

No easy lessons from *The Citizen's* bold publishing move



By Gill Moodie: @grubstreetSA

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Two years ago Caxton's *The Citizen* took one of the [boldest steps](#) in recent South African publishing history when it [dropped its cover price](#) 33%, from R4.50 to R3, and took its advertising rates down by about 20%. It was a high-risk move aimed at growing circulation and gaining market share in Gauteng.



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The Citizen's publisher, [Greg Stewart](#), tells Bizcommunity.com what the brave move has meant for the paper, what he's learned from it and where he thinks the industry is going.

■ ***When you look at the ABC figures, it doesn't seem like the cover-price drop [on 1 January 2010] resulted in a large sustained gain but then you guys are also not showing sustained decline like most papers in the South Africa. [In the [latest available ABC figures](#) - for the fourth quarter (Q4) of 2011, the paper had 68 598 total circulation, compared with 69 036 in the fourth quarter of 2011 and 61 747 in Q4 2010.] How do you feel all this has panned out?***

Greg Stewart: Look, one can never be happy with being static, and essentially we have been. But, if you look at the single-copy sales [which are sold at above 50% cover price and do not include subscriptions or bulking] in particular, they have grown every single quarter on quarter [to 50 755 in Q4 2011].

And, in fact, if you compare [The Star's](#) single-copy sales to ours, theirs has dropped down [to 52 905 in Q4 2011]. The gap between their single-copy sales and ours is closing every quarter.

So one has to look at what makes good business in this environment and, for me, if you look at the fact that our single-copy sales show growth compared with our subscription numbers - which have dropped - it's because, strategically, we're moving away from subscriptions.

❑ ***Why? Because it's so expensive to get to people's doors?***

Stewart: Ja, it's the most expensive distribution you can have: you're discounting your cover price. It's such a poor business model in this country - how can you offer something which is a premium service at a discounted rate? It doesn't make any sense. So we're very happy to have our customers rather going to collect their copies [from shops and street corners] and taking them home.

❑ ***Did you take a hit when you dropped the ad rates?***

Stewart: Interestingly enough, we maintained a growth year-on-year so far in advertising. Obviously, we have subsequently put up our rates slightly [since the drop of January 2010]. I was looking at a very old rate card the other day - I think it was from 2004 - and our advertising rates at this point are just slightly lower than they were at 2004. So we've remained competitive.

It doesn't make for very easy business but, somewhere along the line, you've got to take a longer-term view and we've done that. And when you perhaps interview me in a year or two's time, I think the landscape is going to be very different to what it is now.

❑ ***Do you think some papers will have shut down - and then there will be opportunity for those that remain to net those readers?***

Stewart: Well, look, internationally the trend is that when papers have closed down, it hasn't meant automatic growth in other papers. It's tough to decide if that trend will continue here but, certainly, if you look at what's happened with the *Daily Sun* (owned by [Media24](#)), for instance, as they've gradually pushed up their cover price; it's very much an economic thing. Their cover price is getting to R3 now but, as they've pushed it up, their circulation has fallen.

It's an economic reality in this country when you're talking about markets that are barely above the breadline. And for us it's no different. The fact that we're managing to maintain our circulation and maintain it with sustained revenues and slight growth is, I think, remarkable in this environment.

❑ ***Ja, I think so. When I last interviewed you [two years ago,] there was a push to grow circulation outside the traditional Gauteng heartland. How has that panned out?***

Stewart: We launched an edition in the Free State and we did see numbers grow there but not significantly. We have looked at some other areas and those plans have been put on hold for now. Our experience in the Free State is that there aren't open markets anymore - even when people think there are.

❑ ***What do you mean by that?***

Stewart: Well, there isn't an English daily in the Free State and, notwithstanding that various English dailies have tried - the *Sowetan* printed down there for a while; you've got the *The New Age* down there - there wasn't this massive uptake. You've also got to bear in mind that the business model in newspapers that we've been reliant on for so long is that we make our money out of advertising - and not on cover price.

