



DYNAMICS OF BUSINESS MODELS IN NEWSPAPER INDUSTRY: A CASE STUDY OF“THE HANS INDIA”

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ABSTRACT

In 21st century the world is experiencing with rapid changes in technological advancements. Through these radical changes in technology the organisations, especially the Newspaper industry have begun to respond to adjusting and evaluating in all areas of business in all levels. The process of constant adjustments and evaluations is vital for survival of newspaper industry within the hypercompetitive marketplace of the global, digital economy. The extent of these strategies is a witness to the creativity and vision of newspaper management. In order to understand the business models and to analyse the strategies and challenges faced by the newspaper industry a case study of “The Hans India” Newspaper is taken up. The study includes all aspects of developed conceptual frame work of newspaper business models.

Keywords: *Newspapers, Digitalisation, Globalisation, Technology,*

Introduction:

In the present digitalization era, dynamic changes in the technological advancements marks the nation’s media industries and, in particular, the newspaper industry. The advent of the Internet has meant increased competition for readers and advertising, and the economic downturn has exacerbated the impact of this competitive stress. Through these radical changes and other factors many newspapers are facing financial straits, a few closing and some other newspapers forced to undertake drastic cost cutting. To survive in market the newspaper industry must innovating their ideas keeping in view of the technological developments.

The future of the newspaper industry is not just the narrow concern of readers and newspaper management. Newspapers play a key role in disseminating quality news to our society. The present situation is that the newspapers make investment in gathering of news by the other media. Internet has become a major source for broader news and analysis. Hence the newspaper industry struggles to find new business models to compete going forward.

It is a well known fact that how new technologies have impacted the newspaper industry, both in the past and the present. In past, newspapers experienced the competition with radio and then to television. At present, the readers and advertisers are adapted to internet. In order to reach both categories i.e. readers and advertisers, newspapers have made changes in their content, formats, appearance and also looking for new revenue sources as well as streamlining their operations. This is how the newspaper industry is adapting to changes in the marketplace that benefit to their selves, consumers and as well as advertisers.

This is not the first time that newspapers have had to contend with new competitors, but there are significant differences between their current and previous experiences. Both radio and television grew to become major competitors of newspapers in the advertising market. Each medium had particular unique strengths that could not be matched entirely by the others. Consequently, after the initial market adjustments each medium was able to secure a reasonably consistent share of a generally growing market. Further, to the extent permitted by ownership regulation, newspaper owners protected their interests by taking early prominent positions in the establishment and development of the new media. In contrast, there was little involvement by newspapers in the establishment of the internet and its rapid development as a major competitor caught them somewhat unprepared. By the time they became fully aware of the threat, the new online competitors had already established themselves as powerful rivals in the market.

We still see positive prospects for the newspaper industry especially in India. The demand for news and demand from advertisers remains strong. Newspaper management are experimenting with new business models and strategies, and commentators are proposing others. For example, publishers are proposing or implementing a variety of models for charging for access to online content, content distribution on online, cell phones, and other devices. They also concentrate on corporate social responsibility activities for create brand image in the readers mind. Newspaper management also trying to identify exploring ways to monetize their online content better and to make more effective online advertisements, cutting costs by outsourcing routine business functions, and partnering with other newspapers or emerging nonprofits to generate content. The extent of these strategies is a witness to the creativity and vision of newspaper management.

In order to understand the business models and to analyse the strategies and challenges faced by the newspaper industry a case study of “The Hans India” Newspaper is taken up. The study includes all aspects of developed conceptual frame work of newspaper business models.

Conceptual Frame work of Business Models of Newspaper Industry:

As noted, the newspaper industry not only is in the fragmentation and facing financial challenges but exacerbated, because of the Internet. In fact, the traditional model of print media has been under threat for years. However to face the increased competition from various media and online news providers aggregators newspapers have maintain its uniqueness in disseminating information. Newspaper publishers are also being forced to scramble for new ways to get profits as new media continues to develop rapidly. The business model of a newspaper is to gather information, place it in context and provides in-depth analysis to readers. It also helps to find a new ways to present and “sell” information through established brand to get profits.

Here are the various definitions that are defined by various authors to get a clear picture about business models.

According to **(Osterwalder, 2005)**,

“A business model is a conceptual tool containing a set of objectives, concepts and their relationships with the objective to express the business logic of a specific firm. Therefore we must consider which concepts and relationships allow a simplified description and representation of what value is provided to customers, how this is done and with which financial consequences.”

According to **(Mullins & Komisar, 2009)**,

“Business model is the pattern of economic activity – cash flowing into and out of your business for various purposes and the timing thereof – that dictates whether or not you run out of cash and whether or not you deliver attractive returns to your investors. In short, your business model is the economic underpinning of your business, in all of its facets”.

According to **(Magretta, 2010)**,

“Business models are, at heart, stories that explain how enterprises work. Like a good story, a robust business model contains precisely delineated characters, plausible motivations and a plot that turns on an insight about value. It answers certain questions: Who is the customer? How do we make money? What underlying economic logic explains how we can deliver value to customers at an appropriate cost?”

