

BREAK MAKES NEWSPAPERS UNBREAKABLE

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INTRODUCTION

The circulation and readership of print titles have declined substantially over the past several years, especially in the developed countries. More and more readers prefer to get their news from electronic and digital forms of media. Consequently, advertisers have been migrating from print to other channels that have wider and growing audiences.

Things are different in Kerala, the Indian state with the highest literacy rate and high quality of life. Here, readership and circulation of Print are still growing even though TV has a very high penetration. Though people rely on TV for news and entertainment, newspaper is still an unavoidable factor of their life. In Kerala, more than 80 per cent of the adult population read any publication out of which 70 per cent are regular reader of any publication compared to the country's average of 38.7 per cent who read any publication and 20 per cent who read regularly.

Recently, the newspapers in Kerala were affected by two months long strike by newspaper agents. The distribution of newspapers in Kerala is totally dependent on newspaper agents and this strike brought down the circulation of newspapers to one tenth. Not only that, normally when people are not exposed to newspaper for two months, they tend to avoid it and depend on any other medium. But surprisingly, the newspapers came back to normalcy soon after the strike and even it bettered the copies substantially.

So we did a study on why people come back to print after watching the news on TV or reading the news on Internet. What are the factors leading to this high affinity to print media? Once we identify these factors, we will be able to improve this or concentrate more on these so that print continues to grow here. Also we can use these factors for getting higher reach for electronic and digital forms of media.

BACKGROUND

The success that newspapers enjoyed in most of the countries is fast becoming a thing of the past. In the developed countries, broadband, multi-media platforms, 'convergence' and the 'culture of always on' are eating into the future of printed newspapers. The publisher of The New York Times went on record saying that he didn't know or care whether his newspaper would be printing five years from now. Newspapers are declining in readership, circulation and advertisement revenue in most of the developed world such as United States, Europe and Australia. "Fewer daily newspapers are sold today in US than in 1960 despite an increase of more than 50 per cent in the population". Over the past five years, the paid-for daily newspaper circulation fell 10.6 per cent in North America, 7.9 per cent in Europe and 5.6 per cent in Australia.

Television news eliminates the need for reading for those who dislike reading or are slow readers. The United States ranks lowest among all industrialized states in "reading ability". "In US, an appalling illiteracy rate and the younger generation's preference for visual images of television offer little cause for optimism that the written word prevail for long as a major means of communication" (Krimsky).

The total paid circulation of Canada grew from 1950 to about 1990, although that growth did not keep pace with the growth in the number of households. The total circulation was equivalent to more than 100 per cent of households in 1950 and today it is about 30 per cent with around 4 million copies. In US, the average daily paid circulation in 1950 was 43.8 million (equivalent to 123.6 per cent of households). By 2010, the average daily paid circulation of newspapers is about 43.4 million, which is equivalent to 36.7 per cent of households. In 1950, the average daily paid circulation for British national daily newspapers was about 21 million (equivalent to almost 150 per cent of households). By 2010, the average daily paid circulation for British national newspapers is about 10.1 million, equivalent to 39.9 per cent of households.

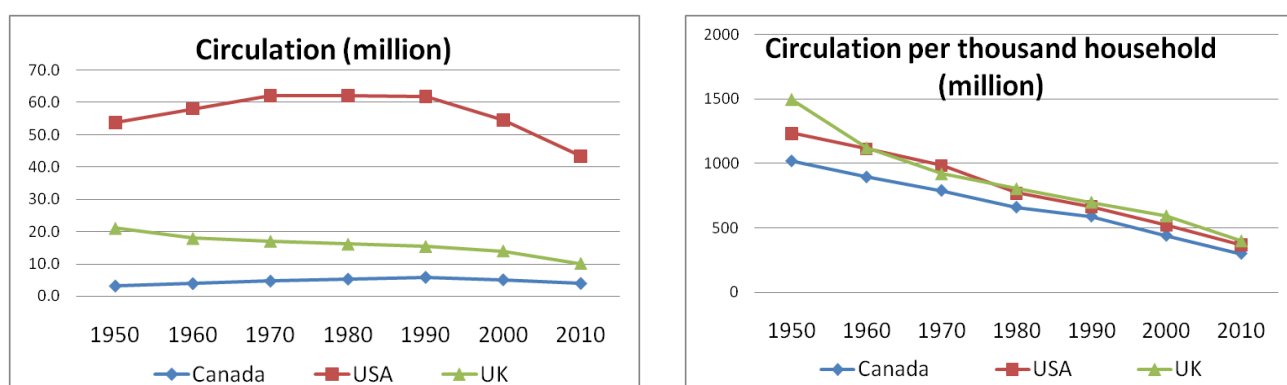


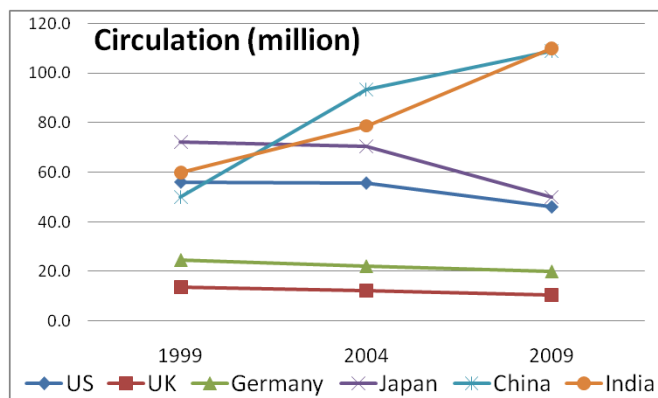
Chart 1: Circulation and circulation per thousand households for Canada, US and UK from 1950 to 2010

The US newspaper publishing market has shrunk more dramatically in recent years than in much of the world due to an ongoing downturn in newspaper coupled with the global economic recession. One reason US papers have suffered more is that they are more heavily dependent on advertising than papers in most other parts of the world. Also, most American papers are local. Of the 1,400 US dailies, only three circulate nationally in print. The rest serve local communities and all but a handful are monopoly dailies in those communities. This is a primary explanation for the non-ideological nature of the US newspapers and explains their dependence on advertising.

With the emergence of new media, newspapers are getting outdated and People have stopped buying newspapers. The internet, radio and television have taken the concept of 'breaking news' away from the newspaper industry. The emergence of 24-hour news has made the newspaper appear antiquated and unreliable. When an event happens at midnight or 2 A.M., we turn to Television or internet to be informed, by the time the newspaper is bought or delivered in the morning the news is stale.

OVERVIEW OF INDIAN NEWSPAPER AND MEDIA SCENARIO

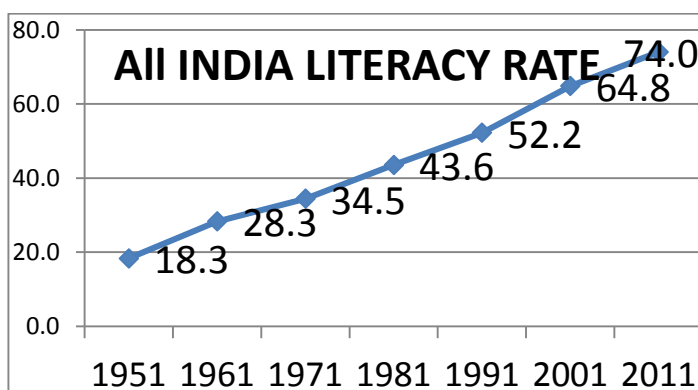
India is the world's largest democracy. Its mass media culture, a system that has evolved over centuries, is comprised of complex framework. Modernization has transformed this into a communication network that sustains the pulse of a democracy of about 1.1 billion people. India's newspaper evolution is nearly unmatched in world press history. India's newspaper industry and its Westernization go hand in hand.



Indian newspaper publication began in the 1780's in Calcutta and by 1800 there were several dozen publications in English, with numbers increasing periodically. Now, the progress has been so much that every major newspaper from India has an internet edition

The Indian language newspapers have taken over the English press as per the readership surveys. The main reasons being the marketing strategy followed by the regional language newspapers, beginning with Malayala Manorama, a Malayalam daily started in Kerala. Malayala Manorama was the largest circulated daily in India till 2001 before Times of India and Hindi newspapers started expanding beyond their home state. Still Malayala Manorama is the largest read and circulated regional language daily in India with more than 1/3rd of the total adult population and almost half of the graduates in the state reading it every day.

The Indian newspapers have evolved in a way different from their counterparts in North America and Europe. They have undertaken an aggressive marketing drive, particularly the Indian-language press, in hundreds of villages to penetrate a largely untapped area. There are some amazing business practices, some that can be improved upon and some the rest of the world can look at like door-to-door campaigns by some Indian-language newspaper groups and the "giant" English newspapers. They are really tapping into the new India as people acquire wealth and the ability to subscribe to newspapers.



