

# NEWSPAPERS, THE INTERNET AND DEMOCRACY

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## Introduction

The general question of the relationship between information technology and democracy has provoked considerable debate. There are those who argue that the interactive potential of computer-mediated communication will lead to a flowering of a new Athenian democracy in which everyone will have their voice and their vote. On the other hand, there are those who predict increased manipulation, stratification and control. I should like to put those general debates to one side and concentrate on a much narrower question: the future of the newspaper.

That, in itself, is an extremely complex question which involves all sorts of different aspects. I shall not have anything to say here about the much-debated question of the ways in which the advent of information technology have altered the gathering and processing of news. Neither am I concerned with technical questions about the nature of the necessary electronic apparatus. My focus is upon the shift from the printed newspaper to the electronic newspaper, considered as a social and economic process. This shift is still very much in its infancy, and since I am dealing with the future, much of what I say is speculative. Almost certainly, things will turn out rather differently than I say they will.

There is, nevertheless, good reason for being interested in this shift. Almost everyone who has seriously considered the possibilities of democracy, however defined, in the contemporary world has realised that the media, and in particular newspapers, have an indispensable role in political life. The nature and character of newspapers, their degree of freedom, their availability and their content, are central to the citizen's level of knowledge about the world of politics and economics. This aspect of newspapers I call in this paper their "public enlightenment" function. Changes to newspapers are also changes to democracy.

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Much that is said about this subject, particularly by those involved in newspaper production, romanticises the relationship. The plain fact is that a lot of this talk is self-serving cant designed to further quite other ends. Despite this, however, it is certainly true that at least some newspapers carry at least some information which is indispensable to the conduct of rational political deliberation and is quite unavailable to the ordinary citizen through any other channel. To the extent that they carry this material, newspapers may be said to be one of the main channels through which a public sphere may be formed.

## The Impact of Computing

Computer mediated communication has already had an effect on the process of newsgathering and of production. Most newspapers, certainly most newspapers in the developed world, are today written, edited and laid out using computers. Their content is already digital. Now the computer is beginning to alter distribution. Many newspapers are developing electronic editions, mostly on the Internet, particularly on the World Wide Web. According to industry expert Stephen Outing, as of January 9, 1996, "more than 800 commercial newspapers world-wide have on-line services either operational or under development." This is an area of very rapid development, since in 1993 there were around 20 such papers and at the end of 1994 only about 100. His prediction then was that "by the end of 1996 there will be 1,500-2,000 newspapers available on-line" (Outing 1996a). Although, such is the speed of development in this industry, there is today something of a "weblash" and it is often argued that such optimistic predictions are obsolete, Outing was still, in mid-August 1996, claiming that there were "more than 1,500 on-line newspaper services world-wide (with about 1,400 of them being World Wide Web services)," and persisting in his prediction of 2,000 on-line services by the close of 1996 (Outing 1996b).

For its enthusiasts, this development promises a massive expansion of the public sphere. Not only will the citizen, often confronted by a local newspaper monopoly, have access to a large number of titles, but there will be greatly enhanced potential to contribute to the actual production of public debate. Sitting at my desk, I will now be able to have access to a vast range of material. Not all of this "cornucopia" will be of the kind that the more naïve democrats might find desirable, but alongside the pornography and the public relations, the right-wing ravings and the most detailed sports results imaginable, it will certainly be possible to find a plethora of public enlightenment material. I can also join in the development of the new kind of participatory newspaper being pioneered by the *San Francisco Bay Guardian*, which aims to allow readers to become active in the reporting and analysis of news stories. One enthusiastic commentator summed up the coming age thus:

*The real beauty of the new technology is its ability to enable newspapers to not only enhance their researching and reporting capabilities, but also to deliver a better, more audience-aware product in an immediate and inexpensive way. Digital delivery is greatly improved by publication on the World Wide Web, the fastest growing part of the Internet. One of the main attractions of the Web is hypertext, a system that seamlessly links computers and files continents apart. For example, a story about a poll on the performance of a government official could include color-highlighted links that readers simply click on to get more in depth information about his or her voting record, recent speeches, or a news story about cam-*

*paign promises. Using the hypertext capabilities of the Web totally eliminates the proverbial 'news hole' and opens up an unlimited amount of 'space' for presenting news product (...) By using computer technology to produce and deliver a new product, newspapers have welded both the old (literacy-print) with the new (computers-digital delivery) and created a better model (Lapham 1996, 4-5).*

We can, on this account, expect in the future, and as a direct result of new information technology, better access to more public enlightenment material, and we will thus be better equipped to act as responsible citizens in democratic political life.

