

Covid-19 has deep footprint on advertising industry: A case study of Indian newspaper management

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Abstract:

The World Health Organization (WHO) has already declared the corona virus outbreak as global pandemic of international concern and to curb the scourge of the disease 2019-nCoV acute respiratory disease. India, the largest democracy in the world today has been hit by a number of crises, including the global recession, domestic disasters and inflation and presently Covid-19 pandemic effect. The corona virus crisis has put a brutal halt to advertising investments, whatever the medium. The drop in advertising revenue ranges from 30% (television, radio) to 50 % in print media to 99% (billboard) during the weeks of confinement. Among most of the advertisers in India, 75% have reduced their advertising investments in April 2020. Big and middle vendors said that, around after declaration of Indian lockdown, everyday, 4,000 to 5,000 newspaper copies have been going unsold in the last few months. Big and middle vendors said that, around after declaration of Indian lockdown, everyday, 4,000 to 5,000 newspaper copies have been going unsold in the last few months. Unfortunately the present epidemic has posed a huge threat particularly to the print media where thousands of workers have been working at a meagre earnings and with no future economic security. Especially, those who are working at different vernacular print media houses having a gloomy future ahead because of the whim of their owners or proprietors.

Keywords — Advertisement, Covid-19, Corona, Newspaper, print media, lockdown

1. Introduction and Background of the situation

The World Health Organization (WHO) has already declared the corona virus outbreak as global pandemic of international concern and to curb the scourge of the disease 2019-nCoV acute respiratory disease. It is to be mentioned that India, the largest democracy in the world today, supports over 82,000 registered newspapers with a cumulative daily circulation of 11 crore and is estimated to represent an industry turnover of Rs. 32,000 crore. As India has been improving its literacy rate up to 75 per cent, more citizens now develop the capacity and

resources to access newspapers and digital forums. The country's print media has been hit by a number of crises, including the global recession, domestic disasters and inflation. But through all of this, the print media persevered. However, the current Pandemic of COVID-19 has broken the backbone of newspapers. Big and middle vendors said that, around after declaration of Indian lockdown, everyday, 4,000 to 5,000 newspaper copies have been going unsold in the last few months.

If timeline development of Covid-19 in India and globally is considered, it is found that, on (i) 11th March, 2020 World Health Organization (WHO) declared this epidemic as pandemic (ii) On that very day, under the direction of Prime Minister of India, high level ministry group was constituted to close monitor of this outbreak (iii) On 14th March, 2020 totally 84 positive cases were confirmed in India including 2 deaths. On that day, 13 states have already been reported with Covid-19 cases. On that day, globally, 1 lakh 32 thousand 758 cases were become positive with 4955 deaths. (iii) Janata Curfew was already called for and on 22nd March, 2020 i.e. just before the national lockdown declaration in the history of India, total figure of India was raised to 360 in total with 7 deaths and 23 states were already been affected. iv) For the 1st time in Indian history, National Lockdown-1 was declared for 21 days under section 6(2) (i) of Disaster Management Act, 2005. On that day, India had 909 active cases with 19 deaths in 27 states and union territories. On that very day, globally, 20, 834 death figure was confirmed along with 4,46, 684 positive cases v) After video conferencing and consultation with all chief ministers of every state of this country, Prime Minister declared the extension of National Lockdown-1 to National Lockdown-2, till 3rd May, 2020. vi) Phase-2 lockdown occurred from 15th April 2020 to 3rd May, 2020 for 19 days vii) 3rd phase lockdown declared from 4th May 2020 to 17th May, 2020, for 14 days and lastly, for 4th phase, from 18th May, 2020 to 31st May 2020 i.e. for 14 days again viii) Consecutive 3 unlock period nation has faced from 1st June to 30th June, 1st July to 31st July and 1st August to 31st August 2020. Hence, in this long lockdown and unlock period, nationwide medias has played crucial role regarding coverage of covid-19 related news.

