

Strategic paths and media management of local area newspapers pricing

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Abstract

The study will investigate the strategic paths and media management of local area newspapers in Andhra Pradesh. The local area newspapers otherwise called community newspapers are published from different cities of Andhra Pradesh. These papers mainly depend on advertisement income. Because of stiff competition from established regular newspapers, the strategic paths and media management of local area newspapers is different and unique to reach more specifically the target population for whom these papers are being published. Stratified sampling method is followed in this study, out of the total population, that is, the total number of local area newspapers from different cities of Andhra Pradesh. Only ten papers from Vijayawada, ten from Visakhapatnam, ten from Guntur, five from Kadapa and five from Nellore were selected as samples for this study. Thus, a total number of forty local area newspapers from five different cities of Andhra Pradesh were selected for this study. Based on the methodology of the scoring explained above, the collected questionnaires were scored separately for all the seven strategic paths and media management perceptions, as detailed earlier from all the five cities in Andhra Pradesh. The following statistical analysis was made on the data collected. To find out the differences on strategic paths and media management perceptions among different city local area newspapers, ANOVA was used and post hoc analysis using Scheffe's Confidence Interval was used where obtained F-value was significant. Pearson Coefficient Correlation was used to find out the relationship between the selected strategic paths and media management and the number of circulation being made by the local area newspapers. In all cases 0.05 level was fixed to test the hypothesis set for this study.

Keywords: Strategic paths, Media management, Local area newspapers pricing

Introduction

A newspaper is a periodical publication containing news, other informative articles, and usually advertising. A newspaper is usually printed on relatively inexpensive, low-grade paper such as newsprint. The news organisations that publish newspapers are themselves often metonymically called newspapers. Most newspapers now publish online as well as in print. The online versions are called online newspapers or news sites. Newspapers are typically published daily or weekly. News magazines are also weekly, but they have a magazine format.

Most newspapers are businesses, and they pay their expenses (such as journalists' wages, printing costs, and distribution costs) with a mixture of subscription revenue, news-stand sales, and advertising revenue (other businesses or individuals pay to place advertisements in the pages, including display ads, classified ads, and their online equivalents). Some newspapers are government-run or at least government-funded; their reliance on advertising revenue and on profitability is less critical to their survival. The editorial independence of a newspaper is thus always subject to the interests of someone, whether owners, advertisers, or a government. Some newspapers with high editorial independence, high journalism quality, and large circulation are viewed as newspapers of record.

Indian newspaper industry

In 1976, our country's population was 775 million, one copy of a newspaper appeared for every 80 people. A quarter century later, as the population passed one billion, one newspaper was available for every 20 Indians. By mid-2009,

India had 68,000 newspapers, with more expected to emerge. They sell for a few cents per edition. Unlike online, print does not require electricity and Internet infrastructure. Power shortages still occur in some parts of India. Broadband penetration in 2009 was about 4 per cent, and concentrated in major cities. It is observed that rising literacy in India will mean an audience for printed newspapers well into this century. In 1976, 35 per cent of Indians could read. By 2008, the figure was 70 per cent. Rising youth literacy, at 82 per cent in 2009 does suggest plenty of potential readers. But those youngsters are more likely to seek their news and information online, just as their counterparts do in other countries. As cheap broadband inevitably becomes available, newspaper circulation will decline. A July 2009 report from Forrester Research estimated that about 2.2 billion people worldwide would be online by 2013 – a global increase of 45 per cent. Almost half of those new users would be in Asia, with 17 per cent in China alone. Mr. Wilkinson, the Executive Director of the Dallas, Texas-based International Newspaper Marketing Association (INMA) commented on Indian Print-media.

Newspapers and foreign direct investment (FDI)

It was in June 2002 that the National Democratic Alliance Government lifted the nearly 50-year-old ban on foreign investment in the print media. At that time, the Union Cabinet permitted 26 per cent Foreign Direct Investment (FDI) in news and current affairs publications and 74 per cent foreign investment in the non-news and non-current affairs journals, The Hindu (2009). The government permitted country-specific editions published by a local company, with a foreign partnership limit of 26 per cent, though local editions of

foreign media were not allowed. June 2008 witnessed the launch of The International Herald Tribune as a branded world business section inside the Financial Chronicle. Deccan Chronicle Holdings, renowned for Deccan Chronicle, India's fourth largest English daily, launched the Financial Chronicle in April 2008. The newspaper is published five days a week from Hyderabad, Chennai and Bangalore.

