

MANAGEMENT OF NEWSPAPER INDUSTRY IN KERALA WITH SPECIAL REFERENCE TO MARKETING

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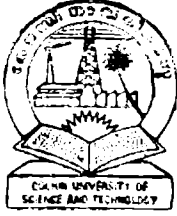
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Certified that the thesis 'Management of Newspaper Industry in Kerala with Special Reference to Marketing' is the record of bona fide research carried out by Shri P. Madhusoodanan Pillai under my supervision. The thesis is worth submitting for the degree of Doctor of Philosophy in the faculty of Social Science in Cochin University of Science and Technology.


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CHAPTER - I

I N T R O D U C T I O N

The newspapers have become an indispensable necessity of modern living. It serves as media for the free exchange of news and views. "It is not only convey news and events, also function as a long range reporting telescope - looking and watching, doubting and asking, probing and investigating."¹

The functions of the press are mainly to inform, educate and entertain the public. While the primary function of the press is to provide comprehensive

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1. P.N. Malhotra, Rolling and Paper Carpet for News, Mass Media in India, Publication Division, Information and Broadcasting Ministry, Govt. of India, 1986, p.16.

and objective information on all aspects of the country's social, economic, political and cultural life. It has also an educative and mobilising role. The newspaper is a knowledge industry and it is 'brain intensive'. It communicates knowledge through the exchange of news and views. Knowledge is power. The flow of knowledge is the flow of socio-political power. The free functioning of the newspaper industry as a power base has earned it the status of the 'Fourth Estate.'

The preamble to the Constitution and the Directive Principles set out the kind of society which the country is seeking to achieve while the Fundamental Rights indicate the means - among them freedom of expression - of realising the goal. The Fundamental Duties enumerated in the Constitution in Article 51A apply no less to the press than to the citizen. It is the great diversity of opinion expressed in newspapers, a diversity that should be expected on the part of a free press in a democratic country with a mixed economy operating alongside a growing public sector. There can be no single voice of

the press in a free society. It has to be a conversation involving many voices, reflecting the needs and interests of different sections of society. Variety of ownership and opinion is the test of a free press.

Newspapers are acclaimed as the vital breath of democracy and hailed as the university of the people. They act as watch dogs of the sleeping democracy. This fact casts upon the newspapers the role of guardians of public interests and transforms journalism into a public utility service. This is what requires the newspaper industry to set before itself the highest standards.

Mahatma Gandhi, who was perhaps the greatest journalist of all times, had his own journalistic ethics. He wrote: "To be true to my faith, therefore, I may not write in anger or malice. I may write merely to excite passion. The reader can have no idea of the restraint I have to exercise from week to week in the choice of topics and my vocabulary. It is a training for me. It enables me to peep into myself and to make

discoveries of my 'weaknesses'. The Indian Press would also do well to peep into its weakness"³ What Gandhiji said then holds even more true today.

In the economic sphere, the newspaper industry is a 'key' industry of the Indian economy. Besides providing employment, direct and indirect, the newspaper industry plays an important role in economic development of the country. It acts as a link between the producer and the consumer. Indeed, the industry is regarded as a prime mover of economic progress in more than one sense. As anticipated in the First Press Commission's Report, Indian language newspapers have had a much faster rate of growth than English language newspapers. In terms of number and circulation, English has yielded its top position to Hindi. Other Indian languages which have increased their share in the total circulation are Malayalam, Bengali, Kannada, Punjabi and Telugu. The share of Tamil, Urdu, Marathi and Gujarati in the total circulation of newspapers has come down.⁴

3. Mahatma Gandhi, 'Quit India Movement', Young India, 1945.

4. Report of the Second Press Commission, Govt. of India, New Delhi, 1980, Vol.1, p.8.

Despite its premodinantly urban and middle class moorings, the Indian Press has evinced interest in the problems of farmers, agricultural workers, artisans, tribal groups, and other sections of the rural population. Though judged by readership or by ownership, it is not necessary for most of our newspapers to highlight the issues of poverty, the press has made a major contribution by reminding readers of those who live below the poverty line.

The crucial role that will have to be played by the Indian language press in the coming years is highlighted by the steadily increasing proportion of members of the state legislatures and parliament who rely entirely on newspapers in the Indian languages for news and views at home and abroad.

Despite the heavy impact of about 60 crores of television sets and about 150 crores of radio sets, newspapers still continue to serve as the basic news media for majority of the mass. In the world there

are about 8000 daily newspapers having circulation of more than 50 crores. The number of daily newspapers published from USA is 5282, UK 4613, Germany 2316, France 1218 in 1990. India has 21 copies for every thousand of the population. It lags behind countries like Iran (22), China (29), Cyprus (118), Malaysia (313) and Japan (562). In terms of the number of newspapers published, India ranks first in Asia and third in the world. The total number of newspapers in India as at the end of December 1990 was 24629 consisting of 2151 dailies, 7501 weeklies and 8123 monthlies. Of this Kerala accounted for 103 daily newspapers, 120 weeklies, 41 fortnightlies and 117 monthlies.⁵ Almost all of them are regional newspapers in the sense that they are published in the regional language, Malayalam.

Disseminating news in an objective manner is the basic objective of a newspaper. However, most of the newspaper in the country were started primarily with the object of propagating the views of certain schools of political thought. Chalapathi Rao, veteran Journalist of India said, 'Indian journalism is largely a part of

5. Audit Bureau of Circulation Report, Bombay, 1990.

national awakening and an expression of the renaissance spirit of India and of its freedom fight. This is the main stream coming down from the great Lokamanya Tilak and other pioneers'.⁶ As a business, this industry, therefore, is least developed in India, as compared to its status in the developed countries like the USA or UK.

The terms 'Daily Newspaper', 'News Magazine' and 'Periodical' should be separately defined. A printed or cyclostyled work containing public news or comments on public news which is published every day or atleast six days in a week may come within the category of 'daily newspaper'. Any other printed or cyclostyled periodical containing public news or comments on public news may come within the category of 'news magazine'. All printed periodical publications which do not contain public news or comments on public news to any significant extent may come under the term periodical'.⁷

6. M. Chalapathy Rao, Journalism and Politics, Vikas Publication, New Delhi, 1984, p.42.

7. Allan Woods, Modern Newspaper Production, Harper & Row, Publishers, New York, 1963, p.56.

The newspaper industry is a private business enterprise that functions as a public institution. It is not only a commercial organisation but also an important socio-political institution. On the one hand it is a business concern just like any other commercial establishments, which aims at a reasonable return on investment, after meeting all the costs. On the other hand, it is a social institution, having socio-political obligations. It is expected to reflect and influence community life socially, politically and economically. Its primary objective is disseminating news, analysing events objectively, and creating public opinion to promote community welfare, national aspirations and economic progress. It occupies a special position in the body politics of a nation. It is a unique business organisation which has to follow such managerial policies that would ensure not only return on investments as in any other business organisation, but also should provide satisfactory public services.

Newspaper industry has a heavy patronage from the government and enjoys several privileges. An unwritten

contract and invissible alliance, that is visible through so many concessions and subsidies. Newspaper employees, especially the reporters are allowed free travelling facilities in the KSRTC buses and Indian Railways. They have housing, pension schemes and other welfare schemes. Perhaps this alliance often determined to the Journalistic Professional ethics and newspapers have to play second fiddle to the political or communal and industrial groups.

The press in India has a vital role in maintaining internal stability and communal harmony. Threats to internal stability have arisen in the years since Independence, from different sources. The outbreak of violent conflicts between religious, caste or regional groups, which often reflect tensions arising from competition for limited economic opportunities, secessionist or insurrectionary movements in some parts of the country, and agitations on political or other issues by resort to unconstitutional methods. Newspapers' duty to the public lies not merely in reporting such incidents in a manner that does not aggravate tensions or trigger retaliatory actions, but also in lending a

helping hand in the long term task of eradicating irrational prejudices. It is the co-ordinated effort of management, journalism and production techniques. There is perhaps no other commodity in the world, which is as perishable as a newspaper, the product of the newspaper industry. In most cases a newspaper has a life of only a few hours. The production and marketing of the product of this industry require to be managed simultaneously without leaving much time in between the two activities. It is very essential for the industry to manufacture and distribute its product racing against the time.

The newspapers provide joint services to both the readers and the advertisers. Thus they derive their revenue from two sources, circulation and advertisements. The revenue from circulation is the net amount realised from the sales agents for the copies supplied to them during the month less the commission that is paid to them. The advertisement revenue is the charges collected by selling the advertisement space in the daily.

The combined revenue from these two components of sales is important for the newspaper firm. These two sales activities are mutually dependent or complementary to each other. Further, the price of newspaper is neither monopoly price or competitive price, but is more or less exogeneously fixed and demand for newspaper is inelastic with respect to its price.

Advertisements are gathered either directly by the advertisement department of the newspaper or through Advertising Agencies. The two services are not independent of each other. An increase in circulation increases the demand for the advertisement space. It is clear that if the potential readers do not buy the newspapers, the advertisers will not be interested in advertising in such newspapers. If a newspaper utilises a disproportionately large portion of its space for advertisements, it may lose readers, which may rebound consequently on the advertisement revenue itself. The newspaper, thus, has to make a proper balance between the two lines of earnings revenue.

The newspaper is perhaps the only single commodity produced by a private firm which is sold at a price below

its cost of production and still making a profit. The sales revenue normally covers only two-thirds of the cost of production. This makes the economics and management of newspapers industry very difficult and complex. The conventional formula of profit of a firm as the difference between sales revenue and cost of production is inapplicable to newspaper firm. Thus profit maximisation through sales maximisation does not make much sense for a newspaper firm.

The newspaper industry is one in which there is intense competition. The competition, however is not perfect, but monopolistic in nature. The industry has the structural characteristic of monopolistic competition such as large number of firms, no barriers to entry and product differentiation. No other industry, perhaps faces such intense competition as newspaper industry. The competition between the different newspaper firms demand high level of efficiency in the firms business. Those firms which cannot meet the stiff competition with their efficient operation of the business, naturally die out.

Newsprint is the major raw material of the newspaper industry. The scarcity and frequent price hikes of newsprint are the greatest problem faced by the newspaper industry in these days. Further, the technological development and competition arising from it have recently changed the industrial atmosphere.

The newspaper industry consists of two distinct operations. First is gathering, editing and layout of the news and views. Second, the manufacturing process of newspaper. The former, editorial work is most important to success.

Today many newspapers have resorted to modern technology, thus enabling them to offer multi colour printing units, computerised photo composing, Faesimile transmission systems, computerised offset printing machines etc.

The two giants among the Malayalam press, Malayala Manorama, Mathrubhumi are in fact in a race to get into the faster and the latest production process and market penetration. These newspapers have not transmission

links, a process by which composed matter can be sent column by column within two or more transmission points. In Malayala Manorama all the pages are prepared at its main editorial office, Kottayam, and then transmitted through faesimile devices to all other centres, Kozhikode, Kochi and Thiruvananthapuram, where they have separate editions. These newspapers have also telephoto devices, by which any major event occurring anywhere in the world can be flashed within a few hours in these papers. The Malayala Manorama and the Mathrubhumi both have electronic technology in colour separation and automatic processing of film negatives as also adopts a sophisticated printing process of indepth colour printing known as photo-gravure. Both these papers have new electronic dot generating colour scanner, the process camera, film and plate processors and photo typesetting units.

The sophisticated techniques of production like Desk Top Publishing (DTP), computerised printing units etc., drastically changed the image of this industry. The traditional skilled workers like hand compositors

are become redundant. This leads to technological unemployment. In this context the managerial challenge is how to retain them in the organisation by constant training and retaining, so as to fit them in the firm as required by changing technology. It means, rearrangement of work and re-designing of organisation is essential.

A newspaper is not just what the editors say, but also what is implied by its design its appearance, its channels of distribution, its price and the quality and activities of its agents. A newspaper is therefore a transaction between the producer and the subscriber - a synthesis what the editor intends and the subscriber or reader perceives. The newspaper must be planned, not just edited. It means that the people charged with selling the product must participate in its creation at the outset, not just after they get it from the editors desk or from the printing press. Acceptance of this phenomena has enormous organisational consequences. It means that there must be very detailed product and market planning. It also means that

people in charge of these process must be invested with responsibilities and powers that sometimes cross over more traditional lives of authority.

Now the challenge of present day newspaper management in Kerala is to effectively co-ordinate the evergoing new spirit of journalistic profession and the rapid changes in production technology with it's attendant, redundancy of certain type of job which will demand to rennovate the organisation with a strong marketing orientation. The management of the newspapers must make themselves ready to face the continuing challenge.

The ownership pattern of different newspaper units in India falls under five categories.⁸

1. Newspapers owned or controlled by companies or undertakings or businessmen with interests in other business or industries.

8. Report of the Second Press Commission; Govt. of India, New Delhi, 1982, p.141.

- ii. Newspapers owned or controlled by companies or families or individuals or groups of individuals with primary interests in newspaper business.
- iii. Newspapers owned or controlled by individuals or groups of individuals representing a variety of interests.
- iv. Newspapers owned or controlled by Trusts or educational organisations with primary interest in newspaper business.
- v. Newspapers owned or controlled by Trusts or educational, cultural or religious, community organisations as a means to achieve their wider objectives.
- vi. Newspapers owned by government departments.

Individuals continue to be the predominant unit of ownership. Out of 15,814 papers, 10,162 (64.3 percent) were owned by individuals; followed by societies/associations which owned 2774 (or 17.5 percent) of the newspapers. The central and state governments together owned

540 (or 3.4 percent) of the newspapers. Newspapers owned by individuals commanded a circulation of 112.63 lakh (30.1 percent) copies, while 449 papers owned by joint stock companies claimed a circulation of 145.61 lakh (38.9 percent) copies. Political party owned newspapers had circulation of only 279,000 (0.7 percent).⁹

Monopoly in the Indian Press

The growing circulation of the press as a business institution calls for regulation or control by the state in the interest of the general public. This danger is threat to free and democratic of the press and democracy press. This problem has arisen in other countries also. In USA though freedom of the press has been specifically guaranteed under the constitution, the constitutional authority for imposing restrictions upon the press as a business is drawn from the doctrine of 'police power'. But the restrictions must be reasonable under the 'due process' clause. In India also, there are several laws under clauses (2) and (6) of Article 19 to regulate the press.

9. INDIA-1990, Ministry of Information and Broadcasting, Govt. of India, 1991.

There are, however, widespread allegations that the Indian Press is in the hands of monopolists whose dictates the journalists have to obey and thus this effects freedom of the press in an invidious manner. The Government made two valiant attempts in the part to control what they convinced to be monopolistic tendencies in the press, first by enacting the Newspaper (price and page) Act, 1956 and then by issuing the Newsprint Policy under Newsprint Control Order, 1962. They were struck down by the Supreme Court in 'Sakal Papers case',¹⁰ and Bennet Coleman case on the ground that the government could not do individually what it could not do directly. At present there is no law to control monopoly in our press.

The newspaper magnates in England and other Western countries are the products of the newspaper industry alone and are responsible to the public. To the Indian counterparts of Beaverbrooks and Rothermeres, the newspaper industry "is an accessory of big business

10. Bennet Coleman V. Union of India, AIR, 1973, S.C.106.

and a means of exercising extreme influence and power" with the result that in India the newspapers have lost their status and dignity and that factory managers are managing directors of newspapers and they think that newspapers are products no different from gunny bags."

It cannot be disputed that a democratic society lives and grows by free market of ideas and open public discussion. There can be no single voice of the press in a free society. It is essential that there should be variety of ownership and opinion and different newspapers and magazines should put before the public varied and different points of view. Monopoly in the press and a free democratic society cannot co-exist.

The first press commission devoted an entire chapter to ownership and control of the press. There, was, however, no authentic published material on the subject before it and it had to rely very heavily on the certain views expressed by some of the witnesses

but it had no means to test the correctness of their statement by a close examination of the newspapers.

The Mathen Commission (1980) has also dealt with the subject at great length. The commission has taken the view that "a very significant part of the press in the country is general, and a major portion of all the important daily press in particular, is controlled by persons having strong links with other business or industries."¹¹

Among the top dailies, Hindustan Times is controlled by the Birla Group and Times of India by Bennet Coleman Co. The Indian Express group of companies is controlled by Goenka. It is true that he acquired some interest in steel and jute industries. The same is in the case with the statesman. It is controlled by any big business and to call it a 'jute press' is highly unfair. Malayala Manorama, Mathrubhumi are all newspapers owned or controlled by individuals or group of individuals or family representing a variety of interests.

11. Report of the Second Commission, Govt. of India, Vol.I, New Delhi, 1982, p.141.

A unique feature of price fixation by the newspaper industry is that the price of newspapers are not fixed on competition basis but unilaterally without considering the feelings of the customers. The customers-Readers-are helpless to form public opinion against frequent hike in newspaper price mainly due to the absence of any other powerful media than the newspaper itself to do this. So generally increase in price goes unnoticed by the subscribers. Newspaper management is very much confident that a subscriber 'addicted' to a particular newspaper will continue to subscribe the same newspaper without considering price. Generally management of newspaper make use of this weakness of the subscriber. There is no correlation between price and demand as far as the newspapers are concerned.

Marketing of newspapers is a very crucial function in the newspaper industry due to the very short span of life of the produce. Sale through agent and sales through mail are the two main marketing channels of the newspaper industry. Agents appointed on commission basis for the distribution of newspapers play an important role in the promotion of its circulation. In addition

to the fixed commission of 25 percent of the price of the newspaper, agents are getting other benefits like insurance scheme, welfare fund to help the agents when they are in distress, scholarship scheme for children etc.

Circulation figures of newspapers have higher correlation between community and circulation. The study reveals the clear patronage of communities to the newspapers. It is interesting to note that newspapers which are expected to play a vital role for eradication of caste and religion, find it as a fertile field to boost its circulation. The content analysis verified by using the standard statistical tests substantiate the hypothesis that community plays a very pertinent role in the marketing strategy of newspapers. The general feeling that each newspaper has the patronage of certain communities is found true in this study.

The editorial policy of each newspaper reflects its affiliation or pro-mindness to certain political parties. The study supports the argument that frequent

changes in the editorial policy of a newspaper affect its acceptability and confidence among readers.

In Kerala 40.87 percent of the total circulation of newspapers are owned or controlled by companies or undertakings or business men with interests in other business or industries, 18.80 percent of the total circulation of newspapers are owned or controlled by companies or families or individuals or groups of individuals with primary interest in newspaper business, 2.33 percent of the total circulation of newspapers owned or controlled by individuals or groups of individuals representing a variety of interest, 1.18 percent of the total circulation of newspapers are owned or controlled by Trusts or educational organisations with primary interests in newspaper business, 2.52 percent of the total circulation of newspapers owned or controlled by Trusts or educational, cultural or religious organisations as a means to achieve their wider objectives. When newspapers are controlled by big business houses they become the vehicles of expression of the ideology of their owners and the selection,

presentation and display of news in such newspapers would be dictated by the interests of the ownership. The newspapers controlled by them may be selective in their presentation of news and views in return for benefits conferred in respect of their other business interests.

The newspaper industry in Kerala is concentrated in the hands of a few with wider business interests who enjoy a monopolistic position in this industry with multiple product lines. So it is very difficult for a 'new-comer' to enter the industry. The overall situation in the newspaper industry is not conducive for the right development and application of professional management.

CHAPTER - II

REVIEW OF LITERATURE AND METHODOLOGY

2.1. Review of Literature

An attempt is made in this section to present a review of the available studies in the area of newspaper industry, most of them relating to newspaper industry in other countries. The studies relating to Indian newspaper industry are very few. So the review is based on the limited number of available contribution on newspaper industry per se and the important studies relating to management in general, but with emphasis on marketing.

The First Press Commission¹ analysed the costs of 30 dailies for the year 1951. It found that cost of the materials particularly the newsprint was the largest single component both in respect of English (32 percent) and language newspapers (45 percent).

1. Report of the First Press Commission, Govt. of India, Ministry of Information and Broadcasting, New Delhi, 1954.

The First Press Commission noted that the conversion of individually owned or family concern into joint stock companies, the increase in the number of papers under the control each individual concern leading to concentration of ownership. Transfer of even editorial control to the management and subordination of the public interest to the business and commercial interests of the owners. It is natural an industrialist to adopt editorial policies which would advance directly or indirectly the interests of the business interests. The First Press Commission came to the conclusion that exercise, by the individual owner; of the right of control, carried with it the very real danger of misuse of the press for personal or purely commercial purposes.

The Enquiry Committee² on Small Newspapers observed, in most other units industries, in spite of the existence of a few big units, a new entrepreneur can enter the field because the big units cannot reduce the sale price of the product below its cost of production. This is not true in the case of newspaper industry. Apart from the physical

2. Report of the Enquiry Committee on Small Newspapers,
Govt. of India, Ministry of Labour, New Delhi.

limitations on the market of a newspaper, a stale issue cannot be sold as a newspaper. A new entrant's survival itself may be rendered difficult if the established units in the field raise the number of pages offered by them for the same selling price as that of the new entrant. For the freedom of the press to be effective the present degree of dependence of newspapers on advertisements has to be lessened and the importance of circulation as a main source of revenue must be enhanced.

The committee was of the view that the prescription of a price-page schedule with a news to advertisement ratio is essential for promoting fair competition among the existing units and for providing a fair chance of success to newcomers.

The committee in view of the need to help the small and medium newspaper overcome the disadvantages of lower advertisement rates and smaller number of pages the committee recommended that the news-to-advertisement ratio should be fixed at 60:40 for big, 50:50 for medium and 40:60 for small newspapers.

The Fact Finding Committee³ on Newspaper Economics which submitted its report in 1975 was opposed to the price page schedule. The committee was of the opinion that with the shortage of newsprint and the large increase in its price there was no longer any danger of a large newspaper trying to outsell a small paper by charging a low price. The committee agreed with the general principle that a newspaper should devote the greater part of its space to news and that a 60:40 ratio between news and advertisements would be commendable. The committee advocated a news to advertisement ratio of 50: 50 so long as newsprint was in short supply. The committee commended that sometimes the same company publishes newspapers and undertakes non-newspaper activity. Newspaper profits have been used for acquiring shares in industrial enterprises. Deposits attracted from the public in the name of newspapers have been used for a variety of purposes, sometimes creating difficulties in meeting the repayment obligations. If newspapers are accepted as a public service, it is essential that profits earned from newspapers should be ploughed back into the newspaper

3. Report of the Fact Finding Committee on Newspaper Economics, Govt. of India, New Delhi, 1975.

enterprise itself. According to the committee, the main economic advantage accruing from delinking would be that newspaper profits would not be capable of being easily used for purposes other than publication of newspapers.

The Second Press Commission⁴ constituted in 1982 observed a higher profitability rates of 14 percent in the newspaper industry as against 9 percent mentioned in the Report.

The reports of the Palekar Tribunal⁵ came across conflicting view points on the effect the increase in retail price of newspaper had on their circulation. Newspaper publishers were generally of the view that increase in the sale prices of newspapers in developing country like India would result in fall in circulation of newspapers. The newspaper employees, however, were of the view that with the increase in literacy and purchasing power of the people there was great scope for growth of newspapers. The reports commended that if one or two small newspapers

4. Report of the Second Press Commission, Ministry of Information and Broadcasting, New Delhi, 1982.

5. Report of the Palekar Tribunal for Working Journalists and Non-Journalists Newspaper Employees, Govt. of India, New Delhi, 1980.

had closed down, the reasons must be sought elsewhere and not attributed to the hardships faced by the industry as a whole. The Palekar Reports say that the profits of the newspaper industry are rising and despite repeated hikes in the sale price of newspapers and advertisement rates, there has been no consumer resistance, as is evident from the rise in circulation.

The Royal Commission Report⁶ - studies on the press provides information about London based foreign news specialists foreign desk staffing arrangements, foreign news gathering and relationships with news services, the distribution of staff correspondence and retainer-paid stringers through out the major world regions and the news services to which each media organisation subscribed.

'New Technology' is the biggest example in newspaper industry and it creates new editorial opportunities such as greater capacity, better picture reproduction and new layout possibilities.

6. Report of the Royal Commission on the Press,
HMSO, London, 1949.

Trilok N. Sidhwani,⁷ in his book "Newspaper Economics and Management" provides the necessary tools for successful newspaper management and its various economic aspects.

K.P. Vijayan⁸ has given a lively picture of the working of the circulation departments in his book 'Pathrangal Vichithrangal'. He suggests that the circulation department of Malayalam newspapers should have more responsibilities. The Circulation Manager is the man who is responsible for the image building of the newspaper.

According to R.K. Chatterjee⁹ low rates of literacy and people reading newspapers in library are reasons for low paid circulation of Indian newspapers. But these may not be relevant in Kerala.

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7. Trilok N. Sidhwani, Newspaper Economics and Management, Ankur Publishing House, New Delhi, 1980.
 8. K.P. Vijayan, Pathrangal Vichithrangal, National Book Stall, Kottayam, 1968.
 9. R.K. Chatterjee, Mass Communication, National Book Trust, New Delhi, 1977.

Frank Rucker,¹⁰ deals entirely with newspaper circulation - what it should be and do, where and how it may be obtained for the weekly newspaper, the small and medium sized daily and the metropolitan press. This book explains the organisation, personnel and methods required for sound circulation building.

Circulation - the number of newspaper copies sold and paid for-is the foundation of a newspaper's success. All sources of revenue for the newspaper and all services provided by the newspaper, to make of it an indispensable medium and a financial success, are based on circulation.

According to Helge Holm, " many of the formulas suggested for evaluating a newspaper put primary emphasis on circulation."¹¹

Texas Circulation Managers Association,¹² the circulation department of a newspaper must be ever

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10. Frank W. Rucker, Newspaper Circulation, What, Where, and How, the Iowa State College Press, Ames, Iowa, 1958, p.1.
 11. Frank W. Rucker and Herbert Lee Williams, Newspaper Organisation and Management, Iowa State College Press, Ames, Iowa, 1955, pp.319-21.
 12. Texas Circulation Managers Association, Newspaper Circulation, the Steek Co., Austin, 1988, Tex.p.69.

active. To rest on past accomplishments or ever to feel satisfied with the volume of circulation enjoyed, or with the service rendered, invites disaster. There can be no weak links in the circulation organisation. Every members of the department must be constantly on the alert to obtain more circulation and to improve and extend the service. This applies to the circulation manager on down to the junior clerk.

F.W. Hodgson¹³ provides a good introduction in the study to different aspects of newspaper journalism and the journalist's world. Not only the day-today practice examined in detail but also the role of the editor, reader participation, and the running and printing of the newspaper. Close attention is given to news gathering, production, advertising and commercial side of newspapers and, in particular, new technology and its effect on newspaper practice.

13. F.W. Hodgson, Modern Newspaper Practice, Milliam Heinemann Ltd., 10, Upper Grosvenor Street, London, 1984.

Kevel J. Kumar,¹⁴ gives an exhaustive analysis of the mass media in India with particular reference to ownership pattern, concentration of ownership in his book "Mass Communication in India."

N.R. Dua,¹⁵ the author of Themes in Indian Communication provides a peep into new trends in newspaper management.

Donald J. Wood,¹⁶ says "circulation manager avoids wasteful turn over and high pressure business, and he encourages scientific verification of all new orders and stops. Too, the operating costs per subscriber are investigated, as well as the revenue of the circulation department in relation to those costs. Basic business principles dictate that the successful circulation manager keeps two revenue in excess of his disbursement."

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14. Kevel J. Kumar, Mass Communication in India, Jaico Publishing House, Bombay-23, 1981.
 15. M.R. Dua, Themes in Indian Communication, Metropolitan Book Co., (P) Ltd., 1, Netaji Subash Marg, New Delhi-2, 1982.
 16. Donald J. Wood, Newspaper Circulation Management - A Profession, Newspaper Research Bureau, Oakland, 1975, p.16.

Downes, Donna Roman¹⁷ in their study traces the development of the new approach to newspaper management through a review of professional and academic literature as well as through four case studies of newspapers in the Los Angeles area to see how the marketing approach has been put to use practically. The four case studies are examined from two view points. (a) how the marketing approach has affected the newspapers' management structure and decision-making processes and (b) how the marketing approach has affected content changes. He points out that in an effort to survive and prosper in a highly competitive and complex media environment, newspapers have turned to a new approach to managing. Their products - the marketing approach - an approach that calls for a growing emphasis on giving the consumers more of what they want in their newspapers balanced with what they need. According to him more editors and publishers have begun to use the science of marketing research to help them in the complex market system and to assist them in giving each individual reader precisely what he or she wants in a newspaper.

17. Downes, Donna Roman M.A., The Use of Market Research in the Editing and Management of Newspaper: A Case Study of Four Los-Angeles Newspapers, California State University, Fullerton, 1982.

John Scott Davenport,¹⁸ emphasizes the important place that circulation holds in newspaper making and community building. The important problem of developing a successful carrier service is discussed by C.K. Jobberson,¹⁹ Circulation Manager of the DCS Moines, Iowa, 'Register and Tribune', in a useful 104 page book entitled, 'Newspaper Carrier Leadership'.

Also in each of the following books, two or more chapters deal directly with circulation aims, methods and problems. "Weekly Newspaper Management" by Thomas F. Barnhart,²⁰ "Newspaper Organisation and Management" by Frank W. Rucker and Herbert Lee Williams,²¹ "Newspaper Business Management" by James E. Pollard,²²

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18. John Scott Davenport, Newspaper Circulation - Backbone of the Industry, Wm.C. Brown Co., Dubuque, Iowa, 1982.
 19. C.K. Jefferson, Newspaper Carrier Leadership, C.K. Jefferson Publication Des Moines, Iowa, 1978.
 20. Thomas F. Barnhart, Weekly Newspaper Management, Appleton-Century Crofts, Inc., New York City, 1984.
 21. Frank W. Rucker and Herbert Lee Williams, Newspaper Organisation and Management, Iowa State College Press Ames, Iowa, 1983.
 22. James E. Pollard, Principles of Newspaper Management, Mc Graw-Hill, New York, 1984.

Allan Woods,²³ gives the whole scope of the art and science of producing newspaper. The greatest change to occur in the production side of the business was the perfection of the stereotype process and the invention of new kinds of high speed presses. Producing the skyrocketing circulation of the big metropolitan papers required the services of a man who was not only able to mastermind the daily operation of the production departments, but was also able to decide on new equipments install it, and often train men to run it.

Daba L. Thomas,²⁴ says "today the media is standing at a cross road . The battle for survival of the free press has entered a climatic stage. On the one hand automation has taken over every phase of newspaper production, and the completely televised newspaper that will be routinely flashed to readers on their home video screens is just around the corner. On the other hand, thanks to major advances in video and information -

23. Allan Woods, Modern Newspaper Production, Harper & Row, Publishers, New York, 1963, p.56.

24. Daba L. Thomas, The Media Moguls, Academic Press Canada Ltd., Toronto, 1981, p.8, 9.

retrieval technology; and other communications giants are threatening to challenge newspaper publishers in their traditional role as disseminators of news, advertising and vital statistics. While traditionally the press has thrived on diversity of expression, the emergence of television as today's pre-eminent communicator has drastically changed the dynamics of journalism."

Frank Luther Mott,²⁵ provides a history of newspaper in the United States through 260 years: 1690 to 1950 in the volume, American Journalism. The effort to condense the history of 25 years of such a complicated social mechanism as the American Press into the limits of a few hundred pages is bound to result in the omission of many important facts. The book illustrates the management problems such as labour troubles, newsprint shortage and high prices, newspaper circulation and advertisements.

25. Frank Luther Mott, American Journalism, Macmillan Company, New York, 1950.

'The Press and America' written by Edwin Emery and Henry Ladd Smith,²⁶ explains what the press is today, and how it got that way. The first portion of the book covers the long time span ending with the civil war, is concerned less with details than with an exposition of the principles upon which American Fourth Estate was founded. The remaining chapters examine modern journalism including newspapers, radio, television, magazines, and news gathering organisations - and its role in the complex society.

Albert Duesenburg,²⁷ presents a survey as seen through the eyes of a German Journalist who himself experienced each place of a development which has been particularly rich in contrasts. The book features the West German Press; how much has changed, both internally and externally and what motivating forces have been of decisive influence.

26. Edwin Emery and Henry Ladd Smith, The Press and America, Prentice-Hall, Inc., Englewood Cliffs, N.J., 1954.

27. Albert Duesenburg, The Press in Germany, M. School Publishers, Bonn, 1960.

John Hohenberg,²⁸ seeks first of all, to undertake a selective examination of the principal problems of the news media in the United States. The United States has developed the most powerful and pervasive concentration of news media that has ever existed in an open society.

Nancy Brigham,²⁹ gives an idea of sales promotion in the newspaper industry. He says, "Print stickers saying that your paper is 'available here'. Then visit potential drop-off sites and ask permission to leave the sign or sticker in the window. Look for store fronts and offices your audience is apt to visit. Try cafeterias, variety stores, bus stops and supermarkets, social service centres and hospitals, schools, colleges, beauty and barbershops, unemployment officer, city halls, housing coops and clubs. Think of other places people meet."

28. John Hohenberg, The News Media : A Journalist Nooks at his Profession, Holt Rinehart and Winston, Inc., New York, 1968.

29. Nancy Brigham, How to do Leaflets, News letters and Newspapers, P.E.P. Publishers, P.O. Box 289, Essex Station, Boston, 1982, p.137.

The book gives a general picture on market techniques planning and scheduling of each issues. Printing and special graphic techniques such as cheaper printing methods.

Theodore Levitt,³⁰ in his book "Marketing for Business Growth" talks to marketing chiefs on three general topics first is how to think about and get more from the products, people, and the resources you have, second how to think sensibly about and get innovation and imitation in marketing; and third, how to think about marketing's claim on company resources relative to other considerations which must go into charting the purposes and managing the various functions of the whole organisations.

Basselt Nancy,³¹ in her study examines some aspects of technology as it affects newspaper journalism and speculates on the near future of newspaper.

30. Theodore Levitt, Marketing for Business Growth, Mc-Graw-Hill Book Company, New York, 1974, p.3.

31. Basset, Nancy, Journalism and the Future: The Effect of Technology on Newspapers in the 1980s, University of South Carolina, 1982.

How has technology changed the newspaper, and will newspapers survive rising costs and competition from the new teletext medium computer and video display terminals are now common fixtures in news rooms together with offset printing. Computers have reduced production costs and improved efficiency in all departments.

Dasarathi Mishra,³² in his book deals with the major subject of advertising on several thousand pages of Indian newspapers that have come out during the 167 years between Hicky's Gazette and India's independence. The book is divided into six chapters. The first chapter traces the history of advertising from sixth century B.C. The second chapter is devoted to the development of Indian advertising.

Nicholaus Mills,³³ in his book "The New Journalism" narrates the various management procedures followed in American Journalism. The chapter includes

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32. Dasarathi Mishra, Advertising in Indian Newspapers, 1780-1947, Ishami Publications, Berhampur, 1987.
33. Nicholaus Mills, The New Journalism - A Historical Authology, Mc-Graw-Hill Book Co., New York, 1974.

a discussion of advertising agencies, readership survey, advertising and law and advertising organisations. Chapter three is devoted for advertising in Hicky's Gazette. Chapter four discusses advertising in the 19th century papers. The author reproduces advertisements of four periods to show the change in content as well as products advertised. The fifth chapter gives us the 20th century advertising till 1947. The sixth chapter deals with the views of the First Press Commission on advertising ie., the volume of advertisements, total advertisements from Government sources and how they were distributed.

