

IMAGINING *the* FUTURE of
NEWSPAPERS {blog}



HORIZON WATCHING INITIATIVE

IMAGINING *the* FUTURE of NEWSPAPERS {blog}

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For those companies that are willing to invest in new products, we will gradually see new "media boutiques" opening, where the core newspaper business underpins a wide range of focused products in key market verticals, fashion, food and drink, sports, business.

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The solution, for both the short term and longer term, is to boost print ad revenues as well as to grow online revenues. Remember, it’s not an “either—or” decision. Also, it’s not just any print revenue, but revenue that brings with it a reasonable profit.

The complete version of this report is available online at: www.naa.org/blog/futureofnewspapers/kubas

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BY JUAN GINER AND JUAN SENOR

In years to come, the leading newspaper brands will be those that can create communities around their content. This means readers and audiences who are transformed into active participants in daily discussion, exchange of information and participation in the news agenda set by the newspaper.

The complete version of this report is available online at: www.naa.org/blog/futureofnewspapers/giner

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INTRODUCTION



BY RANDY BENNETT

The best way to have a good idea is to have lots of ideas.

—Linus Pauling

The newspaper industry is in the midst of a wrenching period of transition.

As business models, consumer and advertiser behavior and the competitive landscape transform, newspaper companies search for long-term clarity through the near-term fog.

Some observers are mired in the haze, predicting the imminent demise of the local newspaper franchise. But other more thoughtful visionaries see brighter days ahead, IF newspapers embrace market trends and re-think product, marketing and organizational strategies.

As futurist [Paul Saffo](#) described it:

Without a doubt an old order is dying, but a larger, more complex and vital new order is emerging from the wreckage. Riding the waves of change is unnerving, but this is also a privileged moment for not every generation has the opportunity to shape the future in such fundamental ways as we are collectively shaping the future today.

We asked 22 of some of the more insightful thinkers we know to provide their perspectives on how newspapers can shape their own future. Some are currently employed by newspapers, but most are outside observers (analysts, futurists, academics, customers, etc.) without a vested interest in the success or failure of new business or journalistic approaches.

There were no restrictions. All were free to write on any aspect of the newspaper business and offer up positive or negative prognoses. The

goal: stimulate ideas and discussions about the newspaper franchise 5–10 years from now.

Some perspectives are not new—re-organizing newsrooms, embracing user-generated content—and some are potentially transformative. They all decry “incrementalism” and urge bold action to find new business and organizational models. And most implore newspaper companies to become much more customer-centric in product development and service.

Among the common themes that flow through many of the commentaries:

- 1) Newspapers need to be more aggressive in embracing change. As one writer eloquently phrased it: “Business is decelerating faster than our efforts to transform the organization. Newspapers must stem declines and ramp up pace of change.”
- 2) Success will be driven by our ability to create bolder, more differentiated content (including a laser focus on local) delivered over multiple media formats for specific audience segments. (And, subsequently, better connecting advertisers with the audiences they desire.)
- 3) The organizational structure will have to be fundamentally re-thought, perhaps organized around customer segments rather than products or functional areas. As a result, newspapers will have to think more like consumer packaged goods companies in managing their brands.
- 4) Newsrooms will have to transform culturally and more aggressively leverage content creation, packaging and storytelling capabilities across media platforms. Many contributors commented on the disappearance of traditional newsroom roles and the emergence of new ones.
- 5) Newspapers will have to define themselves as portals of local information, aggregating content (regardless of its origin) and connecting citizens/consumers with guidance

and each other. That will mean embracing local bloggers, even traditional competitors, to become the most comprehensive source of community content.

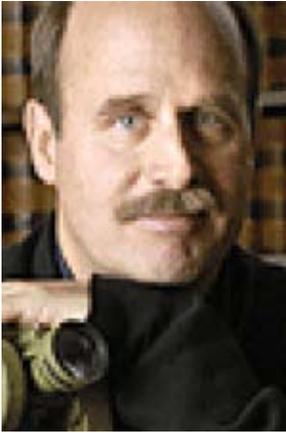
- 6) And finally, many urged newspapers to consider new metrics by which they evaluate the franchise—financial metrics (growth vs. margin) as well as audience metrics (total and segmented reach vs. circulation or readership).

In addition to this report, all of the perspectives are available on the [Imagining the Future of Newspapers blog](#), created to provide others with an opportunity to comment and react.

For additional perspectives on newspaper strategies, check out the [Strategy](#) section under the NAA Web site Resources tab.

We hope these essays will stimulate—or validate—your thinking about industry transformation. We urge you to share your own thoughts, strategies and successes on the “Imagining the Future of Newspapers” blog.

FROM GUTENBERG TO GALAXY: There Has Never Been a Better Time to be a News Entrepreneur



BY PAUL SAFFO

*"I know I asked for ice,
but this is ridiculous"*

Legend has it that John Jacob Astor uttered this famous quip while sitting in the bar of the HMS Titanic, but it also captures the mood of news executives struggling to navigate the turbulent waters of the digital revolution. It is obvious that this is a Schumpeterian moment, as creative as it is destructive, but focusing on creation is difficult when the destruction is occurring all around.

Difficult, but not impossible. The secret to success lies in maintaining a focus on the larger context while ruthlessly challenging every last assumption one holds about the publishing business. In this spirit, I offer below some observations about what is afoot and a few suggestions for finding the opportunities emerging from the wreckage.

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PERSONAL MEDIA, A TWO-WAY TRIP WITHOUT BYSTANDERS

Fortunately, the larger context is quite clear. We are passing through a media shift quite similar to the rise of modern mass media in the 1950s. Back then the agent of change was broadcast TV. This time the driving force is the rise of the Internet in general and the Web in particular. The result is a dramatic, fundamental shift from the Mass Media order of the last half-century to a new world dominated by Personal Media.

Mass media was revolutionary because it delivered the world to our homes, but it was a one-way trip: all we could do was press our noses against the glass and watch. In contrast, Personal

Media does not merely offer a two-way channel; it demands it. Forget the obvious examples of [Wikipedia](#), the blogosphere and [MySpace](#); beneath their novel veneers, all three have mass media author/audience ratios with many viewing and few creating.

Instead consider your favorite search engine. Unless you enter a query, nothing comes out. One can't watch [Google](#) any more than a 1950s viewer one might once have watched the test pattern on their TV set. Instead, one puts some information in and gets information out. It is a symmetrical process that we hardly notice because it has become so deeply embedded in our daily lives. Unlike media revolutions past, the personal media revolution is a revolution without bystanders. Dig deeply into this desire and countless new models emerge.

TOMORROW'S WINNING MODELS ARE TODAY'S DUSTY OBSCURITIES

If you want to find a new model, look for an obscure old model. All of the big personal media winners got where they are by leveraging once obscure—or downright heretical—business models. [Yahoo's](#) founders built their company out of a desire to point their friends to cool new sites. [Google](#) built its search empire on page ranking, another way of aggregating group opinion. And [eBay](#) popularized a dusty and obscure auction model into something everyone could relate to, and blasted the old classifieds model into smithereens in the process.

In the last month, mainline media players from the New York Times to NBC have finally realized what was obvious all along—consumers don't want to pay for content, and besides, advertisers will always pay more than subscribers. Both companies seem content to live off ad revenues, but I suspect that if one digs a bit deeper, there is more to the story. Sure, consumers won't pay to read, but get the model right and consumers will happily pay for something else—the privilege of writing.

In fact consumers pay to post their content

on several sites today—[Flickr](#) charges premium users to upload photos, and other photo sites like [PBase](#) are subscription-only for would-be photo-journalists. And there is a whole segment of the publishing industry that routinely charges authors to publish their work—academic journals.

Just as [eBay](#) took an obscure auction model and utterly transformed the classified experience, I would be surprised if a player in the news space didn't do the same with the academic author-charge model. News executives blanch at the notion of “vanity publishing,” but the best academic journals of course do not compromise on content in the slightest. And many are peer-reviewed, another obscure model that has huge potential in the news space. Or perhaps not so obscure—consider [digg.com](#).

In a personal media world, there is one thing readers want more than to read; they want to be heard. Some player is going to tap this desire by reinventing the pay-to-publish model, but of course this is just one of a myriad of models waiting to be rediscovered.

CONSUME YOUR SACRED COWS

During the bubble, an upstart executive I know was fond of observing that Sacred cows make the best burgers. His company didn't survive (in fact it failed spectacularly) but his observation could not have been more right. Take your most cherished principles turn them upside down and see if something new falls out.

In a personal media world, there is one thing readers want more than to read; they want to be heard. Some player is going to tap this desire by reinventing the pay-to-publish model, but of course this is just one of a myriad of models waiting to be rediscovered.

For example, does the idea of betting appall you? If so, your affront is an indicator that it is hiding an opportunity, and an opportunity already being explored by media-sponsored futures markets. Readers don't just want to be heard; they want to be right. This is the itch that futures markets scratch. It is an itch so strong that the bragging rights that come from successful prediction are as attractive to consumers as cash won at a table in Las Vegas.

But this is just one example of a sacred cow ready for slaughter. Look around, find your sacred cows and slaughter them, because if you don't, someone else will—and your company with them.

LOCATION, LOCATION, LOCATION

In cyberspace, there is no distance between two points—this has been a crucial driver behind the rise of e-commerce and offshoring, but it also has important implications for news. We have already seen news sites that serve geographically dispersed communities defined by common cultural or interest factors, but newspapers have barely begun to tap their most important asset, the fact that they are tied to specific geographies.

A few major newspapers have long leveraged geographical advantage. The New York Times benefits greatly from New York's centrality for finance and business, and The Washington Post is read across the country because it is close to the seat of national power. Thanks to the Internet, publishers in smaller markets may discover that even obscure locations may be parlayed to advantage in cyberspace.

Everyone is from somewhere, but in this age of globalization, they are ever less likely to live in the place they are from. Absence fosters nostalgia and many small regional papers have discovered a growing pool of remote readers, from expats eager to follow the local happenings in their childhood hometown to vacationers hooked on following the news of their favorite haunts while back home after the holiday.

If one can attract former residents and summer renters, then why not also attract readers who never lived there at all? Business readers regularly follow the news in distant cities relevant to their industry, and the curious consumer might just get hooked on the exotic curiosities of daily life in a place they have never been to. I'll even bet that we will see online newspapers emerge that cover fictitious locations, complete with real ads chasing real readers following events as they unfold in a place that doesn't really exist.

I'll even bet that we will see online newspapers emerge that cover fictitious locations, complete with real ads chasing real readers following events as they unfold in a place that doesn't really exist.

'THE FUTURE'S ARRIVED; IT'S JUST NOT EVENLY DISTRIBUTED YET'

This observation by novelist [William Gibson](#) is an eloquent reminder that the news models of tomorrow are hidden in the present. For example, the 1990s rise of the Internet was foreshadowed by the popularity of online services in the 1980s. The path to Google began in the 1970s with Lexis/Nexus and Dialog. And [Second Life](#) was anticipated by [Habitat](#), a virtual world created in 1984 by Lucasfilm.

Also look back to earlier media revolutions to see if an old pattern might not be repeating itself or an earlier response might not suggest an emergent strategy for the present. For example, Bing Crosby was the first person in late-1940's Hollywood to understand the importance of a

then-novel curiosity, magnetic recording. Crosby hated the inconvenience of live radio and lamented the fact that a show could run only once. Thus, when an audio engineer fresh out of the Army Signal Corps showed up in his office with a German tape machine, Crosby instantly realized it's potential and helped launch [Ampex](#) and along with it both tape recording and recorded programming.

Hints of the future lie all around us in the present, and all it takes is a sense of context and curiosity to see them. Look for things that don't fit, that don't seem to quite make sense, and try to connect the dots into the future. If you are very lucky, you might end up like Bing Crosby, launching an entirely new industry.

FROM GUTENBERG TO GALAXY

Without a doubt an old order is dying, but a larger, more complex and vital new order is emerging from the wreckage. Riding the waves of change is unnerving, but this is also a privileged moment for not every generation has the opportunity to shape the future in such fundamental ways as we are collectively shaping the future today. Today's news professionals are shaping a whole new media order, and the task is too important for anyone in the industry to remain a bystander.

Paul Saffo is a technology forecaster based in Silicon Valley and essayist with over two decades experience exploring long-term technological change and its practical impact on business and society. Paul currently teaches at Stanford University and is on a research sabbatical from the [Institute for the Future](#) where he has worked since 1985. You can read more of his essays at www.saffo.com

THE FUTURE OF NEWSPAPERS: A Roadmap for the Transition



BY PAUL GINOCCHIO

Covering the newspaper industry since 2003 from my perch on Wall Street, I've witnessed a fascinating case study in creative destruction, as the Internet appears to relentlessly supplant all the "old" media in its path. Most

of Wall Street believes they've already seen the movie and know how it ends - thus the continued decline in newspaper stock prices. But I think the movie may have a surprise ending - most newspapers still generate a substantial amount of profit, and thus have the resources and ability to invest, transform, and survive the transition from print to multimedia.

My belief is that newspapers ("news enterprises" is a more accurate phrasing in this new media era) have significant competitive advantages in today's media landscape, levers that I believe they can better exploit, and which should allow them to make a successful leap into the digital future.

The list of key competitive advantages as I see them: the best local media brand; by far the most significant source of local content and information; a significant number of sales feet on the street. On the other side of the ledger though, I see both the printing press and the physical distribution capability as merely short-term competitive advantages that over time will become major disadvantages.

BRAND

No one disputes that newspapers have excellent local brands. Any given daily paper is very likely to own the best known local brand in any given market. This fact typically has made the newspaper's Web site the most trafficked local

Web site, but I think more can be done.

In general newspapers have been sheepish about marketing like a consumer product company, even though the newspaper is a consumer product. Some newspapers now employ brand managers, and I believe that is the type of attitude needed to extract the full value from the brand. I also believe in a dedicated marketing budget to project the importance of the brand in the local market, which is now more important than ever due to the multi-media portfolio that news enterprises manage.

LOCAL CONTENT

There is no comparison between the quality, breadth and depth of news content created by the newspapers and that generated by the local TV, radio and Internet competition. As all local news media converge to compete in the digital sphere, I think it will be much easier for the newspaper sites to do what TV does (i.e., video and live feeds)

than it will be for broadcast Web sites to replicate what the newspaper sites do well, simply because newspapers are the only media institution capable of generating so much good content.

In light of the overwhelming percentage of original news content that is created by newspapers, it seems strikingly odd that the entire U.S. newspaper industry ("newspaper.com") only captures about one fifth of the monthly page views that Yahoo! generates, and only about half of what Google registers. I believe every individual consumer *would benefit* by using the newspa-

I believe every individual consumer would benefit by using the newspaper's content many times a week, and yet many do not, so my view is that newspapers are leaving a lot of ad impressions on the table.

per's content many times a week, and yet many do not, so my view is that newspapers are leaving a lot of ad impressions on the table.

In the Web era, I think journalists will need to be more tuned in to their audience. Soon every journalist will have their own blast e-mail list and repurposed beat-branded Web site. To effectively "compete" in the news marketplace, they will have to understand what their audience wants and is willing to pay for with their time and attention. If only a small audience exists for a particular beat, perhaps that beat will be "outsourced" to a citizen journalist. If news enterprises fully and efficiently engage their community via superior news, local information and services, I believe the community will likely reciprocate by providing sources and leads for more efficiently delivered "watchdog" journalism.

SALES

Newspapers typically have one of the larger local sales forces in a market. While the newspaper sales force *should* be a great competitive advantage, too often it is not. A common refrain I hear from new industry executives and consultants (and often from executives who have left the industry and feel freer to talk about it) is that newspaper sales forces lack aggressiveness. As one executive recently told me, his salesforce "aggressively waits for the phone to ring." This complacency likely gained its roots as the second daily closed in most markets, and was exacerbated by unions' historical resistance to evolve.

Recently I've heard good news regarding sales force trends, with several examples of increased hiring and a new focus on growing accounts, (particularly long-neglected smaller accounts). Overall, "local feet on the street" should be an advantage over most pure online companies. The news enterprises ability to cover the high cost of sales via the print product, should over time allow news enterprises' to penetrate the local ad base with its online, mobile and other (lower priced) niche products.

In my view collaboration with Google and

Yahoo! is a smart move for the newspapers, as those Internet giants mostly have sales platforms that are complementary with rather than directly competitive with the newspapers. Google offers more than half a million self-service advertisers, while Yahoo! has a best-in-class national sales force—the newspapers really don't do well with either of those slices of the advertiser pool. Any overlap will likely be far exceeded by the incremental gain from the additional sales channels. Why not use Google/Yahoo!'s strengths to get incremental ad dollars, so long as you retain final say on ad acceptance and price?

PRINTING & DISTRIBUTION

Currently, most industry people view printing/distribution as a key competitive advantage, as the ability to get a print product into the hands of any consumer in the market allows newspapers to generate some of the highest CPMs in a local market. But I see this capability as a fleeting advantage, and as household penetration continues to decline, the operational leverage on both of these high fixed cost base services will really start to work against the news enterprise. I am a big advocate of outsourcing these functions, or partnering to reduce their cost, so that a major fixed cost can be variabilized.

We've seen two watershed events in this regard in the last year –Hearst outsourcing its printing presses in San Francisco, and the *Chicago Sun-Times* outsourcing of distribution to the *Chicago Tribune*. I think we'll see more of this kind of thing over the next few years. I

But an inventory of the industry's formidable competitive advantages leads me to believe that whether I can clearly see that path right now, I think the odds are stacked in the newspapers' favor over the long-term

continue to be surprised by newspapers that want to hang onto their physical production and distribution assets.

It is very easy to frame the problems faced by the newspaper industry, but much harder to offer concrete solutions to those problems. I acknowledge that even the best minds in America have struggled to find the right path to a successful future for the old media companies. But an inventory of the industry's formidable competitive advantages leads me to believe that whether I can clearly see that path right now, I think the odds are stacked in the newspapers' favor over

the long-term (though nothing is inevitable). My guiding principles would be to focus on maintaining and building the brand, the content, and the sales force, and find a way to outsource the rest.

Paul Ginocchio is an analyst with [Deutsche Bank](#) and initiated coverage of the Advertising & Publishing sector for the firm. He now covers the U.S. newspaper, yellow page, magazine, advertising agency and marketing services segments within the media sector.

