

Leo Bogart

Remarks before ICMA

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I deeply appreciate the opportunity to talk to you about a subject on which you are all experts, because after I've finished, I expect you all to straighten me out, and that means I'll learn something.

The sale of newspaper advertising depends on our ability to provide the size and kind of audience that advertisers want to reach at a price that makes sense in a highly competitive media environment. It is not enough for audiences to remain constant in size as the population and the economy continue to grow. Advertisers expect them to keep building, and any sign of weakness is taken as a signal to withdraw support. All this merely explains why the maintenance of healthy growth in newspaper circulation and in the newspaper reading habit is of vital concern to us at the Newspaper Advertising Bureau. I know that all of you are well aware that advertising is also essential to circulation. Advertising represents a major information utility that attracts readers to a newspaper, and advertising is essential to keep newspapers going and therefore to keep the reading habit alive.

I would like to approach the subject of newspaper circulation as a problem in consumer marketing, and it may be useful to explain at the outset how I understand marketing to differ from sales management. The sales manager begins with his product and its distribution system. He is essentially concerned with deploying and motivating the available manpower in order to best his competitors and to make the most of his market potential. The marketer begins with the consumer, analyzing his attributes and then determining what kind of product will best fit his needs. Thus, the actual design of the product, its pricing, its promotion, and its distribution are all interlocking parts of the marketing task.

From my perspective, newspaper circulation managers have done an extraordinary job of keeping our business growing through a series of revolutionary transformations in postwar American life.

But the question of how newspaper circulation is doing must be answered like the question in the old vaudeville joke where the comedian is asked, "How is your wife?" and answers, "Compared to

what?" We all know that both daily and Sunday circulation are at an all-time high, but against what yardstick should their growth be measured? For every 100 households in 1960, there were 111 newspapers sold each day. The figure is now 92. But that comparison is misleading, because households now include more people living alone and in what might be called unconventional arrangements. In 1960, for every ~~1,000~~¹⁰⁰ households, there were 209 adults of eighteen and over and 121 children. The latest figures show 201 adults and only 100 children. For every ~~1,000~~¹⁰⁰ families in 1960, there were 130 newspapers sold daily. Now there are 116. But that comparison is also deceptive, because the composition of families has changed, too.

For every 100 people in 1960, there were 33 dailies sold; now there are 30. In 1960, 35.6% of the population was under eighteen. That ratio has fallen to 32.4%, not a very dramatic shift when we look at it that way. Another way to view it is that the actual number of

of youngsters under eighteen grew by 6%, while the number of young people eighteen to twenty-four, not yet settled down to the stage of rearing a family, grew by 62%. For every 100 young people in that age group in 1960, there were 365 papers sold. The ratio today is 242. For the active adult population between twenty-five and sixty-four, there were 71 newspapers per hundred in 1960, and the proportion now is only slightly less: 68 per hundred.

So this analysis has to conclude that newspaper circulation has failed to match not so much the growth rate of households, families, and adult population as the demographic explosion in the generation of postwar babies who will be the citizens and customers of tomorrow, and who with their superior level of education should be the readers, too.

If we look at the country as a whole, the long term trends run strongly in our favor. Newspaper readership is strongest among people in metropolitan areas, and this number is up. It is strongest among

active adults in the years up to retirement, and that number is growing and will continue to grow. It is strongest among those of greatest education and affluence, and in spite of this year's uncertain economy, the long term trend is for more of that. It is stronger among women who work than among those who don't, and the proportion of working women has also been rising and is now a majority.

From many studies, both nationally and locally, we have a very clear picture of the kinds of people who are likely not to be newspaper readers. They are no more often found among women than among men, but slightly more of them are outside metropolitan areas where there is less easy access to a daily newspaper. A high proportion of them (51%) are people who are poor and below average in income and people who are poorly educated; people who lack facility in English; non-white young people, people who are single, divorced, or widowed. For a multitude of historical reasons, different newspaper markets have varying proportions of people with these characteristics.

