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*Full length research paper*

# Newspaper copy sales and the performance of the print media in Uganda

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**The aim of this study is to investigate factors that influence newspaper copy sales and their impact on financial performance of print media companies. Data was collected by means of a questionnaire that was physically distributed to newspaper readers and managers during 2011 and 2012. The questionnaires were filled by 694 newspapers readers and 16 managers of print media companies. The results show that when print media want to boost their financial performance, it is important to improve the content of a newspaper and then appropriate cover price, select the distribution channel that reaches the readers easily and choosing the brand values that trigger the buyers to buy. Competition and technological advancement and promotions do not improve financial performance. Generally, cover price, newspaper content, branding and distribution account for 56.6% of the variation in financial performance of the print media companies in Uganda. A single research methodological approach was used in this study. Multiple respondents in a firm were studied, neglecting other key stakeholders such as vendors. Finally, a regression analysis for all the constructs was undertaken; each construct needed its own regression. In order to boost financial performance, managers in print media companies should improve on product offers, insertions and update news in a copy to match any increase in price, take into account economic conditions and readers purchasing power, staple/make a copy difficult to be opened or read by a person before buying and adopt the fastest distribution channel. This is the first paper that focuses on the factors that influences newspaper copy sales and their effect on financial performance in Uganda`s print media.**

**Key words:** Copy sales, financial performance and print media company.

## INTRODUCTION

The global publishing industry is going through a period of turmoil as a broadband penetration rises and new devices for delivering news/content arrive on the scene. For example, devices such as internet has taken over information/news dissemination to the extent that media industry hard copy production and circulation vibrancy has been threatened (Fenez et.al., 2009). In line with this, purchase of a hard copy has been affected because consumers are increasingly becoming sensitive on what they buy on daily or weekly basis, this has forced some to switch from buying hard copies to internet usage, radio listening and television watching (Wan, 2010). Further to this, the penetration of mobile internet on peoples handset phones has risen close to 80% of the world`s population among which half of the mobile phones are WAP capable (Rammile and Nel, 2012), a sign that they use the WAP services to access any information; all these have paused a challenge to the survival of the print media industry. This calls for innovativeness, first moving and sensitiveness on the consumer demands and behavior in order to survive the turbulent environment to achieve improved performance (Kabadayi and Ermurat, 2012).

According to Fenez et al. (2009) improved industrial performance is achieved by consumer purchasing a copy, which is dependent on the readerability, stimulated by the content of the newspaper, plus its availability, navigability and visibility.

Amidst all the above, (WAN, 2010), the media industry has started to digest the needs of the consumers more than ever before to survive financially. This is because; media companies are increasing in number and provide

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similar products with more or less similar content, quantity and charge same price on the market. This has been worsened by the penetration of technological advancements such as online versions, free to air television services and radio in rural areas at cheaper cost which have exerted pressure on the media companies who no longer have monopoly over news and advertisements that the public buy (Cappo, 2003; Kabadayi et al., 2012).

The global concern of hard paper copy sales came to limelight by the WAN Strategy Report December (2011), World Association of Newspapers Report (2012) that newspapers revenue in 2010 and 2011 was in the free fall from 10.6 to 9.6%, hitting European and American continents hardest followed by Africa and Asia. The main reason is that consumers have begun to assume a more powerful and decisive role in the price charged and content on the copies produced and even determine where to get a copy from (Farris and Ailawadi, 1992). However, the media industry has down played these important factors and is struggling to change the balance of power in their favor by entering into a cartel and increasing the cover price to disadvantage the consumers who now face a double edged sword; price increase not coupled with improved content/quality that benefits media companies through monopolistic tendencies. In addition, copy sales may increase and certainly leads to improved financial performance. On the other hand, the current global technological advancement companies such as Google, YouTube and Face book have been able to profit from these developments and captured media time from traditional providers (Fenez et al., 2009).

Other factors responsible for media performance have been discussed in a number of cases, conferences, but no specific factors have been identified for the Ugandan newspaper market. Additionally, most studies have addressed media performance in relation to advertising and copy sales, for example the economics of media markets by Dewenter (2003), transition of the news paper industry in the United States by Kirchhoff (2010), but none of the studies have covered the dimension of copy sales setbacks and their impact on financial performance in Uganda. This paper therefore aims at bringing out that particular dimension. The paper is organized into five sections and begins with the brief overview of the research study followed by the theoretical review of related literature and conceptual model, hypothesis, methodology, analysis of results. The last part gives discussions, conclusions, research implications, limitations and suggested areas for further research.

## LITERATURE REVIEW

Copy sales refer to the volumes/number of newspapers that can be sold by Newspaper Company in a given period driven by the price and content contained in the paper, the level of competition and technology, distribution channels, awareness and branding among others (Kirkwood, 2009). However, researchers such as Taylor, (1997); Linde (2009) and Chisholm, (2006) defined it on the basis of copy units in terms of purchase frequency that affects the company`s top line which is a manifestation of a copy, the purchase price and frequency that yields copy sales growth overtime. Therefore, newspaper copy sales growth can be achieved through increasing copies or revenues, the reason some newspapers have reduced cover price to attract more frequent purchases and others have raised prices to get more revenues and profits though none of them has accurately predicted the extent of price elasticity on copy sales. Linde (2009) argues that cost leadership is a key in obtaining low variable costs and increased copy sales volume, but then managers know that an increase or reduction in price alone does not drive sales. Glynn (2007) states that consumer purchasing behavior is not merely about price, but it is a combination of such other ingredients like quality, the nearness and awareness of the product that brings a customer closer to making a purchase. To this effect, Bontis et al. (2008) pointed out that dissemination of market intelligence must be done horizontally and vertically so that a company`s competence is developed and felt by the public. It is therefore true that for a copy to be sold, an organization has to create a business model for its customers such that they ascribe to the firm`s qualities that distinguishes it from competitors to foster performance (Castrol et al., 2004).