The corona virus crisis has put a brutal halt to advertising investments, whatever the medium. The drop in advertising revenue ranges from 30% (television, radio) to 50 % in print media to 99% (billboard) during the weeks of confinement. The WFA (World Federation of Advertisers) released a study in Mid-May that predicts a 31% decrease in investments for the year 2020. This is 10 points more than our worst predictions of early May. The entire advertising ecosystem has been put under pressure and is feverishly awaiting deconfinement. Among most of the advertisers in India, 75% have reduced their advertising investments in April 2020. On the contrary, 25% took advantage of the period to increase them, sometimes in very significant proportions. 75% of advertisers have reduced their advertising investments in April 2020.



2. Financial crunch and advertisement publication

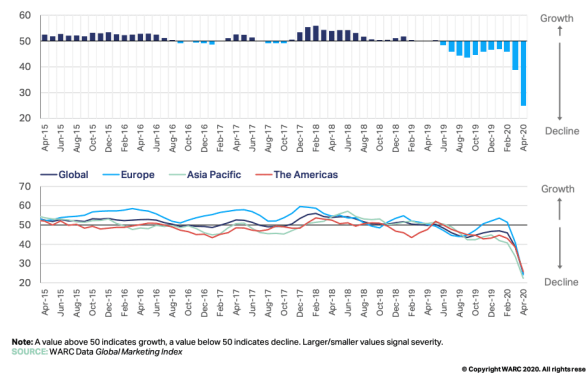
Due to Covid-19 situation, all types of economic cycles, including bullion markets, real estate, political events, came to a standstill. As a result of Covid-19, the country's print media will face a serious financial crisis in the near future. Many public events either were being canceled or postponed for an uncertain period. Various sports competitions were postponed or cancelled. All these matters hit Indian print media hardly. Most affected area was advertising business. The advertising sector is one of the first to be affected by the coronavirus crisis, as advertising investments were

cut back. In As a result of Covid-19, the country's print media will face a serious financial crisis in the near future. According to figures released by the Indian Newspaper Society (INS), the print media has suffered a staggering loss of Rs 4,500 crore in the two months of March and April 2020. As a result, small and medium newspapers with large media groups have found themselves in trouble. Advertisements in newspapers and magazines were going stopped and they started facing a huge financial crisis. Alternatively, print production cost has grown up rapidly due to insufficient amount of revenue generation. In the next seven months, the loss is expected to be more than Rs 15,000 crore. According to the report, more than 30 lakhs people were directly or indirectly involved to print media. Among them, 10 lakhs people are directly and 20 lakhs people are indirectly linked to print media business industry. It is to be mentioned again that, newsprint for Indian newspapers has to pay 5) percent customs duty also.

2) Multiple newspaper industry sources said the corona virus pandemic has deepened the crisis for the newspaper industry — majorly with advertisement revenues taking a hit and circulation revenues too going down. “We were hoping that the situation will improve after 31 March, but with the all-India 21-day lockdown, it is going to be a long haul,” a source from a prominent English newspaper said. “What has hit the industry the most is that there are no advertisement flows right now. Circulation revenues, too, have gone down because of few takers and no circulation particularly in Maharashtra. Due to the lack of advertisements, several prominent newspapers have drastically reduced their number of pages. The Delhi edition of *Hindustan Times*, for instance, now consists of only 14 pages, down from over 20 pages. With no advertisements, the source quoted above said, newspapers will have to cut down on the number of

pages and some are redesigning the way news is presented based on priorities. Pointing out that the cost of producing a newspaper is as high as Rs 20, a second industry source said the lack of advertisement is severely affecting them. “For example, advertisements such as those of, say Big Bazaar, have stopped coming now as there are no footfalls there,” the source said.

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3. Heavy losses for vendors

Most of the newspaper vendors supplying newspapers in most of the prominent societies of India, including high-rise buildings told that at least two out of three societies have refused delivery of newspapers. They are incurring heavy losses as very few people are buying the newspapers that they are buying from the depot. Many households have called them not to deliver newspapers. Big and middle vendors said that, around after declaration of Indian lockdown, everyday, 4,000 to 5,000 newspaper copies have been going unsold in the last few months. A newspaper vendor, Anirudh Rai, said 70 per cent of the households in Noida where he delivers newspapers have stopped taking them. “We have stopped supplying newspapers in the last couple of days and plan to keep it halted for some days as the delivery boys are not just allowed in the societies, but also are being stopped by the police from moving around,” he said. “Even the agency

from where we procure our papers is not able to sell the majority of the newspapers,” he added. Laljeet Yadav, a vendor in Mumbai who delivers newspapers to around 250 houses, said it is a big jolt for the vendors in the city because not only have many households refused to get newspapers, but the printing also had stopped completely since Monday.

