

The Future of Local Newspapers

Up until 2008 most local newspapers were doing reasonably well but with the crash came declining advertising (and a move to online - Facebook, Google etc.), closure of many local shops, particularly in rural areas and a move to online news (free) and online shopping (Amazon).

This was followed by cutbacks to staff, freelancers and photography - leading to further sales declines.

Newspapers are a reflection of what's happening in a community in politics, sport and socially. Declining newspaper sales are a mirror of what's happening in local villages and towns in rural Ireland with the closure of post offices, garda stations, schools, churches and banks and many local sports clubs struggling to keep going.

Ironically there are more and more calls for broadband in rural areas, which should help schools and provide online banking etc. for all, but can it save the local community - will young people want to remain there?

The Main Challenges for Local Newspapers

- 1) Dominance of the retail sector by a few big multiples.
- 2) Declining local government, state and semi-state advertising in local newspapers.
- 3) Vat on newspaper sales.
- 4) No effort to stop the takeover of local newspapers by a few big players.
- 5) Google and Facebook growth.
- 6) Growth of online shopping leading to a big decline in local retail shops and decline of the high street.
- 7) Postal charges and door-to-door delivery
- 8) Training of Journalists.

1) Dominance of the retail sector by a few big multiples

In the past 10 years the retail sector has become more and more dominated by a few big players - Tesco, Dunnes, Aldi, Lidl and SuperValu. This has left the smaller shops in a very vulnerable position with little or no chance of surviving. This has impacted the local newspapers with many of these (multiples) dictating terms on a take it or leave it basis. Advertising from this sector is almost non-existent apart from tv and national papers. Obviously the corporation tax rate of 13.5% has made it very attractive to operate out of

Ireland. Its amazing that no government has made moves to deal with this situation.

2) Declining local government, state and semi-state advertising in local newspapers

Since 2008 the volume of state, semi state and local authority advertising has declined steadily which has made it more difficult to keep going. It is ironic that there is now more state advertising on the British owned Channel 4 than there is in all the local newspapers combined. Regularly the “Sunday Times” carries government advertising that does not appear in the local newspapers.

Surely a formula can be found that would enable all relevant government advertising to appear in local papers, even at reduced or special rates.

In the case of Topic Newspapers we have seen a big decline in local authority (Co. Council) advertising, in fact we believe that local voluntary groups receive more in subsidies than we do in advertising, despite the fact that we employ 25 people.

3) Removal of vat on newspaper sales

The removal of vat on newspaper sales would be a big help to local newspapers and would enable them to keep down the cover prices and help cash flow.

Why are books, the bulk of which are imported, zero vat rated, while newspapers, which are produced within the state, rated at 9%?

4) Takeover of Irish newspapers by big groups

One of the biggest causes for the decline of local newspapers has been the unrelenting takeovers of those papers by small groups of people/investors.

When it comes to the competition authority they have shown themselves to be ineffective in terms of stopping these takeovers. Some of them seem to have little or no knowledge of what is happening.

How did it get to the position where most of the local papers in Ireland are controlled by four large groups - two of them foreign owned? Is this democracy?

If a person wants to extend their house or build a new home, they must first apply for planning permission, advertising that fact widely and giving details of same, but yet a local (or national) newspaper can change hands and the majority of its readers (the real shareholders) will know nothing about it.

When I put this to the Competition Authority they told me that it was listed on their website. I doubt if there are many locals checking the CA to see what papers are for sale.

5) Google and Facebook growth

Google and Facebook collected an estimated 40 per cent of total advertising spend in the Republic in 2019 and a “whopping” 81 per cent of the online ad market, according to marketing group Core - *Report in the Irish Times 3 March, 2020.*

6) Growth of online shopping

The growth of online shopping is putting huge pressure on local retail outlets and without

action by government will lead to many more retail units closing down. This in turn will lead to a further decline in revenues for local newspapers.

Small shops are expected to pay commercial rates to local councils but there are no such obligations on big groups such as Amazon etc. to make any contribution. Is this fair?

7) Postal charges and door-to-door delivery

There has been some trials with lower postal charges for local newspaper deliveries and this needs to be looked at further. Newspapers cannot rely on retail outlets alone for distribution in the future.

8) Training of Journalists

In Ireland we now have a situation where there is no primary college dedicated to training journalists - lots of colleges doing media courses but none with an emphasis on journalism (print, radio, tv) unlike in Britain.

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