There is wide variety within our big medium, and it makes most generalizations about it seem foolish to anyone who tries to apply them to his own particular problems. There is bound to be a substantial difference in outlook between those of you whose papers are doing well, those who are holding their own, and those who are doing far less well than you or your publishers would like.

A circulation department can do rather little to change the racial composition of its market or the average level of educational attainment or the proportion of families on welfare or the rate of industrial or economic growth. I don't believe, by the way, that these matters are totally outside the newspaper's influence, since I can not think of any institution that carries potentially more weight than the newspaper in determining what happens to the economic and social progress of any community.

My associate, Fred Williams, has been looking at a group of newspapers in twelve markets that have a high ratio of circulation

to households and twelve matched markets of equal size that have a low ratio of circulation to households. The successful markets have an average of 100 copies sold for every 100 households; the less successful markets sell 79 copies for every 100 households. A comparison of these two sets of markets shows that the high-readership markets are more stable. Between 1960 and 1970, their households grew by 19% compared with a 31% growth in the low readership group. So one explanation for the lower circulation levels is the more rapid growth of these markets and the inability of the newspapers to convert as many of the newcomers to regular readership. As further evidence of their stability, the high-readership markets have smaller families, more single-person households, a lower birth rate, and an older population. They have higher levels of education and voting and a higher proportion of home ownership. They appear to have a different economic base, with much more of the government revenue coming from taxes and a much higher percentage of the population employed in manufacturing. They have a higher ratio of retail sales to spendable income. All of the high markets have colleges; five out of the twelve low markets do not. The

high markets are also more apt to be on the main routes of air transportation.

So there are things about a market which make it more or less likely to enjoy strong newspaper circulation. But the papers in these markets also reveal some interesting differences when their content is analyzed. The papers in the high group are more likely to have a political party affiliation than are those in the low group. They publish fewer editorials per issue and a smaller proportion of those are on local topics; fewer of their editorials end up telling the reader what "should" or "must" be done. They are more likely to label their women's pages in a traditional way rather than to describe them in terms of "Modern Living." They carry more advertising and editorial coverage addressed to women. They are also more likely to accept ads for X-rated movies. You'll be interested to know that they list more circulation executives among their managements, and when we wrote for copies of their papers, 86% were responsive, compared to 53% of the less successful group.

Many of you cooperated in a survey we just completed among ICMA members. It yielded replies from 202 U.S. newspapers, with bigger papers and morning papers overrepresented in our sampling, as you might expect. Only three papers in eight report gains in coverage in the city zone since 1967, while about two in three report coverage gains in the retail trading zone. All but two of the papers whose coverage has improved also have had a gain in circulation.

Papers that had improved their coverage credit effective promotion, and improved distribution. One in four circulation managers answering attributes gains to an improvement in the editorial product itself. But the product is blamed by only two out of 81 who give reasons for a decline in coverage. Only a handful blame their losses on the changes in the inner city. About one in seven blames competition; one in seven mentions a decline in the proportion who read two papers a day. About the same proportion blame changes in life-style, delivery problems, and production problems. But three out of four say that price increases are to blame. I'll ^{shall} come back to the subject of prices.

~~In a moment.~~

The newspaper-reading habit has an amazing consistency. We know from our big national study last year that three-fourths of all newspaper readers say their paper is delivered at home. One might think that with all the moving around and emergencies that disturb people's daily routines, a good part of any day's reading would be accounted for by people who might be classified as only occasional readers. But the evidence shows otherwise. Eighty-two percent of all the people who read the newspaper today will be reading five out of five issues of that paper this week. Nine percent will read four out of five issues. So the problem is not one of selling copies of the newspaper as such. The problem is to get the reader hooked on the daily reading habit, and that is most likely to happen if he is a regular subscriber.

Eight out of ten papers in our ICMA survey report that subscriptions now represent a higher percentage of their circulation than they did six years ago. The number of newsstands has declined

along with the number of competing big city papers and the volume of downtown pedestrian traffic. How important is the loss of single-copy sales? Of the papers whose coverage levels have fallen, nearly half report an actual drop in circulation, and all but two have shown greater losses among subscribers than in single-copy sales. Of those who have gained circulation despite a drop in coverage, two out of three got their biggest gains in subscriptions, and one out of three got them in single copies.

