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Europe was the cradle of the press. The first magazines and newspapers came out of the Old Continent, and many journalistic genres and models were created here (Díaz Noci, 2000), above all with the appearance of publications specialising in such areas as the economy, sports and so on. The European market gave birth to the first popular newspapers and developed business models based as much on advertising revenue as on the sale price of each publication. Some of the world’s best known titles, later imitated in other continents, are published in European countries (Iglesias y Verdeja, 1997).

The first debates about the role of the press and criticisms of professional errors took place in France, Great Britain, Germany, Spain and other countries around us. From the 17th Century, journalism has figured in European literature as the subject of analysis and controversy. Writers such as Bécquer, Machado, Proust, Balzac, Dickens, Chesterton and Waugh have commented accurately — and almost always wittily — on the light and shade of the profession of journalism.

Europe has also led the way in detecting and lamenting successive crises in the press. In Great Britain in the 1930s, for example, the BBC was forbidden to broadcast news in the morning, because the development of publicly-funded radio was seen as posing a critical threat to the country’s press. Similarly, pessimistic voices were raised when — after the end of the Second World War — television started to take up a prime place in most European homes. More recently, the appearance of rolling news channels on radio and TV, and the development of the Internet and free newspapers, have led to a new wave of doom-laden predictions about the future of the press.

The Development of Newspaper Circulation and of Advertising

Some common characteristics mark the European press market; common to at least those countries which have a long history of involvement in the European Union. Most of the newspaper owners have been from
the country where their newspaper is published, and they have almost always won turf wars with foreign investors. Companies with a high market share have had a high profit margin. The existence of rigorous barriers to entry has protected the position of the market leaders, who have lost their privileged status on very few occasions (indeed, the average age of European newspapers is 101 years). And many companies have diversified into the audiovisual sector, taking advantage of the deregulation of that industry which took place in the eighties and the nineties.

Another aspect relevant to almost all European countries is the stagnation of newspaper circulation. Indeed, the World Association of Newspapers (2006) revealed that only a few countries with a low level of newspaper readership, or with clearly expanding economies, have increased newspaper sales significantly over the last five years. In the 2000–2005 period, European press circulation fell by 5.26% (from 86 million copies to 81.5 million).

During the same years, sales went down in Belgium (5.21%), the Czech Republic (2.52%), Denmark (10.53%), Estonia (1.91%), Finland (2.12%), France (5.81%), Germany (7.73%), Greece (9.25%), Hungary (9.48%), Italy (5.53%), Luxembourg (4.27%), The Netherlands (8.54%), Slovakia (11.28%), Spain (0.49%), Sweden (1.29%) and Great Britain (11.41%). Drops were also experienced in other, non-UE, countries, such as Iceland (25%), Norway (6.7%) and Switzerland (6.6%).

However, during this period circulation grew in four UE countries: Austria (2.68%), Ireland (29.27%), Latvia (10.56%) and Poland (43.99%). Turkey, currently bidding to join the UE, saw an increase in newspaper circulation of 20.2%.

Comparing trends in Europe with those in other areas shows clear increases in circulation in lesser-developed countries. In the 2000–2005 period, world press circulation rose by 5% to a record figure of 439 million newspapers sold, which indicates an estimated readership of slightly over a thousand million people. Over that period, sales grew in China (26.5%) and India (14%). However, sales not only fell in Europe, but also in other high-sales areas, like the USA (down 2.5%) and Japan (down 2.13%).

These varying trends have had an effect on the world press circulation ranking. In 2005 China led the way with 96.6 million newspapers sold, followed by India, with 78.7 million, Japan (69.7 million) and the USA (53.3
million); in sixth place in the table lies the European country with the best sales figures — Germany — with 21.5 million copies sold.

