

6.4

The Power of Local Focus

The definition of “local” has morphed beyond a geography-based concept for newspapers around the world. Changing market forces have propelled the local newspaper market into a new strategy focused on the “Four Ns” – Newspapers, Neighbours, Niches and Networks

Shaping the Future of the Newspaper



www.wan-press.org
A WORLD ASSOCIATION OF NEWSPAPERS PROJECT,
SUPPORTED BY WORLD'S LEADING BUSINESS PARTNERS



www.man-roland.com/en/p0001/index.jsp
A LEADING COMPANY FOR NEWSPAPER PRODUCTION SYSTEMS

PUBLIGroupe

www.publigroupe.com/en/hom.cfm
THE SWITZERLAND-BASED INTERNATIONAL ADVERTISING
AND PROMOTION GROUP



<http://w3.upm-kymmene.com/>
ONE OF THE WORLD'S LEADING PRINTING PAPER PRODUCERS



www.telenor.com/
THE LEADING NORWEGIAN TELECOMMUNICATIONS, IT AND MEDIA GROUP

TABLE OF CONTENTS

	Executive Summary	5
	Introduction	9
1	Newspapers	13
	Romerikes Blad	16
	Readership Institute	17
	Times-Herald	20
	Daily Herald	21
	Vorarlberger Medienhaus, Austria	24
	Casa Editorial El Tiempo, Colombia	24
2	Neighbours	25
	J-Lab	27
	Bluffton Today	30
	Schibsted	32
	Online maps	35
	UK hyper-local strategy	37
3	Niches	39
4	Networks	43
	Tom Mohr	44
	News 47, Japan	49
	Yahoo Network	50
	Google Print Ads Network	50
	ShopLocal.com	51
	Topix.net	52
	More network oppotunities	53
5	Conclusion	55

Executive summary

“Local” used to be all about geography. For newspaper readers worldwide, the most relevant stories and advertising are local in theme – impacting them in the communities where they live and work. Now, the editorial and advertising content on digital media allows “communities of interest” to readers and users that are relevant and sought-after on a regular basis, regardless of geography.

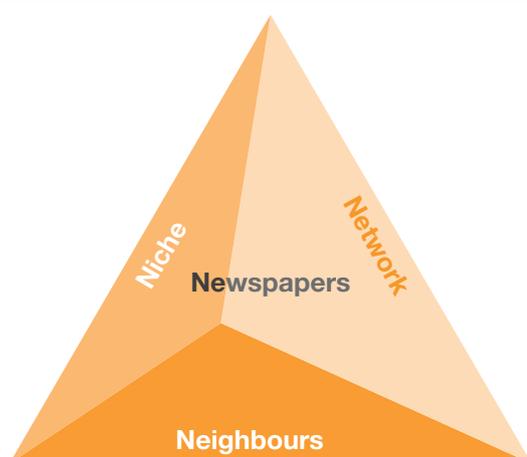
Newspapers worldwide have built their businesses serving their communities with local news and advertising. The Power of Local Focus report chronicles how market forces, and the resulting initiatives by forward-thinking media companies, signal an industrywide shift into high gear for the local roots of newspapering.

The catalysts for the shift are the ever-changing media landscape, new competitors, and the evolving news and information needs of consumers. The result of the shift is that in the past few decades, the definition of “local” has taken on new dimensions in the media world, which has in turn expanded newspapers’ locally focused strategies.

Geographically based information is still, and will continue to be, the most sought-after local content. But as the media landscape becomes more crowded with niche publishers across the spectrum of media, the notion of “communities of interest” is becoming an important part of newspapers’ strategies. Consider these opportunities for expansion into communities of interest:

- Language, culture, political persuasion, sexual preference, gender, age and other demographic details represent communities of interest and are worthy niches for local publishers about which to build new products
- Readers may be interested in reading, listening, viewing and interacting with content about their favorite sports or hobbies
- Certain brands or goods may not be available in local stores, but Web shopping makes them available to anyone within shipping range. Some media companies are exploring ways to provide these services
- International and national news can be “localized” when a person from the

Local Redefined: The Four Ns



Source: Shaping the Future of the Newspaper 2007

newspapers' distribution area is connected with national or international news. For example, when a local soldier is injured in Iraq, or when the national government passes a law directly impacting the media company's community.

The reality of a new definition of local requires a new local media strategy. The four components of a local strategy are the "Four Ns": Newspapers, Neighbours, Niche and Network.

- Newspapers: The foundation of the strategy, with locally and regionally focused news and advertising
- Neighbours: Hyper-local focus, to the apartment building or city-block level
- Niches build readership with "communities of interest"
- Network of aggregated local newspapers or online newspapers

The Power of Local Focus report details each facet of the "Four N" strategy in individual chapters.

Innovative newspapers worldwide are breathing new life into their local strategies by adding new products, new local features, more intensive local focus and more resources for developing local content. The newspapers profiled include Romerikes Blad in Norway; Fairfax Media in Australia; Daily Herald in USA, and Vorarlberger Medienhaus in Austria.

A variety of new print and Web products launched in the last two years are hyper-local –

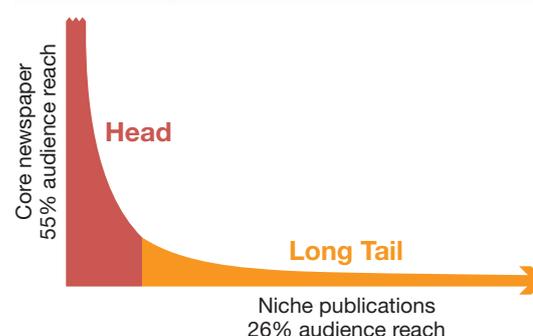
focused on news, events and people who readers might actually recognize as friends and neighbors. Some of these projects are already profitable. Hyper-local strategies are being implemented at a variety of newspaper companies, including Dallas Morning News, Bluffton Today; Naples Daily News, Bakersfield Californian, YourHub.com and Fort Myers News-Press in the U.S.; Johnston Press and Trinity Mirror in the UK, and Schibsted in Sweden and Norway. These cases are detailed in the report.

Publishers are finding success in a niche strategy, otherwise known as the "Long Tail", "Audience Aggregation" or "Audience Portfolio." The concept is to aggregate niches of demographically specific audiences to build the media company's overall market share. Some of the niches might include print and/or Web products for specific age, gender or social class groups. Among those media companies profiled are the San Antonio Express-News and the Arizona Republic in the U.S..

Networks provide a way to drive more exposure to local advertising and editorial content on a national scale. Since 2000, several national networks have been launched distributing and cross-promoting content and advertising. In this report, we will detail the strategies, structure, business models and scale of several networks, including the Yahoo!-US newspapers deal; Google Print Ads; FINN.no; ClassifiedVentures.com; 47News.jp; Fish4.co.uk; ShopLocal.com; and Topix.net.

The report captures the global media phenomenon of community-generated content for print and online, and local online communities including blogs, photo galleries and social networking. SFN will profile how

The Long Tail: Arizona Republic



Source: SFN Analysis; *The Long Tail*, Chris Anderson, 2006; Arizona Republic, 2005

media companies are leveraging the trend for growing revenues, particularly given that citizen-generated content has a high-traffic history and future potential, and how this fits with the newspaper's own local strategy.

The importance of locally-focused content is consistently reported around the world. In India, for example, respondents living in small towns and cities in reported in an annual survey that local content is the among the most important information on online newspaper sites, and that native-language content also is an important factor in seeking local news online.

The report also will detail how publishers are increasing market share by adding new, targeted local newspapers for ethnic communities, specific neighbourhoods, age groups, genders and hobbies. Despite circulation declines among local newspapers in some parts of the world, some countries are experiencing surges in numbers of regional newspaper titles, particularly in Central and Eastern Europe.

Worldwide: Fastest growing number of regional titles*

	Number of titles		% change
	2001	2005	
Austria	8	10	25
Belgium	15	18	20
Czech Republic	59	75	27.1
Chile	42	46	9.5
Denmark	21	22	4.8
Hungary	21	22	4.8
Italy	68	71	4.4
Russia	222	468	110.8
Romania	11	33	230.0
Turkey	16	25	56.3
United Kingdom	92	94	2.17

*Based on available data

Source: National press associations, World Press Trends, 2006

Digital channels provide the opportunity to expand local content. This report will provide case studies of successful regional and local online editorial and advertising efforts on each continent. Some of the viable online strategies for local newspapers include:

10 Local Online Content Ideas

- High school sports sites
- Party Pages with pictures of local party scene
- Reader surveys via Mobile
- Citizen generated blogs and photos
- Podcasts of local content
- Videos of local content
- Interactive graphics about the community
- Blogs by community officials
- Community discussions on civic issues
- Products targeted at working mothers, ethnic populations or youth

10 Local Advertising Ideas

- Join/build ad or content network
- Niche websites for communities of interest
- Directory of local businesses using keyword search advertising
- Searchable database of print ads online
- Multimedia database of entertainment offerings nearby with map mashup
- Identify non-advertisers in community and pitch them for advertising
- New products for community targets
- Community mobile contest to build mobile database for sales campaigns later
- Build self-service advertising
- Print and Web community-generated publications, by town

“Local” continues to be newspapers’ most valuable asset. The Power of Local focus will provide case studies and the results of research reports that will provide ideas to local publishers to thrive as the definition of local expands to include non-geography based strategies.

1. Introduction

Locally focused news and advertising are the most powerful currencies local and regional newspapers trade on in 2007. Despite the profound market interruptions by digital media of newspapers worldwide in the past decade, and compared with other traditional media, the local franchise continues to be in the firm grip of locally focused newspaper companies around the world.

Local strategy is so powerful, in fact, that national papers worldwide, and pure-play Internet giants like Yahoo! and Google, are now aggressively building local-level sales and editorial strategies to tap into the lucrative local arena.

The reasons are simple. Study after study shows that consumers make the majority of their purchases within a 5-kilometer radius of their home, and they rate local news and information on the top of their wish lists for reading material.

Numerous national surveys show that “local news” is the No. 1 reason news seekers use newspapers in individual countries. When compared with other media, newspapers rank

as the first media news consumers consult for local news.

Further, local news and advertising are among the only differentiators left as competitors fragment the media landscape and flood it with commoditized news that can be found in most places. Consider:

- A British study conducted by the Newspaper Society found that regional newspapers represent high loyalty, high retention for

Subjects that draw people into newspapers, TV and Web (%)

Newspapers		TV news		Internet	
Local news	35	International	24	Headlines	27
Headlines	28	Headlines	23	International	22
Sports news	21	Local news	20	Sports	15
International	13	Politics/elections	12	Politics/elections	13
Business	7	Weather	11	Business	11
Editorials/op-eds	7	Sports	7	Arts/entertainment	9

Open-ended: “What subjects in/on _____ are of the most interest to you?” Six most frequently cited responses shown international news includes news from Iraq. Each column is based on regular users of that medium.

Source: Pew, 2006

reference, and that readers consume the majority of the newspaper. When asked how many issues of the local weekly or daily paper they read for at least two minutes in an average week or month, 69 percent of the readers responded that they read 3 or more dailies per week, and 87 percent read two or more weeklies per month. When asked how much of the local newspaper they read on average, 81 percent of the readers responded daily; 85 percent paid weekly, and 72 percent free weekly. When asked for how long they keep local newspapers in their homes for reference, 24 percent responded one day, 37 percent responded 2-6 days, and 36 percent responded 1 week or more.

- A study by Community Media Canada found that 74 percent of all adult Canadians read a community newspaper on a weekday or weekend, while 57 percent read a national newspaper on a weekday or weekend. More than CAN\$1 billion in revenue was generated by Canadian community newspapers in 2006, a 26 percent increase since 2000. Canada's 742 weekly titles account for 14 million in circulation.

- An ongoing study of 37,000 readers of 100 U.S. newspapers, executed by the Readership Institute at Northwestern University in Chicago since 2001, consistently ranks "intensely local, people-focused news" as the No. 1 most important factor. It helps build the study's "Reader Behavior Scores," which measure how often a daily or Sunday newspaper is read, how much time is spent reading, and how completely the newspaper is read. Local news is followed by lifestyle news including health, fitness, home, garden, food, fashion and beauty; government and global relations; natural disasters and accidents; movies, television and weather; business, economics and personal finance; police, crime and judicial system; and sports, in order of their reader behavior scores.

- The \$2.4 million NewspaperNext project of the American Press Institute, which studied local focus as one of the most important strategies for newspapers in editorial and advertising, particularly the drilling down into micro-local levels.

- A U.S. study conducted by Pew Charitable Trusts found that local and community news was No. 1 now and 25 years ago. The Pew study confirmed the Readership Institute

findings that health, fitness, government, business and movies information were important to most readers.

"The (Pew) survey shows that newspaper readers' tastes – and newspapers themselves – have evolved considerably over the past two decades. But one constant remains: Local and community news continues to be the biggest draw for newspapers. And as was the case during the mid-1980s, roughly nine-in-ten of those who at least sometimes read a newspaper say they spend a significant amount of time getting the news about their city, town or region," according to the Pew survey of newspaper readers in 2006.

Where do you turn for different kinds of news? (%)

Mostly get news about subject from	News-papers	TV news	Internet	Radio news
Community events	61	34	3	4
Local government	53	45	6	5
Culture and the arts	46	38	15	4
Business and finance	37	41	20	5
Crime	36	68	8	6
Sports	28	70	13	8
Washington/politics	27	68	15	8
International	24	67	19	6
Entertainment	24	61	16	4
Commentary/opinions	18	57	15	14
Weather	13	79	16	7
Breaking news	6	76	18	8

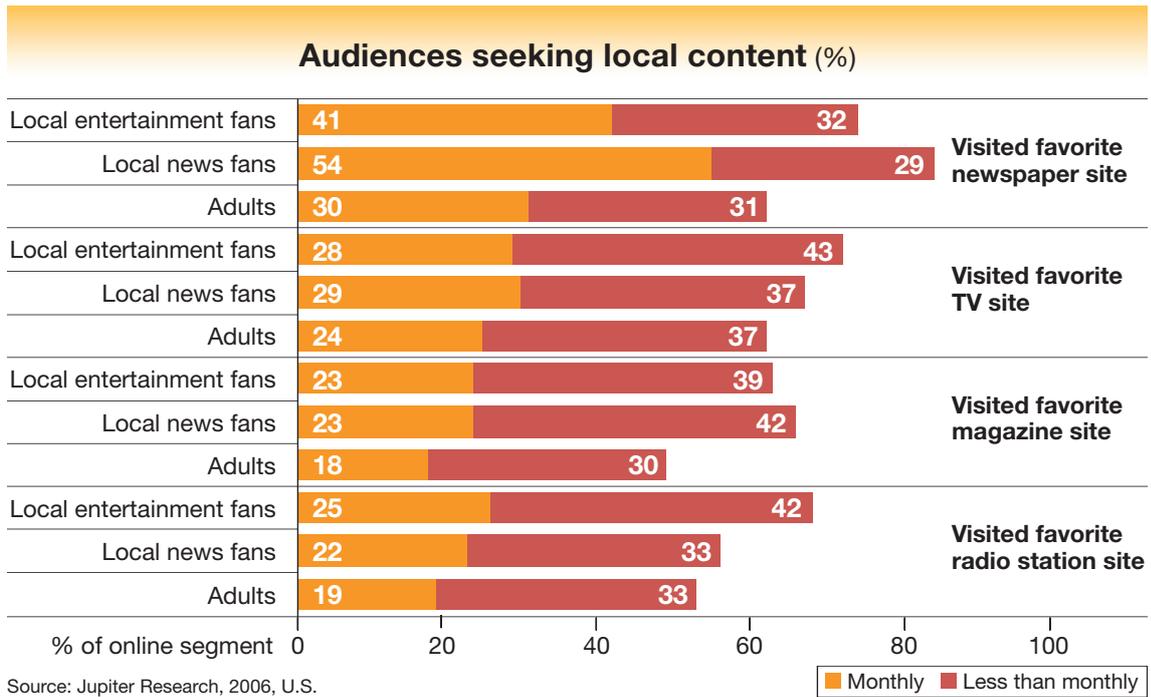
Percentages based on people who follow news about each topic, and add to more than 100% because respondents could list more than one main source.

Source: Pew, 2006

The newspaper's niche is community news (61%), which is twice as popular as television (34%) as the main source of local news.

The studies about the power of local newspapers have been published, and newspapers have taken to heart the collective messages of the studies. Local strategies have been intensified as the pressure to differentiate newspapers from other media intensifies in the crowded marketplace.

