

The Failure of *Project Eyeball*:

A Case of Product Over-pricing

or Market Over-crowding?



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ABSTRACT

The closure in mid-2001 by Singapore Press Holdings of its experimental tabloid newspaper, *Project Eyeball*, after less than one year of publication, was popularly attributed to overpricing and competition from a pair of free tabloids that entered the market hot on its heels. An examination of the newspaper's brief history also looks to the Principle of Relative Constancy and the influence of stock prices on publicly-traded newspaper companies, into which category SPH falls.

Introduction

Project Eyeball was announced in February 2000 by giant Singapore Press Holdings (SPH) as “Singapore’s first integrated print and cyberspace news publication” for “the Net-savvy and opinionated young Singaporean.”¹ It was an experimental project taking a “hybrid” form as both an upscale tabloid newspaper and a continually-updated website, complete with not only text reports but also audio and video postings. Ambitious projections foresaw circulation of 100,000 and profitability within three years.² SPH gave away 120,000 copies of *Project Eyeball* daily for a week following its launch on 12 August 2000.

The experiment lasted for less than a year, with disastrous results. Less than halfway through its brief life, *Project Eyeball* was described as a “flop” by *Asiaweek* magazine, which reported: “Advertisers shun it, readers can’t find it, and not even the SPH hierarchy likes it.”³ When SPH announced on 27 June 2001 that it was pulling the plug and folding the newspaper, a company spokesman admitted *Project Eyeball* had lost S\$13.3 million (US\$7.3 million) while achieving a circulation of less than 20,000.⁴ A post-mortem consensus attributed the failure of *Project Eyeball* to a pair of market factors.⁵

- 1. Over-pricing.** The cover price of *Project Eyeball* had been set at 80 cents, compared with 60 cents for the thick *Straits Times*, the broadsheet flagship of market-dominant SPH.
- 2. Increased competition.** Shortly after the launch of *Project Eyeball*, Singapore witnessed an explosion in the number of newspapers published following a liberalization of government media regulation. As a result,

government-owned broadcaster MediaCorp began publication in November 2000 of a giveaway tabloid titled *Today*, in partnership with local transit companies. In response, SPH started up yet another new daily, a commuter tabloid giveaway cryptically called *Streets*.⁶

These explanations for the demise of *Project Eyeball* suggest some theoretical implications. Prevailing economic wisdom posits that demand for newspapers by readers is relatively price-inelastic, and that higher cover prices should not affect sales significantly.⁷ This seems to be contradicted by the Singapore experience. Competition theory is also relevant to this case study, as colorful tabloid newspapers have proven a successful challenge to market-leading broadsheets in contradiction of the Natural Monopoly Theory of Newspapers that has traditionally been advanced to explain newspaper markets. While Singapore may indeed prove fertile ground for a tabloid competitor to the *Straits Times*, however, the fact that three of them began publishing in such a short period may have proved too much, too soon. This paper chronicles the brief history of *Project Eyeball* and examines economic and regulatory factors for clues to its rapid demise. The above explanations and any others that present themselves will then be examined for plausibility.

Background

Singapore is an island city-state of 4 million in population located near the equator in Southeast Asia, at the tip of the Malay Peninsula, from which it is separated by the narrow Straits of Johor. Enjoying virtually no natural resources – even its domestic water supply has to be imported by pipeline from Malaysia – Singapore has nonetheless built itself through trade into one of the leading “Tiger Economies” of Asia since gaining

its independence from Britain in 1959. A recent specialization in high-tech industry brought an enviable standard of living by the end of the past century, but the recent worldwide economic downturn has seen a slowing of the rapid economic growth Singapore experienced in the 1980s and 1990s. Much of Singapore's success can be attributed to centralized management of its economy under the leadership of founding Prime Minister Lee Kuan Yew. Now retired from that position but still involved in government as Senior Minister, Lee built Singapore into an economic powerhouse at the same time as he earned an international reputation for strict press restrictions, including licensing of newspapers.⁸ A series of government-mandated press mergers in the early 1980s resulted in a nation-wide newspaper monopoly for SPH, publisher of the venerable *Straits Times*, which was founded in 1845 and currently boasts a daily circulation of close to 400,000.

