

A Study on Newspaper Industry Supply Chain Risk, Challenges and Control Needed to Sustain in the Digital Era

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Abstract

A company's supply chain in an e-world environment can be very complicated. Indian economy bears a simplified supply chain because many companies have hundreds and thousands of suppliers and customers. The supply chain, thus in its entirety, includes internal supply chain functions, an upstream supplier network, and a downstream distribution network. Logistic function facilitates the physical flow of material from the raw material producer to the manufacturer, to the distributor, and finally, to the end-user. Research-based studies will help the companies to identify the extent of their effectiveness in serving the customers' needs and the problems faced by the customers in receiving the services. Newspaper companies have to be reader friendly in their approach. This is possible by enhancing their efficiency and effectiveness in SCM (Supply Chain Management) practices. Marketing researches will help them to upgrade their SCM practices. The present study is an attempt in understanding the SCM practices in the selected two Newspaper companies namely, The Printers (Mysore) private limited, which is publishing two leading dailies Prajavani and Deccan Herald was founded in 1948 in Bangalore. One of the oldest and popular Kannada Vernacular as well as English daily in Karnataka and The Vijayavani (VV) newspaper belongs to VRL group. VRL group is one of the notable business groups in Karnataka. Vijayavani was launched in April 2012.

About 1,43,423 publications have been registered in India till 31st March 2020. The readership of print media is witnessing a steady growth in spite of the stiff competition from audio, visual, and digital media. The print media has responded positively to the new challenges, and changes through its contemporary approach. Print media has made use of the emerging IT (Information Technology) for greater speed, better coverage, and reasonable pricing to tackle the digital competition.

Keywords

Print media, Newspaper industry, Supply chain, Logistics, and Distribution.

1. Introduction

The print media statistics exhibit a great attraction towards the regional language publications among readers, for which reason there is a surge in the number of editions from those locations where there is a sizable population, who speak respective languages. An increase of 13.01 percent in the total number of publications in 2019–2020 (19,782) compared to previous year 2018–2019 (17,504).

The newspaper industry is one of the fastest expanding economic activities in the present system. Its existence is indispensable. Its role is so significant not only in conveying news to people but, also in keeping an eye on the administration and governance of the state system. Therefore, it is essential to examine the problems confronting the newspaper industry and take measures to overcome these obstacles. The present study is one such attempt covering a smaller area of operation of two newspapers: The Printers Mysore Private limited (Prajavani & Deccan Herald) and VRL Group (Vijayavani).

The Printers (Mysore) private limited is publishing two leading dailies *Prajavani* and Deccan Herald one of the oldest and a popular Kannada Vernacular as well as English daily in Karnataka which was founded in 1948 in Bangalore by K. N. Guruswamy, a local businessman in Bangalore. The *Vijayavani* (VV) newspaper belongs to VRL group. VRL group is one of the notable business groups in Karnataka. VV is the largest circulated newspaper in Karnataka, *Vijayavani* was launched in April 2012, and News publishing is not new to the VRL group. The Newspaper is printed by the subsidiary company in the name of VRL Media Limited.

Two major problems challenging the working of the newspaper industry are:

1. Tough competition among various newspapers, and
2. Competition from the electronic media.

Competition among newspapers will enable them to be very active, vigilant, and always on their foot to give the most updated and reliable news to the mass. Each one of them attempts to draw new customers to

its fold while retaining the existing reader base. But, this must not end in cutthroat and unhealthy competition. Leading and dominant publishers always try to swallow the smaller operators in the field. This killing instinct must come to an end. Only then unhindered growth of the newspaper industry is possible. The intervention of government becomes all the more important in this regard. A regulatory authority has to be formulated to monitor the working system of newspaper industry. Policies have to be framed to avoid unhealthy competition and protect small operators.

E-platform has strongly invaded the news division and its reach is inexplicable. Innumerable news channels vie among themselves to provide up to minute news to people. Breaking news is a great fascination. This may hinder the growth and prospects of the print media. However, in India, the negative impact has not yet started. The instinct and desire to have a newspaper in the morning at home are still found to vary widely in most of the houses. People will be anxiously waiting at the gates to collect the newspaper from delivery boys. When the newspaper announces holiday on some occasions people feel that, they have lost some important element in their day. This is just to indicate that there is the scope for vast expansion and the growth of the newspaper industry. This has to be enmeshed.