Advertising

The Indian media and entertainment industry is poised to touch Rs.1,15,700 crore by 2012, driven by increased advertising spend. The Indian media and entertainment industry is growing at a pace of 19 per cent per annum. It is expected to touch Rs.1,157 billion by 2012, reports Mint (2010). The English media forms only 15 per cent of the total news paper market and has seven times lesser readership than its Hindi counter parts. Despite the numbers, it claims more than half the share of total advertising pie of the print space, according to an industry estimate prepared by brokerage firm, Motilal Oswal print media report. The higher ad rates come into play in the greater revenue generation witnessed in English media. The perception that the purchasing power of the English newspaper reader is much higher than that of their Hindi newspaper counterparts is the reason for the higher ad rates. A rise in the ad rates of newspapers published in regional languages and Hindi is expected as advertisers are turning their attention to rural areas and small towns in search of generating more demand for their products and services. The Indian print media scene is comprised of 62,483 registered newspapers.

Threats to newspaper industry

The newspaper industry sees no threat to its survival in the foreseeable future from the digital media contrary to the raging debate over the sustainability of the print media due to the advent of the digital newspapers and internet reports The Hindu (2009). India has the second largest print market in the world with a readership base of over 350 million. The influx of digital media penetration, market saturation and changing media consumption habits has led to decelerating circulation and readership in the once developed international markets. The Indian market, however, continues to stand due to the low level of print media penetration.

Strategic Management

"Strategic management can be defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organisation to achieve its objectives." (David 2009) [6].

"Strategic management is defined as the process by which managers of the firm analyze the internal and external environments for the purpose of formulating strategies and allocating resources to develop a competitive advantage in an industry that allows for the successful achievement of organizational goals" (Cox *et al.*, 2012)

Strategic Thinking

Strategic thinking involves the generation and application of unique business insights to opportunities intended to create competitive advantage for a firm or organization. It involves challenging the assumptions underlying the organization's strategy and value proposition. Mintzberg wrote in 1994 that it

is more about synthesis (i.e., "connecting the dots") than analysis (i.e., "finding the dots"). It is about "capturing what the manager learns from all sources (both the soft insights from his or her personal experiences and the experiences of others throughout the organization. The hard data from market research and the like) and then synthesizing that learning into a vision of the direction that the business should pursue." Mintzberg argued that strategic thinking is the critical part of formulating strategy, more so than strategic planning exercises (Henry Mintzberg, 1994).

Strategic Planning

Strategic planning is a means of administering the formulation and implementation of strategy. Strategic planning is analytical in nature and refers to formalized procedures to produce the data and analyzes used as inputs for strategic thinking, which synthesizes the data resulting in the strategy. Strategic planning may also refer to control mechanisms used to implement the strategy once it is determined. In other words, strategic planning happens around the strategy formation process (Mintzberg, Henry, Quinn, James Brian, 1996) [12].

Porter wrote in 1980 [13] that formulation of competitive strategy includes consideration of four key elements:

1. Company strengths and weaknesses;
 2. Personal values of the key implementers (i.e., management and the board);
 3. Industry opportunities and threats; and
 4. Broader societal expectations (Porter, Michael E. 1980) [13].
- **External environment:** PEST analysis or STEEP analysis is a framework used to examine the remote external environmental factors that can affect the organization, such as political, economic, social/demographic, and technological. Common variations include SLEPT, PESTLE, STEEPLE, and STEER analysis, each of which incorporates slightly different emphases.
 - **Industry environment:** The Porter Five Forces Analysis framework helps to determine the competitive rivalry and therefore attractiveness of a market. It is used to help determine the portfolio of offerings the organization will provide and in which markets.
 - **Relationship of internal and external environment:** SWOT analysis is one of the most basic and widely used frameworks, which examines both internal elements of the organization - Strengths and Weaknesses and external elements - Opportunities and Threats. It helps examine the organization's resources in the context of its environment.

