

million, down 8 percent from 1992. Canada received 47 percent of the total in 1992, the United Kingdom accounted for 33 percent, and Mexico took 6 percent.

While still few in number, some U.S. newspaper companies have expanded their business interests to international markets. Both *USA Today* and the *Wall Street Journal* have considerable distribution overseas. Several U.S. publishers have launched papers abroad through joint ventures. *The Washington Post* and the *New York Times*, together with Whitney Communications, have published the *International Herald Tribune* for more than 25 years. More than 200,000 copies of the *IHT* are now printed daily by facsimile transmission at 11 printing sites and distributed in more than 160 countries. Recently the *New York Times* and *Moscow News* jointly launched the *New York Times News in Review*, a Russian-language edition of the *Times*; the Hearst Corporation and the Russian newspaper *Izvestia* joined in publishing *We/Mbl*.

Newspaper imports amounted to \$48 million in 1993, falling 10 percent from 1992. Canada supplied 73 percent of U.S. newspaper imports, Mexico provided 10 percent, and France, 6 percent.

Outlook for 1994

Newspaper industry receipts in constant dollars are expected to grow less than 1 percent in 1994. The industry's steady recovery depends on a healthier economy generally and improving consumer confidence. Expanding employment, together with increasing retail, automotive, and real estate sales, would boost retail and classified advertising receipts. If economic gains occur in most regions of the nation, newspaper advertising revenues could grow 5 to 6 percent.

Only Sunday newspaper circulation will likely see any gain in 1994. Circulation revenues are expected to grow by at least 5 percent. Consumers may continue to purchase fewer papers because of increases in subscription and newsstand prices over the past few years. The smaller gains in real disposable personal income and personal consumption expenditures forecast for 1994 may cause consumers to modify their purchases of discretionary items, including newspapers. A range of new products, appealing to both readers and advertisers, such as telephone voice-mail information services, could help boost newspaper revenues slightly in 1994.

The two principal expenses for newspapers, labor and newsprint, are expected to show only moderate increases. If demand for newsprint is stronger than expected, prices could rise sharply. Postal rate hikes are not expected before 1995.

Long-Term Prospects

Over the next five years, newspaper industry receipts are forecast to grow at an average yearly rate of 1 to 2 percent in constant dollars. This forecast depends on moderate economic and advertising growth. It is also based on increasing consumer confidence and a moderate rise in both real disposable personal income and personal consumption expenditures.

During this period, the industry will focus more attention on becoming an information services provider for targeted audiences than on remaining a print media business for mass audiences. A diverse group of customers by age, gender, ethnicity and other factors will require newspapers to consider information products in a range of formats tailored to their customers' interests. Rather than countering the impact of their

competitors, more and more newspapers will work with them to provide electronic information services to the public.

According to a market study by consultants Clark, Martire & Bartolomeo, Inc. of Englewood Cliffs, New Jersey, newspapers are beleaguered on three fronts: "struggling to maintain readers, pressured by advertisers, and squeezed by competing advertising media." The report states that U.S. newspaper circulation will shrink further by the year 2000, and that even after investing in new products and services, newspaper profits will decline. The report goes on to say that too few newspapers seem willing to do what is necessary to insure future success, namely, invest more in promotion and product development—and even accept lower advertising prices and profits—to reverse their long-term market erosion.

While newspapers will remain a medium for a mass audience, they will have to rely more on targeted newspaper sections and publications, database marketing, and electronic services to provide information for readers and audiences for advertisers. They will pay closer attention to the marketplace to learn the preferences and needs of readers and advertisers. Using database marketing, newspapers will store and manipulate information on households and business establishments and produce lists of prospective customers for targeted newspaper products. Advertisers will benefit from database marketing since it allows newspapers to deliver specific advertising information to small groups based on demographic and lifestyle data.

Over the next several years, the newspaper industry will work to market itself more effectively. It will address readership declines (readers as a percent of total adult population) especially among younger persons, negative perceptions of newspapers on the part of advertisers and advertising agencies, and obstacles to purchasing newspaper advertising. A report of a survey in *Presstime* magazine indicates that each successive generation is less likely to read newspapers as frequently as the prior generation. According to the study, readers' perceptions of newspapers as a useful medium significantly affect advertisers' perception of newspapers as an effective advertising medium. Newspapers will have to develop circulation strategies and editorial products to appeal to various age groups to boost circulation and target audiences advertisers want to reach. In addition, newspapers will have to do more targeting of ethnic and racial groups, the elderly, women, and other demographic and lifestyle markets. In particular, Hispanics and aging baby boomers represent growing segments of the consumer market that newspapers will actively pursue for their advertisers over the next 10 years.

Simmons Market Research Bureau reports that while about 63 percent of adults 18 and older read one or more newspapers on an average weekday, newspaper daily adult readership has fallen from nearly 81 percent in the early 1960's. In 1992, persons aged 55 to 64 had the highest newspaper readership (72 percent), while the lowest readership (54 percent) was among young adults, aged 18 to 24. With a broad range of leisure pursuits competing for Americans' time and a wide range of media wanting to provide the public with entertainment and information, newspapers will have to become more valuable information sources in such areas as health and fitness, money management, parenting and family activities, entertainment, and lifestyle trends. Some papers have attracted new readers by offering additional information on various topics in electronic as well as new print forms.