

Assessing the Response of the Newspaper Industry to the Threat of Information and Communication Technologies (ICT): A Case of Zimpapers

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ABSTRACT

The study sought to assess the response of the print newspaper in Zimbabwe to threat of ICT in order to determine the level of the industry's preparedness to cope with the challenges. This study used the Zimpapers Group as case study with particular focus at the Herald and one hundred (100) participants were used as research subjects. Questionnaires and interviews were used as instruments. Records were also used to gain insight on the extent to which the organization was adopting ICT. The study established that ICT has radically transformed the landscape of the newspaper industry in Zimbabwe. The study also showed that organization was slow in embracing ICT owing to the fact that it lacked financial resources and human resources expertise to implement ICT. This delay in adopting ICT resulted in circulation figures for the print newspapers decreasing as the organization's traditional readers and advertisers migrated to online platforms. This forced the organization to invest heavily in a new printing press and latest technologies in order to serve its customers better in both print and digital domains. This study recommends that the organization should adopt a diversification strategy that combines both print and digital products because there are still many readers who like the printed paper. On the other hand, there are a growing number of people who now prefer digital platforms and the organization needs to build its distinctive competencies around this emerging market. As such, this study proposes that the organisation should introduce digital business models that can complement existing print models in order to gain competitive age and succeed in the long term.

Keywords: Financial Resources, Zimpapers, Electronic Management, News print, Human Resources, Digital Business Models

INTRODUCTION

Throughout its history newspapers have benefitted from improvements in printing processes, photography, word processing, publishing software and electronic management technologies (JRC, 2012). However, the introduction of the new technologies have also brought with it new competitors. First it was radio news, followed by the television and recently the internet.

Of the three technological developments mentioned above, the internet appears to be inflicting the most severe blows on the newspaper industry. For instance, a market report released by IBISWORLD on 8 January 2013 highlighted that the newspaper printing industry would continue to lose advertising market share and forecast revenue to decline by 4% in 2013 as advertisers and consumers were opting for other types of media. The report argued that advertising revenue which accounts for 75% of newspaper revenue was expected to fall to below 30% of total advertising revenue in 2013, down from a 41.8% in 2000. The report attributed the declining circulation over the past few years to the rising popularity of new media like the internet, pay-tv and mobile devices and forecast that the development would

continue to inflict adverse effects on the newspaper industry. It was also projected that revenue for the newspaper industry would decline by 2.2% in 2013 compared to 2012 (IBISWORLD, 2013).

RESEARCH OBJECTIVES

This study sought to answer the following three research objectives:

- i. To determine how the traditional newspaper industry in Zimbabwe was threatened by ICT
- ii. To establish how Zimpapers has responded to the threat of ICT

SIGNIFICANCE OF THE STUDY

By researching on the response of the newspaper industry to threats of ICT it was hoped that the study would provide insights into ways of monetizing news content, safeguarding advertising revenues and retaining readers and thus fill the knowledge gap. The study would also contribute to the development of a database of information and insight into strategic steps that the newspaper industry in Zimbabwe has taken to respond to ICT challenges.

LITERATURE REVIEW

History of the Print Newspaper Industry

David Collis et al (2010) assert that the first recorded newspaper was commissioned under Julius Caesar in Rome. During that time, the Acta Diurna (Daily Events), Acta Senatus and Acta Publica were still handwritten papers covering military matters and punishments, government affairs and public affairs, respectively (Collis et al, 2010). Then in 1447 came the first and most essential innovation in the newspaper industry, the invention of the movable type printing press by Johann Gutenberg (Maria Akesson, 2009). However, Collis et al (2010) note that the printing was done on a leisurely basis and was dictated by significant events. The authors assert that the first newsheet to be produced was the weekly Venetian avisi or gazette, in 1566 (Collis et al 2010). The oldest newspaper still publishing in print is the Dutch newspaper, Opregte Haarlemsche Courant from Haarlem, which was first published in 1656 (Akesson, 2009).

