

The Cross-Cultural Impact on the Newspaper Publishing Industry and How It Affects Marketing Strategy

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Abstract

This paper examines how the newspaper industry's marketing strategy should vary, depending on the culture of the consumer market. Specifically, we contrast the United Kingdom newspaper market (and at times, separately the Scottish, English and British markets) with the United States newspaper market. We find important differences in the culture of the respective markets and note how that suggests different newspaper publishing marketing (and production) decisions.

Keywords: Newspaper industry, print vs. online, media consumption habits, cultural impact on marketing strategy

INTRODUCTION

The rapid developments of modern technologies such as the Internet are commonly regarded as disruptive innovations, affecting people's lifestyles dramatically. Reading, one of the oldest habits that humanity has retained for thousands of years, is now adopting a lot of new technologies and also facing a lot of challenges. More and more people in the United States, especially the younger generation, are turning to hunting for information through new methods of media consumption, such as the laptop, cell phone and tablet, rather than through traditional print sources. According to data from Statista, a platform collecting statistics and studies from more than 22,500 sources, in 2016 approximate 290 million Americans have access to the Internet at home or work, and in 2015 about 74.5 percent of the U.S. population were internet users¹. Moreover, the Internet as a communication- and information-providing medium is no longer tied to desktop computers, and this allows a tremendous advantage and flexibility to digital devices.

The newspaper publishing industry, encountering the huge challenges from the digital- information providers, needs to reconsider its marketing strategy, especially whether and how to utilize digital media in their marketing mix. In addition, the newspaper publishing industry also struggles with the high cost of newsprint, which has driven some members of the industry to reduce circulation or publication days, or adopt an online-only format. Figure 1 displays the top 14 newspapers worldwide, in terms of digital-only subscribers:

¹ Gordon, K. (n.d.). Topic: Internet usage in the United States. Retrieved April 01, 2018, from <https://www.statista.com/topics/2237/internet-usage-in-the-united-states/>

