Does Ownership Matter in Ethnic Media Firms?

The Economic Goals of Media Firms for Ethnic Groups and

Media Firms Owned by Ethnic Groups

A thesis presented to

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Master of Science

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This thesis titled

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ABSTRACT

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Does Ownership Matter in Ethnic Media Firms? The Economic Goals of Media Firms for Ethnic Groups and Media Firms Owned by Ethnic Groups

Director of Thesis: Hugh J. Martin

This study uses secondary data to examine the impact the ownership has on the economic goals of ethnic newspapers. A comparison between 24 newspapers owned by ethnic groups (media-by) and 24 newspapers for ethnic groups (media-for) showed a pattern consistent with media-for newspapers being more interested in making a profit, while media-by newspapers are more dedicated to serving the ethnic groups. Media-for newspapers tend to circulate in the areas that have higher ethnic population density and less market competition than media-by newspapers, although the difference is not statistically significant. Besides, an interesting finding is that media-by newspapers have much higher rate of paid to free circulation than media-for newspapers, and the result is statistically significant.
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CHAPTER 1: INTRODUCTION

Ethnic media are gaining visibility as demographics change in the United States. The rapid increase in ethnic populations, especially the populations highly valued by the advertisers, makes ethnic markets an attractive niche (Martin, 2006).

The article “Minority babies almost the majority” published by USA TODAY (Nasser, 2011), reinforces the idea of a minority-to-majority shift in the population in the United States. The 2010 Census reveals that only about half of the babies under age 1 are white and not Hispanic, and “nationwide changes are redefining who is a minority and who is not” (Nasser, 2011). Based on the 2005-2007 American Community Survey, the Census estimated that adult Hispanic/Latinos, African Americans and Asian Americans comprise approximately 30 percent of the adult population of the United States (New America Media, 2009, p. 3), large enough for their purchasing power to be highly appreciated by advertisers over other groups.

Accordingly, some ethnic media outlets are flourishing. Cherokee Phoenix, a newspaper for Native Americans and Ebony, a magazine for African Americans, both have a national presence (Shi, 2009). BET, a television network for African Americans, and La Opinion, a newspaper for Hispanic Americans were purchased by major media companies, Viacom and impreMedia, respectively. Univision and Telemundo, networks targeting Hispanic viewers, have grown up as giant enterprises that are competing with the mainstream media (Shi, 2009). Recently, Essence, a magazine for African Americans, became a subsidiary of Time Warner.

Contrary to the prosperous ethnic media market, in the academic field ethnic media have been experiencing a depression. There is limited literature regarding the
ethnic media. Within the limited studies ethnic media is mostly used as a general term. In this literature, ethnic media are different only when compared to the mainstream media. The diversities in various ethnic media outlets with regard to the “origin, history, ownership, production process, circulation pattern, and discursive mission” (p. 598) have not been indicated and elaborated (Shi, 2009).

Unlike the earlier communication studies on the ethnic media, this study aims to find out the difference within the ethnic media outlet because they are a diverse entity. More specifically, this study will examine how ownership differentiates ethnic media in terms of the goals of their owners, which will further influence the performance of the company.

On one hand, ethnic media are a business. For an owner of an ethnic media, making a profit will always be a concern because that is the bottom line. Businesses have to survive first. However, all the media are social products. Ethnic media, particularly, is one of the social institutions established by ethnic members to communicate with the dominant society and to help their transition into the mainstream culture (Park, 1922/1970; Subervi-Velez, 1986). Ethnic media also play a critical role in the creation and maintenance of the communities that they serve (Diuguid & Rivers, 2000; Viswanath & Arora, 2000). This innate social responsibility of media, especially ethnic media, forces the owners to fulfill a commitment to serving the community. Therefore, owners and managers of ethnic media are likely to be motivated by some combination of the desire to maximize profits and the desire to serve their communities.

This study argues the balance between the economic goals of making profits and serving the community will be influenced by how closely the firm’s owners identify with
the community. Two types of firms serving the three major ethnic groups-Hispanic American, African American and Asian American- are defined. One is media-by firms that are owned by members of the ethnic group the media firm serves. The other is media-for firms whose owners are not members of the ethnic group. The study will examine the difference in the economic goals between the media-by firms and media-for firms, if firms owned by members of the ethnic group are more likely to focus on serving the community and less likely to be interested in making profit than firms that are not owned by members of the group. The differences will be analyzed from a perspective of media economics.
CHAPTER 2: ETHNICITY AND ETHNIC MEDIA

Ethnic media are “media produced for a particular ethnic community” (Matsaganis, Katz, & Ball-Rokeach, 2011, p. 5). However, what is ethnic community or simply put, the ethnicity? There is no universal standard to define ethnicity in the scholarship (Alba, 1990; Schermerhorn, 1978; Weber, 1968; Feagin & Feagin, 2003). Scholars disagree about the vital elements that should be used to construct ethnicity. As Cornell and Hartmann (2007) concluded, these elements vary from common descent, shared culture, to national origin. Ethnicity has always been “slippery and difficult to define” (p.16).

However, given the complexity of current demographics, defining ethnicity neither should nor could be straightforward. The dynamics of ethnic population already determines that ethnicity should not be static but “situationally defined” (Jenkins, 1994, p. 198).

What is Ethnicity?

Cornell and Hartmann (2007) outlined three classical sociological definitions of ethnicity. The first definition is identified by its focus on the importance of “common descent” in the process of defining ethnicity. German sociologist Max Weber (1968) claimed that “we shall call ‘ethnic groups’ those human groups that entertain a subjective belief in their common descent because of similarities of physical type or of customs or both, or because of memories of colonization and migration” (p. 389). It is not genetically common descent that Weber (1968) advocated but the “subjective belief” in common ancestry. In other words, a person could see herself as a member of a particular ethnic
group as long as she believes that she shares common ancestry with others in that group. Weber (1968) emphasized that “it does not matter whether or not an objective blood relationship exists” (p. 389).

Following Weber’s definition, there must be a bond between a person and an ethnic group to make him be willing to believe that he shares common descent with others in that ethnic group. Once this belief has been generated, it will strengthen the bond between him and his ethnic group. This bond to the ethnic group is the key point on which the overall argument of this study is built. I argue that the owner of an ethnic media outlet’s membership or non-membership in that ethnic group, indicates whether the owner has a bond to the ethnic group. The insiders who are bonded to their ethnic groups are more likely to commit to the mission of serving ethnic communities, while the outsiders who have no bond to the ethnic groups are less likely to fulfill that mission.

The second definition sees “shared culture” as the basis of ethnicity (Cornell & Hartmann, 2007). Farley (2000) argued an ethnic group is “a group of people who are generally recognized by themselves and/or by others as a distinct group, with such recognition based on social or cultural characteristics” (p. 8). By defining ethnicity as “a group socially distinguished or set apart, by others or by itself, primarily on the basis of cultural or national-origin characteristics” (Feagin & Feagin, 2003, p. 8), the third definition adds “national origin” to the basis of ethnicity (Cornell & Hartmann, 2007).

However, looking back to Weber’s (1968) definition, it actually contains the central idea of the second definition, the shared culture that Farley (2000) tried to build on. Weber (1968) included “similarities of… customs” (p. 389).
Farley (2000)’s definition raises another question. As cultural distinctions declined rapidly in recent decades, Cornell and Hartmann (2007) expressed a concern that what the ethnicity would be defined by if those distinctive cultures disappeared. The belief in “similarities of physical type or of customs or both” (Weber, 1968, p. 389) is much more reliable for sustaining an ethnic identity.

As for national origin suggested in the third definition (Feagin & Feagin, 2003), I wonder whether the presence of *Asian American* is appropriate, as these immigrants come from geographically and culturally diverse countries such as China, India, Philippine, Indonesia, Laos, South Korea, and Japan. There is no need to identify each group of *Asian Americans* just because they have different national origins. The use of national origin makes the process of defining ethnicity more complicated. In fact, *Asian American* is the most common term used today to identify people who originated in Asian countries, no matter what country they are from. These immigrants have a lot in common, both socially and physically: yellow skin, black hair, shared customs, shared festivals, shared diets, and so on.