The next frontiers for content in local newspapers are local Web sites, local directories and mobile services. On those channels, new battles are raging with local, national and international players. The victors for eyeballs, eardrums and revenues will be those media companies that provide hyper-



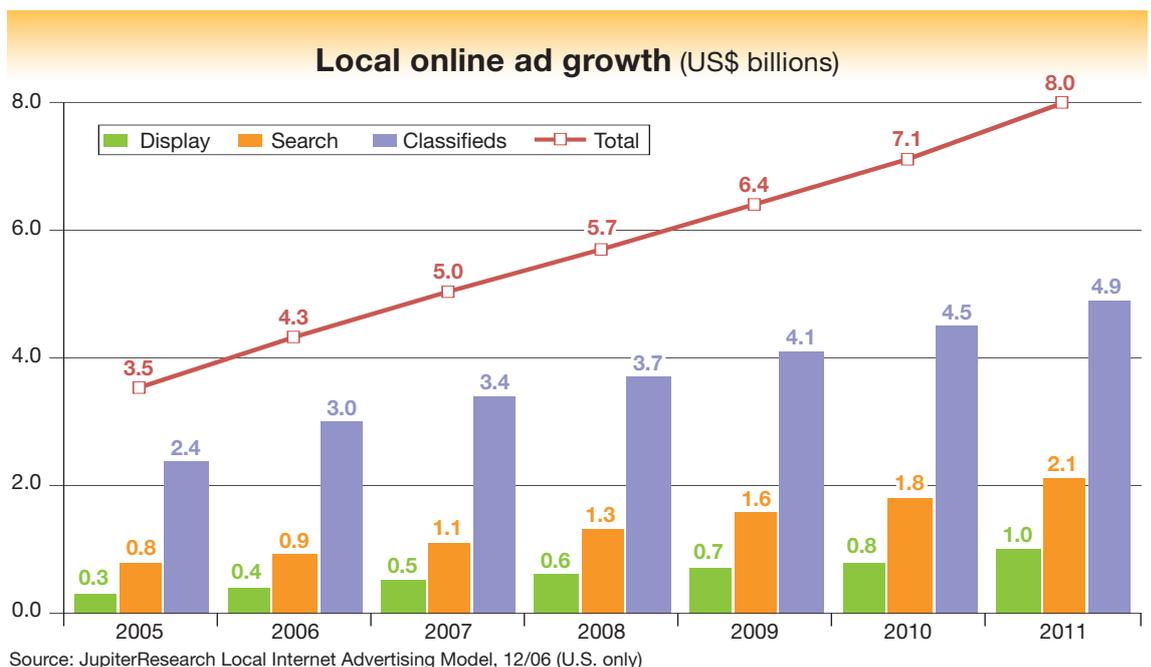
local content, down to the city-block and apartment-building level.

The next frontier for advertising revenues will be hyper-local advertisers who will be able to geo-target their messages on ultra-local newspapers and Web sites, using local search advertising and mobile messages.

According to the Jupiter Research in 2006, newspaper Web sites by far have more regular local traffic for local news and local

entertainment, compared with TV, radio and magazine Web sites.

In addition, Jupiter projects that local online advertising spend and market share will grow faster than other media. From 2005 to 2011, Jupiter projects that local online advertising spend will grow from US\$3.5 billion to US\$8.0 billion, with classified advertising taking the lion's share, with US\$2.4 billion in 2005 and a projected US\$4.9 billion in 2011.



Borrell Associates in 2007 breaks down the estimated \$8 billion local online industry differently, combining display and classifieds together, and estimating paid search at about one-fourth and banners and listings at about two-thirds of the online advertising pie locally.



Source: Borrell Associates Inc.

This volume contains several case studies about innovative media companies that have created new ways to embrace hyper-local content and advertising on multiple channels.

The Power of Local Focus report chapters are organized by the four key principles of the new definition of “local,” which defies sheer geography. The new definition of local is about geography and communities of interest in our target markets. The “Four Ns” model captures all of the facets of the new definition of local:

- **Newspapers’** local and regional focus
- **Neighbours** hyper-local focus, to the apartment building or city-block level
- **Niches** build readership with “communities of interest”
- **Network** of aggregated local newspapers and online newspapers

1. Newspapers

Local news and information in newspapers ranks among the top differentiators in studies about local news consumption. Local news ranks as No. 1 as the reason people read local newspapers, and compared with other media, newspapers rank highest in local news access.

Newspapers' attributes also set them apart from TV, radio and the Internet. Almost half of the respondents to a Pew study in 2006 said they prefer newspapers for content, including local news, compared with other media. Meanwhile, TV is the preferred medium for international news and breaking news, according to the study.

The study reported that local news is the most important element of coverage and content for U.S. respondents (13 percent), while more in-depth content (12 percent) and newspapers' credibility (4 percent) also ranks in high importance.

Regarding newspapers' most important features, the study reports that convenience and portability (26 percent); tangibility (7 percent), and readers' preference to read the news (5 percent) are most important to respondents.

What sets newspapers apart (%)

Features of the medium	46
→ Read whenever/convenient/portable	26
→ Hard copyhold in hand	7
→ Prefer to read news	5
→ Can choose what to read/skip topics	4
→ Habit/relaxing	3
→ Easy to read/organization of news	3
Coverage and content	42
→ Local news	13
→ More in-depth/detailed/informative	12
→ Fair/factual/consistent	4
→ Advertisement/coupon	3
→ Editorials/op-eds/commentaries	2
→ Puzzles/games	2
→ Sports	2

Based on open-ended responses from regular newspaper readers. Figures add to more than 100% because respondents could list more than one aspect.
Source: Pew, 2006

A British study conducted by the Newspaper Society found that regional newspapers represent high loyalty and high retention for reference, and that readers consume the

UK: Newspaper Society regional newspaper survey

Everyday Media	
Percentage of respondents who consume everyday in the UK (%)	
Television	94
Local newspapers	82
Radio	74
News websites	67
National papers	60
Magazines	55
Cinema	39
Poster	28
Five essential beliefs about the regional press in the UK	
Helps me feel a part of the community	48
Helps me get the best of where I leave	49
Honest and believable	49
Rely on it for news that I can't get elsewhere	49
More accurate and reliable than other media	34
Which items in your local paper do you tend to read "lead to a high level of active involvement"	
Any editorial	78
Any advertising	64
People notice the ads in their local paper	
TV	29
Magazines	23
National paper	23
Internet	21
Radio	20
The advertising in the following type of media is relevant and useful	
Local papers	23
Magazines	14
Internet	10
Television	9
Radio	9

Source : Newspaper Society, UK, 2006

majority of the newspaper. When asked how often of the local newspaper they read on average, 81 percent of the readers responded daily; 85 percent paid weekly, and 72 percent free weekly. When asked how long they keep local newspapers in their homes for reference, 24 percent responded one day, 37 percent responded 2-6 days, and 36 percent responded 1 week or more.

Content and reader satisfaction

Type of Content	Degree of coverage sought
Intensely local, people-focused news	Quantity
How we are governed and global relations	Quantity; stand-alone opinion section; color photos; feature approach
Natural disasters and accidents	Fewer stories; fewer color photos
Movies, television and weather	Shorter; less complex stories
General and personal business news	Quantity; point-of-view approach (commentary, criticism, advice)
Science, technology and environment	Quantity; international focus; longer and complex stories; feature approach
Police, crime and judicial system	More local focus and fewer national events; fewer photos; fewer stories overall
Sports	Feature approach; point-of-view approach

Source: Readership Institute Impact Study, 2001

Canadian circulation by province

Prov.	Titles	Edition	Total circ. all editions	Media circulation	Lowest circulation	Highest circulation
BC	107	162	4,122,831	18,611	776	113,584
AB	109	114	874,205	3,889	515	136,477
SK	89	89	369,329	1,700	190	30,922
MB	45	46	395,106	3,454	875	56,666
ON	301	358	7,437,634	9,781	300	171,000
QC	21	25	301,621	5,277	619	51,979
NB	17	17	111,872	5,300	2,603	15,533
PE	3	3	13,923	5,400	2,456	6,067
NS	25	26	126,674	3,215	1,504	26,612
NL	15	16	86,546	3,269	1,019	37,730
YT	1	3	18,104	5,613	5,248	7,243
NT	6	7	28,799	2,333	1,346	9,952
NU	3	3	14,910	6,147	1,781	6,982
National	742	869	13,906,554	5,890	190	171,000

Source: Canadian Newspaper Association, 2007

Readership of local papers vs. other papers

Percentage of population who...

	Read only the local paper	Read local paper and other papers	Do not read the local paper, but do read another paper	Do not read any paper
2006	55	16	8	21
2005	47	17	14	22
2003	45	23	14	15
2002	43	18	13	22

Source: Readership Institute, 2006

The study noted that respondents ranked local newspapers No. 1 in terms of respondents noticing ads, and found that advertising in local papers was more relevant and useful than any other media.

A study by Community Media Canada found that 74 percent of all adult Canadians read a community newspaper on a weekday or weekend, while 57 percent read a national newspaper on a weekday or weekend. More than CAN\$1 billion in revenue was generated by Canadian community newspapers in 2006, a 26 percent increase since 2000. Canada's 742 weekly titles account for 14 million in circulation.

The Readership Institute in the U.S. found similar results. The number of those respondents reporting only reading a local paper rose from 43 percent in 2002 to 55 percent in 2006. The number of respondents who reported not reading a local paper, but instead reading another paper, shrank from 18 percent in 2002 to 8 percent in 2006.

The most far-reaching of all newspaper readership studies, conducted by the Readership Institute in the U.S., has inspired hundreds of newspapers to change the content strategies for their newspapers. The key findings show that intensely local, people focused news ranks highest among the types of content readers want. (Readership Institute article on Page 17)

The newspapers profiled in this chapter have implemented some of the most innovative and creative strategies for local newspapers. The newspapers include Romerikes Blad in Norway, Herald Times and Daily Herald in the USA, and Vorarlberg Medienhaus in Austria. These companies live by their slogans, which include "Big Picture, Local Focus," and "The Most Important Things in Life Happen Right Where you Live!"

The common characteristics of these successful local papers are:

- Strong leadership
- Focus on the reader's interests
- Expansion goals
- New products
- Interaction with the audience.

Norway

Mediehuset Romerike

Corporate ownership: A-Pressen

Romerikes Blad circulation: 40,000

Newspaper employees: 113, including 50 editorial

TV employees: 13, including 10 journalists and technicians

Radio employees: 1, plus shared employees with TV



A-Pressen is Norway's largest locally focused multimedia company, with 50 majority-owned newspapers, 7 minority owned newspapers, 43 online newspapers, 8 local TV stations, 30 local radio stations, 8 printing plants, several Russian newspapers, and half of TV2, Norway's national TV station.

Mediehuset Romerike is a multimedia house owned by A-Pressen, covering the suburban region near the Oslo airport. Romerike is a region with 220,000 inhabitants and two main cities, Jessheim and Lillestrom, and 14 local communities. This area has become a magnet for new residents and news businesses, and now, more media competitors. Half of the adult residents work and commute to Oslo, which is about a half-hour away.

The 100-year-old company was faced with declining circulation and advertising sales, so in 2000, management decided to transition from a newspaper publishing company to a multimedia house. As a result, Mediehuset Romerike crossed the red-ink barrier and earned about 14 percent profit each year between 2002 and 2006.

The transition didn't happen by accident. A-Pressen managers knew they had to make drastic changes in order continue to the next 100 years.

The most important change, according to Romerike CEO Trine Hage, was to decide to be the best multiple-media house in Norway. That meant A-Pressen needed to shift resources from single-medium operations like newspapers to multiple-media operations in each region, integrating print, Web, mobile, TV and radio. All media would integrate in one building, without the walls that had separated them in the past.

A-Pressen's slogan became "The most important things in life happen right where you live!" Those words became an internal mantra for creating the best multiple-media content, agnostic of platform.

The results were almost immediate. Mediehuset Romerike, for example, increased its number of readers 30 percent, the number of Web users by 30 fold, and the number of TV viewers by 40 percent from 2002 to 2006.

Mediehuset Romerike accounts for about 20 percent of A-Pressen's total profit.

The process of change was a departure from that of other business transformations.

In order to encourage employees during the change process, management encouraged a team spirit. With all media channels in one building, management endeavored to make quicker decisions, to motivate employees and to "manage by care."

"We realized that our most valuable assets are our employees, and that our technology is excellent, but not unique. We needed to be more efficient than the national media houses, and we realized that technology was not the solution, but the enabler in helping us achieve our goals," Hage said.

The company created training and development programs to motivate and reward responsibility. The management culture changed from punitive to positive. "We decided we will give employees a positive response. We stopped the focus on the negative, and it has had a good effect."

In 2005, Romerikes Blad was named Newspaper of the Year by the Norwegian newspaper association. The award has given a huge boost in confidence and morale, and huge impact on the newspaper's progress, Hage said.

For journalists, the transformation to a converged environment has been challenging. Journalists have had multiple-media skills training, and some now produce stories across media every day. A photographer at Mediehuset Romerike, for example, now takes video for TV and Web, and still pictures for newspaper and Web. The initiative to try new things is contagious throughout the newsroom.

The dissatisfaction of Mediehuset Romerike advertisers and readers also had to be addressed during the transformation.

Customers thought the publications and shows were boring and arrogant, Hage said, so the company set out to change that.

"We knew we had to do something about our own attitude and culture, and our market knowledge, and work more systematically in our defined markets," Hage said. "It took one year to do this."

In order to change the attitudes of the advertisers, Hage invited the 20 largest customers to lunch. "Some we had to beg to

come to lunch. They said this newspaper has been acting very arrogantly. And we're not alone. They said they thought the newspapers across Norway were very arrogant." Now the sales department takes a customer-focused, consultative approach to sales.

Four years ago, the marketing department sold advertising squares, and now sales people are advising clients about how combinations of advertising across media are the best solutions for their business objectives. Sales people are happier because their jobs are more interesting. There are no fixed ad packages. The focus on the advertising customer has caused the total revenue to rise. Multimedia sales represent about 40 percent of the sales, compared with zero only four years ago.

"We have gone from arrogant partner to all-ears partner with our advertisers," Hage said.

A-Pressen's overall strategy is to think locally and act regionally. For advertisers, they have created advertising packages to be distributed regionally, across the communities. The customer focus has also enabled Mediehuset Romerike to develop new products to satisfy advertising customers' needs.

"When we focused regionally, the readers and viewers were happy, but advertisers were not happy at all. We were not focused on their (niche) businesses," Hage said. "So, we saw a market potential and launched a number of magazines." The customer focus strategy has been one of the key reasons for success of Mediehuset Romerike's revenue growth success, she said.

Newspapers worldwide take new approaches after Readership Institute studies

A survey of readers led newspapers around the world to make significant changes, rethinking their content and publishing strategies and focusing intently on what their readers really want.

The Readership Impact Study, launched in 2000, surveyed 37,000 readers of 100 U.S. newspapers about their reading preferences.

The Readership Institute at Northwestern University in Chicago published the study in April 2001 and has published updates at regular intervals. One important ongoing

survey tracking "Reader Behavior Scores" (RBS) has been conducted four times since 2001. Each time, "intensely local, people-focused news" ranks as the No. 1 most important factor in building those scores.

"We strongly believe in the Readership Institute study," said Eugen Russ, publisher of the innovative Vorarlberger Medienhaus in Austria. "We believe in what they tell us, that we should write stories about very normal people, stories like you and me. We also have to publish useful information, in the paper and online, about how to make it is easier to live in the region." The Vorarlberger profile is on Page 23 in this report.

The free studies are available for download at www.readership.org

The scores measure how often a daily or Sunday newspaper is read, how much time is spent reading, and how thoroughly the newspaper is consumed. Local news is the most important topic to readers, followed by lifestyle news including health, fitness, home, garden, food, fashion and beauty; government and global relations; natural disasters and accidents; movies, television and weather; business, economics and personal finance; police, crime and judicial system; and sports, in order of their scores.

The latest RBS study was conducted in fall 2006 and released in February 2007. Each time RBS studies are released, the results show how much the participating newspapers engage the reader in terms of completeness of reading, and on which days of the week a person reads.

The Readership Institute's Impact Study respondents in 2001 described the degree to which they are interested in coverage of various kinds of news. Intensely local, people-focused topics topped the list of highly desirable coverage. These "high potential" topics will lead to higher reader behavior scores, according to the study.

The RBS studies also show trends in readership of local newspapers compared with non-local ones. From 2002 to 2006, the percentage of respondents who read only the local newspaper has grown steadily from 43 percent to 55 percent, while the group of respondents that does not read the local newspaper but reads another paper has dropped from 13 percent to 8 percent. The group that reads both the local paper and other

Subjects that draw people into newspapers, TV and Web (%)

Newspapers	TV news	Internet
Local news 35	International 24	Headlines 27
Headlines 28	Headlines 23	International 22
Sports news 21	Local news 20	Sports 15
International 13	Politics/elections 12	Politics/elections 13
Business 7	Weather 11	Business 11
Editorials/op-eds 7	Sports 7	Arts/entertainment 9

Open-ended: "What subjects in/on _____ are of the most interest to you?" Six most frequently cited responses shown international news includes news from Iraq. Each column is based on regular users of that medium.