ADOPTING NEW RULES OF CONSUMER ENGAGEMENT



BY JEFFREY F. RAYPORT

The travails of newspaper publishers across the country have been a long time coming. It wasn't just the onslaught of competing media formats that have driven long-term secular declines in newspaper readership and eroding

household penetration. It wasn't just the acceleration of news cycles from daily to real time with the advent of online news that has made newspapers far less relevant in a wired world. It wasn't even the unbundling of the newspaper as a product and business model, with online "category killers" like Monster and Match hollowing out classified verticals and niche publications like city magazines going after display or ROP ad dollars, which put a stain on just about every newspaper's basic economics.

While every one of these factors has contributed to newspapers' decline, something more fundamental is going on. The rules of consumer engagement—how every kind of media engages consumers—have changed. The new rules don't favor newspapers as they currently do business. If newspapers have a future, they must adapt to these new rules, or die.

Here are the principles we believe successful newspapers will live by in the future:

VERTICALS WIN, HORIZONTALS LOSE

What reshaped the retail sector over the last two decades is happening to newspapers by dint of an onslaught of alternative media. Broad general-merchandise retailers such as department stores (horizontal retail propositions) have given way to niche-focused retailers such as "category killers" (vertical propositions). Metro newspapers, like general merchants, are collec-

tions of horizontally arrayed content. Successful Web sites generally focus ruthlessly along vertical lines. The best of them use every "light-weight" software tool, application, and service to augment and redefine what content means, overwhelming users with usefulness that goes far beyond reporting the "news." Think [TMZ.com](#) as compared with [People.com](#) for keeping us with celebrity news; or [TheKnot.com](#) as compared with [Brides.com](#) for help planning a wedding. The best sites stake out a vertical and own it.

Newspapers traditionally skim the surface of dozens of verticals and own none of them. That means that newspapers can surely continue to deliver the horizontal proposition, but that's not where future growth or profits will be. Publishers must pick their vertical "microcosms"—those content domains where they can "kill the category" (such as Silicon Valley for *San Jose Mercury News*, horse racing for *Charlottesville Observer*, auto industry for *Detroit Free Press*) and overwhelm their angles of advantage.

COMMUNITIES WIN, READERSHIPS LOSE

The fastest growing sites online today are social networking platforms. Whether it's [Cyworld](#) in Korea or [Bebo](#) in the UK, or [MySpace](#) and [Facebook](#) in the United States, nothing is fueling growth in consumer usage of online media more than peer-to-peer connectivity. But those are just the mass-market community platforms. There are niche-focused online sites organized around location ([Yelp](#) or [SFGate](#)), interest ([TripAdvisor](#) or [Concierge.com](#)), identity ([Military.com](#) or [PlanetOut](#)), and condition ([TheKnot.com](#) or [BabyCenter](#)). Even Facebook is less of a horizontal community than it is horizontal infrastructure supporting thousands of vertically focused communities based on locations such as college, university, and high schools.

Major metro and small town newspapers alike have tight ties to their local communities, but to win in this new world they must identify their relevant communities and activate them. It's what *Lawrence-Journal World* did with its

online property, [LJWorld.com](#), by serving up not only news from the print product online but also by embracing reader-generated content, aggregating local third-party content, and integrating a wide variety of community tools and applications to connect users with users. LJWorld.com did not establish a “readership”; it forged among its users a vibrant community of local residents—from Little League parents coordinating pick-ups after games to business people buying and selling local services.

PRESENCE WINS, SITES LOSE

Most newspaper publishers focus efforts on their “site” when many winners on the Web now exploit an online “presence.” Consider the case of [YouTube](#). When it was acquired by Google in 2006 for \$1.65

billion, many observers asked why YouTube, just one of a reported 172 video playing sites on the Web at the time, had commanded the outsize price. One answer: YouTube could claim over 100 million video views every 24

hours. But that only begged the question: How did YouTube achieve such traffic. YouTube was not actually a site in the strictest sense, but a constellation—a firmament composed of hundreds of thousands of third-party websites running YouTube video players. Upon acquisition, 60 percent of video views occurred not on YouTube but on third-party sites. That’s presence.

In online publishing, newspapers would be wise to take note of the vertical fashion and style player [Glam.com](#), which runs a network of hundreds of Web sites, some owned outright

Today, a standardized, one-size-fits-all point of presence doesn’t pack much punch, especially as ad networks and search become vertically specialized and walk away with increasing shares of online ad dollars.

by Glam, some merely affiliated with Glam. Whether it’s making content and tools portable as players or widgets, or “working the Web” by merchandizing content for Digg.com or search engine optimization, newspapers must extend their reach and engage users beyond their own name-brand sites. Today, a standardized, one-size-fits-all point of presence doesn’t pack much punch, especially as ad networks and search become vertically specialized and walk away with increasing shares of online ad dollars.

FORM FACTORS WIN, BROADSHEETS LOSE

In industry sectors as widely divergent as consumer electronics, automotive, and consumer packaged goods, design matters. Herman Miller, of Aeron chair fame, calls it ergonomics. Apple calls it aesthetics. Toyota’s Lexus calls it form factor. Call it what you will, most publishers tinker with their broadsheet or online interface with a makeover once every few years. But that’s nothing compared to the attention Sony lavishes on optimizing its product design, or, for that matter, that Procter & Gamble invests in enhancing the convenience and appeal of its product packaging. In the news and information market, design for usability is the next frontier. Magazine publishers like Condé Nast and Hachette have led the way appealing to younger readers with familiar titles in new and more engaging trim sizes (digest editions), while newspaper publishers from Fleet Street to Michigan Ave. have made their papers more ergonomically friendly by offering them in new trim sizes (tabloid editions). As newspapers become constellations not only with multiple points of presence online but also multiple platforms—such as print, online, and mobile—optimizing content for each “device” is part and parcel, as information providers, of meeting their users’ needs.

SYSTEMS WIN, SILOS LOSE

As newspapers become “programmers” of content for multiple media, coordination across platforms becomes critical. Think American

Idol: Spawned by European sensation Pop Idol a few years ago, American Idol has become the most valuable television franchise in history. It is, of course, much more than a TV show. It has become a social and commercial phenomenon by coordinating activities across four relevant media platforms: broadcast, where the contest takes place; mobile, where viewers can vote for contestants; online, where users connect with one another and access additional information on the competition; and offline, where the experience continues in live concert venues and other promotional events. The power of the strategy goes beyond robust offerings on each platform; it lies in coordination and integration across platforms. By contrast, many papers run sites that compete with their broadsheets, and most ignore mobile and offline altogether. It's time for newspaper publishers to mandate a "unified field theory"—that is, to operate across platforms, including all of the relevant ones, in ways that create one experience of their brands instead of many.

There's no doubt that information, not just news, is a growth business, even if newspaper publishing is not.

Put these strategies together and publishers could take away a roadmap for the future of newspapers. There's no doubt that information, not just news, is a growth business, even if newspaper publishing is not. But newspapers must

find ways to align themselves with drivers of growth in a market they already know. Of course, there are good reasons not to embrace the opportunity. One is loss of control over what's "news," by enabling users to contribute content, unleashing peer-to-peer social dynamics, and aggregating third-party content to meet users' needs. Another is loss of control over distribution, by adopting, in effect, a "studio model" of programming, creating content for other people's media and platforms, and ultimately divesting ownership of production. But the greatest challenge is likely a conceptual one. What's winning on the Web today is innovation that fundamentally changes the definition of content. Like it or not, content is becoming something very different than anything ever generated in a newspaper newsroom. That this sea change is occurring is no longer a matter of debate. What is open to question is whether the nation's newspapers will resist this epic change, or choose to embrace and capitalize upon it.

Jeffrey Rayport is founder and chairman of [Marketspace LLC](#), a strategic advisory practice that works with leading companies to radically reinvent how they interact with and relate to customers. Mr. Rayport, a former faculty member at Harvard Business School, focuses his consulting work on opportunities for businesses to drive growth by transforming their customer-engagement strategies, particularly in information-intensive industries.

2018 MEMOIR FROM A DIGITAL PIONEER



BY HOWARD FINBERG

It seems so long ago. Yet it has been less than 25 years since the digital tsunami known as the Internet washed over media companies, disrupting their businesses and the lives of their consumers.

Looking back from the calmer perspective of 2018, it is hard to remember the turmoil that gripped the newspaper and broadcast industries between 2000 and 2012. Turmoil? Sometimes it felt like panic.

Listening to the new media pioneers reminisce, most of whom are retired from active pontification, today's media worker might assume that there would be no survivors emerging from that mayhem.

As you know, that didn't happen. There are lots of survivors. But there were also many casualties, including several big-city newspapers.

Even professional journalism survives, although it's still complicated to explain who is a journalist and who isn't. That's one of the most interesting side effects of the shakeout among legacy [okay, call them old] media companies: the flourishing of reporting and the sharing of information across communities.

What didn't flourish were the companies that kept looking at their assets and saying things like, "We have a competitive advantage because we have..." You can fill in the blank. We did have some advantages, but not in the way we thought back in 2008.

¹ The environmental movement gathered steam in 2008 with the push to eliminate plastic water bottles. After that came plastic bags. Eventually, newspapers and magazines were identified as eco-targets.

² The most radical approach was to print in a size close to an 8" by 10" sheet of paper. In Europe this is called an A4 newspaper.

Let's look at how far we have come with those strategic advantages and how some companies have succeeded while others failed:

THE PRESS ADVANTAGE

Printing presses give you an edge—if you want to print large, bulky newspapers. Most people in 2018 don't want a newspaper-sized newspaper. Even after the incredible shrinking of most broadsheet newspapers between 2003 and 2010, consumers looked at the format as out-of-date and an ecological disaster.¹

Today, most of the companies that print a daily newspaper, and there are about 700 in the country that print seven days a week, have gone to a tabloid format or something smaller.²

In fact, The Old Growth Forest Protection Act of 2014 still has many companies worried about more restrictions on the raw materials needed to publish a physical newsprint product. This legislation—jointly endorsed by environmentalists, city planners and the recycling industry—is forcing many companies to look at ways to reduce the size of their paper consumption. Logging trees for newsprint will be outlawed in 2025 and most cities have started to ban old newspapers from their landfills, which are filling up very quickly.

Of course, we still have lots of printed material. There are lots of print publications, in lots of different sizes and on lots of different kinds of paper, *all easily recycled*. The recycling service provided by many media companies has been well received by the public and has managed to provide a little extra to the bottom line.

The Presses Advantage has gone to those companies who have the means to print a variety of publication types.

THE DISTRIBUTION ADVANTAGE

For a long time, this was a key advantage for many media companies: the ability to drive by just about every household in a community and throw something on a driveway.

What got thrown was a newspaper. In a plastic bag. Nothing else. And usually, it was just that company's newspaper. The most progressive companies—the survivors—started to deliver the national newspapers.³ The companies that thrive in 2018 have leveraged their distribution advantage into a competitive advantage to help advertisers and others [local governments and the tattered remains of the telephone companies] reach consumers.

The companies that thrive in 2018 have leveraged their distribution advantage into a competitive advantage to help advertisers and others [local governments and the tattered remains of the telephone companies] reach consumers.

The more innovative companies also realize this advantage won't last forever, as more and more of their customers subscribe via a household printing "press." This high-speed printer uses the [WiMax](#) networks in most cities to deliver digital content that can be printed [and bound] on demand.

Ultimately, distribution of the printed materials will be outsourced to companies such as FedEx or UPS/USPS.⁴

THE ADVERTISING ADVANTAGE

As those who study history learn, this advantage shifted the fastest. Those companies that

³ An interesting unintended consequence of local newspapers delivering newspapers like USA Today, Wall Street Journal and The New York Times: the further development of a national newspaper audience. This led to new entrants, including The National Post & Observer.

⁴ The U.S. Postal Service and United Parcel Service formed a joint delivery company after the USPS lost most of its flier or junk mail business in 2013. The concept of first class mail is now something reserved for holidays, with most personal letters sent by secure Internet and automatically printed on a home press unit.

held on to the display advertising model the longest felt the most pain. The survivors, and those who have thrived, realized two important shifts in the Advertising Advantage:

1. The advertiser needs solutions, not space. Of course, getting advertisers to understand what kind of solutions has meant retraining the newspaper's sales force to be more consultative and help businesses identify what success looks like. That meant eliminating the commission-based compensation model. Most companies went for a "retention bonus" model for the advertising sales staff. If the company kept the business, there would be a bonus. One bonus from this model: the sales staff learned to sell across all types of media. In fact, the companies that have been wildly successful look more like advertising agencies, helping local and regional business succeed in the marketplace, even placing ads in competing publications. Success for your customers meant success for media companies.
2. The customer is in control. The Digital Privacy Act of 2011 forced many Web-based companies to change the way they did business. Much of the advertising based on hidden browser "cookies" has been long gone. In its place, companies have developed trusted relationships with consumers. While fewer companies use a "cost-per-thousand" model when it comes to Web-based advertising, the thriving companies are delivering more targeted advertising on behalf of the customer when he/she needs and wants it.

As we can see from the rich amount of content in today's media landscape, media companies have realized that their best opportunity is to present both news and information.

THE CONTENT ADVANTAGE

News or information⁵, that is the question. Right? Well, maybe 10 years ago. But not in 2018. Frankly, media leaders and journalists have realized there really isn't a lot to be gained by endless discussions on the topic.

As we can see from the rich amount of content in today's media landscape, media companies have realized that their best opportunity is to present both news and information. Today they do both very well because they understand the two key elements that consumers want:

The successful companies recognized early that the audience is often smarter than the storyteller. And a good story teller will enlist the aid of the audience to help make for a successful experience.

1. Solutions to today's problems. Not just solutions to what kind of car to buy or what to watch on the HDTVWeb.⁶ They want solutions that explain what is going on in the world and why events such as the recent democratic elections in China matter to them.
2. A sense of community. Once media leaders and journalists figured out they could bring communities together, they understood how to recreate the business model as the trusted source. The early adopters of this practice

used both real world [neighborhood fairs, for example] and virtual communities on the Internet.

Getting to solutions and community-based media wasn't easy. One of the biggest challenges was overcoming the public's lack of credibility in both the journalism and lack of trust that the media company would look out for the community.

The successful companies recognized early that the audience is often smarter than the storyteller. And a good story teller will enlist the aid of the audience to help make for a successful experience. Some of that happened in the rush to citizen-based journalism in 2006-2009. However, like most fads, it died out.

Many of the citizen-based journalism attempts also suffered from, well, just lousy writing and photography. Eventually, even [YouTube](#) recognized that there are only so many videos of cute cats viewers were willing to watch on their 50-inch LCD screens.

Another indicator of a successful media company is the number of non-English-language publications. As the country became less WASP and more culturally diverse, the survivors used their core skills to work with publishers serving newly arrived ethnic groups. Most large media companies and many smaller local groups publish in two or three languages.

GETTING TO THE FUTURE

It hasn't been easy getting to 2018. But the last few years have been fun for those companies that have worked through the "dip." They realized that getting to the other side would be very profitable.

Of course, while profit margins still matter, the transition back to family or other non-public ownership structures helped many media companies work through the rough years. Several companies took themselves private and, while the debt load was heavy, they did it early enough to take advantage of robust cash flow before the recession of 2008-2009.

⁵ For consumers, there never was an easy way to define the difference between news and information. For journalists, news was about storytelling and journalism; information was about data, such as listings.

⁶ Another benefit from the sale of all of the high definition televisions in 2008-2009 was the further merger of the "it's just another screen" concept. By 2014, consumers didn't think of owning "computer screen" or "television screen" or radio "screens." [National Public Radio added visuals via its HD broadcast signal in 2012.]

Other companies allowed their stock to be battered [the executives suffered the most] and used the time to invest in new technologies and products. The companies unwilling to change—dreaming of the days of high stock values along with 25% profit margins—suffered the most. Few of them made it to 2018.

Several media organizations decided that their public mission was too important to leave to stockholders. After taking themselves private [a few were family owned], these companies offered their stock to non-profit institutes such as universities and training centers such as [The Poynter Institute](#).

The resurgence in news consumption came about the same time as the rollout of easy to use and very inexpensive flexible display devices.

For all of the pain and suffering caused by technology, especially cheap computers and high-speed Internet access, by 2014 new devices actually made media companies more successful.

One of the biggest benefits came to those companies who managed digital platforms [we stopped calling them Web sites in 2012]. The introduction of widespread WiMax devices has allowed media companies with their content in databases to reach new audiences. The distinction between cellular [phone] networks and computer networks was erased. That leveled the playing field when it came to sending content to devices that were the descendants of cellular phones.

Advances in other technologies—speech recognition, for example—also have been a boost to those companies with large assets of textual material [formerly known as libraries]. Finally, the fracturing of local broadcast television markets opened up new opportunities for the distribution of video stories. Consumers stopped caring about the 6 p.m. news. Now, they just care about news.

The resurgence in news consumption came

about the same time as the rollout of easy to use and very inexpensive flexible display devices. Pioneered by companies like [eInk](#), these devices were a cross between a printed product and a personal digital assistant. Consumers jumped at the chance to use touch screens and voice to find what they want and be alerted to what they need to know.⁷

Even the keyboard seems a curiosity today. Most of us use touch screens and voice to find what we need or to get the latest solutions to an ever increasingly chaotic world.

THE MORE THINGS CHANGE

A cynic's view of the 2018 media landscape might be, "The more things change, the more they look the same." It's true.

Things don't change very quickly. Sometimes the basic concept of a medium doesn't change at all.

Take a look at movies. The concept is still the same as in the time of Thomas Edison. What changes, however, are two very important things:

- The technology to create and deliver.
- The business model to support the creative process.

There are still vast audiences for movies in 2018. We just don't go to movie theaters as much as in the olden days. There are still movie houses, but they are like opera houses. Places for special events or for the revival of historical movies.

What happens is technology's "unintended consequences."

The HDTV act that required broadcasters to give us analog spectrum in early 2009 introduced high-quality screens into households at an amazing rate. Prices fell for screens that were the same quality as what we once used for computer monitors. Hard to tell the difference when watching a movie at home. And the popcorn was fresher.

⁷ Finally, one movie—Minority Report—got the future right.

The picture and sound quality was as good as you could get in the movie theater. Sometimes better, since many movie houses still showed film. These once-important community centers failed to understand the shifting needs of their customers; they failed to offer better experiences than what customers could get at home. They failed to adapt.

