

The Umbrella Model – Upside-Down

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In recent years an American theory of competition for circulation and advertisements among newspapers published in different communities has appeared now and again in the Scandinavian research literature. The newcomer, known as 'the umbrella model', was first introduced by James N Rosse, Professor of Economics at Stanford University, in the mid-1970s.

The aim of this somewhat tongue-in-cheek essay is to examine the circumstances surrounding the birth and spread of the umbrella model in the USA, and its applications in Scandinavia. The theoretical underpinnings of the model shall be clarified, and its empirical basis scrutinized. Having thus virtually turned the umbrella inside-out, the article concludes with a discussion of the model's relevance to newspaper competition in the Scandinavian countries.

The umbrella in Scandinavia

The umbrella model was first mentioned in the Scandinavian literature in 1988 in a publication by the well-known Norwegian media researcher, Sigurd Høst. The publication, entitled "The newspaper and its readers" is about newspaper reading in Norway, the most newspaper-reading nation in the world. Høst, who at the time was attached to a university college in Volda (Møre og Romsdal distriktshøgskule) in a region rich in newspapers, used the model

to support the thesis that neighbouring newspaper markets are not independent of one another, but in fact constitute systems. Høst borrowed the model from a work by Benjamin Compaine from 1980; Compaine in turn had borrowed the model from its creator, Rosse.

A little more than a year later, at a symposium at my school, The School of Economics and Commercial Law at Göteborg University in Sweden, on the subject of local media structure and local media usage, Sigurd Høst again used the model, this time to explain the rapid and unexpected expansion of local newspapers published 1-3 days a week in Norway. Høst subsequently elaborated his argument in an article published in the anthology, *Media and Communication* (1991), edited by Helge Rønning and Knut Lundby.

Then, in May 1994, at a symposium on "Media Structure and the State" – it, too, at my school – our German colleague, Gerd G Kopper, from the University of Dortmund, presented a new model for the study of media concentration. He called it "the integrated market analysis" and stressed that he had borrowed the underlying theory from James Rosse. Kopper also referred to Høst's applications of the theory. Kopper had borrowed his umbrella model from a publication co-authored by Rosse and his colleague, James N Dertouzos: *Economic Issues in Mass Communication Industries* (1978). He also referred to a conversation

he had had with Rosse at Stanford in April 1984.

The first Swedish media researcher to use the umbrella model was Professor Lennart Weibull, a colleague of mine at Göteborg University. He did so in an essay on how people choose local newspapers, which appeared in an anthology on newspaper reading in the 1990s, edited by Weibull and his colleague Charlotta Kratz. Weibull used the umbrella model to explain the decline in circulation noted by Stockholm morning newspapers on markets outside the capital, referring in the process to Høst (1991), but also to an article by Stephen Lacy in *Journalism Quarterly* in 1984.

The origin of the umbrella model

The interest in studying competition between newspapers in different communities seems to have increased in the USA as the number of communities with more than one newspaper has declined, i.e., as intra-community competition has given way to inter-community competition. Of particular interest in this connection was the competition between metropolitan dailies and lesser papers in nearby cities, i.e., competition between different competitive layers of newspapers. It was to analyze this inter-community, or inter-layer competition that Rosse et al. developed the umbrella model.

Made in Stanford

James Rosse earned his doctorate at the University of Minnesota in 1966. His dissertation, *Daily Newspapers, Monopolistic Competition and Economies of Scale*, addressed the problem of declining newspaper competition. Rosse outlined the umbrella model for the first time in a monograph on press economics entitled *Econo-*

mic Limits of Press Responsibility (1975), No. 56 in a series of monographs entitled *Studies in Industry Economics*.

A few years after that, Rosse, together with colleague Dertouzos and Michael Robinson and Steven Wildman, published a report for a symposium on media concentration held by the Bureau of Competition of the Federal Trade Commission in December 1978. This report, too, was published in the above-mentioned series of monographs under the title, *Economic Issues in Mass Communication Industries* (No. 99). This is the report on which Kopper bases his new method of analysis.