Source: Pew, 2006

papers has decreased from 18 percent to 16 percent in the five-year period.

Studies conducted by Pew Charitable Trusts in the United States (<http://people-press.org>) echo the findings of the Readership Institute. Pew found that local and community news is the most sought-after content, now and 25 years ago. The Pew study confirmed the Readership Institute findings that health, fitness, government, business and movies information was important to most readers.

According to the Pew study, many respondents cite the physical features of the medium, including portability, and the tangibility of the

Where do you turn for different kinds of news? (%)

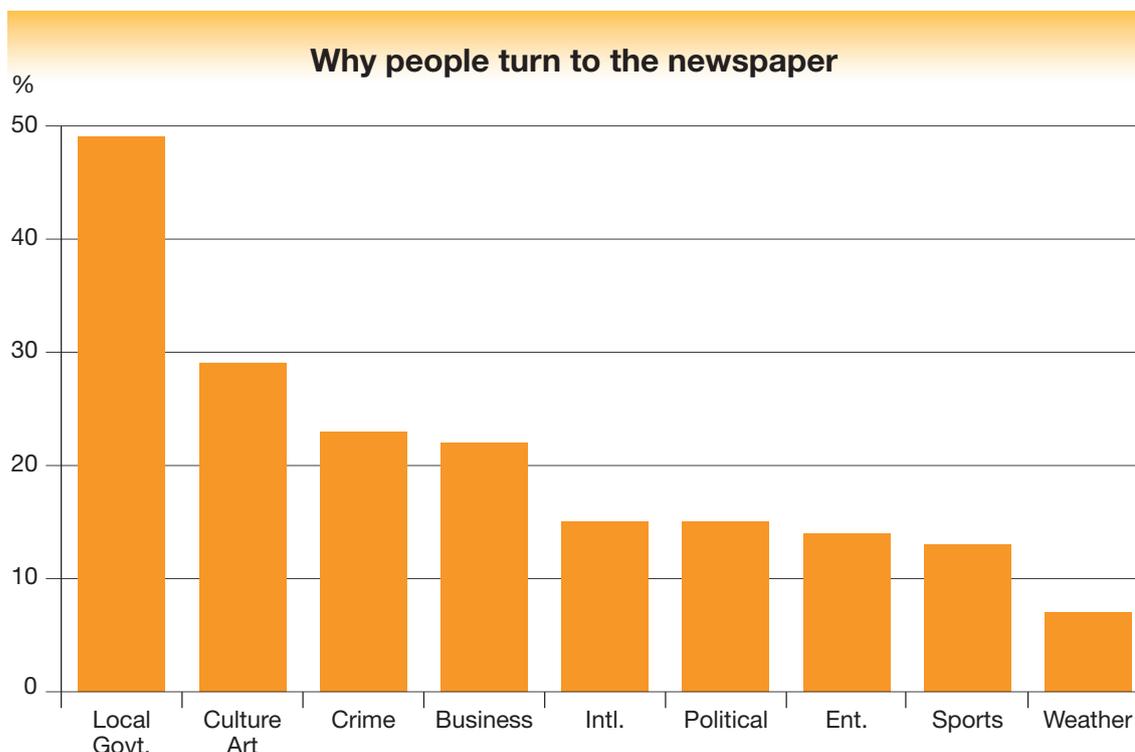
Mostly get news about subject from	News-papers	TV news	Internet	Radio news
Community events	61	34	3	4
Local government	53	45	6	5
Culture and the arts	46	38	15	4
Business and finance	37	41	20	5
Crime	36	68	8	6
Sports	28	70	13	8
Washington/politics	27	68	15	8
International	24	67	19	6
Entertainment	24	61	16	4
Commentary/opinions	18	57	15	14
Weather	13	79	16	7
Breaking news	6	76	18	8

Percentages based on people who follow news about each topic, and add to more than 100% because respondents could list more than one mainsource.

Source: Pew, 2006

paper. But almost half of the respondents also prefer the paper for its content, including local news, compared with TV, radio and the Internet. Meanwhile, TV is the preferred medium for international news and breaking news.

The newspaper's niche is community news (61%), which is twice as popular as television (34%) as the main source of local news.



Source: Pew Research Center for People and the Press, 2007

USA: Herald-Times uses study results to build readership

12 STEPS TO BUILDING READERSHIP

By Bob Zaltsber

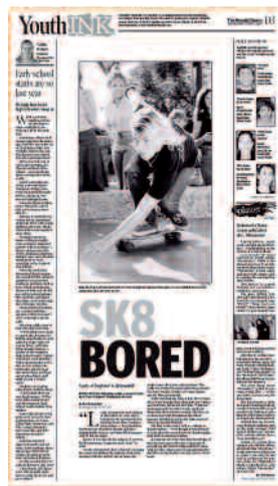


1. LOCAL, LOCAL, LOCAL: Be relentlessly local.

4. BREAK IT OUT: Break-outs on every page: think go-and-do; what's next; how to help; for more information; if you're going; on the Web.



5. NEWS THEY LIKE: Top three news interests for occasional readers: news about city or town; news about county; news about local education issues and the schools.



2. PEOPLE-CENTERED, including young people: Use ordinary people.



6. FEATURES THEY LIKE: Top features interests for occasional readers: weather; things to do; places to go; health and fitness; movies, theaters, entertainment; family, parenting, personal relations; the home.



3. VARY WRITING: Write in feature style; narrative; Q&A; summary boxes.

7. SOME MOTIVATORS FOR READERS: Helps readers live better; makes readers smarter; looks out for readers' interests; something for them to talk about; people they know; touches and inspires; contains humor and surprise; doesn't waste their time.

8. WHAT IT MEANS: Make sure to answer "what does it mean" for readers and beware of institutional meetings, process coverage and writing for sources.

9. KEEP 'EM COMING BACK: Occasional readers like extensive use of briefs; photos with informative cutlines; lively, easy to understand and informative graphics; shorter stories.

10. PROMOTE, PROMOTE, PROMOTE: Promote current day and upcoming content. Be specific.

11. DON'T BE TIMID and embrace your Web site: Older readers are open to changes we are making to attract younger



and occasional readers.

12. INTERACT WITH READERS: Increase avenues for reader input

Bob Zaltsberg, editor of the Herald-Times in Bloomington, Indiana, is a believer in applying Readership Institute findings. Zaltsberg shared his 12-step formula to building newspaper readership, based on the Readership Institute studies. His local newspaper has a 28,500 daily circulation and a 44,000 Sunday circulation.

USA The Daily Herald: “Big Picture, Local Focus”

Newspaper: Daily Herald

Owner: Paddock Publications

Circulation: 151,000 in five counties, encompassing 75 towns, ringing Chicago, USA

Zones: 13 daily zoned editions (23 on some days); 27 local neighbor sections on Thursdays; 17 advertising zones

Circulation growth: 19.9 percent from 1995 to 2006, compared with the Chicago Tribune, whose circulation declined about 7 percent in the 11-year period, according to the Audit Bureau of Circulations

Revenue: \$92 million in 2000, \$103 million in 2005, estimated \$106 million in 2006

Newsroom employees: 265

CEO: Doug Ray



“The Power of Local” has been a mantra for the Daily Herald since its founding as a weekly farming newspaper more than 100 years ago in suburban Chicago. But during that century of publishing, the definition of local has changed.

Doug Ray, a 35-year veteran of the Herald and its CEO of five years, describes the evolution of the local franchise from a targeted weekly for the German-heritage farming community, to a country weekly serving the farmers and small towns in and around the north and northwest of Chicago, to a suburban daily that expanded its footprint over the decades. Now the Herald includes a portfolio of targeted print and digital products for its market:

- The Daily Herald newspaper, with a circulation of 151,000 in 75 towns in five counties around Chicago



- Beep, a weekly entertainment and lifestyle magazine and Web site targeting the suburbs
- DailyHerald.com
- Reflejos and Reflejos.com, a free newspaper and Web site targeted at the Hispanic population
- Total market coverage products

The definition of local once was all about geography – the hyper-local information people need to run their everyday lives: school lunch menus, where to find a plumber, what’s happening with local government, and the daily police blotter. Now the definition of local defies geography. It’s about news and information that impacts local communities. It’s about communities of interest, agnostic of geography.

The expanded definition of local has served as a guide for the kinds of stories covered and the kinds of journalists employed at the Herald. The newspaper covers state government from its bureau in the state capital of Springfield, as the stories relate to its distribution area, which it calls “Herald City.” The movie critic writes with a suburban, family-oriented point of view. Teams of reporters and photographers cover international stories as they relate to subscribers’ lives.

Some of the fastest growth in the Chicago suburbs comes from immigrants from Mexico, the Philippines, Vietnam, Poland, China and India. In 2000, the Herald launched a hybrid international-local journalism project to draw connections between these immigrants and their original countries.

For example, a reporter and photographer went to a Mexican village from which many people had moved to a suburb that the Herald covers. Journalists visited the Philippines and were the

first American journalists to observe U.S. military personnel training Filipino soldiers, as reported in the Editor & Publisher magazine article feting Ray as Publisher of the Year in 2006.

An important factor in the definition of local is relevance. More content is targeted at specific audiences, with the “Beep” entertainment Web site for young people and a bilingual newspaper and Web site for Hispanics. Both are new, popular additions to the Herald’s publishing lineup. Soon, the Herald Web site will include user-generated content from local communities.

“If you look at any of the studies throughout the industry, local news always comes to the top, one of the things people buy the newspaper for,” said Daily Herald Editor John Lampinen. “For us, what is relevant is the news down the street. We’re in such a competitive market. That’s what differentiates us. It’s our reason for being.”

Ray was named publisher of the year for his newspaper’s ability to compete head-to-head with the Chicago Tribune, which boasts five times the circulation. The battleground has been the burgeoning suburbs, and the spoils are local dominance in circulation and advertising, town by town.

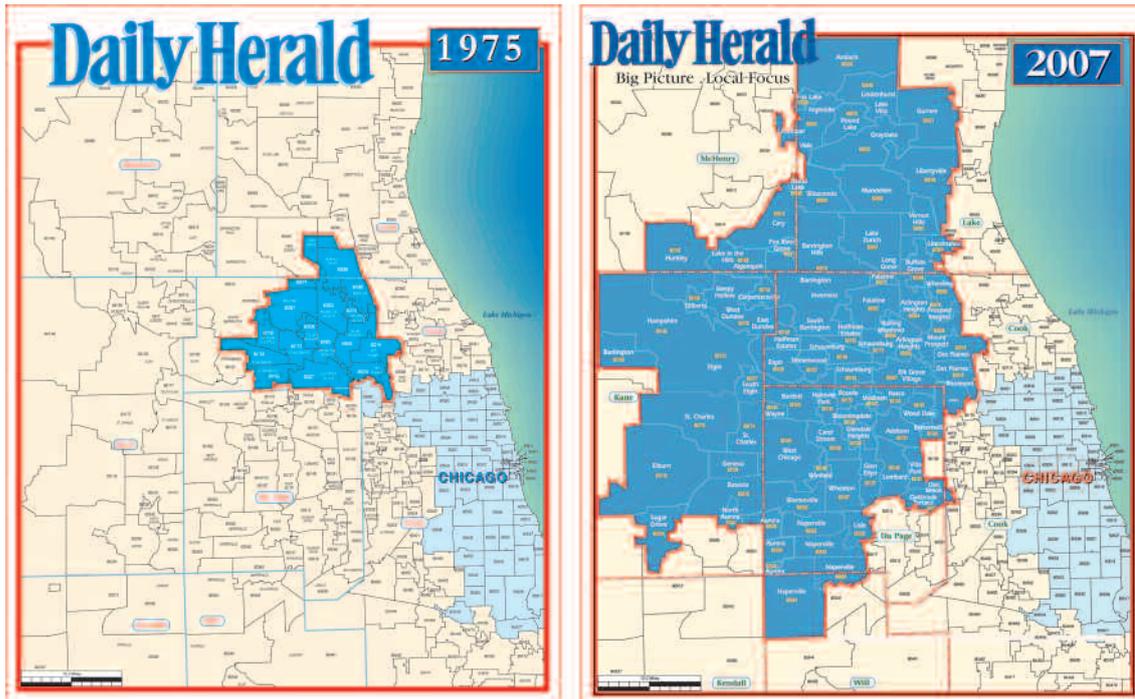
The Herald has executed a three-pronged strategy to dominate the suburbs:

- Winning editorial formula to compete against the much larger metros, Chicago Tribune and Chicago Sun-Times
- Aggressive geographic expansion
- Aggressive subscription sales at local supermarkets.

In the 1980s, it was apparent that most readers no longer wanted to subscribe to more than one newspaper, Ray said. That meant that the No. 3 newspaper in the Chicago area, the Herald, must reinvent itself to include enough national and international news to satisfy most people. The newspaper was redesigned be a one-stop shop for news. Most of the Herald’s front and inside pages still feature the tried-and-true formula: a balanced mix of international, national, regional and local stories.

About ten years ago, the Herald’s new slogan and marketing campaign was launched: “Big

Daily Herald's growth, 1975 to 2007



Source: Paddock Publications

Picture, Local Focus.” “What that slogan means to us is, we have big-city resources – the ability to cover news in a very professional way which our customers expect in a metropolitan market – in addition to our connection with the local community, our reason for being,” Ray said.

“We wanted to be the single newspaper in the household. We wanted to be one of those choices. You can’t be an in-between. That’s not a good place to be, second or third choice in the market,” Ray said.

The Herald is perhaps the most “zoned” daily newspaper in the United States, with up to 23 daily zones, and 27 weekly neighbourhood sections. It is a strategy that few newspaper companies would try because of the resources required.

“Most competitors won’t undertake this major commitment of local news,” Ray said. “It’s very expensive. We do it better than anyone else. We make a major commitment, and we layer that with other commitments that are good enough like international and national.”

The strategy paid off, as circulation continues to grow at a double-digit rate while many U.S. newspapers are losing subscribers.

Another key strategy is aggressive geographic expansion. The Herald has more than quadrupled its distribution area and circulation since the 1970s. It’s an expensive endeavor: Ray estimates that it costs US\$1 million each time the Herald adds a town to its portfolio.

In the United States, the decline in newspaper circulation is exacerbated by a federal law that prohibits telephone solicitation of people who sign up for the “Do Not Call” list. That rules out a vast database of potential subscribers, forcing newspapers to try to sell subscriptions in person at places like malls and supermarkets. The Herald has been particularly aggressive in these efforts.

All told, the local expansion strategies have allowed the Herald to be successful in a hyper-competitive situation.

The 23 editions require scores more reporters to write the local stories, and editors for local content by clusters of zones. The strategy requires presses that can handle short runs with quick stops and starts. The Herald invested \$50 million more than five years ago in a new printing facility and two, six-unit MAN Roland Regioman presses.

MAN designed a workflow that tied together production systems with printing. A feature of

the “printnet” workflow is the ability to flexibly zone more or fewer editions or sales zones, as needed. The editorial department can begin its decision making on their 'zoning' coverage areas in the early evening.

The focus on local editorial and advertising content for multiple zones each day takes considerable resources, Ray said.

“Local is an expensive strategy. The profit margins are not in line with other newspaper companies in the United States – they are lower,” Ray said. “We’re privately held, and our margins are adequate for the family and for the board.”

The hyper-zoning and local focus has paid off for advertisers as well. The Herald divided the region into 17 advertising zones, enabling small advertisers to afford ads aimed at the neighbourhoods where they sell their products or services. The price for a single-zone ad is about one-fourth the price of a full-run ad.

John Kelly, vice president and director of advertising for the Herald, said local advertising represents 70 percent of ad revenue, while national advertising represents 30 percent.

National advertising is actually growing faster, not because it’s part of the strategy, but because the Daily Herald’s expanding reach in the affluent suburbs has made it an increasingly worthy competitor to the Tribune and Sun-Times for national ad dollars, Kelly said. In 2004, the Herald had a 19 percent share of national advertising, including ROP and preprinted inserts. The Tribune had 50 percent and the Sun-Times 31 percent. This year, the Herald has taken six percentage points away from the Sun-Times, while Tribune remains steady at 50 percent, Kelly said.

The advertising department has 135 employees, 48 of whom are sales representatives in five offices scattered around the suburbs. Their tasks are to sell advertising locally into their zones and to expand the number of advertisers. Kelly said that of 16,000 retail businesses with five or more employees in suburban Chicago, only 9 percent advertise in the Herald. It is their goal to expand the penetration of advertisers, he said. If ad reps reach at least 40 active advertising accounts, they receive a \$250 bonus.

