



NATIONAL DAILIES MARKET IN NIGERIA: A FIVE-YEAR EMPIRICAL STUDY OF NEWSPAPER BUSINESS AND ITS INTERACTIONS WITH DEMOCRATIC PRACTICES IN NIGERIA

Abstract

Using an empirical approach and relying on core media management research theories – strategic management, structural contingency and the economic – for background, this research studied the financial situations of newspapers in Nigeria between 2015 and 2019 to find out how their prolonged financial difficulties interact with their ‘responsibility’ to Nigeria’s democracy. It found that the financial troubles of the newspaper market in Nigeria are manifested in the marked decline of traditional revenue sources, shutting down of bureaus and titles, retrenchment of quality hands as well as poor remuneration and non-payment of journalists’ salaries. Subtly and directly, these have impacts on Nigeria’s democracy, especially when it is considered that newspapers are valued civic engagement and accountability tools in democracy. The recurrent drop in circulation figures, closure of bureaus and retrenchment of quality manpower indicate that newspapers in Nigeria are in a precarious financial state, which affects their capacity to support profound democratic practices in the country.

Keywords: Newspaper market, Nigeria, democratic practices

Introduction

In a 2020 report titled “The News Landscape in 2020: Transformed and Diminished,” the University of North Carolina (UNC) School of Media and Journalism, Center for Innovation and Sustainability in Local Media, stated that the United States (US) had 6,700 newspapers at the end of 2019, down from the almost 9,000 which existed in 2004. With that, the UNC report specified that more than 200 of the 3,143 counties and equivalents in the US do not have newspapers or alternative sources of credible and comprehensive information on critical

issues, including local and national developments (Abernathy, 2020). It further highlighted the importance of a stable press in democratic governance systems, deducing that when societies choose democracy as a preferred form of governance, they should equally embrace the free (independent) press. Clearly, the report stated the dangers of limited or lacking of numbers of independent press.

Due to its membership in the global newspaper ecosystem, the situation described in the UNC report applied to Nigeria, a country of over 200 million people, in 2019, according to the World Bank data. The country also returned to democratic governance in 1999, after about 15 straight years of military governance. During both eras of military and democratic governance, i.e., between 1984 – 1999 and 1999 – 2019, its newspapers population steadily declined (Ishiekwene, 2017) and a number of quality titles were shutdown.

When newspapers close or are shuttered either by economic, operational, or governmental forces, citizens' access to information on national and local issues, as well as democratic governance processes, are mostly limited or equally shuttered; and this can affect the quality of democracy in societies. Lalwani (2019) and Dinges (2010) described a free press or independent journalism as the lifeblood of democracy, because in democratic governance setups, independent journalism mostly holds power to account by uncovering 'truths' and informing the society. In Nigeria, newspapers have played important roles in this regard, from being the bastion of the nationalists' struggles against British colonialism between the 1900s and 1960, when the country gained independence, to supporting pro-democracy champions against military despots who overthrew democratically elected governments at various times afterwards.

In their role, newspapers have helped to define and shape the country's governance systems and trajectories (Michael et al, 1986). Today, however, reported cases of drops in circulation figures, decline of advertising revenues, closure of bureaus or titles, retrenchment of quality manpower and scarcity of financial models for public-interest journalism amongst others suggest that the economics of newspapers in Nigeria are challenged and this could be a danger to the country's democracy. Reichel (2018) and Lalwani (2019) posited that when newspapers are out of business, citizens' right of access to information are infringed, just as democratic governance stands the risk of been destabilised by poor government accountability, or even misinformation.

With regards to the relationship between the independent press and modern democracy, this research investigated the economic conditions of newspapers in Nigeria. It identified the linkages between a buoyant or broke newspaper market with a virile or weak democratic practice in Nigeria, and included an analysis of the advertisement and circulation revenues – two major independent revenue sources for newspapers in Nigeria, as well as other alternative revenue sources available to the newspapers. Revenue streams, such as financial aids and endowments and grants for independent journalism, as well as earnings from bilateral business arrangements, all fell under the alternative revenue sources dataset investigated in this research. Additionally, the research used core media management theories to study and analyse the business models of the newspapers and gained insights on how financially sustainable they are to carry on their democratic responsibilities. This provided in detail an understanding on: (1) how journalists do their work, (2) how news content is distributed, (3) the structure or organization of the modern newspaper newsroom in Nigeria, and (4) the relationships between newspapers and their audience in terms of content preference (Pavlik, 2010).

