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In 1992, total average daily circulation was 14.1 million, the lowest in the 22 year period under review and 10 percent below the peak of 15.6 million in 1988. Average circulation for Sunday papers was 16.2 million in 1992, 30 percent less than in 1970. The UK recession is identified as a major factor in the slump. Price-cutting among quality broadsheets was too recent for the authors to discern its effects in April. However, they cited a 1993 study by ABC/Henley Centre Forecasts which concluded that:

- real price sensitivity of newspaper sales is low - 'cover prices can increase faster than inflation with only a limited loss of circulation';
- price sensitivity is low within a sector (for example, among qualities or among populars but not between those two sectors). However, there is significant sensitivity at the margins to promotions within a sector (for example, buy our paper and win a BMW or a Mercedes or world trip etc);
- 'title loyalty is high and price sensitivity is low - perhaps one fifth the price responsiveness of coffee brands' (that is, for a *Guardian* reader, a far cheaper *Daily Telegraph* is no substitute, and vice versa).

The report includes a table of 'contribution of advertising to total newspaper net revenues 1992' which shows the respective contributions of advertising and cover price:

Title type	Advertising (%)	Cover Price (%)
Popular dailies	32.3	67.7
Popular Sundays	49.8	50.2
Quality dailies	55.4	44.6
Quality Sundays	72.7	27.3

A similar table for the Australian press, also showing how the proportions have fluctuated over the past 10 years, would be particularly instructive and precisely what a PSA inquiry might produce.

The BZW analysis of the UK market is that 'if printed media companies are to grow, it must be in electronic media' and notes with relief that the Major Government began last January a review of the cross-media rules which currently limit newspaper owners to 20 percent of radio and terrestrial TV companies. Rupert Murdoch's recent remarks to *Der Spiegel* magazine that he might back the new UK Labour leader, Tony Blair, may have had more to do with signalling to John Major the potential cost of making the wrong decision on cross-media reform than Mr Murdoch's plans for Mr Blair.

Mr Murdoch's clear implication that his media backs the politicians he chooses may have made the Communications Minister, Michael Lee, recall all those assurances about editorial independence made by News Limited to Lee's parliamentary inquiry into print media in 1991-92. □

Paul Chadwick

At Last: PSA Seeks Inquiry

The Prices Surveillance Authority has formally requested the Federal Government to approve an inquiry into newspaper cover prices. Newly released PSA data supports evidence published in *CU* #101, July 1994, that price increases have far outstripped inflation.

In July, the Assistant Treasurer, George Gear, informed both the Communications Law Centre and the Australian Federation of Consumer Organisations that, while an inquiry may be justified, the PSA had too much work on its plate for him to use his power to order it to inquire (see *CU* 101).

But on 8 August, the *Sydney Morning Herald* reported that the PSA had formally requested the government to let it inquire, so the CLC renewed our request to Gear.

The July edition of the PSA's quarterly *Price Probe* reports: 'Since March 1988, some metropolitan newspapers have doubled in price, while the Consumer Price Index has risen less than 30 percent.'

The PSA research also found that 'advertising volumes declined with slow economic growth in the early 1990s, but increased advertising rates have meant that revenue from advertising is unlikely to have decreased at the same rate.'

The PSA reports 'a significant number of consumer complaints' this year and concludes that it is 'concerned about the trend in newspaper cover prices especially given the increasing concentration of the industry and evidence of improved profitability.'

It has sought comment from the major publishers. We wonder if they will privately tell the PSA more than they have chosen to tell their readers in print about the cover prices issue. □ (Also see page 22)

Paul Chadwick

I used to be a Media Giant - then I lost weight!



MEGAZINE PROPRIETOR