Some of the other important works in this area are Roderick, Martin,³⁴ and Harry Henry.³⁵ Melton - Martha Faye³⁶ in his work distinguishes five basic steps in starting a journal, viz.,

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34. Martin, Roderick, New Technology and Industrial Relations in Fleet Street, Clarendon Press, Oxford, 1981.
 35. Henry, Harry, Behind the Headlines, Associated Business Press, London, 1978.
 36. Melton Martha Faye M.A., Starting a New Magazine: Two Case Studies, University of Georgia, 1982.

- a) defining the editorial policy,
- b) original financing, raising the seed money,
- c) developing a business plan,
- d) testing and
- e) secondary financing, raising the major working capital.

The study concluded that there is no formula for starting a successful magazine but the risk can be greatly minimized by following the five basic steps suggested above.

John F. Goulden's,³⁷ 'Newspaper Management' gives the 'feel' of a newspaper but is very dated. He offers a view on the managerial aspects of newspaper industry.

Simon BroadBent,³⁸ 'Spending Advertising Money' looks at advertising and the media in close detail.

A more general picture of advertising practice is given in the "Practice of Advertising" edited by A.H. Hart and J.O'Connor.³⁹

37. Goulden, John F, Newspaper Management, Heinemann, London, 1967.

38. Broad Bent, Simon, Spending Advertisers, Money Business Books, London, 1975.

39. Hart, A.H. and O'Connor J., The Practice of Advertising, Heinemann, London, 1978.

Paul M. Hirsch, Peter V. Millers,⁴⁰ have chosen three areas of special attention. The first part, on organisational analysis, shows that mass communication is not produced in a vacuum. It requires the collaborative work of interdependent occupations and professions, moulded into large scale organisations. How the internal processes of these occupations and organisations operate, their relation to issues of professional autonomy and social control, and their combined impact on mass media content are among the issues discussed in this section. Part II emphasises several conceptual issues inherent in divisions about data collecting modelling. The final section brings together conceptual and methodology issues concerning time as a variable.

Kennet, Debra M.A.⁴¹ in his study with respect to 'Morning Sun' Newspaper and Local Radio Stations in South East Kansas discovers consumer's attitude concerning

40. Paul M. Hirsch, Peter V. Millers, F. Gerald Kline, Strategies for Communication Research, Sage Publications, Beverly Hills, 1977.

41. Kennet, Debra M.A., Relative Impact of Advertising of the Pittsburg "Morning Sun" Newspaper and Local Radio Stations in South East Kansas, University of Kansas, 1981.

the relative impact and effectiveness of radio and newspaper advertising, and to determine which medium is viewed as the most beneficial to these consumers.

Robert Dorfman,⁴² in his book Prices and Markets emphasis the point that "The selling of newspaper or any product depends on two things - the demand for the product and supply of the product. Products are not homogeneous as in perfect competition, but neither are they remote substitutes as in monopoly. What this really means is that, in monopolistic competition there are various monopolists competing with each other. These competing monopolists do not produce identical goods. Neither do they produce goods which are completely different. Product differentiation means that product are differentiated in some ways but not all together so".

P.N. Chopra's⁴³ contribution to micro economic dealt with different types of markets. Dorfman and

42. Robert Dorfman, Prices and Markets, Prentice Hall of India Pvt. Ltd., New Delhi, 1981, p.183.

43. P.N. Chopra, Micro Economics, Kalyani Publishers, New Delhi, 1972, p.101.

Chopra emphasised particular need for selling costs to supplement product differentiation in a monopolistically competitive market.

The essentialities for modern marketing techniques for product selling are stressed by Dr.D.G.Giridhar⁴⁴ has suggested a package programme for sales staff which includes on the job training lectures and demonstration.

Peter Drucker⁴⁵ emphasises three major functions which a sound and efficient marketing system performs for a growth economy. These are (a) it crystalises and directs the demand for maximum productive effectiveness and economy (b) it guides production and purposefully towards maximum consumer satisfaction and consumer value, and (c) it helps to develop standards of efficiency and quality by rewarding those who do want to contribute. Drucker has said, that in developing countries marketing is often a neglected area, on the

44. D.G. Giridhar, Dr., Marketing Challenges for 1989, Indian Journal of Marketing, Vol.III, No.11-12, July-August, 1983.

45. Drucker, Peter.F, Marketing and Economic Development, Journal of Marketing, Vol.22, No.I, USA, January, 1958.

other hand, it is manufacturing and finance that occupy greater attention. Marketing, however, does need a key position. It is marketing, more than any other factor, which helps to rapidly develop much needed entrepreneurial and managerial skills. Its development makes possible economic integration and the fullest utilisation of the existing assets and productive capacity of an economy. Marketing thus mobilises talent economic energy.

According to Aaker⁴⁶, Anderson⁴⁷, Levitt⁴⁸, the content of market orientation consists of three behavioral components customer orientation, competitor orientation, and interfunctional coordination and two decision criteria-long term focus and profitability. Customer orientation and competitor orientation include all the activities involved in acquiring information

46. Aaker David.A, Strategic Market Management, 2nd Edn., John Wiley and Sons Inc., New York, 1988.

47. Anderson Paul.F, Marketing Strategic Planning and the Theory of the Firm, Journal of Marketing, 1982, 46 (Spring).

48. Levitt Theodore, Marketing Myopia, Harward Business Review, 38(4), 1960.

about the buyers and competitors in the target market. The interfunctional co-ordination, is based on the customer and competitor information and comprise the business's coordinated efforts, typically involving more than the marketing department, to create superior value for the buyers.

Kohli,⁴⁹ in his study "Market Orientation: The Construct Research Propositions and Management Implications" defines market orientation as the organisation wide information generation and dissemination and appropriate response related to current and future customer needs and preferences.

Shaw Arch⁵⁰W, described the strategy of product differentiation as meeting human wants more accurately than the competition. The result is a "build of demand" for the producer's product and a potential for a price level higher than that of the existing stock commodity. In discussing the need to treat each distinct geographic region as a separate distribution problem. Shaw stressed

49. Kohli Ajay. K, Market Orientation, The Construct, Research, Proposition and Management Implications, Journal of Marketing, 1990.

50. Shaw Arch. W, Some Problems in Market Distribution, Quarterly Journal of Economics, August, 1912.

as equally important the recognition of economic and social market "contours" and the need also to treat these as separate marketing problems. Besides specifically recommending separate contour or segment analysis, he pointed out that the law of diminishing return imposes a limit on the practical value to the company of catering to these different markets.

Chamberlin, Edward. H,⁵¹ observed that where the possibility of differentiation exists, sales depend on the skill with which the good is distinguished from others and made to appeal to a specific group of buyers. Sometimes a marketer will attempt to convince a dubious segment of the public that its brand is distinctive because it has a combination of desired attributes normally not present in other alternatives and commonly not believed possible. In this case, advertising had to change perceived relationships between attributes to be able to position the product successfully.

Porter,⁵² in his book 'Interbrand Choice, Strategy and Bilateral Market Power' viewed product differentiation

51. Chamberlin Edward. H, The Theory of Monopolistic Competition, Harward University Press, Cambridge, 1965.

52. Porter Michael. E, Interbrand Choice, Strategy and Bilateral Market Power, Harward University Press, Cambridge, 1976.

as depending on both physical product characteristics and other elements of the marketing mix. He recognised that product differentiation can be based on perceived as well as actual physical and non-physical product differences. Porter also adhered to the traditional operational definition of product differentiation as the degree of cross-price inelasticity with respect to competing brands. In a demand equation this cross elasticity is represented by a demand function for the firm's offering that is relatively unaffected by changes in the prices of competing brands.

Edward W. Cundiff, Richard R. Still⁵³ and Norman A.P. Govoni, in their book "Fundamentals of Modern Marketing" provide a broad perspective of marketing, a basic understanding of what marketing is and how it works - focusing primarily on key marketing problems and decision areas and on an overall systems approach to marketing management.

53. Edward W. Cundiff, Richard R. Still, Norman A.P. Govoni, Fundamentals of Modern Marketing, 4th Edn., Prentice-Hall, International Inc. Englewood Cliffs, N.J., USA, 1988.

The book "Research for Marketing Decisions" by Paul E. Green and Donald S. Tull⁵⁴ emphasised modern analytical tools in design and conduct of marketing research. It covers all multivariate techniques and applies them to real industrial problems in market Segmentation; new product design, promotional effectiveness, measurement and pricing.

Dr. Philip Kotler,⁵⁵ one of the world's eminent authorities on marketing in his masterpiece "Marketing Management, Analysis, Planning, Implementation and Control" narrated the major decision that marketing executives and top management face to harmonize the objectives and resources of the organisation with the needs and opportunities in the market place. This book applies marketing thinking to products and services, consumer and industrial markets, profit and non-profit institutions, low-tech and high-tech industries. The

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54. Paul E. Green, Donald S. Tull, Research for Marketing Decisions, 4th Edn., Prentice Hall International, Inc., Englewood Cliffs, NJ, USA, 1988.
55. Philip Kotler, Marketing Management, Analysis, Planning, Implementation and Control, Sixth Edition, Prentice Hall International, Inc., Englewood, London, 1988.

book presents a framework for analysing recurrent problems in marketing management.

Michael J. Baker,⁵⁶ in his book establishes that marketing is information analysis and vision. And the greatest of these is vision. It is also the most difficult to teach. By concentrating on the first two, Michael Baker has provided the foundations. He concludes: Thus we must pay much more attention to the cinderellas of marketing - selling and distribution - for these are the means whereby we will recoup our past investments and earn the profits on which the future will depend.

In spite of the above mentioned peculiarities and the phenomenal rate of growth of the industry in Kerala hitherto no attempt has been made to study its managerial structure and problems. Most of the writing on the is only a journalistic narration of the various aspects of the problem without much objectivity.

56. Michael J. Baker, Marketing Strategy and Management Macmillan, London, 1985.

Further, none of the studies cover the marketing side of the newspapers in any detail. The management problems of the newspaper industry in the state, its management in general and marketing in particular, remain a totally unexplored area, especially by academics.

2.2. The Problem and the Relevance of the Study

The stiff competition in the industry, the high mortality rate, the high perishability of the product and the related marketing problems, the twin objectives of earning a reasonable rate of return as a commercial concern and fulfilling obligations to society as a socio-political institutions, the dual source of revenue from circulation (sales) and advertisements, the limited readership of regional newspapers, the acute scarcity of newsprint and the frequent upward revision of newsprint price by the Government are some of the most important problems facing newspaper industry. These problems are peculiar to this industry and lead to several unique management problems.

This calls for a new orientation in the management of newspaper industry, different from that in the other industries. Naturally, therefore, the management of this industry with special reference to marketing deserves to be subjected to a detailed scientific study.

2.3. The Objective and Scope of the Study

The general objective of the study is to examine in depth the organisation and management practices of newspaper industry in Kerala with particular reference to the marketing aspects, with a view to suggesting measures for improving the economics and the managerial efficiency of the industry. The detailed investigation into the management aspects of the industry is done with particular reference to the two most popular Malayalam dailies in Kerala, namely, the Malayala Manorama and the Mathrubhumi. The purposeful selection of these two papers for the study is amply justified as these two dailies together account for about 80 percent of the total circulation of the newspapers in

Kerala. Technically speaking, both these papers are owned by organisations registered as public limited companies and are, to a large extent professionally managed. The Malayala Manorama, though a public limited company in principle, functions, however, more or less as a private company or a family concern. These two papers therefore provide a scope for studying the management of newspaper industry practically under two different organisational set up, namely private limited company and public limited company.

To be more specific, the objectives are to study:

- i) the origin and growth of newspaper industry in Kerala;
- ii) the organisation and management structure of newspaper industry in Kerala;
- iii) the cost, revenue and profitability of newspaper firms;
- iv) the marketing management of Malayala Manorama and the Mathrubhumi;
- v) the determinants of market for newspaper, or the volume of circulation of newspaper in Kerala.

2.4. Methodology

This is an empirical study based on data and information collected from both primary and secondary sources. The methodology followed in this study partly falls under the category of 'Case Study Method', as the case analysis is with reference to a detailed investigation into the management of two selected newspapers in Kerala, viz., Malayala Manorama and Mathrubhumi.

The main newspaper firms in Kerala are Malayala Manorama, Mathrubhumi, Kerala Kaumudi, Desabhimani, Veekshanam, Mangalam and Chandrika. Of these newspapers, the most important in the order of volume of circulation are Malayala Manorama, Mathrubhumi, Kerala Kaumudi and Desabhimani. Malayala Manorama and Mathrubhumi together account for 80 percent of the total volume of circulation in Kerala. These two newspaper firms are therefore specially selected for detailed case study.

Primary data and informations are collected for the study through personal enquiries and interviews with several management personnel at various levels

in the two newspaper firms. Specific data on various aspects were collected from the two selected firms on the basis of a prepared schedule.

Secondary data and information on the newspaper industry as a whole were collected from different published and unpublished records, particularly from the reports of the Registrar of Newspapers for India, Press Commission Reports, Audit Bureau of Circulation Reports. The study is also based on the several books and periodicals different aspects of management in general and the managerial aspects of newspaper industry in different parts of the world.

These secondary sources were useful in studying the origin, growth and the present status of the newspaper industry in Kerala, on the basis the core theme of the study -- the management aspects is explored.

First, the existing organisational and management structure of Malayala Manorama and Mathrubhumi firms, have been examined in detail. Secondly an attempt is made to study the strategies of marketing of Malayala

Manorama and Mathrubhumi and assessed with the help of the general conceptual framework of marketing management suggested by Mc Carthy.

Thirdly, an attempt has been made to identify the factors that determine the demand for newspapers or the volume of circulation of newspapers as it forms the most important component of any marketing strategy. It is hypothesised that the volume of circulation of a newspaper is not so much on its price, but very much on non-price factors such as population size, level of education, religious composition of the population, the editorial policy, the contents and quality of product, the typography, coverage and the mix of news items, preference and taste of subscribers, and above all the community and political patronage. The association of these factors with the volume of circulation of Malayala Manorama and Mathrubhumi has been studied using :

(1) districtwise data on volume of circulation on one side and the districtwise data on population, religious composition and literacy level on the other side, and

ii) an indepth study of the 'Contents' - a contents analysis -- of the two newspapers, Malayala Manorama and Mathrubhumi during a period of three months. The associations have been examined using relevant statistical tools and tested statistically.

Fourthly, the cost, revenue and profit of the Malayala Manorama and Mathrubhumi newspaper business was studied as the ultimate criterion for judging the success or failure of the management of any firm is the net returns from the business.

2.5. Scheme of the Study

The study has been divided into eight chapters. Chapter-I spells out an introduction about the newspaper industry and its unique features.

Chapter-II, deals with a review of literature, objective, scope, methodology and limitations of the study.

Chapter-III deals with origin, growth and status of newspaper industry.

Chapter-IV examines the cost, revenue and profitability of the Malayala Manorama and Mathrubhumi.

Chapter-V deals with the Organisation and Management.

Chapter-VI examines the Marketing Management of Newspapers.

Chapter-VII deals with the Marketing Strategy and Performance of Malayala Manorama and Mathrubhumi: An Assessment.

Chapter-VIII presents the main findings of the study.

2.6. Limitations of the Study

The newspaper industry in Kerala consists of a large number of newspaper firms, having publications of different periodicity, viz., dailies, weeklies, monthlies, and bi-weeklies. The most important among them are dailies published by few reputed firms. The scope of the present study is limited to the study of

the two biggest dailies Malayala Manorama and Mathrubhumi. The focus of the study is particularly on the marketing management of these two dailies. This is the first study of its kind in Kerala by an academic and the researcher therefore did not have much background materials to fall upon. The several unique features of the newspaper industry make it distinctly different from many other conventional industries and the management of newspaper firm does not conform to the general principles of management of other kinds of firms or industries. This is particularly so because the demand for newspapers (the volume of circulation) has very little to do with their price, but very much depends on several other socio-political and cultural factors. The study of the marketing strategy of newspaper firms is therefore complex and any analysis of the marketing strategy of newspaper firm is bound to be incomplete in many respects, particularly when done by a single researcher. It is also appropriate point out that though the people engaged in the newspaper business are keen to collect and disseminate news of

all kinds from all possible sources, they surprisingly do not easily divulge the news or information about them to others. This is one of the major handicaps for any study concerned with newspaper business.

CHAPTER - III

ORIGIN, GROWTH AND STATUS OF NEWSPAPER INDUSTRY

3.1. Newspaper Industry in India

The birth of Newspaper in India dates back to 29th January 1780 when 'Bengal Gazette', a weekly newspaper published by Hickey from Calcutta.¹ It was followed by 'The India Gazette' which was published in 1780 by Messink and Reed. The last two decades of 18th century witnessed the publication of many more periodicals like 'The Bengal Journal', 'The Calcutta Chronicle' and 'The Madras Courier'. Bombay's first newspaper 'The Bombay Herald' was started in 1789.

The Press Regulation issued on 19th August 1818 was a milestone in the history of newspaper in India since it prohibited editors from publishing any wrong version

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1. Report of the Wage Boards for Working Journalists and Non-Journalist Newspaper Employees, Govt. of India, Ministry of Labour, New Delhi, 1989, p.51.

of the government proceedings, offensive remarks against the members of the legislative council, Judges of the Courts and also private scandals and personal remarks on individuals, tending to excite dissension in society.

Under Lord Bentinck's liberal regime, several newspapers came into existence. Sixteen of them were Indian language newspapers published in the period. 'Bombay Samachar' a Gujarathi daily from Bombay is the oldest existing newspaper started during the period. The progress of the press was halted by the 'Ghadar' or mutiny of 1857, though the press had not played any important role in the great rebellion. By 1870, the press in the Indian languages had a phenomenal growth. There were about sixty two Indian language newspapers in Bombay, about sixty in the North-West Provinces, Oudh and the Central Provinces, twenty eight in Bengal and Nineteen in Madras.²

The press made new strides during the freedom movement. 'The Times of India' from Bombay, 'The Hindu' from Madras were started during this period.

2. Mass Media in India, Publications Divisions, Ministry of Information and Broadcasting, Govt. of India, New Delhi, 1986, pp.6, 7.

Table 3.IDAILIES STARTED BETWEEN 1857 AND 1940

Language of publication	Number of dailies started			
	1857-1908	1908-1920	1920-1929	1930-1939
Gujarati	4	-	3	3
Marathi	1	1	3	7
Tamil	1	-	-	2
Bengali	2	-	-	1
Malayalam	2	1	2	5
Sindhi	-	1	-	-
Urdu	-	5	12	10
Telugu	-	1	1	1
Hindi	-	3	5	8
Oriya	-	1	1	1
Punjabi	-	1	1	1
Kannada	-	-	1	4
Assamese	-	-	-	-

Source: S.R.Ranganathan and K.N.Sivaraman, 'The Woes of Tamil Periodicals', Madras Library Association Memoirs, Madras, 1940, p.42.

The development of the Press till the advent of Gandhian era was subject to much stress and strain. Publications like 'Harijan', 'Young India' under the patronage of Mahatma Gandhi played an important role in the sphere of social reforms and freedom movement, especially after the Quit India Movement. Many national leaders took journalism in a missionary spirit. They recognised the role of a free Press to fight against injustice, social evils and expouse corruption in high places.

Though several other newspapers were started in early part of twentieth century, however, as an industry, the press did not make much progress outside the metropolitan cities until independence. The data on the number of daily newspapers published during various periods in the past starting from 1857, as available from the Madras Library Association Memoirs are presented in table 3.1. According to this, there were 10 dailies in 5 regional languages, 2 being in Malayalam, between 1857 and 1908. However, this has increased to 14 during 1908 to 1920, 29 during 1920 to 1929 and 43 during 1930 to 1939. By 1950, the number of dailies in

Table - 3.2

Daily Newspapers in India in 1950

State	Number of dailies in 1950 and language of publication													Total	
	English	Assamese	Hindi	Urdu	Gujarati	Marati	Sindhi	Kannada	Telugu	Tamil	Malayalam	Punjabi	Oriya		Bengali
Assam	1	1													2
Bihar	3		4	1											8
Bombay	9		3	8	17	15	1	3							56
Delhi	5		6	7					2	11	2				33
Madras	5														5
Madhya Pradesh	2		4			2									8
Utter Pradesh	5		15	7											27
Travancore-Cochin											13				13
Punjab	1			6								3			10
Madhya Bharat			3												3
Orissa	2												3		5
West Bengal	4		4	2									1	5	16
Mysore	3			1				6							10
Hyderabad	4			4					1						9
Kashmir				5											5
Bhopal				3											3
Rajasthan			5												5
Total	44	1	44	44	17	17	1	9	3	11	15	3	4	5	218

Source: The Reports of Registrar of Newspapers for India, Ministry of Information and Broadcasting, New Delhi, 1987.

different languages including English has increased to 218, of which 44 each in English, Hindi and Urdu, 17 each in Gujarati and Marati and 15 in Malayalam and the remaining in other languages. This state-wise position of these dailies is given in table 3.2.

At the end of 1952, there were 330 dailies, 1189 weeklies and 1733 journals of other periodicities in existence. The number of dailies with a circulation of more than 50,000 copies has been increased from six in 1952 to 61 in 1979. In 1979, Indian languages accounted for 20 of the 30 dailies with a circulation of one lakh and above. 'Ananda Bazar Pathrika' the Bengali daily published from Calcutta, started by Mrinal Kanti Ghosh, Prafullakumar Sarkar and Suresh Chandra Majumdar in 1922 is the largest circulated single edition daily with 403047 copies.

Today the industry can feel proud of bringing out newspapers in more than 90 languages.³ As can be seen

3. Report of the Wage Boards for Working Journalists and Non-Journalist Newspaper Employees, Govt. of India, Ministry of Labour, New Delhi, 1989, p.51.

from the table 3.3 the total number of newspapers increased from 12218 in 1971 to 24629 in 1990, registering an annual compound growth rate of 1.04 percent during the last two decades.

A category wise break-up of the newspapers into dailies and weeklies as given in the table 3.3 indicates that the number of dailies had the highest growth rate of 1.05 percent during this period, from 821 in 1971 to 2151 in 1990. This is followed by weeklies with an annual compound growth rate of 1.04 percent and other categories at the rate of 1.03 percent per annum. The number of weeklies increased from 3608 in 1971 to 7501 in 1990 and those in other categories from 7721 to 14829.

Thus, in terms of the number of newspapers, it is seen that the size of the industry has doubled and the growth of dailies has been more than two and a half times during the period 1971 to 1990.

3.1.1. The Growth During 1971 to 1990

Table 3.3 provides data on the number of newspapers in India during 1971 to 1990.

Table - 3.3

Number of Newspapers: 1971-1990

Year	Dailies	Tri/Bi Weeklies	Weeklies	Others	Total
1	2	3	4	5	6
1971	821 (6.72%)	68 (0.56%)	3608 (29.53%)	7721 (63.19%)	12218
1972	793 (6.65%)	64 (0.54%)	3583 (30.04%)	7486 (62.77%)	11926
1973	830 (6.66%)	68 (0.54%)	3875 (30.63%)	7880 (62.28%)	12653
1974	822 (6.75%)	68 (0.56%)	3666 (30.09%)	7629 (62.61%)	12185
1975	835 (6.72%)	70 (0.56%)	3628 (29.20%)	7890 (63.51%)	12423
1976	875 (6.57%)	74 (0.56%)	3801 (29.08%)	8570 (64.34%)	13320
1977	929 (6.39%)	78 (0.54%)	4225 (29.08%)	9299 (64.00%)	14531
1978	992 (6.27%)	81 (0.51%)	4654 (29.43%)	10087 (63.79%)	15814
1979	1087 (6.33%)	86 (0.50%)	5023 (29.26%)	10972 (63.91%)	17168
1980	1173 (6.47%)	93 (0.51%)	5280 (29.11%)	11594 (63.91%)	18140

(Contd.)

Table - 3.3 (Contd.)

1	2	3	4	5	6
1981	1264 (6.60%)	98 (0.51%)	5624 (29.38%)	12158 (63.51%)	19144
1982	1334 (6.69%)	103 (0.52%)	5898 (29.58%)	12602 (63.51%)	19937
1983	1423 (6.86%)	108 (0.52%)	6122 (29.49%)	13105 (63.13%)	20758
1984	1609 (7.39%)	111 (0.51%)	6469 (28.56%)	13595 (62.41%)	21784
1985	1802 (7.96%)	111 (0.49%)	6769 (29.89%)	13966 (61.67%)	22648
1986	1979 (8.38%)	118 (0.50%)	7147 (30.26%)	14372 (60.86%)	23616
1987	1982 (8.35%)	121 (0.51%)	7210 (30.39%)	14413 (60.75%)	23726
1988	1993 (8.34%)	138 (0.58%)	7280 (30.44%)	14501 (60.64%)	23912
1989	2001 (8.31%)	142 (0.59%)	7312 (30.38%)	14613 (60.72%)	24068
1990	2151 (8.73%)	148 (0.60%)	7501 (30.46%)	14829 (60.21%)	24629
Annual compound Growth Rate	1.05%	1.03%	1.04%	1.03%	1.04%

Source: Calculated from the Reports of Registrar of Newspapers for India, Ministry of Information and Broadcasting, New Delhi, 1987.

Though the total number of newspapers in 1990 was reported to be 24629,⁴ the Registrar of Newspapers for India, provided information on circulation of various newspapers only in respect of 6858 newspapers. According to this source, those newspapers together had a circulation of 640,51,000 as on 1st January 1990. Of this, the dailies accounted for 215,87,000, weeklies for 182,01,000, and monthlies for 158,36,000. The fortnightlies had a circulation of 59,01,000.

In terms of the circulation, the Registrar of Newspapers classified newspapers into three categories, viz., small, medium and big newspapers. Newspaper with a circulation upto 15,000 copies per publishing day is categorised as 'small', newspaper with a circulation between 15,001 and 50,000 copies per publishing day is grouped as 'medium' and newspaper with a circulation of more than 50,000 copies per publishing day as 'big'.

Table 3.4 gives a break-up of newspapers into big, medium and small for the years 1979 to 1988.

4. From the Reports of the Registrar of Newspapers for India, Ministry of Information and Broadcasting, New Delhi, 1991.

Table - 3.4

Number of Newspaper by Size and Their Proportion to Total Reporting Newspapers

Year	Big	Medium	Small	Total
1979	174 (2.16)	329 (4.09)	7549 (93.75)	8052 (100)
1980	179 (2.11)	394 (4.66)	7890 (93.23)	8463 (100)
1981	177 (2.50)	354 (5.01)	6535 (92.49)	7066 (100)
1982	176 (2.48)	374 (5.27)	6549 (92.25)	7099 (100)
1983	192 (2.41)	427 (5.35)	7356 (92.24)	7975 (100)
1985	212 (2.92)	457 (6.29)	6599 (90.79)	7268 (100)
1986	240 (3.50)	499 (7.28)	6119 (89.22)	6858 (100)
1988	246 (3.53)	508 (7.29)	6213 (89.18)	6967 (100)

Source : Report of the Wage Boards for Working Journalists and Non-Journalists Newspaper Employees, Ministry of Labour, New Delhi, 1989.

[The proportions, which the big, medium and small newspapers bear to the total number of reporting newspapers have been indicated in brackets.]

3.1.2. Statutory Bodies Dealing with Press

(a) Press Council of India

Sweden was the first country to set up a Press Council in 1916. Now 40 countries have Press Councils. The British Press Council came into being the year 1951. The National News Council of USA was formed in 1973.

The First Press Commission recommended a Statutory Press Council for India. Accordingly a bill was also introduced in the Parliament in 1956. However, a Press Council could be established in India only in 1966. Justice J.R. Mudholkar, a Judge of the Supreme Court was appointed Chairman of the first Council succeeded by Justice N. Rajagopala Ayyangar, a former judge of the Supreme Court. During the period of emergency in India, the Press Council was abolished in December 1975 and the Press Council Act, 1965 was repealed.

A fresh legislation for the establishment of the Press Council was enacted in 1978. Justice A.N. Grover, a former judge of the Supreme Court was appointed as

chairman of the new Press Council. Important functions of the Press Council are given below.

1. to encourage the growth of a sense of responsibility and public service among those engaged in the profession of journalism.
2. to help newspapers to maintain their independence.
3. to build up a code of conduct for newspapers and journalists.
4. to help a review of any development likely to restrict the dissemination of news of public interest and importance.
5. to promote functional relationship among all classes of persons engaged in the production of newspapers.
6. to undertake such studies entrusted to the Council by the Central Government.
7. to concern itself with developments such as concentration of ownership of newspapers which may affect the independence of the press.
8. to keep under the review, cases of assistance received by any newspaper or news agency from any foreign source.
9. to ensure on the part of newspapers, journalists etc., the maintenance of high standards of public taste and a due sense of rights and responsibilities of citizens.

10. to do such other acts as may be incidental or conducive to the discharge of the above functions.⁵

Section 14(1) of the Press Council Act empowers the council to conduct enquiry in the matters involving professional misconduct or inclination of journalistic tastes or ethics. Under section(15) the Council have the powers of a civil court trying suits under the Code of Civil Procedure. Council also have powers to levy fees from newspapers and news agencies at prescribed rates, having regard to their circulation. Section 23(1) provides the Council, immunity from legal proceedings in respect of anything which is done in good faith under this Act. Central government provide grants to the council for performance of its functions.

The Council has a wide responsibility in the matter of preserving the freedom of the press and the maintenance and improvement of standard of newspaper. It also gives guidelines to journalists in respect of inviting news items on sensational and communal writings while it protects the right of the newspaper in not publishing citizens' letters to the editor. It also directs the

5. Report of the Press Council, Govt. of India, New Delhi, 1978, p.42.

editor for voluntarily rectify an incorrect statement or a report of a public nature. It is the duty of the editor to make verification of any news item before publication, which would lead to communal tensions, or have defamatory overtones.

A newspaper, a journalist or any institution can complain against Central or State Government or any authority for interference with the free functioning of the Press.

(b) Audit Bureau of Circulation (ABC)

Audit Bureau of Circulation was established in 1949. ABC publications of Press Year Books and directories give authentic figures of net paid circulation of newspapers and other journals.

(c) Press Commission

The Press Commissions are appointed to study the growth and status of the press and suggest how best the press shall be developed in future.

The first Press Commission under the chairmanship of Sri C.P. Ramaswami Iyer was constituted in 1952. It

submitted its report in July 1954. It recommended a socially responsible role for the Indian Press. During the pre-independence, the two main features reflected in the Indian Press were the liberation of the country from colonial rule and a struggle for social reform and campaign to affirm moral values. The first Press Commission wanted a continuation of this trend. It stressed the need for maintenance of professional standards with regard to accuracy, comprehensiveness and objectivity in news coverage. On its recommendation, an office of the Press Registrar of Newspapers of India was created. The Commission was of the view that the suitable way of maintaining professional standards of journalism would be to bring into existence a body of people mainly connected with the press. Therefore it recommended the setting up of a Press Council of India. As a result of this recommendation, the first Press Council of India was set up in July 1966.

The Second Press Commission was constituted by the Government on 29th May 1978, after a lapse of 26 years with Justice P.K. Goswami, retired judge of the Supreme Court was Chairman. It submitted its report on 1982.

In its report, the Commission made recommendations for the growth and development of the press. The Commission expressed the view that the free press should be a constructive critic in public matters. There should be stricter enforcement of the provision of the Indian Penal Code with regard to communal incitement.

The Commission has welcomed, the trend towards investigative reporting in so far as it is oriented to social and economic issues.

Regarding Press Laws, the Commission recommended that section 5 of the Official Secrets Act 1923 may be repealed and substituted by other provisions to meet the need of national security as well as the right of the people to know the affairs of the state affecting them. The Commission has recommended amendment to the Press and Registration of Books Act, simplifying the procedure for making declaration in respect of newspapers. The second Press Commission is of the view that daily newspapers should be left to the private sector and government should not take over newspapers even if they are faced with closure. The Commission has also made a number of recommendations to protect the small and medium

newspapers from unfair competition. Regarding training and research, the second Press Commission recommended, on the one hand, that journalistic training should be expanded and improved and on the other that journalism should continue to require no prior licence for entry. Journalism training is a prior concern of the Press Council and suitable amendments of the Press Council Act should be made.

(d) Registrar of Newspapers for India (RNI)

The office of the Registrar of Newspapers for India was established in July 1, 1956, The duties and functions of the Registrar of Newspapers for India are defined in the Press and Registration of Books Act 1967 (PRB Act). The RNI has both statutory and non-statutory functions. The statutory functions are; (a) to compile and maintain a register for newspapers containing particulars about the newspapers published in the country. (b) to issue certificate of registration to the newspaper (c) to inform the Magistrate about the availability of titles proposed for newspapers (d) to ensure that the newspapers are published in accordance with the provisions

of the Act to watch their regularity (e) to study the annual statement filed by the publishers of newspapers containing information about circulation, ownership etc., (f) to check the circulation claims of newspapers (g) to submit to the Government on or before 30th September each year, a report containing information and statistics about the Press in India for the previous year, with particular reference to the trends in circulation and in the direction of common ownership units.

Non-statutory functions include (a) formulation of Newsprint Allocation Policy and allocation of newsprints to newspapers and (b) assessing and certifying the essential needs and requirements of newspaper establishments in regard to printing and composing machinery.

3.1.3. News Agencies

The major news agencies in India are Press Trust of India (PTI), United News of India (UNI), Hindustan Samachar and Samachar Bharathi.

Press Trust of India : Press Trust of India is the biggest Indian news agency, employing a 1300 strong editorial and technical staff. It started operating

in 1949 after taking Reuter's business in India as well as the interest of the Associated Press of India. Its news service is carried over a teleprinter net work of over 60,000 kilometres in length. More than 200 newspapers subscribe to PTI service. All India Radio, Doordarsan, Central and State Governments, Commercial Establishments, Universities and Public Institutions are also subscribe the service of PTI. It has arrangement with news agencies in other countries too such as Reuters (UK), Agence France Press (AFP) of France, the United Press International (UPI) of USA. PTI has also photo services and TV services.

United News of India: The United News of India started its functioning in 1961. UNI has 50 branch offices and a network of 50,000 kilometres of leased teleprinter lines. The agency has a weekly back ground service, agricultural service and economic service.

Hindustan Samachar: It was started in 1948. Hindustan Samachar is the first multi lingual agency in India. In 1957 it became a worker co-operative. It serves mainly the language press.

Samachar Bharathi: This is the second Indian language agency and came into existence in 1967. In 1970 the agency became a public sector company when five state governments bought more than 50 percent of its shares.

3.2. Newspaper Industry in Kerala

The history of Journalism in Malayalam goes back to June 1847, the primordial birth pangs of Malayalam Journalism, 'Rajyasamacharam' as eight cyclostyled sheets in demy octavo size were released from a press at Illickunnu near Tellicherry. The credit for this venture goes to Dr. Herman Gundart who was then the motivating spirit behind the German Basel Mission Society. It ceased publication at the end of 1850, when forty two issues had come out.

Dr. Herman Gundart started yet another publication in October 1847. This was the 'Paschimodayam'. It was also a cyclostyled one. P. Muller was its editor. Its annual subscription was a rupee. The Paschimodayam appeared in royal octavo grab. It seemed to have ceased publication around mid 1851.

Early in 1848 the first printed magazine in the Malayalam language - The Jhananikshepam - hit the news stands. This eight page magazine was printed by Arch Deacon Koshy and Rev: George Mathen at the CMS Press, Kottayam. It was well circulated among the christian, Hindu and Muslim communities. Another periodical, published from Kottayam around this time was the 'Vidyasangraham' by the Kottayam College. This magazine was started publication in 1864 and went on till 1867.

