

THE FUTURE OF THE NEWSPAPER INDUSTRY

Gregor Franken¹ [0000-0002-6615-6230]

Abstract

Financial expenses for printed newspapers are becoming increasingly significant due to declining circulation and rising costs of printing and distribution. During the COVID-19 period, the newspaper and all print media faced a deepening crisis that has been threatening the entire newspaper industry for several years. The COVID times are over, but the crisis in the newspaper industry is not. This was followed by a paper shortage, leading to price increases. Initially, the price of paper rose due to excessive demand, and soon after, there was an increase in energy costs, which significantly impacted paper production. The advertising market changes daily and migrates to various platforms. The media world is transforming at an unprecedented speed driven by technological innovations. Readers remain loyal to the printed newspaper, but continuity is becoming an increasing challenge. New generations are coming that follow the news digitally. What future awaits the print media industry?

Key words: newspapers, printing media, COVID-19 period, advertising, digital media.

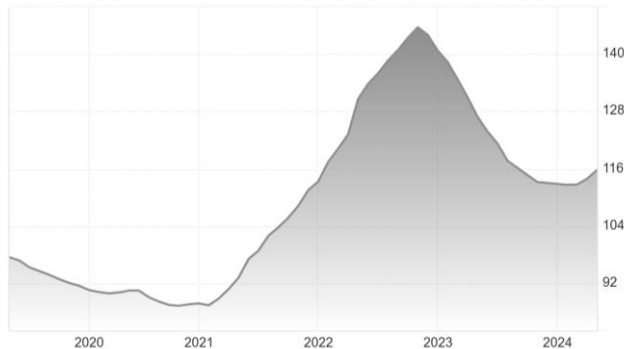
1. Introduction

The newspaper industry, once the dominant medium for public information, has changed dramatically in recent decades due to financial pressures, changing reader preferences and technological advances. Traditional print newspapers are now in a precarious position as the rise of digital platforms and the COVID-19 pandemic have exacerbated existing challenges. The industry is at a critical juncture and must grapple with how to remain relevant and profitable in a rapidly evolving world. The pandemic triggered an economic crisis that hit the newspaper industry hard: advertising revenues plummeted as companies cut their marketing budgets. Circulation also fell due to the logistical hurdles involved in distributing physical newspapers. Although the pandemic has now subsided, its lingering effects continue

¹ University of Ljubljana, Faculty of Natural Sciences and Engineering, Slovenia,
gregor.franken@ntf.uni-lj.si

to raise questions about the future of the newspaper industry. At the same time, global paper and cardboard prices were affected by fluctuating supply and demand, particularly in China and North America.

The advent of e-commerce has led to an increased demand for cardboard packaging, which has diverted the production of paper and led to shortages. Even before the pandemic, demand for paper products, particularly newsprint, was already declining, a trend that was exacerbated in 2020–2021 when the pandemic further reduced global demand (Figure 1).



*Figure 1: Euro Area Producer prices in industry:
Manufacture of pulp, paper and paperboard (Trading Economics)*

1.1 Paper prices

Newspaper and magazine sales plummeted and demand for office supplies fell significantly. As a result, Finnish paper giant Stora Enso closed two mills in 2021 (IBISWorld, 2024). The European energy crisis and the war in Ukraine have exacerbated the problem. Paper prices are set to increase by 65% in 2022 alone due to disruptions in the global supply chain (Maher, 2022). Ukraine supplies 10% of Europe's softwood and the conflict has brought timber exports to a standstill. Economic sanctions against Russia and Belarus and rising energy costs led to a sharp rise in paper prices until fall 2021. These combined challenges are changing both the newspaper industry and paper production, leaving their future uncertain (Sappi Graphic Papers, 2022; Kinney, 2008).

1.2 Declining circulation and advertising revenues

Figure 2 provides a clearer idea of how steep the decline in circulation for American daily newspapers has been in the past decades. While costs have risen, circulation numbers have plummeted. In the U.S., daily newspaper circulation dropped significantly over the past two decades. From 2020 to 2021 alone, circulation fell by 6%, continuing a downward trend that began long before the digital age (Naseer & Aubin, 2021). Readers are migrating toward digital platforms,

leaving traditional print newspapers with an aging demographic. Advertising revenues, once a cornerstone of the newspaper business, have also been in decline. Digital platforms like Google and Facebook have become dominant players in the advertising space, offering more targeted and cost-effective solutions for businesses. Consequently, print advertising has lost much of its appeal, and newspapers are struggling to attract advertisers willing to pay premium rates for space in physical publications (Newman et al., 2022). This has led to a financial "twin crisis" for newspapers: the decline of print circulation and the loss of advertising revenue. Traditional revenue models based on circulation and advertising are no longer sufficient to sustain newspapers, particularly in Western economies like the U.S. and the UK (Barthelemy et al., 2011).

