Chapter 34
The Future of Newspapers

Antonius Ruddy Kurniawan
Nanyang Technological University, Singapore

Kok Wai Mun Mervin
Nanyang Technological University, Singapore

Zhang Qiushi
Nanyang Technological University, Singapore

ABSTRACT

Newspapers have been around for many years. The London Gazette was the first true newspaper in English in 1666, but since the development of the internet in 1990, newspaper circulation and readership keep sinking. Print advertising revenues are weakening, and investors under heavy pressure approved the sale of Knight Rider, one of the industry's most respected companies. Most of them believe this is the beginning of a long-term decline of newspaper industry.

There are many challenges faced by newspaper companies to gain competitive advantage over the internet and increasing digital media consumption. How do newspaper companies face these challenges? How can they refine and strategize their business model to remain competitive? What are the issues that newspaper industries face? With all these questions, this chapter discusses key areas and conceptual models of future newspapers' strategy framework and supply chain management through literature review and analysis of technologies and innovations.

INTRODUCTION

The development of internet has affected the way in which most business work. Among these activities, newspaper industry across the world is undergoing significant changes. There has been a decline in the printed editions of newspapers,

replaced by digital versions. Furthermore, market research has indicated that reduction in advertising revenues of newspapers have significantly declined due to the switch of advertising from printed newspapers to Internet. These changes have prompted suggestions that there will be necessarily major changes to newspaper supply chains (Currah, 2009; Economist, 2006, pp. 57-59). For instance, a rapid decline in reader numbers has

been observed in regional newspapers: sales of UK regional newspapers declined from 2.1 billion in 2000 to 1.7 billion in 2005. This decline is predicted to continue so that, by 2010, sales will have fallen to 1.4 billion copies (Graham and Smart, 2010). Many newspapers are losing their market share and disappearing, while others are moving almost inevitably to online and digital formats. However, it has been difficult to find ways of profiting from the digital ventures (Ihlström & Henfridsson, 2005), which creates several issues during the transformation of newspapers industry.

Digitalization has indeed created new consumption habits. Today, younger people essentially consume news in a steady stream of information bites (Elizabeth, 2009). Breakthrough innovations of internet technology have allowed new channels of information sharing through social networks. People are now constantly connected to internet through computers and mobile devices which allow them to gain multiple digital resources at the same time.

With the transformation of newspapers industry and increasing online and digital consumption, challenges are also raised for newspaper companies to refine their business strategies and supply chain management to re-gain value proposition.

In this paper, the following questions would be addressed:

- What are the major Internet technologies and their roles to influence users' consumption of information?
- What are the fundamental disruptive issues in the newspaper industry?
- How do we refine the business model in the future of newspapers?
- How do we define a new model of supply chain management of newspapers industry under the impact of Internet technology?

With these questions in mind, the key areas are reviewed and conceptual models of future newspapers' strategy framework and supply chain

management are proposed with future research recommendations.

BACKGROUND

Emerging new technologies followed by demand from early adopter prompted the press industries to create online or digital version of printed newspapers. Newspaper, being the source of information for news and articles, have been around for ages, has now been challenged by services invented with new technologies. In this section, we will review the current technologies' impact and different types of innovations they have brought to the newspapers industry.

The review of technology and networked information economy and sustaining innovation vs. disruptive innovation addresses our first and second question in the paper.

Technology and Networked Information Economy

With the advent of Web technology, Web 2.0 services are becoming more and more popular. Web 2.0 services mainly fall into 3 categories, information push/pull, information retrieval and information exchange (Chua et, al., 2008). Typical online services include Blogs, Wikis, Social Networking Sites, Social Sharing Sites, Mashups, Social Tagging and RSS. Web 2.0 has changed the traditional Web by providing more interactive and collaborative features which greatly improves the effectiveness in communication. By emphasizing peers' social interaction and collective intelligence, Web 2.0 presents new opportunities for leveraging the Web and engaging its users more effectively (Murugesan, 2007). Since Web 2.0 came out, the Internet has been stepping toward the concept of communities online. The first web of 1990s was only the conversion of printed content into digital formats in the form of web pages, and now with collaboration and interaction involved, Internet is

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