### Cover price

Newspapers cover price is the monetary value indicated on the masthead of a newspaper as a symbol of its value (Aura, 2006). According to Sternquist et al. (2004), price rather than being a uni-dimensional construct, has a variety of underlying dimensions that can be categorized as positive or negative. Some consumers may positively interpret price as an indicator of product quality or prestige, causing higher purchases for highly priced goods while others may view price negatively and seek to reduce the price they pay. Hinterhuber (2008) summed it all that price increases are associated with increase in product value offers. In line with this, Chisholm (2006) observed that some newspapers have reduced their cover price to increase copy sales while others have increased cover price to maximize profits but few have been able to predict the impact of price elasticity on either sales or market share. This justifies Duke (1994) assertion that there are no established guidelines in pricing to help managers to quickly and confidently choose the appropriate pricing tactics for a specific set of customer characteristics. Both

Kurtz et al. (2007) and Zielke (2010) raise related price dimensions that are important for customer satisfaction to motivate purchase prices. For example, price quality ratio which relates quality and cost of the product, relative price expressed in terms of competitor prices, price reliability expressed in terms of fulfilling expectations, price transparency and fairness is about reasonable or acceptable price (Nagle and Hogan, 2007). Price level perceptions perceives price without product quality considerations while value for money is about getting the worth in the product purchased. Price perceptibility and processability dimensions require customers to easily see the price and compare prices across products, but with the print media in Uganda, they enter into a cartel and fix same price that the readers are left with no room for comparison.

According to WAN (2010), newspaper pricing is based on three theories: 1) pricing to motivate purchase, 2) pricing to give value to a product and 3) pricing to pre-empt competitors from entering the market at low prices. In some occasions, pricing may not motivate purchase but instead de-motivate purchase in cases where the price levied on a product is high and the purchasing power is low (Nuwagaba, 2012). Equally, in countries like Uganda where there is no consumer protection (theory 2) the value of the product may not necessarily be enshrined in its quality. Similarly in a country where newspaper prices are fixed in a cartel, then theory 3 becomes vague. All these contradictions in literature create a challenge and create a mix that is meant to be fixed in this study.

A number of newspapers across the world have had to increase cover price to adjust to the prevailing economic levels, others have blended cover price increase with a number of added values such as product content innovations and extensions to mitigate the expected copy sales loss. For example the Sunday Times of UK (2006) increased its cover price to £2, the highest price in the market at the time, improved its content offers to enhance the value for money and maintained high copy sales (Tryhorn and Brook, 2006). On the other hand, the UK market in the 1990's experienced price wars but cover price reductions did not induce commensurate response from buyers to compensate the immense investment in the price wars. It was noted that similar result can be achieved through other but cheaper means than price reductions such as promotion; the reason newspapers must ask what to do to support sales if reduced prices go up to more economic levels- WAN Strategy Report (2006).

Aura (2006) on the other hand argues that reducing prices attracts sales as was a case with "*The Times"* news paper (UK) in the 1990s when the company almost doubled the news paper circulation because of lower cover price. In the same article Aura quotes World Press Trends- WPT (2005) indicating that the same case happened in emerging markets such as Eastern Europe where International publishers like the Swiss publisher-Ringier in Czech Republic, Romania and Hungary, quickly gained market share through launching cheap Publications but this cannot be generalized to suite African countries like Uganda especially with the advancement in global technology. Additionally, micro economic theory argues that demand varies with price adjustments. Free Library.com report (2006), shows that price is not a significant factor in the decision to purchase a newspaper but free access to newspapers in places like cafes; saloons seem to have more of an influence on buying habits than price does. This observation is kin to Gendall et al. (1997) and Duke (1994) who noted that the demand theory is not all the determinant of pricing in the practical firm environment, but customer characteristics and company objectives in pricing considerations is as important. Equally important consideration in price determination is consumer purchase behavior and competitive pressure (Uusitalo and Rokman, 2007).

***H1***. Newspaper Cover price positively influences financial performance of print media companies in Uganda

**Newspaper quality/content**

According to WAN (2010), product quality is more important than other strands of marketing and thus in an industry where product defines what it is, what it does and what it stands for, other strands of marketing fall into second position. Therefore, content is a key element to grow sales other than price. In fact, without journalists producing content that raises the demand for daily readership, any mechanical encouragement of readers' loyalty will ultimately fail and price can only achieve so much. Similarly, Kamukama (2010), Gronroos, (1990) and Gummesson (1994) states that product quality is conceptualized as conforming to requirements between buyers and sellers which include process aspects, such as responsiveness, that encompasses delivery, Availability and punctuality. Parasuraman et al. (1998) described product quality as the ability of the organization to meet or exceed customer expectations viewed as "desires and wants of consumers", what they feel a service provider should offer rather than would offer. Molly and Brent (2006) observed that as firms continue to seek unique sources for better performance, quality has been taken as an essential element. Firms with deeply ingrained product quality orientation often develop both intrinsic culture and an extrinsic reputation which tend to be very enduring and difficult to copy (Kamukama, 2010). Resources and skills of this nature may be more sustainable than those which are easily imitated or subject to substitution (Barney, 1991). It is thus, difficult to imitate resources that can enable the firm to provide quality services to its clients. Thus, quality is a means by which firms may enhance differentiation strategies and allowing them to increasingly distance themselves from competition (Wiley, 1994).