Project Eyeball took life in 2000 as the eleventh newspaper published by SPH, which is a diversified conglomerate with interests in book publishing and real estate. SPH publishes newspapers in all four official languages of multi-cultural Singapore – English, Chinese (Mandarin), Malay, and Tamil Indian. Its English-language publications, in addition to the *Straits Times*, include the broadsheet *Business Times*, and *The New Paper*, an afternoon tabloid that began publication in 1988 and initiated a tradition of innovative titles for startup dailies at SPH, which was continued by *Project Eyeball* and *Streets*.⁹

The granting of a newspaper licence to MediaCorp and of broadcasting licences to SPH in June 2000 was designed to introduce “controlled competition” to Singapore media.¹⁰ In announcing the moves, Minister for Information and the Arts Lee Yock Suan said they were necessary to allow SPH and MediaCorp to take advantage of the synergies

provided by the worldwide trend toward media convergence while preserving the government's long-held policy of keeping the reporting of Singapore affairs under local control.¹¹ Within hours of deregulation, MediaCorp announced it had formed a consortium to publish *Today* with Singapore Mass Rapid Transit (SMRT), which operates the island's subway system (30 percent), the local bus company (15 percent), and phone company Singapore Telecom, also known as Singtel (10 percent). The latter had, through its Yellow Pages subsidiary, published a weekly all-advertising "shopper" for more than two years before recently folding it. MediaCorp, which held the balance of 45 percent of shares in the new publishing company, said it projected circulation of its new tabloid, which would contain "bite-sized" news stories for busy commuters, to hit 200,000 in its first year, with an annual revenue target of S\$75 million within five years.¹² MediaCorp CEO Lim Hup Seng said the aim was not to capture readers with typical tabloid fare of sex and crime, however. "We're not going to be sleazy," said Lim. "We don't have the stomach for it."¹³ Reported the *Business Times*:

By partnering the transport companies, MediaCorp hopes to overcome the problem of distribution that had crippled past competitors to The Straits Times including The Singapore Monitor and Singapore Herald. Mr Lim denied that the consortium is copying the business plan of Swedish group, Modern Times but dropping it as a partner. Modern Times was earlier engaged in talks with SMRT to launch a metro newspaper.¹⁴

A commuter tabloid for Singapore had been rumored for some time following the success of giveaway publications in Europe and North America. An explosion of such newspapers had been seen in twenty countries since their successful 1995 introduction in Stockholm by Swedish company Modern Times Group (MTG), which was later renamed Metro International. According to Bakker, MTG alone boasted a circulation of 8.5

million between twenty-one titles in fifteen countries by 2002, when it entered the newspaper market in a sixteenth country – Hong Kong.¹⁵ In 1999, MTG was reported to be in negotiation with Singaporean transit companies to duplicate there its formula that had proven so popular across Europe and North America.¹⁶ According to the *Business Times*, however, the talks broke down because of its failure, as a foreign firm, to secure a newspaper licence.¹⁷

To head the competing *Project Eyeball* team, SPH appointed 35-year-old *Straits Times* deputy news editor Bertha Henson, a former political reporter. She promised the new print/Internet publication would be “provocative and controversial” in its quest for an eventual readership of 600,000.¹⁸ “Provocative and controversial” were two qualities for which the press in Singapore had not been known since the government-forced consolidation of ownership in the early 1980s. “I think it is about time for some of these views to surface,” said Henson of simmering anti-government sentiments. “Because if we don’t, then they will simply go underground and we’ll simply lose credibility as a publishing company.”¹⁹ Henson promised *Project Eyeball* would seek readers’ views through its online version, with forums, chat rooms and interaction with newsmakers and journalists. “We don’t want a bunch of indifferent readers passively accepting our interpretation of news.”²⁰ In short, Henson promised a reversal of the existing press paradigm in Singapore, where the *Straits Times* was widely seen as the mouthpiece of the ruling People’s Action Party (PAP), which had held power in a *de facto* one-party political system throughout the four decades since independence. “It won’t be a lecturer-student relationship,” insisted Henson of *Project Eyeball*. “It will be like we’re sitting on barstool and drinking a vodka with you.”²¹ Some PAP politicians expressed skepticism.