The Stanford economists, under Rosse's leadership, presented several papers at the FTC symposium: Rosse, "The Evolution of One Newspaper Cities"; Dertouzos, "Media Conglomerates: Chains, Groups and Cross-Ownership"; Wildman, "Vertical Integration in Broadcasting"; and Robinson, "The Economics of Book Publishing".

Rosse returned to the subject of one-newspaper communities in 1980 in an article in *Journal of Communication*, "The Decline of Direct Newspaper Competition". As the observant reader will have noticed, the word "umbrella" does not figure in any of the titles mentioned so far, nor is it mentioned in this latter article.

Others follow

The umbrella model was discussed in a doctoral dissertation by Benjamin M Compaine at Temple University's School of Communications and Theater in 1977. The title of this work is very long: *The Daily Newspaper Industry in the United States: An Analysis of Trends in Production Technology, Competition and Ownership, Economic Structure, Circulation, Advertising, Newsprint, and Labor*. Not surprisingly, the dissertation itself is long; Lacy (1984) cites

a passage on pages 540f. Sigurd Høst, who uses Compaine as a primary source, cites a later version of the dissertation, namely, *The Newspaper Industry in the 1980s*, published in 1980 by Knowledge Industry Publications in New York. One chapter in this work is devoted to "Competition and Group Ownership", and some four pages in that chapter (pp. 100-103) discuss "the 'umbrella' hypothesis".

Stephen Lacy, whom Lennart Weibull cites in his article on choice of local newspaper, was, when he wrote his article, a doctoral candidate at the University of Texas in Austin. Lacy had presented a first draft of the article at a symposium in 1983. Lacy's work offers a 'short-cut' to the origin and development of the umbrella model in the USA.

Four newspaper umbrellas

The original version of the model envisages the newspaper market as consisting of four tiers, which compete with one another. Newspapers compete with newspapers on other tiers, either "above" or "below".

The top tier consists of metropolitan dailies having regional market coverage. The second tier consists of satellite city dailies, which differ from the first tier in that they have more confined markets.

The third tier is made up of suburban dailies serving the immediate hinterlands around the metropolises and cities. The fourth tier, finally, does not contain daily newspapers, but rather weeklies and 'shop-pers'. Thus, the definition of what constitutes a "newspaper" is very broad, a catch-all.

The model's empirical foundation

The Stanford economists' report to the Federal Trade Commission in 1978 sought to

summarize the features and problems which were common to the whole of the media sector. They considered themselves well qualified to do so since they, geographically speaking, were far from the centres of power, and thus had a natural perspective on the subject. In their view, the discussions of media policy in circles close to the centres of power had generated more heat than light.

The umbrella model is formulated in a section of the report entitled "Studies of Media Markets". The two markets examined are the San Francisco Bay Area and New York. The analysis makes use of secondary data only: circulation statistics and demographic statistics.

Umbrellas in the Bay

The Stanford economists observe that "the layering or umbrella effect is apparent in the San Francisco Bay Area". We have reason to examine this observation more closely.

The top tier of newspapers in the San Francisco Bay Area consists of *The Chronicle* and *The Examiner*, a morning and an afternoon paper, respectively, published in San Francisco by the same company. The papers have a combined circulation of 650,000 copies and are read throughout most of Northern California (so called: geographically speaking it is central California). They are de facto regarded as a single paper.

In the case of New York three papers are included in the first tier: *The New York Times*, plus the two more sensationally inclined boulevard tabloids, *The Post* and *The Daily News*. Thus, newspapers on the same tier can address entirely different market segments.

The second tier is called the "satellite city layer". In the San Francisco area the papers on this tier are *The Oakland Tribune*

and *The San Jose Mercury News*. These two papers, each with a circulation of roughly 200,000 copies, are read in essentially different parts of the region, with little overlap to speak of. Together, they cover the entire Bay Area outside the core markets of *The Chronicle* and *The Examiner*, i.e., San Francisco proper. This means, Rosse proposes, that the second-tier "satellite city newspapers" exist in the circulation shadow of the top-tier papers. They in turn shadow the papers in the third tier. Here the metaphor rather calls to mind parasols instead of umbrellas, but, after all, the theory does hail from sunny California!

