

## **An In-Depth Study on The Impact of The Digital Economy on Various Print Media and Publishing Houses With Respect to Profitability: Measures Followed by them for Survival**

Achint Kaur

Dalhousie Public School, Dalhousie, Himachal Pradesh

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### **ABSTRACT**

*Digitalization has impacted print media adversely for most economies, but more so for developed nations. The developing economy are enjoying the dual options of print and digitalization as the level of income and literacy increases.*

*Media houses have adopted both print and online mediums to increase the reach of their viewership. For such houses their profitability has also increased.*

**Keywords:** Digitalization, profitability, advertisement revenue, mass communication, technological advancements, Conglomeration, Paradigmatic innovation.

**Research question:** an analysis on how the growth of the digital economy has impacted print media and publishing houses all over the world. How has this technology affected profitability of the companies? Have these firms in this field innovated to meet the competition from digital? What are the new types of techniques or models that they are following? Have they been effective in increasing their profitability? These and similar question would be attempted during the paper.

### **1. Introduction**

Print media is the oldest and the basic form of mass communication. It includes newspapers, weeklies, monthlies, and other forms of printed journals. The first image of print media is generally a newspaper. It is a form which shares news or any other piece of information through the printed form of publication.

The beginnings of this would go back to the invention of paper by the Chinese and the invention of the first printing machine by Johannes Gutenberg. There have been many technological

advancements as well as many influential people that have marked a shift in aspects of print media. In fact, the history of books did not start with paper, but it was a form of communication by the Sumerian people on a stone tablet in 3500 BC. A thousand years after this the Papyrus scrolls was seen in Egypt. It was this development that led to the invention of paper from tree pulp, a technique invented in China. The Roman people thereafter invented the ‘Codex’, this means two planks of wood which were bound together with cords of leather. This invention resembled the invention of book as we know it today.

**FIGURE 1: PAPYRUS**



*Source: Sure Print & Design.*

**FIGURE 2: CODEX**



*Source: Wikipedia*

## **2. History of the growth and spread of print media and publishing houses**

The first book was printed around 868 AD in China. A century later in 1454 Gutenberg created the printing press which was the first mechanized printing machine. In 1770 the first weekly newspaper was created ‘The Boston Evening Post’ in America

**FIGURE 3: GUTENBERG’S MECHANIZED PRINTING MACHINE**



Source: <https://c1.staticflickr.com>

Print media is of different forms like newspapers, magazines, newsletters, books, and posters. Newspapers are the most important as they provide information, education, and other services to the community. It is a form of mass media where the news and information are shared through printed publication. This form of print media is the oldest one sharing information and news. The news or information is first published in a hard copy and then released in a more reader friendly manner. The main aim of this is to inform, educate, and entertain people

The people working in this field are required to follow certain principles which are;

- Journalisms first obligation is to report the truth
- Its first loyalty is towards citizens
- Its essence is a discipline of verification
- It's practitioners must maintain an independence from those that they cover
- It must serve as an independent monitor of power

The advantages of print media are:

- Target local audiences
- High return on investment
- Reach multiple age groups
- Stand out from the competition
- Limited advertisement placement control
- Scheduling difficulties
- Potentially higher cost

The Portuguese were the first to introduce printing press in India. In 1556, a Portuguese ship brought printing press in India for the first time. These are spread in the form of light weight, portable, disposable publications printed on paper and circulated as physical copies.

### **2.1. Advantages and Different Types of Print Media**

The benefits of print media include its tactical experience and ability to reach specific target audiences effectively. Besides educating, informing, and entertaining they provide documentary, drama, current affair's programs, public service announcement, and programming for television.

Newspapers is the most popular form of print media. The advertizers can choose from advertising in a daily newspaper or a weekly tabloid. Different types of newspapers cater to various audiences and one can select a category according to the target audience. The final design is decided according to the budget of the advertizer.

Magazines too offer advertizers and oppurtunity to incorporate various new techniques and ideas. This is a media that caters to a more specific target group.

Newsletters target a specific group of audience giving information about the product.

Brochures give detailed information about the product and are mainly distibuted at an event or an outlet when a consumer needs to read in detail about a product.

Posters are different forms of outdoor advertising. Here the message must be brief and eye catching as it targets a person on the move.

Apart from these direct mail marketing, flyers, handbills, leaflets, banner advertising, billboard advertising, press releases are different ways in which the messages are passed to the audience.