From the federal government's goal of getting more broadcast spectrum, the unintended consequence was the disruption of the economic model of movie theaters.

We still watch movies, but we get them over broadband or fiber optical lines coming into our homes. We still enjoy good storytelling.

There are lessons here for all industries.

Howard Finberg is The Poynter Institute's director of interactive learning, leads the Institute's Online Leadership seminars and teaches media habits/consumption in other seminars. Before joining Poynter, he was the co-founder and managing director of Finberg-Gentry, the Digital Futurist Consultancy [www.digitalfuturist.com], which specializes in helping the media industry, newspapers and emerging companies with strategies, content and revenue development, and publishing technologies. Before founding Finberg-Gentry, he was a corporate vice president at Central Newspapers, prior to its sale to Gannett Corp.

IT'S ABOUT PEOPLE, NOT PRODUCTS



BY MARY LOU FULTON

While cleaning out her desk, Sales Executive Susana Ruiz ran across a printout of her company's 2007 rate card and shook her head. No fewer than 36 products were on the list: newspapers, niche magazines, directories,

Web sites, mobile advertising and more. In those days, the company still thought of itself as being in the newspaper business and the name of the game was trying to get more money out of the same old advertisers through a slew of new print products.

It was such a relief when the company stopped trying to be all things to all people, and moved beyond demographic and content categories as a way to understand consumers and advertisers. After all, none of us can be solely defined by where we live, our gender or our ethnic backgrounds in an increasingly multiracial world. And now that 90 percent of all media is digital, content and advertising from a variety of sources can be easily remixed and republished to provide different frames around the same information.

The key insight was to identify the most compelling "lenses" through which people look at the world. What do they value? How do they relate to the world around them? How can information and advertising be more intuitively connected to that world view?

Susana remembered the day when her company's CEO explained this concept and it made complete sense to her. That's how she ended up on the Socially Conscious team, the group that worked with consumers and advertisers focused on environmental awareness, healthy foods, continuing education, wellness, community volunteering, philanthropy, travel and related topics.

Because they are lifelong learners who pay greater attention to the world around them, this group tends to have a high interest in news and votes at a higher rate than other groups.

Susana's customers encompass both large and small businesses that serve Socially Conscious people. For example, she works with everyone from local farmers who home-deliver organic foods, to travel agencies that organize trips on which you can volunteer in needy communities, to national retailers that only sell American-made clothing. And when election time rolls around, Susana has a hard time satisfying the demands of all the politicians who want to get their message to this key group of likely voters.

It was fun for Susana to serve as more of a consultant to her customers than a hard-charging sales person. She helps to identify new customers and then educate them about the specific interests and buying behavior of Socially Conscious people, who can be tracked both through what they click on, watch or listen to, as well as through tags and other consumer-generated content.

Socially Conscious people tend to have large online social networks, and many of them opt-in for advertising because they want to use their spending power in particular ways. These days, almost all advertising is self-serve and rates are based on how well their ads perform, so Susana's primary role is to steer advertisers in the right direction and help monitor the effectiveness of their messages. There are still a few "full service" customers who want her to do everything for them, but the company is actually making more money now through lower-cost, performance-based advertising available to local and national customers. The old "big fish" advertisers like department stores that used to prefer one-size-fits-all print advertising have either figured out how to target their offers or gone out of business.

Another thing Susana really liked about the Socially Conscious team was the opportunity to work side-by-side with the editor who selects

from among local, national and international news of interest to Socially Conscious people. The editor draws from the company's primary newsroom feed of top headlines, sports and weather, but he is continually scouring the Internet for other

relevant content and gathering content from the community. On a typical day, you'd see everything from volunteering opportunities at the local school, to an essay about climate change, to recipes for how to make your own baby food, to videos from a community member's recent eco-vacation to Antarctica. The community blogs and forums have become invaluable and trusted sources of information for Socially Conscious people, especially for topics such as wellness, charitable giving and travel.

The best thing about the team was that everyone was into being Socially Conscious! Sitting together allowed them to share ideas and information about better ways to serve the community. For example, just this morning the team had literally cooked up an idea for an Organic Foods Test Kitchen, in which community members would be videotaped cooking up their favorite recipes using only food that was grown locally. This would be a great sponsorship opportunity for a local whole foods grocery store that could have ingredients for the recipe ordered digitally and delivered to your house. Who knows, maybe something like this could turn into a community event that could bring Socially Conscious people together?

In the old days, the thinking was that you had to have a regularly published print version of

The community blogs and forums have become invaluable and trusted sources of information for Socially Conscious people, especially for topics such as wellness, charitable giving and travel.

products to reach enough people to have a successful business. Now, the Socially Conscious team uses the concept of print in a different way, as more of a presentation option for easier readability. So instead of just reprinting content that has already been seen online in a weekly or monthly format, the team has a growing family of Socially Conscious Guides about topics, such as "The Gift Guide," with community recommendations for socially conscious gifts and suggestions for charitable donations. These publications are downloadable in PDF and in e-reader formats, and advertising rates are based on the number of downloads. Professionally printed versions are available for an extra fee. After all, environmentally conscious consumers would not be happy about the idea of printing thousands of guides that might not be wanted or needed.

The Socially Conscious team was small, too, and reminded Susana of the days when she worked at an Internet start-up. The team consisted of two sales reps, an editor and a coordinator who helped with marketing, administrative tasks and pitched in on a variety of projects. That means the team can move quickly to create new opportunities such as the Guides, and can draw upon services of the larger company to help when needed. For example, the team will need some extra IT help for the Organic Foods Test Kitchen project, and would need an assist from marketing for possible community cooking event.

It was also nice to be able to take advantage of the company's growing network of local Web sites to build bridges between audiences. For example, one of Susana's car dealer customers was interested in seeing if people in the Working for a Living community (where everyone loves a deal) might be interested in a year-end special on bio-fuel powered trucks. The local animal shelter has had good luck in recruiting volunteers from people who use the pet classified ads.

Thinking back, Susana found it difficult to imagine that her company had once been organized just based on functions such as sales,

editorial and circulation. That was a structure that worked when everyone was focused on just one thing: putting out a daily newspaper. Today, the company had more than a dozen audience-focused teams, such as Country Music (focused on faith and traditional values), Working for a Living (cost-conscious and deal-oriented consumers), Just the News (latest news, sports and weather) and the Avant-Garde (early adopters of the latest trends in arts, technology, food and lifestyle). These teams publish multimedia on multiple digital platforms, and deliver the way customers want to receive it. Through the teams, the company had deepened its understanding of the community and was able to quickly see and act on new business opportunities.

The company has fewer employees today, due to the increase in self-serve advertising and decreases in print circulation, but is reaching many more consumers and advertisers with its new approach. Revenues are lower, but profitability is higher because the company is able to remix and recycle content and advertising from across its growing local network. Sure, there's always the occasional internal logjam when everyone wants marketing to help out with events on the same

weekend, but the advantages of focus and self-determination make up for that.

Best of all, both consumers and advertisers are happier. They have known for a long time that the one-size-fits-all approach results in clothes that don't feel right on anyone, and they're glad that we finally agree with them.

Mary Lou Fulton leads new product development and market research at The Bakersfield Californian. She was the founder of The Northwest Voice, a Web and print publication written largely by the community that was the first effort of its kind in the newspaper industry. She started out as a reporter and editor, working for the Associated Press in Little Rock, Ark., and the Los Angeles Times. She moved to the online world in 1995 when she joined The Washington Post's new media division and later became Managing Editor of washingtonpost.com. Fulton also held senior positions at a number of online companies, including America Online, GeoCities and HomePage.com, before returning to the newspaper business in 2003 when she joined The Californian.

THE FUTURE IS ALL ABOUT CONNECTIONS, NOT TECHNOLOGY:

Papers large and small change mindset, business then products



BY L. JOHN HAILE

I woke startled from a dream, convinced I had witnessed the future of newspapers: The ink on my paper had been changing before my eyes, in color, to update the latest scores from the West Coast. It was amazing.

It was so good that it was almost as good as the computer I use each morning to check several news sites from around the country before walking out to pick up the two newspapers I still get on my driveway...when it doesn't snow.

Good, yes, but not good enough. The wide-awake reality was that the ink-on-paper version can't keep up. Maybe the e-paper of my dreams will still come along to help salvage the format as one of many choices available to readers. But, despite what many very good journalists would like to believe, technology simply has passed by the ink-on-paper newspaper.

It doesn't matter how good they try to make the "old" newspaper, how many reporters they might add or what design they apply, there is no turning back. Ink on paper with its static, day-old news really is old news.

In the newsrooms of all but the smallest papers of five to seven years from now, the editors who couldn't quite let go have themselves been let go. And there are no jobs for journalists who continue to say they "just don't get it."

Newsrooms have finally abandoned that silliness of separating old and new media, with publishers and editors having recognized that their job wasn't to introduce new products but rather

to change the very business and the culture that drives that business.

And so we see the old newspaper operation part of a "unified" newsroom, a much smaller part of a larger, more significant whole. That "whole" is gathering and producing news and other content for a spectrum of services, including Internet and an array of user-friendly mobile devices. Gone are those old TV partnerships, since most news video has moved to Web "channels" and "newspapers" can serve up their own competitive video.

The unified newsroom is distinguished, not for its separation of media, but for the separation of function. The "news gatherers" get news for all media, thinking ahead to how to make the most of the story across multiple platforms. Production is handled by editors and producers who then get content into the right format and onto the right channels.

The consumer makes the choice; the news operation scrambles to engage audiences having general news interests as well as those with very narrow interests. Some users even pay for customized services.

And while this requires a mix of print, video, audio, photo and graphics, only at some smaller operations are reporters expected to do it all. It is critical they understand how to make the most of it all, but generally there is a division of labor that utilizes the best talent in each discipline.

Smart editors have devised ways to vet and edit this stream of text, video and audio to add significantly to the overall scope and timeliness of news and information.

The news operation requires elegant planning and cooperation across all media, leaving no room for those who prefer to "go it alone." A multimedia

command center, similar to what we introduced in Orlando in 1997, sits at the center, with key editors for all the different media, as well as the graphics, photo, video and audio coordinators. Planning starts when stories are assigned.

Support staff from marketing are part of the newsroom team, bolstering a new understanding of the audience and how a story will connect with various segments in different ways and through different media.

There is a new sophistication, too, about working with the community for news contributions and feedback on stories. Smart editors have devised ways to vet and edit this stream of text, video and audio to add significantly to the overall scope and timeliness of news and information.

While things still haven't settled out and may never, everyone now understands that the future isn't so much about the technology and the devices as it about the mindset of the people leading the operation and doing the work. Change has become so much easier with the realization that journalism is threatened only by failing to change and by failing to lead that change.

The business model has evolved as well, but neither is it settled. Emerging is something of a "back to the future" version of database marketing on top a much smaller old-line newspaper advertising program that serves advertisers still needing the broad, quality print distribution that a newspaper does well.

Former *Los Angeles Times* Publisher and now Yucaipa partner Jeff Johnson called this "finding a plateau" where printing, distribution and circulation acquisition costs were minimized, but circulation was still sufficient to meet the demands of the total-market advertisers. The result is that circulation is much smaller, and the healthiest operations found that plateau and its steady cash flow the quickest.

The real success, though, has come with database marketing. Ad staffs have been revamped with people who can work with advertisers to build databases of customers and potential

customers and then find the most effective ways to deliver the advertising message. Just as newsrooms work across multiple media to find the right connections with audiences, so do the ad staffs. The databases, with their wealth of demographic detail, purchasing preferences and special interests, are used with each platform.

Resurrected were the TMC, direct mail and zoned products. Ad staffs took seriously the mandate to work with the new media staffs to identify communities of interests and ways to make quality connections with audiences that could be marketed to advertisers.

Owners and most publishers in 2008 realized that most of their staffs didn't begin to understand how to work with

advertisers on such things and certainly didn't know how to sell it. More than 80 percent of the sales staffs are gone, replaced with people who saw the potential to meet advertisers' needs by connecting interests, media usage, buying habits and demographics across multiple media. There was no place for "incrementalist" publishers either. Change came fast.

A few operations also are getting a piece of the action from transactions completed across their media platforms. The outlook is promising as technology makes it easier to track transactions and allocate micropayments. So what started as a small "take" from such things as music downloads associated with music reviews and movie tickets purchased directly from interactive ads has moved into general merchandise that can be purchased from the sites of advertisers.

More than 80 percent of the sales staffs are gone, replaced with people who saw the potential to meet advertisers' needs by connecting interests, media usage, buying habits and demographics across multiple media.

Of course, all that may be the real dream. The painful alternative is for newspaper companies just to hang on, cutting or selling resources, getting smaller, until someone comes along from the outside with a better idea of how to take it all and fit it into a bigger, more valuable whole.

But, as the innovative Chris Jennewein, head of Internet operations in San Diego, responded in a recent conversation: “Isn’t that what just happened with the Wall Street Journal?”

The future doesn’t wait.

John Haile was editor of the Orlando Sentinel for more than 15 years before retiring in late 2000. He subsequently launched Inside Out Media Partners, a company that provided media integration and strategic planning support to operations in the United States, Latin America and Europe. He also has served as a Senior Fellow of the American Press Institute and has been a frequent speaker at major industry conferences around the world on organizational change and media integration.

CONSTRUCT YOUR COMMUNITY'S INFO-STRUCTURE



BY JAN SCHAFFER

In 2005, Lisa Williams launched a hyperlocal news site for her newfound community of Watertown, Mass. Writing with wry, self-deprecating humor, she called it [h2otown.info](#) and it was an instant hit. She soon coined a

term, “place blog,” for what she had created and started tracking down others. Earlier this year, she launched [Placeblogger.com](#), a portal that aggregates and researches more than 1,000 such community news and commentary sites.

At Harvard that same year, former CNN reporter Rebecca MacKinnon co-founded [GlobalVoicesOnline.org](#), a curator and translator of blogs, often from uncovered third-world nations. It now aggregates news from more than 200 countries.

Meanwhile, Lisa Stone, a former television/Web journalist, co-founded [BlogHer.org](#) with two fellow bloggers. Over three years, it has become a portal and paid advertising site that indexes topics, news and information from more than 10,500 blogs, mostly by women.

These three initiatives share some common traits: Each built a new infrastructure for certain kinds of news and information. And each infrastructure enabled ordinary people who were paying attention to their country, their community or their topic to commit acts of journalism.

Smart news organizations are beginning to take some cues from these media developments. They are concluding it's time for a new core mission, one that repositions the newspaper in the community and revisits knee-jerk practices.

That mission calls for building an overarching

local “**info-structure**,” one created to support new definitions of “news,” new participants in content creation and interaction, and new pathways for news and information.

News organizations need to construct the hub that will enable ordinary people with passions and expertise to commit acts of news and information. You need to be on a constant lookout for the best of these efforts, trawling the blogosphere, hyperlocal news sites, nonprofits, advocacy groups, journalism schools and neighborhood listservs. Your goal is to give a megaphone to those with responsible momentum, recruit them to be part of your network, and even help support them with micro-grants.

This new mission is requiring journalists to embrace new partners, validate supplemental news channels, and support—without always controlling—a vibrant local newspaper. Denouncing these alternative channels of information as not “real journalism” will no longer work.

Importantly, it calls for journalists to get off automatic pilot. You need to re-imagine what you do and how you do it; you need to test drive new ideas day

in and day out. You need to pay better attention to what consumers find valuable and not assume you always know what's best.

And you need to expand your “tribe.” It will expand anyway,

whether you like it or not. In the process, I believe you'll add value and when you add value, you'll add audience, and when you add audience, you'll add advertisers.

Here are some observations from my perch over the last 13 years on the front lines of journalism reform movements.

*Today,
“newsworthiness”
more often is decreed
by the consumers
rather than the
suppliers of news.*

Let's start with our core product: News. How is it being redefined?

Today, "newsworthiness" more often is decreed by the consumers rather than the suppliers of news. That poses an enormous challenge for traditional journalists who are finding that their long-time definitions of news are no longer serving the public. Indeed, they are no longer serving themselves—note how many journalists don't even read their own newspapers.

News reports that simply chronicle an incremental development or cover a meeting or an event seem to add little value. Of greater worth are reports that:

- Relay some information you are grateful to have—even if it makes you sad, angry or fearful.
- Move you out of your comfort zone and into your "squirm" zone.
- Link you to others with common concerns and experiences.
- Take a 5,000-foot view of a subject rather than a 50-foot view to connect the dots and impart broader understanding.

DEFINITIONS OF NEWS

Heading into the future, news becomes less of a concrete deliverable—a story or package of stories occupying some form of real estate online or on the printed page—and it becomes more of an **ongoing process** of imparting and learning about information. The process of involvement in the news, whether it's an interactive consumption or a proactive creation, becomes as important as the output. Look at how the processes of posting, commentary, aggregation, reaction and translation contributed to the creation of h2o-town, GlobalVoices and BlogHer.

The goal is to relay and exchange information that meets any number of benchmarks—not necessarily all at once. The information should:

- Yield useful knowledge.
- Grow that information or knowledge.

- Surprise or enlighten.
- Move citizens to do their jobs as citizens.
- Hold public officials accountable.
- Do a better job of holding citizens accountable.
- Help people navigate their daily work and personal lives.
- Empower others to discover or share their own stories.
- Engage people in opportunities to participate in either the process of news—newsgathering, news analysis, news reaction—or in addressing public problems and issues.

Think about how you, yourself, consume news every day. It's unlikely that you read your daily newspaper front

to back. You skim the pages, tour the headlines, glance at the photos—and only go deep on a few stories that really hook you. Most likely those are stories that offer something you didn't know before. Then you

pull the string on other information, gleaning more from drive-time radio, e-mails and e-newsletters or RSS feeds at work. A television might deliver white-noise news in the background, and late-night television may lace the day's events with parody or comic commentary. From these various components of news, you, the consumer, engage in the **process** of crafting a pretty good internal narrative of the day's happenings.

One take-away lesson is that it's time to rethink predictable stories—those knee-jerk assignments that are often as painstaking to read as they are for the journalists to write. Consider doing "charticles" for simple updates like The

One take-away lesson is that it's time to rethink predictable stories—those knee-jerk assignments that are often as painstaking to read as they are for the journalists to write.

