



Ekonomi Media, Session 05

EKONOMI MEDIA SURATKABAR

TUJUAN INSTRUKSIONAL KHUSUS:

Agar setelah mempelajari bab ini, mahasiswa dapat memahami, mendiskusikan dan termpli dalam:

1. Struktur Pasar Industri Suratkabar
2. Industri Suratkabar: Nasional dan Global
3. Ekonomi Industri Suratkabar
4. Pengaruh Perkembangan Teknologi
5. Masa Depan Ekonomi Industri Suratkabar

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NEWSPAPERS

Newspaper History

- **Newspaper are born.** The history of newspapers is also the history of our ideas what journalism should be.
- **Mainstream newspapers** have always had to make compromise with commercial interests and political powers, but their history reflects the evolution of a free press from European origins and the American Revolution.
- **Newspapers Emerge.** Before there were newspapers, there were newsletters. Irregular news sheets in Holland, Great Britain, and France during the thirty Years' War carried news about foreign events after 1618.
- **Diversity of the Press.** Diverse viewpoints are essential to the functioning of the press in a free society. Advertising and commercial interests began to be important as well. **Benjamin Franklin** was successful in part because he was a clever writer of advertising copy.
- **The Penny Press.** Newspaper publishers responded to the market by creating and selling the cheaper newspapers in 19840s.
- **The New Journalism.** Newspapers plunged into the post-Civil War industrial expansion, flourishing in the cities where industries grew and people flocked to get jobs, and newspapers saw a chance to grow, and they more aggressively pursued advertising and newspaper sales.
- **Yellow Journalism.** **William Randolph Hearst** in 1895 published the ailing New York Journal with this style emphasized sensational photos and story selection, large headlines, an abundance of personality and human-interest stories, and sometimes even hoaxes and fake interviews.
- **Responsible Journalism.** Pulitzer created a new journalism that defined social responsibility for newspaper coverage. Its advanced in 1896 when **Adolph Ochs** bought the New York Times with the style stressed impartiality and independence and made sure that advertising was clearly allowing ads to masquerade as legitimate stories.

1640s	<i>Diurnos</i> , first daily newspapers, published	1878	New Journalism movement originated by Joseph Pulitzer
1690	First American newspapers, <i>Publick Occurences Both Foreign and Domestick</i> , published	1895	William Randolph Hearst pushed yellow journalism
1733	Peter Zenger trial establishes truth as a defense for press against libel charges	1972	Watergate scandal inspires new era of investigative reporting
1783	First daily newspaper published in America, <i>Pennsylvania Evening Post</i> and <i>Daily Advertiser</i>	1982	USA Today national daily launched
1789	First Amendment to USA Constitution enshrines freedom of press	1989	First news blog
1833	<i>The New York Sun</i> , first Penny Press daily, begins publication	2004	Political blogs rival newspaper columns in readership
1848	Associated Press wire news service begins operation		

Technology: Roll the Presses!

- Newsgathering trends.** Reporter scan radio, TV, and cable channels, once again prompting grumbles about "laziness" from the old-timers. The high-tech reporter can also monitor internet news sites, blogs, chat rooms, listservs, and newsgroups, and search engine to find raw-data (Computer Assisted Reporting, CAR)
- Production trends.** Newspaper editions grew from a few pages to **hundreds of pages** and circulation mounted into the hundreds of thousands as a result. **Satellite delivery** of copy to remote printing plants also speeds the news to your door.
- Online Newspapers.** Online versions of existing papers can add a number of features, such as permit researchers to do archival searches.

MARKET STRUCTURE

- The newspaper represent one of the oldest forms** of mass media in the USA (world), second only to the book publishing industry. Throughout its colorful history, the newspaper industry has been an important source of social, political and cultural information to generations of readers.
- Newspaper offer something for every type of reader.** Local, national, and international news represent the major categories of newspaper content consumed by most readers. Sport, weather, editorials, advice, columns and features, comics, puzzles and games, advertising and other types of data are among the regular sections found in many metropolitan and hometown newspapers.
- Newspaper continue to be the most profitable form of mass media** in the USA and the world. Newspapers routinely attract the largest percentages of advertising expenditures when compared with television, direct mail and radio, although the margin between newspapers and television has shrunk considerably over the past decade.
- The newspaper industry faces several issues of concern**, including a decline in the number of daily newspapers, sluggish circulation, the rising cost of newsprint, and rapidly changing of technology.