Austria

Vorarlberger Medienhaus: Focus on needs of local individuals

Vorarlberger Medienhaus
CEO, Eugen Russ
Vorarlberger Nachrichten
Neue Vorarlberger Tageszeitung
VN Online
<http://www.vn.vol.at/>
Vorarlberger Online
<http://www.vol.at/>

The Vorarlberger Medienhaus in Vorarlberg, Austria, epitomizes the notion of local newspapers. Vorarlberger Nachrichten, its biggest newspaper, reaches 70 percent of the population with its hyperlocal content and almost exclusively local advertising. The second paper, Neue Vorarlberger Tageszeitung, reaches 25 percent of the region.

The newspapers serve a population of 370,000 people in the western part of Austria, not far from Lake Constance.

The winning formula, says CEO Eugen Russ, is to constantly focus on the needs of local individuals.

“We strongly believe in the Readership Institute Study. We believe in what they tell us, that we should write stories about very normal people, stories like you and me. We also have to publish useful information, in the paper and online, about how to make it is easier to live in the region,” Russ said.

“We have to be watchdog of the region, and also have to deliver national and international stories, but the main thing is to deliver stories about just normal people and to be very useful. That’s the way we have always done it, but now we do it more on purpose.”

That means stories about news that affects people in their communities, including coverage of politics, health, schools, entertainment and traffic.

The newspaper also has launched “Burger Forums,” a very successful network of 2,500 citizens from the region who contribute items on 15 online forums for the 15 communities they serve. “They are watchdogs in the field, and that brings progress in the region.” Russ said that if there is a small civic problem like a pothole or an unsafe health situation, the citizens announce it on the burger forums.

Mayors of each village are avid readers of the forums, and they address the problems immediately.

Citizens register to join the forums for each community and are free to make comments or bring up new issues without a gatekeeper. "It's good for us because we have 2,500 more freelancers in the field," Russ said.

The growth of both online advertising and usership has been phenomenal for the company.

The online services reach 37 percent of the region's population, and 70 percent of those online, and are growing rapidly. Online advertising is up 120 percent to 130 percent from 2006 to 2007, Russ said.

At that rate of growth, Russ estimates that digital revenue will match print revenue in about 12 to 15 years, but not at the expense of print revenue. "If we really manage to make 50 percent from digital, it would be great for the company," he said. "We'll be a lot more profitable."

"It's really a mass media, and therefore a very important media we have in the company."

Russ' newspaper company is growing, but his Internet operation is growing far faster. He expects to have an extremely profitable business in the next decade because of the low overhead and fast growth of Internet advertising.

The Party Page has been the most popular Internet content with its wide array of photo galleries on parties and clubbing. The Web site has been such a success that the best pictures are reverse-published into the newspaper. Russ said his advertising department is busy devising the right combined print-and-online strategy to sell this wildly popular feature.

The economy continues to grow for print and Web advertising in Central Europe, and employment advertising has been a double-digit-growth profit center for the company. "I thought we lost employment ads forever, but that's not true. We still have a lot of employment and real estate ads in the newspaper," Russ said.

While the Web site is growing rapidly, Russ is still convinced of the power of local newspapers.

"I believe in the future of print. I think we will have a bright future too. We will lose part of the market, but we will not be destroyed. We have lots of opportunities in the digital areas."

Colombia

El Tiempo in Bogota adds local Zona editions

Casa Editorial El Tiempo in Bogota, Colombia, the second most circulated newspaper in Spanish-speaking Latin America with 270,000 copies, has been launching new, local neighbourhood editions in and around Bogota since early 2006. *Zona* is a publication inserted into the daily El Tiempo newspaper, covering distinct areas of the city, every Thursday. So far, three Zonas have been launched. The editions contain very localized content about what is going on in the neighbourhood, including security, public spaces, local arts, power outages and events.

One more *Zona* will be added later this year, and perhaps two more in 2008.

"We are doing extremely well, exceeding our expectations. *Zona Uno* targets the center of the audience for El Tiempo with almost 20,000 copies. The penetration is very good, and the advertising efforts have been very effective," said Eduardo Garces, general manager of CEET. The two remaining *Zonas* have lower penetrations, outside of the city center, with about 15,000 circulations each.

Target advertisers for *Zona* are small, single-store owners, drug stores, supermarkets and restaurants. "We want to keep cheap rates for advertisers. They pay 15 percent of what they would pay into El Tiempo," Garces said. The advertising is therefore attractive to the smallest advertisers, with smaller budgets.

2. Neighbours

Some of the earliest newspapers centuries ago were hyper-local, that is, focused on a very targeted geographic location, like a neighbourhood. Thousands of newspapers around the world still practice local journalism, but many have abandoned the hyper-local focus. Why? It's expensive. Circulation distribution areas may include thousands of neighbourhoods, and that makes it prohibitive to cover to the apartment building or neighbourhood level.

Only a few years ago, the newspaper industry began to see a revival of hyper-local journalism. Two reasons are credited: The Internet and the citizen journalism phenomenon. The Internet became the efficient channel for distribution of hyper-local content, and citizen journalists reduced the resources needed for hyper-local journalism to almost nothing.

In the past few years, a variety of new ultra-local news products have been launched.

Consider:

- Targeted print and Web neighbourhood products have been launched across the United

States by newspapers, including Dallas Morning News, Denver Post, Washington Post, Chicago Tribune, Chicago Sun-Times and more.

- A variety of newspapers around the world have invited their readers to contribute news tips by mobile and by Internet. New forms of citizen contributions are emerging.

– In Austria, citizens are asked to contribute to the local newspapers' "Burger Forums," or citizen forums for their towns.

– The Philippines Daily Inquirer launched Metro Citizen's Call to enable readers to contribute neighbourhood news tips by mobile phone.

– In the U.K., Trinity Mirror has launched hyper-local neighbourhood newsletters that are distributed to residences and businesses in small geographic areas.

– In Fort Myers, Florida, USA, the newspaper has invited local citizens to "crowdsource," or inform the paper of details of government wrongdoing by responding to Web site inquiries.

– In Norway, Schibsted this year launched Snutter.no, a Norwegian version of YouTube, to encourage Norwegian language, citizen-generated video clips.

This chapter on Neighbourhoods will detail case studies on newspapers that have implemented hyper-local strategies. Some of these projects are already profitable. Among the projects profiled are those from the Dallas Morning News, Bluffton Today and Fort Myers News-Press in the USA; Johnston Press and Trinity Mirror in the UK; and Schibsted in Sweden and Norway.

The Dallas Morning News this year launched NeighborsGo.com, an ultra-local Web site and weekly newspaper combination, and expects to earn \$350,000 in its first year. The NeighborsGo project includes 54 communities, 13 “communities of interest,” and citizen-generated content for each edition, including stories, photos, videos and blogs. The paper sold more than 110 sponsorships as of April. The sponsorships are sold for each segment on the community and interest pages.

This chapter captures the global media phenomenon of community-generated content for print and online, and local online communities including blogs, photo galleries and social networking. A concept new to newspapers is “crowdsourcing,” or a call to action for citizens to report government wrongdoing. The Fort Myers News-Press

has implemented a crowdsourcing initiative as a tool for watchdog journalism. The crowdsourcing Web page identifies the issue, in this case a corrupt utilities contractor, and asks citizens for leads in the case. The efforts created significant input from readers, which led to an audit of the company. Eventually, the contractor was shut down because of the newspapers’ corruption investigation through its readers’ leads.



Citizen media: The new local is hyper-local

By Jan Schaffer

In early April, I began calling the 10 J-Lab grant winners who will start up micro-local news ventures in their communities later this year. It is a difficult competition every year. This time, we were presented with more than 100 visions of how the “New Voices” grant applicants would fill in the gaps of news coverage in their communities.

And every year, we confront a painful irony: Even as the world is subsumed in vast amounts of media noise, huge swaths of communities have almost no coverage of local issues or events.

To be sure, these places might see a story in the big metro paper if there is a murder in their midst. They might get a write-up if their community is slugging it out over some high-profile controversy.

But their residents don’t know there are vacancies on the local municipal ballot until they show up to vote. They don’t have a good handle on their local officials, unless one happens to be their neighbor. And they can’t work together to solve community problems because there is no venue for that conversation. Many of these communities once had a local newspaper, a daily or weekly, but it has since folded.

So, this year, when we funded the startup of a cyber newspaper for a wealthy New York City suburb, the very community where Bill and Hillary Clinton make their home, the grant applicant was close to tears.

“We’re ashamed to be asking you to help us,” said Christine Yeres, a local maven who will spearhead the project with two others. “But we’re suffering – suffering from a missing center.”

Citizens like Yeres who have no background in journalism are increasingly taking matters into their own hands. Armed with Web site templates, blogging software, and simple ways to upload photos, audio and video, they are creating their own local media. They are driven to re-create an intimate sense of place they feel has been lost or is missing.

Whether you call it citizen media, citizen journalism, placeblogs, or user-generated content, hyper-local sites providing news, information and commentary now number more than 500 in the United States, with new ones coming online every day. You can see a directory of many of these efforts at the new

Knight Citizen News Network. Most of these sites have sprung up only since 2005.

Traditional news organizations are also launching sites – either as part of, or separate from, their core news sites – where citizens can contribute content and stories about communities that have no reporters assigned to cover them.

At J-Lab: The Institute for Interactive Journalism at the University of Maryland, we have been in the vanguard of these developments, tracking these projects as part of our focus on participatory journalism. As of April 2007, we have provided startup funding to 30 projects under our New Voices program. We also provide how-to training on the sJ-Learning Web site.

We recently released new research that provides insight into the rise of citizen media and its prospects for sustainability. In the report “Citizen Media: Fad or the Future of News?” we project that citizen sites will become an enduring part of the local news landscape. Why? Because these efforts are adding value, either by delivering news that doesn’t exist elsewhere or by making a difference in their communities. That doesn’t mean that every individual site will be sustainable. We think many of these new sites will collapse as their founders burn out, but others will arise to take their place.

Here are some of the things we learned from in-depth interviews and online survey responses:

- **Citizen media is emerging as a bridge that links traditional forms of news with civic participation.** People who contribute stories, items or photos to citizen sites express a lot of naked caring and passion for their communities. They want to help community life go well. This tends to be a dilemma for traditional news organizations, which often squirm at the prospect of exhibiting any emotion, much less caring or passion.
- **No one size fits all;** there are many models. Citizen news sites are being launched by former journalists, by nonprofits, by individual entrepreneurs, by journalism schools and by companies hoping to make a business by serving multiple communities, as well as by legacy news organizations.
- **Instead of being comprehensive sources of news, sites are forming as fusions of news and schmooze, conversation, observations.**

The forms that citizen journalism takes are easier to understand if you strip away the term “journalism.” Non-journalists don’t aspire to write fully reported “stories.” Instead, they contribute pieces of information, bit by bit, to a narrative that takes form over a series of postings online. Perhaps, the “story” consists of video of a municipal meeting uploaded with a few paragraphs of commentary. Sometimes one person posts a burning question, and a fellow citizen has the expertise to answer it.

• **Most citizen sites don’t use traditional metrics – unique visitors, page views or revenue – to measure their success.** Instead, success is often defined as impact on the community. About 73 percent of our survey respondents said their sites were “successful,” even though they were not making money and didn’t have a lot of readers. They said they had helped the community discuss or solve problems, provided local information not found elsewhere, kept an eye on local government and even increased the number of candidates running for local office or the number of voters turning out for elections.

• **Half of our respondents said their sites don’t need to make money.** Most of these initiatives are shoestring operations or labors of love spearheaded by people who are paying attention to their communities but also have full-time jobs. They’d like to attract enough revenue to pay at least token amounts to their contributors. Still, even if they don’t, more than 80 percent were optimistic that they would be in existence “indefinitely.”

Many of the rules of “Big-J” journalism don’t apply in the world of citizen media. Sites often allow anonymous contributors or the use of screen names. Only 40 percent of our survey

respondents required valid e-mail addresses for posters or insisted that people register before posting. Information tends to be validated incrementally, as people add their expertise to an ongoing, online conversation.

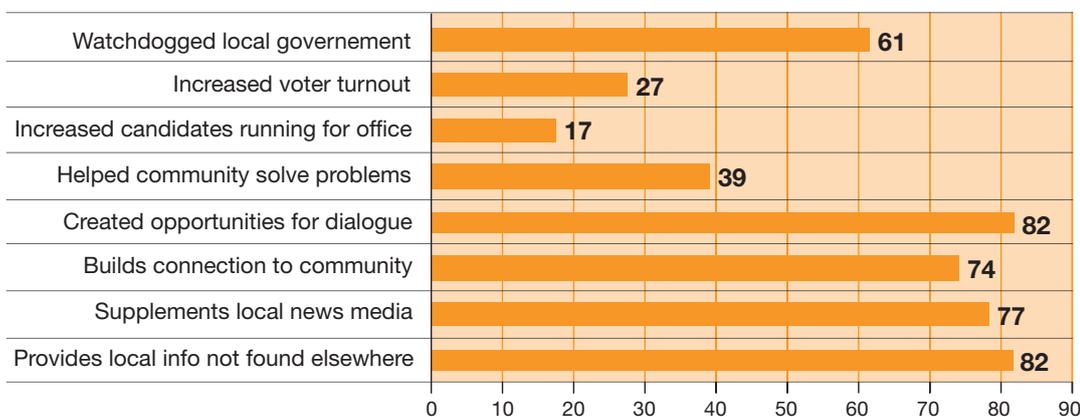
Not all sites post original content. Many aggregate local blogs or local stories from various publications. Some sites “reverse publish” citizen content into print editions, and these ad-rich products have helped make new money for traditional media companies.

Still, finding ways to attract more contributors and some operating support are major challenges for these fledgling projects. The most successful sites have some kind of community editor or “content wrangler” who finds people who have things to contribute, gives them feedback and keeps encouraging them to post while recruiting still more participants.

ibrattleboro.com in Brattleboro, Vermont, has developed a community of nearly 1,500 contributors by nudging people to post their own content. “We get tons of tips, people e-mailing and calling about stuff all the time,”



Where citizen journalism adds value (%)



Source: J-Lab, “Citizen Media: Fad or Future of News,” 2007

said Lise LePage, one of the site's co-founders. "We write back and tell them we don't post things for other people and get them to do it. It builds up the number of contributors."

From the advice of speakers at our Citizens Media Summits and from the feedback of our own grantees, we can offer some advice for those starting out in this arena:



- Momentum is important. The most successful citizen sites try to add new content at least once a day.
- Anonymous postings open the doors to participation. Site operators report minimal problems with anonymous posters. When they violate a site's terms of use, bar them from the site.
- Go viral and good things tend to happen. Share your content widely. Allow many to link to it or post it with credit. Tease your content on photo- or video-sharing sites. Link to and credit the content of others.
- Engage in guerrilla marketing. NewWest helped people find its site by installing inexpensive wireless routers in Missoula, Montana, coffee shops that would put a NewWest sign in the window or tent cards on the tables.
- Create incentives for good content. Founders of The Great Lakes Wiki at Michigan State University, a site that tracks environmental "areas of concern" in the Great Lakes region of the United States, are planning to give \$600 digital video recorders to contributors who take the best care of their areas on the site.
- Develop a niche and own it. Provide unique content that no one else is providing and capitalize on it.
- Stroke, train and credit your content providers. Start by co-authoring stories with new posters to build their confidence. Try a Web talk or an

online interview instead of a full story. When you link to a newspaper story, credit both the news organization and the reporter.

- Aggregation is content creation. Compile and link to blogs, articles, reports and data about the community.

New challenges crop up daily in citizen media. For instance: Can your local cable-television operator claim that it, alone, has the right to videotape municipal meetings and try to bar the camcorders of local citizen journalists? This happened to Barry Parr, the founder of Coastsider.com. If you launch a wiki, which pages should have the content "locked" and which should be open for contributions? If the local mayor agrees to write a weekly column for your site, when do you press for more details about what he or she is telling the community?

We are beginning to see new kinds of media companies that fuel the promise of these initiatives. NewWest.net pays content contributors from 11 hub cities to provide unique content about the Rocky Mountain region of the United States, an area where site founder Jonathan Weber says the media are "underdeveloped." This journalism is supported by Web ads and an indoor advertising company that NewWest purchased and by conferences NewWest produces about Western issues. Plans are afoot to publish books.

"There was a point a couple months after we launched that I realized we had built the site we set out to build," Weber said. "Is it going to work in the grand scheme of things? I have daily anxiety about that question. On the other hand, I very much believe it's going to work."

I believe media companies should pay attention to these hyper-local developments. My advice is: Create, don't compete. Partner with those sites that really cook, and both the news organizations and the community will benefit.

Jan Schaffer is executive director of J-Lab: The Institute for Interactive Journalism, a center of the Philip Merrill College of Journalism at the University of Maryland.

J-Lab administers the Knight-Batten Awards for Innovations in Journalism. It offers micro grants for citizen media start-ups through its New Voices program.

And it offers tutorials on how to use software and hardware to embark on community publishing at www.J-Learning.org and how to responsibly operate citizen sites at <http://www.kcnn.org>.

The road to recovery runs through the neighbourhood

By Steve Yelvington

Large American newspapers are rapidly losing circulation and readership and seeing their profit margins whittled away. In less than a decade, the Minneapolis Star Tribune lost half its market value. These are hard times for big newspapers, and the Internet is frequently blamed.

Yet many small, local newspapers are not only stable, but growing. One company that specializes in small papers – Gatehouse Media – raised about \$248 million in what Editor & Publisher magazine called “the first successful IPO (initial public offering) of a significant newspaper company in more than two decades.”

What’s happening? It seems that mass media is under assault from legions of new competitors. The future is in the niches, and one of those niches is “hyperlocal.”

The term “hyperlocal” means smaller than local – more narrowly targeted.

To the individual, hyperlocal means “my friends and my neighbourhood.” When you pick up a hyperlocal newspaper, you might actually see a face you recognize. To the small business, it means reaching customers in a tight geographic zone around a store location.

To a newspaper, it presents a difficult challenge: How can we make a big business out of thinking small?

There are problems. Reaching into the neighbourhood with the conventional tools of newspapering – reporters, photographers, advertising sales representatives – is inefficient and prohibitively expensive. Journalists slip into the easy habit of reporting official news and institutional happenings, missing “my friends and my neighbourhood.”

That’s where the Internet enters the picture, not as the enemy, but as a friend to print.

In 2005, Morris Communications, a chain of U.S. newspapers, launched a new daily paper in the South Carolina coastal community of Bluffton.

The newspaper borrows some familiar European ideas: It’s a free, colorful tabloid, designed to be only 32 pages per day, for a 20-minute read.

But Bluffton Today adds some American ideas: Home delivery and total coverage in a tightly defined market of only about 16,000 households. It focuses almost completely on

hyperlocal content, running only a short synopsis of wire news each day.

Unlike most newspaper Web sites, BlufftonToday.com isn’t built around the newspaper’s content (although a PDF conversion is available online).

Instead, it uses the Web to facilitate community interaction, conversation and direct sharing of information and views. Everyone in the community is offered a free weblog, a photo gallery and the ability to contribute to databases such as a community calendar.

The conversation on the Web site isn’t just idle chatter, although there is some of that. People turn to the community conversation as a useful resource, soliciting advice about practical matters such as finding a reliable carpenter. The newspaper has lined up “expert bloggers” to provide help on such subjects as dog training, money management, gardening and home brewing.



As users interact, they form friendships and “trust relationships” that build a sense of belonging to a community. That sense often is described as “social capital.” According to Harvard University political science professor Robert Putnam, social capital and newspaper readership are closely related.

The printed newspaper benefits in two other ways.

Selected community “blogs” and photos are printed in the paper, helping it reflect “the voice of the community.”

Equally important: the newspaper’s staff participates in the online conversation, picking up ideas, leads that can be developed into news stories, and a sense of what real people value.

Kyle Poplin, the editor of Bluffton Today, says “the best thing about blufftontoday.com and the most comforting thing for editors is that we rarely miss a story. The bloggers let us know what people are talking about and what’s important to them.”

This isn’t just a perception. In “jobs to be done” market research based on the American Press Institute’s NewspaperNext innovation methodology, Morris researchers found Bluffton Today reporters to be measurably more in tune with members of their community than is typical for reporters at other newspapers.

For Bluffton, the result has been print readership at levels typical in the 1970s, not the troubled 2000s. For Morris, this is a cue that the conversational community focus may be the future for all local newspapers. Jim Smith, vice president of research for the Morris Publishing Group, quips that “the road to recovery runs through the neighbourhood.”

Morris DigitalWorks, the company’s Internet division, has been implementing blogging and photo-sharing software at all of the company’s 28 daily newspapers and is coaching local staffs on how to develop healthy online community conversations.

But what about regional news, larger advertisers and metropolitan daily newspapers? The answer seems to be in developing a patchwork of hyperlocal products that can work in tandem with a metro daily, which eventually may recede in importance in the overall mix.

Morris is not alone in pursuing this approach. In Phoenix, the Gannett Company’s Arizona Republic newspaper aggressively pursues an “audience aggregation” strategy with a

network of hyperlocal products as well as demographically and ethnically targeted media. In Denver, the Rocky Mountain News and Denver Post have built a series of local online-offline combinations called YourHub.com, inviting members of the communities to post pictures and write content. In Chicago, the Sun-Times group – which has acquired an impressive array of local daily and weekly newspapers in the city and its surrounding suburbs – is launching a series of new hyperlocal participatory Web sites under the CommunityCircle.com brand.



None of this works without effective promotion.

The Morris program includes a low-cost “guerrilla marketing” strategy for the Web sites that builds audience while building photo gallery content.

The photo galleries are called “Spotted,” and there are two parts. “You Spotted” is where community members upload their pictures. “We Spotted” is where volunteers, interns and newspapers staffers upload photos of public events.

The twist is that the subject of the “We Spotted” photos often is the audience attending an event, not necessarily the event itself. The technique is to shoot hundreds of snapshot-quality photos and upload them all, with minimal editing and without captions or identifications. Instead, each person photographed is offered a business card that declares “You’ve been Spotted” and provides the URL of the Web site.

This has yielded 20 percent increases in traffic in established Web sites in just months, and many of the new users are from the younger market segments “disconnected” from newspaper readership.

Steve Yelvington is an Internet strategist for Morris DigitalWorks, the Internet division of privately held Morris Communications Co., based in Augusta, Ga.

Sweden and Norway: National newspapers go local, online

By Arne H. Krumsvik

While Google and Yahoo! are dominating the market for local online advertising in the United States, national newspapers are taking leading roles in Norway and Sweden, maintaining their dominance in print while trying to stay ahead of newcomers online.

The market for local Web sites is heating up, and sales of local online ads are expected to grow faster than the online advertising market as a whole. International players are aggressively developing local services, new start-ups are entering, and local incumbents are recognizing that they must defend their territory.

Local online advertising is gaining momentum in the United States, Jupiter Research reports. The major portals are introducing improved local products, allowing even the smallest of local advertisers to participate. Local U.S. online advertising is estimated to grow at compound annual rate of 13 percent over the next five years and reach US\$8 billion in 2011.

In Norway and Sweden, the Schibsted Group has managed to take a dominant position in the online classified market with the FINN.no and Blocket.se services. The largest providers of display ads in both markets are also controlled by Schibsted. Their leading tabloids, VG and Aftonbladet, run the largest online Web sites. In Norway, four online newspapers are among the top ten sites.

The unique position of online newspapers in these two markets can partly be explained by Schibsted's leadership in new media development and partly by the launch of the online start-up newspaper Nettavisen.no in Norway as early as 1996. This led to increased competition in the national online news market, and traditional papers invested more at an earlier stage than did most newspapers in other markets.

Ten years later, Nettavisen, now owned by the TV 2 Group (Norway's largest commercial television station), also plays an important role in the local online market. iOslo.no and iBergen.no were launched in the summer of 2006.

In Sweden, the No. 2 tabloid Expressen launched 10 local editions in the fall of 2006. The market leader, Aftonbladet, launched in the major cities of Stockholm, Malmö and Gothenburg in January 2007 in cooperation with local free sheets and rolled out nine more cities within a short timeframe.

For Aftonbladet, local online news delivered instant growth. In Week 7 of 2007,

Aftonbladet.se drew an all-time high of 4,186,540 unique users, 14.4 percent more than during the same week the previous year.



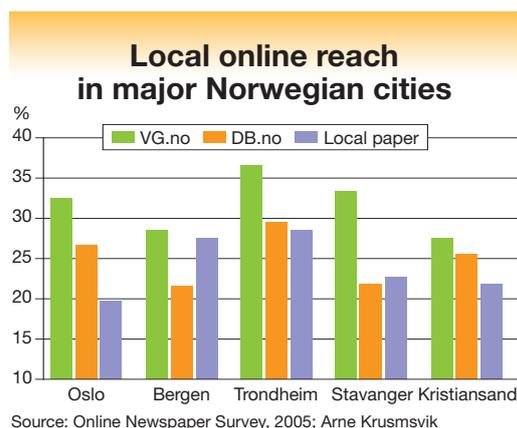
Visitors to Aftonbladet.se are identified by the Internet addresses of their computers and presented local news on the front page depending on their locations. At the local portal, news, sports, entertainment, classifieds and blogs are presented alongside links to news from other local players.

A full-time editor has been hired for every local community, and local freelancers and photographers are used. The aim is not to compete with the local incumbent newspaper on the quantity of stories, but rather, to be best on what is the talk of the town.

The local services of Aftonbladet will provide more tools for user interaction normally associated with portals, while traditional local newspapers often tend to have a more traditional focus on news. The new managing local editor at Aftonbladet, Sofia Olsson Olsén, does also have high ambitions for the journalism: "We will try to be first with the major stories. The day we are the first to expose abuse of power in the community, we are successful", she tells her readers.

Expressen's formula is similar to that of Aftonbladet, adding local Web radio and mobile services. The growth rate for usership, however, is not as high as for the market leader.





The Norwegian local news race is about to start. Nettavisen has reserved domains for its next three large cities (iTrondheim.no, iStavanger.no and iKristiansand.no) but has not revealed its launch plans.

VG is already the market leader in all major cities, followed by Dagbladet and the local incumbent (see figure), but neither provide local editions or sell local advertising. An explanation might be that VG's owner Schibsted is also the controlling owner of the major papers in the largest cities. Aftenposten (Oslo), Bergens Tidende, Stavanger Aftenblad and Fædrelandsvennen (Kristiansand) are about to merge, and the dominant online classified service FINN.no will be part of the new Media Norge corporation. Adresseavisen (Trondheim) is closely associated with the new unit.

The main argument being used to secure governmental approval of the merger is the potential threat from increased competition in the local online market.

Classifieds was one of the earliest categories of local advertising to migrate online, and this market is relatively mature. Most major local classified advertisers in autos, real estate, and employment have already moved a significant share of their ad budgets online.

At FINN.no, revenue grew 42 percent in the fourth quarter of 2006 compared with the same period the year before, similar to the general growth in Norwegian online advertising. Employment grew 60 percent, real estate 26 percent, and autos 19 percent. General merchandise grew 64 percent in revenue and 83 percent in volume. No Craigslist-style free classifieds competitors are challenging FINN's position thus far. Part of the explanation of the success of this service is the newspaper's willingness to compete with its own newspaper products.

This strategy of defending a dominating position in one market while aggressively changing the business structure in other markets is modus operandi for the Schibsted Group. In print, they have dominating traditional positions in Norway and Sweden, but are developing free sheets in the rest of Europe. In classifieds, they are incumbent in Norway and challenger in Sweden, having acquired Blocket.se and Bytbil.se (autos) and are using the local editions of Aftonbladet to strengthen the position in attractive local markets.

The Internet is especially well suited to Yellow Pages applications. The decline of print Yellow Pages mirrors the ongoing decline of print classifieds. The local listing market in Scandinavia is dominated by the traditional Yellow Pages publisher Eniro, but as local papers lose revenue due to online migration of classifieds and centralized planning of display advertisement, they are starting to develop bundled listing products on paper and online.

Google has also announced plans for local search in Scandinavia, and Schibsted is answering by launching a search engine called Sesam that it promises will be best on national content.

Search advertising has not matured as quickly as online classifieds have. Advertisers have still not adopted it in large numbers, and local search ads are still dominated by national advertisers seeking customers in specific locations. In the next five years, growth will be driven by improvements in the service infrastructure for converting Yellow Pages advertisers to search. Changes in the structure of local search and directory publishing could signal a dramatic shift in advertising revenue from local offline media to local online search.

All categories of local advertising are expected to grow over the next five years. However, the growth rate will vary significantly by category, reflecting the relative maturity of each category and the ability of local advertisers to take advantage of opportunities, Jupiter Research reports (on the U.S. market):

- Classifieds, by far the largest and most mature category, will grow an annual rate of about 10 percent over the next five years to nearly \$5 billion. This is approximately the same rate of growth as the Internet advertising market as a whole.
- Search, which has been the key battlefield among the major portals, will continue to outpace the growth of general Internet

advertising. It will grow at a 17 percent a year over the next five years to a total of \$2.1 billion. (Jupiter Research defines local search advertising as locally qualified queries on search engines and Internet yellow pages. It does not include local mobile search.)

- Display advertising, a much less mature market that has yet to gain favor among local advertisers, will grow at an annual rate of 20 percent for the next five years, to reach \$1 billion by 2011.

The share of online advertising represented by local ads will grow steadily, increasing from 28 percent of online advertising in 2006 to 31 percent in 2011. The online channel will represent four percent of local advertising in 2006, and will grow to six percent in 2011 in the United States, according to Jupiter Research.

Display advertising is the smallest category of local online advertising, but it will be the fastest growing. It requires high sophistication in ad production and media buying. Growth of online local display advertising will be driven by increasing inventories from local sites, increasing local advertiser maturity, greater emphasis on local online advertising by national advertisers, and improved products (including rich media) and packaging from local publishers.

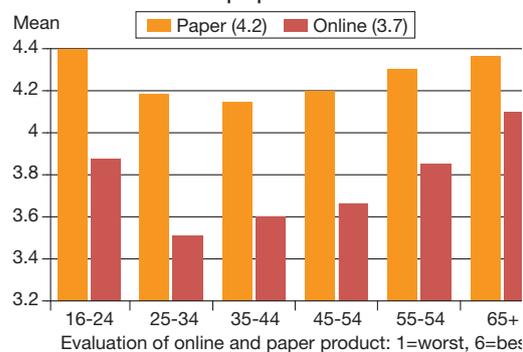
Innovation will continue in local advertising, so the structure of this business may be dramatically altered in the years to come. For that reason, sellers of local online advertising must remain attentive to new technologies, formats, and business models.

A survey of 20,000 users of online Norwegian newspapers in 2005 disclosed a need for product development online, as the users were less satisfied with the online product than with the paper edition. And the critical online target group of 25-44 was overrepresented among online readers and less happy with the newspaper's offering (see figure).

A comparative survey of newspaper executives in 2005 and 2007 shows continued emphasis on using the online channel as a marketing vehicle for the local paper edition. However, the focus on online business development is significantly increased. 20 percent of Norwegian online newspapers are profitable today, and 40 percent are expecting to be there within the next three years.

The problem of the young

Norwegian youth surveyed are dissatisfied with newspaper and online newspaper content



Source: Online Newspaper Survey, 2005; Arne Krumsvik

Arne H. Krumsvik is Research Fellow at Oslo University College, Faculty of Journalism, Library and Information Science, on a project financed by The Research Council of Norway. He has held positions as General Manager at Kanal 24 (national radio), Online Editor at VG and Dagbladet (national newspapers), Editor in Chief at Romerikes Blad (regional newspaper) and Managing Editor at Scandinavia Online.

Sources:

- Aftonbladet.se
- Expressen.se
- Krumsvik, Arne H.: The Online Newspaper Surveys of 2005 and 2007.
- Jupiter Research: US Local Online Advertising Forecast, March 20, 2007.
- NA24.no
- Schibsted: Preliminary Annual Statement 2006.
- TNS Gallup

Online maps offer new routes to report the news

By Robert Jan de Heer

When Google launched its mapping service in 2005, few could have known the implications for newspapers. But two years later, tens of thousands of enthusiasts, professional Web site builders and media companies are finding all kinds of ways to combine Google Maps⁽¹⁾ with databases.

At first, Google Maps wasn't a departure from the many similar services available online. It allowed a user to enter an address and see a detailed map of the area. But Google broke new ground when it offered a programming interface that allowed others to use the technology on their own Web sites for free.

The resulting customized Web sites that came to be known as "mash-ups," sites that integrate maps with other data. For example, a restaurant listings database can now produce an instant locator service for people shopping for a place to eat. The mapping technology crossed with a police database allows users to locate crimes in their neighbourhoods.

Remember when newspapers first started using information graphics in their newspapers? It was considered a breakthrough, as it helped explain complicated articles in a graphical way. A similar sea change came with the graphics that many newspapers – including *El Mundo*, *El Pais*, *USA Today* and *The New York Times* – are producing for their Web sites, often using Adobe's Flash software. These graphics are an effective way to tell stories, but they are often time-consuming to produce.