Therefore, Weber (1968)’s definition of ethnicity with the emphasis on “the belief in common descent” is adopted in the study. First, it fits the framework of the whole study. Second, it’s the most comprehensive and inclusive definition among these three major definitions of ethnicity discussed by Cornell and Hartmann (2007).

Based on Weber’s (1968) definition, the three major ethnic groups studied here, *Hispanic American, Asian American, and African American*, are identified as they classify themselves using common ancestral origins, which is also similar to the way U.S. Census Bureau defines these groups. However, adopting Weber’s (1968) definition does
not deny the essential role culture plays in the construction of the belief (Cornell & Hartmann, 2007).

Ethnicity and Race

In the current U.S. Census classification system of races, under the guidelines provided by the U.S. Office of Management and Budget, the U.S. Census Bureau has six categories, White, Black or African American, American Indian or Alaska Native, Asian, Native Hawaiian or Other Pacific Islander, and Some Other Race (U.S. Census Bureau, 2010b). Since Hispanic American can be of any race, it is excluded from the race categories (U.S. Census Bureau, 2010a).

According to the U.S. Census Bureau website, African Americans are those who have “origins in any of the Black racial groups of Africa. It includes people who indicate their race as ‘Black, African Am., or Negro’ or report entries such as African American, Kenyan, Nigerian, or Haitian” (U.S. Census Bureau, 2010b); Asian Americans are defined as people “having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam. It includes people who indicate their race as "Asian Indian," "Chinese," "Filipino," "Korean," "Japanese," "Vietnamese," and "Other Asian" or provide other detailed Asian responses” (U.S. Census Bureau, 2010b); Hispanic Americans are defined as “those people who classified themselves in one of the specific Spanish, Hispanic, or Latino categories listed on the Census 2010 questionnaire -"Mexican," "Puerto Rican", or "Cuban"-as well as those who indicate that they are "another Hispanic, Latino, or Spanish origin," including people who do not identify with one of the specific origins listed on the questionnaire but
indicate that they are "another Hispanic, Latino, or Spanish origin" from Spain, the Spanish-speaking countries of Central or South America, or the Dominican Republic (U.S. Census Bureau, 2010a).

As categorized by U.S. Census Bureau (2010b), African American, Asian American and Hispanic American are racial groups rather than ethnic groups. However, it’s common in scholarship that race and ethnicity are regarded as “more or less interchangeable terms” even though in fact they are “distinct sets of phenomena that at times overlap” (Cornell & Hartmann, 2007, p. 15). Unlike ethnic groups who are defined by people’s belief in common descent, Cornell and Hartmann (2007) argued that race is a group of people whose physical characteristics have been recognized and marked by “others.” The selection of physical characteristics is “culturally determined” (King, 1981, p.156) by “others” instead of themselves.

However, the Census allows each person to decide for themselves if they belong to a certain racial group (U.S. Census Bureau, 2000b). People choose the racial group that they believe has the same origin as their own origin. It is not the “others” who determine what race they are. Under this context, the three racial groups, African American, Asian American, and Hispanic American can also be regarded as ethnic groups. Accordingly, Census data with regard to the racial group is also applicable to this study.

1 Hispanic American is a cross-racial group.
Ethnicity of Ethnic Media

Even though we have clarified the standards of defining ethnicity and ethnic groups, identifying the ethnicity of the ethnic media is another story given the complexity and diversity of current demographics.

In 2000, the U.S. Census Bureau took the initiative to allow respondents to select more than one racial category (Smith, Woo, & Austin, 2010). The result was that 6.8 million people, 2.4 percent of U.S. population, identified themselves as multiracial (Jones & Smith, 2001). Therefore, it is also highly possible that ethnic media can also be multiracial given that they may serve this multiracial group.

To best reflect the status quo of ethnic media in the U.S., this study follows the pattern the Census Bureau deployed and defines ethnic media based on the owner’s ethnic self-identification. For example, if the owner identifies himself as African American, then the ethnic media he owns is classified as an African American media firm.
CHAPTER 3: LITERATURE REVIEW

Ethnic media have been economically successful despite the lack of widespread attention in the popular press and the academy. The increasing ethnic population and their disposable income has insulated some ethnic media from the full effects of the current economic downturn. A decade ago, ethnic groups equal to a quarter of all Americans controlled $900 billion in annual consumer spending (Raymond, 2001). These numbers are still growing. “The State of News Media in 2010” (Project for Excellence in Journalism, 2010, Ethnic section) reported Spanish-language television advertising revenue fell just 0.7 percent through the first three quarters of 2009, while ad revenue for television overall fell 8.3 percent. African-American television ad revenue actually increased 31 percent compared with the same period in 2008.

Ethnic market has great value for the media business. A report from New American Media said ethnic media regularly reach approximately 57 million African Americans, Hispanics and Asian Americans (New America Media, 2009, Major Findings section, para. 2). This means ethnic media reach 82 percent of all adults from the three most important ethnic groups in the U.S.

However, the increase in ethnic populations raises questions about why media firms are targeting these populations. What are the goals these firms have given different types of ownership? This study will compare the economic goals of media owned by members of the ethnic group with media owned by non-members of the ethnic group.

Media stand apart from other industries from an economic and social perspective (Napoli, 2005) because they have dual roles. From the economic standpoint, media firms differentiate themselves by producing both content and audiences that “have a number of
distinctive economic characteristics” (Napoli, 2005, p. 275). Croteau and Hoynes (as cited in Napoli, 2005, p. 275) argued media firms influence “the political and cultural attitudes, opinions, and behaviors of the audiences who consume their products.” This creates a responsibility for media to promote the public interest, which Lasswell (1948) defined as the social function of media.

Standard microeconomic theory states that all the firms try to maximize profits (Hoskins, McFadyen, & Finn, 2004). Media firms will therefore produce content consumers want and then sell advertisers access to those consumers. Ferguson (1983) contended that newspapers usually make a living by serving two kinds of market demands, one from readers and one from advertisers. In Herman and Chomsky’s (1988) point of view, the profit orientation of media organization is the “first filter” for the selection of media content. However, scholars of media economics argue firms can have other goals. Lacy and Simon (1993) argued these goals could be divided into two categories: maximizing and behavioral. Maximizing goals include profit maximization. Behavioral goals can include journalistic quality or serving the community. Lavine and Wackman (1987) offered a more detailed list of what can be considered maximizing and behavioral goals: “(1) know and serve the market; (2) produce a quality product and/or service; (3) attract, train, challenge, promote and keep the best possible employees; (4) increase and/or maintain profits; (5) position the organization to prosper in the future; and (6) protect the company’s franchise” (p. 65). Therefore, making profits and serving the public are likely to intertwine in the operation of ethnic media. This interaction was explored and elaborated in the work of Economic Limits of Press Responsibility by Rosse (1975).
Serving the Community

Setting aside the ethnic classification of the media, mass media in general have the obligation to exert a positive effect on the advocacy of public service and democracy, as stated in the social responsibility theory established by the Hutchins Commission (Commission on Freedom of the Press, 1947; Siebert, Peterson, & Schramm, 1963). Peterson (1956) argued that a socially responsible press should provide balance when covering racial and ethnic minorities in order to project “a representative picture of the constituent groups in society” (p. 91).