Ironically, the first 'Newspaper' published from Kerala was in English, the Western Star from Cochin in 1860.

In 1864 a Malayalam edition of the Western Star started publication from Cochin under the banner 'Paschimatharaka.' That was edited by T.T. Paily in the first instance and later by Kaloore Oommen Philipose Asan. Yet another paper, Kerala Pathaka, made its appearance from Cochin in 1870. In course of time these two publications merged to form the 'Paschimatharaka - Kerala Pathaka.'

The Western Star continued to be published for a long time from Cochin. In due course there was a change in the ownership of the paper and the place of publication was shifted to Trivandrum. Thereafter its publishing was irregular.

In 1867 two papers were published from Kottayam. One was in Malayalam and was titled Santishtawadi; the in English, the Travancore Herald. Both were printed at the CMS press. Santishtawadi was out spoken critic of the prevailing political system and soon the Travancore government ordered its closure. Thus the Santishtawadi created history in Malayalam Journalism by becoming the first martyr to the cause of freedom of the press.

The Sathyanadakahalam which started publication as a fortnightly from Kunnammavu in October 1876. It was published by the Italian Carmelite Mission, with Rev. Fr. Candidus as its first editor. This fortnightly covered international, national, local news and mission news. The publishing centre was once shifted to Varapuzha and then to Ernakulam. It was known as 'Satyanadam'. Successive changes in the Satyanadam's periodicity followed.

From 1900 it was published thrice a month. Four years later it was converted into a weekly. In 1926 a change in format was introduced and the Satyanadam joined the early ranks of illustrated weeklies. The fortunes of Kerala's oldest existing newspaper underwent a change characteristic of the times in 1970 when it merged with the Kerala Times and started issuing as the latter's Sunday edition. Their focus was more on literary and religious topics as distinct from hard news as we understand it today. Their periodicity was yet another factor which detracted them from their intrinsic relevance and importance as newspapers.

Devji Bhimji, who has co-sponsored the English Western Star in 1860 and the Malayalam Paschimataraka in 1864 had started the 'Keralamithram' in 1881 from Cochin. In many respects the Keralamithram can be considered as the first 'Newspaper' in the Malayalam language. In the beginning the paper was published thrice a month; later on it became a weekly. Its first editor was Kandathil Varghese Mappilai who later founded the Malayala Manorama.

West Coast Spectator, an English Weekly started publication in 1879 from Kozhikode. The weekly was

printed by Vakil Poovadan Raman from the Spectator press. It was edited by an English man, Dr. Keys. In later years the weekly was renamed the 'Malabar Sepctator' and was quite popular locally.

In 1884 a significant development was the publication of the Keralapathrika weekly by Chengulathu Kunhirama Menon from Kozhikode. He himself claimed that the Keralapathrika was the first 'newspaper' in Malayalam in the Malabar district. It was printed from the Vidyavilasom Press. The management of the Keralapathrika had changed in 1938 after the death of Kunhirama Menon. After independence the place of publication of the paper was shifted to Ernakulam.

The Spectator Press of Calicut came out in 1886 with a Malayalam periodical entitled the 'Kerala Sanchari'. It was edited by Vengavil Kunhiraman Nayanar, otherwise well known by his pen-name 'Kesari'. The Kerala Sanchari lateron merged with Mitavadi published from Tellicherry.

The year 1886 stands out in the history of Malayalam journalism in yet another respect, it saw the birth of the 'Malayali' from Trivandrum. It was the official organs

of the Malayalee Social Reforms League, Pettayil Raman Pillai Asan was the editor of Malayali. In due course C.V. Raman Pillai, literary giant of the day become the editor.

The political atmosphere had in the meanwhile become tense. The struggle for responsible government had been launched and was gaining momentum. At this critical stage the Malayali was shifted back to Trivandrum to enable the paper to play a more positive and immediate role in the struggle. Later the control of the paper passed on to the Nair Service Society and the place of publication was shifted to Changanacherry. The Malayali ceased its publication in early seventies.

Another newspaper in Malayalam the Deepika was launched from Kottayam in 1887 under the banner 'Nasrani Deepika'. The declared objective of the paper was the social and political uplift of the christian community. Later on the Deepika broadened its policy. Its periodicity underwent a number of changes over the years to emerge finally in 1933 as a full fledged daily and renamed as the Deepika.

The Malayala Manorama

The Malayala Manorama Company was registered as a joint stock company in March 1888. Initially it had a total capital investment of Rs.10,000. The total capital amount was divided into 100 shares of Rs.100 each. In India Malayala Manorama was the first Joint Stock Company for starting a newspaper. In 1890 the Malayala Manorama daily started its publication from Kottayam. Initially it was published as a weekly under the editorship of Kandathil Varghese Mappilai. The paper was converted into a daily in 1928.

From the modest beginning the Malayala Manorama rose to become one of the pioneers of Journalism. Today it has editions from Kozhikode, Kochi, Thiruvananthapuram and Palghat. Its Kozhikode edition was started on 1st December 1966, Kochi edition on 15th January 1979, Thiruvananthapuram edition on 16th February 1987 and Palghat edition on 26th January 1992. As years go by, the Malayala Manorama increased its circulation considerably and gained remarkable reputation in newspaper business. Now the Malayala Manorama have diversified into, and started several publications such as Vanitha - the women's biweekly, Balarama - the children's biweekly, Bhasha-poshini - the literary magazine, Manorama comics, Diaries, Calendars and Manorama Year Book and so on.

The last decade of the nineteenth century was uneventful for Malayalam Journalism in the sense that no new 'newspaper' started publication during this period.

The Swadeshabhimani was started in 1905 by K. Ramakrishna Pillai from Trivandrum. He attacked vehemently the 'palace politics' and the corruption and favouritism in the corridors of power. He got himself elected to the Travancore Assembly from Neyyattinkara. The then Dewan P. Rajagopalachari, sensed the inherent danger in having this opponent at such close quarters. His ingenious mind contrived a royal proclamation stipulating that legislators should permanently reside in their constituencies. Ramakrishna Pillai, resident at Trivandrum, was unseated on this technical ground. The attacks on the Dewan and the regime thereafter became more aggressive. A royal proclamation was issued on September 26, 1910, deporting Ramakrishna Pillai from Travancore and confiscating his press and paper. He was then known and revered by the alias 'Swadeshabhimani'. But from Kunnampulam in Cochin State, Swadeshabhimani launched his next Journalistic venture 'Atmaposhini' till 1915. The next milestone in the

history of the press in Kerala was the publication of the 'Mitavadi' from Tellicherry in 1907. Literature and current affairs were its main forte. Mahakavi Kumaranasan's famous poem 'Veena Poovu' was first published in the Mitavadi.

The origins of the Kerala Kaumudi, may be traced back to 1911. Its founder C.V. Kunjuraman was a multifaceted personality. The paper was first published from Mayyanad, later it was shifted to Quilon and then to Trivandrum. It was irregular in periodicity in the early stages and was converted into a full-fledged daily in 1948.

T.K. Madhavan, General Secretary of the SNDP Yogam started publication of the Deshabhimani in 1915. This is not to be confused with the Desabhimani of today, the official organ of the Communist Party of India (Marxist). The Deshabhimani's contribution to the agitation for temple entry and the non-co-operation movement were considerable indeed.

In 1917, the 'Sahodaran' was published from Cherayi by K. Ayyappan, yet another social reformer. This periodical made substantial contribution to the renaissance

of Kerala, but ceased publication in 1956. Ayyappan took keen interest in the welfare of the working classes. In 1933, he published another journal 'Velakkaran' devoted in the main to the labour movement. He was also associated with two other publications the 'Yukthivadi' and the 'Stree'.

The 'Samadarshi' which commenced publication from Trivandrum in 1918. A Balakrishna Pillai, who had earlier been cased, out of editorial responsibility of the Samadarshi, had in the meanwhile started 'Prabhodakan' within six months of its appearance, this publication was banned by the government of Travancore. Balakrishna Pillai then launched 'Kesari'. Through the columns of Kesari, Balakrishna Pillai criticised the government, particularly the Dewan and his cohorts were put in a tight corner. The Newspaper Regulations of 1926 took shape against this backdrop.

The Malayalarajyam had a triumphant entry into Malayalam journalism in 1929, featuring in its columns API and Reutar despatches and photos fed by foreign photo agencies was published from Quilon. An organised net work for the distribution of this paper was

soon built up. The paper even operated a bus service of its own to keep distribution channels well-oiled. Modern printing facilities helped to give a new look in lay out and content. Malayalarajyam was the first Malayalam daily that published in a rotary press. The illustrated Malayalarajyam Weekly was prestigious journal of the day. The daily was edited by K.G.Sankar, who was forced to resign from the Malayali on a controversial editorial criticising the then Travancore Government. He continued his pro-nationalist stance in the Malayalarajyam . In a short span of time the Malayalarajyam became well know and read as Kerala's nationalist daily. But with Sankar relinquishing control, due to his ill-health, the daily fell sick and the daily became defunct in the late sixtees.

The Mathrubhumi

In the Malabar area, the tempo of the political struggle in the early decades of the twentieth century was quicker than socio-economic reform movements. Political activity in this area was imparted with a new dimension with the out break of the First World War and spread of Home Rule ideas. The All Kerala

Political Conference held at Ottappalam in April 1921 marked the beginning of the move for a United Kerala which became a reality in terms of law thirty five years later. At the time of this conference the Gandhian Movement of non-co-operation was in full swing and had a tremendous impact on Kerala. However, the spirit of the people was kept at high tide through the organisational activities of the Congress. There was, in addition, considerable journalistic activity of political nature. This was the best illustrated by the starting of the nationalist newspaper the Mathrubhumi from Kozhikode in 1923.

A limited company was constituted and the Mathrubhumi started issuing on March 18, 1925, thrice a week, with K.P. Kesava Menon as its editor.

The baptism by fire for the Mathrubhumi came soon with the Vaikom Satyagraha. The demand was for granting the right of passage to untouchables along approach roads to the temple. At the peak of the civil disobedience movement in April, 1930, the Mathrubhumi started issuing as a daily. As practically

the only source of information for the people of Malabar about the developments in the national movement, its circulation began extended to the remote villages.

Despite periodical harassment by authorities, the growth of the Mathrubhumi as a powerful organ of the press was impressive indeed. It came out in 1932 with a weekly. In 1962 the paper branched out into a sister edition from Cochin. In 1981, the Mathrubhumi started its third edition from Thiruvananthapuram. It ranks today as one of the foremost dailies of the Indian Press.

Yet another Kozhikode based paper of this period was the Al-ameen which first started publication in 1924 and began issuing as a daily in 1930. It was started by Mohammed Abdul Rahiman Sahib, the Congress leader. The pro-nationalist stance of the paper infuriated the authorities.

The Prabhatham started publication from Shoranur with EMS Namboothiripad as its editor, and was the

organ of the newly formed Congress Socialist Party. Its licence was suspended following refusal to furnish security to Government consequent on the publication of a poem of Bhagat Singh's martyrdom. The licence was restored later. The paper was shifted to Kozhikode in 1938 but did not survive for long. The Deenabandhu was yet another paper which owned its origin to the national struggle. It commenced publication as a weekly in 1941 from Trichur. The weekly was edited by V.R. Krishnan Ezhuthachan. It was one of the first periodicals published from Cochin state which supported the national movement. The national sentiment was on the ascendancy. The Deenabandhu made rapid strides in circulation beating even the dailies based at Cochin. But it had to pay a heavy price for its nationalist mornings. Its editor and his staff were sent to jail within a few days of the launching of the Quit India Movement. Its publication was banned.

The Deenabandhu resumed publication in 1944 on the release of its editor and other staff from jail. It was converted into a daily. That the new daily

continued to displease the authorities is evidenced by the fact that following an election case the editor and one of its correspondents were stripped of franchise rights for five years.

But the paper was officially banned from Travancore. After a splendid innings spread over 21 years the Desabandhu finally succumbed to financial difficulties and ceased publication in 1962.

The nationalist phase was a fertile period for Malayalam Journalism. Newspapers sprang up in quick succession, often to go under with equal speed. The Lokmanyam (from Trichur) the Swaraj (from Quilon) the Yuvabharatham (from Palghat), the Kerala Kesari (again from Trichur) and the Bhjabharatham are some of the prominent publications. Most of these publications could not survive owing to financial difficulties and in some cases following repression by the authorities.

The decade or so preceding Independence was a period of consolidation and growth for press in Kerala. What was previously a buyer's market for news, was gradually reversing into a seller's market. An element

of competition started surfacing though in a rudimentary form. Survival demanded not only adequate resources but a planned, entrepreneurial approach. Journalism was becoming increasingly politically oriented, a natural offshoot was committed journalism.

'The Chandrika' started out in 1934 from Telli-cherry as a weekly. This organ of the Muslim League flourished into a daily in 1939 and was shifted to Kozhikode. The publishers have a weekly also.

The Deshabhimani, now the organ of the Communist Party of India (Marxist) began publication on a modest rate from Kozhikode in 1942 as a weekly. It was then converted into a daily in 1946. The Government of Madras banned the paper in 1948; publication was resumed in 1951. Sister editions were launched from Cochin in 1968 and from Trivandrum in 1989. CPI(M)'s other publications in Malayalam are Deshabhimani weekly and the Chintha political weekly.

The Communist Party of India started its publication the 'Janayugam' from Quilon. A sister edition

from Kozhikode was closed down in 1989 due to lack of circulation. The Janayugam weekly is yet another sister publication. From Trichur, Joseph Mundasserry was launched the Navajeevan. In the late sixties the paper was shifted to Kozhikode, but did not survive for long.

The 'Malabar Mail' was brought out from Ernakulam by the Arch Bishop of Ernakulam in 1936. This daily fell foul of the authorities and was denied entry into Travancore during the agitation for responsible government. It continues to be published as an evening edition. The Powraprabha published from Kottayam in the later thirties wielded considerable influence in the Travancore area. It was then shifted to Mavelikkara and then to Kottayam, with C.M. Stephen as its editor. This daily became defunct after a decade. The Powradhwani was yet another Kottayam based paper started in 1939 by K.M. Chacko. After independence Chacko floated another daily from Trivandrum entitled Powrakahalam. But this was shortlived. The Powradhwani itself stopped publication in 1955. The Kerala Bhooshanam was launched from Kottayam in 1944 by K.K. Kuruvila. Later on the daily was run by Dr. George Thomas, the founder editor of the

Keraladwani. The Kerala Bhushanam is published as a morning edition, while the Keraladwani issues as an evening.

The 'Prabhatam' published as a weekly from Quilon in 1944. It was soon converted into a daily. This pronationalist daily had a life-span of about two decades. The same year K. Krishnan started the 'Express' from Trichur. It continues to be published today. The publishers of the Express also published the Kerala Chronicle for some time.

The National War Front co-sponsored a daily entitled 'Powrasakthi' from Kozhikode at the peak of the Second World War in 1944. This daily bowed out in 1956. Among other notable newspapers were the Kaumudi, the Kerala Kesari, the Bharati, the Bharata Pathrika and the Bharath Kesari all published from Trivandrum.

The Namboothiri Yogakshema Sabha published two notable publications. The Yogakshemam and the 'Unni Namboodiri'. The 'Vivekodayam' was the official organ of the SNDP and was edited by Mahakavi Kumaran Asan.

It ceased publications after a number of years but was revived in 1967 as a magazine and published from Irinjalakuda.

Among the other notable publications were the 'Nair' of Kainikkara Govinda Pillai, the 'Sujathanandini' of Nambiar, the 'Mitabhashi' of C.V. Raman Pillai, the 'Subhashini' of C.P. Govinda Pillai, the 'Nair' of Mallur Govinda Pillai, the 'Malabari' of V.C. Balakrishna Panicker, the 'Aikyakeralam' of R.M. Palat, the 'Ramanujam' of Mahakavi Vallathol Narayana Menon and Kuttippurathu Kesavan Nair, the 'Resika Renjini' co-sponsored Kunchi-kuttan Thampuram and Appan Thampuram and the 'Kavana Kaumudi' jointly edited by Pandalam Kerala Varma and P.V. Krishna Warriar, the 'Deshabandhu' published from Kottayam and edited by Shankkuni Pillai, the 'Service' a magazine published by the Nair Service Society. A detailed list of various newspapers published from time to time in the past and also as on March 1, 1990 are given in appendix table (II).1).

Source: Malayala Pathra Charithrom, Sathyanadom Centenary Celebration Committee, Cochin, 1977.

Unpublished documents - State Public Library, Thiruvananthapuram.

3.3. Employment in the Newspaper Industry

There is in fact no definite picture about the employment in the newspaper industry. According to the 'Press in India - 1984', 42334 persons were employed in 1983 in 470 dailies. Out of this, 14294 were journalists and 28,040 were non-journalists. The Annual Survey of Industries, containing data on Factory Sector, indicates the position inter alia about level of employment in various industries. Group 284 in this report gives data on 'printing and publishing of newspapers." The latest year for which the ASI data are available is 1988-89. According to this data the total number of employees including workers engaged in factory sector were around 26,000 (workers being around 13,000). Obviously, these figures under-estimate the position evens because according to the data with the Employee's Provident Fund from 364 newspaper organisations was 60545. The trade unions generally put the figure as more than one lakh. A sample of 51 newspaper establishments, which supplied data on employment to

the committee of the Wage Boards for Working Journalists and Non-Journalists Newspaper Employees,⁶ gives a figure for 1987-88 of 24,707 newspaper employees. Of them 5266 were working journalists, constituting 21.3 percent of the total newspaper employees in the sample newspaper establishment. In addition two news agencies, PTI and UNI had 552 working journalists and 1774 non-journalists newspaper employees on their rolls. A rough idea about the employment in the newspaper industry in Kerala is available from the membership in the Kerala Union of Working Journalists. The Union has a membership of 703 working journalists as on 1st August 1991. Those who are not members of the Union would come around another 200, putting the rough estimate of journalists at 903.⁷ The total member of Non-Journalists according to the Kerala Union of Non-Journalist Federation as on 1st August 1991 were 3416.

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6. Report of the Wage Boards for Working Journalists and Non-Journalist Newspaper Employees, Govt. of India, Ministry of Labour, New Delhi, 1989.
 7. From the records of the Kerala Union of Working Journalists, Thiruvananthapuram.

CHAPTER - IV

COST, REVENUE AND PROFITABILITY ANALYSIS

An attempt is made in this chapter to examine the financial performance of the two selected newspaper firms, the Malayala Manorama and the Mathrubhumi. This is based on the financial statement analysis of the two firms. Financial analysis is defined as "the process of identifying the financial strengths and weaknesses of a firm by properly establishing relationships between the items of the balance sheet and the profit and loss account. Financial statement analysis is a process of evaluating relationship between component parts financial statements to obtain a better understanding of a firm's position and performance."¹

The ultimate objective of any business firm is to generate surplus from its operation. How best this could be achieved is the central problem that any management has to address itself. A detailed study of the cost, revenue and returns of the business, therefore, is the first and

1. Metcalf and Titard, P.L., Principles of Accounting, W.B. Saunders, Philadelphia, p.118.

foremost exercise to the management. This exercise provides the basic information to the management for decision making. Such an exercise is all the more important in a study of the management of newspaper establishment because the newspaper industry is perhaps the only industry which can afford to sell its product below cost and still can make a profit.

4.1. Cost of Production

One unique feature of the production process of a daily newspaper, unlike that of any other product, is that in a newspaper the 'product design' changes every day and in fact, each edition of a newspaper calls for new and additional design. The 'design cost' due to this daily changes in the design is an additional component in the cost of production of newspapers. This will, in fact, be reflected in the 'wages and salaries' paid to employees, because a design change involves the use of more labour and expertise.

The major components of production of newspaper may be identified as (1) material costs consisting of cost of newsprint and other consumable stores, (2) wages and salaries, (3) depreciation and (4) other miscellaneous expenses. A study based on cost data from a large number of newspapers

in India, Sidhwani (1979)² has worked out estimates of the average share of these components in the total cost of production. These estimates are available for four categories of newspapers, namely dailies, weeklies, fortnightlies and other periodicals, separately as given in the table 4.1. According to these estimates, the material costs in the production of dailies account for 48.60 percent. (41.30 percent being cost of newsprint and 7.30 percent that of other consumable stores). The wages and salaries component accounts for 28.50 percent, depreciation for 2.30 percent and other miscellaneous expenses for 20.60 percent. In fact, as it is seen from the table, there is considerable differences between dailies, weeklies, fortnightlies and others in proportion of costs accounted by different components. The share of 'wages and salaries' is highest in the case of dailies whereas the share of 'material costs' is highest in the case of other periodicals. Against this overall picture of the components of cost of production, it is proposed to examine the cost of production relating to the Malayala Manorama and the Mathrubhumi separately.

2. Trilok Sidhwani, Newspaper Economics and Management, Ankur Publishing House, New Delhi, 1979, p.29.

Table - 4.1

Estimated Share of Different Components of Cost of Production
of Newspaper

(in percentage)

Sl. No.	Cost of component	Dai- lies	Week- lies	Fort- night- lies	Other perio- dicals
1.	Material Costs:				
	i) Newsprint/paper	41.30	49.20	53.10	58.90
	ii) Ink and Materials	7.30	6.80	6.50	6.10
2.	Wages and Salaries	28.50	20.20	17.90	15.80
3.	Depreciation	2.30	1.90	1.60	0.80
4.	Other expense	20.60	21.90	20.90	18.40
	Total	100.00	100.00	100.00	100.00

Source: Trilok N. Sidhwani, Newspaper Economics and Management, Ankur Publishing House, New Delhi, 1979, p.29.

4.1.1. Material Costs

The material costs consists of cost on newsprint and other stores. Table 4.2 gives the component wise cost of production of the Malayala Manorama and the Mathrubhumi for some selected years. It is obvious from this table that the major item of cost in the newspaper industry is that of material costs. In 1979-80, for example, out of the total cost of Rs.889.55 lakhs for the Malayala Manorama, the material costs accounted for Rs.538.23 lakhs, forming 60.51 percent of the total cost. Similarly for the Mathrubhumi during 1979-80, the material cost formed 67.96 percent of the total cost of Rs.309 lakhs. By 1988-89 the proportion of material costs in the Malayala Manorama increased to 65.97 percent and that in Mathrubhumi is 63.79 percent. The material cost further increased to 72.75 percent of the total cost of the Malayala Manorama in 1989-90. The material cost is directly related to the volume of circulation and the number of pages of newspapers. While the Malayala Manorama incurred a cost of Rs.2295.31 lakhs for material in 1988-89, the Mathrubhumi had a material cost of only Rs.1085 lakhs in that year. This difference is accounted by the difference in the volume of circulation of the Malayala Manorama (with 638000 copies per day) and

Table - 4.2

Cost of Production: Malayala Manorama and Mathrubhumi

Items	(Rs. in lakhs)					
	1979-80	1985-86	1986-87	1987-88	1988-89	1989-90
				Malayala Manorama		
1. Material Costs (Newsprint and other Stores)	538.23 (60.51)	1542.00 (59.72)	1673.00 (60.77)	1833.00 (60.86)	2295.31 (65.97)	2475.39 (72.75)
2. Salaries and Wages	120.54 (13.55)	248.00 (9.60)	254.00 (9.23)	274.00 (9.09)	293.90 (8.45)	282.33 (8.30)
3. News Collection Charges	23.46 (2.64)	80.00 (3.10)	84.00 (3.05)	90.00 (3.00)	98.69 (2.84)	107.62 (3.16)
4. Depreciation and Other Charges	207.32 (23.30)	712.00 (27.58)	742.00 (26.95)	814.52 (27.05)	791.50 (22.74)	537.08 (15.79)
Total	889.55 (100.00)	2582.00 (100.00)	2753.00 (100.00)	3011.52 (100.00)	3479.40 (100.00)	3402.42 (100.00)

Source: Compiled and calculated from the records of the firms.
Figures in paranthesis indicates percentage.

(contd.)

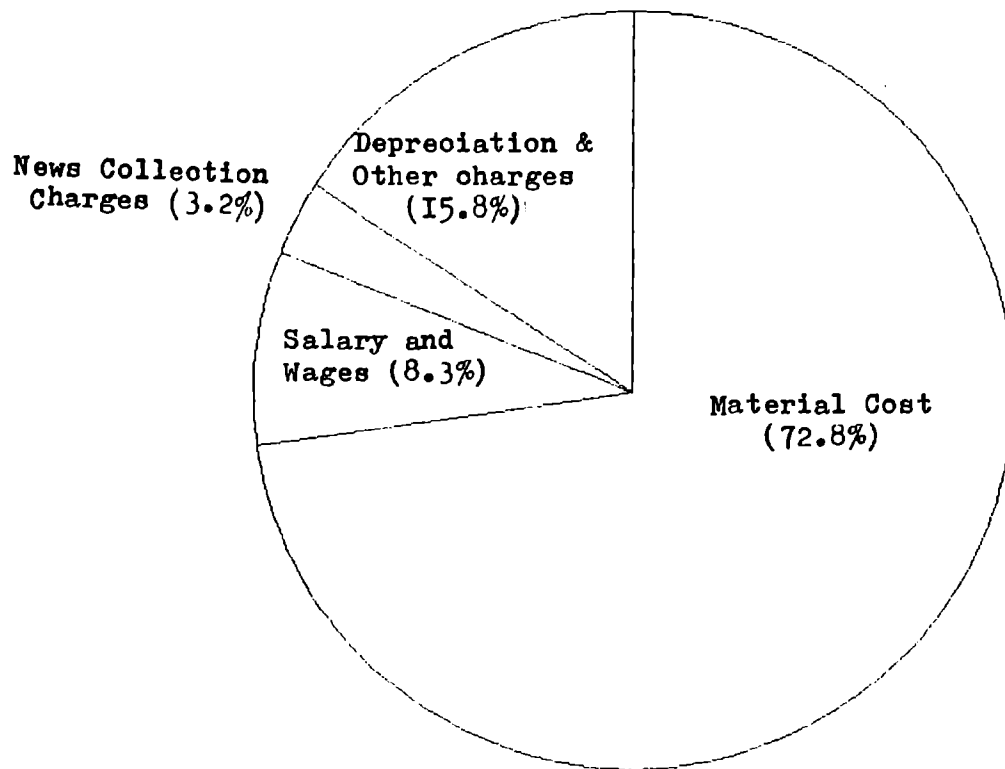
Table - 4.2 (Contd.)

Items	Mathrubhumi					
	1979-80	1985-86	1986-87	1987-88	1988-89	1989-90
1. Material Costs (Newsprint and other Stores)	210.00 (67.96)	908.00 (68.56)	924.00 (66.67)	964.00 (66.25)	1085.00 (63.79)	1401.12 (66.10)
2. Salaries and Wages	70.00 (22.65)	252.00 (19.03)	288.00 (20.78)	297.00 (20.41)	394.00 (23.16)	441.18 (20.81)
3. News Collection Charges	9.00 (2.91)	40.43 (3.05)	44.00 (3.17)	52.00 (3.57)	63.00 (3.70)	76.59 (3.61)
4. Depreciation and Other Charges	20.00 (6.47)	124.00 (9.36)	130.00 (9.38)	142.00 (9.77)	159.00 (9.35)	200.87 (9.48)
Total	309.00 (100.00)	1324.43 (100.00)	1386.00 (100.00)	1455.00 (100.00)	1701.00 (100.00)	2119.76 (100.00)

Source : Compiled and calculated from the records of the firms.
Figures in paranthesis indicates percentage.

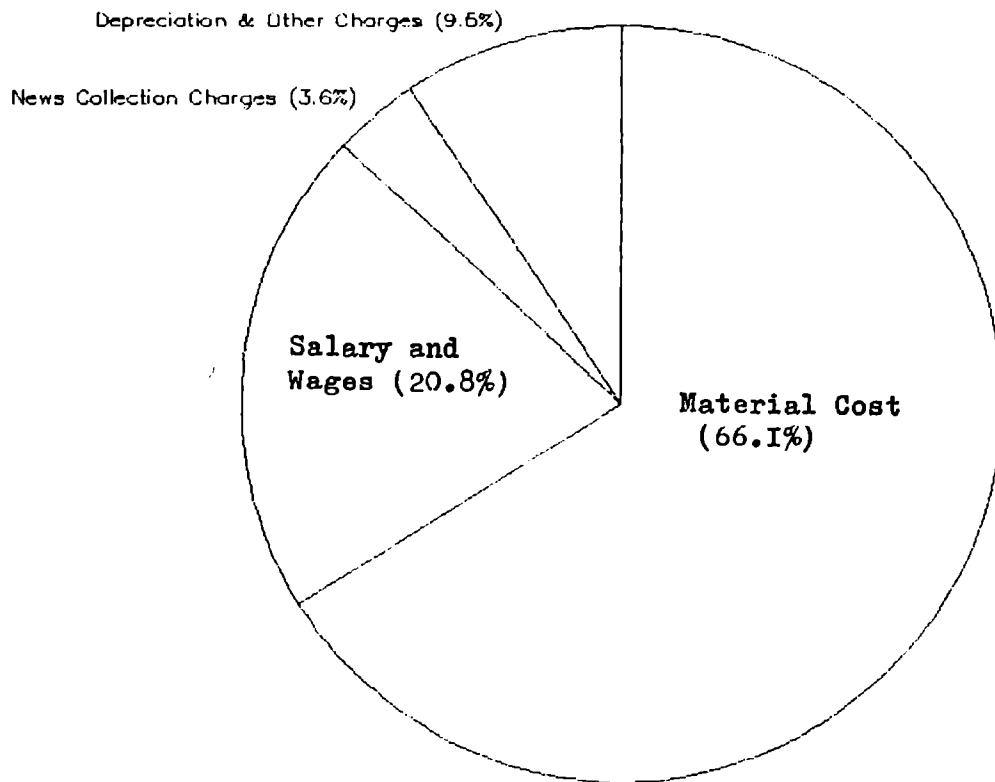
Pie Diagram : Total Cost of Production

(Componentwise),Malayalamarama



Pie Diagram : Total Cost of Production

(Componentwise), Mathrubhoomi



the Mathrubhumi (with only 446000 copies per day) and also by the difference in the number of pages of the newspapers. The Malayala Manorama during this period usually had 10 pages as against eight pages of the Mathrubhumi on week days on the average.

The cost of newsprint depends on the price, quantity and quality of newsprint used. The availability of better quality newsprint, therefore, is a crucial factor that determines the cost of production of newspapers. The newsprint requirement is not fully met by internal production in the country now. Here again, because of the supply shortage, the distribution as well as the price of both indigenous and the imported newsprint are regulated by the government. Thus in fact, the increase in the material cost component of newspaper production cost is largely due to the increasing price of newsprint which is beyond the control of the newspaper industry.

According to the First Press Commission in 1953, the cost of imported newsprint was Rs.735 per tonne.³ At that time newsprint was not being manufactured within India.

3. Report of the First Press Commission, Government of India, New Delhi, 1953.

The price of imported newsprint remained more or less the same till 1963-64, the price quoted during 1963-64 being Rs.734 per tonne. But the price started rising rapidly since then and by 1971-72 and in the succeeding decade again witnessed further steep rise in newsprint price in the world market. During July-September 1987, the price peaked to Rs.5425 per tonne, an increase of over 56 percent since January-March 1979. Apart from this, an import duty ranging from five percent in the case of medium newspapers was imposed by the Government of India during the financial year 1981-82.

The price of newsprint produced in NEPA factory, which has been less than the price of imported newsprint, has also been going up over the years. From Rs.2770 per tonne in 1978-79, the price of NEPA newsprint went upto Rs.3886 per tonne in October 1980 and to Rs.4700 per tonne in July 1981. During eighties and ninties the trend is continuing.

The following table shows the increase in price of newsprint produced in the government owned mills during the year 1989-1991.

Table - 4.3

Price of Newsprint Produced in India During 1989-91

(Rs. per tonne)

Mill	Newsprint price			Increase in price within 2 years	Increase in percentage
	May 1989	May 1990	June 1991		
NEPA Mills	8720	13344	15100	6380	73.2
Hindustan Newsprint Ltd.	10121	14165	15760	5639	55.7
Tamil Nadu Newsprint Ltd.	11509	15770	17570	6061	52.7
Mysore Paper Mills	10733	15600	17215	6482	60.4

Source: The Economic Times, Bombay, 27th August, 1991, p.10

The steep rise in the price of newsprint, which is exogenously determined and on which the newspaper firm does not have any control, is the major factor that contributed to the increase in the cost of production of newspaper. The increase in the number of pages of the newspaper also contributed to the escalation of production cost. The

option left to the management to reduce the material cost is to minimise the waste of newsprint and to optimise its use. Probably, it is in the other areas of expenditure that the management may be able to concentrate for reducing the total cost. So it is worthwhile to examine, the other components of cost.

4.1.2. Salaries and Wages

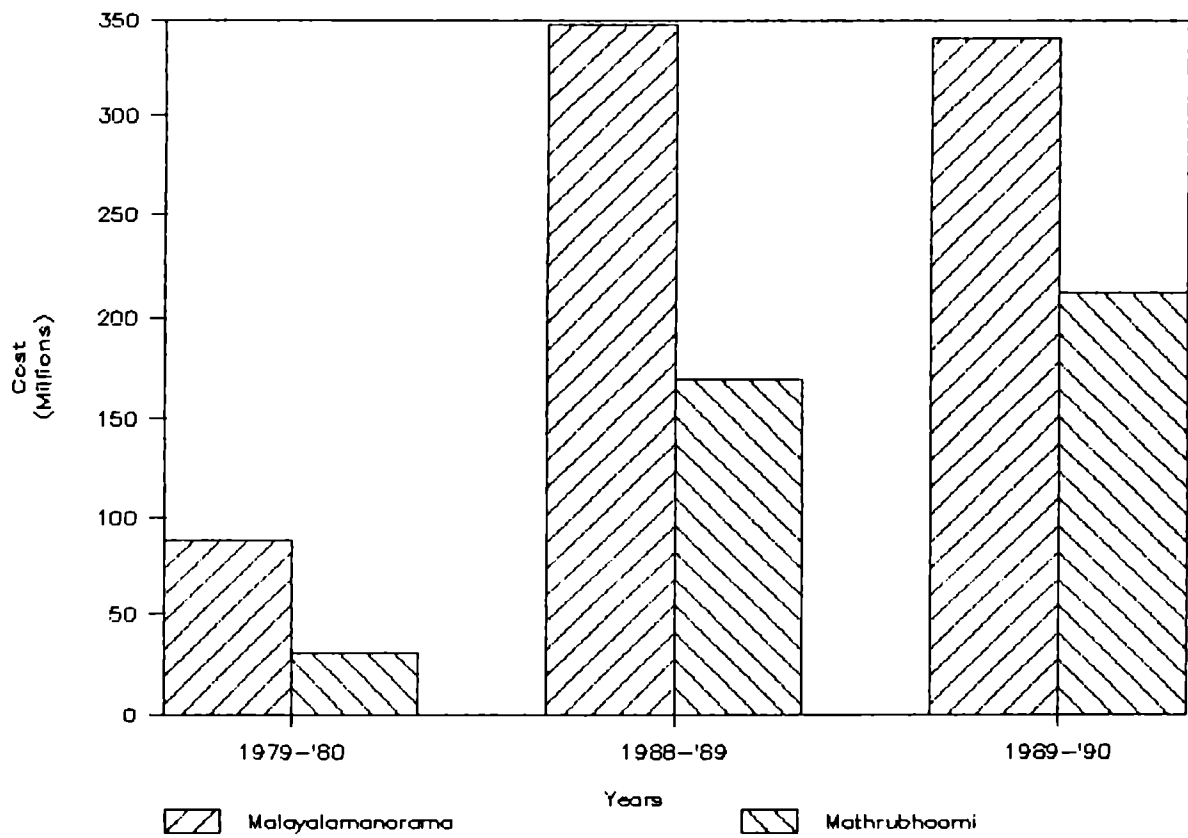
The second major component of the cost of production of newspaper is the 'salaries and wages'. The revision of salaries and wages of newspaper employees periodically by the Wage Boards has resulted in a substantial increase in this item. During the year 1979-80, the 'salaries and wages' in the Malayala Manorama constituted Rs.120.54 lakhs (13.55 percent of the total cost). This increased to Rs.293.90 lakhs in the year 1988-89, an increase of 143.82 percent, in a period of nine years. However, as the percentage of total cost, there has been a decline from 13.55 percent in 1979-80 to 8.45 percent in 1988-89. This may be due to the introduction of modern technology in the production of newspapers and also due to the restricted intake of new recruits during this period.

