

## Going Digital Isn't The Silver Bullet

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When we talk about the declining revenue of mainstream media, the common assumption is that most Malaysians have resorted to catching news online and that is why these news institutions are falling.

Going digital is not like a magic wand. If it is only that simple. Most print media have their own digital platforms. The common public perception is that many of our newspapers have failed because they have not gone digital. That, according to many, is the reason why their readers have abandoned them. But it is more than that as this paper hopes to shed some light from an industry leader's point of view.

Not many are aware that the Star Online is 26 years old. The Star was the first Malaysian newspaper to embrace the Internet and The Star Online (TSOL) went live on Sept 1, 1994 and became the country's premier provider of digital journalism.

It was a time when few Malaysians had access to the Internet – the nation had only a 0.1 per cent Internet penetration rate compared to 84.2 per cent in January 2021 (Golingai, 2021). That has changed dramatically after two decades. Malaysia has 80% of Internet penetration by total population as of January 2019, according to digitalinfluencelab.com, a digital marketing agency.

By 2015, almost half of TSOL readers were mobile users. Malaysians were getting their information from their mobile devices rather than their desk computers. It would be a significant shift in accessing information among Malaysians. In the last 26 years, Golingai (2021) said handphones have become smarter and the mobile internet faster with 5G, making news websites just as mobile, bringing updated news. According to him, 70% of the website traffic comes from smartphones. This has led to 6.3 billion pages of news stories to readers from around the world. Malaysians access the Internet through Smartphone (71%), Computers (35%), Tablets (14%), TV streaming device (4%), according to We Are Social, 2016 with 47% of Malaysians accessing websites from their mobile phones, according to the Malaysian Digital Association, 2016.

Not too far behind, Malaysiakini went live on Nov 20, 1999, making it 20 years old. The popular website, too, has become a choice for many Malaysians, especially those seeking alternative news.

But many news portals have also closed shop. They included The Nut Graph, Malaysian Times, Ant Daily and Malaysian Insider, among others. They failed because they lacked financial resources especially advertising revenue which is the lifeline of any media companies. The short of it is that going digital does not mean it will become popular, as evident from their closures.

Creating content does not necessarily mean making money. As a former managing director and chief executive officer of The Star Media Group, I have experienced that despite having the country's No 1 news portal, this particular section would not be feasible without the support – both human and capital resources – from the main news section, especially the print section.

It is the shared resources that have put The Star Online in an advantageous position.

The common mathematics is that for a decent news portal to function effectively, at least RM100,000 would be needed every month to keep the organisation to function. This would include wages, utilities, rental of office space and systems maintenance costs. So the question, from a business angle, is why would anyone spend on such a huge amount if there is no corresponding returns in revenue unless there is a political agenda to meet.

News portal organisations in Malaysia have found it tough to compete against Facebook and Google for revenue. According to Johnston (2021) Facebook Inc. primarily makes money by selling advertising space on its various social media platforms. Those platforms include websites and mobile applications that allow users the ability to connect and communicate with family and friends.

The article reported that the company's sites and apps include social networking site Facebook, photo- and video-sharing app Instagram, and messaging apps Messenger and WhatsApp. Facebook also provides an ecosystem that allows users to connect through its Oculus virtual reality products.

Facebook competes with other companies that sell advertising to marketers, as well as companies that provide platforms for communicating and sharing content among users' various social networks. Major competitors include Apple Inc, Alphabet Inc.'s Google and YouTube, Tencent Music Entertainment Group, Amazon.com, and Twitter Inc.

Malaysia newspaper publishers have long argued that international technology companies, Google and Facebook, have made advertising revenue at the expense of the traditional media. Although traditional newspaper companies have likewise ventured into the digital world, revenue generation from online news continues to rest largely in the hands of Google and Facebook.

However, both Google and Facebook are mere aggregators of news mostly from traditional news publishers who are the ones having to incur manpower and other resources in producing such news. Both Facebook and Google have been reusing content created by traditional media companies for their financial gains but the harsh reality in Malaysia is that FB is the most visited in the statistics per day with 9:39 daily time per site, 4:00 daily pageview per visitor and 7.40% of traffic from search (Alexa, 2019). According to social media statistics Malaysia on January 2019, Facebook 85.98%, Pinterest 4.1%, Instagram 3.42%, Twitter 3.24%, YouTube 2.18% and Tumblr 0.65% (Statcounter, 2019).

Malaysian news publishers will find it harder to compete with social media platforms when according to 2018 State of Social Video Consumer Trends report that 93% of marketers say they've landed a new customer thanks to a video on social media, 88% of marketers are satisfied with the return on investment (ROI) of their video marketing efforts on social media, Facebook, YouTube, and Instagram are the top 3 platforms for marketers posting social marketing videos and video ads. (Animoto Blog, 2018)

In 2017, Malaysia's social media advertising has taken up more than 30% of the total Internet advertising revenue in Malaysia. While news is an important part of our life, news publishers – including news portal owners – have found that they need to compete against other forms of content, which is not necessarily news.

News contents have paled, in comparison, to search engines, online shopping and e-banking are the biggest use of online now. According to Export.Gov (2018) as a result of Malaysia's internet and mobile connectivity, as well as public sector encouragement, Malaysia has high rates of eCommerce usage. Malaysia boasts 15.3 million online shoppers (50% of the population) and 62 percent of mobile users use their devices to shop online while 98.39% Malaysian use Search Engines by Google to find information online (Statcounter, 2019). Leisure activities, listening to music or online radio was preferred by 77.6% of users.

Meanwhile, downloading video and watching TV online takes account by 70.0%. (SKMM, 2018)

Among social media networks in Malaysia, Facebook topped as the most active social platform with internet users accounting 22 million Malaysian users. It means non-news digital platforms are the preferred choice of digital users in Malaysia and given their high accessed choice, advertisers find better value in these news sites. Analytics Data Advertising (ADA) CEO Srinivas Gattamneni shares that the company's data shows that digital ad spenders that have increased their spending the most as a result of the pandemic are in the entertainment sector — ad spend was up 800% because people were spending more time at home and looking for entertainment, during the MCO 1.0 period (Goh, 2020). As digital news outlets such as TSOL, MalaysiaKini and Malaysian Insight opted for paid subscription, they would surely meet huge challenges where Malaysians generally prefer free news content especially on Facebook and share via WhatsApp.

In conclusion, it simply means that for news media to embrace digital does not mean an increase in profits. Audience reach, maybe yes, but not necessarily profits to sustain operations.

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Wong Chun Wai (Datuk Seri) is an advisor at Star Media Group. He has 35 years' experience in the media industry. He was managing director and chief executive officer at Star Media Group. Wong was also the Group Chief Editor. He became the first Malaysian to be elected to the Paris-based World Editors Forum. Currently, he sits as a director at the Asian Strategy and Leadership Institute and holds the title of Adjunct Professor, Faculty of Social Sciences and Humanities in Universiti Kebangsaan Malaysia.