Need of the study

For different reasons, the media industry offers an ideal, albeit underdeveloped, field for strategic process research for the most. In many countries the media are subject to deep, radical changing processes. In India, starting with the television, digitization of products and production processes and the emergence of the Internet, the competitive situation has changed, and is still changing profoundly, the market structures and the world of information producing and consuming. Although there is no doubt that this issue that

influences the media industry indicates relevant changes, there is no clear idea of their impact on an organizational and strategic level. Therefore, the key question at this moment for media management is how media organizations should cope with these developments.

Research Problem

A newspaper is a publication intended for a broad audience that appears regularly, often daily, and claims to contain factual accounts of recent events. Usually newspapers are published with the intention of making a profit. Frequently, their factual content is accompanied by advertisements and non-factual material intended as entertainment. Technological innovation made the modern newspaper possible. Only after the invention of paper made from wood pulp did low-cost, low-quality paper become readily available. The rise of the paper industry made paper cheap, which meant that newspapers could be printed for reasonable prices. Industrialization and new global markets, especially in raw materials, helped to increase production leading to inexpensive, mass-produced paper. Newspaper contains more than newspaper stories. Classified advertisements, for example, can tell us about changes in prices of apartment rentals over-time, or about the titles or salary ranges for various kinds of jobs. Display advertising can tell us how many new movie theaters are opening in a town or what kinds of food people are looking for in the supermarkets. Even long-running advice columns can give us this kind of evidence, showing changes over time in what people considered to be problems and what newspaper writers considered to be solutions for those problems.

Scope of the study

The study will cover strategy and media management of local area newspapers. Among different local area newspapers, the investigator will randomly select forty local area newspapers from five different cities in Andhra Pradesh as a sample unit for the purpose of the study.

Objectives

This study will primarily aim at identifying the strategic paths and media management of local area newspapers. With this end, in view the following objectives will be formulated.

1. To classify the local area newspapers based on the target audience and find out the differences, if any, among them in relation to the number of circulation in selected cities of Andhra Pradesh.
2. To study the reach of local area newspapers among different types of readers.
3. To study whether the history of newspapers (number of years of publication) has any association with number of readers of the newspapers.
4. To study whether the frequency of publication of newspapers has any association with the number of readers of that newspaper.
5. To study different methods of distribution of newspapers and its association with number of circulation per issue.
6. To study the promotional strategies of different local newspapers and its differences based on their categories.
7. To study the strategies and media management policies adapted by local area newspapers to counter the stiff competitions.

8. To study the media management of the local area newspapers and analyze its effect on the number of circulation of these papers.
9. To study the dependency of local area newspapers on ad and managing the revenue costs.

Hypotheses: - In order to serve the above stated objectives, the following hypothesis will be proposed and tested in this study.

- (a) There would not be any significant difference among local area newspapers of selected cities on strategic path and management such as, pricing among the papers of different cities in Andhra Pradesh.

Significance of the study

As in any economic downturn, advertising became the first causality as companies cut corners in a bid to stay afloat. Naturally, this hit media business including newspaper industry. After all profitability in the newspaper industry is largely driven by advertising revenues with circulation levels and readership profile all being virtual proxies for advertising effectiveness.

1. The study is significant in finding out the readers' perception on different local area newspapers in selected cities of Andhra Pradesh.
2. The study is significant in finding out how far readers' were informed with the news stories and advertisements, particularly with regard to that local area.
3. The study is significant in finding out the strengths and weakness of the local area newspapers in publishing these papers.
4. The study is significant in assessing the differences existing in different strategy and media management techniques.
5. The study is significant in highlighting how far the local area newspapers were able to make profit with limited number of circulation, while newspaper industry world-wide facing declining trends.

Research Methodology

The study will investigate the strategic paths and media management of local area newspapers in Andhra Pradesh. The local area newspapers otherwise called community newspapers are published from different cities of Andhra Pradesh. These papers mainly depend on advertisement income. Because of stiff competition from established regular newspapers, the strategic paths and media management of local area newspapers is different and unique to reach more specifically the target population for whom these papers are being published.

