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Pacific Asia Travel Association

ISSUES & TRENDS

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THE NEW WAR OF THE WORLDS

With the internet and its lovechild the blogosphere rapidly overtaking print media as the primary source of news and information, everyone from US President Barrack Obama downwards has an opinion, but the relics with the spirit of ink in their veins are fighting back, writes **Blaise Hopkinson**.

RATHER like the panic which ensued after the famous Orson Welles radio piece *The War of the Worlds* was broadcast in 1938, newspapers and magazines are fighting to control their own panic as the internet devours profits and titles alike.

And just as the famous broadcast launched the future star of *Citizen Kane*, it is citizen journalism that is leading the charge against the traditional world of print.

The relevance of this trend for the travel and tourism industry cannot be understated. As more and more consumers turn to the internet for their news and other information, so too are they adjusting their spending processes to online platforms.

Normally an early adopter of technology, for travel and tourism to keep pace with the growth of the internet the industry will have to adjust more rapidly to online communication. Many travel companies don't even have websites and many of those that do are woefully out of date!

The web is awash with headlines proclaiming the end of print, but there are some responsible voices in play as well.

Phew! US-focused Pew report makes for startling reading

The State of the News Media 2009 is one of the most definitive and authoritative studies of media in the United States, and in its sixth iteration it makes for scary reading indeed. Produced by the Pew Research Center's Project for Excellence in Journalism, it is probably the only all-encompassing study on what is truly happening in the news media in the US.

While the trends noted in the revolution of media in the US are domestic, the nuances are there for all to see. Reports of the death of print media, to paraphrase *Tom Sawyer* author Mark Twain, "are greatly exaggerated".

That said, to quote just the first paragraph of the Executive Summary of the 180 000-word report gives an indication of how grave the situation really is:

"Some of the numbers are chilling."

It goes on to say: "Newspaper ad revenues have fallen 23% in the last two years. Some papers are in bankruptcy, and others have lost three-quarters of their value. By our calculations, nearly one out of every five journalists working for newspapers in 2001 was gone by the end of 2008, and 2009 may be the worst year yet."

And this, the probable cause: "Journalism, deluded by its profitability and fearful of technology, let others outside the industry steal chance after chance online. By 2008, the industry had finally begun to get serious. Now the global recession has made that harder."

It seems every week another news organisation is announcing either it is folding a print title or cutting jobs, with the "Grey Lady" one of the latest, *The New York Times* being the most recent to announce 100 job cuts, or 8% of its journalism work force.

Part of the issue is the raging debate of how online news can turn a profit, with industry titan, likely the most powerful man in media, Rupert Murdoch now moving towards making the consumer pay for play, through micro-payments or other mechanisms.

> *"The micro-payment idea, however, was already tried and rejected by users early on and has run headlong into resistance from online advocates."* **Pew report (2009)**

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> *"'Youthing' down a paper to attract 21-year-olds isn't the answer: the only way you're ever going to get the average 21-year-old to read a daily newspaper is to wait nine years until he's 30."*
>
> **Graydon Carter, Vanity Fair Editor**

"The micro-payment idea, however, was already tried and rejected by users early on and has run headlong into resistance from online advocates," says the report.

But Murdoch, who famously doesn't use a computer himself, recently said he would start making *Wall Street Journal* (owned by his News Corporation) readers pay for the content on their mobile phones. While non-subscribers would pay about US$2 a week, even those who get the print edition would be hit up for US$1 a week, which has caused a huge uproar among competitors.

But beyond the quick fix, the Neiman Journalism Lab's Martin Langeveld has warned that the 2008 print and online advertising revenues in the US of US$37.8 billion are likely to be pared down by US$10.3bn to just US$27.5bn this year, meaning the only way to staunch the flow of red ink is to have a digital revolution, not tomorrow, but today.

One of the more interesting trends observed in the Pew report is the shift of influence away from traditional news organisations to individual journalists and commentators, who, through blogs and multi-level exposure have become extremely powerful, such as Arianna Huffington of the Huffington Post or former *New Yorker* editor Tina's Brown's *The Daily Beast*.