The second reason is the growing literacy rate. In rural India, they realised, opportunities were a plenty thanks to the rise in the literacy rate, the spread of education, and an increase in family income of sections of the people benefited by development schemes. Increase in literacy rate has direct positive effect on the rise of circulation of the regional newspapers. The people are first educated in their mother tongue as per their state in which they live. The first thing a literate person does is to read papers and gain knowledge and hence as the literacy rate grows in a state, the sales of the dominating regional paper in that state rises.

Chart 3: Literacy Rate in India (Base: 7 years and above, Source: Census, India)

The next reason is the localisation of news. Indian regional papers have several editions for a particular state for complete localisation of news for the reader to connect with the paper. Malayala Manorama has about 75 editions spread across 11 printing units to cover 14 districts of Kerala apart from 9 editions in 5 printing units outside the state and 10 editions in two printing units in the Middle East. The regional papers aim at providing localised news for their readers. Even advertisers saw the huge potential of the regional paper market, partly due to their own research and more due to efforts by the regional papers to make the advertisers aware of the huge market.

These efforts have shown results in the Indian newspaper industry as per the trends shown in the readership surveys of the first few years of this millennium. The National Readership Survey (NRS) 2002 revealed that newspaper readership (for dailies and periodicals) had grown from 131 million in 1999 to 155 million in 2002. (In the first two years of this millennium the print media acquired 17 million more readers.) Readership growth was faster than literacy growth, which increased by only 13 per cent during this period. The data revealed a clear correlation between literacy and media exposure. The reach of the press was higher in the southern, western, and northeastern States, which have higher literacy rates. The northern States, apart from Punjab, Himachal Pradesh, and Haryana, had a lower exposure to the press.

The trend continued and NRS 2005 reported that the preceding three years (2002-2005) saw an addition of 21 million readers to the print media (both dailies and magazines). It also found that, most significantly, the number of readers of newspapers and magazines in rural India (98 million) became almost equal to that of urban India (101 million).

According to the survey, one of the reasons for the increase in the growth of readership of newspapers was the increasing literacy, as measured by the ability to read and understand any language. The literacy rate is estimated to have risen from 62.5 per cent to 70.6 per cent in the three years from 2002 to 2005. Interestingly, the increase was higher in rural (from 55.6 per cent to 64.6 per cent) than in urban (from 79.3 to 84.5 per cent) India. The study pointed out that there was scope for further growth in the print media, because there were still 314 million people who could read and understand one or another language but who did not read any publication. Another significant finding of the survey was that the print media had increased its share of the urban “media day”. In 2005, the average urban adult spent 42 minutes a day reading dailies and magazines and one hour and 42 minutes watching television. Three years earlier, the average reading time was 32 minutes and the average viewing time one hour and 40 minutes. Contrary to the general impression, the print media had increased its share of the day at the expense of TV.

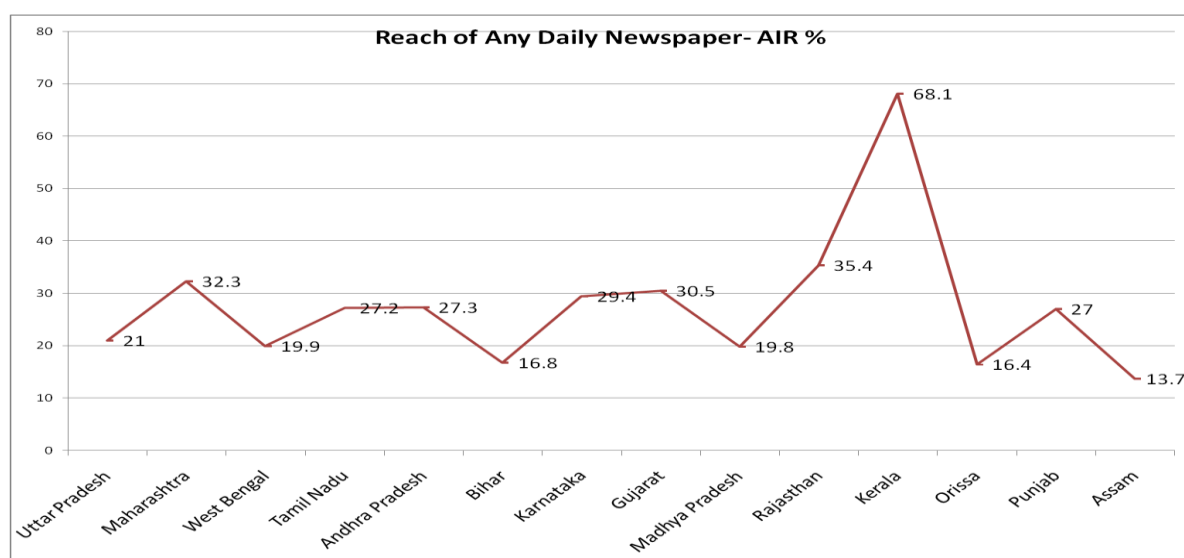


Chart 4: Reach of newspapers by top state (Base: Literates, Source: IRS)

Apart from attempting to strengthen its readership base by reaching out to villages, the print media, both the English and Indian language dailies and periodicals, took steps to ensure their place in the new media and launched their Internet editions. Although the economic slowdown has taken its toll in the form of advertisement revenue loss besides a decline in circulation in the case of many newspapers, readership surveys have shown that there is still scope for finding new subscribers to compensate for the loss. And industry efforts in that direction are in evidence.

During a visit to India in November 2008, Earl Wilkinson, Executive Director of the International Newspaper Marketing Association (INMA), cautioned the Indian newspaper industry of an impending “storm of digital migration” of readership to the Internet and other digital forms of reading news. Earlier, many prophets of doom sent out similar warning signals. But Wilkinson saw the problem from a different perspective: the threat may not be immediate for India, as it was for the United States and European countries, but it is very much there.

“Newspapers in India tend to spend five to ten times more than what papers in the United States would spend on marketing their papers”, Wilkinson observed. “It is a tragedy if we publish newspapers that nobody reads. In the U.S., newspapers spend only one per cent of their revenues on marketing themselves.” In his view, the threat from the storm of Internet and digital migration might not be immediate, thanks to such self-protective measures. However, no developing country could afford to go without the benefits of digital technology and so the newspaper industry should prepare itself to face the challenge whenever it arrived.

In most developing countries print newspapers are “still growing”, said Robert Picard, media economist and director of research at the Reuters Institute for the Study of Journalism at the University of Oxford. But he warned that their gains may be temporary as those countries also will shift to new technologies. “Hopefully, they’ll take notice of what’s happening in our markets and they’ll try to transform themselves”.

And finally it is happening. Now there are signs of India's newspapers also facing problems that afflict other modern societies. The percentage of readers who read the paper every day is declining; the growth is in casual readers. Irrespective of all these efforts and increase in new editions and circulation, the readership of newspapers is coming down in the last few years, as predicted by Wilkinson and Robert Picard. If we look at the reach of newspapers in the last 6 years (IRS 2010 Q1 over IRS 2005 R1), it has come down from 21.7 per cent to 19.2 per cent in India. The reach among literates was 33.7 per cent in 2005 which is only 27.3 per cent now. This means that when various Marketing efforts and new editions have helped an increase in circulation, it has not really helped to increase readership, or at least to retain the readership.

The All India population has increased by 19.7 per cent over the past six years. There is an increase in the number of literates over the same period by 31.2 per cent, which is much higher than the population growth. In the case population who watch TV every day, it has gone up from 38.5 per cent to 49.3 per cent and who access internet every week has gone up from 1 per cent to 2.3 per cent whereas population who listen to radio every day has come down from 13.9 per cent to 12.3 per cent during the same period.

