

## Abstract

For the past decade or so, society has been enduring an era of what economic historian Joseph Schumpeter termed “creative destruction” as the Internet has crashed “across entire industries, sweeping away the old and infirm and those unwilling or unable to change”, (Lyons, 2010). The Internet’s profound impact has been felt none the less by the centuries-old and powerful global newspaper industry, whose beleaguered state is now well documented. Few industries have been so changed by the Internet. While the recent global recession may have added to the industry’s problems, but major structural changes were already under way, largely due to the emergence of the Internet.

The rise of the Internet has had a significant impact on both audience and advertiser behaviour, with serious ramifications for the long-term survival of newspapers. Global trends indicate that the printed newspaper medium is facing rapid decline as consumers and advertisers opt away from the traditional newspapers and more towards easier, cheaper and quicker access to news and information provided by online platforms, (Pew Research Center, 2011). This decline raises the concern about the role of newspapers as news media institutions that are crucial in enhancing democracy in societies.

This study set out to assess this disruptive impact of the Internet on the global newspaper publishing landscape in general and South Africa in particular. More importantly, the study analyses how major South African newspaper owners are responding to the emerging online environment and some of the key challenges they are facing in the process. While there is growing research being done – especially in mature overseas markets – on the impact of the Internet on newspapers, not much attention is being paid to the newspaper industry’s reaction to the Internet and related digital platforms. There is even little such scholarly research being done on industries in emerging market economies such as South Africa. Hence, this study is significant.

The key local newspaper publishers that are considered and analysed in detail in this study are: Naspers; Avusa Ltd; Independent Newspapers, and Mail & Guardian Media. Together they control a bulk of the local market.

The research was conducted through several in-depth interviews with key executives of these industry players, who are directly involved with online initiatives at strategic levels at their respective companies. The individuals were selected on the basis of their historical, technical and managerial expertise in print and online media. In addition, in-depth interviews were also conducted with some of the influential and respected experts on the media industry. A wide range of references to contemporary literature focusing on the relationship between the Internet and newspapers forms the contextual basis of analysis of this research. A key question facing print media executives around the world today is how they should embrace the Internet and its related platforms in ways that are economically sustainable.

## Declaration

I declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

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Signed at .....

On the ..... day of ..... 2012

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I also wish to thank all the media industry experts and executives that participated in this research. The study would certainly have not been possible without their useful insights.

## **Dedications**

I dedicate this work to my late parents, Vusumzi John Mpofu and Zilpah Dube Mateza. I remain inspired by your infinite wisdom, human grace, faith, dignity and strength.

I also dedicate it to my wife, Sibongile, and sons Philani and Phiwe – whom I am truly blessed to have in my life. Your support, love and compassion throughout all these years has been inspirational and phenomenal beyond words. Thank you.