*THE SUN Daily, only a penny.
The New York Sun was the first low-cost daily mass newspaper, first published in 1833.*

The Market for Newspapers

- **The newspaper industry is characterized by different markets**, for both circulation and advertising.
- 1. **Daily newspapers.** In USA, there are approximately 1,566 daily newspapers; in Indonesia there are around 40 daily newspapers. Most of these newspapers exist in the city of operation (urban and suburban).
- **According to the Newspaper Association of America** (1994), total annual circulation for morning papers was 43,053,747, and in Indonesia around 2 million exp. (Media Scene, 2005).
- **Average daily circulation (ADC) is the best indicator** of consumer demand for daily newspapers. The twenty largest daily newspapers in the USA are: The Wall Street Journal and USA Today are considered national newspapers in the sense that they do not serve a specific geographic area or retail trading zone (RTZ), a term commonly used in the newspaper industry. The others are including The New York Times, The Washington Post, and the Chicago Tribune.
- **Circulation elasticity of demand**, or the "circulation spiral" is one factor contributing to the decline of daily newspapers.
- 2. **Weekly newspapers.** The newspaper Association f America estimates that there are 7,437 weekly newspapers with an average circulation of 7,629 across the US. Indonesia around 35 weekly newspapers (tabloids). Weekly newspapers are very popular in both rural and suburban communities where local news and events are emphasized. Local retail advertisers find that weekly newspapers are much cheaper than their larger metropolitan counterparts and more efficiency in reaching target audiences.

VIETNAM WATCHDOG. *The New York Times* was accused of violating national security for publishing the classified Pentagon Papers.

- **Market for Advertising.**

Newspaper capture the largest percentage of advertising dollars among media industries (in US and around the world). In fact, advertising takes up about 50-60 percent of the total space in a daily newspaper, slightly higher on Sundays. In Indonesia, national daily newspaper such as *Kompas* dominate the print advertising revenue and far-followed by other dailies such as *Media Indonesia*, *Koran Tempo*, *Suara Pembaruan*, and *Republika*.



- **Newspapers draw advertising revenues**

across three separates areas. In the USA, national advertising represents the smallest category of revenues and is used primarily by major companies to help market products and services that are distributed nationally. But in Indonesia, print advertising is still significantly gain revenue after the television advertising which growth rapidly in several years later.

- **Total newspaper advertising** in the USA is expected to grow at an average rate of 5.4 percent through 1997, to reach an all-time high of \$40 billion. In Indonesia, the total newspaper advertising reach rank two after the TVC.

Tabel Perolehan Iklan Koran dalam Miliar Rupiah				
No	Nama	Jan-Sept 02	2001	2000
1.	KOMPAS	566.2	611.58	494.26
2.	JAWA POS	212.4	201.71	138.31
3.	MEDIA INDONESIA	142.4	177.07	124.37
4.	BISNIS INDONESIA	111.9	133.38	121.29
5.	PIKIRAN RAKYAT	106.9	98.55	62.86
6.	BALI POST	103.5	95.09	73.87
7.	SUARA MERDEKA	69.4	71.02	49.58
8.	SUARA PEMBARUAN	60.5	89.89	98.08
9.	KORAN TEMPO	57.6	41.11	-
10.	REPUBLIKA	54.2	59.78	49.17

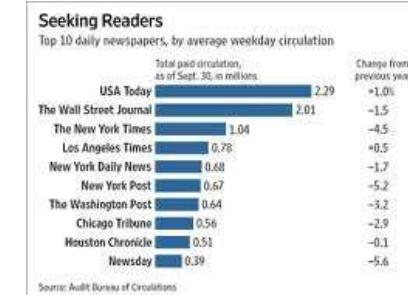


Worldwide daily newspaper circulation declined by 1.7% in 2010, to 519m. Newspapers reach 2.3 billion people every day, 20% more readers than the internet.

