

THE SCOTTISH PRESS

Maurice Smith

Sackings, transfers and re-launches have been the order of the day for the Scottish press in recent times, as the various proprietors take part in a ferocious race to embrace change with all the enthusiasm of a group of major football clubs.

It is fair to say that in terms of intrigue more exciting events took place within the press during the last six months of 1994 than had occurred in the previous six years. But newspaper managements did have a great deal of catching up to do, in the face of mounting competition from the broadcasters and increased commercial pressure from south of the Border.

Three national newspaper editors resigned or were pushed out between July and November. The departures of Arnold Kemp and Magnus Linklater from the chairs of **The Herald** and **The Scotsman** respectively were ignominious; Endell Laird stood down as editor-in-chief of the **Daily Record** to allow Mirror Group Newspapers' post-Maxwell management to complete its clean sweep of changes. Meanwhile three UK national titles, the **Daily Express**, the **Daily Mail**, and **Today**, have launched or are launching special 'Scottish' editions, as the industry continues its mania for attempting to increase market share, no matter how tight the margins may be.

WHAT IS GOING ON?

The bottom line for all newspaper companies is how to increase market share, defend circulation and cut costs in order to compete in what is a slowly-

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declining market. Newspapers may always be with us, but technology and competitive pressures are likely to ensure that they will never be the same again.

This is the era of the tough manager. The three new editors - George McKechnie at **The Herald**, Andrew Jaspan at **The Scotsman**, and Terry Quinn at the **Daily Record** - have hard reputations. They are energetic, forceful and sometimes abrasive in character. Their respective appointments probably reflect a feeling within newspaper board-rooms that this is a time for a little 'sorting out' to be done.

Their impact on each title has been noticeable already. Jaspan took over **The Scotsman** in August last year, cleared out nearly a dozen older staff, drafted in a new editorial executive team, and re-launched the title as a two-section daily with a heavier emphasis on sport and business coverage. The changes illustrated some determination that **The Scotsman** should break out of its traditional heartland in Edinburgh and the Lothians, especially to the west of Scotland, where its sales have been pitifully low.

At the time of writing, the 'new' **Scotsman** had attracted a great deal of comment, but little in terms of new readers. Jaspan has probably discovered too that, of all newspaper audiences, **The Scotsman's** typical 'Morningside reader' does not take to change very quickly.

McKechnie's arrival at **The Herald** has been, in the words of one advertising agency executive, 'impactful'. Again, some senior staff have moved position or left. The Caledonian Publishing board, which grew frustrated during 1994 as Kemp continued to resist pressure for changes in **The Herald's** style, has given his replacement until late March to complete his alterations and provide them with a newspaper which might build profits in anticipation of a flotation in 1996.

Meanwhile, Quinn has imposed a new style on the **Daily Record**, making it more parochial in output, presumably to make a virtue of its very Scottishness in the face of nagging competition from the editions of UK competitors like the **Sun**. the **Daily Record** remains Scotland's dominant paper in terms of sales, but the **Sun** has doubled circulation since launching its Scottish edition in 1987.

The key to all this has been the changing market. But the implications of new technology are vital to management policy too. Any newspaper group which is not actively considering diversification into broadcasting, for example, risks being marked down by the City. The implications of multi-media

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technology, whereby books, magazines and newspapers are increasingly available on a computer screen via modem, are important too.

Mirror Group, which snapped up 20 per cent of Scottish Television during 1994 at a premium, is launching a national cable news channel, Live TV. Associated, owner of the **Daily Mail**, has launched Channel One in London, with similar national ambitions. Rupert Murdoch's News International already part-owns the satellite TV operation BSkyB (in a consortium including the **Financial Times'** publisher Pearson), and its plans for global TV are well advanced.

Where does this leave our two main Scottish newspaper groups? In a public relations move, Scotsman Publications Ltd. is now once again a Scottish-registered company. Its owner (and that of Aberdeen Journals, publishers of the **Press & Journal** and **Evening Express**) remains Thomson Regional Newspapers, owned in Toronto and New York, managed from London.

TRN chief executive Stuart Garner and Scotsman Publications' new managing director, Warwick Brindle, describe themselves as expansionists. If that is the case, their arrival could not have come too soon at Edinburgh's North Bridge, whose newspapers had been bled dry of profit for a number of years with little or no editorial re-investment.

But TRN, like the rest of the industry, faces some cost pressures. Brindle has loosened the purse-strings on **Scotland on Sunday** and **The Scotsman**, and Jaspans re-launch of the latter is believed to have cost anything more than £1m, if the paper maintains its increased pagination. Ironically, the bigger daily **Scotsman** has illustrated a problem caused by those years of non-investment - a shortage of writers capable of filling the additional space well - and the new editor has been plundering the freelance market for talent.