Some sixteen suburban newspapers make up the third tier in the San Francisco Bay Area. These include such papers as the *Palo Alto Times* and *Berkeley Gazette*, each with a much more confined area of coverage and with circulations ranging between 10,000 and 40,000 copies. Together, these papers cover the region outside the core markets of the top- and second-tier papers. The shadow these papers cast is so deep that hardly anything can survive on the level below.

Consequently, the fourth tier consists of papers issued 1-3 days a week and other newspaper-like products which are generally circulated in neighbourhoods or districts within the core markets of top- and second-tier papers, in whose shadow, mark well, they seem to thrive. The smallest fourth-tier paper – a subscribed, actually daily paper – has a circulation of 1,000 copies, and the largest, a blanket-distributed 'freebie' or give-away, a circulation of 130,000.

The power on high

The newspapers in the top tier are published in the largest cities. They have the largest circulation, the lowest unit costs

(cost per copy), the largest area of coverage, but the lowest penetration in the region taken as a whole. They are attractive advertising media for regional and national advertisers who are interested in reaching the entire region, but less attractive in the eyes of local food markets (not chains), smaller retailers, those placing classified ads and other purely local actors. They have qualified editorial content, which means that they attract readers who are not necessarily interested in the paper's local news content.

In the lower tiers the papers become increasingly local and attract readers and advertisers with a local focus. The Stanford economists presume that these newspapers have higher unit costs than top-tier papers, which seems to me a rash presumption. At least, they do not present any economic data in support of the presumption.

No appreciable competition is assumed to exist between top-tier newspapers in the San Francisco Bay Area and top-tier papers in nearby areas, such as *Los Angeles Times* or *Portland Oregonian*. Overlap is more common on the lower tiers.

Competition for advertisers between newspapers on different tiers is assumed to be quite sharp. Minor changes in readership demographics, advertising rates and household penetration are said to be able to shift important market sectors from one tier to another. Similarly, minor changes in the editorial quality and local news coverage in papers can cause a flight of readers from one tier to another.

Thus, it is the size of the community in which the newspaper is published which decides which tier a newspaper is classified as belonging to.

Biggest in Texas

Stephen Lacy tested the umbrella model empirically in an entirely different fashion

in 1983. First of all, however, he dispensed with one of the four tiers in the original model, contending that it was impossible to distinguish between satellite cities and suburbs. Thus, he collapsed Rosse's two intermediate tiers into one.

Lacy was primarily interested in the direction of competitive challenges. Is the competitive pressure from above stronger than that from below, and, if so, does it threaten the survival of newspapers on lower tiers? He gathered his data via a mail survey of newspapers in selected cities in Texas and the American Southwest.

The newspapers in thirteen large standard metropolitan statistical areas form the population in Lacy's study. The newspapers in the largest city in each area – "metropolitan dailies that provide regional coverage" (regional hub newspapers in the following) – are assigned to the top tier (altogether 22 papers, i.e., just less than two per region). All other dailies in the region are assigned to the second tier (42 papers, or three per area). Lacy's third tier consists of local weeklies and 'shoppers' (altogether 96 companies, or 7-8 per area, with many of the companies publishing more than one weekly).

The questionnaires were sent to the circulation and advertising managers in the regional hub newspapers in the top tier, to the publishers of newspapers in the second tier, and to the owners/managers of the weeklies on the third tier. Altogether 174 questionnaires were mailed out. The response rate was approximately 70 per cent.

The principal question in the questionnaire asked the respondent to estimate the change in advertising volume and circulation if competition from newspapers on other tiers were to disappear. The respondents were to answer by means of one of nine alternatives, marking intervals of five

percentage points, ranging from no change (0%) to more than 35 per cent.