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Tabel Perolehan Iklan Tabloid dalam Miliar Rupiah				
No	Nama	Jan-Sept 02	2001	2000
1.	NOVA	51.64	59.04	42.66
2.	BINTANG	19.29	18.97	13.85
3.	BOLA	18.68	14.75	13.32
4.	OTOMOTIF	10.30	13.34	9.68
5.	GEMA OLAHRAGA	10.21	9.17	9.50
6.	D NYATA	8.32	10.31	7.95
7.	NAKITA	5.83	6.31	-
8.	WANITA	5.57	5.29	2.77
9.	KONTAN	5.05	8.15	9.14
10.	CITRA	4.86	5.13	5.10



Newspapers Try New Math on Circulation As Numbers Fall, Dailies Trumpet Their Online Draw

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Market Concentration

- **Newspaper market are highly concentrated due to a monopolistic** market structure. Picard (1988) calculated concentration ratios for national and local newspaper markets based on circulation data. He found that although newspaper markets are highly concentrated, concentration increases as the size of the market decreases.
- **Concentration is a particular concern** in the newspaper industry, as newspapers "operate not only in the marketplace for goods and services but also in the marketplace for ideas".
- **The concentration of newspaper markets** as well as the costs required to start a newspaper pose considerable barriers to entry for new competitors desiring to enter the market.
- **Picard (1993) claims that scholars** sometimes incorrectly consider newspapers to be natural monopolies. In reality, natural monopolies are able to engage in continuous economies of scale, which is rare in the newspaper industry.
Litman (1988) adds that such a situation is only possible where a single firm produces a newspaper in a market, and the firm controls the entire market and exercises significant power.
- **The cost structures of producing a newspaper** have helped to promote a monopolistic structure for newspapers (Picard, 1988). The "first copy" costs to produce a newspaper include considerable fixed and variable costs. Once the first copy is produced, the publisher is able to lower the actual cost per issue through the mass production and distribution of other copies of the paper. Economies of scale lower the costs as more and more papers are produced (Rosse and Dertouzous, 1979).

NEWSPAPER INDUSTRY

Major Players in Industry

- **The majority of newspapers** in the US are owned by corporations or groups. In the newspaper industry, the term of chain is used to represent group owned newspapers that began in the 1880s, when larger publishers began acquiring a number of newspapers.
- **Many of the companies are among** the most profitable companies in the world. Companies with holding in other media include major publishers: Gannett, Newhouse, Tribune, Cox and Capital Cities/ABC. Foreign ownership of newspapers has increased rapidly during the past two decades. Thompson Newspapers, a Canadian company, is the largest single foreign owner with approximately 109 dailies.

Rank	Company	# of Dailies	% of Total Dailies
1	Community Newspaper Holdings	115	7.8
2	Gannett Co.	99	6.7
3	Media News Group	46	3.1
4	Knight Ridder	34	2.3
5	Morris communications	30	2.0
6	Freedom Newspapers	29	2.0
7	Advance Publications	27	1.8
8	Lee Enterprises	27	1.8
9	Media General	25	1.7
10	E.W. Scripps Co.	22	1.5

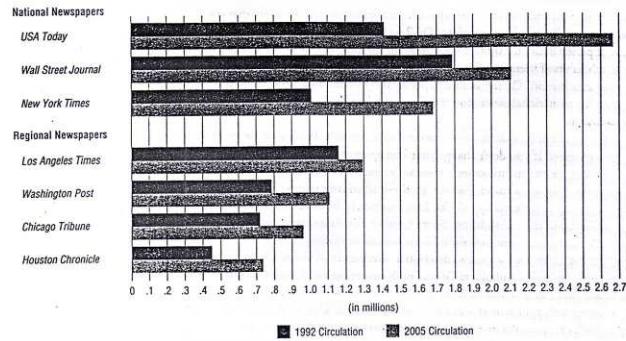


Figure 5-1 CIRCULATION CHANGES. Circulation of National Newspapers 1992 and 2004 in the USA.

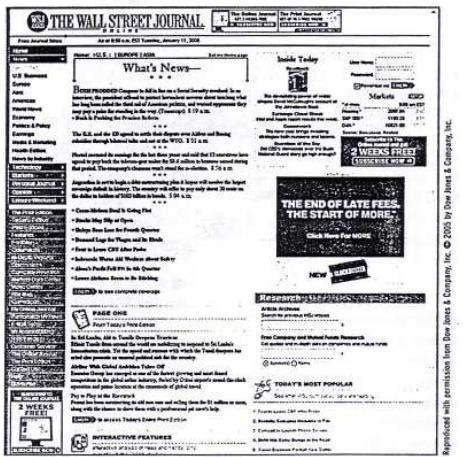
- **Indonesian Media History.** In the 1930s the interest of the Indonesian nationalist press was very much seized by the impact of the world economic crisis. The economy of the colonial Netherlands East Indies was closely linked with the export of certain commodities, such as rubber, sugar and tobacco. The drastic price decline of these goods triggered a chain reaction that eventually caused widespread unemployment, undernourishment and famine among people throughout the archipelago.
- **Even with their limited circulation,** the newspapers and magazines echoed the critical speeches of the country's nationalist leaders. The pressed the colonial government to take action to reduce the suffering of the common people, who had already been at a disadvantage as a result of the application of discriminatory policies.
- **The current concern for the unfortunates** of Indonesian society displayed by the Indonesian media could be seen as the continuation of a tradition initiated by the Indonesian nationalist press of the 1930s. Today, the nationalist press have changed with the economic concern of press by the private companies.