Among those who have an increase in the proportion of subscriptions, the principal explanations advanced are better delivery, good promotion, and increases in the single-copy price that make the subscription a better buy. But paradoxically, price increases are mentioned just as often by those who are gaining most in single-copy sales; they also attribute this to more vending machines, to apartment living, mobility, and other changes in life-style that discourage regular delivery.

It is, of course, in the big competitive cities that circulators have faced the biggest problems. Ten years ago, newspapers of 100,000 and over circulation represented 55% of all daily circulation. That ratio is now down to 50%.

My earlier examination of circulation trends since 1960 includes at the starting point a number of big-city dailies that are no longer publishing today. These papers went out of business for many complex reasons, but primarily because they could not get enough advertising to meet escalating production costs. They did not go out of business because their readers had stopped buying them. In fact, their final circulation figures were only 15% below their peaks, on the average.

Now let me ask you to join me in an outrageous assumption.

Suppose all these papers had generated more advertising, settled their labor difficulties on reasonable terms, and kept publishing. Suppose further that they had grown with their markets, at the same rate as the rest

of the daily press. In that case, we'd be selling more newspapers today than in 1960 per hundred people (34 compared with 33) and per hundred adults twenty-five to sixty-four (75 compared with 71). We'd be selling just as many - about 130 - per hundred families.

This little fantasy serves to remind us that newspapers are unique, and that when they disappear, their successors and competitors never manage to capture more than a fraction of their lost readers.

1. So the number one explanation for the overall trend in the circulation statistics is the fact that we have fewer papers on sale today in the big competitive markets.

2. A second explanation for the trends in circulation is the declining percentage of metropolitan population that remains in the central city, from 50.5% in 1960 to 45.5% ten years later. As more of the people in a market live beyond the municipal boundary line, it

becomes necessary for the paper's news coverage to reflect a variety of local civic interests and personalities. This fractionation of local news has helped the rise of daily and weekly newspapers in the suburbs, but this growth has by no means compensated for the losses in the readership of the central city metropolitan press.

A study we made last year shows no difference between morning and evening papers, either in their editorial content or in the way readers read and use them. However, it is often said that the principal victims of the changing competitive balance in the major markets have been the evening newspapers that face strong suburban competition.

Between 1960 and 1973, thirteen newspapers failed in four of the 35 major markets in which, in 1960, a morning paper was dominant. Six of these failing papers were AM's, and seven were PM's - not a striking difference. Ten AM's and 19 PM papers remained stagnant in circulation or took losses. Circulation gains were made by 26 AM's and 17 PM's.

In the 37 cities where an evening paper was the circulation leader in 1960, 23 AM's showed gains, and 15 PM's. Two evening papers failed, and 24 stood still or lost ground, compared with fifteen morning papers. So the picture for both AM's and PM's in those markets has been roughly comparable.

In the 25 competitive markets, since 1960, six morning papers gained circulation and four did not, while six failed. Seven evening papers gained, and fourteen showed no gain or losses, and nine failed. In the 47 non-competitive markets, thirty-four morning papers gained and fourteen didn't, while twenty-two evening papers gained and twenty-four didn't. So on the whole, evening papers did better in the non-competitive markets than in the competitive ones, and paradoxically, they did better in those situations where they were the second half of a combination than where they had started out on top.

3. Another great force affecting circulation trends is the changing racial composition of our big central cities. What has been

going on can be considered just one more wave of immigration such as our cities have absorbed for hundreds of years, in which newcomers from very different cultural environments are gradually absorbed as they acquire the language and the habits of urban living and as their children are educated and acquire the newspaper reading habit. Long run, as this part of our population is brought closer to the mainstream level of income and education, they should become good newspaper readers.