The central questions addressed by the research were: Is the modern newspaper business in Nigeria sustainable? Are there risks to Nigeria's democracy from the state of her newspapers market?

Methodology

A mixed methods strategy, which included the combination of qualitative and quantitative methods, was used in this research, specifically to maximise the strengths of both methods. Bryman (2012) noted that one possible response to the recognised weaknesses and strengths of qualitative and quantitative research methods is to combine them in research activities. Furthermore, Tashakkori and Teddlie (2003, 2010) and Bryman (2012) noted that the concept and practice of mixed methods research has increasingly gained acceptance. Thus, the method was chosen to gain deeper insights from both quantitative and qualitative datasets analysed.

A correlational research design – survey or self-completion questionnaires, thematic content analysis and interviews, was adopted to operationalise the research questions. Data was collected from an online questionnaire containing 25 relevant questions administered to newspaper journalists, editors, and publishers (the scope was limited to national dailies, i.e. newspapers with national reach, including online-based publications), interviews of newspaper publishers/CEOs and relevant civil society organisations working in/with the media industry in Nigeria, as well as scoped thematic analysis of two major annual market reports – the PricewaterhouseCoopers (PwC) Entertainment and Media Outlook for Africa, and Media Fact Book West Africa, which contain annual newspapers advertisement earnings in Africa and Nigeria.

The market reports provided data on the advertisement revenues of newspapers in Nigeria within the scoped period. Both reports, which are produced annually, are recognised industry reference resources. The thematic coding framework adopted in the analysis was newspapers' revenue from advertisement and circulation sales or earnings, and newspapers' revenue from the government's spending on advertising.

In addition to the quantitative content analysis, measures of relational qualitative content analysis were used to identify other key subjects which provided insights into the relationships between newspapers businesses and democratic practices in Nigeria, as seen in the context of government advertisement spending.

The research attempted an analysis of the records of annual business filings of newspapers to the Nigerian Corporate Affairs Commission (CAC) but failed to gain access to this dataset, which were not available on the database of the CAC. This suggested that the mandatory annual business filing of newspapers to the CAC as it concerns their operations is perhaps shirked by the newspapers.

Theoretical discussion/background

Strategic management theory, which is widely used in media management studies (Mierzejewska and Hollifield, 2005), was used to understand why some newspapers perform better than others in Nigeria. This theory focuses on strategic management research and addresses issues which relate to the strategy of newspaper market concentration. The structural contingency theory, another core media management research theory, was also used to explain the relationships between organizational structures and performance outcomes amongst newspapers in Nigeria (Mierzejewska and Hollifield, 2005). Mierzejewska and Hollifield noted that this theory is grounded on economic assumptions of rationality, which states that organizations will mostly adopt the structures that help them maximize

efficiency and optimize financial performance according to the specific contingencies that exist within their market environment. In Nigeria, these contingencies may include financial constraints and political pressures. This theory therefore helped to understand the effects of ownership structure on content or editorial focus of newspapers in Nigeria.

Finally, economic theory, which Mierzejewska and Hollifield (2005) described, helps to explain several pressing economic questions in media management, was used to understand whether demand exists for newspapers' products in Nigeria, if a feasible market model exists, if they are leveraged by newspapers operators to gain and remain financially independent, and the objectives as seen in content production and delivery. With this traditional economic theory, insights into the demand, market competition, marginal costs, and economies of scale and scope in Nigeria's newspaper market was gained for the research.

