

The ‘home delivery’ newspaper sales system as an impediment to digitalisation in Japan

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Abstract

During the early years of the twenty-first century the Japanese newspaper publishing industry seemed to be putting up successful resistance to digital encroachments; until 2008 the number of subscriptions per household was still above one. This success was reliant on a layered and highly-successful system of distribution and sales which involved dedicated networks of retail and delivery businesses, known as *hanbaiten*. However, these unique systems, put in place to support the high readerships of the newspapers’ heyday, are now working against newspapers as they move away from being producers of a ‘dead-tree’ paper product to a new form appropriate for a world of digital consumption. This paper reviews some of the structures that once made the newspapers sales industry in Japan so mighty yet have proven difficult to discard, illustrating how a well-integrated, reliable and (usually) smooth-functioning system can ossify and make it difficult to make adjustments to a changing informational environment.

1 Introduction: Japanese newspaper sales in context

In order to illustrate how newspaper publishers in Japan participated in creating the sales and distribution system that now prevents them from moving forward decisively towards digital distribution, this paper looks back at some recent newspaper sales system industry history, concentrating primarily on period during which the internet became part of everyday life for many people, the years between 1995 and 2015 when the proportion of internet users in Japan grew from less than 10 per cent of the population to its current figure of around 80 per cent¹, and the number of traditional home-delivery newspaper subscribers peaked and began

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1. Data collated from <https://www.soumu.go.jp/johotsusintokei/statistics/statistics07c.html>

their continuing fall. In particular, it focusses on the phenomenon of *oshigami*, which epitomises the complex relations linking readers, distribution businesses, advertisers and publishers.

This first section outlines both the business and the academic context in which the role of the newspaper business is discussed here. It provides some initial definitions, a very short sketch of the international context and an overview description of the pertinent structures of the newspaper publishing and sales business in Japan. Section two describes *oshigami* and its place in the newspaper sales system. Section three looks at the various organisations and individuals — mainly industry insiders — who have provided insight into and information on newspaper sales; through a partial review of relevant literature, it tries to outline the role of each organisation and to briefly sketch the network of interactions that bind them together. Section four summarises the broader implications, historical and current, of the structures discussed above. Section five offers some brief conclusions.

Newspapers' shift to digital forms has happened at different speeds around the world; Japan seemed, during the middle period of this shift, to offer a model of 'resistance', for preservation of the traditional dead-tree press. In 2012 Itō Shingo of Agence France Presse described the situation: 'Printed newspapers may be in crisis in the West but circulations remain enormous in high-tech Japan'(Ito, 2012, Jan 17). Indeed, Japan's three largest daily nationals — the *Yomiuri*, *Asahi* and *Mainichi* — claimed daily circulations in the region of ten, eight and five million respectively. In his article Ito quotes Kanayama Tsutomu of Ritsumeikan University who identifies the two factors, both elements of its business model, that make the Japanese newspaper different. These are 'public trust' and the 'home-delivery system', the infrastructure which supports those impressive circulation figures, the latter provides a focus for the analysis offered in this paper. The centrality of the home delivery system was confirmed by industry informants in Villi and Hayashi's paper (2015) one of whom is quoted as saying; '[o]ur strategy is to protect our paper first [...] we have to keep our credibility and also our printed media'. This paper will argue that the home delivery system, the practises and norms that made it so successful in the dead-tree era, has become an obstacle to the changes newspaper publishers are having to make to adapt to a digital future.

A comprehensive examination of all relevant aspects of the newspaper sales business in Japan is beyond the scope of any single paper. Indeed, it must be acknowledged in advance that this paper leaves some important and fundamental questions unaddressed. This is largely due to a lack of established, reliable facts; academic research on newspaper sales in Japan is sparse (Villi & Hayashi, 2015, p.

2) and many of the questions that inevitably arise from a brief paper like this simply have not been asked. Instead, the practise of *oshigami* (described in detail below) has been chosen; it is one of the few aspects of the newspaper sales business that has received extended attention, and it seems to lie at a key node in the network of business relationships that link publishers, retailers, advertisers and subscribers/readers and that form the structure of the business of newspapering in Japan. It should also be pointed out that this paper pays little attention to journalism, the *content* of newspapers, but focusses almost exclusively on the 'newspaper as industrial product'.

The term *oshigami* may be new to many but the phenomenon is far from recent; in Japanese, a number of works dealing with it have become available over the last two decades, and the first (to my knowledge), also coincidentally one of the most rigorous and comprehensive, was published as early as 1978 (Shimizu, 1978). None of the works mentioned below has been translated out of Japanese. In English, references to this topic are rare (Alford, 2009, Dec 14; Tomkins, 1985, 19 Feb; eg. Tomkins, 1985, Jan 3). Section 3 introduces the diverse material covered by authors who have written on newspaper sales in Japan, as well as providing an overview of their main sources of primary information.

Before moving on it is necessary, first of all, to make explicit one particular term used throughout this paper, 'circulation'. This is used to translate the Japanese industry term *hakkō-busū* (published units), which refers to a figure indicating the number of units which a newspaper publisher declares as delivered to the *hanbaiten* retailers, which then distribute papers to local subscribers. When a newspaper claims to have a certain circulation, this is usually the number they are referring to. It is also the number which is certified in the Japan Audit Bureau of Circulations (JABC) audit (see below) and the number used as a base for the pricing of advertising services provided by publishers and retailers. The term *hakkō-busū* must be understood in relation to various other terms which also refer to numbers of newspapers sold and/or distributed, the most important of these in the context of this article is *jippai-busū*, 'actually-distributed units'. This term (the mere existence of which might perhaps raise the alarm) refers to the number of units distributed by retailers to subscribers. The fact that the newspaper industry feels the need for a selection of words for what is, or should be, essentially one figure is in need of some sort of explanation; Utagawa Reizo² suggested, during a June 2008

2. Visiting professor at Tama University Graduate School of Business, formerly a reporter then executive at the *Mainichi*. Author of *Shimbun ga naku naru hi [When newspapers disappear]* (Utagawa, 2005).

meeting of the Komeito Culture Association,³ that instead of *hakkō-busū*, the term *F-busū* — F standing for ‘fiction’ — might be more appropriate. Circulation figures are important for all publishers, and in ranking-obsessed Japan perhaps especially so, and perhaps to the extent that the idea that this was the primary measure of newspaper performance — so called ‘circulation-first-ism’⁴ — led to the creation of a complex, robust, and occasionally usefully opaque, sales system designed to bolster and maintain these numbers.

International comparisons

In a global environment where ‘dead tree’ newspaper sales fell alarmingly, the apparent resilience of the Japanese market during the early year of the digital transformation requires explanation, and while the system of sales and distribution was not the only factor involved, any adequate understanding of the apparent differences between the Japanese experience and that of publishers in, for example the UK and US, must take it into account. As figure 1 shows, the overall decline in total newspaper circulation in Japan has been slower than that in the US and far slower than in the UK.⁵ Between 2001 and 2015 UK newspapers had lost close to half of their sales, in Japan the drop had been held to just 15 per cent. This disparity has been ascribed to other ‘cultural’ factors (eg. Cooper-Chen & Kodama, 1997, p. 52), but such explanations fail to deal with concrete, and significant, differences in sales and distribution systems which were behind the apparent success of Japan’s newspapers in maintaining circulation figures in a rapidly changing environment.

General Background

This section offers a brief overview of the newspaper sales and distribution system in Japan as context for the details that follow. Over 95 per cent of daily newspapers sold in Japan are delivered to the home⁶ with subscribers entering into a contract,

3. ‘Media-kai no sore-kara: Jānarizumu no shōrai o ronzu’, *Kōmei Bunka Kyōkai*: <http://www.komei-bunka.jp/forum/11/index.html>. This webpage is offline as of January 2016 though a short summary is available at <http://minihanroblog.seesaa.net/article/99663071.html>, a website covering newspaper industry matters.