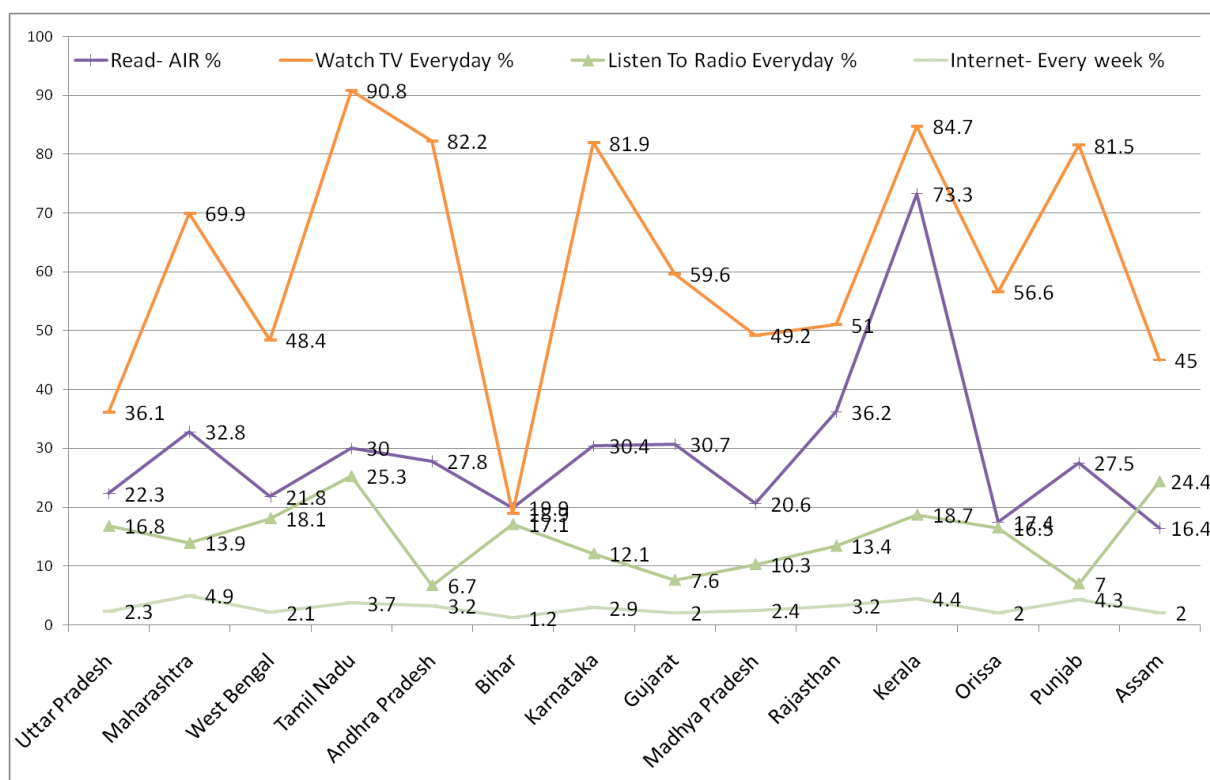


Chart 5: Reach of various media in India by top states (Base: Literates, Source: IRS)

The number of titles read is declining, while the number of channels consumed on TV and radio show an increasing trend. The average time spend on media also shows an increasing trend, which has been mainly due to TV and radio whereas print shows a slight decline in terms of time spent. However, given the higher fragmentation of TV and radio, the time spent per channel is now declining.

One of the major factors that may lead to the decrease in readership is readers per Copy (RPC). The proportion of readers reading their own copy is on the rise and this trend of increasing primary readership is seen for all segments. Both in urban and rural India, the concept of the nuclear families is gaining ground and the household size is steadily decreasing. This is one of the key reasons that increasing circulation may not have the same effect on readership. At the same time, the urban population has grown at 27.7 per cent whereas the rural population has grown at 16.2 per cent in the last six years. IRS data trends show

that urbanization has an effect on average RPC. In areas that have up to 50 per cent urban readership, the average RPC is 4.8 and in areas that have 75 per cent urban readership, the average RPC is 2.2.

There are clear trends that the youth readership is on the decline and that further reduces the scope of the same copy being read by multiple individuals. These factors combine to show a steadily declining RPC, a trend that seems likely to be sustained, as has seen in more developed countries. There was a sharp decline in the readership of the younger audiences. The age group of 20-29 years contributes immensely to the overall reader base and the average issue readership (AIR) in this segment has come down from 23.4 per cent in 2004 to 19.8 per cent in 2012.

Most of the states are showing this trend of dropping readership. However there is one state, Kerala that shows an increase in readership, irrespective of a very low increase in the total population compared to other states. Normally this can happen if the penetration level is very low. But in this case, Kerala is having the highest penetration among all states of India. Second ranked state in penetration is only half of Kerala.

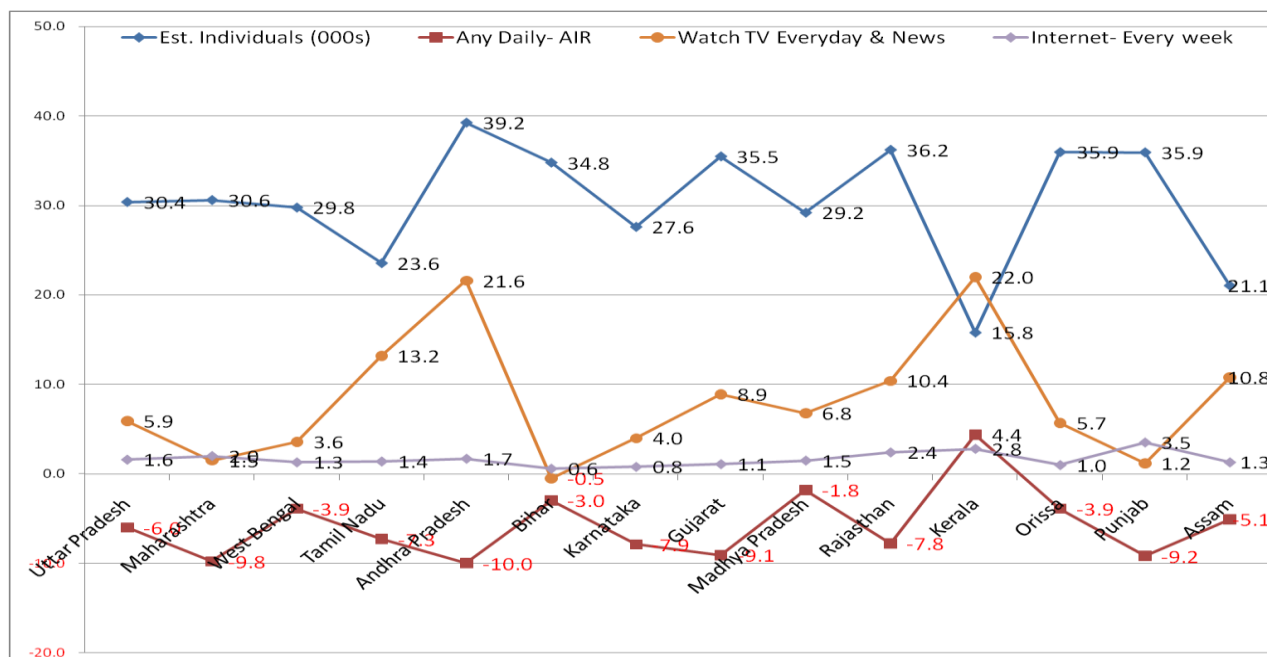


Chart 6: Growth rate of Population compared to the Growth in Reach (percentage points) of various media in India by states in the last 6 years (base: Literates, Source: IRS – 2004 Vs 2012)

It is not that Kerala shows growth in readership of newspapers alone, it also shows growth in reach of Television, FM radio and Internet compared to other states, though it is in varied degrees.

Irrespective of very marginal growth in population and huge growth in the population who watch news on television and people who access internet regularly, newspapers are showing growth in Kerala and only in Kerala among the top 15 states of the country.

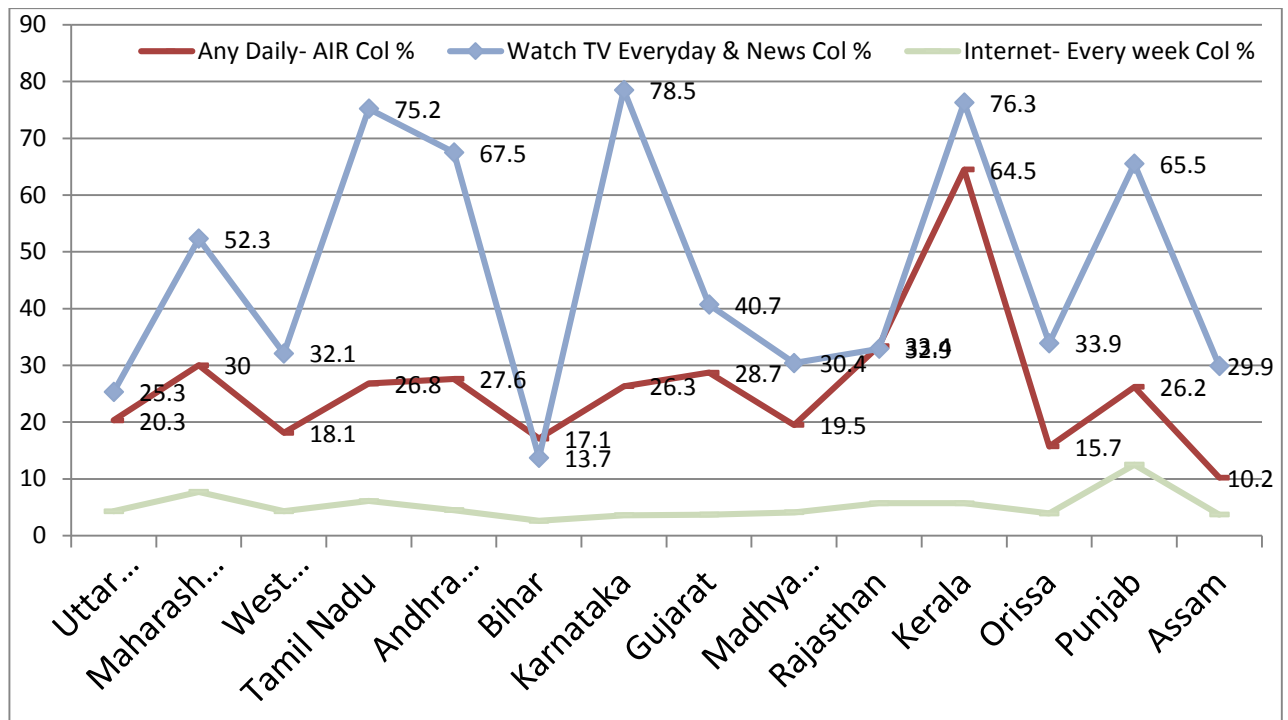


Chart 7: Reach of various News media in India by states (Base: Literates, Source: IRS - 2012)

NEWSPAPER READERSHIP IN KERALA



Picture 1: Even during fishing, people find some time to read newspapers

The state of Kerala, located in the southern tip of India, in its present form was formed in 1956 as part of the linguistic reorganization of the Indian states. The languages mainly spoken in Kerala are Malayalam and English. The population is spread across the state and as such there are no big urban agglomerations. The per capita income of the state is just us\$265. Yet its literacy rate of 94 per cent puts it closer to the developed countries than any other Indian state.