According to Douglas et al. (2005) quality is not an end in itself, but a means to an end and its improvement attracts new customers; enhances retention and loyalty of existing customers, and lure customers away from a competitor whose product quality is perceived to be low (Babakus, 2004). Also, consistency in providing products and services that satisfy customers' needs can increase the financial performance by reducing failure costs Anderson (1994), thus, a larger number of customers lead to greater profitability. Therefore, the effect of news paper quality and its impact on cover price and performance are explored in this study.

***H2***. Newspaper quality/content positively influences financial performance of print media companies in Uganda

**Competition and technological advancement**

Information access has shifted from scarcity to surplus and so business model rooted in scarcity must change. In the post industrial countries after 2004, faster newspaper copy sales drop was recorded as a result of expansion of broadband that improved internet access. The drop in circulation however is not only due to consumer shift from analog to digital but increased access to information by a simple click at home through satellite TVs, radio among others. The search engines now work as a supermarket of information. The free information provided on internet is however causing a debate as to who should pay for journalism; readers used to pay by buying newspapers with a proposal that internet information should be provided with a bi-model approach called Freemium-Free content to attract visitors and charge premium content (Crosbie, 2009; Nel, 2009; Rumbol and Duarte, 2009). According to the WAN strategy report 2009, global wireless online access users through mobile phones increased from 70 million to 920 million, this has left the newspaper print media companies pondering about future profitability.

The adjustment in the distribution of goods and services based on rapidly changing technology (digital) has manifested a big factor which has impacted greatly on sales for which the journalism industry has greatly been affected. Case (2009) reported that the circulation declines in the US market showed in the Audit Bureau of Circulations (ABC) figures released in October 2009 was as the result of continuing migration from print to internet, saying the recession could have driven people to drop newspaper subscriptions to cut costs. This is akin to Lidtke (2009) report which links the declining circulation with a coincidence in the explosion of free online news sources which has acted as substitutes for a hard copy. In explaining the effect of substitutability concept, Flavian and Gurrea (2007) stated that the more the readers consider traditional press and digital as substitutes, the more they will opt to buy either. Thus if electronic and physical newspapers were considered not to be substitutable products, readers would take the two products as complementary. But those who are more conscious with their sight and or want to read a bigger part of the papers prefer print version.

The WAN strategy reports (2010) identified the threat of internet on print copies but observe that the print offers are irreplaceable value that will outlive the competition of electronic media. “Newspapers possess unique characteristics that are desirable for the ages” The success of news papers will greatly depend on trust and credibility. Further note is taken that the growth and development of electronic media in form of mobile telephone is good in the medium that will keep customers abreast. “Newspapers that have an opportunity to communicate to customers, not only distributing content, on so many channels and several times every day are in a unique position to build rich relationship with their audiences” (WAN, 2010).

***H3***. Technological changes positively influence financial performance of print media companies in Uganda.

**Distribution**

Manufacturers cannot print before the timely news come in and if delivery is done when commuters have left home for work they miss the copy and may lead to cancellation of subscriptions and hence sales drop (Hunter et al., 1996). In Uganda, a leading paper dropped sales because of late delivery of papers to the market (New Vision Circulation Sales Report, 2011). Limited buyer access to newspapers affects purchase and lowers sales. Free Library.com report (2006) shows that price is not a significant factor in the decision to purchase a newspaper but easy access to newspapers in places like cafes, hair dressers, supermarkets seem to have more of an influence on buying habits than price does. But strategies to improve distribution have been underestimated in the typical marketing plan. Companies should therefore involve their key distributors as partners in developing benchmarks for effective distribution to achieve sales goals. For example the distribution channel selected by manufactures should count on the cooperation of retailers (Low and Mohr, 2000; Weber, 2000; Parck, 2004).

***H4***. Distribution channel positively influences financial performance of print media companies in Uganda.

**Brand perception**

According to Kabadaya and Ermurat (2012), brand provides important benefits to customers – both to an individual and firms and is considered as a source of financial returns and represents competitive advantage.

In addition, customers make decisions to buy depending on how they perceive a brand. This is in agreement with

Baldauf et al. (2003), Glynn (2007), Rao and McLaughlin (1989), who stated that brand, is one of the factors that affect retailer's decision making to buy. In the same line, Anselmi (2000) found that relative market share of a brand had an effect on the long-term relationship with distributors and affected manufacturer's advertising allocation decisions.

Manufacturer brands also offer benefits such as established consumer demand, favorable consumer attitudes toward the branded products found in the stores and enhancement of the retailer's credibility (Webster, 2000). Glynn et al. (2007) note that sources of brand benefits enhance consumer satisfaction, trust and commitment to the brand that ultimately improves the financial performance. Brand building by a firm primarily considers the demand side of the market whose aim is to improve sales volume and market share (Lassar, 1998). Lassar (1998) examined the impact of consumer behavior on brand and concluded that significant brand perception is a manifestation of more copy sales that results in sales volume. Similarly Verbeke et al. (2006) contended that a positive brand perception leads to brand strength of the manufacturer and conceptualized with two dimensions; innovation and meeting consumer needs. (1) Innovation is the consumer's evaluation of manufacturer brand in terms of pioneering attributes (Alpert et al., 1992) while (2) meeting consumer needs is the agent's evaluation of manufacturer brands if they meet consumer needs and offer better value to the consumer than the competition (Woodruff, 1997).

Thus, strong brands represent a key component of competitive advantage and function as the main source of a company's future earnings. For instance, a strong brand can be leveraged to launch new products and support repeat purchases (Baldauf et al., 2003). On the other hand, strong brands create trade leverage for manufacturers when dealing with agents (Keller, 2003; Glynn, 2007).

