

Good morning ladies and gentlemen. Thankyou for inviting me to talk about how we might **Create our Future** in newspapers.

I always enjoy coming to Adelaide, not because this is where News Limited began and where it holds its annual general meetings, but because I know that within an hour of here there are some of the greatest wineries in the world.

I love the look and the feel of the Barossa Valley because I am a country boy myself

... I grew up around Yass

... and in spite of being well and truly city-fied these days, I find there's nothing more capable of giving you a pleasant reality check than waking up in the country on a crisp winter morning, calling the cows, tossing them a bale of hay, and watching while they chomp their way through it.

It makes me think of the similarity between cows and newspapers.

Cows, you see, are perfect pets. They've got pretty faces, with long eyelashes; they are quite harmless, they don't need a box of kitty litter, they keep the grass down, and when you call them for a bale of hay, they look at you with their big, brown, trusting eyes. They just stand there, chewing, willing to offer a sympathetic ear all day if you want to pour out your troubles to them.

If you get bored with that, you can eat them.

Newspapers are perfect companions, too. They come fresh every morning; there's lots of interesting people to meet in them and a surprise on every page. They are yours when and where you want them; they are portable and don't require a power point or a re-boot. You can fold 'em up and shove 'em in your back pocket; you can write on them, spill coffee on them, or cut them up or tear them apart if you want to keep bits for future reference ...

And when you've finished, you can scrunch 'em up and light the barbie with them.

We're here in Adelaide to discuss how we can make better newspapers, not barbie lighters, because better newspapers are at the heart of **Creating Our Future**.

Adelaide is, of course, where it all began for Rupert Murdoch and The News Corporation. His first newspaper was The News, published just across the road on North Terrace.

The News no longer exists; nor the building which housed it, but News Corporation does, **producing and distributing the most compelling news, information and entertainment to the farthest reaches of the globe.**

Today, from its small start here where Rupert Murdoch took up his inheritance 50 years ago, News Corp publishes 175 newspaper titles in six countries – a total of 40 million copies a week.

When it comes to newspapers I don't think it is an empty boast to say we might be doing something right.

One of the hallmarks of The News Corporation is that **it knows no boundaries.**

Just as Rupert Murdoch took his love of newspapers and newspapering skills from Adelaide, to Sydney, and to the world, the company long ago ceased to be a simply a newspaper publisher.

Today The News Corporation is the largest holder of free to air television licences in the US – the Fox Network. It has Pay TV or cable operations on five continents, and is one of the world's top suppliers of filmed entertainment through 20th Century Fox.

And then there are the books, the music, the sports and digital delivery platform companies ... it's a familiar story to you all, I'm sure, but the point is **just as the company has known no geographical boundaries, nor does it recognise boundaries of creativity.**

Creativity is our greatest asset. It is central to everything we do, in every location and in every sector, and we need to foster it.

This is true in the tough times and the good times. In fact, it is probably more true in tough times and uncertain times ... like now.

We must find creative solutions to the challenges which face us, and today I want to spotlight three areas of newspaper operations where I believe there is room for improvement.

I should point out these views cover all newspapers. I'm in a position to do something about these things within News Limited – *and I am* - but my comments are meant to apply to the entire newspaper industry.

I believe there is a need to lift our game in our JOURNALISM, in our MARKETING, and in our DELIVERY.

I believe journalism needs to reconnect with the real issues of people's lives, and by this I do NOT mean where to find the best coffee and croissants.

We must take the snobbery out of journalism.

I believe we have missed the boat by failing to properly market ourselves. By this I do not mean we need better in-paper promotions or more billboards or bus sides for our mastheads...

I mean that the newspaper industry, as a whole, has failed to market itself as the greatest and most user-friendly source of trustworthy information.

We have observed the debate about our credibility and our tired and daggy image and all-too-often fought among ourselves, rather than answering our critics with a vigorous and unified assertion of our strengths.

