

As markets emerge, newspapers find growth

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A newsstand in Srinagar, India. The nation has a fast-growing newspaper market. (Mukhtar Khan/The Associated Press)

While gloom haunts the newspaper industry in the United States and Europe, business could hardly be better in much of the developing world.

New newspapers - some backed by governments, others by business moguls and international conglomerates - are springing up from Rwanda to Tajikistan, attracting readers and advertising dollars. In many of these markets, increasing literacy rates dovetail with growing disposable income to create millions of new daily readers. Some Western media companies are forging partnerships and trying their hand at start-up companies as well.

Reading a newspaper is something to aspire to, instead of a throwback to a bygone era as it is perceived in much of the West, said executives in India, one of the fastest growing newspaper markets.

"Anyone who can read or write is still looked at with a bit of awe" in many markets in India, said Rajesh Kalra, a veteran journalist who is now chief editor of IndiaTimes, the Internet arm of Times Group, which publishes The Times of India. The paper has a circulation of 3.5 million and claims to be the biggest English-language paper in the world. Times Group is introducing new editions of the paper in four Indian cities this spring.

When people first learn how to read, they want to let people know, Kalra said, and "the first thing you want to do is be seen to be reading a newspaper." The literacy rate in India hovers at about 61 percent, according to Unesco, but the number of literate youths is above 76 percent, signaling that education is improving.

The number of daily newspapers grew to 287 in 2006 from 185 in 2005, according to the World Association of Newspapers. Global newspaper advertising spending will increase to \$130 billion in 2010 from \$125 billion in 2007, according to ZenithOptimedia, thanks in part to growth in India and other emerging markets. This trend is reversed in North America, where newspaper advertising revenue in

the United States fell 7.9 percent in 2007, according to the Newspaper Association of America.

A jump in income in many emerging markets often corresponds with an increased desire for business news, as consumers become investors in local or international markets. Meanwhile, an increasingly global financial system means that experienced investors are active in once far-away corners.

"We do see a big potential in emerging markets," said John Ridding, chief executive of The Financial Times, which is based in London. "There is strong and growing demand from these markets for strong industry and business analysis."

In April, The Financial Times launched a Middle East edition from Abu Dhabi, which Ridding hopes will increase the paper's circulation "substantially" from the several thousand readers it currently has in the area. In India, The Financial Times sees "big opportunities for expansion" and is working on an "exciting project," about which he would not elaborate. Several sources in India who did not want to be named say the Financial Times is in advanced talks with the Indian media conglomerate Network 18 to produce a new daily business paper.

In China, The Financial Times is about to start a monthly Chinese language magazine called RUI, which in Mandarin Chinese means "intelligence." The magazine, aimed at the upper-middle-class Chinese consumer, will carry a mix of lifestyle and money-management articles.

While spending on Internet advertising is rapidly increasing in the United States and Western Europe, the faster-growing markets of Asia and Latin America are all about old media, said Martin Sorrell, chief executive of the advertising company WPP Group, in February. But it is still unclear whether foreign newspaper companies will be able to make up revenue they have lost in the West in these new markets.

Media companies in emerging markets, though, are enjoying growth that their Western counterparts can only envy.

"Unlike the developed markets, India is at a fundamentally different stage of its life" when it comes to media consumption, said Haresh Chawla, group chief executive of Network 18. (Chawla would not comment on any talks with The Financial Times.) The company also has a joint venture with CNBC, as well as with Viacom, which brings MTV and Nickelodeon to Indian audiences.

"There is a huge synergy in news gathering," Chawla said, and owning a newspaper will round out Network 18's media offerings.

Unlike many media conglomerates in the West, the company is not family owned, nor is it "a 50-year-old or 100-year-old company," Chawla said. "We are just a 10-year-old baby, built with professional talent."

The proliferation of newspapers does not mean that journalism is necessarily flourishing. In some of these new or fast-growing markets, absolute freedom of the press is untested, and unbiased news coverage is unfamiliar. In others, editors and journalists are openly mixing advertising and editorial content. Some founders do not even bother to pay lip service to the idea of spreading truth, uncovering injustice and comforting the afflicted.

"Of course it's all advertising-driven and nothing else," said one Indian newspaper executive who did not want to be named because he did not want to alienate

readers or advertisers. At the end of the day, if the paper is not making money, it will stop printing, he said. Indian newspapers sell for about 1 or 2 rupees each, but cost many more times that to produce, so they are heavily dependent on advertising.

In some developing markets, new newspapers do not even offer news at all.

Tajikstan's Three in One, for example, plans to carry crosswords, television schedules and questions and answers on medical problems. "Such a product is much in demand in our society," Akbarali Sattorov, its founder, told a local news agency.

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