

A bright picture for newspapers

Circulations are falling, profits are dwindling and the internet is threatening to put us all out of work, but Kim Fletcher argues that journalism is thriving on new challenges

Has there ever been such gloom in the newspaper industry? The only reason newspapers aren't desperate to see the end of 2005 is the worry that 2006 will be even worse.

As if the big percentage declines in popular newspaper sales revealed by the November circulation figures were not enough, there was bleak news last week about advertising revenues, first from Johnston Press, the thrusting regional group that works to profit margins of 35%, and then Trinity Mirror, which told us how badly its national titles were suffering. Many began to look at Lord Rothermere's decision to sell off all his local papers not so much as a piece of opportunistic business to take advantage of high prices but as a recognition that papers were finished.

Journalists in the regions prepare to fight job cuts. Managements are looking at every pound they spend. Emails from the Telegraph Group carry seasonal greetings above the note: "This year, we will not be sending out Christmas cards, but we will be making a donation towards the three charities featured in this year's Telegraph Christmas Charity Appeal."

Some may have relaxed when they read Rupert Murdoch's assertion to Press Gazette that papers would be around for "many, many, many years". Others merely tried to calculate the fewest number of years that could be "many, many, many".

No expense spared

A powerful newspaper executive took me out to lunch the other week and looked despondent: "What do you say when friends ask you to advise a child who wants to go into journalism? Can you really tell them it is a great life? Can you recommend it any longer?"

It is true that things don't seem as rosy as they did on Fleet Street 25 years ago. In the old days at the Sunday Times, when the new owner Rupert Murdoch was still to address the largesse of the Thomson years, they pushed first-class rail tickets into our hands and dispatched us on three-day assignments with photographers. Three days on a news story! Staff photographers! Cashiers shovelled out hundreds of pounds in "advance expenses" in return for vague chits signed by the news desk and accountants obediently signed outrageous accounts for late-night drinking in hotel bars.

What a foreign country compared to the Sunday Times today, in the grip of a



Newspaper Readers II by Lyonel Feininger (1916) Image: Christie's

three-year spending freeze. Senior journalists used to the modern economics of Fleet Street - managing editors derive a certain pleasure from scoring out hotel bar, laundry and late night video bills on expenses forms - say they have never known a financial straitjacket like it. And yet, even as my friend and I sat at

lunch in 2005 and mourned the decline of this once-great industry, we were able to order another couple of glasses of wine confident that a newspaper would pick up the tab - confident, indeed, that it would be pleased to pay. Clearly, the journalists in us hadn't given up the fight.

It would be pushing it to assert the rude

health of newspapers on the basis of a lunch on expenses, but it is time for everyone in the industry to show a little more confidence. Outsiders already are. The Daily Mail group may doubt its ability to make a good enough profit from regional papers, but plenty of others believe they can. »»

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Thus the private equity firms who bid for Northcliffe Newspapers today - the starting price is likely to be around £1.2bn - will do so not only because they think they can make savings. Everyone thinks they can do that. They will bid because they believe they can make savings and find opportunities for growth. Cutting costs provides a short-term lift in revenue but does nothing for long-term growth. The bidders today are not planning to milk these titles dry. They think they can develop increasing revenues that will make them worth even more in four or five years. That, you have to say, is a vote of confidence in newspapers.

But it is not a vote of confidence in newspapers as they are. It is a vote of confidence in the ability of the newspaper industry to evolve. More than anything - and this is why it is time to stop walking around with such long faces - it is a vote of confidence in journalism.

In all this talk about the end of papers, no one suggests that people don't want news or information or entertainment any more. On the contrary, they seem to want more and more of all three. That demand will be met by an expansion rather than a retraction in journalistic output. Naturally, with so much information flying about, there is a premium on stuff that you can't get anywhere else and on stuff you can trust. Both local and national papers are already set up to offer both.

What are all new companies desperate to create? Brand recognition and trust. What do newspapers have in spades? Brand recognition and trust. Those qualities give them the basis not only to retain their existing audience but, providing they show some imagination, the ability to create a new one. Provided they have an audience, they can build new venues.

First, though, they have to distinguish themselves from all the other businesses spewing out news. It is not enough to replicate news that readers have seen a day earlier on a BBC website. Newspapers must concentrate on what they can do uniquely. It may be offering a real depth to local news, or a penetrating analysis of international events, but they have to find those areas that differentiate them from other sources of information.

All in the delivery

Then, when it comes to the distribution of that information, they must be flexible enough to provide it in a way that their readers want. For some journalists this is an exciting opportunity. For others it is a terrifying threat. The business has the basic ingredients for success but no clear recipe to follow. Papers talk about integrated websites but still aren't running systems that let journalists push the same buttons to print online and on paper. They fiddle with blogs and podcasts because they might be the things that take off. There will be more false starts, because no one is entirely sure what the solutions are. But an industry that has shown the flexibility to remodel itself in colour and tabloid and Berliner, and to bring in other innovations over the years, will get there.

It will be hard work and it will be a worry. Given that it is their job to report news and to make a different paper every day or every week, many journalists are remarkably resistant to change. They cling to tradition, want the world of print to be as straightforward as it was 20 years ago and will think of five reasons to stay the same rather than one to change. For some, it is enough that the newspaper industry in its present form will last long enough to see them out.



Rupert Murdoch thinks papers will last 'many, many, many years' Bryan Charlton/AP

They should be ashamed that even older men are thinking ahead. Press Gazette asked Murdoch if the internet should make journalists fear for their future. "Not at all," he said. "Just become better journalists. Great journalism will always be needed, but the product of their work may not always be on paper - it may ultimately just be electronically transmitted . . . There will always be room for good journalism and good reporting. And a need for it, to get the truth out."

And, we hope, the opportunity for some excitement and fun along the way. I was immensely cheered last week when a young man, on discovering that I worked in newspapers, told me his sister had just joined a local paper. She was very excited, for already she had interviewed one of the actors from *EastEnders*. My mind flew back to my proudest moment as a cub reporter, when I attended a village fete in Derbyshire to record some exclusive comments from Doris Speed, the actress celebrated for her brilliant portrayal of the Rover's Return landlady, Annie Walker.

What can you tell me about the Coronation Street cast's demand for more money, Miss Speed," I asked her. "I'm not here to talk about that, dear," she said, sweeping past in the fine fur coat that her fan club expected.

Perhaps it is easier to get *EastEnders* actors to talk. But the real joy of the young man's story was that his sister had abandoned a degree and a safe job in accountancy to throw herself into this grubby trade. For when accountants become journalists, what can it be other than a miracle of Christmas?