

## **Fragility in the Fourth Estate**

Fleishman-Hillard Chair John Graham Speaks at World Economic Forum

At the recent World Economic Forum in Davos, Switzerland, Fleishman-Hillard Chairman John Graham joined other industry leaders, including Steve Forbes and Financial Times editor Lionel Barber, for a candid panel discussion about the seismic changes occurring in today's media industry. Graham, who attended the forum with the firm's president of client relations, Jack Modzelewski, also spoke to key members of the aviation and travel industries on the topic of "Reputation Management in Times of Crisis."

This one-page summary of that discussion was prepared by the World Economic Forum.

### **Fragility in the Fourth Estate**

Panelists: **Shobhana Bhartia, Steve Forbes, Thomas H. Glocer, John D. Graham, Jonathan M. Nelson**

Moderator: **Lionel Barber**

Date: Thursday 29 January

The long-term outlook for stand-alone, advertising-based print media is bleak, panellists broadly agreed. Newspapers and magazines must now contend not only with a secular decline in subscriber rolls, but also with the sharp cyclical downturn in the economy that has sapped advertising spending. Only subscription-based models appear relatively healthy for now.

- Even after an eventual economic recovery gets underway, print media will never regain the profit margins they enjoyed before the advent of the Internet. The classified advertisements that long served as a cash cow for US newspapers have migrated online for good.
- Complicating matters, news organizations must increasingly vie against the likes of MySpace, Facebook and Twitter for readers. But these innovative new platforms have a dramatically lower cost structures than traditional media, relying on voluntary, free postings rather than for-pay journalistic submissions.
- In one sense, emerging online and mobile news platforms act as competitors to print media, siphoning off readers and, often, advertisements revenues. Yet, in another sense, digital platforms are complementary to newspapers and magazines. Traditional media are busy remaking themselves into multimedia outfits that deliver the news through multiple outlets.

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- To make money, the news industry needs to become increasingly specialized, carving out niches for which it can charge premium prices. Reporters must be trained to use new tools, including social networking sites and mobile phone feeds such as Twitter, to make their work more relevant and easily accessible to younger readers.
- At least for now, established print media brands benefit from the credibility associated with their name, which has helped them attract readers online. “The best thing newspapers have going for them is the trust factor,” said one participant. But it is not clear that a younger generation of potential readers raised on the Internet cares about long-established print brands. “[Newspaper] readers are dying,” summed up one panellist. “That’s the problem.”
- So far, no business model has emerged that is as profitable as the classified advertisement-supported print model once was, although there have been plenty of experiments exploring new ways to pay for content. Publishers have variously tried eliminating print and publishing solely online, publishing both print and online editions, and seeking government subsidies to make up for their own revenue shortfalls. Other proposed business models include creating an endowment to cover the cost of publishing a newspaper and charging readers micro-payments for each article they read.
- One rare exception to the generally gloomy global media market is India, where a youthful population with growing disposable income is expected to help fuel substantial growth in the media market. With a potential audience of some 350 million mobile phone users, Indian publishers view mobile phones as a promising new delivery platform to complement the existing print model.
- Business issues aside, several participants raised questions about how the migration of news online has affected the quality of coverage. They suggested the high journalistic standards associated with print media, including careful fact checking, copy editing and extensive sourcing, are being eroded as the industry shifts to digital platforms that primarily emphasize speed. And online media, with its lower profit margins, will be hard-pressed to invest in long-form investigative journalism. With the shift to digital publishing, “What has disappeared is accuracy and analysis you can trust.”