And we have done the unthinkable in the area of distribution. While telephone and Pay television companies fight over what they see as the most valuable territory of them all – the last mile to the consumer's home – **we have handed over that job to others who all too often couldn't give a damn about us because they're too busy selling other things like lollies and lottery tickets.**

Perhaps we as an industry have spent too much time concentrating on the massive technology changes which have confronted and tested us in the past decades.

We have eliminated hot metal, typesetters, composing rooms and dark rooms, and learned how to drive the most modern colour printing presses in the world.

Now it is time to turn our attention to other, more pressing, things.

Journalism is at the core of everything we do.

This is true across all platforms. While presentation styles and methods of delivery vary, the journalistic endeavour remains the same.

As Harold Evans, a former editor of The Times in London said: and I quote – **I don't care whether the journalism is electronic or print, as long as it is good journalism.**

I'll go along with that, and to achieve it, we must recruit well from the veritable horde of university degree holders knocking at our doors trying to get into journalism;

We have to nurture their talent through well-crafted training programs;

And we have to reward excellence.

Journalists have become part of an elite because today it is such a desirable profession.

This may well be at the heart of the disconnection I see between our newspapers and our readers. Elitist and elitism are overworked words these days, but here, they may be apt.

In days gone by the most venerated journalists found their news among the people.

They congregated in pubs, among the coppers and crims; they sniffed out their scoops in bars and public places, and they talked to people, face to face, living the truism – you don't find news hanging around the office.

They were the product of a system which took in copy kids who learned the business from the basement up, and aspired to nothing more than a front page byline on a scoop story.

I remember one kid we used to call the Blue Heeler because every morning he came to work, ears twitching, ready to be pointed at a story and let off the leash to chase it. He was a terrific digger of information. He'd never come home without the story, just as the dog would never come home without the bone.

His name was Michael Munro. Today we find our reporters from tertiary educated backgrounds, where so many seem to aspire to present A Current Affair – but know nothing of, and seem to resent, the years of experience and work it takes to get there.

Today we are in danger of producing a generation of journalists who know people only over the telephone – and then, only hear the views of spin doctors, whether they be corporate or political.

Today the tendency is for the top journalists, particularly those known as the opinion makers, to dine in the best restaurants; be seen in all the right places; and live in the best addresses.

This is a snobbery which infects management, too. I note that my counterpart at Fairfax, Fred Hilmer, argued before the Senate inquiry into cross ownership that the removal of restrictions would allow Fairfax to provide a greater diversity of quality media across Australia.

It's as if he sees newspapering as a kind of elitist game for politicians ... rather than providing newspapers, packed with information, entertainment and enlightenment, which people actually want to read.

Today the tendency among snob journalists is to observe the world from a quiet and carpeted office; to contemplate where one might go for a superior coffee or cuisine; to sit back and let the press releases roll in; to choose the news from wire services, agencies or handouts, rather than getting out there and finding it – fresh and raw.

We've come through a period where we've been too busy debating visions; too busy questioning our social structures; too busy deciding whether this lever or that lever should be pulled for the good of society ...

Too often, it seems to me, newspapers – especially the so-called quality broadsheets – have forgotten about the people in the factories; the people on the trains; the people in the suburbs; the people on the farms....

The real people, and the issues which are real to them, have dropped off the radar.

This may be an over simplification – but it seems to me this divergence of interests between journalists and their readers has contributed mightily to our industry's loss of credibility.

We have become know-alls, and in some cases, **pompous know-alls**. Can we seriously expect younger generations to connect with that?

I was reading some American research the other day which indicates that younger readers are drawn to the Internet because they are at home with the technology, and they say the Net "**stirs the imagination**" more than papers.

There has been a tendency among us in the past decade to say the Internet changes everything.

In my view it doesn't. It is simply another way to distribute information; another platform on which we practice the craft of journalism. You can get The Australian in pure facsimile form off the Net today. Its journalism is unchanged from the print form – only the method of delivery changes.

I don't believe the Internet as we know it today will put newspapers out of business. It is, in fact, a complementary device which can add to newspapers' services – and circulations, and ultimately, I hope, profits. It creates new opportunities for interaction with readers and advertisers, and it creates new ways to deliver services and products.