***H5***. Brand perception influences financial performance print media companies in Uganda.

## Promotion

The current trend of marketing has seen many companies spend a lot more on advertising to drive brands and sales but the trend seems to have Relentlessly changed in favour of sales promotions with companies now spending as much as 70% of their Promotional budgets on sales promotion (Gosh, 1997). According to Koksal and Ozgul (2007), advertising is the situation should be differentiated in style with increased use of imagery. Brands with higher ratio of advertising budget than sales promotion win more favorable consumer attitudes, brand equity and increased market share (Low and Mohr, 2000).

Sales promotion has been found to put more emphasis on short term gains more easily visible to top managements but may reduce long term profitability of the brand by over subsidizing consumers and encouraging them to wait for deals (Gosh, 1997). Rowley (1998) concluded that all promotional activities must be measured for the effectiveness and the best measure is to look at sales response and any measures of reputation available.

***H6.*** Promotion positively influences financial performance of print media companies in Uganda.

## Newspaper copy sales and financial performance

According to Taylor (1997), copy sales can be examined on the basis of copy units in terms of purchase frequency that affects the company top line. Kirkwood (2009) argued that in addition to measuring sales growth over a period of time, sales growth can also be obtained by comparing firm sales with other firms in the same industry. Chisholm (2006) further observed that copy circulation can be achieved through increasing copies but the sales revenues are the most important, the reason some newspapers have reduced cover price to attract higher copy sales and more frequent purchase and others have raised prices to get more revenues and profits though none of them has accurately predicted the extent of price elasticity on sales. Prices can be reduced to respond to competitive pressures or stagnating demand. However this may be considered in relation to how much more will be sold to match the same levels of profitability (Curry, 2004). Competitive pricing targets price sensitive customers who are normally enough in the market to generate higher sales volumes at lower prices. This also lowers cost of production through shorter learning curve that in the end leads to improved financial performance. On the other hand skimming prices attracts more entrants that may lessen the prices. Leaders normally set penetration prices to heighten the entry barriers (Duke, 1994).

Accordingly, the discrepancies in distribution and competitiveness of firms occur from their distinctive capabilities (Amit and Schoemaker, 1993). Despite their effort (Curry, 2004; Schoemaker, 1993) to explain firm performance, they completely leave out industrial effects and looks at a firm as a 'black box' (Schmalese, 2004Brands since consumers tend to switch brands more

Frequently during crises. Therefore, advertising in such reliable means that can attract floating customers to their According to Schmalese (2004) firm performance (profits) is attributable mostly to industry effects, and firm effects are insignificant to do it alone. Even Kessides (2000) argued that the firm is a social system that cannot be cut off from the rest of the world. This theory's application in explaining firm performance is thus, limited because of an over emphasis on internal focus of the firm in an open

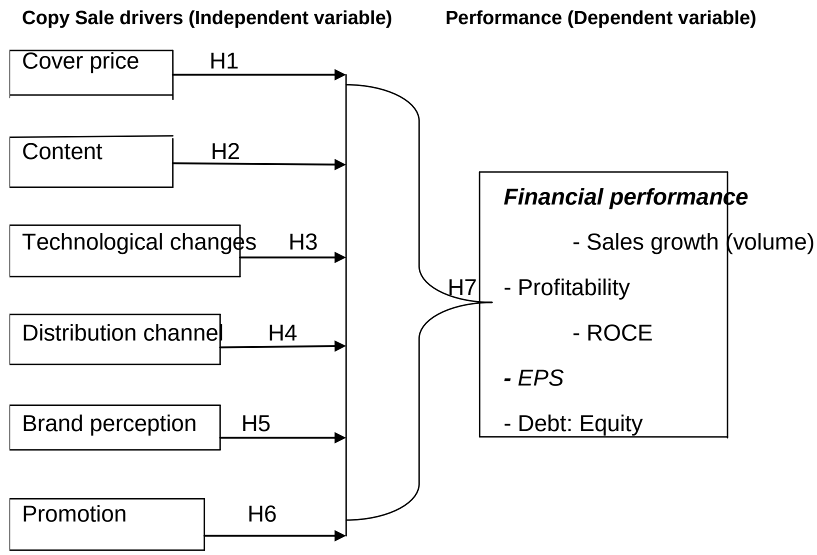


**Figure 1.** The conceptual model. Source: Reviewed literature.

business environment (Kessides, 2000) and firms have different goals; one can be quality oriented whereas the other aims at profit maximization, thus the blend may vary from firm to firm (Slater and Narver, 2007).

Nevertheless, the findings of Shmalese (2004) and Kessides (1990) acknowledged that the resource-based view theory is inadequate to explain firm performance. It was noted that the resource-based view theory is rooted inside the firm and ignores the external attributes of its industry for example it ignores customers, the surrounding who are large stakeholders and yet these significantly influences firm performance trends (Wenerfelt, 1992; Dierick and Cool, 1989; Prahald and Hamel, 1990). With the increased global automation, technology customer sensitivity is an important predictor of firm performance. Thus the level of automation and technological advancements may not necessarily still be important but what one is putting before the consumer and how sooner it gets to him matters in influencing financial performance. Empirical studies by Fenez et al. (2009) proved that price and content are key components in reducing the financial gaps in European and American countries. The print media sector in African countries being on a lower level of development than the mentioned continents, such findings cannot be generalized to account for performance trends in Africa and Uganda in particular.