Lacy concluded on the basis of his material that competitive pressure comes from above. Newspapers on the lower tiers reported that they would grow, both in terms of circulation (mainly papers on Tier 2) and advertising volume (mainly papers on Tier 3) if the competition from top-tier papers disappeared. The inverse was not reported to the same extent. The pattern with respect to the competition between the two lower tiers was not as clear

Lacy explains the advantage top-tier papers enjoy in terms of economies of scale. Their very size and stability make them a threat whenever they enter onto markets where other papers operate. Lacy goes on to conclude that regional hub newspapers will in the longer term outlive the suburban press: "It appears that metro daily executives would like to increase their movement into lower-layer markets." On a more general plane Lacy predicts that daily newspapers in the USA are tending away from a traditionally locally oriented press toward a more regional or national press.

Compaine Critical

In 1980, Benjamin Compaine applied Rosse's umbrella model of newspaper competition to the Philadelphia market, but he was critical of it – a fact which has not been given enough attention in Scandinavian applications.

Alone on the top tier in Philadelphia is *The Inquirer*. Second-tier papers in the region are to be found in Harrisburg (PA), Allentown (PA), Atlantic City (NJ), and Wilmington (DL). On the third tier we find papers in Carlisle and Chambersburg, both 'under' the paper in Harrisburg, and in Bethlehem (PA) and Bangor (PA), both 'under' the paper in Allentown.

Compaine bases his criticism of the model on his own empirical studies of newspaper economics and structure. He points out that "the declining long-run average cost curve is balanced by other factors which produce a practical limit on the extent to which a newspaper can expand". Among the factors he lists are increased transportation costs, and highly localized demand of newspaper content. "It is this specialization of demand which ultimately offsets the economy of scale effects and determines the geographical extent of local newspaper monopoly" (1980:101).

It should be noted that Lacy, too, is aware that increased costs of distribution over extended areas of coverage can reduce the advantages a paper enjoys in unit costs of production. Thus, Compaine is not alone in pointing out this fault in the umbrella model's construction.

Scandinavian umbrella models

Now let us return to Scandinavia and the applications here. We have (1) Høst's normative model of newspaper structure, (2) Kopper's comparative analytical method, and (3) Weibull's model of newspaper choice.

An overloaded umbrella analogy

Sigurd Høst uses the term 'newspaper structure', by which he means both individual papers and their characteristics and how individual newspapers relate to each other. His aim is to elaborate a typology. It is unclear whether or not competitive conditions are part of the structure; at one point he names both, "newspaper structure and newspaper competition". His material is secondary data in the form of official Norwegian circulation statistics.

Instead of regarding newspaper markets as being independent entities, says Høst, we

should see them as forming a kind of system of umbrellas, where the market for a newspaper on a higher level is composed of partial markets which are also covered by newspapers on lower levels. Thus Høst uses the term 'umbrella' as synonymous with 'level'. Høst does not envisage some newspapers shadowing others (as in Rosse) and thus limiting their potential development.

Høst also chooses three levels of newspapers, which he says better correspond to how readers perceive newspapers. He later uses four levels (Høst 1991). His scheme involving three levels is illustrated in the diagram below; inspired by a diagram in Compaine (1980:102).

The arcs or 'hats' have dual meaning: First, they show the extent of the areas the newspapers cover. Secondly, the height of the arc indicates their household penetration in the home market, i.e., in the community in which they are published. Second papers are indicated with a slightly smaller, thinner arc.

In Sweden the pattern is generally the other way around. Second papers usually cover a larger area, but have a lower degree of penetration. First papers' arcs would therefore look more like Bowler hats, and second papers' more like berets.

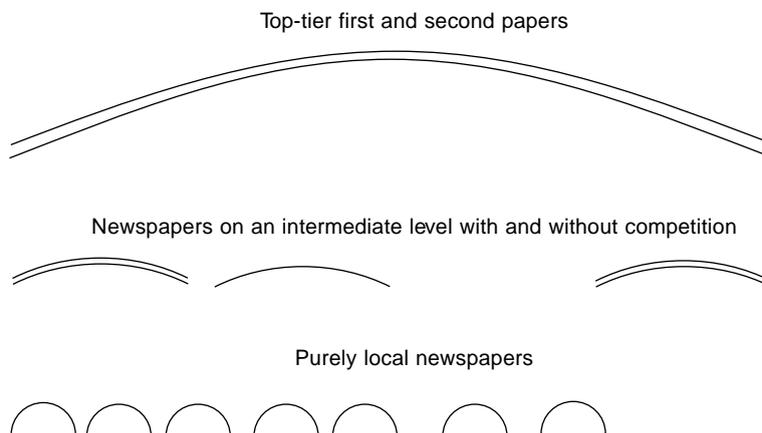
The figure also indicates holes in the system, i.e., the umbrella system might be likened to an ecological system which contains empty 'niches'.