## Commercial Newspapers

It seems to me that there are considerable grounds for regarding this optimistic version of the future of the newspaper with some scepticism. In considering the consequences of the developments usually termed "convergence," we have to reject the romantic idealisation of the press as "fourth estate" and begin from a realistic assessment of the nature of existing newspapers. Although there are still newspapers that are subsidised by states, parties, churches and eccentric millionaires, the dominant model world-wide is that of the commercial newspaper. Consequently, newspapers stand or fall by the strength of their business model, not their editorial policy. A business model, very crudely, has two main parts: the costs of operation and the raising of revenue. In the model of the commercial newspaper, the provision of editorial content is one of the costs of operation.

All of the editorial content of any such newspaper is ultimately subject to a calculus whose product is profitability, not public enlightenment. That is not to say that the nature of the editorial content is of no importance to the owners of newspapers. On the contrary, it is vital to the generation of revenue. One of the simple equations which is true for most versions of the overall model is: no content = no readers = no profit. One major aim of the activities of journalists, whether they are producing high-minded political commentary, grubby stories about drug-abusing popular entertainers, or truly astonishing revelations about the sexual activities of the British Royal Family, is the need to win and retain readers.

Another of the main aims of all journalism in this model is to win and retain advertising material, and thus to increase revenues. This is achieved in part precisely through delivering the attention of the right kinds of readers in the right numbers, through the nature and quality of the editorial content itself. The other way it is achieved is by the construction of special sections of editorial copy, usually in the form of supplements, devoted to particular advertising-rich subjects like banking, commercial property and so on. It is worth recalling that the physical size of the "newshole" in any commercial newspaper is ultimately determined by the amount of available advertising. Another of those simple equations runs: more advertising = more pagination = more news.

Generating the necessary editorial copy is an expensive business, since it requires large numbers of highly-skilled, and usually highly-paid, journalists. Not every newspaper is *The New York Times*, but a broadsheet British quality daily, like the *London Times*, will typically employ between 200 and 300 journalists, and perhaps rather more support staff. The *Asahi Shimbun*, a leading Japanese daily paper, has more than sixty overseas correspondents. The costs of editorial material are high, particularly in those areas like overseas news, investigative journalism, war reporting, and so on, which

are central to the enlightenment functions of newspapers. If a newspaper is to do more than fill its pages with the "rip'n'read" material from the wire services, and press handouts generously provided by the PR staffs of large corporations, then it needs to spend large sums of money on journalists to report and edit original news stories.

These costs constitute part of the outgoings side of a business model which, as we have seen, usually raises revenue from two sources: sales and advertising. The proportions between these two revenue sources vary widely. In the USA, apparently, advertising accounts for about 80 per cent of the revenue of a "typical" newspaper (Bogart 1989, 48). In the UK, the five titles of the "quality" broadsheet press, which constitute that segment of the press that carries by far the most public enlightenment journalism, depend on advertising for perhaps 60 per cent of their revenues. One study of the effect of new technology on the British print industry stated that:

*Advertising accounts for 60% of the revenue of Business Magazines, 40% for consumer magazines, 80% for regional newspapers and 50% for national newspapers in the UK and similarly significant proportions of income in other EU countries (Spengler, Neary and Minio 1995, 2).*

Newspapers in countries in which the market economy is relatively underdeveloped might perhaps have a higher dependence on sales revenue, but they are clearly evolving in the same direction.

The benefit of this business model from the point of view of democracy is that it delivers a very large quantity of public enlightenment material to a fairly large audience at a very low direct cost per unit. It is this which makes some newspapers such a valuable constituent element of democratic political life. The provision of public enlightenment material is consistent with, indeed necessary to, a business model that seeks to attract the subscriptions of the educated elite, and to sell their attention to the advertising industry. The model has, of course, substantial drawbacks. In practice, such newspapers are not equally available to everyone. In the UK case, public enlightenment broadsheet newspapers only account for around 15 per cent of total national daily newspaper sales. The mass sales are reserved for newspapers which contain very little of such material. The real effect of this business model is to produce an "enlightenment gap" between the educated and relatively prosperous middle classes and the mass of the population (Sparks 1993; 1995).