In Kerala, large extended families live together under one roof, share their resources, sorrow and cheer. Nowadays, however there is a trend with younger, educated generation to work abroad. But even to the members of the younger generation, family and blood ties are paramount. The lifestyle of the modern Malayali is a unique combination of traditional values and a progressive mindset. Therein lies the beauty of the culture and the success of education.

Kerala stands unique among Indian states with a consistently higher level of human development comparable with that of many developed countries. The life expectancy is over 73 years in Kerala, well beyond what has been attained in the rest of India, compares well with Asian countries like South Korea, Malaysia and China. Importantly, however these countries, unlike Kerala, were already on the path of economic growth. Kerala's female-to-male ratio, at 1.084, is identical to that of Europe and North America. It is substantially higher than that of China (0.94) or for the rest of India (0.94). Further, Kerala has achieved this international level of human development as a result of decades of assiduous adherence to a development credo based on social justice, economic equity, and people-centered public policy.

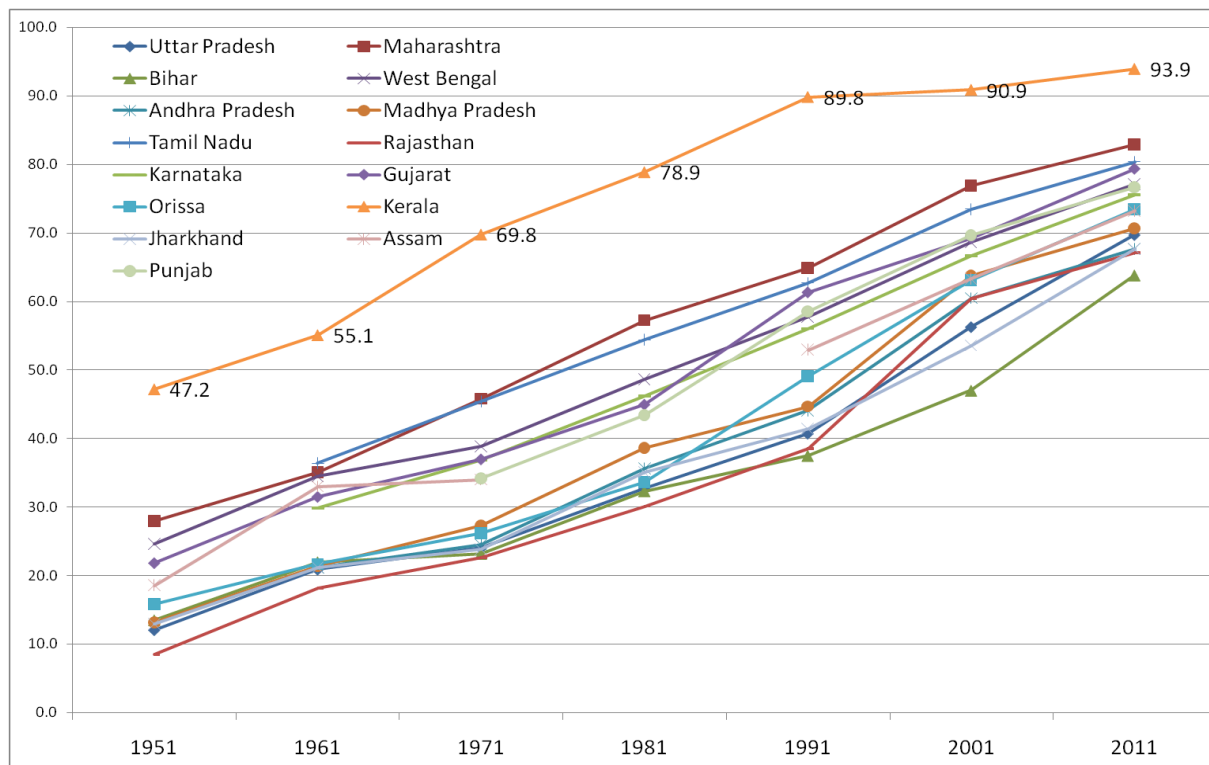


Chart 8: Literacy Rate by India by states over the years (Source: Census, India)

Education in Kerala represents a success story that many nations might wish to emulate. Literacy is a prerequisite for social development. In Kerala, commitment to education pervades society. About 37 per cent of the state's annual budget goes to education. There is an elementary school within two miles of every settlement. Even when times are tough, education is the last item the Kerala government will cut. Kerala was the first state in India to declare total literacy in one town in 1989, and subsequently, Kerala was declared as the first 100 per cent literate state of India on April 18, 1991 by India's National Literacy Mission as per the norms set by UNESCO. In a survey done by the "State Library Council", it was found that 63.7 per cent of the houses in Kerala have public libraries near them and 41 per cent of the head of families have membership of the libraries near their homes.

The roots of Kerala's literacy culture can be traced back at least to the Hindu rulers of the 19th century. The Queen of Trivandrum issued a royal decree in 1817 that said "The state should defray the entire cost of the education of its people in order that there might be no backwardness in the spread of enlightenment". Christian missionaries gave a further boost to education by setting up schools for the poor and oppressed, bypassing traditions that had allowed only high-caste Indians to attend school. Education allows many from Kerala to find work elsewhere – in other Indian states, the Middle East, Europe and the US. The money they send back home forms the backbone of Kerala's economy. Literacy has become the state's chief asset. That makes parents in Kerala keenly aware of the value of learning. As a result, they are ready to make sacrifices to educate their young. Today, the state tops the Education Development Index (EDI) among major states in India. Increased literacy and education level helped to increase the readership of newspapers. People realized the importance and need of newspapers at the same time when efforts were being made to create awareness about education.

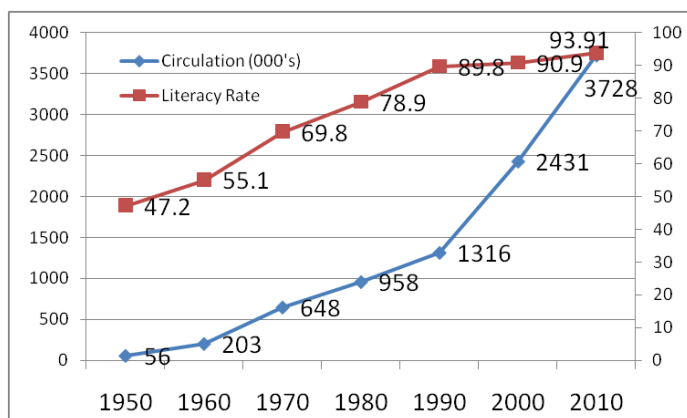


Chart 9: Circulation of newspapers (000's) and literacy rate in Kerala over the years

The rising literacy rates dovetail with disposable income helped Kerala to build as a newspaper friendly stat.. Anyone who can read or write was looked at with a bit of awe. Once people learn to read, they are proud of their new skill and the first thing they want to do is to be seen to be reading a newspaper. There is a hunger among Keralites to know and the newspapers in Kerala could retain this hunger for the last two decades by providing content which makes them come back to it every day. They still have the same pleasure of reading newspapers which they had thirty years back. It is evident from the growth in the circulation of daily newspapers in Kerala from just 56,000 in 1950 when there was 47 per cent literates to 3.7 million with 94 per cent literacy. When the literacy rate was doubled in the last 60 years, the circulation of newspaper has gone up by 66 times.

