

about 76 percent of their total receipts from advertising; weeklies obtained about 71 percent from this source. Over the past few years, advertising's contribution to total newspaper receipts for both dailies and weeklies has dropped slightly.

Circulation Remains Stagnant

While total newspaper circulation was expected to show almost no gain in 1993, circulation revenues rose between 3 and 4 percent. According to the Audit Bureau of Circulation, two-thirds of the top 100 U.S. newspapers reported some daily circulation gains for the six months ended March 31, 1993. Newspapers showing circulation increases of 5 percent or more from a year earlier were *USA Today*, *the Baltimore Sun*, *the Denver Post* and *Investors Daily*. Newspapers attributed their circulation growth to public interest in the Presidential campaign and the new Administration, aggressive marketing efforts, and the death of several competing dailies. However, most daily newspapers have failed to keep up with household growth.

Among the factors accounting for stagnant newspaper circulation over the past several years has been the sluggish economy, which led some readers to curtail purchases of their daily newspapers and put several sizable newspapers out of business. In 1992 there were 1,570 daily newspapers with a total circulation of just over 60 million, compared with 1,586 dailies in 1991 with a circulation of almost 61 million. Sunday circulation totaled more than 62 million in 1992, an increase of about 400,000 from 1991. The *Dallas Times Herald*, *the Tulsa Tribune*, *the Spokane Chronicle*, *the Pittsburgh Press*, and *the San Antonio Light* were among the dailies that folded in the past few years. The debt-ridden *New York Post* briefly suspended publication in July 1993.

Circulation losses also occurred as newspapers raised newsstand and subscription prices sharply to compensate for sagging advertising revenues. The NAA reported that daily newspapers charged an average of \$0.35 for a copy in 1992, compared with \$0.32 in 1991 and \$0.31 in 1990. In 1992, 809 dailies charged \$0.35 for a single copy, compared with 779 in 1991.

U.S. weekly newspapers have fared somewhat better than dailies. Their number dropped from 7,417 in 1992 to 7,406 in 1993, as average weekly circulation climbed from more than 54 million in 1992 to more than 55 million in 1993. A number of dailies switched to weekly publication, accounting for some of the circulation gain.

Industry Structure and Operations

Newspaper chains owned 76 percent of the U.S. dailies in 1992. These 132 chains produced 79 percent of weekday newspaper circulation. Many of these companies are small, with total daily circulation below 50,000. The biggest acquisition of 1993 was the New York Times Company's purchase of the *Boston Globe* from Affiliated Publications for about \$1.1 billion.

The total number of newspapers dropped by 16 between 1991 and 1992 due to shutdowns, mergers of morning-evening combinations, and conversions to weekly publication. Over the decade, the number of dailies has dropped by 141. Many metropolitan areas that once supported two competing newspapers now have only one major paper.

Employment in the industry fell about 2 percent in 1992 to 421,000 and was expected to show little change in 1993. Production workers accounted for about 34 percent of total employment in 1993, compared with 37 percent a decade

U.S. Trade Patterns in 1992

Newspapers

SIC 2711

(in millions of dollars, percent)

Exports			Imports		
	Value	Share		Value	Share
Canada and Mexico	16	53.2	Canada and Mexico	44	82.8
European Community	11	37.0	European Community	9	16.0
Japan	0	0.2	Japan	0	0.2
East Asia NICs	0	1.2	East Asia NICs	0	0.2
South America	1	2.2	South America	0	0.1
Other	2	6.2	Other	0	0.8
World Total	30	100.0	World Total	53	100.0

Top Five Countries

	Value	Share		Value	Share
Canada	14	47.1	Canada	39	73.0
United Kingdom	10	32.5	Mexico	5	9.8
Mexico	2	6.1	France	3	6.0
Australia	1	3.0	Italy	3	5.5
Netherlands	1	1.7	United Kingdom	2	3.4

See "Getting the Most Out of Outlook '94" for definitions of the country groupings.
SOURCE: U.S. Department of Commerce: Bureau of the Census; International Trade Administration.

earlier. Some employment losses resulted from companies' cost-cutting measures and technological displacement.

According to Veronis Suhler and Associates, a New York investment banking firm specializing in the communications industry, the newspaper industry has remained one of the most profitable media, even during the recent recessionary period, although the industry's profit margins have declined by about one-third over the past five years. Morton Research, in its *Newspaper Newsletter*, reported that the newspaper businesses of publicly held companies achieved average operating profit margins of better than 13 percent in 1991, which was one of the most difficult years for newspapers since World War II. Newspaper closings helped to improve the profit pictures for some competing papers. Escalating newsprint prices were expected to have a smaller impact on profitability in 1993 than earlier anticipated.

NAA reported that capital expenditures for U.S. newspapers dropped about 27 percent over 1991, the lowest level of spending since 1984. It projected that expenditures would rebound in 1993, rising an estimated 16 percent.

ENVIRONMENTAL PROFILE

Proposed national recycling legislation, which would require large newspaper companies to use Government-mandated levels of recycled newsprint, failed to be enacted in 1992 and by 1993 Congress showed even less interest in the issue. *Presstime* magazine reports that in 26 states and the District of Columbia, state government regulators and newspaper officials have instituted voluntary or mandatory agreements on increasing the recycled content of newsprint.

Newspapers have one of the best recycling records of any U.S. industry. According to NAA, 55 percent of old newspapers, totaling some 7 million metric tons, were recycled in 1992, compared with 35 percent in 1988.

INTERNATIONAL COMPETITIVENESS

Since most U.S. newspapers serve local markets, newspaper exports remain small. Newspapers exported in 1993 totaled \$28