

Saving Paper Papers

Cheryl Kaechele, President National Newspaper Association⁷

HEADLINE: Newspapers still number in thousands

SUBHEAD: Weeklies and small dailies maintain industry

Did you know there are more than 8,000 small daily and weekly community newspapers in America? Did you know the newspapers making headlines across the nation as they close their doors or reduce their printing schedule are primarily in the top 50 largest newspapers in the country? If you didn't know these things, you're not alone. With so many Americans living in large cities or suburbs of large cities, the smaller daily and weekly newspapers are often overlooked—except by the millions who read and advertise in them.

News in Washington, D.C., and other capitals around the world or around the country is not usually found in community newspapers. We don't cover the earthquakes in Haiti or climate talks in Copenhagen, but we sure do tell about our local residents with Haitian family ties and the biofuel businesses affected by the Group of Eight talks on climate change. As I tell the students in visits to their schools around Allegan County, unless the president comes to our area or one of our residents meets with the president, his picture will not be in our newspaper. But many students' pictures have been on our pages.

Our news is the news of the local communities we cover in our pages. Sometimes it is the world's news brought home; sometimes it is of far greater interest than world news because it is about our community life together. We cover the local meetings, elections, plays, sports and festivals. The court proceedings, honor rolls and school lunch menus. We cover the big events in people's lives—births, deaths, weddings and engagements. The history of communities across our nation is found in the pages of community newspapers.

And that history is found in the bound volumes of those same community newspapers—the volumes in our library go back to the 1800s. And the history of more than government is found there. Family histories as well as institutional histories are chronicled. The scrapbooks of our nation would be far thinner with no newspaper clippings in them.

HEADLINE: Internet forces new game plan for newspapers

SUBHEAD: Declining revenues, readership may herald death of an industry

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Is this the time, then, to be writing the obituary for the newspaper industry? Well, if there is no newspaper industry, who will write the obituary, as Stephen Colbert questioned on his TV show, *The Colbert Report*.

And that's a great question! Without newspapers, who will write the obituaries? Or the features? Or the hard news?

According to a recent Pew Institute study, newspapers generate 75 percent of news. And in a study released March 1, "Understanding the participatory news consumer," Pew says, "The Internet has surpassed newspapers and radio as a news platform." According to the study, 78 percent get news from a local TV station, 73 percent from a national TV network (cable and broadcast), 61 percent from online, 54 percent from radio and 50 percent from a newspaper. But as Marc Wilson, general manager of TownNews.com, a Lee Newspapers affiliate, notes in his newsletter, "Wait just a minute! The Internet has no reporters. The Internet produces no actual news, so how can it surpass newspapers as a news (and advertising) platform?"

Townnews.com, which hosts more than 1,500 Internet sites for newspapers, has released a study from January 2010 which shows that of 876 million page views on its subscribers' sites, 586 million of them were from "spiders" or "bots" which troll the Internet looking for news items to copy and distribute through its outlets. "The 'bots' and spiders index, aggregate and re-purpose original content that is posted, parsed and redistributed across the Internet—possibly to the detriment of the content creators," Wilson writes.

So will newspapers just be replicated on the Internet? The Internet is a very different place for advertisers though. A dollar of print advertising is worth about a penny on the Web, as the saying goes. Where's the revenue for the journalists to produce the copy for the Internet? Will advertisers support news on the Internet as they've supported print products?

The Internet is a delivery system—NOT a medium in itself. Last I heard, not a single journalist bylined a story "From the Internet." So professionally trained journalists are definitely still a necessity, whether newspapers are on paper or digital. But journalism is a profession and journalists need to make a living. Where does the money come from to pay journalists?

HEADLINE: Business models needed for use of journalists' work

SUBHEAD: AP working on system to charge those who use others' material

Tom Curley, manager for the Associated Press, in a speech delivered to the National Newspaper Association last week said the AP is working on a business model that would enable journalists to follow their work as it makes its way around the Internet, thus charging those who use it. Although not yet ready commercially, AP, as one of the largest disseminators of worldwide news, understands work must be compensated and the profession of journalism is of value.

But Mr. Curley brought this message to community newspapers because AP understands smaller papers generate news that cannot be found elsewhere. He noted in many communities, meetings are often only covered by newspapers. And AP would like to be in

the front lines of getting that news and generating some income for themselves as well as the papers.