“There is an unfortunate trend in the competitive media to play up the bad cases,” said Lim Boon Heng, minister without portfolio. “If you want to do investigative reporting, there must be something that is wrong which has not been attended to. I think there are not many issues in Singapore that fall under that category.”²²

By the end of 2000, Singaporeans had more newspapers to choose from than ever, and competition between them was fierce. Headlines in *Project Eyeball* and *The New Paper* atop coverage of the annual Miss Singapore Universe beauty pageant – such as “They couldn’t even speak good English” . . . “Beauty without brains,” and “Survival of the dumbest” – drew official government criticism. Information and the Arts Minister Lee called the tabloid coverage “ungracious and unfair to the contestants” and cautioned the rival media companies against biased reporting “in their drive to outdo each other.”²³ Lurid and racy news photographs in some of the newly-competitive dailies also drew criticism in the conservative city-state.

Soon bad news came in the form of SPH financial figures. Start-up costs for both *Project Eyeball* and *Streets*, along with the millions spent to begin broadcasting at English- and Chinese-language television and radio stations, had cut sharply into SPH’s previously high profit margin. Contributing to a more than \$19-million decline in profits during the first six months of the fiscal year had been \$4.8 million spent on the launch of *Project Eyeball*.²⁴ Worse yet, a long-overdue economic downturn worldwide caused the company to warn that its financial performance for the balance of the fiscal year would be “weak.”²⁵ SPH managers had put a brave face on the regulatory changes that had robbed it of its monopoly the previous year. By stimulating competition, the changes would bring more prosperity for all, the company reasoned. “This is not a zero sum

game,” argued SPH’s executive vice-president for marketing, Tham Khai Wor. “The pie is going to get bigger. Even if we lose 3-4 per cent, it will be a bigger pie.”²⁶ SPH’s share of the S\$1.4 billion advertising market in Singapore was then 53 per cent, compared with 32 per cent for MediaCorp, but one rationale advanced for media liberalization was that the total advertising market would grow with more publications. Proponents of this view pointed to the fact that Singapore’s advertisement expenditures amounted to less than 0.9 per cent of gross domestic product, compared with 1.8-2.0 per cent in countries such as the U.S. and Japan.²⁷ Nevertheless, news that SPH would lose its newspaper monopoly triggered “nervous” selling of its shares, according to the *Business Times*, to a low of S\$25.70.²⁸ Ten months later, news of SPH’s profit decline in the first half of its 2000-2001 fiscal year dropped its shares 70 cents to a 52-week low of \$20.10.²⁹ By the time of the announcement in June 2001 that SPH would close *Project Eyeball*, the price of its shares had fallen to S\$18.40, its lowest point since February 1999.³⁰ News of the closure, however, sent the share price up a full dollar within a day.³¹

Additional Theoretical Considerations

The above review suggests two additional economic factors worth taking into account in explaining the failure of *Project Eyeball*.

1. The Principle of Relative Constancy. First enunciated in 1972 by McCombs, the PRC stated that media expenditures by consumers and advertisers will remain fairly fixed over time as a percentage of the economy. More recent research, however, has found that this does not hold true in an era of emerging technology.³²

2. Stock market influence. Bagdikian claims that widespread public ownership of newspaper chains has led to competition in a third market – the stock market – in

addition to the markets for information and advertising, in which newspapers have traditionally been acknowledged to compete.³³ Recent research in the U.S. suggests that newspaper company stock prices can indeed play a considerable role in management decision-making, often rendering long-range strategy subservient to the short-term urgencies of share price.³⁴

The remainder of the paper will discuss the experience of *Project Eyeball* in relation to the enunciated four theoretical factors.

Discussion

Each of the above factors assists to some extent in explaining why and how *Project Eyeball* was launched and/or suffered such a rapid demise. The experience of *Project Eyeball*, in turn, provides a valuable case study to assist in assessing the validity of each of these theoretical considerations, several of which have been controversial. Each will be considered in the light of *Project Eyeball*, with the assistance of published data.