Ethnic media have an innate advantage and expertise in serving ethnic groups and can provide an alternative to coverage in the mainstream media. Ethnic groups have often been marginalized in the process of information production, but the predominant characteristic of a postindustrial society is being aware of the importance of knowledge and information (Bell, 1976; Kumar, 1995). Ethnic media therefore have the obligation to serve as information distributors on behalf of ethnic groups, helping to build a public sphere within ethnic communities. Ethnic media are one of the essential components in the constitution of a socially responsible press as defined by the Hutchins Commission (Commission on Freedom of the Press, 1947). However, the mere presence of even numerous ethnic media outlets is not sufficient to secure socially responsible media content for ethnic groups. There is another important factor we need to take into consideration, ownership. Ownership has been regarded as a major measure of diversity in media content by both the Federal Communications Commission and the courts since 1973 (Byerly, 2011) because ownership “implies control-over access to the means of communication” (Craft, 2003, p. 147). Ownership could be even more influential on a
macro level. Bagdikian (2000) explained that first each owner only utters one voice, and second each of these voices represents certain political and social ideas. Under this context, the goal of a media company can be translated as the essence behind the voice.

Scholars have examined whether ethnic media facilitate the process of assimilation or promote pluralism within ethnic communities. Viswanath and Arora (2000) pointed out that ethnic media have great influence on assimilation and integration. Zhou and Cai (2002) found evidence that ethnic media helped Chinese immigrants integrate into mainstream society in the U.S. by distributing information in their first language to make the information accessible. Notably, ethnic Chinese usually owned those media firms and they hired Chinese immigrants to cover local, national and international news. Martin (2006) argued that ethnic media provided ethnic communities with civic support in this case. This civic support from ethnic media is extremely important for ethnic groups because they are “potentially vulnerable to discrimination from other groups” (Viswanath & Arora, 2000, p. 49) especially when they are regarded as different from the mainstream. This difference can also create the perception of a threat to the mainstream culture (Viswanath & Arora, 2000).

However, several scholars have insisted that ethnic media played a critical role in promoting ethnic identity within the dominant culture, which can be defined as the pluralistic function of ethnic media. From the perspective of pluralism, Subervi-Velez (1986) stated, the existence of ethnic media institutions is the sign of “persistence and distinctiveness of ethnic groups” (p.73). Ojo (2006) defined ethnic media as a “community voice” meeting the specific needs of their audience in order to build a sense of community identity. Most of the time, ethnic media are acting as the community
cultural resources. They “facilitate cultural citizenship in ways that differentiate it from other media” (Meadows, Forde, & Foxwell, 2002, p. 3). Specifically, Sullivan and Mersey (2010) pointed out that newspapers are potentially competing to be “community resources and community leader” (p. 60). Ma (2003) found evidence that Chinese newspapers and periodicals in the U.S. played an active role in the maintenance of the ethnic identities within Chinese communities by acting as the primary and exclusive source of Chinese culture. This advocacy of pluralism not only exists in Chinese media but also can be found in other ethnic media outlets. After a comprehensive review on the literature about communication research on Hispanics in terms of media practice on assimilation and pluralism, Subervi-Velez (1986) found a significant amount of support for the pluralistic function of ethnic media. Jeffres (2000) conducted a survey among 13 different white ethnic groups every four years from 1976 to 1992, and found that there is a strong relationship between ethnic media use and maintaining ethnic identification across time. Furthermore, ethnic media use has a major effect on maintaining ethnic identification among adult nonimmigrants who are members of the group (Jeffres, 2000). These nonimmigrants are highly valued by advertisers.

Meanwhile, the social function of ethnic media can also be found from a macro-social perspective. Viswanath and Arora (2000) concluded “media are a critical subsystem of the total community system and a product of the environment from which they emanate” (p. 41). Althusser (1971) argued media are an ideological state apparatus that makes people incorporate into a dominant ideology to secure the hegemony of the ruling class. Many scholars contended that the media’s primary function is social control in the interest of system maintenance. Media perform this role by telling people what to
follow based on the dominant values of the society through the selection of media content (Demers, 1996; Paletz & Entman, 1981; Tichenor, Donohue, & Olien, 1980; Viswanath & Demers, 1999). Ethnic media, serving groups that are largely excluded from or misrepresented by the mainstream media, helped maintain the ethnic social system (Diuguid & Rivers, 2000; West, 1995). Nowadays, in the melting pot, the boundaries between ethnic groups have blurred and society is “in the stage of low ethnic solidarity” (Jeffres, 2000, p. 502). Ethnic media are more important in this stage in terms of maintaining ethnic identification.

Ethnic media have a long history in serving ethnic communities by reinforcing their cultural traditions (Jeffres, 2000). From 1880 to 1930, there was an explosion of foreign language newspapers in Chicago and the foreign language press “preserves old memories [and simultaneously is] the gateway to new experience” (Bekken, 1997, p. 449). Black newspapers historically were an important source of information for maintaining black culture. These newspapers were also spokesmen for the black communities that responded to the white media on issues like slavery (Diuguid & Rivers, 2000).

Since serving the public is one of the inherent functions of media in general, it is conceivable that owners of ethnic media have the goal of serving the community. In fact, serving the community by facilitating assimilation or promoting the pluralism or both is essential for a media business because what makes the business successful is the brand. And it is the quality of content that media firms rely on to build a brand. In this case, quality is how well the ethnic media serve the community. Napoli (2005) expressed a
similar idea that media firms earn profits due to their unique position in “political and cultural life in which they operate” (p. 275).

**Profit Maximization**

Literature related to the study of media firms’ goals often falls into two categories: profitability and public interest (Lacy & Simon, 1993; Picard & Weezel, 2008). Although media organizations may have other goals, Shoemaker and Reese (1996) argued that the profit maximization normally is the biggest concern that owners have. However, market structure has a major impact on companies’ goals. Lacy and Simon (1993) emphasized that “goals pursued by a given management can be influenced greatly by the environment in which they operate” (p. 140). Napoli (2002) had the concern that marketplace pressures may force media managers to neglect certain segments of audiences, and usually these segments are not attractive to the advertisers. This was well illustrated in Baker’s (1994) study that shows newspapers sometimes limit the circulation among low-income and other marginalized groups who are not attractive to advertisers but increase the penetration among groups that are valued by advertisers. Shi (2009) found a similar bias in the coverage produced by *Sing Tao Daily* and the *World Journal*, two Chinese newspapers circulated in the U.S. The newspapers primarily target Chinese immigrants in the middle and the upper middle classes, an indication of purchasing power that attracts transnational and local advertisers (Shi, 2009).

This profit-oriented behavior can be well explained by the theory of the firm (Napoli, 1997). Briefly speaking, “business and profit concerns are universal” (Olien, Tichenor, & Donohue, 1987, p. 4). Ethnic media largely generate their revenue from selling ads, just like their mainstream counterparts (Zhou & Cai, 2002; Sullivan &
Mersey, 2010). Their ability to maximize revenue and minimize the cost determines whether they can survive in the capitalist system (Owens & Wildman, 1992). Viswanath and Arora (2000) found the Indian ethnic press was inclined to cover conflicts that could appeal to a mass audience, but gave less attention to conflicts that are detrimental to the stability of the ethnic community. Another example is the purchase of black-owned \textit{BET} by Viacom. After its purchase, \textit{BET}'s weekly public affairs program as well as the nightly news programming designated for African Americans was replaced by more entertaining programs (Daniels, 2010). Fortunately, Daniels (2010) didn’t find the same trend in \textit{Essence} after Essence Communications, Inc. became the wholly-owned subsidiary of Time Warner. This difference appears to indicate that under some circumstances, making profits is more important than serving the community. As Napoli (1997) concluded, for media organizations profit-maximizing goals incentivize them the most.

Blankenburg and Ozanich (1993) proposed that at publically owned newspaper companies the outside shareholders, owners who are detached from journalistic practice, would put more emphasis on “consistent, high and growing profits” (p. 69) than insiders who were more connected to journalistic goals. However, studies of how ownership affects the tradeoff between quality and profits do not always support this argument. For example, Lacy, Shaver and St. Cyr (1996) found competition made public newspaper companies more likely to increase spending on news coverage despite the influence of outside shareholders. However, there is another prerequisite to spending more on news coverage. In order to have the sufficient slack to commit to journalistic responsibility or
pursue political power, a media company must enjoy a certain degree of pricing power (Blankenburg & Ozanich, 1993; Napoli, 1997).