Newspaper associations in the mid-section of the country are examining a similar project. Bill Monroe, the former newspaper association executive director for Iowa, is exploring ways to monetize association members' work.

And just this week, in the March edition of *Editor and Publisher*, the lead story is on the Chicago Tribune Media Group's venture into local community news—"Growing Local: Tribune Co.'s road map to hyperlocal," by Jim Rosenberg. According to the subhead on the article, "Three years on, TribLocal has expanded its staff, its footprint and its revenues." Quoting TribLocal managing editor Kyle Leonard, the article reads "we have 97 Web sites serving more than a hundred communities, and we reverse-publish 21 newspapers' each serving a cluster of three to six or seven communities."

According to Rosenberg, print editions account for most of the ad sales revenue. "Leonard says the objective has been reliably and regularly filling a local, even very local, need for news that so far the Web has not met—even as more and more people get national and international news from a variety of online sources. The Olympics is everywhere, but where are last night's school game or league tournament results? And of the fewer dailies that remain, many have cut back outlying-area coverage and distribution," the article continues.

TribLocal's profit is still from ad revenue from its online and print products. But by going hyperlocal, the organization has found new business. Yet the online component does not generate the majority of the revenue—the print product does. And where there remains a profit to be made, print products will continue to be available. Brad Moore, Chicago Tribune Co. vice president of targeted media is quoted in the article as saying "in general, if a publisher can meaningfully differentiate a product, then the business probably is worth pursuing."

HEADLINE: Financial Times goes behind pay wall

SUBHEAD: NY Times announces plan to charge for content

There are those who advocate for all content behind a pay wall and those who feel it is impossible to charge for any content. Battles will brew in the future over this issue, but when news is universally available, it is impossible to charge. Yet how much news is universally available? Certainly not most of the news of Allegan County. That's where the community newspaper will remain a strong player in the new media mix.

In all the arguments surrounding news, many of the participants fail to realize there are different types of newspapers offering different types of news. Iraq, Afghanistan, and the capitals of the world are covered intensively—and rightly so. Events there affect people throughout the world. Yet some news affects very small areas. As the publisher of three weekly newspapers, one countywide and two that cover two cities each, the news in our publications each week may not affect more than 2,000 people in the smallest instance. But

the coverage is not available anywhere else. The market for this coverage is small, but there is nowhere else to get it.

Larger papers can be specialized as well. The Financial Times of London, which has a worldwide circulation, recently went behind a pay wall as their content is unique. Those who want the unique perspective the Financial Times presents are apparently willing to pay for it. The newspaper, with both a print component and an online product, is realizing increased circulation in both. If information is specialized, consumers will pay to receive it.

The unique nature of the New York Times as a newspaper of record makes the information gathered by that company very desirable. The announcement that the newspaper will be available on the new iPad that Apple has introduced, but at a price, has created a stir in the news industry.

Those enamored with the Internet who feel all information should be free do not appear to be businesspersons. News is a product: it must be gathered, written and disseminated. The traditional business model for newspapers has been that the print advertising revenues subsidize the costs of the product. Consumers do not pay the costs of producing newspapers via subscription; the advertisers carry the cost to put their message near the news product. So far, there is virtually no evidence the business model will substantially change, except in very large national and international markets where a gigantic economy of scale may bring in enough online ad dollars to make a sustainable difference. For local news, that day seems a distant glimmer still.

HEADLINE: Wal-Mart opens superstore in Smalltown, USA

SUBHEAD: Local market closes doors

If advertising is paying the majority of the costs to produce a product, whether in print or online, there needs to be a variety of businesses to advertise. Large super-discount stores have usually meant the demise of smaller, family-run local businesses. There used to be two locally owned lumber stores in the Plainwell-Otsego area. With the opening of Home Depot, both local stores are now gone. And Home Depot uses inserts to advertise, not run-of-press or ROP advertising. Many large stores also do direct mailing, bypassing media outlets altogether.

So besides closing local businesses, most chains do not use traditional advertising that brings newspapers to people at costs far less than the costs of producing it. Macy's is an exception I need to mention as they are in the Kalamazoo market and do ROP advertising locally.

In the same E & P that covered TribLocal, there is an excerpt from the new book by Ken Doctor, "Newsonomics, Twelve New Trends That Will Shape the News You Get." The excerpt, titled "The Old News World is Gone — GET OVER IT," notes that "Businesses don't want to advertise. They want to sell stuff. Advertising is just a means to an end, and however those means can be tweaked, the better off merchants are."

