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## Consolidation – Survival Strategy for Newspapers

**The newspaper market is changing and not a moment too soon – consolidation is the order of the day. This is because publishers are saving where they can – selling publications and merging editorial and production locations. Currently, five publishing groups in Germany own more than 40% of all newspaper titles.**

So savings are the order of the day. This is because of the dwindling income from advertising, which is now going toward online channels, especially Google and Facebook. After reaching EUR 6.55 billion in 2000, advertising income in the sector in Germany fell to just EUR 2.53 billion in 2016. Furthermore, information can now be accessed free of charge everywhere online. Many of the people consuming this media have little or no interest in the truth or quality of the content. A growing number of users rely not on in-depth, critical journalism, but rather content they can obtain without paying – even if it's fake news. The industry still hasn't found a solution for recapturing the money that has been siphoned off into the virtual world.

»There are large areas in the countryside with no news coverage.«

Margaret Sullivan, a columnist for The Washington Post



### **Dangerous News Deserts**

The dangers this entails can be seen in the US, where there is talk of so-called “news deserts”. “There are large areas in the countryside with no news coverage” says Margaret Sullivan, a columnist for The Washington Post. This is an enormous problem because in this “journalistic no man’s land” no one – including politicians, business owners and the authorities – is held to account for their actions because there’s no one left who can do this. There is a total lack of coverage and the associated discussion. As a result, journalism as a corrective force, as the so-called “fourth estate”, and an important tool of democracy is disappearing.

In Germany, there are still more than 300 newspapers, most of them providing regional coverage. While daily newspapers are struggling with falling print runs, weekly publications and advertising journals continue to have a high volume of inserts – a trend that will continue to climb. At the same time, there are ever smaller distribution zones with print runs well below 400 copies. One example is a baker who wants to sell his new special crusty bread in his local neighborhood or in his village and therefore only wants to advertise it here. He is no longer willing to pay for unnecessary distribution losses.

### **Adapting Equipment in Line with New Requirements**

Large publishing houses are only partially prepared for this development. This is because their equipment is still geared toward large print runs, toward mass production with a large distribution. In addition, the introduction of the statutory minimum wage in 2015 has resulted in many publishing companies taking back many orders that they had previously outsourced and which had been processed manually. But innovative and creative solutions are needed in order to be able to supply even small distribution zones with a relatively high volume of inserts efficiently and cost-effectively. Workflow must be optimized, and automation, seamless reporting and logistics must be cost-efficient.

While consolidation is almost always the result of economic pressure, it also has a positive side, as it drives innovation. A consolidated operation must increase its output, must operate efficiently and flexibly on the market in order to be able to compete and continue to exist. After all, this is the ultimate goal of consolidation – to ensure the future of a company. In order to achieve this objective the total cost of ownership (TCO) must be met – and this requires the appropriate equipment for the changed requirements in the graphic arts industry.

### **Welcome to the IFRA!**

Muller Martini will be presenting forward-looking newspaper inserting solutions at the [IFRA World Publishing Expo & Digital Content](#) Expo at Berlin’s ExpoCenter City. Come along and see how an optimized workflow can combine cost-effectiveness and efficiency. Our innovations will surprise you. Visit us at Berlin ExpoCenter City, Hall 21 a, Booth F.10 from October 9 to 11. We look forward to seeing you!

Best regards,  
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