Media firms owned by members of an ethnic group may lack such power or have very limited access to capital, creating pressure to sell to larger companies that can finance expansion. This was the reason behind the sale of BET to Viacom. Napoli (2000, 2001) argued that large media conglomerates would not have the same knowledge of and commitment to needs and interests of the community as the locally based owners. Similarly, Busterna (1989) found that “local newspaper owners may be in the business to achieve other goals besides maximizing profits” (p. 307). Vargas and Pyssler (1999) wanted to know if newspapers in Latino communities maintained “close connections with their readers, [to] teach them about the political process, and mobilize them for social change” (p. 192), and they found that larger companies are less interested in serving communities and put more effort on pleasing advertisers.

Looking at Ethnic Media Ownership Section of the Project for Excellence in Journalism (2011), most of the media-for companies are owned by large companies whose owners are not members of the groups they serve. While it is less likely for ethnic members to own large companies because of the inferiorities like the limited access to capital they have in the economic activities. Therefore, it is possible that the media-for companies have less interest in serving ethnic communities than media-by companies. “My family roots and my sense of pride in ownership override capitalism. Some may say that’s a foolish sentiment, but that is how I feel,” Linda Johnson Rice, CEO of the Johnson Publishing Co. said to Fortune (Dumaine, Overfelt, Spruell, Tanz, & Whitford, 2003). Johnson Publishing Co., a black-owned media company, is the publisher of
**Essence, Ebony, and Jet.** Although Robert Johnson sold BET to Viacom, he said his commitment to the African American community was one of the decisive factors in the sale because he believed that Viacom has “a commitment to the minority community” (Dumaine et al., 2003).

This literature review suggests that media owned by members of ethnic groups can be expected to pay more attention to community building and less attention to making profits since their owners are members of the communities. This creates more social ties, as well as a sense of belonging. Non-ethnic owners of media firms are likely to pay more attention to profits and less attention to community building because they lack ties and a sense of belonging. This assumption has also been supported by Spitzer (1990) who argues a sense of group identification and ethnic pride is likely to make minority owners give up the profit for the sake of other social goods for the minority groups.

**Research Question and Hypotheses**

From the literature review, a list of research question and hypotheses is proposed below.

This study aims to find out how ownership influences the economic goals of ethnic media. More specifically, are media firms owned by members of the ethnic group more likely to focus on serving the community and less likely to focus on making profit than firms that are not owned by members of the group?

The study will focus on one kind of media, ethnic newspapers in the United States.
The literature in the realm of ethnic media indicates that usually ethnic media are small (Deuze, 2006; Karim, 1998). Firms may be small so they can survive in a marketplace of “relatively small and widely scattered nature of communities they serve” (Karim, 1998, p. 8).

However, smaller firms might be less attractive to advertisers because they have smaller audiences and higher production costs and prices. Firms must increase production capacity – grow larger – to create the scale economies that can lower prices (Hoskins et al, 2004). Furthermore, the growth of digital media intensifies the market competition for newspapers. However, increased penetration can still produce economies of scale to reduce production cost while generating more advertising revenue (Davis, 1999).

Ethnic media could reduce costs and increase audience size if ownership is consolidated. This would allow firms to increase profits by catering to advertisers, reaching the maximum audiences at minimum cost. As discussed before, ethnic media owned by ethnic groups (media-by) are assumed to be less interested in making profits than ethnic media owned by non-ethnic groups (media-for):

H1: Media-by companies are less consolidated than media-for companies.

Scale economies can also be realized by concentrating the distribution of a media product in areas with a dense concentration of customers. Many ethnic communities are also defined by relatively dense concentration in a geographic area:

H2: The number of ethnic newspaper firms and the distribution of the groups they serve are positively related.

H2a: Media-by companies are more likely to circulate in the areas with a lower concentration of their target population than media-for companies.
All ethnic media firms need revenue to survive. Advertisers want to reach audiences with enough income to buy the advertised products:

H3: The income level of ethnic groups in a geographic area is positively related to the number of ethnic newspaper firms in that area.

H3a: Media-for companies are more likely to operate in the areas where ethnic groups have higher income than media-by companies.

H2a and H3a also test how well each group of media companies serve their communities. Instead of analyzing the media content of media-by and media-for companies respectively to see what group serves the community better, the researcher decided to adopt the notion of distribution-based model Sullivan and Mersey (2010) built to measure the community service of media companies. The model asks how evenly the media serves a community (Sullivan & Mersey, 2010).

Rodriguez (1997) reported that researchers and marketers classify Hispanic audiences by language. On one hand, people who speak Spanish are regarded as members of a lower socioeconomics class, which is the main audience group for the U.S. Spanish-language daily newspapers. On the other hand, those who speak English are considered to belong to a higher class with more disposable income (Rodriguez, 1997). However, newspapers as a whole may focus on the “mass” to make a living if the mass is the majority of Hispanics regardless of class. In addition, the use of English in Hispanic newspapers is an indication of the assimilating function of the newspaper (Fishman, 1972). Rodriguez (1997) also pointed that some Hispanic media target English-Spanish bilingual Hispanic audiences, however, this segment is not easily marketable compared with the Spanish or English only audiences. La Ferle and Lee (2005) suggested that
Hispanic Americans prefer print material published in Spanish over English.

Furthermore, Moran (2006) found that ads presented in Spanish are more likely to be recalled among Spanish speakers. And this is also the case for other ethnic media. Kalita (2005) reported ethnic media published in ethnic language is a better way to reach more ethnic consumers than general English language media.

This suggests ethnic media owned by non-ethnic groups (media-for) have less incentive to serve the ethnic community if they are more interested in making profit:

H4: Media-for companies are more likely to publish their newspapers in the ethnic group’s native language than media-by companies².

² African American newspapers are excluded in this examination, because their ethnic language is English that is also the language of the dominant culture in U.S.
CHAPTER 4: METHODOLOGY

In order to examine how the ownership of the ethnic media affects the economic goals of the ethnic media firms, a comparative study between media-by firms and media-for firms was conducted. Twenty-four media-by newspapers and 24 media-for newspapers were selected purposively from a list of ethnic newspapers (Black newspapers, Hispanic newspapers and Asian Newspapers) in the 2010 Editor & Publisher International Yearbook, Volume 2. The 48 ethnic newspapers include 42 weeklies, five dailies, and one monthly newspaper.

Since the study is based on a nonrandom sample, the results cannot be generalized to the population of ethnic media in the U.S. However, as an exploratory study, the intention is to investigate the influence the ownership has on the economic goals of the ethnic media. Purposive samples have been adopted in previous studies on weeklies (Blankenburg, 1980; Lacy & Dravis, 1991) due to the limited access to the data and the complexity of markets. Therefore, it is acceptable and plausible to use the purposive sample here.

All the datasets used in the study are secondary data. The list of ethnic newspapers was compiled from the 2010 Editor & Publisher International Yearbook and the section of Resource: Who Owns What? from the website of Columbia Journalism Review. The open inch advertising rate and circulation data for ethnic newspapers were also taken from the 2010 Editor & Publisher International Yearbook. The demographic
data were generated from the SimplyMap\textsuperscript{3} and Census Bureau website for the year of 2010.

In order to keep the data statistically consistent, the study was conducted using counties to define the markets where newspapers operated. Lacy, Coulson and Cho (2001) argued that counties are adequate and appropriate for the study of weeklies despite the fact that circulation may cross county lines. First, using the county as the market unit can simplify the identification of the market to facilitate the study. Second, the delivery cost is likely to limit the circulation area within the county for weeklies because they are always non-metro newspapers. The weeklies’ audience will finalize its purchasing behavior within counties. Third, a county is big enough to be a service area that news media can rely on. Fourth, the county measure is appropriate because weeklies usually experience market competition within counties (Lacy, et al., 2001, p. 454).