Our challenge is to make our newspapers "**stir the imagination**" for new readers.

The question is how.

There has been a lot of talk about new journalism, and what that might mean. The debate has even included whether we should write in pyramid or narrative form.

In my view, if there is to be a new journalism, it should concentrate in areas of interest to our readers.

It should relate more to roads, and trains, and buses, and schools and hospitals, and coppers, rather than where to get a good caffe latte.

Research conducted by the Newspaper Association of America sought to find out what people wanted from their papers.

Top of the list was the weather – *a rather soul destroying discovery for those who unearth the news ...*

Then in the top tier came **local** and **community** news – a clear leader – then **national** news; **information to help the community deal with problems**, and **state** news.

On the next tier were information about sport, health, science, environment and finance

And low priorities were – wait for it – TV listings, movie and theatre listings, fashion, and **opinion and analysis**.

What have our quality broadsheets been concentrating on? Opinion and analysis. We've been giving them the **last** things they want.

If ever there were a case of acting globally, by embracing the most modern technology and processes, but thinking locally, newspapers must be it.

You know, one of our most modern looking and impressive newspapers is the Gold Coast Bulletin. It has had some tremendous successes in recent times, but none more remarkable than a promotion it conducted ... not for a \$120,000 car, or a first class flight to London or Paris ... but for **maps of local walking trails**.

People are more interested in knowing what's happening in their own back yards than they are in struggling to comprehend the ins and outs of rising dollars, falling bonds or far-off visions.

If we work to ensure our journalism engages our communities in a credible way, where we are seen to be on the side of our readers rather than outside vested interests, we are on our way to completing the virtuous circle we all seek.

The virtuous circle: **Credible journalism** creates **demand**, which creates **profits**, which allows us to be **independent** which in turn builds **credibility**.

MARKETING

On the marketing front, it has been traditional in newspaper companies for each masthead to have its own marketing plan. I have no problem with that, but I ask: **Who's marketing newspapers?**

Who's shouting from the rooftop that newspapers are the greatest source of information around? Who's pushing our strengths as a product, rather than a title?

I believe if you're in business, big, small or individual, if you want a competitive edge, you should read a newspaper.

These days you can tailor your own news. If you're in commodities, you can arrange for internet news providers to have on your screen every morning, all the latest commodity prices; all the latest news on cyclones and natural disasters pushing commodity prices up or down; all the news that is relevant to commodity trading.

But that's all you know. Maybe the computer forgot to mention the Prime Minister has resigned; or Tom Cruise has crashed his plane, or Kylie Minogue is heading up a new office of Urban Planning.

Maybe you can live without knowing this, but it leaves you behind the eight ball if you are locked out of a conversation because you haven't got a clue what others are talking about.

Newspapers have that wonderful thing called serendipity. You find things you didn't know you needed to know. Simply by scanning the pages you can learn things which are valuable in business, and are valuable in life.

Tailored news sources are cold, precise, and humourless. Newspapers can be warm, surprising, informative, entertaining, and above all, human – when they get it right.

I believe people who read newspapers are a step in front of those who don't.

But who's marketing this? Not the individual newspapers because it's not their job. News Limited has recently begun a series of ads promoting our newspaper network, using Roy Morgan figures to demonstrate our strengths among big spenders who are, incidentally, three times more likely to be heavy newspaper readers than heavy television users. (*That's the free plug they said I was allowed to have*)

But, important though that may be, it doesn't address the wider issue of telling the world about our industry's strengths.

Television has taken to airing advertisements promoting itself as an advertising medium. Radio has been doing it for years.

We have a number of associations, and PANPA is one of them, which bring us together for various reasons such as technology exchanges or ethical adjudication. We had a bureau which sought to present an industry face to advertisers, but that was closed because it was going nowhere.

But we need to create a marketing arm which will extol the virtues and benefits of newspaper reading to all consumers.

In the UK, publishers have recently agreed to set up a body called the Newspaper Marketing Agency, with a brief to sell newspapers as an advertising medium.