## The Commercial Benefits of Computers

There are powerful forces driving the owners of newspapers to think about electronic distribution. Editorial costs are important, but they are not the main costs a newspaper faces. To borrow the very useful distinction developed recently by Harmeet Sawhney, printed newspapers are a "carry" medium, in that they place the onus of transporting the symbolic content on to the originator of the product (Sawhney 1996). Presses and lorries cost money. Newsprint and ink cost money. Printers and delivery staff cost money. Production and distribution accounted for at least 50 per cent of the costs of a large-circulation US newspaper in the 1980s (Bogart 1989, 48). Sharply rising, newsprint costs since then will have raised that figure. Electronic newspapers are, in Sawhney's terms, a "fetch" medium, in that the bulk of the costs of transporting the symbolic content is borne by the consumer. It is true that the originator must invest in computing and support staff, and that the cost of this is not negligible if the

operation reaches any scale or pretends to any distinctive quality, but the consumer buys the terminal and pays the telephone bills. On the face of it, electronic delivery looks like the answer to a press baron's dreams.

There is an additional factor which leads the owners of newspapers to consider electronic delivery an ideal business proposition. It is held as an article of faith by many in the business that newspaper readership is everywhere declining. Reality is much more complex than this: for example, the British quality press market has expanded, on average, at a rate of one per cent per annum for the last thirty years. In the developing world, there has been an explosion in the number and circulation of newspapers. It remains the case, however, that particularly in the US, but also in Britain, the more locally-based newspaper industry has suffered a long-term decline. Views on the reasons for this vary widely: one recent comment by a US industry leader attributed it, amongst other things, to the liberal biases of reporters and the lack of coverage of religion and pets in the average US newspaper (Neill 1996). However this may be, it is certainly true that the complex set of social relations between newspapers and readers that has marked the developed world is changing, if not breaking down.

The large circulation of the "enlightenment" newspaper is a product of the habits of a particular social group formed in what some sociologists would call "high modernity." Its readers were largely male, moderately educated, recently enfranchised, relatively privileged office workers. They genuinely believed that voting every few years was extremely important, and that they needed to be well-informed about the world in which they were significant political actors. They travelled to work on public transport. They could read the paper on the train or bus or metro. Many could, as a semi-legitimate part of their working life, start the day with a coffee and glance at the paper. They travelled back from work on public transport, and could read an evening paper during the journey. Their domestic arrangements, very often, were of such a patriarchal character that, once home, they could bury themselves in their paper whilst social reproduction went on all around them.

Life is no longer like that. The highly educated, long-enfranchised and entirely cynical, but not very privileged, office worker of today is more likely to be female than male. She is very sceptical about politics and public life and places much less faith in her ability to change the world through voting. She drives to work and listens to the radio on the way. The working day legitimately starts with a cup of coffee and switching on the computer. She drives home again in the evening and, of course, she has to spend her evening cleaning, cooking, washing and ironing, not to mention looking after the kids.

What has disappeared from these everyday rhythms of life is the space in which the newspaper was habitually consumed. The compelling evidence of changing lives suggests to the owners of printed newspapers that their core market is under threat and that they need to seek other outlets. The early evidence suggests that the electronic newspaper may fit better the emerging rhythms of life. Access patterns show peaks just after the start of the working day and again during the lunch period. It looks very much as though these services are accessed from work and that it is seen as more or less legitimate to spend the first part of the day using the company computer to glance at the electronic news. At lunch time, the company can again be expected to pay for the capital costs and for the telecommunications charges, since the employees are demonstrating their loyalty to the firm by taking their lunch break at their desks.

These factors explain the Gadarene rush of newspaper proprietors on to the Internet. They see it as providing a delivery system which reduces their costs by up to fifty per cent and that reverses the slide in circulation that threatens both forms of revenue stream. The electronic newspaper will be attractive to the post-modern reader and to the target-conscious advertiser in a way that the printed newspaper cannot be.

## The Difficulties of Making Money

There are, however, real problems to be confronted. Some are external to the medium itself, but others are internal to its business model. Since most of these experiments are very new, and the evidence upon which to base judgements very sketchy, it is difficult to draw definite conclusions, but there are some suggestive early trends. These trends indicate that there is a problem in transporting the business model of the printed press into the electronic area.