The Measures

*Market Competition*

Market competition plays an influential role in the goals of media companies. To best explore the relationship between ownership and the economic goals of media companies, it is necessary to control and quantify market competition.

In a study of the relationship between minority ownership of broadcast stations and their programming, Craft (2003) tried to minimize the impact of market demographics by selecting stations located in the same markets. In this study, the researcher adopted the same concept to minimize the effects of market competition and

\textsuperscript{3} SimplyMap is a tool to generate a customized demographics table using the Census database.
maximize the effects of ownership by sampling media-by and media-for newspapers from the same market if the market had both kinds of the newspapers. However, this still required a measure of market competition in the designated area.

Blankenburg (1980) used the distance to the next nearest competitor as the measure of competition. Lacy and Dravis (1991) used the number of weeklies in a county as the measure of competition. However, Lacy and colleagues (2001) later pointed out that the competition intensity defined as the “absolute value of the weekly newspaper’s penetration minus the penetration of other weeklies in the county” (p. 455) is a better measure.

The competition intensity measure was computed on a ratio-level and could display more variety among different cases than just the number of weeklies. In other words, competition intensity has more statistical value than other measurements under this context. However, there was no consistent data in this study for total circulation of all weekly newspapers in a county. Therefore, in this study, the countywide household penetration of the single ethnic newspaper in the study was used as a measure of the market competition.

Advertising rates as well as the cost per thousand (CPM) were also examined in the study. The advertising rates are the open-column-inch rates available on the 2010 Editor & Publisher International Yearbook. Dividing the open-column-inch rates by its circulation number and then multiplying by 1,000 gives the value of CPM, which shows how much the advertisers need to pay in order to reach 1,000 readers.

Given that some ethnic newspapers circulated across counties, it’s vital to set up a standard to determine what county the newspaper primarily circulates. It is plausible to
say that the county where newspaper was headquartered was the main circulation area of that newspaper.

**Economic Goals: Social Function or Profit Maximization**

The economic goals of media companies was measured by following four items: (1) the degree of ownership consolidation within a market, (2) ethnic population density in areas where the ethnic newspapers circulated, (3) the income level of ethnic group that ethnic newspapers serve, and (4) the publishing language of ethnic newspapers.

The density and income measures examine “whom within the community” (p. 59) the ethnic newspapers are serving (Sullivan & Mersey, 2010). The population density – defined as ethic population per square mile - and median household income for ethnic groups in each county were collected from the 2010 Census data.

To investigate consolidation of ownership, a list of daily newspapers was drawn from the 2010 *Editor & Publisher International Yearbook* with their parent companies’ information. By looking at the parent companies of each ethnic newspaper in the sample and the parent company for daily newspapers circulating the same markets, the study identified newspapers operating in markets with consolidated ownership.

Language usage was identified by looking at the ethnic newspapers’ websites. The 2010 *Editor & Publisher International Yearbook* also listed the language usage for some of the newspapers.

**Sampling**

Purposive sample has been deployed in the study. In other words, the sample is “deliberately selected nonrandomly” (Wimmer & Dominick, 2011, p. 94). Initially, the researcher planned to use a random sample. However, after conducting a comprehensive
search on the ownership of ethnic newspapers listed in the 2010 Editor & Publisher International Yearbook, the researcher could not identify whether they were media-by or media-for newspapers. Since this study is not designed to generate a representative result that can be applied to the population but rather to detect a relationship between the ownership of ethnic media and the economic goals of the ethnic media firms, purposive sampling is appropriate (Wimmer & Dominick, 2011; Smith et al., 2010).

However, purposive sampling did not reduce the complexity of identifying ethnic newspapers’ ownership. First, the researcher created an Excel file based on information about all the Hispanic, African, and Asian newspapers in the U.S. listed in the 2010 Editor & Publisher International Yearbook, Volume 2 (Weeklies). The following variables were created to sort the newspaper information, Community Served, Newspaper, Parent Co., Circulation (Paid & Free), Ads (Open Inch Rate), and Language of Publication. The directory has sections for Black and Hispanic newspapers, but not for Asian newspapers. Asian papers are listed by ethnicity, such as Chinese, Indian (Asian), and Vietnamese. According to the definition of Asian American given by 2010 U.S. Census Bureau, the researcher defined the newspapers listed under the categories of Afghan, Arabic, Armenian, Chinese, Filipino, Indian (Asian), Japanese, Korean, and Vietnamese as Asian Newspapers. Eventually, a list of 309 ethnic newspapers was generated, which included 156 Black newspapers, 31 Asian Newspapers, and 122 Hispanic Newspapers.

Second, to define the ownership type the researcher first went through the list of the Black Newspapers, and it turned out that only the South Suburban Citizen could be identified as media-by company. This newspaper is owned by Chicago Citizen
Newspapers, whose company records shows it’s an African American-owned company. A few black newspapers self-identified as African American-owned newspapers on their websites, but a large portion of the list remained undefined. The researcher then turned to the website of *Columbia Journalism Review* for assistance. Under the section of *Resource: Who Owns What?* is a list of media owned by major companies. The companies listed in this entry are apparently owned by non-ethnic group members, given their scale and complexity. The researcher looked up all the newspapers listed under each company in the website to match with the ethnic newspapers listed in the *2010 Editor & Publisher International Yearbook* to compile a list of media-for companies. Overall, 25 companies were identified, which composed the group of media-for companies (The researcher later double-checked the list and found that one newspaper was mistaken as a media-for company. Therefore the final list of the media-for companies is 24 instead of 25).

The media-by newspapers were then selected based on the markets (communities the newspapers serve) with media-for companies.

The final sample of the media-by newspapers had two phases. First, for newspapers whose markets overlapped with media-for newspapers, randomly select the same number of media-by newspapers as media-for newspapers. This process was conducted in the Excel by exerting the formula of random selection. For example, Chicago, located in Cook County, is one of the markets with a media-for newspaper. Chicago has 17 ethnic newspapers, but only two newspapers, *Hoy Chicago* and *La Raza Newspaper*, were identified as media-for newspapers. The researcher then randomly selected two newspapers out of 17 using the random formula as the candidate newspapers
for the list of media-by companies. If a media-for newspaper was randomly selected, then
discard it and select again to get two media-by newspapers. The first phase resulted in the
selection of 15 candidate media-by newspapers from counties with media-for
newspapers. Second, the rest of 10 candidate media-by newspapers were randomly
selected from the overall list of remaining newspapers. After generating the list of 25
potential media-by newspapers, the researcher emailed or called each newspaper to
confirm their ownership. See Appendix A for the questions that were asked. Fortunately,
24 out of the 25 newspapers were identified as media-by companies by their owners.
Therefore, a list of 24 media-by newspapers was generated.

