

Meinolf Ellers

Mission: local

Creating local value and business in the digital world



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**Special Report Mission: local
Creating local value and business in the digital world**

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Dear reader,

Without any doubt, the printed newspaper does not have the same role in our lives as it had a few decades ago, especially in the so-called developed world. Our lives have changed, the pace has increased and the ubiquity of the internet and mobile phone has taken away time and attention from the newspaper as our primary source for news, explanation, entertainment and useful information. I remember vividly an example from my youth, when people started arguing with the cinema staff when the movie started at a different time than what was stated in the newspaper. "You must be wrong, in the newspaper it says 8.30, not 8.45".

The content in a newspaper, besides TV, was the only truth, always up-to-date information, starting point for conversations and, together with Television, newspaper content was a common point of reference for many people and their social lives. At that time, the content was highly relevant for us and we had a close relationship with the paper we read every day or at least several times a week.

This is clearly the past, and many people believe, that our lifestyle, new technologies and devices or the Facebooks in the world are not the main reasons for declining circulation and readership and sometimes tremendous losses ad revenues. It seems, that many newspapers, especially regional papers, have perhaps lost their contact to the people in the region, the readers and the people who run businesses. Focusing on big stories and big ad customers seems to be more attractive than telling stories that affect peoples daily live and supporting small local business to communicate with their customers.

Putting a local story on page 1 is even in many regional or local papers a no-no, instead page 1 features very often national or international politics, which most of the time have nothing to do with the personal lives of most readers, or nature catastrophes from the other side of the world, which are tragic and important, but already told hundred of times by TV or other media. In other words, it seems that newspapers are not relevant enough anymore for the people's lives.

In 2010, Meinolf Ellers and I met in Hamburg and we created the WAN-IFRA Newsplex goLocal Leaders Programme. It was designed as a 16-month project for 10 regional publishers from the D-A-CH region with the aim to promote local journalism and local business. The result was to support a group of publishers to create products and services, that focus solely on the local market, either on print, in digital and cross media.

The report you are holding in your hands was conceived and written by Meinolf Ellers, a dear friend and one of the most forward thinking colleagues I have had the pleasure to work with during my time with WAN-IFRA. Meinolf analyses the situation of the local publishing industry in USA and Europe and brings together views and opinions of a number of well-known media industry experts and thinkers such as Ken Doctor, Jeff Jarvis, John Paton or Robert Picard.

He uses also the learnings we got from the goLocal programme to create a vision of a regional news publishing organisation, that understands very well, that the consumer and the customer need to be in the centre of all activities and that the future of regional publishers offers a lot of opportunities.

I hope that you will find this report compelling and inspiring and that it causes a lot of fruitful discussions in your organisation.

Dietmar Schantin
Executive Director
WAN-IFRA

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*“Doing old things in a new way –
that is innovation”*

Josef Schumpeter, 1883 - 1950

Management Summary

The local reader and advertising market constitutes the core of the regional newspaper house. In order to defend its role as “local champion” against the growing pressure from the new digital competitors, publishers houses worldwide are changing not only processes, structures and product offerings. Many are calling into question how they see their role. What role can and should the newspaper play in a local environment in which the strong position of print is weakening and people are increasingly investing their time, attention and budget in digital platforms?

Consequently, many publishers consider that it is no longer sufficient to act simply as a chronicler. They see their role in the future as being that of a proactive designer of the local community and local markets whose strong brand makes them the leading local address, independent of the printed paper. As such, they see themselves acting together with dedicated citizens and organisations who share the same vision – that of a local environment and community with the capacity to become even more worth living in and fair.

The way forward is a complex one. It involves having more intense customer relationships as well as a new culture of proximity and visibility. In the last years, some regional publishing houses have gradually reduced their local presence, trusting in print monopolies. Now the priority is to give people once again as many “touchpoints” as possible to the familiar and confi-

dence-inspiring newspaper brand, even though this is realised less and less frequently through the printed product. Professional market research and a systematic customer relationship management are preconditions for understanding customer requirements and being able to offer him the right solution – independent of whether it is journalistic information, service or advertising performance that is concerned. Other than in many other branches of industry, identifying and managing target groups does not as yet provide the basis for product development in regional newspaper houses.

But that is the only possibility to develop relationships with regular customers and readers, win the loyalty of occasional customers and address non-customers, up to “print dissidents.” with new services of an intrinsic value. This is the only way that the newspaper house can at the same time develop convincing advertising products suitable for bringing together seekers and providers of services, with minimum waste coverage. By offering a wide range of target audience-oriented publishing products, effective advertising concepts and new business models, such as direct marketing or event management, publishing houses create the basis for a broad and sustainable revenue structure. A consistently applied, customer-centric “mission:local” strategy follows the principle of “local customer first.” The “online first vs. print first” controversy then becomes a secondary consideration – it is the customer who will decide.

1. Introduction

The institution of the daily newspaper is more than 400 years old. The model of a gazette oriented towards comprehensive information and news supply that is still valid today, dates back more than 150 years. Down through generations, lively local life was inconceivable without the information provided by the local newspaper. Its role as a trustworthy chronicler of community life was every bit as secure as its position as moderator of supply and demand in the local advertising market.

“The morning newspaper read is a type of realistic morning blessing.” according to the philosopher Georg Wilhelm Friedrich Hegel (1770-1831). Karl Kraus (1874-1936) called it “the preserve of time.” And even Mark Twain (1835-1910), never one to pass up the opportunity to make a jibe about the shortcomings of his journalistic profession, said with a view to the watchdog function of the daily newspaper: “The old saw says ‘Let sleeping dogs lie’. Right. Still when there is much at stake it is better to get a newspaper to do it.”

But in less than a decade the still so young digital era has challenged the proven and respected medium to justify its very existence. Never was the regional daily newspaper in its traditional form so far removed from the status of indispensability. In the language of marketing strategies, it has changed from being a vital “need” product to merely a “want” product that must struggle against growing numbers of new competitors for people’s attention as well as for its relevance as an advertising carrier.

In all major industrialised countries in the West, newspaper circulations are in decline, as are the revenues from the core print business. For the generation of “digital natives” who grew up with the Internet, the daily newspaper is no longer a natural feature of everyday life in the family and the home. Just as in the USA the first regions without a daily printed newspaper have appeared on the map, the numbers of young adults, independent of level of education or income, who are not reached by the daily newspaper are destined to increase. “Young people all over the world are hungry for news. It is simply that they no longer favour our traditional plat-

forms and packaging.” is how Tom Curley, chairman of the board of Associated Press (AP), summarises a study that investigated the media use of young people worldwide in 2007.

Passionate discussions are being conducted on whether, in view of the digital competition from the Internet, smartphones and electronic reading devices, the printed newspaper is facing a similar fate as the sailing ship, horse-drawn carriage, landline telephone or vinyl record before it. But independent of if and when the era of the print newspaper will come to a close – the actual function of the daily newspaper is not in question.

Young Internet start-ups, city district bloggers or global web operators such as Google, eBay or Facebook, have undoubtedly robbed daily newspapers of valuable shares of their business. But so far none have been able to take over the dual role of the newspaper as a reliable chronicler of local life on the one hand and as a trustworthy on-site moderator of the markets on the other hand. Both these core functions that date back to the coming together of press freedom and free trade in the mid-19th century still contain what it is that make the local newspaper model strong and sustainable.

The more virtual and global the markets and media sectors become, the greater people’s longing for local roots and orientation becomes. The local environment stands for lived proximity, long-established relationships, trust, reliability and relevance. But the local environment is also undergoing change similar to the daily newspaper. Institutions, such as churches, political parties or associations that in the past used to shape the life of the local community, are losing their traditional cohesive influence, especially in the West. Local trade and local business are changing also under the influence of global and virtual competitors. Google, eBay or Amazon are omnipresent also in the most remote rural regions. There also, the web provides a greater choice and simpler access to a wide range of suppliable products. The big retail and sales chains entice customers to the web with attractive prices or to the large-scale greenfield retail markets and outlet centres. At the

same time, the local visible product offering is shrinking, independent shop owners are going out of business, villages and city centres becoming desolate.

Initiatives are called for in order to bring about a revival and prevent the long-term impoverishment of local life. The newspaper continues to have an outstanding position due to its unique dual function as a chronicler and local storyteller on the one hand, and as a go-between for supply and demand on the local market on the other hand. But it is clear also that its importance has also suffered. The bigger the newspaper groups grew, especially in Europe and North America, the less their local presence became in many locations. Wherever their strong market position permitted, some publishing houses skimmed off the so-called monopoly profits – frequently at the expense of a slimmed-down newsroom or closed branch office.

Publishers that want to shape local life also in the digital world must reverse this trend and once again seek proximity to their customers. Jeff Jarvis, professor of journalism at New York City University and who, since the publication of his book “What would Google do?” is known and feared as a visionary and also means the publishers when he states: “The only thing that matters to the market is value. What is your service worth for the public? Value is determined by need. What problem do you solve?”

In a customer-centric organisation the focus is no longer on its own product, but rather the aim to create the greatest possible value for the final customer or advertising partner by offering the best possible solution.

For a long time to come, print will continue to play an important role between all the available channels and platforms, but it has ceased to be a prerequisite. The printed paper is no longer an end in itself, but instead a means to an end: no longer necessarily the most effective for some customers and their requirements. A newspaper that acts as a “local champion” and organises the comeback of the local aspect in the digital world is both a plat-

form and network for people on the ground. All roads lead to it or through it, very few bypass it.

This concept of the customer-centric “local champion” calls for a new view of customer relationships as the most valuable asset in the local market. Modern Customer Relationship Management (CRM), besides regular customers, whether print subscriber or ad key account, sets its sights also on occasional customers and non-customers. The “local champion” must always aim at the entire local market and will not allow itself to be pushed into niches. But this can succeed only if publishers embrace sophisticated customer management and target group-oriented product development, practices that have long been the precondition for competitiveness in other industries.