He adds, "No matter how hard you press on newsprint, it won't show you panoramic photos of houses for sale or change the color of the convertible you're eyeing." But Doctor fails to take into account that most local advertisers are not going to reach their audiences

with the highly interactive Facebooks and Twitters. The newspaper Web site will be the most likely venue for them, if they want the sound and motion of video, and the printed newspaper will remain the point of departure to reach the Web site. We do have to remember that nearly a third of America is not yet on broadband, and even of those that are, a great many are using it primarily for email, not surfing around to find the local sales. Clearly, there will be a new media mix. But newspapers and their own Web sites are the most likely portals.

HEADLINE: Bills introduced to place notices on the Internet

SUBHEAD: Municipal clerks want to self-publish notices

Yet there is a type of advertising that appears in newspapers that is one of the basics for democracy—legal advertising, as it is known in the trade, or by its better name: public notices. Although not a large part of newspaper revenues, it is an important part as it serves more than one function. Primarily, it lets the public know when government actions will affect them, such as election notices, meeting notices, tax rate adjustments and the like. And second, it provides watchdog service over government when notices must be published in an INDEPENDENT publication.

Currently in Michigan, the law states a notice must be published in an independent newspaper of general circulation in the governmental area that is affected—cities, townships, counties, etc. Now, a six-bill package has been introduced in the Michigan legislature that says posting a notice in the office of the city, township, village or county clerk and at least one of the following:

- the municipality's Web site,
- the Web site of a newspaper,
- on a public education and government channel broadcast in the municipality would replace the current publication requirement.

Did you ever hear of the fox guarding the henhouse? Currently, the ink on paper method provides an affidavit of publication from an independent source as well as physical proof. That affidavit may be an obscure tool, but it is a time-honored due process mechanism that assures the courts, as well as the historical record, that the notice is a true copy. It hasn't been altered, deleted or, in this new age, hacked into and converted into a whole new meaning. Providing such proof of publication online is out of reach for most budgets, and still highly suspect as an element of due process. Remember the bound volumes I mentioned earlier? Once printed, there's no going back—no hacking, no deliberate changing something if a mistake is noted. The newspaper can provide exactly what the notice said. The record is permanent.

And newspapers in Michigan, under the leadership of the Michigan Press Association, have been posting notices online for several years. A person can look up the notices in almost any municipality online already.

But what of the cost? Newspapers make money the government, and thus every taxpayer, could save. Again, a check of the facts in various types of municipalities across the state,

legal notices comprised, on average, 0.0005 percent of a general fund budget. Democracy, priceless. Some estimates you see from local governments need to be audited for true figures—we often see total advertising budgets offered up as a public notice budget. So help wanted ads, recycling promotions, school bus schedules and the like may be lumped in there with the true notices. As always, journalists need to be skeptical of the numbers they see in this discussion.

Newspapers are a “push” medium. A person sees the notices as they read the news. The Internet is a “pull” technology—it is necessary for a person to search out the information. Public notice is also part of the three legged stool of accountability: public records, public meetings, public notices.

In a 2009 study, the National Newspaper Association, working with the research arm of the Reynolds Journalism Institute at the Missouri School of Journalism, sought information on the readership patterns of America’s community newspapers. The fourth annual study found 76 percent of community newspaper readers will read the public notices, 53 percent never go online for local news, 73 percent will read all or most of their paper and the local newspaper is the number one source of community news, beating TV by nearly five times and the Internet by 10 times the audience. LOCAL, LOCAL, LOCAL.

Public notices are also mandated in certain areas nationally. In 1994, under deregulation of the banking industry, the requirement that banks publish their “statement of condition” quarterly in the communities they serve was eliminated. The notice provided community members with information about who owned their local bank, who the board of directors was, what reserves they had on hand and their debt load. The notice itself was a balance sheet.

After the collapse of many businesses in the financial services sector of the economy, Rep. Walter Jones of North Carolina introduced House Bill No. 2727 which would restore the newspaper publication requirement. Many banks agree. They’re healthy and they want the public to see that. And the cost across the country for quarterly publication in newspapers by ALL financial institutions? Estimated at less than the BONUS made by the head of Bank of America last year. Transparency, priceless.

