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The Rise and Fall of ThisDay Newspaper : The Significance of Advertising to Its Demise

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Chapter One - Introduction

When Nigerian-owned *ThisDay* newspaper announced its foray into the South African market, its arrival created quite a stir in the local business environment. Its entry met what was arguably a major need for quality news in South Africa's daily newspaper market. However, media analysts foresaw the enormous resources required to run a paper of *ThisDay*'s magnitude. Anton Harber (2003) said that "it would take huge reservoirs of money, courage and patience for any paper to succeed in South Africa's highly competitive market"[1].

Others were bold in predicting its doom. In October 2004, barely a year into its introduction, *ThisDay* newspaper suspended its operations. It used to be easy to start a newspaper; however, running a newspaper nowadays can become a nightmare if the dynamics of media economics or the ability to put in place appropriate management systems and strategies elude one. Bagdikian (1983) notes that the success and failure of the media depends on its success or failure to attract advertising revenue. The concentration of media ownership in South Africa can also be a major barrier to newcomers. The basis for this study will be to examine certain factors of the political economy of the South African media to see how in particular, the dynamics of advertising contributed to the collapse of *ThisDay* newspaper.

This research report will analyse the South African media environment to answer the following questions:

Overall Research question:

- With the concentration of media ownership in South Africa, was it possible for *ThisDay* to break into the South African media landscape without being affiliated to the major groups? What specific strategies did *ThisDay's* management use in the planning and execution stages of the newspaper's development in pursuit of advertising revenue?

[1] (http://www.southafrica.info/doing_business/investment/thisday.htm).

Sub-questions

- Did *ThisDay's* management use the appropriate strategies in attempting to break into the South African media market?

- Why did *ThisDay* go after the target audience; (LSM 6-10) the most lucrative and competitive area of the South African media and what was the significance of their pricing structure?

- Did media reports about *ThisDay's* problems by the competition contribute to making advertisers stay away?

- Did the traditional 'wait and see' attitude of advertisers contribute to the paper's demise?

The study will answer these questions through a broad theoretical and empirical examination of the South African media industry. The study will also examine the intricacies and complex relationships that exist between the South African media, its owners and advertisers, to determine whether the actions of the competition contributed to *ThisDay*'s failure. It will also try to determine whether the market was unable to handle another 'quality' daily newspaper or whether *ThisDay* was unable to develop appropriate strategies to attract advertising. The South African advertising industry will also be discussed in this study. The analysis will highlight the effects of the media's reliance on advertising as a major source of revenue and its impact on the industry in the long term. The study will examine *ThisDay's* strategies in their attempt to break into the South African market and the specific strategies used by *ThisDay's* management to attract advertising as a key source of revenue; and how the failure or lack of such strategies could have played a contributory role in the collapse of *ThisDay* newspaper.

The study is divided into six chapters; chapter 1- The Introduction will provide an overview of the background and the rationale of the study as well as the study questions. Chapter 2 will discuss the broad theoretical framework and an analysis of the available literature that will form the basis of the study, while chapter 3 will focus on discussing in detail the various methods that this study will use. Chapter 4 will focus on issues of ownership and concentration in the South African media, and examine the barriers that could have been encountered by *ThisDay* newspaper. This chapter will also discuss issues around the advertising industry in South Africa including an examination of the role of media planners and their methods of evaluating the media to understand how this affects the advertising placed in the press. Chapter 5 will examine the strategies that *ThisDay*'s management used in the planning and execution stages of the paper's development. This examination will be based on the integration, review and analysis of the data collected from the qualitative content analysis and the interviews. In chapter 6, an analysis and the conclusions based on the findings of the investigation will be discussed.

1.1 Rationale/ Motivation

When a newspaper operation collapses, it is easy to apportion blame especially if the paper's editorial content is substandard; but what does one say when a seemingly excellent newspaper folds-up in an environment that seems to needs it so much? This study will attempt to unravel and reconstruct what happened to *ThisDay* newspaper. It is not an attempt at hasty conclusions but will openly examine the South African daily newspaper market to examine why a quality paper would go down and nothing was done to save it. It is easy to conclude that *ThisDay* was plagued with the inability to access advertising. That is however too simplistic. While the lack of advertising revenue may have been the terminal reason, *ThisDay* did not exist in a vacuum; it was said to have existed in a market where there was a near monopoly on readership, advertising as well as distribution by its competition. It came in as a single entity while its competition could easily have depended on operational revenues from other arms of their conglomerates.

