

circulation gained slightly as evening circulation continued to decline.

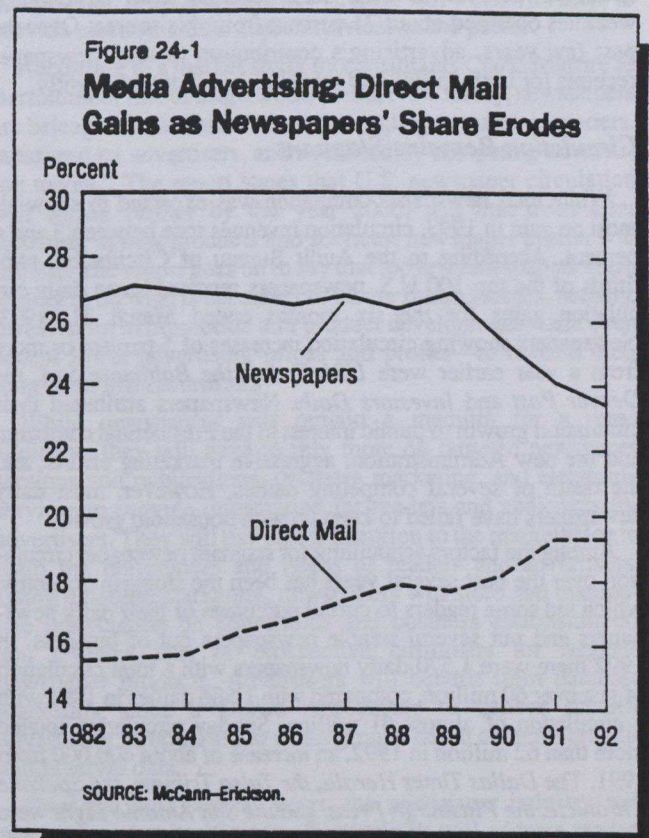
Newspapers are dealing with more complex market trends on the local and national levels. Increasingly, newspapers have had to compete for advertising dollars and audience with direct-mail operations, cable television, community-based shopper newspapers, radio, local television, Yellow Pages, and weekly newspapers. Not only have newspapers' competitors been changing, but community demographics, local retail markets, and households have changed as well.

Despite these challenges, newspapers have remained profitable, although profits have dropped in recent years. Lower-than-expected prices for newsprint, cost-cutting measures, and higher advertising rates have helped many newspapers to remain profitable, but sharp newsprint price hikes in 1993 were expected to weaken earnings. Publishers focused on reversing readership declines and developing more aggressive marketing strategies to attract advertising. Many developed new zoned products and publications to attract readers and advertisers.

Momentum Builds, Then Slows For Advertising Revenues

According to the Newspaper Association of America (NAA), newspaper advertising spending was expected to rise 3 to 4 percent in 1993, after increasing about 1 percent in 1992, and plunging more than 5 percent in 1991. First-quarter 1993 expenditures for advertising rose 5 percent from the same period in 1992. Local retail advertising spending for the first quarter was up more than 5 percent from the previous year, and classified advertising spending grew nearly 6 percent during the same period. National advertising spending in newspapers during the first quarter declined about 1 percent, compared with the first quarter of 1992. First-quarter figures for local retail and national advertising failed to reach the growth levels forecast earlier in the year. For the rest of 1993, total newspaper advertising spending was forecast to show slower growth. Newspaper advertising pages were expected to be flat or down about 1 percent. Newspaper advertising rates were up an estimated 4 to 5 percent in 1993.

Local retail and classified advertising experienced stronger recovery in regional markets where the local economy was healthier—the South, Southwest, and Midwest. Newspapers in



the East and West experienced slower, more gradual advertising growth. Some publishers, including The New York Times Company and Times Mirror Company, still showed declines in classified advertising early in the year.

Newspapers' share of total media advertising expenditures continued to shrink in 1993. Their share has dropped from almost 27 percent in 1982 to slightly more than 23 percent in 1992. Over the decade, direct-mail marketers have been the main beneficiaries of these advertising losses for newspapers. Direct-mail's share of total media advertising climbed from more than 15 percent in 1982 to more than 19 percent in 1992. Newspapers remain heavily dependent on advertising revenues. According to 1991 Census data, daily newspapers received

Trends and Forecasts: Newspapers (SIC 2711)

(in millions of dollars except as noted)

Item	1987	1988	1989	1990	1991	1992 ¹	1993 ²	1994 ³	Percent Change (1989-1994)							
									88-89	89-90	90-91	91-92	92-93	93-94		
Industry Data																
Value of shipments ⁴	31,850	32,927	34,146	34,642	33,702	34,545	35,892	37,830	3.7	1.5	-2.7	2.5	3.9	5.4		
Value of shipments (1987\$)	31,850	30,859	30,031	28,653	26,126	25,348	25,196	25,221	-2.7	-4.6	-8.8	-3.0	-0.6	0.1		
Total employment (000)	434	432	431	443	428	421	422	424	-0.2	2.8	-3.4	-1.6	0.2	0.5		
Production workers (000)	148	148	147	149	145	143	142	143	0.7	1.4	-2.7	-1.4	-0.7	0.7		
Average hourly earnings (\$)	11.38	11.42	11.82	12.37	12.27	12.58	12.87	13.25	3.5	4.7	-0.8	2.5	2.3	3.0		
Capital expenditures	1,523	1,631	1,985	1,888	1,538	—	—	—	21.7	-5.0	-18.5	—	—	—		
Product Data																
Value of shipments ⁵	30,495	31,461	32,457	32,818	31,860	32,657	33,931	35,763	3.2	1.1	-2.9	2.5	3.9	5.4		
Value of shipments (1987\$)	30,495	29,485	28,546	27,144	24,698	23,963	23,819	23,843	-3.2	-4.9	-9.0	-3.0	-0.6	0.1		
Trade Data																
Value of imports	—	—	96.1	62.0	48.3	53.4	48.1	51.9	—	-35.5	-22.1	10.6	-9.9	7.9		
Value of exports	—	—	28.6	37.7	38.0	30.1	27.7	28.5	—	31.8	0.8	-20.8	-8.0	2.9		

¹Estimate, except exports and imports.

²Estimate.

³Forecast.

⁴Value of all products and services sold by establishments in the newspapers industry.

⁵Value of products classified in the newspapers industry produced by all industries.
SOURCE: U.S. Department of Commerce: Bureau of the Census; International Trade Administration (ITA). Estimates and forecasts by ITA.