The Future of Journalism

Address by John Hartigan
Chairman and Chief Executive, News Limited
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Thank you and good afternoon.
My name is Pollyanna.
I’m here to tell you about the bright future facing journalists, particularly newspaper journalists. I realise my proposition is wildly out of whack with accepted wisdom – that we are doomed.
I’m here to celebrate the future of journalism. Not to consign it to the analog archive.
It’s true we are in the midst of the most traumatic and uncertain transformation in our history. But I see some strong and encouraging trends for the future.
Newspapers can adjust to the digital age, adapt their business models and continue to reach mass audiences.
What it will take is a complete rethink of the very essence of what is “news”.
We have never been challenged as we are now, to justify why someone should pay for our content.
I believe people will pay for content if it is:
- Original...
- Exclusive...
- Has the authority
- and is relevant to our audiences
Journalism that doesn’t help people live their lives is going to be a low value commodity.
Media companies and journalists willing to embrace these challenges will thrive.
To some of you, that probably sounds like motherhood.
But, let’s test these ideas.
How many journalists in this room have written a story recently that was original, exclusive, highly relevant and genuinely useful to your audience?
I’m not saying there haven’t been stories like this. But, there have been too few. And I reckon it’s much the same in general news, business and sport, even the lifestyle sections. Newspapers in the US are disappearing left, right and centre. Fewer papers are being sold and in my view it’s because many of them are largely boring and irrelevant to their readership. Their content is ubiquitous rather than unique. Within a year, some people are predicting that Los Angeles, Boston, Detroit, San Francisco or even Miami will become the first major US city without a daily newspaper. The LA Times, Chicago’s Tribune and both dailies in Philadelphia are bankrupt. The New York Times is close to bankruptcy. Losses in the first quarter were more than 70 million dollars. The Washington Post lost 54 million. The Boston Globe almost went under last month until unions agreed to pay cuts averaging 10%. Last year, more than 15,000 people lost their jobs in American newspapers - the biggest drop since the industry census began 30 years ago. In the first four months of this year, a further 9000 jobs have gone. The number of journalists on American newspapers is now at the lowest level in 25 years. Back then, American newspaper sales peaked at 63 million copies a day. Sales are now at 34 million. Readership has also almost halved over the same period. US newspapers are failing to adapt to the digital age. Their managements and editors have a lot to answer for. As well as massive cuts to journalism, there has been very little investment in innovation, in colour capacity, in new sections and new content. Across the Atlantic, British newspapers also face significant challenges. In the UK last year, almost 400,000 people stopped buying a national daily. Circulation of the national dailies is down 13% in 5 years – that’s a loss of 1.6 million copies a day. The once mighty English Sundays have lost 23% over the same period – a staggering 3.3 million fewer sales every week. It has been assumed, without any rigorous scrutiny, that Australian newspapers will go the same way as their US and British peers.
Some say the trends are the same; we are just a year or two behind.
Frankly, I’m dismayed at how many Australian journalists seem to accept this. Some are even willing to stick their byline on this opinion.
I mean, at its most basic, it’s just bad reporting. There’s almost no evidence.
For starters, newspaper ad revenue in Australia has been growing – not declining over the past 5 years as it has in the US and the UK.
Even in the past year, the decline in ad revenue in Australia is a fraction of what’s been happening overseas.
The falls in circulation and readership here are very modest compared to American and British papers.
In the latest Australian audit, when you’d expect a big drop, overall sales were flat.
Readership in Australia has been relatively stable over 10 years, but, as I said earlier, it’s been decimated in the US and the UK.
The whole structure of our industry is different – we are far less reliant on classifieds.
In the UK there are simply too many newspapers. In the US, newspapers haven’t kept up with television as a source of news, especially local news.
In Australia, newspapers are very strong locally. Readership is highly concentrated in metro areas where we deliver much better mass market reach for advertisers.
In Sydney, the Herald and the Telegraph reach almost 60 per cent of available readers.
But in New York, the Daily News and the Post reach only 35%. In London, The Sun and the Daily Mail reach a bit less than that.
This superior reach is one reason why Australian newspapers account for 35% of all ad revenue but American newspapers account for less than a quarter.
That explains the business case to some extent but what about the journalism?