Materials and analyses

Key financial data analysed in this research for the scoped years of 2015 to 2019 indicated that financially, newspapers in Nigeria are constrained, weakened and unable to support healthy democratic practice in the country. Clear cases of declining revenues of newspapers showed that it is increasingly difficult for newspapers to stay honest to their democratic responsibility. Advertisement and circulation sales, which are traditional sources of revenue for newspapers in Nigeria, are now threatened. Between 2015 and 2019, the data from the Media Fact Book showed that the annual above the line (ATL) advertisement earnings of newspapers fluctuated between N 23.7 billion in 2015 to N 18.1 billion in 2016, N 17.6 billion in 2017, N 20.8 billion in 2018 and N 19.6 billion in 2019. These were significantly less than the ATL advertisement earnings of televisions within the same period. Furthermore, the PwC data, which included spending on print newspapers by advertisers and readers, advertising on newspaper websites and newspaper tablet and mobile phone apps, also showed that the newspaper market remained flat over the period in attracting advertisers who preferred other media (television and online outlets especially) to reach consumers.

According to the data analysed, total newspaper revenue in 2015 was flat at USD 166 million, with advertising revenue declining to USD 54 million while circulation revenue grew to USD 111 million. In 2016, total newspaper revenue declined to USD 125 million, out of which advertising revenue contributed USD 39 million and circulation, USD 86 million. In 2017, a total revenue of USD 100 million was reported as the industry's earning for the year, with USD 29 million and USD 71 million contributed by advertising and circulation activities respectively. USD 90 million was reported in 2018, while a projected advertising revenue decline of USD 25 million and USD 24 million in 2019 and 2020 respectively was reported by the PwC. From these, circulation revenue will equally remain flat for the periods at USD 66 million respectively. The projected total market's revenue for both years was flat at USD 91 million.

The survey work concentrated on investigating the central research questions: *Is the modern newspaper business in Nigeria sustainable? Are there risks to Nigeria's democracy from the state of her newspaper market?* Additionally, questions designed to cover the firmographic and psychographic aspects of newspaper business in Nigeria, as well as the socio-political influence of newspapers in the country's democracy, were posed.

In summary, the survey result showed that 33.3% of the 20 surveyed newspapers circulated more than 100,000 copies daily (specific circulation figures were not given for

competition purposes), while 81% rely on advertisement and circulation revenues as primary funding sources. 14.3% of respondents, however, identified government 'subventions' as the primary funding sources for their newspapers. The balance of 4.8% recorded donations and subscriptions as the primary funding source for their newspapers. 42.9% of the respondents disclosed that the annual gross income of their newspapers was more than N100 million (about USD 263,000 using the N 380/\$ May 2021 naira to dollar exchange rate of the Central Bank of Nigeria). 61.9% recorded that journalists at their newspapers were paid between N 70,000 (USD 184) and N 90,000 (USD 237) as their monthly basic salary, and this translated to an annual salary of N 840,000 (USD 2,211) – N 1.080 million (USD 2,842).

To gain further insights into the competitiveness of the wages paid to journalists in Nigeria and how that can support their monthly living expenditure in a manner that guarantees them financial independence, the March 2021 Nigeria Living Standard Survey (NLSS) and Consumer Price Index (CPI) report of the National Bureau of Statistics (NBS) was analysed for reference. The NLSS showed that the average household size in Nigeria is 5.06 persons per family, with a 0.97 average dependency ratio (ratio of the population which is typically not in the labour force and are likely to be economically 'dependent' on the support of others typically in the labour force; it is used to measure the pressure on the working population), while the CPI measured the average change over time in prices of goods and services consumed by people for day-to-day living.

Using the prices of 740 goods and services, the CPI showed that Nigeria has repeatedly recorded year-on-year rise in inflationary rates. Thus, the impacts of inflation on consumers' purchasing power could have direct effects on journalists' standard of living in the country. The NBS data further showed that within the five-year scope of this research – 2015 and 2020, the country's inflationary rates were 9.05%, 15.7%, 16.5%, 12.78%, 11.9% and 12.8%, respectively. Additionally, 42.9% of respondents recorded that they observe subtle instances of pressure (patronage withdrawal, editorial content influence, financial difficulties, etc), which suggested that their newspapers are obstructed from fulfilling their democratic duties of providing valuable information to their audience. 33.3% of the respondents also recorded that these obstructive tendencies were obvious and operational, while 23.8% of respondents indicated otherwise, i.e., newspapers were free to fulfil their democratic responsibilities.