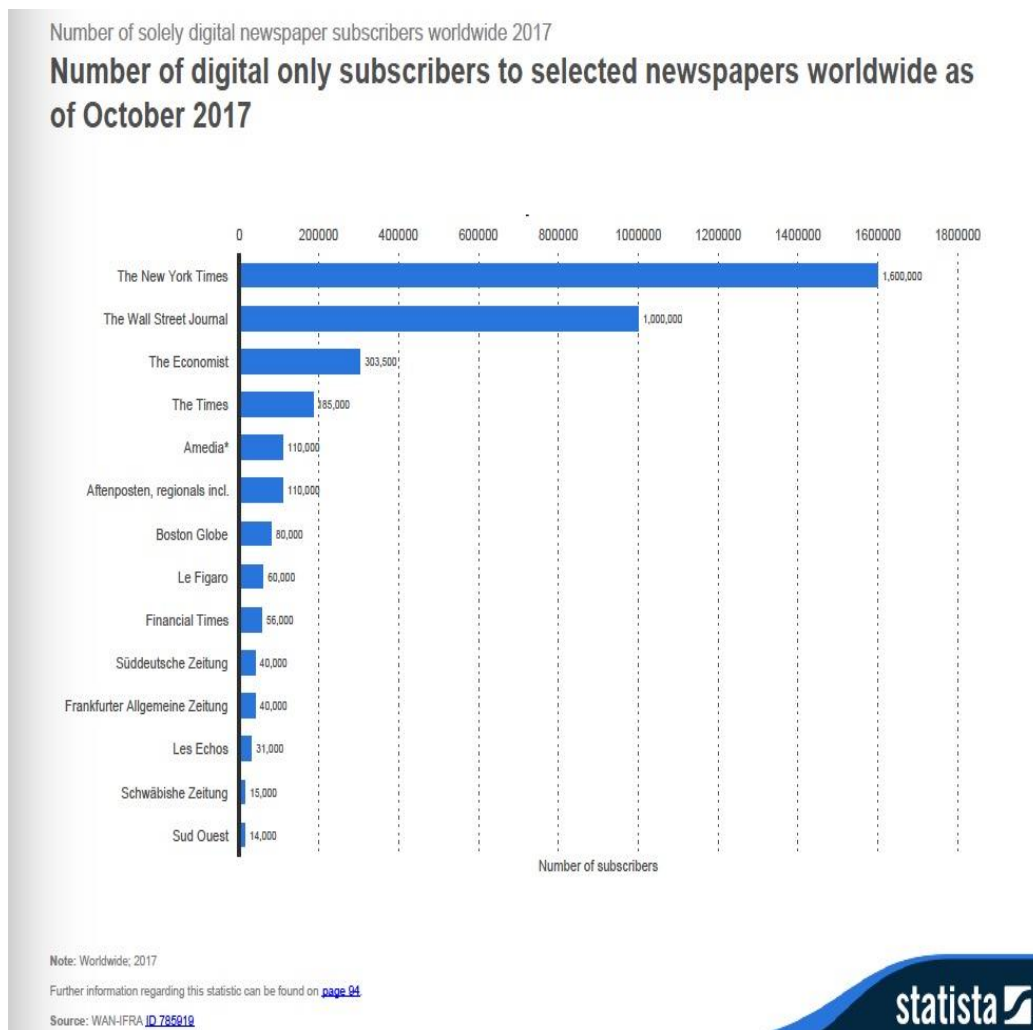


Figure 1: Number of digital-only subscribers to selected newspapers worldwide²

E-reading is now a leading trend globally that affects almost everyone. Compared to a newspaper, it is much more convenient, often lighter and cheaper, and supports audio transmission, and uses less resources. Most retailers and publishers have considered this as an “Industrial Revolution” in the field and have already produced a large number of electronic products and related readings. For example, the iPad and the Kindle are very popular in the current e-reading market. This trend continues today and has not yet "peaked."

However, this trend does not manifest itself everywhere to the same degree. For example, a Scotland-based regional newspaper company in Aberdeen called *The Press and Journal* has not shifted its focus to electronic versions, but, rather, has focused most heavily on improving the quality and localization of the **print version**. The explanation given by the marketing manager of *The Press and Journal* is that they believe that the current Scottish newspaper market is sufficiently profitable and the localization and print edition should still be considered as the essence of their product. Founded in 1748, *The Press and Journal*, renamed from the *Aberdeen Journal*, is Scotland's oldest newspaper³ and one of the longest-running newspapers in the world. The company has always devoted itself to provide local news, covering from the northern part of the United Kingdom⁴ to highland Scotland, including the cities of Aberdeen and Inverness.

² Fuller, S. (n.d.). Topic: Newspaper Industry. Retrieved April 01, 2018, from <https://www.statista.com/topics/994/newspapers/>

³ History of British Newspapers. (n.d.). Retrieved April 01, 2018, from <http://www.newsmediauk.org/History-of-British-Newspapers>

⁴ For those not fully familiar with the exact definitions, "United Kingdom" includes England, Wales, Scotland, and Northern Ireland. "Great Britain" includes England, Wales, and Scotland (Brilliant Maps, 2018)

The loyal readership and the Scottish culture endow them with the confidence to employ their print- version-focused marketing strategy, whereas the American, or even English, culture likely could not support having *only* a print edition. On the other hand, in emerging countries, such as many of those in Latin-America, the newspaper publishing industry has flourished in print editions, increasing its revenue steadily. Thus, we see how differences in culture lead toward different marketing (and production) strategies.

NEWSPAPER PUBLISHING INDUSTRY OVERVIEW

Over the five year period 2012 to 2017, the revenue of the newspaper-publishing industry worldwide has declined 5.0% annually to \$129.9 billion in 2017; this includes a 6.7% revenue decrease during 2017 alone.⁵ However, the decline trend varies from country to country and the differing trends between developed countries and developing countries have pushed and pulled the industry over the past five years. In Western countries, the newspaper publishing industry is commonly considered to be in a dying phase of its overall product cycle. Compared with newspapers, competitors - primarily web-based outlets - provide their customers instant access, visualized experience across print, video and audio formats, and real-time interaction. For example, both the United States and United Kingdom have experienced a general decline in print publishing, although in some years the newspaper industry has slightly rebounded in the United Kingdom. See Figures 2 and 3. Advertising spending on print newspaper, once the most profitable part of the newspaper industry, has lost market share. The decreasing tendency is expected to be more pronounced in advanced economies, as customers’ attention is distracted by a variety of other media resources, resulting in a transition from traditional-print version to digital-media consumption.