❑ ***OK, so wasn't there enough advertising support in the Free State then?***

Stewart: Well, you have to have a big enough circulation base. You can sell a couple of thousand newspapers but that's not going to give you a base on which to sell advertising. It's actually a funny old model.

To my mind the best model for any newspaper in this country today is the *Mail & Guardian*. I can only dream one day of having a paper that sells for R23.50 a copy and prints once a week with one lot of distribution once a week and one lot of collection a week - and it's on sale for a week.

❑ ***Yip, and who would have thought it when it was started as the Weekly Mail? But I guess that's why it's done so well - it's unique in the South African market.***

Stewart: It is. And it's also a very niche publication so your distribution is quite selected. You don't have to distribute it everywhere; you stick to news agents in the main hubs. Which makes your distribution quite dandy, actually, and advertising is profit on top. In my book, anyway, it's one of the best business models for any weekly or daily newspaper.

■ ***Your guys' move is also very interesting from a publishing point of view as you're actually trying to address the twin problems of falling circulation and declining advertising revenue. Many papers have got their heads in the sand about this. What do you think you've learned after two years?***

Stewart: I think the problem for the industry is that most newspapers have been around for so long and, as an industry, we've been dreadfully slow to actually move and change. The one thing that I've seen in the European industry is that as things have changed rapidly - internet and mobile wise - they've been quicker off the mark to change and adapt than elsewhere in the world. And that's why you've seen fewer papers fail in Europe than you have in the US.

I think the guys in Europe are very pragmatic and, from what I've seen and learned, they have adapted in terms of co-operative efforts and realised there's a bigger picture - from an industry point of view, rather than from the point of view of individual papers. Perhaps because there are more players there, they are more willing to accept co-operative issues - as a small example, distribution. Nobody really makes money out [of] that in this country. It's a cost for everyone, really, except for the *Mail & Guardian* and maybe (BDFM's) [Business Day](#).

Talking as a newspaperman and from an industry perspective, rather than as Greg, the publisher of *The Citizen*, we should have combined daily circulation ages ago into one non-profit making entity. It doesn't make sense for us to compete on distribution because there's no money there. It's these kind of things I've learned. Not all of our business models make sense and we need to adapt our business models in order to survive.

■ ***Ja, it's a difficult industry.***

Stewart: You know, it's been a 23-year career [in the industry] and, at the risk of sounding like a 'when-we', I've never experienced what I'm experiencing now. There're no easy answers or quick fixes but I think the main thing is to be as pragmatic as possible. I think niche publications have a better chance of survival than broad-based publications and you've got to be smart and quick - and, as much as possible, instead of being reactive, you need to be ahead of the pack.

■ ***You've been on the commercial and publishing side of the industry for a long time [for example at The Star, in online and running your own business before joining The Citizen]. I guess there's not too many young people wanting to join the publishing side of the business today.***

Stewart: I think it's a challenge facing the industry going forward. In my opinion - and some people may vehemently disagree with me - newspapers today still produce better journalists and better news people. There are the disciplines involved in producing daily newspapers - being able to meet the deadline and to be able to write well and quickly and efficiently; learning the ethics involve and accountability.

A lot of people may consider the media not to be accountable but there is a lot of accountability - and a lot of peer accountability - and that's the best form in my book.

■ ***When I joined the industry, everyone said you must do newspapers first and then move on to other things afterwards if you want. Daily newspapers were the training ground. It doesn't really work that way anymore.***

Stewart: Yip, everything has to be sexy today for it to be appealing. Doing your apprenticeship is not sexy. No one wants to sit in the background and write well. Everyone wants their name in headlines. You know, we all try to maintain standards but it's hard to do this - and not just with writing but also with distribution.

We're just not getting the youngsters coming into this side of the business anymore... The economics of newspapers have become very interesting and where do the answers lie? Lord alone knows.

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- Bizcommunity: [Lose circ fast; build it 'damn slow' - Daily Sun GM Minette Ferreira](#), January 2012
- Politicsweb: [How SA's newspapers can save themselves](#), October 2011

- Moneyweb: [The Citizen takes on The Star](#), February 2010

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