If I had a Power Point presentation I could summarise this whole speech with two points on one slide.
- One. If you want to attract readers, break stories people want to read.
- Two. Give them something they can’t get anywhere else, make it relevant and useful and let them get involved.
There are plenty of examples.
The British MP expenses scandal has sold an extra million copies of the UK Daily Telegraph since the story broke in May.
It wasn’t simply because the Telegraph paid for a leak. It assigned dozens of people to the story, spent weeks preparing its coverage and had a brilliant strategy for breaking and then staying in front of the story. It broke it online and then really went to town in print. Without question, the moral authority of the paper and the depth and quality of its coverage made it a story that only a newspaper could own in this way. I know that stories like this don’t come along that often. In Australia we had the Victorian bushfires. It wasn’t exclusive to News obviously. But our coverage was unique. We sold an extra half a million newspapers in the week following Black Saturday. Our website traffic more than doubled. We took an entirely different approach with this story. We used resources from every newsroom in the country. Online staff in Brisbane helped the masthead team in Melbourne moderate the tidal wave of public contributions. Our editors across the country sent writers and photographers to work with Herald Sun staff on the ground. This gave us more manpower than any other media outlet. But, what drove readership and web traffic was the content. Readers embraced the opportunity to sign online condolence books and write tributes to victims. We set up online forums so readers could search for news of those lost and those rescued. They told us miraculous stories of those who cheated the flames and heartbreaking accounts of those who didn’t. Who can forget the images of the fireman sharing his water bottle with the Sam the Koala, perhaps the iconic image of the tragedy? The images that appeared on television around the world carried the water mark not of Seven, Nine or Ten but of heraldsun.com.au. The fires were an example of how journalism should directly touch readers and not always remain detached on the sidelines. Alongside traditional reporting from the scene, we had incredible eyewitness accounts from readers, including amazing pics and video. Three weeks later, we published a book which immediately became the number one non-fiction best seller with every cent going to fire victims. Some other examples are worth mentioning. Again, it’s all about the journalism.
The Australian relaunched its business section online last June. We hired people, spent some serious money.
Since then unique visitors to the site have more than doubled. Page impressions have increased seven fold. Advertising revenue has already recouped the investment.
In April, we launched Taste.com.au, a new food lift-out in our metro dailies, to complement the successful website.
The Taste site already had 150,000 members. Traffic went up almost 20% in the first month after the newspaper launch. In May, almost 600,000 recipes were printed by readers. Not just downloaded, printed. Since January, 6 million recipes have been printed from the site.
Incredibly, this tells us what Australia has for dinner, on what nights of the week. Pumpkin soup is very big on Tuesdays.
This is an incredibly powerful proposition to take to an advertiser.
But, as journalism, it absolutely nails the criteria I mentioned earlier. The content is original, it’s exclusive and people actually use it.
As some of you may know we are completely reinventing our features coverage with new national sections in-paper and online.
One of them is travel.
Up till now travel journalism has been junket journalism. The airline with the best trip, the resort with the best room, gets the cover. It’s voyeurism but it’s not value.
Instead of the same old destination stories we intend to give readers information that helps them research their next holiday and the tools to book and pay for it. Just by reading the newspaper or visiting the site.
In the past year The Wall Street Journal lifted its cover price and circulation went up 3 per cent. Traffic to the Journal’s website has doubled in 18 months - to 23 million unique visitors a month.
A large number of them are paying for customised premium content.
The Journal is not achieving these numbers by sacking journalists. It’s been hiring them.
So, whether its business, travel, food or major news stories I cant subscribe to the view that newspapers don’t have a future.
Even so, every day, there’s a new study, another story or latest survey telling us how newspapers are dying under the weight of online journalism.
So it’s worth examining what’s happening.
Obviously plenty of people are reading journalism online. But is it any good and what will make people pay for it?
The most profitable sites, in fact the only ones making serious money are the sites that aggregate news, like Google and Yahoo. They pay nothing for content produced by newspaper journalists but make money by supplying it in easily searchable forms online.