Therefore two areas of action are increasingly defining the publisher’s agenda:

The objective in the relationship economy is to comprehensively develop customer relationships and make them the basis of all product and brand strategies.

In the attention economy, the media are increasingly fighting over people’s tight time budget. Only those who recognise at an early stage the permanently changing needs of the increasingly splintered target groups and address these needs in tailored products and services can secure a sufficiently large attention budget in sufficiently lucrative target groups in order to establish sustainable business models on that basis.

It is acknowledged today that only a professional positioning in the relationship economy creates a basis for long-term survival in the attention economy. This theory also explains the seemingly irrational evaluation of the Facebook phenomenon by the investors. The relationship platform that is Facebook has more success than any other mass offering in the Internet in linking major potentials in the relationship economy with a longer stay on the website on the part of the users, therefore with a strong position in the attention economy.

2. The end of a lifecycle?

In early 2011 the US Federal Communications Commission (FCC) sounded a warning. This commission, that regularly analyses the state of the media in the country, published a report on the situation of US local newspapers in which a clear reduction in local reporting was discerned. Since 2001, the report states, every fourth job has been cut in the publishing houses and their journalistic offering correspondingly reduced.

“ shortage of reporting manifests itself in invisible ways: stories not written, scandals not exposed, government waste not discovered, health dangers not identified in time, local elections involving candidates about whom we know little.” writes the author of the report, Steve Waldmann. At the same time, Waldmann records a hitherto unknown variety of local radio and cable TV stations or new community websites. “But they are still not filling the journalism gap left by the contraction of newspapers.”

US media analyst Ken Doctor arrived at a similar conclusion in his book “Newsonomics” (2010) in which he calculated the number of untold stories that fell victim to the cuts in the US local newsrooms.

Outside the USA, the decline of US regional newspapers is usually attributed to problems of their own making: compared to Europe, the unhealthy major dependence on the advertising market combined with comparatively low sales revenues, absence of investment and innovation in the print business, but also the involvement in the business of financial investors who are interested only in profits and not in journalism or quality. Similar tendencies are emerging now also in Europe.

In a study carried out for the Swiss government, the Institut für Publizistik und Medienforschung at Zurich University (IPMZ) wrote in 2011 about the Swiss local press: “The structural change in the media industry is weakening the publishing companies.” Between 2000 and 2009, the number of editorially and economically independent newspapers in Switzerland fell from 45 to just 32: “These figures show that most regions are ‘one-newspaper regions’. Journalistic competition is largely missing.” The consequences at local level can be felt: “Regional reporting has been moderately scaled back, especially concerning the duty to act as local chronicler.” Because the local newsrooms reduced their level of active researching, the wide variety of local opinions and topics covered was lost. Well-organised groups dominated the

local agenda, loosely organised groups experienced difficulties getting their views aired in the media.

The German philosopher Jürgen Habermas, in the face of cuts in newspaper newsrooms and the scaling back of investigative research, warned of the negative consequences for democracy: “If then reorganisation and economies in this core area endanger the accustomed journalistic standards, this cuts to the quick of political public life. Because public communication loses its discursive vitality without the flow of information that comes from extensive research, and without the stimulation through arguments based on an expertise that cannot be had free of charge. The public would no longer resist populist tendencies and could no longer fulfil its vital function in a democratic constitutional state.” Habermas wrote in an essay as far back as in 2007. He can surely regard the successes of populist parties in Europe and the declining participation especially in local and communal elections as a confirmation of his theory.

From the point of view of the regional newspapers, it is a case of the more theoretical problem of losing their influence as the “Fourth Estate” in some places as a result of the structural crisis running up against a very real economic parallel development. Declining circulations and reach also lead to a drop in sales and advertising revenues. “There’s a cliff coming: the end of a critical-mass of circulation needed to maintain inserts. That will have a big impact on newspapers’ P&Ls and will take away a primary justification for still printing and distributing paper.” predicts Jeff Jarvis. In Germany, for example, grocery discounters such as Aldi or the electrical goods retailer Media Markt are shifting their advertising budgets from regional subscription newspapers to flyer distribution, radio, TV and the Internet. In doing so, they cite what they consider to be the no longer sufficient homes coverage, poor presence in young target groups and unsatisfactory performance data compared to digital platforms.

“Newspapers stand for investigation, service and interpretation, and the printed paper is only the final link in the production chain.”

Urs Gossweiler, Jungfrauzeitung

Whenever newspapers lose their relevance both in the eyes of certain reader groups as well as advertisers, there is no fixed formula to combat the development. Savings and increased investment in own digital activities or participations are seldom sufficient to reverse the trend. It seems as though the concept of the printed gazette, proven over decades, is not longer the suitable answer to the complex challenges of the new digital media world.

Leading publishers, such as Rupert Murdoch or Mathias Döpfner, CEO of Axel Springer AG, state publicly that what their companies stand for is quality content, not necessarily for printing paper. They use their financial might to invest aggressively in digital business models to compensate for lost print revenues. Urs Gossweiler, publisher of the small, strongly local-oriented “Jungfrau-Zeitung” in Interlaken, Switzerland, calls on the newspaper producers to emancipate themselves from print: “Newspapers stand for investigation, service and interpretation, and the printed paper is only the final link in the production chain.”

Gossweiler sees himself as the counterpart to publishers “who produce newspapers to utilise the capacity of their costly presses.” For decades, the “Jungfrau-Zeitung” has been published in print only twice weekly. For local daily news, the publishers oriented itself early on towards extensive web and mobile offerings, including corresponding cross-media ads.

But, like Gossweiler, Jay Rosen of the “New York Times” makes it clear that having a newspaper adopt a “Digital First” strategy does not necessarily mean weakening or even abandoning print: Digital First does not mean “print is dead.” It means print is decisively dethroned as the organizer of work within a newsroom.”

Some newspaper houses are making impressive progress in their efforts to survive solely from digital revenues. These include the Scandinavian industry leader Schibsted (Norway, Sweden), Bonnier (Sweden) or Berlingske Media (Denmark). But no significant newspaper house today worldwide can manage without the solid print revenues. And this situation is destined to continue for a long time to come for most publishing houses.

Nevertheless, it is clear that the web has changed the coordinates of the media map more radically than perhaps any other technology since the invention of book printing. Jim Kennedy, chief strategist of the American news agency AP, speaks about the “new new forces of nature” that every media house must understand and apply. The consequences are the subject of much discussion worldwide.

In their study “The media company of the future: The revolution goes on” (February 2011), the media consultants of AMR write: “Digital technology has fundamentally and permanently

transformed the environment in which traditional media companies operate. ... The huge structural disruption demands a wholesale re-invention of how traditional media companies do business: New business models, new skills, new structures and, fundamentally, a change in culture are required.”

John Paton, CEO of the US newspaper group “The Journal Register Company.” is of the opinion that many of the traditional qualities of the daily newspaper have lost their value in the digital world: “Our traditional journalism models and our journalistic efforts are inefficient and up against the crowd of our users – armed with mobile devices and Internet connections.” Paton took his company from bankruptcy back into

profit by implementing far-reaching changes in the newsroom and publishing house. In doing this, he refers to radical digital visionaries such as the New York media researcher, Clay Shirkey, who controversially warn against any attempt to get to grips with the new laws of the web by the old methods. “If the old model is broken, what will work in its place? ... The answer is – nothing. Nothing will work. There

is no general model for newspapers to replace the one the Internet just broke.” says Shirkey.

What is clear is that many young Internet start-ups, unencumbered by responsibility for established companies and employees, apply the new rules more successfully than established competitors. The American future researcher, John Naisbitt, used a simple comparison to characterise their playful use of the new possibilities: “To a small boy with a hammer, everything looks like a nail.” It could be added: For a less adventurous adult with a hammer, everything looks like a thumb. Most media houses have taken a correspondingly cautious approach towards the new world of the web.

According to Derek Thompson, it is therefore unfair to make the leaders of the Internet sector responsible for the problems of the daily newspaper. In an article in “The Atlantic.” Thompson countered an attack launched by Watergate legend Bob Woodward who had accused Google of acting as the gravedigger of the daily newspaper: “Blame the innovators, if you like. The decline of newspapers is Groupon’s fault, and Craigslist’s fault and Zillow’s fault... but it’s also the fault of newspapers who sat back and watched entrepreneurs invent Groupon, Craigslist and Zillow.”

“Digital First does not mean ‘print is dead.’ It means print is decisively dethroned as the organizer of work within a newsroom.”

Jay Rosen, New York Times

But just what are these new elemental forces that have allowed companies such as Google, Facebook, Amazon, eBay or Groupon to accumulate a market power in just half a decade for which a classical industrial or financial business required half a century? The web has created many new phenomena and dynamics whose economic effects are not yet sufficiently explored. To name just some examples:

The power of links creates contexts between information and facts that were inconceivable in the past. Decisions, up to a package tourist booking a trip on a holiday portal, are being taken on the basis of a level of information previously considered impossible. The next innovative leap forward is already approaching in the shape of the "Semantic Web".

- **"Wikinomics"**, named after the Wikipedia open encyclopedia, describes the triumphal march of swarm intelligence and the overwhelming power of collaboration that in Open Source projects combines like-minded persons in every corner of the Earth to a highly productive team.
- **"Longtail"** by cutting out intermediaries and changing the practice of stationary storage, not only made Amazon into an all-powerful business at the expense of medium-sized book and CD sellers, but also created millions of satisfied ebay sellers and buyers.
- The **Social Web**, at the very latest since the worldwide triumphal march of Facebook, is changing how people communicate with each other and organise themselves in networks. The consequences for consumption behaviour, advertising markets or business models are only now becoming evident.
- **"SoLoMo"** (Social, Local, Mobile) is used to describe the interplay of social networking, local services and mobile users accessible via smartphones and tablet PCs. It is here especially that the visions of Google, Facebook and Groupon for local advertising markets are firing the fantasy of their investors.

"Freemium" (like "Longtail" a theory of the "Wired" Editor-in-Chief Chris Anderson) describes the new possibilities, via

stepped but linked price models, to build up reach initially with free offerings and then gradually to monetise them. Impressive here are the successes achieved by the providers of online games who offer the game free to download, followed by paid options such as virtual products or upgrades.

Although all factors are of considerable relevance for media houses, initially they were tested and used almost exclusively by the new digital competitors. But now things are changing. Especially publishing groups such as News Corp., Axel Springer, Pearson or "New York Times" that are aggressively incorporating the new elemental forces into their publishing strategies.

What all the aforementioned elements have in common is the fact that they are part of a phenomenon that, as an economic "elemental force," puts all others in the shade. The disruption,

the unforeseen innovation that, due to its technical or conceptual superiority, can in some industries create overnight an existential crisis in stable markets and among established competitors, is an important characteristic of the digital age. Nor is this phenomenon new: Gutenberg's invention of book printing was a disruption. It took away the power of the written word from church and emperor and made it accessible to the masses. Without the printing press, the theological "disruptor" Martin Luther would probably not have succeeded as a church reformer.

It is difficult to contradict Jeff Jarvis when he states: "Disruption is the law of the jungle and Internet. If someone can do what you do cheaper, better, faster they will."

Wikipedia against the encyclopaedia publishers, Amazon against the booksellers, iTunes, YouTube and file-sharers against the music and film industries – the list can be continued at will. From the daily newspapers' point of view, the loss of the classified ad business to eBay, Craigslist, etc., is especially serious.

The main problem with the digital disruption is that its cycles are tending to accelerate. Even market leaders can no longer be certain of their competitive advantage. In his book "The Innovators Dilemma." Harvard scientist Clayton Christensen described disruption in detail already in 1995 – remarkably without taking into account the then already emerging Internet. Therefore it does not come as a surprise that technological giants such as Microsoft,

"Disruption is the law of the jungle and Internet. If someone can do what you do cheaper, better, faster they will."

Jeff Jarvis

AOL or Yahoo, only a few years ago the unbeatable winners of the web era, find themselves plunged into a crisis by disruptions such as cloud computing, the social web or Apple's app strategies, while in the "war rooms" of Google or Facebook smart strategists are already pondering which disruption could in the future send their stock value tumbling.

Anyone wanting to escape from the breakneck speed of the disruption roundabout must stand for values and qualities that endure independently of technologies. Kai Diekmann, head of "Bild," the biggest European tabloid newspaper, is present with his brand on all relevant platforms – web, mobile Internet or in the various app stores – with various services. He considers it important that, for his German users everywhere, "Bild" is the first contact address for popular topics. This "Bild" has succeeded, despite declining print circulations, to increase its turnovers as well as its perception in the media industry as being the leading popular brand.

The claim of the regional daily newspaper to represent local life must be correspondingly consequential. Whatever is of significance to local people must be available immediately and comprehensively on all channels of the local media house – from the breaking news item to background information and analysis – including close follow-up of the consequences.

Because this claim is not always clear, the Internet disruptors are now launching an attack on the newspaper houses in the journalistic area. Ken Doctor says with a view to local news sites such as Patch in which AOL has a participation:

"On a local level, Patch's influence is no longer a joke to newspaper publishers and the regional start-ups, from Bay Citizen to Texas Tribune to MinnPost, are increasingly embarrassing the older dailies with which they are competing." After buying the national "Huffington Post," it is the stated aim of AOL to carry over its success achieved with Patch into the regions. Accordingly, it is continuing its policy of working with freelance authors who do not demand appropriate fees. But will this produce quality local journalism capable of threatening newspapers in the long term?

The results so far are sobering. Marshall Kirkpatrick, who compared the local platforms Everyblock (taken over by MSNBC), Outside.in and Fwic for the media blog ReadWriteWeb, comes to the following conclusion: "There are many different theories why,

but all three leading start-ups in this space feel like a disappointment so far." Everyblock founder Adrian Holovaty, pioneer of local data journalism who was the first to visualise police reports and property offers in Google maps, agrees with Kirkpatrick. In his experience, data and automation alone do not suffice to produce an attractive local media offering.

Similarly, the Federal Communication Commission (FCC) has found little evidence so far that the new hyperlocal blogs could fill the gaps left by economies in American newspaper newsrooms. In an analysis based on ComScore access data, FCC author Matthew Hindmann concluded that the reaction to some local blogs was so poor that it failed to register on the measuring scale. Many reports were based on barely researched press releases, in some cases significantly out of date.

However, the FCC also has some consolation for regional publishers. Only one out of every five news page views is recorded on a local news page – there being no distinction between whether the news offering is from publishing houses or independent citizen journalists. The bulk of page views is directed towards national offerings. "And while the Internet adds only a pittance of new sources of local news, the surprisingly small audience for local news traffic helps explain the financial straits local news organisations now face." In other words: Even without the new local competitors, the American regional newspapers fail to reach a sufficient local audience with their offerings in the web. Bearing this in mind, how can the gradual emancipation from print succeed?

"The US newspapers have lost contact to their audiences."

Jim Kennedy, AP

For AP chief strategist Jim Kennedy, the cause of this dilemma is rapidly identified: "The US newspapers have lost contact to their audiences."

Like him, many industry experts are convinced that the only way to get back on track to success can be through local customers. The newspaper continues to have an invaluable advantage here: Despite all erosions, it is still the leading trusted brand for all aspects of local life.

But: On-the-ground presence and visible proximity to the people are preconditions for such trust. It is this trust that forms the basis for stable relationships out of which relevant and sustainable products and services develop in the local relationship economy.

3. The newspaper and local life

Nicholas White, a descendant of the founders of the nearly 180-years-old newspaper house “Sandusky Register” in Sandusky/Ohio, left the family-owned publishing house (that also owns twelve newspapers and ten radio stations) to create “The Daily Dot.com.” a type of virtual regional newspaper for young persons in the web. He gave his reasons in blogs for this step, citing among other points the structural difficulties of American local newspapers:

“For more than a century these newspapers were of, by and for the people that lived in their communities. And community is why the newspaper business is falling apart.” Like Jim Kennedy, White also accuses the publishers of having neglected the local community following consolidation in their industry: “Eventually, as the company grew, publishers mostly stopped being community men and women.” To further their newspaper career, many moved on as entrepreneurs, managers or journalists to where the next takeover object, bigger circulation or simply larger salary was to be had. “The publisher today who’s an authentic member of his community – and I am privileged to know a few – is rare indeed.”

It is clear that all organisations that traditionally formed the collective glue binding together local communities have lost influence and their cohesive effect, at least in Europe. Political parties, churches and associations, without which active and integrated local life was inconceivable in the past, are lamenting the fact that in many cases they are especially no longer reaching young people. In the best case scenario, today people themselves organise certain things, such as social assistance projects or environmental activities. On the other side, the fact that people’s work compels them to move to anonymous suburbs, while villages and small towns lose their young and active inhabitants.

Another factor is that mobility and immigration have destroyed the homogenous and firmly rooted population structures in many locations. New feelings of solidarity extending beyond common origins and that could hold together local communities must first be developed, e.g. through school or sport.

Can newspapers stop this erosion of the local environment? Undoubtedly they cannot. But other than interest-driven bodies, organisations such as political parties, churches or associations, the newspaper platform can claim to represent everyone’s inter-

ests, down to the tiniest niches in society. Therefore if the aim is to bundle the local people and activities in order to make a “better home.” nothing seems better suited than the daily newspaper to initiate, animate and moderate this process.

Sociological trends that predict a revival of all things local, especially in view of the dynamics of globalisation and virtualisation, could be of use here. The more the world becomes a village with closely networked communication and trade flows and the more use people make of the web, the greater seems to be the longing to have a reliable anchor in reality. The former head of the German Protestant Church, Bishop Margot Käßmann, emphasised in a discussion with publishers about the influence of Facebook: “Life is lived in reality and not sitting in front of a computer. If I experience a crisis in my life, virtual friends are of little help.”

The still young school of relationships and neuroeconomics that contrasts the image of the more emotional “homo oeconomicus humanus” to the totally rational “homo oeconomicus” as an economic player, provides many proofs for the rediscovery of local living, but also for the need to actively shape the local environment and local markets with a view to producing a “better home”.

Uwe-Jean Heuser, head of the business desk of the German weekly newspaper “Die Zeit.” reported in his book “Humanomics” that many people, especially in the affluent Western societies, see deficits in the global economy. They consider that it exposes people to so many stimuli that whatever is new no long holds any fascination and instead has an increasingly stressful effect. For this reason, in surveys consumers less frequently named as their most fervent wish cars or property, but instead a “happy home.” Therefore Heuser considers a lesson of “humanomics” is also: “In summary, a human being thinks and decides not in a global, but rather in a local manner in order to make the world simpler and easier to manage.”

The local environment as a “happy home.” What part can the newspaper play here? “People today are seeking reliable helpers – in the general sense of the word – ‘advocates’ for organising their lives.” Heuser writes and points towards the central importance of “relationship economy” that will create affluence in the future. In this sense, the newspaper house could reposition itself as the moderator of the local relationship economy. In doing

“In summary, a human being thinks and decides not in a global, but rather in a local manner in order to make the world simpler and easier to manage.”

Uwe-Jean Heuser, Die Zeit

so, the newspaper would not surrender its proven dual role as independent chronicler and market instrument, but redefine it.

In a lecture given to mark the 250th anniversary of the “Saarbrücker Zeitung.” the German constitutional judge Udo Di Fabio stated that the political significance of the regional newspaper as “an important source of civil society” is further increasing with the “new decentralised information culture.” He stated: “The free press stands for the birth of a civil society out of which self-administration, democracy and the social state bound by the rule of law grew. If citizens continue to want this type of social society based on freedom and equality, the press, in all its forms and new technical guises, will be essential, because here a communicative centre to define the communal good exists without which it cannot be had.”

If citizens on the ground set about improving their little real world, in the best tradition but using the new digital means and possibilities, in the definition of the new economy they will create ‘social capital’. However, according to Harvard economist Robert Putnam, networks and forms of cooperation are necessary for this: “Direct democracy, also at local level, is a means to obtain this effect. Fairly structured public debates is one such form. And allowing people to help shape the public domain via their own, social engagement is another such means. Today, growing numbers of citizens are founding civil organisations to help old people, arrange tutoring for schoolgoers or eliminate environmental problems. If State organisations encourage these initiatives, independent of whether they are locally or globally oriented, and work together with them, they also create participation.”

Whatever State organisations can achieve in this process, the independent daily newspaper, with its strong and confidence-inspiring brand, is uniquely well positioned to actively shape local processes that produce a high volume of social capital to the benefit of the people.

But care must be taken to ensure that proximity and trust as the basis of the local relationship economy do not fall by the wayside. How local is a newspaper house still today from the point of view of the local community? How visible is it in daily life? How frequent are the “touchpoints” through which people come into regular contact with the daily newspaper brand? Is the newspaper, with its editors and personnel in the field, with its

offices, but also with its topics and activities, really high-profile visible for one and all?

Local life is usually more confined than the area of distribution of a printed newspaper. And this real world on the doorstep is now also being organised via the web. Amy Duncan of the hyperlocal web portal “My Green Lake” near Seattle describes her “Local Web” as follows: “If you can comfortably stroll around the area you cover in an hour or two, you are serving a hyperlocal audience. On a hyperlocal beat, no news is too small if it relates to your neighbourhood, and big news can never be big enough if there is a neighbourhood connection at all.

A hyperlocal site is a niche site. Lose track of your niche, and you will lose your loyal niche audience.”

What Amy Duncan terms here as her daily challenge in the local relationship economy is true also of every local newspaper house in the world. Therefore instead of waiting to lose contact with more and more of the local community, a daily newspaper that sees itself as an active designer of local life and local social capital, must aggressively seek out and occupy all relevant topics.

According to Uwe-Jean Heuser, the willingness of people to become engaged in local life benefits the publishing houses in Europe or North America. “Affluence does not automatically mean wellbeing. Satisfaction is something that people attain less than is generally believed with objects – and more with activities.” Heuser writes and says in relation to the local community: “It is better not just for the individuals concerned, but also for the

community as a whole if its members become more satisfied. ... Satisfaction often increases the willingness to become engaged in the community – in sports clubs, senior citizen organisations or in leisure time associations.”

Therefore a newspaper that, acting as a local platform, prepares the way towards the “better home” can count on willing partners and associates.

Besides the well established organisations, these are more than ever before engaged persons who want to carry over the new Web 2.0 culture also into the local community. Like the major role model Wikipedia, publishing houses can set out here from the 90/9/1 rule according to which 90 percent of the community tend to be more passive users and consumers, nine percent fellow travellers who are open to a limited engagement

“On a hyperlocal beat, no news is too small if it relates to your neighbourhood, and big news can never be big enough if there is a neighbourhood connection at all.”

Amy Duncan, “My Green Lake”

without any initiative on their own part, and only one percent drivers and “committed doers” who want to become deeply involved.

Anyone who wants to win over and hold on to this essential group of multipliers and experts must make them cooperation offers on equal terms – something that continues to be a difficult experience for the self-understanding of local editors. What value do you create? What solution do you offer your target group? Whoever applies these questions from Jeff Jarvis to the newly emerging local community must think beyond the narrow dimensions of classical local journalism, articles and printed pages. The way towards a solution is through proximity to the target group and understanding for their problems. Developing solutions for the local community means in many cases offering concrete life assistance. Journalistically, the newspaper has always done this with local reporting and practical advice journalism. But can it apply this competence also as an initiator and driver, as the central platform and network for the project?

The areas in which valuable local social capital could be produced are no secret. One predominant aspect of the platform concept is that of bringing together wherever local communities are in danger of drifting apart. Natives and newly arrived inhabitants, nationals and foreigners, young and old, middle or upper class and deprived areas, organisations and private citizens: if social capital is to be produced between groups, a precondition is a moderated culture of conflict and solution. If the newspaper claims the central role of moderator for itself,

it must as a brand be open to everyone, even if it may make a distinction in the services provided in the interest of the solution between regular customers, occasional customers and non-customers.

The newspaper must take special care to look after its partners cooperating in its local network. These are – other than in the past – less the organisations as rather the engaged citizens and volunteers. Whenever initiatives serve the “better home.” the newspaper platform must be their natural ally. In this way, for example, local exchanges for volunteer work or temporary jobs arise. Local help projects can be proposed, organised and accompanied in a critically constructive way.

Besides resolving social conflicts or combating crime, it is repeatedly topics from the area of knowledge and education for which the daily newspaper brand is credited with competence and credibility. Exemplary are projects in which the daily newspaper platform invites technology-savvy young people to act as trainers and help elderly persons learn how to use the web, create a Facebook page or have fun with smartphone or tablet apps. That this should include the newspaper’s own apps is not only legitimate, but desired.

Publishers continue to underestimate the loyalty-inspiring value of local history and stories. For the elderly, they mean common memories and discussion material, for younger persons or new citizens they create identity. Aside from archives and local history researchers, the newspaper possesses an almost exclusiveness for

the local memory. First newspapers have started to use the new digital possibilities to relate local history together with the people. The newspapers belonging to the Madsack Group in Hanover or the "Augsburger Allgemeine" have had major market success with digitising private videos and Super 8 films and, together with professional TV material, producing a DVD documentation about local history after World War Two.

In 2010 the "RuWWhrnachrichten" (Dortmund) was presented a WAN-IFRA XMA award for the "nahraum" (local region) project. Users can upload their private photo archives to the regional history portal. Enriched with newspaper archive photos, this results in visual topics or chronologies. The local news desks of the "Ruhrnachrichten" repeatedly use "nahraum" to compose historical topics together with the community. Schools are interested in cooperating on a common history workshop in which young and old, professional editors with experts and interested laypersons then work together.

These examples also show how valuable social capital becomes measurable for the newspaper. Both in the relationship economy and the attention economy it is the degree of "engagement" that is the decisive factor. How intensive and durable is a relationship? How engaged, with how much commitment is the customer, user, partner?

The printed subscription daily newspaper traditionally had outstanding values in this respect. The changed local media sector should be able to continue this tradition.

It cannot really come as a surprise that local social capital with a high engagement factor offers many starting points for refinancing in the local market. Businesses that want to reach their relevant target groups with minimum waste coverage see their opportunities. The concept of "good corporate citizenship" that globally operating groups use in advertising campaigns to emphasize their good ecological or social conscience is directly applicable to the local environment. What bank branch, energy provider or retailer would not like to see its offering also as a natural part of a better local world – independent of whether in a corresponding advertising environment or as a sponsoring partner?

A new guiding principle of the local "better home" does not turn publishers into naive do-gooders or local NGOs on a par with Greenpeace or WWF. Instead it is much more a case of regarding two fundamental changes in context: the challenge to local media from digitisation and the economic transformation of local environments and local markets. Any durable solutions must address both problem areas in the due context.

It should be noted that local environment and local market are practically two sides of the same coin. Just as is the case in the relationship economy with the customer, the fundamental principle for the relationships management of the publishing house with the advertisers is: Get close, generate trust, take due care of existing relationships, systematically gain new contacts, understand and directly address customer problems. In the final instance, professional relationships management forms the basis of sustainable solutions.

4. The newspaper and the local market

In the digital age, the established local newspaper markets come under pressure from two sides. Any drop in circulation results not only in lower sales revenues, but also reduced advertising income. The two supports of the publishing business are directly connected. If the product loses relevance for the customer, his degree of "engagement" will suffer, if the newspaper loses attention and relationship value the advertisers will seek channels that offer a better performance.

In the USA, observers such as Jeff Jarvis expect a large-scale attack on the local advertising markets: "Scaling local sales is the key challenge. Google will pick low-hanging fruit from the 6 million businesses that have claimed their Places pages. Facebook's fruit will be businesses that use its free Deals. Each will use distant sales. Groupon and Patch will attack the challenge with the brute force of local sales staff."

The local economy is no less under pressure. The digitalisation of trade and services is hitting the local trader in many branches of business just as hard as the local publisher. However, he can also draw on the same strengths in the struggle against the virtual competition in the web: proximity, personal trust and visibility on the ground. Both – publishers and trade – have acted as important supports of the local community for generations and share the interest in the concept of a "better home".

But just as the consumer considers the ratio of cost to use when deciding to buy, advertisers evaluates advertising performance and advertising partner. At the end of the day, sales targets must be met. The more effectively an advertising message reaches the target group and can be shown to promote buying decisions, the better the evaluation will be. A printed ad in the local newspaper no longer has the same value as in the pre-digital era.

Local advertising partners have now started asking for alternative concepts in order to reach their objectives. Instead of

making the product or brand the focal point of a local advertising campaign, advertisers are seeking direct contact with potential new customers. Detailed local market and target group data are needed for this. A newspaper that sees its role as being a customer-centred organisation in the local relations in business area will claim precisely this local market and consumption

research for itself. The use is obvious. If the driving role of the publisher is applied from local life to the local market, the image of the newspaper house will become that of the organiser of a local market network and operator of the required local advertising platforms.

Here also, the starting point can only be the local consumer. Just as the newspaper brand offers him orientation and practical help in the local community, it can also act as navigator at the level of buying decisions. Uwe Jean Heuser sees major future potential here: "Many people look for authorities who help them make a selection decision. These can be trustworthy brands under whose labels products can be bought with confidence. A prosperous future awaits providers of services that alleviate customers' daily stress – from shopping up to problems with the telephone company."

But it is clear is that the potential level of importance of the newspaper as a moderator of the local market will depend in the future on the number and quality of its customer contacts (far beyond the subscribers to the print product), its knowledge of contexts and target groups as well as its capacity to offer these groups its own products or those of the advertisers.

DefactoX CRM experts are of the opinion that newspaper publishers cannot avoid adopting such a strategy alone due to the fact that they must undergo the change from a one-product to a multi-product provider. "As a result of the digitisation and individualisation of our lives, it is no longer sufficient for a publishing house to produce one newspaper for everyone. In addition, it must offer an Internet presence, one or more news-

"A prosperous future awaits providers of services that alleviate customers' daily stress – from shopping up to problems with the telephone company."

Uwe Jean Heuser, Die Zeit

letters, apps for smartphones, etc. In order to be successful, it must know its customers who are no longer just readers but users. In the past, publishing houses had only one subscriber database, now they must observe the customers at every touch-point, every transaction, and draw the correct conclusions from their behaviour. That is a totally different approach.” says CEO Jan Möllendorf.

The newspaper publisher that positions itself as the platform and network of the local market could in addition actively help to eliminate the weaknesses and shortcomings that are becoming increasingly visible. In the long term, the decay of the inner cities and loss of variety and niches in the local offering adversely affect local life.

Modern economists therefore advocate a policy of purposely shaping the markets in which market forces alone do not suffice to create the environment hoped for by the participants. Cologne-based economics researcher Axel Ockenfels, working as a so-called market designer, helped develop the bidding rules for eBay or the processes for auctioning mobile phone licences, to name but a few projects: “Traditional economics theory allows important conceptual insights for market design. But frequently they are not enough by themselves. One of the reasons for this is that the standard economic science models do not always match human behaviour. Market rules are important because they incentivise and because people react to incentives. But they do not always react in the same way as the homo oeconomicus would.” Ockenfels wrote in an essay for the “Frankfurter Allgemeine Zeitung.” According to Ockenfels, the most important currency in market design is trust. Therefore the starting point is especially favourable for the relationship economy of the local market that is based on proximity.

A local market design concept would have the objective of creating a multifaceted offering structure and an attractive consumption environment. The newspaper publisher as the focal point of a local market network would in this case be the partner for local authorities, chambers of commerce, associations and companies. A natural element of a market design concept is a modern city or district management. For example, it could ar-

range to allow merchants whose business idea would enrich the local offering to make temporary rent-free use of empty shops. The local community regards such initiatives as a contribution to achieving a “better home”.

Joachim Häfele, urban sociologist at the HafenCity University Hamburg, considers it vital to take firm action to combat the decay of inner cities: “Any future solutions can only entail reopening access to such areas and making them useful for living in rather than commercial cultural purposes. ...It is possible here to talk about a mallification, a downgrading of urban space.”

Publishers that act also as market and consumption researchers in the local market network will not only offer their detailed knowledge of customers and target groups to advertisers, but also apply it to shape a market design concept. Where is there a surplus local offering? Where is a demand niche emerging that could be served by a supplier? Where is a new target group forming with changed consumption needs? Publishing houses such as “Straits Times” in Singapore organise exhibitions and events in order to offer platforms to the local market. The newspaper brand, acting in its role as moderator, brings together local providers and local consumers. In this way, it highlights its outstanding relationships value for both sides.

This addresses another capability that is destined to become even more important in the future area of activity of the publishing houses. By Coopetition is meant the need to cooperate fairly also with competitors in the interest of common objectives. Media houses continue to have problems with this – independent of whether it is only a case of editors working together with users or publishers cooperating with advertisers or other media.

Publishers that act as “local champion” and moderate and shape both the local environment as well as the local market create sustainable value for all concerned. Their position makes them indispensable and develops a wide variety of options for future revenues – whether with classical or completely new types of business.

5. The newspaper publisher as the motor of local life

The process whereby a newspaper house realises the transformation from being a chronicler to becoming an active designer of the local environment is complex and still without a blueprint. What form could the agenda of a “mission:local” take? The following reflections for the areas of publishing house, newsroom, sales & marketing and advertising lay no claim to comprehensiveness and can only touch upon individual aspects.

But one thing is highly apparent: Notwithstanding the fact that each department in a classical newspaper house must

keep a close watch on its tasks – any repositioning in the digital world can succeed only via an accepted, holistic approach. A “mission:local” that is supported only by individual part-areas of a publishing house is doomed to failure. In the opinion of the parties concerned, many well-meant and carefully conceived innovation projects in the last years failed because they were unable to break through the feared departmental “silos” of the newspaper houses.

5.1 The publishing house

For this reason, the question as to how a newspaper publisher sees its role in the future stands at the beginning of any change process. As the influential “local champion.” it aims to be the leading address for local life and the local market. It wants to create value and offer solutions – both for the people and local business. For this, it has at its disposal in the digital world new channels and tools that, combined with its acknowledged local competence, it must use so effectively that it keeps specialised new competitors at a distance.

“For as long as your logic does not match that of the customer, there is no business model.”

Tim Renner, Motor Music

The local market also obeys the laws of both the relationship economy and attention economy. How can a daily newspaper succeed in becoming the local market leader with the greatest “engagement” in both areas – therefore in the competition with other media providers for attention as well as the number and quality of customer relationships? Jan Möllendorf of Defacto X gives a clear recommendation: “What is required is a philosophy and strategy that in all business divisions puts the customer at the focal point of all actions.” Independent of whether in the newsroom, sales or advertising: Only if the customer is at the centre of collective actions will the “local champion” be able to retain its strong market position in the long term.

Under the clear-cut law of “customer first.” the “print first” versus “digital/online first” controversies take on secondary significance. The professional management of existing customer relationships and the aimed building-up of new relationships – extending far beyond the classical boundaries of print subscriptions – are a matter of course in a customer centric organisation.

Only then is it possible to identify target groups, establish their requirements and offer solutions in the form of market-designing initiatives, services and products.

To this end, the “local champion” offers its customers local platforms and local networks that they can use to communicate and interact either among themselves, with the newspaper brand or between advertising partner and customer. New business models develop within this structure. And the daily newspaper brand grows into a position insulating it from the intrusion of the next technical disruption.

German music manager Tim Renner (Motor Music) recommended that publishers should learn from the fate of the music groups: “For as long as your logic does not match that of the customer, there is no business model.”

But publishers who place the customer paradigm above the product paradigm notice sooner if customer needs and their own offering in certain target groups no longer match and take action to rectify this by means of flexible product development. All indications are, however, that the good times of one newspaper product for all customer groups will not return, also not in the local market. Instead of a one-for-all bulky product, the “local champion” is more likely to offer several more compact products targeted at specific groups.

In their study “The media company of the future: The revolution goes on” (February 2011), the ARM media consultants name

three core capacities that are destined to be decisive for the success of media houses in the digital world:

- An ability to gain a level of insight into user and marketer needs never seen before, coupled with execution against those needs.
- Endemic organisational comfort with technology and the ability to harness its potential.
- Management of rising complexity within both the organisation and markets.”

Complexity also always means new costs. How can a publisher manage to invest in something new without neglecting its core business and at the same time optimise its costs to obtain acceptable profit margins? John Paton of the “Journal Register” reports about his conversion project: “Our legacy business model is too costly. New multimedia revenues are slow to grow and expensive to build. At Journal Register Company we are getting out of anything that does not fall into our core competencies of content creation and the selling of our audience to advertisers.” He advises outsourcing everything else to partners and service providers.

Market analysts, like the AMR consultants, are of the opinion that modern cost management has not yet become a core competence at many publishing companies. There have been many instances at US publishers where investments in future-oriented digital business have fallen victim to severe cuts in order to protect the print business and traditional structures in the short term. A long-term, well balanced transformation strategy must consider both supports of the publishing house in an overall context and protect new investments.

Besides creative cost management, media managers in the digital era also need to have a feeling for the potentials of new technologies. They are increasingly the ones who define the business opportunities and risks. Especially now that regional media houses are increasingly outsourcing software

and hardware to partners or obtaining them from the web as open source tools and cloud services, they must be competent users.

In order to make use of the new digital “fundamental forces” productively and profitably, it is necessary to understand them. Besides content production, managing various publishing channels and developing tailored products for target groups and advertisers, this especially concerns managing data. Data has long been considered the “crude oil” of the digital age. Whether customer data, utilisation data or key figures: Media companies that want to come to grips with the growing complexity must be able at all times to analyse their organisation and defend it by taking measures at short notice against disruptive threats from an increasingly intense competitive environment.

“Data is a vital raw material of the information economy, much as coal and iron were in the Industrial Revolution.” But the business world is just beginning to learn how to process it all.” writes Steve Lohr in the “New York Times” with reference to a McKinsey study. In the next step, mainly Internet data is used to recognise new business areas and predict consumption behaviour or shifts in the market. Whatever the local market provides in the way of relevant data, the “local champion” needs the newspaper for his own product development or – duly processed – to make available to his advertisers.

Aspects, such as a changed cost management or new technology and data process competencies, are of little value if the basic attitudes - the “mindset” - stay the same. Accepting the disruption also in the local market as a fact means as an organisation becoming in every way faster as well as more dynamic and anticipatory. This changes communication, cooperation, though also the willingness to face conflict – both internally as well as when dealing with customers and partners. Anyone aiming to be a “local champion” at the centre of platforms and networks, who wants to act as moderator and advocate of the local community, must above all communicate and cooperate intensively. Media houses are seldom better than companies in other industries in these areas.

“Data is a vital raw material of the information economy, much as coal and iron were in the Industrial Revolution.”

Steve Lohr, New York Times

5.2 The Newsroom

No matter how the newspaper publisher will change in the digital world, newsrooms will continue to be the soul of the business model. Good journalism, enhanced with the capacity for multimedia storytelling, is what endows the daily newspaper with its trust-building quality. However, the customer centric newspaper organisation changes the paradigms under which the newsroom works. Three aspects in particular alter the journalistic routine:

- What is reported? Which contents will create value and relevance for the target groups in the future?
- How will reporting be done? What means are suitable for covering a topic in depth in conjunction with a network of users, experts and other partners?

Where will the reporting be done? How will a topic be run on which of the available channels in order to optimally serve the target groups, while at the same time also achieving maximum monetisation from the publisher's point of view?

In their study on the future of media houses, the AMR analysts name their demands on quality contents: "Two questions lie at the core of the re-evaluation: First, do we have, or can we generate content that is differentiated or valuable enough that users are willing to pay for it? Second, do we provide superior access to an audience, or segment of that audience, in a medium that marketers value?"

Juan Senor, publishing consultant of the Innovation Media Group, has the following recommendation for publishers in a time in which the web provides users with an unfiltered flood of free contents and information: "Find scarcity and uniqueness. Only what is scarce can be charged for." This does not necessarily always mean exclusive information. Target group-oriented information processing or compilations, such as a comprehensive feature or presentation on a specific channel, such as e-Reader or smartphone, can appear sufficiently exclusive and valuable from the customer's point of view.

But newspapers face a central problem here: In order to be able to offer the right thing for each relevant target group, on every available channel and in every business model, from free to premium, it looks as though newsrooms will have to provide more rather than less content. Ken Doctor summarises the chal-

lenge perfectly when he asks: "How can news companies lower the costs for their contents while at the same time producing more?"

Applied to the local environment, Bodo Hombach, CEO of the WAZ Group, the largest German regional newspaper publishers, demands of his newsrooms: "We need to strengthen regional and local competence. The reader wants context, practical help, participation." In his requirements of modern local journalism, WAZ chief editor Ulrich Reitz wishes to have editors who, acting as advocates of the local community, are willing also to pitch in and help organise city festivals.

Newsrooms that see it as their role to be partners of engaged parties on the ground and co-designers of local life have a different approach to topics and sources than those that follow the official agenda of deadline and invitation journalism. The development and management of local topics play an important role here. A controversial infrastructure project, a successful sporting team with a large following, but also long-term matters such as improving school and advanced education structures or public festivals with a long tradition, can develop so much relevance through target groups that they are continually looked after by their own editorial project team, with the participation of marketing and sales.

The newspaper must recognise the valuable topics and occupy the territory. As yet, the hyperlocal blogs and citizen journalists do not have the resources for this. But it may not necessarily remain that way. One aspect where the local competition leads the way compared to many publishing houses already today is a culture of dialogue. Reporting as a constructive process of exchange between newsroom and the public means replacing the traditional one-way communication by a fair interplay between sender and receiver.

Ken Doctor advocates so-called ProAm models. This term comes originally from golfing and describes tournaments in which the professional player forms a team on equal terms with an amateur. It is with this in mind that John Paton launched the "Thunderdome" project in the newsrooms of the "Journal Register." He says: "We're not looking to save money on local, professional content. I think of it as a pyramid. Original content – content that distinguishes news brands – is at the top, and, yes, is the most costly. At the bottom is clearly aggregation. ... Then

*"Find scarcity and uniqueness.
Only what is scarce can be
charged for."*

Juan Senior, Innovation Media Group

there's the middle third or so. For regional news companies, that includes hyperlocal bloggers and subject-specific experts (transportation, public health, sports)."

What Ken Doctor describes with ProAm models, John Paton calls "shared content." Contents shared between newsroom and community create influence. "Influence equals Engagement. Engagement equals Value to those advertisers and others trying to reach that Engaged Audience."

Paton and his vice president content Jonathan Cooper have a clear idea of the contribution the newsroom can make to secure its newspaper a strong position in the local relationship economy. Within the framework of "Thunderdome," they are opening the newsroom and their "Community Media Lab" for bloggers, local experts and interested citizens. The newspaper can raise the level of action participation of its users if it develops its target group, engage it and finally connect it with others via its network. "Engagement must include multiple touchpoints" Concentrate on what we can do best: Engage audiences at the local level." Cooper advises his colleagues.

"Engagement must include multiple touchpoints" Concentrate on what we can do best: Engage audiences at the local level."

Jonathan Cooper, Journal Register Company

The new interplay between newsroom and the local community is also changing journalistic practices. Joining the article as a finished editorial product, especially in dialogue with users or experts, new tasks such as moderating, filtering or curating are emerging. The contribution made by managing the resulting local "storytelling communities" to increasing the value and relevance of the newspaper brand is not yet measurable. Despite this, Gerd Leonhard, media consultant of The Futures Agency, sees considerable revenue potential here: "The most important thing today is curation. Very few will pay for the flow, but they will pay for curation and context." Placing information in a timeless context, giving it meaning and linking it with related contents is what more and more people want and will pay for. If this is done in dialogue with the community it is all the more effective.

In a contribution to the Niemann Report on the possibilities of effectively linked-up local journalism, Mark Briggs writes: "Collaborative journalism happens with a click as readers, listeners and viewers enlist themselves to be ambassadors for those who report, write and produce the news. Weaving a community together is more than amassing huge numbers of Facebook fans and Twitter followers. It's a challenge of quality, not quantity. I'll

take 100 people who feel they are partners rather than 1000 followers who consider us a glorified headline service. We'll get better news tips, better feedback, and more evangelism from those 100 people – plus all those in their respective networks." says Briggs.

Newsrooms must learn the new interplay just as much as the potential partners. Something as simple as jointly drawing up rules and a culture of open criticism can help a local newsroom win over its relevant "Top 100." The community, with its web and technological competencies, can help develop completely new storytelling formats. Important keywords here are visualisation and gamification – therefore the optical-multimedia presentation of contents and the use of computer gaming mechanisms to clarify affairs.

"It no longer concerns fun and entertainment in imaginary galaxies, but carrying over of real life to the digital world." says Ibrahim Evsan, founder of the "Fliplife" social gaming community. JP Rangaswami, chief strategist of the technology group Salesforce.com, is convinced that "gamification will shape the future of work." The up-and-coming generation defines its youth also as the period between the first Super Mario Gameboy and the latest online multiplayer game.

It hardly comes as a surprise when this generation now tests as a matter of course the possibilities to either make real life the object of computer games or carry over learned elements of the digital games culture, such as incentivising, rankings or cooperation models, also into real life. This trend applies also to the already described new methods of the economy that apply knowledge gained from games theory to market design. Local storytelling, the processing or complex local issues will also have to use new playful forms of presentation in order to address and gain the loyalty of target groups who tend to have problems with extended articles. Juan Senor talks already about "new grammar of storytelling" that will change journalism.

In addition to the question concerning the future of contents and formats, there is also that of suitable channels and the required editorial workflows. How a publishing house feeds its array of channels consisting of print, web, mobile, e-Publishing, audio and video depends on two considerations: What serves the user? And what serves its own business model?

The users, in pursuit of a “seamless experience.” want to be informed and entertained at all times and in the best possible way – at minimum cost. In contrast, the publisher must design its product concept in such a way that it strikes the right balance between maximum reach and optimal monetising, between financing by advertising and sales revenues. Promising approaches, such as the “Freemium” concept, not only confront traders with new challenges, but above all must be lived in daily newsroom operation. Which parts of a topic or entire range of topics are available to everyone free and financed by advertising in the web? Which parts should be offered on which channel, when, for whom and in which price categories as a premium product? Which can be kept rare and exclusive without offending the broad community?

The print workflow, oriented towards a fixed linear day production, is poorly positioned to manage this degree of complexity. As an alternative, WAN-IFRA is advocating a two-part structure based on the reporter-editor principle. Reporters generate the contents at source in a media-neutral way – i.e. independent of their use in print or digital. Working in the multi-channel newsroom, the editors, layout specialists and channel managers then direct the offering towards the various channels of the newspaper house, where the contents are finished, linked and packaged in accordance with the applicable “Freemium” specifications.

Human professionalism alone is not sufficient to realise such workflows. In order to manage at least partially the high degree of complexity with modern systems, two preconditions must be satisfied:

As Dietmar Schantin writes in his blog, strict deadline, topic and resources planning and prioritisation of stories are essential in order to control production costs despite increasing demands as well as to make extensive use of the potentials offered by local topics. For this reason, the future planning processes are not only completely cross-media, but also incorporate all divisions of the publishing house already early on, possibly also parts of the professional community. A planning system must be able to manage these tasks.

In order to make contents machine-readable and at least semi-automatically processable through all processes in the multimedia publishing house, they must be assigned binding metadata already at the planning and production stages. Only if texts, images and data are enriched with structured distinguishing marks such as tags, categories, geo-information or information on author’s rights and copyright, can they be optimally processed and achieve maximum added value in the Semantic Web and Freemium business models. In this case, metadata are nothing other than barcode on supermarket packaging, without which the global supply chains in the retail sector would collapse.

5.3 Sales and Marketing

It is the local customer who will decide the future of the daily newspaper business model. Knowing him and his needs, building up and maintaining a long-term relationship based on trust is the foundation on which the local relationship economy is built and satisfies the prerequisites for target group-specific products, forward-looking local market research as well as a strong mediating and advertising position between supply and demand. For this reason, the sales and marketing teams of a newspaper house play a key role on the road towards becoming a customer centric organisation.

In this, the guiding principle of the "local champion" no longer focuses only on the print subscriber, but on all persons in the local environment. Whereas to date customer relationships were arranged in the sequence subscriber, reader/single copy buyer and non-customer, the future relationships model appears more like the pyramid of a club model, similar to how airlines operate bonus mile schemes and customer loyalty cards. With just one flight the passenger enters the CRM system and can start collecting bonus points with the standard customer card.

The more flights he books and miles he collects, the faster he becomes a holder of a bronze, silver and finally gold card – with all conceivable privileges and intensive customer care by the airline. In the Hollywood blockbuster "Up in the Air." George Clooney gives an impressive demonstration of the extremes to which this status can drive a modern, frequent-flying manager. Applied to the relationships model of a local newspaper house, every citizen, starting from an infant and a new citizen, is a customer and "flyer" whom it is worthwhile identifying and taking into account.

With the first interaction – participation in a prize game or an Internet vote – the customer relationship in this club concept is activated and he obtains bronze status. Then it is the job of product development and marketing to encourage him with higher-value offerings to advance to becoming a long-term silver or gold customer. These valuable customers receive incentives, such as premiums or exclusive events, and at the same time create the attractive exclusiveness that ensures customer groups with a lower status will make every effort to climb higher up the ladder.

A sophisticated customer and relationships management has today become a decisive competitive factor in many industries. Media houses, especially daily newspapers, are still just at the

beginning in this respect. Some fear not just costs and complexity, but also the consequences. Relationships management with a pyramid-type club model represents an answer to the trend towards smaller, fragmented target groups with different demands of a tailored product offering. Publishers are finding themselves confronted with the recommendation to untie the proven "bundles" such as the daily printed product in the digital channels and transform the one-for-all product into many products for individual target groups.

"Digital technology has disrupted the old world of physical distribution and forced an unbundling of content, audiences and advertising on traditional media companies. Unbundling is profound, ongoing and driven by the creation of digital alternatives to physical distribution" is how it is put in the AMR study. According to the analysts, this will make absolute focus on the customer even more important: "Unbundling and changing user expectations are forcing media companies to get ever closer to their users and marketers."

"The biggest challenge facing businesses today is knowing their customers."

Claus Schuster, DeFactoX

The tasks of building up, managing, analysing and monetising customer relationships, Customer Relationship Management (CRM), has given birth to an entire industry, with IT systems houses, consultants and scientific research. "The biggest challenge facing businesses today is knowing their customers." At the

same time it is also their greatest opportunity. It is this knowledge that allows them to approach specific customers or groups of customers with offerings tailored especially to them, which increases their loyalty." says Claus Schuster of DeFactoX in an interview to illustrate the enormous importance of CRM. "Customer Relationship Management is only a means to an end. It can help ensure the technical and communicative realisation of Customer Centric Management. But that revolutionises the entire business structure. It makes the collected knowledge concerning the customers to a production factor."

In his book "Drilling Down." US author Jim Novo describes just how deep a systematic CRM strategy can go in a customer centric business. ". . ." believe that the average businessman can go very far simply by analysing his customer data and using this knowledge to develop campaigns and programmes that increase sales while at the same time reducing advertising and marketing costs." wrote Novo, a pioneer of the American TV home shopping industry. He shows how customer data can be

collected, summarised and analysed in a structured CRM process.

According to Jim Novo, the following important questions must be asked of a CRM strategy:

- How can I develop campaign-oriented customer profiles and use them to design marketing and service programmes that not just retain, but increase the value of the customer?
- How do I use these profiles to establish the future value of a customer as well as to measure the general performance of my own business on the market – now and in the future?
- How do I use these profiles to motivate customers to do what I want of them?
- How do I increase my profits and at the same time lower the costs for marketing and service?
- How do I create marketing and service programmes offering a high Return on Investment (ROI)?
- How can I predict when I am about to lose a customer?

Just as a product is tracked and managed in a lifecycle, the various stages of a customer relationship is subject also to a “customer lifecycle.” Knowing which customer is at a growing or threatened stage in the relationship, according to Novo, presupposes constant tracking and evaluating of the individual customer behaviour. In addition, he also advocates the RFM analysis for prioritising customers’ value in a ranking system. “R” stands for Recency. When is the last time a customer bought something? “F” for “Frequency.” i.e. how often does a customer buy? And “M” for “Monetary Value.” how much did the customer spend? The higher the values, the more loyal and valuable the customer.

For the local market, this approach can also mean concentrating the limited possibilities on specific target groups and tending to neglect others – either because attracting them or holding on to them could be achieved only by making a disproportionate investment of resources or because they orient themselves towards a main target group who must first be won over.

Following the logic of relationships in business, the mentors of customer management have discovered the aspect of “Engagement” that they refer to as “Social CRM.” Special “Customer Engagement Programmes” are created to motivate customers

to contribute actively to relationship development. A hotel group has already achieved its Engagement objective when a guest takes the time to complete the customer satisfaction questionnaire – independent of whether he wants to complain about a particularly bad experience or express praise. He gives his attention to the brand and pays into the customer relationship. A totally different aspect of Social CRM is the use of social media, e.g. a Twitter feedback channel or Facebook page, in order to include this source also in a customer response picture that is as comprehensive as possible.

In order to be able to evaluate target groups based on their potential for one’s product or establish the need for new products, the consumer goods industry, though also trade and service providers, work with standard concepts, such as Sinus Milieus. They group the population by status in society and life attitude: ranging from upper to lower class, conservative-established to willing to experiment and take risks. Few newspaper houses know the percentages of the various Sinus groups in their region or their own market shares in the milieus concerned. What does it mean for the future and lifecycle of the daily newspaper product if it is firmly anchored among the older members of the “traditional” or “conservative” milieu, but ignored by tomorrow’s young trendsetting milieus, such as the “performers” or “expeditives”?

Another important element in a comprehensive customer centric organisation is neuro-marketing. Processes such as Limbic, developed by the Nymphenburger Group in Munich, draw on knowledge gained in brain research in order to directly address the emotional preferences of a target group with a product. Also for media products or local services, in the target group there is the subconscious “red button” that professional marketing addresses.

The combination of Sinus milieus and Limbic factors quickly reveals that a course in extreme sports is highly unlikely to satisfy the desire for security of a conservative Sinus group at senior citizen’s age, whereas an offer of stair-climbing aids or a place in an old folk’s home are hardly in line with the lust for adventure of the young “expeditives.” What is expressed here in a highly simplified way can decide market success or otherwise when fine-tuning marketing and product development. In many cases it is nuances that determine the difference between a bestseller and dead stock.

The elements CRM and RFM, Social CRM, Sinus and Limbic constitute the core of a customer centric local publishing organisation. At the same time they are the basis for a publisher to build up its own local market research that not only allows

tailored solutions for advertisers, but also target group-oriented product development and product marketing for the publisher's own offering.

Hartmut Ostrowski, chairman of the board at Bertelsmann AG, expects that the classical revenue mix of the daily newspaper, consisting of sales and advertising turnovers, will in future have to be supplemented by a third source of revenue. The so-called secondary business with direct marketing, e-Commerce or services offer publishing houses the chance to extend their economic base and reduce their dependence on the classical main product. John Paton recommends to newspaper producers: "Build new products and new audiences"

"The needs of customers have changed, the kinds of content they want, and the way they obtain news, information and entertainment has altered dramatically."

Robert G. Picard, Reuters Institute in Oxford

Robert G. Picard of Reuters Institute in Oxford considers that this approach is without an alternative for most publishers: "The biggest problem of media business models today is not that the revenue model is diminishing in effectiveness, but that most media companies are still trying to sell nineteenth and twentieth century products in the twenty-first century. And they are trying to do so without changing the value they provide and the relationships within which they are provided."

Picard is certain: "The needs of customers have changed, the kinds of content they want, and the way they obtain news, information and entertainment has altered dramatically."

If media firms do not address these changes in consumer needs and behaviour, no amount of worry about revenue streams will stem the fundamental challenge that audiences are leaving traditional print and broadcast media behind for content providers and distribution platforms that better serve their needs."

But it is clear also the product development and product variety do not represent an end by themselves. Do new offerings in the target group bring sufficient value? Are the costs for development and marketing in a reasonable ratio to the achievable revenues? Only a professional interplay between customer relationships management, local market research and product management permits bestsellers and guards against costly flops.

Newspaper publishers can learn here from the strategies of special interest or technical publishing houses. They underpin their claim to be the most competent partner for a specific topic,

branch of industry or profession, with aimed market research. This forms the basis for cooperation with advertisers as well as for the development of additional own products. The Delius-Klasing publishing house is the leader in the German-language market for cycle sports and sailing magazines. It publishes reports on a regular basis concerning the development of the bicycle, yacht or motor boat market that provide advertisers with important data and help the publisher to complement its programme of magazines with books giving practical advice, coffee-table books or DVDs. In 2010, the Jahr Top Special company, publisher of "Jäger" (hunter) magazine, produced the first comprehensive survey concerning the target group of hunters in Germany.

If a daily newspaper wanted to document its claim to be "local champion" in a similar way, it could regularly publish data on the development of the local market in the form of a handy report for advertisers, though also for all other partners in the local network.

e-Publishing for electronic reading devices and tablet PCs offers enormous opportunities for developing new publishing products. Besides the concept of the printed gazette that bundles all relevant contents in a single edition once a day for all target groups, publishing houses can now, for example, revive the good old evening newspaper in order to address young target groups of the "coffee-to-go generation" who want to be informed about latest happenings in the region not at breakfast but instead early in the evening.

Because the costs for printing, paper and delivery are eliminated, all of a sudden Sunday magazines, a chronological Best-Of the past week or vertical offerings, such as fan magazines for sport communities or regional practical advice magazines can also be a worthwhile prospect. Even compact books, e.g. as additional use drawn from a practical advice series or supplement material, can be published for the various e-Book platforms at low cost and without fear of unsold stock. The decisive factor here is a product development with and for the local customers, but also an editorial feeling for the new possibilities of electronic publishing that combines the qualities of print and web publishing in an entirely new way.

An additional special challenge is the question of correct pricing. In a Freemium concept, e-Publishing can build the bridge between the free web and the inflexible pricing

concepts in the print sector. For this reason, Ken Doctor celebrates the e-Reader as the “missing link.” the long-sought link between the two seemingly irreconcilable publishing worlds. Steve Jobs advises publishers in the new apps world to learn the art of small products and small prices. That is one of the secrets of the success of Apple’s mega sellers iTunes and AppStore. Unbundling, i.e. the untying of large content packages from the print world, is only one aspect. The clever re-packaging in smaller, target group-oriented formats with correspondingly designed, more refined price models must be another.

While publishers feel themselves on somewhat familiar territory as regards publishing for the e-Reader and tablets, the future area of operation, the Location Based Services, are the domains of the Internet groups. It is here that the local daily newspapers is facing serious competition on the local market, especially in the SoLoMo offerings that link the Social Web with localisation of the users and the mobile Internet.

The operators of location based services are aiming directly at the daily newspaper advertising platform.

In a study, the German consulting company Mücke, Sturm & Company identified four growth environments for location based services:

- Paid applications (“apps.”)
- Free Loyalty Marketing (e.g. branch locator for chain stores),
- Mobile Couponing (such as Groupon),

App platforms that, acting as mediators, bundle latest local offerings from Foursquare, Facebook or Kaufda for the consumer

Publishers must check whether they want to offer own services or incorporate these in part globally operating platforms into their services portfolio for advertisers. But location based services will also find applications for local life. Already now, Facebook, Google or Foursquare are working on services that show the user where likeminded persons are located at any given time and that turn a group date into a shopping community who get a free capuccino if they enter the right coffee bar at the right time.

5.4 Advertising

Customer centric market research and target group-specific product development are both the basis for the daily newspaper to position its offering in the local market and the foundation for future cooperation with local advertisers.

“Publishing houses should always bear in mind: advertisers seek target groups and not titles for their brand communication” says Jochen Preusche, managing director of the Optimedia media agency in Germany. The advertiser needs a powerful mediator to the local customer. But he must know customers and target groups, ideally have intensive relationship with them and carry an advertising message to the potential buyer with low waste coverage.

However, daily newspapers are coming under pressure here from several directions. Advertisers take due note of the downward trend in circulation and consequential lower homes coverage achieved by subscription newspapers and demand performance data and proof of effectiveness. Competitors are positioning themselves and attempting to capture budgets from the newspapers. Besides radio, freesheets and flyer distribution, it is mainly the digital competitors such as Google, Groupon or Facebook who are hoping to attract local business to their platforms with their own team working in the field.

They benefit here from a major trend. With the growing importance of the relationship economy, businesses are aiming also to achieve a more customer centric orientation and making efforts to intensify their customer relationships. Parts of the advertising and marketing budgets are therefore invested to extend direct customer communication, at the expense of classical advertising. Flyers, mailings, though also Google AdSense, a Facebook page, a Twitter complaints channel or a Groupon coupon campaign are just some of the manifold possibilities used by businesses to communicate directly, independent of the traditional media platforms.

On the other hand, local businesses seldom have the resources, in addition to conducting their daily affairs, also to manage complex customer and advertising communication. This is where experts see an opportunity for newspaper publishers that, acting as customer centric “local champions.” manage their relationships to advertisers every bit as intensively as to their customers. The principle applies here also: How can a publishing house cre-

ate added value and offer solutions? “Publishers don’t need to become full blown media agencies, but they do need at least to start thinking much more like an agency and take over responsibility for the success of the campaigns they develop and sell to their customers” Dietmar Schantin is convinced.

In the USA, the first newspaper groups have established new local advertising units to look after customers like a local media agency: “Tribune’s 435 Digital, GannettLocal and Advance Internet are among the leaders selling everything from search engine marketing and optimization to mobile and social to local merchants. ... There is no doubt that local merchants want help in digital marketing.” says Ken Doctor. And Jeff Jarvis adds: “I think the answer will lie in productizing services for local merchants (across all these platforms – not just selling them space in a media site but also helping them with Google Places pages and Foursquare and Facebook deals and Twitter specials) and establishing news independent, entrepreneurial sales forces.”

In order to do so, the newspaper publisher house must adopt a policy also on the local advertising market of being proactive, innovative and highly customer-focused. Everything that, as described above, promotes the capacity to conduct campaigns in the customer business (B2C) also improves the

position of the “local champion” as leader in the local advertising market (B2B). A pyramid model, the foundation of which is formed by all parties active in the local market, seems to be a suitable approach also for managing relationships with advertisers. At the top of the pyramid are the valuable key accounts that not only regularly book

larger budgets, but are at the same time strategic partners and sponsors in a concept. Just as in the customer business, the publisher must make every effort to motivate as many businesses as possible to at some time attain “Gold” status as a partner of the newspaper.

Systematic local market research and the resulting recommendations for the advertising industry can play an important role here. For example, an annual market compass with the most important data relating to changed target groups and consumption behaviour could be presented exclusively to “Gold” customers. The publishing house develops extensive communication campaigns only for Silver or Gold customers, whereas at

“Publishing houses should always bear in mind: advertisers seek target groups and not titles for their brand communication.”

Jochen Preusche, Optimedia

Bronze customer level it is standardised and semi-automated products that are used.

For this, however – as is already standard practice at several publishing houses worldwide – web elements must also be included if a target group or communication objective can be reached more efficiently through the use of Google or Face-

book. They are necessary also in order to be able to provide campaign customers with the required measurable success criteria. Has the campaign achieved its objective? What must be optimised in a second run? In the long term, the suppliers of products and services in the local market will be unable to ignore the wish of the customers for proof of effectiveness and measurability.

6. Outlook

Of all people, Facebook founder Mark Zuckerberg, who with his company is regarded as the most promising player in the new area of the relationship economy, is certain that the digital worlds needs the publishing houses. "Bring elegance to the web." is what he recommends to publishers. Zuckerberg knows that neither software nor the swarm of users are able to make an attractive programme out of contents or produce relevant contexts. This applies especially in the local environment with its direct connection to lived reality. In many cases here the aim is to translate information directly into practical help. None of the apparent local alternatives to the daily newspaper, whether communal administrations or engaged citizen journalists, can match its combination of competence, credibility and efficiency.

Because the newspaper is so obviously needed its chances are good. But will publishers use these chances? Alone the fear of the complexity and the imponderables of the digital world frightens many off. For this reason, some prefer to focus entirely on the shrinking core business and loyal regular readers, cut costs and structures. Ken Doctor sees parallels to team sports and challenges the publishing houses: ". see many activities in defense, but where is the offense?"

The AMR market analysts therefore warn against false hopes and half-hearted decisions: "Media companies must ask themselves if they can change fast enough and far enough to meet the changing expectations of their traditional users and marketers."

But not even the experts are certain of what the ideal structures for a newspaper house in the digital world will be. "We do have to wonder whether the trendlines will be similar among big national/now global news companies like the FT, the WSJ and NYT, metro-based media and smaller community media. Metro-based media continue to appear to be the odd-man out, as glo-

balism and localism offer great new benefits in this new digital reading and marketing world." says Ken Doctor.

Urs Gossweiler from Switzerland goes even further when he calls on the regional newspaper publisher to follow his example and split their newspapers into multiple hyperlocal micro-newspapers. According to Gossweiler, it is only in small, independent units that the newspaper has its finger on the pulse of local life and local markets in order to find the right answers to the questions of readers and advertisers.

In the final instance, structures and organisational forms will be determined by how the new local newspaper house sees its role. The Austrian-American economist, Joseph Schumpeter (1883-1950), who defined entrepreneurs as "creative destroyers." made a distinction between the genuine entrepreneur who lives for capitalism and creates values and all those who, by acting as traders and financiers, merely live from capitalism. In the times when the gazette enjoyed a monopoly position, the newspaper publisher lived well from the local environment and the local market. As opposed to this, the "local champion" of the digital era could make it its publishing duty to live not primarily from, but rather for this local environment and thus develop its new added value.

"mission: local" can succeed only if it is understood and lived as a holistic concept. Editorial independence and commercial success were never really a contradiction in the daily newspaper model, but dependent on one another. A newspaper publishing house that sees its future in acting as the motor of local life should not separate the editorial moderation of the local community from the commercial shaping of local markets. Both belong together and are mutually complementary. The decisive factor will be whether the local customer trusts the daily newspaper brand in both areas and believes it is capable of contributing a value relevant for him.

7. Glossary

Attention economy: The competitive environment of the media fighting for people's limited attention budget.

"Better Home." Guiding principle for improved local community spirit and quality of life.

Relationship economy: An economic theory based on the principle that added value is developed between persons and that customer relationships are of paramount importance.

Relationships pyramids: A model for qualifying and prioritising relationships, applicable to managing relationships with customers, advertisers as well as the various suppliers of contents.

Coopetition: A new culture of partial cooperation between competitors.

Customer Centric Organisation: A customer centric organisation makes the customer and his needs the focal point of all processes and aims to offer the customer maximum value and relevance.

Data: Data and data management are the currency of the digital world.

Disruption: An innovation that breaks into the market unexpectedly for the established market players and fundamentally changes the rules – frequently to the benefit of new competitors.

Engagement: The degree of active participation of a customer or user and proof of the quality and intensity of a customer relationship.

Freemium: Digital business model that attempts to link free, reach-oriented offerings with paid premium offerings in a phased process.

Humanomics: A new school of economics that, instead of the "Homo oeconomicus" who takes decisions on a rational basis, observes the more emotional "Homo oeconomicus humanus".

Market design: Aspect of "Humanomics." in which markets are designed so that they satisfy the need of the participants for fairness and transparency.

Network: Relationships model in which a local newspaper publishing house actively organises and links partners, experts or the local community. Platform: Role model in which a newspaper publishing house becomes the central contact for the local community, specialised topics or local groups and that bundles service and information.

ProAm: Journalistic cooperation model in which professional newsrooms work on an equal footing with amateurs who, acting as engaged citizens or local experts, contribute to interactive reporting.

Social capital: Product of relationships in business. In a local living environment, this can include strengthening community spirit and the feeling of community in the sense of a "better home" concept.

Touchpoints: Points of contact between a newspaper house and local persons (i.a. products, advertising, events, personal encounters).

Mission: local

Creating local value and business in the digital world



Meinolf Ellers (49), together with Dietmar Schantin from WAN-IFRA Newsplex, initiated the “GoLocal” project in which ten German publishing houses, working as a team, develop new hyperlocal business models. Ellers is a member of the jury for the WAN-IFRA XMA awards. As managing director of dpa-infocom, since the year 2000 he has supported publishing houses in the areas of cross-media, mobile Internet and e-Publishing. In 2004/2005 Ellers coordinated the EU-sponsored MINDS (Mobile Information and News Data Services) project from which, besides a mobile publishing platform for newspaper publishing houses bearing the same name, the MINDS International organisation also emerged in which the leading news agencies from more than 20 countries share their digital strategies.