4. *busū-shijō-shugi*, see e.g. Kawachi (2007, p. 49)

5. Data sources: UK, *the Guardian* newspaper website: <http://www.theguardian.com/media/abcs> US, NAA website: <http://www.naa.org/Trends-and-Numbers/Circulation-Volume/Newspaper-Circulation-Volume.aspx> Japan, NSK website: <http://www.pressnet.or.jp/data/circulation/circulation01.php>

6. NSK website: ‘Shimbun no kobetsu-haitatsu-ritsu’ <http://www.pressnet.or.jp/data/circulation/circulation03.php>

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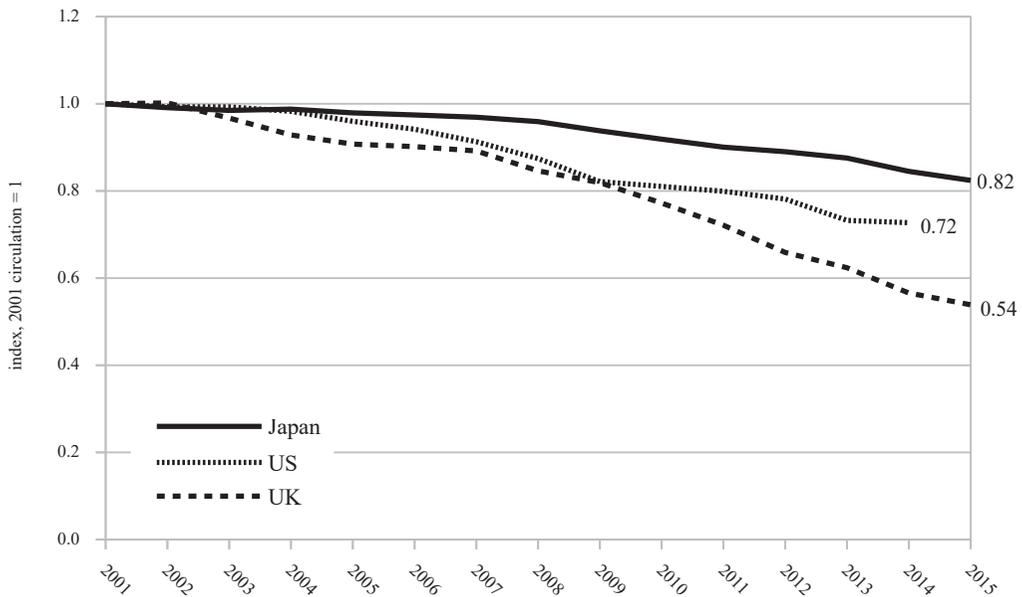


Figure 1: Relative decline in daily national newspaper circulation in Japan, the US and the UK, 2001–2015 (Oct 2001=1).

Sources: Source see n.5 (Latest NAA data available is for 2014).

usually 3–12 months in duration (sometimes much longer), with a local ‘independent’ delivery business known as a *hanbaiten* (‘sales shop’) or sometimes, when the business in question retails only one publisher’s newspapers, a *senbaiten*. These businesses retail newspapers to subscribers and are supplied by the newspaper publisher, which acts as wholesaler. Each of the major newspapers, as well as regional ‘block’ and local papers, has their own networks of *hanbaiten* covering the region in which they deliver. Japan’s largest selling daily, the *Yomiuri*, claimed a sales network of some 7200 *hanbaiten* in 2014.⁷ In 2001 there were 21,864 *hanbaiten* businesses in Japan, providing just over 58,000 full time and roughly 280,000 part time jobs. This figure has gradually fallen to 14,830 shops employing just over 26,000 full-time workers in 2021.⁸ The majority of *hanbaiten* are small-to-medium sized businesses, often family-run, which handle the distribution of just one major daily, as well as possibly a local newspaper and the national daily’s associated ‘sports’ paper. A few larger-scale businesses, *gōdō-hanbaiten*, deliver every paper

7. *Sūji de miru Yomiuri Shimbun* (The Yomiuri in numbers): <http://info.yomiuri.co.jp/company/data.html> - offline as of September 2022. In autumn 2022 the Yomiuri’s YC *hanbaiten* network is composed of 6600 shops: https://info.yomiuri.co.jp/yc_network/appearance.html.

8. Pressnet: <http://www.pressnet.or.jp/data/employment/employment04.php> – Accessed: 15 Sep 2022

in an area.

Subscribers pay *hanbaiten* a monthly subscription fee which covers delivery and the retail price of the newspapers,⁹ *hanbaiten* pay the publishers the wholesale price, somewhere in the region of 60–70 per cent of the cover price (JFTC, 2008, p. 6; Shimizu, 1978, p. 152). *Hanbaiten* also generate income by charging for the distribution of fold-in advertising (*orikomi-kōkoku* or colloquially, *chirashi*) with the newspapers they deliver.¹⁰ They also receive financial support from publishers in the form of discounts, allowances and rebates. *Hanbaiten* thus have had three major sources of income; subscribers, local advertisers and subsidy payments¹¹ from publishers (see figure 2).

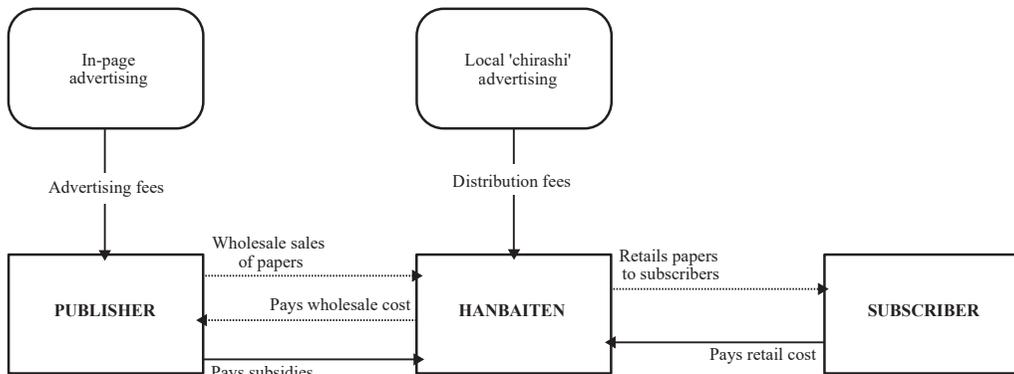


Figure 2: Monetary exchanges between the various parties are shown with arrows. *Hanbaiten* have multiple sources of income; local *chirashi* advertising, payments from subscribers and subsidy payments from publishers.

The more subscribers a *hanbaiten* has, the greater its potential income from local advertisers, who pay on a per-copy-distributed basis for their fold-in advertising. It may also benefit from increased bulk subsidies from its publisher. When *hanbaiten*, or the advertising agencies they deal with, suggest to local advertisers appropriate

9. At the time of writing a monthly subscription for the three largest national dailies, the *Yomiuri*, *Asahi* and *Mainichi* is set at ¥3400 or ¥3500 for a ‘morning edition only’ subscription and ¥4300 or ¥4400 for a ‘morning+evening edition’ subscription. Price coordination amongst the larger publishers is another issue which has regularly attracted the attention of researchers and consumer groups, it is however beyond the scope of this paper.

10. In the region of 2–20 yen, depending on paper size and a number of other factors, for each copy of their advertising sheet delivered with a paper.

