



# Advertising as payment: Information transactions in the South Korean newspaper market

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## ABSTRACT

The present study attempts to examine how market-driven journalism and a decrease in newspaper readership have affected information subsidy patterns between public relations practitioners and journalists in South Korea. Findings suggest that newspaper journalists have become dependent on information subsidies more than ever before, especially advertising as a payment, which play a significant role in the negotiation of favorable relationships between sources and newspapers. Thus, the study suggests that under the economic constraints that the newspaper industry faces, advertisement as a payment seem to be more influential than the more conventional information subsidies.

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## 1. Introduction

Historically, public relations practitioners have disseminated information subsidies to the media to influence media agendas (Gandy, 1982). Berkowitz and Adams (1990) explained that information subsidies are “efforts of news sources to intentionally shape the news agenda by reducing journalists’ costs of gathering information” (p. 82). Typical information subsidies from public relations practitioners include news releases, press conferences, and interviews.

Two environmental shifts have significantly changed the types of information subsidy given out in recent years. One is the economic constraint that media organizations have had to endure. Print newspapers are disappearing because of reduced advertising revenues (Marken, 2010). Shutting down and restructuring have become more common solutions for newspaper companies.

The second shift is the rapid adoption in the media environment of digital technology. The digital transformation in the media industry has affected the overall news-gathering process and even the relationship between journalists and news sources. The decline in newspaper readership, leading to a loss in advertising revenue, has exacerbated the financial crisis of most of the newspaper industry and caused a significant reduction in news staff (Kirchhoff, 2009). This trend appears to correlate with a decline in investigative reporting, a drop in editorial standards, and an increased dependency on external sources such as information subsidies (Davis, 2000).

In South Korea, newspaper subscription rates dropped from 48.3% in 2004 to 29% in 2010 (Korea Press Foundation, 2010). With the rapid growth of internet access, traditional newspaper readers have switched to television broadcasting and media websites to consume news (Korea Press Foundation, 2010). In particular, the advent of free newspapers launched by a number of advertisers in metropolitan areas has worsened the decline of newspaper subscriptions since 2008 (Korea Press Foundation, 2010).

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These predominant shifts appear to have changed the pattern of conventional information subsidies (e.g., news releases and press conferences). Studies that have focused on the impact of information subsidies have paid little attention to how recent economic constraint has been a factor (Sallot & Johnson, 2006; Waters, Tindall, & Morton, 2010). Exploring how economic constraint and the digital transition continues to affect the use of information subsidies in the exchange between public relations practitioners and the news media can shed light on the changing patterns of those subsidies and their implications for public relations professionals.

Thus, the present study attempts to examine how market-driven journalism and a decrease in newspaper readership have affected the traditional media relations patterns between public relations practitioners and journalists in South Korea.

## 2. Information subsidies and market-driven journalism

Gandy (1982) conceptualized how advertising and public relations are linked to the media and the political economy. He suggested that those with power to control the price of information decide whether the information is consumed. Information obtained from sources that are quickly and inexpensively available to journalists is more likely to be used in media content. Gandy (1982) coined the term *information subsidy* to refer to this kind of provision, which helps journalists gather news more readily. Thus, *information subsidy* can be defined as freely packaged information delivered to a media producer that (a) promotes a positive image of the source in the mind of the public and (b) reduces the production cost of the news organization.

In spite of the interdependent relationship between both parties, journalists remain antagonistic toward public relations practitioners, claiming that the latter tend to provide one-sided information or withhold certain pieces of information (Ryan & Martinson, 1991; Sallot & Johnson, 2006). Shin and Cameron (2005) found that journalists and public relations practitioners have nearly opposite attitudes toward each other; that is, public relations practitioners have a tendency to be accommodative or cooperative in working with journalists, whereas journalists are inclined to be confrontational as part of their strategic approach to dealing with news sources.

In recent years, public relations practitioners have used both traditional media relations and online media outlets (e.g., blogs and Twitter) to distribute information (Waters et al., 2010). Likewise, more journalists are shifting to blogs and online discussion rooms to obtain information.

Since the use of media began to shift to social networking sites and other online tools, the reliance on traditional vehicles has rapidly decreased. Many newspapers are experiencing reduced advertising sales and staff cutbacks as a result of this shift (Kirchhoff, 2009).

Most readers are more likely to consume the news online, especially on the homepage of newspaper websites. Thus, the decrease in print subscriptions has compelled journalists to rely on information subsidies to fill space more than ever before (Waters et al., 2010). Borrowing the theoretical framework of market-driven journalism developed by McManus (1994), Curtin (1999) found that increasing economic constraints have led to an increased use of public relations materials. McManus (1994) asserted that media organizations primarily seek profit rather than public interest; that is, media firms are more likely to work toward meeting the expectations of stockholders. Thus, market-driven journalism can be defined as the strategic attempt to use news content to maximize profit rather than serve public interest or promote the democratic value of free press.

Given the decline in newspaper circulation in recent years, newspaper journalism is geared to attain profit; as a result, marketing executives have become more involved in editorial management (Shepard, 1997). Newspapers with small circulations are less financially stable and more constrained by competition than newspapers with large circulations (Demers, 1998). Some scholars and journalists have noted the conflation of news content and advertising sales (Underwood, 1998). A survey of U.S. daily newspapers showed that roughly 90% of newspaper editors agreed that advertisers attempted to influence the content of news stories (Soley & Craig, 1992). An and Bergen (2007) reported that small newspapers or chain-owned newspapers tend to compromise editorial integrity during periods of economic constraint. Thus, some newspapers attempt not only to sell advertising space directly but also to influence news content in exchange for the purchase of advertising space. In this way, according to Pae (2010), advertising has become a powerful way to control news content in South Korea. Pae (2010) found that more newspapers journalists tend to publish more corporate news content facing economic constraint.

## 3. Public relations in South Korea and relationships with journalists

The importance of media relations has been confirmed in previous research (Jo & Kim, 2004; Kim, 2003). A number of studies have found that the majority of practitioners focus on media relations that promote favorable publicity while minimizing unfavorable publicity in the media (Jo & Kim, 2004; Kim, 2003; Rhee, 2002).

The concept of public relations did not evolve early or quickly in Korea because of the impact of Confucianism. Public relations practice stresses open communication, for it is rooted in Western ideology. Korea is a very closed and vertical society with characteristics such as particularism, reciprocity, and in-group and out-group distinctions. Furthermore, it is a society of intermediaries and is built on the overlap of personal and public relationships.

Lee and Berkowitz (2004) identified the unique method of screening first-edition newspapers used by public relations practitioners in Korea. They found that the third level of gate keeping appears to be culturally bound, a give-and-take system that stems from Korean cultural values. They indicated that public relations practitioners often request that negative news

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