READERSHIP CHANGE FROM 2005 TO 2012

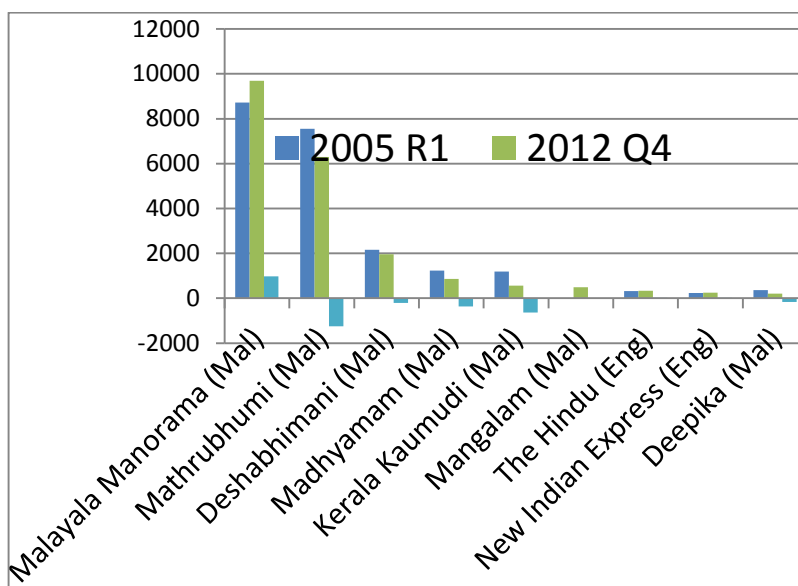


Chart 10: Reach (Average Issue Readership) of major newspapers in Kerala and growth in the last six years (Source: IRS - 2012)

The declining trend of readership started showing in India in the last few years and this is mainly attributed to the increased penetration of television.

When we look at the change of readership between 2005 and 2011 most of the newspapers have shown drop in readership and the growth is mainly because of the leader, Malayala Manorama. When all other Malayalam newspapers show decline in readership and English newspaper do not show any growth, the increase in the readership of Malayala Manorama proves that still there is potential to grow if the right strategy is adopted, be it the content, reader oriented initiatives or marketing campaigns.

Readership among Youngsters and educated

In US, National Opinion Research Corporation reported that daily readership among 18-22 year Old's plunged from 60 per cent in 1967 to 25 per cent in 1990. In a study done in US in 1990, "high school students thought newspaper reading was too much like work, unlike passivity of television viewing" (Grusin 17). In most of the places where there is a growth in readership, growth is mainly coming from old people or neo-literates and this could lead to an overall growth in readership which will be temporary. But as per IRS 2011 Q1, the reach of newspapers among youngsters (12-29 years) and graduates are more than the average reach of newspapers in Kerala. The readership of newspaper among 12-29 years old is only 19.8 per cent in India compared to the average readership of 27.3 per cent. Similar trend is shown in all the south Indian states put together. In Kerala, against the average readership of 68.1 per cent, the readership among this younger age group is 69 per cent. In fact Kerala is the only state in India which shows an increase in reach of newspapers among both graduates and youngsters (12-29 years).

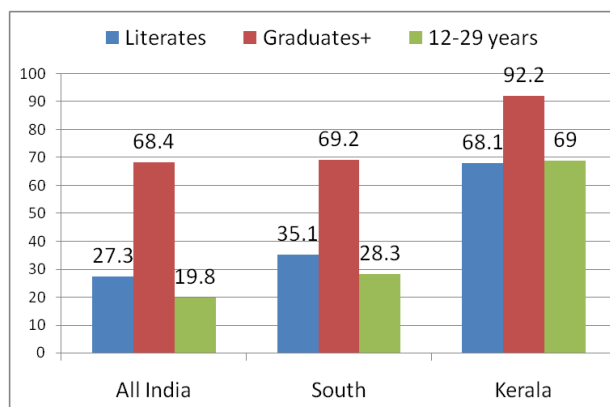


Chart 11: Reach of newspapers among Literates, Educated (Graduates & above) and youngsters (12-29 years) (Source: IRS)



Picture 2: Catch them young: Newspapers in western countries are losing young readers. India may face this challenge in future. The Newspaper in Education programme may be one answer.

In the case of people who are graduates or above, the reach of newspapers is 92 per cent against an All India average of 68 per cent among graduates or above. There are only two states (Kerala and Gujarat) which show a growth in the reach of newspapers among graduates or above in the last six years. When Gujarat shows an increase of 6 percentage points on the reach of newspaper among graduates and above, Kerala is showing a growth of 8.7 percentage points. In the case of younger generation (12-29 years), the reach of newspapers in Kerala has gone up from 65 per cent in 2005 to 69% in 2011, which is even higher than the all India reach of newspapers among graduates and above.

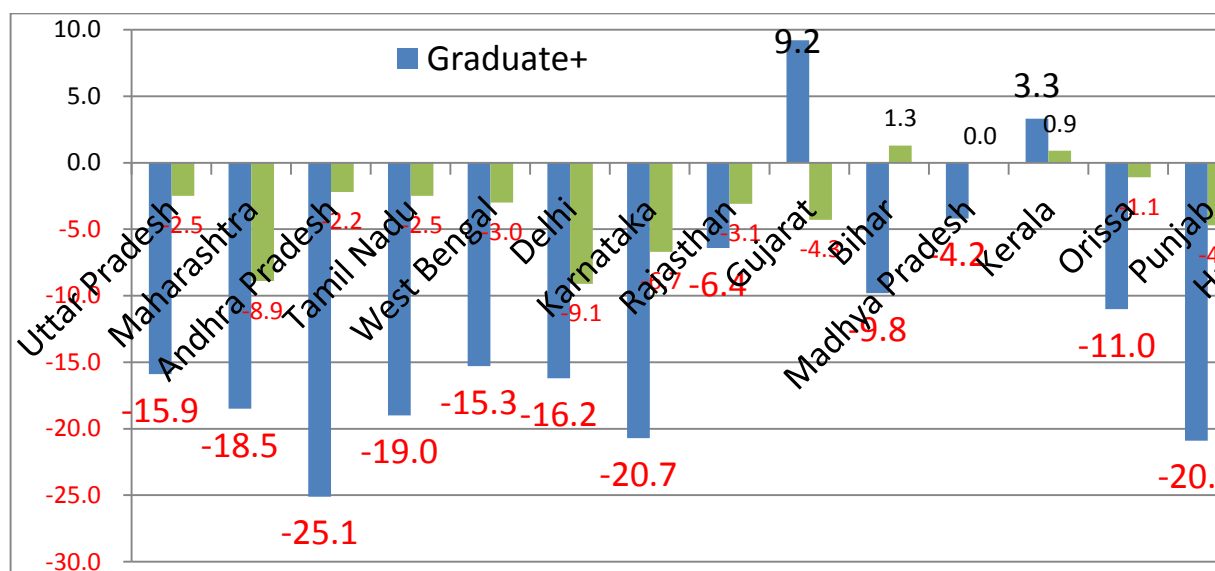
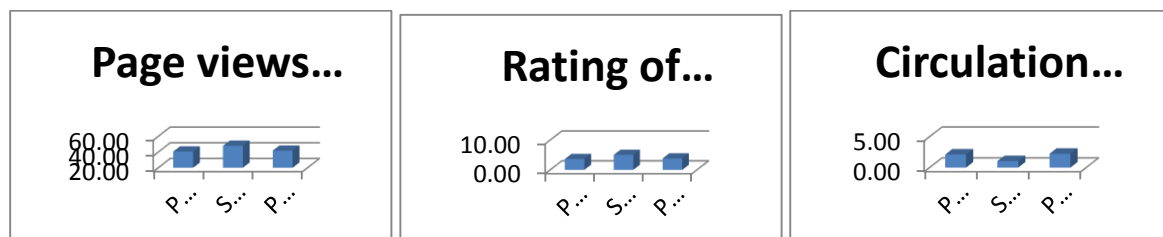


Chart 12: Growth of readership among Educated (Graduates & above) and youngsters (12-29 years) in the last eight years (Source: IRS- 2004 Vs 2012)

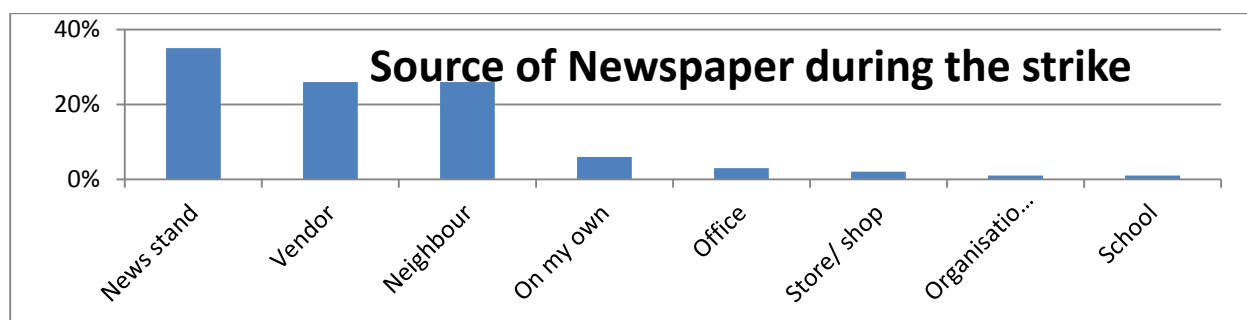
AGENCY STRIKE AND IMPACT ON NEWSPAPERS

During March-April 2012, the newspaper agents in Kerala went on indefinite strike for various demands. In Kerala, newspaper distribution is totally dependent on these newspaper agents and more than 90% of the copies are delivered at home before 6.00 am by newspaper distribution boys. So any problem in the distribution network has huge impact on the reach and economics of newspapers. The strike lasted for forty days and the circulation of all newspapers was affected very badly during this period. More dangerously, normally when somebody is not reading newspapers for a while, chances are that he depends on any other medium and does not come back to print.