1. Pricing. According to Blankenurg, the inelastic nature of demand for newspapers means that when readers find no acceptable substitute, they endure aggressive pricing.³⁵ However, when acceptable substitutes are available, readers have proven quite sensitive to price adjustments. History has shown the effects of pricing on demand for newspapers from the days of the Penny Press, when drastic reductions in cover prices caused demand to skyrocket. In the modern era, the real-world effects of newspaper pricing were seen clearly in mid-1990s England, where Rupert Murdoch reduced the cover price of his *Times* of London from 45 pence to 20 pence in 1993. The resulting five-year “price war” saw the *Times* more than double its circulation of 360,000

for a time.³⁶ The million-selling *Daily Telegraph* was forced to match Murdoch's price cut, but by the end of 1996 circulation of the *Times* had climbed to a record 861,931.³⁷ A decade later, the *Times* had given back some of its gains, however, with its circulation receding to 631,653 while the *Telegraph's* stood at 916,208.³⁸ The price war finally ended when the *Times* boosted its price back to normal levels in September 2003, pricing its editions at 50 pence on weekdays compared to the *Telegraph's* 55 pence.³⁹ The long-running battle of attrition provided ample evidence for many that price was indeed an important variable in newspaper demand, however. "The newspaper battle in Britain surprised industry observers who predicted when it began that quality newspapers were not price-sensitive like cans of beans in a supermarket," noted one observer. "The Times' soaring circulation proved them wrong."⁴⁰

As Doyle notes, "The main determinant of elasticity is the availability of substitutes or of products that are perceived as substitutes."⁴¹ When SPH first published Project Eyeball and priced it at 80 cents, there were not yet any free tabloids published in Singapore. That situation promised to quickly change as SPH lost its newspaper monopoly in the city state and Mediacorp announced it would begin publication of Today as a free tabloid in competition with published Project Eyeball. That prompted SPH to trump its new competition with a giveaway tabloid of its own. The following timeline of events in 2000 conveniently illustrates the sequence of events:

- June 5: MediaCorp unveils Today, a free commuter tabloid.
- June 7: SPH announces Sept launch date for Streets.
- Aug 12: Singapore sees Project Eyeball for first time.
- Sept 2: Streets hits the streets.

Nov 10: Today begins circulation.⁴²

The sudden advent of newspaper competition in Singapore on June 5, both as announced by the government and made into a reality by Mediacorp with its unveiling of Today, put SPH in the unfamiliar situation of responding to changes in the market that were not of its own doing. It chose to respond decisively to Mediacorp's entry, but in trumping its new competition, SPH effectively sacrificed its previously-conceived Project Eyeball, which at that point was doomed by its 80-cent cover price. "A monopolist can get away with charging very high prices whereas the existence of rival suppliers in the market in the market will encourage firms to compete."⁴³ The variable of time in newspaper competition is seen clearly in the case of deregulation in Singapore.

According to Sylvie and Witherspoon time and change have been under-appreciated factors in understanding competition in the newspaper business. "Publications that do not change also do not adequately monitor their markets. . . . Simple economics dictates that newspapers must meet market challenges or die."⁴⁴ SPH failed to anticipate changes to the newspaper market in Singapore when it conceived Project Eyeball, and as a result it withered from infancy due to demand starvation.

Lacy and Simon suggest that, given the supposed price inelasticity of demand for newspapers, a more useful factor to consider is quality.⁴⁵ Martin's resource-based model adds to the demand equation such standard economic concepts as utility, opportunity cost and consumer surplus. A newspaper's "price" includes the cost of opportunities foregone while reading it, according to Martin, and providing utility in excess of the price paid by the reader results in a consumer surplus to the buyer. "Increasing quality increases the utility consumers receive, thereby decreasing the opportunity cost of consuming a given

firm's content. Media firms that create quality content reduce consumer elasticity of demand, and should enjoy a competitive advantage."⁴⁶

The unique "quality" provided by *Project Eyeball* during its brief life included two aspects: a "tech-savvy" writing style aimed at capturing a younger readership attractive to advertisers for its disposable income, and an irreverent attitude toward politics designed to engage readers who had long been offered only bland commentary. Neither was apparently sufficient to raise utility above the 80-cent publication price and thus attract enough readers to survive. The fact that most of *Project Eyeball*'s editorial content was available to read at no cost on the Internet may also have played a part in the failure to stimulate demand for this product.