It is evident that, in terms of product quality, the behavior of the service provider is of paramount importance (Mohr and Bither, 1995 cited in Haynes, 2000). According to Haynes (2000), customer perceptions of satisfactory service have been shown to be directly influenced by the behavior of service providers, which, in turn, appears to be influenced by accessibility and affordability. Furthermore, customer perception has an effect on the quality product an organization offers. Therefore, it is vital for the firm to develop a shared understanding of the underlying values, perceptions, and needs of the targeted readers in order to give a newspaper what matters to enhance sales. According to Hays and Hill (2001), a shared understanding facilitates service processes and reconciles service differences among the parties involved in doing business. From the aforementioned theoretical view, a conceptual model has been developed (Figure 1).

***$H_7$*:** Newspaper copy sales positively influences financial performance of print media companies in Uganda.

## Hypotheses

***$H_1$*:** Newspaper cover price positively influences financial performance of print media companies in Uganda.

***$H_2$*:** Newspaper quality/content positively influences financial performance of print media companies in Uganda.

***$H_3$*:** Technological changes positively influences financial performance of print media companies in Uganda.

***$H_4$*:** Distribution channel positively influences financial performance of print media companies in Uganda.

***$H_5$*:** Brand perception positively influences financial performance print media companies in Uganda.

***$H_6$*:** Promotion positively influences financial performance of print media companies in Uganda.

***$H_7$*:** Newspaper copy sales positively influences financial performance of print media companies in Uganda.

## METHODOLOGY

### Participants

Data were collected by means of a questionnaire that

**Table 1.** Descriptive statistics.

| Variables | Frequency | Percent |
|---|---|---|
| Age (years) | | |
| 20-29 | 167 | 24 |
| 30-39 | 199 | 29 |
| 40-49 | 143 | 21 |
| 50-59 | 108 | 16 |
| Above 60 | 77 | 11 |
| Gender | | |
| Male | 417 | 60.1 |
| Female | 277 | 39.9 |
| Education | | |
| Certificate | 53 | 8 |
| Diploma | 121 | 17 |
| Degree | 291 | 42 |
| Masters | 134 | 19 |
| Others | 95 | 14 |

Source: field data.

was distributed to newspaper readers from 1 city and 33 municipalities (urban centers) and print media company senior managers who had high value and knowledge on the company`s performance and circulation.

Urban centers constitute 70% of all newspaper readers in Uganda (National Media Comparative Sales Reports, 2010) for which 48.5% of the sample from city and 51.5% from the municipalities. The selected print media companies' sale an average of 49,000 copies in urban areas per day and according to Yamane (1973), the sampling tables indicated that with this range and at precision levels of +-5% (confidence level of 95%, p = 5), the average sample becomes 397 objects, at precision level of +-3% (confidence level 97%, p= 3) the sample becomes 1,087 objects and at +-7% (confidence level 93%, p=7) it becomes 204 objects. We took the second level sample of 1,087 respondents at precision of +-3% which was representative enough for such population and it fairly yields a representative sample. Besides, the sample size generated using this approach fairly mirrors the results one would have got using a table of random samples by Krejcie and Morgan (1970) and Isreal (1992). Stratified and purposive sampling techniques were used based on a reader who had bought a newspaper at least thrice in the past one week and on managers who had stayed in the company for a period of eight years, had circulation and financial performance knowledge..

## Instruments

A questionnaire comprising of 41 items using a five point Likert scale was used to collect responses from newspaper readers and senior managers. The questionnaires were operationalized based on previous studies by Aura (2006), Kostis (2008), Zielke (2010), Kamukama (2010) and modified to suite the Uganda`s print media industry with the help of academicians and marketing managers. The respondents were approached to participate in the study with a hard copy printed questionnaire which they filled at ease and collected after a week. A newspaper copy sales was sub-divided into six components: Cover price, content, technological advancements, distribution, brand perception and promotion. Cover price was viewed in the perspective of the price dimensions advanced by Kurtz et al. (2007) and Ziekel (2010). Product quality was viewed in terms Garvin (1984) dimensions such as product performance, features, reliability, conformance and aesthetics plus the quality- price correlations. Distribution was viewed in the perspective of time of delivery, accessible outlets and optimisation of stock level. Technological effect was viewed in the perspective of consumer shifts. This was considered according to information sources identified in (WAN 2010). Financial performance was measured basing on the works of Ledgerwood (2011) and the performance monitoring tool (2005/2008). From the financial point of view, ratios such as sales growth, net profit margin ratio, earnings per share (EPS), yield on portfolio, and return on assets (ROA) were used because they are appropriate performance measures since they eliminate the effect of size (F-Jardon and Martos, 2009).

## Analysis

The resulted 32 item measures had a very good internal consistency coefficient (cronbach above 0.70). This result is in line with Saunders et al. (2006) and Nunnally (1978) who state that coefficient above 0.70 are considered good and signify high validity of instruments used. Data were checked, cleaned (Field, 2006) and completed