**FIGURE 4: DIFFERENT TYPES OF PRINT MEDIA**



Source: <https://ecampusontario.pressbooks.pub>

**3. Impact Of Digitalization on Print Media**

The invention of digitalization has impacted print media to a very large extent leading to reduced readers of print media. The main reason being is that everyone wants to have instant information, and no one is ready to wait for a day.

Newspapers are in a barely survival mode, and readership has reduced drastically. The youth of today are more interested into reading news and taking information from the internet rather than a physical form of print. The reasons being.

- The new media provides quick news.
- The digital media can be accessed anytime and anywhere.
- It has detailed information on an occurrence.

The newspapers are still considered to be the authentic media, but despite this online media is extremely powerful.

In India, newspaper is the medium that provide news to people from 18-80 years. It is medium which has information on all aspects from politics, crime, education, sports, and entertainment. The advantage of reading a newspaper is that local area news is also included in it. They are available in local languages that make it comfortable to be read by all. The advertisement in these papers which are generally localized helps the public in making decisions with respect to buying, selling of products and education.

The digital media has taken over from print media to the extent that they screen books, movies, newspapers all in the digital format. The ubiquity of digital media and its effects on society suggests that the world is at the beginning of a new era in history called the ‘information age’. It may lead to a paperless society in which all media are produced and consumed on computers.

**FIGURE 5: DIGITAL MEDIA**



Source: <https://freepngimg.com>

Social media has become an integral part of modern society challenging print media. (the average daily circulation of U.S newspapers declined by 7% in the last and first quarter of 2008 and 2009-Audit Bureau of Circulations) This is a useful medium with respect to

- PR management
- Measuring return on investment
- Competitor auditing
- General public engagement
- The youth are focusing on social media sites to obtain information
- Internet used by children in school have changed the social and demographic fabric of society

### ***Expansion of digital strategies as compared to print media***

Revenue growth occurs when implementing digital strategies that expand the customer base and increase sales. The advent of digital media such as Facebook, Twitter, Instagram, and other platforms has adversely affected print media, but has increased the reach due to digital media. The print media was a one-way mass communication, but the development of digital media allows people as both consumers as well as producers. Big newspapers in India also impart their news in both physical and online space. The growth of digital media is due to the flexible feature that it provides. In India, with the number of smart phone users exceeding 20 million, and the availability of cheap internet facilities has led to the phenomenal growth of this medium.

Digital media has created the spreading of information on a level that one could only dream about. The earlier storage was only in the form of books, but now with the growth of this area the storage capacity has increased phenomenally. It has created a whole new world in the field of journalism, entertainment, education, and publishing. It has been researched that about 60% of the population subscribes to digital media while 40% subscribes to newspapers (International Research Journal of Engineering and Technology. Volume:06 Issue:12/December 2019).

According to this research the number of subscribed users to English Digital News is much greater than Regional Digital News. Out of them 66.7% users prefer English News while 33.3% prefer Regional News. The digital space is Facebook, Instagram, Twitter, Emails, E-newspapers, Google feeds, etc.

The viewership preference changes with age; for the younger age group most preference is given



to sports and entertainment related news while for the older age group it is sports, politics, and business-related news.

**FIGURE 6: DECLINING EXPOSURE TO MEDIA**

**EXPOSURE TO MASS MEDIA IS DECLINING ACROSS PLATFORMS**

% share of people accessing various media



Source: National Family Health Survey round 4 and 5. Note: \*At least once a week, \*\*At least once a month

Source: The Print

Digital media can be divided into two parts, one is traditional digital media, and another is the new form of digital media. Traditional digital media are television and computer while the new form of digital media are social media websites, smartphone, tablets, and video games.

In most countries, most of the audience towards print media are older people as they are familiar with this type of information, and they have been used to it for a long time. The target audience of digital media are youngsters as they have the curiosity, creativity, and the energy to discover new things. In the United States, in 2022 the print edition is 18.8% more than the online edition

(Hao Chen, 2022). Research has indicated that most of the online readers are also using traditional media along with digital media for news.

**FIGURE 7a: OLD DIGITAL MEDIA**



Source: <https://s0.geograph.org.uk>

**FIGURE 7b: NEW DIGITAL MEDIA**



Source: <https://www.pngall.com>

Print media has played a vital role in reaching and engaging a wider audience. The fact that its emphasis on local issues enables it to reach a concentrated customer base. For those that physically hold and engage with printed materials it is a unique and memorable experience. The physicality of print media contributes a deeper connection with the content and enhances the overall reading experience. This engagement fosters a stronger emotional connection with the content. It also allows focused and uninterrupted reading unlike digital platforms which can distract the reading experience due to advertisements and notification.