Oregonian does. Tell what happened, what's at stake, what's next—and put it in a box. Link to a timeline with background on your Web site. If readers need it, they will find it.

News is *not* parroting quotes because someone important said them. It's not reporting lies, again just because a high official said them. It is not keeping some giant scorecard in the sky and writing about who “won” or “lost” today—the Democrats or the Republicans? The Mayor or City Council? It's not requiring a conflict or semblance of a conflict before it's decreed to be a “story.” Notice how few citizen journalists define news this way.

Nowadays, anyone can decide what's news and report it, write it and deliver it as well. There are many opportunities to build rooms in your info-structure for those who want to commit these acts of journalism. Make room for citizen journalists, student journalists, think tanks, nonprofits, individual bloggers and advocacy groups. For instance, check out the Council on Foreign Relations' online “[Crisis Guides](#).” It would be hard to duplicate a more comprehensive examination of international crisis zones. Or link to [Tech-President.com](#), the Personal Democracy Forum's nonpartisan site that tracks online activities of presidential candidates.

Invite members of your community to help you investigate or report on an issue. Take some cues from:

- The Fort Myers News-Press' [Data Central](#).
- The Asbury Park Press' [DataUniverse](#).
- Florida Today's [Watchdog](#) Web page and [Watchlist](#) blog.

Finally, make room for the small-J journalists in your community, people who are paying attention to what's going on. They are a tremendous resource and they deserve to be supported with space, attention—even small grants to encourage them to contribute to your info-structure.

When the residents of Deerfield, N.H., had no available media, they created their own.

[The Forum](#) is now an online newspaper with 220 contributors who produce an average of 37 original stories a week. Surrounding newspapers have noticed and are spending resources to compete. But why compete? Why not collaborate and even help support The Forum?

[NewHavenIndependent.org](#) and the [Twin Cities Daily Planet](#) have attracted support from community foundations that traditionally look to build community capacity.

Many of these startups have a different mindset when it comes to competition. [NewWest.net](#) launched to cover 10 states in the Rocky Mountains region, but it has also embraced

the mission of being a home for a fledging Rural News Network to help small Montana towns with no available media like [Dutton](#) do it themselves.

Remember, though, there is no free lunch. News organizations that think citizens will freely contribute to their citizen journalism pages need to think again. While citizen journalism may well be a new form of volunteerism—something baby boomers do when the finish coaching their kids' baseball teams—it's a fragile dynamic. There must be a high degree of equilibrium, a balance between the giving and the getting, in these initiatives. Money is not the only motivator. People contribute for a reason—either because of a personal passion, to effect change, to learn something, or even to get smarter about technology.

Be clever in juicing that equilibrium. If you have to pay the high school that uploads the most robust content on your hyperlocal sports site, like the [Orlando Sentinel](#) does, consider it an investment in your info-structure.

While citizen journalism may well be a new form of volunteerism—something baby boomers do when the finish coaching their kids' baseball teams—it's a fragile dynamic.

Use your Big-J journalists where they can really add value. Professional journalists should focus their expertise and skills on doing investigations, identifying trends, building databases, holding public officials accountable and articulating the master narratives in their communities.

Ultimately, the marketplace will decide what is news. News will be whatever adds value in a noisy information landscape, whatever helps people get their jobs done, whatever imparts wisdom, and whatever elicits gratitude. To figure this out you also need some new players in your info-structure. They include:

- “Can do-ers” instead of those who whine about what they can’t do.
- Computer programmers who will be the architects of searchable databases or news games in your info-structure.
- Collaborators, people who have the sensibility to see the possibilities of working together instead of moving into kneejerk competitor mode.

- News analysts who will trawl incoming information looking for Big-J opportunities. Minnesota Public Radio uses these para-journalists to analyze information coming in through its [Public Insight Journalism](#) network.
- Tribe expanders. Journalism in the future will come from many places. We should contribute to the momentum of the best and most responsible efforts and recruit them for the info-structure.

For those who embrace these challenges, there is cause for a great deal of optimism.

Jan Schaffer is executive director of J-Lab: The Institute for Interactive Journalism at the University of Maryland and a leading thinker in the journalism reform movement. She serves as a speaker, trainer, author, consultant and web publisher on the digital storytelling models and the future of journalism and is a regular discussion leader for the American Press Institute and other industry organizations.

WE DON'T HAVE TO SAVE THE NEWSPAPER INDUSTRY. WE DO HAVE TO BRING "THE PRESS" ACROSS THE DIGITAL DIVIDE.



BY JAY ROSEN

Because I write about the Internet and what it's doing to the press, and [follow that story](#) at my blog, I am sometimes asked what I believe the future of newspapers to be. "Where do you see things going?" Or, more bluntly,

"Will newspapers survive?"

When you deal in [opinions](#), it's nice to be asked for yours. Very rarely is anyone satisfied with my answer: "I really don't know what's going to happen." (I like that answer, myself.) "I don't think anyone does."

To me that is not an impossible or even undesirable situation: Not knowing what the model is, we go on. We go on with newspapers. We go on with Internet journalism and the practice of reporting what happened. We go on with the ordeal of verification. We go on with the eyewitness account, and with the essential task of getting and talking about the news.

Reasons for my uncertainty about the newspaper in the combination we know it now were [well stated](#) recently by Doc Searls of the Berkman Center at Harvard Law School, who also writes about the Internet and keeps his own [blog](#). For metropolitan newspapers, whose problems I know best, it's not just the forced march to the Web and the decline in revenues from the printed product. It's not only that [free content](#) seems to be the standard online.

"The larger trend to watch over time is the inevitable decline in advertising support for journalistic work," Searls writes, "and the growing need to find means for replacing that funding — or to face the fact that journalism will become

largely an amateur calling, and to make the most of it."

Why does Searls say that the advertising model may be broken, too? Isn't there advertising to be won on the Web?

There is, and it is coming on. But underneath that, something else is going on. "Harder to see," he says.

"While rivers of advertising money flow away from old media and toward new ones, both the old and the new media crowds continue to assume that advertising money will flow forever. This is a mistake. Advertising remains an extremely inefficient and wasteful way for sellers to find buyers. I'm not saying advertising isn't effective, by the way; just that massive inefficiency and waste have always been involved, and that this fact constitutes a problem we've long been waiting to solve, whether we know it or not."

The inefficiencies that created modern advertising are themselves under pressure. That is what Searls argues, and I think we need to consider it. "The holy grail for advertisers isn't advertising at all," he writes, "because it's not about sellers hunting down buyers. In fact it's the reverse: buyers hunting for sellers. It's also for customers who remain customers because they enjoy meaningful and productive relationships with sellers — on customers' terms and not just on vendors' alone."

Searls thinks sellers and buyers can get into information alignment without advertising and its miserable kill ratios in the battle to break through the noise and reach the few who are

actually in the market. I will leave you to [read the rest](#) and figure out why he thinks advertising will shrink to the perimeters defined by “no other way.”

Suppose he’s right. Possible outcomes are a new business model, or “no business model at all, *because* much of it will be done gratis, as its creators look for because effects — building reputations and making money because of one’s work, rather than with one’s work.”

The blogger who pours time and effort into his self-reported blog may initially do it for free, build a reputation and get paid for other things that result from the (free) blogging. Hardly a perfect model, but it is different. Money because you do good work at your site is different than being paid for the work you deliver to the masters of production at the local newspaper.

So here is the deeper set of possibilities we must contemplate: Many newspapers may find that they are unable to charge or recover “lost” revenues from the print era with Web advertis-

The blogger who pours time and effort into his self-reported blog may initially do it for free, build a reputation and get paid for other things that result from the (free) blogging.

ing. If that happens, will existing news organizations die, shrink, limp along with expiration dates, get absorbed into larger Web empires or find a way to grow some other subsidy business?

It is also possible that newspapers will morph into something new, Net Based News Organizations—also called NORG’s—perhaps by combining in a fruitful way with “the amateur calling” that Searls mentioned. Non-profit, lower profit, semi-profit, part-profit: all combinations should be ruled in. Private business, family business, non-profit trust, community ownership, cooperative ownership, the public radio model, the crowdfunding model, the “rich person with a conscience and good advisers model,” other variations on the gift economy... all these should be made seaworthy. We don’t know how many will make it across so we need to launch a lot of boats.

We don’t have to save the newspaper industry. We do have to bring “the press” across the digital divide.

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THE FUTURE OF NEWSPAPERS



BY TOM MOHR

Three stark realities have placed newspaper companies in a no-win squeeze play.

1. News and advertising don't go together anymore.
2. Local is indefensible online.
3. Investors who buy newspaper stocks don't want newspaper companies to innovate.

Any vision of success for newspapers depends on coming to terms with the first two of these realities, and changing the third.

First, some background.

Newspapers are neophytes, thrust onto a dramatic technology innovation path that features ever-increasing connectivity speeds, mobility, search intuitiveness and computing power. The future promises more of the same.

Let's make no mistake about it: These innovations have transformed the human experience. We are always on. In our various devices, we carry with us second brains, extending our memory, our contact with friends, our ability to know and understand. We have instant access to the world's information. We are connected to broad virtual friendship networks via global platforms. The inevitable result: the rise of social authority and a steady decline of institutional authority (including local media). News, information and entertainment are ubiquitous, blinking a billion "look at me" messages like the lights on the Las Vegas Strip. We are multimedia multi-taskers flirting with information overload as we seek to take it all in.

Into this new world comes the daily thump of newspapers on doorsteps. The thump gets

steadily softer: in the number of households getting thumped, in comparison to the digital din, and in absolute terms as advertising morphs into digital forms. Whereas once local newspapers were the fulcrum around which community spun, they are now just one analog voice in an increasingly digital cacophony.

Here's the crux of the problem. The newspaper industry has been built on two key pillars: first, that news and advertising are inevitable cohabitants. And second, that "local" is the key source of competitive advantage. But both pillars have been knocked down by the Internet. On the Internet, news and advertising have been separated at birth. It just took us a decade or so to realize it. And "local" is indefensible online because success online requires a level of scale that is not achievable locally. This scale is necessary to spread the costs of advanced platform technology.

Online, news-reading is a task. And advertising is just an umbrella for a series of tasks: job-hunting, car-buying, banking, furniture-buying, travel-planning, stuff-buying, restaurant-hunting, and so forth. In the online ecosystem, task-specific platforms ([CNN.com](#), [cars.com](#), [CareerBuilder](#), [Travelocity](#), etc.) have emerged to fulfill consumers' every need. The tasks that relate to a purchase intent (i.e., advertising tasks) can command high CPM's. Consumer consumption of news, on the other hand, rarely reveals a purchase intent. The result? Low CPM's. For local media, it's a double whammy: not only are the C's low, but so are the M's.

To live online, local media must live on a technology platform. But it is prohibitively expensive to build a competitive Web platform in a single local market. Whereas newspapers are about text and graphics rendered in flat-form design, online is about multimedia content, complex interface design and database and algorithm driven functionality—requiring tools and skills that are best extended across a broad network, not limited to a local footprint. The power of the Web lies in the ability for great online concepts to scale

into global platforms. That's where the economic leverage is.

Local media don't have that leverage. What's worse, they are further disadvantaged by the fact that four gates sit between the consumer and their content: the device, the connectivity link, the browser and the search portal. At every gate, the gatekeeper is monetizing eyeballs, siphoning people away from local media content. Since the consumer's connection to local media content is both fleeting and gated, a news marketplace that in the analog world was a magnet for advertising and readership is now too small to hold critical mass.

The key ad verticals have migrated to scaled online platforms, with some newspaper companies either partnering or buying their way into relationships with these players.

So newspaper companies are stuck with core franchises that face steady declines in ad revenues and circulation. They have Web sites that are essentially low-CPM news sites, sitting on platforms of poor to moderate technical virtuosity, with no benefits of scale. The key ad verticals have migrated to scaled online platforms, with some newspaper companies either partnering or buying their way into relationships with these players. But newspapers' share of the revenue split from these partnerships in recruitment, auto, real estate and other categories does not come close to filling the hole left by the structural shift in the core.

All of this has played havoc with newspaper stocks, which are overwhelmingly owned by institutional or private equity investors. Institutional investors have until recently seen newspaper stocks as a relatively "safe" investment, characterized by predictable cash flows and low volatility. That, of course, has changed, which

has led to the entry of private equity investors. This new group sees the opportunity to buy low, cut costs and exit five years later with a quick profit. Neither of these types of investors wants to see significant spending on innovation.

The problem is that neither of these investor profiles fits the current need. Newspaper companies do need to cut costs. They also need aggressive investments in both process and product innovation.

So where will the newspaper industry be in five years?

Here are my predictions.

1. The newspaper industry will be *rolled up*.

The nationally-branded newspapers (The New York Times, Washington Post, USA Today) will stand apart. But in the top 50 markets, one company ("BigMedia") will leverage low stock prices to buy up at least one major newspaper in each market. The rest of the industry will also trend towards consolidation.

2. Leveraging this consolidation, BigMedia will *radically redesign processes*, imposing *automation, standardization and regionalization* onto its local franchises.

Common ad order entry systems. Common classified systems. Common classification numbers and definitions. Regional travel editors, covering multiple markets. Corporate food editors, providing copy for all markets. Common metrics, financial reporting, etc.

3. BigMedia will move all its newspaper Web sites *onto one common platform*. All other newspapers may migrate onto this platform as well, leveraging the skill and scale of a central platform and team.

This will mostly be an efficiency measure, but it will also enable the company to gain some leverage with the key gatekeepers (devices, connectivity points, browser players, search players). These sites will be recognized for what they are: local news sites, and not significant sources of ad revenue.

4. BigMedia will *change its investment profile* to reflect its increasing investment in *digital assets*, eventually attracting growth-oriented investors. With large sales staffs in every top-50 market, the company will *cut favorable deals with online partners and buy digital companies* in the key ad verticals (retail, auto, recruitment, real estate, etc.), as well as in the areas of mobility and search.

Increasingly, these partnerships will extend vertically deeper into marketplaces, solving problems for advertisers that go beyond the identification of prospects and into the effective management of those prospects in the advertiser's sales funnel.

5. As the technology assets of BigMedia grow, it will recognize the need to retain an *entrepreneurial culture in its digital subsidiaries* and will reward leaders accordingly.

The balance of power will inexorably shift from the print to the digital side, and future leaders of the organization are likely to have deep digital credentials.

6. As a result of these changes, BigMedia and the other remaining companies will become *less and less about news and newspapers, and more and more about advertising and digital*.
7. Newspaper industry consolidation will so weaken the quality of news delivered by major metropolitan newspapers that *the community will step in*. Large metropolitan areas will come to see quality *local news coverage as a public good, inadequately served by the local newspaper and therefore requiring public support*.

Local leaders from the business and philanthropic communities will begin to see quality local journalism as a public asset to be cultivated in much the same way as vibrant theatre, museums, and the symphony. By this path, a whole new era of experimentation and innovation may occur in

local news gathering and delivery, keeping faith with the public trust.

This idea is not as far-fetched as it may seem. Joel Kramer, former publisher of the Star Tribune, has initiated such an effort in the Twin Cities. He seeks to create a not-for-profit local news site characterized by top-quality journalism and paid for in large part by community sponsorship.

In this sense, I believe that the future of news will be increasingly separate from the future of newspapers. Quality journalism costs money. But content drives only limited monetization opportunity online. It is my hope that enlightened leading citizens in major cities across the country will recognize their responsibility to actively support credible experiments in a new kind of local online journalism.

As for newspaper companies, the only way to make them financially successful is to make them digitally successful in the key advertising verticals. In the online ecosystem, that doesn't have anything to do with news.

As for newspaper companies, the only way to make them financially successful is to make them digitally successful in the key advertising verticals. In the online ecosystem, that doesn't have anything to do with news.

Tom Mohr is president and CEO of LeadLogix, Inc., a start-up in the automotive online lead management space. He was president of Knight Ridder Digital from Jan 2005 until KR's sale to McClatchy in June 2006. Prior to that, he was corporate head of KR's \$800 million classified franchise.

READING FUTURE OF NEWSPAPERS



BY JOHN TEMPLE

(Originally posted as an opinion piece in the Rocky Mountain News on August 18, 2007)

I'm often asked what the future looks like for newspapers.

A reasonable question to a guy who spends his days trying to figure out how to keep you connected to one in particular, the *Rocky Mountain News*, but also works with more than a dozen others in an advisory capacity.

I wish I could tell you for certain. But that's not easy when my nose is pressed to the glass as a witness to current events. The visionaries of our era - whether Ted Turner when he launched CNN or Jimmy Wales when he founded Wikipedia - seem to come from outside and shake things up. Then the rest of us quickly came to think that what they did was as obvious as the fact that night follows day. If only.

Our industry - that's what some people call it - tends to fall into group think about as quickly as our papers come off our printing presses. So now in the U.S. you hear that "local" is the strength of newspapers and that "hyper-local" might even be better. In the U.K., you hear that the future is "viewspapers," a term to describe publications that don't report the news so much as tell you what to think about it. And, of course, everywhere "the Web" is the ultimate answer.

I took great pleasure this week when Rob Reuteman, our business editor, told a group that he's now "platform agnostic." That's another hot term in the industry, signifying what I think is a positive trend, where journalists stop thinking of themselves as "newspaper" people and instead think of themselves as providers of news how-

ever, wherever and whenever consumers want to receive it.

Newspapers *are* going through a period of wrenching change. Even the Newspaper Association of America admits it. But it also hopes that in five to seven years the dust will have settled and the local media franchise of the future will have emerged. It asked a number of industry figures to provide a perspective on what that future franchise might look like.

Instead of producing one paper for everybody, a newsroom might produce 10 newspapers for 10 different audience types, or maybe more.

So here goes.

Most of us will have an avatar - a computer-generated personality - greet us in the morning on our portable, personal screen. They'll be as loved as Oprah. They'll make us feel good as they guide us through the day. Your avatar will know you by your actions. It will anticipate your interests in a way that makes Netflix's movie recommendations seem as quaint as a butter churn. You will live in a media soup. And whether the ingredients come from Jerusalem or Jasmine Street won't matter. The distinction between mediums will dissolve.

You get the picture. It could be sweet. That's why I think people got so worked up over the iPhone. It signified the promise of something to come.

Wait a second, you say. What about newspapers?

Yes. They'll still be around, ink on paper. There will be even more of them. Most will be physically smaller and have fewer readers than they do today. A few will have even more readers.

