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Going digital or going free? Ireland's newspapers struggle for digital success as the print cliff looms

Ireland's newspapers are proving remarkably resilient, while audiences are in decline in print they are growing digitally. The problem, as ever, is paying for the journalism because revenue from digital is so far miniscule, write Kathryn Hayes and Tom Felle

Never have so many people been interested in news. And never have so few people paid for it. At a time when many Irish news organisations are recording double digit digital growth, all Irish newspapers, not unlike their counterparts across the UK and elsewhere, are haemorrhaging print circulation. And despite the fact print remains profitable, print advertising rates are declining year on year, and circulation drops averaging five per cent per year are now standard across the industry. A number of local and national newspapers in the Republic and in Northern Ireland have already closed, and more are likely to follow.

At the same time, almost all Irish newspapers are recording extraordinary growth in digital traffic. This chapter looks at the Irish case, first with an overview of the national picture in the Irish Republic. Secondly through a case study in Limerick, where a legacy Johnston Press-owned title the Limerick Leader, producing both daily and weekly editions, is battling for survival with local free rivals. While its online presence is healthy, revenue returns are tiny. Its struggle is a case study for what is happening elsewhere in the Irish market.

The Irish newspaper landscape

For generations Ireland's newspapers were steady as she goes. Both local and national titles were largely family-owned affairs, though the biggest selling newspaper group, Independent Newspapers, had been taken over in the 1970s by Tony O'Reilly, who later owned the separate, UK-based Independent. The newspaper business was always profitable, though profits were usually single-digit returns. Then the Celtic Tiger came along in the early 2000s and changed everything. The main Irish titles – the market-leading Irish Independent, the upmarket The Irish Times and the Cork-based Irish Examiner, all boomed, as did the Irish editions of the British red tops. The Daily Mail launched in Dublin

in 2006, following The Sun, The Daily Star and The Daily Mirror, all of which had highly profitable Irish operations.

Family-owned local newspapers were bought out by larger newspaper groups. Johnston Press spent more than £200m buying Irish assets (Flanagan, 2013). By 2007, almost 75 per cent of the market was owned by a handful of major players including Independent News and Media, Thomas Crosbie Holdings, Celtic Media and Johnston Press (Felle, 2012: 42-49).

For a short while, it appeared newspapers had a licence to print money as double digit ad growth fuelled almost exclusively by Ireland's out-of-control property market continued unabated. But it all came to a sudden, shuddering, halt in 2007 when Ireland's Tiger economy collapsed, plunging the country into the deepest recession in its history. There were, of course, external factors such as the worldwide slowdown contributing to the collapse, but Ireland's heavy reliance on its property market exacerbated the difficulties considerably (O'Toole, 2009). For newspapers, the house of cards their future circulation projections and ad growth assumptions had been built on simply crumpled.

The collapse in sales circulation, even by international standards, has been extraordinary, though the pattern is repeated in the UK, the US and elsewhere. Local and national titles have lost between 30 and 50 per cent of their circulation in the decade since 2007. While circulation drops have steadied at about five per cent per year, few are celebrating. The following tables show the circulation drops of the major Irish titles between 2006 and 2016:

Table 1: Irish Daily Newspaper Circulation, 2006-2016

Newspaper	2006	2016	decline
Irish Independent	162,582	102,537	37%
The Irish Times	117,797	72,011	39%
Irish Examiner	57,217	30,964	46%
Irish Daily Mirror	73,754	38,355	48%
Irish Daily Star	104,054	53,945	48%
The Irish Sun	110,191	60,371	45%
Irish Daily Mail	58,335	46,544	20%

Source: Audit Bureau of Circulation, 2006-2016.

Figures for January to June each year are used as a basis for comparison

Table 2: Irish Sunday Newspaper Circulation, 2006-2016

Newspaper	2006	2016	Decline
Sunday Independent	287,588	199,210	31%
Sunday World	274,143	162,938	41%
Sunday Business Post	55,876	31,364	44%
Daily Star Sunday	56,548	15,067	73%
News of The World/Sun On Sunday	160,935	57,820	64%
Irish Sunday Mirror	46,398	26,628	43%
The Mail on Sunday	127,399	83,335	35%
Sunday Times	108,071	77,455	28%

Source: Audit Bureau of Circulation, 2006-2016.