Table 4.1 lists the variables in the primary data set, it has two categories:
newspaper variables and demographic variables.
### Table 4.1

*Variables in the Primary Data Set*

<table>
<thead>
<tr>
<th>Newspaper Variables</th>
<th>Demographic Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Served</td>
<td>Total Population Density (per square mile)</td>
</tr>
<tr>
<td>Name</td>
<td>Hispanic Population Density</td>
</tr>
<tr>
<td>Circulation (Paid &amp; Free)</td>
<td>African American Population Density</td>
</tr>
<tr>
<td>Total Circulation</td>
<td>Asian American Population Density</td>
</tr>
<tr>
<td>Circulation Penetration</td>
<td>Median Household Income</td>
</tr>
<tr>
<td>Open Inch Rate</td>
<td>Hispanic Median Household Income</td>
</tr>
<tr>
<td>Cost per Thousand (CPM)</td>
<td>African American Median Household Income</td>
</tr>
<tr>
<td>Language of Publication</td>
<td>Asian American Median Household Income</td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
</tr>
<tr>
<td>Ownership</td>
<td></td>
</tr>
<tr>
<td>Parent Company</td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER 5: RESULTS

A sample of 48 newspapers was generated to test the overall argument that media-by newspapers are more focused on serving the community while media-for newspapers are more focused on maximizing profits. Of these, 24 are media-for newspapers, and 24 are media-by newspapers. Table 5.1 summarizes the descriptive statistics of the newspapers in media-for and media-by groups. The mean circulation of media-by newspapers was 41,529 with a standard deviation of 61,844. The mean for media-for newspapers was 55,159 with the standard deviation of 42,450. Media-by newspapers had a smaller average circulation with a greater variation than media-for newspapers. However, media-by newspapers have much higher CPM of 1.99 than media-for newspapers of 0.96.

Table 5.1

<table>
<thead>
<tr>
<th>Variables</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Media-by</td>
<td>Media-for</td>
</tr>
<tr>
<td>Circulation</td>
<td>41,529</td>
<td>55,159</td>
</tr>
<tr>
<td>Paid Circulation</td>
<td>17,908</td>
<td>11,666</td>
</tr>
<tr>
<td>Free Circulation</td>
<td>23,621</td>
<td>43,493</td>
</tr>
<tr>
<td>CPM ($)</td>
<td>1.99</td>
<td>.96</td>
</tr>
<tr>
<td>Household Penetration\textsuperscript{a}</td>
<td>.06</td>
<td>.21</td>
</tr>
</tbody>
</table>

Note. \textsuperscript{a}N= 48, \textsuperscript{a}t= -1.975, \textsuperscript{a}p=.054
Table 5.1 shows media-by newspapers averaged 6% total household penetration in the counties with a standard deviation of .05. Media-for newspapers enjoyed a much higher mean household penetration of 21% with a variation of .37. The difference between the mean household penetration of these two groups is meaningful although it is not statistically significant at the .05 level ($t(46)= -1.975, N= 48, p=.054$).

However, when looking at paid and free circulation separately, 17 media-by newspapers claimed paid circulation, compared with media-for newspapers of 8. The average paid circulation of 17,908 for media-by newspapers is much more than that of media-for newspapers, which is 11,666. Even though this interesting pattern was not related to the hypotheses proposed in the study, this finding will be reported in this section appropriately, given that essentially this study is for the exploratory purpose. More newspaper characteristics and audience demographics will be reported later.

The Consolidation of Newspapers under Different Ownenrships

Hypothesis 1 states that media-by companies are less consolidated than media-for companies. The hypothesis is supported. Out of 24 media-for newspapers, 19 newspapers operated in markets where their parent companies owned one other non-ethnic daily newspaper. The other 5 media-for newspapers that were not consolidated within one market are *La Opinion, La Raza Newspaper, Rumbo de Houston* owned by impreMedia, *La Prensa Libre* owned by Stephens Media, and *El Tiempo Latino* owned by Washington Post. However, based on the records in the *2010 Editor &Publisher International Yearbook*, these 5 newspapers possessed either oligopoly or monopoly market power in their circulation areas. *La Opinion* is the only Hispanic newspaper in Los Angeles that claimed paid circulation, and there was no free circulation reported. It circulates as many
as 72,033 copies every day with the highest open ad rate of $73.33 for any Hispanic newspaper in the city. *La Raza Newspaper* has its daily free circulation up to 152,133 as well as the highest open ads rate of $95 among the Hispanic newspapers in Chicago. *La Prensa Libre* in Pineville, Missouri and *El Tiempo Latino* in Arlington, Virginia are the only Hispanic newspapers in their markets⁴. In other words, the market shares they enjoyed are big enough for them to be insulated from fierce competition with other ethnic newspapers that targeted the same ethnic group, without the assistance of consolidation. Notably, even though these 5 newspapers are not consolidated with other newspapers in the same market, they all are members of a parent company that apparently owns other media outlets nationwide.

However, none of the media-by newspapers operated with consolidated ownership except for the *South Suburban Citizen* in Chicago and the *Korea Times* in Los Angeles and Chicago. The *South Suburban Citizen* is owned by Chicago Citizen Newspaper Group that also owns other four African American newspapers in Chicago. *Korea Times* is a daily newspaper owned by Korea Times Company headquartered in Seoul, Korea. According to its branch company in Los Angeles, the Korea Times Company owns two newspapers in the U.S., the *Central Daily* and the *Korea Times*, and both of them have 7 branches circulate in different cities across the country. It also owns radio and television stations in the U.S. However, the 2010 *Editor & Publisher International Yearbook* only shows that the *Korea Times* circulates in Los Angeles, Chicago and New York City.

⁴ The ad rates for *Rumbo de Houston* in Houston, Texas are not available in the 2010 *Editor & Publisher International Yearbook.*
How Evenly the Newspaper Serves the Community

Table 5.2 shows the Pearson correlation coefficients for certain variables. The variables shown in the Table 5.2 have been checked for outliers. One outlier has been detected in terms of the median ethnic household income. The outlier equaled 1.35, which is more than three times standard deviation of .14 away from the mean of .76. Median ethnic household income is formulated by:

\[ i = \frac{X}{Y} \]

where \( X \) is the median household income of ethnic group that the ethnic newspaper serves, and \( Y \) is the overall median household income in that county. To avoid the imbalance the outlier might cause on the overall median ethnic household income, it was excluded in the computations of Pearson correlation and \( t \)-Test that involved with the variable of median ethnic household income.

Hypothesis 2 states that the number of ethnic media firms and the distribution of the groups they serve are positively related. The hypothesis is rejected. The Pearson correlation computed by the number of ethnic newspapers and the ethnic population density (persons per square miles) indicates that there was a weak correlation between these two variables, but it is not statistically significant \((r(46)= .244, p > .05, N=48)\). The number of ethnic newspapers is measured by:

\[ n = \frac{X}{Y} \]

where \( X \) is the total number of ethnic newspapers that have the same targeted audience as the sampled newspaper in that market, and \( Y \) is the total number of African American
Table 5.2

*Pearson Correlation Coefficients Among Variables Measured*

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of Ethnic Newspaper(s)</th>
<th>Ethnic Population Density</th>
<th>Median Ethnic Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Ethnic Newspaper(s)</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethnic Population Density&lt;sup&gt;b&lt;/sup&gt;</td>
<td>.244*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Median Ethnic Household Income&lt;sup&gt;c&lt;/sup&gt;</td>
<td>-.104*</td>
<td>--</td>
<td>1</td>
</tr>
<tr>
<td>N</td>
<td>48&lt;sup&gt;b&lt;/sup&gt;/47&lt;sup&gt;c&lt;/sup&gt;</td>
<td>48</td>
<td>48</td>
</tr>
</tbody>
</table>

*Note.* <sup>b</sup><sub>p</sub> = .095, <sup>c</sup><sub>p</sub> = .485.

Correlation significant at the 0.05 level (2-tailed).

newspapers, Asian American newspapers, and Hispanic American newspapers in that market.

The ethnic population density is calculated using the following equation:

\[ d = \frac{X}{(Y - X)} \]

where \(X\) is the population density of the ethnic group that the sampled ethnic newspaper serves, and \(Y\) is the overall population density in that county.

Furthermore, Hypothesis 2a states media-by companies are more likely to circulate in the areas with a lower concentration of their target population than media-for companies. Table 5.3 shows that the average ethnic population density for media-for newspapers \((m = .57, SD = .49)\) is greater than that of media-by newspapers \((m = .43, SD =\)
.46). However, the $t$-Test explains the difference between the means is not statistically significant ($t(46)= -1.019, p > .05, N=48$). This hypothesis is not supported either.