The people of Kerala, who are generally news hungry, went to Television and Internet for news which is evident from the increase in their reach during this period. The news channels showed 38% increase in the morning viewership and the page views of manoramaonline website went up by 18% during this period against 50% drop happened in the circulation. But surprisingly, the circulation of newspapers came back to normalcy soon after the strike is over and distribution network is replaced. Not only that, the circulation is showing good increase post the strike which is a very very positive news for the print media.



Based on these data, we have commissioned IMRB International to study the media consumption habits of people in Kerala and the experience they had during and after the agents' strike and Kaybase, another market research agency in India to do a study on "are people still coming back to print after being exposed to the news on internet or television" and "if yes, why people are coming back to newspapers for old news". The findings of these studies revealed that people really felt that they are missing something when they could not get their daily newspaper in the morning. Infact some of them were even willing to take extra effort to get a newspaper of their choice like going to newsstand, or collecting it from the vendor or even borrowing it from the neighbors. When women have not entered into the space of newspaper distribution, there were women who bought newspaper in the morning from the vendor or newspaper offices and distributed in their neighborhood. Some of the people re-routed their morning walk to the newspaper office to collect the newspaper. There are also few who could not get their preferred newspaper, but managed to get any other newspaper. But except 1%, all of them continue to get their original newspaper after the strike where as 1% shifted to a different newspaper.



IMPACT OF TELEVISION AND INTERNET ON READERSHIP

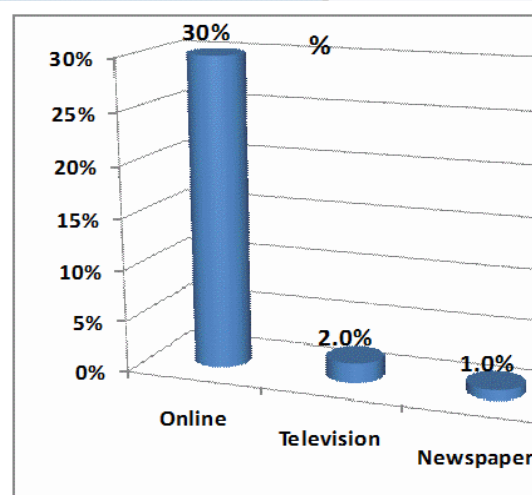
It is believed and proved that increased penetration of Television and Internet is the major reason for the drop of newspaper readership across countries. Even in India, the increase in the penetration of television has started affecting the readership of newspapers and a similar effect is there with the increased usage of internet among the youngsters. However in Kerala, irrespective of this high reach of television or increase in online usage, still there is an increase in the newspaper reach. A study on the impact of Television and Internet on the readership of newspapers also shows that these newer medium are actually helping newspapers.

Contrary to the popular belief, we have seen that whenever there is an increase in the exposure of Television or Internet, there was an increase in the circulation of newspapers also on the next day. With the high interest of Keralites on international, national and local news, three breaking news were considered for the study, one international, one national and one local (state) news. The events are killing of Osama Bin Laden, the counting day of Kerala state Assembly elections and the Bombay bomb blast. We have analysed the reach of TV and Internet on these days compared to previous days and then compared the same with the increase in circulation on the next day of this event.

1. International News- Killing of Osama

The news on Killing of Osama was disclosed by 9.30 am (Indian Standard Time).

When we compare the traffic of Internet and Television on the same day and newspaper on the next day based on the data available from various sources, compared to a 30 per cent increase on online traffic, there was 2 per cent increase on the television reach and 1 per cent increase in the circulation of newspaper.



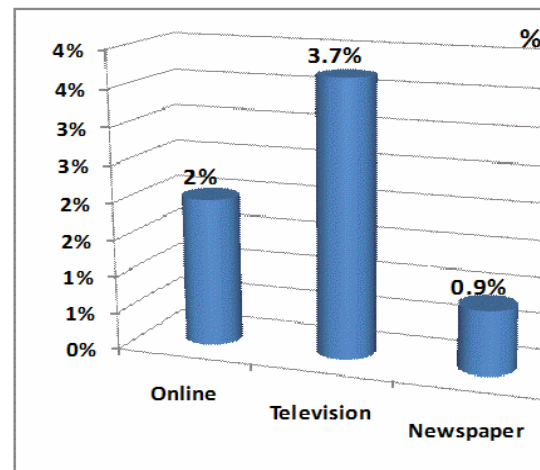
Picture 3: News of killing of Osama Bin Laden on internet, television and next day's newspaper.

Chart 13: Increase in the Online traffic and Television reach on the day of killing of Osama and increase in the circulation of newspapers on the next day

Since the news came out during office time and the main source of news during this time was internet, there was a huge jump in the online traffic on that day in Kerala compared to normal days. Even if the first source of this news is word of mouth or some message, still people go to internet to get more details since internet is the most convenient medium for them during office hours, irrespective of the device used. In the case of Television, irrespective of the large base (84 per cent of the people watch TV everyday), there is a 2 per cent increase in the reach on the same day. In the case of Print, again with large base, there is 1 per cent increase in circulation which translates into around 40,000 copies.

2. National News- Mumbai bomb blast

The Mumbai blast happened around 8.00 pm (IST). The increase in the online traffic is only 2 per cent whereas increase in TV reach is 3.7 per cent. Again there was an increase of 0.9 per cent in the circulation on the next day.



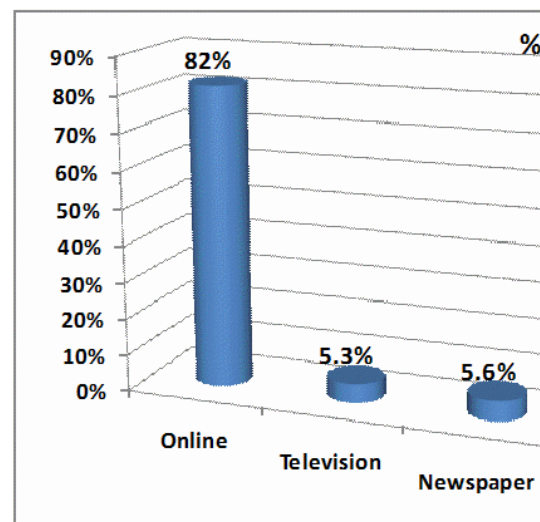
Picture 4: News on the Mumbai blast on Internet and Television on the same day and on newspapers on the next day.

Chart 14: Increase in the Online traffic and Television reach on the day of Mumbai blast and increase in the circulation of newspapers on the next day

By the time the news of the bomb blast came out, people had mostly come back home after their office work or were on the way from offices. Since the evening time is dominated by Television, the additional audience that came to internet is very minimal compared to its small base, still newspapers are showing an increase of around 36,000 copies on the next day.

3. Local News- Kerala State Assembly Election Results

The counting of votes started at 8.00 am (IST) and the election results started coming out by 10.00 am (IST) and the complete picture was available by evening. Unlike the other two incidents, this is one event which is pre-planned and people would have had definite plans on how to get updated on this. The increase in the online traffic is almost double (82 per cent) compared to the 5.3 per cent increase in TV reach. The increase in the circulation of newspapers on the next day was 5.6 per cent.



Picture 5: News on the Kerala state Assembly Election results on Internet and Television on the same day and on newspapers on the next day.

Chart 15: Increase in the Online traffic and Television reach on the day on which Kerala state Assembly Election results were announced and increase in the circulation of newspapers on the next day

The date of the election results was announced well in advance and with the kind of political awareness and interest people have in Kerala, online websites, TV channels and newspapers were prepared for an increased audience by special features and with expert opinions. In fact some of the online websites had separate websites dedicated for this to handle the additional online traffic. Since this was day time, there was heavy traffic for online with almost double of the normal traffic. With the importance of the news and depth of coverage, Television also got huge increase in the reach. Again, the newspapers experienced an increase of around 224,000 copies on the next day.

Newspapers for Detailed Analysis

Based on the media consumption habits during these three incidents, it is very evident that people are not totally relying on any one medium. Medium is decided based on their requirement and availability of the medium at that point of time. For breaking news, Internet and television are the natural choices whereas internet and newspapers are considered as the source of detailed news. As per the Kaybase study, for the current news, newspapers are still preferred in Kerala for various reasons like detailed analysis, convenience, ease of reading, pleasure of reading, habit etc.

“Television is like my teacher and newspaper is like my textbook. Unless I read my text book, I will not get a through picture of the subject.”