Selection of samples

Stratified sampling method is followed in this study, out of the total population, that is, the total number of local area newspapers from different cities of Andhra Pradesh. Only ten papers from Vijayawada, ten from Visakhapatnam, ten from Guntur, five from Kadapa and five from Nellore were selected as samples for this study. Thus, a total number of forty local area newspapers from five different cities of Andhra Pradesh were selected for this study.

Questionnaire

In this study, specially designed questionnaire was adopted to find out the strategy and media management of local newspapers. The investigator developed a set of questionnaire consisting of two parts. Part-I deals with eliciting the general information about the newspaper, such as name of the company, phone number, address, category of the newspaper, year of establishment, frequency of publications, etc.

The questionnaire was framed by using Likert Scale of 5 points scoring system, ranging from strongly agreed, agreed, neutral, disagree and strongly disagree. The scorings for positive questions were as follows:

- Strongly agreed 5
- Agreed 4
- Neutral 3
- Disagree 2
- Strongly Disagree 1

Collection of data

The questionnaire developed was administered to the selected customers with a request that the data collected would be used only for the intended research. The investigator fixed up a time and date to collect the filled up questionnaire. Accordingly, the investigator made suitable follow up to request the person in charge to give their frank views on each of the statement in the questionnaire. Duly filled in questionnaire were collected by the investigator personally.

Limitations of the study

The Findings of this study were limited to the following aspects.

1. This study was limited to local area newspapers from five cities in Andhra Pradesh, namely, Vijayawada, Visakhapatnam, Guntur, Kadapa and Nellore.
2. For the purpose of the study, local area newspaper means a periodical published to cover a whole or part of the city, from which it is being published with a target to cover particular community or region.
3. The study has not taken into consideration, the regular newspapers regional supplementary publications.
4. For the purpose of the study, data were collected through a well-planned questionnaire.

5. Survey method was followed to collect data for this study.
6. The questionnaire was distributed to the subjects by the investigator personally, which may be taken as a limitation to this study.
7. This study was conducted only among 40 local area newspapers from 5 cities of Andhra Pradesh.
8. Responses were obtained from the Editor-in-charge or person in charge of administration of the Local Area newspapers and the possibility of individual bias were considered as limitation to this study.

Statistical Analysis

Based on the methodology of the scoring explained above, the collected questionnaires were scored separately for all the seven strategic paths and media management perceptions, as detailed earlier from all the five cities in Andhra Pradesh. The following statistical analysis was made on the data collected:

1. Tables were drawn and percentages were calculated to find out the strategic paths media management policies adopted for each for each of the dimensions.
2. Descriptive statistics mean, standard deviation was calculated to find out the levels of strategic paths and media management in conducting the local area newspapers.
3. To find out the differences on strategic paths and media management perceptions among different city local area newspapers, ANOVA was used and post hoc analysis using Scheffe’s Confidence Interval was used where obtained F-value was significant.
4. Pearson Coefficient Correlation was used to find out the relationship between the selected strategic paths and media management and the number of circulation being made by the local area newspapers.

In all cases 0.05 level was fixed to test the hypothesis set for this study.

Analysis on local area news papers’ pricing strategy

Strategic paths and media management of pricing dimension of the LANP were analyzed through the following 5 statements.

Table 1: Statement Numbers, the Statements, responses on “Pricing” of Local Area News Papers of different cities of Andhra Pradesh

