features, and with the widespread introduction of magazine supplements.

For regional newspapers the corresponding trend has been for local newspapers circulating in very restricted areas, and often distributed free, to take over from larger paid for titles. For magazines there has been a similar fragmentation, with general titles losing ground to small and very specialised publications. The economic explanation of these developments becomes clear from the following table which shows the breakdown of all UK press and television advertising expenditure in 1971 and 1989 into five main sectors defined by the products and services advertised. Data are shown in millions of pounds at constant 1985 prices.

**TABLE 7**  
**UK Press and TV Expenditure by Sector**

	Classified	Retail	Industrial	Services/ Durables	Consumables
1971					
Press	556	405	303	337	180
Television	-	21	20	101	466
Total	556	426	323	438	646
1989					
Press	1356	958	670	607	180
Television	-	109	146	571	809
Total	1356	1049	816	1178	989

Source: Advertising Association/NTC

By 1971, the earliest year for which these data are available, commercial television had been established for ten years in the UK. Television had already dominated the advertising of the Consumables sector, but it had only limited penetration of Services and Durables.

Television's share of the first three sectors remains small, having risen from 3.2% in 1971 to 7.8% in 1989. Evidently the medium has only limited potential for these advertising sectors. However its share of Services and Durables advertising has risen to around half and its dominance of Consumables has further increased.

The data therefore explain the trends in the structure of the press. Classified advertising is accepted as being about market places; it will be placed in media which are specialised either geographically or by subject matter in such a way that buyers will know where to find the goods or services that they are seeking. Geographical specialisation is also necessary for retail advertising while specialisation by subject is required for industrial advertising.

In these three cases, and to a lesser extent for Services and Durables, advertising has a high information content. Its main function is to meet demand from buyers for information on products and sources of supply to meet their perceived needs. Hence both newspapers and magazines have evolved to become more specialised in the ways described.

The table also demonstrates that the impact of de-restricted television on the press should be limited. It shows that from 1971 to 1989 total press and TV expenditure on Consumables increased in real terms by only a little over 50% while for the other four sectors expenditure increased by 150% in the same period. Hence the share of total expenditure taken by Classified, Retail and Industrial, for which print media have a near monopoly, has risen from 55% to 60%. In effect competition between the two main media is active only for limited parts of the Services, Durables and Consumables sectors, perhaps accounting for only 5% to 10% of all advertising expenditure.

The shift in the role of press advertising towards sectors in which information has a major role also has implications for media research. It can be assumed that most readers of any kind of specialised publication will have some degree of special interest in its subject matter and also in the related advertising it contains. But if somebody is in the market for goods or services in that special field he or she is likely to become a more intensive reader in the period leading up to the purchase and then return to a normal level of intensity.

One weakness of the way in which research is used to define target audiences and to select publications is to assume that the current reading patterns of people who have made a major purchase in the recent past also applied to the period before that purchase was made. For example, automotive schedules are often based on the current readership of new car buyers in the past year. However if, as is likely, some buyers seek out information from publications they do not normally read before they buy, the current reading data will be invalid.

There are two theoretically correct solutions to this problem. The first is to identify any publications which informants believe they had used as information sources in making purchase decisions in the recent past. But unless the period is very short the answers are likely to be suspect.

The alternative is to relate current reading behaviour to intended future purchases. In this case the problem is the uncertainty of most purchase intentions. Nevertheless, there are a few major events in people's lives which can generally be foreseen with high or reasonable accuracy.

It is for this reason that the NRS in the UK has included questions on the future plans of households and informants in the next six months. They are to marry, have a baby, retire from work, move house, buy a new car and spend at least £500 on the home. Evidently each of these events is associated with major purchases. Some of the results are striking.

**TABLE 8****Readership of Child Care Magazines**

	all housewives	with child aged 0 or 1	expecting a baby
bases ('000)	20,388	1,485	545
	%	%	%
AIR:			
Title A	3.7	18.9	24.6
Title B	2.1	16.3	12.7

Source: NRS

If it is right to assume that most baby purchases are planned ahead of the birth, the additional information provided by the extra breakdown is crucial in distinguishing between the two publications.

**TABLE 9****Readership of Motoring Magazines**

	all adults	all main car drivers	intending new car buyers
bases ('000)	45,200	18,712	1,642
	%	%	%
AIR:			
Title A	4.0	6.7	13.8
Title B	3.9	4.9	5.5

Source: NRS

Title A is clearly being used deliberately as an information source by new car buyers while Title B is not used in this way.

These examples demonstrate that it is feasible to obtain data on the market place character of some publications, which must be of decisive importance to advertisers. As the press becomes more and more specialised and fragmented it is surely necessary to place greater emphasis on this dimension in all general media research.