It is also of interest to notice the change in the number of different newspapers published around the world. In 2000–2005 an increase of 4.6% brought the number up to 7,693 different titles worldwide (7,862 if free papers are included). The number of newspapers published went up 1.3% in Europe, 1.1% in Latin America, 4.6% in Asia, 10.4% in Africa and 1.4% in Oceania. In contrast, there was a decrease of 0.1% in the USA.

Advertising in the press worldwide increased by 5.7% in 2005, 5.3% in 2004 and 2% in 2003. All in all, the press’s share of advertising revenue over all the media went down from 30.5% in 2003 to 30.2% in 2005. The press is now second to television in terms of advertising revenue.

In Europe, advertising revenue increased in 2004 by 4% over the previous year, although this figure was still 16% below the year 2000 level. However, that year was atypical because the Internet boom generated an extraordinary — perhaps unjustified — growth in investment in all media.

Between 1999 and 2004 advertising revenue in the press grew in the Czech Republic (49.4%), Estonia (29.03%), Hungary (44.56%), Latvia (45.51%), Lithuania (93%), Luxemburg (10.6%), Poland (98.6%), Holland (18.08%) and Slovakia (114.85%). However, it dropped in Finland (3.22%), France (23%), Greece (0.26%), Italy (16.33%), Spain (6.28%), Sweden (15.8%) and Great Britain (6.31%).

As we have indicated, one of the keys to understanding the sector’s development lies in knowing the starting points in each country. For example, there is great potential for expansion in Equatorial Guinea, where there are no printing plants and newspapers are photocopied; or in Bolivia, where only 5% of the population buy newspapers; or in Uzbekistan, where the government has invented a press with no journalistic information — private publishers can edit newspapers with advertising, horoscopes and comic strips, but news content is prohibited.

Apart from such extreme circumstances, newspaper consumption grows when legal difficulties common to non-democratic regimes are overcome, and when economic and cultural under-development is gradually counter-acted (Albarran, 2002). In contrast, those markets which have
long since overcome these problems tend to stagnate. In the countries with the highest newspaper readerships — such as Japan, Norway, Finland and Sweden, which in 2005 had the highest ranking, with 634, 626, 518 and 481 copies sold per 1,000 inhabitants respectively — it is more difficult to maintain such high figures in the face of the development of numerous other news providers.

In the last decade new alternatives have emerged in the journalistic information market: radio stations and TV channels dedicated to rolling news, free papers and the Internet all compete with traditional newspapers in providing up-to-the-minute news. In the period 1999–2004, use of online versions of newspapers alone increased by 350%. While it is true that this success was reflected in the results of the publishing companies, a large part of the information on the Net is generated outside their control in homepages, search engines, blogs, etc.

The boom in free papers has also meant a significant change. In 2005, these publications — which hardly existed ten years ago — represented 51% of press circulation in Spain, 33% in Portugal, 32% in Denmark and 29% in Italy. Free papers have had greater success in Europe than in other parts of the world. They have reached 17% of total newspaper circulation in Europe, as against 6% worldwide.

Timothy Balding (2006), the Director General of the World Association of Newspapers indicates that publishers have responded appropriately to this increase in competition: “Newspapers are going through a period of upturn thanks to the appearance of new products, new formats, new titles, new editorial focuses and improvements in distribution and marketing”. However, this optimistic view cannot be applied to European journalism as a whole.

State Action

Cultural, demographic, political and economic differences have formed a widely-varied press market in Europe. Readership levels in the north of Europe are three times those in the south. Some areas have both quality and sensationalist press; while in other cases the tabloids have not gained a foothold. In Great Britain and Ireland the national press predominates, whereas in continental Europe most of the circulation corresponds to regional papers. In the south of Europe, sports papers have a wide circu-
lation, but this is not the case in the north. In some markets — such as Spain, Italy and Portugal — most copies of newspapers are sold in kiosks, but in others — the Scandinavian countries, for instance — most newspaper distribution is carried out via subscription.