The shift to the web is also influencing how news organisations cater to their audiences, with Pew noting that pushing content out is replacing the more traditional focus of luring audiences in.

"One form involves helping citizens grab and share information with one another. Another involves placing content on as many platforms as possible. Most news websites now have links attached to stories so readers can more easily share that content, and many have gone further, creating their own Twitter or Facebook accounts to put more content into consumers' hands and allow them to pass it along," the report stated.

Newspapers in free fall

The newspaper industry is facing its toughest year yet, notes the Pew report. It exited "a harrowing 2008 and entered 2009 in something perilously close to free fall. Nearly all papers are now cutting so deeply and rapidly that simply coping with the economic downturn has become a major distraction from efforts to reinvent the economics of the business".

The numbers are chilling indeed:

- Circulation fell 4.6% for daily and 4.8% for Sunday newspapers year on year
- Total revenue fell 16% to US$38bn compared with the previous year
- 5,000 full-time newsroom jobs were lost
- Shares in publicly-listed have been lost, newspaper companies plummeted 83% in 2008
- Online advertising revenues fell 0.4% in 2008 and accounted for under 10% of total advertising revenues

The study found that in 2008 the web surpassed all other media excluding television as the source for national and international news, with the top 50 news websites enjoying traffic growth of 27%.

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The leading quartet of news websites, namely CNN.com, AOL, MSNBC and Yahoo, saw average unique monthly users grow 22% to 132 million, which was twice the increase seen the previous year.

Cable shines

One area which is basking in an upward trend, according to the Pew report, is cable television in the US, which led to record profits for CNN, Fox News and MSNBC.

The researchers noted the US presidential election contributed to this surge, but forecast some of the gains in audience numbers would carry on through 2009.

They found that primetime median audiences across the three cable leaders grew by 35% to 3.6 million viewers with MSNBC recording a 57% growth.

The reason for the impressive results is this: "Half of cable revenues come from subscription fees built into monthly cable bills, which insulates the channels from downturns in ad rates and spending," the report notes.

FEER No More

Turning to Asia, the print media landscape looks equally bleak, as more and more previously robust players announce serious declines in revenues from print and further casualties, such as the final demise of the region's best magazine, *Far Eastern Economic Review (FEER)*.

This decline shows no end in sight and it is following the very familiar pattern in the US and Europe, whereby print is simply giving way to the internet and the blogosphere.
The ravages in the print industry are affecting even the mightiest players, such as Singapore Press Holdings (SPH), which recently reported a 16.9% drop in print advertising in the 2008 financial year compared with the previous year. While S$648.3 million is none too shabby, it did help dent the company's overall performance, which was down 3.6%. Cryptically, SPH CEO Alan Chan said the outlook for 2009-2010 "remains uncertain although there are signs of a gradual recovery".

"We took steps to ameliorate the challenging situation we faced with the decline in print ad revenue and rising staff and other operating costs. We will continue to monitor our cost levels closely while devoting resources to build up capabilities in adjacent businesses and grow beyond print and Singapore," he continued.

More radically, the South China Morning Post Group of Hong Kong SAR reported a 43% drop in newspaper revenue for the first half of 2009, largely due to a halving of advertising sales. Also from Hong Kong SAR comes the news that Sing Tao News Corp. has reported a 2009 first half decline of 11% in print advertising, which it has blamed on the global financial crisis. Publishers of *Sing Tao Daily, The Standard, Headline Daily and glossies East Week, East Touch and JET*, the company reported significantly *Headline Daily* had kept its position as Hong Kong's top free newspaper, indicating readers were happy to receive their news for nothing, rather like internet news sites.

> *"There is no such place as Asia."*
>
> **Keith Statham, former Hong Kong PR Doyen**

Other casualties in the Asian market have been The Economist Group's CFO magazines across Asia and China, which were shut in April due to a reported fall in advertising revenue pushing 30%.
"There is no such place as Asia"

Arguably the most tragic and high-profile death in Asia's print media has been the *Far Eastern Economic Review (FEER)*, which has a December 2009 burial. Staggering from a demotion to a monthly in 2004 owners Dow Jones (owned by Murdoch) finally fell on their swords and closed the publication down for good.

