

**THE ADVERTISING FACTOR IN THE GROWTH AND DEVELOPMENT OF
INDEPENDENT NEWSPAPERS IN GHANA – A CASE STUDY OF *BUSINESS AND
FINANCIAL TIMES***

BY

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DECLARATION

I hereby declare that this dissertation is the result of my own research work carried out at the School of Communication Studies, University of Ghana, Legon. No part of this study has been published elsewhere. All references cited have been duly acknowledged.

.....

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DEDICATION

To the memory of my late brother, Eli Kojo Kuwornu



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I am grateful to You, Almighty God, for the gift of life and for seeing me through this programme.

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TABLE OF CONTENTS

TITLEPAGE	PAGE
DECLARATION	i
DEDICATION	ii
ACKNOWLEDGEMENTS	iii
TABLE OF CONTENTS	iv
LIST OF FIGURES	v
ABSTRACT	vi
CHAPTER ONE	1
1.0 INTRODUCTION	1
1.1 Background	1
1.2 Visual Text and Newspaper Growth	2
1.3 Business Strategies and Newspaper Growth	2
1.4 Content and Newspaper Growth	3
1.5 Advertising Revenue and Newspaper Growth	3
1.6 The Ghanaian Newspaper Landscape	4
1.7 The Business and Financial Times Newspaper	5
1.8 Problem Statement	7
1.9 Objectives of the Study	8
1.10 Research Questions	10



1.11 Scope of the Study	10
1.12 Significance of the Study	11
1.13 Summary	11
CHAPTER TWO	12
2.0 LITERATURE REVIEW	12
2.1 Introduction	12
2.2 Theoretical Framework	12
2.2.1 Background	12
2.2.2 Works by Media Economists on Microeconomics Concepts	13
2.2.3 Microeconomics Theories Used in Media Economics	14
2.2.4 Methodologies Used in Media Economics Research	15
2.2.5 Standard Concepts in Media Economics	16
2.2.6 Critique of Theory of Media Economics	18
2.2.7 Application	19
2.3 Related Works	21
2.3.1 Challenges Newspapers Face	21
2.3.2 Factors that Account for Newspaper Growth	23
2.3.3 Link between Advertising and Newspaper Growth	25
2.4 Summary	27

CHAPTER THREE	28
3.0 METHODOLOGY	28
3.1 Introduction	28
3.2 Research Design	28
3.3 Sampling	29
3.4 Data Collection	30
3.5 Data Analysis	32
3.6 Summary	33
CHAPTER FOUR	34
4.0 FINDINGS	34
4.2 Challenges Facing <i>Business and Financial Times</i>	34
4.2.1 Low Readership, Circulation and Penetration	34
4.2.2 Human Resource	35
4.2.3 Newspaper Reviews	36
4.2.4 Technological Advancement	36
4.2.5 Advertisers Lag in Paying Time	37
4.2.6 Advertiser Influence	38
4.3 Measures to Mitigate Challenges	38
4.3.1 Distribution of Free Copies	38
4.3.2 Investment in Newsroom	39
4.3.3 Multimedia Diversification	40
4.3.4 Barter and Events	41
4.3.5 Special Projects	42

4.3.6 Managing Advertiser Influence	43
4.4 Factors That Accounted For the Growth of <i>Business and Financial Times</i>	43
4.2.1 Content	44
4.2.2 Sales and Circulation	45
4.2.3 Events	46
4.2.4 Advertising	47
4.3 The Role of Advertising in the Sustenance and Growth of the B&FT	48
4.4 Summary	50
CHAPTER FIVE	52
5.0 CONCLUSION	52
5.1 Introduction	52
5.2 Summary of Findings	52
5.3 Limitation	54
5.4 Recommendations	55
5.5 Conclusion	55
BIBLIOGRAPHY	
APPENDIX: INTERVIEW GUIDE	

LIST OF FIGURES

FIGURE	PAGE
Fig 4.1: Factors that Accounted for <i>Business Financial Times</i> ' Growth and Sustenance	48

ABSTRACT

This study investigated the advertising factor in the growth and development of independent newspapers in Ghana and used the *Business and Financial Times*, as a case study. Objectives of the study were firstly to ascertain whether newspapers operating in Ghana, a developing country, faced similar challenges as American and European newspapers. The study's second objective was to find out the measures management of the *Business and Financial Times* adopted to mitigate these challenges and also find out the role advertising played in the growth, development and sustenance of the newspaper. After in-depth interviews with the Business and Development Manager and the Editor, the study found that advertising, content, events, sales and circulation accounted for the newspapers growth and development. The study also found that the newspaper faced similar challenges - low readership, circulation and penetration of the newspaper, limited human resource, technological advancement of online news, advertisers lag in paying on time and advertiser influence on content - like those in the global north. One challenge which was found to be peculiar to Ghana was newspaper review programmes on radio. Management of the *Business and Financial Times* employed distributing free copies of the newspaper, investing in newsroom, multimedia diversification and barter to mitigate these challenges. However, even though revenue from advertising was the biggest contributor to *Business and Financial Times'* growth and development, advertising revenue does not come immediately newspaper space is sold to enable management plan their operations. The newspaper's management therefore resorted to the employment of certain business strategies and measures such as events to generate readily available funds.

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background

The overwhelming popularity of the internet, the booming of the free newspaper distribution and the multiplication of audiovisual media outlets are severely dwindling and damaging newspaper circulation figures (Carvajal and Aviles, 2008). The newspaper industry in Ghana is no different as it faces a myriad of challenges ranging from changing trends in advertising and rising costs due to the worldwide financial crisis to a decline in circulation arising from economic constraints facing newspaper readers and the advent of internet news (www.theghanaijournal.com, 2009). Advertising revenues have suffered a downward trend as a result of technological advancement particularly the advent of online news channels. Many newspapers that had proliferated the Ghanaian newspaper industry over the past few years have suffered as a result (Boah-Mensah, 2009). Boah-Mensah added that while many found it difficult to publish regularly, many others have folded up due to lack of advertising.

Picard (2004) argues that to ensure growth, publishers in the newspaper industry today are convinced that newspapers must be managed differently to respond to emerging challenges. As a result, many publishers have adopted a range of strategies that have further commercialised the industry, making commercial consideration equal to or sometimes more important than editorial quality or social concerns. Some of these strategies are visual text (Machin and Niblock, 2008),

business growth strategies (Carvajal and Aviles, 2008), news content (Picard, 2004) and advertising revenue (Bagdikian, 2000).

1.2 Visual Text and Newspaper Growth

Branding of newspapers has become critically essential to the survival and growth of newspapers as patronage has been found to be heavily influenced by visual appeal. Kress and Van Leeuwen (2001) opined that we now live in a world that communication happens increasingly at a multimodal level. Ideas, moods and compositional coherence are realized simultaneously by the linguistic and visual mode. Machin and Niblock (2008) have also found that communication in its linguistic and visual modes have increasingly come to exchange roles and work together. They further assert that news does not have the role of bearing witness or documenting reality anymore. But rather readers of newspapers now find news as a reality that is designed to address them in the first place as consumers as what they read, both in content and form of address connotes values such as creativity, forward thinking among others. Newspaper publishers in turn have to think of those who buy their newspapers as consumers with aesthetic preferences rather than simply as readers (Machin and Niblock, 2008).

1.3 Business Strategies and Newspaper Growth

Changing trends in the newspaper industry, triggered to a large extent by technological convergence, have incited newspaper publishers to adopt business strategies to ensure the survival and growth of their newspapers (Carvajal and Aviles, 2008). Multimedia diversification

is one of the most frequent growth strategies of newspaper companies. Media outlets are increasingly getting integrated in what media economists call “multimedia groups” that comprise a newspaper, its online edition, a local radio station, a local television station and an advertising sales company. In Ghana, the cases of Multimedia Group, Global Media Alliance, Despite Group of Companies are clear examples of multimedia groups. These integrations aid in cross-promotion and advertising aggregation. Cross-platform advertising packages will enable newspapers recoup substantially more marketing income than those traditionally limited to newspaper display and classifieds. Publishers have therefore developed a multimedia strategy to gain several competitive advantages in their respective markets.

1.4 Content and Newspaper Growth

According to Picard (2004), the primary content of newspapers today, in the wake of economic pressures and changing trends in the newspaper industry, is commercialised news and features designed to appeal to a broad spectrum of audience, to entertain, to be cost effective and to keep readers whose attention can be sold to advertisers. Lacy and Hugh (2004) have also opined that quality content attracts readers and failure to provide acceptable levels of quality content will lead to decline in circulation and penetration and thus stifle the growth of the newspaper.

1.5 Advertising Revenue and Newspaper Growth

Revenue from sales helps a newspaper to grow, however small. However, establishing, operating and publishing or producing a newspaper is rather expensive and newspaper houses cannot depend on stipends they make from the sale of their newspapers to run their businesses.

Newspaper fixed overheads are high. Trucks, fuel, newsprint, ink, pressroom labour; everything that goes into printing requires money. And that kind of money certainly cannot accrue only from the sale of newspapers. With increasing popularity of internet news, most newspaper houses have gone online making sales even a greater challenge as most members of the public prefer to read the news on the internet rather than buy newspapers (Graham & Smart, 2010).