11. This paper uses the term ‘subsidy’ as a term for all types of regular payments from publishers to *hanbaiten*. Terms such as *shōrei-kin* (promotion payment), *hojo-kin* (subsidies) or *ribēto* (rebates) may be encountered elsewhere.

numbers for production and delivery of fold-in sheets, they rely on the circulation figures published by the Japan Audit Bureau of Circulations (JABC, discussed below).¹²

The territory to which each *hanbaiten* delivers is set by the publisher, *hanbaiten* are prohibited from seeking sales outside the area assigned to them by the newspaper publisher's sales department (*hanbai-kyoku*) and from delivering to subscribers outside their territory. As well as being responsible for delivering papers to subscribers, and collecting payment, *hanbaiten* are also responsible for maintaining the subscriber base and working to find new subscribers. They have often been assisted by specialist sales teams (known as *kakuhan*, the source of regular and numerous consumer complaints¹³) designated by the publisher.

While the system outlined above seems straightforward, as Shimizu (1978, pp. 152–9) explains, it is in practise considerably more opaque, even to those involved¹⁴; this opacity leaves it potentially open to abuse. As mentioned before, this paper focusses on one practise, known as *oshigami*, that illustrates the complex, sometimes acrimonious, nature of relations between the parties involved.

2 A description of *oshigami*

As figure 2 above illustrates, *hanbaiten* occupy a position between publishers and subscribers. Each *hanbaiten* knows how many subscribers it has with a high degree of accuracy — minimum contract duration is usually one month — and is therefore able to order the correct number of papers from the publisher. For example, if a *hanbaiten* has 3000 subscribers, it makes sense for it to order 3000 units from the publisher as it has to pay the wholesale price for ordered units whether it retails them or not. However, a *hanbaiten* may over-order (willingly or otherwise), and a publisher may over-deliver (and demand payment for), for instance, 3500 units. These extra units are *oshigami*, literally, 'paper that is pushed'. They are copies above and beyond the 2 per cent extra allowed to cover wear-and-tear and other

12. There have been suggestions that, as knowledge of the artificial inflation of circulation numbers spreads amongst advertisers, some are taking the precaution of having less than the suggested number printed (Kuroyabu, 2009, p. 88).

13. In 2011, the total number of complaints regarding door-to-door sales registered by the National Consumer Affairs Center (*Kokumin Seikatsu Sentā*) was 96,417. Newspaper sales drew more complaints (10,599) than any other type of goods or service. *PIO-NET ni miru 2011-nendo no shōhi-seikatsu sōdan: Zenkoku no dēta kara*: http://www.kokusen.go.jp/pdf/n-20120906_2.pdf

14. It is illuminating that a high proportion of the sum involved in the *Asahi Shimbun* company's tax declaration problems reported in March 2012, were related to subsidy payments to *hanbaiten* (Kyōdō Tsūshin, 2012)

unforeseen eventualities. The *hanbaiten* that orders 3500 units is in effect claiming a ‘circulation’ of 3500, it can charge local advertisers for the distribution of 3500 of their *chirashi*, deliver 3000 and pocket the difference. At the same time, when these marginally inflated numbers from individual *hanbaiten* are summed on a national or regional scale, they can lead to a significant increase in the circulation a newspaper publisher can claim, and thus boost the amount that can be charged for in-page advertising. *Hanbaiten* and publisher can both profit, though for the *hanbaiten* this is very much more dependent on the the state of the local economy and whether there is sufficient demand from local advertisers to cover the cost of the additional un-retailed units.

The number of papers delivered to *hanbaiten* is declared by publishers as the *hakkō-busū* (‘published units’), which is the basis for their publicly declared circulations. Regular attestations the existence of this practise, and in some cases indications of its scale (see below) would seem to indicate that circulation figures, especially during periods when *oshigami* seems to have been relatively common, should not necessarily be taken at face value. The question of *how* inaccurate these figures might be is dealt with below.

The fact that this over-ordering/over-supplying seems to have been — and perhaps remains — a fairly common occurrence demands a variety of questions: Why do publishers not simply deliver the number of units ordered by *hanbaiten*? Why might *hanbaiten* sometimes willingly over-order? Why do *hanbaiten* (who have not willingly over-ordered) accept and pay for these ‘extra’ units? Why do the regulatory and industry bodies with responsibility not act?

Unfortunately, it is almost impossible to offer general answers to these questions — the individual circumstances of *hanbaiten* and their relations with publishers vary a great deal — though generally the answer lies somewhere in the murky finances of the newspaper sales business, which make it possible for both *hanbaiten* and publishers to profit from inflated circulation numbers. One of our main sources of information are documents that emerge during court proceedings when the relationship between publisher and *hanbaiten* turns sour; this can happen for a number of reasons but one re-occurring pattern is the *hanbaiten* that at first willingly over-orders, then, as the local economy declines, tries to reduce the number of *oshigami*, only to find itself in conflict with a publisher that refuses to accept the reduction in circulation this would bring. These court documents offer insights into the scale of circulation fixing. Indeed, they are often our only ‘official’ source of data as, for the parties involved, open discussion of the issue is taboo, no doubt because widespread knowledge of these kinds of practises could lead to significant reputa-

tional damage.

The scale of circulation inflation

The actual scale of circulation inflation over this period is difficult to apprehend; given its illicit nature, there are no 'official figures'. Authors (see following section) regularly mention levels in the region of 40–50 per cent (e.g. Morishita, 2003, p. 131), it seems to have been at about this level that a typical *hanbaiten* business became untenable. Sometimes the pressure on a distribution business on the edge of survival led to legal proceedings which brought to light the private financial interactions between *hanbaiten* and publisher. Obviously, a ratio at this level is likely to be toward the extreme end of the overall spectrum. Kawachi (2007, pp. 62–3) reports the director of *Asahi's* Tokyo Sales Division, Takahashi Shizuka, as estimating the level of 'unsold papers' (the *hihanbai-ritsu*¹⁵) at over seven per cent for the morning edition and in double figures for evening editions. Overall, while it is based on little more an impression gained from a reading of the materials mentioned here, the author's conclusion is that a typical value somewhere in the 10–20 per cent range is perhaps most credible.

A 1977 survey of 2000 *hanbaiten* carried out by the Japan Newspaper Sales Association (*Nippankyō*, see below) found levels of *zanshi* ('leftover paper', its preferred term) of between 11.8 per cent for the Kinki region and 5.5 per cent for the Tohoku area. The national average was 8–9 per cent. It was estimated that this was equivalent at the time to approximately 3.8 million newspapers per day (Takaya, 2011, pp. 75–6). A 2006 JABC survey — perhaps the closest we have to 'official' figures — indicated a similar level of 8.5 per cent (Sakikawa, 2006, p. 43). These two surveys, three decades apart, seem to indicate the relatively constant nature of the problem, despite repeated initiatives from the parties involved to 'normalise' (*seijō-ka*) newspaper sales. Furthermore, if one considers the levels which we glimpse occasionally through internal leaks and court proceedings, the estimated level of 8–9 per cent seems rather low. Two examples are given below.

One of our earliest sources of data are the 'Kitada Documents' (*Kitada shiryō*), the appearance of which was a significant event in the story of awareness of *oshigami* outside the newspaper industry. Mr Kitada, former proprietor of a *Yomiuri hanbaiten* in Tsurumai, Nagoya documented his levels of *oshigami* over the years between 1976 and 1980 and after being 'driven out of business' by *Yomiuri Shimbun*, made his internal records publicly available by passing them to Japan

15. Preferred terminology varies across organisations, depending on how they see, or wish to portray, their members' role, but all the terms refer to substantively the same object.

Communist Party Diet Representative Sezaki Hiroyoshi. Sezaki brought the matter to the attention of Ueki Kuniyuki of the JFTC secretariat during a meeting of a Diet budget sub-committee on 8 Mar 1982.¹⁶ The data recorded by Kitada are shown in table 1; the typical level of *oshigami* was around 35 per cent. Effectively, a third of the papers received from the publisher — and of course included in the circulation figures declared by the publisher to the JABC — had no readers.