External Forces affecting the business model:

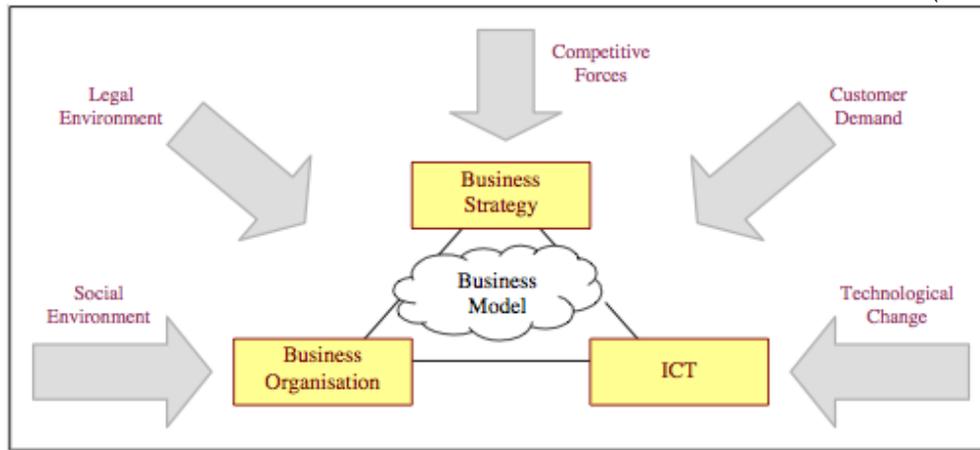


Figure 1: Business Model (Osterwalder, 2004, p.16)

According to Osterwalder (2004), the business model may act as a conceptual link that creates a triangle strategy between business organisation and Information and communications technology (ICT). Therefore the concept of business models act as a fourth element to connecting them all together. The above figure also represents the pressure of external forces such as competition, social, legal, technological change and changes in customer demand. It is the management role to adapt or design a company's business model by responding to these external forces.

A Case Study of "The Hans India":

The case study of "The Hans India" is described in five phases. They are:

1. The Organisation
2. The Challenge
3. The Process
4. The Solution
5. The Result

The Organisation:

"The Hans India", a renowned and first English daily newspaper based on Telugu states launched on July 16, 2011. The Hans India is a part of the popular, standard Telugu news channel namely HMTV, which is owned by Hyderabad Media House Limited. "The Hans India" started with five editions simultaneously is published from Hyderabad, Visakhapatnam, Vijayawada, Warangal and Tirupati.

"The Hans India", the name of the paper has been derived from the swan, 'Hans' in Hindi and the symbol of the newspaper and HMTV is "Hans" i.e. Hamsa. According to Hindu Mythology Swan or Hans is a celestial bird which is also the vehicle of Lord Brahma and Goddess Saraswathi, who represent wisdom, consciousness, intelligence, education, enlightenment and all other finer attributes. This bird also symbolizes the power of discrimination because as it has the ability to separate milk from water. In the same way, the main aim of this newspaper was to separate truth from untruth and fact from fiction. The paper has opted the tagline of: 'Free, Frank, and Fearless'.

The newspaper mainly concentrates on regional news from both the Telugu States Andhra Pradesh and Telangana along with the other columns on Politics, Technology, Health, Science, and education, etc. The daily has 20 pages of news, views, reviews, and information about the nation, world, technology, business, sports, and entertainment. Outlining the primary focus of the paper, it would describe The Hans India as 'liberal democratic'.

K Vaman Rao, Founder and Chairman of the Kapil Group, is the Chairman of the Newspaper. K Vaman Rao is a qualified Chartered Accountant and a successful businessman with business interests in more than 15 companies in diverse fields. K Ramachandra Murthy is the Editor-in-Chief in the beginning of Newspaper. Later that Prof.K.Nageswar, a perseverance and well-executed person took over as editor up to October 2017 and now V.Ramu Sharma holds the position.

The Challenge:

The main challenge of the newspaper is to become a market leader within the span of six months because the AP market already has four English dailies - Deccan Chronicle, The Times of India, The Hindu, and Indian Express. "The Hindu and Indian Express are Chennai-centric and The Times is Mumbai-centric. Deccan Chronicle's inputs from the State have decreased with its foray into new markets.

"The Hans India" primary focus will be to provide news from Andhra apart from National and global news. Moreover, bureaucrats and job seekers coming from outside Andhra as well as the younger generation cannot read Telugu. Hence "The Hans India" newspaper management decided on an English paper." With a little over 45 days in operation, the paper prints 48,000 copies every day in Hyderabad and 46,000 copies in the other four districts.

The second aim of this English daily is to publish factual and purpose full news, maintain high ethical standards, and voice the concerns of the people.”

The Process:

The management of the paper gives specific instructions to team to focus on Education, Health, Human Rights, Minority welfare, and Women empowerment. They strive to make a difference, both in terms of concept and content. This is one the marketing strategy to cope up with the other competitive papers in the market. This strategy has worked out and it increases its circulation and became one of the fourth ranked English Newspaper in both Andhra Pradesh and Telangana States.