According to Graham and Smart (2010), the internet has led to falling advertising revenue and dwindling circulation of newspapers. They add that readers do not pay for online content and also income from the sale of web-based advertising space is significantly lower than the printed form. Publishers of newspapers therefore turn to advertising as a source of funding. Advertising plays a very important role in the growth of the media and most media houses, and for that matter newspapers make their money from advertising, which brings in more than 75 per cent of newspapers revenue (Bagdikian, 2000) while sales add the rest. Weis and Burke (1986) (cited in Fog 1999) have also stated that newspapers get more than half of their revenues from advertisers, and most radio and television stations get all their revenues from advertising and sponsorship.

1.6 The Ghanaian Newspaper Landscape

Newspapers in Ghana are either state-owned or privately owned. The government subsidises one of these state-owned newspapers, *The Ghanaian Times*. The other state-owned newspaper, the *Daily Graphic* is operated as a business entity and pays dividends to government at the end of every fiscal year. According to Picard (2002), state-owned newspapers also depend on revenue from advertising to support their operations because whether a media company is private or

state-owned operation, it faces a myriad of economic and financial forces that requires it to be operated as a business entity in order to effectively respond to and manage those forces.

The privately owned newspapers in Ghana are either partisan or non-partisan. Petrova (2009) defined partisan newspapers as those that are established to serve the interests of particular causes, be it political or other. *Daily Guide*, *The New Statesman*, *The Ghanaian Democrat* and *The Punch* are examples of partisan newspapers in Ghana because of their affiliation to political parties. Petrova (2009) further asserts that non-partisan newspapers are however independent of governmental and political influence but may or can be to subject to corporate influence. Aside *The Finder* and *The Public Agenda*, most of the other independent newspapers in Ghana are either entertainment or business newspapers. Most privately owned newspapers in Ghana are commercial and largely operate with the intention of making profit. One major source of income that they depend on is advertising. As noted by Picard (2002), advertisers are very critical to the success of American commercial media because they provide the primary revenue stream that keeps most of them viable. The private media and for that matter privately owned non-partisan newspapers exhibit the highest levels of dependence on advertising income for they do not receive revenue or income from any other source aside advertising, sponsorship and sales. This holds true of Ghanaian privately owned non-partisan newspaper.

1.7 The Business and Financial Times Newspaper

The Business and Financial Times newspaper was established in 1989 by Mr. John Hanson (www.thebftonline.com, 2011). The newspaper is targeted at corporate Ghana and other

business owners as it exists to provide the target audience with the needed business and financial news and information for making informed decisions to propel growth in the various sectors of the Ghanaian economy. Prior to its establishment, business information could only be gotten from the one-page business pages of the state-owned media – the *Daily Graphic* and *The Ghanaian Times*.

The newspaper after few years in operation faced serious financial challenges. In 1999, the paper was acquired by Everest Ekong of the *Business in Africa Group* of South Africa. This acquisition saw the beginning of a transformation of the paper to its current state. This transformation included staff restructuring as well as rebranding. Changes to the paper size, type and mast head were changed to make it more attractive and appealing. According to the newspaper's official website, the paper has grown to become one of the leading providers of quality, relevant and credible business and financial information in the country, having carved a niche for itself among the investing public, chief executive officers of both local and multinational firms and organisations, policymakers and the international community (www.thebftonline.com, 2011).

More recently, the newspaper has begun publishing the *B&FT Weekend*, which seeks to discover the social side of corporate Ghana and also provide a unique platform for advertisers who want to reach the previously un-served niche of socially-minded members of the business community. Aside the publication of newspapers, the company is also involved in event management. It has over the years organised a number of local and international events, including a day's international seminar on the deregulation of the petroleum downstream sector for the Ministries of Energy and Finance. This event ushered Ghana into the petroleum deregulation era. Other events also include the Best Sector Performance Awards, the Life

Assurance Forum, the Ghana Private Medical and Dental Awards, Ghana's Most Respected Company and CEO Awards, West African Banking Congress, Ghana Auto Expo, Northern Business and Investment Fair, the Western Business & Investment Fair and the internationally acclaimed Pan-African leadership event, the annual African Business Leaders Forum. *B&FT* also organizes the annual Ghana Economic Forum.

1.8 Problem Statement

Studies by Kodrich (2008) and Gufstasson (2006) have established that funding of mass media in general and newspapers in particular by advertising is so important that without advertising, media systems would break into pieces. Picard (2002) also found that advertisers are very critical to the success of American commercial media because they provide the primary revenue stream that keeps most of these media viable.

In the last few years, the newspaper industry in Ghana has faced challenges ranging from changing trends in advertising and rising costs due to the worldwide financial crisis to a decline in circulation arising from economic constraints facing newspaper readers. The advent of internet news has also contributed to the decline (www.theghanaijournal.com 2009). The situation is further compounded by dwindling advertising revenues arising from internet circulation of news which reduces profits from advertising. As a result, many newspapers that mushroomed over the past few years cannot publish on a regular basis while others have died out completely due to lack of advertising (Boah-Mensah, 2009). For example, the *Daily Guide*, one of the private newspapers in the country has cut staff and the *Business Chronicle*, a subsidiary of *The*

Ghanaian Chronicle as well as the *Ghana Market Watch* among others have closed down their operations (Boah-Mensah, 2009).

In the midst of this challenging private newspaper industry, the *Business and Financial Times* has not only survived but has grown from a weekly paper to publishing four times in a week. Baldasty (1992), Picard (2002), Petrova (2008) and Starr (2004) have found that mainstream American newspapers generally earned over 50 per cent and up to 80 per cent of their revenue from advertising. In Europe as well, this percentage lies between 40 per cent and 50 per cent (Baker, 1994; Gabszewicz, Laussel and Sonnac, 2001). The relationship between advertising and newspaper growth has long been established in the works of these scholars. But these scholars have written on the subject from the perspective of the global north.

Could the situation be the same in Ghana? In the context of the contribution of advertising revenues in the growth of newspapers in America and Europe, this study critically examined the role advertising played in the growth and development of the *Business and Financial Times* newspaper in the midst of a challenging private newspaper industry in Ghana.

1.9 Objectives of the Study

Newspapers the world over face challenges at some points in their existence. Schmalbeck (2010) in his study, *Financing the American Newspaper in the Twenty-First Century*, asserted that American newspapers suffered a decline in readership because of the advent of other media platforms that had emanated as a result of technological advancement. He further stated that

these new media appeal to the younger demographics who are mostly the target of advertisers. The decline in readership that arises from the internet circulation of news reduces profits from advertising, leading to desperate cost-cutting, and in effect, the quantity and quality content and finally resulting in the initiation of losses in readership and revenue. This study intends, as its first objective, to ascertain whether or not the *Business and Financial Times*, a newspaper operating in a developing country, faces similar or totally different challenges.

According to Picard (2004) to ensure growth, publishers in the newspaper industry today are convinced that newspapers must be managed differently to respond to emerging challenges. As a result, many media firms have adopted a range of strategies to face the challenges. These strategies most often than not have further commercialised the industry making commercial consideration equal to or sometimes more important than editorial quality or social concerns. The second objective of this study is to find out the strategies *Business and Financial Times* have put in place to ensure its sustenance and growth.

Private newspapers largely operate with the intention of making profit and one major source of income that these private newspaper houses depend on is advertising. Advertising is the primary source of funding for most privately owned media (Picard, 2002). It is thus imperative that newspapers attract and maintain a high proportion of advertising in order to cover the costs of production as inability to raise advertising revenue could result their demise. Given the *Business and Financial Times'* success in the face of the tough newspaper environment in Ghana, this study had, as one of its objectives, to examine the role advertising has played in its sustenance and growth.

1.10 Research Question

A research question was outlined to give directions to this study and to also provide essential and relevant information to understanding the research topic. Research questions, according to Wimmer and Dominick (2003), are formally stated questions intended to provide indications about something but not limited to investigating relationships between variables. Research questions are particularly useful and appropriate when a researcher is unsure about the nature of the problem under investigation. The research question answered in this research was:

RQ. What critical role did advertising play in the sustenance and growth of the *Business and Financial Times* against the backdrop of a challenging newspaper industry in Ghana?

1.11 Scope of the Study

A lot of factors account for the growth and development of newspapers. A newspaper's business strategy, content, visual text, sales and circulation and an enabling environment created by government as well as advertising are factors that help in the growth and development of newspapers. This study, however, examined the role advertising plays in the sustenance and growth of independent newspapers and used the *Business and Financial Times* as a case study. Even though all these factors were considered important, the researcher chose to study the advertising factor because of the assumed significant role it plays in the growth of newspapers.

The researcher chose the *Business and Financial Times* newspaper because firstly, it is one of the biggest independent newspapers in Ghana. Secondly, it had weathered the storm in the Ghanaian private newspaper industry by growing from publishing once a week to publishing four times

weekly aside its sister publication, the *Business Times* magazine while many of the other private newspapers have either folded up or are struggling to publish weekly.