The major media outlets have encouraged them to take a free ride on our content. It’s called search engine optimisation.

And when we started our own sites, we didn’t charge anyone to read them, even though the content is produced at massive cost.

The problem is, an online reader generates about 10% of the revenue we can make from a newspaper reader. So, for every reader we lose from the paper we need to pick up 10 online.

Then there are the news commentary sites, like The Huffington Post, Newser and the Daily Beast and in Australia sites like Crikey and Mumbrella. Most of the content on these sites is commentary and opinion on media coverage produced by the major outlets. These sites are covered in links to wire stories or mainstream mastheads. Typically, less than 10% of their content is original reporting.

The sites that produce a high proportion of original content aren’t making a profit.

Almost anyone can start one of these sites, with very little capital, no training or qualifications. Then there are the bloggers.

In return for their free content, we pretty much get what we’ve paid for - something of such limited intellectual value as to be barely discernible from massive ignorance.

Andrew Keen in his book The Cult of the Amateur cites Hurricane Katrina as an example when: “reports from people at the scene helped spread unfounded rumours, inflated body counts and erroneous reports of rapes and gang violence in the New Orleans Superdome – all later debunked by mainstream news media”.

Citizen journalists, he says, simply don’t have the resources to bring us reliable news. They lack not only expertise and training but access to decision makers and reliable sources.

The difference, he says, between professionals and amateurs is that bloggers don’t go to jail for their work – they simply aren’t held accountable like real reporters.

Like Keating’s famous “all tip and no iceberg”, it could be said that the blogosphere is all eyeballs and no insight.
As Robert Thomsen of The Wall Street Journal says:
“the blogs and comment sites are basically editorial echo chambers rather than centres of creation”.
“and their cynicism about so-called traditional media is only matched by their opportunism in exploiting it”

One of the best known comment sites in Australia matches this identikit.
It started as a moralising soapbox; boasting about its lack of standards. Positioned as an underdog, it lectures mainstream media every day.
In the blogosphere, of course, the mainstream media is always found wanting.
It really is time this myth was blown apart.

Blogs and a large number of comment sites specialise in political extremism and personal vilification.
Radical sweeping statements unsubstantiated with evidence are common.
One Australian blogger who shoots first and checks facts later is proud to boast that his site is “Not wrong for long”.

Mainstream media understands, most of the time, that comment and opinion is legitimised by evidence.
Opinions, however strongly held, draw their legitimacy from the factual accuracy that underpins them.

Many of these sites and bloggers say their radical new approach is a modern form of participatory democracy.
But as Andrew Keen says, amateur journalism trivialises and corrupts serious debate – it degenerates democracy into mob rule and rumour milling.

Most online news and comment sites don’t generate enough revenue to pay for good journalism.
Good journalism is expensive.

The Huffington Post recently announced it will spend 1.75 million US dollars on a new investigative journalism unit to produce original content.
But it is not being funded by subscribers or advertisers, it’s being bankrolled by philanthropy.

Earlier this year an argument was mounted for public funding of quality journalism. The argument is that as traditional media revenues dry up, there won’t be enough money to support the kind of important journalism our society needs.

Our job is to tell many people what few people know. That takes lots of resources – newsrooms of two and three hundred people. If we can’t afford them, important stories won’t get told.
It might mean that those in power and those with influence can avoid the scrutiny and accountability that keeps them in check.

However, the argument that public funding might be the answer here in Australia is embroidered with the notion that in Australia today, quality journalism – some commentators call it public trust journalism – is only produced to any significant degree in just three places.

The ABC, Fairfax and The Australian.

There is no doubt that these outlets produce some very good journalism – at times, great journalism.