To get a clear idea about market size in terms of the number of competitors, a $t$-Test was run to determine whether there is a difference between the means in market share for each group. The market share of ethnic newspapers is calculated according to the following formula:

$$m = \frac{X}{Y}$$

where $X$ is the number of sampled ethnic newspapers in the market, and $Y$ is the total number of ethnic newspapers that have the same targeted audience as the sampled ethnic newspaper in the same market.

As shown in Table 5.3, no significant difference was found ($t(46)= -.741, p > .05, N=48$) between the mean of .67 ($SD=.38$) for media-for newspapers and the mean of .59 ($SD=.34$) for media-by newspapers. However, the means indicate that media-for newspapers circulate in markets that have fewer ethnic newspapers that targeted the same ethnic audience. This is consistent with predictions that media-for newspapers will operate in markets where they can earn more profits.

Hypothesis 3 states that the income level of ethnic groups in a geographic area is positively related to the number of ethnic media firms in that area. This hypothesis is not supported. According to the Pearson correlation coefficient shown in Table 5.2, the median household income of ethnic groups is weakly related to the percentage amounts of ethnic newspapers. However, this weak correlation is not statistically significant ($r(45)= -.104, N=47, p >.05$).
Table 5.3

*Independent-Samples t-Test among Variables for Media-by and Media-for*

<table>
<thead>
<tr>
<th>Variables</th>
<th>M</th>
<th>SD</th>
<th>N</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Media-by</td>
<td>Media-for</td>
<td>Media-by</td>
<td>Media-for</td>
<td></td>
</tr>
<tr>
<td>Ethnic Population Density</td>
<td>.43</td>
<td>.57</td>
<td>.46</td>
<td>.49</td>
<td>48</td>
</tr>
<tr>
<td>Median Ethnic Household Income</td>
<td>.74</td>
<td>.75</td>
<td>.14</td>
<td>.08</td>
<td>47</td>
</tr>
<tr>
<td>Market Share of Ethnic Newspapers</td>
<td>.60</td>
<td>.67</td>
<td>.34</td>
<td>.38</td>
<td>48</td>
</tr>
</tbody>
</table>
Hypothesis 3a states that media-for companies are more likely to operate in the areas where ethnic groups have higher income than media-by companies. Again, it’s not statistically supported, because the difference between the mean ratios of household income for media-by and media-for newspapers is not statistically significant ($t(45) = -0.286, N=47, p > .05$) as shown in Table 5.3. In fact, the two mean ratios are very close. The media-for group has a mean of 75% while media-by group averaged 74%. These ratios show that on average, the ethnic groups served by both groups of newspapers had household incomes about 25% lower than household income for all other ethnic groups in the county.

The researcher then divided the 48 newspapers into two groups, high group and low group, based on the mean and median of density, income, household penetration and the ratio of paid to free circulation. This was to test whether the results are consistent with the ones revealed above regardless of testing the outliers. Newspapers that have the value of one variable larger or equal to the mean or the median of that variable belong to the high group, otherwise they were assigned to the low group.

Pearson chi-square tests were deployed between the high and low groups. As displayed in Table 5.4, statistically significant results are only found for correlations between household penetration and ratio of paid circulation to free circulation.

Using the mean of household penetration as the reference, there are 22 media-by newspapers and 15 media-for newspapers in the low group, and 2 media-by and 9 media-for newspapers in the high group. This shows a higher proportion of media-for newspapers had also operated with higher household penetration.
Table 5.4

*Pearson Chi-Square Test Among Variables*

<table>
<thead>
<tr>
<th>Variables</th>
<th>Reference</th>
<th>Low</th>
<th>High</th>
<th>Low</th>
<th>High</th>
<th>N</th>
<th>$x^2$</th>
<th>$p$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethnic Population Density</td>
<td>Median</td>
<td>13</td>
<td>11</td>
<td>11</td>
<td>13</td>
<td>48</td>
<td>.333</td>
<td>.564</td>
</tr>
<tr>
<td></td>
<td>Mean</td>
<td>18</td>
<td>6</td>
<td>14</td>
<td>10</td>
<td>48</td>
<td>1.500</td>
<td>.221</td>
</tr>
<tr>
<td>Median Ethnic Household Income</td>
<td>Median</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>48</td>
<td>.000</td>
<td>1.00</td>
</tr>
<tr>
<td></td>
<td>Mean</td>
<td>15</td>
<td>9</td>
<td>14</td>
<td>10</td>
<td>48</td>
<td>.087</td>
<td>.768</td>
</tr>
<tr>
<td>Household Penetration</td>
<td>Median</td>
<td>16</td>
<td>8</td>
<td>8</td>
<td>16</td>
<td>48</td>
<td>5.333</td>
<td>.021</td>
</tr>
<tr>
<td></td>
<td>Mean</td>
<td>22</td>
<td>2*</td>
<td>15</td>
<td>9</td>
<td>48</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Ratio of Paid to Free Circulation</td>
<td>Median</td>
<td>7</td>
<td>17</td>
<td>17</td>
<td>7</td>
<td>48</td>
<td>8.333</td>
<td>.004</td>
</tr>
<tr>
<td></td>
<td>Mean</td>
<td>20</td>
<td>4*</td>
<td>24</td>
<td>0*</td>
<td>48</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

*Note.*  *Expected count are less than 5.*
When using the median of household penetration as the dividing line of the low and high groups, the difference found between the media-by and media-for newspapers is even bigger. More than half of the media-by newspapers are in the low group, on the contrary, more than half of the media-for newspapers are in the high group. This difference is statistically significant \((\chi^2(1)= 5.333, N=48, p = .021)\). Media-for newspapers have higher household penetration than media-by newspapers, which is consistent with the finding in the beginning of this chapter that there is a difference between the mean household penetration of media-for newspapers and media-by newspapers.

As mentioned before, media-for newspapers overall have more circulation than media-by newspapers, while media-by newspapers have more paid circulation than media-for newspapers. In order to gain more insights in terms of this issue, the ratio of paid circulation to free circulation has been calculated for each media-by newspapers and media-for newspapers. As shown in the Table 5.4, when use the mean of about 72 as the standard value, only 4 out of 24 media-by newspapers are in the high group, but among the media-for newspapers the whole group is below the mean. Media-by newspapers generally have higher paid to free rate than media-for newspapers. Similarly, when using the median ratio as the reference, more than two thirds of the media-by newspapers are allocated to the high group, while more than two thirds of the media-for newspapers are in the low group. The difference is statistically significant \((\chi^2(1)= 8.333, N=48, p = .004)\), which is another strong backup for the argument that media-by newspapers retain more paid circulation than media-for newspapers.
The Language Usage of Ethnic Newspapers

Hypothesis 4 states that media-for companies are more likely to publish their newspapers in the ethnic language than media-by companies. This hypothesis is supported for Hispanic and Asian American newspapers. All the media-for newspapers are published in ethnic language, in this case, Spanish. However, only 6 of media-by newspapers are published in ethnic language, three are published both in English and ethnic language.

Table 5.5

Cross-Tab of the Language Usage and the Ownership of the Ethnic Newspaper

<table>
<thead>
<tr>
<th>Language Usage</th>
<th>Media-by</th>
<th>Media-for</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethnic Language</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>English</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Ethnic Language &amp; English</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>24</td>
</tr>
</tbody>
</table>

Note. African American Newspapers were excluded
CHAPTER 6: DISCUSSION AND CONCLUSION

This study examined 48 ethnic newspapers in order to draw some conclusions about the ownership-goals pattern in ethnic media outlets. The study asked if ownership affects the economic goals of the newspaper in terms of serving the community and maximizing the profit. There are some differences between the media-for newspapers and media-by newspapers, although most of the hypotheses proposed are rejected. The patterns found concerning the goals performed by the owners of ethnic newspapers under different ownership will be discussed in detail.

What Goal Does the Ethnic Media Prefer?