1.12 Significance of the Study

Literature on this subject in Africa, in general, and Ghana in particular is very scanty. This research had therefore, expected to add to the body of knowledge on advertising and newspaper growth with insights from a newspaper operating in a developing country, Ghana. The study also held significance in being able to showcase the *Business and Financial Times* example in terms of how it had leveraged the benefits of advertising. This could be insightful for the private newspaper industry in Ghana.

1.13 Summary

This chapter provided the background to the study by briefly discussing challenges facing newspaper growth globally in general and Ghana in particular. The various factors that help in the growth and development of newspapers were also discussed. The chapter also briefly recounted the newspaper environment as well as newspaper advertising in Ghana and gave a background of the newspaper used in the study. It described the research problem and objectives, defined the scope of the study and explained the significance of the study.

CHAPTER 2

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter articulates the theoretical framework which guided this study. It also examines and reviews some studies that have been conducted that bore relation to this research. Various works were reviewed to provide various scholars' view on challenges facing the newspaper industry, factors that account for the growth of newspaper as well as the critical role advertising plays in their development and growth.

2.2 Theoretical Framework

This study is underpinned by the theory of Media Economics. Media economics is a field of study that has experienced considerable growth and development over the past four decades (Albarran, 2002). In 1991, Miller and Gandy identified about 351 scholarly articles that focused on some economic characteristics of communication and mass media, published between 1965 and 1988 in several key journals. These articles focused on how media operators meet the informational and entertainment wants and needs of audiences, advertisers and society with available resources (Doyle 2002).

2.2.1 Background

Media economics, according to Downing, McQuail *et al.*, (2004), is a field that applies economic theories, concepts and principles to study the macroeconomic and microeconomic aspect of mass media companies and industries. Media economics combines principles of both media and communication on one hand and economics on the other hand and their application in managing firms in the media industry (Albarran, 2004).

Research on the field of study began to emerge in the 1950s and drew heavily on the principles of traditional economics. The rise and development of the mass media served as a catalyst for the study of media economics. Mass media industries and firms had provided the prerequisite components necessary for studying their economic process. The suppliers were content providers (journalists, editors and other staff at mass media companies) who offered information and entertainment and advertisers and consumers formed the demand side of the market.

According to Albarran (2002), with regard to the theoretical development of media economics, three main areas account for much of the knowledge on the field. These areas are microeconomics theories, macroeconomics theories and studies related to political economy. However, much of the literature base on the field of study deals with the microeconomics theories. Microeconomics theories are particularly suited for media economics because they centre on specific industry and market conditions (Albarran, 2002).

2.2.2 Works by Media Economists on Microeconomics Concepts

Much of the studies undertaken by early media economists addressed microeconomic concepts. Ray (1951, 1952) studied newspaper competition and concentration, while Reddaway (1963) examined economic aspects of newspapers as firms. By applying microeconomic concepts to the radio industry, Steiner (1952) examined competition in radio. Microeconomics theories were applied to much of the early studies of the television industry. Scholars such as Levin (1958) studied television's market structure whereas Berelson (1961) examined the medium's competition with other media. Tjmsra (1959-1960) also studied the impact of advertising revenue.

The works of many contemporary media economists have also been much influenced by microeconomics theories. Albarran and Dominick (1996) and Bagdikian (2000) studied the concentration of ownership across media industries whereas Lacy (1984, 1985), McCombs (1988) and Picard (1982, 1988a) studied industry concentration in newspapers. Newspaper ownership structure has been examined with regard to management policy in the newspaper industry in Blankenburg's (1982, 1983) study that inquired into the control of circulation costs and pricing behaviour and the impact on newspaper's financial performance (Blankenburg & Ozanich, 1993). Many scholars also have examined press ownership and competition with reference to technological advancement, particularly the market for online newspapers. These scholars include Chyi & Sylvie (2001), Lacy, Shaver, & St. Cyr (1996) and Lacy & Simon (1997).

2.2.3 Microeconomics Theories Used in Media Economics

Scherer's (1980) industrial organisation model is one of the widely used frameworks in the study of media economics. The model postulates that the likely conduct and performance among firms are easily explained once the structure of the market is known. Drawing on Bain's (1968) study and that of other neoclassical economists, the model provided a methodical way for economists to easily analyse abstract concepts they encounter in a specific market.

The model otherwise known as the structure-conduct-performance model posits that media markets could be further defined if the variables associated with each of the three areas are studied. According to Albarran (2002), buyers and sellers in the market, product differentiation, barriers to entry, cost structures and the degree of vertical integration are some of the variables that should be considered and analysed when examining a specific market structure.

The theory of the firm was posited in a bid to expand the industrial organisation model. The theory which was developed by Litman in 1988 sought to provide a better understanding of four types of market structures. These four are monopoly, oligopoly, monopolistic competition and perfect competition.

Another aspect of theoretical development relates to media concentration. According to Albarran (2002) this aspect can be investigated in either of two ways. A media firm's existing revenue data is gathered and studied to determine its degree of concentration or the firms' concentration of ownership is tracked.

2.2.4 Methodologies Used in Media Economics Research

Different methodologies are used in answering media economics research questions and investigating hypotheses. But according to Albarran (2002) these four are the widely used: trend studies, financial analysis, econometrics, and case studies. Trend studies involve the comparison and contrasting of data from a media firm or industry over a period of time to track or gauge performance. They are descriptive and easy to present, thus, they are useful in studies investigating the performance of media industries.

Sometimes, financial data of media industries and firms are studied to track or gauge their performance. But scholars like Albarran (2002) have argued that a privately owned media firm is not obliged to publish its financial statement unlike a state-owned company who must share the statement with stakeholders. This makes conducting financial analysis, one of the methodologies used in media economics difficult to conduct on private companies.

Another method used in media economic research is econometrics, which involves the use of statistical and mathematical models to investigate and develop theories. However, many of the media economists have communication and journalism background and hardly use this method because they lack mathematical knowledge to pursue econometric modelling. The most popular method is case study. Case studies are very useful researchers are able to embrace different type of data and make use of different methods. They are also targeted and focused examination.

2.2.5 Standard Concepts in Media Economics

All media industries function in a dual market place and they produce and supply media content for consumers and advertisers. These media contents or products include television programmes, movies, newspapers, magazines among others. The concepts of the dual market place and media content are very important as these may aid in the growth of media firms. Quality products must be churned out and positioned strategically in the market to attract the attention of both advertisers and consumers as revenue accrued from sale of products to consumers and advertisers help to maximise the firm's profitability.

Branding is another major concept of media economic research. According to Albarran (2002), media companies must create a means of building awareness and identity connected with content products through branding. There is competition in the dual market place in which media firms operate. Not only does the various media products compete for advertisers and consumers attention, there is competition within the various media firms for the best talents and manpower as well as ideas for the plethora of media products. Labour in the form of talented, technical, creative and managerial personnel are essential requirements in the effective functioning of media industries. Human resource, coupled with, branding provide media firms the opportunity to produce quality products which will be easily recognised in a heavily competitive market. Another concept is the composition of media industries. Most media industries the world over have undergone considerable change due to mergers and acquisitions. According Ozanich & Wirth, (1998) (cited in Albarran 2002), many factors including business performance, relaxation of ownership provision and technological convergence account for some of the mergers and acquisitions. Media economists also require that media firms and industries be cost efficient in

their operations; they should take advantage by producing multiple units as average cost declines if economies of scale and scope are adhered to.

2.2.6 Critique Of Theory of Media Economics

Media economics theories has been criticised to primarily drawn on microeconomic concepts and principles with too much reliance on the industrial organisation model (Albarran, 2002). This, they contend, although clarifies the relationship of the various concepts in microeconomic analysis, limits the development of the field. Consequently, other economic theories which have possible relevance to the mass media industries have been ignored (Lacy and Niebauer, 1995). Albarran (2002) cites an example in understanding the global consolidation of many media markets where microeconomic approaches will not suffice. For him, such a research would be best done using macroeconomic approaches which the media economics theory excludes. He argues that in this vein, scholars should consider new theoretical inquiries that could draw on multiple methods of investigation.

The second critique identified by Albarran, (2002) is the better definition of what constitutes a media market. This according to him is critical given the convergence underway across the media industries. The fundamental issue in this critique is that media companies have a tendency to supply products in different markets yet there is a tendency among researchers to treat media markets under traditional labels such as television, radio and newspapers. This, Albarran

maintains fails to recognize the realities of the media marketplace which may lead to flawed assumptions over which firms control a particular market.

Closely linked to the better understanding of the market is the need to redefine the theory of the firm. According to Albarran (2002), media economists for decades have tried to work within three categories of the mass media: monopoly, oligopoly, and monopolistic competition when other structures such as duopoly are evolving. Doyle (2013) also asserts that digitization and convergence in media markets have had a significant and ongoing impact on production, distribution and consumption of media products over recent years. All these, Doyle opined, have altered resource usage within media firms and reshaped the economic organisation of media industries. Researchers in the field of media economics must therefore take cognizance of these changes to make the theory relevant to recent happenings.