These differences between countries explain the variety of press protection and development policies (Bagdikian, 2004). Direct or indirect state aid is not habitual in regions with a large number of different titles and growing circulations. In contrast, in countries where the press is at risk of being monopolised — for example, because the population is small or is scattered over a very wide area — there has been a tradition of protectionist policies for more than half a century.

As happens in other areas of the media, regulators tend to concern themselves more with the way the market works — the number of different titles, avoiding over-dominance or bottlenecks — than with the contents of the newspapers themselves. It is therefore difficult to establish and impose standards of service which guarantee the public's rights. Market errors such as manipulation or sensationalism cannot be avoided without it leading to more serious side effects, such as lack of freedom of expression.

So governments set up mechanisms to correct situations of monopoly or oligopoly, or any other circumstance in which a company could abuse a dominant position. They intervene by making laws that stimulate competition. They oppose moves to concentrate too much power in the same hands and back any publications which may well disappear without public aid.

There are two extreme theories about the effects of public intervention in the press industry. The first is based on the public service theory. Governments and regulators try to protect the rights, needs and demands of the public, so it is important that they have the means to adjust the inefficiencies and injustices of the market (Gitlin, 2002; Herman and Chomsky, 2002; Gamble and Watanabe, 2004).

The second, the capture theory reasons that various interventions carried out by pressure groups and political parties actually subvert the public will and make the idea of public service unrealistic. From this perspective, legal control should be limited to promoting a free flow of supply and demand, and to protecting privacy and other basic rights of the individual (Wolf, 1999; Zaccone, 2003).
Defenders of both theories refer to specific cases to back up their arguments. Those in favour of public service refer to the most habitual errors of the under-regulated markets; ignored minorities, falling standards of quality, ethical problems, abuses of dominant market positions, excessive influence of large media groups during electoral processes, loss of cultural identity, etc. In contrast, the more liberal camp points out the inefficiency of state aid systems.

A cost/benefit analysis is a suitable framework for examining public decisions. State aids and grants imply an increase in resources for companies and a wider range of choice for the public (benefits), which must be put into relation with the amount of money invested (cost). Sometimes technical errors lead to funds being given to newspapers which are already financially viable, which means a certain expense that benefits the company involved, but not the public. But the opposite attitude also leads to problems: should help only be given to those companies whose products do not interest the public, do not have a wide readership, and therefore lose money?

Policy-makers have to evaluate alternatives: is it preferable to subsidise the press, spend tax-payers' money on other services, or collect less tax? And if it is the case that daily papers deserve state help, what mechanisms should be put in place to promote a better cost/benefit ratio? (The Euromedia Research Group, 2004).

Those who share a negative view of state intervention often point to two kinds of meddling. In the first place, governments tend to take decisions which are designed more to help them to stay in power than to really help the public. Secondly, large-scale publishing companies exercise pressure on the government which is effective in stifling competition, which acts against their smaller rivals or those who are new to the market, and against society in general. Here it is interesting to note what has happened in Latin America: the main newspaper publishers have effectively lobbied to stop foreign investors getting into their market.

Both the public service theory and the capture theory camps have identified real problems, and they show the danger of extreme attitudes. So it would be advantageous to set up a system of public intervention that did not err by excess or defect, and which put an end to interference that is not in the public interest.

By means of a cost/benefit analysis, resources invested by the state and their effects can be measured. When the costs of the intervention outweigh the
benefits gained, the regulator has failed, magnifying the market error. It would have been better if this public intervention had never taken place.

When studying the results of decisions taken by governments and regulators, it is necessary to take external factors into account: the costs or benefits derived from an economic transaction do not fall to the buyer or the seller, but to third parties (rival companies, suppliers, distributors, providers of substitute products, or the general public). External mediation always creates problems, because economic decisions lead to a ripple effect of consequences — both positive and negative — which change the rules of the market game — even if only to a very small degree.