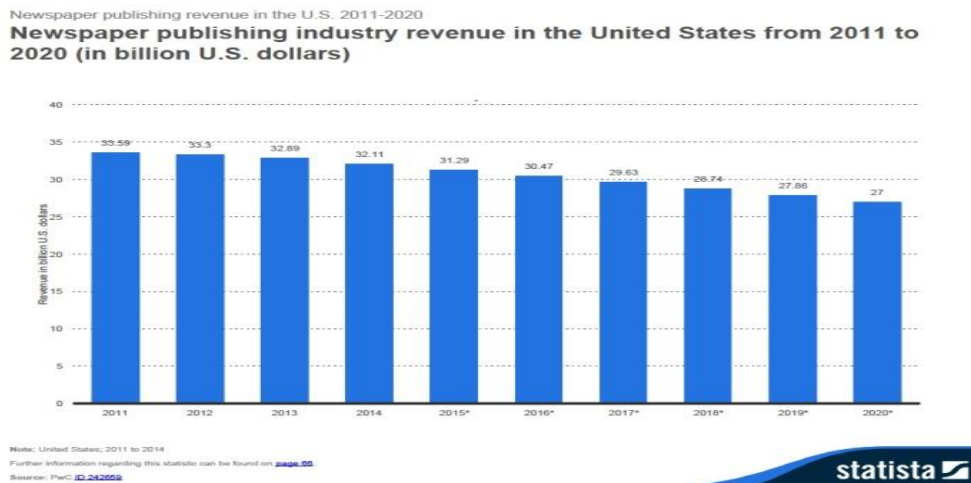


Figure 2: Newspaper publishing industry revenue in the United States⁶

⁵ Global Newspaper Publishing - Global Market Research Report. (n.d.). Retrieved April 01, 2018, from <https://www.ibisworld.com/industry-trends/global-industry-reports/manufacturing/newspaper-publishing.html>

⁶ Fuller, S. (n.d.). Topic: Newspaper Industry. Retrieved April 01, 2018, from <https://www.statista.com/topics/994/newspapers/>

Newspapers retail sales turnover in the United Kingdom (UK) 2008-2015
Turnover from retail sale of newspapers and periodicals in the United Kingdom (UK) from 2008 to 2015 (in million GBP)

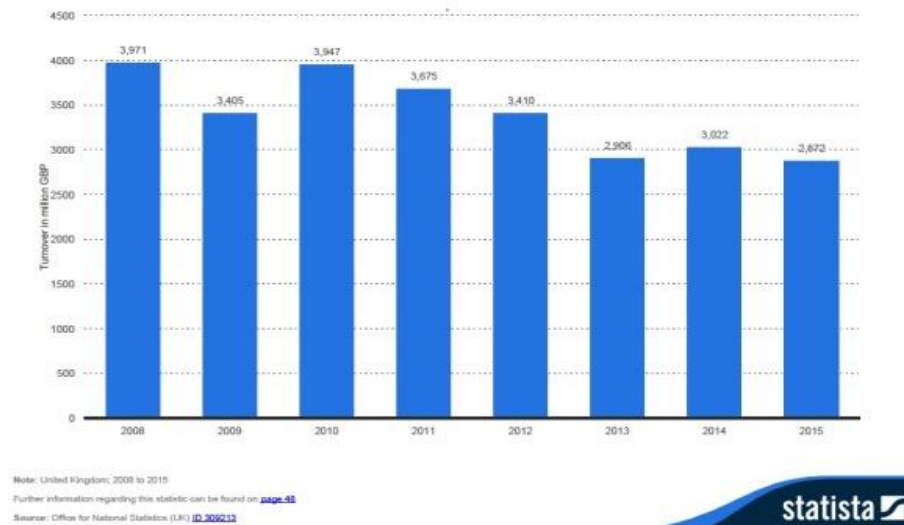


Figure 3: Turnover from retail sale of newspapers and periodicals in the United Kingdom⁷

Meanwhile, the newspaper industry is expanding in several emerging countries in Latin America and the Asia-Pacific, as the rising income and, especially, **literacy levels** stimulate the demand for printed publishing and entertainment, partly compensating for the decline in the printed newspaper industry observed in the mature and wealthier economies of North America, Europe, Australia and parts of East Asia.

CROSS-CULTURAL IMPACT ON MARKETING STRATEGY

In order to further study the newspaper industry in the United Kingdom, the difference between England and Scotland is a cogent area for study. The Scottish target-only segment, "Scottish regional," allows the local press companies, such as *The Press and Journal*, to achieve a profitable situation. However, *Press and Journal* is adopting a different marketing strategy than England's newspaper companies. Figure 4 displays the share of adults consuming newspaper brands monthly in the United Kingdom from October, 2016 through September, 2017, and also separately Scotland.