But, it’s just crap to argue they are the only ones.

It’s a notion, frankly, that says quality has nothing to do with relevance.

Or that popularity is always just populist.

Take this list of important stories of recent years.

- John Howard’s leadership promise to Peter Costello
- Marcus Einfeld’s downfall
- Bundaberg Hospital’s trail of death
- Tougher restrictions on P Plate drivers
- New laws that mean rape victims don’t have to give evidence in open court

These stories had two things in common.

First, they had serious impact and influence – on everything from a change of government, to the conviction of criminals to new legislation.

Second, they were all broken by tabloid newspapers.

Tabloids have also run most of the important campaigns in recent years. Perhaps the best, was the Sunday Herald Sun’s campaign that led to an incredibly expensive breast cancer drug being listed on the Pharmaceutical Benefits Scheme.

It meant the women who needed it could afford it – potentially saving their life.

Great press campaigns shape new laws and change history. They build a bridge between public opinion and public policy.

But, according to some, if the headline type is too big and the page size too small, they don’t qualify as quality journalism.

In recent years many of the most important national stories were the fruit of time-consuming, expensive, painstaking investigative journalism, predominantly by The Australian.
Stories like:
- The Australian Wheat Board scandal
- Children Overboard
- Mohammed Haneef and
- the tragedies on Palm Island and at Arakun

It is no coincidence The Australian broke these stories and produced coverage of national significance and impact. Because The Australian has made the biggest investment in journalism of any paper in the country.

To labour the point, most people turn to newspapers when something big is happening.

The global financial crisis is another example.

The transparency in our financial markets didn’t come from laws like Sarbanes Oxley or the good corporate governance principles set down by the ASX.

What we know about the GFC is because newspaper reporters did the hard yards.

A new stock exchange study shows that more investors rely on newspapers for market information than any other source – and that their use of newspapers increased 20% in the past 2 years.

This isn’t a coincidence either. It’s due to the significant investment in business journalism.

It is why newspapers like The Australian, the Wall Street Journal and The Economist are enjoying growing circulation and readership, and are able to charge more for their content – all at odds with wider industry trends.

The future of journalism won’t depend on bloggers, comment sites, Google or Yahoo.

It will depend on how well newspapers like the three I’ve just mentioned adapt to the digital age.

Absolutely central to this will be:
- the skills and integrity of the journalists
- their passion and curiosity
- their capacity to understand their readers
- and their willingness to serve them.

Which brings me finally to the future of journalism being the journalism itself

Demand for news – in print and online – is much larger than it was for print on its own.

In the past year, the Beijing Olympics, the Obama’s election, the GFC, the bushfires, the British expenses scandal and Michael Jackson’s death have all shown how large the audience can be for big stories with huge consequences.

I believe the appetite for quality news and information will grow dramatically.
People will pay for it if it is good enough.
By good enough I mean that it will have to be:
- well researched
- brilliantly written
- perceptive and intelligent
- professionally edited
- accurate and reliable.

This is not the territory in which aggregator sites or amateur bloggers will do well.
This is the natural terrain of the well trained, professional, experienced, clever journalist.

Knowing a little about a lot used to be OK in journalism. Not any more. I think we are going to see an upsurge in recruitment of highly educated people with specialist knowledge to fill our newsrooms.

In my future world view, good journalists will be very well paid, valued by their readers, and the envy of their colleagues.

And these journalists will want to work for well resourced, well organised media companies with deep pockets, and plenty of conviction about editorial independence and the social and economic value of good journalism.

The real threat to our viability is our own complacency and unwillingness to change.
The monopolies and oligopolies are gone - we now have to compete for audiences we once took for granted.

Instead of paying lip service to our audiences we need to listen to them and respond constructively to what they want.

Instead of following the pack, we now have to differentiate our content – into something someone will pay for.

So, how do we do this.