For this purpose, the newspaper industry must follow some cardinal principles. The latest news has to be provided. News framing, editing, and printing must be made very attractive in terms of quality. The delivery system has to be made very effective such that, newspapers reach homes in the early hours of the day. The content of supplements, editorial, and center page must draw young readers, students, aspirants preparing for competitive exams, and researchers to read newspapers regularly. It may be noted in a country like India in terms of storage of information and back reference newspapers have an edge over e-platform. If such measures are put into practice there is no doubt in the further fast expansion of the newspaper industry.

This is applicable to the newspaper industry in the study area too. There is ample scope for expanding the reader base in Hubali-Dharwad, Haveri, and Karwar districts. Aggressive and penetrating marketing has to be done to convert a larger population into readers of newspapers. Special incentive schemes have to be devised. Repetition of news has to be

minimized. Taluk wise local news has to be given greater coverage by earmarking one page exclusively for this purpose. Advertisements have to be made more effective. This would definitely enable brighter prospects for the newspaper industry.

The researcher has examined all these aspects during his research study. The intention is to examine the problems and suggest measures to overcome in the interest of furthering the prospects of the newspaper industry. It's has been done quite effectively. It is hoped that the present research work provides enough input to the print media to put them on right track of growth and prosperity.

2. A Basic Newspaper Supply Chain



Figure 1: Basic Newspaper Supply Chain

The primary components affecting the total supply chain cost for a newspaper are:

1. **Inbound Information:** advertising, news, editorial, pagination
2. **Press Operations:** plate making through pressing
3. **Packaging Operations:** handling, insertion, storage, package design, and flow
4. **Distribution Operations:** transport mode, timing, locations, and handling

The primary supply chain flow for newspapers is the outbound product flow and its associated information flow. Newspapers have successfully separated subscriber and advertiser cash flow timing from product delivery. As such, all financial flows within the newspaper supply chain are either discretionary (how much newsprint and ink inventory is carried), or direct costs resulting from the supply chain in place.

3. Review of the Literature

1. **Business Standard Report** (2015) in a debate organized by business-standard on the topic “print and digital co-exist” during “Redefining Traditional Paradigms: Digital media and the print sector’ during FICCI frames 2015 experts have said both print and digital co-exist in the Indian market. According to the experts, the circulation figures in India are growing and the print media continues

to have major share of the advertisement pie. As digital media is gaining its momentum quickly, there is a need to review print media's strategy for it to be at par with the digital platform.

2. **Karan G and Dr. Kadakol** (2013) in empirical research on "Traditional v/s Online Newspaper – A case study of Bangalore" observe that, readers prefer to go for a physical or traditional newspaper because of a few attributes which are useful to those over the digital over an online newspaper. The outcome revealed traditional newspaper is still a popular source of information for most of the people as it is delivered door steps and who are habituated. Many of the readers prefer online newspaper only for previous day's news if it is more important. Most of the people do not have accessibility to internet.
3. **Mukund Padmanabhan** (2011) Associate Editor of The Hindu reporting to BBC (British Broadcasting Corporation) News, in a program called "Newspapers: Why India's Newspaper Industry is Booming," the paper says that now has a number of regional editions, which contain national content alongside pages of localized news relevant to the distribution area. "We have to expand and open more editions," This is a large country so you need to have multiple printing centers. More and more newspapers are reaching out to places where they haven't before.
4. **Smita Dwivedi** (2011) conversation with cross-section of industry professionals has said Old is gold "I feel this adage holds true for newspapers when we list and compare tools for media and communication even in today's e-world". A trivial observation which was made in the study like (a) Newspaper is still an important vehicle, especially in tier-2 and tier-3 cities where morning starts with reading newspapers. (b) The impact of increasing online readership on media planning is less because newspapers have a great bond with morning tea in India and it is affordable to every class of people. The most important thing is the trust factor as people are well connected with this medium for quite a long time.