Consider first the revenue raised from direct charges, either in the form of subscription or street sales. Newspapers are relatively cheap in their printed form, partly because they spread much of their cost across a large readership. The smaller the readership, the greater the cost to each individual of receiving symbolic material of the same quality and the smaller the amount that can be charged to advertisers for reaching them. The first consequence of these facts is that the dream of individualised news resources delivered through electronic means is unrealisable. Whatever may be the technical possibilities, the provision of news unique to one person, or even to a very small group, is too prohibitively expensive for the bulk of the population to enjoy. The simple economics of news means that it must necessarily have an audience with a "mass" character. The best that the "Daily Me" will ever produce is a personalised selection from news material produced for much larger audiences.

Secondly, even with a simple "broadcast" type of product available today, which makes relatively little use of the interactive potential of the medium, the evidence suggests that individuals are reluctant to pay directly for access to the basic product. There may be a subscription market for special services, like access to the newspaper's electronic archives, although in practice regular use of this facility is likely to be limited to professional researchers. Many of this group might themselves prefer the controllable costs of a CD-ROM to the open-ended financial commitment of a dial-up service. Few people have the time or the interest to pursue the deep background to very many news stories in their private capacity. Some elite newspapers, like *The New York Times* or the *Wall Street Journal*, might be able to charge readers in Wyoming, or Kyoto, or Berlin, for the basic electronic product, since the printed version is not easily available on the day of production. Overall, however, the customer is very reluctant to pay directly for the electronic version of the newspaper.

The electronic newspaper will therefore be obliged to rely entirely on advertising revenue, at least for the foreseeable future. If it can deliver a large number of visitors, and in particular those with the time and money to use electronic access regularly, then the electronic newspaper should be an attractive prospect to advertisers. In one important respect, the prospect of advertising on an electronic newspaper is much more attractive to those who want to sell goods and services than is the printed version. It is technically possible to measure the audience exposure to any advertisement much more accurately than with the printed newspaper. Not only is it possible to measure how many people will have seen a "banner" by counting simple "clicks," but

it is also possible to record how many of them have been sufficiently interested to follow the advertisement through by means of a "click through" count. Charging can therefore be very much more precise and advertisers will no longer worry that they are wasting their money because nobody is actually looking at their efforts (Cyberatlas 1996a).

From the point of view of the consumer, too, there are distinct advantages. With classified advertisements, the possibility of electronically indexing them makes searching for particular items in which one is interested much simpler. These make up a substantial part of the advertising matter carried by many newspapers. Estimates of the importance of classified advertising are various. The highest is that they make up around 80 per cent of the revenue of the average US paper, but more believably they account for "40% of the average newspaper's revenue base" (Seybold 1996a). If I want to know about the availability of tenured posts in media studies in research universities, I no longer have to wade through pages of openings for physics professors and lecturers in accounting, only to miss the perfect job because it is buried in a general advertisement for several different posts. I can have the search done for me electronically (Seybold 1996b, 31).

The problem is that this very indexing potential makes the link between editorial and advertising content much weaker than it is in a printed product. If one wishes to advertise to any public whatsoever in printed form, one has to find a "carry" vehicle on which to piggyback. If one wants to look at advertisements of a particular type, one is forced to purchase the appropriate vehicle. The vast growth of specialist magazines is the clearest possible illustration of these factors. If one wishes to advertise on the Internet, then one can enter the marketplace independently of any "carry" vehicle. If one is seeking particular forms of advertising on the Internet, there already exist any number of powerful search tools that enable one to find what one is looking for. It is no longer necessary to pass through a particular editorial gateway to get to this or that advertising. Of course, it might still make sense for particular kinds of advertising to be grouped together at one attractive location, but the obvious possibility exists of a site which collects together electronic advertising in the same way as does a newspaper, but which dispenses with the editorial content.

The newspaper faces the threat of what is generally called in the trade "disintermediation." By this hideous term is meant that potential of the Internet to provide opportunities for self-publishing of various kinds independent of the traditional gatekeepers. There is little to stop Thomas Cook constructing its own attractive site which advertises its full range of holiday services directly to interested customers. It has no need to place these advertisements expensively in electronic newspapers.

It might be objected that, while it is true that for the major advertisers, or possibly associations of companies wishing to advertise in the same field, it would make sense to construct an electronic means of reaching their potential customers without the assistance of newspapers, there remain large classes of advertising for which this is not really appropriate. For example, the thousands of people who wish to buy and sell used cars are not likely to construct their own individual sites specially for this purpose. They will continue to need the services of an intermediary which gathers and classifies such advertising. This reality of the advertising market fits very closely with the established attempt by newspapers to redress the circulation decline by getting ever closer to specific localities. Transferred into an electronic future, this version argues:

