



Medill News Leaders Project 2019

Sustaining the Business of Local Journalism

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The screenshot shows a web browser displaying the Local News Initiative website. The URL in the address bar is localnewsinitiative.northwestern.edu. The website has a dark purple header with navigation links: About, Articles, Research, and Resources. Below the header, there are several article teasers with titles like 'Medill News Leaders Project 2019', 'Revenue Models: Making Something Worth Paying For', 'Rise of the Nonprofits: Stop Thinking About Competition', 'Innovation: Not Just Chasing Flashy, Shiny Objects', 'Local TV: Disruption Is Coming', and 'The Future of Local News: To Do Different With Less?'. The main content area features a large illustration of four people in lab coats working with scientific equipment, with a newspaper graphic in the background. Below the illustration, the title 'Medill News Leaders Project 2019' is prominently displayed, followed by the subtitle 'Sustaining the Business of Local Journalism'. A paragraph of text describes the crisis in local news. To the right, a 'CONTENTS' section lists 'The Report' and 'In-Depth' sections with brief descriptions.

Medill News Leaders Project 2019

Sustaining the Business of Local Journalism

The crisis in local news is indisputable: Round after round of layoffs, expanding news deserts and abandoned areas of coverage, particularly in the case of long-established print publications. Now, the challenges to local television

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The Report
Interviews with 54 people who are managing the transformation of local news offer insights into the crisis and possible paths to financial health.

In-Depth
The project took a close look at two aspects of the crisis; the struggle of

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The crisis in local news

is indisputable: round after round of layoffs, expanding news deserts and abandoned areas of coverage.

In this major Medill Local News Initiative report, more than 50 influential people in the news business discuss

the path forward.

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Executive Summary

TODAY'S EXISTENTIAL CRISIS in local news — one fostered by changes in consumer behavior that were accelerated by Internet-enabled technologies for disseminating and sharing news and information — did not sneak up on the journalism industry. But even though many 1990s-era editors, executives and strategic planners at U.S. media companies can document their early recognition that change was coming, few can argue that they foresaw the pace at which their preferred models of making money and serving their communities would become, well, yesterday's news.

Some 25 years later, the challenge for their successors is not to identify how their organizations must change to survive, but instead how to quickly recognize and implement effective strategic changes that will ensure their relevancy (and their market success) so they can survive into the third decade of digital news. The Medill Local News Initiative at Northwestern University's Medill School of Journalism, Media, Integrated Marketing Communications has set out to help with a broad research and development agenda, of which the present News Leaders Project is just one part.

To the degree that local news generally must matter within a specific local market, the researchers involved in an effort we call "Market-Based Opportunities in Local News Innovation" are seeking markers of success and supporting data in different settings. An important part is to directly ask news leaders: What's working in sustaining local journalism, what's showing promise, what failures should we learn from, and what experiments should we be trying?

For the **Medill News Leaders Project 2019**, Medill conducted in-depth interviews with more than 50 news executives, leaders of journalism organizations, scholars, media consultants, senior news managers at major technology companies and local news providers. The questions were focused on the crisis in the business model for local news, and what can be done to address it.

These interviews starkly illustrated the changes taking hold in the business model for local news. After spending many years chasing online clicks to boost advertising revenue, local news companies are now aggressively pivoting to a model much more reliant on revenue from their own readers, generally from digital subscriptions or memberships.

This paradigm shift is not only fueling a rethinking of how newsrooms engage with their customers, but it also will mean major organizational changes for local news companies determined to follow this path to success. Significantly, our sources cautioned that for many organizations, growth in customer revenue alone will not reverse the fortunes of local news. While diminishing, advertising income remains an important contributor to the bottom line, and local news organizations are capturing new revenue through things like events, sponsorships and marketing services. But the increasing push for a user-pay model is palpable, making the need for robust, original local journalism critical to the willingness of consumers to ante up.

“The pay model strategy is deceptively simple,” A.G. Sulzberger, Publisher of The New York Times, said in his interview with Medill. “It is making something worth paying for. You can call it a marketing strategy, you can call it a digital subscription strategy. But at the end of the day, it’s making something worth paying for.”

Here are some of the major themes that emerged from our many hours of interviews:

- There’s a rising sense of urgency about the deepening financial woes at many local news organizations, with the next three to five years being seen as pivotal for the industry. But a number of sources expressed encouragement about experimentation underway to develop new models, many of which are discussed in this report.
- The transition to a user-pay model is seen as a key pathway for a sustainable business model for local news. But these news leaders emphasized the need for revenue diversification, and expressed concern about whether small-market news organizations can achieve enough scale to support themselves through digital subscriptions and memberships.
- At local newspapers, there’s an accelerating trend to reduce print frequency to cut manufacturing and distribution costs, particularly on the days of the week in which retail advertisers long have shown little interest.
- There’s a growing universe of nonprofit local news organizations, some focused on topical niches and others on geographic areas, experimenting with new revenue models that are showing promise. Philanthropic support of these local news outlets also is playing an increasingly important role.
- Local television news is on the cusp of a major disruption in its business model resulting from rapid changes in technology, audience behaviors and viewer demographics.

The interviews contained here come at a critical juncture for the journalism industry and, indeed, a democratic society whose citizens need local news and information to make informed decisions.

This report is admittedly a snapshot in time. Not only is the landscape changing swiftly, but several of the leaders we interviewed have taken on new jobs and responsibilities since we first engaged with them. The interviews contained here come at a critical juncture for the journalism industry and, indeed, a democratic society whose citizens need local news and information to make informed decisions. The goal is to share widely in a single report the ideas and perspectives of many of the most knowledgeable news leaders in America. The hope is that this report will inspire new thinking and experimentation to benefit local news and communities.

Oral histories — whether of glorious successes or instructive failures, whether gathered from boldface names or everyday citizens — long have attracted both researchers and their audiences. While they often have a

whiff of the archival, such efforts generally seek to employ direct observations and accumulated recollections to construct important points about the present and future.

Like other researchers, journalists prefer asking questions at the source to arriving at inferences from their own observations of events and trends, even — or perhaps especially — when they have been directly involved in them. Each section of this report quotes broadly from the interviews, conducted by Beth Bennett, an associate dean of journalism at Medill, and Aubrey Baron, a Medill adjunct professor and research assistant, each of whom worked in local news before coming to the university. Interviewees' responses and insights were coded and organized around key thematic areas, which can be summarized as follows.

In Part 1, **“Revenue Models,”** a key focus is on the theoretical promise, and the actual difficulty, of embracing a financial model built around direct payments from readers and users. Can thinking of these people as “members” or “subscribers” lead to real, ongoing engagement, or the sort of lifetime habit that formerly characterized profitable mass media in America?

Quoted in this section are Penny Abernathy, Steve Beatty, Melissa Bell, Jim Brady, Bill Church, Becky Clark, Ken Doctor, Rick Edmonds, Carol Fowler, Jim Friedlich, Jeremy Gilbert, Ken Herts, Peter Imes, Mandy Jenkins, Mitra Kalita, Jim Kirk, Timothy Knight, Lance Knobel, Nancy Lane, Ann Marie Lipinski, Randy Lovely, Mike Petrak, Doug Phares, Emily Ramshaw, Vivian Schiller, Goli Sheikholeslami, Randy Siegel, Michael Silberman, A.G. Sulzberger, Steven Waldman and Kinsey Wilson.

In Part 2, **“Rise of the Nonprofits,”** the increasingly familiar models adopted by public radio and the Texas Tribune are juxtaposed with interviewees' increasing interest in philanthropic investment and a focus on specific niches where supply and demand can be carefully calibrated.

Those whose interviews are excerpted in this section are Penny Abernathy, Maria Archangelo, Jim Friedlich, Jeremy Gilbert, Chris Horne, Mandy Jenkins, Nancy Lane, Mike Petrak, Emily Ramshaw, Vivian Schiller, Goli Sheikholeslami, Don Shelton, Michael Silberman, Tom Stites, A.G. Sulzberger, Steven Waldman and Jed Williams.

In Part 3, **“Innovation,”** the interviews reveal a certain tension that has been created by perceived overuse of that word without attention to context. No one denies that new ideas are central to navigating the present and the future, but how about creatively applying concepts that may have been around for more than a few months?

Quoted in this section are Erica Anderson, Karen Andreas, Melissa Bell, Bill Church, Bene Cipolla, Ken Doctor, Rick Edmonds, Carol Fowler, Jeremy Gilbert, Jim Kirk, Timothy Knight, Ann Kornblut, Ann Marie Lipinski, Doug Phares, Emily Ramshaw, Blake Sabatinelli, Goli Sheikholeslami, Randy Siegel, A.G. Sulzberger and Larry Wert.

In Part 4, **“Local TV,”** we're reminded that failing to look past the obvious current struggles of local print organizations is to fail to understand what's next for the medium from which most Americans still say they get their local news. Sufficient money is still flowing in many local broadcast operations, but the slow pace of digital adoption in some places may augur poorly for the industry as pressure increases on revenue sources like retransmission fees.

Those whose ideas and experiences are shared in this section are Carol Fowler, Jim Friedlich, Teresa Frontado, Jeremy Gilbert, Andrew Heyward, Kelly Landeen, Nancy Lane, Jennifer Lyons, Catherine Nelson, Doug Phares, Christine Portela, Kathy Reynolds, Blake Sabatinelli, Larry Wert and Jed Williams.

In Part 5, **“The Future of Local News,”** the title conveys a fundamental optimism that there still can be a future — in the right circumstances, with the right set of actions based on local-market discernment and careful attention to broader trends. Looking for simple answers? Don’t look here. Looking for a clear-eyed analysis of what still needs to be done? That crops up throughout.

Quoted here are Penny Abernathy, Karen Andreas, Maria Archangelo, Melissa Bell, Jim Brady, Bill Church, Ken Doctor, Jim Friedlich, Teresa Frontado, Jeremy Gilbert, Andrew Heyward, Ken Herts, Peter Imes, Mandy Jenkins, Timothy Knight, Lance Knobel, Nancy Lane, Ann Marie Lipinski, Randy Lovely, André Natta, Jennifer Parker, Andrew Pergam, Mike Petrak, Doug Phares, Christine Portela, Emily Ramshaw, Vivian Schiller, Randy Siegel, Steven Waldman and Kinsey Wilson.

We invite your comments at localnewsinitiative@northwestern.edu and invite you to review all the work of the Local News Initiative at <https://localnewsinitiative.northwestern.edu/>.

Medill thanks the Robert R. McCormick Foundation for its generous support of this report and the Medill Local News Initiative. Additional funding for the News Leaders effort was provided by Medill’s Knight Chair in Digital Media Strategy, held since 2009 by Owen Youngman.

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The increasing push for a user-pay model is palpable, making the need for robust, original local journalism critical to the willingness of consumers to ante up.

About This Project

THE CRISIS IN LOCAL NEWS is indisputable: Round after round of layoffs, expanding news deserts and abandoned areas of coverage, particularly in the case of long-established print publications. Now, the challenges to local television news are beginning to accelerate.

The Great Recession of 2007-09 and a technological transformation in news delivery have combined to disrupt the business model for news organizations and their advertisers. That has set off a scramble — some would say panic — in search of solutions.

This research effort, the **Medill News Leaders Project 2019** at Northwestern University's Medill School of Journalism, Media, Integrated Marketing Communications, does not have all the answers. What it has are more than 50 interviews about journalism with some of the industry's finest thinkers. We talked to leaders representing television, radio, newspapers and digital-only start-ups in markets big and small. In these talks with Medill, they share eye-opening insights and bold innovations to help news organizations navigate through today's choppy waters and deliver information to the American people.

This report is aimed at the news industry, academic researchers and the public, with the goal that all will better understand the challenges we face by listening to these expert voices.

We solicited input from a wide range of industry stakeholders, and many aspects of journalism are covered here. But this report puts a particular focus on regional and smaller markets, where many news organizations are especially vulnerable now.

As Vivian Schiller, CEO of the Civil Foundation, told us: "Local newspapers, or the institutions formerly known as newspapers, have gone out of business or shrunk to the point of almost uselessness in many parts of the country."

Perhaps the most significant industry trend in recent years is a shift from reliance on advertising dollars to getting customers to pay directly for the product, especially through digital subscriptions and memberships. That trend has raised hopes for the survival of larger news outlets. Although this could be a growing source of revenue, there are serious questions about whether smaller local news organizations can achieve enough scale to reach financial stability solely through a user pay model. One piece of advice heard repeatedly in these interviews is to diversify revenue sources in this fluid environment. This report provides news executives with plenty of food for thought on that topic.

The on-the-record interviews in the Medill News Leaders Project 2019 were conducted by Beth Bennett, an Associate Dean at Medill, and Aubrey Baron, a Medill adjunct professor and research assistant, via phone and video chat, as well as in person, from the fall of 2018 to the summer of 2019. After the first round of interviews was complete, the researchers circled back to several of the news leaders

to share overall impressions and get their evaluations of the findings. The report includes a few audio clips that are not radio-quality but are offered as samples of the interviews.

The News Leaders Project is affiliated with the Medill Local News Initiative, which was launched in spring 2018 to help news organizations achieve sustainability and strengthen our communities. This project is the first segment of a larger Medill research effort called “Market-Based Opportunities in Local News Innovation” that is being overseen by Owen Youngman, the school’s Knight Chair in Digital Media Strategy, with funding from the Robert R. McCormick Foundation and from the Knight Chair’s research budget. Bennett led the conceptualization and execution of the research data collection and analysis of the News Leaders Project. The executive summary for this report was written by Youngman and Tim Franklin, the Medill Senior Associate Dean who heads the Medill Local News Initiative. Franklin also arranged many of the interviews for this report. The rest of the report was written by Baron and Mark Jacob, a writer and editor with the Medill Local News Initiative. The web presentation was designed by Medill Associate Professor Zach Wise and Knight Lab Executive Director Joe Germuska, with illustrations by A.Skwish. The project team has added analysis and explanations as necessary, but has put the direct quotes from participants front and center in this report.

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Part 1

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Print is not dead, even though it's seriously wounded. There is a growing trend to cut down on frequency, with more newspapers abandoning daily publication.

THE FINANCIAL BEDROCK of the American news industry has shifted radically, with advertising revenue no longer able to support the journalism that the public has long depended upon. Tech behemoths like Facebook and Google are reaping much of the ad money that once went to local news outlets.

According to the [Pew Research Center](#), the newspaper industry's ad revenue fell 13 percent in a single year, from 2017 to 2018. That figure was alarming but not surprising, reflecting the dire economic picture that newsroom managers see every day.

"The business model has collapsed," said Steven Waldman, President of Report for America, a nonprofit project to place journalists in news outlets nationwide. "That has led to decimation of the reporting squads, and as that happens, the reporting gets more superficial and less effective and meaningful to the community."

Pew reported that 37,900 journalists were working in the newspaper industry last year, a drop of 14 percent from 2015 and 47 percent from 2004. [Newspaper circulation](#), both print and digital, fell in 2018 to its lowest level since 1940, Pew reported. [Local television news](#) took a hit as well, with the average audience down 10 percent in the morning and 14 percent for evening and late-night broadcasts from 2017 to 2018.

The new reality: weakened news organizations and growing sections of the United States virtually abandoned by journalism. According to [2018 research on "news deserts"](#) by Penny Abernathy of the University of North Carolina, more than one in five newspapers closed in the previous 15 years. Half of the 3,143 counties in the U.S. had only one newspaper, and 200 more had no newspaper at all.

"We're on the edge of crisis," said Doug Phares, who stepped down as CEO and President of the Sandusky Newspaper Group in June as the company reduced its holdings. "You know, quite realistically, any newspaper person that tells you they think they have a sustainable business is lying or whistling past the graveyard. There are no revenue trends that are positive if you're not The New York Times. ... We're getting very, very close to the point where we don't know what else we can jettison that won't cause a big value loss and still produce something that's relevant."

The stark reality was summed up by Jennifer Parker, Editor/Publisher of the CrossRoadsNews in Decatur, Georgia, which has been in business for about 25 years but dropped print publication last year and is struggling to survive online:

"I think eventually, at some point in the future, people are going to wake



"I think eventually, at some point in the future, people are going to wake up and go, 'Whoops, there's nobody covering the news,' when all the local news outlets have disappeared."

**Jennifer Parker,
Editor/Publisher,
CrossRoadsNews,
Decatur, Georgia**

up and go, ‘Whoops, there’s nobody covering the news,’ when all the local news outlets have disappeared.”

While advertising remains indispensable in the cash flow for most local news outlets, they are looking toward a host of smaller tributaries such as events, foundation-sponsored staff resources and business services such as marketing consultation.

Among the observations in this section:

- The interviews in the News Leaders Project make clear that the No. 1 path for financial sustainability is a simple one: asking consumers to pay for their news. The question is: How will consumers answer that question, and what should news organizations do in order to get enough answers of “Yes, I will”?
- When news outlets “jettison” certain coverage areas, they succeed in cutting expenses, but they also give potential customers fewer reasons to pay for their product.
- There’s a tension between subscription strategies and membership models when it comes to attracting paying customers. Should the value proposition be primarily transactional or should news outlets try to form a close and lasting relationship?
- A newspaper on the doorstep has long prompted print subscribers to develop a regular reading habit. What helps online subscribers create that habit? Emailed newsletters.
- As news organizations campaign for digital subscriptions, they’d be foolish to forget other potential sources of revenue such as business services. Another revenue stream for some is events, which are touted as a way to make money while increasing customer loyalty.
- While ad revenue isn’t the be-all and end-all that it once was, it’s still an important revenue source, especially for outlets that are finding more creative approaches, such as exclusive sponsorships of editorial content.
- Likewise, print is not dead, even though it’s seriously wounded. There is a growing trend to cut down on frequency, with more newspapers abandoning daily publication. Some companies have cut print to six days a week, while others have reduced more aggressively to three days.

Embracing a Reader Revenue Model

“I always say the pay model strategy is deceptively simple,” said A.G. Sulzberger, Publisher of The New York Times. “It is making something worth paying for. You can call it marketing strategy, you can call it a digital subscription strategy. But at the end of the day, it’s making something worth paying for.”

The immediate challenge for many news outlets is to maintain or improve quality in difficult times while the public grows increasingly comfortable with paying journalists to inform them. And it appears that this attitudinal shift is happening.

“You can argue there’s the Netflix effect, where people do see that paying a certain amount of money every month for this all-access is something they’re willing to do,” said Timothy Knight, CEO and President of Tribune Publishing Co. He said that people who are engaged in their communities increasingly “understand that having quality content costs money to create, and they want to support that. I think there’s more of that realization, that it can’t just be free. It can’t just be aggregated. That ... journalism is important, and that there is a modest amount that our people are being asked to pay for, at least at our place, that they’re willing to pay for it.”

Randy Lovely, interviewed in the months before he retired as Vice President of Community News for Gannett, said the company was determined to grow reader revenue.

“Increasingly what we’re trying to do — and the goal for us is to get to about a 50-50 divide — is between our revenue being driven by advertising versus our revenue being driven by consumers and getting more and more to where consumers are paying for the content they’re consuming,” Lovely said. (In August 2019, New Media Investment Group, the holding company that controls GateHouse Media, agreed to buy Gannett for \$1.4 billion.)

UNC’s Abernathy, the Knight Chair in Journalism and Digital Media Economics, warned about a societal downside to being too reliant on subscribers. “If you rely solely on subscriber revenue, you become very elitist, and it does not get to the people who need it most,” she said.

But even getting to that point, with reader revenue as a major goal, involves major changes in the news industry’s mindset, said Michael Silberman, Senior Vice President for Strategy at the Piano media consultancy.

“One of the big lessons that we’ve certainly learned is that there are a few key things that have to happen for media businesses to successfully make this shift from the attention model to a user engagement model,” Silberman said. “The biggest is alignment across the company. That everybody sort of needs to understand that hey, we used to be all about trying to get as many eyeballs as possible and as many page views as possible and now what we’re trying to do is shift to getting really quality eyeballs that are more deeply engaged and really care about our product because that’s the way that we’re going to succeed.”



“The biggest piece of advice I feel like I’m giving them right now is you can’t change your business model unless you change how you operate.”

**Jim Brady,
CEO,
Spirited Media**

Silberman said that requires the understanding of both the newsroom and the business side.

Nancy Lane, President of the Local Media Association, sees movement toward creating a unified purpose inside local news organizations.

“The silos are gone in a lot of companies,” Lane said. “And the business side is working with the journalism side. And everybody’s working together on audience development. And it’s a beautiful thing to watch unfold. And I feel like the newsroom, for the first time, is actively involved in the business model of news. And they never were before. They never wanted to be. In fact, they despised it. But their future, and the future of journalism, really relies on them taking an active interest and help to figure it out.”

Jim Brady, the CEO of Spirited Media who recently sold its three local news sites, said too many people in the industry are oversimplifying what is required to shift from ad revenue to reader revenue.

“The biggest piece of advice I feel like I’m giving them right now is you can’t change your business model unless you change how you operate,” Brady said. “I feel like a lot of people (say), ‘Oh, we need more consumer revenue.’ It’s like, OK, so what else are you doing to make that happen other than just changing from advertising to paywall? Because if you want to get money out of a consumer now, you’ve got to rethink the user experience of the site ... the stories that you do. Are you doing events? You can’t just say, ‘Well, we used to get money from advertisers. Now we get it from readers.’ Like, OK, that’s an idea. But, like, to execute it, you actually have to pay attention to your readers, and you’ve got to come up with ways to get them more involved in what you do, and I feel like that piece is still missing.”

Kinsey Wilson has seen these issues from a variety of perspectives. He is now President of WordPress.com, and was formerly Chief Content Officer of National Public Radio and a digital media executive at The New York Times.

“I think one of the things that’s probably going to be needed in the industry is some sort of institutional support, to help people understand how to put the fundamentals of the business together, how to take these lessons and build on them, and figure out what the relationship is between the editorial side and the business side,” Wilson said. “... I’m involved in a project to try to provide a sort of cost-effective technological foundation for small start-ups, and small digital news organizations, because they have historically struggled with technology. But there’s a layer above that, which is essentially the expertise that you need to be able to run those systems effectively, and to know what knobs and dials to turn, and what levers to pull, and so forth. That is lacking as well. Both are sort of probably essential foundations before we’re going to see consistent models in marriage that are sustainable over time.”

But while business and technical expertise are essential, the key to getting customers to pay is one word: engagement. “Part of what we came to understand, I think very profoundly, in public radio was that the quality of the content was critical, but so was the relationship with the listener,” Wilson said. “And the way that got captured was sort of talking about both head and heart. That people had to feel both a connection intellectually, but also sort of had to feel it in their heart, if they were going to be likely to contribute. And I think that is equally applicable at the local level. I mean, that kind of membership support was in fact local. You know, public radio’s set up so that membership is collected

by local member stations, not by the national organization. And that sort of direct connection, and sense of affinity, was really important to their being able to raise the kind of money they did.”

What Real Engagement Looks Like

An increased dependence on reader revenue means turning website visitors into loyal, enthusiastic subscribers or members — the kinds of customers that can bring financial continuity to an industry that has been frighteningly fluid in recent years.

“It’s not good enough to just get an audience in, regardless,” said Piano’s Silberman. “What you need to do is get the audience in that is most likely to be an audience that will come back.”

Silberman and others emphasized the preeminent value of loyal readers. For that reason, it’s a better business model for one person to visit a news website 100 times than for 100 people to visit once and never be heard from again. The importance of repeat readers — ideally, daily — has gained increased recognition, notably in a [Medill Local News Initiative study](#) early this year that found regularity to be the metric most closely associated with subscription retention.

Ken Doctor, a media analyst with the Nieman Journalism Lab at Harvard University, said the industry has not paid enough attention to the importance of regular visits.

“A monthly unique or even a weekly unique number is not very meaningful,” Doctor said. “It’s not meaningful to subscription or to advertising, and it’s really engagements. You want those repeat customers who are going to make a big difference. I was talking with the CEO of The New York Times this morning, for instance. They were talking about the app that they have and how important their app is to them because people who have the app will tend to use it eight to 10 times more than people who just use their browser. This is not new information in the industry, yet you’ll find very few newspaper companies that have developed a satisfactory app that’s going to help engagement.”

Silberman believes local news outlets once knew how to make these close connections with readers but may have lost it in the technological disruption of the internet.

“That was something that especially local media companies really understood for many years and delivered for many years,” Silberman said. “Which is, make something that your readers really want and value and do it in a way that encourages them to consume it every single day. And



“The change in the paradigm is that news organizations are now much, much more focused on finding repeat loyal local visitors than just the mass of eyeballs that they had been looking at before.”

**Jim Friedlich,
CEO of the Lenfest
Institute for
Journalism,
former head
of product
development,
The Wall Street
Journal**

certainly in the old sort of days of print newspaper that was just part of the DNA. And whether it was encouraging people to, you know, pick it up off the newsstand and buy it for 25 cents or something or whether it was to become a subscriber. And then what happened is in the shift to the internet and to digital, that habit of engagement was lost. ... The ability to sort of drive big audience surges via social media or drive, you know, sort of side-door traffic by a search and SEO sort of took folks off that old path of understanding what it took to create an engaging product that resonated with their readers.”

WordPress’ Wilson sized up a formula for deep engagement:

“If you’re going to establish a relationship with the readers, there are two fundamentals that are sort of inescapable. One is that you have to have some sort of regular daily presence in their lives. So you have to be habit forming. You need to have a reason for people to engage with you every single day, so that you’re top of mind, and so that they have an awareness of the role that you play in the community. ... The other is, you really need to let people know what you stand for. And first and foremost in the journalism that you produce, but also as a branding exercise. So, if people are going to pay you money for what you do ... it’s less of a transactional relationship. Probably a very limited number of people are actually willing to pay in a very transactional way for a particular piece of news. Rather, they are more likely to pay, because you embody a set of values that they feel are important, because you represent a certain kind of civic awareness, or provide a certain level of accountability over public officials and large institutions in a community.”

Jim Friedlich, CEO of the Lenfest Institute for Journalism and former head of product development for The Wall Street Journal, said the emphasis on reader revenue is freeing the industry from chasing after page views that drive programmatic ad revenue.

“The change in the paradigm is that news organizations are now much, much more focused on finding repeat loyal local visitors than just the mass of eyeballs that they had been looking at before,” Friedlich said. “And the incentives are no longer how do we get from 5 to 10 million monthly unique visitors or UVs to how do we get from 100,000 to 200,000 local loyal repeat visitors and what’s the best way to engage them. That is partly the content and it’s partly the user experience.”

User experience was indeed a casualty of the preference for advertising dollars over reader revenue. Brady of Spirited Media described the bad user experience still in place at too many organizations.

“I closed a popup; I got another popup. Now there’s a video playing somewhere making noise. I don’t know where it is,” Brady said. “You spend half your time just doing whack-a-mole on these sites because they’re not designed for you. They’re designed for the advertiser. Throw off as many impressions and as much revenue as they can. The problem is people quit using those sites because they’re so bad. Especially people who actually put value in user experience. And they go to Vox, or Vice, or places that actually understand that, and don’t junk up their site with a bunch of crap.”

A Key Connection Tool: Newsletters

The print newspaper sitting on your front step was the perfect reminder for people to consume the product. Today, perhaps the most effective way to prod readers into using a news product is to send

them an email. It doesn't have the sound of a rolled-up newspaper hitting your screen door, but it does serve as a prompt that builds and maintains a regular habit.

"Newsletters these days are generally considered the best way to sort of promote that kind of habitual daily engagement," WordPress' Wilson said. "As old-fashioned as they are, they are directed, they go to your inbox. You can see what the open rate on them is. They are intentional; somebody has made a decision to subscribe; we're not spamming them."

Said Lenfest's Chief Operating Officer Ken Herts: "Newsletters are there to encourage repeat visiting and loyalty, which then you monetize through a subscription."

That view was [reinforced in a study](#) by Harvard University's Shorenstein Center on Media Politics and Public Policy and the Lenfest Institute for Journalism released in August 2019. Researchers found that, among the news organizations studied, people who received an emailed newsletter were five to 10 times more likely to subscribe to the news product than those who did not. That was a higher rate than those who were social media followers, who were four to six times more likely to be subscribers.

Mitra Kalita, Senior Vice President of News Programming at CNN, said newsletters can build personal engagement even with a global giant like her news network.

"We do have literally millions of subscribers to CNN's email newsletters, which is just another direct relationship with consumers that I don't know that people know how big our email newsletter products are, but they're massive, massive plays. Again, free, but very much a direct relationship with consumers and the writers of those newsletters, they'll often forward us exchanges they're having with readers that are quite delightful."

Chicago's WBEZ, a public radio station that is often cited as an example of strong public outreach, sought to boost that engagement with the introduction of a newsletter last year.

"So we launched a daily newsletter in September that has proven to be immensely successful," said Goli Sheikholeslami, who is leaving her job as President and CEO of Chicago Public Media in October for a similar position with New York Public Media. "And so we have close to 90,000 people that get that newsletter on a daily basis. And we're starting to build a direct relationship with those people because we know who they are, and we know how often they engage with us. It has an incredibly high open rate, and dwell time rate. So, it has close to a 28 percent open rate. And 60 percent of the people that open the newsletter spend 15 seconds or more



"Newsletters are there to encourage repeat visiting and loyalty, which then you monetize through a subscription."

**Ken Herts,
COO, Lenfest Institute
for Journalism**

reading it, which sort of is the metric of ‘Are people getting down the page?’”

Viewing the newsletter as a product that projects the organization’s values and quality while also creating a closeness, a familiarity, is a key approach to engagement.

“The second focus for us was really about making sure that the newsletter had personality, and it had a voice,” Sheikholeslami said. “So that the reader understood that there was an actual human being behind this newsletter, that it wasn’t just some randomly selected stories. And so our newsletter editor is, his name is Hunter Clauss, he has a very rich personality, which helps. You know, the newsletter starts out with just some comment from him that is just clever and engaging. And then it’s his excellent sort of curatorial taste. So, really making the decision of what gets into the newsletter.”

Subscribers or Members?

As news outlets shift to a reader revenue model, there is growing discussion about the benefits of a subscription model versus a membership model. And there’s also widespread confusion about what the difference is.

“People are making up their own definitions,” said Vivian Schiller, CEO of the Civil Foundation, a nonprofit that is supporting journalism. “I’m not saying that as a criticism. I mean, I think of it as a continuum, from membership to subscription, with each organization sort of deciding for themselves what name they want to give it. I mean, I see some news organization using the word membership and it’s just a straight-on subscription, and less so vice versa. So, I wouldn’t worry too much about seeking a definition, because it has all become muddled.”

Lenfest’s Herts admitted: “I’m not sure I fully understand the difference.”

“I think that if you’re the African American radio station in Philadelphia ... people listen to you not because they really have to hear what’s on but because they like the idea that there is such a thing,” Herts said. “If you’re mission-based, you do membership, if you’re product-based — you can be mission-based for profit, too — but it’s a marketing choice that I don’t fully understand the distinction between myself.”

Here’s a rough way to differentiate the two: When a news outlet offers subscriptions, it’s selling its news product. When it offers memberships, it’s inviting customers to have more inclusive contact that may include things that aren’t necessarily considered news products. Simply put, news leaders interviewed for this project saw a subscription as a transaction and a membership as a relationship, and they thought membership offered more potential for brand loyalty and greater revenue.

Spirited Media’s Brady was among those who said membership has an advantage over the “access model,” i.e. subscriptions.

“The access model is the same for everybody,” Brady said. “Everybody pays their same \$6. But if you have a membership program, and somebody can give you \$5,000, or they can give you \$5. Or, like, you have a range. People give what they can give, but it opens the door to a lot more givers, and it’s a

buy based in passion, not in access, because I'm a little worried about what happens to a lot of the newspapers that have these paywalls, when there's half as many people working at these newsrooms as there is now. Are they going to be able to legitimately say I need the same \$5, even though we produce half as much journalism every day? ... Continuing to get people to buy that I think is harder than continuing to get them to give your money because of an emotional relationship they have."

Steve Beatty, the Communications Director for Newspark, a WordPress.com project that aims to simplify operations for small and medium-sized online publishers, agreed on the value of membership.

"I think getting money voluntarily from your readers is a huge deal because it shows their commitment and their buying in and the more you can call them members or make them part of your community and not make it transactional, like a subscriber."

Membership requires more and deeper communication between journalists and customers, Beatty said.

"Two-way communication that goes beyond saying, 'OK, here's the comment section, have at it.' You know, then it turns into a sewer that nobody really reads. So figuring out a way to be of the community again and be in touch with the people that you're writing about to make sure you're writing about the right things."

WBEZ's Sheikholeslami said her organization has conducted research that illuminates what's important to its members.

"So, we wanted to actually see: Do our donors, when they think about the money that they give to us, do they think of it as paying it for media? Or do they see it as like a philanthropic charitable donation? And what was really fascinating in that research is that it was neither of those. The thing that people said over and over again is the reason they give to us is because they feel like they are in a relationship with us. ... It's like there is this really strong affinity with our brand. And they see us as an integral part of their lives. And I think it's really hard to replicate if you are a true subscription service, in that you can't get access to the content unless you pay for it. You know, we really are the original 'freemium' model. Our product is free. No one has to pay for it. And so giving people the choice to support something that they value is, I think, at the core of what makes our program strong."

Jeremy Gilbert, Director of Strategic Initiatives for the Washington Post, said The Wall Street Journal helped illustrate the issue of subscription versus membership.



"For us, we believe... journalism is a public service that you shouldn't necessarily have to pay in order to access. We want the public to be deeply informed and educated and able to make decisions regardless of whether they can pay for a news product. So, for us, the membership model makes more sense."

**Emily Ramshaw,
Editor-in-Chief
of the nonprofit
Texas Tribune**

“There’s a reason that The Wall Street Journal doesn’t have subscribers, they have members, and that really matters to them because they believe that that kind of membership loyalty that public radio stations and public television have had for years drives deeper loyalty and, therefore, in their case more subscriptions, ironically, than it did when people felt like it was a transactional subscription business,” Gilbert said.

Lenfest’s Herts noted: “Fifteen or so years ago, The Wall Street Journal did a lot of studies of its readers and found there’s like seven types of readers and one type just wanted to be seen carrying The Wall Street Journal.”

Gilbert noted that the difference between subscription models and membership models involves a lot of variables.

For example, “if you look at The New York Times’ subscription numbers, they’re really, really driven by crosswords, not just news. I’m not saying that as in they don’t have a good subscriber base, but there’s a utility that is being provided by the crossword puzzle.”

In early 2019, The New York Times’ [crossword puzzle app](#) passed the 500,000-subscriber mark. By the middle of the year, the Times’ [total online subscriptions](#), including those for news, cooking and crosswords, exceeded 3.7 million. Some membership organizations offer more and different extras than others. Gilbert cited Spirited Media, which recently sold off its three digital-only publications in Philadelphia, Pittsburgh and Denver. Gilbert noted that members and the newsroom “watch sporting events together, they go and debrief after city council meetings together. They do a lot of things where the public comes into contact directly with the journalists.”

Some news organizations have created a variety of programs that allow their customers to interact with their news staff. For example, they have charged fees for classes or lectures taught by reporters, an activity that highlights their staff’s expertise and exposes the staff to public opinions but also has been criticized in some circles as “selling access” to their reporters.

Emily Ramshaw, Editor-in-Chief of the nonprofit Texas Tribune, said membership worked better than subscriptions for her organization.

“In some news organizations, the subscription model has been most effective,” Ramshaw said. “It’s more transactional. You’re paying for access to this product. For us, we believe... journalism is a public service that you shouldn’t necessarily have to pay in order to access. We want the public to be deeply informed and educated and able to make decisions regardless of whether they can pay for a news product. So, for us, the membership model makes more sense. It’s paying what you can, whether that’s \$5 or \$500 or nothing at all, and hoping that the generosity of those who can afford more will subsidize the work for those who can’t.”

Becky Clark, Co-Publisher of the Idyllwild Town Crier, a weekly community newspaper in Southern California, said she and her Co-Publisher husband, Jack, tried a lot of tactics to achieve financial health before going to a for-profit membership model.

“We’ve tried going free, total market coverage, and that didn’t work. We’ve tried deeply discounting

our advertising rates to try to get more advertisers, so that we can get more members, and that didn't work. So, what we did in August of 2017 was, we appealed to our readers and said, 'Is there a future for The Town Crier? It's up to you,' and started a membership program. And people started signing up the next day. A lady came in with \$2,000. That afternoon, a lady came in with \$1,000, and that is what has kept us going, because we can't depend on the advertising any longer. So what kept us going was starting the membership program."

The Town Crier has long had close ties with the community. Its news meetings are held in the local library, open to the public. Under its membership program, patrons get a thank-you card, a decal, and a discount at a local restaurant. "We've had, you know, spouses come in and get really upset, because the other spouse stole the decal and put it on their car and they want one too," Clark said. "So we give them one, you know?"

Not everyone is sold on the membership idea.

"We tried the membership model and you know what? It just really, it didn't pan out for us," said Doug Phares, formerly of the Sandusky Newspaper Group. "And maybe our communities are smaller. Perhaps if you're in a very, very large community you can get more traction with that. So no, we don't see being a member of the newspaper as a driver. ... Our membership would include, you know, that's where you'd bundle all kinds of stuff together: access to events, premium content that perhaps is not available to others, special retail deals that you could have by being a member, discount cards. Just a bundle of things that you would get by being a member that transcend just the newspaper itself. Really in the end, people value the newspaper and we found that the other things every once in a while was a nice little additive, but it really was not a driver. People were not coming to us or staying with us because we offered that extra set of items."

Alternative Revenue Sources

While the shift from reliance on ads to reader revenue is clear, news leaders interviewed in this project were skeptical that subscriptions or memberships alone would be enough to sustain most local news organizations.

"The major attraction and the major disappointment has been the failure to sell digital subscriptions," said Nieman Lab's Doctor. "While we see that working at a great level at the national publications like the Times, the Post, the Journal, and at FT, et cetera, we have not seen similar success for local newspapers."

Some of the bigger regional news outlets have shown mixed results. The



"I think over and over, we've kind of been seduced and then fooled by that (one strategy) being the silver bullet when there's actually probably going to be many, many bullets that are what we will be needing."

**Mitra Kalita,
Senior Vice President
of News Programming,
CNN**

[Los Angeles Times](#) has more than 150,000 digital-only subscribers, but that's well below its target of 300,000 by year's end. The [Boston Globe](#) recently reported more than 112,000 online subscribers, with the digital number surpassing the print subscriber total. The [Chicago Tribune](#) announced in April 2019 that it had more than 100,000 digital-only subscribers.

Yet many smaller news outlets appear to be struggling on digital subscriptions.

Rick Edmonds, Media Business Analyst and Leader of News Transformation at The Poynter Institute, said diversification of revenue sources is happening, but not quickly enough.

"The traditional ones for newspapers were circulation subscriptions and advertising," Edmonds said. "It used to be that 'other' was just a very tiny, little sliver of things. 'Other' has gotten a lot more important for newspapers. That includes marketing services, digital marketing services, email management, all that kind of thing to the same local businesses you serve with advertising, events, maybe increased commercial printing for us who still have their own printing presses. So you could say that the revenue base is diversifying. It's a little bit of the same story; it's hard to increase those quite quickly enough to offset what's fading away, especially print advertising. Broadcast is a little bit more straightforward. The traditional source is advertising, but as you know, they've had sort of a second booster, a pretty good picture with retransmission fees, so the cable companies are paying for carrying them, as was not uniformly the case five, 10 years ago."

Carol Fowler, Director of Content at KSDK-TV in St. Louis and former Senior Vice President of News Products for the Chicago Sun-Times, said that even if subscriptions take off, they won't be enough.

"[The Sun-Times is] having to sell subscriptions at such a low price point. ... If [the Sun-Times] had a national footprint like The New York Times or Washington Post, that sort of company can lean against their subscriptions. ... Digital subscriptions are a focus ... but that alone will never ... be enough."

Newspack's Beatty said diversification is the key to survival.

"Like any business and like any newspaper or news outfit, bringing in enough money to keep doing it is the biggest challenge," Beatty said. "And we've got members who are trying everything, you know, events, subscribers or donors or members, however you want to label the people that give you money voluntarily, advertising, sponsored content, a speakers bureau, you know, hiring their folks out to go talk at local events, and there's no one answer. It's a six-, seven- or eight-legged stool. We just got to figure out what all those legs are."

CNN is far different from a local news outfit, but it, too, is intent on diversification.

"We'll often talk about a business model, singular, whereas really, newsletters, podcasts, pre-roll video, mid-roll video, a YouTube strategy. I have mixed feelings on Outbrain, but Outbrain, programmatic advertising," CNN's Kalita said. "As you rattle them off, you start to see how a digital business actually needs to rest on many legs versus just one emerging thing. As we've seen over the last five, 10 years, there have been many outlets that have flopped to one platform or one strategy as savior, whether that's Facebook traffic or video pre-rolls, or the 'hot take' or analysis. I think over and over, we've kind of been seduced and then fooled by that being the silver bullet when there's actually probably going to

be many, many bullets that are what we will be needing.”

The University of North Carolina’s Abernathy said the challenge is especially great for smaller news outlets.

“With the smaller and mid-size markets, they’ve got to have a much more creative and disciplined strategy,” Abernathy said. “It’s going to have to rely at least as much off revenue from businesses, because they do not have the scale or in many cases the local economics to support a subscription-based (model).”

Peter Imes, Publisher of The Commercial Dispatch in Mississippi, said the traditional revenue streams are not enough.

“A small newspaper like us can’t generate the page views that we need to make money, significant money anyway, off digital ad sales,” Imes said, and subscriptions are likewise not enough.

“We’re trying to be creative with kind of the traditional ways also in the ways we bundle, print, and digital subscriptions,” Imes said. “For example, by offering magazines as a print advertising alternative to newspapers. And all of those work to an extent. But I just haven’t found anything that, on the traditional newspaper side, is going to help sustain kind of our news gathering efforts the way that we want to. So, that’s why we started looking at things kind of completely separate from traditional ad sales, or traditional subscriptions.”

Providing specialized services to businesses is an emerging revenue track for many media organizations, though it may be one job too many for smaller operations. Business services work also comes with challenges as far as news integrity. With appropriate safeguards, however, this revenue stream looms as a potential growth area.

“We are spending more time letting businesses that work with us know we have these digital capabilities,” said Tribune Publishing’s Knight. “A lot of times, they just think of us as the print and maybe the website, that’s about it. They don’t know everything else we have available. Once they understand our capabilities, we often get very strong commercial relationships with them, and are able to deliver on their marketing objectives, and essentially compete with small advertising agencies in each of our markets.”

Nieman Lab’s Doctor said media companies have so far underperformed in offering marketing services. “The idea of supplying local advertisers with digital marketing services seems like a really good idea,” Doctor said, “but it has not done that much to replace lost print revenue.”



“I think that what we’re seeing out there is that there is no one perfect business model, and that that’s an impossibility.”

**Mandy Jenkins,
General Manager,
The Compass
Experiment, a three-
year partnership
between McClatchy
and the Google News
Initiative**

Bill Church, Senior Vice President/News for GateHouse Media, said there is potential for some news organizations to use their data-analysis talents to package and sell information as a separate product.

“We really have some expertise in being able to take data and synthesizing it,” Church said. “And a lot of it has emanated from the work that our investigative reporting teams have done. But interestingly, a project that the Herald-Tribune in Sarasota did on judges had a commercial implication to it, because it’s information that other lawyers and judges would be interested in. This was the case, though, where we did the research and someone else saw the opportunity. And so we’re working now on, OK, we have access to a lot of data that we spend a lot of time cleaning and validating, and it’s the type of information that a lot of companies pay for, or readers might be interested in. How do we take advantage of the information that we openly share with our public, but is there another opportunity for us to be able to provide it for someone that may have a specific interest, because the data that we’re accessing is actually public data on so many levels that just is not available in the form that the public needs. So we’re in the early stages on this, but I’m truly intrigued by it.”

Melissa Bell, Publisher of Vox Media, said her company offers a range of advertising options but is also moving well beyond that.

“We are taking a diversified approach to our business model and I think that every organization no matter how big or small needs to think about that diverse approach,” Bell said. “We make a large percentage of our money off different advertising models, so we have three or four different types of advertising that fill in that bucket. Everything from this incredible growth that we’ve seen across our podcasts over the last year — I think we’ve grown like 300 percent over the last year from the podcast base — to we’ve built out a really strong programmatic advertising technology called Concert that we’ve partnered with other organizations and that’s allowed us to really create a targeted solution for major ad campaigns. We work in sort of editorial sponsorships and in the branded content space as well so sort of high-touch, high-end advertising campaigns. We have an in-house ad agency. So that’s one bucket that has about four or five different approaches within that. We also have a new business line that we started about three years ago where we’re starting to develop licensing off our IP so it’s what we call our Vox Media Studio Business and that’s developing podcasts internally or externally with partners taking some of our really talented video work and developing shows around that. So we now have six television shows in production. ... We also licensed our technology platform called Chorus, which is a publishing platform and we built a staff business around that. ... We just launched our first membership program with our Vox video YouTube team, which is very fun.”

Mandy Jenkins, General Manager of The Compass Experiment, a three-year partnership of McClatchy and the Google News Initiative to promote local news sustainability, said the companies that are doing well are diversifying.

“I think that what we’re seeing out there is that there is no one perfect business model, and that that’s an impossibility,” said Jenkins, who also serves as Board President of the Online News Association. “Know that everyone has to be dividing up how their money is coming in and not putting all their eggs in one basket. I think that that’s really what’s working for a lot of the newsrooms that are seeing gains.”

Gathering Support for Events

One side business that has become popular as a money maker is events. These public gatherings also serve as a bonus to subscribers and members and as an advertising/promotions vehicle.

“Events can be an important sort of tangible manifestation of what a news organization is, and what it stands for, and an opportunity for at least your most passionate readers to connect with you,” said WordPress’ Wilson. “And so it may have value in supporting subscription revenue more than it does in direct revenue.”

The events run by Crain’s Chicago Business show the special value for business-oriented publications.

“Most of the events we do are coming off our editorial,” said Crain’s Publisher and Executive Editor Jim Kirk, “so they’re themes like our Fast 50, which focuses on fast-growing companies, the fastest growing companies in Chicago, or we have a 40 Under 40 feature, which spotlights the 40 rising executives who are under the age of 40 from across different backgrounds. And we pull together an event to celebrate them. Hospital CEO Breakfast, for example, is our biggest event, focused on trends in the hospital industry and ... those are all ticket events. You sell sponsorships against them. ... In that case, it’s a way to extend our journalism into sort of an experiential mode where we’re finding that people want to use (them) to connect and learn more and to network. We kind of are the glue to providing that service for them. That has helped become a pretty good extension of our business.”

Randy Lovely, formerly of Gannett, said community events were working well for his chain.

“In about two dozen of our markets, we have the Storytellers Project, which was originally launched in Phoenix about eight or nine years ago, and basically those are nights of live storytelling, which obviously is very much a part of our DNA and so they’re themed at nights and both journalists and community members come together. ... It’s a paid admission, but we also have sponsorship opportunities of those nights. And most of those nights generate somewhere in the neighborhood of 200 attendees, so that’s been fairly successful. We do high school sports banquets in many of our markets, and then we’ve done some lifestyle events like food and wine festivals. One of the more recent ones that I’ve found really interesting was our properties in southwest Florida partnered with a local university this fall and they did a First Amendment festival and it was wildly successful. They had great attendance and maybe that speaks to the kind of environment that we find ourselves in, but that fed my soul a little bit that people were so willing to come to a series of events over a weekend framed around the First Amendment.”



“Events can be an important sort of tangible manifestation of what a news organization is, and what it stands for, and an opportunity for at least your most passionate readers to connect with you.”

**Kinsey Wilson,
President,
WordPress.com**

GateHouse was cited more than once as an example of a chain innovating with events.

“Their events division is pretty spectacular,” said the Local Media Association’s Lane. “And we have been saying for 10 years that events are part of the transformation storm. ... They have a team that really knows how to produce events, knows how to sell the sponsorships, knows how to, in each market, uncover the events that are going to work. And they’ll bring in top-name personalities. So if they’re having a high school sports banquet in a bigger market, they’ll bring in a Drew Brees as the guest speaker. That brings in a lot of sponsorship money. It brings in a lot of registrations for the event. It’s a great community builder, because it’s built around high school athletes.”

Mike Petrak, Executive Vice President of Tactician Media, which provides data-backed business intelligence and tools to newspapers, also pointed to GateHouse.

“They hired a guy who was a specialist in events and now they have made it a staple in that ‘other’ revenue category to roll out hundreds and hundreds of events throughout their markets across the United States, and some of them are huge money-makers, huge money-makers. So much so that it has attracted new entrants in terms of competition, in terms of other entrepreneurs that have jumped into the space. ... Gannett has done a lot of those as well. So I would say event marketing has become big. And let’s talk about The Denver Post. The Denver Post, a market with which I’m very familiar, had a really nice building and had a huge auditorium. They had a view that overlooked the downtown landscape so they used those assets right on the busiest street in downtown Denver for a lot of things. They have community events because they have a huge amphitheater of about 220 seats to hold community events. They bring in speakers that are national speakers, political speakers, and then they sell events around that. They’ve also done things as small as rent space for weddings ... because it looks over the mountains and it’s a downtown view and they have these huge balconies. So people looked at their assets and said what do we have here that we can monetize and events is something I would think would continue to make sense. We did that a long time ago when I was running the Kansas City Star because of our synergy. We collected all kinds of data in the newspaper and on weddings and wedding notices and engagement notices and we turned that into events where we sponsored a big kind of wedding extravaganza twice a year and then we created a magazine that’s 200 pages, a full glossy magazine that comes out twice a year and we have a database of people we communicated with and of course all the vendors because weddings have taken off and are a big, big business. So we really kind of leveraged data, relationships and sponsorships and all these kind of things. While events are kind of new, there have been some people that have really been after this business for 20 years.”

GateHouse’s Church said a particularly successful type of event involves high school sports.

“Jason Taylor, who leads our GateHouse ventures, and his team are just brilliant about being able to bring together (events), working with local markets where you celebrate the top athletes across sports,” Church said. “Typically they’ll bring in a well-known celebrity sports figure in a banquet opportunity, and sponsors have the opportunity of getting to an audience that they typically don’t get to reach. And these events can go from 200 to 400 attendees. And they’re such feel-good events because you get a chance to not only get in touch with some inspirational stories from these athletes overcoming significant obstacles, but getting to celebrate good things happening in local communities.”

Even if a news organization isn’t running an event, it can profit from it. The Commercial Dispatch’s Imes cites his organization’s relationship with a company called GeoTix.

“The advantage of this platform over Eventbrite, for example, would be that you get to sell tickets online, but you also get the promotional power of being partnered with a newspaper. ... So, for example, we would go out to the local arts council we say, ‘We want to sell all of ... You’re selling all of your tickets currently just at the door, paper tickets, we want to allow you to sell digital tickets. We can make that happen for you easily, and we can give you promotions for your events throughout the year.’ And so, that’s something we just kicked off in the past month.”

The Morphing of Advertising

Just because advertising seems to be taking a backseat to reader revenue for local news organizations doesn’t mean that it isn’t vitally important. But innovative news outlets are moving away from programmatic advertising to more impactful ad models.

“The best way to innovate is always steer against the tide, and when the market of advertising is aflood with cheap, useless stuff,” said Spirited Media’s Brady. “Like, why steer into that? Why try to make more cheap useless stuff? Why don’t you say we’re actually going to do less stuff, and it’s going to be better, and we’re going to have a deeper relationship with you the advertiser? ... What we were trying to do was go back to that old model of doing premium partnerships, where we bundled up advertising, newsletter sponsorships, event sponsorships, and saying like, ‘Look, we’re only going to do deals with five or six partners, but they’re going to be pricey. But there’s only going to be five or six. And if you come in as the first bank that buys one of these, we won’t take any other bank advertisements this year. If you want to come in as the first auto dealer, we don’t take any other auto dealers.”

The Washington Post’s Gilbert said news media need to do more than just take ad dollars. They need to make sure their clients’ money is well spent.

“I think one thing news organizations can do is help their local advertisers be more successful,” Gilbert said. “For a long time that was a fairly turnkey relationship: You give us a camera-ready ad, we will put it in your newspaper; you film a local commercial, whether it’s high quality or low quality, we will put it on air. Now we’re trying to be a little bit more of an intermediary between the local ad agencies and local businesses and the newspaper, and we’re doing that in-house. And we can charge for those services but we can also look at a model that says you are making roughly this much from the advertising you run now, if we can improve that take rate, then what can we charge you for the difference there, so that we’re helping them but they’re helping us at the same time.”



“It requires a company where there are dedicated people on the editorial team who work closely with the sales and marketing teams. There can’t be this big firewall there, those days are gone. If there is, you’re not gonna make it, you’re just not.”

Carol Fowler, Director of Content, KSDK-TV, St. Louis; former Senior Vice President of News Products, Chicago Sun-Times

Former Sun-Times executive Fowler said “just one-off advertising is not the future. The future is presenting sponsors, getting advertisers to pay for 100 percent share of voice.” She cited a sponsorship of the Sun-Times’ election news, which was coverage that the newsroom was doing anyway.

Fowler also pointed to another advertising-newsroom effort:

“[The Sun-Times] did a deal with Allstate and produced content around young artists, teenagers who are gifted artistically, and did video features and created editorial content around these gifted kids and Allstate wanted its brand aligned. It has a huge artistic initiative and paid us to create the content. And the beauty of this is that these presenting advertisers give us absolute editorial independence; they don’t have any say-so over what we write. They’re along because there’s value to their brand. It’s not unlike PBS, like you’re watching ‘Nova’ and you see Samsung is underwriting this episode of ‘Nova’ or whatever. Samsung doesn’t tell the producers of ‘Nova’ what to put in their show. They have an interest in being aligned. That’s the model that honestly, I feel, is really the future for media and it’s a big learning curve. It requires a company where there are dedicated people on the editorial team who work closely with the sales and marketing teams. There can’t be this big firewall there, those days are gone. If there is, you’re not gonna make it, you’re just not.”

Lenfest’s Friedlich warned that local news outlets may be left in the dust by big players like Google and Facebook as far as new trends in advertising.

“There’s a large and vital sector in local advertising, which is pure digital search engine email marketing, that kind of thing,” Friedlich said. “A lot of the money from local marketers no longer goes through any of these media at all. It’s using a collection of often self-service tools like Google, Facebook and others that in many ways that’s really where the money has gone and the extent to which local media can serve a role in that and play a part in that ecosystem is a big question. It takes expertise and software capabilities and sales capacity that most local media don’t have.”

For-profit Start-ups

In this difficult environment, start-ups have an advantage over legacy media, said Ann Marie Lipinski, Curator of the Nieman Foundation at Harvard University and former Editor of the Chicago Tribune. The start-ups don’t have to erase decades or even centuries of customer expectations.

“The cuts just kept getting bigger and more obvious ... but getting to the point in the newsroom where you say ‘let’s start over’ is very hard,” Lipinski said. “It’s easy for a start-up to do. But these legacy newsrooms that have long attachments in a community where their audience is used to certain things, saying, ‘Hey, we’re going to start over.’ We need to take on this kind of start-up mentality, which means we’re going to begin again with this examination of: If we were coming to town right now, or just deciding we were going to start a news organization, what would that look like? How would we best serve our audience? What does this community want from us? What does the community need from us? That’s a really hard thing to do. And the papers, the television stations, the radio stations, the online news sites, whoever you are, those who can get the closest to that I think are those who will succeed or come closest to succeeding or be able to hold onto or build new audience better than some of their peers. Unfortunately, there aren’t a lot of places that are doing that particularly well.”

The start-ups, on the other hand, can choose their mission realistically.

“I think if you come into a city with five people, and you want to do a start-up, and you say, ‘We’re just going to be better than the 200-person newsroom at these five things,’ I think that’s a short story. You’re not going to be around very long,” said Spirited Media’s Brady. “You’ve got to differentiate yourself. You’ve got to have people have a sense of who you are.”

While there is opportunity for start-ups, the risks are many.

“My feeling is that many of the startups that have been out there have either been overweighted on the editorial side, or overweighted on the business side, and haven’t had a strong dynamic between the two,” said WordPress’ Wilson. “And I think that’s, you know, it takes a farsighted, and really talented publisher to be able to put both of those pieces together, and to get the right editors, or the right business folks working in tandem, and aligned around a strategy.”

Beatty, who has worked with many online start-ups, said the time is right for new digital local news sites.

“I think if people want to help water these ‘news deserts,’ there are better options now than there were 10 or 15 years ago,” Beatty said. “Just because you’re learning from the hard-won lessons of the people who went before you. So it’s almost a better time to start it off, start off a newsroom now than it was, even though foundations are starting to not give out as much money for nonprofits.”

But UNC’s Abernathy wasn’t optimistic that start-ups would address the “news deserts” problem she has researched.

“When we look at where the digital outlets have started, 90 percent of them are in metro areas, and there’s a good reason they are, because most of the money, whether you’re a for-profit or whether you’re depending on foundations, are in the metro area, right?” Abernathy said. “At least for the time being, I do not see a for-profit incubator model working in most of the economically struggling communities that I see where there’s a news desert.”

A for-profit start-up to watch is Berkeleyside in Northern California. Berkeleyside, founded a decade ago, calls itself a “benefit corporation” or B Corp., and defines that on its website as “a type of for-profit corporate entity that includes positive impact on society, workers, the community and the environment.” In late 2016, it launched a direct public offering — a DPO — to attract supporters who would take an ownership stake.

Lance Knobel, Co-Founder and Publisher of Berkeleyside, said the DPO idea arrived during protests over police treatment of African Americans.



“We sell all of our advertising direct. We don’t use networks at all. And our advertising has held up pretty well against the onslaught of the major technology platforms.”

**Lance Knobel,
Co-Founder and
Publisher,
Berkeleyside**

“One of our readers contacted us and said, ‘Hey, Berkeleyside. Your coverage of these past two days has been incredibly important to me,’” Nobel said. “I really wanted to know what was going on. I don’t know if you guys need any capital, but if you do, I think you’d be a great candidate for this thing called direct public offering.’ And we said to him, ‘What on Earth is direct public offering?’ and he explained it to us.”

By April 2018, Berkeleyside had raised about \$1 million in capital from 355 investors. But revenue flow remains a focus.

“We rely on two main sources of revenue,” Nobel said. “The biggest is still advertising. We sell all of our advertising direct. We don’t use networks at all. And our advertising has held up pretty well against the onslaught of the major technology platforms. We don’t count on that necessarily happening forever. ... By far the fastest growing area of revenue is membership. You know, like many sites, we take the attitude, we don’t make people pay for the news but we allow people to pay for the news. ... The third area of revenue, which has been a good area for us, but I’ll kind of offer a caveat, is events. We’ve, for the last six years, run an annual ideas festival, a two-day ideas festival that is called Uncharted, the Berkeley Festival of Ideas.”

Nobel noted that Berkeley “has the kind of famous record for being very politically ahead of the curve,” and acknowledged that his type of start-up would not work in some places.

“In fact, I know it would be incredibly difficult to do some of the things that we’ve done, because they’re communities where people are scraping to get by economically,” Nobel said. “There’s a woman I know who’s running a news site in Flint, Michigan. I think she gets a lot of support from people in terms of, you know, ‘You go, girl,’ and, ‘We love what you do and it’s incredibly important to us,’ but most people there can’t provide a credit card and say, ‘I’ll give you \$5 a month.’ That’s just a very limited percentage of the people in Flint because they’re so economically troubled and depressed. So I’m not saying, ‘Yes, this is replicable everywhere.’ That would be folly.”

Print in Decline, But Still Important

Disinvestment in print is widespread in the journalism industry, but it is well known that ink-on-paper still pays a lot of the bills for the entire enterprise because some customers — both readers and advertisers — still prefer it.

Yet the industry’s attention has largely turned away from print as relatively unimportant for the future.

“I think, frankly, the state of print is difficult,” said Poynter’s Edmonds. “We’re reaching a stage where organizations from The New York Times on down are basically pricing subscriptions more aggressively. You could say that’s righting a wrong from the old days when the papers were sold very cheap because advertising was so abundant, but it’s a tough sell.”

Tribune Publishing’s Knight hasn’t given up on print revenue yet. “The challenge is you are losing these higher-margin print dollars, but print still can be of huge value to the right advertiser, and we’ve leveraged the relationships in the brands that we have to grow new relationships, or deeper relationships,” Knight said. “One of the things that we’re doing is hiring sales people who are really good at growing new accounts. Going out and bringing in new business, where historically we’ve been able to,

because we were the powerhouse in the market, people would come to us. We've got to be more aggressive, and creative in how we go to market. How we go and let people know the broad range of services that we have."

Meanwhile, the shrinkage of print continues.

"I do think reduction in frequency is the next thing that's going to happen," said the Local News Association's Lane. "We had the announcement that McClatchy is going to drop Saturday in a number of markets. They already have in Myrtle Beach. It played out well for them in Myrtle Beach as a test. I think there's three or four markets they're now going to do that with. ... Everyone expects print frequency to reduce. It's in every scenario that every company talks about in like five years, 10 years, whatever the number is, first step for print going away would be a reduction in frequency from seven days to something else to eventually just a Sunday product. This is not shocking. But there's still a lot of resistance to it. And I actually applaud McClatchy for trying this."

To former Chicago Sun-Times exec Fowler, the structure of print is still an impediment in newsroom cultures when it comes to establishing effective web practices. "[The Sun-Times has] a policy of digital first, but it can be a struggle to break the habits of orienting the assignments and the deadlines to support the print product," Fowler said.

"There's a rhythm with the newspaper product ... and it's a bit of a challenge in that there's certain print things that have to be supported and they may not necessarily be in harmony with what we would do with the content if we were strictly a digital company. But the print product is still very important and is most closely associated with the brand. Some days I would say yeah, we were absolutely digital first, other days we're not."

Randy Siegel is CEO of Advance Local, which has been an early adopter on a number of industry trends, from three-days-a-week print publication to online-only local journalism.

"We were probably the first company in America to double down on digital in 2012, when we relaunched our entire company, sold off our newspaper buildings, hired hundreds of new people," Siegel said. "Made some challenging layoffs, and even cut back on some of our home delivery days of the week, because we knew what the future was going to look like. The question, I think, for us at the time was 'Are we going to move fast enough to find that sustainable model for local journalism in an all-digital age?' And we're obsessed with that question. Now, we made a lot of progress. We still have a lot of challenges like everyone else, but we're very excited about where we've been, but also very mindful of where we need to go."



"The challenge is you are losing these higher-margin print dollars, but print still can be of huge value to the right advertiser."

**Timothy Knight,
CEO and President,
Tribune Publishing Co.**

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Part 2

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THE DECLINE OF SOME MEDIA BEHEMOTHS has created space for a number of nonprofits, and that sector is widely seen as ripe for growth.

Lenfest Institute for Journalism CEO Jim Friedlich points to “an encouraging but still relatively small cohort of local nonprofits that have emerged around the country, and I believe this trend will accelerate.”

“It really helps to be a nonprofit if that’s your model,” said **Michael Silberman** of the **Piano media consultancy**. **“It really helps to have some sort of public benefit mission in messaging.”**

The emergence of ambitious nonprofits such as ProPublica and Texas Tribune is redefining how competition is viewed in the news industry overall.

“I think that we do have to stop thinking about competition and more about collaboration, but that also has to come, too, from the nonprofits,” said Penny Abernathy, a professor and the Knight Chair in Journalism and Digital Media Economics at the University of North Carolina.

Local News Association President Nancy Lane cited a recent international conference where “they talked about a hybrid model where perhaps the journalism goes under a nonprofit umbrella and the commercial part of the business remains for-profit. And perhaps for family-owned newspapers, this could be a model, because the nonprofit would allow them to get funding from community foundations, from donors and individuals, in a way that they can’t as a for-profit. And so we’re very intrigued by the nonprofit model as well, and want to see how that plays out.”

Jeremy Gilbert, Director of Strategic Initiatives for the Washington Post, said the nonprofit trend was important, but cautioned against expecting too much.

“I think the rise of more and more both fully nonprofit organizations but also nonprofits that live inside for-profit journalism organizations is interesting,” Gilbert said. “Seattle (Times) is an example of that, of the nonprofit centers within the for-profit organization. But I don’t know that we know enough about the long-term sustainability of those organizations. I think, if it’s a member-based nonprofit, then it ends up looking a lot like a subscriber-driven news organization. If we’re talking about something that is very foundation-specific, I think that’s a little bit more complicated. I’m not saying that it couldn’t work, but I don’t know that that’s automatically a better model than depending on subscribers.”

Some key takeaways in this section:

- The Texas Tribune is often cited as a successful nonprofit news organization, but some people think it’s a model unlikely to be replicated by



“Until recently, there was no particular reason for local philanthropy to be thinking about journalism as part of the health of a community, but they do need to think that way now.”

Steven Waldman,
President,
Report for America

other local news outlets because the Tribune covers a large and unique state.

- Smart media nonprofits are adopting methods similar to for-profit businesses, promoting brand awareness and aggressively working on “customer acquisition.”
- A variety of charitable institutions are trying to stem the bleeding from the local news crisis by financing work on innovations, placing journalists in newsrooms, and paying for reporting on specific topics.
- As general-interest publications struggle, niche news outlets like the Chalkbeat education websites are finding promising opportunities.
- Co-ops are a way to turn a news organization’s customers into its owners.

Is Texas Tribune a Lone Star?

Nonprofits came up often in the News Leaders Project. And of all the subjects discussed by interviewees, the 10-year-old nonprofit Texas Tribune may have been mentioned most frequently.

The Tribune describes itself as a “member-supported, digital-first, nonpartisan media organization that informs Texans — and engages with them — about public policy, politics, government and state-wide issues.” It is perhaps the most widely studied of the current crop of digital news startups, and its representatives frequently share their ideas at industry events.

“I think our industry really is having a reckoning in looking at what business models are working and where,” said Emily Ramshaw, Editor-in-Chief of The Texas Tribune. “I’m grateful to be in the nonprofit space, particularly grateful to work someplace with an engaged community of folks who are devoted to us and will support us with their hard-earned cash.”

One of the keys is not doing what everyone else is doing.

“I think one of the things that has made the Tribune very successful is its niche focus,” said Ramshaw. “We are not trying to be all things to all people. We are trying to make the biggest audience possible in Texas care deeply about politics and policy here. We don’t cover crime. We don’t cover cops. We don’t cover entertainment. We don’t cover sports. Those things tend to be sort of cash cows for regional news organizations. For us, it would require a really expensive extension of staff, a really expensive extension of reach. I think you’re seeing more and more news organizations sort of narrowing their approach, honing in on the thing they are going to own, and to me, that’s something that the Texas Tribune learned very early on, that I think could be extrapolated a lot of places.”

Like for-profits, the Tribune is making sure it’s not overly reliant on a single revenue source, and it has regularly released updates on its diversification strategy and results.

“For us, from a revenue standpoint, diversity is really, really important,” Ramshaw said. “We don’t

want to be beholden to a particular single revenue stream or a couple of revenue streams. We are very cautious about not putting our eggs in one basket here.”

The Tribune is a digital publication, but it’s not just a website.

“For one thing, we don’t think about audience just as the people who come to our website,” Ramshaw said. “We think about our audience as the people we reach through a whole variety of means. The Texas Tribune has a free syndication model, meaning we give all of our journalism away for free. Newspapers all across the far reaches of this state, including publications that are in communities of color, run our work, and we have aggressively worked to ensure that those folks are publishing more and more of the Tribune’s work. Our stories and our reporters appear on TV stations and radio airwaves all around the state, in all the different markets we’re interested in, from the border to East Texas, almost Louisiana. We are aggressively working not just with our journalism but with the distribution of our journalism, to reach those audiences.”

Ramshaw said the Tribune puts on more than 60 politics- and policy-focused events a year across the state, including a three-day politics and policy gathering called the Texas Tribune Festival.

“It’s like Lollapalooza for politics and policy nerds, and (there’s) a small fee to attend but 300 panels, 10,000 attendees, over the course of a long weekend, once a year,” Ramshaw said. “Our events, all except for the festival, are free to attend. We also livestream them, by the way, so thousands of additional people can tune in and watch them. Those events are sponsored either by corporate underwriters or by foundations. Sometimes they’re part of a bigger package. A sponsor may have advertising on our site, and also an event sponsorship, and also run advertising on our podcast. We sort of build out these packages both for, again, foundations and for individual sponsors. The Tribune Festival, the three-day festival, is a ticketed event, but we make more than a million dollars in that single weekend, and that revenue is largely sponsorship underwriting.”

The Tribune has membership drives in the spring and fall, and also does crowdfunding around special projects.

“I would say, on average, once a year, we have some kind of crowdfunding campaign that comes up around something big we’re doing,” Ramshaw said. “The family separation crisis on the border meant that we were just plowing through, basically, all of our travel budget for reporting for the year. It was a huge, huge expense for us. We hosted a crowdfunding campaign where we quickly raised \$75,000 to keep our reporters on the ground and subsidized over the course of that ongoing controversy.”



“What The Texas Tribune has done is remarkable, (but) there’s a lot of misunderstanding about what it means to be a not-for-profit. ... They are a not-for-profit for a whole bunch of reasons, but from the get-go, they very much focused on growth and financial sustainability.”

**Vivian Schiller,
CEO,
Civil Foundation**

Ramshaw said The Texas Tribune's revenue has grown about 10 percent per year, "which is pretty unprecedented for any news organization in the nation right now."

Many news leaders are impressed.

"Texas Tribune is such a success story it's hard to even think of anything that's even remotely like it," said Mandy Jenkins, General Manager of McClatchy and Google's joint Compass Experiment and Board President of the Online News Association. "I think there's a lot of people that are working toward that right now."

But there are cautions, too.

"One of the things I worry about is we always look to The Texas Tribune, for very good reasons," said New York Times Publisher A.G. Sulzberger. "They do excellent work and they've got excellent leadership, and it feels like they've got to a relatively substantial place. But Texas isn't local. Texas is the size of a big country."

Vivian Schiller, CEO of the Civil Foundation, said no one should think that The Texas Tribune's non-profit status is the key to its success, rather than strong financial governance.

"What The Texas Tribune has done is remarkable, and I think serves as a model for what other markets can do," Schiller said. "Which is, even though they are not-for-profit, there's a lot of misunderstanding about what it means to be a not-for-profit. That you declare yourself a not-for-profit and the money just pours in. Would that that were true. So, they are a not-for-profit for a whole bunch of reasons, but from the get-go, they very much focused on growth and financial sustainability."

Chicago's WBEZ Means Business

In contemporary media, it's sometimes smart for nonprofits to act like commercial operations in certain ways. Take Chicago's public radio station, WBEZ.

"We've grown our member base by over 30 percent in the last four years because we've really been running it like a customer acquisition/retention business," said Goli Sheikholeslami, President and CEO of Chicago Public Media for the past five years and soon to become the chief executive of New York Public Radio. "We've now organized our membership team into a customer acquisition team, or a member acquisition team, and then a member retention team. ... We have very set goals about the amount of new members we need to bring into the organization. And then we are continuously working on improving our retention rates from our existing members."

Like for-profits, WBEZ has been concerned with diversifying products — becoming more than just a radio station.

"We, for obvious reasons, have been doing a lot of work to expand our service beyond radio and audio," Sheikholeslami said. "Or beyond terrestrial radio, to digital audio, and then also to ... a text-based product."

WBEZ also is working hard to boost brand awareness. “We’re really focused on growing the audience. We still feel like there’s an opportunity to grow the audience to our traditional radio service. So, we actually, for the last year, and for the first time in the history of the station, have been doing an extended brand awareness campaign here in Chicago.”

Brand loyalty is something that many public radio stations rely upon. But it doesn’t happen by accident.

Schiller, the former CEO of National Public Radio, said the pledge drive is not a “blunt instrument” but is “based on deep research and learning about what resonates and what works.”

“At its core is that it is the opposite of a transaction,” Schiller said. “It is a relationship. And, when the relationship between a public radio station and its local member who writes a check, or puts in a credit card, or whatever it is, is successful, it has a very sort of counterintuitive effect, in so far as you would think if I write a check to WAMU, my local Washington station, they are beholden to me because I gave them money. But actually, psychologically, the opposite is true. When I write a check ... the act of giving them money makes me more beholden to them. So, when I get a tote bag, it’s not because I’m getting that as a purchase. I’m getting it because it is a symbol of this club that I’m a part of. And, when I carry that tote bag, I’m signaling something about my identity. And that is very, very, very, very important, and it is something that I’m seeing non-public radio stations struggle with.”



“The community funded journalism (solicitation of charity funds to bankroll specific reporting efforts) is probably one of the few unique things that we do.”

**Don Shelton,
Executive Editor
(recently retired),
Seattle Times**

Many Faces of Philanthropy

“Until recently, there was no particular reason for local philanthropy to be thinking about journalism as part of the health of a community, but they do need to think that way now,” said Steven Waldman, President of Report for America.

Waldman’s program puts reporters in newsrooms by paying half of the reporter’s salary, with the local news outlet paying a quarter and a local donor paying the rest. If the arrangement continues for a second year, the news outlet pays more.

“At the end of the day, we’re not going to solve this unless there’s a bigger role for nonprofit media. And I don’t just mean us,” Waldman said. “I mean, all of the nonprofit news startups and things like that. We’re a way that you can have the nonprofit sector help to support commercial media too, so that can be part of the solution. But one way or another ... if the nonprofit sector, including philanthropy, plays a bigger role, then that will be a transformation of local media in a healthy way.”

Lenfest's Friedlich put it this way: "One of the dynamics that's worth thinking about and talking about is that in a number of different markets there has emerged a philanthropic component to local news and it remains a small subset of the philanthropic support that local arts, environmental concerns or health care receive, or education receives and there are people like the Democracy Fund who have numbers on this that can compare the size of each of those sectors, but it is absolutely growing."

Schiller's Civil Foundation is giving grants for innovation, ethics advocacy, public engagement and newsroom education. And Mike Petrak, Executive Vice President of Tactician Media, cited philanthropic efforts by the Knight Foundation and the Lenfest Institute of Journalism.

"These are rich philanthropic people who really care about local news and worry about the state of the free press in the United States, so they have created models that now allow local news in part to be financed through charitable trusts," Petrak said.

While the Philadelphia Inquirer is a for-profit B Corp. for the public benefit, it is owned by the non-profit Lenfest Institute, which was founded by cable television entrepreneur H.F. "Gerry" Lenfest.

"So now there are new entrants to the market that are entirely new that say we care enough about journalism and it's important enough in our community that we will support it through charitable grants and they've set up new economic models to do that, Philadelphia probably being the foremost," Petrak said.

A prominent newspaper [seeking nonprofit status](#) is Utah's Salt Lake Tribune, which has been for-profit for 148 years. It won tax-free status from the Internal Revenue Service in July 2019 and is now in the fundraising phase.

Report for America is an example of nonprofits contributing to for-profit news operations. Another is The Seattle Times' solicitation of charity funds to bankroll specific reporting efforts.

"The community funded journalism is probably one of the few unique things that we do," said Don Shelton, who recently retired as Executive Editor of The Seattle Times. "It's not unique in newspapers because there are some nonprofits that do it, but for profit newspapers, we probably are the leader. And what we do is we ask outside funding sources, foundations, corporations and nonprofits to contribute to fund around a certain subject, and then we use that money to hire a team of journalists to cover that issue, and we started in 2015 with issue coverage called Education Lab. And in 2017 we launched Traffic Lab, which covers transportation, and Project Homeless, which covers homelessness."

These kinds of designated coverage funds may seem like a life preserver for newsrooms drowning in the current crisis. But it's unclear how much it will be adopted elsewhere.

The Seattle Times is still looking to expand the effort. In April 2019, it announced fundraising for an Investigative Journalism Fund.

How Chalkbeat Found a Niche

Consumer and funder support is strong for certain topic areas, as demonstrated by The Seattle Times. Another example of how nonprofit funding can bolster coverage on subjects of major importance is Chalkbeat, which covers school reform from seven locations: Chicago, Colorado, Detroit, Indiana, Newark, New York and Tennessee.

Maria Archangelo, Chalkbeat's Chief Revenue Officer, explained the operation's funding.

"By far, the biggest revenue stream at Chalkbeat is philanthropy," Archangelo said. "I would say it's somewhere between 85, 90 percent. It's a really strong mix of national and local funders, which is one of the things I think makes Chalkbeat a little bit unique, and it really goes along with our mission to do local first. ... Typically, funding for our bureaus is actually largely local, and that money is really focused locally on the reporters and editors that are actually on the ground. Then we have a level of national funding that comes in over top of that and helps us with things like our gen ops for our networks.

"Sponsorship is a growing part of our revenue. ... That's a mix of local sponsorships and national sponsorships. We had a great partnership with AT&T's community foundation side where they were trying to reach a certain audience in Chicago and we were able to pair them up with an event that we were having in Chicago and they were a sponsor. They also had an anti-cyber-bullying curriculum in New York that they were interested in publicizing in our New York newsletter. We're starting to be able to find these connections. Sometimes they are straight-up commercial operations trying to reach our audience, and sometimes they have more of a social mission. We also have a lot of continuing ed and professional development advertisers for our teacher audience and our educational admin audience. Then the other piece is membership, which we really put a focus on this year, and saw a big increase."

Chalkbeat produces high-impact journalism but also is moving beyond news reporting.

"Our strategic plan also calls for the creation of a lot of new products that may not be journalism products, but things that would serve our audience in different ways," Archangelo said. "We have a jobs board that we think has a tremendous ability to be built out. Perhaps there are city guides that would be relevant to people moving in to give them an understanding of the education landscape."

Chalkbeat's audience of people interested in education is just one of the "passion groups" that can be served by carefully focused news outlets.



"Our strategic plan also calls for the creation of a lot of new products that may not be journalism products, but things that would serve our audience in different ways."

**Maria Archangelo,
Chief Revenue Officer,
Chalkbeat**

Jed Williams, Chief Strategy Officer for the Local Media Association, said consumers' interests and identities aren't just tied to their ZIP code — they're wrapped up in passions and affinities, "whether that's technology and media or it's sports or it's a running club."

For smart news organizations, supply will meet demand.

"If you really, through data, know who your audience is and know who the people are that are passionate about your brand and your different content and experiences, can you build out those content experiences and overall experiences into something more robust that could either be sub-brands or standalone brands, but for which people really engage with you at a different level and may be willing to pay you?" Williams said. "Whether that's around prep sports, politics, lifestyle content and real estate, whatever it might be."

Co-Ops: The Green Bay Packers of Local Journalism

The cooperative movement is an approach to bringing news consumers into the news creation process. "It has a bunch of ways that it diverges from the other approaches to online news," Tom Stites, Founder of the Banyan Project in Massachusetts, explained. "Most distinctive is that its ownership model is the same as a food co-op or a credit union or something. It's called consumer cooperative ownership, meaning that it's owned by the end users, in this case a whole bunch of readers would own their local source of news the way that depositors own credit unions. And it becomes a widely distributed ownership of the news organization that is literally grassroots ownership."

Stites, a veteran of The New York Times, Chicago Tribune and Kansas City Times, founded the Banyan Project to seed co-ops into underserved communities and offer them ongoing support. But is a co-op the answer for the local news crisis?

"It has several advantages and some disadvantages," Stites said. "This is not a silver bullet. The advantages are that co-ops of all kinds, once established, rarely fail. They're really, really robust and that's because to get them to launch you've got to sign up a whole bunch of people as members before it exists. ... But what really matters is that the engagement of the members in this organization is much deeper than the engagement that a lot of people are now trying to add onto existing news sites. This is the heart of it, you can't get much more engaged than owning a piece of it."

Another advantage, Stites said, is that you don't have to rely on affluent benefactors because "the initial capital comes from many pockets in small chunks and all from the community." That makes it practical for financially disadvantaged areas.

"We're getting the tangible benefits like equity, vote, all this but the intangible benefits are what sells this, and it's a sense of civic potential," Stites said. "I am a person of civic meaning. I own a piece of an important community institution, I have a voice in it, I can be heard in the community and so forth and so on, is really what we're selling. We're not monetizing what these other sites monetize; we're monetizing civic potency."

Another interesting example is Devil Strip, which is taking steps to become a co-op. The music, art and culture news outlet based in Akron, Ohio, has received some help from the Knight Foundation and the City of Akron, but has relied mostly on advertising.

“We did, last spring, a beta membership drive, so we have a group of about 150 people who on that NPR affiliate model, like ‘give out of the goodness of your heart’ kind of thing, and we had 150 people who did that,” Devil Strip Publisher Chris Horne said. “I shut that off. They’re to be grandfathered into what we’re doing next, but I realize it wasn’t going to grow the way we had designed it.”

What’s envisioned, a co-op, is comparable to the way the Green Bay Packers football team is run.

“You get to vote on some big things,” Horne said. “You don’t get to decide who the free agents are. You don’t get to decide the play calls on the field. But you have a say on some of these things and you get to feel a sense of literal ownership over the team. And that’s kind of what we’re going for here.”

Being a co-op doesn’t mean limiting revenue sources. Far from it.

“I’m getting into the nuts and bolts and things,” Horne said, “but our hope is that will have four or five revenue streams developing over the next year. Advertising will remain one of them. I want to add business services to it, sort of consulting on storytelling or even content creation, where we can go in and help some small businesses figure out how to manage a Facebook page, how to do some of their own marketing, because you know ... some of them just won’t benefit from advertising with us. ... And I hate taking their money if I know it’s not going to help them when there are other things they could do for less money and we can help them do that and it’d be less overhead for us. And whether the membership is more like a subscription and ownership as a separate thing or they’re the same thing. We’ll have to decide that over the summer. But that would be a revenue stream, turning the events into more profitable opportunities, whether that is as a driver for membership or it is public-facing stuff that actually we can hang sponsorship on, like Texas Tribune does.”

Content will remain open, Horne said.

“The magazine is free. It will remain free. The website is free, will remain free. So instead of leveraging access to our content, we want to leverage access to community itself.”

For now, Horne said, a co-op is the best approach, but the structure isn’t important — the result is. “It’s selling the vision for a democratized form of American journalism.”



Consumer cooperative ownership means “it’s owned by the end users, in this case a whole bunch of readers would own their local source of news the way that depositors own credit unions.”

**Tom Stites,
Founder,
the Banyan Project
in Massachusetts**

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Part 3

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PARTICIPANTS IN THE News Leaders Project recognized the need to find new ways to serve audiences and gain financial stability. But they cautioned that change must happen strategically, and that true innovation isn't chasing "shiny objects," a popular metaphor that kept popping up in our interviews.

"We're really always looking for new things, but not a shiny object," said Karen Andreas, Publisher of the North of Boston Media Group. "We want to make sure that if we are going to try a new project, that it makes sense for our readership, that it makes sense for the staff time, and that the return on investment is there."

A.G. Sulzberger, Publisher of The New York Times, said the news business was suffering from "innovation fever, where there's a sense of innovation for innovation's sake, new for new's sake."

"I think the word 'innovation' has in some ways been a real distraction to the industry," Sulzberger said.

"It's really important for any organization that's going through a period of radical change, like the Times is, like our industry is, to understand what's the core, what's the thing you're changing in service of?" Sulzberger said. "Because if everything is up for grabs, if you can change anything, then you really don't have a reason for being. For us the core is original, expert, on-the-ground, reported journalism that's independent, fair and accurate. That's the core, and then everything else is in service of that."

Doug Phares, who stepped down in June as CEO and President of the Sandusky Newspaper Group, was skeptical of "innovation."

"I want to bang my head against the wall when people tell me that innovation's going to make the difference," Phares said. "The innovation almost has to come from how people, the average consumer, accesses and processes information."

Meanwhile, constant innovation is central in the approach of Blake Sabatinelli's Newsy, a leading digital video news network. Once focused on desktop and mobile, it has shifted into a streaming, on-demand service that aims for the biggest screen in consumers' homes.

Fear of change is perilous, said Sabatinelli.

"Everyone's sitting right now at this crossroads of do we stay the same and keep the same business model, or do we change and pivot and try something new," Sabatinelli said. "Now, I can't speak from a local perspective



"We have more and more newsgathering techniques that are bringing efficiencies. We have more technology capability to bring real-time video and storytelling to air. We're quicker and faster and more capable."

**Larry Wert,
President,
Tribune Media**

because that's not my business, but you can't be afraid to change. Otherwise you're just going to die."

The Texas Tribune's Editor in Chief Emily Ramshaw saw it this way:

"I think we have a responsibility to constantly be thinking about the next platform that we're going to be on, the next way that we're going to present our content to our public, the next way we're going to engage with our audience, I think. But, for me, innovating isn't just chasing flashy, shiny objects. It's not being on the latest platform or social media tool for the sake of being on that platform or using that tool. We don't have to be the first at The Texas Tribune. We have to be the smartest."

Some industry analysts think innovation is more talked about than accomplished.

"We don't see much product experimentation or differentiation in the newspaper experience," said Nieman Lab's Ken Doctor.

"I don't look at a TV newscast and say it's a shadow of what it was five years ago, but neither does it seem especially innovative or ambitious," said Rick Edmonds, Media Business Analyst and Leader of News Transformation at The Poynter Institute.

But Tribune Media President Larry Wert sees lots of transformation in TV.

"We have more and more newsgathering techniques that are bringing efficiencies," Wert said. "We have more reporters and anchors being multimedia journalists. ... We have more technology capability to bring real-time video and storytelling to air. We're quicker and faster and more capable."

Among the key points raised in this section:

- Podcasts are a hot platform for local news, but news outlets should beware of "passion detached from knowledge."
- The big tech companies that disrupted the local news picture in the first place are now offering assistance to local outlets trying to find their future.
- News organizations are moving well beyond simple page-view counts as they find more relevant metrics to help them shape their news products.
- The proliferation of smart speakers has news outlets asking how Alexa and Echo can help them find new audiences.
- Texting seems rather low-tech now, but some journalists are using it for engagement and even as a reporting tool.

The Culture of Creative Thinking

The enemy of innovation is denial.

“There’s a time, I think, when people go through disruption in any field where you don’t want to believe it’s as significant as it really is. And you get conservative pretty fast, and you try out a more incrementalist approach,” said Randy Siegel, CEO of Advance Local, a chain that was an early proponent [of the industry trend](#) to cut back from a daily print edition. Advance raised eyebrows in 2012 when it reduced the News Orleans Times-Picayune’s print editions to three days a week and put NOLA.com front and center. Advance also implemented the strategy at its other outlets.

“I think what we did in 2012 without having a robust digital playbook ready to go was to rip the Band-Aid off, jump into the pool head first, then really test and learn, try a lot of things,” Siegel said. “Instill a culture where people are not afraid to share new ideas and insights, and try new things, even if they’re not successful, because it’s a very humbling experience to work in a field like local media that’s been disrupted so tremendously.” (Earlier this year, Advance exited the New Orleans market by selling to the family that owns its competitor, The Advocate; NOLA.com is now the combined digital face of The Times-Picayune and The Advocate. Print has been restored to seven days a week in New Orleans, though the general strategy of reducing print frequency has spread to many other markets.)

Siegel said listening is vital for innovation.

“I learned early on in my career that the best innovations, the most profound insights, come from people who are actually out in the field and the market and in the community every day. And, we’re a company that has several thousand people, spread around 10 markets, but for us, at corporate, at the enterprise level, we don’t come up with the best ideas. We recognize really great ideas when we hear them from being out and about, and talking to our people. So, innovation is really a shared responsibility, but there is a decided bias that those great ideas are amongst our people. We have the obligation to go find them and empower people to share.”

Melissa Bell, Publisher of Vox Media, seconded the notion that the insularity of leadership is a problem.

“One of the things that I know I don’t get right all the time is that I’m not hearing from the people who are coming up with the next crazy idea because we sit far apart from each other, they’re hard at work on their day-to-day and so I try to think about opportunities for us to try to come together and share ideas across different groups and make sure that those conversations are happening pretty regularly so the company can invest in those ideas and they don’t get lost sort of in the system.”



“One of the things that I know I don’t get right all the time is that I’m not hearing from the people who are coming up with the next crazy idea because we sit far apart from each other ... so I try to think about opportunities for us to try to come together and share ideas.”

**Melissa Bell,
Publisher,
Vox Media**

While news leaders must listen to their staff, Newsy's Sabatinelli said all of them must pay attention to the customers.

"Our audience is everything," Sabatinelli said. "I'll tell you what doesn't matter: what a consultant says based on their research generally doesn't matter. What our audience says matters."

To that end, Sabatinelli said, "We have a consumer group called the Newsy Insiders; it's over 4,000 people ... who are diehard Newsy fans and who get early access to look into everything we do."

Bill Church, Senior Vice President/News for GateHouse Media, said newsrooms have been slow to address basic structural problems.

"It's a reflection in many ways of what's happened to our industry for, now, more than a decade," Church said. "Our industry has continually lost jobs, even at an accelerating level, and yet at the same time the basic structure of newsrooms hasn't changed. ... It is frightening in its consistency over the years that as the number of jobs have (been) lost, what hasn't changed is the percentage of editors, the percentage of reporters, and the percentage of journalists filling a number of roles in that newsroom."

And there's a lack of variety in local news, said Nieman Lab's Ken Doctor.

"There's very little difference in terms of editorial strategies," Doctor said. "It's kind of a one size fits all. ... You don't see the kind of things that, for instance, The New York Times is doing with cooking or crosswords, they're going to do it with parenting. They're not recognizing niches. There's a couple of sports verticals that have been tried; those were also tried 10 and 15 years ago. But very few, and part of it is a lack of imagination and part of it is simply there are not enough resources to test new products."

Innovation is risky, and minimizing the cost of failure is important, according to some news leaders.

"If it doesn't work, we're going to move on very quickly to the next thing, but we want to make sure that we are trying things that ... have a pretty good chance for success, both in reaching a new audience and being attractive enough to be sustainable," said Jim Kirk, Publisher and Executive Editor of Crain's Chicago Business. "It's not like we're just throwing everything up against the wall. We're just being smart and trying to understand if there's a marketplace for it, both from a readership standpoint and an advertising standpoint, that can support it."

"We often wish to do a lot of things," said Tribune Publishing's CEO Timothy Knight. "But I think, in an era of very finite resources, you've got to be really smart about what bets you make."

The similar advice of The Texas Tribune's Ramshaw: Be selective.

"We don't have the staff, or the resources, or, candidly, the stomach acid, to be the first ones out of the gate on every new trick of the trade," she said.

Vox Media's Bell offered another piece of advice: When you're trying to innovate, let other people help you.

“I think one thing that I see often times is that a lot of organizations feel that they have to own every solution, either they’re spending a ton of money on their own CMS (content management system) or they are hiring people to do very specific tasks, and I think there are a lot of free tools and capabilities out there on the web that sometimes I think organizations don’t necessarily take that step to do a more low-fi version of something and then spend their money and energy on the thing that sets them apart from everyone else.”

The Washington Post’s Jeremy Gilbert, Director of Strategic Initiatives, said successful innovators are not afraid to fail but instead accept the fact that they will fail in some ways.

“Experimentation has to be just that,” Gilbert said. “It can’t be that we have committed to a course, that we’re sure that it will work and we’ll be disappointed if it fails, but rather that we’re going to try something, we’re going to see if it works, and as long as we learn something we’re going to consider that a success.”

Staying at the forefront of innovation and riding out the rough spots can pay off for news organizations.

“The companies that started experimenting first with metered access or paywalls are many of the companies, not all, but many of the companies that are in better positions relative to offering subscriber member experiences today,” Gilbert said.

But not all companies can withstand the immediate market pressures and think ahead.

“It becomes very difficult in a business that is otherwise struggling and trying to deliver its core services to leave enough room as to create a culture where you can really value some experimentation if the outcome is going to be unknown,” Gilbert said. “And I don’t believe that you can be innovating and experimenting if you already know it’s going to work. So, you have to leave room for some of the experiments not to work out, and for some newsrooms, they might not have enough resources to take those risks.”

With every untested idea, news leaders must keep focused on the goal, not just the glittering technology, said Andrew Pergam, a Director in the Global Affairs group at Facebook and former Vice President of New Ventures at McClatchy.

“For [McClatchy], it’s important that it be experimentation with purpose,” Pergam said. “That it’s not simply experimenting with augmented reality



“What our audience says matters. We have a consumer group called the Newsy Insiders; it’s over 4,000 people ... who are diehard Newsy fans and who get early access to look into everything we do.”

**Blake Sabatinelli,
CEO, Newsy,
a leading digital video
news network**

for the heck of it. It's doing it because ... this is what this piece of the future looks like and here's a revenue model around it and here's how we start to sell those components to local advertisers."

Podcasts

Are podcasts innovative? They're really just radio shows available on the listener's schedule, right? But their popularity as a news product for outlets that have been print-reliant is one of the major journalism product changes in recent years.

"I think the explosion of podcasting is really interesting and also very promising because it's, I think, finally a recognition of the fact that media organizations should not be siloed," said Nieman Foundation Curator Ann Marie Lipinski. "And the fact that the leading podcast in the country is coming from a legacy newsprint news organization (The New York Times) is exciting, and the fact that that same news organization is growing a filmmaking enterprise within the newsroom is also exciting and at last you're seeing an organization do what we've been saying all along, which is that we're platform-agnostic and we're multimedia and all of that. And I think these are words that we throw around a lot in the industry but that are finally, I think, being taken seriously. The problem is that these forms require new sets of resources that not all organizations have, but podcasting, for instance, is something that does not have huge barriers to entry."

Not all podcasts are successful, of course.

"I think passion detached from knowledge is where a lot of podcasts fail," Lipinski said. "And I think, again, because they're fairly inexpensive and easy to do, at least in their most basic format, we're overrun now with a lot of podcast choices and there's a lot out there that's not very good. But I think the ones that are going to be successful are the ones that you're going to turn to time and time again sometimes for the passion but I think more often for knowledge, for understanding, to have something explained to you."

Carol Fowler, Director of Content at KSDK-TV in St. Louis and a former Chicago Sun-Times executive, noted that podcast competition is fierce.

"You can't just launch a podcast and expect people to find it and just start downloading it like crazy," Fowler said. "Everybody's got a podcast, and I will tell you in my own conversations with people who do similar jobs ... podcasts have probably been the most difficult area of innovation. To get the scale in a podcast when you're starting flat-footed ... it's difficult to get."

Smart Speakers and Mobile Phones

The whole topic of audio journalism is more than podcasts and warrants serious strategizing, The Washington Post's Gilbert said.

"There has been tremendous growth in audio journalism," Gilbert said. "Some of that in terms of people's use of public media, the NPR-affiliated stations, public radio stations, those kinds of things. Some of that is about interactive audio devices like the Amazon Echo family, the Google Home, the

Apple HomePod. I am really curious to see how local publishers engage there. ... So there's an intimacy that I think is even more intimate than having the local news on in terms of TV, listening to the news while you cook in your kitchen or prepare coffee in the morning or get ready for work via one of these interactive audio devices or listening in your car on your commute, however you commute, to this news, it feels very personal in a way that I think would be powerful and could let people really engage with brands, news brands in a way that would be positive. However, I don't know that enough publishers have figured out how they're going to get into that and how discovery would work finding the podcasts, finding the skill that you could enable. Those are really difficult things to do right now, so I think that that's a big cause of concern."

Goli Sheikholeslami, who is ending her five-year tenure as President and CEO of Chicago's public radio station, WBEZ, to take a similar role at New York Public Radio, said the Chicago station is involved in a smart speakers project.

"Google News announced sort of a partnership with some major news organizations at the end of the year for their Google Assistant platform," Sheikholeslami said. "And so we're one of the partners that is working with Google News to really figure out how people are going to want to consume news on these smart speaker platforms, for example. So, that, I would say is the most cutting edge because I think it's just ... it's so new. ... What is the news experience in a voice-activated world?"

Kirk of Crain's Chicago Business said the emergence of smart speakers and increased smartphone use both bear watching.

"Everything that we do really has to work on the phone," Kirk said. "That's obviously the most personal technology people have at the moment and are using the most, so everything that we do is really kind of focused on optimizing for that, first and foremost. But I do think the adoption of the kind of home personal Alexa kind of technology, where people can smartly ask for information and have it delivered to them just by asking for it, is something that we have to really look at and take seriously."

Nieman Lab's Doctor gave most news organizations poor marks on their delivery via smartphone. Doctor emphasized that the top priority is quality content, but "the secondary part of it is 66 percent of reading, of news reading, is mobile, yet the mobile news experience for most newspaper companies is pretty poor. It's a pretty fatal combination when you don't have the content and you don't have the product delivery."



"The adoption of the kind of home personal Alexa kind of technology ... is something that we have to really look at and take seriously."

**Jim Kirk,
Publisher and
Executive Editor,
Crain's Chicago
Business**

Texting as an Innovation? Really?

Bene Cipolla, Executive Editor of the Chalkbeat education news operation, explained her operation's innovative use of text messages.

"In the past year, we've ... been experimenting with a text messaging platform called GroundSource," Cipolla said. "That's just been a different way, again, to reach people through text messaging, versus the website or newsletters or social media."

But it goes beyond engagement. It's also a reporting tool.

"One of the first instances that we used it was in Detroit last fall," Cipolla said. "We were doing a package of stories around student mobility, so students who changed schools frequently throughout their academic career. We actually purchased (lists of) phone numbers, which I know sounds super shady and like a gross marketing ploy, but we bought phone numbers and we were able to get responses from 100 parents about why their children changed schools, and that was actually a really effective boost to our reporting. It was certainly people we never would have found otherwise. We experimented with that number purchasing there, but we decided that's probably not a path we're going to continue down."

Chalkbeat also uses texting in other ways.

"We use it at events as well so people can communicate with us via text, asking questions and participating," Cipolla said. "Then we've also used it to do outreach on other stories. We did a discipline package in Tennessee, and people could text in and do a little survey so we could again gather more information. I think we'll probably start to use it more across bureaus in our coming fiscal year."

Facebook and Google's Help

Two web giants, Facebook and Google, have made billions of dollars by selling advertising associated with local news. Now, they say, they want to give something back.

"We see ourselves as hopefully being a good partner where we can be," said Anne Kornblut, Director of New Initiatives and News Partnerships at Facebook. "One of the things we know is that people really like local news, and not everybody may want to read hard political news, but people really, across segments of the Facebook population, people really, really like their local news. And I believe that's true on and off Facebook. And so, it's important to us that there is local news. It's also, I mean honestly, it's just something that we as a company believe in. News in general, and local news specifically, because we're so invested in the idea of community and helping people build community."

Facebook announced early in 2019 that it was spending \$300 million on news programming, content and partnerships, with some of that money supporting [an Accelerator effort](#) that is helping local newsrooms refine their business models to attract more subscribers and members, among other things.

"We have a local news resource center at LMA," said Nancy Lane, President of the Local Media Association. "It is funded by Facebook, but we operate it independently. And we're working with media

companies on growing their audience. And a lot of it is via social networks.”

One of the beneficiaries of Facebook’s Accelerator program is Berkeley-side, a Northern California “benefit corporation,” or B Corp.

“We heard them talk about how their traffic actually has grown to the point where it exceeds the population of Berkeley, which is their constituency,” Kornblut said. “They have a large following, and it’s not all people who live in Berkeley.”

Last year, the Google News Initiative announced it was [spending \\$300 million](#) of its own to help news publishers. After the announcement in June 2019 that The Youngstown (Ohio) Vindicator newspaper was closing, a new Google-McClatchy lab called the Compass Experiment chose Youngstown as one of its launch cities for a digital startup. Google also is working with the Local Media Association. In August 2019, a nearby newspaper, the Tribune Chronicle, purchased the masthead, web domain and subscription list of The Vindicator. So there will effectively be a Vindicator in name only – a zoned edition of the Tribune Chronicle.

Erica Anderson, who is now Executive Producer of Content and Partnerships at Recode, which is part of Vox Media, was Head of News Ecosystem at Google News Lab at the time of her interview.

“When I think about innovation in journalism, I think about the integration of technology, technology that can bolster the editorial skill set of a journalist. ...A journalist is going to have instincts, they’re going to know community, they’re going to know community needs, they’re going to know members of the community, they’re going to have sources, so they kind of know that side of the brain. ... But what are the innovative technologies that we can launch or provide to them to make it easier to do storytelling around that, make the distribution broader, to make it monetize in a more efficient way?”

Jed Williams, Chief Strategy Officer of the Local Media Association, talked about a Google subscriptions project.

“With newspapers, so much of our work and my work is around digital subscriptions,” Williams said. “We’re a big partner at a Google News Initiative program called the Digital Subscriptions Lab, where we’re working with 10 different publishers to help them optimize their strategy and their tactics in the short term to create digital subscribers and in the longer term to grow them even more so that digital subscriptions can truly be a meaningful and a very big part of their business transformation. ... We have corporate publicly traded companies, we have large, we have small and we’re working with Toronto and learning and we’re working with literally Cape Girardeau, Missouri, and Portland, Maine. It’s U.S., it’s Canada, it’s Puerto



“One of the things we know is that people really like local news, and not everybody may want to read hard political news, but people ... really, really like their local news. And I believe that’s true on and off Facebook.”

**Anne Kornblut,
Director of New
Initiatives and News
Partnerships,
Facebook**

Rico, it's very much a North American project, diversity of inclusion and diversity of types of companies is very important here so that we can really test out: Can digital subscriptions be a healthy and growing and hopefully sustainable model or at least a big part of a sustainable model for newspaper companies?"

The effort involves on-site workshops and "deep benchmarking of all of their audience data." The goal: "to basically build a short-term and a long-term roadmap for growth with digital subscriptions."

Making Metrics Count

Harnessing data to better understand your audience isn't a new idea. But doing it in a way that provides truly actionable information is vital these days and is constantly being refined.

Only a year or two ago, many newsrooms were obsessed with page views and unique visitors. Now, many have moved on to tracking reader behaviors that may lead to subscriber acquisition and retention.

"For a long time, I think journalists conflated the number of people who came to visit an article with a successful piece of journalism," said Jeremy Gilbert, Director of Strategic Initiatives for The Washington Post. "And I think the good news is, at least from the viewpoint of The Washington Post, it's really much more about deep engagement than it is about the total number of people who ever see a piece of journalism. The people who engage deeply, who spend their time, who share an article, recommend it to others, those are the people who are most likely to be subscribers. And so, when we craft the journalism, we need to craft journalism that engages people, not journalism that just attracts people. I think if I were to say what does clickbait look like, clickbait looks like journalism that attracts people to at least glance at a story but has nothing to support deep engagement. And good, powerful journalism, well told, that's the kind of journalism that creates the deep engagement that merits a subscription."

Gilbert emphasized different types of stories need to be assessed differently.

"We divide stories into critical and fascinating categories," Gilbert said. "Sometimes they can be both. We talk about stories that are live and stories that are really in depth. Again, they can be both. But we can do a story of the moment, a really live story, where all we have is a paragraph or a couple of sentences, and that paragraph or couple of sentences, it is the thing. So, when people go and engage with that journalism, they're not going to spend a lot of time, but that might be exactly what we need to do when we have the news of the moment that will define the agenda, set what people are talking about.

"So, we need metrics that are flexible enough around engagement that they don't say a longer story is always better, because that is not true. It also has to be that we don't want circulation to be the only metric, but then say, well, wait a second, it was so engaging that you spent seven or 10 minutes and that was five or six minutes more than you thought you were going to spend, and therefore, you don't look at a second story, but you still had a very successful engagement with Washington Post journalism. The metrics have to be flexible enough that they can account for the different types of stories we might have and the different moments we might reach people."

So, what are the most important metrics?

“No. 1, it’s some way to track what stories, you know, what articles are actually getting people to become subscribers,” said Piano’s Michael Silberman. “So that’s probably the most important thing. The other is some sort of measure of how you’re growing user engagement over time. So, the Financial Times uses an index that they call RFV which stands for recency, frequency and volume. So that’s the last time they came? How often are they coming? And how much are they reading? So how many articles are they reading? And they sort of multiply those together into an index. But it doesn’t necessarily have to be sort of a more complex metric than that. It’s just some sense of how you’re growing the proportion of users who are coming back again and again.”

In an industry where innovation is an increasingly important value, measuring results is a priority.

“Always, we want to figure it out beforehand, of course, to make sure we’re not wasting our time,” said Andreas, of North of Boston Media Group. “But it’s not always perfect. Sometimes we’ll launch something and have a pretty good run and then it runs its course and it’s time to try something else. So we run a P and L (profit and loss) on every single product that we do, whether it’s a small health special section, or a large breast cancer awareness project. We really look at different metrics for it. What kind of revenue did we get from it, what kind of expense do we have, what’s the readership value, what was the profit and should we do it again? So we’re constantly measuring ourselves that way. We want to make sure it’s incredibly high quality, that it has a lot of reader and advertising value. If it doesn’t, we will say, ‘Eh, you know, I’m out. That one maybe didn’t work out so well, let’s cut that and try something different.’”

Tribune Publishing’s Knight has a team that supports all of the news outlets on metrics.

“We have a centralized group that focuses on it, works very closely with leaders in each of the newsrooms about their key priorities,” Knight said. “The data team shares the data across the organization, with each newsroom leader, and with the marketing teams, subscription team, so that we’re all aligned. We talk about our key priorities constantly, and we are putting in the processes to measure and report back to everybody our progress.”

Data is just as important to nonprofits like WBEZ.

“We’ve invested in building out a data warehouse, so that we can really start to understand the behavior of our members, and understand who they are, so that we can do more one-to-one direct-to marketing to our members,” said Sheikholeslami. “You know, again mostly for retention purposes. But also for the purposes of getting people to increase their giving over time.



“We’ve invested in building out a data warehouse, so that we can really start to understand the behavior of our members, and understand who they are, so that we can do more one-to-one direct-to marketing to our members.”

**Goli Sheikholeslami,
former President and
CEO, WBEZ, Chicago
public radio,
now CEO, New York
Public Radio**

So, that's something that we had never done in terms of really starting to use data, and data analytics to message, and market more directly to our members, and to prospects. And we're also building a prospect database. So, as important as the newsletter is to our editorial strategy, and our audience strategy, it's also critical to our membership strategy. ... Sixty percent of the people that are signed up for our newsletter are not members. So, all of those people are now prospects in a prospect database."

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Part 4

Local TV: ‘Disruption Is Coming’

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The “pivot to video” by legacy print news outlets didn’t go so well, but video has a legitimate role in many news products.

ACCELERATING CHANGES in technology, audience behavior and viewer demographics will cause major disruptions to the business model of local television news similar to those that have rocked newspapers, many news leaders interviewed for this report predicted.

And, several of these executives and thought leaders said they're concerned that local television news is not moving quickly enough to prepare for what's coming.

"They don't have the same urgency today from a cash perspective, but their businesses will get disrupted," said Jed Williams, Chief Strategy Officer at the Local Media Association. "Traditional core viewers will continue to age, new viewers will be harder to reach, more people will cut the cord, etc. And so what are broadcasters doing to strengthen and diversify and sort of reinvent their brands for the next 10 to 20 years and reinvent their business models around that, particularly in the digital world?"

Television remains the most common place for Americans to get their news, but [the audience declined](#) in 2018 across all time slots studied by the Pew Research Center.

And the old traditions of appointment TV are eroding as more consumers embrace streaming video over the internet, also known as OTT video, or "over the top."

Jennifer Lyons, News Director at WGN-TV in Chicago, noted the growing fragmentation in the television audience. "People are streaming and binge watching and they'll turn on the news if there's a big story or if it's convenient in a lot of markets," Lyons said.

Because of the fluidity, it's paramount for local TV stations to be adaptive.

"Back in the day," Lyons recalled, "I said to my boss at the time ... 'Hey, wouldn't it be neat if we put the video on the phone and streaming on the phone?' I mean, video was on the phone, you could watch a clip or something, but you didn't watch a whole newscast, you didn't stream on your phone, like people do today. They laughed at me and they said, 'Who would want to watch television on their phone?' But we did it anyway and I think we got our foot in the door early and you have to continue to innovate. That's the biggest thing: We don't know what the next big thing is going to be, but you have to be open to it."

The industry is worried by the trend of younger people shunning local newscasts, and thereby threatening the loyal base of viewers that has been so profitable for local TV stations.

"I think you can envision a time when television, local TV news begins to face in a big way the same secular challenges that local newspapers are already facing, and that's an aging viewer and revenue pressures to match," Lenfest Institute for Journalism CEO Jim Friedlich said.

Jeremy Gilbert, Director of Strategic Initiatives for The Washington Post, also drew comparisons between TV and newspapers:

“I would say the big difference is that local television, the graying of that audience on the primary distribution channel, is probably as aggressive or more aggressive than the aging on the newspaper model. I think a lot of the newspaper subscriptions declined so aggressively, so quickly over the last few years that now that trend is slowing in a lot of places. ... I worry about television. I do think that there is this enormous age divide in terms of who has a television and whoever thinks about local news. And in the same way that fewer and fewer people grew up with a newspaper, now many of those people have never seen even their parents watch television news that way.”

Some key takeaways in this section of the News Leaders Project report:

- One major factor inhibiting change in local TV news is that stations are still making impressive money from advertising and retransmission fees.
- Some television stations were slow to get serious about digital, and they’re trying to catch up now, including a greater commitment to producing online-only content.
- Local television stations are looking for additional revenue streams, however modest. But the enormous technology costs in TV keep their main focus on the big moneymakers.
- The “pivot to video” by legacy print news outlets didn’t go so well, but video has a legitimate role in many news products.



“We got our foot in the door early (with streaming) and you have to continue to innovate. That’s the biggest thing: We don’t know what the next big thing is going to be, but you have to be open to it.”

**Jennifer Lyons,
News Director,
WGN-TV,
Chicago**

The Money Spigot Is Still On

A major factor inhibiting change in local TV news is that stations are still making impressive money from advertising and retransmission fees.

Lenfest’s Freidlich explained the TV revenue picture:

“Local television is driven by two or three principal revenue models. Most local TV stations are still highly ad-dependent and the categories tend to be retail, auto, various local categories. They have usually two-year or four-year spikes in revenue from political advertising that depend upon which state and which city one is considering. So WFLA in Florida does extremely well in the political cycle and a New York City station much less

so. But political advertising is highly lucrative for the right stations because when it rains, it pours; and the rates that they receive are regulated and are kind of the best available rates and are quite lucrative for the local station. So there's kind of regular advertising; political advertising; and there's a third revenue source called retransmission. And retrans is also regulatory. It's what cable needs to pay and is required to pay for the carriage of the local stations, and in some cases it's quite lucrative and it falls right to the bottom line. It's simply a payment that they receive. They have no sales costs against it, they have no programming costs against it, it's just money, good."

Yet those retrans fees are not without complications. A dispute between CBS and AT&T over the fees led to a [blackout for CBS stations](#) in 14 cities on DirecTV, DirecTV Now, U-verse and AT&T in mid-2019. And Friedlich also noted that if political advertising migrates to digital, local news stations may be hurt.

Nancy Lane, President of the Local News Association, said the revenue picture is healthy — for now.

"On the broadcast side, they are dominated by advertising revenue and retransmission fees," Lane said. "And they're doing quite well. They had record earnings in the last few years. And even though disruption is coming their way, they have a lot more runway."

[The latest Pew study](#) found that local TV's over-the-air advertising revenue in 2018 was up 12 percent over the previous year to \$19.3 billion, but that gain must be weighed against the fact that 2018 was a year of heavy campaign advertising and 2017 wasn't. In the previous election cycle in 2016, advertising was \$19.8 billion, according to Pew.

Clearly, traditional audience and revenue patterns cannot be taken for granted. Retransmission fees are up, but so are the number of people becoming cord cutters by turning to streaming services instead of cable and satellite. [Traditional pay TV services](#) lost 1.5 million subscribers in the second quarter of 2019 alone — the industry's fourth straight quarter of record losses.

"I think that Netflix, OTT, anything that pulls away from traditional TV is going to disrupt that industry further," Lane said. "And it's amazing that it hasn't thus far, with their revenues still being as strong as they are. But I will say the broadcasters see it coming. And they are preparing for that disruption. And they are taking active steps to make sure that they're in that space, and that they're disrupting themselves as well. Some better than others. But I really feel like the broadcasters get it, and aren't going to sit back and be surprised by the disruption that happens."

Getting Aligned Online

One potential growth area for local TV news is clear: digital.

Andrew Heyward, former President of CBS News and now a Research Professor at the Walter Cronkite School of Journalism at Arizona State University, said television "has come to a demographic reality and is going to have to figure out a way to make its digital products pay, and that will be the conundrum."

Kelly Landeen, General Manager of WAGM, a television station in rural Maine, said the broadcast

side of her industry “has been flat ... it rises just a bit each year, but not the growth that any industry wants. So digital is definitely the best partner for broadcast and it has brought the growth that we have been looking for.”

Kathy Reynolds, Assistant News Director at WUSA, Channel 9, in Washington, D.C., is also putting effort into its digital presence. She advises TV stations to do more than just take clips from their newscasts and put them on the website.

“We strive every day to do unique content for online,” Reynolds said. “You need to get coverage of what is happening in your market on every station, in terms of like, ‘Oh, there was a fire here or a murder here, but what are we doing that’s a different angle? What kind of follow up are we doing?’ ... The additional part of that is, we put a lot of effort into online promotion of that story. So we actually release the story first online, prior to putting it on air. Those are the things that we do to drive our digital product.”

For some local news stations, digital is a catch-up area.

“I think that it’s definitely changing, but when it comes to local news ... people are still watching us live, right?” said Christine Portela, Director of News Operations, Local Media, for Univision. “So our big money maker is still ads during our newscast. We’ve dabbled in digital revenue, whether it’s ads for our website, and we recently launched apps in all of our markets, which is something that the industry has been doing for a long time.”

Teresa Frontado, Digital Director at WLRN public radio and television in Miami, said stations like hers are wising up to the need to have more impact online.

“Last year I organized the first-ever Digital Day, which was a day with all of the digital teams in the state,” Frontado said. “That had never been done before because there were no digital teams to meet. And this year, we’re expecting more than 25 people to show up for Digital Day. ... There’s been a definite increase in attention and awareness that audiences are moving to digital platforms.”

Carol Fowler, Director of Content at KSDK-TV in St. Louis and a former Chicago Sun-Times executive, offered a comparison of newspapers vs. TV and radio in developing a strong digital presence.

“I think if newspapers can figure out a digital model that hinges on having a mix of content that’s monetized in a different way, their odds are as good as TV or radio because [newspapers] are story-centric and ... just not looking to put video online,” Fowler said. “[Newspapers are] creating video that complements a print story and that’s uniquely what people want to see on the web, not segments produced for a television screen.”



“Digital is definitely the best partner for broadcast and it has brought the growth that we have been looking for.”

**Kelly Landeen,
General Manager,
WAGM-TV,
Maine**

Tuning Into New Revenue

What steps are TV stations taking or considering to broaden revenues?

“They’re expanding into all kinds of areas,” Lane said. “If you think about broadcasts and the big personalities they have in local markets, they could truly build some experiential VIP-type memberships that could give viewers access to all kinds of cool things beyond content. So I’m not really talking about a membership model to pay for the news on the TV website. I’m talking about a true membership model that includes really cool things. So that’s one thing that we see emerging. But a lot of investment is being made in OTT, and in new business models for broadcasters. And they’re investing heavily in digital, which maybe they were slower than newspapers.”

While digital is a modest growth area for her Maine TV station, Landeen said she’s tapping into a growing demand for video production in her small market.

“We’re finding production is another revenue stream that we have that is growing because we will have different formats that we’ll do. Like, we’ll do recruitment videos instead of just commercial production.”

WUSA’s Reynolds said her station is trying to get the most out of its advertising opportunities.

“In terms of how we cover news, we are selling a lot more sponsorships,” Reynolds said. “I mean, that’s the reality of what we have to do. Our sports segments are sponsored. Our weather segments have logos on them. Everyone is trying to find different ways to monetize what we’re doing because you have to have a source of revenue. So, take from my Sinclair days in Maine, you do a sports segment, so we did the OA Centers for Orthopaedics Sports Report, so there was the sponsorship of every sportscast. The logo was on the front. We said the names. They paid X amount of dollars to get it, and then they get a number of web ads, in addition to that, a number of commercials, of promos. That’s how you build out sources of revenue streams that are beyond just people buying commercials, and it becomes a multiplatform purchase. There’s very rarely a deal done in broadcast news today that doesn’t include a digital component. Most deals are a multiplatform deal.”

Reynolds said one reason her industry is so dependent on broadcast revenue is that its expenses are so high.

“You’re constantly fighting an industry where your cost of doing business is astronomical,” Reynolds said. “I mean, you’re talking about equipment that is extraordinarily technical equipment, that is high-end, is getting used 24 hours a day. ... So, there’s an extraordinary cost to doing business, and so you use your broadcast revenue in so many ways to help carry that weight.”

Fragmentation and the Future

The fluidity in the TV market can be difficult to navigate.

“So every audience matters and we’re really coming to a world that we’re aggregating audiences because there’s more fragmentation of them,” said Larry Wert, President of Tribune Media. “There’s

more consumption, but more fragmentation. And more than ever we try to aggregate audiences to provide marketing solutions for clients.”

Landeen, of Maine’s WAGM, said a key target these days is younger viewers.

“The station is now on Roku and Amazon and stuff like that,” Landeen said. “So it gives them the opportunity because ... we’re finding a lot of the younger people do not have cable or dish. So their viewing habits are different than older people and they are more instant. They don’t do — how do they call it — appointment TV. They don’t sit down at 8 o’clock to watch a particular show.”

Blake Sabatinelli is CEO of Newsy, an innovative digital video news network that is well positioned for the TV industry’s audience fragmentation. He thinks local TV stations need to tailor their content to suit whatever platform is being used.

“I think a lot of local newsrooms are actually doing an OK job at making sure that they get their content deployed on digital platforms, but I think the easiest step that they could take would be, make the consumption of the content fit the platform itself,” Sabatinelli said. “So if you’re developing content and you’re deploying it onto an OTT platform, people that are launching these apps generally aren’t expecting to hunt and peck for something. They’re looking to watch TV.”

While TV formats and presentations are always open to criticism, the local TV station may be the best source of news in some markets. Text-based journalists sometimes look down on TV reporting, but they do so at the risk of overlooking some excellent work.

“There’s some communities, the TV station is knocking it out of the ballpark,” said Doug Phares, former CEO at Sandusky Newspaper Group. “You know, we used to dog on them, but there’s some that are really doing a nice job and they’re actually creating a nice news ecosystem on their digital platforms.”

Video on ‘Print’ Websites

Facebook executives beat the drum for video in 2016, saying consumer demand was soaring and Facebook’s news feed might become majority video within five years. A Facebook vice president, Nicola Mendelsohn, announced: “We’re seeing a year-on-year decline on text. We’re seeing a massive increase, as I’ve said, on both pictures and video. So I think, yeah, if I was having a bet, I would say: video, video, video.”



“In terms of how we cover news, we are selling a lot more sponsorships. I mean, that’s the reality of what we have to do. Our sports segments are sponsored. Our weather segments have logos on them.”

**Kathy Reynolds,
Assistant News
Director, WUSA,
Washington, D.C.**

Statements like that set off an emergency [“pivot to video”](#) movement in many newsrooms. Local news reporters were ordered to grab video from virtually every scene and to file the video before they filed their stories.

But it soon became evident that the numbers cited by Facebook were vastly overstated. Facebook said the miscalculation was accidental, but a group of advertisers alleged in a federal lawsuit that Facebook knew it was wrong for at least a year and fraudulently failed to disclose it. Facebook agreed to a settlement of the case in June 2019.

So where does that leave local news outlets that have been primarily text-driven but are looking to broaden their platforms? After all, it wasn’t just Facebook that fueled the video pivot. Ads at the front end of videos are money makers for revenue-hungry news organizations.

Many news outlets have cut back, while continuing to produce videos when they’re most appropriate — for police surveillance video, for example, or to give a lift to a major enterprise project. It remains a challenge for text-oriented news sites to produce videos with the polish that consumers have come to expect.

Videos began appearing on newspaper websites in the mid-1990s, and Catherine Nelson, Publisher of the Piedmont Media community newspaper chain in northern Virginia, remains bullish about videos’ ability to capture an audience.

“We have our editors do a video the night before the paper comes out to do a recap,” Nelson said. “One of our videos that we did, it was at a meeting that was controversial, had over 15,000 views. And 15,000 in a market that is only 10,000 is considerable.”

Nelson continued: “I’m all about video right now and they have to be short. And we know everybody’s mobile, right? They have to be short and they have to, again, involve community.”

Nelson sees video not just as an opportunity for reader service but also as a way to serve advertisers and other customers.

“We have the PATH Foundation here and it’s a nonprofit that gives to local nonprofits and it’s very successful,” Nelson said. “We approached them to do a program where we would ... make 30 videos integrated into a specialized publication, doing 10-second videos with each one of them in the community to build awareness. Now that’s a new revenue stream and it’s very cost-effective, and they’ll have those videos. Our videos, they own. We did a marketing campaign with a local furniture place where we redesigned his website, we ... did five videos for him and put them into a specialized publication.”

Some legacy print publications, especially smaller ones, are reluctant to invest in video. But Nelson believes it’s doable if you hire the right people.

“I think you can look at it as a hybrid situation. If you have a talented production staff that’s multifaceted, somebody in the production staff who understands social media, somebody who’s a photographer, videographer and graphic artist. ... You’ll find one of those because I did.”

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Part 5

The Future of Local News: ‘To Do Different With Less’

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Because it's essential for news outlets to differentiate themselves in order to survive, this difficult era may actually be beneficial for quality journalism.

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As journalism tries to find its future, news outlets must maintain their importance and relevance by equipping citizens to make informed choices about their democracy.

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In an era of splintering news and information, it's more important than ever to smartly define your target audience and fully understand it.

70 Too Big (or Small) to Fail?

Big and small news outlets are feeling the crisis differently, but there's little agreement on which size of organization has the better chance of survival.

72 The Path Forward Is Poorly Lit

Some markets will benefit from wealthy “local heroes” who take on journalism to serve their communities, and there are also calls for government to come to the rescue.

73 Why It Matters

More researchers and citizens are facing up to the local news problem. But is there time to develop solutions? Do we really have just 3-5 years to find them?

THE FINANCIAL SIEGE faced by many local news operations has an upside: It has forced the industry to focus on what's truly important. Being perceived as a provider of "commodity news" is dangerous, and setting yourself apart with established excellence on specific topics is differentiating successful local news organizations from their competitors.

As Nieman Foundation Curator Ann Marie Lipinski put it: "Being all things to all people is not really possible right now, if it ever was."

"One of the things I have hated the most from this era of constrained resources is the ridiculous and oft-repeated notion that the newsroom is going to 'do more with less,' " said Lipinski, formerly the Editor of the Chicago Tribune. "The fact that anyone says that with a straight face to its audience is offensive and the fact is newsrooms have to learn to do different with less, but it's pretty rarely more. So I think with that as a kind of an umbrella statement, let me add that I think the papers or the newsrooms that are finding a way to focus and do well with things that they decide to emphasize are the ones that have the best chance of success."

To establish these areas of emphasis and a significant mission, news outlets will have to listen before they talk.

"I always say," said North of Boston's Karen Andreas, "when the phone stops ringing, that's when we're in trouble. So the more interaction you have with the community, the better. So I really try to stay involved in the community and our editors do as well."

Randy Siegel, Advance Local CEO, agreed:

"One of the things that folks in local media, whether it be Advance Local or elsewhere, can't forget, is you've got to cover real issues that affect real people, living real lives. And that's where the social listening, it's being out and about, this is, where engaging with your audiences, plural, and this whole diversity issue, really all come together. Because it's all about relevance. No one has a civic obligation to consume our content. Question is, is it good? Is it quality? Is it meaningful for them?"

Some key points in this section of the report:

- Because it's essential for news outlets to differentiate themselves in order to survive, this difficult era may actually be good for quality journalism.
- There's no consensus on the meanings of "local" and "hyperlocal," but it's clear that "communities of interest" go far beyond geography.
- It's clear that big and small news outlets are feeling the crisis differently and have different chances of survival. Can small organizations attract enough subscribers? Are local news outlets within chains disadvantaged because of the push for commonality across markets and being more disconnected from communities?
- Some markets will benefit from wealthy "local heroes" who take on journalism to serve their

communities, and there are pushes in Congress and some states to get government to come to the rescue. But it's likely that a variety of small solutions will save some local news organizations rather than one overarching answer.

- The head of one industry group said a lot of newspapers have just three to five more years to find sustainable business models and avoid going out of business.



“Quite honestly, we’re approaching what I would probably characterize as the death of the 15-inch story.”

**Randy Lovely,
Vice President of
Community News
(recently retired),
Gannett**

Good Journalism is Good Business

Kinsey Wilson, President of WordPress.com, said the emerging emphasis on reader revenue demands quality journalism.

“What I think you’re starting to see is the profound tension between having to produce a printed newspaper, which was designed around advertising, was meant to be relatively shallow, very broad, encompassing lots of different topics, and be of general interest to a community, versus an emerging business model that is geared to developing strong lasting relationships with members and subscribers,” Wilson said. “That requires not only a different approach to the business, but ... a kind of different approach to the journalism. And it probably means being much more selective about the kinds of things you cover, making sure that your coverage is absolutely hands down the best, that it’s indispensable to the community, not simply that it skims the surface.”

And so financial pressures are not all toward cheap and easy journalism. To some extent, the pressure is toward quality.

Christine Portela, Director of News Operations, Local Media, for Univision, explained:

“It’s very much like back to basics, like beat reporting, which I think is easy to forget about when you’re just trying to be competitive and chase the sexiest story. But sometimes it’s something as simple as this community is really concerned about X, Y and Z, and we found out about it because they were talking about it on a Facebook group, or they were talking about it on the Nextdoor app or they were talking about it in their community.”

Randy Lovely, who recently retired as Gannett’s Vice President of Community News, said there’s a good kind of pressure today to make the news special.

“Quite honestly,” Lovely said, “we’re approaching what I would probably characterize as the death of the 15-inch story. Because if it can’t prove itself

to be really worth the investment of time and then you create a really great, rich narrative experience with the interactive graphics and the videos as well as the narrative writing, if the story doesn't merit that, it really then needs to be in that bucket of being much more utilitarian and much more scannable."

Not all the pressure favors quality news, of course. Today's deadline-every-minute news landscape can get in the way of telling the most accurate story, said André Natta, Editorial Director for the Lenfest Local Lab. Natta, who is on leave as Founder and Managing Editor of The Terminal, put it this way:

"Slowing down the news cycle might be something that needs to happen in journalism right now," Natta said. "I think sometimes, we let all this technology ... dictate what has to go out at a much faster rate than it what it probably needs to go, and so it has to slow down."

The quest for superlative journalism is also threatened by distractions, such as the push for multiplatform reporting, said Peter Imes, Publisher of The Commercial Dispatch in Mississippi.

"We're very focused on what our newsroom needs to be doing," Imes said. "So, we make a conscious effort not to get distracted by telling our reporters to go out and get video from the scenes, and we're very focused in the way, and limited in the way, that we use social media. And I know that neither of those are trendy, but I think a lot of news (organizations) have gone astray because they have asked their reporters to do all of these different things at the sacrifice of good quality journalism. So we're kind of doubling down on having our reporters stay focused on solid news gathering."

In addition to delivering outstanding and relevant journalism, today's news leaders must raise their game on customer service, said Bill Church, Senior Vice President/News for GateHouse Media.

"What we're seeing is, does it hit a really targeted audience, what would be described as a passion tribe, you know you love great storytelling, or you're a big sports fan. And then having engaging personalities, who sort of in many ways are filling the needs that have always existed among readers. Are you making them smarter? Are you giving them something to talk about? Are you looking after their interests? Those are the three principles that really came out of the Readership Institute at Northwestern a couple of decades ago. I don't think as editors we've really understood that the work that was done there still holds up now in terms of how do you actively engage with folks."

Sometimes news also requires salesmanship.

"I really do believe that it is the job of the news media to make the important things interesting so it's not some sort of choice between those things that are important and those things that are interesting," said Jeremy Gilbert, Director of Strategic Initiatives for The Washington Post. "But if you are not making, especially on a local level, the important news interesting, like if you say the city council is important coverage to have but you can't find a way to make that coverage interesting, that's a failure on the news staff. It's not a failure of the audience. You have to find a way to make the audience understand why they should care, and maybe that says that you have to throw out traditional story forms to get there, or maybe you have to try new channels, or maybe you have to find new ways to engage directly with the audience about what they care about that's happening at the city council level."

Public Service Reporting in Jeopardy

When newsgathering is subject to cost-benefit analysis, public service reporting may suffer. But as journalism tries to find its future, news outlets must find ways to maintain their importance and relevance by equipping citizens to make informed choices about their democracy.

“We’re always looking at things that are growing and things that are contracting, weighing them against what our core journalistic values are, and what our mission is, especially when it comes to public service reporting,” said Advance Local’s Siegel. “It doesn’t always get the biggest audiences, but it’s a big part of our DNA, and it’s why we do what we do. It’s one of the messiest, hardest balancing acts that anyone working in local media has to grapple with.”

True public service includes coverage for diverse audiences, which of course is easier to achieve when a news outlet’s staff is diverse.

“Our organizations don’t reflect the diversity of the communities we’re trying to serve,” said Siegel. “And I think, as we think about the future, that’s one of the things we’re spending a lot of time thinking about, trying some new strategies with, and trying to be really creative, because that’s the one thing in addition to all the disruption we face, that will ultimately, I believe, decide our trajectory, the level of success.”

While greater diversity in reporting and editing corps is necessary, more attention to presentation issues for minority audiences also deserves consideration. Teresa Frontado, Digital Director at WLRN News in Miami, said multilingual reporting is a goal.

“We’re in the midst of the breath of change in digital platforms,” Frontado said. “And one of the things that we have discussed that we would like to do is to have a story simultaneously in English and Spanish, and maybe even Creole.”

What ‘Local’ and ‘Hyperlocal’ Mean

In an era of splintering news and information, it’s more important than ever to define your target audience smartly and to understand what’s important to it.

“Local news organizations, where they’ve had the most success, they’ve been very clear about ... who is their target audience, and how is that audience being served and not being served, as opposed to being sort of a broad platform for all news, including national and international news,” said Vivian Schiller, CEO of Civil Foundation.



Public service reporting “doesn’t always get the biggest audiences, but it’s a big part of our DNA, and it’s why we do what we do. It’s one of the messiest, hardest balancing acts that anyone working in local media has to grapple with.”

**Randy Siegel,
CEO,
Advance Local**

Christine Portela, Univision's Director of News Operations, Local Media, said being part of a community is what makes a news outlet truly local:

"To me, local has always been the people who know what it's like to live in my community," Portela said. "There's a connection to the person on screen to the type of reporting that's happening. Like I'm not tuning in to find out what's happening around the world; I'm tuning in to find out what's happening down the street from me."

"For example," Portela said, "during Hurricane Harvey, I was working with our Houston station, and there were people who were calling the Univision local station before they were calling the police, before they were calling the first responders. Because to them, they see Univision as the organization and as the brand that is there to help them."

Texas Tribune Editor-in-Chief Emily Ramshaw offered a definition:

"To me, local means you're serving a community. A community of people with a shared identity. And in that regard, The Texas Tribune absolutely qualifies. I mean, maybe we're more like a regional news organization than we are a hyperlocal news organization, but it works in Texas because Texans have really this sort of shared, deep identity. They have an obsession with Texas. And that's not something that every state has, obviously. So, to me, it's about a shared community."

Mandy Jenkins, General Manager of McClatchy and Google's joint Compass Experiment, saw it this way:

"I think about really what brings a community together. It doesn't have to be where you live. I guess it's kind of like where your heart is, to some extent."

Jenkins, also Board President of the Online News Association, noted that some local news sources aren't even journalism.

"I would know nothing about the local news if I wasn't on Nextdoor. I read Nextdoor religiously in my neighborhood. You get to deal with some real crazies in there but you do learn a lot. I think that's local. That's not even a publication. That's just people coming together and sharing."

Andrew Pergam, a Director in the Global Affairs group at Facebook and former Vice President of New Ventures at McClatchy, said the definition is "slightly different for everyone." Some people want hyperlocal coverage of their own neighborhood or "the corridor that is between where they live and work."

"I think there's something about localization that changes the dynamic around what local news is," Pergam said. "We used to throw a newspaper on the front doorstep and it covered the whole area. Now, you may actually be much more interested in the things that are happening more local than that, and we have to figure out what are the right ways to deliver that."

Spirited Media CEO Jim Brady warned against overly sweeping views of local news.

"I once had somebody define local news as anything that happens in the city, or is of interest to anybody in the city," Brady said. "And I thought, 'Man, that is about as broad a definition...' So, anybody

in Detroit who's interested in Australian politics, you guys ought to have Australian politics on your site. What is the limitation of that framing?"

Tribune Publishing CEO Timothy Knight said there are some basic building blocks for local news outlets, and then they need to go further.

"I think we probably, historically, have organized around the metro desk, the high school sports desk, the crime desk, maybe," Knight said. "I think it's much more nuanced and complex. There are probably micro-audiences out there that we need to understand better and serve. I go back to, we can start with the people who use us as one base, but then there's a lot of people who don't come to us, and we've got to figure out who they are, and what information they want, and figuring out whether that is something that we can actually do well."

One issue for some local news outlets is whether state coverage is part of their mission.

"The collapse of statehouse coverage is just an enormously important part of the problem and really needs to be part of what we're talking about," said Steven Waldman, President of Report for America.

GateHouse's Church said his firm's audience research showed strong interest in state news.

"We actually encourage the differentiation in a market-by-market level, because that's the sweet spot," Church said. "But what's happened over the past few years as GateHouse has grown, we have come across areas of common interests. For instance, we were pleasantly surprised when we did a recent audience engagement survey that moved 57,000 responses, and the No. 1 interest among those email subscribers was regional and state news, even above local news."

According to Advance Local's Siegel, getting the right news mix is an "ever-changing balancing act."

"The good thing is, you get instant data on what people are consuming," Siegel said. "We don't let the data drive all the journalistic decisions, nor would we ever, but if you're too heavy on just statewide news, you lose the local connection. If you just focus on local or hyperlocal ... a lot of these issues, a lot of people's identities are tied into their states."

But don't use the word "hyperlocal" around Lance Knobel, Co-Founder and Publisher of Berkeleyside.

"The reason why I shy away from 'hyperlocal,' in fact have an allergic reaction to it, is I think it's used by many people to diminish what sites like ours



"To me, local has always been the people who know what it's like to live in my community. There's a connection to the person on screen to the type of reporting that's happening."

**Christine Portela,
Director of News
Operations,
Local Media,
Univision**

do,” Knobel said. “You know, you go back to the 1960s and there were several newspapers published out of Berkeley, and no one ever called them hyperlocal newspapers. They were just city newspapers.”

Maria Archangelo, Chalkbeat’s Chief Revenue Officer, noted that “local” can define a community of interest rather than a geographical area.

“I think Chalkbeat’s a perfect example of this,” Archangelo said. “A teacher in Detroit can think of local news as information that she got from a teacher in Chicago, even though that’s not local.”

Lenfest’s Chief Operating Officer Ken Herts agreed that geography is not enough. “I think that the better chains understand that you need a local loyal audience, and local’s maybe too strong a word because retired Eagles fans in Florida are part of the local Philadelphia audience,” Herts said. “It’s not fully geographic, but if you don’t have that audience you’re not going to be reader-supported and then you’re gonna need to be advertiser-supported and that’s a really hard fight.”

Some consumers are looking at local news as an alternative to the anger and bitterness of the national political picture. And people are [less likely to believe](#) local news is “fake.”

“Everybody is looking for local as a sort of hope for the future because we have a toxic, polarized national climate,” Arizona State University’s Andrew Heyward said. “You know there’s a pothole on Elm Street. ... There’s a traffic light that doesn’t work well. ... We are united in our interest in getting that fixed. ... So there’s common ground and the news there can’t be dismissed as fake because it’s there for all the world to see.”

Too Big (or Small) to Fail?

News leaders interviewed for this project had a variety of views on what the size of news organizations might mean for their survivability.

Ken Doctor, a media analyst with the Nieman Journalism Lab at Harvard University, said small markets may be more hospitable for local news.

“If you look at small dailies and large weeklies, they have done better than metros for the last 15 years,” Doctor said. “They have more sense of community connection. It’s less about digital. It’s about simply having the kind of content that people want and can’t get any other place.”

But Mike Petrak, Executive Vice President of Tactician Media, which provides data-backed business intelligence and tools to newspapers, said small independents may be in trouble.

“I think that it’s harder for local owners who don’t have scale to compete anymore, so let’s start with that,” Petrak said. “The reason that more newspapers have been sold in the last two years than any other time in history is because it’s just harder for them to compete. So let’s talk about GateHouse. They’re the largest newspaper company by both circulation, I believe, and certainly by the number of newspapers. They have 550 publications now and yet their business model is they really find economies of scale at reduced costs. ... They have created a Center for News and Design in Austin, Texas,

that they essentially have taken somebody who used to make \$80,000 a year as a copy editor and now they can hire somebody to do that job for multiple, multiple, multiple markets because it's all in one place and so they've kind of in-sourced it, so to speak. So they've created a business model to really reduce costs and it allows them some competitive advantages. They also have a very good digital network that they have created and they have been very smart about that."

Former Gannett VP Lovely cited one example in which a chain didn't provide a hoped-for advantage.

"We've tried doing packages among local properties," Lovely said. "So for example, if you live in Milwaukee but you spend the winters in Phoenix, would you like to have a subscription to both? That has not really proven to be all that advantageous because I just don't think that's a big enough bucket of people to do that."

Doug Phares, former CEO and President of the Sandusky News Group, said weeklies are showing staying power.

"The national evolution of newspapering and local news might come back to its roots," Phares said. "I think the weekly newspaper that serves not a huge area, our weeklies are still doing a pretty good job because they have all those overlaps and you're able to hold together those communities in a way that the bigger and bigger you are, you're losing them or they're being picked off by silos."

Nancy Lane, President of the Local News Association, said online subscriptions are more iffy for small outlets.

"Everybody has made digital subscriptions their top priority," Lane said. "And we say the jury is out on whether that's a sustainable business model for small-size newspapers. We don't have a model to point to yet that says it is. We think it's a no-brainer for the national players like The New York Times, The Wall Street Journal and The Washington Post. We think the large regionals, as we call them, The Boston Globe, Seattle Times, no-brainer. Beyond the top 10, we don't know. ... If you run the numbers, and the price of the subscription, and how many they would need to get, and how much work it is to get those, it's really hard."

Whether big or small, the goal is to attract enough financial support to sustain your newsroom.

"If you're a 200-person newsroom, you have people to assign the newsletters, you have some resources that you can reassign," Lenfest's Herts said. "If you're a 20-person newsroom, unless you have a, for lack of a better term, I'll call a young techie person ... or are part of a chain which provides resources,



"If you look at small dailies and large weeklies, they have done better than metros for the last 15 years. They have more sense of community connection."

Ken Doctor, media analyst, Neiman Journalism Lab

it's a really hard transition to make ... new revenue sources. That said, if you're a 200-person newsroom you may be \$20 million in revenue to support that at \$100,000 a person and that may require 100,000 digital subscriptions. If you're a 20-person newsroom you only need \$2 million a year or less if you're in a small, less expensive market. You need a million and a half dollars a year in digital subscription revenue to support your newsroom, maybe three million total, you only need 30,000 digital subscriptions. Does your market support that? To me the question is not how does the organization survive. How do the newsrooms survive? How do you have a 200-person newsroom in a major American city, how do you have a 30-person newsroom in a smaller city in some part of North Carolina?"

The Path Forward Is Poorly Lit

So, how bad is this crisis and can we find our way out of it?

"I'm actually very optimistic right now," said GateHouse's Church. "I think it's the reality of going to the doctor and him telling you've got to lose weight, and you've got to change the way you live your life. And that's where the industry is right now, and it's really up to us to decide whether we're going to make the changes that we need to make."

Schiller, of the Civil Foundation, said the solutions are complicated.

"We're now at a period of rebuilding and reimagining the future ... and there is no silver bullet," Schiller said. "There's no singular business model that's going to replace the previous business models."

Penny Abernathy, Knight Chair in Journalism and Digital Media Economics at the University of North Carolina, agreed: "What is a business model for The New York Times is not going to work in Moore County, right?"

The industry's yearning for simple answers is counterproductive, said Vox Media Publisher Melissa Bell.

"I think that the biggest danger or tendency that we have in our industry is to look for simple solutions, like everyone should do podcasts or everyone should pivot to memberships or everyone should do X, Y or Z. And I don't think that there's any single answer," Bell said. "I think that it's always a mixture of what's the best opportunity for the audience that you're trying to target with the capabilities that you currently have."

Phares, formerly of Sandusky, said communities must realize the vital role that journalists play.

"There needs to be some holistic trusted place that is the clearinghouse for valid information that includes, I'm going to say Journalists with a capital J, meaning professionals, who can evaluate, understand and pursue things that need to be pursued. I don't know what that looks like. I really don't. And I wish I could tell you if I had this golden ticket it would change everything. I don't know what the golden ticket would be. We need to create the value in our communities. There's an understanding that if they're going to have good government, roads that work, no graft in their county, a sheriff that does his job, schools that actually have some semblance of serving their kids, someone

needs to be watching, asking and pushing those organizations. And that has almost always fallen to the newspaper. So the question is who does it if not the newspaper?”

One trend that has eased the pain has been the emergence of what Jim Friedrich, CEO of the Lenfest Institute for Journalism, called “local heroes.”