HEADLINE: U.S. Postal Service asks for rate increase

SUBHEAD: Mail delivery may be cut to 5 days

Saving paper papers is more than the Internet and more than the advertising. The primary method of delivery of weekly and some small daily papers is through the United States Postal Service. With mailing costs rising and delivery diminishing, how publishers get their product into the hands of the readers is important. When gas prices rose, many newspapers abandoned their delivery systems and moved into the mail stream. What happens now to a six-day daily paper if delivery is cut to five days, as our own Michigan newspaper, the Cadillac News, may be facing? And delivery problems have plagued the newspaper industry any time a paper must go outside its county’s boundaries.

The three papers I own have always been in the mail stream, but because of poor postal delivery, we now take the mail to most Allegan County post offices so our readers can get the news as soon as possible. Before we made that change, subscribers less than 20 miles away might wait three days for their newspaper. If the postal service cuts delivery days, it will no longer be a “news”paper; it will be a history paper.

Outside of the county, it’s anyone’s guess when the paper may arrive. Some of our snowbirds in Florida who want to keep up on the all the news back home, may wait a week, and often more, before their papers arrive. And at times, a March newspaper, for example, might arrive before a February one. Or three newspapers from three different weeks may arrive on the same day.

The two Detroit newspapers publish daily, but deliver only four days a week, I believe. Costs for home delivery became prohibitive, although readers can pick up the newspaper at newsstands throughout the area.

The Washington Post used to deliver a weekly product throughout the country. Costs have forced them to abandon that product.

And to pose a completely different problem, as the years go by, where will the printing presses be to print the newspapers? The local Kalamazoo paper, as well as the Muskegon newspaper, although both have quite new presses, is printing in Grand Rapids at the press of one of their other company-owned newspapers. Many small papers do not have presses and as competing printers vanish, can paper papers survive? And can anyone afford them if they do?

HEADLINE: Apple introduces iPad

SUBHEAD: New York Times plans edition for portable reader

As technology advances, new delivery methods appear regularly. In an article titled “Mobilizing mobile,” author Jennifer Saba interviewed Steve Buttry, director of community engagement for the Washington metro-area digital-only news project backed by Allbritton Communications. According to Saba, “Content distribution, Buttry believes, is creeping away from desktops and laptops to smart-phones and other walk-about devices. In short, he believes that news organizations need to think Mobile First.”

So before the iPad is even on the market, some are predicting other delivery methods are up and coming. What’s a newspaper to do? Each delivery product requires a different presentation. After all, the screen of a computer is much smaller than an actual newspaper, be it tabloid or broadsheet. And an iPad is smaller than that and a mobile phone is even smaller!

HEADLINE: Publisher looks to future

SUBHEAD; Change comes to newspaper industry

If any of you came here today expecting a roadmap or recipe to “save paper papers,” you may be disappointed. What I am offering are some observations on the vast number of opinions being presented everywhere you turn.

The saying is that she who predicts the future with crystal ball may have to eat ground glass. We don't want that. So let me go out on just a short limb here and make some predictions:

1. The precipitous decline of visible daily newspapers—like the Rocky Mountain News—may not be over. Some of the owners of those companies took on big debt in the early part of the decade. The newspapers themselves may have been profitable, but not enough to service the debt.
2. Those that survive will get back to doing what they do best—covering large metropolitan areas. They will do it with smaller staffs. Community papers, citizen blogs and new start-ups will fill in some gaps.
3. The community newspapers that are suffering in the recession will be around for a good while longer. Real estate advertising will return; people will start buying cars again. More importantly, journalism schools are seeing record applications, and many of those young people will gravitate to local communities to get an excellent, broad-based start in a community paper where they can range widely across the topic spectrum while they hone their skills.

Newspapers will continue to refine the newspaper version of the Web site. Those Web sites will continue to be adjuncts to the main paper for the foreseeable future, but we will all learn more as we go.

4. At the end of the day, we will reinvent ourselves by column inches and gigabytes, not by tsunami. We will continue to be safe havens for the Fourth Estate, and we will deserve the notice of the academic world for keeping the light on. We love what we do, and our readers love us. A comment made last week by Robert Williams, a Georgia publisher, about NNA's legislative work in Washington applies in this context also. He said, "Our numbers are few; the work is hard. But the cause is just." We are honored to carry on our work.

Thank you.