In other words, we'll have a few blockbusters

or bestsellers. But most will be more specialized. Commodity information - the stuff you can find anywhere, such as stock listings or the complete list of matches in a tennis tournament - will no longer find its way into print.

Instead of producing one paper for everybody, a newsroom might produce 10 newspapers for 10 different audience types, or maybe more. We'll be slicing and dicing to deliver mass-customized newspapers. You can see signs of what I'm talking about in the way the newspaper company Reforma in Mexico produces different products for different audiences.

That's actually going to require next-generation journalists to be more agile and multidimensional. There will be fewer journalists in any single newsroom, but there will be more of them overall.

Today's rules that prevent newspapers from owning television stations and other local media in the same market will be eroded by techno-

logical advances. The local media franchise will deliver content the way our business editor now feels comfortable doing. Some of the papers it produces will be free. Others will be more expensive.

New players will get into the business not tied to the traditions of the past. And they'll have a ball. They'll make less money than owners did in the so-called good old days. But they'll do just fine.

As will journalists and the communities they serve, who'll wonder what all the fuss today was about. By that time, we'll all have gotten used to the fact that there is no end to the transformation of the media world.

John Temple is the editor, publisher and president of the Rocky. His blog, where he discusses the newspaper with readers, is at <http://blogs.rockymountainnews.com/denver/temple/>.

THE POWER TO CHANGE THE WORLD



BY ANDREW NACHISON

The news wars, or whatever you want to call the ongoing collapse of the U.S. daily news business, will not be over and done with a decade from now. The problem will not be solved. The solution will not be found. It is a long

war, and it has only just begun.

Nor will newspapers in the United States be over and done with, or in the rest of the world. The future is here. You can see what comes next as easily as I can. People will get more of their information through digital devices connected to digital networks. The diversity of sources and services through which we access, share and distribute information will continue to grow.

Ink on paper will not disappear—some people will choose and prefer it. Many more will avoid and detest it. Others will simply ignore it.

The pace of innovation in digital media is relentless—new online products and services are launched every day. Web developers and designers have become the new creative class, churning out an astonishing array of tools, widgets, social networks, shopping assistants, blogs, search engines, mapping and location services, policy trackers, advertising networks, and more and more. It's not just that these new companies and their investors are all vying to become the next big thing—the next Google. Some are. Most aren't. But they are all creating innovative new services to eke profits out of every conceivable niche of the communications mediascape, which is to say, every nook and cranny of life in the connected culture.

The real disruptors of the next decade won't be companies, but people—creative, entrepreneurial opportunists who are transforming the global

economy—developers, designers, marketers, sales people, business analysts, project managers, accountants, lawyers and other professionals scattered around the globe, connecting and working from anywhere to build businesses and solve problems anywhere.

For big, old media companies, the death of a thousand cuts is imminent—unless they figure out what they're all about. There is simply no end in site, and to pine for the next cycle of good and plenty for the once mighty media monoliths is to pine for a kind of captive market-big iron-retro bliss that is as likely to return as the floppy disk—and who wants that? There is no return to the old model. If that's your idea of a happy ending, sorry, you won't be happy with the story unfolding around you.

So what is the happy ending then?

It's a shocking question when you stop to think about it—shocking because it reveals the depth of malaise within today's news companies. They no longer know what they are about. They are aimless.

If the industry had leaders—real leaders - this is what you would hear from them today and a decade from now, and what you would see in their products:

Your job, whether you are a publisher, journalist, sales person or customer service representative, is to produce a better world.

The purpose of newspapers is not to produce better newspapers, or to sell more of them, with more advertising. It's not to build better Web sites for more visitors. It's not to maximize revenue and minimize expense. It's not to dominate or "own" markets. It's not to maximize shareholder value.

Don't let the 2007 crop of amoral hyper capitalist media executives and investors fool you. If you are among them: Stop fooling yourself. If

you are not—if you know in your heart why anyone bothers with journalism: speak up. Now is the time. Your job, whether you are a publisher, journalist, sales person or customer service representative, is to produce a better world.

That's the happy ending—a better world.

Focus on that objective and you will innovate. You will find better ways to meet your business goals. You will attract and retain better people. You will do better journalism, you will produce better-designed news and information experiences, you will think and act more creatively, more people will use your products, and more will value them.

You will do well by doing good.

And, by the way, you will live in a world with:

- Less disease—less AIDS, malaria, hepatitis, obesity and drunk driving.
- Less poverty.
- Less conflict.
- Less repression.
- Less torture.
- Less human trafficking.
- Less pollution and less poisoning of the earth and its inhabitants.

These things are not incidental to, or external, to the success or failure of newspapers. They are not simply stories to be told, or content to be packaged, or products to be delivered. They are the benchmarks upon which news businesses should be judged.

Define the world however you want—as the planet, or as your neighbourhood. The objective, motivation and rewards are the same. You are working for a world with:

- More and better healthcare.
- More food and clothing for the poor.
- More freedom and democracy for everyone.
- More understanding across cultures.
- More housing.

- More education.
- More leisure time.
- More disposable income.
- More peace of mind and greater quality of life for senior citizens.
- More love.

Yes, you want these things. Of course you do. This better, more equitable, more sustainable world is good for you, good for your family, good for everyone, everywhere. It's also good for business.

Newspaper companies have real power. It's not to control and limit what people know and do. It's to connect and empower smart, informed communities to be better.

No, newspapers are not solely responsible for solving the world's problems, and they are not alone in trying to do so. But they can and should play a leading role. They should be leaders, not observers. They should be active, not passive.

In the United States, especially, this sense of social purpose has been lost. I suspect this is why [iFOCOS](#) research this year found that two-thirds of Americans say they are dissatisfied with the quality of their journalism.

Meanwhile, newspaper companies continue to think of themselves in terms of business models, products and processes. Technology has been identified as not only a threat, but as a disruptive demon to blame for declining readership, eroding advertising revenue and diminished relevance, especially among young people. The reasoning goes something like this: who's to

Newspaper companies have real power. It's not to control and limit what people know and do. It's to connect and empower smart, informed communities to be better.

blame for all those layoffs, and the next round that's surely coming soon? The Internet. [Google](#). [Yahoo!](#) [Craig Newmark](#), the nebbish socialist founder of [craigslist](#).

No, no, no and ... no. Get a grip. Wake up. New technology and the brilliant new creative class that embraces, uses and creates it, is not a threat to making the world better. Think about it. How can the "enemy" possibly be something that allows you to reach more people at much lower cost, and not simply to deliver a product, but to enable people everywhere to learn more, share, conduct commerce and mobilize to collaborate, and to take action?

It's not that people and advertisers don't get newspapers—it's that they do get newspapers, and, in the United States especially, they no longer like what they get. Newspapers can't fight technology, they can't turn back the clock and they don't need to persuade anyone that they deserve better. They don't deserve anything. They simply need to BE better.

So welcome to the new day, and the awesome, exhilarating and audacious challenge of applying your skills, your intelligence and the power of who and what you know to the common, universal interest of making the world a better place for everyone.

This is a vision, and a forecast: the media

people value most in the connected society will be the media that has the biggest impact on the world.

The alternative is—what? Launch some blogs? Create a social network? Install a new content management system? Make sure you've got nice mobile services? Outsource your printing? Run an advertising sales blitz? Put pictures in your classifieds? Sell photos? Build a new newsroom? Buy some video cameras? Trim your paper size? Put names on your editorials? Allow ordinary people to comment on your cherished articles?

It's all meaningless, futile and pointless—unless there's a point to begin with. So don't forget it: Make your world a better place for everyone. That's why newspapers matter, and how they can matter more in the future.

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FROM NEWSPAPERS TO CITIZEN DESTINATIONS



BY KYLE REDINGER

Both regional and local newspapers have enjoyed a viable business model for at least several centuries. Today, digital media technologies combine the convenience of print with the richness of television, but, importantly shatter

the very barriers which entrenched newspapers during those centuries. The reason is less about the technology and more about enabling interaction and participation by the community; in short, it is about an exchange. The winners of the changing media landscape will be those who understand the needs of the community and can leverage those needs to create new and exciting business models. Those business models will be less about news and print, and more about being a destination for the community.

THINGS ARE DIFFERENT

As a middle school student 15 years ago, my friends and I realized that the Internet was the quickest and most efficient way to entertain ourselves due to our control over personalized interaction and entertainment. Our parents did not quite understand the richness of the Internet medium—instant, free, interactive and open—and no one realized, at that point, that the Internet would grow into a tool which could effectively serve the needs of a community.

THE GAP

I work in an interesting space. I spend half of my time with early stage digital media companies who have ideas they believe will revolutionize the media world; and I spend the other half of my time discussing with established media companies how acquiring these new ideas may prevent

them from becoming the next Bell Labs.

Both new and traditional media companies have many concerns. Digital media technology faces rapid commoditization as well as declining prices and smaller barriers to entry. These companies leverage technology in innovative ways, but also use business models that build upon the social needs of the community they are trying to reach. I believe that as soon as newspapers realize that the technology is not a barrier to entry, they will make the digital media startup world a much more difficult place.

Tomorrow's successful newspapers recognize the problem is a cultural one, not a technological one. They will also recognize readers of newspapers share their opinions in the offline world and, with today's technologies, want to share those opinions in an online world as well.

CHANGING MODELS

In addition to a community that requires interaction, newspapers must recognize that any individual has the tools to be both a competitor and a contributor. The business model has to change in order to accept a diverse set of inputs. Newspapers sit on a tremendous amount of brand value. That brand has been driven by years of targeted reporting and a community that has used the newspaper as an exclusive provider of information, news and advertisement. Successful newspapers must use their established brands as a platform for all the voices of their community.

Empowering a community to generate content yields a double-edged sword. There are evolving issues of liability and a fear of losing control. Technology, combined with the power of the community, can solve these issues. An empowered community can only happen when a newspaper trusts its community. The more engaged a community becomes, the more a newspaper can learn about the people who compose that community. Imagine the ability to analyze opinions, conduct research, produce free content and, overall, take advantage of the voices outside of the editor's office. This interactive relationship

enables newspapers to benefit from the opinions and personalities of its readership, something that is difficult with the current print model.

STOMACHING RISK

Today, many newspapers have strong balance sheets and strong operating margins. They can approach change from secure financial positions. Unfortunately, advertising dollars are not shifting quickly enough to support the decline from print advertising for many newspapers. Now is not the time to move slowly. Digital media competitors grow overnight and the longer newspapers let competition take digital market share, the more catch-up they will have to play. [Facebook's](#) 35 million user base that literally happened in less than 4 years is an example of a new media landscape that took the world by surprise.

Successful newspaper will actively seek out digital media investments to diversify their expertise and revenue models. Companies need to allocate a significant amount of resources and capital to these types of investments (both early and late stage investments). Participating in these types of investments will help companies acquire operating expertise and the technical knowhow. Importantly, newspapers must look outside of their organization to acquire and develop a “digital media” culture. News Corp. did just that with their acquisition of [MySpace](#).

VISION FOR A POST-TRANSITION NEWSPAPER COMPANY

The newspaper landscape will look very different in a post-shakeup world. Successful newspapers will embrace a cultural change and use technology to benefit from these changes. Newspapers will realize that technology is not the barrier to succeeding in an increasingly digital world; rather, success will be driven by tailoring their brand to the expectations of the target audience.

The revenue model for a digital media newspaper will be very different. The ability to pro-

vide advertisers with a flexible platform with which they can target the most relevant consumers will drive success. If a newspaper can become the “go to” online space for a given target audience, they can harvest rich amount of data about that community. Analyzing this data and interacting with the community can lead to many interesting business models, from market research to polling to targeted advertising.

The possibilities are only limited by a newspaper's ability to think creatively about their community, its needs and how they fit into that picture.

CITIZEN DESTINATIONS

Obviously, the vision for a post-transition newspaper company looks a whole lot different than the newspaper world of today. Some of my colleagues see a move to 100 percent digital content and increasing fragmentation of content. These trends exist and the evidence is everywhere. Importantly, newspapers must also struggle with their identities. Unfortunately, the identity change will be less about news and even less about paper, so we need to accept a change of identity. I propose that newspapers start thinking about their mission as “Citizen Destinations” because this title better reflects the needs newspapers can fill.

As a platform and brand behind the voice of the community, newspapers will expand their reach and presence in a community, while at the same time enabling interaction amongst their audiences. Newspapers will successfully

Newspapers will realize that technology is not the barrier to succeeding in an increasingly digital world; rather, success will be driven by tailoring their brand to the expectations of the target audience.

become “Citizen Destinations” by building on established strengths and realizing the benefits of technology.

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THREE HABITS OF HIGHLY SUCCESSFUL EDITORS



BY MARY NESBITT

1. Successful editors of the future won't settle for today's journalism.

Editors will give hum-drum news the ink and pixels it deserves—little to none. They'll establish high hurdles for the journalism that wins precious resources and space.

They'll advocate as vigorously for the self-defined needs of readers as they do for the public's right to know and the First Amendment. Customer-centric journalism? You bet, and unapologetically so.

They'll exploit the unique strengths of the media in which they publish. Acknowledging, for instance, that print, by nature, is a selective medium, they'll choose only the stuff that has the very best chance of creating benefits for readers they most want.

This change demands a focus just as relentless as the pursuit of new business models and revenue streams. It's as important as rushing to post fresh news online, using multimedia to tell stories, and delivering news and information where, when and how people want it.

Successful editors won't let those good and necessary initiatives distract them from also tackling a far tougher challenge: rejecting insipid journalism and replacing it with things that grip, tickle, astonish, befriend and reward readers.

As [William Powers](#) wrote in the *National Journal* recently: "... nobody should ever read a newspaper out of a dreary sense of civic obligation. Like great books, the best news shops have always drawn readers because they were feisty, well executed, and thrillingly alive to their own

times. Their magnetism was rooted partly in the fact that they were optional, something you didn't technically need to get through the day, yet somehow couldn't live without."

And do you remember [Reader Inc](#)? It was Thomson Newspapers' smart, reader-focused initiative, launched in the late '90s. Their "Ten Commandments" poster still dominates my office wall. I especially like the tenth: "Thou shall not commit boredom."

I think current economic pressure will actually prove to be a boon to plucky editors. It provides a compelling rationale for ceasing to publish earnest-but-dull journalism and setting rigorous new standards.

But editors' smart bosses will realize this new journalism can't be flipped on like a light switch. It will take training and retraining; replacing people; hiring a different type of journalist; enlarging the definition of what a journalist does, what journalism is for and who can engage in journalism; and demanding a different kind of graduate from journalism schools.

2. Successful editors won't give up on news, because the public hasn't. But they'll finally take to heart the consistent drumbeat of messages from audience research.

First, let's confront the notion that news tastes have dumbed down or that people are losing interest in news. The best evidence I've seen on the subject comes from the [Pew Research Center](#), which uses regular public opinion polls to track attention to 19 news topics of nation-wide currency.

[A recent analysis of 20 years of data](#) groups the topics into six super-categories and shows that the Disaster, Conflict, Political, Tabloid and Foreign categories exhibit no trend over that period—they rise and fall, depending on the nature of events in those news worlds. The sixth, Money, shows a steady rise in public attention. Analyst Michael J. Robinson concludes that news interests and tastes are not being transformed

by the changing information technology.

While the array of news offered by news outlets—the relative proportion of space and time devoted to different kinds of news—may shift, largely because of commercial decisions, what the audience

While the array of news offered by news outlets—the relative proportion of space and time devoted to different kinds of news—may shift, largely because of commercial decisions, what the audience chooses to consume does not.

chooses to consume does not. The menu has changed but the diet hasn't, says Robinson.

Pew data also show little difference between people's awareness of current events today and 30 years ago. Interest in so-called "hard" news has remained pretty constant. And adults still spend, on average, 66 minutes each day following the news in one form or another.

Next, on the local level, there's a huge amount of consumer insight. Decades of industry-sponsored and proprietary research about what people need and want to know generally points in the same direction—intensely local news, stories about people I know or people like me, community events, government decisions that affect me and the health of the community, whether tax dollars are being spent effectively, whether education is working, personal safety, and so on.

Web site data provide rich behavioral information about what people are paying attention to and for how long.

Finally, experience research ([here](#) and [here](#)) adds the crucial dimension of "why" to the "what"—why people are moved to engage in the news. It reveals much about the psychic, emotional, social, utilitarian and intellectual rewards that people want.

From this, editors can add new, customer-centric criteria to professionally-derived news values. So successful newsroom leaders will insist on journalism that engages whatever audience they are seeking—journalism that helps them get more out of life as individuals and as members of a community; that makes them feel smarter; that gives them something to talk about with others; that looks out for their civic interests; that connects them with others; that enables participation; that surprises, touches and inspires.

In sum, there's no lack of knowledge; just—still—hesitation to act boldly on the directional advice that years of inquiry have offered. [Our research shows](#) that U.S. newspapers are moving in this direction, but the change is incremental.

[Other newspapers don't suffer from such inertia](#), perhaps because they feel more keenly the hot breath of their competitors.

But hasn't our time come?

3. Successful editors will make enterprise reporting the norm, rather than the exception.

Enterprise is all about originating news, not just covering or following news that has already broken.

I believe it's a good indicator of three important things: a newsroom's journalistic vitality; dedication to the needs (stated and unstated) of whatever audience it is trying to reach; and a compulsion to distinguish its journalism from the commodity news gushing from other sources.

By enterprise I mean news that doesn't come from a press conference, a meeting or some other planned event. It's off the official agenda. It's news that someone discovers, by dint of curiosity, observation, talking with people well outside one's normal circle, developing an eclectic blend of sources, monitoring community and interest-group blogs, reading widely and idiosyncratically, finding stories in data... all the idea-generating tactics that journalism schools must teach.

In my vision, enterprise news absolutely must

meet the audience-engagement test—it's not a license to ramble or be self-indulgent. It can be hard or soft news; serious or light-hearted; told visually, in text or in combination. It can be a searchable database, a list, a snippet, a photo story, a user-contributed video. It doesn't have to be created by professional journalists.

But good enterprise doesn't usually grow on trees. Right now, it costs more than covering meetings and planned events, largely because journalists aren't trained, coached, expected or incentivized to find enough of it. You can see glimpses of it in every newspaper and news Web site every day. However, the odd gleam isn't enough.