The figure is said to simplify reality in two respects. First of all, in reality there is seldom any clear distinction between the levels, but rather a sliding scale. Secondly, one and the same newspaper can occur on more than one level.

A forest of umbrellas

Høst illustrates the model using conditions in the Sunnmøre district of central Norway.

Figure 1. Schematic summary of a three-tier newspaper system



He identifies two levels of newspapers published in the region:

- the regional newspaper, *Sunnmørsposten* (6 days/week), which does not, however, cover the entire region; and
- twelve local newspapers, all local monopolies (1-3 days/week).

The competition between these papers is not constant, but now and then they test each other's strength in border areas. Nor do the local papers compete with *Sunnmørsposten*. Three criteria define the local paper: small and well-defined area of coverage, very local contents (no wire service copy), and low periodicity.

To these Høst then adds a top level, consisting of two nationally distributed tabloids originating in Oslo: *VG* and *Dagbladet*. These are papers of a different type. We should recall that Rosse made no distinction between tabloids *The Daily News* and *The Post* and *The New York Times* in his top tier.

Høst seems unable to decide how to handle the leading broadsheet in Oslo, *Aftenposten*, or the four major regional pa-

pers in areas surrounding Sunnmøre. He suggests that if present trends continue, they should be assigned to the intermediate level.

The top level in the Norwegian umbrella model is a rather new phenomenon, Høst observes. It has grown in pace with the increasingly national stature of the Oslo tabloids. Høst sees this as a step in the trend toward a "tripartite Norwegian newspaper system".

Høst subsequently abandons his three-level structure in favour of a system with six categories of newspapers: (1) *Aftenposten*, the leading subscribed newspaper; (2) *VG* and *Dagbladet*, nationally distributed boulevard tabloids, "a natural category", according to Høst; (3) other Oslo newspapers, "Oslo's No. 2 newspapers", this, too, "a natural category"; (4) provincial dailies (4-7 issues/week), first papers and monopoly papers; (5) provincial dailies (4-7 issues/week), second papers; and (6) non-daily provincial papers (1-3 issues/week), presumably including some papers issued 4-5 days a week.

Direct from Stanford

Gerd Kopper elaborated his integrated market analysis (the IMA method) as a tool for use in research on newspaper concentration. The method is based on economically distinct newspaper markets, classified in 'competitive layers', ranging from the top layer of 'large metropolitan papers' to the lowest level, 'local weeklies and local give-aways'. Kopper is the only researcher in the Scandinavian research community who has been in direct contact with James Rosse.

Kopper works with four layers (A-D), but does not characterize them descriptively. He has, furthermore, introduced three new concepts with a view to facilitating international comparisons: 'multiple market approach', 'multiple focus analysis', and 'multiple structures of competition'. The IMA method is synonymous with 'layer analysis'.

An empirical test of the IMA method in Germany produced 47 distinct markets, and ten categories of competition, from monopoly to multi-paper competition. In a number of cases, the household penetration of newspapers on levels A and B was surprisingly high, which suggested that the number of levels in these markets had been reduced from four to two, in some cases down to one, which – as I understand it – is a consequence of the licensing procedure which the Allies introduced when new newspapers were started in Western Germany after the war.

Kopper also found that competition could take place between papers on level C, but that this competition was more apparent than real. The pretense was to avoid arousing the interest of anti-trust authorities.

Kopper makes certain comparisons within Europe: In Germany there is vertical ownership (or collaboration) extending over all layers, top-down. France has a two-layer system. In Spain, the capacity of the local

advertising market is the factor which determines whether or not there will be more than two layers.