⁷ Peng, D., & Biagi, L. (n.d.). Newspaper industry in the United Kingdom (UK). Retrieved April 01, 2018, from <https://www.statista.com/study/25852/newspaper-industry-in-the-united-kingdom-uk-statista-dossier/>

Newsbrand reach in the United Kingdom (UK) 2017, by sector and nation

Share of adults consuming newspaper brands monthly in the United Kingdom (UK) from October 2016 to September 2017, by nation and sector

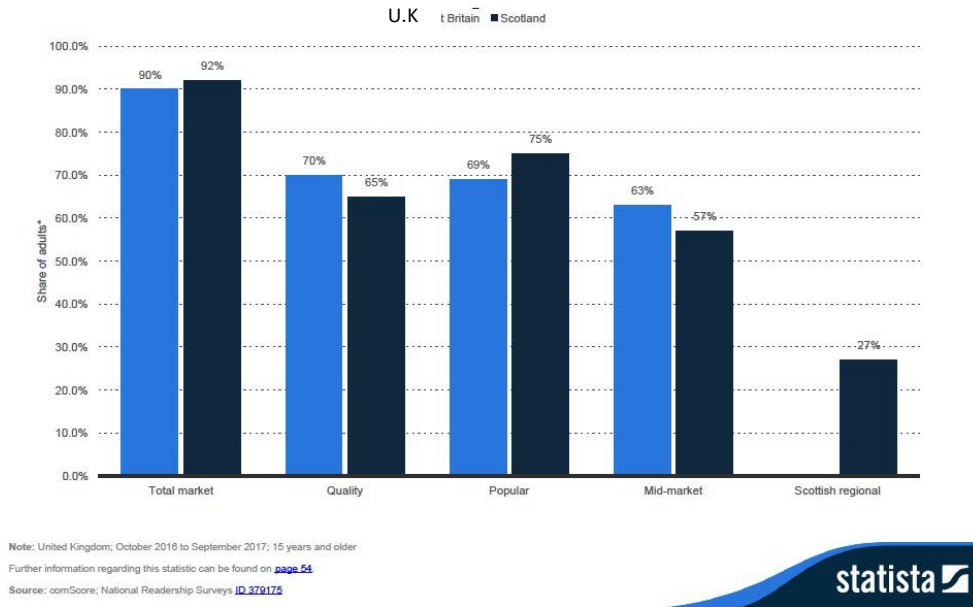


Figure 4: Share of adults consuming newspaper brands monthly in the United Kingdom (U.K. and Scotland)⁸

Media Consumption Habits

Compared with the change in media consumption habits in United States, the habits in the United Kingdom have stayed relative constant. In 2011, people in the U.K. spent 18.3 minutes a day on average with newspapers, almost the same as the 17.9 minutes in 2017. Whereas, in the U.S., the time spent with newspapers fell from 19 minutes per day on average in 2011 to just 14 minutes per day on average in 2017. The relatively slow transition of media consumption habits provides opportunities to the United Kingdom press companies to still focus on their print version. Indeed, the United Kingdom is one of the birthplaces of modern newspapers. Many important newspapers have been produced in the U.K. The reading habits have accumulated for over more than one hundred years. There are more than 60 million people in the U.K., with a daily circulation of newspapers of nearly 7 million copies in 2017. It is one of the set of countries with the highest per capita possession of newspapers.⁹ The United States has 330 million people, which is 5.5 times as many people as in the U.K., but the U.S. has only 4 times more newspaper subscriptions does the U.K.¹⁰ In London, the subway is one of the most popular means of transportation. The newspaper industry in the England has fully tapped into this commuting period for people on their way to work. There are currently two free newspapers released in the subway, the *Metro Newspaper* and the *London Standard Evening News*. This would seem to be difficult, if not impossible, to implement in the United States.

For a long time, English newspapers has had a somewhat fixed readership with the population. A famous quote in England concerning newspapers, put forth in 1986 on a BBC comedy, "Yes, Prime Minister," is (with slight paraphrasing): the readers of the *Daily Mirror* thought they were managing the country; readers of *The Guardian* believed that they should manage the country; the readers of *The Times* really did manage the country; the readers of the *Daily Mail* are the wives of state managers; the readers of the *Financial Times* "own" the country; the readers of the *Daily Telegraph* are people who have managed the country; and the readers of the *Sun* do not care about who manages the country, as long as the "three girls have enough content!"