In print, the front page is a good gauge of newspapers' commitment to enterprise. I took a random sample of U.S. newspaper fronts from the [Newseum](#) site recently and calculated the proportion of enterprise. The average was 20 percent enterprise, 80 percent event or happened-yesterday coverage. About one-third of the sample had no enterprise at all.

(Local broadcast news has a similar problem. [Our recent study of night-time newscasts](#) at five stations in the highly competitive Chicago mar-

ket showed that less than 10 percent of stories were enterprise. Yet enterprise yields higher viewer ratings, as documented in *We Interrupt this Newscast*, by Tom Rosenstiel et al. (2007), a national study of local broadcast news.)

Can every piece on every day on every page be enterprise journalism? Probably not. And certainly on-agenda stories can and should be told with verve and ingenuity, if journalists are as passionate about getting their journalism consumed as they are about journalism itself.

But successful editors will make it their mission to surpass the 50 percent enterprise mark. In the process, they'll finally give themselves permission to let go, to stop doing journalism of marginal value. And they'll honor, along with the First Amendment, the Tenth Commandment of readership.

Mary Nesbitt is Managing Director of the [Readership Institute](#) at the Media Management Center, and Associate Dean for Curriculum at the Medill School, all at Northwestern University. She is a former newspaper editor and reporter.

THE FUTURE OF THE NEWS BUSINESS



By [MINDY McADAMS](#)

The whole historical argument about news and technology can be compressed into one iconic symbol: the telegraph. Trains were faster than horses and carrier pigeons, but the telegraph was faster than a train. That was 170 years ago.

The telegraph spawned both the wire services and the inverted pyramid. A hundred newspapers could run the same wire story on page one because readers generally could not see the New York newspaper and the Pittsburgh newspaper at the same time, in the same place.

Now they can.

The first step to thinking about the future of the news business? Accept that news—raw, up-to-the-minute, see-it-now news—is a commodity. Everybody has the same news, unless it is right in your geographical backyard. (In that case, you ought to cover the heck out of it, because nobody else will.) Stuffing the printed or the digital product full of what everyone else has? That is killing the news business.

Newspapers have long been involved in a lot more businesses than news. Readers have relied on newspapers for diversion, conversation starters, education, entertainment, ideas about how to live and what to do to have fun, and something the academics call “surveillance” since long before the telegraph made it sensible to rely on wire services.

I used to buy a newspaper on Saturdays because I wanted to see a movie. It’s been years since I’ve done that. I still see movies on weekends, but now I always get the show times from Google (www.google.com/movies).

I used to subscribe to the local daily, until I

calculated that I spent more time each week listening to the circulation department’s telephone voice menus than I did actually reading the newspaper. The paper was so often not delivered, or delivered soaking wet, that it became unreliable as a source of news and information to me.

Those two anecdotes help point the way to how the newspaper business can improve itself and its prospects.

CONTENT

Some motivations to buy a paper, or to look at the paper, have migrated elsewhere. Movie listings are one example. Stock tables are another. Concentrate on the motivations that still exist and on new ones that you can invent. (Google even has show times for my town’s wholly independent art cinema; movie listings are over.) Commodity news is not a motivation. Like the movie listings, people are getting that somewhere else.

DELIVERY

Declining circulation might have as much to do with physical factors as with content. It wasn’t dissatisfaction with my newspaper’s content that made me cancel my subscription in disgust. A very different example of physical factors is the free weeklies (such as Red-Eye in Chicago) that have been so successful. Even though the free paper is full of commodity news, it provides a diversion exactly when people want it—as they board a commuter train or bus.

You will need to earn my loyalty by being there when I want you and by being easy to use, like RedEye—and Google.

Give some thought to this physical factors argument. You might think I would still buy a printed newspaper to check the movie listings if, say, I were having brunch with friends, and

we suddenly decided to see a movie afterward. Nope. I would pull out my BlackBerry and check Google there in the restaurant, without leaving my biscuits and gravy.

Easy access is a big part of delivery today: Can I read it on my mobile device? Does it play properly there? Will it download fast?

Obviously, I don't think of the news business as being limited to paper, or even to computers. The adaptations needed mean more than simply reformatting so that the phone-screen version looks okay and does not keep me waiting. They extend to searchability—which means meta data, such as keywords, and also user-generated tags, descriptions and referrals. You will need to earn my loyalty by being there when I want you and by being easy to use, like RedEye—and Google.

As for content, we don't need another Google any more than we need 800 copies of the same AP story on every news home page in America. You know you are competing with The New York Times online, with 24-hour TV news channels, with radio during commute time and with the whole Internet all the time. Does it make sense to try to compete by being the *same* as any of them?

No other content provider has as large a staff of news gatherers and editors as a newspaper newsroom. This asset should enable the local newspaper to differentiate its products from all those other entities. The newspaper's staff of trained journalists makes it possible to do things—*where you are*—that that no one else can do. First, because those others are not there—in *your* town, *your* state. Second, because they do not have *your* people.

Because I've been studying and practicing online journalism for 13 years, you might think I'd be talking all about gadgets and digital media such as online video. I think that's exactly the *wrong* focus for thinking about the future.

Content and delivery are the two fundamental things that require our attention in journalism.

1. What content can we deliver, with our

people, from our newsrooms, that appeals to an audience that we can build and retain?

2. How must we deliver it to make it irresistible to that audience?

Content: To me, "appeal" doesn't mean pandering. People can get "all Britney, all the time" in too many places. That's the commodity trap we need to

avoid. Stories that are interesting and original do have appeal. Too much in the newspaper is just plain boring. Many articles are too long. Many columns read like filler, not really saying anything new. Above all, I look for stories I haven't heard a hundred times already in my life.

Content should be a mix of diversion, conversation starters, education, entertainment, ideas about how to live and what to do to have fun, and "surveillance."

Content should be a mix of diversion, conversation starters, education, entertainment, ideas about how to live and what to do to have fun, and "surveillance." Surveillance is academic-speak for checking out what's going on. Surveillance is what the meerkats do when they stand up on their hind legs, looking for danger. Surveillance is finding out that the (local) housing market is going to crash—before it's too late. Surveillance is learning whether (local) schools are getting better or worse.

Delivery includes, yes, online video, and mobile (cell phone) updates and headlines, and maybe the free tab beside the bus stop—if people ride buses in your town. (If not, maybe you ought to give them a daily 30-minute podcast they can download and listen to in the car at 6 a.m. Go on, *steal that radio audience*. I know podcasts have failed in many places—but then, I have heard some absolutely horrible podcasts produced by newspapers.)

Delivery also means having a Web site that doesn't make someone's eyes glaze over because the ads are flying over top of the editorial content, the news is 12 hours old, and the layout is so hard to decipher, it might as well be a Rubik's Cube.

Delivery is, first and foremost, everywhere and any time, with maximum convenience and speed. (Today RSS has a lot to do with making this happen. Tomorrow it might be another technique.) Searchability and cross-linking among related pieces are vital to effective delivery. Without them, delivery is neither convenient nor fast.

When I think about a successful news product for the future, I think about what I would want to pay for. I quit paying for my local printed newspaper because it was not delivered effectively. Then I quit reading it online because the Web site was too slow and cumbersome. That's also a delivery problem.

Even if the delivery factors are resolved, I know I still won't be diverted from all the other great content out there on the Internet and TV unless my newspaper regularly gives me stories

and information that are interesting and original and based on where I live. Frankly, if it's not about this place, I can get a better version somewhere else.

We've come full circle from the time when the telegraph expanded our interests to encompass the whole world. I have the world on my cell phone in my purse. (The BBC provides excellent RSS feeds.) What I don't have is effective access to what's really important in my own town.

Mindy McAdams is a professor in the Department of Journalism at the University of Florida, where she teaches courses concerning online journalism. Her book "Flash Journalism: How to Create Multimedia News Packages" was published by Focal Press in 2005. Before moving to Florida in 1999, she was the Web strategist at the American Press Institute. In 1994, she was the first content developer at Digital Ink, The Washington Post's first online newspaper. Previously, she was a copy editor for 11 years. She worked on the Metro desk at The Washington Post and at Time magazine in New York.

MAKING THE LEAP BEYOND NEWSPAPER COMPANIES



BY STEPHEN T. GRAY

These days, everyone in the newspaper industry is trying to imagine the future of newspapers. Not the grim future that's bearing down on us, but a different one in which our core values remain strong, everyone finds us indis-

ispensable again, and more and more businesses are flocking to us to use the great solutions we offer.

The American Press Institute's Newspaper Next project has been working for the last two years to help newspaper companies create that brighter future.

In September 2006, we delivered a set of practical concepts, tools and processes that any newspaper company can use to build new audiences and serve new businesses. In the year since, I've taught that approach to more than 4,000 newspaper people and have worked with dozens of companies using it.

In that time, I've seen a lot of progress. Many newspaper companies are moving much faster today in developing new products and engaging new audiences.

But it's not enough. The pace is still too slow, and most innovations are too close to the core and lean far too heavily on old revenue models. At this rate, we will still suffer many more years of painful shrinkage, and competitors will snatch away many great opportunities.

So we're now developing a second-generation N2 report—due out after the first of the year—to offer additional strategic and practical guidance.

One of its key messages is this: It's time to make the giant leap beyond newspaper

companies.

The question is no longer, "What's the future of newspapers/newspaper companies?" It's "What does it take to meet the needs of the people, businesses and communities we want to serve?" Whatever that requires is what our companies must become.

The question is no longer, "What's the future of newspapers/newspaper companies?" It's "What does it take to meet the needs of the people, businesses and communities we want to serve?" Whatever that requires is what our companies must become.

And that leads to the most important question of all: "What will those people, businesses and communities want and expect in the coming years?"

Draw today's trend lines forward, and we can see this picture in every local market:

- **People** will want—and will get from someone—exactly the information, solution, contact or connection they need or want, for whatever circumstance arises in their lives, any time they want it, wherever they happen to be at the time. They will use any convenient channel to get it. Some of it will be news, but the vast bulk of it will be on topics more directly pertinent to their own lives, work, interests, circumstances, families, communities.
- **Businesses** large and small will want—and will get from someone—the ability to reach precisely and measurably the kind of people they want to reach, with messages that will engage them, delivered in the most effective formats and channels, at prices that fit everyone's ability to pay.
- **Communities** will want—and will get from someone—ways to interact, share knowledge,

ask questions, give answers, debate issues, form networks and stay in touch. These will be not just geographic communities, but communities of shared interests.

To newspaper companies, this looks dire and threatening. Their core product is in decline because there are now substitutes that meet these needs better than a newspaper. Seeing these needs through the lens of its old model, a newspaper company instinctively protects and defends that model while cramming in a few new offerings around the edges.

But wait—these “new” wants and needs actually are not new at all. They’re as old as the human race. Our companies were created to meet them years or generations ago, and they used the best available technology, which happened to be a newspaper.

It’s time to wake up. We are not newspaper companies—we are “needs companies.” Our core purpose and business model is meeting the human needs for information, knowledge, solutions, connecting with others, choice-making, buying and selling that arise among people in a given locale. Whatever that takes, we need to do.

So today, just as eagerly as we adopted the printing press, we should be grabbing the new technologies and using them to create the products and services that local consumers, businesses and communities will want in a digital age. A “newspaper company” tries to tweak old solutions; a “needs company” makes new solutions out of whatever technologies, skill sets, sales models and access channels will work best for the user.

There’s no handy term for this kind of company—it is part local information and knowledge utility, part connection platform, part commerce

enabler, part multi-media company. Its goal is to touch, connect and serve every consumer and every business. It may keep producing newspapers well into the future, but that’s not the center of its purpose—it’s just one way of many ways to fulfill it.

What, exactly, does this kind of company look like? No one can say definitively yet, because the needs that will shape them are still emerging. But the picture is becoming clearer by degrees.

The next N2 report, titled “The Next Step: Making the Leap Beyond Newspaper Companies,” will offer a sharpened strategic vision, more than 30 case studies of new products and organizational structures, and pragmatic “how-to” guidance on implementing today’s most lucrative local online monetization strategies.

Fortunately, it’s not too late. Lots of digital opportunities remain untapped in local markets. Our companies need to move fast, talking with consumers and businesses to learn what the opportunities are, and quickly developing smart, strategic solutions.

There’s tremendous opportunity ahead. In every community, market or region now served by a newspaper, there are thousands or millions of people who will welcome the next new thing that helps them live their lives or conduct their businesses there. The door is wide open for “the companies formerly known as newspapers,” and a bright future is ours for the making.

It’s time to wake up.

We are not newspaper companies—we are “needs companies.”

Steve Gray heads the American Press Institute’s Newspaper Next project, which delivered its report, “Blueprint for Transformation,” to the newspaper industry in Fall 2006. He is now helping newspaper companies learn and implement the N2 recommendations to expand and diversify through innovation. Previously he was managing publisher of The Christian Science Monitor in Boston for seven years, where he implemented numerous strategies to introduce the Monitor to millions of new readers, viewers and listeners.

WHAT'VE WE GOT? PAPER, PLACE AND PEOPLE



BY MICHAEL A. SILVER

There's often lots of loose talk about the "assets" newspapers bring to their fight for audience attention and advertiser dollars, but the experience of the past dozen years shows that we've overestimated our own capabilities and

underestimated the speed with which great ideas can eclipse established products and trusted brands. Now, more than ever, we need to get serious about figuring out what we do well and how that can be adapted to what the marketplace really wants.

When I began managing an interactive business for a newspaper company in 1985, the question I got most frequently from print executives was "You're not saying newspapers are going away, are you?" and I've heard the question in one form or another for the following 22 years. My answer always was—and continues to be—no. But the vague sense of smugness that usually accompanied the query years ago now often seems to have been replaced by a real sense of fear. The impossible now seems not so impossible—and our track record in the hyper-competitive online world isn't flush with success. So the question of what "assets" we have that really matter has become more urgent.

As the newspaper industry goes through painful restructuring for the next few years, I think we'll find—or perhaps more accurately, rediscover — a few key pillars to rebuild upon. They include the talent of professional journalists, the power of local presence and the potency of the print medium itself.

First, let's talk print — and not with that hopeless "dead trees edition" attitude we interactive

folks often affect, but with a genuine appreciation for the power of ink on paper. It has been 80 years since electronic media began to broadcast information quickly and with an emotional wallop that audiences and advertisers appreciate — and more than a decade since the ubiquitous Internet began adding the personalization, feedback mechanisms and measurability that make it a fantastic venue for consumers to spend their time and advertisers their money. Through all that, there's not much indication that people don't like print — even among many folks who don't have much interest in the newspaper we're printing.

If the daily newspaper had been invented after the Internet, we might be hailing it as the go-anywhere, read-it-the-way-you-want, visually rich, verbally-robust, supersized-format, community-building medium of the moment. But the fact that most newspapers don't live up to that is a failure of our ability to exploit the medium to the fullest, not the medium itself. Instead of grouching that reading the newspaper is a habit that's in decline (stupid audience!), let's figure out how to exploit the unique attributes of ink on paper (and our unique capabilities to manufacture and deliver it) to produce print publications that are feasts for our LCD-glazed eyes and treats for our Facebook-addled brains.

Shrinking the same old coverage into fewer pages filled with the same dull ads, the same stale features and same bland layouts won't cut it. This is a time for rejuvenation, not life support—and that should start with a newspaper that takes fullest advantage of the physical attributes of the printed page. For the broadsheet flagship, that probably means bigger and bolder, with more visuals and livelier text —as well as graphics, headlines and advertisements that treat the page like the big canvas that it is. It means accepting that most readers already know about the big stories from TV or the web, and uses the print page to complement that experience. It probably also means publishing differentiated print products for differentiated audiences,

rather clinging solely to a homogenized daily broadsheet in a world that's all about consumer choice.

One of the impressive things about the Internet is how it seemingly makes traditional geographic barriers disappear. We read information, share opinions, and instantly communicate in ways that appear to make geography no longer matter. But geography does matter offline — and our unique niche in the media world is to make it matter online too.

We read information, share opinions, and instantly communicate in ways that appear to make geography no longer matter. But geography does matter offline — and our unique niche in the media world is to make it matter online too.

Maintaining a strong local presence that is truly in touch with its local people, local businesses, local institutions, local schools, local entertainers and local troublemakers is vital — and not easily accomplished. We start from a great base — no other news organization has as many eyes focused on the community as we do. But traditional newspaper content — with its emphasis on rote government meetings and shopworn local features that bore even their writers — isn't enough.

Kudos to those reporters and interactive producers who are stimulating local online conversations about everything from politics to pizzerias, posting scads of digital photos of local people, and facilitating the discovery of local blogs and videos. Figuring out how to tap the passion and energy of user-generated-content in ways that add value from our smart, creative, well-informed newsroom is the key challenge and opportunity of the current moment of journalism.

Reinventing the role of the professional journalist for a multimedia era will be critical. The fact that we typically have the largest and best cadre of local journalists is a great starting point. It's folly to expect that every good newsperson will be equally talented at writing for print, shooting for video and running an online discussion. But we can and must figure out how to use their subject matter expertise to produce content in a variety of formats and on schedules that aren't predominantly tied to print deadlines or conventional notions of the typical newspaper article.

That doesn't mean jumping on every new technology or abandoning rudimentary business analysis of new projects. Every beat doesn't cry out for its own podcast — and, in fact, very few do. But the role of the reporter needs to adjust to recognize the primacy of the Web and the formats (like blogs) and techniques (like helpful links and search-optimized headlines) that are native to the Web. Newsrooms that are encouraging beat reporters to maintain newsy blogs and are viewing the print edition article as one by-product of continuous beat coverage are probably onto a model for the future.

It's important to remember that the entire media universe is shifting — not just newspapers. That means that opportunities may come our way that aren't necessarily available now. That's one of the reasons video experimentation

at newspapers is so important — even in markets where there's no shortage of video crews fielded by local TV stations. Particularly as video usage

Certainly, our local market competitors will be reinventing themselves, too — but when it comes to local news in new media formats, I'd bet on the local newspaper that understand which "assets" really matter.

grows on mobile devices, having the largest and brightest group of versatile professional journalists in a local market may be more valuable than having a large infrastructure designed primarily for producing traditional packaged-and-polished TV newscasts. Certainly, our local market competitors will be reinventing themselves, too — but when it comes to local news in new media formats, I'd bet on the local newspaper that understands which “assets” really matter.