It'll take someone with the patience of Mother Teresa and the diplomatic skills of Koffi Anan to run the show, but the plan is to target advertisers and agency planners with research aimed at demonstrating the effectiveness of newspaper advertising.

I believe we should be looking at a similar operation. For all the right reasons newspapers and publishing groups are highly competitive, but this obsession with competition often obscures the wider message we should be getting out – that newspapers are worth reading and they work for advertisers.

There is another issue on the marketing front which needs attention.

We need to review and, if necessary, revise the way we communicate to our advertisers.

At present, the currency of advertising sales is the Morgan readership figures. It's no secret that newspaper groups, including ours, have been involved in rather intense debates with Morgan over his methodology and our view that more sophisticated measuring methods are available – and required – in the 21st century.

Radio, as an industry, has an advisory panel which addresses the concerns of broadcasters and advertisers on ratings, and it is shortly to move to a new metering system to replace the fallibility of the diary system.

The TV industry last year created new measuring standards and actually owns OzTAM, the organisation which provides its currency – the ratings figures.

The newspaper industry continues to rely on readership measuring techniques pioneered half a century ago.

We must update, and get on the front foot and push our wares because we know – **if we don't do it, no-one else will do it for us.**

I now want to move on to **distribution**. I'm afraid the news from the front is not good.

We've grown up with a newsagency system in Australia, and there was a time when I think it is fair to say it served us all tolerably well.

But times change. The world moves on.

The trend in retailing around the world is to become more **specialist**. But newsagents are becoming more **generalist**. They are stocking more and more categories – from scratchies, to lotto and lollies; from cards and books and stationery to bus tickets and dry cleaning...

All which diminishes the place newspapers play in their businesses. The days of a newsagent feeling like they are part of a news delivering business are regrettably gone. Now they are just like any other small business people with little specialist knowledge.

Newspapers are the source of 25 per cent of newsagents' turnover. In Australia, in a year, that amounts to an not-inconsiderable \$625 million.

Yet we find our product being pushed further and further towards the back of the shop.

The world moves in cycles, yet the newsagency system remains immovable.

We used to get our newspapers, bread and milk delivered to our doorsteps. Gradually, bread and milk deliveries stopped, but news agents persisted.

Then, not so long ago, home delivery came back in vogue – for pizzas, for restaurant take-away foods, for liquor, for your greengroceries, and now, just about everything.

The international computing giant Dell does not own a shop front. Every computer it sells is delivered to your front door.

Shopping on the Internet is growing – creating a need for fulfilment of orders.

That creates a great opportunity, but it has not been taken up by newsagents who go past all those homes every day.

As I mentioned earlier, the most hotly contested part of the emerging digital communications industry is the last mile to the home. The competition to be in the home with set-top boxes or whatever, for interactive communication is fierce.

Yet we have not only handed over that last mile to someone else – we have shown that we have been prepared to pay for inferior service.

That, in my view is not very clever, especially when you consider the home delivery client is **like gold**: he or she has made a commitment to your product, and has often paid upfront. So why do we degrade our products in their delivery?

Can you imagine a car maker polishing up his duco to make a sale, then, on delivery, crashing the car, bending it, scrunching it, distorting, tearing and battering it – or driving it into the swimming pool?

That's what we do. Before we give our finely crafted product to our home readers, we well nigh wreck it, hide its greatest selling point – the front page – then wrap it in plastic which is almost impossible to open.

How clever is that?

And what other industry would be dictated to about what it can, and can't do with its product?

At The Australian, we thought it would be nice if we gave away a free Paul Kelly CD with each copy of The Weekend Oz. But, as you understand, a CD won't roll up with the paper, or go through a wrapping machine.

So we wrote three letters to our newsagents explaining what we were doing, and followed it up with a fourth letter from the editor in chief. These letters explained the CD would be in a plastic bag with the Weekend Australian Magazine, and newsagents would receive an additional 7.5 cents per copy to delivery the paper flat.

This was a big undertaking. We brought forward the magazine deadlines, and delivered them around the nation in special containers to ensure the CDs weren't damaged.