2.2.7 Application

In the context of this research, the *Business and Financial Times* is seen as a mass media company. A newspaper as a media product is characterised by high front-investment with high risk of failure from lack of interest as consumer preference is difficult to test before the actual release, distribution and marketing of the newspaper. These are all factors that as a mass media company, the *Business and Financial Times* will have to be concerned with and subsequently find solutions to.

In order to navigate the changing and highly competitive media market with confidence, media managers like newspaper business development managers make use of a number of analytical

tools to inform strategic thinking and communicate in a systematic and actionable manner to win competitive advantage in the newspaper marketplace (Chan-Olmsted, 2006). To achieve this, *Business and Financial Times* will have to through its business development manager ascertain how increased advertising will form a basis for its growth.

A media business like any newspaper exists to make money for its owners in a private company or shareholders in a public company. Increased profit come either from increased newspaper sales while costs remain steady, increased efficiency within the company that decreases costs or from increased market power through corporate expansion. Media businesses seek to make profit through the strategies listed above. And for *Business and Financial Times* as a media business, the same applies as it needs to make money for its owners as a private company.

According to Chan-Olmsted (2006), in today's digital economy, the marginal cost of reproduction of a digital media is close to zero, which means, copies are easily made and distributed. While copyright is protected, licenses for content provide an easy revenue stream. However, with a market saturated by media products where a substitute product is easily found, in this context in reference to newspapers, attention becomes the highest scarcity. Moreover, because media companies have a double sided revenue model, with consumers and advertisers bringing in revenue, in the newspaper industry where the consumer pays for content, online news becomes an issue for lost revenue.

However, in models where advertisers pay, no such problem exists as increased readership is to the benefit of the advertiser. The *Business and Financial Times* in having a double sided revenue

model would have to give as much attention to circulation as advertising. Thus, the newspaper would have to dedicate particular number of pages to advertising, if it wants to be profitable. To put it more succinctly, the less pages dedicated to revenue, the lesser the revenue.

2.3 Related Works

This part of the study focuses on the review of studies conducted in the United States of America, South America and Europe that are related to the topic under study. Literature on the topic in Africa in general and Ghana in particular is scanty.

2.3.1 Challenges Newspapers Face

Newspapers have faced a series of challenges many of which are interrelated. The challenges range from global financial crisis, decline in advertising revenues to changing readership habits as readers turn to the internet for free news and information (Kirchhoff, 2009). These intricately linked challenges undoubtedly have led to the shutdown of many newspapers, the laying off of reporters and editors, cutting the physical sizes of newspapers and turning to web-only publications (Kirchhoff, 2009). According to Kirchhoff, publishers are experimenting with new business approaches, but there is no widely agreed-upon model to restore the link between newspaper content and earnings.

Newspapers have been said to depend on advertising for about 80 per cent of their revenues but decline in newspaper readership and subscription coupled with free internet news sources and

global financial crisis are dwindling newspaper revenues accrued from advertising. According to the Pew Research Centre's Project for Excellence in Journalism (2009), about half the recent drop in advertising is due to the poor economy, as many companies go out of business and other retailers cut back. The report goes on to say that it is however unclear that most ad revenues will come back when businesses revive their activities. This they surmise will be the case as readers and advertisers move to the internet.

Another key challenge for newspaper publishers is what Kirchhoff (2009:9) describes as the "rise of the web". She asserts that the key challenge for newspapers presently is to hold on to lucrative print readers while finding ways to make more money from a burgeoning online audience that generally reads the paper free. Consumer demand and technology are changing the way news is read and offered. Websites are using computer programmes to automatically link the content of newspapers to their websites (Kirchhoff, 2009) and this creates a huge challenge for the newspaper industry. Kirchhoff in studying newspaper reading habits vis-a-vis online news sources found that about 22 per cent of readers who visited newspaper websites in March, 2008 arrived indirectly, by first clicking onto online search engines like Google, with another big share arriving through the front page of Web portals like Yahoo or MSN, according to one analysis.

A separate 22 per cent came from traffic moving between media and news websites, containing links to specific stories. Once readers arrive at newspaper websites, they spend less time there, on average, than print readers spend reading a traditional newspaper. Though some studies show that time online has been increasing, web readers spend an average of 53 minutes a week with

newspapers—or just under eight minutes a day. The study also found, however, that 22 per cent of readers had recently dropped a paid print newspaper or magazine subscription because they could get the paper free online.

2.3.2 Factors that Account for Newspaper Growth

Newspapers are managed as business entities, more so if they are private newspapers. Newspaper publishers and owners therefore employ business strategies to ensure growth and profitability. Increasing circulation figures is one of the many ways newspaper organisations ensure growth and profitability. This, however, requires improving the quality of the newspaper so as to differentiate content to influence readers' choice. According to Cho, Thorson and Lacy (2004) investment in the newsroom has the effect of improving newspaper quality which in turn increases circulation. After exploring the relationship between content and circulation using 27 daily newspapers in the United States, they concluded that investments in newspaper quality in general and investment in newsroom budget in particular are positively related to increases in average weekday circulation. They also concluded that the types of newsroom changes that correlate well with circulation increases include greater investment in larger newsroom staff, more and improved local coverage and more and better in-depth reportage.

Carvajal and Aviles (2008) analysed the implementation of business growth strategies at two large Spanish media groups in America and found that newspapers' audiovisual diversification protected their core business by promoting new media outlets to deter new entrants and to improve their economic performance. According to the study, by employing the business

strategy of multimedia diversification, these newspapers made significant strides by reaching new markets particularly the younger demographics and readers outside the distribution area more efficiently. According to Carvajal and Aviles (2008) technological advancement, coupled with the increased consumption of news, presents a better opportunity for newspaper owners and publishers to implement the multimedia diversification business strategy. They stated that “technical innovation and the increased of format standardisation allow, for example, production of a newspaper and its online edition simultaneously, using a content management system.” (Carvajal and Aviles 2008:455).

Another strategy newspaper publishers and owners have adopted in sustaining growth and profitability is what Picard (2004) describes as the commercialisation of news. This, he maintains, has come about as a result of economic pressures shaping and influencing newspaper behaviour. After exploring how commercialism affects newspaper content Picard (2004) asserted that:

the primary content of newspapers today is commercialised news and features designed to appeal to broad audiences, to entertain, to be cost effective and to maintain readers whose attention can be sold to advertisers (:57)

Picard (2004) also concluded that market concerns and a wholesale commercialisation of content have become the major factors determining media operation and thus newspaper content is skewed towards commercialism.

Linked to Picard’s (2004) study on commercialisation of newspaper contents is the study by Machin and Niblock (2008). Machin and Niblock (2008) studied how newspaper fonts, colours, layout and choices of images are understood as part of the more recent commercialisation of the

news media in England. By analysing *Liverpool Daily Post* re-branding, they found that textual choices are closely aligned with marketing and specifically with the market research profiling of a newspaper. According to Machin and Niblock (2008), a newspaper's visual design must be significantly improved and carried out taking into account high professional standards as these visual styles form part of the social practice of commercialising news and targeting market groups to increase the newspaper's profitability and ensure growth. Newspapers have increasingly begun to invest in rebranding and relaunching so as to address market defined readers directly by the visual language of design.

2.3.3 Link between Advertising and Newspaper Growth

Petrova (2009) examined how advertising revenues helped to create an independent press. By studying American newspapers for the years 1881 – 1886, Petrova (2009) presented empirical evidence to show that there was a link between the development of advertising markets and newspaper independence. She tested three hypotheses: (1) The local profitability of advertising increased the likelihood that the newspaper was independent, (2) Local advertising profitability increased the probability that newly created newspapers chose to be partisan and (3) Independent newspapers had larger circulation than partisan newspapers. The study indicated a correlation between local advertising rates and newspaper independence and growth.

Petrova's (2009) study sought to build upon earlier studies such as that of Baldasty (1992) and Starr (2004) which suggested that the growth of advertising revenues was one of the causes for the development and growth of an independent press in the United States. The findings of

Petrova (2009) study showed that the growth of advertising revenue was an important factor that caused the development of an independent press in America. The logic was that higher profits from advertising allowed newspapers to break their affiliation with political parties and declare themselves independent.

Gufstasson (2006) examined the interaction between advertising and the media, emphasising particularly on advertising as part of the media content and of the financing of the media. Gufstasson (2006) employed purposive sampling to collect the primary data for his study. He interviewed ten leading representatives in the advertising industry in Sweden and also had a hearing with another ten representatives arranged by SNS, an independent centre for business and policy studies. For his secondary data, government reports on the media in the Scandinavian countries as well as the United Kingdom were also studied.

The results of Gufstasson's (2006) study indicated that the influence of advertising on media development started as far back as the 19th century with the popular newspapers. The media's ambition to reach the public at large, the interest of which usually they tried to rouse by low prices, coincided with the ambitions of the advertisers to spread their messages to the largest possible number of consumers and their readiness to pay substantially for that. Gufstasson (2006) also found that the funding of mass media by advertising is so important, for without advertising the media systems would break into pieces. He further stated that there were no media which from their very beginning have not used advertising as a source of revenue. Gufstasson (2006) concluded that without advertising there would not have been any mass media. To put it more succinctly, it is the interaction between advertising and media that creates mass media.