Table 1: Levels of *oshigami* for the *Yomiuri*, Jan 1976 – Jun 1980, as detailed in the *Kitada shiryō* (see main text).

| Period | from publisher | to subscriber | <i>oshigami</i> | % of total received |
|----------|----------------|---------------|-----------------|---------------------|
| Jan 1976 | 791 | 556 | 235 | 29.7 |
| Jan 1977 | 910 | 629 | 281 | 30.9 |
| Jan 1978 | 1030 | 614 | 416 | 40.4 |
| Jan 1979 | 1095 | 680 | 415 | 39.9 |
| Jun 1980 | 1000 | 675 | 425 | 38.6 |

The figures in table 2 are taken from Morishita’s (2003) description of a newspaper sales business in Mishima City (Shizuoka Prefecture) identifiable as Mishima Shimbun-dō.¹⁷ His data is based on records of delivery routes and packing notes attached to deliveries from publishers and collected by delivery workers. Levels were negligible for the *Asahi* and *Nikkei*, but for the other papers documented the average was close to 50 per cent.

Table 2: Levels of *oshigami* for major newspapers at the Mishima Shimbun-dō newspaper distribution business, Jan 1998 (Morishita, 2003, p. 131).

| Title | from publisher | to subscriber | <i>oshigami</i> | % of total received |
|----------|----------------|---------------|-----------------|---------------------|
| Asahi | - | 8,374 | - | - |
| Nikkei | - | 3,099 | - | - |
| Yomiuri | 7,040 | 4,320 | 2,720 | 38.6 |
| Mainichi | 5,290 | 2,280 | 3,010 | 56.8 |
| Sankei | 1,590 | 966 | 624 | 39.2 |
| Tokyo | 1,590 | 206 | 1,294 | 86.2 |
| Totals | 15,420 | 7,772 | 7,648 | 49.6 |

16. *Dai-096-kai Kokkai Yosan-iinkai Dai-yon bunkakai Dai-yon-go*: <http://kokkai.ndl.go.jp/SENTAKU/syugiin/096/0390/09603080390004a.html> – Accessed: 29 Aug 2022

17. This particular business is somewhat unusual in that it is fairly large and handles all the main daily papers, nevertheless the figures are in line with many accounts from smaller, more typical *hanbaiten*. Name changed to (KK)MISH in 2021. Company Site: <https://www.mish-inc.jp/news/38/> – Accessed: 3 Sep 2022

Another hint might be taken from the drop in the *Sankei Shimbun's* circulation over the first half of 2009; in contrast to the smaller falls in other major papers' circulations, the *Sankei's* fell by 14.7 per cent. This was rumoured to be the result of its being 'forced to abandon traditional circulation padding' techniques (Alford 2009). Given the partial and very varied nature of the data it is still almost impossible to estimate the true extent and degree of *oshigami* during this period. The corollary being that newspaper publishers in Japan were working with a high degree of error when considering their actual readership levels. We can see however that as a practise, which links newspaper publishers and *hanbaiten* in a complex, mutually reliant project (occasionally as 'co-conspirators') it has a history which reaches as far back as at least the 1970s, and has thus had decades to become embedded as the industry's' accepted normality, binding *hanbaiten* and publishers in ties of mutual embarrassment.

3 Sources of information

Circulation inflation through *oshigami* should not have happened, officially therefore it only existed in primarily negative terms; to be denied or stopped, an object for reform and secrecy rather than objective investigation and documentation. References to *oshigami* in the mass media tended to be restricted to the trumpeting of new measures spearheaded by righteous publishers to combat such abuses. We must often rely therefore on the work of reporters and investigators working outside the mainstream, and industry insiders, often bearing a personal grudge (though this does not necessarily render them wholly unreliable). Fortunately, these often-partial accounts can be cross-referenced with such official documents as exist, for instance in those submitted during legal cases, reports from trade and industry related bodies, and parliamentary records. It is only through this process of triangulation across multiple and various types of account that *oshigami* becomes visible.

Non-authorized Accounts: Investigations and insiders

There are no accounts of *oshigami* written by academics. This is perhaps understandable given the murky nature of the subject, one perhaps more suited to the journalistic mode. This section surveys briefly those few published works that deal, in varying degrees of thoroughness, with the newspaper sales system, in particular *oshigami*. Interest in the phenomenon fluctuated during the period, depending on the fortunes of the newspaper industry. In times of economic plenty when

advertising spends were relatively high, apparently minor imperfections in the system, symbolized here by *oshigami*, did not present significant (financial) problems, but when these spends fall *hanbaiten* found themselves under pressure as they were squeezed between publishers and subscribers.

Let us first look at the accounts produced by journalists and others working in a similar mode which makes up the first wave of attention, spanning the late 1970s and early 1980s, and which seems to have been the result of the perceived fragility of economic development in the wake of the Oil Shock (Brown, 1998, p. 180). Newspapers during this period made concerted efforts — new sales techniques and promotion methods, more aggressive competition — to ensure their continued prosperity, struggling amongst themselves to recruit readers and maximise subscriptions. Shimizu (1978) is an account of many aspects of newspaper economics which deals with *oshigami* in considerable detail, likewise Naito (1982) covers a variety of aspects of newspaper sales. Both accounts treat *oshigami* as one element among many others involved in newspaper finance and concentrate rather on the (mis)use, growth and spread of *keihin*¹⁸ as a means of attracting subscribers, the issue of primary concern at that time. Naito's account, based on a large number of interviews with sales agents and ex-newspaper sales department employees, focusses particularly on the causes, mechanics and repercussions of the massive growth in sales achieved by the *Yomiuri* during the 1970s when it overtook the *Asahi* as Japan's best-selling daily newspaper.

As the 'lost decade' of the 1990s stretched ever on, a second wave of interest began to gain momentum; news articles appeared in *shūkanshi* weekly magazines and the trade press in the first few years of the new century (Kuroyabu, 2002; Yokota & Konishi, 2000/06) and Morishita's book-length work *Oshigami*, which documents one particular case where *oshigami* was perceived to be the root cause of an extended legal dispute between a distribution company and its delivery staff, appeared in 2003. Kuroyabu Tetsuya in particular wrote extensively on various aspects of newspaper sales (Kuroyabu, 2002, 2005, 2006, 2007, 2012), and co-authored numerous works with collaborators from within the industry.¹⁹

Perhaps as a result of those involved having reached retirement age and increased levels of general interest, the late '90s and early years of the new century

18. Goods offered as inducements to encourage potential readers to subscribe, also known to as *kakuzai*.

19. There is a significant overlap of content across many of Kuroyabu's books; each concentrates on a different aspect of the newspaper business, a legal case or individual, but often the background material is duplicated. Kuroyabu's website, '*Media Kokusyo*', covers much of the same information: <http://www.kokusyo.jp>

also saw the appearance of a number of accounts from industry insiders. Sawada & Kuroyabu (2003)²⁰ concentrates on the *chirashi* aspect of the *hanbaiten* business but places it in the overall context of power relations within the industry. The newspaper sales union in Shiga Prefecture, in which Sawada was involved, acted as a channel for those in other areas wishing to bring *oshigami* to light, due no doubt to his presence. Many of the leaked internal documents which the authors use as sources passed through the hands of this union. The work, though relatively short, is divided into three parts; the first part outlines the workings of the newspaper sales industry and describes several instances of actual malpractice, details are given of information available in court reports and industry publications, such as *Zenkoku Shōkō Shimbun*,²¹ There are also descriptions of documents and statements provided by a number of informants. Sawada had also previously produced a self-published account (Sawada, 1995) of his experiences running a *hanbaiten* in Shiga Prefecture.