“The best work, and this is completely biased, but there have been a number of what you could call local heroes who have embraced and bought and invested in their hometown paper,” Friedrich said. “Glen Taylor ... has bought the Minneapolis Star-Tribune and invested back into it. John Henry, The Boston Globe. Gerry Lenfest in a different way with a nonprofit structure that is now supported by the community at large, not only his finances in Philadelphia. And I believe you’ll see more of that. It’s not a coincidence I think that the first two I mentioned, Glen Taylor and John Henry, also own sports teams. I think it’s the same mentality that I want to own the Boston Red Sox, this is my town; I want to own the local newspaper and make sure that it thrives.”

Some industry advocates are pushing for government intervention. A bipartisan bill in Congress, the [Journalism Competition and Preservation Act](#), would allow local publishers to collectively negotiate with large tech platforms like Facebook and Google over distribution of content. The New Jersey government has allocated up to \$2 million in grants to bring news and information to underserved state residents. [Massachusetts is considering](#) formation of a commission to study news deserts. Yet few seem to think that government action is a primary cure for what’s ailing local news.

Why It Matters

America is awakening to the reality that there is a local news problem.

“I think that what we’ve lost over the last 20 years especially, but especially in the last decade, is that whole loss of the face to the community,” UNC’s Abernathy said. “There’s lots of good research going on right now. I’m really thrilled with the number of young scholars who are looking into the political, social and economic effects and the loss of local news, because that used to be a dead man’s land, you know back as much as 10 years ago. Nobody wanted to focus on local news. It was so yesterday. I mean, what they’re showing is that when you don’t have the boots on the ground, it has all sorts of implications for how badly decisions get made at the local level with government officials, how uninformed citizens are.”

The Texas Tribune’s Ramshaw put it this way: “I think it has suddenly become cool again to support the news.” But awareness and solutions are different things.



“I truly believe that if we don’t find new and sustainable business models in the next three to five years, we will be looking at a lot of newspapers going out of business. And that keeps me up every night of my life.”

**Nancy Lane,
President,
Local Media
Association**

“I think one of the questions that gets perhaps overlooked in all of this is, inevitably we’re in a period of transition. The question really is, how much runway do publications need in order to get established, and to get to a place where a new model emerges?” WordPress’ Kinsey Wilson said. “And that I think is a big unknown.”

Said the Local News Association’s Lane: “I truly believe that if we don’t find new and sustainable business models in the next three to five years, we will be looking at a lot of newspapers going out of business. And that keeps me up every night of my life.”

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David Woronoff, Publisher of The Pilot in North Carolina, has grown his news outlet's footprint to include phone books, magazines, e-newsletters, business conferences and even a bookstore.

DIVERSIFYING | *How a Newspaper Publisher Branched Out*

Penny Muse Abernathy, a professor and the Knight Chair in Journalism and Digital Media Economics at the University of North Carolina, has done groundbreaking work both documenting the rise of “news deserts” and developing sustainable business models for local news organizations. Here’s one example of diversification that she shared with the Medill Local News Initiative’s News Leaders Project:

With newspaper print advertising at historic lows, publishers of local newspapers, regardless of size, have to move quickly and decisively to seek new sources of revenue and income to support their journalism. The Pilot, a twice-weekly hundred-year-old paper in the Sandhills of eastern North Carolina, has transformed its business model, developing critically important digital skills while also remaining first and foremost a newspaper company with strong ties to the community where it is located.

The Daniels family, along with two close associates, purchased The Pilot in 1996, after selling The News & Observer in Raleigh, which it had owned for 102 years, to McClatchy. The small prize-winning paper with a print circulation of 13,000 covers Moore County, a large geographic area that includes the affluent retirement and golfing communities of Pinehurst and Southern Pines, as well as

the once-vibrant, now-struggling towns that manufactured furniture and textiles in the 20th century.

Twenty years ago, The Pilot was almost totally dependent on the newspaper for both its revenue and its profit. With print revenues beginning to decline, David Woronoff, the publisher, realized, “We need to diversify.” Over the past two decades, David has diversified by offering new products and services to both readers and advertisers (phone books, magazines, e-newsletters, an in-house digital ad agency) and by looking beyond the geographic confines of Moore County (publishing magazines in high-growth communities around the state, buying an independent bookstore that brings in 75 to 80 authors from around the country a year, and convening statewide conferences for business leaders). Today, these new products and publications account for more than two-thirds of annual revenue for the company. All this additional revenue supports the continual transformation of the newspaper, which routinely wins national awards for being best in its class.

David has been both creative in spotting opportunities and very disciplined in managing new enterprises. He often gets approached about purchasing other media establishments, but only purchases or creates those businesses that mesh with his editorial goal of “building community” and offering “unique value” to either the residents or businesses his publications and products serve.

When he was appointed publisher in 1996, David first decided to publish a local phone directory in competition with the large telecom company, which had largely ignored the needs of local businesses. This venture was so successful in terms of bringing in additional revenue from local businesses that he decided to move into an adjacent county, Lee County, and publish a phone directory there as well. The Pilot used the information and data on local business gleaned from selling “yellow pages” in the phone directories to establish a local search engine (mooco.com) that matched residents in Moore and surrounding counties in need of certain services (such as a good summer camp) with businesses that provided those services.

Simultaneously, David began experimenting with creating a lifestyle magazine for Moore County -- PineStaw. Having successfully launched PineStaw, he then cast an eye around the state and identified two other cities, Greensboro and Wilmington, that lacked eye-catching lifestyle magazines. Most recently, he purchased a lifestyle magazine in a fast-growing area in Charlotte. The Pilot also publishes Business North Carolina magazine, which is distributed to CEOs across the state. The magazines have allowed him to stitch together a statewide advertising network that he can market to large health care and financial services firms.

He then said, “Well, we’re interviewing all sorts of people from around the state, so we might as well bring the tape recorder and a camera and now I’ve got video. And if I’ve got video, then I can start thinking about video for the local advertisers to post on Facebook pages and Twitter. Plus, I’ve got all the data from local businesses that I collect each year doing the phone directories.” So he established an in-house digital ad agency, First Flight, that helps local businesses with everything from their social media posts and web design to search engine optimization and search engine marketing.

As hundreds of Army officers transferred to nearby Fort Bragg begins buying homes in Moore County (because the schools are better than in adjacent Cumberland County), David looked for ways to reach these “army spouses” who aren’t “natural” readers of The Pilot. After researching the “needs and expectations” of these newcomers, he decides to put out a weekly e-newsletter, sponsored by a local

business, that focuses on what to do in the area. The Sway, a twice-weekly e-newsletter with 16,000 digital subscribers, has proved popular not only with millennials and Gen Xers, but also with the retirees and older residents who are longtime subscribers to The Pilot. Following up on the success of The Sway, The Pilot launched a second twice-weekly newsletter, The Pilot's Briefing. Written by the editor in a conversational tone, this newsletter not only summarizes the most important stories of the day, but also the personal ones that connect The Pilot to the community at large – for example, the death of the publisher's dog, Opie, a longtime fixture at the newspaper. The Pilot's Briefing has 22,000 subscribers. Both e-newsletters have open rates of more than 30 percent.

In the meantime, the local independent bookstore, The Country Bookshop, on the main street in Southern Pines was losing money and about to go out of business. The Pilot bought the bookstore, and David turned it over to his cousin, Kimberly Daniels, to manage, with these instructions: "You have to get it to break even in a year." She did, and by the end of the second year, they were scheduling 75 to 80 readings annually, including New York Times best-selling authors, which bring in residents from around the region.

Having learned how to stage and host events through the bookstore, David then turned his attention to establishing annual conferences, hosted at the nearby Pinehurst resort. There is one for chief executives of companies located in North Carolina, as well as another focused on manufacturers in the region. Having outsourced the printing of the newspaper to The News & Observer in 2010, David is currently focused on converting the former press room into a community meeting space, where the paper can sponsor mixers for businesses and residents, as well as host forums on important issues confronting the community.

As a result of what he has learned from owning and operating a local bookstore, The Pilot is also considering establishing an e-commerce site that will handle retail sales for local businesses, as well as the many artists and craftsmen in the state.

The Pilot today is a digital media enterprise with almost 20 different branded publications, products and services. David calls the sum of all his efforts a "get-out-of-jail" strategy. "Facebook and Google have boxed us in – put newspaper publishers in jail by siphoning off the digital ad revenue that we were counting on to transition to a new business model. So I had to think beyond the confines of the traditional newspaper business and beyond the geographic confines of Moore County. I had to think about building community in a totally different way."

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Penny Abernathy, a professor and the Knight Chair in Journalism and Digital Media Economics at the University of North Carolina, offers other journalism case studies at cislms.org/digitalstrategy.



WORONOFF: 'WE NEEDED TO OFFER MORE THAN JUST THE NEWSPAPER'

David Woronoff, *Publisher of The Pilot and other publications in North Carolina*, talked with the Medill Local News Initiative about his views on diversifying beyond the original newspaper.

Why diversify

We started 20 years ago. We realized that old adage, “If the only tool you have is a hammer, everything looks like a nail.” So the only tool we had was the newspaper, and the solution to all of our community’s information and marketing needs was going to be more newspaper. Well, that might not be the case. That might not be the solution. So we needed to offer more than just the newspaper. That’s how we got into the phone book, we got into the magazines, we got into the digital agency, and we got into events. We wanted to be able to offer a portfolio of solutions to our community. My colleagues who own just a newspaper, I think they’re all in trouble right now. Those who have diversified their media holdings in any one market, they’ve got a much brighter path forward.

Expanding beyond your market

We felt like we got to the edge of the aquarium and then had to go out of our market. Could we have bought a radio station? Could we have bought a TV station? Well, yeah, we could have done that. But we didn’t have the opportunity for that. ... If those opportunities had presented themselves or if they do in the future, we would be very interested, at the right price.

On whether the original news product becomes less important

We’re still putting as much effort financially into it. My attention is diverted, but the folks who are charged with putting out the paper have the same if not more resources. They just don’t have a publisher only focused on the newspaper.

On how consumers accept the variety of products

They like each one and they’re proud of them. I think that’s the key – to put out products that your community is going to be proud of. You put out a 132-page, perfect-bound, 10-by-12 magazine that lands with a thud on their desk, they can’t help but be proud of that. It’s beautiful; it’s edited by a New York Times best-selling author.

What independent bookstores and newspapers may have in common

I’m holding my breath that newspapers will have the same sort of rejuvenation that independent bookshops have had. When we bought (The Country Bookshop) in 2010 we had Borders, and Barnes & Noble, and Amazon had just released the Kindle and independent bookstores were going the way of the dodo bird. And now Borders is gone and Barnes & Noble is on life support and independent bookshops are just rocking along. I think that’s because they’re authentic and they offer a glimpse of what their communities are and can be and they are an experience to go into one. Going forward, I think newspapers have to be authentic to their community and can’t just be an outpost for whatever hedge fund or chain that owns them.

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Hiram Jackson is CEO of Real Times Media, a chain whose holdings include the Chicago Defender and other news outlets serving a mostly African American audience.

FOCUSING | *Why the Chicago Defender Went Digital-Only*

*The Chicago Defender, a highly influential black newspaper founded in 1905, announced in July 2019 that it would go online-only because of dwindling print circulation. The Defender was a key driver of the Great Migration, telling Southern blacks about opportunities in the North. It was also strong on such stories as the murder of Emmett Till and the election of Harold Washington as Chicago's first African American mayor. While there is [robust journalism taking place](#) in some parts of African American news media, such as the Los Angeles Wave, Blavity, Griot and The Root, other sectors are struggling. The Medill Local News Initiative's News Leaders Project talked to **Hiram Jackson**, CEO of the Defender's parent company, Real Times Media.*

Why go digital-only with the Defender

We're a for-profit business. We're in the business of trying to expand and grow and have a bigger impact, and I just looked at it, and we had gotten to a fork in the road where we needed to make a bold statement and make it clear that we want to expand our audience, we want to be a part of the future, and I think that there was no way to build a better newspaper company. So we want to be digital-only and we want to invest our resources in expanding how people experience our brand online. A very tough decision.

On a side business that's working

Print is declining pretty rapidly, but we're seeing that we're having a huge spike in our special events. ... We have a company called RTM360°, and that division is really focused on creating unique experiences for our clients, utilizing our brands and our audience. We're really finding that a lot of consumer brands want to be culturally relevant, but they don't want to be gimmicky. So they want to develop events and develop traditional experiences for the African American community, but they

just don't know how to do it and they don't want to be offensive in the kind of things that they create, so they hire us. It's somewhat outside of our traditional news role, but the fact that we have such a trusted relationship with the audience, our clients really rely on us to help them develop culturally relatable events.

Why established brands still matter

The internet in many ways, it's a blessing and a curse. Everybody with an iPhone thinks that they are a reporter today. I think the advantage that traditional media has is the recognition of our brand, whether it be the Pittsburgh Courier, or the Atlanta Daily World, or the Chicago Defender, or the Michigan Chronicle. These are brands that black people know and black people trust. ... You can't speak to today's millennial the same way you spoke to people in the '30s, in the '40s and '50s. It's really incumbent upon owners of local black media outlets to redefine their role.

Why he's upbeat about the industry

I'm optimistic because I see the demand for the information is through the roof, especially in the black community. We are under siege politically, economically, our organizations are needed more than ever. Education, health care, sports, fashion, music. I really believe that the African American community is at the forefront of re-creating who we are as a country. ... The challenge is, how do you monetize that? That's the challenge and that's what we're trying to figure out.



GEORGIA PUBLISHER: 'THEY'RE SO USED TO GETTING EVERYTHING FOR FREE'

Jennifer Parker is Editor and Publisher of CrossRoadsNews, which serves a mostly African American audience in Decatur, Georgia. Her publication went online-only in August 2018 and is struggling to maintain a digital presence. She talked with Medill's News Leaders Project about the struggles for news outlets like hers.

On the lack of appreciation for public service reporting

I even find that ...consumers of news, they're so used to getting everything for free that they don't want to pay to be subscribers ... because they're going, "Oh, I can get this ... I can go to Facebook, or I'll get a tweet," and stuff. Nobody seems to understand the significance of having reporters covering daily. Because if there's nobody watching the store, you know, eventually they're going to discover that because you don't have the Fourth Estate out there making sure that elected officials and other folks are doing the right thing, then they're going to wake up one day and they've all run off with all the taxpayer money.

On the pressure from tech companies

Even when you post stuff on the Facebook page, Facebook was turning around and wanting you to pay for them to release the information to all the folks who like your page. ... You know, so we put a post for a breaking story online, and then they'd be going, "Give us \$10 to release it to this number of people." ... So they're the arbiter of who gets what, when, and at what cost and so they've taken away the revenue from the newspapers. ... Facebook, I mean, they're not covering the news. They're not covering local government, they're not covering our local schools. They're not doing any of those things, you know?

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Beneficial Memberships for Local Newsrooms

A number of associations are designed to help bolster local news organizations. Though most of them require paid memberships, the cost can be worthwhile for outlets seeking additional resources or support. The list below outlines some of the more prominent options and what they have to offer.

Local Media Association

- Industry trade organization that brings all local media together for the purpose of sharing, networking, collaborating and learning.
- Focused on future business models and maximizing opportunities for the digital side of the business.
- Members have access to conferences, webinars, research, consulting and training via online courses and certifications.
- Must pay annual dues.

Local Media Consortium

- Helps local media grow revenue and reduce costs through strategic partnerships with technology platforms and service providers. (The consortium negotiates deals that members couldn't get on their own with partners like Google and Facebook).
- Member newsrooms have access to regular webinars, newsletters, blogs, video conferences and events to learn more about the latest trends, network and share success stories.
- Member organizations must apply and then pay dues.

LION (Local Independent Online News) Publishers

- Member organizations can learn best practices from fellow publishers across the country through monthly webinars and an annual conference.
- Receive access to CrowdTangle (Facebook analytics tool) as well as CloudFlare (a service that protects your website from cyber attacks).
- Get discounts on web hosting, software, graphic design, etc.
- Must meet certain criteria to apply and are expected to pay regular dues.

Institute for Nonprofit News

- Provides education and business support services to its member organizations while promoting the value of investigative and public-service journalism.
- The community shares best practices, collaborates on stories, pools resources and receives cutting-edge training in professional, organizational and business development.
- Organizations can apply for full membership (non-profit newsrooms that produce investigative and/or public-service reporting), affiliate membership (news cooperatives, benefit corporations, charities, foundations, universities, etc.) or provisional membership (start-ups preparing to launch).
- Yearly dues are scaled to the size of your organization based on its total annual revenue.

Civil

- A network of newsrooms that will receive a package of free tools and discounts in areas like analytics, crowdsourcing and customer relationship management.
- Get access to programming to help with technology, business and editorial practices, sustainability and trust.
- Engage with other members through forums and salons.
- To join you must buy Civil tokens (the organization runs on cryptocurrency).

List of Interviewees



A.G. Sulzberger is Publisher of The New York Times. The sixth member of the Ochs/Sulzberger family to serve as Publisher, he was formerly a reporter at The Providence Journal and The Oregonian.



André Natta is formerly Editorial Director of the Lenfest Local Lab and is now Editor for the Resolve Reporting Collaborative's Broke in Philly project. Natta launched The Terminal news website in Birmingham, Ala., and maintained it for 10 years. He was a 2017-2018 John S. Knight Journalism Fellow at Stanford University.



Andrew Heyward was formerly President of CBS News, but today he is a Research Professor at the Walter Cronkite School of Journalism at Arizona State University, where he is participating in a Knight Foundation-funded project designed to drive innovation in local television news. He's also a Visiting Scholar at the MIT Media Lab's Laboratory for Social Machines and its nonprofit spinoff Cortico, where he is working on artificial-intelligence-based tools to strengthen local journalism. Heyward was previously Executive Producer of The CBS Evening News and helped launch the weekly TV news show "48 Hours."



Andrew Pergam is a Director in the Global Affairs group at Facebook. At the time of his interview, he was Vice President of News Operations and New Ventures at McClatchy. He is also former Senior Editor, Director of Video, at The Washington Post. He is co-founder of Spark Camp, a convener of leaders in media, technology and other fields.



Ann Marie Lipinski is Curator of the Nieman Foundation at Harvard University. She is the former Editor of the Chicago Tribune.



Anne Kornblut is Director of New Initiatives and News Partnerships for Facebook. She is a former Deputy Assistant Managing Editor for National News at The Washington Post, and was a reporter for The New York Times, Boston Globe and New York Daily News.



Becky Clark is Co-Publisher of the Idyllwild Town Crier, a weekly community newspaper in Southern California's Riverside County. She has worked at the Town Crier since 1984.



Bene Cipolla serves as Executive Editor of Chalkbeat. As a reporter, her work appeared in such publications as The New York Times, Washington Post and Sports Illustrated. She has worked as an editor at magazines such as Cosmopolitan.



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Tom Stites is Founder and President of the Banyan Project, whose mission is “to help seed independent news co-ops in underserved communities.” Stites has been a ranking editor at The New York Times, Chicago Tribune, and Kansas City Times, and was Editor and Publisher of UU World, the Unitarian Universalist magazine.



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Tim Franklin, Senior Associate Dean. Franklin is in charge of the Local News Initiative. Before joining Medill, he was President of The Poynter Institute, a leading international school for journalists and a media think tank. After high-ranking jobs at the Chicago Tribune, he was the top editor of three other metro newspapers, the Indianapolis Star, Orlando Sentinel and Baltimore Sun. He also was Washington Managing Editor for Bloomberg News.



Beth Bennett, Associate Dean of Journalism, Assistant Professor. Bennett is an award-winning producer and reporter with more than 15 years of experience in broadcast television news and video production. Before joining Northwestern’s full-time faculty in 2006, Bennett was an on-air reporter for television stations in Chicago, Milwaukee, Green Bay, Wis., and Traverse City, Mich.



Aubrey Baron, Adjunct Professor, Research Assistant. Baron’s journalism experience ranges from covering the New York Stock Exchange to writing about politics on Capitol Hill. Her work has been published by The Atlantic, USA Today, Bloomberg News and MarketWatch. She’s spent most of her career in Chicago TV news. Baron teaches multimedia journalism at Medill and is a freelance writer.



Mark Jacob, Editor. A former Metro Editor at the Chicago Tribune and Sunday Editor at the Chicago Sun-Times, Jacob is chronicling the Local News Initiative’s progress for the project’s website. He is the co-author of six books on history and photography.

With local journalism in crisis, Northwestern University has assembled a team of experts in digital innovation, audience understanding and business strategy. The goal: reinvent the relationship between news organizations and audiences to elevate enterprises that empower citizens.

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