The most interesting point is the much higher proportion of 'salaries and wages' in the Mathrubhumi, compared to that in Malayala Manorama in 1979-80, 'salaries and wages' formed 22.65 percent as against only 13.55 percent in the Malayala Manorama. This proportion of 'salaries and wages' increased to 23.16 percent in the Mathrubhumi by 1988-89, while in the Malayala Manorama it declined to 8.45 percent. Thus, a comparison of the 'salaries and wages' component of the total cost indicates the relatively higher labour content in the cost of production in the Mathrubhumi than in the Malayala Manorama. This may also be a reflection of the relatively less developed technology used in the Mathrubhumi or, this may also be indication of the existence of excess staff or poor labour productivity in the Mathrubhumi.

4.1.3. News Collection Charges

News collection charges include the monthly fee for the service of news agencies, (like PTI, UNI). Telephone charges, Fax, Photo services, etc. For the Malayala Manorama, the news collection charges during 1979-80 was Rs.23.46 lakhs and it increased to Rs.107.62

Bar Diagram : Total Cost Over the Years



lakhs in 1989-90. To the Mathrubhumi this charge was Rs.9 lakhs during 1979-80 and Rs.63 lakhs in 1988-89 period. For both the Malayala Manorama and the Mathrubhumi news collection charges showed a similar trend.

4.1.4. Depreciation and Other Charges

Depreciation and other charges amounted to Rs.207.32 lakhs for the Malayala Manorama in 1979-80 and Rs.537.08 lakhs in 1989-90. For the Mathrubhumi the depreciation was Rs.20 lakhs for 1979-80 and Rs.200.87 lakhs for 1989-90. The higher proportion of depreciation in the Malayala Manorama compared to that in the Mathrubhumi is attributable to the relatively more addition to the fixed assets in the Malayala Manorama than in the Mathrubhumi.

4.2. Revenue

The revenue for the newspaper industry has mainly two components, viz., (i) circulation revenue and (ii) advertisement revenue. The circulation revenue is the total proceeds from the sale of newspaper less the commission paid to the agents for the services rendered. The advertisement revenue is the charges collected by selling

newspaper space for advertisements less the commission paid to the advertisement agencies. These two sources of revenue are not independent of each other. While advertisement rates of a newspaper depends, to a large extent, on the circulation of the newspaper, the nature and quality of advertisements influence circulation.

The newspaper industry has a third minor category of revenue, the miscellaneous income by way of selling wastages like newsprint cut, waste paper, empty barrels, plates, etc. Data on revenue receipts of the Malayala Manorama and the Mathrubhumi under different heads during the years 1979-80, 1985-86, 1986-87, 1987-88, 1988-89 and 1989-90 are given in table 4.4.

4.2.1. Revenue from Circulation

Revenue from sale of the Malayala Manorama during 1979-80 was Rs.615.32 lakhs, and was increasing every year. In the year 1989-90 the revenue from circulation increased to Rs.2091.84 lakhs. For the Mathrubhumi, the circulation revenue in 1979-80 was Rs.207 lakhs and showed an increase to Rs.1072 lakhs in 1988-89. Newspapers are generally priced below cost and the revenue from sale of newspapers,

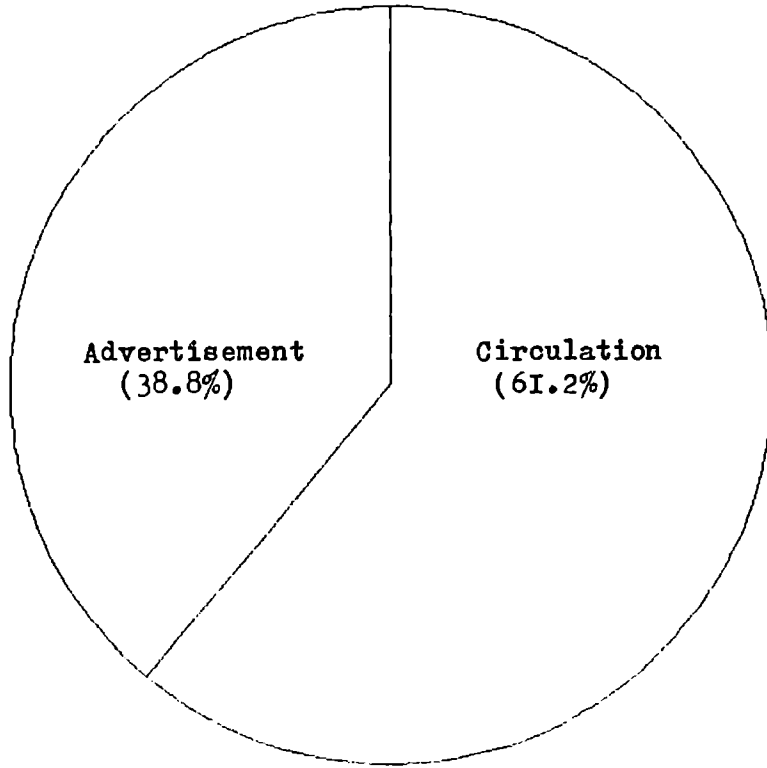
Table - 4.4

Revenue of the Malayala Manorama and the Mathrubhumi

Year	(Rs. in lakhs)			
	Malayala Manorama Circulation Revenue	Malayala Manorama Advertisement Revenue	Total Circulation Revenue	Mathrubhumi Advertisement Revenue Total
1979-80	615.32 (67.82)	291.94 (32.18)	907.26 (100.00)	111.00 (34.91) 318.00 (100.00)
1985-86	1118.00 (55.76)	887.00 (44.24)	2005.00 (100.00)	512.00 (35.98) 1423.00 (100.00)
1986-87	1497.95 (60.22)	989.32 (39.78)	2487.27 (100.00)	518.00 (35.17) 1473.00 (100.00)
1987-88	1909.42 (63.31)	1106.38 (36.69)	3015.80 (100.00)	522.00 (34.16) 1528.00 (100.00)
1988-89	2117.81 (60.69)	1371.78 (39.31)	3489.59 (100.00)	586.00 (35.34) 1658.00 (100.00)
1989-90	2091.84 (61.16)	1328.60 (38.84)	3420.44 (100.00)	812.04 (35.50) 2287.73 (100.00)

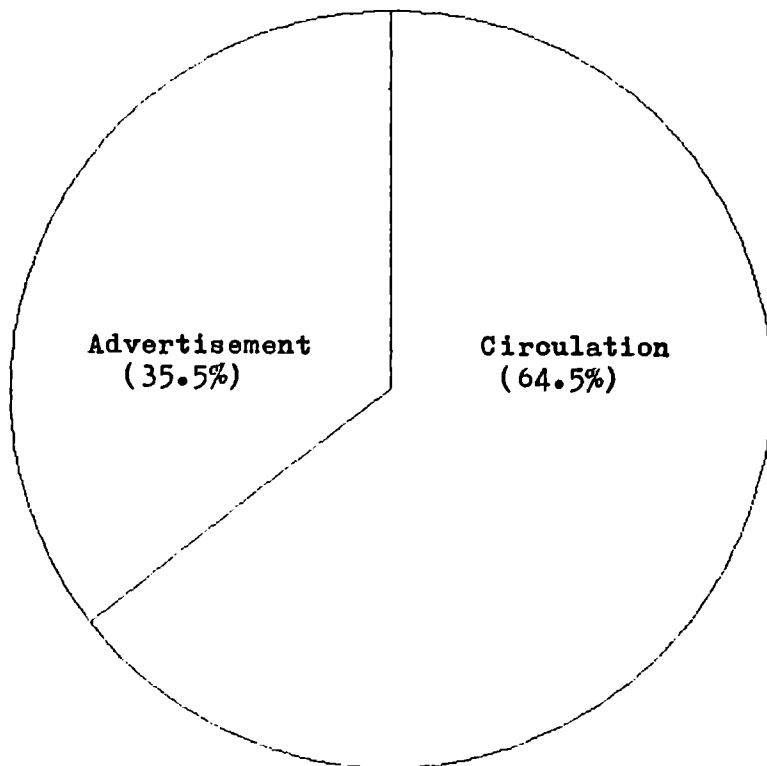
Source: Compiled from the records of the firms. Figures in paranthesis indicates percentages.

Pie Diagram : Total Revenue—Sourcewise
Malayalamamarama



Pie Diagram : Total Revenue—Sourcewise

Mathrubhoomi



therefore, often only about two third of the total cost. The uncovered portion of the total cost is met from advertisement revenue. It is generally suggested that the pricing policy of newspapers must be such that the circulations revenue should be sufficient to cover the material cost plus 'salaries and wages', often identified as direct cost.

4.2.2. Advertisement Revenue

While the circulation department sells the newspaper as a product or service, the advertisement department sells space in the newspaper. Thus there are certain basic differences in the marketing functions of the two departments. But the common feature of these departments in most newspaper establishments is a general lack of appreciation of modern marketing techniques.

Advertisements in the newspapers are generally classified into three distinct categories.

- a) Classified advertisements
- b) Display advertisements
- c) Public notices such as legal announcements, tenders, financial reports etc.

The advertisement charges of the Malayala Manorama in 1988-89 was Rs.150 per column centimetre and for the Mathrubhumi it was Rs.125 per column centimetre. From 1st July, 1991 onwards for the Malayala Manorama the rate was Rs.225 per column centimetre and for the Mathrubhumi Rs.200 per column centimetre.

For both the Malayala Manorama and the Mathrubhumi 72.34 percent of advertisement revenue is derived from display advertisements and 27.66 percent from classified advertisements; 78 percent of the total advertisement is collected through advertising agencies and they will be paid a commission at the rate of 10 percent.

In the Malayala Manorama on an average, 37.10 percent of the total cost is recovered from advertisement revenue. For the Mathrubhumi an average of 35.42 percent of total cost is met by advertisement revenue. For the Malayala Manorama, the advertisement revenue was Rs.291.94 lakhs in 1979-80 and Rs.1328.60 lakhs in 1989-90. This means that the Malayala Manorama showed a steady increase in advertisement revenue while the Mathrubhumi provides an increase from Rs.111 lakhs of advertisement revenue in 1979-80 to Rs.812.04 lakhs in 1989-90.

The policy followed by the newspapers seems to be that the circulation revenue realises a major portion of the direct costs like cost of newsprint, consumption of stores, other printing expenses and selling/distribution expenses. About 64 percent of the total cost is recovered from circulation revenue by the Malayala Manorama as against about 66 percent of the total cost recovered by the Mathrubhumi.

4.3. Returns

The table 4.5 provides the summary statistics of the financial performance of both the Malayala Manorama and the Mathrubhumi during the period 1979-80 to 1989-90. The data clearly show that the profitability in this industry is mainly determined by the revenue that could be raised through advertisement. As can be seen from the table 4.5 the circulation revenue constitutes only around two third of the total cost. This is because of the pricing policy followed in newspaper industry. While the average cost of production per copy of a newspaper works out to 1.52 for the Malayala Manorama and 1.06 for the Mathrubhumi in 1988-89. The newspaper is priced on an average at Rs.0.92 for the Malayala Manorama and 0.67

Table - 4.5

Financial Performance of the Malayala Manorama and the Mathrubhumi (Rs. in Lakhs)

Items	Malayala Manorama					
	1979-80	1985-86	1986-87	1987-88	1988-89	1989-90
1. Revenue	907.26	2005.00	2487.27	3015.80	3489.59	3420.44
a) Sales	615.32	1118.00	1497.95	1909.42	2117.81	2091.84
b) Advertisements	291.94	887.00	989.32	1106.38	1371.78	1328.60
2. Expenditure	889.55	2047.00	2463.14	3011.52	3479.40	3402.42
3. Net income (+ or -)	17.71	(-)42.00	24.13	4.28	10.19	18.02
4. Total Fixed Capital	481.60	1433.00	1870.00	1898.00	1974.72	2190.19
5. Return on Capital (Percentage)	3.68	(-) 2.93	1.29	0.23	0.48	0.86
6. Circulation Revenue as percentage of Total Cost	69.17	54.62	60.81	63.17	60.86	61.49
7. Advertisement Revenue as percentage of Total Cost	32.82	43.33	40.16	36.74	39.43	39.05
8. Total Revenue as Percentage of Cost	101.99	97.95	100.97	100.14	100.29	100.53
9. Average Circulation per day (in lakhs)	4.78	6.34	5.89	5.91	6.38	6.34
10. Average Cost per copy	0.52	0.89	1.16	1.46	1.52	1.49
11. Average price per copy	0.35	0.49	0.71	0.92	0.92	0.92

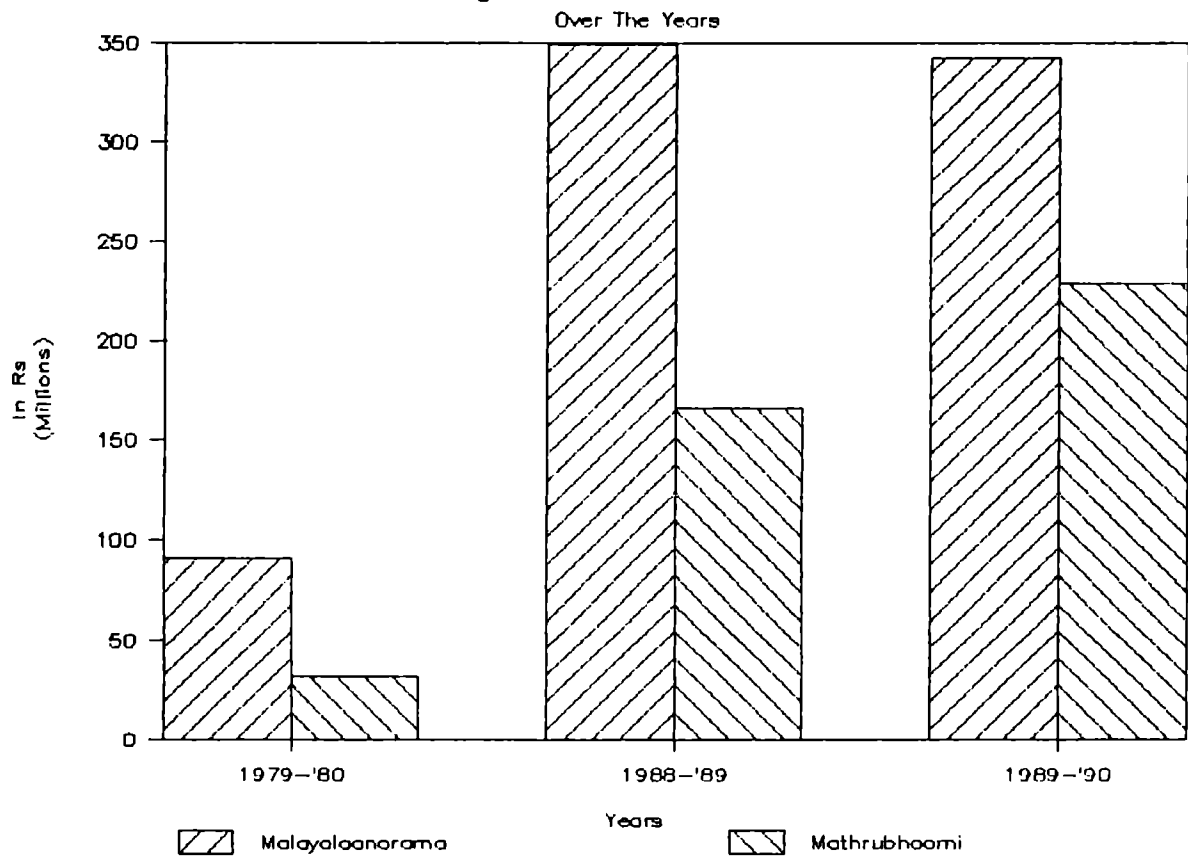
(Contd.)

Table - 4.5 (Contd.)

Items	Mathrubhumi					
	1979-80	1985-86	1987-88	1988-89	1989-90	
1. Revenue	318.00	1423.00	1473.00	1528.00	1658.00	2287.73
a) Sales	207.00	911.00	955.00	1006.00	1072.00	1475.69
b) Advertisements	111.00	512.00	518.00	522.00	586.00	812.04
2. Expenditure	309.00	1412.00	1448.00	1455.00	1701.00	2380.00
3. Net income (+ or -)	9.00	11.00	25.00	73.00	(-) 43.00	(-) 92.27
4. Total Fixed Capital	269.32	928.00	956.00	1062.49	1093.50	1141.53
5. Return on Capital (Percentage)	3.34	1.19	2.62	6.87	(-) 3.93	(-) 8.08
6. Circulation Revenue as percentage of Total Cost	66.99	64.52	65.95	69.14	63.02	62.00
7. Advertisement Revenue as percentage of Total Cost	35.92	36.26	35.77	35.88	34.45	34.12
8. Total Revenue as Percentage of Cost	102.91	100.78	101.72	105.02	97.47	96.12
9. Average Circulation per day (in lakhs)	3.04	4.51	4.39	4.40	4.46	4.37
10. Average cost per copy	0.28	0.87	0.92	0.92	1.06	1.56
11. Average price per copy	0.19	0.56	0.60	0.64	0.67	0.93

Source: Calculated from the figures available in the Balance Sheet/P & L Accounts.

Bar Diagram : Total Revenue

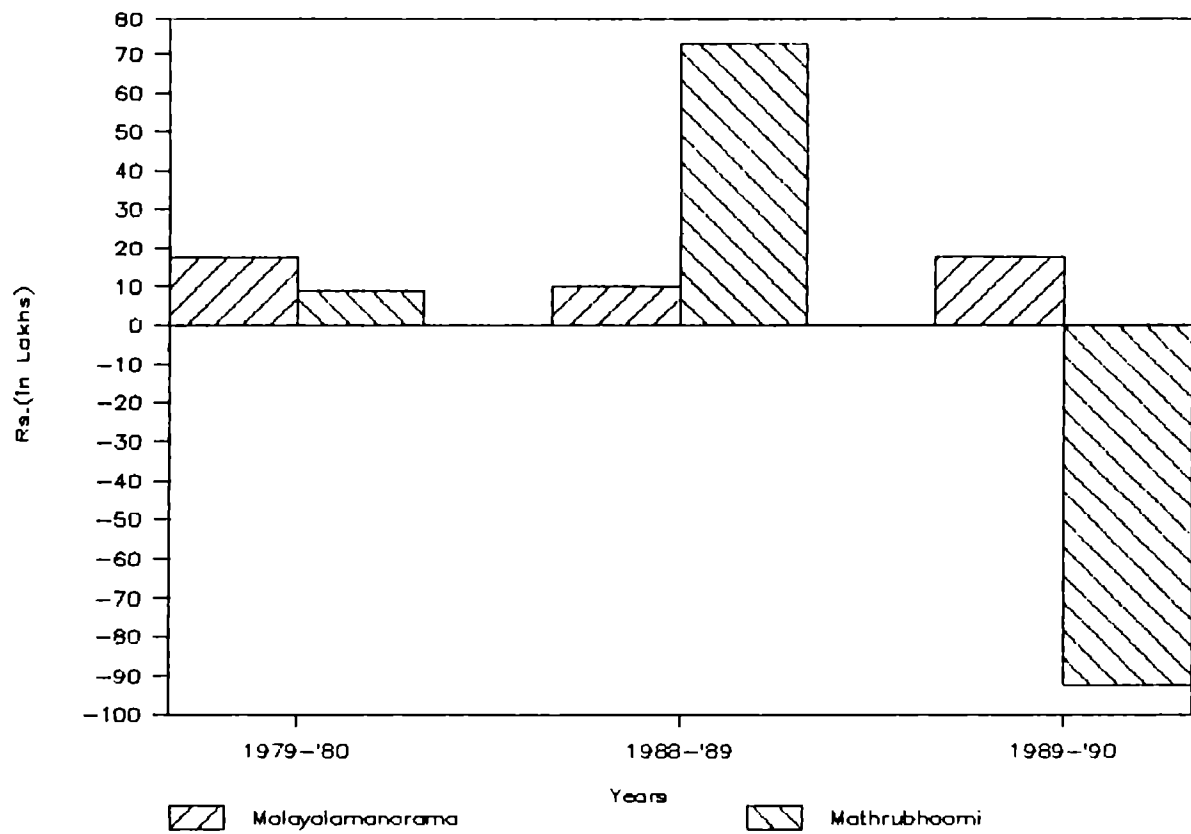


for the Mathrubhumi during this period. The newspaper industry is able to follow this policy of below cost pricing because of the possibility of compensating the loss on account of this pricing policy through advertisement revenue. The profitability of a newspaper business therefore is largely dependent on advertisement revenue.

The circulation revenue constituted 69.17 percent of total cost in 1979-80 in case of the Malayala Manorama and 66.99 percent in the case of the Mathrubhumi. There has been, however, a decline in the percentage of circulation revenue to the total cost during 1989-90 in the case of the Malayala Manorama. During this period this remain more or less the same at around 65 percent in the case of the Mathrubhumi. The circulation revenue in the case of the Malayala Manorama constituted only 60.86 percent in 1988-89.

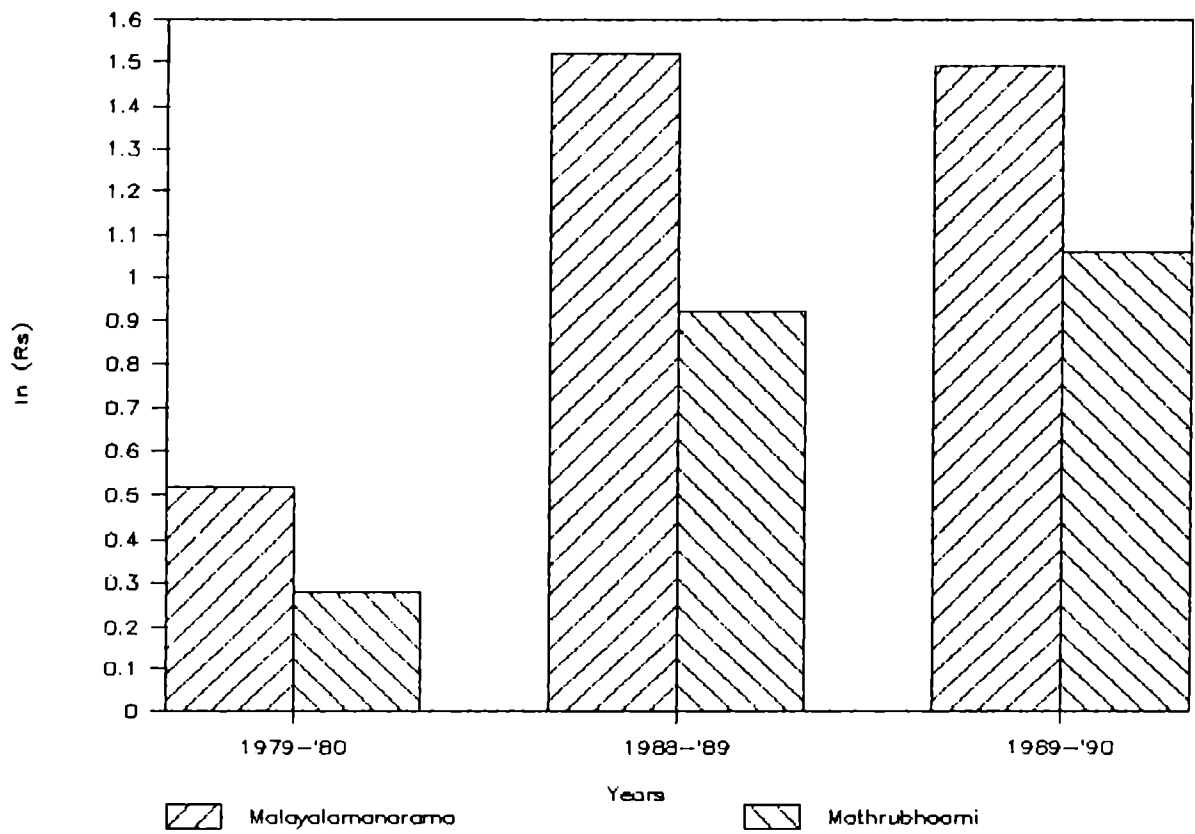
One distressing fact about the newspaper business that is observed from the table 4.5 is the drastic decline in the net income in both the Malayala Manorama and the Mathrubhumi. The decline in the net income of the Mathrubhumi has been very drastic between the period 1979-80 to

Bar-Diagram : Net Income



1988-89. From a net income of Rs.9 lakhs in 1979-80, it declined to a loss of Rs.43 lakhs in 1988-89. The net income in the Malayala Manorama was Rs.17.71 lakhs in 1979-80 and it declined to 10.19 lakhs in 1988-89. In the subsequent year, the Malayala Manorama had a net loss of Rs.7.52 lakhs. Thus it appears that the financial position of the newspaper industry is getting bad to worse year after year. A perusal of the data shows that one of the factors contributed to this deteriorating financial position of the industry is the faster growth of expenditure when compared to that of revenue. Between 1979-80 and 1988-89 the total expenditure in the Malayala Manorama rose by 291.14 percent from Rs.889.55 to Rs.3479.40 as against a growth of 284.63 percent in its revenue. The slower rate of growth of revenue may be largely due to the lower growth rate in the circulation revenue. The revenue from circulation recorded a growth rate of only 244.18 percent as against a growth rate of 369.88 percent in the revenue from advertisements. The higher growth achieved in the advertisement revenue has not been sufficient enough to compensate for the slow growth in the sales revenue so as to improve the financial position of the firm. The deteriorating financial position of the

Bar Diagram : Average Cost Per Copy

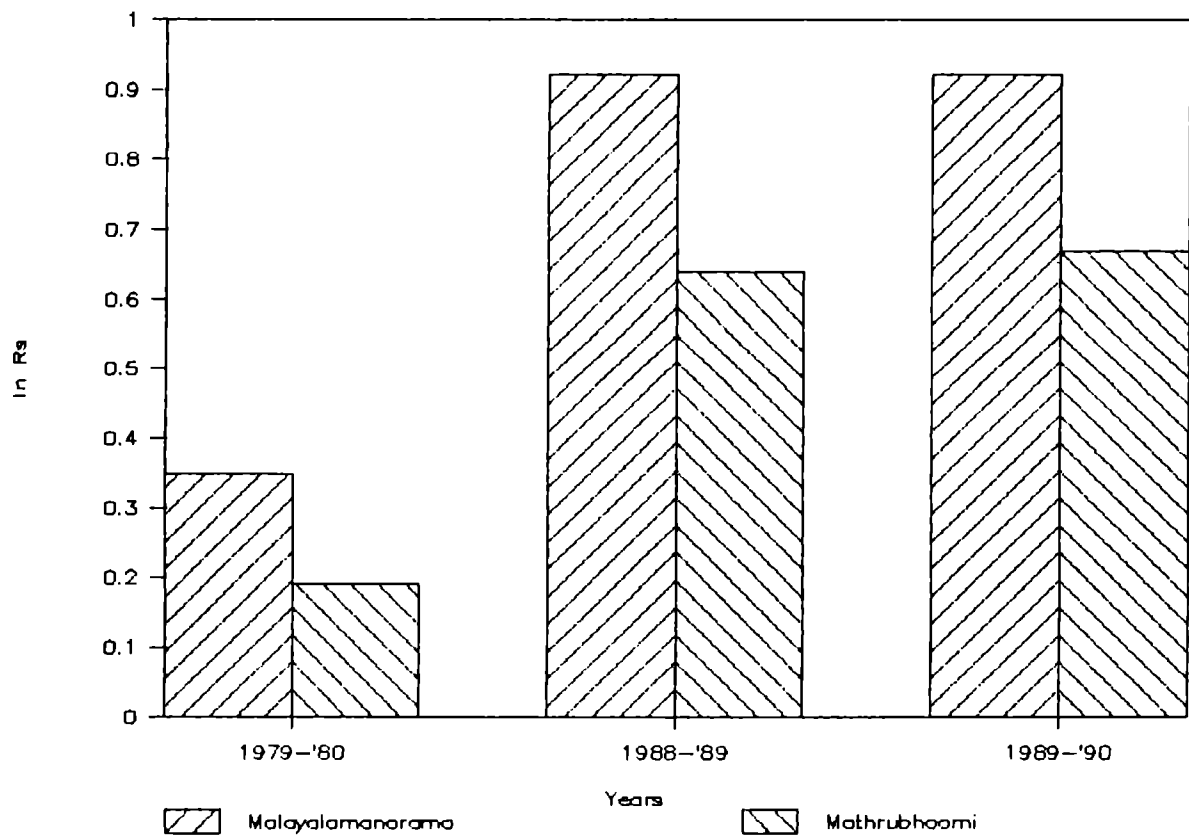


Malayala Manorama therefore could be improved only with the additional effort in raising sales revenue by an aggressive sales promotion activity. The rate of returns on fixed capital in the Malayala Manorama firm has been 3.68 in 1979-80, which declined to 0.48 percent in 1988-89 and this declining trend need to be reversed by concentrating on sales promotion rather than on advertisement. The net income in the Mathrubhumi was Rs.9.00 lakhs in 1979-80 and it decline to loss of Rs.43 lakhs in 1988-89. Between 1979-80 and 1988-89 the total expenditure in the Mathrubhumi shows a hike of 450.49 percent from Rs.309 lakhs to Rs.1701 lakhs as against a growth of Rs.421.38 percent in its revenue. The revenue from circulation showed a growth rate of 417.87 percent as against a growth rate of 427.93 percent in the revenue from advertisements.

The rate of returns on fixed capital in the Mathrubhumi has been 3.34 in 1979-80, which declined to -3.93 percent in 1988-89. The Mathrubhumi suffered loss during 1988-89 due to its failure to increase its income from both advertisement and circulation.

The profitability analysis indicates that while the Malayala Manorama made a net income in all the years, the

Bar Diagram : Average Price Per copy



Mathrubhumi incurred substantial loss in 1988-89. In both cases the returns in proportion to the fixed capital is not satisfactorily. In the Malayala Manorama owing to its organisational set up and efficiency in management it could maintain an average rate of profit through out the years from 1979-80 to 1988-89. On the other hand, the Mathrubhumi sustained loss in few years because of certain set backs suffered to it on account of strike, lock-outs, labour unrest, flexible and inconsistant editorial policy and the indifferent attitude of the management to a certain extent.

4.4. Resource-use Efficiency of the Firm

From the above analysis, it is found, that the overall performance, in terms of net profit and the rate of returns on capital, Malayala Manorama has been better than that of Mathrubhumi. Another way of looking at the performance of the business firm is to examine how they are making use of their resources, efficiently. The resource-use efficiency is usually examined using production function analysis. Alternatively, the resource-use efficiency in the firms may be examined by a more simple technique called ratio analysis.

Ratio analysis is a widely-used tool of financial analysis. It describes the significant relationship that exists between figures shown in a balance sheet, in a profit and loss account, in a budgetary control system or in any other part of accounting organisation. Ratios express numerical or quantitative relationship between two items or variables. Ratios are calculated by dividing an item of the relationship with the other. As a tool of financial management, ratios can be expressed as percentage or fraction or a stated comparison between numbers.⁴ Ratio is simply one number expressed in terms of another; it is a mathematical expression of the relationship between two numbers obtained by dividing one with the other.

Ratio analysis makes related information comparable. Whereas a single figure in itself means little, when expressed in terms of another it yields significant inferences. In other words, ratios convert figures into meaningful comparable forms making inferences easier. Comparison is thus the basis of ratio analysis. Since

4. Khan, M.Y. and Jain, P.K., Financial Management, Tata McGraw-Hill Publishing Company Ltd., New Delhi, 1987, p.22.

the ratio of a firm in itself does not reveal anything, comparison with those of other firms are made. "Ratio analysis simplifies, summarizes and systematizes a long array of accounting figures. Its main contribution lies in bringing into bold relief the inter-relationship which exists between various segments of business, as expressed through accounting statements, and in avoiding any distortions that may result from an absolute study of accounting information!"⁵ Ratios represent the figures in which the net result of the financial position and problems is concentrated. They provide a co-ordinated frame of reference for the financial manager. To the management the analysis is an invaluable guide in the discharge of its basic function of forecasting planning, co-ordination, communication and control.⁶ Based on the analysis of the past, the management can predict and plan the future; it can co-ordinate the various segments of the enterprise more effectively, and promptly communicate with those who are concerned. "Financial ratios are for a business enterprise what blood pressure, pulse rate, and temperature

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5. Man Mohan and Goyal, S.N., Principles of Management Accounting, Sahithya Bhavan, Agra, 1973, p.410.
 6. Flink and Grunnewald, Managerial Finance, John Wiley and Sons Inc., New York, 1969, p.260.

are for an individual. They are symptoms whereby the state of health of the enterprise may be determined. An analysis of these ratios will reveal whether the financial condition of the enterprise is very strong, good, partly good, questionable or poor."⁷

A ratio is said to be hyper-sensitive since a new entry of one transaction can change its magnitude drastically. A careful selection has to be made of such ratios as suit the nature of a business concern. The principle must be to keep the number of ratios at a minimum, since the greater the number the greater will be the difficulty of interpreting them.⁸ Another drawback of ratios is that they are not exact measures of financial situation as the balance sheet and profit and loss account are based on accounting conventions, personal judgements and recorded facts. Ratios do not take into consideration non-monetary factors such as general economic climate, Government and management policies, even though these

7. Foulke, Roy.A, Practical Financial Statement Analysis, McGraw-Hill, New York 1961, p.177.

8. Trucker and Spucer, A., Management Ratios, Macmillan, New Delhi, 1969, p.1.

have a vital influence on the financial strength of the enterprise. All that they give is an overall view of the dynamic relationship between several components. Further, the formula for calculating each ratio is not standardised; as a result comparison is difficult. It is observed that ratios should not be over-employed as if they provide a mechanical solution to business problems. They should be regarded only as pointers to answer significant questions.⁹

Thus by examining three important ratios, namely output - capital ratio, output - labour ratio and output - material input ratio. Of the above three ratios, the output - capital coefficient can be interpreted as index of efficiency of capital used by the firms. Similarly the output - labour coefficient and the output - material input coefficient could be taken as the indices of the efficiency of the use of the two most important inputs - labour and material inputs. These indices have been worked out for Malayala Manorama and Mathrubhumi for a period of five years (1985-86,

9. Helfert, E.A., Technique of Financial Analysis, Richard D. Irwin, Inc., Homewood, Illinois 1972, p.62.

1986-87, 1987-88, 1988-89 and 1989-90). The estimated efficiency indices are presented in the table 4.6.