Given the media-for newspapers have the higher average household penetration of 21% than that of media-by newspapers, 6%, and this difference is statistically significant, we could easily concluded that media-for newspapers are more economically successful in the ethnic media market than media-by newspapers. In other words, media-for newspapers are potentially more profitable than media-by newspapers if higher penetration allows papers to sell more ads at a lower cost. One reasonable and straightforward explanation could be that media-for newspapers put more effort on making profit than media-by newspapers.

A focus on profits is evident in the highly consolidated ownership among media-for newspapers, because consolidation is an obvious manifestation of a media company aiming at profit maximization. All the media-for newspapers are owned by a parent company that has more than one media outlet across the country, and most of them are consolidated with the daily newspaper in the same market to gain more market power. While turning toward the media-by newspapers, most of them are small family or
individual-owned businesses, according to their websites and responses from the companies. Except for Korea Times Company and Chicago Citizen Newspaper Group, a newspaper is the only media outlet these media-by newspaper firms own, and usually it’s the only business they have. From this perspective, media-for newspapers are in an advantageous position in making profit by reaching more audiences at less cost for advertisers than media-by newspapers do. Being attractive to advertisers is the golden rule to make profits in media businesses, and that is what the consolidation among media-for newspapers is for.

Consolidation is also an effective way to reduce or avoid market competition. From the viewpoint of microeconomics, with a fixed amount of demand in a market, an increase in competition will lower the price. Therefore, companies that consolidate and reduce competition are trying to make more profit.

The analysis of the ethnic population density and market share of ethnic newspapers shows that the media-for newspapers circulated in the areas with higher ethnic population density but fewer competitors than that of media-by newspapers. The average ethnic population density ratio for media-for newspapers is 57% and 43% for media-by newspapers. In the meantime, media-for newspapers averaged 67% of the market share for all ethnic newspapers, which is higher than that of media-by newspapers, 59%. When taking market competition into consideration, this finding can be interpreted that media-for newspapers overall circulate in a less competitive market environment. It further reveals the goal of making profit among media-for newspapers in the study.
The difference in the ethnic population density in markets for each group also reveals that media-for newspapers serve areas where ethnic groups are concentrated. The media-by newspapers circulate in areas where there is less density.

Remarkably, the study found that media-for newspapers have lower paid-to-free rate than media-by newspapers, and this finding is statistically significant. It could be contributed by several factors. First of all, media-by newspapers need to generate revenue by charging their audiences in order to keep their business because they are inferior to the media-for newspapers in terms of the access to the advertisers. Media-for newspapers have more access to the advertisers partly because of consolidation and partly because distributing papers free increases circulation that advertisers desire. Therefore they have the capability to run the business without charging their audiences. Second, the paid circulation reflects the market demand. The higher paid-to-free ratio enjoyed by media-by newspapers indicates that there is more demand for the media-by newspapers than media-for newspapers. Taking the perspective of uses & gratification theory, it is highly possible that media-by newspapers create more satisfaction and gratifications for their audiences than media-for newspapers do. When it’s applied to the behavior-performance rationale, we can conclude that media-by newspapers serve the community better than media-for newspapers. Heller (1989) states that a member of an ethnic group can get more access, sometimes exclusive access, to information within the group. This innate credibility brings media-by newspapers loyalty from their audiences. The newspapers then will have more confidence about charging audiences.

From the perspective of media economics, free circulation is one of the effective ways to generate a great number of audiences, because as long as the free newspaper is
convenient, they will become one of the audience members sold by newspapers to the advertisers. These audiences don’t need to be loyal enough to the newspapers to get charged. Since advertisers only care how many people they can reach at the lowest cost, media-for newspapers obviously will be their first choice given their extensive consolidation and large free circulation. And in fact, the average CPM of media-for is less than media-by newspapers.

Media-for newspapers are all published in the ethnic language, while media-by newspapers are split between the ethnic language and English (including bilingual newspapers). Given the fact that most media-for newspapers are consolidated with a mainstream daily newspaper in the same market, the use of the ethnic language is fairly reasonable because it allows the paper to sell advertising targeting ethnic audiences without competing with the English language daily.

As discussed in the literature review chapter, advertisers want to target ethnic groups, and ethnic newspapers published in an ethnic language are a more effective way for advertisers to reach ethnic consumers. Therefore, for media-for newspapers, publishing in the ethnic language may help advertisers reach potential customers with a particular ethnic identity that is being purchased (Levine, 2001). In essence, for the sake of making profit, media companies are zealous in promoting the ethnicity to give advertisers identifiable target audiences. Given the Spanish-speaking market in U.S. is expanding in population and purchasing power, ads in Spanish are beneficial for advertisers and media themselves (Moran, 2006). The assumption that media-for newspapers emphasize profit maximization is consistent with this effort to sell targeted advertising.
However, it’s not deniable the Spanish-newspapers also benefit people who can only speak Spanish in U.S. Therefore, the content of these Spanish newspapers deserves further investigation.

Under the context discussed above, media-by newspapers also pay attention to the interest of ethnic groups. Ethnic groups particularly are getting more stressed about dealing with the reconciliation among cultures in a diversified society (La Ferle & Lee, 2005). On the behalf of ethnic groups, English-language ethnic media help them integrate into the mainstream society. The papers are also a window for ethnic groups to understand and negotiate with the dominant culture. From this perspective, the language usage adopted by media-by newspapers is a manifestation of the social function of media.

Limitations and Future Studies

Since this study is based on such a small sample and it is not randomly selected, all the results reported here cannot be generalized to a larger population. The result could be more accurate, applicable, and persuasive if the circulation data and ownership information about ethnic media were more detailed.

Interviews or a survey with the owners of ethnic media concerning their goals of the company would be a more straightforward way to see the ownership-goals pattern existing in the ethnic media outlet. Conducting a survey among ethnic readers to see what they are looking for from the ethnic newspapers, and what newspapers, media-by or media-for newspapers, cater to their needs more. In the meantime, content analyze the content published in the media-for and media-by newspapers to see whether the results are consistent with the responses from ethnic readers and the owners’ goals. In addition,
research could examine if owners of media-by newspapers are more involved with the editorial decisions than owners of media-for companies. It would be interesting to see how the roles of owners in journalistic practices influence the relationship between the goals of the owners and the goals revealed by the newspaper’s content. Comparison among these three studies would surely generate more patterns pertaining to this issue, since the study that has been done here was analyzed based on objective data, while the future studies the researcher proposed are based on subjective opinions.

However, the results here do provide an alternative perspective to reflect the pattern economically and objectively. And the study found out some differences in the economic goals between these two groups of ethnic newspapers.

Overall Conclusions

From the analysis above, the ownership of ethnic media does matter in terms of the economic goals of the company. Media-for newspapers that are owned by non-ethnic members are more likely to be interested in profit maximization, because they care more about the competition and the size of targeted audiences in a market. Accordingly, they deployed a market strategy to avoid competition, increasing revenue while reducing cost to make more profit. Media-by newspapers whose owners are the members of their targeted ethnic group are more dedicated to serving the ethnic community. They serve their targeted audiences evenly, circulating in the areas that have less dense ethnic populations, and committing to the interests of ethnic groups by facilitating the process of assimilation.

However, it is notable that a business should first of all survive, so that it could have the flexibility to perform other goals other than making profit. This bottom line puts
media-by newspapers into a dilemma, as they have to balance the will to serve the community and the ability to serve it. While for the media-for newspapers, this bottom line creates the potential for them to serve the community. Again, more studies need to be done with regard to this issue.
REFERENCES


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APPENDIX A: QUESTION LIST

• I know that your newspaper is serving the Hispanic/African/Asian American community, so I wonder whether the owner of your newspaper is a Hispanic/African American/Asian American?
  • Is your newspaper a member of a group that owns more than one newspaper?
  • Is your newspaper a member of a group that owns other media outlets, such as television or radio stations?