Local choices

Lennart Weibull is interested in two aspects in his study of readers' choices of daily paper: (1) the criteria readers apply, and (2) why some readers choose to read a non-local (metropolitan or other) paper in addition to their local one.

Weibull observes that the newspaper landscape has a characteristic structure: newspapers form natural clusters, ranging from very local to national. He refers to American studies of press economics which conceive of the newspaper market as an umbrella system. He cites Lacy (1984) and Høst (1991) and uses Høst's diagram, showing that Norway has a four-layer structure.

Weibull actually works with two layers, but suggests that there may be additional layers in the Swedish press, as well: "a kind of newspaper step-ladder, leading from the local to the national level". Weibull calls his layers 'spheres', geographical and social spheres on the lower level, political and cultural on the upper level.

Implications of the Umbrella Model for Competition and Media Policy

In connection with the above-mentioned studies, the authors draw some conclusions regarding appropriate competition and media policies.

A model of competition for monopoly newspapers

The American economists are agreed that competition between newspapers on the

same tier or layer is weak or non-existent inasmuch as the papers operate on geographically distinct markets. That is to say, there is no competition between regional hub newspapers, between local papers, between suburban papers or among local non-dailies. Nor is any such competition likely to arise.

Intense competition between layers, intercity competition, is seen to offer satisfactory compensation for the lack of competition within layers, i.e., intracity competition. Newspapers on a given level are seen to compete for readers or advertisements with newspapers 'above' or 'below'. Battles between papers on the same level take place only on the fringes of the papers' distribution areas.

Rosse predicts, however, that the competition from regional hub newspapers will successively fall off. He expects the economic base for these papers to decline as papers on lower layers develop their product to more closely resemble the regional hub papers. The economic decline of these hub papers will, furthermore, be hastened by competition from television advertising.

As noted earlier, Lacy reaches a somewhat different conclusion. Lacy – and others – predict that regional hub newspapers will break into the suburbs, that is, follow the population, and ultimately vanquish the suburban papers.

Regional hub newspapers are expected to win, thanks to their economies of scale. These predictions do not always make it clear, however, whether the papers will advance by entering into the second and third layers through sub-editions or into the fourth layer through 'shoppers'.

Even though I suspect that the umbrella model can be a way to write off direct competition as a lost cause so as to be able to go on to deal with other problems, there are indications in the American rhetoric that di-

rect competition is valuable and worth preserving where it exists today.

One-newspaper markets have developed for three reasons, Rosse (1980) writes: increased competition from other media, changes in the nature of the advertising market, and changes in the demographic structure. The situation is therefore not as worrying as is often claimed. The direct competition which still exists should, however, be preserved with the help of the Newspaper Preservation Act, irrespective of whether the papers in question are independents or belong to major chains, in which latter case support would accentuate concentration. Newspaper companies are in any case all rather small, Rosse observes.

Ideal for Norway

Høst uses the umbrella system to identify what Norway lacks in the way of newspapers. The main thing missing is a serious news organ on the top tier, which at present is occupied solely by two boulevard papers. Here and there he finds empty niches on the intermediate and lowest tiers. They may be filled, he notes, if papers on the lowest level develop and climb up to the intermediate level, their places on the lowest tier then being filled by new entries.

Høst also uses the umbrella model to specify the criteria for a differentiated press: first, that there are newspapers on all three tiers, and second, that competition exists on the top two tiers.

Like the American economists, Høst seems willing to accept the absence of direct competition. Don't waste public funds on trying to preserve competition on the intermediate tier, he reasons; it only prolongs the throes of death. Invest more in developing subscribed papers of national coverage, i.e., real alternatives to the Oslo tabloids, *VG* and *Dagbladet*. Høst's ideal is a system

which gives more and more Norwegians access to newspapers on all three tiers. He concludes that the present trend is leading toward a multi-tier system with little direct competition on the two lower tiers.

Strength from Below

In terms of the relationships between national, regional and local newspapers, and the relation between television and the press, newspaper industries in the Nordic countries are, as I see it, full of surprises. The power relationships between newspapers on different levels are virtually the opposite of those described in the umbrella model. Economies of scale do not always seem to make the difference, nor has competition from television had any devastating effect on Nordic newspapers.