Digital media has a greater reach and accessibility due to the spread of internet facilities. It also provides convenience and portability leading to its widespread adoption.

#### **4. Impact of the Digital Revolution on Profits and Sales of Print Media**

The print media industry needs to continuously innovate and find ways in which it could harness technology and employ business models that would help in saving cost and increasing revenue for the firm. Research has indicated that the competition from online media is increasing in developing countries. E-Papers are cheaper through subscription and easy to access by the masses as the cost of internet continues to decline. The reasons for this could be;

- People want to interact and communicate quicker; digital platforms are providing this opportunity.



- People want information by the click of a finger.
- Access to information is important for developing countries to make development decisions.

The explosion of technology has provided consumers with a constant source to news and entertainment in developing countries. This has resulted in marketing and advertisement platforms that have emerged in the past decade. *More than two-thirds of all domestic news revenue comes from advertising, roughly U.S \$43 Million for U.S newspapers in 2014.* (Chyi, H.I. (2005))

The pressures of communication and information on print media has led to ‘convergence’. This is defined as a ‘multiple platform publishing’ or as ‘integrated journalism’ (Cheria, J. and Farouk,S. 2015). Media convergence represents both challenges as well as possibilities to use new platforms and content to serve new needs of the consumers. This refers to the trend that boundaries between previously separate sectors of media, telecommunications, and information technology have become blurred and these sectors are now more interconnected.

For newspapers, convergence have created possibilities to create content that combines different multimedia elements (text, photographs, audio, video, graphics, social networks, etc.) This system of convergence has helped advertisers improve their sales because advertisers now have various platforms on which to engage their audience.

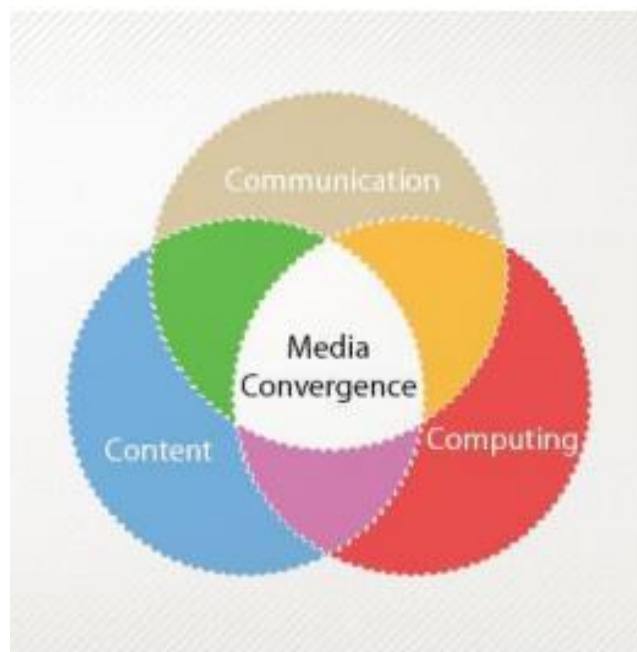
Media convergence brings together ‘three Cs’- computing, communication, and content. Content flows across multimedia platforms, entailing the cooperation between multiple media industries, as well as the migratory behavior across different media platforms.

It is referred to as the merging of existing media into a new form of communication. According to media theorist Henry Jenkins, there are five types of convergence.

- Economic; this has three parts digitalization, conglomeration, deregulation. Digitalization refers to media companies moving to and expanding their media on digital platforms. Conglomeration means a few large media companies own a large proportion of various media.
- Organic; this is multimedia multitasking or the natural outcome of a diverse media world.
- Cultural; this means that stories flow across several kinds of media platforms and when readers or viewers can comment on, alter or otherwise talk back to cultural. It is a place where the power of media producer and the power of consumer interact.

- Global; the process of geographically distant cultures influencing one another despite the distance that physically separates them.
- Technological; bringing previously unrelated technologies together often in a single device.

**FIGURE 8: CONVERGENCE IN MEDIA**



Source: The Hang Seng University of Hong Kong

### **5. Innovative methods adopted by print and digital media to increase sales and profits.**

Across media formats (writing, videos, music, podcasts, games, etc.), there are five overarching business models to generate revenue. This involves

1. Transactions
2. Subscriptions
3. Licensing
4. Content marketing
5. Advertising

The above can be classified into Business-to-Business model (B2B), and Business to Consumer model (B2C), Subscription based model, and On-demand model.