Cross-ownership within the South African media is a major barrier to newcomers as the existing players/ competition will not willingly give up their share of advertising revenue, especially with new concerns of the press losing advertising revenue to television. De Wet (2005) notes that advertising statistics in 2004 show that the top five earning newspapers in the country; accounting for a combined R862 million, according to Nielsen data, saw virtually no growth. Bagdikian (1983) acknowledges the increasing difficulties encountered by small or new media entities when they try to compete with already established conglomerates. This pursuit of agglomeration results from the pursuit of profit through the attraction of advertising revenue. This further reinforces Bagdikian's argument on the growing importance of advertising revenue and its impact on the success or failure of the media. (ibid).

1.1.1 *ThisDay* newspaper

ThisDay newspaper originated from Nigeria, a country with a press which is over 150 years old[2]. A division of Leaders & Company Limited, *ThisDay* newspaper has continued the tradition of the watchdog, as the Nigerian press is definitely political and has been known to set the national agenda. Today, *ThisDay* is one of Nigeria's most read and respected national newspaper with an online version and a circulation of 40,000 daily. However, to understand *ThisDay*, an understanding of the history of the Nigerian press is necessary.

The Nigerian press is a product of anti-colonial protest. Oatway (2000) notes that the Nigerian war for independence was fought on the pages of newspapers and not with bullets. Yet, the history of the Nigerian press is rife with persecutions and perseverance. This foundation of oppression was laid in the colonial era and successive governments have only modified or enhanced this legacy. The Nigerian press has remained resilient

[2] The only other countries with a longer history than Nigeria are Egypt and South Africa.

and has continued to test the boundaries of its reporting license with unprecedented boldness, often resorting to advance forms of clandestine guerrilla style journalism (ibid). This history of hard hitting investigative, opinionated journalism has seen the evolution of the Nigerian press into a force to be reckoned with. *ThisDay* is a privately owned company, yet, management has endeavoured to maintain its leading role as well as its profitability. In Nigeria today, the vibrancy, fearlessness and steadfastness of a newspaper is usually conditioned by the ownership of the newspaper.

In South Africa, *ThisDay* newspaper's 2003 entry made it the first mainstream daily since apartheid ended in 1994. It strove to become a national paper, printing in four major South African cities namely Durban, Johannesburg, Cape Town and Port Elizabeth. *ThisDay* recruited its staff from the best the country had and also paid them the best wages the industry had ever known. *ThisDay* became a broad based newspaper that gave in-depth business, political and quality general news. Its editorial content could have been compared with some quality newspapers elsewhere in the world. This set the stage for what Anton Harber (2003) described as "a boost to democracy (in South Africa), adding to the diversity of the choices available to readers and a boon to the profession of journalism"[3].

Harber also noted that *ThisDay*, being South Africa's first truly national daily, "comes unencumbered by the historical baggage which has weighed down so many of our existing papers; and it is a Nigerian funded pan-African venture very much in the spirit of NEPAD[4]." *ThisDay* chairperson Nduka Obaigbena (2003) said that "*ThisDay* would stand for truth, freedom, free enterprise, democracy and social justice, adding that he hoped the paper would build new bridges on the continent"[5]. *ThisDay* also received commendations from notable South Africans like President Mbeki (2003) who, in his politically correct speech, noted that "it is always a pleasure to see the arrival of a new paper…"[6], ironically, the antecedents of the Nigerian *ThisDay* operation are a source of

[3] Http://www.southafrica.info/doing_business/investment/thisday.htm
[4] The New Partnership for Africa's Development
[5] Ibid
[6] Ibid

worry to the Nigerian Government. It will be hard to imagine President Mbeki rejoicing over a situation where his government would be subject to scrutiny by a newspaper with a seemingly radical and political outlook. However, media analysts foresaw the enormous resources required for running a paper of *ThisDay*'s magnitude and others were bold in predicting its doom (a fact that has become reality). The saga climaxed in October 2004; barely a year into its introduction, *ThisDay* newspapers South Africa suspended its operations.

ThisDay's target was the wealthier, more educated South African placed between LSM (Living Standard Measurement) 6-10, an audience advertisers could not ignore. The LS was developed by the South African Advertising Research Foundation (SAARF) as a market segmentation tool in order to "differentiate between people with different behaviour patterns and group together those people with similar behaviour"[7]. This tool basically gives marketers easier access to desirable markets[8]. Coming into a relatively unknown market, *ThisDay*'s struggle for survival was initially to overcome the barriers to entry which often plague new players in the industry. A major motivation will be to understand why *ThisDay* decided to go for a niche as indicated by its target LSM, and yet its copy price of R3.00 was not indicative of that market. However, this study intends to critically examine if the most damaging factor militating against *ThisDay* was the lack of advertising revenue and/ or the failure to strategise appropriately to attract advertising revenue.