5. Ken Auletta (2012) in an interview with CEO of Times group “Why India’s newspaper industry is thriving”. India is one of the few places on earth where newspapers are still thriving. In India, which has a population of a billion two hundred million, newspaper circulation and advertising are growing. There are an estimated eighty thousand individual newspapers, eighty-five percent of which are printed in one of India’s twenty-two official regional languages, and the circulation of English-language newspapers is expanding by about one and a half percent annually. Many non-english newspapers are growing three times as fast, as about twenty million more Indians become literate each year.

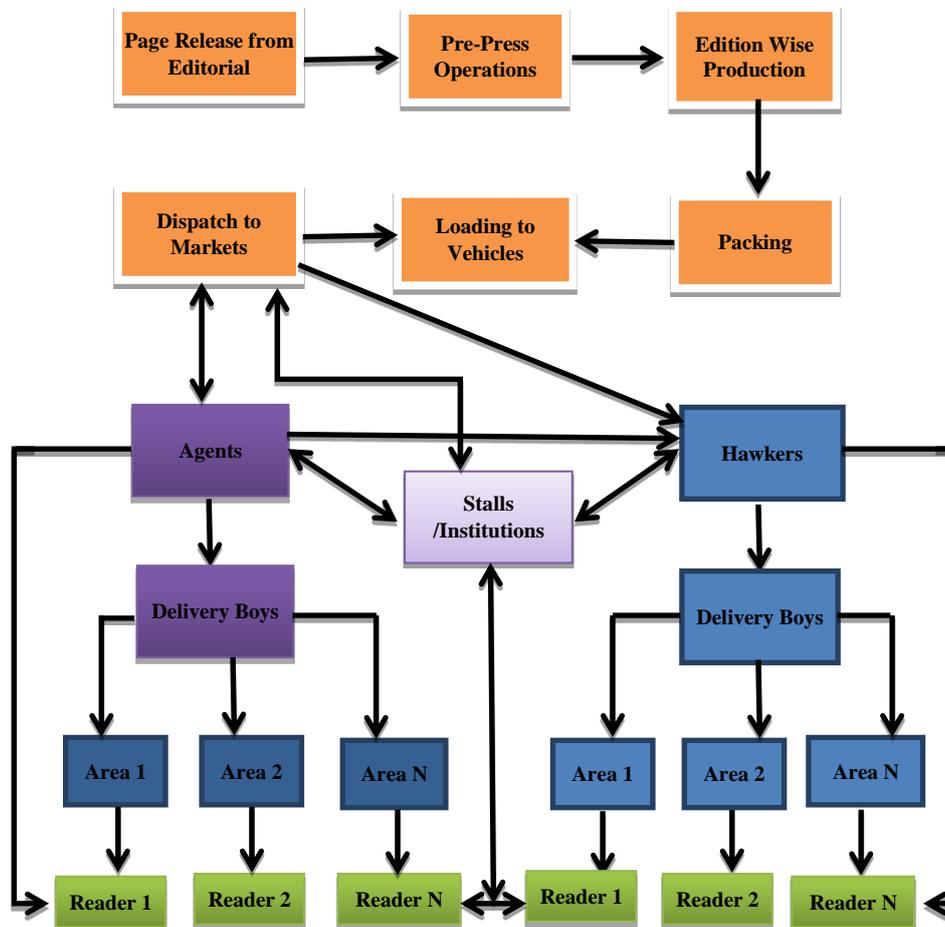
4. Research Methodology

The present study is both exploratory and descriptive. The researcher has conducted a preliminary study of supply chain management of two organizations, namely The Printers Mysore Pvt Ltd (Prajavani & Deccan Herald newspaper) and VRL group (Vijayavani) as a case method to have insights into the Newspaper companies. Both the primary and secondary data have been effectively utilized with an emphasis on gathering first-hand assessment of the Supply chain activity of both the companies. The secondary data has been utilized to provide insights into the concept of supply chain management.

5. Objectives of the Study

1. To present a conceptual framework of Supply Chain Management with special reference to newspaper organizations.
2. To examine the overall distribution system in the selected newspaper organizations.
3. To analyze the distributional activities and related issues of selected newspaper organizations, with reference to agents and stalls.

6. A Typical Supply Chain Operation of PV and VV Newspapers



Source: Compiled by the researcher

Figure 2: A Typical Supply Chain Operation of PV & VV Outbound Logistics

The above operations resemble the hub-spoke network or model where the connections arranged like a wire wheel in which all traffic moves along spokes (that is various destinations or place of agents) connected to the hub at the center (press). The model is commonly used in industry, particularly in transport, telecommunications, freight, and distributed computing.

