



The impact of the Internet on press sector: New possibilities of digital press versus traditional press

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Abstract

The development of the Internet in recent years is affecting working of most businesses. The use of new digital formats in the press industry has produced a real revolution in the concept of the basic product of their activity. As a result of the increasing development of journalism on the Internet, the free character of this new service and the decrease of readers of some major newspapers, an intense debate has arisen at the heart of the industry about the potential cannibalism which may exist between the market share of traditional print newspapers and digital versions. This article analyses this issue from the marketing's perspective and proposes some key factors which might guarantee a more profitable coexistence of both traditional print newspapers and the digital press, taking advantage of the differences that both information formats present.

Keywords: Press, Digital Press, Cannibalism, Internet marketing.

Introduction

The spectacular growth of the Internet over recent years has meant major changes in business relations and the processes of communicating and transmitting information between organizations and their customers.

Newspaper publishing is one of the activities that has been most affected by the development of the new medium. In fact, the appearance of the new digital media has brought far-reaching changes in this sector (Bush and Gilbert, 2002). We could note the existence of several changes related to the way in which the editorial staff work and how the news are showed to the readers (Greer and Mensing, 2003; Dans, 2000). These changes will foresee ably increase in the future.

Taking into account these important changes in press sector and the advantages of digital media, this article focuses on analyzing the possible impact of the Internet on newspaper's offers. More specifically, we study the possible cannibalization phenomenon when both types of channels are used simultaneously.

Press Sector and the Internet

The rapid development of the Internet and the use of the new medium as a format for publishing digital versions of the majority of print newspapers have resulted in a sea change in this business. Thus, we have already witnessed a transformation at the organizational level, the creation of a specific language, and a new multimedia environment. In fact, editorial offices are working in a different way and with a quicker pace than compared to the traditional medium (Greer and Mensing, 2003). Thus, shorter texts, with a "faster" language, are used in the electronic channel because the main goal is to provide constant updated information and accessibility to the news (AIMC, 2005; Mediabriefing, 2005).

The advantages of the Internet have thus brought about a revolution in modern journalism. The use of these new systems is distinguished by the speed with which news reach the reader, the low cost of distributing information and the opportunity to establish more direct contact and interact with users, who have come to play an important role in the design of journalistic offer. Besides, the electronic channel allows to update the news immediately and to show links to other information sources. Finally, we must note that the Internet combines the three basic advantages of the radio, the press and the television. In fact, this new medium presents the immediacy of the radio, the wide and deep information offered by the press and the impact of the images in television. All these aspects allow configuring a complete journalistic offer.

The enormous advantages of the Internet as a medium have boosted the supply of digital news in both quantitative and qualitative terms, resulting in a proliferation of increasingly specialized electronic journals. Indeed, there are currently over 4,200 digital newspapers worldwide (Editor & Publisher, 2004).

From the demand side, digital news and newspapers are among the services most avidly sought by Internet users (Consoli, 1997; Levins, 1998; Newspaper Association of America, 2003). According to Nielsen (2003), news sites and digital newspapers are among the most widely demanded and visited websites among the Internet users. Kaye and Johnson (2004) affirm that the main aim of users accessing the Internet is to read breaking news and search for up-to-the minute information (83.7%), only exceeded by the use of e-mail. Similarly, data provided by Harris Interactive (2004) show that 80% of US Internet users read news online, preferring the websites of digital newspapers in 45% of cases. Moreover, Pew Research Center for the People and the Press (2000) affirmed that one in three Americans visited online newspapers and anticipated sharp growth in the number of users consulting current news items on these sites.

Dual nature of news media

The phenomenon of sales cannibalization when a firm launches various very similar products aimed at the same customer segments has been widely studied in the literature (e.g. Hildebrandt and Klapper, 2001). However, as Deleersnyder et al. (2002) observe, there is a surprising lack of empirical research focusing on the analysis of cannibalization when the phenomenon is due not to the duality of products but to the use of different distribution channels that cause potential sales to overlap. In fact, it seems probable that the progressive supply of goods and services through the Internet constitutes a clear source of cannibalism for companies which operate simultaneously on the web and through another distribution channel (Porter, 2001).

Warning of the risks of this duality of supply, we also find studies by authors such as Alba, Lynch, Weitz, Janiszewski, Lutz, Sawyer, and Wood (1997); Shapiro and Varian (1999); Coughlan, Anderson, Stern and El-

Ansary (2001) or Brynjolfsson and Smith, (2000). These scholars argue that sales of goods and services made through conventional channels are clearly at risk of shifting online, particularly when the new channel provides the target public with additional advantages, such as substantial time savings, wider-ranging and more extensive information about the characteristics of the product, a more personalized service, and so on.

In this way, Gilbert and Bacheldor (2000) point out that some companies have even opted not to exploit the digital channel out of fear that the new sales system could negatively impact sales made through conventional channels.

As regards the specific business of the press, authors such as Ghosh (1998) or Deleersnyder et al.(2002) have already drawn attention to the hypothetical dangers to a publisher which might be associated to content distribution through the Internet, since these companies have spent decades carefully establishing relations with companies who handle the physical distribution of their products. Possibly, these close relations could be damaged by setting up of a new distribution system through the Internet.

Is the coexistence between traditional press and digital press possible?

It seems convenient that journalistic firms could find a new source for its development by taking advantage of the Internet possibilities. In this way, they could have undoubted future opportunities.

In fact, it seems probable that if the printed version and the digital version of one same newspaper are positioned adequately, readers would thus perceive these services as complementary products meeting the same generic need (obtaining current information), but with varying features for use in different contexts. Thus, reading the printed version of a newspaper may be more advisable for eyesight than the digital version and it may also be preferred when the reader has more time, or is interested in reading a major part of the content of the newspaper. Alternatively, reading a digital newspaper may be preferred if what the reader is looking for is a general brief overview of the news of the day; if he is looking for the latest information which has not been published in the printed version; or if only a few specific facts are being sought. This should eventually allay fears of possible cannibalization between the digital and the traditional media because the product can be differentiated and associated with different reading objectives and situations.

Indeed, it must be admitted that although initially the Internet was simply considered as a new medium for distributing a limited version of the printed newspaper, more and more publishers are bearing in mind the new opportunities which this medium offers and are beginning to develop more specific products which differ from the printed versions.

Besides, journalistic firms should make efforts in the analysis and knowledge of readers' needs. This action could be easier through the electronic channel because it is possible to track users' behavior in a website. Anyway, the knowledge of readers' needs and goals could be a start point for developing marketing strategies. Thus, firms would offer to readers what they want at any given place and moment.

Conclusions

Definitively, in the light of the above, it seems that the offer of a digital newspaper should provide substantially different features from that of the printed version of the same paper, in such a way that the two products are clearly differentiated and fit more closely the preferences of different consumer groups. Logically, this differentiation of form should be based on the different peculiarities or advantages these mediums provide.

In any case, it is evident that digital journalism is an alternative way of providing news which is becoming increasingly consolidated and which is opening up its own niche within the business of journalism. Therefore, companies who propose to offer both the printed and digital medium simultaneously should bear in mind the new opportunities and possibilities which the Internet offers for the newspaper business. Specifically, the differential advantages this medium presents with regard to convenience must be taken full advantage of, given the existing need for information: one can begin reading a newspaper at any moment and on any day of the year; content can be constantly updated; and there is an immediacy which is a key aspect of distributing up-to-the-minute information in the world of journalism.

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