For mash-ups, the data combined with the maps can be text, pictures or video. So when Google added high-definition satellite pictures along with the maps, it was the start of a new wave of Web site development that seems to have unlimited potential. Yahoo!⁽²⁾ and Microsoft⁽³⁾ are offering mapping interfaces, but Google is the market leader.

So, what can online newspapers do with map mash-ups?

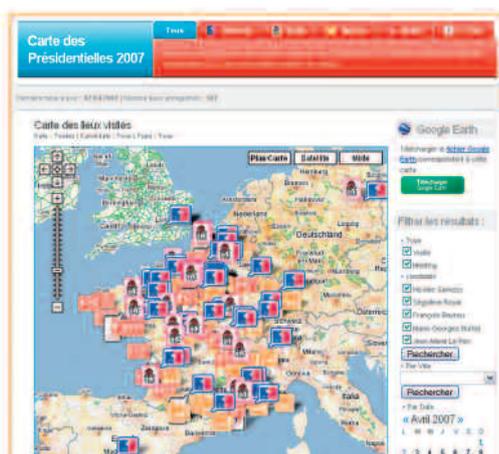
To start, a newspaper could include these maps with its own stories online, showing where news has happened. The regional newspaper *Eindhovenens Dagblad* in the Netherlands is one of many papers occasionally using Google Maps to pinpoint the exact locations of traffic accidents.

The real power of Google Maps is in combining it with big databases to make huge

amounts of dry data available in a user-friendly way. Every newspaper occasionally publishes big stories based on almost inaccessible, mainly governmental databases. These could be school ratings, lists of gun accidents at schools, or areas of mobile phone coverage. Putting these otherwise complicated databases onto easily understood maps is of high interest to the public.

The website *Nieuwskaart.nl* in the Netherlands⁽⁴⁾ collects local news articles from all local and regional newspapers and displays them automatically on a map. Web visitors can search for a city name or postal code and automatically get the latest local news (with some articles even showing detail down to the street level).

In California in the United States, the Web site *Schoolperformancemaps.com*⁽⁵⁾ collects official data on the performance of public schools and maps it. This is a handy tool for parents deciding which school their child will attend or where to live in order to gain access to the best school. Comparatively, many newspapers publish annual surveys of school ratings using traditional charts and spreadsheets. A newspaper in *Trouw*, the Netherlands⁽⁶⁾, publishes results of a survey on the quality of all secondary schools in the country but offers the end results online in big Excel and PDF files with dry, text-only lists of tables.



⁽¹⁾ <http://www.google.com/maps>

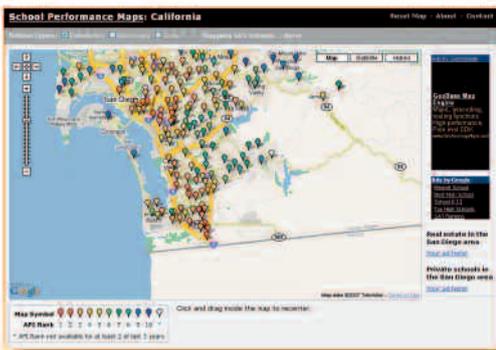
⁽²⁾ <http://maps.yahoo.com/>

⁽³⁾ <http://maps.live.com/>

⁽⁴⁾ <http://www.eindhovenensdagblad.nl/eindhovenstad/article1109289.ece>

⁽⁵⁾ <http://schoolperformancemaps.com/>

⁽⁶⁾ <http://www.trouw.nl/deverdieping/article108012.ece/Schoolprestaties+2005>



The Washington Post in the United States has hired a database mapping specialist, Adrian Holovaty, as an editor for editorial innovations. He launched the Web site chicagocrime.org⁽⁷⁾, which plots police data from the U.S. city of Chicago on a map. One of the more recent examples of map use at the Post is the Clinton Map⁽⁸⁾, which shows the locations where former President Bill Clinton held his paid-for speeches, earning a total of US\$31 million.

There are also several other newspapers that experiment with Google Maps, mainly in the United States⁽⁹⁾. Outside the newspaper industry, mash-ups also are popular. One shows the effects of global warming on the planet, with flood maps⁽¹⁰⁾ that display the devastating results expected if the Earth's ice masses melt. A mash-up in France plots speeches and visits by presidential candidates throughout the country before the April 2007 election⁽¹¹⁾.

So why aren't newspapers – especially local newspapers – using this combination more often? Most likely, it is because of a lack of technical knowledge about combining data and maps and the fear that creating mash-ups will be too time-consuming. But a simple application can be built to support a news article, and newspapers can also partner with other organizations that are already creating online maps. In Switzerland, for example, the

newspaper 24Heures⁽¹²⁾ is joining forces with a Web site that gathers and displays real-time traffic data on maps of the French-speaking region.

Many more ideas can be imagined using existing databases available to newspapers. A subsection on a newspaper Web site showing all reviewed restaurants? An overview of future concerts, mapping the exact locations of the events? A map showing where all religious services will be held for Christmas? The possibilities are extensive, and the time-to-market and costs are affordable.

The latest trend in using Google Maps is combining the maps with dynamic “real-time” data that is constantly updated. The Swiss traffic control-service is one example of dynamic data, but a newer site gives an idea of what can be expected in the near future. The Web site Swisstrains.ch⁽¹³⁾ displays the actual location of Swiss trains on Google Maps, relative to the user's current position. It combines multiple sources, including official timetables, actual train delays, and the positions of train stations, tracks, and the trains themselves in one major mash-up. One of the most futuristic features is the “follow this train” button. It offers a “helicopter” view that allows a user to follow the train on its path.

Think of the opportunities for newspapers. Tracking real-time the whereabouts of presidential candidates? Plotting the path of a nuclear transport? The opportunities seem to be endless.

Robert Jan de Heer works for the international marketing and sales organization PubliGroupe as a senior project manager. He is the founder of multiple European Google Maps mash-ups like Misdadaadkaart.nl, Nieuwskaart.nl, MeinVerbrechen.de and Swisstrains.ch. Many of the examples mentioned in this article can be found on his weblog dedicated to mapping mash-ups in Europe, Euromapsmania.com.

⁽⁷⁾ <http://www.chicagocrime.org>

⁽⁸⁾ <http://projects.washingtonpost.com/2007/clinton-speeches/>

⁽⁹⁾ <http://googlemapsmania.blogspot.com/2007/02/more-news-media-google-maps-mashups.html>

⁽¹⁰⁾ <http://flood.firetree.net/>

⁽¹¹⁾ <http://presidentielle.renalid.com/>

⁽¹²⁾ http://www.24heures.ch/pages/home/24_heures/services/mobiles/mogo

⁽¹³⁾ Still in beta-test version; use the Firefox Web browser for best results.

UK “Hyper-Local” a strategy to stem circulation declines

The UK’s weekly and daily regional newspapers are losing circulation, but they’re investing in significant ultra-local content and new advertising innovations to build print and online readership.

The average drop for individual weekly titles in the UK was 2.4 percent from 2005 to 2006. Regional dailies dropped by about 10 percent.

At Johnston Press, readers can build their own classified birth, death and wedding announcements on 300 local and regional Web sites with a feature added in March 2007.

Users can post photos, event details and messages and buy a print-and-Web bundle. The company expects the new tool to make up 10 percent to 20 percent of its announcement-advertising revenue. Two million announcement ads are placed in UK newspapers each year.

Johnston publishes 200 free monthly newsletters for small rural communities and city neighbourhoods and plans to launch more. Its most recent newsletter is the 4,000 circulation one it launched for its Morningside and Bruntsfield Gazette in January 2007. The newsletters, which carry neighbourhood-level news and local advertising, are delivered door-to-door and in stories, schools and colleges. Advertisers are usually small, independent high street shops.

“(The newsletters) are simply part of our strategy, layering the marketplace and giving smaller communities a publication that is specifically targeted for them,” said Johnston Press CEO Tim Bowdler in the UK’s Regional Press News.

Meanwhile, Trinity Mirror launched five ultra-local citizen journalism sites in early 2007 for the Teesside Gazette with a team of 20 volunteer writers and a handful of professional journalists. Eighteen more hyper-local sites will be launched before July, according to head of multimedia Michael Hill. If they succeed, many more sites will be rolled out across the Trinity Mirror group.

The company has assigned a reporter, a photographer, an IT specialist and a librarian to oversee what will become 23 sites. Local content will come from the citizens and from

information gathered by journalists that did not fit into the paper. The company is using leaflets distributed at libraries, community centers, play groups, etc., to ask citizens to contribute content.

3. Niches

Publishers are achieving success in niche publishing by aggregating small demographically specific audiences to build overall market share. The strategy has been assigned a variety of buzz phrases, including “The Long Tail,” “Audience Aggregation” and “Audience Portfolio.”

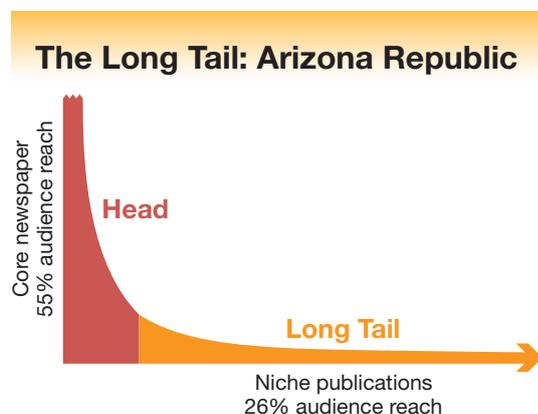
Some of the niches include print and/or Web products targeted to specific age, gender or

social classes, or communities of people who share interests like sports or hobbies.

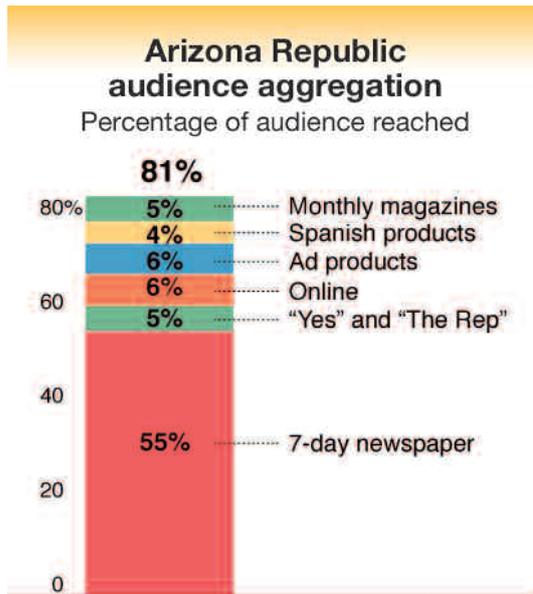
The newest catch phrase is “The Long Tail,” from the 2006 book of the same name by Chris Anderson of Wired Magazine. The theory suggests that the volume of all low popularity items combined can exceed the volume of high popularity items.

The theory can be applied in many scenarios for newspaper publishers. In print, the reach of the daily paper would be supplemented and eventually exceeded by a series of low-popularity niche products, both print and digital. At newspaper Web sites, the core audience for news and classifieds is enhanced by the visitors to the other smaller content niches that add up to a significant amount of traffic.

Several forward-thinking newspaper companies have been building Long Tail strategies in the past few years, including NordJyske in Denmark and the San Antonio Express-News and the Arizona Republic in the United States. The media companies’ strategies are profiled in this chapter.



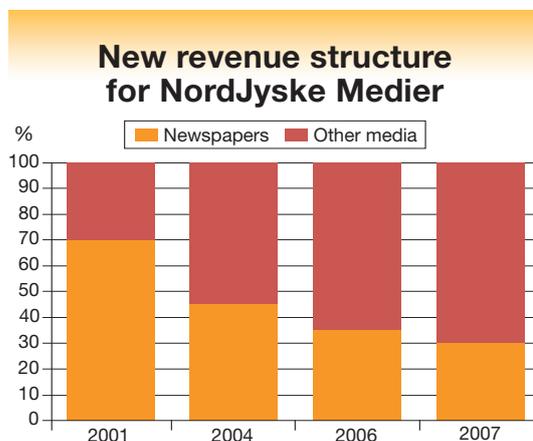
Source: SFN Analysis; *The Long Tail*, Chris Anderson, 2006; *Arizona Republic*, 2005



Source: Arizona Republic, 2005

The Arizona Republic in 2004 shifted its core newspaper strategy to an "aggregated audience" strategy in order to increase its penetration in the Phoenix, Arizona, market. The Republic added monthly magazines, advertising newspapers, online and print products for the Hispanic market, and specialty publications targeted at women and youth. In 2005, market reach for the newspaper was 55 percent, while the other niche products combined reached 26 percent. The reach of these new products continues to expand, though no newer figures are available yet.

NordJyske Medier, located in Aalborg, Denmark, is one of the most integrated cross-media advertising operations in the world, with print, Web, TV and radio outlets. In 2002, NordJyske reorganized to sell advertising across media in order to compete in a crowded marketplace.



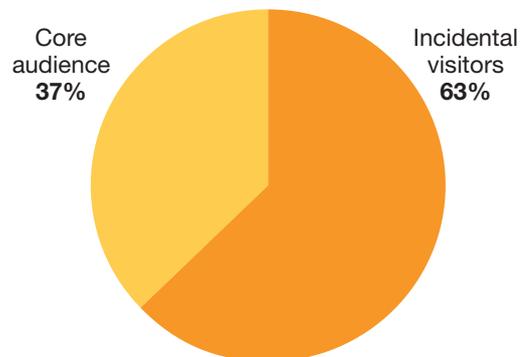
Source: Source: NordJyske Medier

NordJyske Medier revenues have grown 42 percent from 2002 to 2006, with an expected growth surge from 2006 to 2007 of 77 percent, from DKK 394 million to DKK 491 million.

But the core newspaper, which garnered 70 percent of the company's revenue in 2001, is projected to fetch only 30 percent of its revenue this year. TV, radio, Internet, a directory and ancillary businesses make up NordJyske's "Long Tail."

Core vs. "incidental" audience at MySanantonio.com

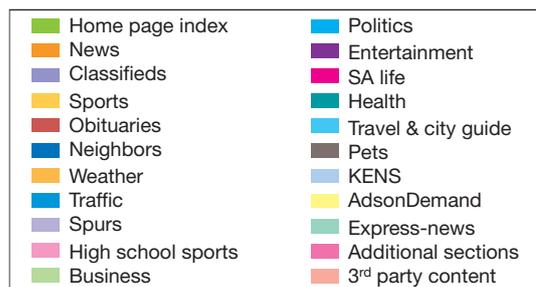
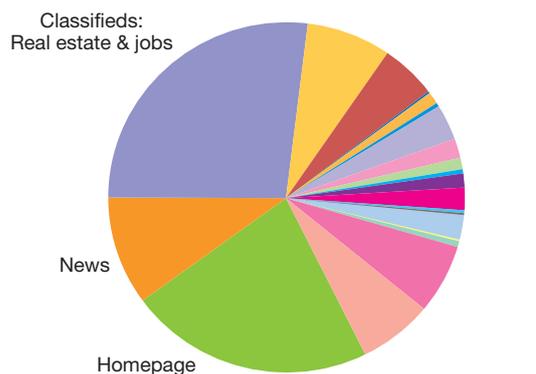
Incidentals, while 7% of the 2006 daily visitors, comprised nearly two-thirds of the total monthly audience.



Source: Belden Associates; 2006

Niche traffic at MySanantonio.com

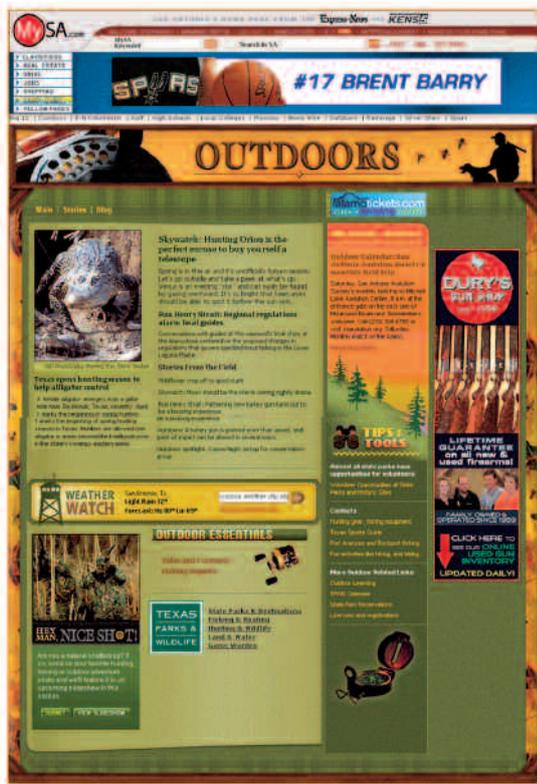
Home page, news and classifieds = 60% or total page views



Source: SanAntonio.com, 2006

The concept also can be applied to newspaper Web site traffic. MySanAntonio.com, a site that is part of the San Antonio Express-News newspaper in Texas, USA, draws 37 percent of its audience per month from news, classified and home page traffic. The “incidental” or niche audience is 63 percent per month. In terms of daily visitors, however, incidentals only make up 7 percent of the visitors, with the daily “regulars” returning often to the popular and newsy areas of the site.