In the meantime, we all know of the special distribution and collection problems in the inner city, and we know that the educational disadvantage of Negroes and other minorities makes them harder to convert to the reading habit. But does this mean that a shift in the racial balance of the central city is automatically related to a circulation loss? In the decade of the 1960's, twelve of the fifteen major newspapers that failed were published in cities with a declining white population and a rising number of Negroes. In cities with those characteristics, 11 other competitive newspapers lost circulation, but 25 showed gains. In the non-competitive cities where the same racial

change was occurring, though not as dramatically, the ratio of success to failure was much the same: eleven up and thirteen down.

What of the growth markets, in which total population, Negro and White, continued to grow in the central city? In the competitive newspaper situations, three papers disappeared, four failed to gain circulation, and twelve went up. And in the single-ownership cities, twenty papers gained circulation and four did not, but there were no failures. It is clear that overall growth in a market does not guarantee gains, and that the substitution of Negroes for whites in the central city does not guarantee losses either.

4. A fourth major area which should give us concern is the dramatic change in outlook among young people. Consider, for example, the findings of a new study by Daniel Yankelovich, Inc. that compares the shift in attitude in the four years between 1969 and 1973 among young people who have not been to college. The feeling that religion is a very important value went in this four-year period from 64% to 42%. The belief that patriotism is a very important value

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went from 60% to 40%. The belief that hard work always pays off went from 79% to 56%. And in every case, on these and a great many other questions, the current opinions among the non-college majority are very close to those that the growing number of college educated young people were expressing four years earlier. A large national survey we made last year showed that young people are not merely less dependent on newspapers than I think they should be, but also that they are less likely than their elders to identify their own viewpoints with those of the newspapers they read. We have some way to go in winning the loyalty of a generation that is quite willing to read Rolling Stone and the underground press.

5. Another issue that is brought up to explain circulation trends is the increased mobility of the population. It's true that more of us keep moving around. A majority of women between the ages of twenty-one and sixty-four are now working. As we ^{are} were vividly reminded ^{by the} ~~during~~ the gasoline shortages, ~~last winter~~, 78% of all working Americans drive to their jobs. A study we have just completed

shows that 17% of the population takes a winter vacation trip; 39% a summer vacation trip, and 34% take long weekends during the course of the year.

But contrary to what is often said, people are actually making fewer permanent moves than they did in the recent past. Between 1960 and 1961, 20% of the population moved to a different house, and 6.3% moved to a different county. Between 1970 and 1971, the most recent available data show about the same percentage moving to a different county - 6.5% - but a drop to 17.9% in the percentage who moved at all.

6. Another problem advanced by circulators in our survey is the shift to apartment house living. In 1960, only 17% of all new housing starts were for housing units in buildings of three or more units. In 1973, 42% of all new housing units were in this bracket, and in metropolitan areas, the proportion was much higher -- 53%. I don't

have to spell out for you why it is tougher to get into, sell, and service customers who live in apartment buildings, and a high proportion of these are the same young people I was talking about a moment ago. We still have a long way to go, however, before the apartment house becomes typical of the American way of life, since only 9% of all dwelling units are in buildings with ten or more apartments, and by no means all of these are high-rise.

7. Another factor in the picture is the growing strength of television news. The typical station now provides 3 hours and 5 minutes of news a day - 2 hours and 5 minutes local, and 1 hour of network. For many people, the habit of watching a newscast at a particular time has become just as firmly entrenched as the habit of reading a newspaper. The average adult now watches about a half hour of news in the course of the late afternoon and evening. This may not seem like much, but it is 50% more than it was 10 years ago. In point of fact, newspaper news does not really compete with television news, or for that matter with radio news bulletins or the news magazines. They all complement each other and add up to a total cumulative sense of involvement with what is going on in the world.