These companies must identify the products and services that business plans to sell also called 'target market' and any anticipated expenses.

The model should be periodically revised to make sure it still reflects the business environment and customer demands. Analysts and investors look at the companies' gross profit to evaluate the success of a business model.

To understand the newer nuances that have been adopted by print media industries, a distinction must be made between;

- Product innovation
- Process innovation
- Position innovation
- Paradigmatic innovation
- Genre innovation
- Social innovation

Media products and services are changing the processes of production and distribution of media, ownership and financing, role of users, ideas of media are all changing. The field of media studies has been focusing on political, cultural, and economic context, but it is a broader perspective that must be understood, which will give greater insights into the change. There are new media products which could also be called the new intermediaries that consist of- search engines, social media platforms, hardware and software products, and online marketplaces such as Amazon, Facebook, Google, and Apple that facilitate and profit from new forms of consumption without creating or producing content.

Advent of these intermediaries makes media content an unpredictable commodity. The primary aim is to raise consumer experience where both value and meaning are realized. The increasing number of intermediaries have gained due to changes in media technology, economics, industry structure, and consumption. The most successful media businesses today are detached from media production, they capitalize on social, technological, economic changes to exploit a dominant position as trusted intermediaries that monopolies consumer attention online.

There are large number of pure print media like newspapers which have adopted online methods

along with print publications. This is one way of trying to keep the loyal readers within their reach. The rapid development of the digitalization has threatened print media, but as print has a distinctive character mainly that of clear, complete, and detailed news. It is not something that can be easily forgotten. Most media companies earn profits through advertisement and as print media is mass media, it is still an important medium for projecting a commodity, a service, an idea, and a business.

## **6. Synergy Between Print and Digital Mediums**

Convergence is the interlinking of computing and other information technologies, media content, and communication networks, due to the evolution and popularization of the internet, activities, products and services that have emerged in the digital media space. The younger generation are extremely comfortable with the virtual environment and are unwilling to pay for news. This has led to 'commoditization' and 'atomization' of news. Online platforms have classified advertisement sites and have become serious rivals to newspapers as they offer new, better, and cheaper ways of internet advertising. 'Google news' that combines stories from across the web and presents them in a convenient manner are rivals to newspapers.

To counter this, newspapers have also gone online and have embraced the internet, offering extra content online and even an excess to their archives. This has resulted in the mushrooming of 'citizen journalism', but newspapers suggest that these new entrants do not have the same level of accountability, credibility, and professional standards to which the older established newspapers adhere to. By adding internet channels news media firms have aimed to consolidate existing markets as well as expand to newer markets.

Synergy between offline and online media enhances the effectiveness of each medium. In recent time boundaries between traditional and digital channels are becoming increasingly blurred.

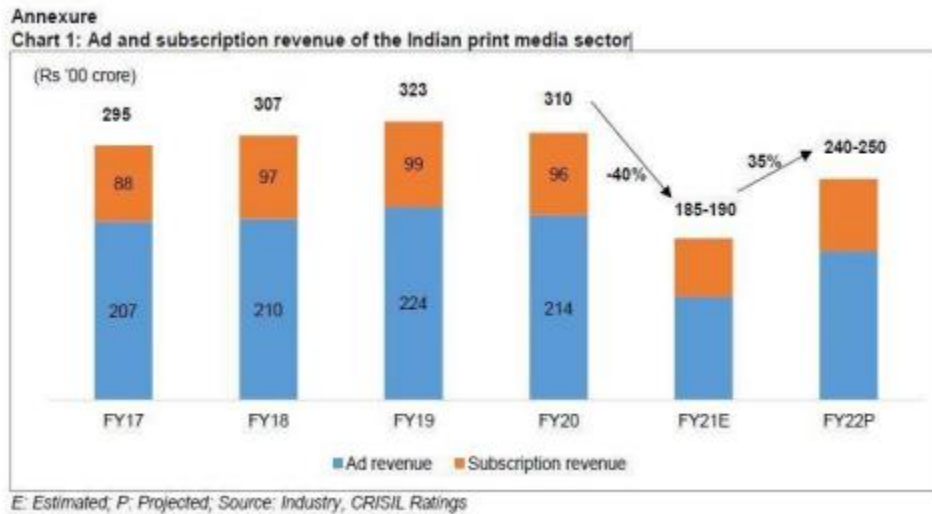
Traditional media can sometimes be limited by geographical and physical constraints, but by linking print and online helps in tapping a boarder audience and increasing brand visibility and engagement.