Response/ State	Guntur		Kadapa		Nellore		Vijayawada		Visakhapatnam		Total	
	No	per cent	No	per cent	No	per cent	No	per cent	No	per cent	No	per cent
Statement No. 1 “The LANP has fixed the cost of paper considering the demand of the paper”												
Strongly Agree	4	40	1	20	1	20	4	40	3	30	13	32.5
Agree	3	30	3	60	2	40	3	30	4	40	15	37.5
Neutral	3	30	1	20	2	40	3	30	3	30	12	30
Total	10	100	5	100	5	100	10	100	10	100	40	100
Statement No. 2: “The LANP has fixed the cost of paper considering the usefulness of the paper”												
Strongly Agree	4	40	3	60	2	40	4	40	2	20	15	37.5
Agree	3	30	2	40	1	20	3	30	4	40	13	32.5
Neutral	3	30	0	0	2	40	3	30	4	40	12	30
Total	10	100	5	100	5	100	10	100	10	100	40	100
Statement No.3: “The LANP has fixed advertisement tariff based on the number of circulation”												
Strongly Agree	2	20	2	40	2	40	1	10	4	40	11	27.5
Agree	2	20	2	40	1	20	4	40	4	40	13	32.5
Neutral	4	40	1	20	2	40	5	50	2	20	14	35
Disagree	2	20	0	0	0	0	0	0	0	0	2	5

Total	10	100	5	100	5	100	10	100	10	100	40	100
Statement No. 4: "The LANP has introduced special offer for advertisements to attract more advertisements."												
Strongly Agree	2	20	1	20	1	20	5	50	3	30	12	30
Agree	3	30	1	20	2	40	3	30	4	40	13	32.5
Neutral	4	40	2	40	1	20	2	20	3	30	12	30
Disagree	1	10	1	20	1	20	0	0	0	0	3	7.5
Total	10	100	5	100	5	100	10	100	10	100	40	100
Statement No. 5: The LANP pricing policy is periodically reviewed based on the need.												
Strongly Agree	4	40	1	20	1	20	3	30	3	30	12	30
Agree	2	20	2	40	2	40	4	40	3	30	13	32.5
Neutral	3	30	2	40	2	40	3	30	3	30	13	32.5
Disagree	1	10	0	0	0	0	0	0	1	10	2	5
Total	10	100	5	100	5	100	10	100	10	100	40	100

Analysis of results on LANP responses on strategic paths and media management dimension pricing proved that 13 out of 40 forming 32.5 per cent strongly agree, and 15 forming 37.5 per cent agree while 30 per cent neutral to the statement "The LANP has fixed the cost of paper considering the demand of the paper".

Similarly the statement "LANP has fixed the cost of paper considering usefulness of the paper" evoked strongly agree 37.5 per cent agree 32.5 per cent and neutral by 30 per cent.

For the statement that "The LANP has fixed advertisement tariff based on the number of circulation" was strongly agreed by 27.5 per cent agreed by 32.5 per cent, while 35 per cent expressed neutral, 5 per cent disagree.

30 per cent expressed strongly agreed, 32.5 per cent agreed 30 per cent neutral and 7.5 per cent disagree for the statement "The LANP has introduced special offer for advertisements to attract more advertisements".

Further the statement "The LANP pricing policy is periodically reviewed based on the need" was strongly agreed by 30 per cent, agreed by 32.5 per cent, neutral by 32.5 per cent and disagree by 5 per cent.

The responses numbering 40 from 5 cities of Andhra Pradesh were obtained and scored based on five point scale. The obtained data on strategic paths and media management "pricing" were statistically analyzed the descriptive statistics on Mean, standard deviation, Minimum and the Maximum scores are presented in Table-II.

Table 2: Descriptive Statistics Strategic Path and Media Management Pricing dimension.

Cities	N	Mean	Std. Deviation	Minimum	Maximum
Guntur	10	19.10	2.33	15	22
Kadapa	5	20.00	2.00	18	23
Nellore	5	19.20	1.30	18	21
Vijayawada	10	20.10	2.08	17	23
Visakhapatnam	10	19.80	1.14	18	22
Total	40	19.65	1.82	15	23

The mean values of the respondents of Guntur were 19.10, Kadapa was 20.00, Nellore was 19.20, Vijayawada was 20.10 and Visakhapatnam was 19.80. The obtained mean values on pricing dimension of LANP of different cities of Andhra Pradesh are presented through bar diagram for better understanding of the results presented in