A lot of literature exists which supports the theory that a democracy cannot be built without a free press, and it cannot be maintained without a free press; therefore, a free press is imperative to development in Africa (See Ansah 1988; Kasoma, 1995; Bourgault, 1995). The Harvard Faculty Club Journal (1991:5) argues that "A democratic culture includes a free press, an independent judiciary, greater accountability, institutionalized pluralism and other forms of participatory democracy". The press has played a major role in South Africa's new democracy. In a speech at the African Media Forum in 1999,

[7] www.saarf.co.za
[8] Cited in Dlamini, 2003

Archbishop Desmond Tutu noted the role the press played in South Africa's struggle against apartheid:

> ... the media in this country, having to negotiate a veritable minefield of legislation with all sorts of things not going for them, could be said in many ways to have been the midwife of our democracy. We have had some quite outstanding journalism. (...) It was the journalists in this country, facing all those incredible odds, who… kept before the nation the vision and the dream of a different kind of society. Without them, what we see today, this miracle would have been impossible (Tutu, 1996: 5).

However, Tomaselli and Louw, 1991; Switzer and Adikhari, 2000 argue that following the 1994 elections, the mainstream press adopted a commercial orientation to business ignoring the socio-political realities of apartheid which now co-existed in post-apartheid democracy namely; racial tension, poverty and unrealised human capacity. This new profit-driven initiative could become a threat to the new democratic institutions which South Africa desperately needs. As Boyd-Barret, (1995) and Neuman, (1992) argue, the profit driven culture of the privatised media had major implications for the quality of public debate and the diversity of information that is necessary for the proper functioning of democracy. This however, is not encouraged by the economics of mass communication.

1.1.2 The South African Press

The South African Advertising Research Foundation (SAARF) has a listing of 18 daily and 30 weeklies newspapers, most of them in English. Community newspapers, according to an official gateway website[9] have a circulation of 5 million copies weekly. The major press groups are Independent Newspapers (Pty) LTD, Nasionale Media (Naspers), CTP/Caxton Publishers and Printers LTD and Johnnic Publishing Ltd. Between them, they own a large part of the print media in South Africa. There is a major practice of cross-ownership where some of these groups also own shares in each other's companies. Berger, 2001; Teer-Tomaselli and Tomaselli, 2001)note that this follows a

[9] www.southafrica.info

global trend where the media environment is tightly managed, with closely regulated advertising, printing and distribution arrangements.

Tomaselli, & Dunn, (2001) argue that the new ownership cadre of the 'post-apartheid' South African media demanded profits in the context of global capital while also attempting to forge visions of African identity. These inter-relationships between the major media groups have served to protect the interests of the owners. They literally share the media revenue pie amongst themselves. While government initiative which resulted in the Black Economic Empowerment (BEE) 'an ongoing process' has witnessed a major unbundling of media interests to black empowerment groups like National Empowerment Consortium (NEC), yet Berger, 2001; Teer-Tomaselli and Tomaselli, 2001 agree the South African media is still perceived in some quarters to be dominated by white or foreign interest groups.

The arrival of *ThisDay* heralded the Black Pan-Africanist interest in the South African media. Its entry potentially meant the advent of competition for daily English newspapers targeted at the LSM 6-10 market. Advertising in this market was already shrinking[10]. Yet as several analysts noted, *ThisDay's* editorial stance and price structure of three rand was revolutionary. It was a first in South Africa where a quality newspaper aimed at a high income audience had been priced so low. This intensified the drive for advertising revenue. In this new development, *ThisDay's* major competitor could have been *The Star* newspaper, a daily from the foreign-owned Irish Independent Newspaper's stable. In what was seen as fierce competition 'which some said could help or hurt the market in the long term', (Baker 2002, Franklin 1979) for advertising revenue, *The Star* was forced to study new avenues of staying relevant to its target market. This resulted in the adoption of a new style and approaches to news, for example, *The Star* front page format changed to a tabloid style of screaming headlines accompanied by a large photograph dominating the page.

[10] See De Wet 2005

When a new publication enters a market, it is only normal for it to face stiff competition or if lucky, it meets a pre-existing need in the market, therefore, creating a niche for itself until some other publication threatens its supremacy. In theory, competition in a deregulated market is supposed to be healthy, creating a diversity of views from which the audience can benefit from. It is easy to assume that journalism is first and foremost a service to humanity, yet media economics acknowledges a profit driven initiative that shows how seriously the bottom-line should be taken. According to Bagdikian (1990), market journalism gathers an audience not to inform it but to sell it to advertisers. A trend he argues is detrimental to the public while the corporations increase their profit margins. Other media critics argue that the growing dominance of newspaper groups, or "chains", has quickened the transition from competitive to monopoly markets, which has resulted in poorer quality newspapers. Pogash (1995) amongst other critics assert that publicly-owned companies, which include most of the country's largest newspaper chains, have lost their journalistic path in pursuit of high profits to please Wall Street analysts and stockholders.