The Newspaper Industry in Africa

The history of the newspaper industry on the African continent emerged during the colonial era and was therefore controlled by foreigners or European settlers while Africans held on to small or limited papers (Nyamnjoh, 2005). This view is shared by many media scholars who argue that media developments in the continent closely followed that of its colonial administration (Rusike, 1990, Faringer, 1991, Nyamnjoh, 2005, Karikari, 2007). However, Karikari (2007) clarifies that the development of the newspaper in Africa varied from region to region and according to specific colonial experiences in each country. The author identifies four main sources of the origins of the newspaper in Africa namely, the colonial state, the European settler colonists, the Christian missionary institutions and early African elite (the intelligentsia) (Karikari, 2007).

Nyamnjoh (2005) notes that some of the first newspaper in Africa date back to 1797 in Egypt, 1800 in South Africa, 1801 in Sierra Leone and 1826 in Liberia where slaves returning from the Americas set up the Liberia Herald to celebrate their freedom. Shaw (2009) notes that the first newspapers, the Royal Gazette and the Sierra Lione Advertiser in sub Saharan Africa appeared in Anglophone West Africa in 1801. This was followed by the

publication of the first truly African newspaper, the Accra Herald which was produced by its editor, Charles Bannerman in 1858 (Shaw, 2009).

In Nigeria the first newspaper was a weekly, Iwe Ihorin, which was founded by Reverend Henry Townsend in 1859 and printed by missionaries. Faringer (1991) argues that the missionaries in West Africa contributed to the concept of an independent African press as it produced the first publication specifically aimed at an African audience. Nyamnjoh (2005) concurs, arguing that missionaries were at the forefront of the first newspapers, which were often published either in the colonial language or indigenous languages carrying news and information of a religious and evangelical nature.

RESEARCH METHODOLOGY

The case study approach

Robson (2002) defines case study as a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence. In this study, the primary focus of inquiry was the Zimbabwean market and Zimpapers was used as a case study to explore the threats and opportunities brought by ICT and strategies and processes employed by the company in response to the issues.

Research Design

A research design is the general plan on how to answer the research question (Saunders et al, 2009). This research employed a mixed methods study to accomplish its goals. It also opted to use the mixed methods study and adopted the convergent parallel design as its design option. The choice for the convergent design was motivated by the need to match the research problem and the reasons for mixing in order to make the study manageable, easy to implement and describe.

Data Collection Methods

Saunders et al (2009) advise that a researcher should adopt an appropriate research strategy to meet the objectives of the study. As explained above this study employed a mixed methods study. Qualitative data was generated from in-depth interviews with the organization's executives and senior managers. The method provided the opportunity to examine how management viewed the challenges and opportunities introduced by ICT on the print newspaper and to explore the strategies and processes that were implemented in response to the issues.

On the other hand, quantitative data was generated with the aid of a survey method. The data collected through a survey conducted at the Herald House was done concurrently with collection of data from top management through in-depth interviews. This was appropriate because the study had adopted a convergent design which treats the two methods as typically having equal importance for addressing the study's research questions.

Sampling Design and Population Size

According to Field (2005) a sample is a smaller but representative collection of units from a population used to determine truths about that population. This study adopted convenience sampling to select the Zimpapers case study. Within the case study it was decided to focus on the Herald newspaper, a daily publication since 1891 and the Sunday Mail, a weekly newspaper established in 1927.

Purposive sampling was used to select respondents. The strategy involved identifying managers and employees who were involved in designing and giving strategic direction and those involved in translating and implementing strategies. This was particularly useful in this study because it allowed knowledgeable respondents to be selected from key departments like head office, production, editorial, information technology, accounts, circulation and advertising. In this study a population of 838 permanent and contract employees at both Head Office and Harare branch was used with a margin of error of 10% and confidence level of 95%. With the aid of a Raosoft sample size calculator a sample size of 87 employees was computed as the minimum sample size and this was adjusted to 100 to allow for refusals and incomplete questionnaires.

Research Instruments

Research instruments are tools used for collecting information and data needed to find solutions to the problem under investigation. This study used an interview guide, a questionnaire and records to collect information. The three methods were used together to reduce the disadvantages of using a single method.