Editors and reporters need to change the way they think.
The internet is not the enemy of newspapers. It is a medium on which great journalism can reach a larger audience.
The willingness of readers to pay for it will depend on the quality of the content.
As I said at the beginning quality will be defined as content that is:

- Original
- Useful
- Unavailable elsewhere
- And Relevant

If I could see a show of hands - is there any journalist in this room who hasn’t heard of The Punch?

The Punch has taken off like a rocket since it was launched in May – our target was to achieve traffic of 80,000 users in the first month. It’s actually achieved almost 200,000.

I know it’s early days. But I think the success of The Punch is because it’s different; it’s surprising, it’s entertaining and it’s relevant.

It’s a pretty big investment in something completely new in Australian journalism.

If anybody thinks what newspapers currently produce in print and online is the pinnacle of what is possible they are fooling themselves. And if any journalists or editors think what we do now is as good as it gets they need to find alternative careers.

At the risk of annoying some of my senior executives let me pull up the blinds a little to show you what is going on inside News Limited.

Everything you have read about News Limited to this point - subbing centres in Brisbane, changes to the way we produce features, the integration of our print and online newsrooms - are simply clearing the decks for the major changes that will create journalism 2.0.

Our newsrooms have completely changed their structures and schedules to embrace multi-platform journalism.

The discussions about whether stories should be held for the paper or published immediately are consigned to history.

We have at least three separate teams around the country investigating real paid online content options and another looking at newspaper opportunities.

In the digital age all information is theoretically available to everyone for the first time in history. The journalism that will thrive is journalism that helps people find what they want to know and helps them to do something about it.

We will need to offer much more specialised expertise on a wider variety of subjects than we have in the past.

Newspapers don’t change much from year to year. I envisage quite radical changes much more frequently.
We will do more research to track what people want and discard what they don’t – just like television networks change their schedules if a show doesn’t rate.

The concept of a newspaper subscription will change completely. Instead of throwing a paper over your fence we will offer you:

- a much more sophisticated package of print and electronic content
- incentives for loyalty
- and tools that allow you to conduct transactions with our advertisers.

We will make our content suitable for the next generation of smart phones – devices that are still in their infancy with potential to deliver news, information, entertainment and shopping in HD with full interactivity.

The old parish pump reporting on local news will be reinvented as hyperlocal coverage of real time events such as

- Where to find the cheapest petrol
- How to avoid roadworks and traffic jams and
- The best retail offers available in your suburb that day

You will even be able to evaluate the performance of local schools, unless of course you live in New South Wales.

I see coverage of politics, courts and crime changing dramatically - with less of the adversarial conflict we report now to coverage that gives readers more insight about the issues.

The interests of the silent majority will be much more comprehensively represented.

I see changes in the news mix – less of the negative stuff and more content that inspires, surprises and delights readers, more humour, more escapism.

We have been imprisoned by traditional news judgment. Too often, things we think are important are far removed from what people say they want to know.

To give you one example, most people in my view are well and truly bored with the politics of politics. If ever opinion polls showed this, it was at the start of this week.

We need to do a much better job of addressing our credibility in the wider community.

We need to become stronger advocates for the social value of what we do, and more prepared to correct and apologise for our mistakes.

We will simplify people’s lives – alleviating the problem of being time poor and burdened with choice.
Great journalism will:
- tell the reader something they didn’t know
- tell them something they need to know
- listen to the reader and answer their questions
- inspire and entertain them
- give them what they need to make decisions
- and equip them to act on those decisions

And, at the same time, great journalism will continue to
- protect the readers interests and defend their rights
- and hold those with power and authority to account

People pay now for important stories, told well, by professionals they trust. I don’t see that changing.

But I do see radical changes in what those important stories are, how they are told and the platforms on which they are delivered.

Like every other media company in the past year, News has been making major changes in its newsrooms.

In fact we are completely transforming our business.

Every conversation we have about changing what we do doesn’t start with a discussion about cutting costs, it starts with a discussion about better journalism.

And the most important person in that conversation is not the editor or the journalist but the reader.

Thank You.

End.

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