⁸ Peng, D., & Biagi, L. (n.d.). Newspaper industry in the United Kingdom (UK). Retrieved April 01, 2018, from <https://www.statista.com/study/25852/newspaper-industry-in-the-united-kingdom-uk-statista-dossier/>

⁹ UK Newspapers Ranked By Circulation 2017 | Statistic <https://www.statista.com/statistics/529060/uk-newspaper-market-by-circulation/>

¹⁰ Newspapers Fact Sheet
 Michael Barthel - <http://www.journalism.org/fact-sheet/newspapers/>

Although the quote is, at least in part, a joke, it does reflect some truth, and this does speak about segmentation and the relationship between the different newspapers and the country.

Figure 5 shows the U.K. media consumption habits of the U.K. from 2014, projected through 2019. Figure 6 displays *per capita* time spent per day reading the newspaper in the U.S., from 2010 projected through the end of 2018.

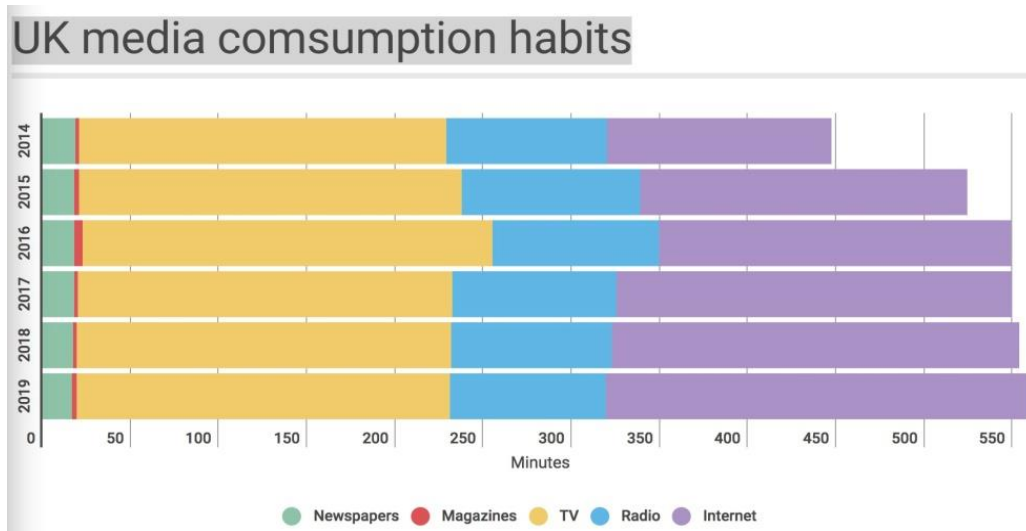


Figure 5: U.K. media consumption habits¹¹

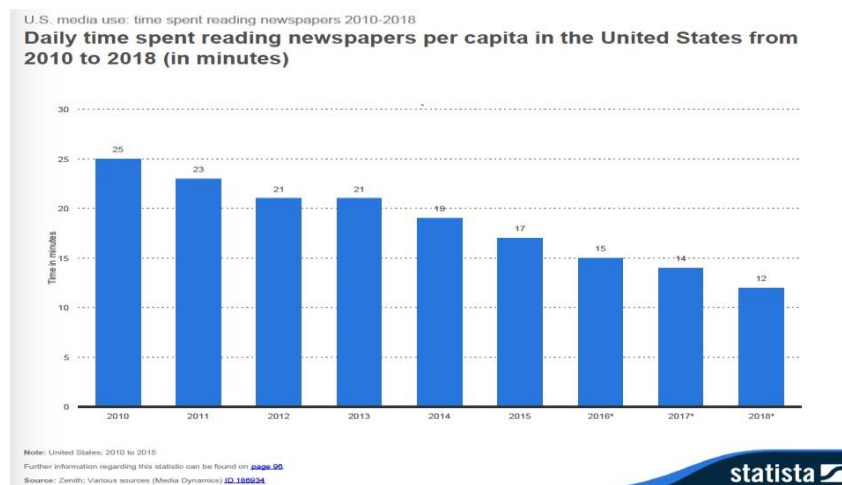


Figure 6: Daily time spent reading newspapers per capita in the United States¹²

Contrasting Culture

British people are stereotyped as "stuffy and starched." They are (stereotyped further as) caring about process, and making the best of a bad lot. The constantly wet weather instructs them to look for the best solution under the "less than ideal" situation and to act following some framework, rather than change the situation to achieve their goal. By contrast, people in the U.S. are stereotyped as being very pragmatic and result orientated. They also are characterized as believing more in human will and the "American Spirit" that "everything is possible."