Table 5-2 Newspaper companies by circulation in USA

Rank	Company	Circulation	% of Total Circulation
1	Gannett Co.	7,287,914	13.1
2	Knight Ridder	3,867,512	6.9
3	Tribune Co.	3,650,429	6.5
4	Advance Publications	2,903,225	5.2
5	New York Times Co.	2,402,797	4.3
6	Dow Jones & Co.	2,356,616	4.2
7	Media News Group	1,772,554	3.2
8	Hearst Corp.	1,670,970	3.0
9	E.W. Scripps Co.	1,521,356	2.7
10	McClatchy Co.	1,347,779	2.4

- **In line with global trends,** the media industry in Indonesia has entered a new era of fierce competition, prompting print media to redesign their looks to survive and thrive.
- **The recent redesigns undertaken by** *Koran Tempo* and *Kompas* dailies were the latest examples, as the two papers responded to the competition between the electronic and print media. *Media Indonesia* is expected to follow suit by introducing a new look in the near future.
- **The market share of the print media in** Indonesia is only 30 percent, while in developed countries it reaches 60 percent. This has a lot to do with the poor reading habits of people and the failure of the print media to catch the public's attention and run accurate and credible news

WALL STREET WEB.
Even traditional newspapers like the Wall Street Journal have moved their contents on the World Wide Web. The Journal was one of the first of a growing number of newspapers that changes for access to online content.



- **Local Newspaper were rising.** Newspapers have been a hot commodity in Indonesia. In Indonesian market, the price of the **Jakarta Post**, the national English-language daily with a cover price of 5,000 rupiah (\$0.84). And the other local English-language newspaper, **Bali Times**, a tabloid that sells for 9,500 rupiah, and some daily such as **the Observer**, etc..
- The Indonesia's largest national news daily **Kompas** is the market leader in advertising revenues until now. The other Bahasa national dailies is **Republika**, a national newspaper catering to the Muslim communities (now was positioned as a plural daily), **Media Indonesia**, **Koran Tempo**, **Suara Pembaruan & Sinar Harapan** (Christian Communities), **Rakyat Merdeka**, a daily known for sensationalist reports, and so many local daily such as **Radar Bogor**, **Neraca**, **Akcyaya**, **Merdeka**, **Kedaulatan Rakyat**, **Solopos**, **Pikiran Rakyat**, **Lampung Pos**, **Fajar**, **Bali Pos**, **Lombok Pos**, **Manado Pos**, **Analisa**, **Serambi**, **Surya**, dan lain-lain.

FINANCIAL ISSUES OF THE NEWSPAPER INDUSTRY

- **The business model of daily newspapers** is based on selling two products. First it sells the newspaper product to readers and then it sells access to that audience to advertisers through advertising space.
- **The newspaper industry is one of the most profitable** industries in the US and around the world, as well as one of the most profitable among communications industries.
- **Three major categories of advertising are published** in newspapers: national advertising from large companies with business outlets or products distributed throughout the country; retail advertising (sometimes called display advertising) from local business and individuals that are divided into categories by the type of goods or services offered or sought.

Profitability

- **The business model of daily newspapers** is based on selling two products. First it sells the newspaper product to readers and then it sells access to that audience to advertisers through advertising space.

- Circulation sales have an effect on** advertising sales because the desirability of paper to advertisers normally increases as circulation rises and decreases as circulation decreases. Thus price increases as circulation rises, but the cost per person declines until the advertisers pay a premium price for the nation's largest papers, as illustrated in **Figure 5.1**.
- Today, about two third of content of the average** newspaper is advertising and a good portion on the non-news editorial matter, such as articles in food and lifestyle sections, are devoted to promoting sales and use of products available from advertisers.