DATA PRESENTATION AND ANALYSIS

Status of ICT Usage in the Organization

The study highlighted that the use of ICT in the organisation was high with communication, data processing and printing of newspapers topping the list. The findings were in line with observations made by Veglis et al, (2007) who found that email is the oldest and one of the most widely used internet services. The results also indicate that ICT has introduced efficiencies in the newspaper production systems over the years. The development enabled the workforce to perform its tasks quickly, access information instantly, process data online and print newspaper early thereby facilitating early delivery of the newspaper to the market. These results are in line with findings contained in the OECD (2010) and JRC (2012) reports which indicate that the advent of new technologies has transformed the value chain of the traditional newspaper. In addition, the use of printing technology has the potential effect of reducing the cost of production and distribution thereby assisting the organisation to enjoy economies of distribution (Chyi et al, 2012).

Notwithstanding, it can be inferred from the study that the use of ICT in the organisation is still confined to communication, data processing and production of newspapers. Even in the area of communication where use of ICT ranked high, it was established that the organisation was not fully exploiting the advantages of communication technologies like Skype, instant messaging platforms and video conferencing to cut its costs. This suggests that the organisation is not yet fully integrated. Even in areas where ICT was used, it was found that the scope and depth of application was still low. For instance, the organisation was hardly using mobile phones and tablets to publish headlines. It was also not fully utilizing social media like Twitter and Facebook to interact with consumers. Despite the availability of the appropriate technology the organisation was not yet able to deliver exact copies of the print editions to readers through PDF.

The use of websites to interact with customers and electronic payment systems to allow customers to pay for services was also ranked moderately. Overall, it can be implied that the use of digital technologies in the organisation was still lower in comparison with some European countries that were studied by Veglis et al, (2007), Yarh, (2008) and Grueskin et al (2011). Unfortunately, literature on ICT usage in Africa was scarce but it is believed that use of new digital technologies like Skype, Google chat and instant messaging is also still low.

From a strategy point of view it can be argued that the organisation is lagging behind and may fail to quickly realize the benefits of diffusing ICT in all its key processes.

Threats of ICT to the Print Industry

The first key threat that emerged from the results was the fact the print newspaper is undergoing fundamental transformations due to rapid changes in ICT. The changes are threatening to transform the structure of the newspaper industry in the country. Flowing from this observation, it was established that circulation figures for the Herald, a daily newspaper and the Sunday Mail, a weekly publication have been steadily declining over the last 10 years. The decline in circulation is in line with findings by Chari (2010) who argued that the arrival of internet in Zimbabwe around the 1990s was largely responsible for the challenges experienced by the print newspaper. Chari (2010) contends that the internet began to provide readers with fresh and updated news and information free of charge. This development meant that the traditional newspapers started to experience a slump in readership, circulation and advertising volumes.

The trend is also supported by the Zimbabwe All Media Products Survey which found that overall readership penetration for daily print newspapers in Zimbabwe dropped from 47% in Quarter 4 of 2011 to 44% in Quarter 4 of 2012. The report also highlighted that nationally there was a decline of 2% in readership of weekly newspapers from 30% in quarter 4 of 2011 to 28% in quarter 4 of 2012. On the other hand, the report highlighted that internet usage by urban adults in the fourth quarter of 2012 grew from 18% in quarter 4 of 2011 to 22% in quarter 4 of 2012. During the same period access through cellular phone increased from 12% to 16%. The report cited Facebook, Google, Gmail and Yahoo, respectively as the top four websites that were frequently visited by users. These findings are in tandem with Veglis et al (2004) who argue that most of the information is now available free of charge from numerous sources ranging from opinion blogs, Google News, Yahoo News, Amazon's Kindle to social media like Facebook and Twitter. While it is acknowledged that ICT has brought convenience to readers the downside to the newspaper sector is that it offers its content free of charge. It can therefore be inferred from the results that the decline in print circulation is closely linked to the arrival ICT which offer alternative sources of information.

The second threat that was cited by a significant number of respondents (60%) relates to obsolete equipment, network problems and lack of internet gadgets. This threat was not surprising given the harsh macro-economic environment that has been gripping the economy over the last decade. In particular, the economy has been characterized by absence of long-term financing and the little that was available on the market attracted high interest rates (Zimpapers Annual Report, 2012). What this implies is that the organisation lagged behind in recapitalizing its operations and was therefore moving slowly towards the digital ecosystem. However, the study also established that the organisation has accelerated its investments in ICTs in the form of the printing press, production and accounting systems as well as new servers to support an integrated system.