Michael A. Silver held a variety of development, marketing and general management positions at Tribune Company's publishing, interactive and broadcasting divisions from July 1985 until May 2007. Named an NAA digital pioneer in 2002, he recently hung out his consultancy shingle at www.SilverChicago.com and is now advising media companies and civic organizations on multimedia product development.

PERSONALIZATION IS KEY TO FUTURE OF NEWSPAPER SITES



BY KANE COCHRAN

ANY TOWN, ANY COUNTRY, Oct. 1, 2012—Yesterday, your local newspaper Web site made an announcement, “We’re giving control of our Web site to you.” Intrigued by this claim, you went to the Web site. That visit was

the last time you saw the Web site’s content and layout controlled entirely by the newspaper’s editors and producers.

From now on, the Web site is personalized based on your interests. The content adapts to changes in news, economic indicators, weather, time of day, personal browsing history and your own profile. A personalized experience means that the Web site remembers your last search was for a pizza restaurant and after you ate there, you rated it four stars. The site understands you enjoyed your pizza, and begins displaying rich media advertising of local pizzerias. It recognizes you contribute to a blog, enjoy hard news instead of soft news, spend 27 minutes per week reading sports, and you almost clicked on a celebrity news story. In short, the local newspaper Web site is entirely designed for “you.”

It was just five years ago, back in 2007, that local newspaper Web sites were just beginning to experiment with behavioral targeting and personalization. In the five short years since then, local newspaper Web sites learned to leverage a powerful blend of behavioral targeting, advanced collaborative filtering, user-provided profiles, user-interaction data and sophisticated algorithms to transform the content mix, advertising opportunities, interactivity and distribution. The result, called micro-personalization, has resulted in a hyper-local, deeply engaging and personal-

ized experience for every site visitor that has profoundly and forever changed the way the local newspaper franchise delivers news and information to consumers.

The nearly 100 percent penetration of high-speed broadband networks has made micro-personalization possible. Unlike in 2007, newspaper Web sites are no longer constrained by technical limitations. Instead, they have the power to create and distribute highly dynamic rich media content and applications. Each piece of content on their sites is intelligently positioned. No longer are the sites constrained by standard layouts or confined to grids. The successful local newspaper franchise features a platform that intelligently and automatically presents information on the screen based on thousands of pieces of information. Each movement a visitor makes is calculated, analyzed, scored and stored in a database.

The homepage is now a personal dashboard that provides access to individual modules filled with news, photos, videos, restaurant reviews, events and applications all designed to quickly deliver the information you are looking for. Each module can be “peeled” off the page, rearranged and slapped back on the Web site, stuck on a user’s desktop or flipped over to a mobile device. This functionality seamlessly connects all devices from the desktop to handhelds, opening up the opportunity to engage users from every direction. Distribution of content in this highly personalized world takes on many forms, but most importantly, distribution takes whichever form each user desires. That said, successful implementation of this platform does not mean newspaper Web sites operate in a “hands off” manner. In fact, teams of developers, designers, writers and editors, are responsible for creating the content and utility required to power these complex systems.

Local newspaper Web sites are uniquely positioned to benefit the most by this emerging technology. The local newspaper franchise, just like in 2007, still is the best source for local news.

Scores of Web sites around the world are now providing twenty-four hour national and international news coverage.

As a result, the local newspaper franchise has

adopted the successful strategy of offering hyper-local content ranging from political news, local crime and local sports to entertainment information such as local restaurant and event listings. Just as they are the best sites for local news, local newspaper sites are the best sources for local durable information.

In addition, local newspaper Web sites, which in 2007 were just venturing into the then-new world of user-generated content, now have fully embraced their audience and are using user-content to their advantage. In fact, the percentage of user-generated content on local newspaper Web sites now greatly outweighs site-created content. The real opportunity, site producers now realize, lies in their ability to develop a platform to foster interaction and conversation between users to create a wealth of information on local restaurants, events, sports, politics and more.

Once a user begins clicking on articles, interacting with multimedia, or even moving his or her mouse (or other pointer) around the page, the Web site intelligently begins changing the layout and content. When you click on sports stories and begin reading through each story, for example, the site begins to present sports team trackers, box scores, news and multimedia. Advertising from professional sports teams appears on the screen, offering the opportunity to buy tickets to today's game. Weather information automatically modifies itself to show you the temperature and weather forecast for the local professional sports stadium. A persona is being formed with every interaction. The more interac-

Just as they are the best sites for local news, local newspaper sites are the best sources for local durable information.

tion a user has with the site, the more complex their persona will become and the more data the site has to process and tailor the results.

A personalized experience is a highly relevant experience. The more relevant the experience, the more likely a user will continue to spend time on the site. The sports fan in this example will see a site where sports news, video and photos fill the top left of the screen. Modules of location-specific weather appear at the top right. A completely customized team tracker is available and displays information about tonight's game. Displayed at the bottom of the page is a mash-up of local pizza restaurants around the stadium complete with menu and suggested choices. With the touch of a button, this personalized view can be changed to display a personalized page of news content or a personalized page of entertainment content.

Personalization also extends to advertising, offering site visitors a highly engaging and relevant experience while offering advertisers a higher ROI. Behavioral targeting has evolved since 2007, and now is powered by a combination of the user's profile information, behavior and previous ad interaction. Ad sizes are smaller, but better integrated into the content on the page. Rich media advertising contains advanced algorithms and connects to databases with vast creative resources. Advertising campaigns automatically analyze performance and weed out poorly performing creative, replacing it on the fly with new creative. Ad-serving networks are fueling the growth and breadth of advertising options on newspaper Web sites, allowing site visitors the power to dictate what advertising they see on the site. In an effort to create an engaging experience, site visitors now have the option to select specific advertising companies or advertising categories.

Through a combination of advanced behavioral targeting, advanced "smart ads" and micro-personalization, local newspaper Web sites have brought the "local corner store" mentality to the Web. Assume, for a moment, that your persona

understands you love coffee. As a result, advertising on the site begins to change. Instead of random advertising, the site shows you ads for caffeinated drinks, laptop computers and even music. Taking this a step further, because of the partnerships with ad-serving networks, the site presents you with the option to see all coffee-related advertising or select a specific company, such as your local coffee shop or a big, national chain. You choose the local chain. The local coffee shop tempts you to buy coffee at every opportunity through highly engaging, highly personalized and relevant ads. The ads are location-aware and recognize the nearest coffee shop to your location.

Through a combination of advanced behavioral targeting, advanced “smart ads” and micro-personalization, local newspaper Web sites have brought the “local corner store” mentality to the Web.

At 8 a.m., the ad creative displays a coffee, a doughnut and a coupon. The coupon of course, can be “flipped” over to your mobile phone and taken with you. Around noon, the ad creative changes to display a sandwich and large drink. Around 3 p.m., the ad changes again, this time promoting an iced coffee. The ads even allow you to pre-order, pay for your drink and set a

time for pickup. In short, each advertisement is a mini-application. Since you have interacted with the ad in the past, it even remembers you enjoy an Iced Mocha and suggests a new drink, an Iced Pumpkin Spice Latte. This deeply personalized experience offers a compelling opportunity for local businesses, bringing back the “local corner store” mentality and allowing advertisers to attract the exact consumer they are looking for.

Prompted by the offer, you order the new drink directly from the ad, ask for it to be ready at 3:30 p.m. and prepay for it. A few minutes later, taking a break from your job and enjoying the Iced Pumpkin Spice Latte at a sidewalk table on sunny and mild perfect fall afternoon, you pull out your mobile device and finish reading the article you started back at your desktop. You also decide to buy tickets for tomorrow night’s game, invite a few friends to join you, and find a restaurant to eat at along the way. All of this takes place on only one Web site, your local newspaper Web site. And all of it is possible because of yesterday’s announcement, “We’re giving control of our Web site to you.”

Kane Cochran is Manager of Site Innovation for COXnet, where he develops innovative strategies and solutions to increase user engagement and audience growth for Cox Newspapers’ Web sites. Kane joined COXnet after leading Marketing & Technology for a game development company.

NEWSPAPERS AND MOBILE MARKETING



BY PETER LEVITAN

160 characters. That's all you get. But these 160 characters are intrinsic to the most ubiquitous communication device we have. Our mobile phones.

As I survey the present state of the newspaper industry, especially from my perspective as an owner of an advertising agency, it is clear to me that mobile phones must and will play an important role in the development of newspaper readership and advertising.

I see three major reasons why editors should be looking hard at the mobile phone delivery platform today.

First, mobile phones are already in everyone's pocket.

Second, the use of mobile data, as in text messaging and the mobile Internet, is increasing at a rapid rate. All of the major carriers are advertising their data services. Mobile phone users can and will increasingly access your content either in short text message bursts or via a mobile Web site.

Third, mobile phones are always on. Web sites can deliver breaking news, or direct people to your paper product. But today's newspaper Web site is primarily tethered to a desk or laptop computer and therefore requires viewers to actively seek out your URL when they are online. With text-based alerts or other forms of direct delivery you can push 24/7 news services directly to the mobile phone user wherever they are.

To me, it's all about ubiquity and direct delivery. Think of mobile phones as another driveway.

I see three major reasons that publishers should be looking hard at adding mobile marketing and advertising to their advertising product set.

Mobile marketing is a logical extension of your existing Internet sales program. It is simply a new form of digital marketing.

Mobile marketing can speak to the potential advertiser who would like to create a direct connection to their customers via scheduled opt-in messages, promotions and product or service alerts. You can help by providing the skills, technology and the backend mobile database (which you will manage).

It gives your sales force a very good reason to visit existing and non-advertisers. Mobile marketing is an intriguing subject that is still new and can position newspaper sales people as experts in an emerging technology.

My advice is to start simple with text messaging vs. trying to convince advertisers to use the mobile Web, which remains a relatively small audience.

My advice is to start simple with text messaging vs. trying to convince advertisers to use the mobile Web, which remains a relatively small audience.

Text messaging, the delivery of those 160 character messages, has finally reached a large U.S. market with SMS or text subscriptions and family mobile phone plans having surpassed the critical threshold of 50 percent penetration. Importantly, it isn't just the younger group that uses text as text messaging among 45- to 60-year-olds grew 7 times as fast as teenage usage.

According to [Forrester Research](#), 43 percent of U.S. marketers are using, piloting, or expecting to use mobile marketing in 2007. Major advertisers including the usual suspects like Microsoft, Nike and Coke and the not so usual including Dunkin Donuts and Hyundai are going mobile. These marketers are delivering promotional alerts, mobile coupons, voting and polling, con-

tests and imbedded links to their mobile Web sites.

The good news for newspapers is that mobile marketing is hyper local and one of the early adopter groups will be retailers who want to build a connection to their customers by sending promotions and news via text messaging. Given the very early stage of this market, I think that it can be “ownable” by the savvy newspaper sales organization. Your papers and Web sites benefit because newspaper and online advertising will be required to deliver awareness of the mobile marketing program.

To give you an idea of the future of mobile marketing, all you have to do is to look at what is currently happening in Europe and Asia where mobile marketing is about two years ahead of us.

Even more good news is that mobile marketing represents less rocket science than your move onto the Internet in the 1990s. Text-based mobile programs require a [Common Short Code](#), a 5 or 6 number or letter address (think phone number) that you send text messages to. You go to the [Common Short Code Administration](#), a third party organization that manages and rents these CSC’s. The CSC can be either a random number or a specific word associated with your paper or market. CSCs can cost from \$500 per month for a random code to \$1,000 per month for a custom code. Once you have the master CSC, your advertisers “rent” the CSC from you and create a word or phrase for users to text into the CSC. An example would be: texting “Macy’s sale” to the code “Mynews”.

The services that you would provide your advertisers include the rental of the code, your

mobile marketing advice and skills, the management of the mobile database and most importantly, advertising to drive awareness via your traditional off and online properties. My sense is that you have approximately an 18-month window to establish your newspaper as a mobile marketing expert in your community.

To give you an idea of the future of mobile marketing, all you have to do is to look at what is currently happening in Europe and Asia where mobile marketing is about two years ahead of us. An exciting use of mobile marketing is the incorporation of the next generation of barcodes, called matrix codes or 2D barcodes, into mobile programs. Japanese advertisers are now using these barcodes in print advertising to drive a stronger connection with the reader. A phone user points her camera phone at a barcode in a print ad and the user’s phone automatically launches the advertiser’s general Web site or unique promotional page. A real time promotional message is directly tied into the previously printed ad.

Depending on where you publish you may be seeing newspaper circulation and advertising declines. I believe that mobile marketing offers newspapers a new medium that can drive both a new revenue stream and incremental display and classifieds newspaper advertising. I think that this is unquestionably the right time to take a hard look this new opportunity.

Peter Levitan is the President & CEO of [Citrus](#), a design and advertising agency with offices in Portland and Bend, Ore. Citrus has been a full-service agency since 1985. Previously, he served as the President and CEO of ActiveBuddy, an instant messaging technology company whose clients included Intel, AOL-Time Warner, Frito Lay and Capitol Records. During the 1990s, Peter developed and launched the award-winning [New Jersey Online](#) for Advance Publications where he held the position of President & CEO.

PROGNOSIS: Positive, If Newspapers Adapt



BY JIM CHISHOLM

You know what it's like: You turn up for your annual medical. The doctor scares the hell out of you. He fills your head with bad news and a range of horrifying prognoses. Suddenly he brightens up and provides a plan which not only

offers a happier life today, but offers to prolong it for longer than you might have expected.

And here we are looking at our patient's future. The newspaper.

Lethargy has set in. So many of us are resigned to an early grave that we daren't even speak to the doctor! And too few are motivated to do something that ensures a long and happy future.

The fact is our industry is not in great health. Some of us are on our last legs. Some will die. But these health problems are as much in the head as they are in the body. And those newspaper companies that adapt, get fitter and happier, have a glorious and infinite future ahead of them.

So first the symptoms:

Paid-for daily newspaper circulations are declining, along with advertising share. In the last few years, the ability to compensate for these losses by cutting fat has looked increasingly difficult. Initiatives in digital media are making inroads, but are they enough? A simplistic prognosis of these trends implies an unhealthy future.

But such a prognosis would be wrong, since it would ignore the many routes that exist to not only restore fitness, but to creating a far stronger media business in the future.

Circulations are under pressure. But audi-

ences are not. Young people are reading more print than ever before. Newspaper Web sites are attracting audiences far faster than printed newspapers are losing theirs. In Europe, free daily newspapers now enjoy more than 50 percent more young readers than "paid-fors." As a consequence, readership among young people is growing, and so is total circulation, and the ads are following.

In other words, the battle is not about audience, but about our share of audience and the most effective way to realise it.

Advertising is in a similar position. It is true that classified and display revenues are being lost to digital media. But it is also true that those newspaper companies that are embracing the digital realities of the future of advertising are not only increasing revenues but are also developing new profits far faster than they are experiencing the loss of print profits.

So where does this leave the newspaper business in five to seven years' time?

Just as the doctor sees a range of patients with different conditions, so our industry is not uniform but contains a range of different conditions, different levels of fitness, and different approaches to future health.

If one simply deals with averages, then the average prognosis of the average newspaper company is of ongoing, if slow decline in circulation, and a continuing leakage of advertising revenue to other channels.

The situation is exacerbated by the underlying financial structure of our industry. Newspapers make little if any profit from circulation, and as the subscriber base slowly dissolves, the relative cost of maintaining traditional six- or seven-day readership is rising. Publishers are obsessed by the notion of being paid for content, but in reality few in the United States have profited greatly from content in the past. Circulation revenues have increasingly served to prop up circulation marketing.

Advertising revenues are therefore underpinning the industry's ability to grow and diversify, and here again there are a number of misconceptions. These are largely based around confusion between the traditional model of rate per thousand readers per title, and the emerging metric of PBR, payment by results.

Because of the mismatch between the two and the lack of comparative metrics, and, critically, the unwillingness of publishers to invest in and adopt the knowledge of the differences, publishers are finding it impossible to pilot a long term strategy.

So much for the analysis. Moving forward...

Four factors will dictate where our industry is positioned in seven years' time. Two are external. Two are internal.

The external factors relate to cyclical and structural changes that will take place in the market.

Currently the major drivers of change are the largely negative structural impacts on readership and advertising. These can only be expected to continue to affect our historical business models.

A second threat, however, is the cyclical nature of our advertising revenues. This writer believes that when the next cyclical downturn occurs, and collides with an accelerating structural change, we will see radical shift in our revenue structure, and as the cycle recovers, the shift to digital will accelerate.

The combination of advertising migration and its cyclical alter ego are likely to have a seismic

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effect on revenue structure.

The tipping point is approaching.

Fortunately there is a lot of underlying evidence to say that newspapers are now managing the migration of advertising revenues to the online world more effectively, both in terms of revenue generated, but as importantly in profitability. The question is to what extent publishers are encouraging the new, even at the expense of the old, and in this area our industry needs to become more aggressive and more confident.

And this is where our internal issues are tripping us up.

In Europe, a number of publishers have anticipated this deep strategic impact. The question is whether U.S. publishers are equally prepared.

Perhaps the world's most highly regarded newspaper company is [Schibsted](#), based in Norway, which epitomises the internal factors that our industry must address. Central to their success are two driving philosophies. The first is that building tomorrow's business is more important than protecting today's. Their [chief executive](#) openly talks about their digital products cannibalising their print products. The second is their pursuit of innovation, both in print and online. Not only does [Schibsted](#) now derive half of its profits from their digital activities, but they have also launched

what have now become the most read newspapers in [Spain](#) and [France](#). And these newspapers are free! Across Europe the rise of free

newspapers is not only resulting in increases in total readership year on year, but is seeing this growth among younger generations.

There is plenty of life in the printed newspaper. As long as it is a newspaper that new readers want to read.

Publishers must follow the market, and that market is digital, it is interactive, and it is self-selecting.

Publishers must follow the market, and that market is digital, it is interactive, and it is self-selecting.

Currently daily newspapers in the USA are experiencing annual circulation declines of around 1.6 percent, so in seven years' time, sales will be down by 10 percent.

Advertising revenues are continuing to grow, but at less than the rate of inflation. And classified revenues are declining faster, and not being compensated by growth in on-line. U.S. newspapers have not yet seen the seismic shifts from print to online that are being experienced in Europe, where in some markets classifieds are down by as much as 50 percent. It is also the case that display revenues are shifting nearly as quickly. So the U.S. market can only expect to see an acceleration in the shift of revenues.

