

PAPER VS DIGITAL?

by Vicent Sanchis i Llàcer*

Almost a decade ago, before the dot-com crisis, when the Internet exploded onto the scene, some commentators in the United States known for their snobbishness and proprietors who saw themselves as fortune-tellers foretold the death of print media. From that moment on the debate has been as stupid as it has been sterile.

Many theorists involved in communication have fallen flat. Rivers of ink, or kilowatts of electricity, have been spent on trying to gauge precisely when the apocalyptic moment will arrive: the substitution of paper for digital media. It is blindingly obvious that this is not the right question. The question is another, double one. In first place, how have conventional communication and information structures changed as a consequence of the digital revolution? The profession of journalist had remained essentially unchanged since the arrival of modern journalism in the nineteenth century. The technical means changed, but the basic concepts of the job in relation to the readers remained. Now everything has changed. Increasingly each day, those that receive information are, at one and the same time, broadcasters. The old frameworks have burst at the seams that appeared closed forever. Communication in the twenty-first century is a different kind of communication in which the main agent (the traditional consumer) no longer accepts the customary role assigned by the system. How will all these changes influence the conception and structure of information businesses in the coming years? Those who are capable of understanding the reach of this revolution can as-

pire to survive it, at least with different definitions and structures from those they have maintained until now.

The second question is precisely the following. The latest news from the world of information (the increasingly prevalent automated news) show superficial but emblematic signs of the crisis in the United States, the homeland of modern journalism. A few weeks ago the proprietors of the historic Boston Globe announced the closure of its print edition. Only after negotiations that saw drastic cut-backs in spending and wages does it appear as if the paper has seen off the threat, for now. Another paper in the same group, the New York Times, has sharply increased its cover price in the kiosks and for subscriptions in order to confront intolerable losses. A tight control on spending, now income is down, appears to have assured its immediate future, but it is evident that the solution is a very limited one. The structural causes that have led to this first shockwave will continue to be the cause of the next to arrive, which may be the definitive one. This will happen unless the media companies in the United States, Catalunya and the rest of the world change their strategies and structures.



The liberal economic system in the United States allows drastic measures to be taken with a speed that is not possible in other economies, such as that found in Catalunya, which provide more protection for workers. A proprietor of the US press can decide to make staff cuts that, in Catalunya, would entail an excessive cost. In spite of this, or perhaps due to the character behind it, companies from the United States have been the first in this part of the world to have taken such drastic steps as the closure of publications. This might happen in Catalunya, but it might take longer. Can it be avoided? Perhaps, yes. The West's economy has witnessed some years of euphoria, even while in some sectors the crisis could be seen coming as the result of a suicidal strategy. In Catalunya, too much construction work was carried out. In the United States the banks asked for worthless guarantees in order to grant mortgages. The construction boom has had a very sad ending while the American finance companies were uncovered by the smartest (or perhaps the least dishonest) financial analysts. This all took place in the housing sector, one of the two sectors that has most felt the effects of the crisis that was unleashed. The other has been the communication sector, due to some specific causes, that are nevertheless fundamentally similar:

businesses either took excessive risks, or were excessively conformist. Excessive risks, in the case of new businesses. New investments were seen to be essential, no matter how risky they appeared to be, as a means of guaranteeing a 'space' in the network or in any new area, such as the free press. Excessive conformism, because in the years when businesses were still enjoying strong profits resulting from steadily rising advertising revenues, no one took the steps necessary to ensure a less dramatic fall.

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The proprietors of the media businesses knew that the emergence of the new phenomena that were beginning to alter the world would end up affecting them too, sooner or later. Sales did not stop declining and advertising, while it remained steady or even increased, had to diversify in order to more effectively cover Internet, the free newspapers, new radio stations and new digital TV channels. In spite of this, the only deci-



sion taken anywhere, in Spain in particular, was one of maintaining circulation in an artificial manner. Mistakenly, they continued to equate circulation with influence. There was an obsession with multiplying promotions and false sales: these include bulk sales and collective subscriptions. The Spanish-based *Oficina de Justificación de la Difusión* (OJD, similar to the Audit Bureau of Circulation) accepts in its calculations any issue that supposes for the publisher an income of 50% of its retail price, even if the reader receives the newspaper for free. On this basis publishers have given away hundreds of thousands of copies every day that have been financed by public administrations or big business.

NEWSPAPER JOURNALISM HAS NOT DIED, NOR WILL IT DIE IN THE COMING YEARS. IT SIMPLY NEEDS TO CHANGE A GREAT DEAL

According to the data of the Association of Spanish Newspaper Publishers, *El País*, for example, has added some

60,000 copies in recent years thanks to the concepts of block sales and collective subscriptions. This means that the publishers spend 35,000 euros every day on giving away free copies. This is financed by businesses and government administrations and with the consent of the OJD. This also means that every year, *El País* invests more than 12 million euros on simply maintaining its lead in circulation with respect to the number two newspaper, *El Mundo*. However, *El Mundo* spends even more money in this way, as the copies it produces each day for block sales and collective subscriptions stand at 90,000. This is all without counting the millions that have been spent in recent years on promotions, special collectors editions, gifts and so on.

Taking this strategy into account, it is no surprise that the publishers' balance sheets (often part of multi-media groups) have not been too healthy during years that brought large profits for nearly everyone (until the crisis struck). When advertising began to fall, in the

last quarter of 2008 and the first two quarters of this year, the drop in turnover of Spanish newspapers with a circulation of more than 100,000 copies has hovered around 30 and 40%. The health of the larger companies has suffered drastically. The economic results of *Prisa* (the publisher of *El País* and owner of many other titles) are so serious that a rumour that it will shortly suspend payments has done the rounds several times. In Catalunya, for example, *Grupo Zeta*, one of the biggest media giants in the whole state was on sale the whole of last year without finding a buyer. It has had to face up to an *Expedient de Regulació d'Ocupació* (a labour force adjustment plan) which has affected more than 400 workers out of a workforce of some 2,000. Cuts in spending and the workforce will be much more drastic. Those who state that the large European newspapers must change or close in the coming years are not mistaken. However, it is not the Internet that has brought about this situation. These companies are also owners of digital newspapers and they realise that one day in the future their flagship papers will cease to be printed on paper. Bad management has been the cause of the current woes, by not taking advantage of the good times over the last decade to face up to the structural reforms needed by the companies.

All business owners that work in the communication sector, anywhere

in the world, know that twenty-first century journalism is different. That they must change the way in which old newspapers deliver the news and that they need to profoundly remodel business structures that can no longer support the enormous traditional workforces. There are still a large number of aspects that await discovery, but digital journalism has to move quickly to assimilate all the technological changes that are occurring. These are developments that also bring major changes in the habits of readers and the roles that had reified traditional communication practices. Business people and media professionals also know that newspaper journalism has not died, nor will it die in the coming years. It will simply have to seriously change. The old and new newspapers will have to relinquish the large circulations that defined them for a century and concentrate their efforts on maintaining their influence. Twenty-first century newspapers should not be afraid of the Internet. They need to live with it. Instead, newspapers should be afraid of their owners. The great majority have been incapable of taking the right decisions required by their businesses over the last decade. Now many of them believe that to overcome this difficult period they need only cut back on their workforce. No matter how much they reduce it they will not be successful unless they are able to understand that the changes needed are far more complex.

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