8. To what extent is newspaper readership inhibited by the rising cost of the product itself? Price increases, as I noted a moment ago, are blamed by three of every four circulation managers in our ICMA survey whose papers have lost ground. Circulation executives

are naturally resistant to price increases, on the generally correct assumption that they will lead to at least the temporary loss of some marginal readers, especially those for whom theirs is the "second paper." Since 1960, the cost of living has gone up by 50%. The cost of buying a newspaper has gone up by 82%. The cost of buying a magazine has gone up by virtually the same amount - 77%. Yet magazine circulation is up 27.8% since 1960, against a 7.2% growth in daily newspaper circulation. Could this mean that price rises are not the all-powerful explanation many of you think they are?

The top 96 newspapers that showed circulation gains between 1960 and 1973 had aggregate gains of 22% and increased their price to the reader by 84% in that period. The 55 big papers that failed to gain circulation in the same years lost 13% and increased their price by 74%. For both AM and PM papers, the pattern holds up: price increases don't in themselves explain the loss of readers. But papers that are losing readers, probably for other reasons, do tend to hold back on price increases for fear of losing more.

9. The problems of recruiting, motivating, and training circulation personnel are much tougher than ever. You are going to hear from Stan Smith tomorrow about the very exciting new research program on which ICMA and ANPA are working with MIT and which promises to make significant improvements in the circulation delivery system. I know all of us want to give some thought to the question of who's going to be taking the papers around. I think more of them will be adults.

Two-thirds of the evening papers, and four-fifths of the morning papers replying in our ICMA survey employ at least some adult carriers. They account for at least ten percent of the carrier force in the case of about half the AM's and a fourth of the PM's. Forty-eight percent say there has been no change in the proportion of adult carriers since 1967; 7% say they are employing fewer now, and the remaining 45% say the percentage of adults is increasing. About three-fourths believe that costs are higher with adult carriers, roughly 10% to 15%

higher on average. The trend toward more adults, incidentally, is no different for papers that have been gaining in coverage and those that have been losing.

There is also very little difference between gainers and losers in the method of billing subscribers. Most papers give the reader a number of options: 55% offer monthly billings, 45% let them pay weekly, 13% biweekly, 18% every three months, 12% every six months, and 11% offer annual billings. About a third of the papers reporting have carriers leave a bill and let subscribers return a payment by mail. A third also bill at least some subscribers directly by mail.

Three out of five circulation departments contact subscribers who have cancelled to find out why they stopped the paper. The proportion who do this is actually slightly higher among papers that have been losing ground than among those who have been gaining.

The recent Syracuse University study, which most of you have seen or read about, also puts the spotlight on delivery problems, and

of course these are extremely important. But of the 450 stops that were checked out in the three cities studied, 55% were people who could not be contacted, and of those contacted, 29% mentioned moves or vacations as the reason for cancelling their subscriptions.

Any study of why people stop their subscriptions is bound to reflect the difficulty of making contact with people on the move. The people who can be located and interviewed are the minority who are still living where they used to be. There is no way of getting people who are no longer around to keep buying the paper, but historically they have been counterbalanced by new people coming in. It's not just the circulation stops that should concern us; it's the ones that never start.

I know that many of you feel that the real problem of building circulation is one of assuring delivery and improving service. I agree that this is vital. But my own analysis of the trends in readership leads me to the conclusion that our problem is not merely one of

getting the paper to the customer but one of making him feel that when he has it he has something of value. Value to me means that there is something in it that he doesn't get from the television news. Value means that it is worth the increased cost he has to pay for it.

Value means that although he has more demands on his time, the newspaper still represents an essential guide for his daily life.

So I think we have to come back to the actual product as the heart of the newspaper marketing problem. And here, in my opinion, there are four issues to be faced.

First and foremost is the question of whether newspapers have been sufficiently responsive editorially to the changed outlook of the people who will be running this country ten and twenty years from now. In the era after Vietnam and Watergate, we must seriously ask ourselves whether newspapers are talking in terms that young people can relate to and identify with. To do so without alienating the vast bulk of the existing readership will take effort, research, and above all, experimentation.

Second, how can newspapers accelerate the conversion of Negroes and Spanish-speaking Americans to regular readership? Many of you have worked hard to promote circulation in ghetto neighborhoods. Your papers have increased the amount of space devoted to news of these neighborhoods and have actively recruited minority staff. Has this effort been sufficient and is it today getting the urgent priority it deserves if our business is going to stay strong?