4. Lockdown disruption and cost curtailment in newspaper industry

This unprecedented crisis has affected even top players like The Times Group, The Indian Express Group, Hindustan Times Media Limited, Business Standard Limited, and Quintillion Media Private Limited. The financial crisis has also made some national dailies announce salary cuts. Media houses across the country and across mediums have been shedding employees in a painful round of layoffs and furloughs. These cut-offs have made the crisis-struck media market even more competitive for journalists. Unfortunately the present epidemic has posed a huge threat particularly to the print media where thousands of workers have been working at a meagre earnings and with no future economic security. Especially, those who are working at different vernacular print media houses having a gloomy future ahead because of the whim of their owners or proprietors. The *Indian Express* recently announced a graded salary cut for its employees under which a reduction of between 10% and 30% in salaries has been announced for various categories of employees while the editors and senior management have decided to take a 100% salary cut. Only employees drawing less than Rs five lakh have been left out of this cost-cutting drive. According to figures released by the Broadcasting Audience Research Council in March 2020, the number of Indian TV viewers increased by 8 per cent during

the lockdown. Smartphone access has increased by 6.2 per cent. This meant that the reader turned to electronic and web media during the time when newspapers were closed. At the same time, the newspapers also tried to provide objective and reliable information to the readers through their web editions. Although the production of the newspaper was stopped, the journalists of the print media were collecting information and distributing the information through web editions. According to Gaurav Vivek Bhatnagar (2020), print orders of newspapers in the capital Delhi had declined by 90 per cent. This gives an idea of how much the newspaper circulation in India had declined during this period. Although the publication of newspapers was reversed in later times, it was not possible for the newspapers to reach the circulation figure as in the past. A statement was also published on behalf of the major newspapers in India, stating that corona is not transmitted through newspapers. These included Dainik Bhaskar, Dainik Jagran, Inadu, Hindustan Times, Amar Ujala, Sakshi, Deccan Herald and other media groups. Some newspapers disinfected the newspaper by spraying sanitizer on it while it was in print. Newspaper vendors were provided with masks, sanitizers and hand gloves, but it was not used much.

The Hindu announced pay cuts for those earning above Rs 6 lakh per year. Those earning between Rs 6 lakh and Rs 10 lakh per annum would see a pay cut of 8 per cent; those earning between Rs 10 lakh and Rs 15 lakh would see a cut of 12 per cent; Rs 15 lakh to Rs 25 lakh is 16 per cent; Rs 25 lakh to Rs 35 lakh is 20 per cent; and those earning above Rs 35 lakh would see a cut of 25 per cent. From April 1st 2020, Hindustan Times said that 5 per cent of the salary earned by those whose CTC (Cost to Company) is Rs 6-10 lakh would be variable. For those earning between Rs 10 lakh and Rs 20 lakh, 10per cent will be variable, and for

people earning above Rs 20 lakh, 15per cent will be variable. This will not affect those earning below Rs 6 lakh. Indian Express has given an explanation that the salaries of the employees have to be reduced. There will be no reduction in the salaries of employees with an annual salary of less than Rs 5 lakh. The salaries of employees with an annual income of Rs 5 lakh to Rs 7.50 lakh have been reduced by 10 per cent. The salaries of employees earning Rs 7.50 lakh to Rs 10 lakh have been reduced by 15 per cent, while those earning Rs 10 lakh to Rs 20 lakh have been deducted by 20 per cent. 25 per cent deduction has been made for employees earning Rs 20 lakh to Rs 25 lakh and 35 per cent for employees earning more than Rs 35 lakh.