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For decades *FEER* was the touchstone of pan-Asian journalism, a magazine that was home to some of the best writers and investigative journalists. It is clichéd to say they were "FEARless", but they wrote it as it was in the face of massive libel suits and threats to personal security from many of the region's exposed officials and senior corporate players.

FEER joins its diminutive Time Inc. rival *AsiaWeek* and Singapore-owned *Asian Business* in the trash heap of pan-Asian business magazines, once cash cows for their owners who raked in advertising revenue from purveyors of products favoured by Asia's growing elite, from high-priced liquor to yachts, Rolexes and cars.

When I was with Asian Business in the mid-nineties *FEER* was that industry titan, and we lived in awe of its correspondents and its incredible advertising pull. Asian Business wasn't too shabby either, regularly putting out 160-page books packed with advertising. That said, our owner even back then lambasted us for our lack of profits, suggesting the floor space we occupied would make more profit than our magazine if he let it out.

His sensitivity was towering. But we got the message.

Like *FEER* and *AsiaWeek*, Asian Business lost its once dominant place in Asia print media because Asia grew up, or, finally, people took notice of the phrase "there is no such place as Asia", which I first heard opined by Hong Kong SAR public relations doyen Keith Statham, as he held court propping up the fabled bar at the Foreign Correspondent's Club.

It first sounded heretical, but when he explained his contrarian view, this in the late nineties, he was ahead of his time. Advertisers have long since learned that Asia is not a single country and that heavily-targeted local advertising is more effective than the "pay and spray" approach of old.

The internet has also localised advertising, not to mention chipped away at its foundations.

The one-size-fits-all approach to Asia was also the prevalent approach by multi-national corporations doing business in the region, and even the oft used term "*Chindia*" shows that many still haven't worked out the diversity of cultures is greater than ever and that the proximity to another country doesn't mean an affinity.

Asia's elite sticks with ink

Lagging behind their peers in other continents, Asia's business elite appears to be taking its time in migrating from traditional, or old, media to the internet, research from Ipsos Media indicates.

> *"the aromatic urgency of hot metal marinated with printer's ink"*
>
> **Harold Evans, former editor of The Sunday Times**

"Traditional broadcast media is still extremely important among C-suite executives when looking for news and business information. That said, they are like 'information sponges', accessing information from lots of different places," said an Ipsos Media spokesman.
ZenithOptimedia analysts believe that by 2011 newspaper advertising in Asia will have fallen by 25% from its 2007 peak.

Quality still counts

With the rise and rise of the internet and the citizen journalist, one of the first and most tragic victims has been the quality of news reporting and, in particular, investigative journalism.
These two pillars of Old Media have been what built the greatest titles in the world, from The Times of *London* to The *New York* Times, the Times of *India* to the *Rand Daily Mail* in South Africa.

But with Twitter and the likes, anyone with a phone can be a reporter, from Al Sharpton tweeting at Michael Jackson's funeral to a passer by reporting on an air disaster, the immediacy of the internet has laid waste to newspaper and even television news quality and authority.

But this does not have to be. Many professional journalists from across the world are now deeply committed not just to saving the print medium but also to preserving the tenets of good reporting. Quality, they maintain, still has a place in modern journalism.

There is also a monumental example of how print and the web can work hand in hand to make the most of excellent journalism.

Months back, London's *Daily Telegraph* itself made history when it, first on its web site and then in its rolling print editions, broke the story of British MP's expenses. It was a case of classic, green-shade, dogged, brilliant reporting … and a newspaper or news machine prepared to spend money on a dead cert.

Not only did the paper sell out on the day the story broke, but its circulation rocketed in the ensuing weeks as it cleverly drip-fed an entire indignant population daily doses of revelation, in print and on the web. The *Telegraph*, since control of the famous title passed from Canadian Conrad Black to new owners, has been an early adopter of the web, and has set an example for other musty publications to follow.
Its reporters were some of the first to blog; now no reporter worth his or her salt doesn't blog!