Kodrich (2008) examined the role of state advertising in Latin American newspapers by investigating the demise of Nicaragua's Barricada newspaper. In a content analysis of Nicaraguan daily newspapers during three vital periods: periods under three presidents - Daniel Ortega, Violeta Chamorro and Arnoldo Alemán, the study investigated the role state advertising played in governmental control of the news media. The findings of Kodrich's (2008) study reiterated claims by scholars such as Gufstasson (2006) relative to the importance of advertising.

According to the study, Nicaraguan newspapers depended so much on state advertising, which accounted for 70 per cent of total advertising, so President Arnoldo Alemán's government withdrawal of advertising to the Barricada newspaper caused its demise. Kodrich (2008) also stated that advertisers used advertising to punish or reward the press. This was because advertising was still an insidious means of censorship (influence), no matter who was controlling the purse strings. The Alemán government directed advertising money towards supportive newspapers such as El Nuevo Diario, La Tribuna and La Prensa and siphoned it away from the opposition Barricada newspaper in a bid to control the news media.

2.4 Summary

This chapter examined the theory that underpinned this research, the theory of media economics and reviewed works of scholars to provide their views on the topic being studied. The study objectives, research questions and methodology were all informed by the literature review.

CHAPTER 3

3.0 METHODOLOGY

3.1 Introduction

This chapter describes the research design used in this dissertation. The study was qualitative as it adopted empirical inquiry to collect, analyse and display data in narrative rather than numerical form. The study's research design was determined by its purpose and objectives (Saunders, Lewis and Thornhill 2007). In line with what the study set out to achieve, the researcher adopted the case study approach. A case study is a research approach that uses as many data sources as possible to systematically investigate individuals, groups, organisations or events. These multiple sources of evidence help to investigate a contemporary phenomenon within its real life context, in which boundaries between the phenomenon and its boundaries are not clearly evident, according to Yin (1994) (as cited in Wimmer and Dominick (2003)). In order to investigate challenges a business newspaper faced in the challenging newspaper industry in Ghana and also find out strategies that were and are being employed to weather the storms, the researcher conducted in-depth interviews with two key people in the media firm. The in-depth interviews also afforded the researcher the opportunity to critically examine the extent to which one major factor in the growth of newspapers, advertising, had helped to sustain and develop the *Business*

and *Financial Times*. Advertisement placement records over the years were also studied to ascertain advertising trends at the media firm.

3.2 Research Design

The study used in-depth interviews and did a documentary analysis of *Business and Financial Times*' advertising placement records and circulation figures of periods when the newspaper was a weekly, bi-weekly and tri-weekly to gather the relevant data. The interviews were employed to help the researcher have detailed information on challenges the newspaper faced, strategies employed to mitigate these challenges and how advertising, as a factor of newspaper growth, had helped in the growth and sustenance of the *Business and Financial Times*. The newspaper's advertisement placement records and circulation figures were also studied to investigate whether or not there had been a rise or decline in advertising revenue and circulation.

Yin (1994) proposed that case studies fall under five components: a study's questions, its propositions, units of analysis, the logic linking the data to the propositions and the criteria for interpreting the finding. Collection and analysis of data for the study was guided by Yin (1994)'s proposition. Data collected for this study was guided by the proposed study questions.

3.3 Sampling

The non-probability method, specifically purposive sampling, was used in collecting data for the research. A purposive sample is one subjectively selected by the researcher (Wimmer and Dominick, 2003). Purposive sampling selects subjects on the basis of specific characteristics or

qualities. The method is used usually when a researcher seeks one or more specific predefined groups. This type of sampling starts with a purpose in mind and the sample is thus selected to include people of interest and exclude those who do not suit the purpose. The researcher conducted in-depth interviews with the business development manager as well as the editor of the newspaper. The researcher selected these people because they were in a position to provide ample and vital information relevant to the topic being studied. The interviewee's selection was based on their positions within the organisation as well as their job description.

The business development manager's position requires him to make use of a number of analytical tools to inform strategic thinking and communicate in a systematic and actionable manner to win competitive advantage in the newspaper marketplace. He is also responsible for advertising placement and marketing and sales executives who are charged with going out to solicit for adverts from advertising agencies and directly from organisations and firms. He is, therefore, in a position to provide answers to questions on the newspaper's challenges, strategies that have been and are being employed to mitigate these challenges and also the media firm's advertising rate and trends.

The editor, on the other hand, is responsible for the newspaper's content and appearance. A newspaper as a media product is characterised by high front-investment with high risk of failure from lack of interest as consumer preference is difficult to test before the actual release, distribution and marketing of the newspaper. The editor will therefore have to find solutions to challenges vis-à-vis quality content.

3.4 Data Collection

The methods of data collection employed by Gufstasson (2006) were employed by the researcher in this study. Gufstasson (2006) employed purposive sampling to collect data for his study. He interviewed ten leading representatives in the advertising industry in Sweden and also had a hearing with another ten representatives arranged by SNS, an independent centre for business and policy studies. He also did a documentary analysis of government reports on the media in the Scandinavian countries as well as the United Kingdom.

This researcher employed purposive sampling to interview the editor and the business and development manager of the *Business and Financial Times*. Advertisement placement records were also studied and analysed. Purposive sampling “includes subjects or elements selected for specific characteristics or qualities and eliminates those who fail to meet these criteria” (Wimmer & Dominick 2004: 88)

The data collected for this study came from two sources: in-depth interviews and documentary analysis. In-depth interviews were conducted with the business development manager and the editor of the *Business and Financial Times* to collect the primary data. In-depth interviews generally use smaller samples and they provide detailed background information about the respondents' answers to questions (Wimmer and Dominick, 2003). Boyce and Neale (2006) also stated that the primary advantage of in-depth interviews is that they provided much more detailed information than what is available through other data collection methods, such as personal interviews, surveys and content analysis. They added that in-depth interviews are useful when a researcher seeks detailed information about a person's thought and behaviour or when he/she needs to explore new ideas in depth.

The interviews focused on challenges the newspaper faced, strategies employed to mitigate these challenges and how advertising, as a factor of newspaper growth had helped in the growth and sustenance of the *Business and Financial Times*. Data was recorded by tape and an interviewer's notes. A question guide (See Appendix A) aided the researcher in conducting the interviews. The question guide was developed based on the objectives of the study. The questions in the guide were structured such that every aspect of the research topic was covered. The interview guide was divided into three broad areas, each focusing on a particular area of the research topic. These sections were challenges faced by the *Business and Financial Times* and strategies employed by the newspaper to assuage the challenges, factors that accounted for the growth of the *Business and Financial Times* and the advertising factor in the newspaper's growth,. Each section had a list of questions which sought to explore the major challenges facing the *Business and Financial Times* newspaper and measures being put in place to mitigate these challenges, factors that accounted for the growth of the *Business and Financial Times* and the role advertising played in the sustenance and growth of the *Business and Financial Times*.

The researcher also did a documentary analysis of advertisement placement records and circulation figures recorded by management of the newspaper. The advertisement placement and circulation figures are records the media firm had collated to study advertising as well as circulation and penetration trends of their product. The documentary analysis was undertaken to complement data collected through the in-depth interviews.

3.5 Data Analysis

The interview data after collection was transcribed and thematically coded to give meaning to the study as well as to put the gathered data into perspective. The research findings from the in-depth interviews was analysed and presented in a narrative form along emergent themes. Conclusions were then drawn based on the data collected.

3.6 Summary

This chapter described the study's design and research methods (in-depth interviews and review of secondary data) used in collecting data for the study. The chapter also described how the data was collected and how the researcher analysed it. The next chapter presents the findings and discusses the findings vis-à-vis the objectives of the study.

CHAPTER 4

4.0 FINDINGS AND DISCUSSION

4.1 Introduction

This chapter is a narrative presentation of data gathered through in-depth interviews and documentary analysis. It also presents a discussion of the various ways in which the data gathered fit into the research topic and answered the research questions. The research findings have been organised thematically. The researcher set out to ascertain the challenges *Business and Financial Times*, a newspaper operating in a developing country faced in its operations. The study also sought to find out the strategies the newspaper has put in place to mitigate these challenges to ensure its sustenance and growth and finally, the critical role advertising played in the newspaper's growth and development.

4.2 Challenges Facing *Business and Financial Times*

The interviews with both the Editor and the Business and Development Manager revealed that the *Business and Financial Times* newspaper faced a lot of challenges just like any other newspaper operating in the country.

4.2.1 Low Readership, Circulation and Penetration

Carvajal and Aviles (2008) have listed the influx of online news, the flourishing of the free newspaper distribution and the multiplicity of audiovisual media outlets as factors that account for the downward trend in newspaper readership and circulation figures in recent times. Low readership was one of the challenges *Business and Financial Times* faced and had to battle with for a long time in its earliest period of operation. The newspaper had defied the odds and ventured into an entirely new area of providing business and financial information to a segmented target audience, which is corporate Ghana and the business community. This was outside the norm, as most privately owned newspapers in Ghana are either political or entertainment newspapers. Also, according to the Editor, newly established newspapers in Ghana do not easily attract readership, making circulation and penetration a big challenge.