In the case of subsidising a newspaper, a cost/benefit analysis would lead to quantifying on the one hand the effort made, which can be seen in two dimensions: a) the money invested by the State, and b) the external effects (increased investment by competitors to attract readers and advertising). It would also be of use to determine the benefits gained: a) the utility of the product itself — quality, diversity and level of reader satisfaction — and b) the external effects — strengthening of related sectors and activities (news agencies, press distributors, paper manufacturers, etc).

In the world of the press, the choice between a more liberal or more interventionist policy also depends on the concern of the public and of their governors to protect their own identity (Bondebjerg and Golding, 2004). In the face of the surge of globalisation, and the twilight of economic protection, France has set up a programme to correct market errors, via a doctrine of cultural exception; under this flag the French ruling class say that it would be less serious if the national car or computer market were in the hands of foreign companies than the audiovisual sector, the press or the Internet. For them, the survival and strengthening of local companies acquires an added value: building a barrier which makes it more difficult for stronger competitors from other countries to get into the market.

For reasons of cultural tradition, France leads the way in Europe in protectionist press sector policies. The Scandinavian countries have also set up systems of direct and indirect aid to guarantee the viability of newspapers whose distribution costs are extremely high due to the wide geographic dispersion of their readers. In other European countries, subsidies have been more sporadic, or less generous.
Frequently, protectionist policies do not achieve their aim of strengthening the indigenous press. Growing cultures are open to external influences, and absorb a wide variety of ideas and focuses. In contrast, self-sufficiency stifles development and cultural innovation. Under Franco, Spain remained free of McDonald's, but also received very little literature, cinema or information media from abroad, and nowadays almost nobody cites that period as an example of the strengthening of Spain's cultural identity.

Some Disney films — *Snow White and the Seven Dwarfs* or *Pinocchio* — are based on European stories. Others, like *Aladdin* or *Sinbad*, have their roots in Arabic literature. Uniting traditions, cultures and widely-varied forms of expression can lead to productions with a wide popular appeal. Paradoxically, one of the most efficient ways to weaken a culture is to protect it, cutting it off from outside influences, preventing it from becoming enriched by new sources of inspiration.

**Factors of Change**

The future of the press in Europe depends, to a large degree, on the publishers' strategies. But there are also four factors beyond their control which will effect the profitability of the sector, and the quality and quantity of products available in the market: i) regulation, ii) technological innovations, iii) economic development and iv) demographic development.

From the point of view of public intervention, policies designed to protect the press now face a new problem: when newspapers were the principal source of information for the public, the diversity of newspapers on offer was an essential pre-requisite for a healthy democratic system. But now — with news available from a wide variety of other sources such as radio, television, the Internet and mobile phones — it seems more difficult to justify direct governmental aid. To put it plainly, what is important is that the public are well informed, not that the public buy newspapers.

So it seems possible to predict that direct state aid will play a less important role in financing the press. There is a better argument for prolonging indirect aid — financial advantages, job creation, advertising investment by public bodies, etc., which does not always represent an increase in profits for the press companies, but which helps keep more titles in the market.
Other factors of change in the field of regulation concern market concentration. In this respect, a key criterion is determining whether governments are going to favour the consolidation of the large *national champions*, capable of competing with rivals from other countries, or whether, on the contrary, they would prefer more smaller-scale companies (Collins, 2002). The first option implies a priority on strengthening cultural identity, the second on a diversity of titles in the market.

Different European governments have tackled this dilemma in different ways. For example, in small or medium-sized markets next to larger countries who share the same language, as is the case of Ireland and Austria with their British and German neighbours, there has been no legal obstacle to prevent the leading companies — Independent Newspapers and Mediaprint, respectively — gaining over 50% of the daily newspaper market.

However, the legislation in Great Britain and Germany is more restrictive, faced with the risk that companies such as News Corp. or Springer might gain too much power in their respective markets. In addition, in the last decade these countries have introduced cross ownership rules, so that owners of radio stations or television channels cannot reach the same press market quotas that are available to publishers who are not involved in the audiovisual sector.