A third challenge that emerged from the study and literature review pertains to the high cost of raw materials for the traditional newspaper. These challenges are in line with findings by Picard (2002) who argues that the traditional newspaper publishing business is characterized by high fixed and sunk costs and low marginal costs. The newspaper industry in Zimbabwe is also affected by lack of newsprint on the local market and the organisation resorts to importing its raw material other countries. Reliance on imports exposes the organisation to cross country logistical challenges and exchange rate fluctuations. The implication of these

statistics spells doom for the print newspaper unless urgent steps are taken to adopt ICT in the organisation so as to significantly lower the costs.

A fourth threat to emerge from the study involves resistance to change. This may not be a surprising phenomenon given that the organisation lagged behind in adopting ICT lack of modern equipment. Secondly, this threat is heightened by the fact a significant number (27%) of employees in the organisation are more than 40 years old. Collis et al (2010) argues that it is young people who drive the ICT trends. Lee et al (2010) expand this point when they contend that there are three generations in the digital media. The first group is referred to as digital natives and consist of people born after 1980 and have grown up in the age of the internet. The second group is known as digital immigrants and comprises people between 30 and 64 years and grew up with the radio and television as the dominant news media and only learnt to use internet later in their lives. The third group is referred to as digital settlers and consists of people who are 65 years of age and older and grew up in the age of newspaper. This analysis suggests that people who are over 40 years are likely to be averse to new technologies and mount the stiffest resistance to change. This appears to be the situation obtaining at Zimpapers where a significant proportion (27%) of its employees is more than 40 years old. Unless clear change management strategies are urgently instituted to reorient the workforce and allay any fears they may have the organisation may fail to realize its digital goals. This is a key proposition given that ICT develops and diffuses fast and the longer one takes before adopting earlier versions of the technologies the higher the risk of being left out. ICT is a moving target which demands quick adaption and adoption. While results show that the organisation has invested heavily in machinery and manpower development there is a risk that its investments may become redundant if the issue of employee resistance and attitude towards new technologies is not urgently addressed. Consequently, the organisation would fail to expand its digital footprint.

Another threat that is the possibility of free print copies introduced in the country. According to the JRC (2012) free newspapers were introduced to the market in the 2000s were newspapers were distributed in public transport, universities, libraries and other place spaces. This strategy led to a rapid growth of free newspaper such that by 2008, the circulation of free daily newspapers was estimated at 30 million copies, almost double the circulation in 2004 (OECD, 2010). Should an investor with a quality print newspaper and deep financial resources decide to introduce a free newspaper this may spell doom to the existing print model.

Organizational responses to ICT threats

The study established that the organisation first responded to ICT threats by posting its original print content on its websites as far back as 2001. The rationale behind this strategy was to enable the newspaper to reach more readers. The trend for following a free online content strategy was premised on the belief that money would be earned in print (Chari, 2010).

Secondly, the study established that the organisation responded to the threats posed by ICT by investing heavily in technological infrastructure, printing equipment and human resources. The new technologies include computer hardware, software, licensing fees and firewalls as well as new accounting and production systems. The significance of this investment strategy is that it allows the organization to integrate its production systems thereby significantly lowering the cost of doing its business. It can be inferred that by investing in new printing presses and technologies, the organization is seeking to enable its workforce to use computers and the internet to gather information, communicate with sources, write, edit and layout their

stories. The employees can also use mobile technologies like smart phones, digital cameras and laptops to facilitate the production of news at greatly reduced costs (JRC, 2012).

Thirdly, the study established that following the commissioning of the new printing press, implementation of a new accounting and production systems the organization proceeded to introduce a new radio station. It can be seen that these strategic initiatives effectively positioned the organisation to improve its internal processes for its print newspapers. It also enabled the organisation to redesign and modify existing print newspapers as well as introduce new products altogether. To this end, the study found that that the organization has introduced mobile news which gives headlines and daily updates to mobile scribes, BH24, which is a premier daily digital business bulletin and online publications. The organization has also introduced online advertising and text classifieds in the last few years.

The investment in the new printing press and production systems has also allowed the organization to introduce new products like the H-Metro, B-Metro and Weekender which are popular with readers. These publications are in print but serve a different market since their content tends towards tabloids, gossip, celebrities and social stories in order to entice readers to its print newspapers.