IRS 2019-20 report shows a gradual decline of newspaper readership in India due to Covid-19 (in percentage)

In per cent	Total		Urban		Rural	
	Q3	Q4	Q3	Q4	Q3	Q4
Newspaper reading in last 1 month	38	36	51	50	30	29
Any daily NP	35.7	34.5	49	47.7	28.5	27.4
Hindi NP	16.3	15.7	20.3	19.7	14.2	13.5
Regional NP	18.9	18.4	27.1	26.5	14.5	14.0

From April 1st 2020, the BCCL has decided to reduce the salaries of employees of major newspapers such as the Times of India, Economic Times and Navbharat Times by five to ten per cent. 5 per cent of total remuneration would be cut for those earning above Rs 10 lakh per annum; and 10%per cent would be cut for those earning more than Rs 1 crore per annum. For those with salaries above Rs 6.5 lakh, 10 per cent of their pay has been moved to a ‘special performance incentive pool’. The payment of this will depend on a target the

company has to achieve a profit before interest, taxes, depreciation and amortization for 2020-21.

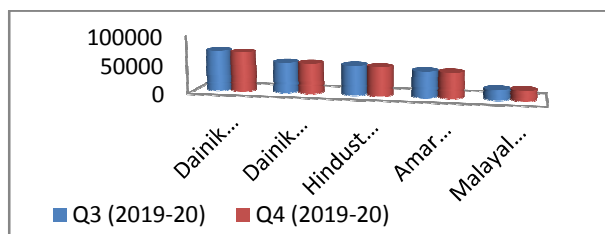
IRS 2019-20 report shows state-wise newspaper readership in India due to Covid-19 (in percentage)

Increase	Decrease	No change			
State	Q3	Q4	State	Q3	Q4
Haryana	38.8	38.7	Bihar	26.4	25.5
Himachal Pradesh	54.3	54.5	Assam	17.5	16.4
J & K	38.4	42.6	Jharkhand	27	27
Delhi	47.0	44.3	Orissa	32.5	31.5
Punjab	42.9	40.3	West Bengal	25.9	25.9
Rajasthan	35.7	33.1	Andhra Pradesh	26.0	25.1
Uttar Pradesh	33.5	32.5	Kerala	39.7	39.6
Uttarakhand	43.2	42.8	Telangana	30.4	25.6
Chhattisgarh	30.7	29.2	Tamilnadu	52.1	52.3
Goa	54.2	56.5	Maharashtra	43	42.1
Gujarat	34.2	30.6	Madhya Pradesh	29.3	27.1
Karnataka	84.5	83.1			

Top 5 dailies readership-All India (Main Edition)

Name of Newspaper with readership in ‘000s	Q3 (2019-20) Ending in December 2019	Q4 (2019-20) Ending in April 2020
Dainik Jagaran	70430	68667
Dainik Bhaskar	52622	52429
Hindusthan	51308	49890
Amar Ujala	44797	44196
Malayalam Manorama	17849	17763

Cylinder diagram showing decline of readership of Top 5 dailies-All India (Main Edition)



5. Conclusion

- The virus causes changes in behaviour that affect both the business model and the operating model of media and advertising companies. The impacts of Covid on the media are, therefore, multiple.
- Television, radio and the press are experiencing historic audience increases. Historical downward trends are being reversed.
- For broadcasters, replay platforms will become increasingly important. Identification systems (SSO) will become more popular. Transnational alliances will be essential to deal with the streaming sites (Netflix, Disney+) that are emerging increasingly successful as a result of the crisis.
- All media (including Facebook and Google) will be impacted in 2020 by the fall in advertising investments. A return to normal, if it occurs, will not happen before 2021. However, beware of the loss of “share of voice” for the brands that will have been forgotten. The losses for 2020 will range from 10% on an annual basis for TV and radio, to 20% for OOH media.
- The financial health of traditional media (excluding streaming and social media) is under threat. Restructuring plans are being launched, and the reduction of non-essential costs will be applied across the sector. In the private sector, restructuring will be widespread, with judicial reorganisations to be foreseen for smaller entities. For larger groups, some subsidiaries may lose their independence because of the pooling of resources to achieve economies of scale.
- The regional press is threatened with multiple shutdowns. The national titles that went digital early enough could paradoxically emerge from the crisis in 2021 if advertising investment resumes.
- Cinemas will be permanently weakened, with consolidation following the closure of theatres with the least cash (independent theatres).
- Broadcasters will see their IT infrastructure costs explode without any savings being made. Cost reductions will be made on staff, and other technologies deemed non-essential.
- Brand communication will have to be radically different in 2021. Consumers are looking for meaning, so advertising will have to adapt to reassure.

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