Based around an account of a series of court cases, starting in 2005, Mamura & Egami (2009) describes the activities of *hanbaiten* owner Mamura Kyūzō and his lawyer Egami Takeyuki. The root of their conflict with the *Yomiuri* was the newspaper sales office's decision to reduce the size of the territory allotted to Mamura's delivery business (Hirokawa, Fukuoka Prefecture) in order to increase the territory of a neighbouring business. Mamura went on to win his various cases against the *Yomiuri*, maintaining his position as owner and his territory. The accounts of the various trials include descriptions which elucidate the power relations of publishers and *hanbaiten*. Mamura and Egami have also advised other *hanbaiten* owners, especially in the Kyushu region, in their relationships with publishers.

Takaya (2011) focuses on former *hanbaiten* owner Takaya Hajime's work experiences, the eventual collapse of his two distribution businesses, and on the following court case. Starting in the newspapers sales business in 1954, Takaya worked for a chain of 11 *hanbaiten* run by *Hokusetsu Mainichi-sha* delivering the *Mainichi* around the north of Osaka. In February 2006, the year Takaya decided to quit, he recorded the figures shown in table 3. For the two *hanbaiten* he ran, the monthly total of *oshigami* (1586 units) was greater than the number of papers he actually delivered to subscribers (1164); close to 60 per cent of the papers he received from

20. Co-authored by Kuroyabu and Sawada Osamu, a former *hanbaiten* owner who had been involved in union activities and the promotion of research into the industry since the 1970s.

21. Periodical published by the *Zenkoku shōkō-dantai rengō* (National Alliance of Commercial and Industrial Groups) nationwide association of small- and medium-sized businesses, linked to the Japan Communist Party. Some issues available online: <https://www.zenshoren.or.jp/2022/09> – Accessed: 23 Sept 2022

the publisher went undelivered, yet they contributed to *Mainichi's* claimed circulation.

Table 3: Number of newspapers received and delivered from Takaya's two *hanbaiten* in Feb 2006 (Takaya, 2011, pp. 17–8)

| | from publisher | to subscriber | oshigami | % of total received |
|-------------|----------------|---------------|----------|---------------------|
| Toyonaka | 970 | 454 | 516 | 53.2 |
| Hotarugaike | 1780 | 710 | 1070 | 60.1 |
| Total | 2750 | 1164 | 1586 | 57.7 |

Diary of a Tantō-in (Sakikawa, 2006) is a collection of short chapters recounting episodes from the working life of a former *Asahi* sales bureau *tantō-in*²² who retired in 2006 after a 40-year career. He covers *oshigami* briefly and contrasts it with another related industry term, *tsumigami*²³. He stresses that as a *tantōin* he was trained not to encourage *oshigami*, nevertheless he relates an anecdote regarding his own involvement in the process of asking *hanbaiten* to order extra copies in order to improve the sales figures of the territory for which he was responsible (Sakikawa, 2006, pp. 44–8). Also on the publisher side, written by an ex-*Mainichi* executive, Kawachi (2007, espec., 63–72), covers much the same ground as other works, however he supplements this with reference to his own experiences and interviews with acquaintances within the industry. It thus provides useful, though often anonymised, professional evaluations of data mentioned elsewhere. As for the extent of *oshigami*, the closest Kawachi gets is quoting the previously mentioned 2006 JABC report (ibid.:43).

Authorised accounts: Industry Bodies and Regulators

This section covers a number of organisations with significant roles in the newspaper publishing and sales businesses, as representatives, cheerleaders, go-betweens with government and other regulators, or as regulators themselves. Many of them carry out and publish research, some of which has touched on topics relevant here.

22. An employee of a newspaper publisher sales department responsible for managing relationships with *hanbaiten* in a given area.

23. 'Oshigami', he suggests, describes extra units pressed on a *hanbaiten* by the publisher whereas 'tsumigami' refers to extra units *willingly* ordered by the *hanbaiten*. Shimizu also uses these terms as so defined (Shimizu, 1978, p. 5).

The Japan Newspaper Publishers and Editors Association

The *Nihon Shimbun Kyōkai* (hereafter, NSK) is the newspaper publishing industry's representative body. Its membership, which has been more or less stable over the past few decades, as of September 2022 consisted of 98 national, regional and local newspapers, 4 news agencies and 22 broadcasting businesses. It is currently led by Maruyama Masahiro, also President of the Mainichi Newspaper Group. With regards to newspaper sales, the NSK acts as lightning-conductor for publishers; occasional outside criticism of sales practises can be headed off by means of regular announcements of efforts to 'normalise' (*seijōka*) the sale of newspapers, ie. keep to a style of selling that abides by the relevant regulations and avoids complaints from (potential) subscribers. On several occasions, July 1977, February 1985, March 1994 and October 2009 (NSK, 2016), the NSK and its member publications made announcements promoting sales reforms and then used the pages of their publications (eg. Asahi Shimbun, 1997, 1 Jul; Yomiuri Shimbun, 1985, 1 Feb) to actively make declarations in support of such 'normalisation' (Kuroyabu, 2006, pp. 168–9).

The NSK and its members gave, and continue to give, vocal support to the idea of 'normalisation' but progress seems to have been inconsistent since the first attempts at reform, made in the 1970s. This would seem to suggest that either the NSK was not the right body to carry out normalisation activities, that their appeals for those involved to play fair were not in earnest, or that newspaper publishers were so reliant on the established business model that reform was far more problematic than expected.

The Japan Fair Trade Commission

The Japan Fair Trade Commission (JFTC) — an 'administrative committee' whose chair is nominated by the prime minister and approved by the Diet²⁴ — has a central role in the regulation of the newspaper sales business in Japan. It is responsible for the issuing and maintenance of the 'special designation' (*tokushu shitei*)²⁵ status of newspaper publishers which allows them exemption from certain aspects of antimonopoly regulation, specifically publishers (wholesalers) are permitted to set *retail* prices, a practise which is generally disallowed. It is also the source of one

24. *Shiteki dokusen no kinshi oyobi kōsei-torihiki no kakuho ni kansuru hōritsu*, article 29, 2.

25. Four other 'special exemptions' were abolished after a 2006 review, the one for the newspaper sales is the only remaining instance. See <https://www.jftc.go.jp/dk/seido/tokusyushitei/index.html>

particularly significant document, the *Designation of Specific Unfair Trade Practices in the Newspaper Business*(JFTC, 1999) issued on 21 July 1999,²⁶ which outlines in very specific terms the relationship of the practises mentioned in this paper with antimonopoly legislation and regulations;

A Publisher imposes disadvantages on any Distributor by engaging in either of the following activities without legitimate and reasonable grounds:

- Providing a number of Newspapers to the Distributor exceeding the number that the Distributor actually ordered (including when the Publisher fails to accept the Distributor's request to reduce the number); or
- Setting the number of Newspapers to be ordered by the Distributor, and providing that number to the Distributor.

It can be seen that both of these measures are aimed at making *oshigami* illegal; despite the attitude of publishers – that *oshigami* doesn't exist – it seems unlikely that the JFTC would have gone to the lengths of creating specific regulations against an imaginary problem.

While it was involved in cautioning newspapers found to be acting in breach of the regulations, for example *Hokkoku Shimbun* in 1997,²⁷ it is, despite its central role as enforcer of antimonopoly policy, widely regarded as ineffective, largely as a result of historical political decisions which have affected the legislation it works with. Tilton (2004, p. 176) points out, in a work looking more generally at antimonopoly regulation in Japan, that 'the weakness of both the Antitrust Law and the JFTC has left considerable scope for cartels to operate'. The assessment presented by Schaefer (2000, p. 92) is similar, he describes the results of a JFTC investigation of collusive newspaper retail pricing as 'absurd'. Collusive pricing is not an insignificant issue, Flath (2012, p. 1) identifies it — an area fully within the JFTC's remit to investigate and discipline — as leading to 'social waste in the neighborhood of 86-billion yen (\$1-billion) per year'.