Though there have been several challenges that print media has encountered, the strength of print media lies in the niche market where specialized magazines and journals continue to thrive because they offer in depth curated content that appeals to a specific audience. Graphic design is a new area which has played a pivotal role in continuous appeal of print media. Most publishers are leveraging the strengths of both mediums.

Figure 9 indicates the increased dependency of print media on advertisement revenue. Years 2021 and 2022 have indicated a dip in revenues from both subscription as well as advertisement.

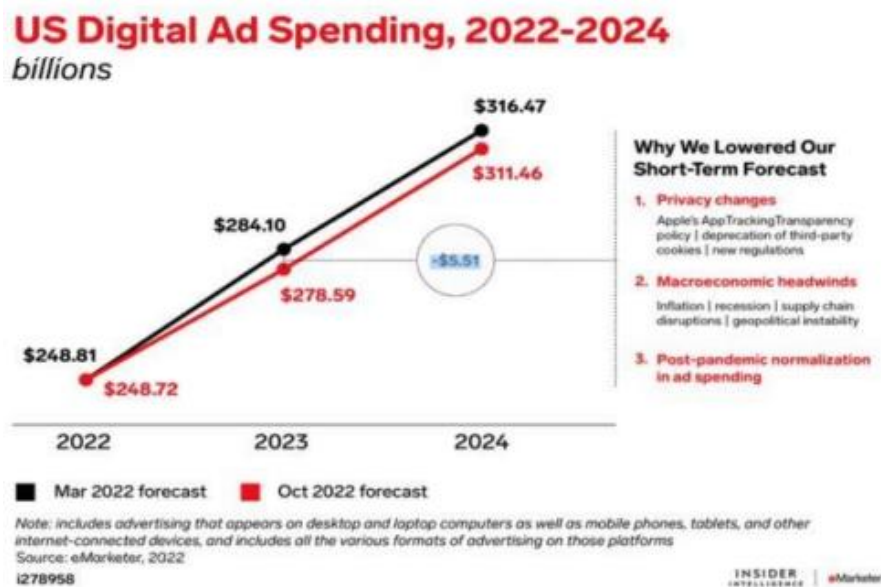
There seems to be a major difference in both as compared to the earlier years.

**FIGURE 9: HIGH LEVEL OF DEPENDENCY ON ADVERTISEMENT OF PRINT MEDIA SECTOR**



SOURCE: INDUSTRY, CRISIL RATINGS

**FIGURE 10: DIGITAL ADVERTISEMENT SPENDING IN THE U.S 2022-24**



SOURCE: eMarketer, 2022



The above figure indicates declining estimates on advertisement spending not due to the impact that it has, but more on the state of the economy and other macroeconomic indicators. This clearly indicates that though advertisement is an important medium to announce the product or changes in product, when the economy is not in the boom period then one of the expenditures that is trimmed is advertisement.

### **7. Real Time Impact of Digitalization on Print**

In developed economies like the US, UK, and Australia the problems are much greater than in developing countries like India. Reading a newspaper in India is a prestigious activity as it used to be some decades ago in the United States. The main reasons being that with the income levels and literacy level increasing in countries like India, there is an aspiration for people to 'know'. At the same time in developed economies the popularity of reading newspapers has declined leading to a loss of advertisement revenue. There have been many newspapers which have shut down their operations. For e.g., The HuffPost was initially taken over by other media houses, but eventually with the declining readership and advertisement revenue it is on the brink of shutting down. The only option that this chain can think of is that the government should give a subsidy to this industry.

This situation has not been reached in the developing countries where there has been an increasing circulation of newspapers due to the increasing thirst for knowledge as well as increased literacy rates in the economy.

### **8. Conclusion**

Digitalization has impacted print media differently in different countries. In developed countries it has led to the declining demand of physical newspapers as all local news has become national news and can be read due to the widespread use of internet facilities. In contrast, developing countries are experiencing higher income growth and higher literacy levels leading to the increasing 'thirst' for reading material like newspapers. This has led to an increasing number of publications both national and local, and with the increase in readership a simultaneous increase in advertisement revenue. Most newspapers have adopted the print as well as the online platforms to safeguard their readership numbers. This is true for developed and developing economies. The two main factors that lead to revenue is advertisement and subscription. An increased subscription leads to higher revenue, and this is what all print media aim for. In developed economies there has been declining readership over the years leading to several major newspapers closing. One of the solutions is for the government to subsidize this industry. But this has its own pitfall as print is supposed to be impartial and objective it should not be considered as the voice piece of the government.

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