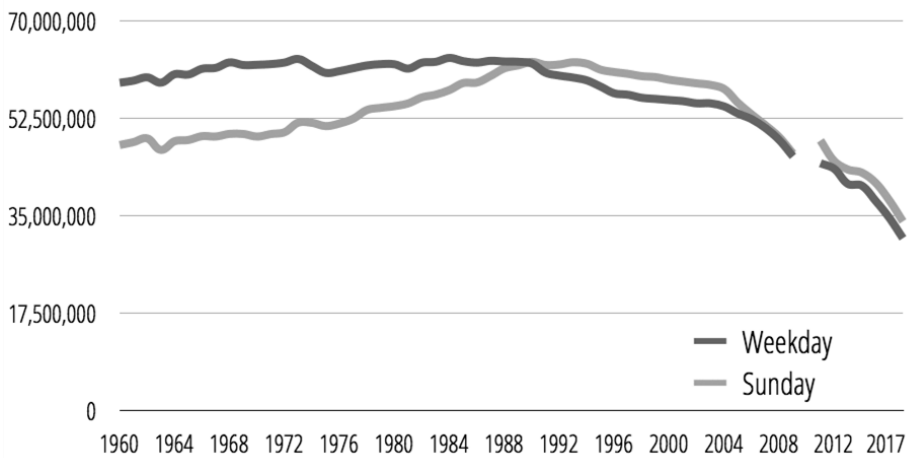


Figure 2: Newspaper circulation in the USA from 1960 until 2017 (Naseer & Aubin, 2021).

1.3 The Impact of the COVID-19 Pandemic

The COVID-19 pandemic dramatically accelerated the challenges already facing the newspaper industry. As lockdowns were implemented worldwide, newspaper sales dropped due to limited distribution channels and the closure of public spaces where newspapers were typically sold. At the same time, the demand for real-time, reliable news surged, with readers turning to digital platforms for information about the virus, government measures and health advice (Newman et al., 2020).

Despite increased digital engagement, the pandemic had a crippling effect on newspaper revenues. Advertising budgets were slashed as businesses closed or scaled back operations, and the recession triggered by the pandemic hit local newspapers particularly hard (WAN-IFRA, 2021). Many small publications were forced to shut down, leading to "news deserts" in certain regions where local news coverage was entirely absent.

1.4 Pandemic Long-Term Consequences and Shifts in Consumption

The pandemic's lasting impact on the newspaper industry is perhaps most evident in the acceleration of the digital shift. Many newspapers were forced to invest heavily in their online platforms, recognizing that digital content was the key to reaching their audiences during the crisis (Barthelemy et al., 2011).

Additionally, the pandemic has led to permanent changes in consumer behavior. The Reuters Digital News Report found that younger generations, in particular, are far more likely to consume news through social media platforms, aggregators, and apps, rather than through traditional print or even digital newspaper (Newman et al., 2020).

2. Methods

In the research, we were interested in the trends in newspaper circulation in the wider area of the region. We included in the research two of the largest newspaper publishers from each country: Serbia, Slovenia, Croatia, Bosnia and Herzegovina, Montenegro and North Macedonia.

The research was mainly conducted in electronic form with a questionnaire where we were interested in what newspaper circulations were like before COVID-19, during the corona and later, when there were no more restrictions.

2.1 Results

In 2020, the year of the lockdown, the largest decline in newspaper sales will occur compared to 2019, i.e. -40%. In 2021, the downward trend due to Covid-19 continues, averaging -25% in 2020. In 2022, this decline is smaller compared to 2021 and amounts to -15%. In 2023, publishers record the same circulation figures as in the previous year, i.e. 2022. There are no differences in 2023 compared to 2022. In 2024, there is a slight decline in circulation compared to 2023 (-2%). On average, paddle sales have increased by 16.4 % over five years (Figure 3).

Year	YoY change (%)
2020	-40
2021	-25
2022	-15
2023	-0
2024	-2

Figure 3: Newspaper circulation in the wider area of the region from 2020 until 2024].

3. Discussion

Monetizing digital content remains one of the most significant challenges for newspapers in the digital age. While digital subscriptions have shown promise as a revenue stream, the majority of readers are still reluctant to pay for online news. Publications like The New York Times and The Guardian have successfully implemented subscription models, but these cases are exceptions rather than the rule (WAN-IFRA, 2021).

The "paywall" model, where readers must pay for access to premium content, has become a popular solution for some newspapers. However, this model has its limitations, as it can alienate casual readers who are unwilling to commit to a subscription. Many newspapers have adopted a hybrid approach, offering a certain number of free articles before requiring payment. Still, the challenge remains: how to balance the need for revenue with the demand for free, accessible news.

4. Conclusions

Despite ongoing efforts to adapt and redesign, the newspaper industry does not have a promising future ahead of it. Global trends point to declining newspaper circulations on every continent, signaling that traditional print media are facing structural changes that will be difficult to stop. Although there are a few exceptions where circulation is stable or rising slightly, these cases are rare and of little significance on a global scale.

Even the world's biggest newspapers, long regarded as unshakeable pillars of the media industry, are seeing regular declines in circulation, suggesting that these figures are unlikely to ever return to previous levels. This is not just a transitional phase, but a reflection of wider changes in the way people consume information. The main cause of this situation is undoubtedly the internet and digitalization, which have profoundly changed the media landscape.

The emergence of a new, younger generation brings with it new patterns of behavior and media consumption. Many young people today no longer rely on print media like previous generations, but seek news and information online, where it is available in real time. For them, the concept of reading a newspaper with news that is a day old is outdated and unnecessary.

A good example of this global shift is Japan's Yomiuri Shimbun, which is known as the world's largest-circulation newspaper, but is nevertheless experiencing an annual decline of around one million copies. This trend is partly due to Japan's rapidly aging population, which is shrinking at a record pace. Japan is currently experiencing the largest population decline since data collection began, which has a direct impact on the number of print newspaper readers.

The combination of an aging population and declining birth rates, coupled with technological changes, is creating conditions in which print media is losing a significant proportion of its traditional audience. This inevitably leads to a steady decline in the readership of traditional print newspapers, one of the main reasons for the decline of the newspaper industry.

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