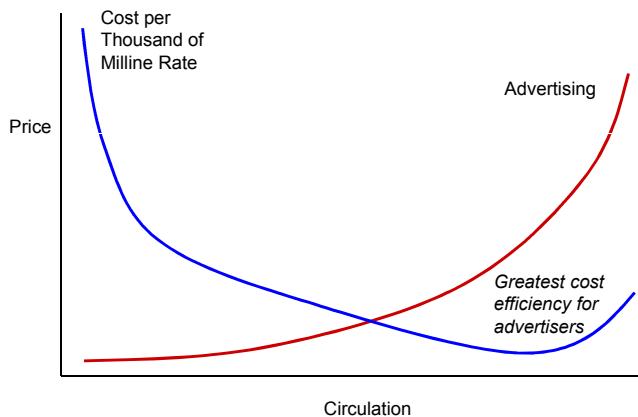


Figure 5.1 Relationship between advertising price and newspaper circulation.

Expense Picture

- Newspaper costs can be broadly** distinguished by the costs of gathering and preparing the product and the cost of printing and disseminating the paper. Newspaper have relatively high first-copy costs, that is, the cost for procuring and packaging in the information and preparing it for printing. These costs decline as economies of scale develop when the number of copies produced increases.
- When considering newspaper budgets,** it becomes clear that the largest contributors to newspapers' expenses are production and reproduction costs associated with the printing aspects of the business.

Labor

- Despite the increasing reliance on** mechanical and electronic equipment, labor is still a primary cost in the newspaper industry, requiring about 40% of operating revenue to pay labor costs.
- In many large newspapers and** geographical areas in which organized labor has historically been strong, newspapers and employees engage in collective bargaining. Although unions have had a minor effect on the newspaper industry as a whole, the increasing power of large newspaper companies (public ownership).

Sales

- Income produced through sales** of newspaper circulation and advertising is continuing to grow despite the fact that the newspaper industry is mature and many newer media and communication devices are challenging newspapers' positions as information and advertising providers.

Products

- **Many newspaper offer a portfolio of** print products, including total market coverage papers and real estate and auto guides. Efforts to develop revenue from developing online editorial and advertising sites are being made and today about 90% of US papers have online operation (and in Indonesia too), but very few papers have found ways to make these operations profitable.
- **The growth of mobile telephony is** leading some newspapers to develop headline and notification services using SMS and to develop mobile Internet products.

Distribution

- **The cost of getting printed copies of** newspapers to readers now accounts for about 10% of most newspapers' expenses. Although the costs of transportation and labor are high, newspapers rarely meet these costs directly but enter into subcontracts with distributors bearing the majority of these costs.
- **The cost of distribution are** particularly problematic for newspapers because costs rise as the distances to customers increase and distribution densities decreases.



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Table 5-3 Revenues and Expenses as Approximate Average Percentages of Operating Budgets

Operating Revenues	
Advertising	65%--80%
Local/retail	55%--60%
Classified	20%--35%
National	10%--15%
Circulation	20%--35%

Operating Expenses	
Editorial	7%--10%
Advertising	5%--6%
Circulation	9%--10%
Promotion	1%--2%
Mechanical	13%--15%
Newsprint	15%--30%
Administration	8%--12%
Building and land	1%--3%

Operating Margin	
Before taxes & interest	15%--20%

- **Newspapers are subject to very few regulation.** Concerns over the increasing size of major newspaper chains, concentration of control and foreign ownership remain important issues in the newspaper industry. To date, no significant legislative actions have been introduced by policymakers.

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IMPACT OF NEW TECHNOLOGIES

- **Newspapers have been greatly** affected by technological changes in the way papers are prepared, printed and distributed. As in the case with many industries, newspapers have been revolutionized by advances in computer technology.
- **Picard (1993) claims that new** technologies have had two major effects on the newspaper industry. First, a newspaper can be produced today with fewer employees thanks to sophisticated technology. Second, the newspaper can be produced much faster, allowing for longer deadlines and the ability to provide late-breaking news coverage.
- **Photojournalism has also been affected.** Many newspapers can now process photographs directly from the camera, using electronic darkrooms equipped with the appropriate computer hardware and software. Newspapers now have the ability to use digital processing to provide sharper, clearer pictures. On the plus side affected, newspapers can be created more efficiently, with faster processing and distribution.

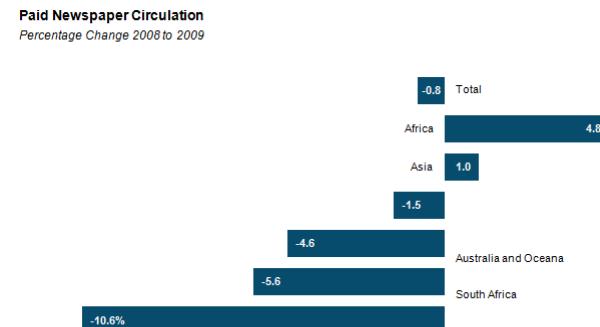


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- **But on the negative side, new technology** usually require significant outlays of capital, in turn requiring several months or even years to recapture the return on investment. As such newspaper managers must weigh the benefits against the anticipated costs when considering new technologies.