The Edinburgh titles suffered a lean autumn and winter, with a squeeze on revenues and higher costs. Garner and Brindle's resolve is likely to be tested, as **The Scotsman** particularly needs time to make its circulation grow. Additionally, newsprint costs for all newspapers are predicted to rise by as much as 30 per cent during 1995.

Jaspan and his bosses had probably expected that they could exploit **The Herald's** perceived weaknesses meanwhile. But McKechnie's arrival at **The Herald** from its sister-title the Glasgow **Evening Times** has probably dashed that hope.

While Caledonian paid fulsome praise to the outgoing Kemp last October, it is clear that its chief executive, Liam Kane, was under pressure to force

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changes on **The Herald**. Caledonian was a management buy-out from Lonrho in 1992, and in each year since then its operating profits have been more than wiped out by interest charges and re-structuring costs, including redundancy payments for more than 350 people at its Albion Street base.

The Herald is perceived generally as having a large and often talented staff which had too little to do during Kemp's reign. McKechnie has inherited more resources than his rival at **The Scotsman**, and starts his battle to recover sales from a larger base: **The Herald** outsells **The Scotsman** by an average 30,000 copies.

Kane and his board have received some unexpected help via the UK circulation war. Having seen what Murdoch's **Sun** could achieve, and witnessed the less-successful launch of a Scottish edition of another News International title, **Today**, the 'middle market' publishers have joined the fray.

The 'Scottish' **Daily Express**, its sales slumped from 650,000 to 130,000 since it withdrew production from Glasgow, has returned with a new edition printed on the presses of D.C.Thomson's modern Glasgow plant. In response, the more successful **Daily Mail** (whose own Scottish works at Tanfield in Edinburgh were closed 27 years ago) is launching a rival. A three-year print deal with Caledonian is worth £1.4m a year, and will also allow Kane to reduce costs on the **Evening Times** as the Albion Street presses are re-configured to accommodate the **Mail**.

The **Sun**, **Today**, **Express** and **Mail** have been recruiting journalists too. Eight daily newspaper titles are being printed now in Glasgow, echoing the glorious days of before and after the last war, when reporters fought outside the High Court to get that precious exclusive interview with this or that celebrity or criminal.

The question has to be asked: 'Where is the market?' Between them, **Today**, the **Express** and **Mail** sell less than 200,000 copies daily in Scotland, less than half that of the **Sun**, and little more than a quarter of the **Daily Record** total. The price war between the **Times** and **Telegraph** groups dented the circulations of the Scottish quality press, but only by two or three per cent, and not permanently. Sooner or later, one or more of the UK middle-market tabloids will withdraw: it has to be noted that the **Today** attempt is a far cheaper affair than those editions planned by the **Express** and **Mail**.

A better question to ask is where our various newspaper publishers may be in five or 10 years' time. First, it seems unlikely that ownership will remain constant: There may be a gap which allows one or two major players to

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dominate the Scottish media (viz. the Mirror Group/Scottish Television tie-up).

Caledonian insists it will press on towards market flotation, 'when the time is right'. Rumours have persisted of a trade sale (perhaps even to Mirror Group), but two factors disturb that theory: first, the major shareholder, merchant bank Robert Fleming & Co., has a better reputation than most for hanging on to its investments; secondly, the cost of acquisition could be as high as £100m, given that the company's debts remain at nearly half that amount.

Few publishers - and certainly not Caledonian, this side of flotation - have the kind of war-chest available to Murdoch and the **Telegraph** publisher Conrad Black to fund direct entry into the costly but vital broadcasting sector, or to plunge into more acquisitions or investments in multimedia technology. Joint ventures are more easily envisaged.

For Scotsman Publications there is the risk too that TRN might eventually 'revert to type' and curtail costs, if Jaspan and Brindle cannot prove that editorial investment has been worthwhile.

CONSTITUTIONAL CHANGE

Aside from this, there is the interesting question of the Scottish papers' continued general support for constitutional change in Scotland. Editors got a fright when the so-called 'independence election' of 1992 turned out to be a 'never was'. Their close entanglement with the devolutionary movement left a few red faces. In times of declining sales, would it be right to continue to endorse a vague constitutional plan which alienates readers who do not vote Labour or Liberal Democrat? And, in the race for exclusives, might reporters' attention not be turned on the mainstream parties themselves? There is a lot to be said for the press adopting a more rigorous approach to the Scottish political establishment.

There is a new commercial discipline to the Scottish press. Its managers and workers escaped the worst of the post-Wapping squeeze, which virtually destroyed the British print unions and changed newspaper economics forever. But the market is in upheaval. Perhaps Scottish journalists will find they can indulge no longer in ivory-tower editorialising, when they are embroiled in a bitter fight for sales and profits.

The tabloids are likely to continue their crass race to out-Scottish one another, when none of them are Scottish at all, in terms of ownership. But

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Scotland's quality press has different commercial imperatives in the mid-1990s, and their response will shape the industry for years to come.

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