Stronger, step by step

As an example of typically Nordic relationships between newspapers distributed in areas of different sizes, let us consider the case of *Firda*, a newspaper published in the community of Førde in the same part of Norway which Sigurd Høst's applications concern. The following account is based on work by Olav-Johan øye at the University of Bergen.

Firda has grown and developed in pace with the growth and development of the community of Førde, where it is published. Once a village of farmers, Førde is today an administrative centre with lively commercial and cultural sectors. The growth of the community has been taken advantage of to transform *Firda* from a small local paper to a medium-sized regional newspaper.

Founded in 1918, *Firda* was originally a weekly consisting of four pages. Its purpose was to be the voice of the rural communities of the inner Søndfjord district and

to promote temperance and evangelism. The paper was to be politically non-partisan.

During the second world war and the German occupation, *Firda* suffered a drastic loss of circulation. When the Nazis took over control of the newspaper in 1942, it had a circulation of 4,000. Three years later, when the paper was returned to its former management, circulation had sunk to as low as 900. The former owners started out by sending copies to the 4,000 subscribers they had had before the occupation.

At the end of the 1950s the paper had developed little. It was published twice a week and had a circulation of 5,000 copies. The staff consisted of one or more members of the owner-family. Its four pages contained little besides public notices, reports from local meetings, and bygdabrev (quasi-professional contributions of a local nature). Due to the extensive rationing that prevailed in Norway, advertisements were few.

In the 1960s the paper's economy improved as the advertising market began to pick up. Staff was recruited, and the paper moved into a new building. The paper increased its periodicity to three days a week in 1967, but the editorial content remained essentially unchanged. *Firda* remained a 'megaphone' for local interests. Circulation climbed to 7,000; penetration in Førde was approximately 80 per cent, but far less in the surrounding region.

Coverage of meetings and local events dominated the paper's content until about 1970. Reports from the meetings of the Town Council were in their heyday, more detailed than ever; meanwhile the front page began to carry hard news items. When it came to reports of the activities of local organizations, the paper set the limit at annual meetings.

Firda converted to offset in 1973. In 1977 circulation passed 10,000. At the start of the 1980s, *Firda* employed five journalists and opened its first branch office. In 1980 it started to publish four days a week.

The Community in Focus

The boom of the 1980s gave *Firda* new life. The paper now appeared five days a week (Tuesday-Saturday). The pages were reorganized to make it easier for readers to orient themselves. In 1987, *Firda* acquired a managing editor from *Sunnmørsposten*, the regional newspaper to the north in Ålesund. A couple of years later the first technical manager was hired, and in 1990 *Firda* converted to tabloid format. At the same time, a new editor-in-chief was recruited from *Aftenposten* in Oslo. The paper opened two new branch offices and hired journalists from a variety of newspapers. The paper took in many new impulses and acted on them.

Increasing attention was paid to the paper's layout and front page. Hard news now took priority, that is to say, the paper, rather than its news sources, now set the agenda. Reports from meetings and local events were now less prominent, but, to the extent they existed, they still had the same character as in the 1950s, Øye observes. Conflict was no longer tabu, but rather a news criterion. *Firda* no longer sought to be 'the voice of Førde' vis-à-vis higher authorities or rival communities, but the life of the local community was still its prime focus. The paper was careful to appeal to newcomers to the community, while not neglecting its faithful readers among the community's 'old-timers'.

In 1991, *Firda* noted a circulation of 13,200 copies, just roughly 1,000 copies under the median for Norwegian papers appearing more than three times a week.

Household penetration in Førde in 1992 was all of 90 per cent. In the surrounding area to the northwest and southwest penetration had doubled, from roughly 15 per cent to 30-40 per cent. In November 1993, *Firda* increased its periodicity to six days a week, and circulation climbed to 13,300 copies. In 1994, the first marketing manager was hired.