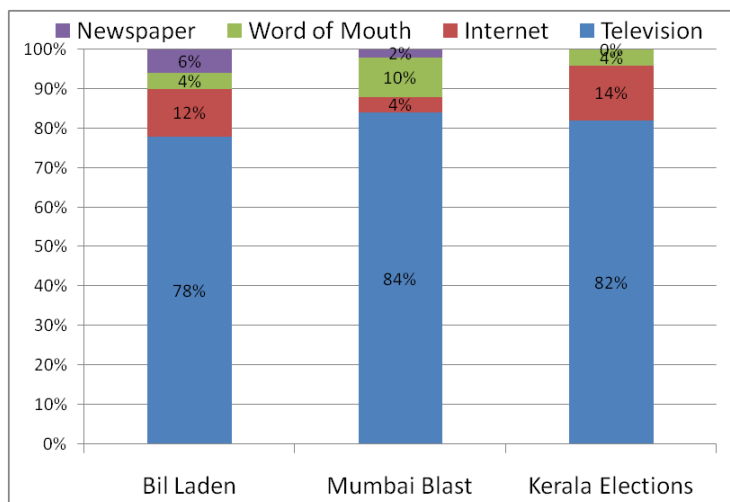


Chart 16: First Source of News for three events

They want to explore all the options available to get maximum news as well as coverage. At the same time newspapers are still relevant for them, though it gives old news. It seems to be an accepted fact that the newspapers will give news only on next day and so the expectation of learning about events from newspapers is not there. People actually rely on newspapers for more detailed analysis, history and background of the problem, illustrations and pictures. As per the study done by Kaybase, the first source of important breaking news in Kerala is still television followed by internet and word of mouth. Gone are the days where people come to know about major incidents from newspaper. But it is facts that still people depend on newspapers for detailed analysis and certain types of news. In fact the data shows that both online and television are helping the newspapers here since if they were not aware of these incidents from online or television, probably they wouldn't have bought newspaper on the next day.

“Internet is the best option for me when I want to search for a specific topic or an old issue and when I know what I want. But newspaper is the best if I want to know about recent issues in general and details of those issues. It is a pleasure reading newspapers.”

Politics

As more and more people become aware about political developments, they show interest in reading newspapers and more people are now realizing their rights as citizens and are becoming more vigilant about their social responsibilities. Kerala with strong political polarizations, people are always looking for expert opinion on various subjects to update them and take a stand. Unlike other states of the country, Kerala vote one of the alliances (United Democratic Front and Left Democratic Front) to power in every alternative term and is a perfect example of anti-incumbency principle. Demands of the people and expectations from government are very high. So people are vigilant and always want to know what is happening and normally newspapers are considered to be doing a better job on taking up the causes of public which is a compelling reason for the people to read newspapers. In fact the trend of decline in newspapers has triggered major alarm-bells in the US, as it is assumed that the news media can best fulfill its functions in a democracy if there is rich and pluralistic information environment that is easily available to all citizens. There is a large volume of literature which suggests that if TV takes over from the newspaper as our main source of news, it may limit our capacity to learn about public affairs, as newspapers are believed to be far more effective than television at conveying detailed information necessary to understand complex and detailed policy issues.

Lack of Time

When across the world, “lack of time” is attributed towards the reason for not reading newspaper, here in Kerala, reading local pages of the newspaper is considered as a shortcut to know about the news in the locality. People do not have time to meet people around the locality or to go to the public meeting points like local libraries or tea shops. So they have to depend on the local pages of newspapers to know the day-to-day happenings of the locality. With the kind of localization adopted by the Kerala newspapers, this is mentioned as a reason to read newspapers every day.

Credibility & Accuracy

Being live and showing what is happening, normally television would have gained more credibility than print. But the consumers feel that, television or Online can change their versions or withdraw any news any time where as we may not even know about such changes. But in the case of printed word, since it is to be there in front of the consumers for some time, the publishers will be more careful and at least give corrigenda if at all there is any mistake. Also people think that unlike television, newspapers are known for non-sensational news coverage.

“Unlike television, newspapers do not forget an issue just because it is not topical. Newspapers take initiative for social activities and campaigns”

Promotional Activities & Strong distribution Network

There are various promotional activities run by the newspapers in Kerala. Accident insurance schemes for subscribers, various games and contests for readers and for the students of schools and colleges, scholarships for best students etc are some of them. All these can tempt people to buy the newspaper which will reflect in the circulation and help building readership. The strong distribution setup with more than 90 per cent of the sales is through regular subscription shows the strength of the newspapers. The distribution setup is strong across Kerala, irrespective of urban or rural area. In most cases, people get their copy at their door steps before 6.00 am.

Sections strong on newspapers

There are certain types of news or sections which still remain as an exclusive property of newspapers. Editorial of the newspaper, guest articles by experts on various subjects, obituary news, local news, various information and news related to government etc. are few of them. Obituary is one section of news which is reported in Kerala with wider coverage and higher importance. The obituary news is reported in almost two pages every day and there are a large section of people who directly go to these pages first.

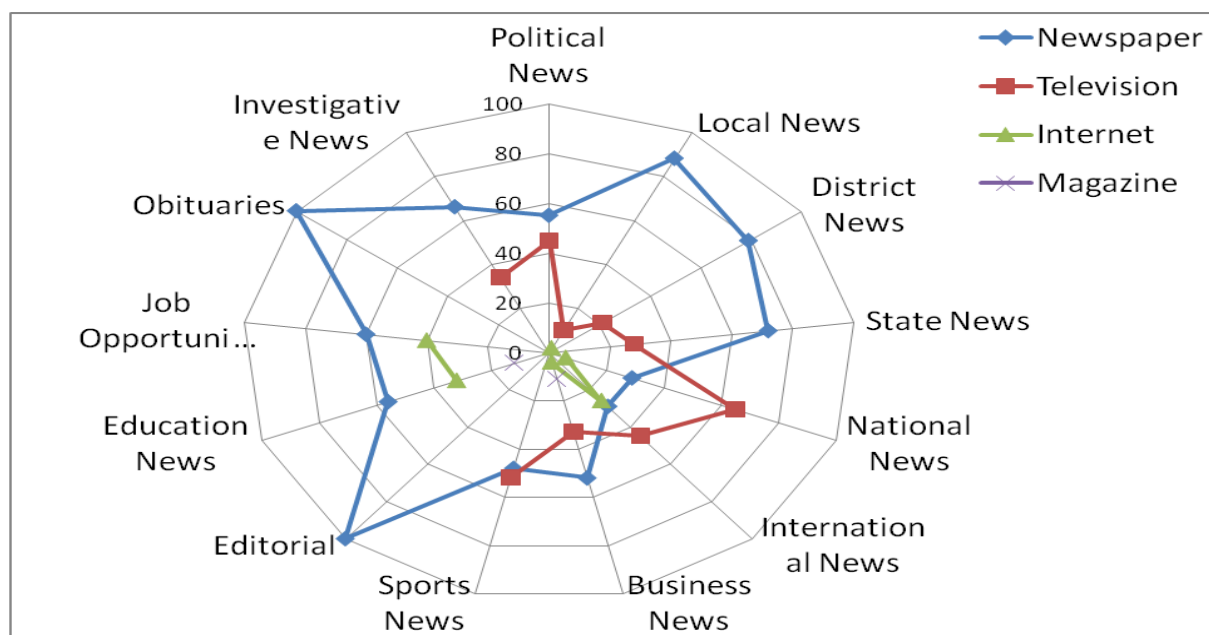


Chart 17: First Choice of News

Advertising

Advertising is considered as another factor which favors newspapers. It is irritating for the viewer when advertisements appear in between a news bulletin and he has no option but either to watch the ad or to change the channel. But in the case of newspapers, advertisement does not disturb him since he can continue to read news without any break. Also he can go through the advertisements which he requires and just ignore ads which are not relevant for him. Classified section of the newspapers is still popular in this part of the world. Even in the case of advertisements of automobile or durables, dealers prefer them to appear on newspapers since offers can be communicated better to the consumers through newspaper advertisements and dealer list can be incorporated in the printed ad. There are readers who read newspapers to see what the offers from various dealers or local shops are. Advertisements of supermarkets and large chains on weekend offers and discounts are popular now.

Non Resident Keralites

Almost 10 per cent of the state's population lives outside the state. Keralites are the major workforce in middle-east countries and there is strong presence in Europe and US also. More than 15 per cent of Remittance to India is coming to Kerala. As migrants began to send money back home, it rapidly penetrated into all walks of life. This contributed to the substantial rise in the standard of living of the people of Kerala. This has helped in increasing readership also as people want to know more news about the countries where their relatives stay.

Habit & Culture- Passion to Malayalam and the printed word

"Newspapers were part of my growing up. Not getting a paper at home feels like a piece of life missing."

In Kerala, newspapers are part of their morning life. Morning coffee along with newspaper is something that they cannot live without. The figures also show that they want to read their newspaper in the morning and most of them prefer it in the local language. The rural areas are very well connected and purchasing power of the people there is as good as the urban counterparts, thanks to the migrants.

"It is a morning habit for me, and gives a good start and makes the day complete".