> *"Although O'Reilly at first reorganised, invested in and grew the South African company that he bought for a pittance form Anglo-American, for the last few years he has treated it like an extractive industry – pulling out every ounce of profit he could to subsidise his failing London newspapers."*
>
> **Professor Anton Harber**

Society glossy *Vanity Fair's* Canadian editor Graydon Carter believes quality is very much what will save print.

In a recent editorial he opined: "Goodness knows, I'm not one to complain, and I'm sure you're not the sort to, either, but aren't you growing just a bit tired of reading about the demise of newspapers … in the papers themselves? It's no wonder readership is down. Who has the patience to hear endless whining about someone else's misfortune when your own fortunes are rickety?

This is not to say that the health and vigour of the nation's dailies are not vital to the intellectual health and vigour of the commonwealth as a whole, or that newspapers aren't an essential force in keeping a watchful eye on corrupt politicians and venal corporate overlords —neither of which are in short supply these days. I would also hope you feel that the loss or even weakening of the nation's principal daily, *The New York Times*, would mark an end to life as we know it.

"The internet is partly to blame for all of this, and perhaps micro-pricing or gated content will be part of the solution. 'Youthing' down a paper to attract 21-year-olds isn't the answer: the only way you're ever going to get the average 21-year-old to read a daily newspaper is to wait nine years until he's 30. My suggestion to newspapers everywhere is to give the public a reason to read them again. So here's an idea: get on a big story with widespread public appeal, devote your best resources to it, say a quiet prayer, and swing for the fences."

The former editor of London's *The Sunday Times* Harold Evans also believes that quality counts. Though long ascended to the rarified climes of book publishing in the US, he retains his reporter's nous and believes getting it right in print is what it is all about.

Much as his newspaper days started long before computers, Evans is no stranger to technology, but still believes many of us prefer a printed page, it just feels right, according to him. He even has a crafty printer that pushes out newspaper-style pages from the web, in the comfort of his own home or even on a yacht in the Greek isles.

Oft-quoted from his new memoir *My Paper Chase* Evans talks of the "the aromatic urgency of hot metal marinated with printer's ink". Old school to the end, but he owns a Kindle!

Controversial US filmmaker Michael Moore *(Fahrenheit 9/11, Bowling for Columbine)*, in his latest stab at the establishment called *Capitalism: A Love Story*..., accuses corporations who bought up news organizations of pursuing profits at the great cost of integrity in news gathering. He warns that by making advertising the cash cow and not circulation, newspapers have compromised their economic base and are ignoring their core constituency: the reader!

This trenchant view is shared by one of South Africa's most knowledgeable media commentators and academics, Professor Anton Harber.

His most recent target was Irishman Tony O'Reilly, whose Independent News and Media are in a deep hole financially.

"The best news of the week is that Tony O'Reilly's Independent News and Media may have to sell its South African assets, including its 14 newspaper titles," Harber blogged recently.

"I can think of no South Africans that will lament ownership of these assets coming home – and the prospect of a new media owner emerging.

The global parent company of independent Newspapers is in trouble, losing money, unable to pay its debts and facing a looming deadline at the end of this week to do something about it."

He continued: "Although O'Reilly at first reorganised, invested in and grew the South African company that he bought for a pittance from Anglo-American, for the last few years he has treated it like an extractive industry – pulling out every ounce of profit he could to subsidise his failing London newspapers. The South African operation has been cut to the bone and beyond, to the point where all the papers have suffered and some have become sad shadows of themselves. O'Reilly's oversized ego has meant a reluctance to do the sensible thing, and close or sell its losing London operations."

The future is digital

While it is abundantly clear that the travel and tourism industry will have to adapt swiftly to the shift to the internet and the slow but sure attrition in print media, it is clear that going digital is the only course.

One benefit to this goes to the industry's early adoption of green principles, and the trend towards environmentally friendly tourism linked with the blanket acceptance that carbon emissions have to be reduced both on the ground and in he air.

Having been vocal about fighting climate change for a number of years just by reducing print exposure is a by-product that will not only save the industry money but will help substantially reduce its carbon footprint.

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