In pursuance of this strategic response the study established that 98% of the organization's revenue was generated from the print newspapers while digital products contributed 2% of the organization's total revenue for the year ending 31December 2013. It was further noted that the organisation was planning to increase digital to 10% of total revenue by the end of 2014. The implications of these results are that while the organization's print circulation was declining it was still strong and constitute the majority of the organization's revenue base. On the other hand, digital products were growing in popularity as readers and advertisers were gaining confidence in the digital space. As such the organization's strategy was bound to succeed since it gives flexibility to serve the traditional consumers with print products and its technologically savvy customers with digital products. It can also be argued that by investing in the new press and the production system the organisation was optimistic that the new capital investments would bring efficiencies by quickening the speed of its internal processes, reducing operating costs and improving on product quality.

CONCLUSION

The picture that has emerged is one that shows that the print newspaper industry in Zimbabwe is facing serious threats from ICT. It was established that ICT has invaded and revolutionized the traditional newspaper industry structure in the country due to its rapid pace. As such, all the stages of the traditional newspaper value chain ranging from content creation, distribution, aggregation and consumption of news have been affected by ICT. In tandem with Akesson (2009) the study found that digital innovation is not only a shift in technology but a development that has altered existing value chains.

The study also highlighted that the organization was reacted slowly to the threat of ICT. It appears that initially, the organization believed that its print newspaper business model was secure given that the organization has a strong brand and a long established track record. However, the organization soon realized that readers and advertisers were migrating to digital platforms where content is available for free and advertising rates significantly lower. To survive, the organisation was forced to rethink its strategy and product portfolio. This saw the organization investing heavily in ICT infrastructure and human capital in pursuance of diversification strategy. To this extent, it was established that the organization has developed a strong online and digital business model to complement its print model. In addition, the

organization has installed a new printing press that has flexibility and capacity to redesign existing print newspapers and introduce news. In addition, the study established that the organization has since introduced a digital media and a commercial radio to co-exist with print media without one threatening the survival of the other.

The study also established that the organisation has the potential capacity to fully utilize ICT. This is inferred from investments it has made in both infrastructure and manpower development. It was also found that the organisation has a highly literate and balanced mixed workforce which can easily give it a competitive advantage in ICT usage. While ICT was being used in the organization, it was found that newer technologies like social media were not fully exploited.

RECOMMENDATIONS

In view of the findings, the following recommendations are made to enable the Zimpapers in their bid for efficiency:

The organization should focus on the emerging opportunities when crafting its strategy. This is critical given that the newspaper industry is evolving fast and luring customers away from traditional newspapers. It is therefore prudent to adopt a strategy that has the capacity to expand business through exploitation of opportunities in both print and digital domains. Adoption of such an approach is envisaged to guarantee the long-term survival and growth of the organisation as it would ensure that the print newspaper complements its existing business model with a digital model. This way, both models can co-exist without facing the threat of one substituting the other. In the print model the organization can redesign old newspapers and introduce new ones that are popular with readers. On the other hand, in the digital space the organisation can create new assets like websites, social media platforms and radio or television stations to hedge itself against competition. According to Duncan (2011), the logic of employing such a diversified strategy is to counter competition through the publisher's ability to build deep financial resources and make large profits which in turn enable the newspaper organisation to become a robust entity.

The critical mass for the organization's investment should be tilted towards building strong value networks rather than traditional value chains. By their nature value networks are made up of networks of relationships ranging from suppliers, technical solution providers, investors, strategic business partners to customers (Akeson, 2009). This implies that the organization can access news from different sources and can also publish and distribute content on different platforms that provide readers and advertisers with more options. As such, this approach allows the organization to deploy technologies like websites, blogs, videos, smart phones, email, PDF and social networks in all functional wings of the newspaper industry and gain competitive advantage in line with.

The organization should adopt use of technologies like Skype, Facebook, Twitter, video conferencing and instant messaging in order to reduce its communication costs. The same technologies can be used to interact with customers in order to gauge their opinions and also create a strong organisational brand. This is possible because these platforms offer greater personalised platforms for engagement. The organization can also use ICT to conduct research and market its products. In order to counter these strategic weaknesses the organisation should invest in both hardware and human expertise to enable it continuously study trends and develop business concepts that can meet or exceed market expectations and outpace competition.

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