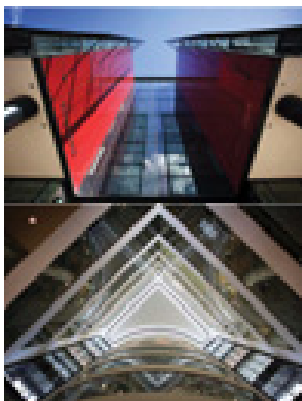
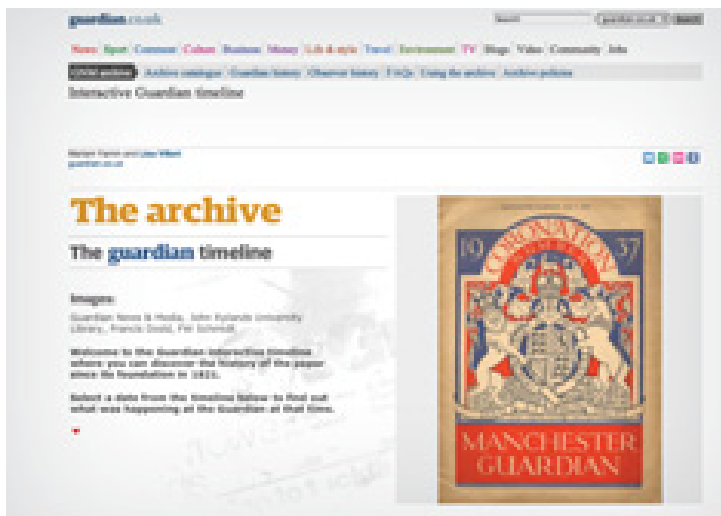




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The real world of the newspaper industry:

a case study of the online version of The Guardian



Whichever spec you're studying for, the newspaper industry can give you invaluable insights into the ways new technologies and e-media are changing how we consume news, and the economics of global media production. And in this comprehensive analysis of *The Guardian*, **Neil Paddison** offers you the essential case study.

Watching the revolution

If you're following OCR's AS Media Studies course this year, then you will have the option of writing about newspapers in Section B of the exam (Unit G322: Key Media Concepts). This article looks at the exam's requirements and presents a case study of the online version of *The Guardian*. As the newspaper industry is changing rapidly, this should provide a starting point for your own research, so that you can develop an individual case study to wow your examiner.

There's no need to reproduce the specification here, but it's worth highlighting some key points. You only get 45 minutes to answer a question that is general enough to cover not just newspapers but five other media areas. Your answer can't be vague though – you are expected to write about a **'specific online version of a national/local newspaper'** and be prepared to discuss production, distribution, marketing and exchange, and audience consumption (including your own experiences). The context for your case study is **'the contemporary newspaper market in the UK and the ways in which technology is helping to make newspapers more efficient and competitive despite dwindling audiences.'**

That phrase **'dwindling audiences'** may make newspapers sound like yesterday's Media Studies, but what is happening in the industry reflects a **global revolution in the way information is gathered, processed, then sold by media institutions** to audiences all over the world.

When Sir Martin Sorrell, chief executive of advertising agency WPP says:

I don't think newspapers will die because they are the best way, or one of the best ways along with TV, of reaching large sections of the population¹

it's clear that newspapers are not going to disappear overnight. However, WPP's 'pre-tax profits plunged 47% to £179m in the first six months of 2009', so advertisers are facing tough times as well². Whether our newspapers can adapt to the changing media landscape remains to be seen; but there's certainly never been a better time to watch the newspaper industry...

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Ownership and profits

We might expect newspapers to disappear following the growth of the internet. As so much information can be found for free, it begs the question: Why would anyone pay for a newspaper nowadays? *The Guardian's* most celebrated editor, C. P. Scott, provided one possible answer³:

Comment is free, but facts are sacred...

The voice of opponents no less than that of friends has a right to be heard.

He was writing in 1921, celebrating the centenary of *The Guardian* and affirming its values as an independent newspaper.

Let's take a closer look at *The Guardian*. In 2009, it is celebrating 50 years since it changed its name from *The Manchester Guardian* to become *The Guardian*, and 10 years since *The Guardian Unlimited* network of websites was launched⁴. It is the only UK national newspaper wholly owned by a **trust**, which means that there are **no shareholders to satisfy, and profits are reinvested to secure the newspaper's future**.

Does *The Guardian* make a profit then? In short, no, but it's more complicated than that. The Scott Trust owns a multimedia business, **Guardian Media Group PLC (GMG PLC)**, whose 'portfolio includes national, regional and local newspapers, radio stations, magazines, a raft of websites and B2B media'⁵. **Guardian News and Media** (which publishes the *Observer* and *Guardian*, and produces *The Guardian Unlimited* website) is just one part of Guardian Media Group PLC, and it reported **a loss of £36.8m for 2008/09**. GMG PLC as a whole reported a loss before taxation of £89.8m. But the bigger picture is important – last year the group enjoyed a **profit of over £300m**, and each year the figures are complicated by deals involving joint ventures, restructuring, and links with subsidiary companies. If reading a company's annual report sounds off-putting, at least download and skim through GMG's 2009 report – it's surprisingly colourful, readable, and will give plenty of ideas for further research.⁶