Figures for January to June each year are used as a basis for comparison

Table 3: The worst performing local newspapers, 2006-2012

Newspaper	Decline
Leinster Leader	53%
Leinster and Offaly Express	46%
Donegal Democrat (combined)	40%
Limerick Leader	38%
Nationalist & Munster Advertiser	38%

Source: Audit Bureau of Circulation, 2006-2012

Annual figures are used as a basis for comparison. Up to date reliable figures for local newspapers are not available, as most regional titles have stopped auditing their circulation and now publish claimed figures.

The decline in popular titles' circulation across both daily and Sunday titles has been pronounced, almost 50 per cent Monday to Saturday and 40 per cent on Sundays. Quality titles have fared slightly better, with drops of about a third Monday to Saturday and Sunday respectively. Irish titles do not publish details for Monday to Friday only versus Saturday circulation via their audited ABC circulation, so the Monday to Friday circulation decline is likely to be bigger.

The total market for daily circulation in Ireland in 2006 was 713,000. In 2016, just 428,000 newspapers were sold daily. On Sunday, more than 1.25m titles were purchased each week in 2006. That has dropped to just over 700,000 in

2016 (ABC, 2006-2016). The UK 'red top' tabloids have all fared badly in Ireland. Most have seen close to 50 per cent declines in their circulation between 2006 and 2016 (ibid).

Among the legacy Irish-owned groups, there have been mixed fortunes. Thomas Crosbie Media, owner of the Irish Examiner, went into receivership in 2013 (RTE, 2013), and was taken over by Landmark Media. The company owns a number of regional titles and local radio stations, as well as a digital news service and a recruitment website. Circulation declines continue and the company lost its celebrated editor, Tim Vaughan, in 2016 (Shanahan, 2016).

Independent News and Media, owner of the Irish Independent, Sunday Independent and various other local and national titles, went through a prolonged period of restructuring but has largely weathered the storm and has announced in 2016 it will use cash reserves to buy digital assets (O'Donovan, 2016). It reported further declines from both print advertising and circulation in its first half results for 2016, though recorded digital revenue growth (RTE, 2016). Print circulation of its flagship Sunday title, the Sunday Independent, dropped below 200,000 for the first time in 2016. Its daily market leader, the Irish Independent, recorded daily circulation of 102,000 in 2016, down almost 40 per cent from its peak. However, ABC audited figures show this figure is generously massaged – 80,816 were actively purchased at the full rate, with almost 17,000 bulk sales, and a further 4,000 below full rate sales (ABC, 2016). The Irish Times is owned by a complex trust. It remains profitable but cash reserves have been largely depleted. It introduced a paywall in 2015, though significant revenue growth from digital remains elusive (O'Hora, 2016; Slattery, 2016).

At the local level consolidation continues. Johnston Press left the Irish market in 2014, selling to Malcolm Denmark's Iconic Newspapers for just £7.2m. Independent News and Media announced in September 2016 it was to purchase a number of regional titles from Celtic Media, further consolidating its grip on the regional market (O'Donovan, 2016)

However, while print circulation declines continue, all the main Irish newspapers have recorded significant increases in digital traffic, and in some cases subscriptions. Digital revenues are also increasing. In fact among some publishers the audience for digital content has increased exponentially. All major Irish news titles have extensive digital operations. They compete with broadcasters and new digital-only entrants, however. Table 4 (below) demonstrates the digital penetration of major Irish news titles.