From the thematic analyses of interviews, dominant phrases such as: 1. *healthy democratic engagements* – a description of the level of engagement of newspapers in democratic processes in Nigeria, 2. *precarious financial situation* – indicating the financial state of newspapers in Nigeria, 3. *loss of editorial independence* – representing the increasing loss of trust-worthy and independent newspapers in Nigeria, 4. *hugely politically-inclined* – used to describe newspapers immense dependence on politically-exposed benefactors and patrons to operate and high incidence of newspaper ownership by former or active governors and political office holders in the country, were detected. Additionally, 5. *poor and inadequate capitalization* – which explained the low-level or non-existent interest of commercial investors in newspaper business in Nigeria and pitiable financial spine of newspapers, 6. *heavy government and corporate meddling* – which highlighted the deep-rooted and indirect influence of editorials of newspapers in Nigeria by large advertisers such as governments and private clients, 7. *profound corruption in the newspapers* – used to identify and accentuate the internal corruption prevalent amongst newspapers and which knocks negatively on their duty, 8. *risky operational situation* – which explained the poor remunerations, unsafe practices, and subtle arm-twisting mechanisms used to limit newspapers support of quality democratic practices through accountable journalism, were decoded from the interviews.

Conclusions

With its empirical focus, this research highlighted the strong connection between a financially healthy or troubled newspaper industry and a robust or weak democratic practice in Nigeria. The analysed data showed that newspapers in Nigeria are financially constrained, weakened and unable to support healthy democratic practice in the country. This is supported with key data on the revenues of newspapers, which evidenced a steady decline in advertisement and circulation sales – both are the traditional revenue sources for newspapers in the country. The findings of the research noted the evident vibrancy of the newspaper market in Nigeria, but this is mostly in outlook, not necessarily in substance; that is, with regards to carrying out the most vital aspects of its responsibility to democracy, which is accountability and follow ups on key issues.

Too often, newspapers in the country engage and sustain democratic debates, which are important and mostly seen during electioneering, but that happens to a certain level. The industry seldom goes beyond the surface to sustain accountability and civic engagement in the country's democracy, especially after elections are won and lost. The capacity to do this is mostly defined by finances, which they cannot muster.

In addition to Nigeria's newspaper market being overwhelmed by a precariously declining financial situation, there is also a defining loss of editorial independence, as suggested by an increasing loss of trustworthy and independent journalism in the country. Most newspaper CEOs interviewed alluded to this.

Equally, the country's newspapers are hugely politically inclined, with immense dependence on politically-connected benefactors and patrons; this is further explained by the high incidence of newspaper ownership by former or active state governors and political office holders in the country. Research showed that two national dailies with extensive reach are owned by a former governor charged for financial crimes while serving in office.

As shown by the low-level, or non-existent, commercial or institutional investors in newspaper business in Nigeria, the market is also found to be poorly capitalized, and this ensures that it is unable to stay independent. In this regard, this research found that there is heavy government and corporate meddling in newspapers operations, as often seen in deep-rooted indirect influence of newspapers' editorials by large advertisers, which include government and private clients. This was simply explained by a participant in the interviews as: *"premium advertisers no longer issue press releases but write the stories which are published untouched or unedited in the newspapers."* This is also clearly manifested in the widespread similarities in news stories published in newspapers daily, and thus the suspicious level of homogeneity of news events.

Added to these troubles for newspapers in Nigeria are profound internal corruption and the greedy, profligate lifestyles of the proprietors, who fritter away the meagre resources earned. This 'standardised' attitude of newspaper owners negatively impacts on the operations of newspapers and their responsibility to democracy. It also creates a risky operational situation for newspapers, as characterised by the poor remuneration of journalists, unsafe practices, and subtle arm-twisting mechanisms – mostly from government and advertisers, which this research highlighted. Other operational challenges of newspapers that were found were heavy taxes on production inputs, difficult logistics and distribution processes, as well as competition for advertisement revenues from digital platforms such as Google and Facebook. The high import tax on key production materials, such as newsprint and inks, equally contributes to low daily print runs of newspapers in the country and the subsequent loss of competitiveness (print runs are frequently cut down and the choice of what news to publish is heavily prioritised).

In conclusion, the market conditions of newspapers in Nigeria are precarious and will continue to define the country's democratic practice. Because newspapers play an important role in a democratic society, the financial failure of newspapers in Nigeria have a direct impact on the quality of the country's democracy.

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