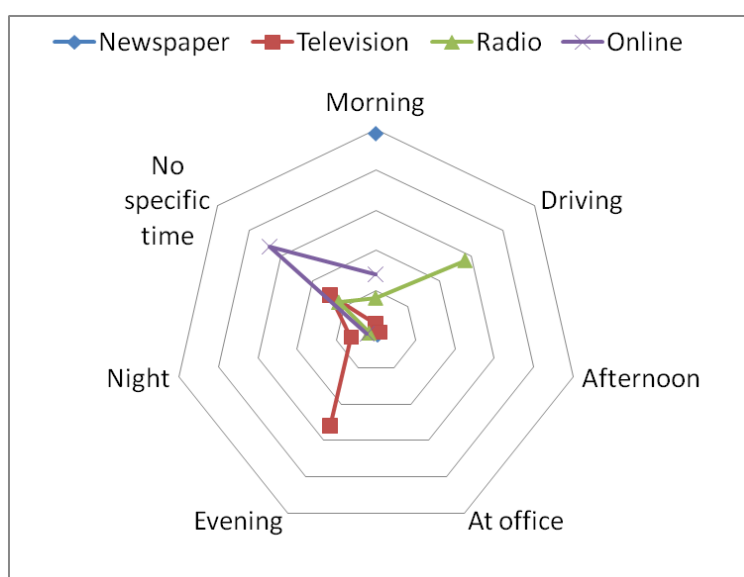


Chart 18: What time do people access various media

The morning time is totally dominated by one media in Kerala which is newspaper. People in Kerala feel like something missing if they do not get their newspaper in the morning. 'Pleasure of reading newspapers' is something very important for them along with their 'morning coffee'.

It is not just reading newspaper but also their own language. They consider that their children, who study in English medium need to learn the mother tongue, Malayalam and that is also mentioned as one reason to subscribe to a Malayalam newspaper. To learn about the offers in local shops is another reason for reading newspapers in the morning.

Social Activities of Newspapers

The initiative taken by the newspapers in Kerala in various social activities is another reason for attracting readers. Not only that they run various campaigns, be it for promoting rain harvesting, reducing road accidents, clean Kerala drive or promote Malayalam, they also take initiative for various projects beneficial for the public. Heart surgery for affected children, building houses for tsunami victims, building townships for earth quake victims of other states etc are some of them implemented with the help of reader support. When the readers are involved in such activities, they feel that they are part of the newspaper and feel proud of being participants in such activities, which otherwise they will not be able to do on their own, even if they want to.



Picture 6: Campaign from Malayala Manorama daily on their various CSR activities

Very low cover price

Compared to other countries, the cover price of newspapers is very low in India starting from us\$ 0.03 to us\$ 0.1 for pages ranging from 12 to 48 on an average weekday. The value of waste newspapers is also higher where as in Europe or US, one has to pay extra for the disposal of the waste newspapers. So with around 40 pages for just us\$ 0.07, the people make money when they buy newspapers and this is one reason for the increase in circulation. But in Kerala, the cover price of newspaper is high compared to other states.

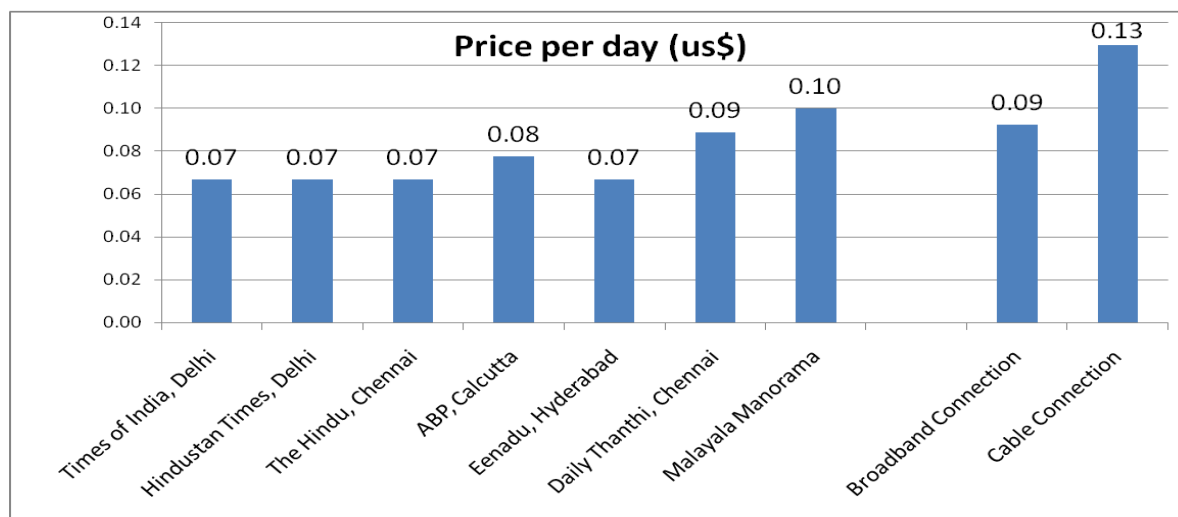
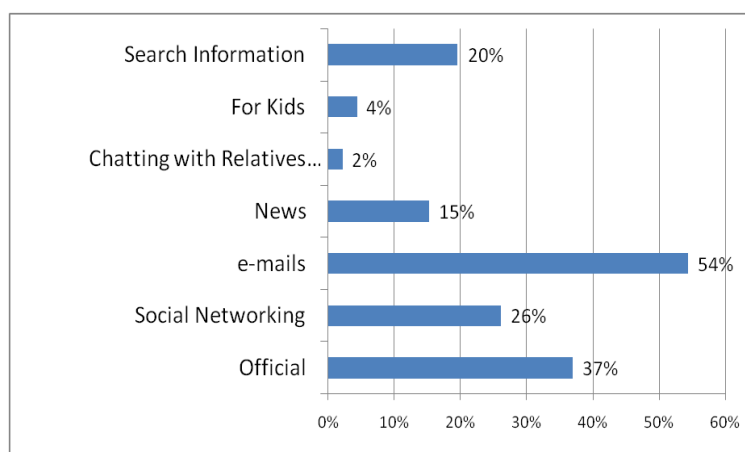


Chart 19: Cover price of newspapers compared to price of cable subscription and broadband connection

Internet Penetration in Kerala

Kerala is the first state in the country who achieved 100% broadband availability across the state in 2009. The cost of the broadband connection is now as low as us\$ 0.09 per day, lower than the cover price of newspaper in Kerala. Still internet penetration here is very low since people have lot of apprehensions about this medium. People are against the use of internet at home where there are kids. Their reasoning is that internet has so much vulgarity and other undesirable content and it is not practical to monitor the browsing always. Therefore, they would rather restrict the internet to the office use.

"Internet is useful for me when I need to search for a specific topic. But when I want to glance through all the news of the day, nothing can beat my daily newspaper."



The main purpose of the internet use is for sending and receiving e-mails followed by official use, social networking and searching information.

With the kind of news spreading about misuse of internet, people are very cautious about allowing their children to use internet. Unlike in the case of television which is normally watched openly, the parents feel that they will not be able to monitor always what their children do on internet. Various studies indicated that internet has a negative impact on many areas of life like value development, emotional development of children and adults, and moral standards. Being very rigid on values and social interactions, Keralites still limit their use of internet.

Chart 20: Purpose of using Internet

Medium of Convenience

People do not have the time to watch a full news bulletin, that too adhering to the timings of news bulletins. In Kerala, mostly being single TV households and preference is for watching entertainment programs, even if somebody want to watch news bulletins, it is not possible always. Secondly, people want news interesting to them. This is where newspapers help them. They can see every news at one glance and pick and choose what they want, which is not possible in the case of television or online. Also paper can be carried around and read at their own convenience, they can mark or underline for any reference and even cut clippings of their interest.

CONCLUSION

So far, the newspapers in Kerala are able to retain the readership and increase it over a period of time. It is not affected much by television or internet whereas all other states are going in the same direction of developed countries with decline in readership. This happened mainly because the newspapers in Kerala could actually take notice of what happened in Europe and US and could take corrective actions to transform themselves. But the trend could be reversed any time as technologically driven newer media is more appealing for the younger generation. It is not that the younger generation is totally away from the news consumption, but adopting different forms of media which they feel more comfortable. At the same time we have examples of several European countries, particularly Scandinavia, where high levels of internet use continue to coexist with high levels of newspaper readership.

TAKING IT FORWARD

The readership of newspapers in Kerala is growing. But at the same time reach of other forms of media are growing much faster. So it is necessary for the media companies who have multiple media options to do a combined marketing of various forms of median under the same brand name. When newspapers are doing everything to increase the readership of newspapers, they are also expanding their brand beyond the printed word. Brand extensions of newspapers are already happening to news channels and newspaper websites to target the younger generation. The readership survey has to measure the extensions of newspapers in other forms of media under the same brand for enabling media owners to market it as a combined reach. If the same brand is present as newspaper, television news channel and newspaper website, it makes sense for the media company to project the combined reach. But there has to be more research on how this can be used at the planning level since here we are trying to combines different forms of media with different measurement currencies.