4.2.2 Human Resource

Scholars like Albarran (2014) have argued that labour in the form of talented, technical, creative and managerial personnel are essential requirements in the effective functioning of media industries. And media products like newspapers are faced with imperfect competition all the time so if content fails to appeal to target readers, they (readers) are forced to realign themselves to other news sources or in worst case scenarios stop reading newspapers entirely (Cho, Thorson and Lacy 2004). To be able to deliver on its core mission of providing the business community in Ghana with relevant, reliable and credible business and financial information, management of *Business and Financial Times* needed to recruit journalists who are well versed in business, economic and financial reporting. The Editor stated during the interview that getting journalists with economics, business and financial background was a big challenge for *Business and Financial Times* for a long period of time during its operation.

4.2.3 Newspaper Reviews

Scholars such as Kirchhoff (2009) have listed global financial crisis, decline in advertising revenues to changing readership habits as readers turn to the internet for free news and information as some of the challenges newspapers face. Findings of this study however indicate that one challenge that appears peculiar to Ghana is the newspaper review. The liberalization of the airwaves in Ghana has paved the way for the influx of radio stations and the development has done the newspaper industry in Ghana more harm than good. The public get most news carried in the various newspapers including the *Business and Financial Times* on newspaper review segments on the morning shows on these radio stations and thus do not find it necessary to buy newspapers. “When people listen to the radio and get news carried in various newspapers during the newspaper review segment, why would they want to buy newspapers?”, the editor stated. This phenomenon, according to the editor, leads to low readership and its subsequent result, low sales and circulation figures.

4.2.4 Technological Advancement

Closely linked to the challenge of newspaper reviews is technological advancement. With the advent of internet came the internet circulation of news. According to both the editor and business and development manager, many Ghanaians read news from some of the popular news websites such as myjoyonline.com, citifmonline.com and ghanaweb.com which cull news from both local and international print and electronic media and put up on their sites. This situation,

according to the interview data, stifles a newspaper's sales and circulation. Internet news, according to the editor, is becoming very popular in Ghana.

This situation is further compounded as most advertisers are shifting from traditional media to internet advertising where they believe they will meet their target audience. The majority of people these days, according to Rampur (2010), use the internet on a daily basis and the internet has become a medium through which advertisers inform people about their products and services. Graham and Smart have also found the internet has led to falling advertising revenue and dwindling of circulation of American newspapers. This holds true in the case of *Business and Financial Times*, according to the business and development manager.

4.2.5 Advertisers Lag in Paying on Time

Advertisers depend on newspapers such as the *Business and Financial Times* to get their messages to their target audiences. Monies accrued from the sale of newspaper space to advertisers provide the main revenue stream for most newspaper houses. (Picard, 2004). Aside the state-owned *Daily Graphic*, the *Business and Financial Times* ranks second in attracting a large chunk of advertisers across the various sectors of the Ghanaian economy. The business and development manager revealed that most advertisers do not pay *Business and Financial Times* on time. The business and development manager stated that “advertisers are supposed to pay for the newspaper space by at most a month from the day the advert was placed but most of the time, the newspaper has to go chasing these advertisers for months unend before payments are made.” The situation, according to him, does not help the newspaper in planning.

4.2.6 Advertiser Influence

Advertisers provide the primary revenue that helps in the sustenance and growth of newspapers. Picard (2002) contends that advertisers, though, do not provide financial resources in order to support the business of the media; they do so in order to pursue their own interest and purposes. These interests and purposes include “expansion and growth” of their companies and organisations (Amoakohene, 2005:86). In the pursuit of these interest and purposes, advertisers can directly influence news content by threatening to withdraw “significant revenue from the paper whether by cancelling advertising contracts, subsidies, group subscriptions or finance” (Ellman and Germano, 2009:4). Advertiser influence, according to the editor, is one other challenge the newspaper has to contend with. The newspaper’s advertisers most of the time seek to influence *Business and Financial Times*’ content to favour them.

4.3 Measures to Mitigate Challenges

Privately owned newspaper publishers and owners adopt and employ business strategies in managing their operations to ensure sustainability, growth and profitability. The interviews also revealed that *Business and Financial Times* in order to mitigate the challenges it was faced with also employed certain measures to ensure sustenance, growth and profitability.

4.3.1 Distribution of Free Copies

The interview with the business and development manager indicated that the newspaper from about the late 1990s until early 2000s, gave many organisations free copies of the *Business and Financial Times* as a marketing strategy. Even in instances where some organisations had subscribed for a particular number of copies per week, additional copies were added to them at no cost. Picard (2004) had found that publishers in the newspaper industry in recent times are managing newspapers in ways to effectively respond to challenges that plague the industry through a range of strategies. The distribution of free copies was one of such measures the *Business and Financial Times* employed to increase readership, and consequently penetration. This measure did not yield much results as, the number of copies actually sold was minimal. Production costs were still being borne by the publisher and the meagre advertising revenue. The strategy coupled with the almost non-existent advertising revenue nearly caused the demise of the newspaper.

4.3.2 Investment in Newsroom

Cho, Thorson and Lacy (2004) have found that investment in the newsroom has the effect of improving newspaper quality which in turn increases circulation. Investment in newsroom includes strategic manpower planning, management and development. In line with *Business and Financial Times'* objective of providing quality, reliable, relevant and credible business and financial information to help decision makers in all sectors of the economy make informed decisions, management of the newspaper employed some measure to achieve this. One of such

measures, according to the editor, was a shift in the newspaper's recruitment policy. The editor revealed that instead of employing trained journalists, the newspaper rather employed people who had economics, finance and business background and made them learn writing and editing skills on the job or through short courses at the Ghana Institute of Journalism. This measure, the editor stated, impacted on the newspaper's content. Features, articles as well as analysis of events are apt and on point because they are written by people who understand the industry.

4.3.3 Multimedia Diversification

Scholars have found that newspapers made significant strides by reaching new markets particularly the younger demographics and readers outside the distribution area more efficiently when they employ the business strategy of multimedia diversification. According to Carvajal and Aviles (2008) technological advancement coupled with the increased consumption of news presents a better opportunity for newspaper owners and publishers to implement the multimedia diversification business strategy. *Business and Financial Times* has also taken advantage of the technological advancement and developed an online edition. Like all other Ghanaian news sites, the online editor culls news from major local and international media and uploads onto the site, aside stories, features and articles carried in the newspaper. The newspaper also shared links to news stories via their social media platforms particularly *facebook*, *twitter* and *linkedin*.

The business and development manager further stated that the media firm is very much aware of the shifting advertising trends from traditional media to online as asserted by scholars such as Anurag, (2011). According to Anurag (2011), a lot of advertisers in order to maximize audience exposure and capture a share of growing markets are shifting from traditional advertising

channels to online media. The *Business and Financial Times* has thus given Ghanaian advertisers the opportunity to leverage internet advertising by placing adverts on bftonline. The platform generates some amount of revenue for the newspaper, albeit small.

4.3.4 Barter and Events

Scholars such as Chan-Olmsted (2006) have argued that in order to navigate the changing and highly competitive media market with confidence, media managers like newspaper business development managers make use of a number of analytical tools to inform strategic thinking and communicate in a systematic and actionable manner to win competitive advantage in the newspaper marketplace. In order to mitigate the challenge of advertisers not paying the newspaper for advertisement placed on time and thereby stifling the media firm's planning process, *Business and Financial Times* resorted to barter and organizing events to generate readily available revenue to fund its operations.

The newspaper ran advertising for companies and organisations in return for products and services. The media firm had in the past traded advertising space for electrical appliances with Somovision Electronics, a distributor of LG and Samsung appliances. These appliances are distributed to staff at the end of every year to motivate them, the business and development manager said. He added that there were also instances where MultiChoice Ghana, operators of DSTV provided pay television services to the media firm in return for advertising space. Staff of *Business and Financial Times* have also learned how to drive at Toptech Transport Ltd in exchange for advertising space in the newspaper.

The interview with the business and development manager also revealed that one other strategy *Business and Financial Times* employs to generate more funds and become competitive in the Ghanaian media landscape is the organisation of events. The media firm organises several events annually to in a bid to generate funds and cushion the newspaper's operations when advertisers delay in making payments. Revenue from events which is mainly generated through sponsorships, participation and exhibition fees, is mostly readily available as sponsors, participants and exhibitors pay required fees before they are admitted to these events. The media firm has therefore established an events department that is tasked with conceptualizing, developing and executing events that appeal to both public and private sectors of the Ghanaian business community to generate more funds for the newspaper.

4.3.5 Special Projects

Business and Financial Times, a media firm that exists to make money for its owners, management is always looking to generate additional funds while reducing cost to the barest minimum to counter this problem. One strategy that has worked for the newspaper over the years is what the business and development manager terms "special projects". These special projects are pull outs on major sectors of the Ghanaian economy as well as on major national events such as Independence Days of Ghana and its major trade partners, Republic Day and Farmers' Day among others.

Sectors that the newspaper has covered in the past include the financial sector (banking and insurance) and information and communication technology. Companies and organisations

operating in these sectors advertise in these pull outs that carries stories, features, articles, analysis on performance and forecasts on the sectors to generate funds for the newspaper.