The output is measured by the total revenue because the final product of the newspaper business is the newspaper and the output in physical units is the number of newspapers produced and sold (volume of circulation). The value of this output in monetary terms is not only the amount obtained by multiplying by its unit price at which it is sold as in the case of any other commodity, but it is the total of the circulation revenue and the advertisement revenue.

A perusal of the table 4.6 clearly shows higher efficiency in the resource-use in Malayala Manorama than in Mathrubhumi. The index of capital efficiency, however, has shown a fluctuating trend in Malayala Manorama from 139 in 1985-86 to 177 in 1988-89 and declined to 156 in 1989-90 which is a reflection of the huge capital investment that has gone into the process of modernisation of technology in Malayala Manorama. As pointed out earlier the fixed capital in Malayala Manorama increased considerably - from Rs.1433 lakhs in 1985-86 to Rs.2190.19 lakhs in 1989-90. At the same time it is found that the index

Table - 4.6

Indices of Efficiency of Resource-use in Malayala Manorama & Mathrubhumi

Index of Resource-use Efficiency	Malayala Manorama				Mathrubhumi					
	1985-86	1986-87	1987-88	1988-89	1989-90	1985-86	1986-87	1987-88	1988-89	1989-90
1. Fixed capital:										
$\frac{\text{output} \times 100}{\text{capital}}$	139	133	159	177	156	153	154	143	144	152
2. Labour:										
$\frac{\text{output} \times 100}{\text{Labour}}$	808	979	1100	1187	1212	564	511	514	514	421
3. Material input:										
$\frac{\text{output} \times 100}{\text{Material input}}$	130	149	165	152	138	157	159	158	159	153

Source: Calculated from the figures available in the Balance Sheet/P & L Accounts.

of efficiency of labour recorded remarkable increase from 808 in 1985-86 to 1212 in 1989-90. This may be attributed partly to the modernisation introduced in the production process and the better personnel/labour management in Malayala Manorama. Another distressing fact is revealed in the table 4.6 is the declining trend in inventory management efficiency in the Malayala Manorama. From 130 in 1985-86, it increased to 165 in 1987-88 and again declined to 138 in 1989-90. This problem invites serious attention of management for the introduction of scientific materials management. In this respect Mathrubhumi is slightly better than Manorama. The most distressing fact with regard to Mathrubhumi however, is the poor efficiency in the use of labour as indicated in the table 4.6. The labour efficiency index in Mathrubhumi is just one third of Malayala Manorama in 1989-90. This may be probably with the result of poor personnel management and labour policies in the Mathrubhumi.

The overall managerial efficiency of any firm is the result of the maximum or most efficiency resource use. The analysis of resource-use efficiency in Malayala Manorama and Mathrubhumi provides very useful hint for the management of these firms in improving the efficiency in the factors of production.

4.5. To Conclude

The main points emerging from the cost, revenue and returns analysis in this chapter, which deserve serious consideration of the management while making decisions on the marketing strategy of the firms are (i) the economic performance of the Malayala Manorama has been better than that of the Mathrubhumi; (ii) the lack of modernisation of the production unit and the poor man power resource planning and utilisation in the Mathrubhumi have contribute not only to the decline in the firm's profit, but also to heavy loss over the years; (iii) the better economic performance of the Malayala Manorama, compared to that of the Mathrubhumi is attributable to their efforts in modernisation, which resulted in large scale capital investment, and reduction of labour cost in the total cost of production; (iv) of the total revenue of the firms, about two-thirds are derived from sales or circulation and one-third from advertisement and this proportion remains more or less the same over the labour cost in the total cost of production, (v) of the total revenue of the firms, about two-thirds are derived from sales or circulation and one-third from advertisement and this proportion remains more or less the same over the years, indicating

thereby that the circulation revenue and the advertisement revenue grow more or less at the same rate over the years and (vi) the revenue from sales covers only about two-thirds of the total production cost; the rest has to be met from advertisement revenue.

The profit of the newspaper firm can be increased either by increasing the revenue or by reducing the cost or by doing both. Any reduction in the total cost is possible only by choosing an optimum mix of resources, capital and labour. It appears from the data analysed in this chapter the Malayala Manorama's resource mix is better than that of the Mathrubhumi. Alternatively, the total revenue can be increased by increasing either the circulation revenue or the advertisement revenue or both. However, the past data on these components of revenue, as pointed out earlier, shows that these two components grow almost at the same rate. This means that newspaper circulation increases with the increase in advertisement and vice-versa, re-inforcing each other. This important inter-relationship between circulation and advertisement needs to be, therefore, born in mind while evolving the marketing strategy of newspaper business. In other words, the marketing strategy of a newspaper

firm should have two main components, one for selling the 'space' for advertisement and another for selling the newspaper itself as a product or service. The advertisement manager, therefore, has to work in close association with the marketing manager, both deriving confidence from each other. The advertisement promotion should thus form an integral part of the marketing strategy.

CHAPTER - V

ORGANISATION AND MANAGEMENT

Management and Organisational structure are interrelated. The efficiency of management depends to a large extent to the organisational set up. "An organisation consists of two or more people working together to satisfy a need -- One of their own needs or someone else . The closer these people work together the more likely is the organisation to be effective and this implies that certain things have to be agreed and understood between them; the nature of the need that their organisation has set out to satisfy has to be agreed"¹ Management, as an applied science, uses the method of science and develops the tests theories about the processes in which it works. The manager is the specialist who knows and understands management theory and its applications. At the same time, he has the necessary skills to make such applications in working organisations."²

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1. John Argenti, Systematic Corporate Planning, Thomas Nelson and Sons Ltd., 1974,p.9
 2. Delbert,C. Miller, "However Behavioural Scientist Can Help Business, Business Horizons, Vol. VII, No.2, 1960, p.33.

The basic functions of the management are generally classified as planning, organising, staffing, directing, controlling and co-ordination. These functions with respect to a newspaper firm are explained further in this section.

Newspaper 'planning' involves selecting objectives and then evolving suitable policies, programmes and procedures to achieve the objectives. This involves a chain of decision making at each and every stage, characterised by several alternatives and scope of choices. Newspaper 'organising' is a process by which the management brings order out of chaos, remove conflicts between people over work or responsibility and establish an environment suitable for team work. 'Staffing' is the process of filling the jobs with right people. A company may be successful with an organisational structure that is far from the best, but it may never be able to attain objectives if the people who run it and those who do the actual work are incapable. 'Directing' a newspaper establishment includes all activities designed to encourage the subordinates to work effectively and efficiently in both the short and long run. 'Controlling' implies measurement of accomplishment against plans and the correction

of deviations to assure attainment of objectives according to plans. In the age of specialisation, it is impossible for a manager to know all about the functions of an organisation. It is sufficient for managers to acquire a working knowledge of the different disciplines associated with their organisations so as to be able to communicate effectively with different department heads and co-ordinate specialised activities.

A philosophy that is both articulated and enacted may facilitate it presents a clear picture of organisation's goal, norms and values, thus providing direction for individuals setting constraints on their behaviour and enhancing their motivation. Ouchi and Price suggest that an organisational philosophy may also be regarded as an elegant informational device for providing a form of control at once all pervasive and effective because it offers managers an all purpose basic theory of how the firm should be managed.³

A clear definition of the purpose of the organisation provides a sound basis for objectives and strategies, plans and work assignments, design of organisation structure and managerial jobs. According to Drucker, the

3. Ouchi, W.G. and Price, R.L., Hierarchies, Clans Theory: A New Perspective on Organisation Development, Organisational Dynamics, Vol VII, No.2, 1971, p.26.

purpose of an organisation is located outside, in the environment. Moreover the purpose is never obvious.⁴ Profit maximisation is not the purpose. As Drucker says, it is only a necessary condition for the survival of the firm so that it may achieve its larger purpose. Profit maximisation as the highest company objective is to take shortsighted and limited view and mainly stresses the owner's interest. Profit is essentially a means for the satisfaction of long term needs of the stake-holders.⁵

Profit cannot be a corporate goal. Indeed, properly viewed profit cannot even be treated as a consequence of business action. Profit is the requisite of corporate life, just as eating is the requisite of human life. Profit is the food without which corporate life cannot be sustained. Hence, to call profit the goal of the corporation is, operationally speaking, silly. It is like saying that the goal of human life is eating. Profit, like eating, is a requisite, not a purpose.⁶

4. Harbison, F and Myers, C.A., Management in the Industrial World, New York, 1959, p.69.

5. Drucker, Peter F., Management - Tasks, Responsibilities and Practices, Bombay, 1975, pp.6-7.

6. Theodore Levitt, 'Marketing For Business Growth, Mc-Graw-Hill Book Company, New York, 1974, p.205.

Profit is neither an encompassing nor a prescriptive statement of business purpose. Profit is merely the result or outcome of business activity. It says nothing about what the activity itself must be. To say that a business exists to produce profit for its owners offers no prescription regarding how to do it. Profits are a consequence of business action. They are not a guide to what that action should be. The only legitimate guide to action, a guide against which is to balance and accommodate the inevitably conflicting requisites of the various functional entities within a large organisation, the corporate purpose -- the goals and ends of the corporation and the strategies that have been devised to achieve them.

The organisational philosophy of each newspaper is reflected through the editorial policy. Manorama has been following a pro-Congress editorial policy even since its origin whereas Mathrubhumi, though it was started to stimulate the independent struggle, has no consistent or continuous relationship with any political party. It often changes its editorial policy which in turn affected its circulation and revenue to a certain extent. In other words, Malayala Manorama and Mathrubhumi have their own organisational policy

for selecting, processing and presenting news and views. When editing the selected items, elements of controversy, sentiments or sensation may be included to create the desired impact.

Being a service oriented industry, newspapers have more responsibility than any other media to protect, safeguard, strengthen and extend the interest of its customers; viz., the readers. In this regard it is pertinent to note that Malayala Manorama had succeeded to commands a confidence and enjoy good will from entire Malayalee reading public despite its religious/communal moorings which in turn attributed to its higher circulation than Mathrubhumi. The success of Manorama to develop an editorial policy, that woo the moderate middle class usually pay allegiance to national ruling political elite. This is an area of further in depth research by the scholars in various other disciplines. John Argenti says: "The fundamental idea behind corporate planning is the suggestion that senior executives should try to look at their organisation as a corporate whole they should, in other words, try to see the wood, not the trees. The simplest but immensely powerful concept of corporate planning is tending to become buried under the complexity of its technology."⁷

7. John Argenti, Systematic Corporate Planning Thomas Nelson and Sons Ltd., 1974, p.9.

Since World War II, throughout the developed countries higher-level, longer range planning has come on strong in business. An increasing number of the larger firms in developed countries have formal long-range planning units. This change has come about because, by and large, the planners have been winners and the non planners have been losers in the competitive struggle.⁸ This is because planned action is some what generally more effective than unplanned action. The management team that has carefully developed its objectives is able to direct its members efforts on the "success imperatives" needed to achieve those objectives avoiding diversions that may temporarily appear attractive. More important the firm that plans and measures its progress against those plans will learn from its experiences, including its mistakes. The non-planner does not get this opportunity to learn. The organization that plans, especially if there is meaningful participation by various levels of managers in that planning, tends to develop a climate of strength. It attracts and holds managers who are professionals, that is, persons who have acquired the confidence and planning skills needed to say in command of events rather than be their wictims.⁸

8. Buckelo Robert B., The Management of Business and Public Organization, New York 1977 p.99.

Defining long-range planning Steiner states, "the implication of long-range planning is that current decisions to do something are made in the light of their future consequences.....Long range planning begins with the specifications of basic purposes and develops objectives and concrete targets and goals to form a network of aims"⁹ According to Peter Drucker, "It is the continuous process of making present entrepreneurial (risk-taking) decisions systematically and with the best possible knowledge of futurity, organizing systematically the efforts needed to carry out these decisions and measuring the results of these decisions against the expectations through organized systematic feedback."¹⁰

Even in advanced countries, not all companies realise that planning in the area of personnel must be related to the total corporate planning effort. Some business firms have attempted to plan manpower without setting corporate objective or doing any strategic planning.

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9. Steiner, George, "The Nature and Significance of Multinational Corporate Planning", Multinational Corporate Planning, Steiner G.A. and Cannon W.M. (eds), New York: 1966, p.9.
 10. Drucker, Peter F. "Long-Range Planning, Challenge to Management Science", Management Science, Vol.V, No.7 1959, pp.238-249.

Manpower planning is an essential part of overall corporate planning. It cannot be successfully developed as a completely separate or parallel activity. For one thing, all the components of a corporate plan are of necessity related to the organization's situation, strategy, objectives and technology. All are concerned with the same future environment, although they focus on different aspects of it.

5.1 Organisational Planning and Manpower Planning

"Manpower Planning and organizational planning are complementary activities and it is difficult to define where one begins and other finishes. Certainly it is almost impossible to forecast manpower requirements unless organizational plans have been prepared. Effective manpower planning also leads to recruitment and training plans which in turn are linked with career planning and to the company's personnel policies."¹¹ In any organization which has been in existence for any length of time, there will be an established relationships between the nature, tasks, and objectives of the organization on the one hand, and the structure and numbers of its management force on the other. The first can be described or analysed in terms of organisational components and the second classified into various kinds of managerial

11. Hussey, David, E., Corporate Planning: Theory and Practice, op.cit., p.183.

posts each identified as belonging to particular organisational components and put into the form of statistical tables. This will provide a starting point for a forecast of future demands.

It has often been thought that manpower Planning was simply a statistical technique in which rates of wastage and rates of transference and promotion are incorporated into a numerical, and predictions made about required rates of recruitment. Thus an idea of the basic supply and demand equation can be established which is very necessary to the establishment of a corporate plan, However, particularly in the area of management, it soon becomes clear that it is very much more than this. Emphasis must be placed on the structure of organization, establishment of its objectives and the resource planning necessary to the achievement of those objectives. So it is imperative that any plan should have its roots in the organizational analysis - the review of the development of the strategy and structure of the firm.

5.2 Manpower Planning in the Malayala Manorama and the Mathrubhumi

Manpower planning is the key of any effective personnel programme. Effective human resources planning is a process of analysing an organisation's human

resources needs under the changing environment. It is a method for determining future manpower requirements and developing action plans for meeting them.

Manpower planning may be viewed as serving two broad yet inter related functions. First manpower planning represents an attempt to prepare for the future. Secondly, manpower planning provides the knowledge about present resources that an organization must have in order to adopt adequately to sudden changes in such factors as technological advances, new markets, political and economic pressures. Manpower planning in other words provides the back ground information which is necessary to deal effectively with such factors.¹² According to Geisler, manpower planning to the process - including forecasting, developing and controlling - by which a firm ensures that it has the right number of people at the right places at the right time doing work for which they are economically most useful.¹³ Manpower Planning represents an attempt to prepare for the future. Secondly, manpower planning provides the knowledge about present resources that an organisation must have in order to adopt adequately to

12. Hinriches, John R, High Talent Personnel
New York, 1966, p.43

13. Geisler, Edwin, Manpower Planning: An Emerging Staff Function, New York 1967 pp.20

sudden changes in such factors as technological advances, new markets, economic pressures etc. Manpower Planning in other words provides the background information which is necessary to deal effectively with such factors. Manpower Planning, at the firm level, attempts to identify on the one hand, the future manpower needs of the company, and on the other, the way in which these can be met. A newspaper organisation does not deliberately create job opportunities. Jobs are customarily created as a part of the task specialisation process. As Wendell French points out in general, this process may be conceptualised as follows:

- (i) determination of the organisational objectives;
 - (ii) Organisational planning, including organisation and job design based on the tools, machines and systems technology to be used in achieving enterprise objectives
 - (iii) development of job or position descriptions reflecting the resulting tasks to be performed (iv) determination of the qualifications required for these jobs,
 - (v) development of performance standards for each job and (vi) establishment of work rules.¹⁴
- There is considerable reciprocal interdependence between the component parts of the process, although each tends to stem from the precedings.

14. French Wendell, The Personnel Management Process, Boston, 1964, p.p.71-72.

One of the fundamental objectives of a manpower plan for a manager is its utility as a planning and control technique. A manpower plan, if it is systematically done, enables a manager to predict his manpower requirements, to determine the number of manpower deployed and to control the wage and salary costs.

"The management team that has carefully developed its objectives is able to direct its members efforts on the success imperatives needed to achieve those objectives avoiding diversions that may temporarily appear attractive. More important the firm that plans and measures its progress against those plans will learn from its experiences, including its mistakes. The non-planner does not get this opportunity especially if there is meaningful participation by various levels of managers in that planning tends to develop a climate of strength".¹⁵

The importance of managerial skill and knowledge and the investment in human capital have become widely recognized as a necessary pre-requisite to non-human capital investment. The problem of the generation and accumulation of managerial resources is similar to that of capital formation. The development of a newspaper

15. Buckele, Robert B. The Management of Business and Public Organisations, New York: 1977 p.99

firm may be limited by a relative shortage of this critical factor or may be accelerated significantly by a high capacity to accumulate it.¹⁶

Human capital is broadly defined as the sum total of the knowledge, skills and aptitudes of the people, inhabiting the country. In a broader sense, it includes the initiative, resourcefulness, capacity for sustained work, right values, interests and attitudes and other human qualities conducive to higher output and accelerated economic growth.

There is manpower planning in both the firms so as to ensure readily availability of suitable persons at different levels. They used to keep a panel of both skilled and unskilled employees to meet the requirements as and when arise. In some cases experienced personnel from sister concerns and other industries are also selected to hold responsibilities in key editorial position. In Malayala Manorama, top management and key personnel are hailing from Kandathil family or selected from among their close relatives. Skilled personnel like Reporters, Sub-Editors, Editors, Accountants, Marketing Managers, Personnel Manager, Production Managers, Photographers,

16. Schultz W. Theodere, Capital in the American Economy: Its Formation and Financing, Princeton, 1961 p.42.

technicians, DTP operators, Artists etc., are appointed through press advertisements and interviews. In Mathrubhumi many of the employees from the top to bottom are recruited through notifications. Almost all of them or atleast 95 percent of the total employees are regular staff. Contract appointment on a consolidated pay is less in Mathrubhumi than compared to Malayala Manoram. Both Malayala Manorama and Mathrubhumi often select apprentice trainees to two or three years in different categories and regularise the service of a few among them.

There is promotional opportunity for editorial and executive staff in both Malayala Manorama and Mathrubhumi, editorial and executive staff in the lower category are promoted to assistant editors and the head of the concerned section respectively. The employees like clerks, peon etc., are recruited directly and not through notifications. In Manorama several jobs are done on contract basis. A good number of artists, photographers, and proof readers are appointed on contract basis on a consolidated pay.

5.3 Organisational Structure of the Malayala Manorama

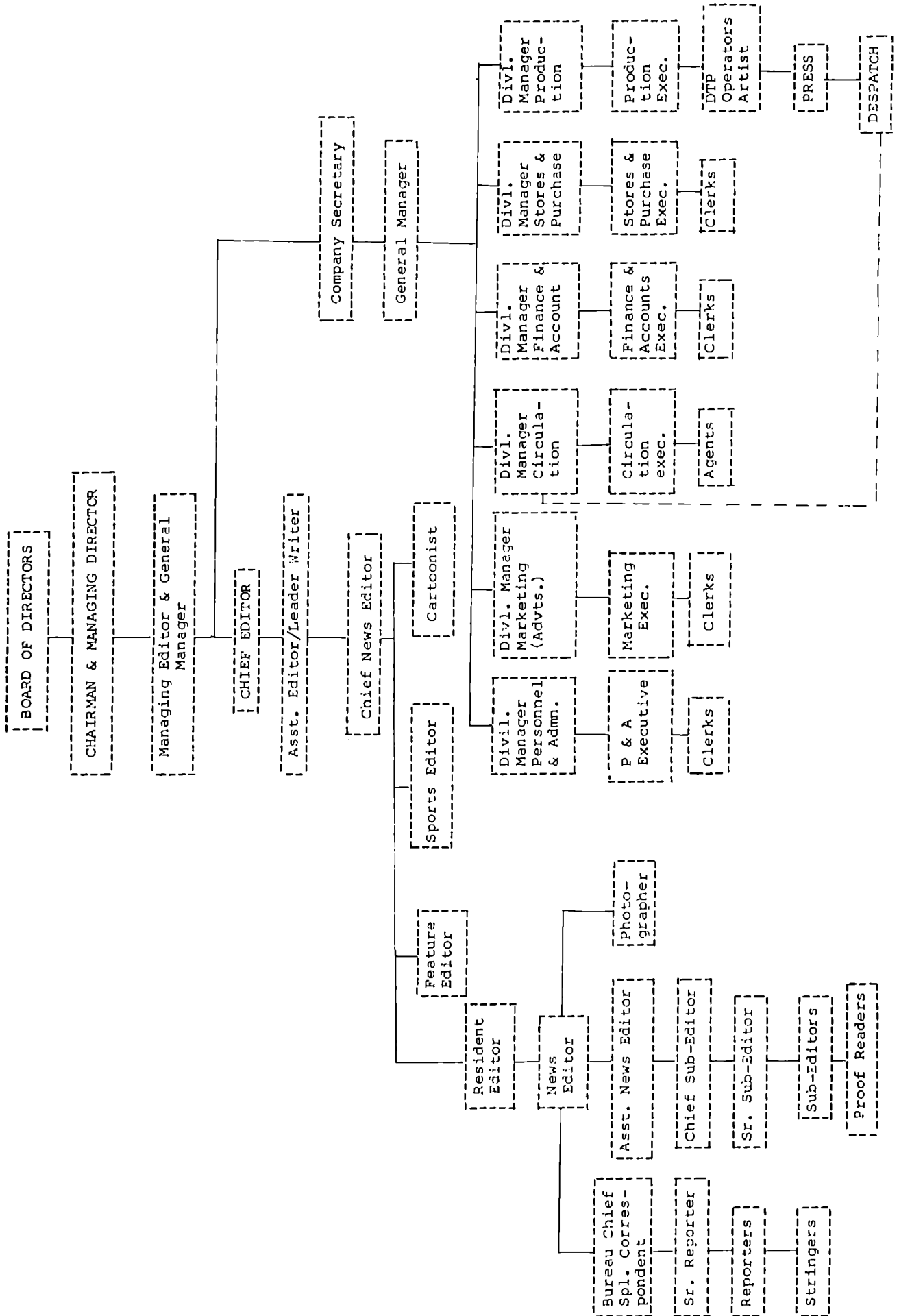
The Malayala Manorama in principle, is a public limited company, but virtually controlled by the members of a family. The directors and shareholders of this company

belong to a single family as can be seen from the list of major share holders of the company given in the appendix table V.1. The top management of the Malayala Manorama from the very beginning vests with the successors of the family of Kandathil Varghese Mappillai. Majority of the equity shares of the company are held by the members of this particular family, making it virtually a proprietorship concern rather than a public limited company.

Chart 5.1 shows the organisational structure of the Malayala Manorama. The heirarchy of the management of the Malayala Manorama starts from the Board of Directors, which appoints the other key personnel like Chief Editor, Editor and Managing Director. These are top level management positions and reserved for the family members alone. The Director Board members have varied business interests other than newspaper business. However, one great advantage of the Malayala Manorama Group is that the top management consists of the Board of Directors supported by the Chief Editor, Editor and Managing Director, Managing Editor, General Manager, three professionals in the field and at the same time belonging to the same family (Kandathil). Thus, the head of the editorial wing of the newspaper is part of the Director Board coordinates and controls all the activities of the firm. As can be seen from the chart, the Personnel Administration

Chart 5.1.

ORGANISATIONAL STRUCTURE OF MALAYALA MANORAMA



division, circulation, advertisement, stores and purchases, accounts, press etc under each Divisional Manager and is controlled and directed by the Editor and Managing Director. In other words, the Malayala Manorama has at present one Chief Executive (Editor and Managing Director) at the top of the organisation to assist the top management in its different functions - Planning, Organising, Staffing, Directing - Controlling and Co-ordination.

The middle level management positions consists of the post of Resident Editors, Chief News Editor, Assistant Editors and News Editors. The lower management level posts are Chief - Sub-Editors, Senior Sub-Editors and Sub-Editors. The lowest management cadre in the newspaper is the Sub-Editor, who is appointed direct through advertisement. They are initially appointed as Sub-Editor trainees and on successful completion of the training, absorbed to the regular cadre as Sub-Editors or staff Reporters. Subsequently they are promoted to higher posts according to the policies followed by the management from time to time.

The allocation of working Journalists in Malayala Manorama include fifty at the Head quarters in Kottayam, ten in Thiruvananthapuram, ten in Kochi, eight in Kozhikode and eight in Palghat. Each district bureau has two staff Reporters. Apart from this two Reporters are posted at

its Delhi bureau and one Reporter each at Bombay and Coimbatore. Altogether there are 118 professional Journalists and 32 proof readers in Malayala Manorama. Among 32 proof readers, only ten are on regular service while others are contract employees as in the case of skilled workers like artists, calligraphists. In addition, two librarians are at each unit in Kottayam and Kochi. They are also included in the group of working Journalists.

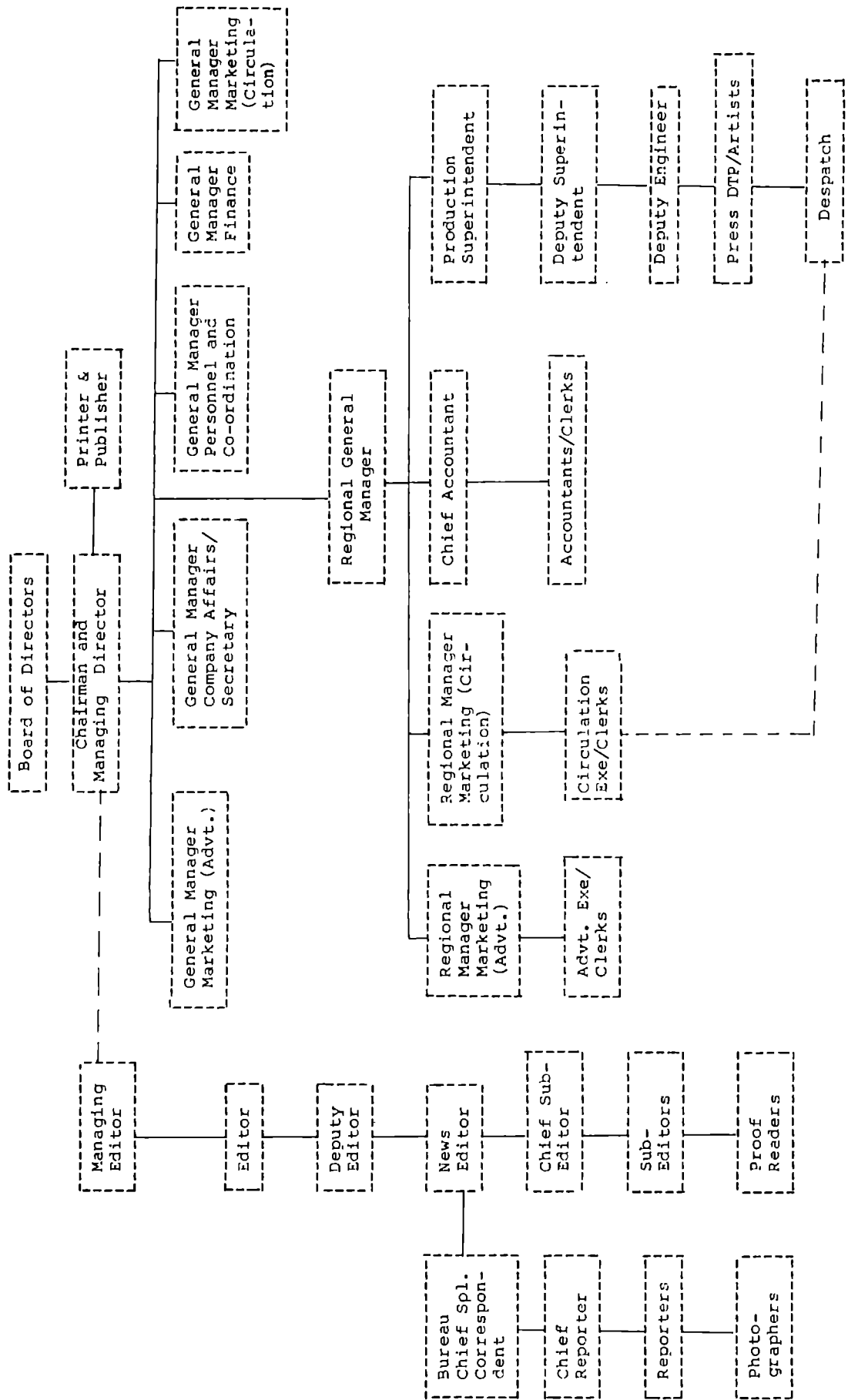
Other departmental heads, Divisional Managers for Personnel and Administration, Divisional Marketing Manager (Advertisements), Divisional Manager(Sales), Divisional Manager (Accounts), Divisional Manager (Production) are appointed by the Board of Directors. Under each Department heads there are section Superintendent and Clerks. Under Divisional Marketing Manager (Circulation), Agency Supervisors are working. The Malayala Manorama has 495 Chief Agents, who subscribe to a minimum of 250 copies per day. Divisional Manager (Production) is in charge of the press. Divisional Manager (Sales) and Divisional Manager (Production) are in close contact with despatch section. There are 1212 Non-Journalist in the Malayala Manorama.

5.4 Organisational Structure of the Mathrubhumi

The Mathrubhumi Printing and Publishing Company is a public limited company. About 52 percent

Chart - 5.2

ORGANISATIONAL STRUCTURE OF MATHRUBHUMI



(1805 shares) of the equity shares of the company is distributed among its directors and their relatives. Of this as much as 35 percent (1201 shares) is owned by five individuals.

As in Malaya Manorama, in Mathrubhumi also, the Board of Directors is at the top of the organisational structure. (Chart 5.2). Chairman and Managing Director is in charge of administrative side and the Managing Editor is in charge of the editorial section. Below the Managing Director there are General Manager each for Marketing (Advertisement), Marketing (Circulation), Company affairs, Personnel and Co-ordination and Finance. One of the Director Board member is acting as the printer and publisher. Under the Managing Editor, there is Editor and Deputy Editor. These personnels are common to all the editions or units.

Each units are controlled by Regional General Manager. Under each Regional General Manager, there are Regional Managers for Marketing (Advertisements), Marketing (circulation), Chief Accountant, Production Superintendent. News Editor is the head of the editorial section of each unit. Under the News Editor there are chief-sub-editors, Sub-Editors and proof readers. The news bureau in each district is functioning under Bureau chief or special correspondents.

Below the rank of bureau chief, chief reporter, reporters and photographers are working. Deputy superintendent (production), deputy engineer, foreman are in charge of the printing. The despatch section is attached to the printing operation but is controlled by the circulation department. The Mathrubhumi has district bureaux at all district headquarters in Kerala. Apart from this staff reporters are posted in Delhi, Madras, Bombay and a few major cities in the country. Distribution of working journalists at different bureaux of the Mathrubhumi include six staff reporters and two photographers in Thiruvananthapuram, six staff reporters and one photographer in Kochi, four staff reporters and one photographer in Trichur, three staff reporters in Delhi and one each in Madras and Bombay. Altogether in Mathrubhumi, there are 140 working journalists including proof readers and 1200 non-journalists. The Mathrubhumi has 252 chief agents, who subscribe to a minimum of 250 copies per day.

The departmental heads like general manager (personnel and co-ordination), marketing manager (advertisements), marketing manager (circulation), general manager (finance), general manager (production) are appointed directly by the board of directors. The middle level management personnel viz., deputy editor, news editor etc., are appointed by promotion. The lowest management cadre consists of sub-editors and reporters, who are appointed through selection by written

Table - 5.1

Number of Working Journalists, Non-working Journalists and Agents of Malayala Manorama and Mathrubhumi (All Editions) 1989-90.

Name of Daily	No. of Working Journalists	No. of Non-working Journalists	No. of agents who subscribe a minimum of 250 copies per day
Malayala Manorama (5 Editions)	128	1212	495
Mathrubhumi (4 Editions)	140	1200	252

Source : Files of the Firms.

test and interview. The new recruits are appointed for the first instance as trainees for two years and subsequently they are absorbed in the regular service of the company. Generally graduates with diploma in journalism or post-graduates are appointed as sub-editors and reporters. The wages of all these working journalists and non-journalists are fixed according to the recommendations of the National Wage Board for Newspaper Industry.

The main interests of the Director Board members of the Mathrubhumi Printing and Publishing Company is in other business fields. Most of them are planters, business men, fleet owners, cargo movers, hospital owners, saw mill owners, tyre traders etc. Table V.2 in the appendix gives the details about the Director Board members and share holders of Mathrubhumi.

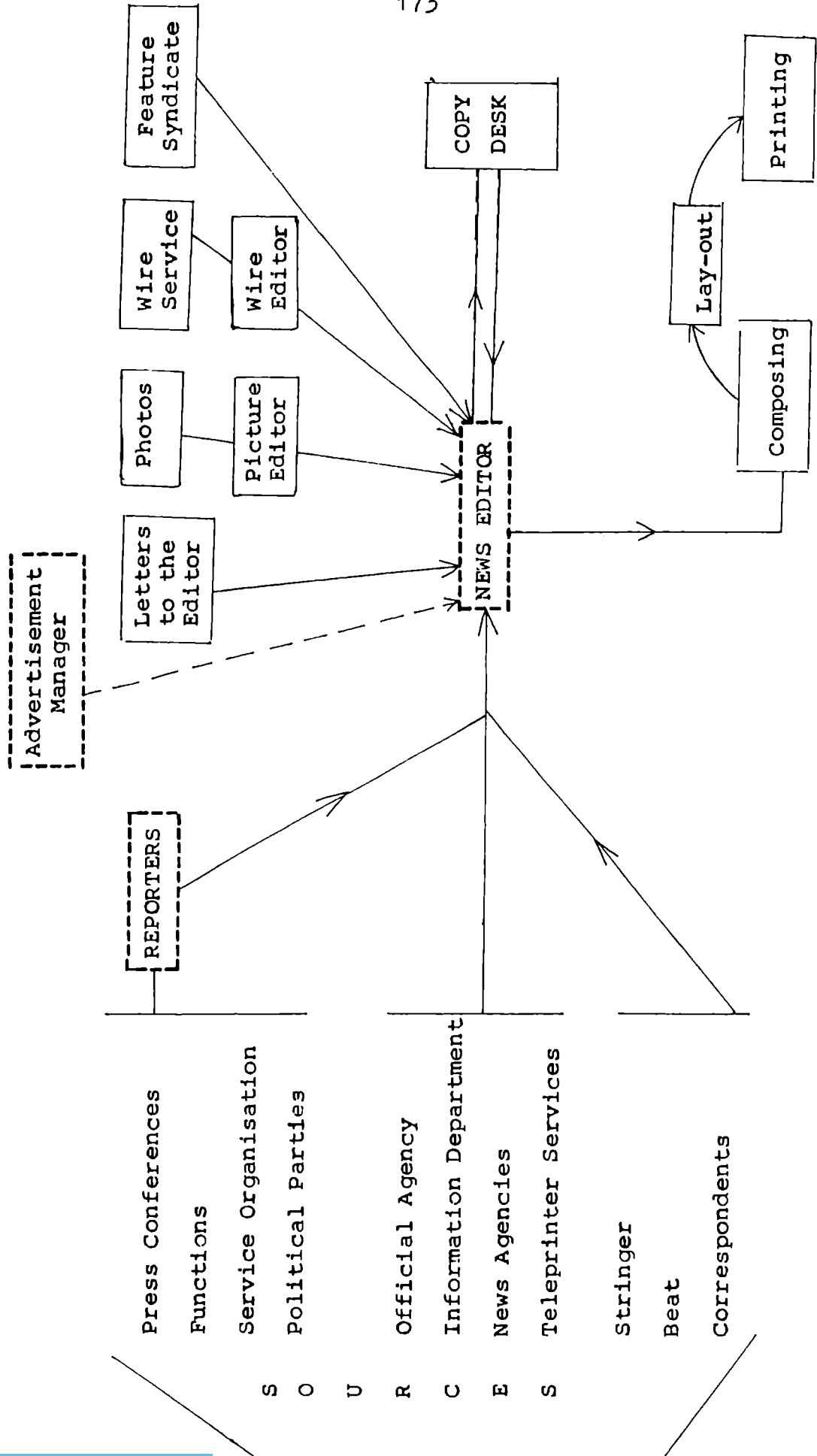
Mathrubhumi, during its initial years, was guided more by social objectives than by the usual objectives of business. Its founders started the newspaper as a part of national movement for independence.