The second strategy of the paper is to appoint well experienced and renowned persons as its editors and journalists because they are the heart and soul of the newspaper. The effective content was the prime factor that decides the circulation and future of the newspaper. Within the first week of its launch, the paper had 30 reputed journalists writing about the Telangana issue, which was raised during the period of 2011-2014.

The team of journalists works with the objective of furnishing truthful, insightful, and distinctive information to position the paper as a ‘socially responsible’ paper in the society. Their focus is ‘people-centric’ journalism. They mainly focused on youth. In fact, just 15 days after the paper has been launched, they had a meet for youth leaders where 200 IT professionals and college students debated about the Lokpal Bill. The management of newspaper run aggressive campaigns by actively involving citizens to air their grievances and prompt the authorities for quicker response and redressal.

The Solution:

In this regard, they’ve planned and implemented public debates focusing on civic issues, pollution in coastal areas on the next following week for promoting newspaper as well as to gain a brand mark in the mind of readers. They were also succeeding in that. In soon readers were attracted to the particular English daily.

The paper has also embarked on an aggressive marketing campaign across media. Their creatives have been designed by iGenerous, a small agency, “In the first phase, the management have taken up 14 hoardings and 100 pole kiosks in Hyderabad. They have chosen them at strategic locations where people entering the city can see them on the way to the airport, the railway station, along highways, etc. After a month, they were placed 20 more hoardings in the second phase. They planned and extended the campaign to the other districts. They have played four jingles every hour from 6 am to 11pm over Radio City in Hyderabad and Vishakhapatnam. They are also involved in talks with other radio stations to expand their base.”

The group has advertised through local, regional papers as well as their own channel. “They are also resorted to online marketing with sites such as Jeevansathi.com and Naukri.com since there is great demand for jobs and matrimonial sites. They also came out with BTL (Below the Line) marketing activities such as consumer fairs and youth forums”. The Hans India “also launched a website, a Facebook page, and can be read as an e-paper.

The Result:

The Team “Hans India” is tirelessly trying to empower the reader by publishing factual and purposeful news, maintaining highly uncompromising ethical standards, by voicing the concerns, aspirations and ambitions of the people.

For fulfilling the readers 24X7 support and customer’s satisfaction not only in service but also in excellence and the consistent strategy that has defined its unmatched performance, “The Hans India” Newspaper received the “SME EXCELLENCE AWARD – 2013 “for best performer of the year in service sector –Medium.

The Hans India runs successfully since seven years and also launched editions in Amaravathi, Kurnool and New Delhi. The management is also planning to establish English news channel in New Delhi and a Kannada channel in Bangalore.

Business Model Canvas of “The Hans India” Newspaper:

The most famous and working business model derived by “Osterwalder 2010 “were adopted to analyse the business operation of “The Hans India” Newspaper. The following figure represents the business model canvas of “The Hans India” Newspaper.

Pillar-III Infrastructure Management		Pillar-I Offer	Pillar-II Customer Interface	
Key Partners Printing Houses News Agencies Distribution channels	Key Activities Newspaper Production	Value Proposition Quality of content in Newspaper	Customer Relationships Acquisition Retention	Customer Segments Readers related to all areas and age Advertisers
	Key Resources Distribution Network & Channels Brand Image		Channels Distribution Agents & Hawkers Ad sales force	

Pillar –IV Financial Aspects	
Cost Structure Capital Investment	Revenue Streams Advertisements Circulation/Subscription fee Newsstand sales

Source: Author

Swot analysis of The Hans India

The following are the Strengths, Weakness, Opportunities and threats of the “The Hans India” Newspaper.

Strengths:

- Not serve as platform for any political party
- Eminent editorial staff
- Multi channel practice
- Online Newspaper
- Advance Technology Adoption
- Concentrates on Regional news

Weakness

- People in rural are unable to understand the language which may impact on circulation.
- Lack of strong Distribution network
- Lack of Advertisements
- Frequently Changes in price

Opportunities

- Increasing literacy rates in rural areas both in Andhra Pradesh & Telangana.
- Technology growth and import of advanced printing equipment.
- Increase in online advertisements

Threat

- Rapid developments in Technology
- Internet and Digitalisation
- Social media networks and news Apps
- Changes in reader preferences and attitudes
- Other Competitors in market

Conclusion:

The newspaper industry is now experiencing a digital evolution. The change is not just related to the development of new technologies but also a great change in the newspapers business relations. Newspapers all over the world are suffering from falling readers in print and declining revenues from advertising as readers and advertisers are turning to digital media. But the situation is

somewhat different in India. Fortunately, in India, print media still holds its place. Newspapers are forced to invest in digital technologies. Internet, mobile apps, e-papers and services such as Youtube is challenging the traditional ways of producing and distributing media content. The newspaper industries traditional business models have not worked well in digital media and the competitions have been tough.

The pressures exerted by the internet are more severe than those experienced by newspapers in earlier periods of adjustment. But newspapers continue to have strengths and produce products that consumers want and are prepared to pay for. Much of what they produce is unique and not available elsewhere and will continue to be in demand.

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