These differences in personality leads to the different newspaper-marketing strategy their respective industries apply. For example, people in the U.S. are viewed as caring only about what happened and its result, and paying much less attention to details, compared to the British.

¹¹ Davies, J., Weiss, M., Willens, M., Morrissey, B., Patel, S., & 2017by Lucinda Southern. (2017, June 13). The (not so great) state of UK print advertising in 4 charts. Retrieved April 01, 2018, from <https://digiday.com/media/print-advertising-uk/>

¹² Fuller, S. (n.d.). Topic: Newspaper Industry. Retrieved April 01, 2018, from <https://www.statista.com/topics/994/newspapers/>

As a result, real-time, rapid and first-hand online readings clearly have a greater appeal to American readers compared with traditional newspapers, which have to wait to be printed and published the next day. Also, British people are thought to enjoy the process much more than people in the U.S. Correspondingly, the former prefer more details and are thought to have more patience than U.S. readers. In this situation, traditional print newspaper and their columnists are relatively more acceptable by the British, and the need for gratification from immediate, online readings are correspondingly lower.

Confidence in Newspapers

Professional, comprehensive and accurate content is always the expected core for the newspaper industry. That is why print newspapers may still survive and why some readers will prefer to pay for a subscription to a print newspaper, rather than hunt for the free information online. Nevertheless, the “fake news” in the United States has seriously damaged the authority of the newspaper industry, so that in 2016 the confidence in newspapers among the American public fell to a new low. According to a Gallup poll in 2016, only 20 percent of Americans said that they have a “great deal” or “quite a lot” of confidence in newspapers; in contrast, 36 percent of Americans said that they have a “very little / None ” for the level of confidence in newspapers. Figure 7 shows the decrease in confidence, and the corresponding increase in "non-confidence" of Americans over the past 24 years. On the contrary, the British hold the tradition of monarchy very dear in their hearts and minds, respect and admire authority, and have never encountered a similar trust crisis with newspapers. This has resulted in a solid position of the print newspaper publishing industry in Great Britain.

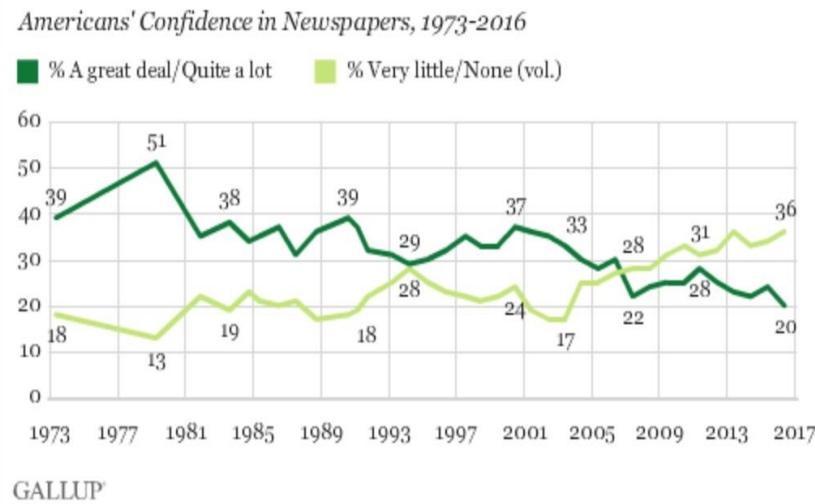


Figure 7: Level of American confidence in newspapers¹³

GLOBAL IMPACT ON MARKETING STRATEGY

Cross-cultural factors play an essential role in the decisions involving marketing strategy. Indeed, a firm’s profitability is, in part, determined by its self-identification. It is predicted that global cultural issues will be critical factors also affecting economic development, the rise and decline of different industries, and the achievement of individuals.