Ultimately it is difficult to see how the JFTC can perform the role it is supposed to; it is generally accepted that it is understaffed, underfunded and that its legal scaffolding is insufficient. The 'special exemption' it manages however can be seen as a useful political lever, as its abolition would have profound effects on the capability of publishers to profitably distribute newspapers to subscribers.

26. JFTC website: http://www.jftc.go.jp/en/legislation/_guidelines/ama/pdf/spaper.pdf

27. *Hokkoku Shimbun-sha ni tai suru ken*. 1997, no. 26: <http://perma.cc/0xg3d0cfKjY> – Archived: 24 Oct 2013

The Japan Newspaper Sales Association

The Japan Newspaper Sales Association (*Nihon Shimbun Hanbai Kyōkai*, generally shortened to *Nippankyō*) is the newspaper retail business' representative body. Incorporated in its current form in July 1954 its member bodies are lower-level organisations representing local, prefectural or area associations of *hanbaiten*. They describe themselves as aiming 'to contribute to the improvement of the culture and stability of society, by working for the popularisation of newspapers [which are] the representatives of literacy and printing, and by firmly maintaining [our] unparalleled system of home delivery'²⁸ The organisations aims also include 'improvements in newspaper distribution [and] support of the door-to-door delivery system'. Its 'mission statement' includes;

- Service in the defence of democracy and the development of our country's culture, economics and politics, and unwavering support of the home delivery system famed throughout the world.
- Expectation of fair trading based on newspapers role as public organisations.
- Pursuit of the improved soundness of management which is the shared goal of all *hanbaiten*.

The connection between *Nippankyō* and newspaper publishers is characterised as 'extremely friendly' (*hijō ni shin'mitsu*) by authors on both the *hanbaiten* and publisher side (Kawachi, 2007, p. 68; Sawada & Kuroyabu, 2003, p. 71). Through its political organisation, the *Nippan Seiji Renmei* (Japan Newspaper Sales Political Federation),²⁹ it is involved in lobbying for the continuation of newspapers' exceptional position with regards to antimonopoly legislation (Sawada & Kuroyabu, 2003, pp. 71–4). It was also active in efforts to sustain newspaper publishers' partial exemption from Enterprise Tax between 1984 and 1993.³⁰ Like many other such bodies it makes financial contributions to the activities of members of the National Diet - especially those associated with the Federation of Diet Members for

28. Source: <http://www.nippankyo.or.jp/products/> – Accessed: 2 March 2014

29. The same organisation appears in various name-variations in declarations of political funding made by national and local Diet members; *Nippan-kyō Seiji Renmei*, *Nippan-kyōkai Seiji Renmei* are also both seen. The declaration of political spending for 2019 (total 8.7 million yen) can be seen here: https://www.soumu.go.jp/senkyo/seiji_s/seijishikin/contents/SS20201127/317460.pdf – Accessed: 19 Sep 2022

30. *Katsudō-naiyō* [Activities]: <https://www.nippankyo.or.jp/activity> – Accessed: 23 Sept 2022

Printed Culture (*Katsuji Bunka Giin Renmei*, FDMPC) - who have represented the interests of newspaper publishers during the formation of related legislation and regulations. For example, the June 2012 general meeting issued statements opposing the imposition of the increased level of sales tax on newspapers as a ‘tax on knowledge’ (Nikkei Shimbun, 2012). In 2007–8 *Nippankyō*’s lobbying included political contributions (*seiji-katsudō-hi*) of some 4.3 million yen, in large part this went to the *Shūseikai*, the political funding body of LDP politician Nakagawa Hidenao, formerly *Nikkei Shimbun* political reporter.³¹ A review of the ‘special exemption’ status of newspaper sales drew the following dramatic response from the committee of the FDMPC, chaired by Nakagawa:

Resolution on the review of the ‘special designation’: We point out that ‘this would not only lead to price competition between *hanbaiten* and chaos in the delivery territories, it is not impossible that it might lead to the collapse of the nationwide home delivery network’. Furthermore, ‘it would hinder the realisation of the ideal that is the continuation and development of knowledge, and the tradition of printed culture indispensable to the development of healthy democracy and the cultivation of rich humanity’.³²

It is worth noticing that the object of support here was the business of the paper distribution system rather than the information carried by that paper, and which could just as easily be carried digitally. It hardly needs pointing out that it is not *paper* that is the essential support of modern societies, but reliable, relevant, speedy information. Like the NSK, *Nippankyō* was and is a participant in ongoing calls for newspaper sales ‘normalisation’ (*seijōka*) (see eg. *Bunka Shimbun*, 12 Jul 2022, p4), in particular calling for members to stay within the rules when handing out *keihin* gifts to potential subscribers and renewers.

The Japan Audit Bureau of Circulations

The Japan Audit Bureau of Circulations (JABC) is a parallel organisation to those found in 36 countries around the world and a member of the International Federation of ABCs.³³ Established in 1958 to ‘audit circulation figures provided by

31. Source: *Sōmu-shō* (Ministry of Internal Affairs and Communication) online political donations records: e.g. www.soumu.go.jp/senkyo/seiji/_s/seijishikin/contents/000023535.pdf – Accessed: 5 Mar 2010 (Offline: 12 Jan 2016)

32. Komeito party website: www.komei.or.jp/news/2006/0414/5885.html - viewed 3 Sep 2010 (Offline: Sept 2022)

33. IFABC: <http://www.ifabc.org/about-us> – Accessed: 5 Sep 2022

publishers and make public the results',³⁴ it is controlled by a board made up of the representatives of publishers, advertisers and advertising agencies. Since February 2021 it has been headed by Okihara Takamune, formerly a director and special adviser of MUFG Bank.³⁵ The board is balanced between the 'buy' and 'sell' sides of the relevant industries; there are 18 members from publishers, the sellers of advertising space, and the same number of members from major advertisers and ad agencies.

The JABC primary role is to gather, publish and audit circulation figures for periodicals, this allows rates for advertising to be set accordingly and gives periodicals an idea of their performance. Newspaper publishers compile their own figures and declare them to the JABC, which publishes them in a variety of regular reports. In addition, it publishes a quarterly audit report which provides audited circulation figures for a selection of newspaper publishers. The first audit of its members' circulations was carried out between May 1961 and July 1962 (Shimizu, 1978, p. 21). In 2009 the regular audit process was strengthened as part of a strategy outlined by former president Narita Yutaka at the JABC 54th AGM (17 May 2009) when he stated his intention to 'as an organisation, work for the speedy recovery of trust responding to adverse press coverage of the current situation as regards newspaper circulation figures.'³⁶

The JABC audit, which takes place starting in October every second year, was expanded to cover more *hanbaiten*, approximately 660 in 2012, up from 594 previously, and the notice period given to *hanbaiten* to be audited was reduced to one day from two.³⁷ This latter change seems to have been made in response to the routine re-writing of *hanbaiten* accounts (Shimizu, 1978, pp. 22–3) to disguise *oshigami* and give the impression that *hakkō-busū* should be seen as fairly representing readership levels (Kuroyabu, 2009, pp. 93–5). Problems with the reliability of *hanbaiten* accounts seems to have been an ongoing problem through this period, in 2009 FACTA reported that 'of the 79 *hanbaiten* surveyed by the JABC in the period to September 2007, the accounts of just 46 were deemed sound (*seijō*)'(FACTA, Mar 2009). The audit is based on surveys of both publishers and *hanbaiten*, it looks at a variety of elements of the production and distribution process, from payments for printing materials to *hanbaiten* accounts, as checks on declared circulations.

34. 'ABC ni tsuite'[About the ABC]: <https://www.jabc.or.jp/about.html> – Accessed: 4 Sep 2022.