**Table 2.** Factor loadings for the constructs.

| Q no. | Items | Loading |
|---|---|---|
| | **Cover price** | |
| 1 | Price is very important in ………… | 0.71 |
| 2 | When price goes up, I ………… | 0.61 |
| 3 | I reduce frequency of buying when……… | 0.55 |
| 4 | When making a decision………… | 0.58 |
| 6 | The newspaper companies have……… | 0.61 |
| 7 | The price of newspapers has………. | 0.78 |
| | Observations = 7 | |
| | Eigen value = 5.39 | |
| | Variance explained (%) = 23.3 | |
| | Cronbach alpha = 0.74 | |
| | **Newspaper content** | |
| 8 | I buy a newspaper because……………….. | 0.89 |
| 9 | Newspaper gives me …………………… | 0.83 |
| 10 | Content and price do not………………. | 0.70 |
| 11 | Well laid and ………………… | 0.72 |
| 12 | Expect more content than …………… | 0.73 |
| 13 | It offers more value for money than …….. | 0.60 |
| 14 | The print quality and colour is…………….. | 0.80 |
| 15 | Consistent with …………….. | 0.68 |
| | Observations = 8 | |
| | Eigen value = 4.23 | |
| | Variance explained (%) = 17.14 | |
| | Cronbach alpha = 0.78 | |
| | **Advancement in technology** | |
| 16 | I access news through ………… | 0.51 |
| 17 | Electronic media has …………… | 0.79 |
| 18 | I prefer electronic media for ……… | 0.63 |
| 19 | I have enough time to ……………. | 0.52 |
| | Observations = 4 | |
| | Eigen value = 3.46 | |
| | Variance explained (%) = 13.4 | |
| | Cronbach alpha = 0.64 | |
| | **Branding** | |
| 20 | Price-quality relationship …………… | 0.57 |
| 21 | Printed copies are reputable ………… | 0.68 |
| 22 | Innovative activities that meet ……….. | 0.77 |
| | Observations = 3 | |
| | Eigen value = 2.95 | |
| | Variance explained (%) = 10.2 | |
| | Cronbach alpha = 0.78 | |
| | **Distribution** | |
| 23 | I access the newspaper ………… | 0.52 |
| 24 | Easy to get a newspaper with …….. | 0.85 |
| 25 | Service centers of the ……………. | 0.73 |
| 26 | Deliver exactly what ……………. | 0.51 |

**Table 2 Contd.**

| | | |
|---|---|---|
| 27 | Orders remain adequate even in ……….. | 0.60 |
| 28 | Information about the order taking ……. | 0.83 |
| | Observations = 6 | |
| | Eigen value = 2.72 | |
| | Variance explained (%) = 8.4 | |
| | Cronbach alpha = 0.81 | |
| | **Promotion** | |
| 29 | Reward readers in ……….. | 0.60 |
| 30 | Royal readers ……. | 0.87 |
| 31 | Advertisements influence …….. | 0.60 |
| 32 | Suit the needs ………… | 0.68 |
| | Observations = 4 | |
| | Eigen value = 2.60 | |
| | Variance explained (%) = 7.7 | |
| | Cronbach alpha = 0.73 | |

**Table 3.** Mean, Standard deviation and correlation of the variables.

| Variable | Mean | Standard deviation | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|---|---|
| Cover price 1 | 3.3 | 0.81 | 1.0 | | | | | | |
| Newspaper content 2 | 3.0 | 0.66 | 0.907* | 1.0 | | | | | |
| Tech Advancement 3 | 3.8 | 0.71 | 0.226 | 0.061 | 1.0 | | | | |
| Branding 4 | 3.3 | 0.76 | 0.885* | 0.992** | 0.152 | 1.0 | | | |
| Distribution 5 | 3.5 | 0.69 | 0.942* | 0.946* | 0.321 | 0.947* | 1.0 | | |
| Promotion 6 | 3.7 | 0.74 | 0.619 | 0.841 | -0.135 | 0.819 | 0.783 | 1.0 | |
| Financial perform 7 | 3.4 | 0.73 | 0.976** | 0.930* | 0.197 | 0.922* | 0.915* | 0.595 | 1.0 |

*Correlation is significant at the 0.05 level (2-tailed); **Correlation is significant at the 0.01 level (2-tailed).

questionnaires were further checked for missing values and inconsistencies in responses given by the respondents. Principal component analyses and correlation were performed to identify patterns in data and to reduce data to a manageable level (Field, 2006). H1 to H6 were tested by the use of the correlation analysis and followed by the regression analysis to test H7.

## RESULTS

### Sample characteristics

694 (67%) newspaper readers and 16 (80%) managers of the print media industry in Uganda participated in the study. Most of the respondents studied 199(29%) were aged 30 to 39 and the majority 291(42%) having attained a degree. The mean scores of the variables ranged between 3.0 and 3.8 and standard deviations in the ranges of 0.66 to 0.81. Since the standard deviations are smaller than the mean values, it signifies that the mean represents the observed data and thus the computed averages are a good replica of the reality (Grayson, 2004; Field, 2006; Saunders et al., 2006) (Table 1).

### Analysis of data

A principle component analysis was performed using a maximum likelihood method with varimax rotation. The number of factors was determined by the screed plot criterion and the explained variance of the factors. Items that did not load significantly on any factor (loading below 0.5) were excluded from further analysis. The first factor analysis (Table 2) was performed for the independent variable (copy sales) and the variance explained against each construct measured as: cover price 23.3%, newspaper content 17.1%, and technological advancement 13.4%, distribution 10.2%, branding 8.4% and advertising 7.7%. The second factor analysis for the dependent variable (financial performance) was also performed and variance explained for the constructs were as

**Table 4.** Regression analysis of the variables.

| Model 1 | Unstandardized coefficients | | Standardized coefficients | t | Significance |
|---|---|---|---|---|---|
| | B | Standard error | Beta | B | Standard error |
| (Constant) | 1.974 | 0.000 | | . | 0.000 |
| Cover Price | 0.585 | 0.000 | 0.592 | . | 0.005 |
| Newspaper content | -0.063 | 0.000 | -0.098 | . | 0.022 |
| Branding | 0.771 | 0.000 | 0.721 | . | 0.026 |
| Distribution | -0.391 | 0.000 | -0.375 | . | 0.030 |
| R | | | 0.755 | | |
| R Square | | | 0.570 | | |
| Adjusted R2 | | | 0.566 | | |

a Predictors: (Constant), News paper content, cover price, branding and distribution; a Dependent variable: Financial performance.