All in all, there seems to be a general tendency towards fairly permissive regulations in relation to newspaper ownership. Most countries apply general laws of free competition and do not do anything to block the launching of new titles. As such, they do not oppose systems of *internal* growth: they only prohibit *external* concentration operations — mergers and buyouts — which imply a clear risk of abuse of a dominant market position.

There also appears to be a weakening of the barriers that have traditionally made it difficult for foreign investment in the sector. This has happened, firstly, because of the EU’s own expansion. The increase in the number of member states means a corresponding increase in potential investors in each national market. In addition, the growth of liberal attitudes and proliferation of the information media have led governments to permit the arrival of publishers from countries outside the EU.

These legal changes will affect the European press panorama. While at present almost all national markets are led by domestic companies — with the exception of Denmark and francophone Belgium (Sánchez-
Taberno and Carvajal, 2002) — in the next few years there will probably be more cases in which the market leader will be a foreign company. This state of affairs has already arisen in the free press in many countries.

Another factor, which may well have as big an influence as government regulation in the transformation of the newspaper market, is technology. In this area, many circumstances have arisen which affect companies’ anticipated financial viability. On the positive side, improvements in printing and distribution systems mean lower costs. On the negative side, technological innovations have brought about the emergence of new media which compete with newspapers for both the public’s interest and advertising revenues.

National newspapers have been the main beneficiaries of the improvements in printing systems. Sending pages by satellite to various printing centres means the papers arrive more quickly to more points of sale and at a lower cost. Within the old EU-15 countries, circulation of general information national newspapers stands at 32.3 million copies (of which 18 million are tabloid or sensationalist titles), representing 40.5% of the market (World Association of Newspapers, 2006). The rest is divided between local and regional newspapers (53.5% of circulation), the sports press (3.2%) and financial press (2.7%). Bearing in mind that the last two groups very rarely include local or regional titles, the national press’s total share of the market is close to 50%.

What is more, printing in multiple locations has enabled the national papers to be more flexible. Many papers offer different regional editions, which helps them to overcome one of their competitive disadvantages with respect to local and regional press — the lack of proximity to advertisers and readers.

From a negative point of view, technology means the appearance of more competitors in the market. The new rivals are trying to capture a) the attention time of possible readers, b) their money and c) advertisers’ publicity budgets. Any new information and entertainment medium stiffens the competition in at least two of these three areas.

The appearance of newspapers, radio stations, television channels and online services financed entirely by advertising does not create a lessening of the public’s spending power, but it does limit the time they have available for reading daily newspapers, and it also affects the investment in advertising in the ordinary daily press.
Other entertainments, like video games, new mobile phone services, and subscription TV channels, do not represent competition for the press in terms of capturing advertising revenue, but they do affect potential readers' spending power and the time they have available for reading papers.

In a way, the traditional press is undergoing a similar phenomenon to record companies. They have lost part of their power — which was based on the ability to distribute records to many shops around the world — because the Internet allows anyone to do this. Similarly, news can be accessed from a wide range of media, in addition to the press; like radio stations, TV channels, the Internet and mobile phones.

The increase in means of information and entertainment has had a hand in the stagnation of the printed press's circulation. This tendency is more marked among the young, who have become used to receiving short, simple — even simplistic — messages, more common in the audiovisual media than in the print media. What is more, younger people are more inclined to change their consumption habits and are therefore more prepared to try and accept new media.

Macro-economic development represents a third external factor which causes changes related to the press sector. Slow but sustained economic growth from a starting point characterised by a high standard of living, leads to the general public dedicating a greater part of their disposable income to leisure and entertainment products and services. Therefore the increase in the range of such products and services on the market has gone hand in hand with an increase in their uptake.

In addition, this economic development has also had a positive effect on the second large source of press income: advertising. According to the Advertising Association (2006), in the last twenty years in the EU-15 countries, advertising investment only dropped in four financial years: 1993, 2001, 2002 and 2003. The recession in the last three of those years was a consequence of the bursting of the technology bubble, which had produced annual increments of over 7% during the previous five years.