According to former *Project Eyeball* editor Bertha Henson, journalists involved with the fledgling daily resisted pricing the new newspaper so steeply. "Frankly, from the start, I thought it was too high," said Henson. "In fact, I would say that the editorial [department] fought against it because it was too much, too high."⁴⁷ SPH marketing director Tham Kai Wor said the decision to price *Project Eyeball* at 80 cents was "a deliberate experiment on our part to try to raise newspaper prices in Singapore."⁴⁸ The experiment obviously failed, but according to Tham it was deemed a necessary gamble by SPH.

We took a chance. We just had to do it, because there was also competition. We wanted to find a new market. It goes back to the 1980s, when we started to design *The New Paper*. There was one category which the New Paper was supposed to target – those English literates who are not reading any newspaper at all. We failed. . . . *Eyeball* had many, many factors working against it. The main one is this group is not newspaper readers.⁴⁹

SPH wrote a new chapter on newspaper pricing in Singapore in early 2004, when it raised the cover prices of all its titles, including a 33-percent hike for the *Straits Times*, from 60 cents to 80 cents.⁵⁰ The steep and unexpected price rise brought criticism from the Consumers Association of Singapore, but SPH cited rising costs of production and the fact that cover prices of its newspapers had not been raised since 1995.⁵¹

2. Competition. Control of newspaper publishing in Singapore is a legacy of the British colonial era, when publications were required to be licensed under the classic Authoritarian Model of the press. Controls were tightened further after Singapore achieved independence from Britain in 1959, as simmering ethnic tensions became ignited by press coverage in several notable instances. A brief merger with Malaysia ended in dissolution in the mid-1960s, after which circulation of newspapers from that country was prohibited.⁵² A series of government-mandated press mergers in the early 1980s led to the establishment in 1984 of Singapore Press Holdings (SPH) as a newspaper monopoly publishing morning and afternoon editions of dailies in all four official languages of Singapore. That situation prevailed until deregulation in 2000, when “limited competition” was re-introduced.

The creation of SPH can be seen as codification by government fiat of the Natural Monopoly Theory of Newspapers. This theory explained the gradual disappearance of competing daily newspapers in many cities around the world due to the “circulation spiral,” under which the larger of two competing dailies would come to be preferred by advertisers for its greater reach. The trailing daily would gradually lose advertisers and, as a result, readers until it became unprofitable and was forced to close. The solution to the problem of dwindling newspaper competition in the U.S. and some other countries

became the Joint Operating Agreement, under which two or more dailies share expenses and split profits. But by the 1980s a new paradigm of product differentiation came to be preferred to the Natural Monopoly Theory of Newspapers, as morning tabloids emerged as viable second dailies in many cities that had been left as one-newspaper towns by the closure of second-place broadsheets. By dint of appealing to a younger readership demographic, these colorful tabloids often became profitable for the volume of advertising they attracted for consumer goods. Attracting a younger demographic has always been a problem for newspapers, but it has become increasingly pronounced in an era of new technology.⁵³

Perhaps as a result of the demonstrated success of morning tabloids in attracting a younger readership in other parts of the world, SPH introduced *The New Paper* as a tabloid in 1988 in an attempt to attract a younger readership. The attempt was largely a failure, perhaps in part due to the curious decision to make *The New Paper* an afternoon daily. In any event, according to SPH marketing director Tham Kai Wor, “The gain was very, very small.”⁵⁴ The problem of attracting younger readers to newspapers has been well documented in other countries, with “public journalism” movement of the 1990s largely aimed at reducing the “disconnect” that citizens feel from civic life. This “disconnect” is perhaps even more pronounced in Singapore due to cultural peculiarities in the city state. Censorship and political controls instituted in an attempt to increase economic performance and stabilize ethnic relations have resulted in a lowered level of political interest, particularly by young people.⁵⁵ A survey of 432 Singaporeans aged 15-29 taken by SPH in late 2000 showed a marked indifference to politics, with nine of ten saying they would never consider entering political life. This political apathy, according

to a published analysis, extended to the point where young Singaporeans were “contemptuous” of politics.⁵⁶

The launch of *Project Eyeball* as a morning tabloid followed the more successful model of morning publication, but it was quickly emulated by Mediacorp with *Today*, which benefited from the added attraction of free distribution. SPH countered with a similar morning giveaway in *Streets*, and the field was suddenly crowded. The approach taken by *Project Eyeball* in differentiating its product from this competition was in its content and mode of address. It promised in its initial edition that it would poke fun at Singapore's “strait-laced ways” and dig up the kind of stories that weren't traditionally covered by the press in Singapore.