7. Risk, Challenges, and Control Model in Newspaper Industry

Risk and Challenges		High	Moderate	Low
Control	High	Distribution operations - at Agents, stalls, and delivery boys		
	Moderate		Logistical and press operations - Packing, transportation, plate making, and edition wise printing	
	Low			Pre-press operations - Editorial, advertising, and scheduling departments

The newspaper industry faces a few risks and challenges in the supply chain. Based on the survey findings and observations. The above model is developed by the researcher.

8. Risk and Challenges

- One of the main challenges the newspaper industry is “Time”. As the newspaper is a product of a short span of life and requires stringent timings to be followed by each and every department in the organization, whether it’s editorial, production, Advertising, and scheduling department. A delay in any of the departments may result in an enormous wastage of efforts and money. Even a slip of a few minutes can create a cascading effect and the value of the newspaper diminishes resulting in the risk of unsold copies from the market. Inter and intra-departmental coordination is required to deliver the product on time and all the time. Risk and challenge in editorial, advertising, scheduling pre-press operations is low and the required control will be low. Press operations like production, packing, and transport/ logistics will call for moderate to greater control.
- The successful and efficient channel is the one where all the levels within the channel (namely, the pre-press operations, press operations transport/ logistical operations, Agents/ hawkers delivery boys) are committed to the timely delivery of the newspaper. Newspaper agencies compete for the commission per copy absorbed at each level. Maintaining such competitive commission structures is one of the main challenges faced by newspaper agencies in their respective distribution channels.
- Some of the challenges being faced by the agents are concerned with difficulty in getting the delivery boys, difficulty during the rainy season, retaining the delivery boys, and remunerating delivery boys. The risk of non-payment, the risk of retaining the subscribers, and the risk of financial loss in the distribution business are common.
- Thus, it can be observed that, in the initial links of the supply chain of the newspaper industry (pre-press operations) the extent of risk and challenges is low, and hence the extent of control required is also low. As we move forward in the chain, the magnitude of risk and challenges increases and hence the magnitude of control should also increase that is, in the second stage of the supply chain of

newspaper industry (press operations) the extent of risk and challenges is moderately high. Hence, the volume of control required is also moderately high. In the last link of the supply chain of the newspaper industry that is, in the distribution operations the magnitude of risk and challenges is very high thus, calls for very high control operations on part of the companies.

9. Suggestions to Newspaper Company

1. The printers should follow a very strict time schedule and be disciplined in adhering to that.
2. Delay in news co-ordination, editorial, and such related issues must be either avoided or totally minimized.
3. Come what may, the ultimate goal should be newspapers must be in the hands of readers with the dawn of the day. For this, the delivery chain needs to be thoroughly revamped.
4. In rural areas and during rainy seasons papers are delivered late. This should be avoided by providing adequate facilities to agents and delivery boy's; such that, there is no delay in any movement.
5. The study has revealed that, the reach of newspapers to Karwar takes a fairly longer time resulting in much delay. There is competition, newspapers from other publishing centers might invade Karwar district, thereby reducing reader base for Hubbali issues. Therefore, it is suggested that, the time frame has to be rescheduled so that, newspapers reach Karwar well before time in order to prevent delay in delivery.
6. There is a complaint that, newspaper bundles are thrown by the transporters in the open areas causing damage to the bundles. This affects freshness and readers are reluctant to receive such papers. Transporters must be strictly instructed to deliver the bundles in all places safely.

10. Conclusion

The newspaper industry is one of the fastest expanding economic activities in the present system. Its existence is indispensable. Its role is so significant not only in conveying news to people but, also in keeping an eye on the administration and governance of the state system.

Therefore, it is essential to examine the problems confronting the newspaper industry and take measures to overcome these obstacles. The present study is one such attempt covering a smaller area of operation of two newspapers. Two major problems challenging the working of the newspaper industry are. Tough competition among various newspapers, and Competition from the electronic media. Competition among newspapers will enable them to be very active, vigilant, and always on their foot to give the most updated and reliable news to the mass.

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