4.3.6 Managing Advertiser Influence

Advertisers who provided operational resources for newspapers through financial resources do not do so devoid of organizational interest and purposes (Amoakohene, 2005). Aside the purpose of growth, expansion and profit maximization, advertisers think that by sponsoring the media through advertising money, the media should reciprocate their gesture by protecting their corporate image and bending their rules a little once in a while in their interest (An and Bergen, 2007). Herman and Chomsky (1988) have also asserted that advertisers were one of the elite interests that would tend to influence newspaper content. The interview with the editor of the *Business and Financial Times* revealed that the newspaper sometimes reduced stories' impact and gave prominent coverage to frequent advertisers as a way of maintaining advertisers and accommodating their interest.

4.4 Factors That Accounted For the Growth of *Business and Financial Times*

From the interviews, it was observed that even though advertising was the most significant factor that accounted for the growth of the newspaper, factors such as content, sales/circulation, events and visual appeal also played part in the growth.

4.2.1 Content

The interview with the editor revealed that the *Business and Financial Times* attached a lot of importance to its content. The newspaper's editorial team therefore put in a lot of effort to ensure that content is relevant in line with the newspaper's vision to provide the Ghanaian business community with accurate, reliable and timely business and financial information. *Business and Financial Times'* content is provided by a well-staffed newsroom, coupled with columnists and news from international wire-service such as *Mine Web, Reuters, Bloomberg* among others. The newspaper also devotes particular pages to several sectors such as banking, oil and gas, agricultural and insurance among others to ensure that the business community is kept abreast with the latest happenings and trends in those sectors.

In a country where the majority of the privately owned newspapers are political, according to the Editor, it was important for a newspaper like the *Business and Financial Times* that had shifted from the norm to ensure that its content was quality to appeal to its segmented target audience in particular and the general public at large and hold their attention and subsequently sell the attention to advertisers.

The finding is closely linked to the findings of Lacy and Hugh (2004) who asserted that quality content attracts readers and failure to provide acceptable levels of quality and content will lead to declines in circulation and penetration. Amoakohene (2005) also opined that advertisers do not advertise for advertising sake, they need to get through to their target audience and achieve results – rise in sales and profit. Thus, they advertise in newspapers that are read by their target audience and considered credible by the public.

A journalist with the newspaper won the Ghana Journalist Association Best Financial Reporting in 2009 for a story that looked at the Ghanaian banking industry. *Business and Financial Times* was among 100 companies and organisations in Ghana that were adjudged SuperBrands in 2012.

4.2.2 Sales and Circulation

“The number of copies a newspaper sold was also an indication of whether it is growing or not”, asserted the business development manager. This assertion is validated by Cho, Thorson and Lacy (2004). At the *Business and Financial Times*, sales and circulation is an indicator of growth. The newspaper, published on Mondays, Tuesdays, Wednesdays and Fridays, used a variety of unique circulation methods to reach its segmented target audience. The paper is mainly circulated through newsstands and vendors as well as subscriptions by corporate institutions. Subscription took 70 per cent of total circulation figures whereas vendor sales made up the remaining 30 per cent. Corporate institutions made up 56 per cent of subscription while government institutions/foreign missions and individuals accounted for 10.5 per cent and 3.5 per cent respectively. The newspaper’s agents accounted for 21 per cent of its vendor sales whereas direct sales executives and shops made up 7.5 per cent and 1.5 per cent respectively.

At the time the newspaper was a weekly, total print run was 2,000 out of which circulation was 1,200. The rest, according to the editor, was freely distributed to companies and organizations as a marketing strategy. Total print run increased to 3,000 per week when *Business and Financial Times* became a bi-weekly: 2,000 on Mondays and 1000 on Wednesday. The newspaper

managed to sell about 2,000 copies per week. At the time of the interview, the Editor claimed that, the circulation figure stood at 5000 copies per week out of a total print of 3,500.

“It is however almost impossible to rely entirely on revenue accrued from sales for the sustenance of a newspaper in Ghana”, the business development manager stated. He indicated that a media house should be selling about 200,000 copies daily to be able to sustain its operations through sales and circulation only. “Unfortunately, Ghanaians tend to listen to the radio a lot more than they read the newspaper”, the business development manager added. Also, with the rapid increase in technological advancement, most members of the public prefer to read the news on the internet rather than buy newspapers (Graham & Smart, 2010). This also holds true in the Ghanaian situation. This fact notwithstanding, data gathered through the interview with the business development manager indicated that sales and circulation accounted for 15 per cent and 23 per cent of total annual revenue generated in 2010 and 2013 respectively.

4.2.3 Events

Another source of revenue generation at the *Business and Financial Times* was events. The newspaper had an events department that organised several events annually. These events included the African Business Leaders Forum (ABLF) that brought together players in both the private and public sectors from across Africa and the Diaspora to share business and leadership ideas and to also unearth business and investment opportunities. Other events, the *Business and Financial Times* Roundtable Conference and the Ghana Economic Forum created the platform for business and government leaders to meet and discuss topical issues on economic

development and good governance in Africa. The *Business and Financial Times* Motor Show was another event that gave automobile firms in Ghana the opportunity to exhibit and market their products. Yet another event, the West African Banking and Insurance Congress brought together top executives within the financial sector from across the West African Sub Region to discuss problems in the sector and the way forward. Revenue is generated through sponsorship from various organisations and through participation and exhibition fees. The Business and Development Manager revealed that in 2013, 25 per cent of *Business and Financial Times*' total annual revenue was generated through these events.

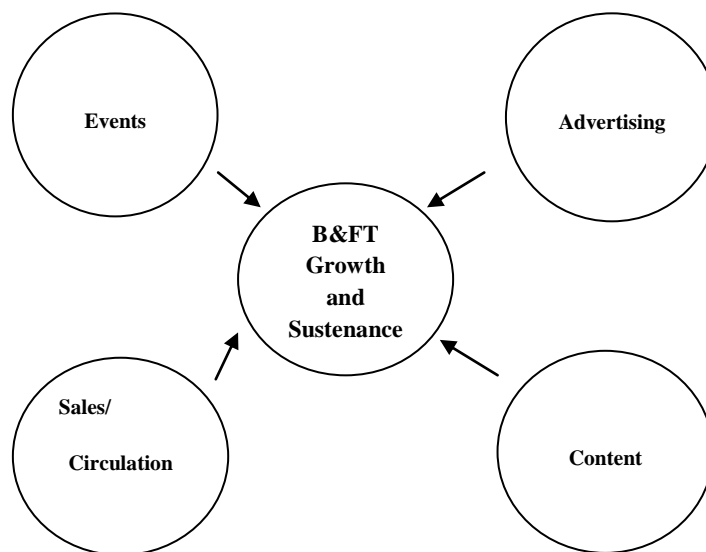
4.2.4 Advertising

Advertising was one of the major factors that accounted for the growth of the *Business and Financial Times* newspaper. According to the business and development manager, advertising revenue provided the chunk of the newspaper's operational funds. He added that advertising revenue did not only provide the resources from which staff wages and salaries and utilities (electricity, telephone and water) bills are paid but it also helped the newspaper pay for the outsourced job of printing copies of the newspaper. According to the business development manager, the newspaper at the time of the interview was printing between approximately 40,000 and 48,000 copies a week at GHS 2,000. He stated that, "doling out GHS 2,000 a week is no joke and that money certainly cannot come from revenue generated from sales or any another source but advertising." He added that a half page colour advertisement took care of a week's printing cost.

This finding reinforced the claims of scholars such as Emery and Emery (1988) and Frantsovag (2010) who argued that advertising was important to newspapers and that newspapers depend on generating advertising revenue in order to finance and sustain their operations.

Figure 4.1 shows the various factors that have accounted for the sustenance, growth and development of the *Business and Financial Times* newspaper.

Figure 4.1: Factors that Accounted for *Business Financial Times*' Growth and Sustenance.



4.3 The Role of Advertising in the Sustenance and Growth of the B&FT

Advertising was central to the growth of the newspaper from a weekly to a bi-weekly and tri-weekly, according to the business development Manager. “The transition of the newspaper into a bi-weekly was as a result of and in response to advertising demands”, he stated. Information gathered from the interview with the business development manager indicated that the second

quarter of 2006 witnessed an increase in advertisement placements. The number of advertisement placement was so much so that the newspaper could not run most of these adverts for lack of space. The business development manager maintained that “even in instances, where the newspaper was forced to run these adverts, the paper looked more like an advertising medium rather than a newspaper”.

A comparison of advertisement placement records before 2006 and the second quarter of 2006 showed that there was indeed an increase in the request by advertisers. Advertisement placement requests had shot up from an average of four full page colour adverts, two colour half page, two black and white full page and about eight quarter pages to an average of three colour frontpage strips, eight full page colour, eight half page colour, 12 quarter pages and a couple of black and white full page adverts. According to the business development manager, the average number of pages at the time was 28 pages and the newspaper found it almost impossible to run all these adverts in one edition. Management of the *Business and Financial Times* thus felt the need to go bi-weekly to create the platform for their advertisers to sell their products and services to their target audience and thereby increase the newspaper’s income from selling advertising space as well as provide more business and financial information to their reading public.