Reporters won't pen their prose from any ivory tower. They will crawl through the trenches at ground zero and surf the back alleys of the Net to deliver news you need to know. . . . news with impact, sports that intoxicates, technology to help you deal with this wired world, and entertainment that makes YOU the life of the party. It will not titillate with rape. It will not bore with motherhood statements. It will not slow you down with what you already know. It will question. It will push you to think. It will give you a voice, even if it's not popular or politically correct. Most of all, it'll stick to what matters to you -- the Internet-savvy young professional crowd.⁵⁷

Project Eyeball did indeed cover the offbeat, including Singapore's only sex change clinic, and its writing style was more informal than Singaporeans had been used to reading. Its insouciance persisted up until its final issue, in which it summed up its own demise as owing to the mistakes of “hitching ourselves onto the dotcom bandwagon” and “looking too much like a technology/Internet only newspaper.” The bottom line, however, was the bottom line, as the newspaper itself admitted. “But at the end of day, money talks. And we're not bringing in the moolah. But that's the way the world works.”

(Henson, 2001) This irreverent attitude indeed “endeared itself to the young and Internet-savvy,” according to one online obituary. But the same Internet assessment reiterated the fundamental conundrum that spelled the newspaper’s demise. “The ordinary Singaporean had to choose between paying 80 cents for Project Eyeball and getting the other newspapers free. I guess it wasn’t a difficult decision.” (Project Eyeball says goodbye, for now, 2001) Other cyber-active Singaporeans, however, were more cynical and questioned whether *Project Eyeball*’s irreverence hastened its demise. “Is the closing down of Project eyeball [*sic.*] merely because of business reasons?” asked the short-lived group Singapore Media Watch, in a letter to the website Singaporeans for Democracy. “Could another reason be that it has overstepped the boundaries of politics in Singapore? Project eyeball has been reporting a lot of articles on the opposition. . . . It has comprehensive reports of Workers Party handover as well as NSP’s [National Solidarity Party] too.”⁵⁸ This successful formula was emulated by SPH with *Streets*. As a result of this rapid over-crowding of the Singapore newspaper market, *Project Eyeball* was quickly doomed by its steep cover price in face of the free competition.

But whatever competitive advantage the editors of *Project Eyeball* tried to gain, SPH management provided even more competition to its own offspring by providing yet another free choice for Singapore newspaper readers in *Streets*. This practically ensured the failure of *Project Eyeball* by dooming it from its steep cover price in face of the free competition. While *Streets* was a more viable competitor for *Today* than *Project Eyeball*, and both enjoyed major economies of scale under SPH, enduring the inevitable start-up losses of two new dailies was obviously more of a drain on the bottom line than management was prepared to allow to continue. Following *Project Eyeball*’s closure,

Streets more than held its own against *Today*, capturing about 13 per cent of Singapore newspaper readership in its first year, compared with about 11 per cent for *Today* (and only one percent for *Project Eyeball*). In 2002, the positions of the dueling giveaways reversed, with *Today* being read by 16.3 per cent of Singaporeans, while *Streets* was read by only 10.3 percent.⁵⁹ The loosening of regulations restricting competition in the Singapore newspaper market undoubtedly altered the playing field on which *Project Eyeball* competed. From enjoying a monopoly in newspaper publishing, SPH was suddenly in unfamiliar territory with competition from a new morning tabloid. The rapid demise of *Project Eyeball* can perhaps be thus seen as a kind of abortive “false start” to competition.

3. Relative Constancy. The Principle of Relative Constancy (also known as the Relative Constancy Hypothesis) has proven one of the more controversial mass communication theories over the past three decades, and has been criticized for its lack of grounding in economic theory. McCombs first examined data from 1929-1968 in concluding that the level of spending on media purchases by advertisers and consumers over that period had remained relatively constant as a percentage of GNP, despite technological advances and variations in competition. While the amount of advertising on television had increased markedly during the latter decades of his study, McCombs found that when adjusted for inflation, population growth, and increases in personal income, media expenditures as a whole had remained fairly constant as a percentage of GNP over the period, and had even declined from 3.46 percent in 1929 to 3.04 percent in 1968.⁶⁰ This led to media economics being seen as a kind of “zero sum” game, with a decline in newspaper industry fortunes explained by an increase in advertising expenditures on

television.