5.6. Newsflow in the Malayala Manorama and Mathrubhumi

The strength of the editorial staff and the delegation of responsibilities of individual members depends on the size of the publication and the nature of its editorial policy. Whatever be the size and form of the editorial

Editorial Flow

News Flow in the Malayala Manorama & Mathrubhumi



department, its functions are almost same in nature. Editorial section of both Malayala Manorama and Mathrubhumi perform the selection, sub-editing, composing, proof reading, correcting and suitable layout of the news, views and advertisements.

The news Editor is in charge of news contents of the paper, He controls the operations within the policy framework of the respective newspaper. News Editor is responsible for holding an inquest on news which has been missed or not properly covered. He is the controlling authority of the news input. Sub-editors edit the matter and pass it to the composing section. After composing and proof reading proofs are sent back to the sub-editors for final check and then sent them to the page layout section. The pages are then handover to the platemaking section and then to the press for printing.

If we consider a newspaper as a building, the function of an editor is that of an architect. The reporter is akin to the supplier of building materials and the sub-editor the builder. The sub-editor is at centre of all journalistic activity. Besides checking that the standard reporting formula (5 W + H, What, Where, When, Who, Why and How) is incorporated in report and news items, sub-editors must make sure that the subject is well covered in the minimum space."

Unprecedented modernisation is taking place in the newspaper industry not only at the stages of collection of news and transmission of materials but extends also to the printing technology. As a result, compositor casting lines in lead on a linotype machine, computerised typesetter composes text on tape or floppy disc. Instead of arranging composed lines of leaders type manually so as to make up the page, computer prints galleys from tape or floppy disc are used.

Fascimile transmission of pages is adopted in Malayala Manorama. The main pages are prepared in the Head office at Kottayam and transmitted to various units. This enables proper control over the editorial section and ensures economy. In Mathrubhumi there is no such centralised editorial wing to prepare common page make up. Each of the unit functions independently. Exchange of common news items including editorial and special articles through Telex, 'modern' or Fax is a common practice in the Mathrubhumi. This is one of the contributing reason for high cost of production in Mathrubhumi.

Many of the newspapers in Kerala are now printed by the offset method. Both Malayala Manorama and Mathrubhumi have computerised modern offset press, which allows greater flexibility and adaptability to innovations in the preparation of copy and printing plates. Perhaps the most

important result of offset newspaper production is the improvement of contents in the newspaper and better overall editorial process. This becomes possible as publishers have more time to devote to publishing rather than printing. The change over marked an end to old letterpress printing methods using metal type, Malayala Manorama and Mathrubhumi are now set on compugraphic equipment, which projects the image of each letter on photographic paper to form the line of type. The thirty two page press having multi colour units prints upto 40,000 papers per hour.

In Malayala Manorama and Mathrubhumi, very recently a Marketing Research and Development wing consisting of one Research Officer and a few research assistants came into existence. It is their responsibility to prepare reports on the socio-economic profile of the newspaper readers, their expectations from the newspaper, nature of news provided, whether the readers find the paper interesting or not, reader's habits, papers distribution arrangements etc.

5.7 Circulation Department

The marketing activities of the Circulation Department of the Malayala Manorama and the Mathrubhumi are organised under four heads, viz. packing and despatch, billing and collection, print order, circulation promotion.

As soon as the printing is over, the newspapers are to be packed and despatched to newspaper agents without damage, delay or pilferage. In Malayala Manorama and Mathrubhumi, counting, packing and labeling are done by the help of automatic machines. Malayala Manorama despatches the newspaper bundles with polythin covers. Old and waste papers are used for packing the newspaper bundles.

It is revealed that the circulation department of newspaper makes all efforts to ensure a steady and continuous flow of its goods - News paper - to consumer. Mathrubhumi and Malayala Manorama have marketing section to supply their publication to right people at the right place at the right time. Both Malayala Manorama and Mathrubhumi reach to the readers every day at early morning in almost all parts of the state. In some places it reaches even at 4.30 in the morning, the newspaper reach the right place-house, bus-stands, railway stations, and other petty shops at the right time every day.

Newspaper revenue emerges from advertisements and sale of publications. Recovery and turn over of circulation circulation revenue is faster than that of advertisement revenue. Circulation revenue is the vital component of the cash flow and total revenue recoveries. The major function of the circulation department is billing and collection and it requires managerial skills.

The number of copies to be printed of each edition is determined by the Circulation Division. Print order is prepared on the basis of the requirements of agents, advertising voucher copies, hawkers, subscribers, complimentaries and other requirements.

For an effective circulation promotion, it is necessary to have some idea about readers preferences. The research and development wing of Malayala Manorama and Mathrubhumi helps in this regard. With the proper motivation of agents and the co-operation of the editorial wing, a circulation promotion strategy for a specific area or specific group of potential readers is traced out.

5.8 Advertisement Department

The revenue from selling space or advertisement to a daily depends on its image, circulation, editorial policy and the marketing strategy. The American Marketing Association defines advertising as any paid form of non-personal presentation and promotion of goods and services or ideas by an identified sponsor.¹⁶ The basic function of advertising is to sell a product, life style or idea. It is nothing but the information to the consumer, to select their commodities in the the market in the right manner. Advertising is an art

¹⁶ Economic Report, The Indian Institute of Public Opinion, New Delhi - I, July - Sept., 1991 p.23.

of creating demand for goods and services. The very purpose of advertising is to differentiate brands in the consumers mind and to minimise brand parity perceptions"².

All newspapers have their own specific reach. It is evident that they function in horizontally and vertically stratified markets with certain overlap of common readers. Since the span of life of a newspaper, is very limited, normally it operates in horizontally, stratified markets. But, because of the difference in the editorial policy and presentation of news items, the element of vertical stratification also enters the marketing operations of dailies.

Due to different readership and circulation pattern no single newspaper may fulfil an advertisers objective of reading all or greater portion of identified target group of potential consumers. Thus advertisers have to create a newspaper mix or mediamix to achieve their targeted market.

Usually there are two main types of advertisements published in the newspapers. (1) classified advertisements and (2) display advertisements. Classified advertisements usually originate from within the distribution range of the newspaper. Revenue from classified advertisements in most newspapers is normally less than from display advertisements. Display advertisements are usually big in size with illustration or photographs and thus fetch larger revenue.

Advertisers can be classified accordingly. Government advertisements public sector advertisement, private sector advertisements. Advertisements from central and state government departments usually have low rates and are specified by the Directorate of Advertising and Visual Publicity - (DAVP). Other public sector and private sector undertakings bring major revenue to newspapers through their big display advertisements.

State and Central Governments advertisements are released by Directorate of Public Relations and DAVP. The private sector advertisements are often released by advertising agencies public sector undertakings released their advertisements either by itself or through advertising agencies.

The number of classified advertisements reflect a newspaper's involvement in its area of distribution. For accredited advertising agencies a maximum of 75 days credit is allowed but in the case of classified advertisements the payment is usually in advance. As far as a newspaper's working fund is concerned, classified advertisements have a special significance.

5.8.1 Advertisement Rates

Newspaper advertisement rates are quoted in millirate. A newspaper's millirate is the sum it charges for a unit of advertising space to reach a thousand subscribers. The mathematical formula is $\frac{\text{Advt. rate} \times 1000}{\text{Circulation}} = \text{millirate}$.

Table - 5.2

Advertisement in Malayala Manorama and Mathrubhumi

	Area in sq. cms.			Total
	Govt.	Classi- fied	Big display	
Malayala Manorama	348 (8.61)	168 (4.16)	3525 (87.23)	4041
Mathrubhumi	168 (9.28)	411 (22.70)	1232 (68.02)	1811

Estimated from the different types of advertisements in Malayala Manorama and Mathrubhumi during January-March, 1990.

Each newspaper fixes its advertisement rates based on quality and quantity of circulation. The advertisement charges of Malayala Manorama in 1988-89 was Rs.150/- per column centimetre and for Mathrubhumi it was 125 per column. From 1st July, 1991 onwards, for Malayala Manorama the rate is Rs.225/- per column, centimetre and for Mathrubhumi Rs.200/- per column centimetre.

Mathrubhumi daily out of 1811 square centimetre column space of advertisements, an average of 168 square centimetre column (9.28 percentage) had covered by Government advertisements including public notices, tenders, financial reports etc. classified advertisement covered an average space of 411 square centimetre column (22.70 percentage) and 1232 square centimetre column (68.02 percentage) by Big display advertisements.

In Malayala Manorama out of 4041 square centimetre column of advertisements, an average of 348 square centimetre column (8.61 percentage) space was covered by Government advertisements, 168 square centimetre (4.16 percentage) classified advertisements and 3525 square centimetre column (87.23 percentage) big display advertisements.

5.8.2 Advertisement Revenue

Regarding Mathrubhumi, during the period 1979-80, the revenue from display advertisements was Rs.75.50 lakhs (68.01

percentage), Rs.12.15 lakhs (10.95 percent) from government advertisements and Rs.23.35 lakhs (21.04 percent) from classified advertisements. In 1987-88, the revenue from each category of advertisements increased. Out of the total revenue from advertisements, Rs.355.18 lakhs (68.05 percent) derived from display advertisements, Rs.12.50 lakhs (23.08 percent) from classified advertisements and Rs.46.32 lakhs (8.87 percent) from government advertisements. The total income from advertisement during the period 1988-89 was again increased. Out of the total revenue of Rs.586 lakhs from advertisements, Rs.401.24 lakhs generated from display advertisements, Rs.133.02 lakhs (22.70 percent) from classified advertisements and Rs.51.74 lakhs (8.83 percent) from government advertisements.

From the table (5.3) it is clear that for Malayala Manorama during the period 1979-80, out of total revenue of advertisements, the major share from big display advertisements was 252.66 lakhs (86.55 percent). Government advertisements stood second Rs.28.27 lakhs (9.68 percent) and classified advertisements Rs.11.01 lakhs (3.77 percent).

During the period 1988-89, the revenue from big display advertisements increased to Rs.1183.72 lakhs (86.29 percent) government advertisements Rs.114.63 lakhs (8.36 percent) classified advertisements Rs.73.43 lakhs (5.35 percent). In 1989-90

Table - 5.3

Classification of Advertisement Revenue in Malayala Manorama and Mathrubhumi

Daily	Year	Advertisement Revenue (Rs.in lakhs)			Total *
		Govt.	Classi- fied	Big- Display	
	1979-80	28.27 9.68%	11.01 3.77%	252.66 86.55%	291.94
Malayala Manorama	1988-89	114.63 8.36%	73.43 5.35%	1183.72 86.29%	1371.78
	1989-90	112.51 8.47%	55.27 4.16%	1160.82 87.37%	1328.60
	1979-80	12.15 10.95%	23.35 21.04%	75.50 68.01%	111.00
Mathru- bhumi	1987-88	46.32 8.87%	120.50 23.08%	355.18 68.05%	522.00
	1988-89	51.74 8.83%	133.02 22.70%	401.24 68.47%	586.00

Source: Estimated by the author.

*Balance sheet of the firms.

period, the revenue from big display advertisement was Rs.1160.82 lakhs (87.37 percent), government advertisements Rs.112.51 lakhs (8.47 percent) and classified advertisements Rs.55.27 lakhs (4.16 percent)

The analysis revealed the fact that the major share of income of advertisements is from big display advertisements that generally contributed by big private sector undertakings through advertising agencies. These advertising agencies normally work on the basis of annual budgets for their clients. They estimate the amount of advertisement space they require in a particular newspaper over 12 months. The accredited advertising agencies are given 15 percent commission on gross advertisements also get 75 days credit by both Malayala Manorama and Mathrubhumi.

As in the case of any other business organisation, the manager of a newspaper concern is not purely an administrator who merely co-ordinates his work with that of other departments, exercise control to ensure that things proceed according to plan; but he also has to make sure that his organisation forms an integral part of the socio-economic environment. In this context it is pertinent to remember that most of the newspaper establishments in

our country are owned and controlled by a few individuals, be it in the form of proprietary concern, partnership firm, trust or company. Also, these individuals are by and large, relatives, friends or closely connected well wishers. In other words, the top management, namely, the Board of Directors, consists of members of a close circle, not necessarily having professional aptitude in newspaper industry. In this context it is worthwhile to cite the observation of Harbison and Myers. In the early stages of industrialisation 'Patrimonial management' was the common form of management. It was argued that in the early stages of economic development ascriptive values dominated all walks of life and the integrity of the family was required to be maintained at all costs. This resulted in making the family a logical base for all business and industrial activities. However, as the economy moved towards maturity and reached the stage of high mass consumption, considerations of loyalty started giving way to considerations of efficiency. This led gradually to the birth of professional management -- management in which major policy making positions and nearly all other positions in the hierarchy are held by persons on the basis of alleged or demonstrated technical competence.¹⁷ As the economy moves towards maturity

17. Anant R Negandhi, Comparative Management, Meredith Corporation, New York, 1971, p.12.

and towards the stage of high mass consumption, consideration of loyalty start giving way to considerations of efficiency. Without such a change, it is almost always impossible to achieve and sustain an accelerated pace of economic growth. This results in "communal" management gradually giving way to "professional" management -- "management in which major policy making positions and nearly all other positions in the hierarchy are held by persons on the basis of alleged or demonstrated technical competence."¹⁸ The above observations has been reiterated by Darab B. Unwalla who has stated ". . . . family caste and business community connections are still important, but some higher managerial positions are being filled by technically trained outsiders whose competence is their major admission ticket, and the industrialists own the concern, the technicians run it. The former are the nominal heads and the latter effective regents" ¹⁹

18. Harbison F. and Myers, C.A., Management in the Industrial World, op.cit., p.75.

19. Darab B. Unwalla, Textile Technocracy: Human Relations in Factories, Popular Book Depot, Bombay, 1958, p.VI.

CHAPTER - VI

MARKETING MANAGEMENT OF NEWSPAPERS

The Marketing Concept - The idea that the business of business is to create and keep a customer¹ is the key to its sustance and survival. It is the constantly expanding recognition of this fact that accounts for the marketing concepts growing popularity. The marketing concept views marketing in a special way. Marketing is a business function, but that is not all. Marketing is a very special view of the business process. It views, to repeat, the business enterprise as an organised process designed to create and keep a customer.

Marketing is the most crucial business function of any firm. It is the process of bridging the producers and the consumers. The success of any business lies

1. Theodore Levitt, Marketing For Business Growth, McGraw-Hill Book Company, New York, 1974, p.200.

more in its ability to sell its product to the consumers rather than on its ability to produce goods. No product or service is produced for its own sake, but for the consumers. The product should satisfy their needs and should be acceptable to them. "Marketing is a total system of interacting business activities, designed to plan, price, promote, and distribute want satisfying products and services to present and potential consumers."² Thus, marketing refers not only to just selling, but also to planning and designing of the products acceptable to the consumers and organising all business activities that facilitate the transfer of ownership of products from producer to seller. A successful firm therefore should have a marketing-oriented management which is efficient and willing to respond correctly to the changes in consumer's tastes and demand, and to provide proper leadership to the firm in terms of product improvement, diversification and expansion.

"Marketing is concerned with all the exhilarating big things and all the troublesome little things that must be done in every nook and cranny of the entire

2. William Stanton, Fundamentals of Marketing, McGraw-Hill Inc., New York, 1981, p.5.

organisation in order to achieve the corporate purpose of attracting and holding customers. This means that marketing is not just a business function. It is a consolidating view of the entire business process..... Marketing may not be harder than manufacturing, but it is enormously different. One of the most exasperating ways in which it is different is the difficulty of knowing whether marketing is doing a good job..... Marketing is filled with uncontrolled, uncontrollable, unstandardizable, and unpredictable hazards. Like politics and sex, marketing is a Squishy Subject."³

6.1. Marketing Management: A General Conceptual Frame for Analysis

"Marketing management can be defined as the process of ascertaining consumer needs, converting them into products or services, and then moving the product or service to the final consumer or user to satisfy such needs and wants to specific consumer segment or segments with emphasis on profitability ensuring the optimum use

3. Theodore Levitt, Marketing for Business Growth, McGraw-Hill Book Company, New York, 1974, pp.3,4.

of the resource available to the organisation.”⁴

“Marketing management is defined as consisting of the making and implementing of the decisions necessary for the marketing of specific ideas, goods and services.”⁵

The modern approach to marketing, as pointed earlier, is to conceptualise it as a total system of various business activities, interacting each other. This comprehensive approach is what is implied when Mc Carthy⁶ tried to explain marketing in terms of four interrelated components. His theoretical construct provides a convenient frame for studying the marketing management of business firms.

Mc Carthy identifies four major components of marketing function, and according to him the co-ordinated and integrated management of all these components

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4. Rustom S. Davar, Modern Marketing Management in the Indian Context, Progressive Corporation Private Ltd., Bombay, 1982, p.7.
 5. Donald S. Tull, Lynn.R. Kahle, Marketing Management, Macmillan Publishing Co., New York, 1990, p.8.
 6. Mc Carthy, E Jesome, Basic Marketing, Richard D. Irwin Inc., Homewood, 1978.

constitutes marketing management in the modern sense. The four components are referred to by him as four P's of marketing. They are Product, Place, Promotion and Price.⁷ The strategy of integrating the management of these four aspects, the four P's is what constitutes the marketing strategy. We shall explain this further in the subsequent part of this section.

6.1.1. Product

An industry or firm should produce what the consumers want and the way they want. "A product is something people buy. If they don't buy it, it is not a product (or service). It's is museum piece".⁸ A good marketing manager, for evolving a suitable marketing strategy for his firm, shall start with his product. The product should be able to attract the consumers in large numbers and acceptable to them. The total sales depend very much on the extent to which his product is better in quality and attractive in appearance, compared to the products of his rivals. This is particularly so

7. Ibid., p.24.

8. Theodore Levitt, op.cit., p.3.

when the firm is operating in a market of monopolistic competition. Designing the product, making it different in physical appearance and other characteristics should be the first important aspect of any marketing strategy. Product differentiation is possible in terms of change in the quality of product, such as technical improvement, new design, and use of superior materials or in terms of physical appearance such as attractive packing or container, labels, inscriptions and displays. The sales depend on the strategy of the producer to differentiate and distinguish his product from those of other rival producers. Thus, product planning and production is the first component of crucial importance a marketing manager should first attend to in his attempt to evolve a suitable marketing strategy for his firm.

6.1.2. Place

The 'Place', Mc Carthy refers to all institutions, functions and related problems involved in getting the transfer of products from producers to consumers. In other words, this refers to the product market, including the marketing channels or channel of distribution.

This comprises of a set of institutions which performs the different activities related to the movement of a product from the firm to the consumers.⁹ It is the important duty of the marketing manager to organise the distribution channel with a view to delivering his product at the right time at the right place. This, therefore, forms the second important component of marketing management, according to Mc Carthy.

6.1.3. Promotion

The third 'P' in Mc Carthy's concept of marketing management stands for Promotion, the process of pushing forward the product in the channel of distribution with a view to expanding the sales. A firm may have produced a quality product, it might have fixed a fair price, and the channel of distribution for the product might have been well designed. Nevertheless, the consumer may not buy that product, if they are completely unaware of the very existence of the product. "Promotion is defined as the co-ordination of all seller initiated efforts to

9. Philip Kotler, Marketing Management, Analysis, Planning and Control, Prentice Hall, New Delhi, 1984, p.539.

set up channels of information and persuasion to facilitate the sale of goods or service or the acceptance of an idea."¹⁰

The four major tools of promotion are advertising, publicity, personal selling and sales promotion. The American Marketing Association, the most authoritative body of marketing profession in the world has defined these concepts as follows. "Any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor is advertising. Oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales is personal selling. Non-personal stimulation of demand for a product, service or business unit by planting commercially significant news about it in a published medium or obtaining favourable presentation of it upon radio, television or stage that is not paid for by the sponsor is publicity. Those marketing activities, other than personal selling advertising and publicity, that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and exhibitions, demonstrations and various non-recurrent selling

10. Philip Kotler, Marketing Management, Analysis, Planning and Control, 4th edition, Prentice Hall of India Pvt., Ltd., New Delhi, 1980, pp.467-468.

efforts not in the ordinary routine, form sales promotion activities."¹¹

6.1.4. Price

'Price' is the value of a product expressed in monetary terms which a consumer pays or is expected to pay in anticipation of expected or offered utility. Price is the most visible and flexible variable of the four P's in the marketing mix. Pricing the product is no more considered as an exclusive function of the General Manager or the Production Manager. It is one of the areas where the marketing management also has a vital role to play, because pricing is an important tool in the hands of the management that could be effectively used for expanding the business and capturing the market. The price of a product or service is the major determinant of the market demand for the item. As a result, price has a considerable bearing on the company's revenue and net profit. The Marketing Manager, therefore, has a pivotal role in the pricing decisions in a firm, as this has to be done keeping in view the prospective consumers and the market for the product.

11. Mc Carthy, E. Jesome, Basic Marketing, Richard D. Irwin Inc., Homewood, 1978, p.62.

This conceptual frame of analysis is built on four components or four 'P's', representing Product, Place, Promotion and Price. All these are to be taken care of and properly planned and organised for the successful marketing of a product. The strategy of marketing has therefore to be necessarily a proper mix of the strategies for each of the above components. The success of the Marketing Manager depends on his ability in choosing the optimum mix of strategies that would maximise sales and thereby the net profit of the firm. It is proposed to examine in the next section the marketing of Malayala Manorama and Mathrubhumi with the help of the above general conceptual framework.

6.2. Marketing Strategy of Malayala Manorama and Mathrubhumi

As newspaper firms, both Malayala Manorama and Mathrubhumi firms have tried to diversify and differentiate their products with a view to attracting different segments of consumers. The Malayala Manorama has performed better than Mathrubhumi in this respect. Newspaper publishers brand their publications like daily,

weekly, biweekly, fortnightly, monthly, quarterly, and annuals. Malayala Manorama, apart from the daily newspaper, publishes a variety of periodicals such as Manorama Weekly, Balarama biweekly for children, Vanitha biweekly for women, 'The Week' English weekly, Manorama Comics monthly, Bhashaposhini quarterly, Manorama Year Book and annuals. The target groups of these publications are segmented as children, women, intellectuals, writers, common man, etc. The Mathrubhumi also adopts a similar strategy of product differentiation, aiming at different segments of consumers. Besides the daily newspaper, it has a biweekly, called Grahalekshmi for women readers and two other weeklies, Chitrabhumi for film lovers and Mathrubhumi Weekly for the educated public. Since our study is confined to the daily newspapers, the product strategy of Malayala Manorama and Mathrubhumi firms with regard to their dailies is what is specifically examined here.

With regard to the Malayala Manorama and Mathrubhumi daily newspapers it has been observed that both the firms have tried to bring in several quantitative, qualitative and other physical differences in their product with a

view to keep up their distinct characteristics and identify of their products. The qualitative differences could be found in the lay-out, design, printing, paper and above all, in the editorial policy of the management. All these enable a reader to distinguish one from the other. A regular reader of Malayala Manorama or Mathrubhumi can easily identify his paper at a glance from the typographic lay-out of the newspaper. There are also differences in the nature, quality as well as coverage of news items appearing in their dailies. This kind of product differentiation is adopted with a view to meeting the tastes and preferences of some segments of their potential consumers. This aspect is further examined in detail in the next chapter. It is suffice to point out here that both the firms do make use of product differentiation strategy, to a large extent to capture maximum share in the market and that the Malayala Manorama is found to be more successful than Mathrubhumi in this aspect.

The concept of 'place' is taken care of fairly well by most of the newspaper firms, particularly by Malayala Manorama and Mathrubhumi. The marketing of

newspaper consists of two parts, marketing (selling) of newspaper (referred to circulation) and marketing of space in the newspaper for advertisement. Both are crucial for the success of the business and are organised with great care, simultaneously. The institutional or organisational arrangement for this in Malayala Manorama consists of Circulation Department headed by a Circulation Manager, designated as Divisional Manager (sales) and an Advertisement Department headed by another Divisional Manager (Marketing). In Mathrubhumi also a similar organisational structure with a Circulation Manager to look after the Circulation Division designated as General Manager (Circulation) and an Advertisement Manager in charge of advertisement exists, designated as General Manager (Marketing).

Marketing Channels

Marketing channels can be viewed as sets of inter-dependent organisations involved in the process of making a product or service available for use or consumption.¹² The marketing intermediaries make up a marketing channel, otherwise called trade channel or distribution channel.

12. Louis W. Stern and Adel.I. El-Ansary, Marketing Channels, 2nd edition, Prentice-Hall, Englewood Cliffs, 1982, p.3.

"A distribution system is a key external resource. Normally it takes years to build, and it is not easily changed. It ranks in importance with key internal resources such as manufacturing, research, engineering and field sales personnel and facilities. It represents a significant corporate commitment to large numbers of independent companies whose business is distribution - and to the particular markets they serve. It represents, as well, a commitment to a set of policies and practices that constitute the basic fabric on which is woven an extensive set of long term relationships."¹³

"Intermediaries smooth the flow of goods and services This procedure is necessary in order to bridge the discrepancy between the assortment of goods and services generated by the producer and the assortment demanded by the consumer. The discrepancy results from the fact that manufacturers typically produce a large quantity of a limited variety of goods

13. E. Raymond Corey, International Marketing: Cases and Concepts, Prentice-Hall, Englewood Cliffs, 1976, p.263.

whereas consumers usually desire only a limited quantity of a wide variety of goods."¹⁴ Wroe Alderson summarised this by stating "The goal of marketing is the matching of segments of supply and demand."¹⁵

Unlike other products, the newspaper is a highly perishable product and perhaps the most perishable commodity. The distribution or marketing of such a commodity is extremely difficult and needs to be organised very thoroughly. The distribution channel has to be so efficiently organised that the newspapers reach the readers within the least possible time after production. This is a very difficult task because of the highly dispersed location of the readers. The most difficult task is handled by the newspaper firms through two distribution channels, viz., (i) distribution through a wide network of agents and (ii) distribution through Mail, both organised by the manager in charge of Circulation Departments. As soon as the printing is over, the Circulation Manager makes arrangements for counting, packing, labeling and despatching the newspapers to various agents in far and wide locations.

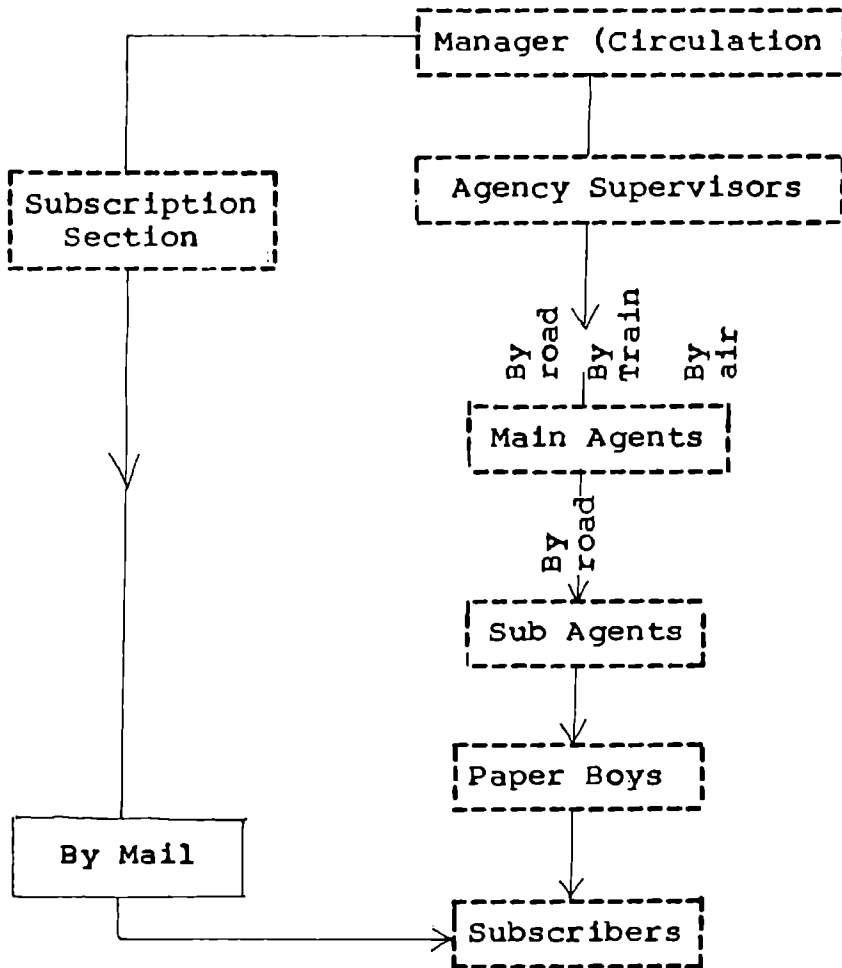
14. Ibid., p.8.

15. Wroe Alderson, "The Analytical Framework for Marketing," Proceedings-Conference of Marketing Teachers from Far Western States; Berkeley, University of California Press, 1958.

The distribution of newspaper through agents forms the main circulation channel. This distribution networks of Malayala Manorama and Mathrubhumi are very similar and are as shown in chart 6.1 below.

Chart - 6.1

Distribution Net Work of Malyala Manorama and Mathrubhumi



One of the difficult and crucial tasks of the marketing department is the transportation of newspaper bundles from the press to the various places and agents as fast as possible. Different modes of transportation - road, rail, water and air are used for this, depending upon the location to which the bundles are transported. Malayala Manorama mostly uses its own vehicles for transportation by road, for distribution within the state. In some cases the Kerala Road Transport Corporation facilities also are used. The transportation of Mathrubhumi is done mostly on contract basis within the State. Boats are in use in water logged areas in the State. The newspapers to foreign countries and to places outside the State are sent through air and rail services. The agents, who receive these bundles, distribute them to the subscribers or to the news stands either by himself or through 'paper boys', for which they generally use bicycles or two wheelers. In normal course, the circulation Department has no direct contact with newspaper distribution boys, who are engaged by the Agents/Sub-agents.

Agents for the distribution of newspapers are appointed on commission basis. The rate of commission

varies from paper to paper. The agents' commission earlier used to be about 25 percent of the price of newspapers. However, in the recent period this has been changed and the commission is now fixed arbitrarily whenever there is a price change. During the period of this study the agents' commission has been Rs.15/- per copy per month. This is about 28 percent of the revenue from sales. Except the stipulation that the agents should have a caution deposit (an amount of one month's subscription per copy) with the management, there is no other eligibility prescriptions for the appointment of agents. Apart from the commission, the agents are given other incentives also. The Malayala Manorama has got an Agency Welfare Fund to help the agents when they are in distress. Also, it has an Agency Insurance Scheme, which is offered for agents, who have rendered service for more than 15 years. Further, the Malayala Manorama has a scholarship scheme too for the children of their agents.

Generally, one agent often deals with more than one newspaper. The Circulation Manager of a newspaper has to ensure through his field staff that his newspaper

gets proper attention and display from the agent. Agents can, to some extent, influence the volume of circulation. The field staff should evaluate agents' performance as far as their newspaper is concerned, by meeting subscribers or readers frequently and making occasional surveys within the area of operation of the agent. The agents are supervised by circulation department to ensure efficient and timely supply of newspapers to readers. Malayala Manorama and Mathrubhumi have agency supervisors for the review of the performance of agents.

The other distribution channel - through mail is also handled by the circulation department in its 'Subscription Section'. The list of subscribers to the newspaper by mail is kept by the subscription section and then subscribers get their copies by mail direct. The subscription section receives advance payment for a newspaper for a definite period - a quarter, half year, a year or even longer period. By using the special low postal rates granted by the Post and Telegraphs Department, the newspapers are despatched to any part of the world. The cost of distribution of newspapers depends

very much on the marketing channel used. When the subscribers are scattered and are in far of places, the cost of distributing newspapers through agents sometimes becomes prohibitive due to very high freight charges and incidentals. In such cases, it would be cheaper to distribute it through mail. The distribution through mail, however, on a large scale is not advisable and feasible as far as daily newspapers are concerned except to far off places outside where there is no agents to distribute the paper.

Billing and collection operations from the agents form an integral part of the Circulation Division. Both in Malayala Manorama and Mathrubhumi, bills are issued every month to agents. In most cases, agency agreements clearly specify about security deposits requirements, mode of despatch, norms for settlement in case of short receipt or non-receipt of copies, unsold copies, etc. Agents make payments either in cash or D.D before 10th of every month.

With the proper motivation of agents and the co-operation of the editorial section, both Malayala

Manorama and Mathrubhumi adopt several types of promotional activities such as giving advertisements in other leading newspapers and journals, radio and television advertisements, colour printing to attract readers and advertisers, exhibiting it predominantly in news stand, giving special items alongwith the publication of specials, annuals, diaries, calendars, nameslips etc. Malayala Manorama and Mathrubhumi use to open special sales stalls at places of festivals or exhibitions. For instance it is an annual feature that Malayala Manorama and Mathrubhumi operate information centres in Sabarimala and Pamba to give guidance and information to the pilgrims. As a promotional device, Malayala Manorama and Mathrubhumi have children's socio-cultural organisations. Malayala Manorama has its 'Balajanasakhyam' and Mathrubhumi 'The Mathrubhumi Study Circle' throughout the State.

Each promotional tool has its own unique characteristics and cost. In order to achieve maximum effectiveness all these elements are blended together to form an optimum promotional mix or communication mix. In promotional activities, Malayala Manorama and Mathrubhumi are in close competition to each other.

Fixation of price in the newspaper business is unique in many respects. This is never done on a competitive basis and has nothing to do with the general principles of pricing in other types of business. The demand for newspapers, particularly dailies, is highly inelastic and therefore an increase in price of daily newspapers does not generally have any adverse impact on its volume of circulation. This is mainly because of the monopolistic nature of the already established newspapers like Malayala Manorama or Mathrubhumi and their share in the markets or segments of markets already captured by them. In the fixation of price of daily newspapers, therefore, the fear of fall in demand or any adverse impact of a price change on the volume of circulation is seldom seriously taken into account. Whenever the price of newsprints, as fixed by the government, goes up or the price of other materials increase or a revision of wages/salaries takes place on account of Wage Board decisions, the newspaper firms increase the price of daily newspapers unilaterally without giving much publicity to it. It is observed that price fixation and price enhancement generally go unnoticed as it is the newspaper itself has to invite public attention in this matter.