The niche visitors are coming to the site for information about interests, not news, said MySA.com General Manager Julie Weber.

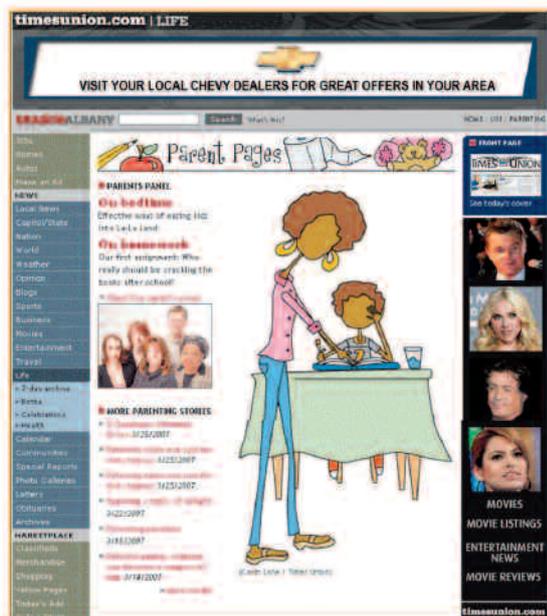


Development of the niche portions of a Web site is particularly important for the future. Many newspaper sites in the United States have sold out most of their advertising inventory for news pages and need more advertising positions. Niche sites and content development create that inventory and build new audiences.

MySA.com has added several new niche sites to grow audience and advertising inventory, including a pets site and an outdoors site. The outdoors site includes hunting and fishing content, blogs, weather forecasts, photos and links to related information. The site also is sponsored by contextual advertisers and fetches a higher price per thousand than run-of-site advertising, between US\$24 and US\$50 CPM, Weber said. The CPMs are twice or quadruple the average ones on U.S. newspaper sites.

The pets site also is a popular niche site for MySA.com. The site is sponsored by pet supply companies and includes a wide range of pet-oriented content, including slideshows, polls, blogs, news, video and links to related information.

Another opportunity for a niche site is focused on parenting. At the Albany (New York) Times Union, the Parent Pages part of TimesUnion.com offers blogs, stories, pictures, an interactive community panel and links to parent resources.

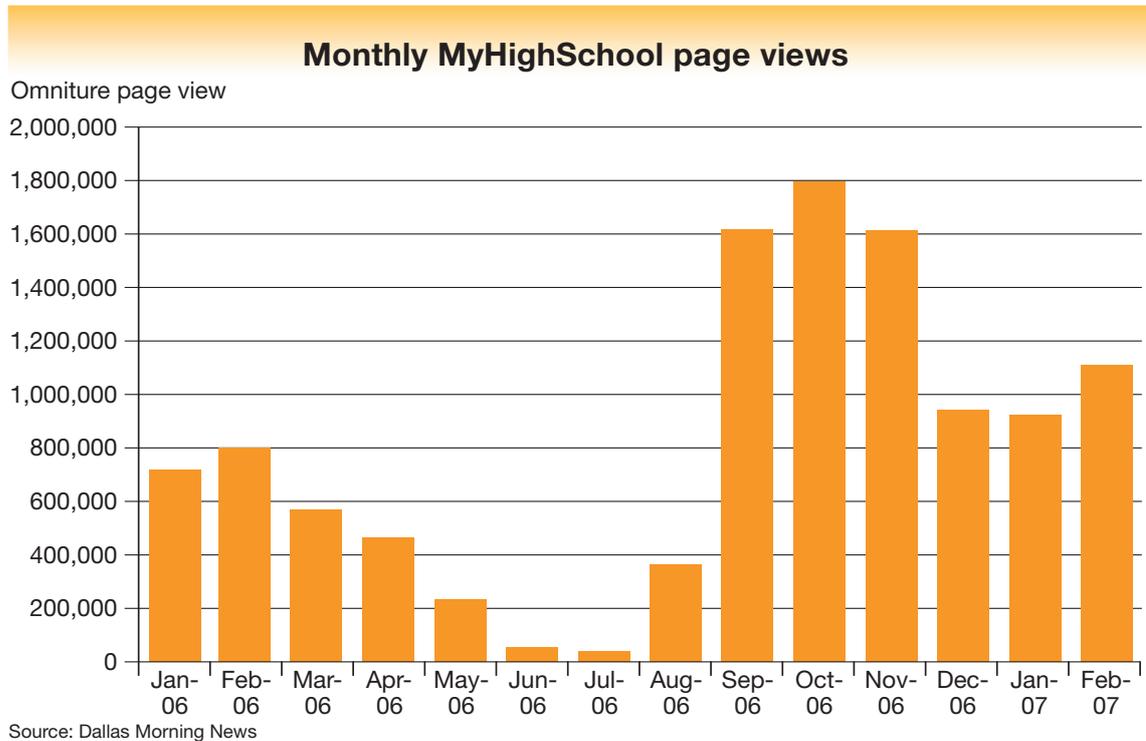


At the Dallas Morning News in Texas, a new series of niche sites devoted to high school sports was launched in 2006. “My High School” features splash pages for each of the dozens of high schools in the Dallas area, with news, photos, video, features, sports statistics and player profiles. Fans can contribute stories, photos and videos as well.

Since late 2006, the Dallas Morning News has sold more than 100 sponsorships, including campaigns for mobile phone companies, colleges and auto manufacturers.

For the 2006–2007 school year, the revenue for My High School is projected to be US\$500,000.

The niche sites have driven significant traffic, particularly during the popular football season in the fall.



4. Networks

Content and advertising networks provide significant opportunities for newspapers around the world. Since 2000, newspapers have built or have joined networks for a variety of reasons:

- To give more exposure to local content
- To provide a simple “one-stop, one-bill” proposition for advertisers wanting to buy space in a variety of newspapers or on multiple Web sites
- To enable more advertising sales in a wider geographic area
- To attract advertisers that would normally not purchase space in the paper or online without the benefit of a network

Technology has been the force behind the proliferation of networks, while advertisers and content consumers have been the fuel enabling networks to expand.

The networks profiled in this chapter are built on the power of local newspapers and their Web sites. A variety of networks are represented, including online and print

networks for content and advertising.

This chapter describes the strategies, structures, business models and scales of several networks, including Yahoo’s deal with U.S. newspapers, Google Print Ads, 47News.jp and Topix.com. The Shaping the Future of the Newspaper project also profiled three classified advertising networks in “6.2, Benchmarking Digital Revenues,” including FINN.no in Norway, Classified Ventures in the United States and Fish4.co.uk in the United Kingdom.

Competitors or Allies: How Newspapers can Gain Advantage Online

By Tom Mohr

The Web has emerged as a predominant force in media and advertising, disrupting the economics of the newspaper business. To survive and thrive in this new world, newspapers must migrate to common platforms and bring all top markets into common partnerships with online leaders.

I own a book that lists all U.S. newspapers that were published in the year 1900. There were 22,000 of them. In Minneapolis, a city I know well, there were 75 newspapers, including eight Swedish, four Norwegian, two German, two Scandinavian, one French, and one Irish. Other titles included The Farmer's Tribune, Homeopathic Magazine, the Lutheran and Young People's Companion – an obvious forerunner to Facebook.

Today in Minneapolis and neighbouring St. Paul, there are two daily newspapers. One just sold for less than half the price it was purchased for eight years ago. The other sold this past summer as a part of the breakup of Knight Ridder. More broadly, we see a newspaper industry that is clearly challenged. Revenue growth has slowed as advertisers migrate out of print without a sufficient corresponding increase in online advertising.

What happened?

We have been assaulted with data about changes in reading habits, the rise of competitors in all directions, changes in the businesses of newspapers' largest customers, and shifts in their marketing spending. Newspapers have been encouraged to innovate. To become more nimble. To change their Web sites from "tell" to a conversation.

But the more I've thought about the business, the more I've come to the conclusion that we have been missing something from the discussion.

Not more data – we have tons of that.

Not more innovation ideas – there have been ideas galore for how to grab more shekels here or there.

I'm talking about something more fundamental.

I think we have lacked a construct – a mental framework – a language that can help us talk about the changes occurring in the business.

The lack of this construct has made it difficult

for us to understand the barriers to success online, and therefore has limited newspapers' ability to be successful

I would like to make a case for partnering in the online world. But to get to that, I'd like to put in place some building blocks.

1. How the ground shifted beneath our feet about 11 years ago, and we didn't know it.
2. A quick look at the facts regarding newspaper Web sites today
3. A summary of technology trends, their impacts on the human experience and how that is changing the media imperative
4. A look into the business problem this changing landscape creates for newspapers
5. A review of newspapers' strategic options online
6. How newspapers can pursue those options through partnerships

Newspapers used to be a simple business. Editors and publishers created news, targeted to local audiences. Consumers flocked to the local newspaper, causing advertisers to quickly follow. Of course, advertisers brought content of their own into the package called a newspaper, which itself attracted more consumers. And they also brought revenue, which paid for better journalism, which attracted consumers – in turn attracting more advertisers – in a virtuous cycle that economists call "network effects." This phenomenon played out in local markets small and large across the world.

Eventually, one local newspaper got bigger than the others. Leveraging its size, it squeezed the other ones out.

Why? Because it was able to gain the benefits of:

- Network effects
- Platform efficiencies
- Scale advantages

That was the traditional newspaper model. News created community. Advertising enhanced community. Advertising was commingled with news in one package called a newspaper. There was one direct connection to the consumer, that newspaper on the doorstep every morning. Once one newspaper had achieved a critical mass of subscribers, it created a de facto local platform that squeezed out other players by exhibiting the classic benefits of network effects, platform efficiencies

and scale advantages. And here's the key point: the organizing principle of the platform was LOCAL.

Now let's turn to the Internet. The big winners online didn't start with "Local" as an organizing principle. The Web is different: it's not limited by geographic boundaries. So whether it's Google, or Yahoo!, or YouTube, or MySpace, or CareerBuilder, or eBay or AutoTrader, it's about the task, not about geography.

If you own a bike shop, you might put your inventory on eBay. If you want to sell or buy a car, you might go to AutoTrader. If you want to post or find a job, you might go to CareerBuilder. If you want to advertise to people that have expressed interest in your product, you'd probably put a text link ad on Google or Yahoo. If you want to upload a really cool video, just go to YouTube. Or if there's a great song that defines you, put it on MySpace.

These online platforms aren't local. They're global. Here, the organizing principle of the platform is TASK.

So that's the interactive model. Instead of news creating community, community now creates news (and other content). Advertising is not commingled with news. It sits in its own vertical communities (i.e., Monster in the jobs category).

There's not just one connection to the consumer, there are many: search engines, RSS feeds, blogs and aggregators all spreading content across the distributed Web. Consumers flock to task-specific platforms. And these platforms exhibit the same virtuous cycle local newspapers used to enjoy:

- Network effects
- Platform efficiencies
- Scale advantages

Let's take Craigslist.org as an example. Craigslist started as a local phenomenon in the San Francisco Bay Area, enabling local private party transactions. When people moved to other areas across the country, they clamored for Craigslist. And Craig obliged. Today, Craigslist is a global disruptor of the print classified business. But it exhibits classic network effects, scale advantages and platform efficiencies. Talk about platform efficiencies: Craigslist still has fewer than 30 employees.

So the first building block in our construct is this: The ground has shifted under newspapers' feet.

Whereas once all roads led to the local newspaper with the task as the secondary issue (i.e., news, entertainment, sports, shopping, etc.), now all locals go online to accomplish the task, with "local" as the secondary consideration (i.e., national news at CNN.com, local news at local newspaper Web sites, job-seeking at Monster.com, car-seeking at AutoTrader.com, entertainment at Yahoo Entertainment, Sports at ESPN.com, etc.). Task has taken over. And newspaper companies have been caught flat footed. The newspapers' entire business has been built around "Local First," but the Web is built around "Task First."

Let's look at the reality of newspaper.com Web sites today. The newspapers' online niche is consumers interested in local news. That segment skews older. The median age of visitors to newspaper Web sites is 42; the age has increased from 2001 to 2005. Site sampling by new users has slowed from 15% of total users in 2002 to 6% in 2005.

In other words, consumers have decided that newspaper Web sites are "local news." And they have self-selected "into" or "out of" these local news offerings. Given that reality, overall trends in news are of concern. Pew data shows that the amount of time consumers are spending on news is itself declining, from 51 minutes in 1994 to 35 minutes 10 years later in 2004. And to make things worse, data from the Outsell organization shows that in critical areas such as "Where I get my news right now" and "Where I get my news first thing in the day," newspaper Web sites fall behind not just Google, Yahoo, MSN and AOL but even "other online sites." Newspaper sites do lead in "Where I get news about my local area."

In the face of these facts, it's not surprising that whereas even today print newspapers tend to reach 30 to 50 percent penetration of households every day, their Web sites are more in the range of 15 to 20 percent of households every month – coverage that's more like a radio station than a traditional newspaper.

So that's the next building block in our construct. Newspaper Web sites themselves, while an important arrow in the quivers, can't be the sole focus of newspapers' Internet strategies.

Next, let's look at the most important technology trends, how these trends impact the human experience, and in turn how changes in the human experience are affecting traditional media.

The technology innovation path is defined by the following trends:

1. Connection speeds will increase.

2. Mobile devices will become ever more feature rich.

3. Devices will be location aware, so that advertisers can deliver a message based on where you are at this moment.

4. Search will become more intuitive.

Search is increasingly task-specific, with local search, vertical search, search for graphics, audio and video pushing the boundaries.

5. Computing power will be ubiquitous.

It's everywhere: in our phones, cars, exercise equipment, surveillance devices – everywhere.

6. There will be increased interoperability.

Increasingly open standards for software and publishing are allowing divergent systems to work together.

7. Technologists are increasingly focused on usability.

These technology shifts have led to dramatic changes in the human experience.

1. Always on

Gen Y consumers spend twice as long on the Internet as Baby Boomers.

2. Second brain

The devices that surround us are in a real sense second brains, extending our abilities to connect, to know, to understand and to remember.

3. Instant access

We are the first generation to have instant access to the world's information.

4. Broad, continuous connectedness

We are connected to broader friendship networks than ever before possible.

5. Social authority

As a result of the social nature of the Web, our sense of what is relevant, current, cool, and to be trusted is coming not from institutional media so much as from our friendship networks – either informally, or more formally through wisdom-of-crowds features like popularity rankings.

6. Social experiences

The social capabilities of the Web are leading to new experiences. One person we talked to in our ASU research said, "MySpace makes having a social life easy."

7. Naked conversations

As a result of this, Gen Y consumers in particular live in a world defined by a "my life is an open book" culture.

8. Immersive virtual lives

The rich media capabilities of broadband have

drawn some consumers deeply into gaming. Games like World of Warcraft and alternate worlds like Second Life are increasingly blurring the lines between virtuality and reality.

9. Multimedia multitasking

The iconic image of a teenager with iPod bud in one ear, cell phone in the other, in front of a computer with the television blaring in the background is real.

10. Information overload

This of course leads to information overload...

11. Filters

... which consumers address through filters such as search and wisdom-of-crowds features.

So what's the media imperative in this always-on, instant-access, social, immersive, multimedia world? The first thing we have to recognize is that newspapers' claim to the attention of consumers is and will be much more tenuous than it was before the Web. There are clearly things newspapers can do to improve their Web sites, like world-class design, search engine optimization, user generated content and so forth. Newspapers do need for their sites to move from "telling" to a conversation, for instance.

But if newspapers are to be meaningful online players, they must figure out how to stake out much stronger positions in social networks, gaming, music, classifieds, shopping, and mobile solutions.

So that's the next building block. Newspapers today occupy a relatively small slice of the consumer's content-interest universe. If they are to see online become a significant part of their overall business, they need to figure out how to extend into the places consumers have chosen to go.

Let's turn from the consumer side to the business side.

Newspapers are a US\$45 billion business in the United States. Only 5.5 percent of that revenue comes from online. Say newspapers were to lose 10 percent of their print franchise by 2010. They would need to capture over one-third of the entire projected online classified and display markets in the U.S. just to get back to zero revenue growth.

Key point: Even under the best-case scenario of flat print growth, newspapers have to grow online significantly to make this an attractive industry for the investment community.