35. https://www.jabc.or.jp/news/notice/2021/02/22_852.html

36. Dentsu website: www.dentsu.co.jp/books/dhou/2009/h4648-090706/index2.html – Accessed: 14 Apr 2010 (Offline: 2 Mar 2014)

37. JABC website: www.jabc.or.jp/backnumber/2043.html – Accessed: 4 Mar 2010 (Offline: 3 Mar 2014)

However, as the JABC admits, the audit is necessarily limited as it ‘involve[s] access to the business in question’s accounts, and because the JABC has no statutory right to inspect books, we are thus reliant on the cooperation of *hanbaiten* and publishers.’³⁸

Despite efforts to improve the mechanics of the audit, the circulation figures published by the JABC are ultimately dependent on the self-reported figures of newspaper publishers, the minimal staff (under 20 personnel according to Kawachi (2007, p. 66) can do little but collate for publication. The question remains as to whether a bi-yearly, ‘fixable’ audit was ever sufficient to prevent publishers, with the collusion (sometimes willing, sometimes not) of *hanbaiten* from inflating the circulation figures the rest of the time.

Oshigami symbolizes the cooperative relations built up over decades between the various players in the newspapering industry in Japan: publishers and *hanbaiten* can both profit from *oshigami* if the conditions are right, however they are both aware that they are doing so by engaging in practises which are prohibited by the under-powered JFTC. The JABC is fundamentally supine and is perhaps more concerned with *supporting* dropping sales figures than carrying out its primary role of *ensuring the accuracy* of circulation figures.³⁹

The nature of the relationship between publishers and *hanbaiten* then means that there is a long history of successful and mutually beneficial collaboration, as well as a lot of shared ‘dirty laundry’; publishers rightly feel they owe a debt of gratitude to the *hanbaiten* system, and are reluctant to antagonise the delivery industry by cutting it loose by promoting digital editions.

4 Effects and implications

This section offers an overview of the various knock-on effects of the structure of the ‘traditional’ newspaper sales and distribution system. It starts with a brief summary of some of the very varied issues identified in the sources mentioned in section 3, then moves on to a consideration of the implications for the shift to digital. The literature covering newspaper sales during this period identifies a number of possible persistent effects that may have resulted from the development of the traditional model of distribution.

38. JABC Newsletter Nov/Dec 2009: <http://www.jabc.or.jp/backnumber/1309.html> – Accessed: 4 Mar 2010 (Offline: 3 Mar 2014). Similar content at: <https://www.jabc.or.jp/circulation.html>

39. Private correspondence with buy-side member of JABC board, Summer 2022.

Kawachi (2007, p. 49) refers to the prevalence in the thinking of newspaper managements of 'circulation-first-ism'; prioritising apparent number of newspapers sales above other measures of quality, potentially resulting in the diversion of organisational energies away from 'doing journalism' and towards efforts to maintain headline sales figures, and to the parts of the business engaged in these efforts. Newspapers became very good at 'shifting units', but at the cost of investment in quality journalism.

In 1977, Mutai Mitsuo, then president of the *Yomiuri*, estimated that 5.2 million *ren*⁴⁰ of newsprint were going to *oshigami* every year (Shimizu, 1978, p. 10), just under one millions tons of newsprint per year effectively wasted. In 2014, roughly the middle of the period under consideration, the newspaper industry consumed 3.25 million tons of newsprint,⁴¹ assuming an overall *oshigami* rate of 10 per cent, perhaps 325,000 tons may have gone to create newspapers which were delivered to *hanbaiten* only to be stored for a few days before being passed on for recycling, this constitutes entirely avoidable environmental damage on a considerable scale.

Less concrete but equally important harms were also identified; perhaps a reluctance to investigate or report on legitimate matters of interest when related to the press (dubious sales practises are an Achilles heel for many publishers, better not throw the first stone!) which could result in exposure and loss of credibility, and reliance on the JFTC 'special designation' — effectively allowing newspaper publishers to set retail prices — which leaves the industry open to political pressure, as this privileged status can be 'reviewed' as a reminder that bad behaviour could have major repercussions for the industry as a whole.

The very effectiveness of the sales structures put in place over the decades, combined with a lack of openness and discussion about how they function, has (along with other structural factors, mentioned below) made it almost impossible for the newspaper industry to exhibit the agility it needs to make the digital transformation. Hannan & Freeman (1984) in their paper 'Structural Inertia and Organizational Change' argue that the 'price paid for high-fidelity reproduction is structural inertia' — in other words, the ability of an industry to perform reliably, especially over longer periods of time, can lead to ossification and, in 'environments in which change is turbulent' the ability to perform reliably may be trumped by the ability to 'take quick advantage of new opportunities and the appearance of new habitats' (1984, pp. 162–3). The newspaper sales industry in Japan seems to be a

40. An industry unit of about 19 kilograms (Mizutani & Koeda, 2002)

41. NSK website: <http://www.pressnet.or.jp/data/paper/paper01.php>

good illustration of how this principle can play out in the real world.

Shifting paper subscribers online

The deep connection between publishers and sales networks is well-attested; discussing how newspaper publishers can approach the digital future one newspaper worker informant explains that ‘[n]ewspapers do not want to make the *senbaiten* feel afraid that they will become redundant.’(Villi & Hayashi, 2015, p. 12) Any strategy to promote digital over paper would be seen as a betrayal of the *hanbaiten* network who rely for their living in the distribution of physical papers. Thus publishers find themselves in the position of trying to reform an industry-complex over which they have only partial control, having farmed out responsibility (and risk!) for distribution of their product to an independent, ageing, and anarchic, group of small businesses. Unfortunately, the speed at which newspapers have been able to move away from paper distribution has been much slower than the speed at which readers shift from paper to digital.

The 2021 *Reuters Institute Digital News Report* (p. 138, hereon DNR)⁴² suggests that just ten per cent of Japanese consumers of online news are willing to pay for it. This figure is amongst the lowest of the 46 countries surveyed (Croatia, Germany and the UK are lower) and has remained more or less constant over the period 2016–21, approximating the average for G7 countries. Between Jan 2016 and December 2021 the *Asahi* lost 2.15 million subscribers (figure 3). In 2021 it had 320,000 paying online subscribers and 3.75 million registered users (DNR 2021, p. 138), this would seem to be very roughly consistent with what the DNR survey responses would suggest.

While the press in Japan has acted ponderously, held back by concerns for its distribution partners, unable to find a way to extricate itself gracefully from the commitments built up over the past five decades, its place has been usurped for many by aggregating services such as Yahoo!News, Gunosy and SmartNews. These services have perhaps assisted in embedding the view amongst users that ‘online news is free’, with the traditional press apparently providing few valid reasons for people to pay for their services.