But experience is showing that these levels of decline can be compensated for by greater levels of innovation.

So what could or should tomorrow's newspaper company look like:

For those companies that are content to sit back and milk the profits the outlook is not good at all. Given the exceptionally high levels of profit that American investors are demanding, because of lack of innovation-driven, top line growth, it is going to be harder and harder for companies to deliver a cost-driven approach to profitability.

For those companies that are willing to invest in new products, we will gradually see new “media boutiques” opening, where the core newspaper business underpins a wide range of focused products in key market verticals, fashion, food and drink, sports, business.

Shareholder disillusionment will ultimately drive these companies into the hands of competitors, or private ownership.

For those companies that are willing to invest in new products, we will gradually see new “media boutiques” opening, where the core newspaper business underpins a wide range of focused products in key market verticals, fashion, food and drink, sports, business. Each of these products will feed off each other, with readers or users experiencing a range of strong local branded services, all coming from the newspaper house.

Within the newspaper company, a centralised “back-of-house” will feed a range of distinctly marketed external brands, each focussed to the channels of demand. Converged engine room. Diverged market face.

It is already clear that for some newspaper companies such strategies are successful in terms of the market, revenue and profit replacement, and in particular value creation.

So how does the newspaper company get from now to the future?

Radical treatment is required, to the body and the mind.

The newspaper mindset has to change from single product protection, to new product innovation. Core revenue streams are moving, and will start moving faster. Schibsted is based on accelerating that movement but ensuring it remains within.

There is more and more evidence to suggest that it is unlikely that this transition will be successfully managed through so called “converged” advertising sales. The new must have room to breathe.

“Innovation” must become as important a function in the company as “Editorial” or “Advertising” with clear lines of reporting and power, and targets for growth.

Current newspaper valuation mechanisms are an absolute barrier to growth. New products, in particular digital activities, need to be separated

from the core business in both P&L and balance sheet, to create visibility to engender revaluation of the new products.

Targets and incentives for managers require both a short term and long term element. It is extraordinary how many publishers and managers will not innovate because the dilution of their profitability or gross margin has an adverse effect of their bonus.

The reason that newspapers have to produce such ludicrous operating margins is simply because investors do not see value coming from any other source.

Several of [Schibsted's](#) investors are the same American Finance houses with holdings in US Newspaper companies. In the United States, typical profit margins are 25 percent. Schibsted's investors are happy with their 12 percent.

The difference lies in their prognosis for the future. Mind over body some would say.

Jim Chisholm is joint principal at [iMedia Advisory Services](#), a leading, international consulting and advisory service to the newspaper industry.

CONFRONTING TECHNOLOGY AND ABUNDANCE



BY EARL J. WILKINSON

Newspapers are driven by two overriding historic trends:

■ **Technology:** Every improvement in communication—including new access points and speed to access—lessens the voice of mass media and magnifies the voice of individuals.

People dictate when and where they access information, and advertisers abandon mass media for as close to one-to-one communication that the latest technology will allow.

■ **Abundance:** The more choices available to consumers and marketers, the higher the expectation of quality for all products, services, and brands. In the past two years, we crossed a bizarre threshold in the United States: There are more television sets in households than people! Where does any product fit in a world of such abundance?

Newspapers must reorganize themselves for constant change. Technologically in the next decade, there will be more access points to information, those points will be accessed at faster speeds, and the concept of “media products” will merge with everyday tools.

These trends can be measured in months today. I can barely put into words what 120 more months of constantly improved iPhones, Blackberrys, and other mobile devices—and access speeds to these devices—will bring us. It will be an awkward dance: You need speed as well as robust devices to handle that speed. By 2017, surely some kind of multi-media hand-held device will access information at lightning speed.

Meanwhile, a recent visit to the [DoCoMo](#) labo-

ratory in Tokyo showed me that desktop computers, televisions, and mobile devices—along with everyday devices such as car keys, credit cards, and more—will merge together. Every household will have what we would consider a supercomputer to which smaller mobile devices attach and detach.

Abundance goes hand-in-hand with technology, though I don’t see the same changes in the next 10 years as we’ve seen in the past 20 years. Analysts focus on the “rich getting richer” and the shift to McMansion Exurbia. I am more interested in the Wal-Mart effects of abundance—cheap imports, easy credit—on the lower-middle class. If the [Archie Bunker](#) character from television’s “[All in the Family](#)” lived in 2007, he would live like a king compared to 35 years ago. And his contentment would be disconnected from any aspiration to develop personally and professionally—the gifts that newspaper readership brought this demographic until two decades ago.

One cannot begin to comprehend the newspaper of 2017 without understanding the fundamental trends of technology and abundance. We will be a fat, rich, spoiled, jaded society that can get information anywhere anytime—from [Rupert Murdoch](#) to Archie Bunker.

What will the local newspaper franchise look like in this setting?

Frankly, I think technology ultimately will be

The core print newspaper will be alive and well in 2017. But this general-interest daily will be printed on fewer pages and in tabloid format, the daily face of the overall information brand freely distributed to households and saturated at single-copy outlets.

the newspaper industry's friend, while abundance will be its foe.

Today, we are going through a clunky technology phase in which computers and mobile devices—no matter how great we think they are (remember the [Prodigy](#) 2400-baud dial-up in 1992?)—are slow and not very robust. That will change. One can see the promise of online video advertising today. One can see the promise of tablet technologies. Newspapers today are fighting their internal cultural wars with recalcitrant editorial, production, and sales departments that surely will yield to the ability to operate in the multi-media landscape that is slowly presenting itself.

Local newspapers will be the local channel on a global net that will be aggregated by players unforeseen today. If it happens in the oil industry, the Houston Chronicle will be my channel. If it happens in the entertainment industry, I'll flip to the Los Angeles Times.

What this ultimately means is that advertising costs per thousands in a digital environment will rise, while print costs per thousand will decline. We're simply waiting on technology to catch up with consumer demand.

The core print newspaper will be alive and well in 2017. But this general-interest daily will be printed on fewer pages and in tabloid format, the daily face of the overall information brand freely distributed to households and saturated at single-copy outlets. This will be a daily guide to the broader information universe available under the local brand.

The real money in "newspapering" circa 2017 will be new forms of print/video advertising in the digital environments, high-quality ancillary print products targeted to smaller and smaller

segments of readers, and the use of home-delivery networks to deliver products and services. Classifieds will continue to show growth through long-tail partnerships with online partners such as Google and Yahoo. Newspapers will out-local all other media through news coverage and its co-opting of Yellow Pages through hyper-database efforts designed to stay one step ahead of the global online giants and direct marketers.

Despite these advances, newspapers will be "lighter" organizations. Printing presses will be divested, and circulation sales and advertising sales will be largely outsourced. Production processes will be outsourced to lower-currency countries.

The core focus of "newspapers" will be local journalism, local information, and local aggregation of reader content.

Abundance will force newspapers to spend much more on marketing and research—perhaps 10 percent of revenues versus 1 percent today. The main competitor for the newspaper's suite of products will not be another newspaper or Web site; it will be the jaw-dropping "wow" factor of 24-hour stores, Best Buys stocked 30-feet high with products, and constantly rising technology-enabled customer service. Over-choice means that newspapers must constantly stand out.

Yet there are two sinister marketing projects that can only be addressed through a fundamental shift and a sort of industry intervention:

- **Youth:** The overriding demographic target of marketing expenditures must shift from middle-aged adults to 8- to 21-year-olds. The nuclear family will be an anachronism from another day, and newspaper brands have to attract consumers as they enter the information stream.
- **Lower Middle-Class:** At some point, newspapers must re-connect interaction with their brands with notions of aspiration among lower-middle class people. Any semblance of a local mass market lives and dies with this demographic. This is a major marketing

project.

Local newspapers will be the local channel on a global net that will be aggregated by players unforeseen today. If it happens in the oil industry, the Houston Chronicle will be my channel. If it happens in the entertainment industry, I'll flip to the Los Angeles Times. Or an aggregator will tell me to flip there.

Note that I use the word "newspaper" throughout this article. I use the word like I ask someone to "Xerox" something. A "newspaper" is any product attached to your brand. A print product. A tablet. A mobile device. A Web site. I don't believe in "media companies," "publishing companies," or the idea of a "media/publishing industry" from the customer's perspective. These terms water down what differentiates us: depth. The newspaper industry as currently organized today will be largely intact a decade from now.

Only the owners and products will change—just as they have with every new generation for the past century.

Peering into the future is a fun diversion. Readers of this article in 2017 will no doubt laugh at the simplicity and lack of imagination expressed here. Yet there are some underlying principles that newspapers can take hold of today: Moving forward, the game is about "owning" local and positioning your brand in the context of constant technological change and greater abundance.

Earl J. Wilkinson is executive director of the [International Newspaper Marketing Association](#) (INMA), a global best practice organization with 1,200 members in 82 countries. INMA is based in Dallas

ENJOYING THE RIDE



BY MILES E. GROVES

Anyone Listening?

I spent a decade as a newspaper industry “hired gun” seeking the virtuous spin of positive optimism. This meant mining every new study, analyzing (and producing) advertising growth estimates, defending circulation “strategy shifts,” and positioning audience measurement and readership statistics for a upbeat interpretation. I helped provide the salve that helped industry leaders evade dealing directly with the tsunami of change inevitably wrought by demographics and technology.

To be fair, during those years and since, I sought to identify marketing strategies and technologies to shore up the declining franchise. I coupled presentations of the challenges ahead with talk of channel integration, data-mining based models for subscriber acquisition and user attraction, and the need to leverage technology for better advertising and reader development. In industry meetings, I did try to lay out the issues and propose directions though, admittedly, I was not sure many were listening.

WHAT IS THE CUSTOMER PERSPECTIVE?

As a newspaper reader, none of this really matters. What is critical is whether the media product is compelling enough to get me to read the paper or bookmark the URL. If it is, what is critical for a newspaper publisher is whether this can be translated into revenue. I doubt I am any more unique than my declining peer group of loyal readers. Sadly, recent decisions by my daily titles have diminished their value to their loyal readers. And, no doubt, the leadership of these newspapers delude themselves into believing that they can convince me that these changes benefit me.

CHANGING VALUE

A few weeks ago I received a letter from a circulation executive from my favorite national newspaper. The letter announced that they needed more money from me. It showered me with news of existing and new benefits. Now, for the price of my subscription, I can tune-in online to their digital replication of the printed version. While nice, not sure the incremental value gained equates to the additional expense. No matter, I love my newspaper and, given the tough year, I am ready to do my part.

But the executive forgot to share all of the plans that were in store for me. Instead, there was a small notice in a Sunday edition alerting me that a change was coming on Monday. While newsprint expense was one reason for the need for increasing circulation revenue, I learned they were moving to the “national standard” with a smaller product and the cost would only be “a few less words” on each page. As an economist, I recognized the loss of a few words as a reduction in value and an increase in real cost. Even the paper seemed to be lighter! Had they coupled this with a circulation rate increase, I would have understood it. For me, it was like getting two increases in the same month with a smaller, lighter paper. Somehow the content seemed lacking. No doubt, in a few weeks I will have forgotten about the greater page depth and won’t notice that the page width is less than my screen width.

I am a regular reader of my local metropolitan daily. I’ve read a series of “as I leave” stories from journalists plied with early retirement buy-outs over the past two years. Each of these stories serves as a reminder that the newspaper is changing. More recently, two Sunday sections were combined into one and presented as a “benefit.” Instead, what many readers noticed was the continuation of a slide into a weaker reading experience. I could only feel a sense of loss. Clearly, the paper is being designed for a reader segment that reflects my own interests less than before.

CENTRAL QUESTIONS

The point of these examples is simple. These actions cause even the most dedicated reader to pause and consider the intrinsic value of the newspaper and its brand. There are always trade-offs in any relationship and it is not unusual for partners to see them differently. It is critical that newspapers focus on the trade-off from the perspective of their reader and advertiser base to ensure they have an opportunity to survive the technomedia evolution that is challenging newspaper executives.

It is critical that newspapers focus on the trade-off from the perspective of their reader and advertiser base to ensure they have an opportunity to survive the technomedia evolution that is challenging newspaper executives.

What remains critical is whether publishing companies are producing content that will keep enough print and digital readers engaged to support the newspaper industry business model. If not, what is the model that will sustain the brand? If so, will it be enough to maintain the power of the local newspaper brand? Has the newspaper been able to shift from a manufacturing and distribution product model to a market-savvy multi-channel distribution service model? Is the newspaper being managed for growth or in maintenance mode for a managed decline? These are central questions for those who believe that print and digital newspapers have a future.

Market momentum driving the future of newspapers is especially brutal in the larger markets as they face greater challenges and more competitive stress than smaller markets. These tend to be more structured, more committee driven, and less able to change. This is largely a function

of institutional size and tradition. Many have passed the point of opportunity; those not successfully adopted marketing practices needed to support the core product and integrate with alternative distribution channels have lost their brand mobility from a product manufacturing bent to one positioned to serve today's communities composed of increasingly technically savvy households.

Smaller market media properties, especially those independent of large media-company control, are more important to the local communities they serve since the market offers citizens less alternatives. Smaller newspapers are less structured and closer to the markets they serve though all media markets face being sliced by many players as technology reduces entry barriers. Smaller markets have the benefit of both time and advance notice if they learn from the foibles of their larger brethren.

ENJOY THE RIDE

Before the current media recession, I argued that the power of the local brand gave a window of time to make the shift from a manufacturing industry to a service industry. With content distribution increasingly divorced from iron-bound technology, a new competitive environment was emerging, and newspapers needed to become more reader/user centric in order to maintain their brand strength. Today, that window has closed for many newspapers.

With content distribution increasingly divorced from iron-bound technology, a new competitive environment was emerging, and newspapers needed to become more reader/user centric in order to maintain their brand strength.

For me, as a reader, I sit back and enjoy the ride with the most bandwidth I can afford and settle in with my screen and my favorite digital paper or online site. I pay for my screen, hardware, and my fast pipe. Everything else is free. Sometimes I wonder how long this can last. The only forecast I can offer for the future is that the next decade will be more traumatic than the past decade.

Miles E. Groves, founder of MG Strategic Research, is a media economist who has studied media for more than 27 years. He was formerly with the Newspaper Association of America for ten years and was vice president and chief economist when he departed.

NAVIGATING NEWSPAPERS TO A BRIGHTER FUTURE

BY LEN KUBAS



Publishers and owners must make one of two choices today that will determine what kind of future their newspapers will have.

One option involves maintaining a familiar course; essentially what's

worked in the past: Manage print newspaper operations to maximize operating margins while introducing new digital and online applications. Your author believes that this option is wrong because newspapers' print revenues are declining more rapidly than digital and online revenues are growing. Furthermore, your author believes that newspapers are losing their ability to influence advertising pricing, which further erodes profitable print revenues.

Choosing the second option involves changing behavior: Manage print newspapers for absolute revenue and profit growth instead of for high operating margins. Your author believes that

newspaper managers can no longer use declining denominators (circulation, revenue, lineage, etc.) to improve their performance ratios—i.e., operating margins and yields, etc. This course requires managers to reinforce the value of newspapers, adopt newer, but proven ways to package, price and sell newspapers, and embrace a new business model that emphasizes winning for both online and print operations.

Transforming newspapers' business model is a behavioral as well as a strategic issue. Tomorrow's successful newspapers will require committed, persuasive leaders as well as the innovative practices that will create real print and online revenue growth.

(For the full text of this report, [click here.](#))

Len Kubas (len@kubas.com) is President of Kubas Consultants, a firm specializing in newspaper pricing structures, revenue development, and publishing strategies. Len has worked in editorial, circulation, production, advertising, marketing and corporate planning for newspapers. Kubas Consultants helps international newspaper companies implement new publishing and revenue generation strategies. For more information, visit www.kubas.com.

CHANGE NOW: Don't Wait for the Future, It's Too Late!

BY JUAN GINER AND JUAN SENOR

We believe in the future of this industry. We believe in the future of newspapers. But only if they change and innovate. And only if they keep JOURNALISM at the core and as the soul of the business.

Indeed we do believe that our business has to rediscover its soul in order to remain relevant to digital native audiences born in a screen-based society.

And our definition of soul for a newspaper emanates from the acronym of the word S.O.U.L. itself.

The S in Soul stands for Sensuality. This means taking care of the quality of printing, design and presentation of every page of our newspapers.

The O in Soul stands for Omnipresent. Your brand has to become a true multi-media experience and reach your consumer at any time on any platform: on paper, online, on mobile, on air.

The U in Soul stands for Unique. In a world

where the focus of media is reaching mass audiences with mass audience products that appeal to common denominators, we advocate finding niches, unique voices and stories. Your newspaper must be truly different and innovative in presentation and content.

And finally, for us the L in Soul stand for light and local.

(For the full text of this report, [click here.](#))

Juan Giner is founding director of [INNOVATION International Media Consulting Group](#). Mr. Giner is a journalist and PhD in law. He was former vice dean, School of Journalism, University of Navarre and visiting professor at Columbia, Stanford and Harvard universities. Juan Senor is director and senior consultant of INNOVATION's office in London. Educated in New York and Oxford University, he has worked for the MacNeil-Lehrer NewsHour (PBS), was a presenter for Wall Street Journal TV and CNBC Europe and has served as London correspondent of International Herald Tribune Television (IHT-TV).

OTHER PERSPECTIVES

The following articles and initiatives were not commissioned as part of this project but provide additional perspectives on the future of newspapers.

[Newspaper Next: The Transformation Project](#)

From the American Press Institute

[Shaping the Future of the Newspaper](#)

From the World Association of Newspapers

[10 Reasons There's a Bright Future for Journalism](#)
[How the Local Newsroom of the Future Might Operate](#)
[Serious Journalism Won't Die as Newspapers Fade](#)

By Mark Glaser, [MediaShift](#)

[Newspapers in 2020](#)

By Jeff Jarvis, [BuzzMachine](#)

**[Speech to American Association
of Independent Newspaper Distributors](#)**

By Tim McGuire, [McGuire on Media](#)

[The Newspaper of the Future](#)

By Jack Shafer, [Slate](#)

[A Model for the 21st Century Newsroom: The News Diamond](#)

By Paul Bradshaw, [Online Journalism Blog](#)



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