Table 4: Digital penetration of Irish news websites

Website	Digital penetration
independent.ie	548,228 unique daily browsers (audited by ABC) – free access
irishtimes.com	9,873 paid subscribers; claims 7.5m monthly users – leaky paywall
examiner.ie	2m (claimed) monthly visitors – free access
thejournal.ie	430,000 (claimed) monthly visitors – free access (digital only)
rte.ie	6.3m (claimed) monthly visitors – free access national broadcaster

Sources: Audit Bureau of Circulation; title websites

The battle for survival: a case study in Limerick

Ireland's mid-west region offers a good case study for what is happening to the news media in Ireland generally. The regional capital, Limerick, is a traditionally working class city, the home of the iconic Munster rugby team, though it has historically had a major image problem, with organised crime gangs and a high murder rate. Much has changed in recent years, with a major regeneration of the city underway. The region has two main competitor newspapers, the legacy Limerick Leader group, and freesheet tabloid, the Limerick Post. Both have suffered during the post-Celtic Tiger recession, though circulation for the Post has grown in recent years. The region also has two hyper-locals, the Weekly Observer and the Vale Star, as well as a News Corp-owned regional commercial radio station, Live95FM; the base for national classical music radio station Lyric FM; a bureau for national broadcaster, RTE, and ITV subsidiary UTV Ireland. All national news media have had correspondents based there. A number of competitor titles opened during the boom years, including a mid-west edition of the Landmark Media owned Evening Echo, but all have since closed.

The Limerick Leader, founded in 1889, is one of Ireland's oldest local titles. It is owned by Malcolm Denmark's Iconic Newspapers, having survived tumultuous years of ownership by Johnston Press. Though currently not audited the combined circulation of its main weekly broadsheet editions was just under 13,500 in 2012, down from 21,600 in 2007 (ABC, 2006-2012) and likely to be less in 2016. At its height, when the paper was a fully operational printing hub, it employed up to 100 staff. Today the figure is in the low 30s, with staff working in editorial, advertising IT and finance. The paper publishes two city tabloids on Mondays and Wednesdays, and the Limerick Chronicle, a freesheet, on Tuesdays, as well as three main editions on Thursdays and Fridays. Its newsroom also runs a highly successful news website, which is one of the most successful in the country. According to Alan English, a former sports editor of the Ireland edition of The Sunday Times, and Leader editor for nine years before being recently

appointed Iconic Newspapers Group Editor, the paper has been keeping a close eye on the digital space since the early days of its primitive website in the mid-1990s. "From those early beginnings it's definitely the case... [we took] online seriously; in part because Limerick is such a great news patch but also because there's been a belief there's an audience out there who are not going to buy our print products and we can't afford to ignore that audience, as has happened in quite a lot of provincial papers. So we have operated on the basis there's a print audience and there's a digital audience," (English, 2016).

The Iconic group owns 13 local newspaper titles in Ireland and has aggressively pursued a digital strategy. So, while print circulation is declining, digital circulation is growing steadily. "It is not an empty boast to say the Limerick Leader has more readers now than at any time during its 127 year history – that's a fact and it has comfortably the biggest audience of any newspaper website in the country," claims English.

The Leader produces both freesheets and paid-for titles, charging £1.90 (€2.25) for its weekly broadsheets. In the long run it may decide to go free to protect its circulation base. "It's a business decision at the end of the day. If we felt the paper would be more profitable free, as was the case of the Evening Standard in London, there's absolutely no reason not to do it and you would do it, but at the same time the cover price is generating very good cash income for us and you have got a massive head start every week over a free paper that has so many overheads before it can turn a cent of profit. But if the day comes when we feel the paper can be more profitable free than as a paid-for title then we would do it instantly," says English.

The Leader's main competitor is the Limerick Post, a free weekly newspaper, distributed throughout Limerick with an audited weekly circulation of 50,000 (ABC, 2016). Publisher Will Ryan believes the freesheet model hasn't been as hit by digital as paid-for titles because digital advertising is not luring advertisers. "Research has shown the vast majority of ad clicks are by accident. There is no ad blocker you can put on a paper, people are seeing your ads and it's more organic; it's a nicer way they like to be associated with the local paper. If your ad pops up while you are searching for something else online it is nearly invasive," (Ryan, 2016).