Third, to what extent are newspapers really responding with awareness that Women's Lib is not a passing phenomenon but an expression of a genuine structural change in the American work force, and therefore in the life experience of what is now a majority of American women. Our survey last year showed that only one-fourth as much newspaper space is devoted to news and features that are generally considered of primary interest to women as to material of primary interest to men. Isn't it time that editors took another look at that?

Fourth, the best newspaper readers have always been the most sophisticated and the most educated members of the community. Paradoxically, these are also the people who express the greatest amount of disagreement with the editorial policies of their hometown papers. The public's level of education has shown a steady rise. Are newspapers keeping up with this trend,³ and can ~~we~~^{they} become more sophisticated without alienating ~~our~~^{their} mass audience?

Since my assignment today is to stir things up a little, there are just four additional questions I'd like to pose by way of conclusion.

Fifth, do we know enough about why in similar kinds of situations, some papers are far more successful than others in holding onto readers and gaining new ones? Don't we need more detailed study of these individual cases? The Audit Bureau of Circulations seems to be interested now in expanding the scope of its activities. Why couldn't its computerized data be put to work analytically to help

answer questions on where the losses and gains have been in specific counties, for specific papers? We need intensive study of case histories of success and failure to find out why newspapers starting with the same set of conditions and problems end up with very different circulation trends.

Sixth, hasn't the time come for the newspaper business to make an appropriate investment in the development of the newspaper reading habit among children and young people, especially in our big central cities? Our efforts so far have been impressive. In 1971, the last school year for which there are estimates, four hundred dailies cooperating in the Newspaper In The Classroom program distributed fifty million copies to five million elementary and high school pupils. That is a prodigious accomplishment. But the five million represented ten percent of the total school enrollment. Is our accomplishment proportionate to the need?

Newspapers deal with what is immediate and relevant. Backed up by proper techniques and teacher training, couldn't they make a

significant contribution to improving the reading level of children in inner city schools? What would be the real long-term profit from using overrun and return copies for this purpose rather than asscrap? Would it be helpful to get a sharp high-level outside look at the Newspaper In The Classroom program to assess the obstacles it has faced, both in schools and on newspapers, to evaluate its materials and programs and to consider what kinds of realistic new efforts can be mobilized behind it?

Seventh, in the past a substantial share of all newspaper promotion has been devoted to winning readers at the expense of the competition. Shouldn't more of this promotional effort be aimed at building the newspaper reading habit? Our ICMA survey found that among morning-evening publications under a single ownership, only one in ten sells combination subscriptions. Why are not more newspapers with separate editorial products trying to encourage people to read both a morning and an evening paper each day?

Eighth, doesn't the circulation side of our business deserve more high level attention from newspaper managements, both on an industry-wide basis and on individual papers? Isn't it time to professionalize the circulation management function by giving it appropriate academic roots? Almost every journalism school offers courses on advertising. Only a handful offer courses on circulation management, which to my mind represents just as complex a body of skills and is just as noble a calling. To get academic acceptance means that texts must be commissioned and curricula planned. How else are we going to get the high level of new talent we need in your part of our business?

The Newspaper Advertising Bureau runs 110 training seminars and workshops a year for newspaper staffs to upgrade the quality of advertising salesmanship. Isn't there a need for a comparable program in circulation? And do you want our help?

I have been giving you some personal opinions here, and talking within the newspaper family, so my eye has been on the hole today and not on the doughnut. I don't have to remind you, I hope, how big and

how prosperous our business is today, by every conceivable yardstick.

We have more daily newspapers being published now than there have been in several decades and published in more different cities than ever before in history. Our circulation and advertising are both bigger than ever. The great social and demographic trends in our society are all working on our behalf. But the time to avoid complacency is precisely when everything's going our way. And we on the advertising side know very well that our continued success depends 100% on yours.

Leo Bogart

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