6.3. The Marketing of Space in Malayala Manorama and Mathrubhumi

The four P's of Mc Carthy's marketing concept are relevant in space selling also. The advertisers have their own specific criteria for selecting particular newspapers for their advertisements. Goodwill of the paper, quality of printing and layout, volume of circulation are the general major deciding factors for selecting a newspaper for advertising. The attractiveness of the advertisement or its captivating power depends on the quality of its presentation. Malayala Manorama and Mathrubhumi pay serious attention to maintain the quality, to make advertisements attractive and interesting and to provide maximum satisfaction to the advertisers. Both these newspapers have computer colour printing facilities. Often on week days and regularly on sundays, these papers are publishing colourful advertisements. The product differentiation strategy is therefore effectively followed by both the dailies in the matter of space marketing.

The advertisement messages are designed and selected to go with a target group of potential consumers.

So the advertisers choose newspapers on the basis of the possibilities of reaching the selected target group. In other words, the advertisers prefer dailies with wider circulation. Malayala Manorama and Mathrubhumi both have a good circulation in Kerala. Almost 80 percent of the total circulation of Malayalam dailies is accounted by Malayala Manorama and Mathrubhumi. So advertisements in these two papers reach to more people in far and wide locations.

Advertisement rates are normally fixed per unit of space, taking into account the volume of circulation of the newspaper. The advertisement charges of Malayala Manorama in 1988-89 was Rs.150 per column centimetre and Mathrubhumi Rs.125 per column centimetre. From 1st July 1991 onwards, advertisement rate of Malayala Manorama is Rs.226 per column centimetre and to Mathrubhumi Rs.200 per column centimetre.

To sum up, we made an attempt in this chapter to discuss the marketing management framework of Malayala Manorama and Mathrubhumi against the general conceptual framework of marketing management suggested by Mc Carthy. The four components of Mc Carthy's mix of marketing

strategy are Product, Place, Promotion and Price strategies referred to as the four P's of the marketing management strategy. It has been observed that the marketing management strategies of both Malayala Manorama and Mathrubhumi fit in well within the conceptual framework of analysis suggested by the Mc Carthy. These news paper firms have a marketing management framework which encompasses and integrates within itself the four components. It has also been pointed out that the Malayala Manorama firm seems to have a better marketing management system than the Mathrubhumi, when viewed within the conceptual framework of Mc Carthy.

CHAPTER - VII

MARKETING STRATEGY AND PERFORMANCE OF MALAYALA MANORAMA AND MATHRUBHUMI : AN ASSESSMENT

The marketing management systems followed by Malayala Manorama and Mathrubhumi have been examined in the previous chapter with a general conceptual framework of marketing management suggested by Mc Carthy. In this chapter an attempt is made to examine the relative effectiveness of the marketing strategies followed by the two newspaper firms; it is also an assessment in terms of the growth in the volume of circulation of these two newspapers and various factors in evolving the marketing strategy of these firms.

7.1. Growth in the Volume of Circulation of Malayala Manorama and Mathrubhumi

The growth in the volume of circulation of Malayala Manorama and Mathrubhumi in the recent period

Table - 7.1

Circulation of Malayala Manorama and Mathrubhumi: 1980-81 to 1990-91

Year	Average net paid circulation	
	Malayala Manorama	Mathrubhumi
1980-81	4,78,108	3,04,084
1985-86	6,33,538	4,51,713
1986-87	5,89,044	4,38,737
1987-88	6,53,512	4,62,890
1988-89	6,32,531	4,40,306
1989-90	6,38,182	4,46,234
1990-91	6,69,297	4,52,381

Source: Compiled from the Annual Reports of the firms.

from 1980-81 to 1990-91 may be seen from the table 7.1. Malayala Manorama was started as a weekly in 1890, and it was converted subsequently as a daily. Mathrubhumi was established in 1923 as Triweekly and was converted into a daily in 1930. Malayala Manorama is now published from five places Kottayam, Kozhikode, Kochi, Trivandrum and Palghat whereas Mathrubhumi from four places Kozhikode, Kochi, Trivandrum and Trichur between 1980-81 and 1990-91, Malayala Manorama's circulation has increased from 478108 to 649297, registering an annual compound growth rate of 3.42 percent. As against this, Mathrubhumi's circulation has increased from 304084 to 452381, recording an annual compound growth rate of 4.05 percent per annum. The quinquennial data on volume of circulation indicate that during 1980-81 to 1985-86, Malayala Manorama had an annual growth rate of only 5.79 percent as against 8.24 percent for Mathrubhumi. However, during the subsequent period of five years from 1985-86 to 1990-91, Malayala Manorama recorded a higher growth rate than Mathrubhumi, though both registered lower rates during this period, compared to the rates during the earlier period. During 1985-86 to 1990-91, Malayala Manorama had an annual compound growth rate of 1.10 percent while Mathrubhumi recorded an annual compound growth rate of only 0.61 percent.

Table - 7.2

Market Share of Major Newspapers in Kerala 1989-90

	Inside Kerala		Outside Kerala		Total	
	Circulation (No.)	Percentage share	Circulation (No.)	Percentage share to total	Circulation (No.)	Percentage
Malayala Manorama	591422	46.49	46760	51.64	638182	46.84
Mathrubhumi	419532	32.98	26702	29.49	446234	32.75
Others	261079	20.53	17080	18.87	278159	20.51
Total	1272033	100.00	90542	100.00	1362575	100.00

Source: Compiled and estimated by the author from the records of the firms.

The market shares of Malayala Manorama and Mathrubhumi within the state could be understood from table 7.2 which gives the data on the volume of circulation of the four most popular Malayalam newspapers in Kerala during 1989-90. The oligopolistic nature of the newspaper market is evident from this data, the market being dominated by two newspaper firms. Malayala Manorama, with a circulation of 591422 within the State, accounts for a market share of 46.49 percent and Mathrubhumi, with a circulation of 419532, for a market share of 32.98 percent. The market for Malayala Manorama outside the State is much more than that of other dailies, Malayala Manorama has a share of 51.64 percent as against 29.49 for Mathrubhumi. It appears that except Malayala Manorama and Mathrubhumi the other dailies do not have any significant market outside Kerala.

The district-wise break-up of circulation in 1989-90, given in table 7.3 throw more light on the relative market share or popularity of these papers in different parts of the State. The most important fact to be observed from this data is that Malayala Manorama had more than 40 percent of the market in all the

Table - 7.3

Districtwise Circulation and Market share (Percentage) of Malayala Manorama and Mathrubhumi in Kerala in 1989-90

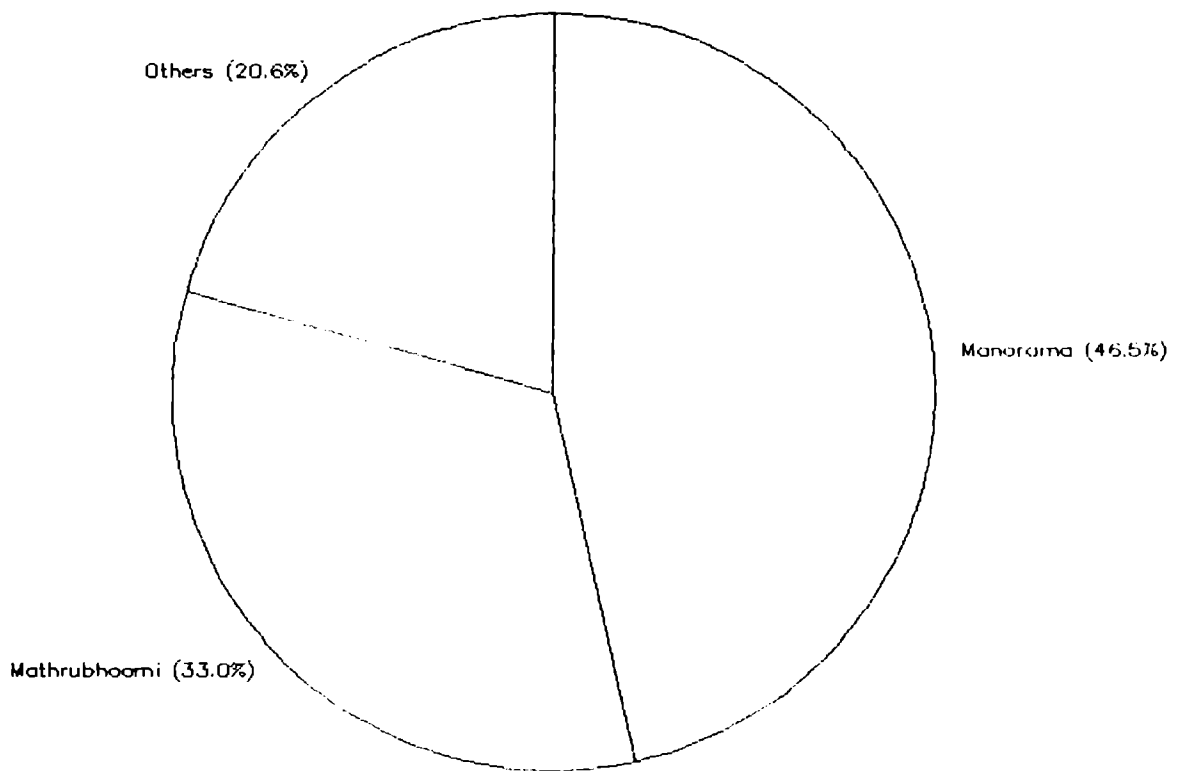
Districts	Malayala Manorama	Market share (percentage)	Mathrubhumi	Market share (percentage)	Others	Market share (percentage)	Combined total circulation in the State including Kerala Kaudi & Desabhmani
Alleppey	42401	50.86	18626	22.34	22348	26.80	83375
Kozhikode	44026	36.97	47959	40.28	27092	22.75	119077
Cannoor	39664	37.04	39422	36.82	27989	26.14	107075
Ernakulam	92908	52.68	63396	35.95	20051	11.37	176355
Idukki	18324	64.29	5800	21.20	4376	15.35	28500
Kasargod	12122	45.94	9091	34.46	5171	19.60	26384
Kottayam	71708	71.72	16407	16.41	11874	11.87	99989
Malappuram	34595	47.17	24696	33.68	14045	19.15	73336
Palghat	32217	41.61	32132	41.50	13084	16.90	77433
Pathanamthitta	41598	62.60	15464	23.27	9389	14.13	66451
Quilon	43921	38.87	32722	28.96	36366	32.17	113009
Trichur	55237	44.99	52323	42.61	15227	12.40	122787
Trivandrum	51357	32.97	53232	34.18	51169	32.85	155758
Wynad	11344	47.98	8262	34.95	4036	17.07	23642

Source: Compiled and estimated by the author from the records of the firms.

districts except in Calicut, Kannoor, Quilon and Trivandrum. In Kottayam district, the headquarter district of Malayala Manorama, the market share was as high as 71.72 percent. This was followed by Idukki district where Malayala Manorama had a share of 64.29 percent, and then by Pathanamthitta with a market share of 62.60 percent. As against this, Mathrubhumi had the highest share of 42.61 percent in Trivandrum district, followed by Palghat with 41.50 percent and Kozhikode with 40.28 percent.

A look at the district-wise break-up of circulation brings out the relative performance of each daily in various districts. Malayala Manorama had the highest circulation of 92908, forming 14.56 percent in Ernakulam district followed by Kottayam with a circulation of 71708 (11.24 percent) and Trichur with a circulation of 55237 (8.66 percent). As against this, the Mathrubhumi has the highest circulation of 63396 (14.21 percent) in Ernakulam district, followed by Trivandrum with a circulation of 53232 (11.93 percent).

Pie Diagram : Market Share of
Malayalamanooraa and Mathrubhooni



7.2. Factors that strongly influence the Volume of Circulation of different newspapers

The success or otherwise of the marketing management strategy of the two newspaper firms could be assessed against the growth performance of these newspapers presented above, reckoning this performance as the net outcome of the marketing strategies followed by these firms. The districtwise data on the volume of circulation of these newspapers is used for identifying the various factors that influence the demand for a particular newspaper.

First of all, the districtwise differences in the volume of circulation of newspapers could be attributed to the differences in various characteristics of these districts, major among them being the population size, the education level and the religious composition. A close scrutiny and comparison of the data in this table 7.4 provides sufficient insight into the strong association between the volume of circulation of Malayala Manorama and Mathrubhumi in different districts and the various characteristics like population size, literacy rate and the religious composition of the population.

Table - 7.4

Districtwise Circulation of Newspapers, Population (Religionwise), Number of Literates and their ranks (1989-90)

Districts	CIRCULATION			Rank	Combined Total Circulation including other newspapers	Rank
	Malayala Manorama	Mathrubhumi	Rank			
Alleppey	42401	18626	7	9	83,375	8
Calicut	44026	47959	5	4	1,19,077	4
Cannoor	39664	39422	9	5	1,07,075	6
Ernakulam	92908	63396	1	1	1,76,355	1
Idukki	18324	5800	12	14	27,362	12
Kasargod	12122	9091	13	12	26,384	13
Kottayam	71708	16407	2	10	99,989	7
Malappuram	34595	24696	10	8	73,336	10
Palghat	32217	32132	11	7	77,433	9
Pathanamthitta	41598	15464	8	11	66,451	11
Quilon	43921	32722	6	6	1,13,009	5
Trichur	55237	52323	3	3	1,22,787	3
Trivandrum	51357	53232	4	2	1,55,758	2
Wynad	11344	8262	14	13	23,642	14

Source: Compiled and estimated by the author from the records of the respective firms and publications of the Directorate of Economics and Statistics, Government of Kerala, Trivandrum.

(Contd.)

Table - 7.4 (contd.)

POPULATION									
Hindu	Rank	Christian	Rank	Muslim	Rank	Total Population	Rank	No. of literates	Rank
12,86,000	6	4,23,000	6	1,57,000	10	18,66,000	8	16,64,376	8
13,75,000	5	1,08,000	11	7,62,000	2	22,45,000	4	20,67,727	5
12,56,000	7	2,11,000	9	4,64,000	4	19,31,000	7	17,82,331	7
11,73,000	8	10,19,000	1	3,40,000	7	25,32,000	2	22,97,494	1
4,88,000	13	4,18,000	7	63,000	13	9,69,000	11	8,18,123	12
5,59,000	12	57,000	13.5	2,57,000	9	8,73,000	12	7,51,026	13
8,07,000	9	8,06,000	2	84,000	12	16,97,000	9	15,55,493	10
7,72,000	10	57,000	13.5	15,74,000	1	24,03,000	3	22,22,721	3
14,95,000	2	76,000	12	4,73,000	3	20,44,000	6.5	16,58,057	9
6,10,000	11	4,45,000	5	53,000	14	11,08,000	10	9,99,793	11
14,25,000	4	4,06,000	8	3,62,000	6	21,93,000	5	19,03,865	6
14,64,000	3	6,13,000	3	3,63,000	5	20,44,000	6.5	21,68,396	4
18,12,000	1	4,59,000	4	3,25,000	8	25,96,000	1	22,95,463	2
2,80,000	14	1,36,000	10	1,36,000	11	5,52,000	13	4,73,120	14

Source: compiled and estimated by the author from the records of the respective firms and publications of the Directorate of Economics and Statistics, Government of Kerala, Trivandrum.

The strong association between the volume of circulation of newspapers and the population size is the combined total circulation and total population and also the data on ranks of combined total circulation and total population. The coefficient of rank correlation worked out on the basis of the ranks of total population is 0.824 and this is statistically significant. High correlation coefficient establishes the existence of the strong association between the volume of circulation and the population size. Similarly a comparison of the total volume of combined circulation (or the corresponding ranks) with the number of literates (or the corresponding ranks) provides adequate evidence to establish that the higher literacy rate among the population, the higher is the volume of circulation. The rank correlation between the two is 0.864, and statistically significant at five percent level.

Yet another most decisive factor influences the volume of circulation of a newspaper is the religious composition of the population.

A comparison of the market share of Malayala Manorama in different districts and the percentage of

christian population in the districts clearly brings out this high associationship between religious composition and the popularity of the newspaper. The highest market share of Malayala Manorama is in Kottayam district, where the percentage of christian population is the highest. This is followed by Idukki and Pathanamthitta districts. The association between the market share of newspapers and the religious composition of population is all the more clearly established in terms of the estimate of the rank correlation coefficient between the two. The estimated rank correlation coefficient between market share of Malayala Manorama and the percentage of christian population is 0.77, which is statistically significant. Similarly, the estimated rank correlation coefficient between market share of Mathrubhumi and Hindu population is 0.78 which also is statistically significant.

Thus, it is obvious that the higher the percentage of christian population in a district the higher is the volume of circulation of Malayala Manorama and similarly, the higher the Hindu population in a region, the higher the circulation of Mathrubhumi. Thus, it seems that the

marketing strategy of the two newspapers are such that these newspapers get identified with one or the other religious group. The religious patronage is so rampant and strong that it is difficult to be ignored by a marketing manager.

There are more evidences to support this from the analysis of matrimonial advertisements appearing in these newspapers. Whether the management of these prominent newspapers have segmented their market with a communal/religious basis or the general public have identified them in that way is not easy to explain. However, one may inclined to conclude from the facts and figures that in the newspaper industry in Kerala, by and large, developed and penetrated in the market from a communal/religious angle. The reasons and the process of this phenomenon is a fertile area research for different social science disciplines.

7.3. Other Important Factors that Influence the Volume of Circulation

There are several factors other than population size, literacy and religious composition that strongly

influence the circulation of the newspapers. A successful marketing strategy may be one which is drawn after giving due consideration to these important factors also. These factors relate to the first component of the marketing strategy viz., the product strategy, suggested by Mc Carthy and discussed in the previous chapter. A product, to capture the market, should satisfy first of all, the taste and preferences of the consumers of different types and should be produced in consistent quality. A newspaper should be able to provide the readers the right mix of different news items in good quality so that they get the maximum satisfaction. The product strategy followed by Malayala Manorama and Mathrubhumi is examined in this section by resorting to a detailed analysis of their contents, which throws light on the relative influence of the product strategy on the volume of circulation.

The coverage given and space allotted for different editorial items like political news, economic news, law and order items, entertainment items, cultural news, cartoon etc., and for advertisements in a newspaper make the product distinct and this will have a significant

influence on the volume of sale of the newspaper.

The content analysis, presented here is based on a study of Malayala Manorama and Mathrubhumi issues of three months - first January to 31st March 1990. The news items were categorised into 14 groups, viz., national political news, world political news, economic news, development news, law and order news, court items, government items, entertainment items, cultural items, cartoons, sports items, women's items, interests and miscellaneous.

The table 7.5 presents the percentage distribution of space allotted to various categories of news items and advertisements in Malayala Manorama and Mathrubhumi. The total space of Malayala Manorama on week days is 4000 sq. cms. (10 pages). The total space given to advertisements on the average is 1785 sq. cms. (44.63 percent) and allotted to news items is 2215 sq. cms. (55.37 percent). The sunday edition of Malayala Manorama including the sunday supplement has a total space area of 6400 sq. cms. (16 pages). On the average a total space of 2884 sq. cms. (45.06 percent) is devoted for

Table - 7.5

Distribution of total space among Editorial Contents and Advertisements in Malayala Manorama and Mathrubhumi during January-March, 1990.

News Paper	Editorial Contents - Categorywise						Government
	Political	World Politics	Economy	Development	Law & Order	Courts	
Week days	468.03 (11.70)	103.21 (2.58)	80.00 (2.0)	448.04 (11.20)	235.62 (5.89)	16.00 (0.4)	168.02 (4.20)
Malayala Manorama	697.00 (10.89)	138.48 (2.16)	120.67 (1.89)	701.60 (10.96)	172.96 (2.70)	21.26 (0.33)	235.59 (3.68)
Week days	416.65 (13.02)	80.32 (2.51)	116.16 (3.63)	409.93 (12.81)	151.37 (4.73)	35.21 (1.10)	136.00 (4.25)
Mathrubhumi	722.48 (12.90)	118.73 (2.12)	187.62 (3.35)	631.75 (11.28)	275.55 (4.92)	44.80 (0.8)	255.39 (4.56)

Source: Estimated by the author. Figures in brackets are percentages to the total.

(Contd.)

Table - 7.5 (Contd.)

Enter- tainment	Cartoon	Cul- ture	Sports	Women and Re- forms	Humor inter- est	Miscell- aneous	Total for News items in sq. cm.	Space for Adver- sements in sq. cm.	Total space in sq. cm.
104.00 (2.60)	48.00 (1.20)	204.02 (5.10)	168.01 (4.20)	52.05 (1.30)	64.00 (1.60)	56.00 (1.40)	2215 (55.37)	1785 (44.63)	4000 (10 pages) 100
274.65 (4.29)	178.12 (2.78)	336.72 (5.26)	235.59 (3.68)	131.00 (2.05)	198.24 (3.10)	74.12 (1.16)	3516 (54.94)	2884 (45.06)	6400 (16 pages) 100
174.73 (5.46)	110.72 (3.46)	195.21 (6.10)	144.02 (4.50)	86.08 (2.69)	126.40 (3.95)	67.20 (2.10)	2250 (70.31)	950 (29.69)	3200 (8 pages)
324.84 (5.80)	70.57 (1.26)	346.68 (6.19)	253.71 (4.53)	126.57 (2.26)	122.65 (2.19)	136.66 (2.44)	3618 (64.60)	1982 (35.40)	5600 (14 pages)

Source: Estimated by the author. Figures in brackets are percentages to the total.

advertisements and 3516 sq.cms. (61.19 percent) for news items. As against this, Mathrubhumi, on week days has on the average a total space of 3200 sq. cms. (8 pages). Out of this, an average space of 950 sq. cms. (26.69 percent) is being for advertisements and 2250 sq. cms. (70.31 percent) for news items. On sundays the total space area of Mathrubhumi is 5600 sq. cms. (14 pages), out of which an area of 1982 sq. cms. (35.40 percent) is used for advertisements and 3618 sq. cms. (64.60 percent) for editorial items.

The table 7.5 further reveals that among the various editorial features, the national political news use to occupy the highest share of space. On week days the share of political items in the Malayala Manorama has been 11.70 percent of the total space or 21.13 percent of the total news space and in Mathrubhumi 13.02 percent (or 18.52 percent of the total news space). On sundays this share has been 12.13 percent in Malayala Manorama and 12.90 percent in Mathrubhumi. Development news items occupy the next major share of space in both Malayala Manorama and Mathrubhumi. On week days it is 11.20 percent of the total space or

20.23 percent of the total news space in Malayala Manorama and 12.81 percent and 18.22 percent respectively in Mathrubhumi. On sundays the share has been 12.21 percent in Malayala Manorama and 11.28 percent in Mathrubhumi.

The cultural items rank third in terms of space under them. These items cover an area of 9.58 percent of the total space under editorial items in both Malayala Manorama and Mathrubhumi. The other items like world politics, law and order, entertainment, sports, etc., together account for 27.37 percent of the total space on week days and 34.23 percent on sundays in Malayala Manorama and 38.38 percent on week days and 34.23 percent on sundays in Mathrubhumi. This disparity between the two is due to the space set apart in Manorama is more, or Mathrubhumi has not succeeded in canvassing that much advertisements. To sum up, the major portion of the newspaper column was accounted by political news. It is obvious from the data in table 7 that Malayala Manorama devotes more space to cover national political items, developmental news, and cultural items than Mathrubhumi, though the relative priority for these items remain the same in both the papers. Generally the editorial policy of each

newspaper reflects its affiliation or leanings to certain political parties. It is revealed by the management of Mathrubhumi during discussion that during 1987 Kerala Assembly election Mathrubhumi surprisingly took a pro-congress stand and it had a heavy adverse impact on the circulation of Mathrubhumi in the succeeding years because people who subscribed Mathrubhumi for unbiased free and fair news coverage felt that Mathrubhumi had given up its political neutrality in favour of the Congress and consequently stopped the subscription. But in the case of Manorama, which maintain a pro-Congress editorial policy for the past several years could increase the circulation in the same period when Congress was in power. It supports the argument that frequent changes in the editorial policy of a newspaper will affect its acceptability and creditworthiness among subscribers, readers and the general public.

It is worthwhile discuss another most important factor in determining the volume of circulation of newspapers, viz., the community patronage to newspapers as revealed from this content analysis. A classification of matrimonial advertisements in the two newspapers

Table - 7.6

Matrimonial Advertisements in the Mathrubhumi Daily from January-March, 1990

Total Number of Advertisements	Christ-ian	Christ-ian %	Hindu			Hindu %	Muslim	Muslim %
			Nair	Ezhava	Others			
86	1	1.16	39	18	26	83	2	2.33
137	0	0	81	24	30	135	2	1.46
93	1	1.08	42	21	29	92	0	0.00
131	1	0.76	82	22	26	130	0	0.00
156	2	1.28	94	28	31	153	1	0.64
120	2	1.67	73	26	19	118	0	0.00
154	3	1.95	89	30	29	148	3	1.95
103	3	2.91	82	9	7	98	2	1.94
133	2	1.50	73	33	25	131	0	0.00
109	2	1.83	72	20	14	106	1	0.92
97	5	5.16	78	5	7	90	2	2.06
109	2	1.83	89	5	13	107	0	0.00
1428	24		894	241	256	1391	13	

Source: Compiled and estimated by the author.

Table - 7.7

Matrimonial Advertisements in the Malayala Manorama Dally from January-March, 1990

Total Number of Advertisment	Catholics	Non-catholics	Christian Total	Christian %	Hindu			Hindu Total	Hindu %	Muslim lim	Muslim %
					Nair	Ezha-va	Others				
120	44	59	103	85.83	4	3	7	14	11.67	3	2.50
91	32	40	72	79.12	4	7	6	17	18.68	2	2.20
85	40	32	72	84.71	1	4	8	13	15.29	0	0.00
95	38	45	83	87.37	2	4	5	11	11.58	1	1.05
137	50	63	113	82.48	3	4	14	21	15.32	3	2.19
137	41	66	107	78.10	6	9	13	28	20.44	2	1.46
133	49	62	111	77.62	3	9	8	20	13.99	2	1.39
150	52	75	127	84.67	2	7	10	19	12.67	4	2.67
157	59	81	140	89.18	5	4	6	15	9.55	2	1.27
154	50	75	125	81.17	7	12	8	27	17.53	2	1.30
122	40	59	99	81.15	5	10	7	22	18.03	1	0.82
118	40	68	108	91.53	2	1	7	10	8.47	0	0.00
1499	535	725	1260		44	74	99	217		22	

Source : Compiled and estimated by the author.

according to the community of advertisers is useful to indicate the clear preference of particular communities for particular newspapers or in other words, the patronage extended by different communities to these two newspapers. Such a classification is presented in table 7.6 and 7.7. The table 7.6 shows that out of the total matrimonial advertisements in the Mathrubhumi, 894 (62.61 percent) were from Nairs, 24 (1.68 percent) from Christians, 241 (16.88 percent) from Ezhavas, 13 (0.91 percent) from Muslims and 256 (17.92 percent) from other categories. But in Malayala Manorama, out of a total 1499 advertisements, as many as 1260 (84.05 percent) were from Christians, 44 (2.94 percent) from Nairs, 74 (4.94 percent) from Ezhavas, 22 (1.47 percent) from Muslims and 99 (6.60 percent) from other communities. One can get similar evidence of the community patronage from a religion-wise classification of the marriage and obituary reports on the newspapers. The relevant data are presented in table 7.8 and 7.9. Out of 881 marriage reports appeared in Malayala Manorama during January to March 1990, as many as 520 reports (59 percent) were relatively to Christians whereas in Mathrubhumi out of 762 reports, as many as 343 (52 percent) were relating

Table - 7.8

Religion-wise Classification of Marriage Reports

Period	Malayala Manorama		Total	Mathrubhumi		Total
	Hindu	Christian Muslim		Hindu	Christian Muslim	
1990						
January	(15.06) 47	(75.65) 236	(9.29) 29	(65.50) 186	(15.84) 45	(18.66) 53
February	(33.33) 78	(48.29) 113	(18.38) 43	(22.5) 54	(47.5) 114	(30.00) 72
March	(27.17) 91	(51.04) 171	(21.79) 73	(64.29) 153	(18.49) 44	(17.22) 41
Total	216	520	145	393	203	166
%	24.52	59.02	16.46	51.57	26.64	21.79

237

Source: Compiled and estimated by the author.

Figures in paranthesis indicate percentage to the total.

Table - 7.9

Religion-wise Classification of ObituaryReports

Period 1990	Malayala Manorama			Mathrubhumi				
	Hindu	Christian	Muslim	Total	Hindu	Christian	Muslim	Total
January	(15.60) 102	(76.60) 501	(7.80) 51	654	(83.98) 561	(7.34) 49	(8.68) 58	668
February	(11.74) 71	(81.81) 495	(6.45) 39	605	(82.97) 497	(11.52) 69	(5.51) 33	599
March	(18.09) 140	(73.00) 565	(8.91) 69	774	(65.91) 435	(23.03) 152	(11.06) 73	660
Total	313 (15.40)	1561 (76.78)	159 (7.82)	2033	1493 (77.48)	270 (14.01)	164 (8.51)	1927

Source: Compiled and estimated by the author.

Figures in paranthesis indicate percentage to the total.

to Hindus. Similarly, table 7.9 indicates that out of 2033 obituary reports in Malayala Manorama 1561 (77 percent) were relating to Christians and out of 1927 reports in Mathrubhumi, 1493 (78 percent) were relating to Hindus.

The strong association of Christians with Malayala Manorama and the Hindus with Mathrubhumi is more vividly brought out in the two-way classification of the matrimonial and obituary advertisements appearing in Mathrubhumi and Malayala Manorama, given in table 7.10 and 7.11. The strong community support to these two papers could be statistically verified by applying chi-square test to these 2 x 2 contingency tables. For this purpose, the chi-square value from the 2 x 2 contingency table is estimated using the formula

$$\chi^2 = \frac{N(ad - bc)^2}{(a + c)(b + d)(a + b)(c + d)}$$

where a, b, c, d are the cell frequencies and $N = a+b+c+d$ in the table. This estimated value of chi-square is then compared with chi-square value at 5% level of significance, corresponding to one degree of freedom, taken from standard chi-square table (this is equal to 3.84).

Table - 7.10

Classification of Marriage Advertisement by Religion and Newspaper

Religion	Malayala Manorama	Mathrubhumi	Total
Hindus	217	1391	1608
Christians	1260	24	1284
	1477	1415	2892

Note: The estimated value of chi-square from table 7.10 is obtained as,

$$\frac{2892}{1477 \times 1415 \times 1608 \times 11284} \left((217 \times 24) - (1260 \times 1391) \right)^2 = 2046.54$$

Table - 7.11

Classification of Obituary Reports by Religion & Newspaper

Religion	Malayala Manorama	Mathrubhumi	Total
Hindus	313	1493	1806
Christians	1561	270	1831
	1874	1763	3637

The estimated value of chi-square from table 7.10 is 2046.54. This is much higher than 3.84, the value of chi-square at 5 percent significant level, indicating thereby the significant patronage of Christians to Malayala Manorama and Hindus to Mathrubhumi. A similar conclusion is reached from table 7.11 also as the estimated value of χ^2 from the table is found to be 1679.42, and statistically significant.

Thus, the conclusion reached in section 7.2 earlier regarding the patronage of Christians to Malayala Manorama and Hindus to Mathrubhumi is further re-inforced by additional evidence from the analysis of the classified advertisement, particularly of marriage and obituary, in these papers. It is very interesting to note that in the marketing of newspapers the religious composition of their subscribers is the most crucial factor to be kept in view by the Marketing Manager. Perhaps, the news is the only product, which has strong market segments based on religious groups. In fact, the patronage of a particular religion/community is observed to be the most important single factor that determines the volume of circulation of a newspaper in Kerala.

Note: The estimated value of chi-square from table 7.11 is obtained as,

$$\chi^2 = \frac{3637 [(313 \times 270) - (1493 \times 1561)]^2}{1874 \times 1763 \times 1806 \times 1831} = 1679.42$$

The popularity or the preference of the newspaper is determined not simply by the content or editorial superiority alone but evidently due to consistent communal and political patronage. But it may be noted that a newspaper totally devoted to a religious or community interest overtly or sponsored by a particular political party cannot be the sole criteria for the success; community sponsored and totally supported dailies like "Deepika", Kerala Times, Chandrika, and politically sponsored Veekshanam and Deshabimani, are ample testimony.

Perhaps the Malayala Manorama and Mathrubhumi have succeeded in scanning the available socio-political environment and developed a product market strategy linking the business and environment.

In other words the nebulous and vulnerable socio-political situation has been converted into a business opportunity by the management of these two newspapers, which others had failed to identify and develop into a viable business proposition.

CHAPTER - VIII

CONCLUSIONS

8.1. The newspaper industry is one of the most developed industries in Kerala because of its expanding market due to the high literacy rate in the State. This industry all over the world, has been undergoing rapid technological changes due to scientific inventions and the innovative spirit of the communication industry. The survival and growth of the industry is determined by the capacity of the firm to absorb the spirit of technological innovation. Kerala is no exception.

8.2. Despite the heavy impact of the electronic media, newspapers still continue to serve as the basic news media for the majority of the mass. The newspaper industry in Kerala consists of a large number of newspaper firms, having publications of different periodicity. The most important among them are dailies published by a few reputed newspaper firms.

8.3. The newspaper industry has several unique features. It is a private business that functions as a public institution. It is not only a commercial organisation but also an important socio-political institution. This is a knowledge industry. It is the co-ordinated effort of management, journalism and production techniques.

8.4. There is perhaps no other commodity in the world, which is as perishable as a newspaper. The production and marketing of the product of this industry require to be managed concurrently without leaving much time in between the two activities.

8.5. The newspapers provide joint services to both the readers and advertisers. Thus they derive their revenue from two sources, circulation and advertisements. In other words it has dual market -- subscribers and advertisers. Both are inter-related. An increase in circulation increases the demand for the advertisement space. If a newspaper utilised a disproportionately large portion of its space for advertisements, it may

loose readers, which may rebound on the advertisement revenue itself.

8.6. The two giants among the Malayalam Press, Malayala Manorama and Mathrubhumi are in fact in a race to get into the faster and the latest printing processes. In Kerala this industry is highly concentrated in these two firms - a pseudo competition. Malayala Manorama and Mathrubhumi together account for 80 percent of the total volume of circulation in Kerala.

8.7. The study has focussed attention to three major related aspects viz., (i) The organisational and management structure of newspaper firms (ii) Cost, revenue, and profitability of newspaper business and (iii) Marketing strategy and performance of the newspaper firms. The scope of the present study is limited to the two biggest and most important newspaper firms, publishing the dailies Malayala Manorama and Mathrubhumi.

8.8. The four major components of cost of production of newspapers are (i) the material costs consisting of

cost of newsprint and other consumable stores, (ii) the wages and salaries, (iii) the news collection charges and (iv) the depreciation and other miscellaneous expenses. In 1979-80 out of the total cost of Rs.889.55 lakhs for the Malayala Manorama, the material costs accounted for Rs.538.23 lakhs, forming 60.51 percent of the total cost. For the Mathrubhumi during 1979-80, the material cost formed 67.96 percent of the total cost of Rs.309 lakhs. Over a period of ten years, by 1989-90, the proportion of material costs in the Malayala Manorama increased to 72.75 percent and that in the Mathrubhumi marginally decreased to 63.79 percent, owing to deduction in quantity of newsprint used. Thus, there has been a close relationship between the volume of circulation and the cost of materials, particularly that of newsprint.

8.9. The revenue analysis reveals that about one third of the total revenue is received from advertisements, the remaining two-thirds from circulation (or sales). About 72 percent of the advertisement revenue is from display advertisements and 28 percent from

classified advertisements and 78 percent of the total advertisements is collected through advertising agencies. The advertisement revenue in the Malayala Manorama and the Mathrubhumi were 37.10 percent and 35.42 percent respectively in 1988-89. The study reveals that in the Malayala Manorama about 64 percent and in the Mathrubhumi about 66 percent of total cost is recovered from circulation revenue.