The Guardian might not have survived in its current form were it not for the fact that The Scott Trust draws profits from other titles such as *Auto Trader*, which it partly owns through the **Trader Media Group**. To be fair, the Trust was set up to ensure the survival of the newspaper by carefully investing its profits and that is exactly what it has done. So the **editorial freedom continues** even though the 'profitability' of the newspaper might be questioned. As the chair of GMG, Amelia Fawcett, puts it:

While not immune to difficult market conditions, Guardian Media Group is able to place long-term security before short-term profit.⁷

Whilst the printed *Guardian* might not be 'profitable' by itself, **Guardian Unlimited** made a profit of £1m in 2006, its first year 'in the black' since it was launched in 1999 and after £20m of investment.⁸

It is important to recognise that *The Guardian's* status as a **globally respected source** of news is partly due to its **history of independent ownership**. But history aside, how important is the printed newspaper today, in relation to its online version? A closer look at production might help us to answer that question.

The production process

The Guardian's headquarters is in the brand new **Kings Place** building in Kings Cross, London. Kings Place is also home to two orchestras including the London Sinfonietta, as well as housing a concert hall and two art galleries. But music aficionados will not be disturbed by the thunder of nearby printing presses, as **The Guardian Print Centre** is seven miles away, in Stratford. For a short but fascinating look inside the print centre, check out YouTube. Incidentally,



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recent redundancies at the print centre made headlines as industrial action was narrowly averted, showing us that the downturn in the newspaper industry is having a serious effect upon **The Guardian**.

Kings Place has been home to **The Guardian** since December 2008, and such a recent move means that **The Guardian** now has an office space ideally suited to the new media environment. **Editor Alan Rusbridger**, writing at the time of the move, gave an insight into the changes it had brought:

Print and digital operations are largely integrated, where previously they were physically separate.

He also pointed out that as well as regular desks with computers 'there are seven state-of-the-art recording studios and 24 editing desks.' **The Guardian** is an online provider of news for a global audience and their new headquarters reflect **a new convergence of technology as stories are written simultaneously for print and the website**. Podcasts and video reports are also produced for broadcast, and live feed coverage of key events is now common. The way the agenda is set is changing too: morning news conferences can be attended via **video-conferencing** for **Guardian** employees not physically present at Kings Place.

Innovation and integration

In terms of innovation, **The Guardian** has been groundbreaking in many respects. It was the first UK national newspaper to use **blogging software**, the first to produce **podcasts**, and, perhaps more radically, the first British newspaper to produce **web-first stories** (i.e. on the web before being seen in print). It has a reputation for enthusiastically adopting new technologies, which was played upon in its 2009 April Fool article:

Consolidating its position at the cutting edge of new media technology, the Guardian today announces that it will become the first newspaper in the world to be published exclusively via Twitter, the sensationally popular social networking service that has transformed online communication.

As production of **The Guardian** website and print versions is seamlessly **integrated**, it becomes difficult to establish where production of one ends and the other begins. And given the wealth of extra content on the website, it is now hard not to see **the website as being of primary importance** and the print version as **a brand-strengthening advert** for online services.

The impact of the recession

Finding up-to-date figures for the total number of journalists and editors employed by **The Guardian** is difficult, though a recent report suggested that this year the editorial staff at Guardian News and Media is shrinking from around 850 to 800 through redundancies. One fear consistently voiced by commentators on the newspaper industry is that **the quality of journalism will suffer** as production costs are cut and reader-generated content becomes more popular. **The rise of citizen journalism** has been well documented elsewhere (see page 56), but we can't ignore their impact on **The Guardian** and the ambivalent relationship which must now exist between professional journalists and accidental eyewitness reporters. A key story one might explore in this respect is **The Guardian's** campaigning investigative coverage of 2009's G20 protests in London and the death of Ian Tomlinson.

The quality of news produced by **Guardian** journalists has been examined in Nick Davies' **Flat Earth News**. He employed specialist researchers from Cardiff University to analyse stories printed in **The Guardian** and three other national dailies during two one-week periods. The result? A staggering **60% of these quality-print stories consisted wholly or mainly of wire copy and/or PR material.**

In other words, press releases or unchecked stories from agency journalists were forming the bulk of the domestic 'news' in print. Of the four papers analysed, **The Guardian** had the lowest percentage, but it was still more than 50%.² Davies refers to this 'copy and paste' reporting style as **churnalism**. Is there any wonder that many readers would trust Joe or Joanna Public's account of an event, over a 'report' filed by an overworked and underpaid 'churnalist'? By the way, there are no hard feelings at **The Guardian** over Davies' analysis – **The Guardian** news desk helped with the research, and Davies continues to be employed as a journalist by **The Guardian**.



Distribution

How is *The Guardian's* news 'distributed'? The printed version, once it has been printed at one of the two Guardian Print Centres (London and Manchester) is delivered to UK wholesalers by **TNT Newsfast/Network Logistics**. *The Guardian* is also printed internationally, in some countries using OCE's DNN service. For example:

under the current deal *The Guardian* is able to print 600 copies per day in Sydney and have the copies on sale down under before their readers in Europe have even woken up.