The results:

Some newsagents opened the shrink-wrapped magazine and took out the CD. They then inserted a note in the plastic bag and invited customers to come to the store to pick up the CD – then they rolled the magazine as normal.

Or – some sold the magazine separately at the point of sale.

Or – Some delivered the magazine as part of their home deliveries on Thursday – the day they received the magazine.

Or – some were still delivering the paper on the Sunday

And – due to all of that – many newsagents found themselves under-stocked on the Saturday when readers responded to the TV and radio campaign to support the promotion.

I could go on, but if you're in newspapers, you know what I'm talking about.

In a normal situation, this kind of performance would cause any customer to look elsewhere for alternatives. Inevitably, there would be someone willing to do it better.

I believe that is the case: In the UK home delivery papers arrive flat, in clear plastic bags so that their front pages can be seen, and at weekends, there is a huge variety of extra material delivered in those bags.

Not only CDs, but everything from regionally targeted catalogues and fliers on in-store promotions, to toothpaste and samples of perfumes.

Give us a demographic or a regional target, and our papers in the UK will hit it for you.

And the best news – sales have risen since the system was introduced.

These possibilities are obviously appealing to us, and we at News Limited are working on ways we may implement them.

If our industry wants to think outside the square and go after more revenue opportunities, it has to get the front of house operations into shape.

Competition should do the job. There's nothing like competition to get people to lift their game. I'd wager if we called for competitive tenders to deliver our papers around the country flat, by 6 am daily, carrying whatever insert we wanted, we'd have proposals from Australia Post and the logistics companies in a flash.

But, in NSW, we are in the second year of an effective four year contract to maintain the newsagency system.

I am not proposing the overthrow of that agreement, but clearly, I am thinking about what happens in 2005 – and I know my counterparts at other publishing companies are also reviewing their options.

The base-line question is: Should publishers have a greater say in the way newsagencies are structured and run? In my view, unquestionably yes.

The current situation effectively means we are in the hands of people who all too often put their interests ahead of ours, and are increasingly resorting to the courts and talking the language of unionism in order to collectively bargain with us – or should I say, against us?

The Australian Newsagents' Federation describes itself as "the newsagents union" and wants to collectively bargain and boycott the delivery of our newspapers.

That's not my idea of a satisfactory partnership.

We work hard to entice new readers, and we spend a lot doing it. We are determined our efforts will not fail at the last mile.

I guess what I've been talking about today has concentrated on our short-range vision, rather than long range. If we are to Create our Future as an on-going, vibrant, appealing and profitable sector of the communications industry in the long term, we must ensure the fundamentals are right, **today**.

It has been fashionable over the years for pundits to predict an end of the process of selling pulped up trees on street corners – and perhaps that will happen one day – but that's really no more than a method of delivery question, and it's a long, long way off.

As newspaper people, we've got plenty to do in the interim. If I may summarise ...

ONE: We must polish up our journalism and make it more relevant to the needs and interests of our customers;

We need to put aside the temptations of snobbery and elitism, and concentrate on what is meaningful to our readers.

TWO: We must harness our power to communicate, and our power to influence, and better market ourselves;

Radio has done it for years; TV is doing it; publishers are doing it in the UK ... yet we come at it piece-meal, or not at all. I don't know why we're shy about pushing our strengths to both our customers – readers and advertisers – but if we want to maintain our share in both areas, we need to shout out about it from the rooftops.

And THREE: we must modernise the dinosaur which is our delivery system.

We need to take back control of our own delivery systems and to build on them to take advantage of the many add-on things we can do for clients at a local, community, city-wide, state-wide or national level.

If we do all these things we can profoundly influence how successfully we take our industry into its fifth century.

By addressing the issues, by thinking laterally, by challenging the status quo, by being creative and willing to take risks, accepting that we may from time to time stumble and fail, we can **Create our own Future**.

It's a creative challenge, and one we at News Corporation embrace fully.

As Rupert Murdoch has said, our past is our prologue, because our history has created the skills and talents, and endowed us with the assets we need, in order to create our future successes.

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