

**Discussion of:*****Demand for Newspapers and Magazines in Finland in the Digital Era***  
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**The Paper**

- **Objective:** identify the factors influencing demand for journals in Finland, and quantify their impact
- **Contributions:**
  - Press demand analysis still rare in recent literature
  - Internet substitution index
- **Empirical analysis:**
  - Demand equations for newspapers and magazines
  - Annual data for 1990-2014 in Finland
  - Log Linear Regression analysis
  - Factors: GDP, Price index, Substitution indicator
- **Results:**
  - Demand for newspapers and magazines significantly explained by GDP and Internet substitution
  - Similar factors affect the demand for newspapers and magazines, but in different ways

## Ideas and Extensions



- **Model:**
  - Impact of advertising (two-sided market):
    - Effect of advertising on readership
    - Effect of readership on the demand for advertising slots
  - Journals specific characteristics (category, periodicity...)
  - Market competition: HHI?
  - Build one single substitution index?
- **Econometric analysis:**
  - Potential endogeneity of prices : instruments
  - Fixed effects: controlling for journals individual effects
  - Dynamic effects : lagged variables?
  - Representative sample?

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## Clarifications



- Price elasticities for newspapers= -0,61, « *large* »? Values in the literature vary between -0.2 and -3
- Share of **induced** (vs substituted) demand for online media
- «...*the best substitution variable proved to be a combined variable...*»: Why and how?
- Intro of journals online versions? Number of numerical subscriptions?
- Intro of VAT at the end of the period?
- Comparison with other European markets

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## Additional Literature



- Elena Argentesi and Lapo Filistrucchi: “Estimating Market Power in a Two-Sided Market: the Case of Daily Newspapers in Italy”, *Journal of Applied Econometrics* (2007), Vol. 22(7), pp.1247-1266.
- Ulrich Kaiser and Julian Wright: “Price structure in two-sided markets: Evidence from the magazine industry”, *International Journal of Industrial Organization*, Vol. 24 (2006), pp1 – 28
- Elena Argentesi and Marc Ivaldi: “Market Definition in the Printed Media Industry: Theory and Practice” (June 2005). CEPR Discussion Paper No. 5096. Available at SSRN: <http://ssrn.com/abstract=779107>
- Claire Borsenberger, Marc Ivaldi, Estelle Malavolti-Grimal and Catherine Vibes: « Analyse Quantitative des Externalités sur le Marché de la Presse : le Cas Français », in *Libéralisation & Services Publics: Economie Postale, Economica*, 2010