8.10. The Malayala Manorama earned a profit of Rs.3.68 lakhs in 1979-80 and this declined to Rs.0.86 lakhs in 1989-90. In the case of the Mathrubhumi there was a profit of Rs.3.34 lakhs in 1979-80, but it incurred a loss of Rs.3.93 lakhs in 1988-89. This loss was mostly due to strikes and lock-outs in the Mathrubhumi in the particular period.

8.11. The main points emerging from the cost, revenue and returns analysis, which deserve serious consideration of the management while making decisions on the marketing strategy of the firms are (i) the economic performance of the Malayala Manorama firm has been better than

that of the Mathrubhumi firm, (ii) the lack of modernisation of the production unit and the poor human resources planning and utilisation in the Mathrubhumi firm have contributed not only to the decline in the firm's profit, but also to heavy loss over the years, (iii) the better economic performance of the Malayala Manorama, compared to that of the Mathrubhumi is partly attributable to their efforts in modernisation, which resulted in large scale capital investment, but reduced the proportion of labour cost in the total cost of production, (iv) out of the total revenue of the firms, about two-thirds are derived from sales or circulation and one-third from advertisement and this proportion remains more or less the same over the years, indicating thereby that the circulation revenue and the advertisement revenue grow more or less at the same rate over the years and (v) the revenue from sales covers only about two thirds of the total production cost; the rest has to be met from advertisement revenue.

8.12 The profit of the newspaper firm can be increased either by increasing the revenue or by reducing the cost

or by doing both. Any reduction in the total cost is possible only by choosing an optimum mix of resources, capital and labour. It is revealed that the Malayala Manorama's resource mix is better than that of the Mathrubhumi. Alternatively, the total revenue can be increased by increasing either the circulation revenue or the advertisement revenue or both. However, the data on these components of revenue, as pointed out earlier, show that these two components grow almost at the same rate. In other words newspaper circulation increases with the increase in advertisement and vice-versa, re-inforcing each other. This important inter-relationship between circulation and advertisement needs to be, therefore, born in mind while evolving the marketing strategy of newspaper business. Thus, the marketing strategy of newspaper firm should have two main components, one for selling the 'space' for advertisement and another for selling the newspaper itself. The advertisement manager, therefore, has to work in close association with the marketing manager, both deriving confidence from each other. The advertisement promotion should thus form an integral part of the marketing strategy.

8.13. The efficiency of management of any business basically depends to a large extent on the organisation and management structure of the firm. The management structure should be designed to accomplish the cherished objectives of the business and to discharge the varied managerial functions effectively. The basic functions of any management could be identified as planning, organising, staffing, directing, controlling and co-ordination. The organisation and management structure of a newspaper firm should be able to perform these functions effectively and efficiently. The organisational and management structures of the two newspaper firms, Malayala Manorama and Mathrubhumi have been examined in detail to assess their suitability in the efficient discharge of various managerial functions.

8.14. One of the basic reasons for the relatively more efficient performance of Malayala Manorama than that of Mathrubhumi lies in the difference between the two organisation structures. While Malayala Manorama has been making profit every year in the past (though the margin of profit has been fluctuating) the performance of Mathrubhumi has been quite erratic, leading to

losses in many years. There has always been continuity in the top management of Malayala Manorama, the members of the Director Board being those belonging to the single family, whereas in Mathrubhumi there has been frequent changes in the members of the Board of Directors and the Chief Executive and the Chief Editor. The frequent changes at the top level management has definitely affected the efficiency of Mathrubhumi. There is lack of co-ordination and information flow between the divisional heads in the organisation of both the papers under study. It is desirable that proper linkage is established between the editor and the manager (advertisement) and also between the editor and the production unit. It is also essential to bring the composing staff, telex operators and lay-out artists under the editorial division so that better control and co-ordination between the editorial staff and their technical personnel could be ensured. One of the important recommendations that follow from this assessment is that the chief executive at the top of the organisational structure, has to manage the entire business activity of the firm. He may be, therefore, re-designated as chief

editor and managing director and should be trained professional in the field. He should have the control over all the divisions of the firm such as the editorial division headed by an editor and manager (production), the marketing and advertising division headed by another manager and the finance and administration division headed by a third manager.

8.15. In the case of a newspaper operating in modern condition, the right of the owner to have his point of view expressed through the newspaper should not extend beyond laying down the policy of the newspaper and appointment of an editor of his choice. The editor chosen ought to be a man of known ability and integrity and should have sufficient authority to conduct the newspaper in public interest while following the policy laid down by the owner. The editor of a newspaper should be appointed for a reasonably long term.

8.16. Press in Kerala is a classic example for the success of patrimonial management in a developing society in spite of the western style scientific management. The management of both Manorama and Mathrubhumi are not reluctant

to introduce modern technology or work organisation in the line of advanced countries, but they are unwilling to part with the power and authority they enjoying at present. Perhaps these two newspapers in Kerala are formidable forces that bar new entrants in the newspaper industry.

8.17. When newspapers are controlled by other big business houses, they becomes vehicles of expression of the ideology of their owners and the selection, presentation and display of news in such newspapers would be dictated by that ideology. The newspaper industry in their hands becomes an arm of other businesses and industries and develop a vested interest in maintaining the existing socio-economic system. The newspapers controlled by them may be selective in their presentation of news and views in return for benefits conferred in respect of their other business interests.

8.18. The marketing management of Malayala Manorama and Mathrubhumi is studied in depth using a general frame for marketing management analysis suggested by Mc Carthy, who identified four major components of

marketing function. According to him the co-ordinated and integrated management of all these components constituted marketing management in the modern sense. The four components indentified by him are product, place, promotion and price.

8.19. A close perusal of the marketing strategies followed by the Malayala Manorama and Mathrubhumi within this general framework of analysis has indicated that they fit in well within the above conceptual framework. The marketing functions in newspaper business is carried out by a separate division known as circulation division (and not as marketing division as in other business firms) and this division makes all efforts to expand the market and to ensure the speedy and punctual distribution of newspapers among the subscribers. It is found that, Malayala Manorama has a relatively better marketing management system than the Mathrubhumi in terms of their product, place and promotion strategies, though there is considerable scope for improvement in the marketing management of Malayala Manorama too.

8.20. Both Malayala Manorama and Mathrubhumi employ various promotional techniques including advertisements in public media, newspapers, radio, television etc. The 'Balajanasakhyam', a socio-cultural organisation for children, sponsored by Malayala Manorama, and the 'Mathrubhumi Study Circle', sponsored by Mathrubhumi are institutions at the field level that help in their promotional activities. Also, the agents at the lowest level of the organisational structure and appointed on commission basis for the distribution of newspapers play an important role in the promotion of its circulation. In addition to a fixed commission (about 25 percent of the price of the newspaper at present), the agents are getting other benefits like insurance scheme, welfare fund when they are in distress, scholarship scheme for children etc. The benefits given by Malayala Manorama are more attractive than those given by Mathrubhumi.

8.21. The price of newspapers are not generally fixed on competitive basis, but unilaterally without considering the feelings of the customers. The customers are helpless to form public opinion against frequent hike in

newspaper price mainly due to the absence of any other powerful media than the newspaper itself to do this. So an increase in price generally goes unchallenged by the subscribers. Newspaper firms are fully confident that a subscriber 'addicted' to a particular newspaper will continue to subscribe to the same newspaper without considering its price. The demand for newspaper is, in other words, price-inelastic and the management take advantage of this inelastic nature of the demand for newspaper.

8.22. The effectiveness of the marketing strategies followed by Malayala Manorama and Mathrubhumi is gauged in terms of their growth in the volume of circulation and share in the total market. Between 1980-81 and 1990-91, the volume of circulation of Malayala Manorama rose by 35.8 percent as against 48.8 percent of growth in the volume of circulation of Mathrubhumi. These two papers together accounted for about 80 percent of the total volume of circulation of all the papers together in Kerala. Malayala Manorama with a total circulation of 591422 in 1989-90 accounted for 47

percent and Mathrubhumi with a circulation of 419532 accounted for 33 percent. Further, outside, Kerala also Malayala Manorama and Mathrubhumi accounted for 52 and 29 percent share of the market respectively as against only 11 and 8 percent share respectively for other two papers Kerala Kaumudi and Deshabhimani. In other words, the only two newspapers from Kerala which have significant market outside the State are Malayala Manorama and Mathrubhumi. This larger market share of Malayala Manorama could be an indicator of the more successful marketing strategy followed by Malayala Manorama in comparison to that of Mathrubhumi during these years. The market for newspapers is oligopolistic in nature and new entrants are virtually barred.

8.23. The most important phenomenon generally recognised and found empirically true with regard to newspapers is that the volume of circulation of newspapers or the demand for newspapers is relatively inelastic with respect to their price. The price does not figure therefore as an important parameter to be seriously

taken case of in a successful marketing strategy for newspapers. On the other hand there are several other important non-price factors that deserve due recognition while formulating a marketing strategy. Some of the most important non-price determinants of volume of circulation of newspapers are (i) the tradition, preference and tastes of the pro-scribers, (ii) the size of the population, (iii) the literacy level of the population, (iv) the editorial policy, (v) the type and coverage of news items and their mix, (vi) the proportion of the space allotted for news items and advertisements, (vii) the quality of the product (printing, layout etc.), (viii) the political and community patronage and (ix) the punctuality in the delivery of the newspapers. In terms of all these, Malayala Manorama is found to have an edge over Mathrubhumi and this is well reflected in the higher market share enjoyed by it.

8.24. The most important aspect brought out by the study in this regard is the striking community patronage enjoyed by the newspapers. In other words, the

newspaper market in Kerala is segmented more on the basis of community/religion than on any other criterion. The nature of market segmentation or the patronage of communities to newspapers has been examined in the study (i) in the light of the association between the districtwise market share of Malayala Manorama and Mathrubhumi and the religious composition of population in the different districts and (ii) in terms of the matrimonial and obituary advertisements and news appearing in the newspapers. There is clear evidence of community patronage to the newspapers from these analysis. A comparison of the market share of Malayala Manorama in different districts and the percentage of christian population in the district brings out very vividly the high correlation between the two.

8.25. Malayala Manorama has the highest market share in Kottayam district where the percentage of christian population is the highest in the State. This is followed by Idukki and Pathanamthitta districts. The estimated rank correlation coefficient between the

market share of Malayala Manorama and the percentage of christian population in the different districts is found to be 0.77, which is statistically significant at five percent level. Similarly, the rank correlation coefficient between the market share of Mathrubhumi and the percentage of Hindu population in different districts is 0.78, again statistically significant at five percent level. Thus, the higher the percentage of christian population, the higher the market share of Malayala Manorama and the higher the percentage of Hindu population, the higher the market share of Mathrubhumi.

8.26. The study of the matrimonial advertisements and news revealed that about 85 percent of such advertisements in Malayala Manorama was from christians, and only about 15 percent was accounted by other communities. As against this, about 80 percent of matrimonial advertisements in Mathrubhumi was from the two Hindu communities, Nairs and Ezhavas. The matrimonial advertisements/news from Muslims accounted for 1.47 percent in Malayala Manorama and just 0.91 percent in Mathrubhumi.

8.27. The clear patronage or preference of the Christians to Malayala Manorama and that of Hindus to Mathrubhumi is obvious from this. Similar conclusion emerges from the study of obituary advertisements/reports in these newspapers. About 77 percent of such advertisements/news in Malayala Manorama came from christians, and about 78 percent in Mathrubhumi came from Hindus. The advertisement from Muslims accounted only for 7.8 percent in Malayala Manorama and 8.5 percent in Mathrubhumi. It may appear paradoxical that newspapers, which are expected to play a vital role in eradicating communal feelings, use religious sentiments of the people in developing their markets.

8.28. The content analysis attempted in the study further reveals the differences in the editorial policies of the two newspapers. These differences throw light on the differences in the marketing strategies of these newspapers. The higher market share of Malayala Manorama could be partly ascribed to these differences in the editorial policies and news contents. While Malayala Manorama devotes about 55 percent of its newspaper space for news items and about 45 percent for

advertisements, Mathrubhumi sets apart about 70 percent for news items and 30 percent for advertisements. The larger space devoted for advertisements by Malayala Manorama, however, is not at the expense of news coverage because Malayala Manorama with more number of pages (10 pages of about 4000 sq. cms. space) allots about 2215 sq. cms. for news items by Mathrubhumi out of its total space of about 3200 sq. cms. (8 pages). The Malayala Manorama attracts larger number of advertisements because of its larger circulation.

8.29. The content analysis has shown that, though the total news space in Malayala Manorama is almost the same, (2215 sq. cms. in Malayala Manorama and 2250 sq. cms. in Mathrubhumi). Malayala Manorama has a different news mix. Malayala Manorama allots relatively more space than Mathrubhumi to political, developmental, cultural, sports and government news items, while Mathrubhumi allots relatively more space than Malayala Manorama to entertainment items on week days.

8.30. Among the various editorial items, the top priority is given to national politics by both Malayala

Manorama and Mathrubhumi. However, Malayala Manorama allots more space than Mathrubhumi for these items. The second priority is given to developmental news by these newspapers. Here again the space covered by these items in Malayala Manorama is higher than that in Mathrubhumi. The third priority of these newspapers goes to cultural items. Malayala Manorama devotes 9.21 percent and Mathrubhumi 8.67 percent of their total news space for cultural items. Thus, though the priority for different news items remains the same in both Malayala Manorama and Mathrubhumi, the space allotted and therefore the coverage of news by Malayala Manorama is higher than that of Mathrubhumi. This higher coverage of political, developmental and cultural items by Malayala Manorama, compared to Mathrubhumi could be a factor that has made Malayala Manorama more popular among the people. This is definitely indicative of the success of the product strategy followed by Malayala Manorama compared to that of Mathrubhumi.

8.31. Some of the important lessons that follow from the present study provide useful tips to the Management

of any newspaper firm in Kerala for evolving an effective management system and marketing strategy for the newspaper business in general.

8.32. The first is to suitably modify the organisation and management structure of the newspaper firm. The recommended structure envisages are Executive - the Chief Editor and Managing Director at the top of the structure, who would be controlling the entire business operations of all the Divisions viz., the Editorial Division, the Marketing and Administration Division, each headed by separate Divisional Heads (Managers). The Desk Top Operators, the Telex Operators, the layout artists all of them should be attached to the Editorial Division to ensure better co-ordination between the editorial staff and these artists. Similarly the Marketing and Advertisement Division, again, under the control of the Chief Editor and Managing Director, should have two Departments, one for marketing of final product (sale of newspapers) and the other for marketing of newspapers space (advertisements). Their operations should be complementary to each other. The Finance and

Administrative Division should have four departments, one each for Accounts, Stores and Purchase, Personnel and finally for Press, each department heads being responsible to the Division head who in turn is responsible to the Chief Editor and Managing Director. The Chief Editor and Managing Director is the link between the Board of Directors and the organisation. He should naturally, be a competent senior professional man who is conversant with the in and out newspaper business and capable of directing and controlling the entire business. Under this recommended structure we expect to have better co-ordination, control and flow of information among the different divisions, desirable for effective and efficient management.

8.33. The second recommendation is particularly with regard to marketing. Not much rigorous marketing efforts are made by the newspaper firms at present, except for the fact that under the circulation department they have a few field supervisors for supervising the agents. It is highly desirable that the newspaper

firms become more aggressive in marketing activities and organise them formally by appointing Marketing Executives at suitably defined regional levels. This may boost the sale of newspapers and newspaper space leading to increase total revenue and therefore higher project.

8.34. The relatively better economic performance of Malayala Manorama in comparison to Mathrubhumi is partly due to the adoption of modern production technology by Malayala Manorama which enabled them to reduce their cost on salaries and wages considerably and improve the quality of their product. The salaries and wages constituted only 13.55 percent of the total cost of production in Malayala Manorama during 1979-80 as against 22.68 percent in Mathrubhumi. Malayala Manorama could reduce this component to 8.3 percent by 1988-89 while in Mathrubhumi this component rose upto 23.16 percent. This is indicative of the advantage of modernisation introduced in Malayala Manorama and the proper utilisation of its manpower resources. The third important recommendation that follows from this is that the

newspaper firms should aim at reducing the total cost of production by using modern production technology in the printing of newspapers, though this requires additional capital investment.

8.35. The volume of circulation of newspapers has been found to be determined not so much by their price, but more by several other non-economic factors. This provides a number of tips for a newspaper firm to formulate its marketing strategy. An effective and efficient marketing strategy is one which aims mainly at maximising the volume of circulation and therefore it is to be formulated giving due consideration to all the important determinents of the volume of circulation or demand. The most crucial non-price factors that were found to have significant influence on the volume of circulation, according to the study, are population size, literacy rate, religious composition of the population and community patronage, the type of news items and thier proper mix, the quality of product (printing, layout etc.) and political idiology behind

the editorial policy. Of all these, the one single factor having the highest influence on the demand for a particular newspaper is found to be the religious composition of the population and the community patronage. This however, does not mean that a community patronage alone will be enough to ensure success in the newspaper business. The newspapers like Deepika, Kerala Times, Kerala Bhooshanam and Chandrika owned and organised by religious groups could not penetrate enough into the newspaper market in Kerala. Similarly, the political patronage alone is not sufficient for the success of a newspaper. The performance of Veekshanam, Desabhimani stands testimony to this. This means that the other factors mentioned above also are important determinants and therefore deserve serious consideration. An important lesson emerges from this: In Kerala, the success of a newspaper depends largely on how best the management is able to ensure continued patronage of an important religious group and a prominent political party, by safeguarding their interests and following an appropriate editorial policy. In this regard, both Malayala Manorama and Mathrubhumi have succeeded to a great extent in shaping the vulnerable situation in the society to a golden business opportunity.

APPENDIX

MANAGEMENT OF NEWSPAPER INDUSTRY IN KERALA
WITH SPECIAL REFERENCE TO MARKETING

.....

QUESTIONNAIRE ON WORKING OF NEWSPAPER
INDUSTRY IN KERALA

1. Name of the Company :
2. Major Publication :
3. Periodicity of Publication : Daily/Weekly/Monthly
4. Place of Publication :
5. Number of Pages : Week days: Price:
Sundays : Price:
6. Last price revision on : From Rs.
To Rs.
7. Printed at press : Owned/Outside
8. If owned, do you accept Job orders : Yes/No
9. Composing is done with : Lino Machine
Meno Machine
Hand composing
Photo composing

10. Printed with : Letter press
Flat Bed Litho
Flat Rotary
Circular Rotary
Offset
Any other
11. Average newsprint consumption : _____ Tonne/issue
_____ rolls per issue
12. Area of circulation : Entire Kerala and _____
Outside _____
Districts of _____
13. Circulation copies in the year : 1980
1982
1984
1986
1988
1990
14. Circulation in the city of publication : No. of copies as at _____

In the Districts:

Trivandrum	_____	Quilon	_____
Pathanamthitta	_____	Alappuzha	_____
Kottayam	_____	Ernakulam	_____
Idukki	_____	Trichur	_____
Palghat	_____	Malappuram	_____
Kozhikode	_____	Kannoor	_____
Wynad	_____	Kasargod	_____

15. Outside Kerala State (Please specify the name of the State(s) where the circulation exceeds 1000 copies).

16. Number of Agents : _____
17. Agency Deposit : Rs. _____ Per copy
18. Minimum copies to be taken by an agent : _____
19. Do you take back unsold copies : Yes/No
20. Normal commission allowed : _____

21. Special commission, if any, :
22. Other benefits offered to Agents :
23. No. of copies despatched through :
- Owned vehicles :
- Hired Taxis/Vans :
- Railways :
- State Transport Buses :
- Private Buses :
- Air :
- Any other type :
24. Advertisement space (as percentage of total space) :
- (Please provide your advt. tariff card)
25. Other publications if any : _____
- _____
- _____
- _____

26. No. of employees :
- Editorial :
- Press :
- Circulation :
- Advertisements :
- Administration :
- Others :
- Total :
27. Has the ownership of your newspaper changed since inception? (Please tick) : Yes/No
28. If 'yes' please give details of the changes : When _____
How _____
29. Do you consider it necessary that the newspaper ownership structure needs to be different from that in any other industry :
Yes :
No :
Can't say:
30. If 'yes' in what respect should it be different? :
(Please write)

31. Do you feel that the ownership pattern of big newspapers admits of practices which would affect editorial independence? Yes: No: : Can't say :
32. If 'yes' in what way :
33. If your opinion, how does the present ownership pattern affect the following? Adversely Favourably No effect
- i) Editorial independence
- ii) Professional integrity
- iii) Objectivity in news
- iv) Success as a commercial venture
34. How would you define a pragmatic ownership pattern in the Indian situation? :
35. Do you feel that there should be distinction between the ownership pattern of small and that of large newspapers? :
36. Does the management of your newspaper have any other business interests? Yes: No: : Can't say :

37. If 'yes' what are the other business interests? :
38. What, in your opinion, are the advantages and disadvantages of the management of proprietor of your newspaper having other business interests?
- | (Advantages) | (Disadvantages) |
|---|-----------------|
| 39. Is the bulk of the profit of your newspaper ploughed back in the newspaper or utilised in other industries? | |
| In the newspaper | : |
| In other industries | : |
| Paper makes so profit | : |
| 40. What, in your opinion, are the advantages of the following systems of ownership for newspapers? | |
| Trusteeship | : |
| Private Limited Company | : |
| Public Limited Company | : |
| 41. Has your newspaper availed itself of any loans? | |
| Yes: | No: |
| 42. If 'yes' would you mention the sources? | |
| i) Against hypothecation of machinery to banks | _____ |
| ii) Against hypothecation of goods to banks | _____ |

- iii) Against hypothecation of goods/machinery to institutions/individuals other than banks. _____
- iv) Fixed deposits _____
- v) Government subsidies _____
- vi) Others Please (specify) _____

Title of the Paper

Language

Circulation (Last financial year)

Name :

Adress :

APPENDIX TABLE III.1

NAME OF DAILIES IN KERALA AS ON 1.3.1990

<u>Name of Daily</u>	<u>Place of Publication</u>
Athirshtam	Kochi
Al Ameen	Kozhikode
Bharata Silpi	Kottayam
Caraval	Kasargode
Cannanore Times	Kannur
Cochin Express	Kochi
Chandrika	Kozhikode
Calicut Times	Kozhikode
Citizen Times	Kollam
Chitradesam	Thiruvananthapuram
Coir City Times	Alappuzha
Desadwani	Thiruvananthapuram
Deepika	Kottayam, Thrissur
Desabhimani	Kochi, Kozhikode, Thiruvananthapuram
Dinavartha	Palakkad
Dharmarasmi	Nilambur
Dakshinadwani	Thiruvananthapuram

Deerkhaveekshanam	Koohi
Doodan	Kozhikode
Ezhikkara Times	Kochi
Elite	Thrissur
Express	Thrissur
Eyugam	Aluva
Gaddika	Payyannur
Genius	Alappuzha
Innathe Rehasyam	Thiruvananthapuram
Idival	Thrissur
Indian News	Koohi
Indian Powran	Aluva
Indian Express	Kochi
Janasree	Kannur
Janapreedi	Kollam
Janayugom	Kollam
Janakeralam	Kottayam
Jai Hind	Kochi
Janmabhoomi	Kochi
Jayakahalam	Thrissur
Jeevanalam	Thrissur

Janakshemam	Chalakkudi
Janadwani	Falakkad
Janmadesam	Kanhangad
Janarana	Vadakara
Kannoor Desamy	Thalasseri
Keralasree	Alapuzha
Kochin Nadam	Kochi
Kairali Prasnam	Thiruvananthapuram
Kandathum Kettathum	Thiruvananthapuram
Kerala Bhadan	Payyannur
Keraleeyan	Kochi
Kerala rama	Kochi
Kerala nadam	Kochi
Kerala Times	Kochi
Keralamalar	Kollam
Keralarajyam	Kollam
Kerala Kaumudi	Thiruvananthapuram , Kozhikode
Kerala Samachar	Thiruvananthapuram
Kalapremi	Thiruvananthapuram
Latest	Kanhangad
Look	Kannur
Munnettam	Falakkad
Malabar Today	Mancheri

Mangalam	Kottayam
Manimuzhakkom	Kunnamkulam
Mithran	Thalasseri
Malabar	Kannur
Madhyamom	Kozhikode
Malabar Mail	Kochi
Malabar Herald	Kochi
Malayala Manorama	Kottayam, Kochi, Kozhikode, Thiruvananthapuram, Palakkad
Munnani	Alappuzha
Malanad	Pathanamthitta
Mathrubhumi	Kozhikode, Kochi, Thiruvananthapuram, Thrissur
Navabharathy	Thiruvananthapuram
Non-Stop	Punnayoorkulam
News Bulletin	Thiruvananthapuram
Payaswini	Kanhangad
Padayali	Kannur
Padayani	Thalasseri
Prakampanam	Kannur
Pradeepam	Kozhikode
Pouran	Aluva
Priyamvada	Kochi
Puthusakthi	Cherthala
Panchagni	Alappuzha
Pothujanam	Thiruvananthapuram

Post Mortem	Kannur
Prahelika	Thiroom
Pravu	Kasargod
Rashtranadam	Kottayam
Sudhodayam	Chertalai
Socialist Nadam	Aluva
Sahakarana Mekhala	Thiruvananthapuram
Sayahnnam	Thalasseri
Samathwam	Kottayam
Soochana	Thalasseri
Sphodanam	Kannur
Sudinam	Kannur
Siraj	Kozhikode
Sthiratha	Kozhikode
Swadesi	Palakkad
Swathanthra Mandapam	Thriessur
Sadvartha	Kochi
Sayahna Kairali	Kochi
Swathanthriya Samara Senani	Perumbavoor
Sindabad	Kottayam
Saradhi	Alappuzha
Sayahna Sabdam	Kollam
Southern Star	Thiruvananthapuram
Sore	Kumbala

Theepandam	Alappuzha
Telex	Kochi
Terminus	Kochi
Telegraph	Thrissur
Travancorean	Chengannoor
Uthafadesam	Kasargod
Vartharehasyam	Kottarakkara
Veekshanam	Kochi
Vajrasoochi	Moovattupuzha
Venad Patrika	Thiruvananthapuram
Watergate	Pathanamthitta
Yeenadu	Thiruvananthapuram

Source: Kerala Media Hand Book, Inter-Media Publicity Co-ordination Committee, Ministry of Information and Broadcasting, Govt. of India, Thiruvananthapuram, 1990.

APPENDIX - V.1NAMES AND SHAREHOLDINGS OF THE DIRECTORS AND RELATIVES
OF THE MALAYALA MANORAMA COMPANY LIMITED

Directors	No. of Equity Shares	Amount	Percen- tage
Mammen Eapen Madras	Nil	Nil	Nil
Dr. Peter Philip Bombay	43880	438800	6.09
N.V. Kurian Kottayam	Nil	Nil	Nil
S.G. Kesava Murthy Bangalore	"	"	"
P.T. Thomas Kottayam	"	"	"
Suresh Mehra Hyderabad	"	"	"
Jacob Mammen Bangalore	"	"	"
M.K. Ravindranathan IAS Thiruvananthapuram	"	"	"
Mammen Mathew Kottayam	"	"	"
Dr. A.K. Abraham Kochi	"	"	"
Zachariah Kurian Kottayam	8350	83500	1.16

<u>Relatives</u>	<u>Relationship</u>	<u>No. of Equity Shares</u>	<u>Amount</u>	<u>Percentage</u>
Mammen Varghese Kottayam	K.M.Varghese Mappillai's Son	8000	80000	1.11
Tara Joseph Kottayam	K.M.Varghese Mappillai's grand daughter	10200	102000	1.42
Mamy Philip Kottayam	"	10200	102000	1.42
Susan Kurian Kottayam	"	10200	102000	1.42
Aswathy Varghese Kottayam	"	10800	108000	1.50
Roslin Varghese Kottayam	"	10800	108000	1.50
Thomas.K.Philip USA	K.M.Varghese Mappillai's daughter's son	9000	90000	1.25
Peter.K.Philip Bombay	"	9000	90000	1.25
Joseph K.Philip Bombay	"	9000	90000	1.25
George K.Philip Bombay	"	9000	90000	1.25
Mrs.T.Jacob Bangalore	Jacob Mammen's grand mother	18000	180000	2.50
Mrs.Beebi Mammen	Jacob Mammen's Mother	27700	277000	3.85

Mrs.Eapen Madras	Mammen Eapen's Mother	19080	190800	2.65
Shilpa Mammen Madras	Mammen Eapen's daughter	13500	135000	1.88
Dr.Mrs.S.Lukose Madras	Mammen Eapen's Sister	3600	36000	0.50
Susy Thomas London	Mammen Eapen's Sister	3600	36000	0.50
Mrs.A.Philip Madras	Dr.Peter Philip's brother's wife	1800	18000	0.25
Rachel Mammen Bangalore	Jacob Mammen's Sister	16780	167800	2.33
Roy Mammen Bangalore	Jacob Mammen's Brother	20100	201000	2.79
Ammu Mathew Kottayam	Mammen Mathew's Brother's wife	6560	65600	0.91
Jacob Mathew Kottayam	Mammen Mathew's Brother	9978	99780	1.39
Omana Mathew Madras	Mammen Eapen's Wife	13500	135000	1.88
Philip Mathew Kottayam	Mammen Mathew's Brother	4954	49540	0.69
Jayat Mammen Mathew Kottayam	Mammen Mathew's Son	27880	278800	3.87
		335482	3354620	46.61

Source: Document Files, Office of the Registrar of Companies,
Kerala.

LIST OF OTHER TOP 50 SHAREHOLDERS AND SHAREHOLDINGS

<u>Name</u>	<u>No. of Shares</u>	<u>Amount (Rs.)</u>	<u>Percentage</u>
M.M.Corporation, Bangalore	2080	20800	0.29
Dr.Oommen Kandathil, Bangalore	3848	38480	0.53
Asok Kurian, Bangalore	1800	18000	0.25
Zachariah Kurian, Bangalore	8350	83500	1.16
K.K.Mammen Mappillai, Bangalore	9200	92000	1.28
George Mammen, Bangalore	3856	38560	0.54
Mariamamma Kurian, Kottayam	7788	77880	1.08
Maria Mammen, Bangalore	3796	37960	0.53
Susan Abraham, Madras	1024	10240	0.14
George Kuruvila, Madras	3148	31480	0.44
Anita Mani, Madras	3148	31480	0.44
Usha E.George, Madras	3148	31480	0.44
Mammen Mathew, Madras	4722	47220	0.66
Latha Mathew, Madras	4172	41720	0.58
Preminda Jacob, Madras	3148	31480	0.44
Shona Bhojnagarwala, Madras	3148	31480	0.44
Ranjeet Jacob, Madras	3148	31480	0.44
Kurian Philip, Madras	36000	360000	5.00
Meera Mammen, Madras	16060	160600	2.23

Anna Raphael, Bangalore	3888	38880	0.54
George Jacob, Kottayam	32500	325000	4.51
Thomas Thomas, Bombay	14400	144000	2.00
Sujith Joseph, Madras	14400	144000	2.00
Arun Mammen, Madras	22560	225600	3.13
Master K.M.Mammen Mappillai (Jr.), Madras	12000	120000	1.67
Master K.M.Thariyan Mappillai (Minor), Madras	8000	80000	1.11
Master Kurian Kurian (Minor), Bangalore	8028	80280	1.12
Master Harsh Mathew (Minor), Kottayam	16800	168000	2.33
Master Riyad Mathew (Minor), Kottayam	12000	120000	1.67
Miss Naomi Mary Jacob (Minor), Kannothara	3500	35000	0.49
Master Amit Mathew (Minor) Kottayam	6710	67100	0.93
Miss. Shreya Mathew (Minor), Kottayam	2820	28200	0.39
Miss.Malini Mathew (Minor), Kottayam	2822	28220	0.39
Miss.Radhika Mammen (Minor), Kochi	3000	30000	0.42
Miss.Friya Abraham (Minor) Madras	806	8060	0.11
Master K.Zachariah Kurian (Minor) Kottayam	1450	14500	0.20

Master Arjun Joseph (Minor), Madras	11250	112500	1.56
Master Kiran Joseph (Minor), Madras	11250	112500	1.56
Master K.M.Thariyan Mappillai (Minor), Madras	2450	24500	0.35
Master Varun Mammen (Minor), Madras	3250	32500	0.45
Miss Aditi Mammen (Minor), Madras	3250	32500	0.45
The Malayala Manorama Employee's Welfare Trust, Kottayam	2000	20000	0.28
Master Rohit Thomas (Minor), USA	4980	49800	0.69
Miss Shaliri P.Thomas (Minor), USA	5130	51300	0.71
Mammen Jacob, Kalamasserry	6944	69440	0.96
Cherian Jacob, Kalamasserry	6922	69220	0.96
Kurien Jacob, Kalamasserry	6932	69320	0.96
Master Siddarth Kurien (Minor), Thiruvananthapuram	7668	76680	1.07
T.K.Kurien, Bangalore	14400	144000	2.00
Master Karun Cherian Kurien (Minor), Thiruvananthapuram	7664	76640	1.06
	382942	3829420	53.19

Source: Document Files, Office of the Registrar of Companies, Kerala.

PARTICULARS OF DIRECTORS, MANAGING AGENCIES, TREASURERS,
MANAGERS AND SECRETARIES OF MATHRUBHUMI PRINTING
AND PUBLISHING COMPANY LIMITED

Name	Address	Business/Occupation
M.P. Veerendra Kumar (Managing Director)	Puliyarmala Bungalow, Wynad.	Planter, Partner Suchitra Enterprises, Bangalore.
P.V. Chandran	Kerala Kala Calicut	Fleet Owner & Cargo Mover, <u>Partner</u> Kerala Transport Company, Mavoor Trade Links, B.S.T. Saw Mills, K.T.C. Offset Printers. <u>Director</u> P.V.S. Hospital (P) Ltd., Kalpaka Rubber Plantations (P) Ltd., Soubhagyam Food Industries (P) Ltd., K.T.C. Tyres (India) Ltd.
K. Kumaran Nair	Advocate Malappuram	
S. Subramanian	Madras	<u>Director</u> Mica Mix Pvt. Ltd., Madras.
V. Bhaskara Menon	Advocate Kochi	<u>Partner</u> Kerala Law Journal Ernakulam.
M.J.Vijaya Padman	Vijaya Mahal, Wynad.	Planter & Businessman <u>Managing Director</u> Vijaya Coffee Curing Works, Kalpetta North.

P.V.Gangadharan	Keralakala, Calicut	Fleet Owner & Cargo Mover Partner <u>K.T.C., Kerala Road Lines, BST Saw Mills, K.T.C. Offset Printers, Keralakala Theatres.</u> Director P.V.S.Hospitals (P) Ltd., Kalpaka Rubber Planta- tions (P) Ltd., Soubhagya Food Industries (P) Ltd., K.T.C. Tyres (India) Ltd.
Col.A.V.M.Achuthan (Retd.)	R.K.Puram New Delhi	Director Kanam Rubber Company (P) Ltd., Kanam Foam Industries (P) Ltd., Exodus Tours & Travels (P) Ltd.
M.N.Ravi Varma	Panampally Nagar Kochi	Company Director Proprietor M/s Varma & Co., Kochi Chairman & Managing Director - Varma Investments & Finance Pvt. Ltd., Chairman - Cochin Hotels Company Pvt. Ltd., Director - Sree Valaji Consultants Pvt. Ltd.

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