**Table 5.** Outcome of the hypothesis test.

| Research Hypothesis | Correlation | Beta coefficient | Sig | Conclusion |
|---|---|---|---|---|
| Cover price and performance | 0.976** | 0.592 | 0.005 | Supported |
| Content and performance | 0.930* | -0.098 | 0.022 | Supported |
| Technology and performance | 0.197 | | | Not supported |
| Distribution and performance | 0.922* | 0.721 | 0.026 | Supported |
| Brand and performance | 0.915* | -0.375 | 0.030 | Supported |
| Promotion and performance | 0.595 | | | Not supported |
| Copy sales and performance (Adjusted R Square) | | | | Supported |

follows:
Sales growth value 24.2%, profitability 20.9%, return on capital employed 13.3%, earnings per share 7.7% and dividend yield 6.9%.
The description of the constructs under the study variables are shown in Table 2.
Hair et al. (2003) suggested that a factor which has both an Eigen value of more than one and a cronbach alpha of a minimum 0.6. The findings presented in Table 2 meet these criteria.

### Testing the hypothesis

Correlation results presented in Table 3 Indicate that newspaper copy sales constructs (cover price, newspaper quality/content, branding and distribution) have a significant relationship with financial performance (r=0.976, p<0.01; r=0.930, p<0.01; r=0.922, p<0.01 and r=0.915, p<0.01) respectively. These results support hypothesis (H1, H2, H4 and H5) and imply that increasing newspaper cover price, improvement on quality, investing in brand and making a newspaper accessible strengthens financial performance. H3 and H6 were not supported and thus imply that technological advancements and promotion do not strengthen financial performance of the print media.

In a build up from the correlation results, a regression model (Table 4) was produced containing only four constructs (cover price (B=0.592, Sig 0.005), quality/content (B=0.098, Sig 0.022), branding (B=0.721, Sig 0.026) and distribution (B=0.375, Sig 0.030)) of newspaper copy sales of which the remaining two constructs (technological advancement and promotion) of newspaper copy sales (Table 4) were dropped because they were not significant and had contributory effect to financial performance. Generally, newspaper copy sales construct account for 56.6% of the variance in financial performance of the newspaper industry. This therefore supports H7.

## DISCUSSION AND CONCLUSION

With regard to the first hypothesis (Table 5): Newspaper cover price positively influences financial performance of print media companies in Uganda; It can be observed that the price charged on a copy influences the buying behavior of the readers and thus impacts greatly on the financial performance as much as was reported in the findings of Nagle and Hogan (2007). In this context, news paper readers focus on how much they are going to pay to have a copy and relate this with what the copy contains, agreeing with the managers` view that they increase the price whenever there is value addition. This however, may or may not affect performance because the number of copies bought may reduce or increase because of that increment and rarely in Uganda do prices come down once increased. In short both the readers and managers agree that there is a high correlation between the price charged and the content the copy has. These findings are closely related to what *The News of America* (Case, 2009) observed.

Similarly, the results show that in the event of cover price increase, some readers stick to their most favorite newspapers while others access newspapers through copy sharing and hiring (two people combining to buy a copy and or reading a newspaper at a fee to the vendor and return it) regardless of the equivalent improvement in the product offers as they only look at the price offers (Kurtz et al., 2007; Zielke, 2010). In line with this, Fenez et al. (2009) argues that increased price scares the low income earners who are price sensitive but at the same time attracts high income earners who have disposable income and do not mind whether price increases or not. This group that reduced the frequency buy again when there is an irresistible motivator such as a strong lead story. Sternquist et al, (2004), supports the argument that there is need for Newspaper price quality ratio and price reliability to fulfill reader expectations and fairness that the price charged is reasonable or acceptable (Kurtz et al., 2007; Zielke, 2010).

The results in Tables 3 and 4 show a significant relationship between newspaper content with financial performance. This result proves that the composition, qualification and independence of newspaper columnists, reliable news and ease of reading, make newspaper readers buy a copy repeatedly. This result support H2 and are further supported by the works of Molly and Brent (2006) who observed that unique content in a paper as provided by qualified columnists with reliable news in it, increases the number of buyers for a newspaper. Hinterhuber (2008) further argued that it is the content a news paper has that shapes the upward or downward movement of prices that is associated with an increase in product offers. He further points out the value a newspaper columnist provides in differentiating the quality, price and that the readers would even pay more if the price is not tagged on the cover.

Additionally, results reveal that competition resulting from technological advancements such as internet usage, penetration of free to air television services and radios are not substitutes for print version and therefore have no effect on the financial performance of media companies and thus disagree with H3. Thus, by simply watching television or listening to radio news, does not deter the customer from buying a copy, but would instead raise interest to buy a copy. Why is this so; because in Uganda and Africa in general, the free to air and radios only provide summaries and headlines and do not give details, cannot store a permanent record for future reference, are expensive to acquire/subscribe and are time consuming. This instead enables the client listening/viewing to go for a hard copy the following morning. Contrary, these finding disagree with what is happening in the Western countries where the declining circulations are heavily blamed on the explosion of free on line news sources (Lindtke, 2009; Case, 2009).