Subsequent research, however, found spending on media buying by advertisers to be not as fixed as first assumed by the PRC. Then with the advent of cable television and VCR technology in the 1980s, consumer spending on media was also found to rise in relative terms. As advertising expenditures are the focus of this section of the paper, findings on that aspect of media buying will be dealt with here. Research found that only about half of all television advertising revenue was “stolen” from other media, and that an increase in the number of radio stations also increased total advertising revenue.⁶¹ The resulting contradiction of the principle of Relative Constancy in advertising expenditures perhaps became instead inspiration for media executives hoping to increase these revenues by exploiting advances in technology and/or competitive niches.

Thus, when SPH marketing director Tham Kai Wor stated on launching *Project Eyeball*, even in the face of increased competition from *Today*, that “this is not a zero sum game,” and that “the pie is going to get bigger,” he was relying, at least implicitly, on the disproving of the Principle of Relative Constancy. The increased media competition in Singapore seen at the turning of the millennium therefore provides an opportunity for further testing of the PRC. Data on advertising expenditures across media is easily available, as is that on Gross Domestic Product (GDP), and breaks down as follows:

Table 1 -- Advertising revenues in Singapore, 1997-2002

Year	SPH (\$'m)	Today (\$'m)	All media	GDP (\$'b)	% of GDP
1997	647.4		1,275.3	149.5	.85
1998	574.8		1,186.5	145.9	.81
1999	609.5		1,219.9	143.5	.85
2000	750.6	3.0	1,504.2	160.9	.93
2001	643.2	36.7	1,541.0	154.6	1.00
2002	629.0	62.6	1,685.9	155.7	1.08

Source: AC Nielsen, SPH, Singapore Dept. of Statistics

The verdict on whether increased competition in Singapore media has served to increase the size of the advertising revenue pie there over the long run will have to be reserved until several more years of data have been collected. However, given the slowdown in both the global and local economy, these increases could indicate that advertising revenue may well rise with increased competition. However, while this may serve as an explanation for the genesis of *Project Eyeball*, along with the host of other new publications that sprang up in the city state in 2000, it does not help to count for its closure, as more competition would seem to be preferred to less under the above finding. For more clues we turn to our fourth and final area of theoretical consideration.

4. Share prices. Ownership of newspaper companies by firms that are publicly traded on stock exchanges has been seen in other countries as a possible factor of significance in management decision-making. The impact of financial markets on media management practices was first brought to the attention of many by Bagdikian, who identified it in the late 1970s as a factor that had been overlooked in understanding the

impact of increased concentration of press ownership. He identified stock bourses as a “third market” whose forces newspaper managers must account for, in addition to their acknowledged markets for readers and advertising.

The impact of trading newspaper corporate stock on the stock market has meant that news companies must constantly expand in size and rate of profits in order to maintain their position on stock exchanges. . . . Instead of the single master so celebrated in the rhetoric of the industry – the reader – there are in fact three masters.⁶²

According to Underwood, increased corporate ownership of dailies resulted in two trends during the 1970s and 1980s: professional management of newspapers, often by executives with little or no background in journalism; and an increasingly bottom-line, market-driven orientation. He argued that both trends were largely the result of stock market influences. “Wall Street, as publishers have learned, can be insatiable in the demand for earnings growth and unmerciful in hammering a stock if earnings drop.”⁶³ One recent study in the U.S. found such a marked effect on newspaper management of publicly-traded share ownership that it urged the enactment of federal regulations to reverse the trend, despite First Amendment guarantees in that country against government interference in the operations of the press.⁶⁴

While SPH shares trade on the local Singapore stock exchange and not on Wall Street, the principle is the same – share prices can be increased with short-term strategies that may not be in the firm’s best long-term interest. Thus, pressure from shareholders could theoretically influence management decision-making. The effect would become even more direct when executives of the newspaper company are themselves shareholders, or can take advantage of stock options. A review of share prices reveals that the trend line for SPH stock was definitely downward throughout the lifespan of *Project*