From 1985 to 2005 total advertising incomes rose from € 44,000 million to € 80,000 million at steady prices. Although the press’s share of the advertising cake went down in this period from 43% to 30%, as the total
investment rose so considerably, newspapers received more advertising income in spite of their decreased share.

In 2004 (Advertising Association, 2006) advertising investment in the daily press per capita was higher in five European countries than in the USA. This ranking was headed by Ireland, with €191; followed by Switzerland (€143), Denmark (€132), Finland (€130), Great Britain (€126) and Norway and the USA, both with €121 per capita. With the exception of the USA (in 6th place), Canada (12th) and Japan (14th), the first twenty countries in this ranking were all European. Spain was in 17th place, with an investment of €39 per capita.

The strength of the European press as an advertising medium has enabled it to maintain high profit margins in spite of its circulation stagnating (Steel, 2000): in many countries profit margins over sales of the market leader stood at above 20%, and in various regional markets this figure was 5% higher.

Demography is the last important factor of change in the newspaper market. Here again there were contrasting phenomena. On one hand a low birth rate, greater population mobility — with the consequent geographical rootlessness — and the disintegration of the traditional family model all hindered sales increases. On the other hand, the arrival of immigrants, the raising of the retirement age, the decline of the rural way of life in competition with urban areas, and the aging of the population all worked in favour of the sector's development.

In these respects, the main doubt is whether those young people who nowadays do not read the daily press will start to buy newspapers in a few years time. Nor is there any reliable data on whether the immigrants will generate a significant increase in sales when they are integrated into their new places of residence.

A New Way of Competing

These external factors influence press companies' way of competing, and have an effect on the mean profitability of the sector and on the number of papers sold. Nevertheless, the press company directors have many devices at hand to confront the opportunities and threats arising in the market. The way they compete depends as much on these external fac-
tors as it does on various internal factors: the companies' own strengths and weaknesses and the decisions made by the owners and directors.

Increasing competition and decreasing sales demand a business response which is based on at least four elements: i) opting for quality, ii) innovative leadership, iii) taking advantage of the value system of the printed media and iv) protection and promotion of prestige titles.

Putting the emphasis on quality means increasing reader satisfaction. Over the last few years, new complaints about the press have joined the traditional ones. Now there are complaints about: too much attention being given by the press to the world of entertainment; the increasing power of advertisers; too much of the press being controlled by too few companies, which can lead to minority voices going unheard; blurring of the dividing line between information and entertainment and between editorial and advertising content (Nieto, 2000).

The most important quality papers have been wise enough to react correctly to recent changes in the market, while retaining their individuality. They provide more analysis and interpretation of current affairs, they make reference to recent history, they go into more depth about things their readers have heard on the radio, seen on TV, or have glanced through on the Internet. In short, they have deepened their mission, which consists of providing their readers with relevant, useful, understandable and interesting information.

The press contributes to social cohesion. It integrates the general public within their communities. It promotes interest in distant issues. It opens people's minds to new perspectives and far-off events. It facilitates the context necessary to make the world we live in more understandable.

The quality papers are trying to both meet their public role and make a profit at the same time. They see no contradiction in these two objectives: a solid economy allows them to face up to external pressures which could well relegate their readers' interests to second priority, and their public-service attitude promotes their titles' prestige and readers' loyalty.

Obviously, there are other ways of competing and succeeding brilliantly: sensationalism, lack of respect, lies, stories about people's private lives, information that is illicitly-gained or is presented with a lack of context or
balance... However, it would be difficult to maintain long-term success with a publication based on such content. This style is too easy for rivals to imitate, it de-motivates the journalists involved, and generates a lack of trust among both readers and advertisers.

The quality press is not blinded by short-term successes achieved by rivals who stray too far from professional and ethical standards. Sloppiness and disrespect are extraordinarily risky strategies for a newspaper to adopt, which sooner or later are punished by the readers.