Though Western countries are suggesting levying a fee on accessing news on line to pay for journalism (Crosbie, 2009; Nel, 2009; Rumbol and Duarte, 2009), a suggestion for paying for on line access to the print media in Uganda has failed to take shape. Most of the readers in Uganda, a 3.5 index indicated that clients would still buy a hard copy even if they read the paper on the internet. This means that the effect of substitutability (Falvia and Gurrea, 2007) is minimal with digital hardly able to substitute the traditional press in substantial volumes. These authors suggest that if electronic and physical newspapers were considered not to be substitutes the readers would take the two products as complementary and would buy both in high volumes.

Results also showed that print media company’s initiative to brand improvement boosts financial performance because the configuration of customers in brand innovation process, retailer’s evaluation and reputation are key ingredients to achieving a good price relationship and performance. This finding is in line with those of Kirkwood (2009) who found out that the growth in sales revenue is a function of firm reputation, customer service and good staff which influences customer choice of the firm’s products.

There were certain association found between newspaper distribution and firm performance. These results support the hypothesis (H5), and proved that the distribution channel a company adopts preferably (manufacturer to vendor and then to consumer) improves on newspaper copy sales. Therefore, the ease with which a newspaper can be accessed, delivering what is ordered, leads to improved financial performance. This is in agreement with the findings of Free Library.com report (2012) that the ease to which a newspaper can be accessed in places like cafes, saloons, influences buying habits of newspaper readers in Uganda.

Evidence from both newspaper readers and managers disagreed with the set hypothesis (H6) which stated that there is a positive relationship between promotion and financial performance. Managers argued that by rewarding loyal readers and advertising more on television and radios results in cash outflows with no substantial amounts of inflows. These results are in line with those of Low and Mohr (2010) who stated that sales promotion leads to short term gains that are more visible to top management but may reduce long term profitability of the brand by conditioning consumers and encouraging them to wait for deals. On the other hand, these findings are in contradiction with earlier results by Koksal and Ozgul (2007) who asserted that promotions are a reliable means that can attract floating customers to their brands since customers tend to switch brands more frequently. They further argued that when cover price increases it should always be accompanied by promotions.

Finally, the findings revealed that a positive change in newspaper copy sales components boosts the performance of the print media by 56.6%. These results imply that print media companies that invest their resources in quality improvements of the content provided in a newspaper motivates purchases, pre-empt the competitors and the value is attached to their products at any price (Kurtz et al., 2007; Zielke, 2010). Again, a newspaper cannot sell itself, thus there is great need of choosing a distribution channel that is cost effective to both sides and takes little time to reach the end point. The earlier the copies reach the market, the higher the vendors' propensity to sell more copies. Hence, managers have the duty to make early dispatches if they are to lead their companies to a better financial performance.

## Conclusions

This research paper has explored different components that determine the newspaper buying behavior in Uganda and largely in less developed countries. These findings help managers and intending entrepreneurs to know the viable newspaper purchasing drivers that would sustain their companies. The findings further show that newspaper readers do not determine quality or fix prices, it is done by managers of print media companies. Similarly, it signals to management of the print media companies to re-examine their position and put measures to neutralize the negative perception of price unfairness on the side of readers to re-motivate their purchase preference, have an irresistible product to take home whenever there is case of real or perceived high cover price. However this group of readers may not buy unless it becomes increasingly impossible to read a paper without paying the cover price. This will stimulate the company to engage more in discussions to package the newspaper in a way that no one can read it unless someone has paid for it such as stapling it.

Lastly**,** management have to raise the value for money perception that heavily depends on quality which is positively correlated with price yet customers may lack information and use comparative price to purchase (Garvin, 1984). This requires actual or perceived improvement on product quality that can be achieved through content enhancement.

## RESEARCH IMPLICATIONS, LIMITATIONS AND FUTURE RESEARCH

The study has introduced a clear understanding on of the effect of newspaper copy sales on financial performance of the print media industry in less developed countries particularly Uganda. It has also revealed that the purchasing behavior of the population is dependent upon several factors. This therefore promotes the efforts of management study which drives mostly copy sales and they should not fear to increase prices in case the economic levels demand so. However, they have to ensure that in such circumstances, readers understand the reasons as to why prices have to increase and a match against the economic levels so that the price is seen as transparent and fair by the bigger majority to mitigate a drop in sales. This can be done through well planned marketing campaigns and product extensions.

Stringent measures should be put in place to safeguard the product from those who would want to share or pay less price to read the papers as it was evident that this is a substantial number especially in the event of price increase. Such can be attracted by an improved product to sustain frequency of purchase and those who only look at the price perspective to reduce purchase frequency however much the product improves to match the price. The latter is not an easy one because it requires both product innovation and administrative approaches to manage, such as stapling papers among others.

Actual product offers in terms of content, magazines inserts and target market content is more important than the price as accepted by 60% of the respondents. Whereas print media companies can have a latitude of increasing cover price when economic revels dictate so, it must do so with an equivalent shift in product quality to match the actual or perceived value for money to mitigate the adverse effects of price increase on sales. The distribution channels of print media through vendors to final newspaper reader should be given much emphasis and also home delivery as a point of purchase together with supermarket point of sales.

The study collected data from 694 readers (67%) out of the total sample size of 1,087 readers. The response rate is good enough for statistical analysis, a higher response rate would have been necessary to give the study more meaning. Secondly, a single method of data collection was used (structured questionnaire). This limited respondents' scope of answering since their views were predetermined. Thirdly, a multiple regression for each of the copy sales constructs would have been necessary in order to understand the degree of contribution of each construct. A longitudinal study based on interview to the newspaper readers needs to be carried out over a period of time. Secondly, a confirmatory factor analysis and an in-depth hierarchical regression model for each construct of newspaper copy sales is required to determine the predictive power R2 of each construct.

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