While *Firda* had developed a certain perspective on the happenings in the community, being careful not to lose its local character, the paper was no longer meek vis-à-vis the larger regional newspapers in the area: *Bergens Tidende* (Bergen) and *Sunnmørsposten* (Ålesund), both of which suffered as a result of *Firda*'s expansion.

Lower penetration outside the home market

Firda is a good example of a more general trend among Nordic newspapers. Rising ambitions among local papers have meant hardening competition for regional papers. Meanwhile, rising ambitions among regional papers have given nationally distributed metropolitan papers headaches. An increasing number of readers now feel that they can do with one newspaper instead of two. In choosing, they generally opt for the more local of the two. In Sweden the result has been that metropolitan papers' circulation outside their home cities proper has declined.

Göteborgs-Posten is a good case in point. The paper has lost a good share of its circulation outside the city of Göteborg, a development analyzed in detail by Ronny Severinsson at Göteborg University.

In the late 1960s the paper sold approximately 90,000 copies outside greater Göteborg. In the early 1990s, that figure had been cut roughly in half. In the interval, the local newspapers in Göteborg's hin-

terland had increased their periodicity, switched from afternoon to morning distribution, invested in their technical plant, broadened the scope of coverage, and raised the price of subscription. Once the local papers had broadened their scope and offered delivery at the same time as *Göteborgs-Posten*, taking two papers became less interesting. Higher subscription prices also encouraged readers to choose one or the other of the papers. Most choices fell to the local paper's advantage.

Lost circulation outside the home market is a major cause of the decline in total circulation noted in the Swedish press as a whole. The process has resulted in a strengthening of local and regional newspapers, economically as well as editorially. The market for national newspapers is shrinking, but it will never disappear entirely.

Upside-down

The umbrella model was elaborated in the mid-1970s in the USA in the wake of a wave of newspaper deaths, which meant that a growing number of two- and three-paper communities now found themselves with a single survivor. They had become monopoly markets. Hence, the umbrella model: a theory of competition between monopoly papers. To the extent the umbrella theory could show that competition between papers in different communities could replace competition between newspapers in the same community, it could make the overall decline in intra-city competition seem more acceptable.

The structure of the newspaper industry underwent similar change in many other countries, Scandinavia included. But when competition in those countries was analyzed, the focus rested on competition between newspapers in the same commu-

nity, the common place of issue. The theories of competition introduced at the end of the 1960s and in the early 1970s had this focus (Gustafsson 1978).

Whereas the umbrella model purported to be a model of competition, it is mainly a model of production. Competitive strength is conceived of as a function of economies of scale. The model was criticized for this, but the criticism was not loud enough.

The Swedish theories of newspaper competition are market theories. They recognize economies of scale as important competitive factors, but other factors are even more important. Since advertising revenue account for the greater part of newspapers' income, the criteria advertisers apply in their choice of medium must be crucial. The aspect of greatest interest to advertisers turned out to be the paper's household penetration in the place of issue. Advertisers are interested in newspapers with large areas of distribution provided (1) that the papers have consistently high levels of penetration throughout the area, or (2) that they reach the same segment of readers throughout the area. Thus, it is more important to talk about 'last copy revenues' than 'first copy costs'.

With production advantages as one's starting point, the general conclusion is that large newspapers will inevitably win out over small ones, i.e., that newspapers on the top tier are necessarily superior to those on lower ones. Analyses based on the umbrella model can produce no other result.

Taking market advantages as our starting point, we reach a different conclusion. A newspaper with a high degree of penetration in its place of issue is sovereign in its market. Earlier on, Sweden's largest papers were convinced that they had an absolute advantage over others. Now, having lost considerable circulation outside their home markets, they are no longer quite so sure of

themselves. When it comes to the daily press, strength comes from below, not from above. If we are to keep to the umbrella metaphor, a folded umbrella is perhaps a better illustration.

The umbrella model is useful as a basis for describing a newspaper system's geographical structure, but it is no more useful

than the administrative and geographical structures we already have. Inasmuch as its empirical foundations are weak, the model can explain little. It cannot explain, for example, the derivation of its tiers or 'layers'. It has no predictive value. Indeed, we have reason to doubt that the umbrella model would survive the least scientific shower.

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