Certainly, sensationalism may be the easiest — and frequently the fastest — way of gaining a foothold in the market. But by no means is it the best way to ensure long-term survival. For example, during the last few years the emergence of the free press has had a particularly serious effect on circulation figures of the most popular papers.

In contrast, the quality press plays the long game. The owners are committed to their publications' futures. The directors know that this future requires them to build excellent professional teams, made up of well-trained, highly-motivated journalists. The heart of a paper is in its newsroom. No effort can be spared in ensuring that it beats regularly. The journalists need to be properly treated: this means suitable remuneration, training and professional development schemes, keeping them informed of the company's plans, recognition of success, tolerance of errors and freedom to innovate.

In every page of newsprint, the quality press invests many hours of work, abundant creativity and a good dose of talent, brought to the public by a group of professionals. There are also doubts, a few mistakes and frequent disagreements about what angle to take on a story or how much space should be given over to it. But every decision is based on an urge to inform the public truthfully and honourably.

Quality newspapers are also difficult to disrupt because within their boards of directors there are innovative leaders (Pérez Latre and Sánchez-Tabernero, 2004); they know that to capture readers they need to gather together a great professional team, strengthen their identity, respect professional standards and promote change.

These leaders are motivated to seek and find the support of their colleagues. And without a worthy objective it is impossible to drag others
along. A leader's innate qualities — for example, an ability to persuade — cannot be used to increase employees' commitment if the leader himself does not know where he wants to go. And, on the contrary, a lack of such qualities can be overcome when the employees perceive that the chosen objective is worthwhile.

So a leader never lacks convictions or important projects. As he has a worthwhile objective, he is prepared to wait. He is patient because he knows that great achievements require perseverance, not giving up at the first setback, but rather trying time after time for as long as it takes (Pérez López, 1998).

Press companies, their directors and their employees can all make change difficult in their own way. They tend to be timid and conformist. The leaders are aware that they have to fight against dangers that anyone can fall into: disillusionment, cynicism and desperation. So they direct their efforts at promoting initiative and innovation among their employees. They propose changes that demand communicative abilities, and try to generate confidence and loyalty. They promote liberty rather than control, because forcing change — getting carried away by impatience — can be the best way to frustrate change (Semler, 2000; Abrahamson, 2000).

In their quest to get people involved in worthwhile projects, they work tirelessly at both horizontal and vertical communication. They listen more than they speak. The boss must have a dialogue with employees and readers, because many times real values are established by involving others in the search for ideas and solutions (Magretta, 2002).

Leaders who change things establish in their papers structures which are participative rather than hierarchical. They do not try to make themselves indispensable, so they do not keep the most valuable information to themselves. They look for a degree of equality and they reward cooperation. This tendency to democratisé means leading without overpowering or dictatorial control. We could call it a strategy of trust, which demands promotion of a solid culture (Coutu, 2000). Leading is, to a large degree, providing inspiration and sense, unifying professional desires and hopes. This style of leadership leads to a high level of commitment on the part of journalists, thereby enabling the appearance of many innovative initiatives.
Another way to improve press companies' financial results is by making better use of the value chain. In this sense, large-scale audiovisual producers are a good example to the press. They sell their products via a variety of different sales windows: cinemas, pay per view, DVD and video shops and rental, subscription TV channels and open TV channels (Anderson, 2004). In the same way, newspapers could make better use of their various resources and strong points: ability to develop information, relationships with advertisers, brand integrity, printing works and distribution networks.

Over the last few years newspapers have been giving more attention to this. In fact, many promotions have not been directed at achieving increases in circulation as much as at improving the company's profitability. For example, in 2005 the newspaper *El País* banked €127.8 million via the sale of promotional products — almost the same quantity as that earned from the sale of copies of the newspaper itself, at €135 million (*Noticias de la Comunicación*, II.2006).

Some newspapers have also improved their profits by using their printing presses to print for third parties. Others distribute outside publications via their websites, or sell news and photos to other media that are not direct rivals.