Digital newspaper printing, the missing link:
http://www.inpublishing.co.uk/kb/articles/digital_newspaper_printing_the_missing_link.aspx

The website is 'distributed' via the internet, of course, but the content of *The Guardian's* website is not only found by visiting

www.guardian.co.uk through a web browser. **RSS feeds, email headlines and mobile phone services** all allow *Guardian* readers to stay up to date. And recently a major new feature has been added, as *The Guardian* has released its 'Open Platform', a set of software developer tools which was launched with a content **API (Application Programming Interface)**. What this means is that web developers can integrate *Guardian* content seamlessly into their clients' websites, whilst *The Guardian* controls the adverts which are associated with the free content it provides. As *Guardian* director of digital content **Emily Bell** puts it, this will allow *Guardian* content to be '**woven into the fabric of the internet**'.

Marketing and exchange

We have already seen how software is being used to market *The Guardian's* content through APIs, and the ways the printed newspaper acts as an advert for online services. But *The Guardian* also uses other traditional media to advertise its newspaper and website, including some **innovative TV adverts**. In common with other national newspapers, it also offers **discounted subscription schemes** and often runs promotions to give the newspaper away to university students as a way of encouraging a lifelong *Guardian* habit.

Free copies are a great incentive, and cutting across issues of distribution, exchange and audience consumption, is the issue of '**bulks**'. These are large orders of heavily discounted copies of the printed paper, typically sold to airlines and hotels to be given away to their customers. This year has seen *The Guardian* break with another tradition in this respect, as it announced it would become the first national quality daily to scrap distribution of all its bulks. *MediaWeek* reported that Guardian News and Media claimed the move would 'increase transparency across the newspaper industry' – the implication being that its rivals inflate their circulation figures through the use of bulk orders. We might wonder whether the move to scrap bulks was linked with the industrial action and redundancies at The Guardian Print Centre; though as the *MediaWeek* article pointed out, bulks represent a much smaller percentage of

total circulation for *The Guardian* than for many of its rivals.

Identifying the precise point of '**exchange**' between publisher and reader is interesting in the case of newspapers as they run parallel online and printed content. An online reader might have seen a headline on the website encouraging them to buy the print edition, or have been encouraged to go online by an advert seen in the print version. And with subscription models to consider, how might **exchange** be usefully understood? For example, an online reader might be sent email content or be paying for access to subscription-only content, even when they neglect to check their emails or use the site. Of course, buying a printed newspaper doesn't necessarily mean you'll read it either, so any discussion of 'exchange' must be complicated as we distinguish between the physical product and its content. The transaction between publisher and consumer, of this product and its content is further complicated when we look again at the issue of APIs and their role in distributing content through other media. Clearly, we cannot explore this fully in this article!

Audience consumption

At the time of writing, based on June's circulation figures, *The Guardian* website is the **second most popular UK newspaper website** after **Mail Online**. An online readership battle seems to be hotting up, with the top three (*Telegraph*, *Guardian*, *Mail*) boasting 27, 28 and 29 million unique users respectively. If we average this out over a month that's nearly a million users per day for each of the top three newspaper sites. *The Guardian* newspaper sells around **330,000 copies per day**, so as a very rough guide it has **three online users for every newspaper purchase**.

This picture is complicated further, however, as the number of copies sold doesn't necessarily equal the number of readers: many people share their copy of a printed newspaper so the readership and/or circulation figures can only ever be a rough guide. They are vital to the industry of course, because a newspaper which reaches a larger audience can charge more for its advertising space, and **newspapers make more money from advertising than anything else**. The cover price in most cases will not cover the cost of production.

Patterns and trends

If you've used free online survey websites such as www.surveymonkey.com, you'll know how easy it is to gather questionnaire results for a coursework project without the hassle of distributing wads of photocopies. Try conducting a survey of the newspaper reading habits in your Media Studies class this term so you'll be able to compare your own experience of newspapers with those of other AS students. Are there any trends or patterns? Any surprises? How do your survey results reflect the national picture of newspaper readership? Remember that the mark scheme explicitly rewards discussion of your own experience. This section is the ideal place to put in some well-researched data to back up your case study of *The Guardian*.

Conclusions

In researching this case study I've found that a lot has happened in the newspaper industry during the past year, so by the time your exam comes around (or heaven forbid, a resit!) there may well have been other changes to cover in your research. For example, by the time you read this article, *The Guardian* may well be the most popular UK news website once more, so it's worth checking out the statistics available online. However, rest assured that examiners are aware it takes time to develop case study materials, so as long as you use clear examples and identify sources where possible, you'll be credited with having learned your material, even if it's not bang up-to-date.

We've seen that *The Guardian* is at the cutting edge of technology in the newspaper industry, which helps to explain why it is one of the world's most popular news websites. However, we've only scratched the surface here in terms of how it is using sophisticated software to market its content globally, especially in the USA. We've also seen that the not-for-profit *Guardian* is not immune to the current unprecedented pressures on the newspaper industry and that, like its competitors, it is facing very tough times.

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