Age Distribution

Even though the British people prefer to adopt a relatively conservative attitude to new fashions compared with Americans, the slow transition of attitudes of the British cannot guarantee a promising future from a long-run perspective, since the core customers will finally shift to the younger generations who have been used to electronic products from birth. Therefore, the British newspaper companies should currently be prepared to transit from a print to a digital-only version (or, at least *add* a digital version) to catch up with the overall increasing tendency of the digital era.

¹³ Gallup, Inc. (2016, June 13). Americans' Confidence in Newspapers at New Low. Retrieved April 01, 2018, from <http://news.gallup.com/poll/192665/americans-confidence-newspapers-new-low.aspx>

Infrastructure Construction

Recently, the British National Infrastructure Protection Commission has conducted a survey on the 4G coverage of countries around the world. In this ranking, the United Kingdom ranked 54th (66%). The United States ranked fourth (87%).¹⁴ Indeed, more than 8,000 miles of roads in the U.K. have no cell phone signal at all. In addition to the large British cities, only one-fifth of British rural families can enjoy 4G services. The network signal of the British carriers is very slow and weak once one leaves the big cities. Such poor infrastructure speed is not able to support a lot of web browsing and e-reading for the local people. For this reason, newspapers continue to be one of the most reliable sources of information for people who are not living in big cities.

Paper & Pulp Mills

As the supply chain of the newspaper industry, wood pulp is the major input to produce paper, and the newspaper industry relies on paper for production. As shown in Figure 8, the growth of the world price of wood pulp, as published by the IBISWorld, is anticipated to slow down over the next five years, 2018 to 2023. This is spite of the growth from China, Brazil and other emerging markets. The price of wood pulp is expected to increase at the relatively small annualized rate of 0.7% over this 5-year period. Changes in the price of paper heavily affect publishers, with higher prices obviously increasing costs. In an attempt to mitigate the growth of print cost, companies should continue to moderate newsprint consumption and expenses through press web-width reductions and the use of lighter-weight and recycled papers.

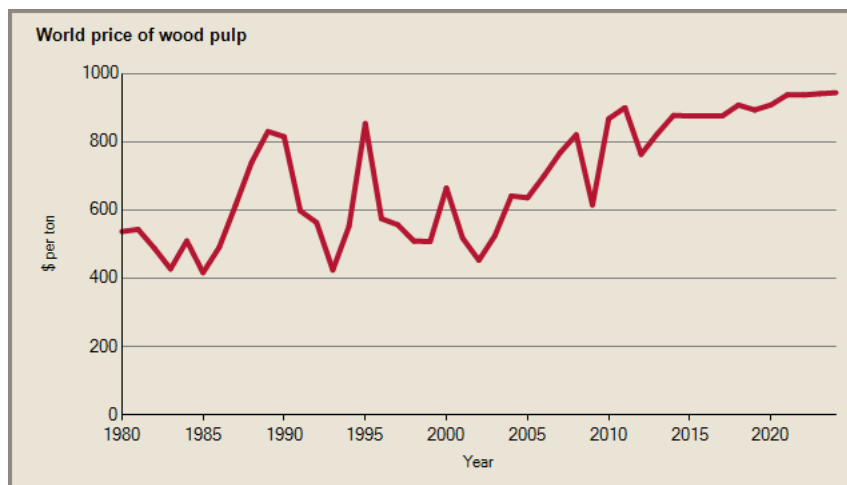


Figure 8: World price of wood pulp¹⁵

CONCLUSIONS

British readers and American readers have different preferences in traditional print newspapers vs. online reading. British readers are, on average, more process-oriented and conservative, and prefer to read (print) newspapers. American readers, on average, value results more and want to be receive information faster, and prefer to receive their news/information online. In addition, United Kingdom readers are more confident in their media and are more willing to believe media reports. There are also some other factors that may contribute to a different choice of marketing strategy in the U.S. and U.K. These include the price of wood pulp and the infrastructure conditions. Although the younger generation prefers e-reading more, still, due to the reasons noted above, the traditional newspaper (print) industry in the U.K. should enjoy good prospects in the short term, and possibly the intermediate term.

¹⁴ List Of Countries By 4g Lte Penetration

https://en.wikipedia.org/wiki/List_of_countries_by_4G_LTE_penetration

¹⁵ Wood Pulp & Paper Prices Continue to Rise. (n.d.). Retrieved April 01, 2018, from

<https://www.ibisworld.com/media/2016/02/11/wood-pulp-paper-prices-continue-to-rise/>

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