An examination of circulation records however depicted that *Business and Financial Times*’ transition from a weekly to a bi-weekly newspaper did not have significant impact on circulation figures. About 1,200 copies out of a total print run of 2,000 was sold when the newspaper was a weekly but the number of copies sold when total print run increased to 3,000 was a little over 1,500 per week.

In the second half of 2010, the newspaper added a new product to its publications, the *B&FT Lifestyle*. The new publication, which was on the newsstand every Friday, was a showbiz newspaper and sought to discover the social side of the Ghanaian business community and also provide a unique platform for advertisers who want to reach the previously un-served niche of socially-minded members of the business community. The *B&FT Lifestyle*, however, did not attract as much advertisements as its sister publication – the *Business and Financial Times* – did, even though its advertising rates were much lower than the flagship. A full colour page advert in the *Business and Financial Times* and the *B&FT Lifestyle* went for 2,160 Ghana Cedis and 1,275 Ghana Cedis respectively. After almost a year of the *B&FT Lifestyle*'s circulation without any significant advertising revenue, management thought it wise to publish a Friday edition of the *Business and Financial Times* and make the *B&FT Lifestyle* a pull out for its target audience as a bonus. The Friday edition of the *Business and Financial Times* also attracted advertisement aside those placed in the *B&FT Lifestyle*. That translated in increased revenue for the newspaper.

4.4 Summary

The study took into consideration the challenges facing the *Business and Financial Times*, measures to mitigate these challenges and factors that accounted for the growth of the *Business and Financial Times*, with the main purpose of discovering how the *Business and Financial Times* has been able to survive over all the years.

Chapter four of this study therefore reported low readership, circulation and penetration of the newspaper, limited human resource and newspaper reviews by various radio and television

stations as some of the challenges the *Business and Financial Times* faced. Other challenges included technological advancement of online news, advertisers lag in paying on time and advertiser influence on content.

The measures adopted by the *Business and Financial Times* to mitigate these challenges included distribution of free copies of the newspaper, investing in Newsroom, multimedia diversification and barter. These according to the business development manager aided the *Business and Financial Times* to keep its business going.

With the above findings also came factors that accounted for the growth of the *Business and Financial Times*. These factors were advertising, content, events, sales and circulation. The findings also expatiated on the role of advertising in the sustenance and growth of the newspaper.

The next chapter provides the conclusion for this dissertation and outlines some recommendations for further studies.

CHAPTER FIVE

CONCLUSION

5.1 Introduction

This study used in-depth interviews and documentary to investigate the advertising factor in the growth and development of independent newspapers in Ghana using the *Business and Financial Times* as a case study. Specifically, the study sought to ascertain whether or not the *Business and Financial Times* faced similar challenges facing the newspaper industry in Europe and the West. The study also sought to find out the strategies used by the *Business and Financial Times* to ensure sustenance and growth and finally to find out the role advertising played in the growth and sustenance of the newspaper. The previous chapter presented the findings and discusses the findings relative to relevant literature. This chapter presents the conclusions of the study.

5.2 Summary of Major Findings

The findings of the study established that challenges faced by the newspaper industry in other parts of the world are very similar to those faced by the *Business and Financial Times*. Challenges such as low readership, circulation and penetration, human resource, the rise of internet news sources, advertisers' influence and the lag of advertisers to pay on time due to financial problems are all global challenges facing the newspaper industry. The only challenge that was found to be peculiar to the Ghanaian situation was the newspaper reviews on radio stations that resulted in a dip in circulation. These challenges notwithstanding, the study revealed

that the *Business and Financial Times* had put measures in place to mitigate the impact of these challenges on the growth and sustenance of the newspaper. Some of these measures were distribution of free copies, investment in the newsroom to improve quality of human resource and content, multimedia diversification, barter and events and embarking on special projects.

The study also revealed the factors that accounted for the growth and sustenance of the *Business and Financial Times*. These factors per the findings of the study were content, sales and circulation, events and advertising. The findings revealed that the *Business and Financial Times* attached a lot of importance to its content. The newspaper therefore put in a lot of effort to ensure that content was relevant in line with the newspaper's vision to provide the Ghanaian business community with accurate, reliable and timely business and financial information. Indeed, this is corroborated by Lacy and Hugh (2004) who asserted that quality content attracts readers and failure to provide acceptable levels of quality and content will lead to declines in circulation and penetration. Sales and circulation was also found to be an important factor in the growth of the *Business and Financial Times*. The findings revealed that subscription took 70 per cent of total circulation figures whereas vendor sales made up the remaining 30 per cent. Corporate institutions made up 56 per cent of subscription while government institutions/foreign missions and individuals accounted for 10.5 per cent and 3.5 per cent respectively. Organising events was another strategy the *Business and Financial Times* used in generating revenue to sustain the newspaper. The newspaper generated revenue from events they organised through sponsorship from various organisations and through participation and exhibition fees. The last factor that accounted for the growth of the newspaper as revealed by the findings was revenue from advertising which accounted for over 70 per cent of the total revenue for the newspaper.

Advertising was found to play a critical role in the growth and sustenance of the *Business and Financial Times*. Increased advertisement placement in the *Business and Financial Times* resulted in increased advertising revenue and the newspaper leveraged the benefits of advertising to propel its growth from a weekly to a bi-weekly in 2006, tri-weekly in 2011 and to publishing four times a week in 2014. Not only did advertising provide the much needed funds from which staff salaries and utility bills were paid, it also provided funds for the purchase of production materials such as paper and ink as well as money to pay for the outsourced printing job. Also, the increase in advertising and the lack of space to run them in 2006 and the *B&FT Lifestyle's* inability to attract a significant amount of advertising in 2011 were the driving force for the newspaper's growth from a weekly to a bi-weekly and tri-weekly respectively.

5.3 Limitations

It is important to note that this study was not without limitations. First, the results and conclusions are based on just one independent newspaper and that is not representative of Ghanaian private newspapers. Another major drawback of the study was the refusal of the management of the *Business and Financial Times* to give the researcher the newspaper's advertising figures and statistics. These limitations, however, do not diminish the importance of the study, and hopefully its intended contribution to literature on the importance of advertising to newspaper growth and the need for media firms to employ strategies to ensure their sustenance and growth.

5.4 Recommendations

This study, which sought to examine the advertising factor in the growth and development of independent newspapers in Ghana, used just one newspaper as a case study. The researcher recommends that future research should study more than one newspaper for a more generalised conclusion. A longer time for future research and a bigger sample size would enable the theory of Media Economics to be explored more as more findings would be reported and documented. For future research, data collection methods must include interviewing of some advertisers and more documentary analysis of financial documents to ascertain percentage in monetary terms how advertising revenue has helped in the sustenance and growth of the newspaper.

5.5 Conclusion

Key findings of the study showed that even though the *Business and Financial Times* faced challenges just as any other newspaper in the world, management of the newspaper employed strategies to mitigate these challenges to ensure its sustenance and growth and maximize its profitability. The relationship between advertising and newspaper growth has long been established in the works of scholars such as Baldasty (1992), Picard (2002), Petrova (2008) and Starr (2004) who found that mainstream American newspapers generally earned over 50 per cent and up to 80 per cent of their revenue from advertising. Baker (1994) and Gabszewicz, Laussel and Sonnac (2001) also found that advertising accounted for between 40 per cent and 50 per cent in Europe. The figure in Ghana falls a little over 70 per cent.

However, advertising revenue does not come immediately newspaper space is sold to enable media manager plan their operations. Media managers therefore have to resort to the

employment of certain business strategies and measures to generate readily available funds. And in the case of the *Business and Financial Times*, an events department was created to organise several events annually to mitigate the challenge of lag of advertisers to pay on time. These events also helped cushion newspaper operations to ensure sustenance and growth.

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APPENDIX

THE ADVERTISING FACTOR IN THE GROWTH AND DEVELOPMENT OF INDEPENDENT NEWSPAPERS IN GHANA. A CASE STUDY OF *BUSINESS AND FINANCIAL TIMES*

INTERVIEW GUIDE

Section One:

Challenges facing *Business and Financial Times* and Measures to Mitigate these Challenges

- What are the major challenges facing an independent newspaper operating in a developing country such as Ghana?
- There are changing trends in advertising, with most organisations embarking on digital media campaign to get their target audience's attention, how does this phenomenon affect advertising at *Business and Financial Times*?
- What is the newspaper doing to mitigate this challenge?
- There are also changing trends in readership (people prefer to read news online rather than buy newspapers). How does this affect circulation and penetration at *Business and Financial Times*?
- How has *Business and Financial Times* leveraged technological advancement particularly social media for its growth and development?

Section Two:

Factors that accounted for the Growth of *Business and Financial Times*

- What are the major factors that accounted for the growth of *Business and Financial Times* in the midst of a tough newspaper industry?

Section Three:

The Advertising Factor

- What role did advertising play in the growth and development of the *Business and Financial Times*?
- Is there anything else you would want to say about sustaining the growth and development of a newspaper in Ghana?