Developments in technology are not merely technical, they can also engender cultural shifts. Over the past two decades readers in developed countries have moved from a situation where the primary problem for the vast majority of those interested in getting an accurate, reliable and up-to-the-minute understanding of

42. All ‘Digital News Reports’ downloadable at: <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2021>

The 'home delivery' newspaper sales system as an impediment to digitalisation in Japan

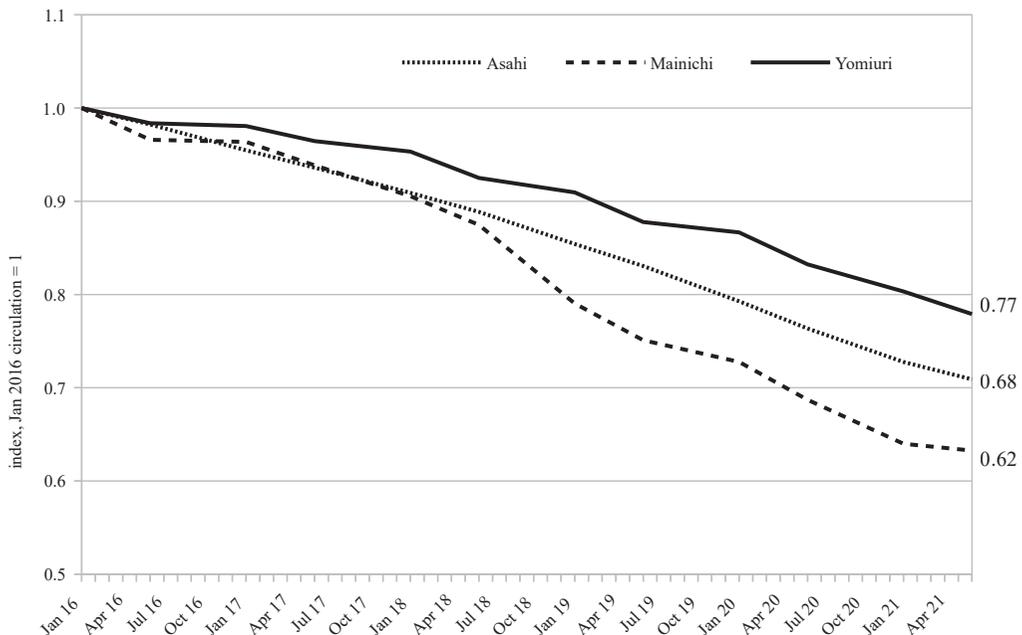


Figure 3: Over the period Jan 2016-Dec 2021, the big three newspapers lost on average a further 30 per cent of their readerships. Collated from data in the JABC's bi-yearly 'ABC Report'.

the world around them was 'informational dearth' to a situation where the problem has become one of 'informational excess'. Thus, what the reader requires from the journalistic profession has shifted as well; it is no longer sufficient for newspapers to simply report — readers can access the same government reports, company press releases, and celebrity twitter feeds as journalists. What readers require more and more is assessment and evaluation of information, analysis and impartial expert judgment, an informed voice providing context and background helping to make sense from the everyday tornado of raw information.⁴³ Given the obvious role they should have in creating this value, the fact that the number of reporters employed at newspapers is actually falling (DNR 2022, p. 138) is far from encouraging.

The readiness with which younger Japanese readers have switched from

43. Another area of difficulty for publishers; many reporters in Japan see themselves primarily as 'employees of a newspaper company' rather than as 'journalists', due to regular internal re-assignment they have little time (or motivation) to build up expertise in an area. Furthermore, given the lack of opportunities for journalistic education and training, developing a competent body of employees with the required skills for this new environment could take many years.

newspapers to aggregators would seem to indicate that they viewed them as a fair substitute service. Does this imply that they considered newspapers little more than ‘paper-based aggregators’? Works such as Iwase (1998) have long pointed to the relatively high proportion of newspapers articles originating in government or *kisha-kurabu* handouts, or on press-releases and PR copy from business and other organisations. This substitution could have perhaps been foreseen for a system where ‘reporting’ (accurately and speedily passing on sanctioned fact) is often preferred to ‘journalism’ (investigation and analysis of facts, sanctioned or not). If newspapers are not offering an investigation and analysis service that readers value as giving them insight into the meaning of the information they encounter, then they can be easily replaced by an aggregator, a more efficient service, one that is a ‘pure reporter’ not ‘encumbered’ by journalistic distractions.

Adding to their difficulties, Japanese newspapers typically lack any strong brand identity — the ideal being seen as ‘a newspaper for all’ — meaning that news readers are less likely to notice a particular brand’s presence in aggregated content; in 2016 just one in four Japanese aggregator users said they noticed the brand of the content they accessed (DNR 2016, p. 14).

In the time that newspaper publishers have spent looking backwards, engaged in a rearguard action to maintain paper circulations, younger readers have left them. About two-thirds of daily newspaper readers are over 50 years of age, the average age of the ‘everyday audience’ is approaching 60. Only one in nine readers is under 40, down from the one in seven just three years previously (table 4). The time newspaper publishers have left to make the kind of changes that would retain younger readers, their future audience, seems to be running out.

Table 4: Age spread for ‘Everyday Audience’.

| AGE | 15–19 | 20–29 | 30–39 | 40–49 | 50–59 | 60–69 | 70–79 |
|----------|-------|-------|-------|-------|-------|-------|-------|
| 2018 (%) | 2.0 | 3.9 | 8.7 | 15.2 | 19.8 | 28.1 | 22.2 |
| 2021 (%) | 1.1 | 3.6 | 6.6 | 16.1 | 20.6 | 27.7 | 24.3 |

Source: 2018 and 2021 NSK Audience Survey⁴⁴

The one relative success to emerge from the last few years is the *Nikkei*, which has expanded overseas, purchasing the UK *Financial Times* in July 2015, and has managed to convince its subscribers to pay for the online edition. However, its

44. Data compiled from *Nihon Shimbun Kyōkai* audience reports: <https://www.pressnet.or.jp/adarc/data/audience/files/report2018.pdf> https://www.pressnet.or.jp/adarc/data/audience/files/pr_report2021.pdf

readership differs from the general newspaper audience in that the *Nikkei* is, to some extent, a specialist newspaper with a relatively niche audience who value the expertise and exclusives the *Nikkei* offers.⁴⁵ This cannot be said of the 'general newspapers' like the *Asahi*, *Yomiuri* and *Mainichi*, who all cover the same news for the same audience. The success of the *Nikkei* is not a model that others can turn to for direction.

The challenges that face the newspaper publishing industry are varied, however the effects of these challenges on the industry have continually been exacerbated by structural inertia, a lack of prompt, decisive action in making necessary changes.

5 Conclusions

The newspaper sales industry, the *hanbaiten* system, was an essential element in the success of Japanese newspaper publishing, it allowed national newspapers to penetrate thoroughly the daily lives of tens of millions of households and offered a reliable service at reasonable cost. In years of economic difficulty it acted as a cushion, absorbing the pressure between the fluctuating demands of readers and the continued pressure to keep selling from publishers. This pressure was absorbed through the mechanism of *oshigami*.

As the system developed the two industries, publishing and delivery, came to rely on one another; without *hanbaiten* a publisher was unable to sell to a particular area, without a publisher the *hanbaiten* had nothing to sell. While this relationship seems sometimes to have deteriorated into acrimony — as publishers felt the *hanbaiten* were not trying hard enough to promote new subscriptions or *hanbaiten* felt pressured to buy units they knew they could not sell — for the most part it was mutually beneficial, with the obvious caveat that there is a massive imbalance in economic power between publishers and *hanbaiten*.

The arrival of digital distribution fundamentally changed the nature of the relationship (even if none of the parties involved wanted to acknowledge this openly). Newspaper publishers were reliant for income on a system which involved the delivery of a physical product, the *hanbaiten* had partnered them in this undertaking. Fairly rapidly *hanbaiten* became superfluous to many readers, who accessed their news online. At this point the sales system shifted from being an essential

45. *Japan's Nikkei buys Financial Times in \$1.3 billion deal*, Reuters, 23 July 2015 <https://www.reuters.com/article/us-pearson-m-a-financialtimes-idUSKCN0PX0YM20150723> – Accessed: 27 Sept 2022

part of the well-oiled sales-distribution machine to being an anchor preventing newspaper publishers from moving towards the inevitable digital future. Newspaper publishers have been faced by the need to innovate in cooperation with a sales industry over which they have influence but no direct control. This inherently conservative industry is, to complicate things further, made up of thousands of small businesses with their own very local connections and objectives; getting such an industry moving in the same direction would seem to be near impossible. Publishers' efforts to 're-invent' the *hanbaiten* networks as something else look more like the managed decline of an anachronistic system, or an attempt to loosen the ties that bind them, than realistic attempts to integrate them into their new digital future.

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