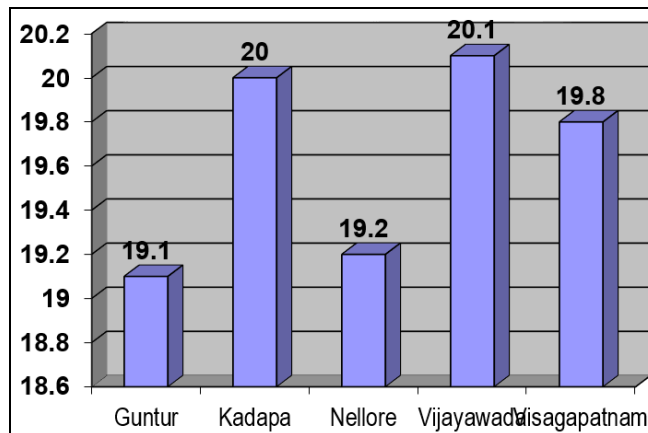


Fig 1: Showing the Mean Values of Respondents on Pricing Dimension.

The obtained results proved that there were mean differences on the scores of responses on dimension pricing of LANP of different cities in Andhra Pradesh and to test the statistical significance ANOVA was employed and the results presented in

Table 3: Differences of Responses on Pricing Dimension of Local Area News Papers of different cities of Andhra Pradesh

	Sum of Squares	Df	Mean Square	Obtained F	Required F at 0.05 level
Between Groups	6.90	4	1.73	0.49	2.63
Within Groups	122.20	35	3.49		
Total	129.10	39			

Not Significant at 0.05% level

The results presented in Table-III proved that there was no significant difference among the responses of LANP of selected cities in Andhra Pradesh on pricing dimension as the obtained F-value of 0.49 was less than the required table F-value of 2.63 to be significant at 0.05 level. This proved that there were no significant differences in pricing strategy and media management among LANP of selected cited in Andhra Pradesh.

Discussions on hypothesis

1. There would not be any significant difference among local area newspapers of selected cities on strategic path and management such as, pricing among the papers of different cities in Andhra Pradesh.

The media management strategic path of LANP on pricing dimension was assessed through 5 specific statements responded in Likert Scale. The frequency distribution table presented in Table I proved that the LANP in Andhra Pradesh were in favour of fixing price based on demand, usefulness, advertisement tariff was fixed based on the number of copies of circulation, gives special offer for advertisements, and the pricing policy is reviewed periodically. The average mean value 19.65 out of the maximum 25 suggests the LANP in Andhra Pradesh was to follow adequate pricing strategy in media management. The mean values of the respondents of Guntur were 19.10, Kadapa was 20.00, Nellore was 19.20, Vijayawada was 20.10 and Visakhapatnam was 19.80. The mean differences among selected cities' LANP were statistically analyzed. The obtained F-value of 0.49 was less than the required table F-value to be significant at 0.05 level. Hence, it was found there was no significant difference and the formulated hypothesis, that there would not be any significant difference among local area newspapers of selected cities of Andhra Pradesh in pricing dimension was accepted.

Findings: Since this research was intended to make a study on the strategic paths and media management of local area newspaper's data were collected and statistically analyzed on the following:

1. Pricing
2. The analysis on LANP pricing dimension proved that the LANP in Andhra Pradesh were in favour of fixing price based on demand, usefulness, advertisement tariff was fixed based on the number of copies of circulation, gives special offer for advertisements, and the pricing policy is reviewed periodically. The mean differences among selected cities' LANP were statistically analyzed and found insignificant.

Conclusions: Based on the findings of the study, within the limitations of the study, the following conclusions were drawn.

1. The findings of the study proved that strategic path and media management of LANP can be assessed through selected questionnaire with seven distinct dimensions, pricing,
2. Local area newspapers (LANP) of selected cities in Andhra Pradesh are in existence for more than 12 years and a majority is established within the past 5 years.
3. It was concluded that there were no significant differences among LANP of Guntur, Kadapa, Nellore, Vijayawada and Visakhapatnam of Andhra Pradesh on pricing strategies.
4. It was found that there was significant difference among LANP of select cities and post hoc analysis proved Nellore LANP was significantly better than Guntur and other comparisons were not significant.
5. Thus, the present study contributes for the existing knowledge of static paths and media management of local area newspapers which is in line with the previous research studies.

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