Brand expansion is an ever-more common source of income (Collins, 2001). The wide range of different sources of information now available on the market has created confusion and doubt among the public. One reasonable way of overcoming this uncertainty is to look for sources of information that already boast credibility and in which the public can trust.

Increasing competition makes it more and more necessary to protect brand integrity. Sometimes, this priority will imply rejecting easy profit because sales increases gained by unethical means compromise the company's prestige.

Directors have to find an acceptable balance between financial viability (profits gained) and security (high degree of reader satisfaction, which means an almost unbridgeable barrier for current or potential competitors). Only with calmness and strategic vision is it possible to adequately resolve these tensions between short-term and long-term benefit, between the present and the future of press companies.
Businessmen and Journalists

In the first three centuries of professional journalism, it was the journalists, writers, politicians and newspaper owners who decided the contents of the papers. None of them had decisive influence, but all of them made their contribution. Their ideas, opinions and suggestions were listened to, and each of them maintained a certain degree of influence.

But since the middle of the 20th Century this literary and political topsoil has lost almost all its force, and has been replaced by commercial criteria. In Europe, this trend has become more marked in the last decade, for various reasons: changes of ownership; higher expectations of financial viability; the high levels of investment necessary in order to spread risk and to enter new areas of business such as cable or satellite television; and, finally, the importance of wealth and material comfort in modern society.

In the 19th Century not many newspaper owners were as concerned with making a profit as they were with supporting a political party, or hiring an excellent writer or journalist, who would improve their publication’s reputation. Nowadays, almost without exception, shareholders reward media directors exclusively in relation to profits made.

In this atmosphere, it becomes possible to regard working in journalism as an almost mechanical task, at the service of the balance sheet. Some journalists rent out their technical skills and put themselves “under the boss’s orders” (Postman, 1986). If they have to praise a particularly generous advertiser, they do not stint in their words of flattery. If they receive orders to invent slander about a political party or a public figure, they sharpen their pens and think of hurtful phrases and cutting comments.

Perhaps professional journalists would prefer to write about the world as they see it with honour, accuracy, originality and wit. But the insecurity of their employment obliges them to toe the line. Ideals don’t put food on the table (Waldroop and Butler, 2000). This state of affairs is well-known to cost experts: there is always a cheap, fairly efficient journalist available who is willing to become a mouthpiece of the paper’s directors without stopping to question whether what he is writing is true or not.

What is more, it doesn’t require a great deal of imagination to find excuses for this lack of principles: “Everybody does it”; “If I don’t work on
this project, they'll just get someone else who will”; “The stuff I'm working on isn't that bad, really”; “There's a lot of worse stuff being printed. When all's said and done, we at least have certain limits”...

This grim panorama, in which mercenary journalists have proliferated, must not hide from our view other, more hopeful, sights. Many journalists have enough courage and talent to not put themselves at the service of ideas and ways of working they do not believe in. Sometimes they suffer for sticking to their guns. But only they achieve the recognition and admiration of colleagues of integrity (Katzenbach, 1998).

There are also communication media businessmen who try to combine their concern with the bottom line with an ideal of public service and respect for the opinions and priorities of those who create and develop media content. They know that by doing this, not only are they meeting their ethical obligations, but also they are enhancing their company's prestige, and thereby improving its chances of survival.

Another reason for hope comes from readers, listeners, viewers and internauts. There is always the chance that they will turn their backs on the purely commercial media — who never upset any advertiser, never disturb the political powers-that-be, save as much money as they can on human resources, cut down to the bare bones on innovation costs — and instead turn to the other media, which is better designed to meet the public's needs and demands.

The financial viability of European newspapers will depend over the next few years on their market share. And their vulnerability — the possibility that someone will cut them out of the market — will be in inverse proportion to the efforts they put into hiring good professionals, protecting the prestige of their brands and improving the service they give to their readers.
References