Eyeball.¹ However, this was due in large part to the fact that the Singapore stock market index, charted through the performance of 45 key stocks and published in the city state's largest daily newspaper as the Straits Times Index (STI), began a long slide almost as *Project Eyeball* was conceived. The STI topped 2,500 briefly at the end of 1999, but as soon as 2000 dawned it began to trend downward, as did other world markets. By the time *Project Eyeball* hit the streets, the STI was hovering around 2,000. By the time its closure was announced, the stock index had fallen below 1,700. But as drastic as the fall in share prices in Singapore was in 2000, the drop in SPH stock value was even more pronounced. A summary of SPH share prices follows, calculated as a ratio of the STI from the spring of 2000 until the summer of 2001, when *Project Eyeball* was closed.

Table 2 -- SPH share price vs. Straits Times Index

Month end	SPH	STI	Ratio
Apr. 2000	33.4	2164	1.00
May 2000	25.7	1795	.93
June 2000	27	2037	.86
July 2000	29.5	2051	.93
Aug. 2000	27.7	2147	.83
Sept. 2000	26.1	1997	.85
Oct. 2000	25.1	1976	.82
Nov. 2000	27.3	1952	.90
Dec. 2000	25.6	1926	.86
Jan. 2001	23	1991	.75
Feb. 2001	22	1947	.73
Mar. 2000	19.8	1674	.76
Apr. 2000	20.9	1722	.78
May 2000	19.5	1657	.76
June 2001	20	1726	.75
July 2001	19.3	1666	.75

Source: *Straits Times*

¹ The author wishes to gratefully acknowledge the research assistance on this section of Arthur Chang.

The price of SPH stock significantly underperformed the market in Singapore significantly throughout the period, and according to press reports this may have been due in large part to the losses being incurred by *Project Eyeball*. In the absence of boardroom transparency, managerial strategy can only be inferred, but it is a logical assumption that the poor performance of SPH share prices due to its proliferation of unprofitable ventures may have led to the closure of *Project Eyeball*.

Conclusions

The explanations popularly advanced for the failure of *Project Eyeball* – product overpricing and market over-crowding – were no doubt sufficient, in combination, to cause the rapid demise of the innovative print/Internet “hybrid” publication. Whether overpricing alone would have been enough of a deterrent to readership to result in its eventual closure, in the absence of the increased competition which was quickly introduced to the Singapore market, is arguable. But the added disadvantage from which it soon suffered, of competing against two new publications that were not only similar by also free, doubtless doomed *Project Eyeball* to a rapid end despite its publisher’s promises of at least three years of life. But to understand more completely the factors that led to *Project Eyeball*’s demise, additional theoretical factors must be considered. In turn, the experience of *Project Eyeball* provides a valuable case study in which to consider these theoretical constructs, several of which have been controversial and are perhaps still evolving. The answer to the question posed by this paper’s title, therefore, must be one which is qualified: Yes, but.

The increased level of advertising expenditures seen in Singapore following the explosion in the number of newspapers published there after market liberalization in 2000

adds evidence to that which has previously contradicted the Principle of Relative Constancy. But while this perhaps-anticipated result may help explain the genesis of *Project Eyeball*, it fails to help explain its rapid demise, as presumably more newspapers would result in increased levels of advertising, subject to Diminishing Returns. Whether the level of advertising expenditures relative to GDP continues to increase in Singapore following market liberalization might be a question for future research. But the real secret to why *Project Eyeball* was so quickly aborted by its parent company may lie in the fourth and most recent avenue of research explored by this paper – pressure brought to bear on management decision-making by shareholders of publicly-owned newspaper companies. While evidence has been found in other countries of a focus on short-term financial returns (or, in the case of *Project Eyeball*, cut financial losses) in order to boost stock prices, in this case this cannot be confirmed but only inferred due to a lack of corporate transparency. The refusal of SPH to divulge minutes of management meetings or executive stock options, despite repeated requests, must be considered a major limitation of this study.

In the end, however, given the economic downturn and explosion of newspaper competition in Singapore that almost simultaneously accompanied its birth, the short life and rapid death of *Project Eyeball* can perhaps best be summed up in two words: bad timing.

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