Grafik Sirkulasi Suratkabar di seluruh dunia, 2009



Source: World Association of Newspapers 2010 World Press Trends annual report.
Note: * Total represents circulation figures by continent. US included for comparison purposes. Circulation figure for the United States sourced from Audit Bureau of Circulations, previous six months ending September 30, 2009.

PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM
2011 STATE OF THE NEWS MEDIA

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THE ECONOMIC FUTURE OF THE NEWSPAPER INDUSTRY

- **Although newspapers remain the most** profitable form of mass media, there are concerns about the economic future of the newspaper industry. Although circulation data paint a very favorable picture of newspaper use, the fact is that members of the population are reading newspapers today.
- **Another continuing problem for the** newspaper industry is the cost of newsprint, which has almost quadrupled in price. Recycling of newspapers has helped curb newsprint costs, but suppliers claim increases are needed in order to maintain profits in their (newsprint) industry.
- **In order to counter some of the** problems within newspaper industry, publishers are looking for additional markets to develop alternative revenue streams. Many newspapers have expanded their news distribution capabilities by offering voice information services and computer on-line services to customers. Voice services include a variety of information categories, many of which are supported by advertising.
- **The newspaper industry is expected to** grow at rate of 5.5 percent through 2010 and overall newspaper revenues (combined daily, Sunday and weekly circulation and advertising) will be increased.

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Perubahan Citra & Konsep Pers

- Acuan berita: bukan lagi wartawan tetapi orang yg dipercaya
- Media: special interest group dgn agenda "making money"
- Konsumen berita → prosumen (seka-ligus konsumen+produsen+editor)
- Lunturnya kebersamaan (public understanding, common language & public square)
- (*Studi Project for Excellence in Journalism; Columbia Grad. School in Journalism*)

Mundurnya Suratkabar

- Turunnya pembaca: mulanya tersa-mar demografi (growth, life expect)
- Generasi muda tanpa budaya baca (SK → TV → Media hibur → Internet)
- Jumlah SK turun, sirkulasi turun → strategi financial → iklan terpusat → yang survive makmur
- Tanpa strategi berita & SDM → punahnya khalayak.

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Trend Transformasi Suratkabar (1)

- Media tambah banyak vs. khalayak berita berkurang
- Investasi baru dlm diseminasi, tidak dalam pengumpulan berita
- Produk media makin mentah/kasar
- Standar jurnalistik tidak setara, biar dalam satu organisasi berita



Trend Transformasi Suratkabar (2)

- Tanpa investasi membangun khala-yak baru → masa depan redup
- Keniscayaan konvergensi → persai-ngan antarmedia
- Tantangan utama: ekonomi, bukan teknologi
- Tukang manipulasi pers & publik kuasai jurnalis yg meliput mereka.

Teknologi/Media Baru: Matikan yg lama?

Teknologi=Media. Teknol. baru ganti-tikan teknol/media lama?

- Skeptis: Radio tidak gantikan SK; TV tidak gantikan Radio/Film/SK
- Media lama selalu bisa adaptasi
- Core content SK (berita) adalah da-sar dari semua media baru
- SK punya “strong brand”
- Teknologi bukan “deterministik”

Teknologi/Media Baru: Matikan yg lama!

- SK punah 2003 (Meyer, The Vanishing Newspaper)
- Sirkulasi turun seluruh negara maju
- Minimal: adaptasi (mis. USA Daily, free newspaper), kompromi online, atau full online
- Content dipreteli aneka media
- Tidak mampu hadapi: realtime, ke-cepatan, keanekaragaman, demo-kratisasi media baru

Percaturan Suratkabar vs. Internet

- Advertising cobranding. Kerjasama iklan koran melalui situs segmen. Situs tenaga kerja (Monster) dgn. 19 koran (a.l. NY Times), Yahoo & iklan baris dari 50 sk.
- Online news index Google dgn SK
- Classified ads Google saingi koran2 daerah
- Free distribution paper utk segmen etnik
- Pilihan artikel bayar SK Online (mis. Wall-street Journal)