The Post launched an iPhone app in 2010 but later dropped it because it wasn't producing revenue. It recently modernised its website, adding video, polls and a new digital edition, and is launching a new mobile app at the end of 2016 in partnership with another company to produce a new revenue stream. The Post is also growing its digital audience, though the printed edition is its main focus. Ryan says he is curious about the revenue model from digital.

So for now, print remains profitable for both rival titles, but revenue from digital remains elusive and the biggest challenge facing both local newspapers is developing new revenue streams. The Leader has looked at a number of models including paywalls, though they have dismissed it because of the scale required to make a paywall operationally successful. For all titles, the scale required to

make a reasonable return from CPM (cost per thousand – how advertisers measure and buy digital advertising) means small publishers are going to struggle unless new revenue models can be developed.

English believes just like in print, news sites need to become the ‘go to’ site for audiences if they have a change of developing a successful revenue stream from digital. “Nobody has the answers. I think the smart phone is the future and partnerships with businesses who need an audience. If you can become the ‘go to site’ for your area across a whole range of subjects, news and sports being just two.” Mobile apps, location-based, are showing potential but its early days, he admits.

Ryan is more circumspect. Audiences are strong both in print and online, but while demand from advertisers, in terms of what they are prepared to pay, remains strong for print, but is “not there” when it comes to digital. “From a business standpoint there is no revenue there. There is no demand for it. If we were to rely on the digital revenue to produce our paper we wouldn’t pay our electricity bill there’s that much of a contrast.” Notwithstanding this Ryan is interested to see if the new app will generate a new revenue stream. For both, then, the biggest challenge facing the newspaper business is revenue not audience.

Conclusion

For more than 100 years Irish newspapers controlled the news and advertising markets, but digital technology has changed everything. Newspapers were too slow to react to classified sites such as CraigsList and Gumtree – in the Irish case it was Daft, the property website, and Done Deal for classifieds - and lost the market. At the same time titles have haemorrhaged circulation as news, once a prized commodity, is now freely available on a diversity of sites. Legacy news organisations initially gave everything away for free online, naively assuming their brands were invincible and digital advertising would simply replace print loses. But digital revenue is hard won, and while online revenues are growing, the growth has up until now been unable to offset the decline in print advertising and circulation.

Trusted and verified news costs money, there is no getting away from that. The hard truth is journalism has for some time been in an existential crisis: revenue to news organisations has fallen off a cliff over the past decade and up until recently no clear business models had emerged to sustain news in the digital era. The good news for Ireland’s news organisations is readers are not abandoning journalism, they are converting from print to digital. And digital revenues are growing, but from a tiny base.

But while media companies are still making significant revenues from print, any revenue from digital, while impressive in growth terms, remains for now small by comparison. Free content supported by advertising is also profitable, though precarious. Mid-market popular newspapers and tabloids, with a heady mix of ‘gotcha’ journalism, crime stories, celebrity and entertainment news, have

proved a recipe for huge popular success in the UK and Ireland, though they have the least loyal audiences. They are losing most in the print circulation battle, and while celebrity and entertainment stories offer high-volume returns in terms of views on social media, the revenue returns have not as yet followed.

While many UK news titles have successfully transitioned into global brands, with significant international digital readerships, for Irish newspapers, economies of scale may mean their potential audiences are too small to monetise via digital advertising alone. Niche brands - The Sunday Business Post and the Irish Farmers Journal - both charge for content, and The Irish Times reintroduced a leaky paywall last year. For now the Irish Independent remains free. All are profitable. The provincial press, despite years of struggle, survived the recession and many are dipping their toes in the digital water, diversifying their commercial activities, and are also making money.

Quality and trusted journalism is still being produced. Newspapers which have survived are profitable and audiences across print and digital are growing. But the elephant in the room, the decline of print and the lack of any sustainable business model to support good quality journalism in the future, looms large. It is not that news has suddenly become unfashionable, it's that making money out of news is proving increasingly difficult.

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Interviews

Interview with Alan English, Group Editor, Iconic Newspapers, Limerick, August 8, 2016

Interview with Will Ryan, Publisher, *Limerick Post*, Limerick, August 8, 2016

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