

# Newspapers must 'adapt or die'

'Compuserve and CNN ensure that newspapers are stale before they're tossed on the trucks. With the possible exception of the comics, everything a newspaper used to do somebody else is doing more quickly, more attractively, more efficiently, and in a more interesting and unfettered way.'

**Jon Katz, Wired, September 1994,**

**D**aily newspapers in Australia are facing a number of very serious threats to their current businesses as a result of the spread of new technologies.

That is according to Peter Morris from Murdoch University's Institute for Science and Technology Policy, who concludes that Australian newspapers are particularly vulnerable because of their heavy reliance on classified advertising for their profits.

In a research paper delivered to the recent Bureau of Transport and Communications Economics/CLC research forum in Sydney in October, Morris predicted that the delivery of classified advertising through electronic means would severely undermine the profits of a number of major daily newspapers.

He pointed to the increasing number of 'substantial electronic real estate services either on the Internet or soon-to-be-launched' as evidence that the move away from traditional classified advertising has already started.

For example, Telstra has launched an electronic version of its Yellow Pages and, according to Morris, there is already speculation that this will become part of the Foxtel pay TV arrangement creating 'considerable pressure' on the newspapers' classified business.

Morris states that the big changes expected to impact on the newspaper industry will, almost certainly be determined by News Ltd.

'The challenge is how daily newspapers disassemble their massive human and capital structures and rebuild to a design which no-one has proven works,' Morris states. Because of its positioning in Australia - especially as a result of the Foxtel link

News Ltd makes the coincidence of these forces more likely in the short rather than the long term.'

Morris argues that the newspaper reading market has been saying for many years that it wants the product restructured or it will not use it. Young consumers had already made this judgment and so, had not developed regular readership habits. As a result, it would be the new players with the capacity to seize the opportunity presented by new technologies, who would have the upper hand.

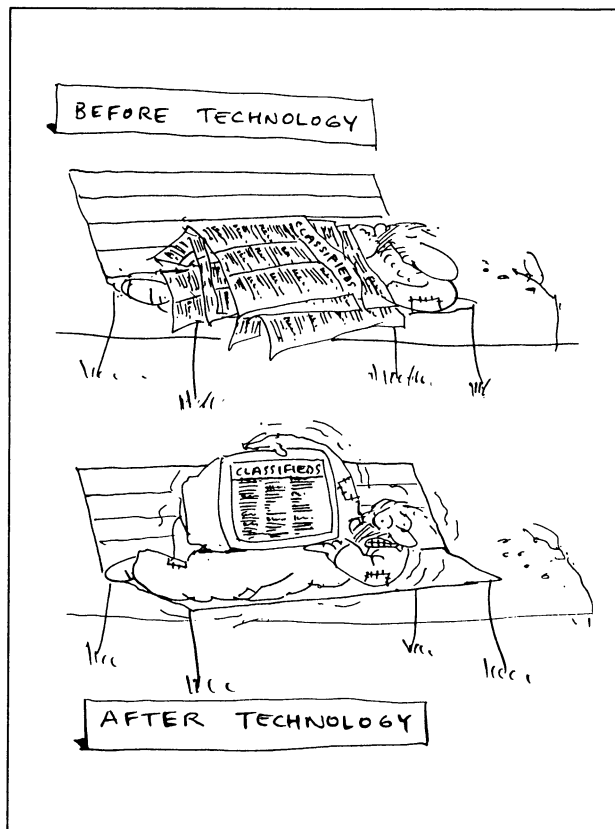
'Leaders of the old are often the last to embrace the new.'

The Knight Ridder news group in the US is already working on a prototype for a news 'tablet' which would recreate the look and feel of a newspaper on screen but with the addition of audio and short video clips. One of the 'tablet's' developers has said that by 1997, the technology would be available as a package for \$400.

Similarly, News Corp and MCI have announced the establishment of a 24 hours a day, 7 days a week digital newsroom in New York called The News Center designed to deliver 'innovative, interactive

programming specifically for the online environment.' Microsoft has followed suit with a newsroom in Seattle employing 200 journalists to provide an online news service for its Microsoft Network.

With an Internet population of some 500,000 and growing at a rate of close to 10 per cent a month, the Australian newspaper industry will need to respond quickly or watch its profits shredded. □



with Telstra - News Ltd is seen as the most prepared to capitalise on the spread of new technologies to break the link between advertising and editorial - the aspect of newspapers which has made them so successful.

'The combination of the rapid roll-out of broadband infrastructure, the unusually high dependence of the Australian daily newspaper industry, the suitability of classified to electronic manipulation and delivery and the current and strategic position of