And yet there are a couple of problems newspapers need to deal with to win big

online. First, as we've said already, starting from a local-only position is indefensible online. There are no network effects, platform efficiencies or scale advantages. It's very difficult to cut deals at the key gates of device, connectivity, browser and search. Local gets trumped by task-specific solutions on global platforms.

And second, newspaper sites are too niche and too disconnected from the ad verticals that matter to be the primary solution to newspapers' online growth requirements. Unlike a print newspaper, where news is commingled with ads from the big ad verticals like jobs, shopping, cars, and so forth, news is separated from the big ad verticals online. If the task is car buying and selling, it's not a news site people will go to – it's a car buying and selling site. Tasks that involve an ad vertical are solved separately from news online, meaning that our newspaper Web sites monetize most traffic at relatively low CPMs. If newspapers are to meet local advertisers' needs for jobs, cars, shopping and other categories, it will only be done well through partnerships.

At Knight Ridder, for instance, only 15 percent of online revenue came directly from ads on its newspaper Web sites. The other 85 percent was from its various partnerships: CareerBuilder, Cars.com and so forth.

So that brings us to this key question: What are newspapers' strategic options?

To date, newspapers have tried to put together partnerships (through acquisition or negotiation) with large online players in key areas like jobs, apartments, cars and so forth. I'd call this a "cross-hatch strategy," meaning that these vertical partnerships augment the horizontal newspaper Web site offering. Online partners have been attracted to newspapers because they have local sales organizations; newspapers are attracted to the vertical players because of their category-specific online leadership. But these partnerships have involved far too few newspapers, in far too few ad verticals. Some newspapers have been shut out by the big newspaper companies that established these partnerships. Other newspapers have tried to go it alone. But this balkanization has weakened everyone.

Newspapers need to step back and look at what they do well and what they don't do well. Newspapers are strong at local content creation, local sales, and the quality of their brands. What they don't do well is build viral

online solutions, or build globally scalable technology platforms. Let's face it. They don't have the skill or the culture to pull it off.

So if we look at what newspapers must do, there is a range of things.

- Strengthen their Web sites
- Add more partnerships with top-tier online players in key ad verticals
- Improve operational efficiency throughout their digital operations
- Syndicate content so they get more value from the investment
- Go to one national ad network so it becomes easy for advertisers to buy them

That includes going to one ad serving solution, which gives one view into the industry's available ad inventory – not the multiple solutions out there right now

- Get newspaper content onto mobile phones
- Participate in the emerging areas of social networking, gaming and music

But there is a fundamental problem. No one newspaper can pursue these opportunities alone. Most of these opportunities require broad industry collaboration.

Because newspapers started from "Local" as their organizing principle, their businesses are made up of a bunch of one-off, customized, unique local franchises. But we're in a world now that has standardized and reorganized around tasks. Newspapers need to standardize and reorganize around tasks. Imagine a mobile deal with the biggest cell-phone carriers for newspaper content from the top 100 U.S. markets. Imagine all top 100 markets on a common content-syndication platform. Or a common national newspaper online ad network. Or possibly even putting all newspaper Web sites onto one technology platform. In all cases, the key is broad industry collaboration.

What would newspapers gain from these moves?

- Network effects
- Platform efficiencies
- Scale advantages

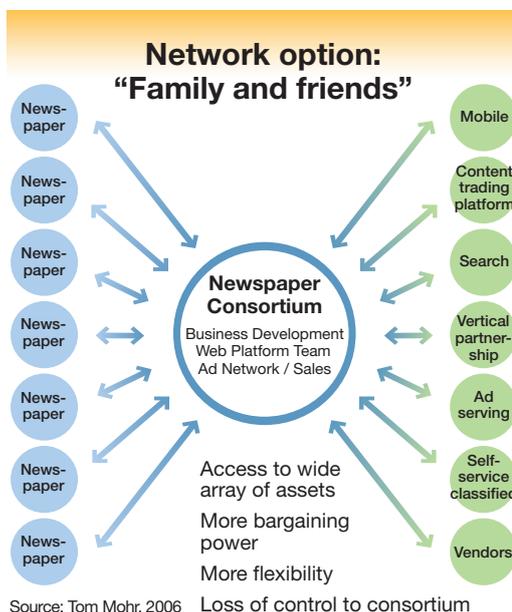
Which brings us, finally, to the question of partnerships.

There are three models for partnerships in the newspaper industry: Family and Friends, Parents with Kids, and Marriage. The U.S. newspaper industry simply has to pick one.

Family and Friends

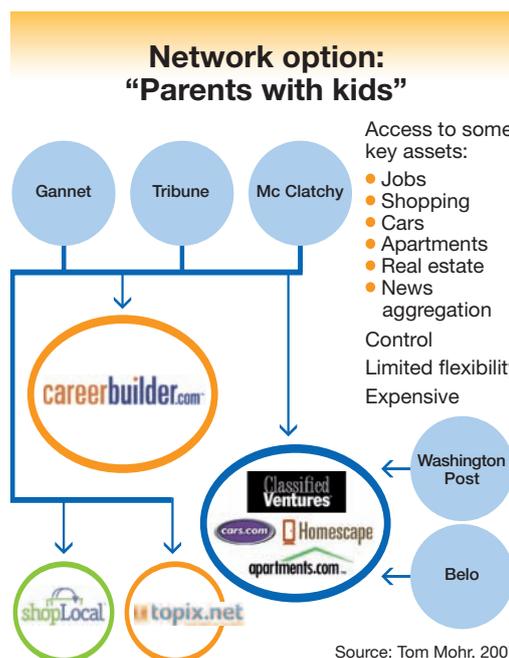
This model envisions establishment of a newspaper consortium company. All owners of newspapers in the top 100 U.S. markets would have ownership in the company, and it would be run with a board much like the Associated Press. Newspapers would relinquish power and authority over business development, national ad sales and technology infrastructure to this company. The consortium would manage the migration of existing newspaper Web sites onto one technology platform managed by the consortium.

With the top 100 markets in one consortium and on one technology platform, newspapers would have real bargaining power. Imagine cutting one search deal for all newspapers in the top 100 U.S. markets: that's bargaining power. The same idea holds for the verticals of jobs, cars, shopping and so forth – as well as for a mobile deal. There's lots of flexibility in this model: if one deal isn't working, the consortium can swap out a weak partner and bring in a stronger partner. But the negative of this approach is that newspaper companies must release real power and authority to the consortium company, which means a loss of control.



Parents with Kids

This is where newspaper companies acquire partial or full stakes in vertical online companies. This model has seen both failure and success. In the U.S., a handful of top newspaper companies put together the New Century Network back in the early days of the



Web. It didn't work. But in recent years Gannett, Tribune and Knight

Ridder (now McClatchy) have done well with CareerBuilder, and they have joined with Belo and Washington Post in Classified Ventures (owner of cars.com and apartments.com). The benefit of the "Parents with Kids" approach is you gain access to key vertical assets, and you gain control. But the downside is, you have limited flexibility. If the boat you're floating in is dead in the water, it's hard to get off. The more basic problem with this model has been that the consortiums have been limited, covering only a minority of the top 100 markets. This dissipates the potential power of such partnerships.

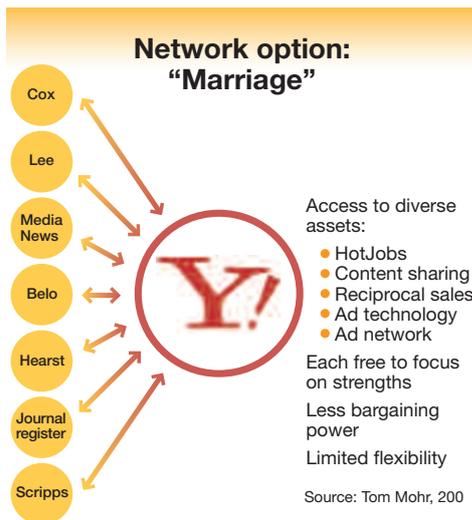
Marriage

The deal that a number of newspaper companies recently announced with Yahoo! is Marriage. Here we have an Internet player that attracts more than twice the visitors of all the newspaper partners combined, with has a broad array of assets to bring to the table. Newspapers bring their local content and sales capabilities, and are in a consortium but not one that is managed by a consortium company. The benefit is that each party is free to focus on its strengths, but the downside is there is less bargaining power or flexibility – like marriage, you can't play the field. Also, since the participating newspapers did not create a consortium company to negotiate the partnership, they missed an opportunity to gain more power and leverage as terms were being established.

Newspapers must figure out how to bring collective power to discussions with key online players. It will only really work when they can bring all top 100 U.S. markets to the table. Without such comprehensive coverage, newspapers lose bargaining power, and in some cases (such as a deal for newspaper content to be on mobile devices) lose the ability to cut a deal at all.

There are at least three different ways to create broad industry partnerships: Family and Friends, Parents with Kids, Marriage. But what won't work is for the industry to go off in all three different directions. Pick one. The more players in the industry that come together around one approach, the more network effects, platform efficiencies and scale advantages they will gain.

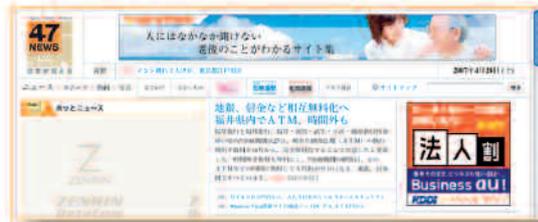
Is this an execution nightmare? You bet it is. It's like herding cats. There are competitive issues. There are focus and prioritization issues. The work is now for a benefit much later. But it can be done. Just look at the Swiss, who have put 100 newspapers from multiple different companies onto a single technology platform for classified marketplaces, ad systems and financial systems through Publicitas. They have shown that this is not just theory. There's an old American expression: "Time's a-wastin'." It's time for the newspaper industry to pull itself together and reinvent its position in the new online world.



Tom Mohr is the founding director of the New Media Innovation Lab at Arizona State University and former president of Knight Ridder Digital.

Japan 47News distributes local content from regional papers

In an unprecedented effort to bring more distribution power to local news content in Japan, 52 regional newspaper companies across the country's 47 prefectures launched a shared news Web site called 47NEWS (<http://www.47news.jp>) in December 2006.



The site aggregates the work of about 10,000 reporters from the 52 newspapers, which together represent 25 million in circulation, and was expected to reach 50 million users by Spring 2007. The regional newspapers said they wanted to showcase news happening outside of Tokyo and create a far more attractive audience for national and international advertisers than any one of the own newspapers could offer.

A map of Japan is displayed on the home page, and major news of the day pops up as the user runs the cursor over the map. A user who clicks on a headline is taken to a member newspaper's Web site to read the story.

The site is built automatically, using feeds provided by the newspapers' Web sites. 47News users also can search for a variety of news and information and see a list of the most popular keywords and themes of the day. The Web site also includes multimedia, such as photos and videos. Users can vote for their favorite photos from the local papers. The Japanese news agency Kyodo News provides overseas and major city news for the home page.

Kenichiro Hayashi, president of Press Net Japan, which operates the site with the local online newspapers, said the network gives content from the local newspapers more national visibility. Hayashi added that the site will continue to build content, particularly interactive features. The site also will be available in English and Chinese in the future.

Yahoo Newspaper Consortium

CEO: Terry Semel

Base: Sunnyvale, California

Founded: 1998; newspaper consortium launched 2007

Partners: McClatchy, Belo, Morris, Cox, Scripps, Hearst, Journal-Register, Lee, MediaNews, Calkins, Media General, Paddock

Newspaper consortium network purpose: Sale of HotJobs recruitment advertising and other online ads, and distribution of local content across network (U.S. only)

Twelve American newspaper companies encompassing 264 newspapers in 44 states joined with Yahoo! in a far-reaching agreement in April 2007. The deal for distribution of recruitment and online advertising and local content includes newspapers with a combined Sunday circulation of 18.5 million. Their Web sites report more than 50 million monthly unique visitors. Yahoo is the most popular Web site worldwide, with 107.5 million unique monthly visitors in Q1 2007, according to Nielsen NetRatings.

The newspapers have partnered with Yahoo to use its sophisticated online ad-serving and targeting technologies, to leverage local and online sales forces, and to integrate Yahoo's paid search technology across the newspapers' sites.

The network also expands the distribution of local content across the Yahoo! network. The local news, sports, finance and specialty content will be integrated within Yahoo's local news modules.

Many news Web sites get national and international traffic, which helps their overall numbers but is of little interest to local advertisers. The Yahoo deal is expected to help attract local users who do not now visit the sites of their nearby newspapers, along with additional traffic from elsewhere.

"This milestone deal represents far more than an advantageous, win-win business deal for Yahoo! and participating newspapers, although it certainly is that," said Gary Pruitt, CEO of McClatchy. "The consortium also demonstrates that our members recognize this plan delivers significant benefits to our advertisers and readers, starting almost at once. We expect other newspaper companies will be joining in the near future, and they will be welcomed as allies whose participation will increase the benefits we can deliver."

Google.com Google Print Ads

CEO: Eric Schmidt

Base: Mountain View, California

Founded: 1998; Google Print Ads launched 2006

Valuation: \$145 billion (2006)

Print Ads network purpose: Sale of newspaper advertising across network (U.S. only)

Google Print Ads was launched in fall 2006 as a test with a handful of large American newspaper publishers. Google acts as an agency by offering to place reduced-price "remnant" print ads in U.S. newspapers.

During the test period, Google is drawing from only about 1,000 of the estimated 300,000 or 400,000 advertisers in its search network. It allows them to buy campaigns in any combination across the network of newspapers.

A newspaper can accept, reject, or negotiate each ad offered through the network. Some negotiations may take 5 or more rounds of rate offers and counteroffers, according to executives at newspapers participating in the program. For example, the Dallas Morning News had 82 offers in the first three months and accepted 17. Some big newspapers said they earned about \$400,000 in the first three months of the experiment. The deal could be an estimated \$30 million to \$40 million proposition each year for large advertisers, according to one large participant.

The system allows an ad to be purchased quickly and efficiently, because it is all done electronically. Advertisers are offered 50 percent credits in Google's search-advertising buys as an incentive to participate, and Google takes the same 15 percent commission that U.S. advertising agencies collect.

According to Tom Phillips, Director of Google Print Ads, these are the goals of the network:

- Achieve targeted advertising
- Grow massive advertiser participation
- Make money
- Gain experience working with news and publishing companies
- Create innovations in advertising formats and revenue streams
- Innovate and experiment with offline media

Publishers can control not only which ads are accepted, but also where they run in the paper, and on which days.

Google bears the credit risk, handles the billing and delivers the creative to the newspaper. Electronic tearsheets are dispatched to advertisers.

The 68 participating newspapers are mostly metro dailies in 19 of the top 20 U.S. cities. The interface for Print Ads is much like AdWords, Google's self-service search advertising system. Publishers are alerted to a bid via email. They can accept, partially accept or reject the offer. Most publishers get about two offers per day. Although mostly large newspapers participate, Phillips says the system will serve papers of all sizes.

Publishers have ultimate control, Phillips said. The deal isn't done until the publishers accept the advertiser's creative.

Regarding prices, if CPMs are in the US\$25 range, the ending bid for a Google Print Ad might be between US\$5 and US\$20, Phillips said.

Publishers worry about "channel conflicts" in which an existing advertiser might move to the Google platform to get lower rates, especially as the system escalates beyond Google's 1,000 test advertisers. But Phillips said that, so far, most or all of the ads are from advertisers who are new to the participating newspapers.

With traditional newspaper sales, it's very difficult for a U.S. advertiser to buy a national newspaper campaign. "It requires 50 contacts and weeks of work," Phillips said. With the Print Ads system, an advertiser can name a price and bid across many newspapers in a few minutes.

While only 1,000 advertisers participate now, Phillips envisions the hundreds of thousands of AdSense clients being integrated into the system.

Google is exploring the possibility of expanding Print Ads to other parts of the world but has not announced specific plans, Phillips said. "Internationally, we would like to explore what approach is relevant to your marketplace," he said.

ShopLocal.com

CEO: Vikram Sharma

Location: Chicago

Ownership: Gannett (42.5 percent), Tribune (42.5 percent) and McClatchy (15 percent)

Founded: 1999

Business models: National advertisers' circulars are digitized and made searchable

Estimated value: US\$85 million

(ShopLocal.com estimate, 2006)

About 97 percent of all purchases are made in local stores, according to the US Department of Commerce. Meanwhile, for every US\$1 spent online, another US\$6 is spent in local stores, influenced by Internet research, according to Jupiter Research.

A shopping comparison website owned by a network of America's top three newspaper companies, is banking on those facts with ShopLocal.com. The site combines the products of more than 100 national retailers and hundreds of local advertisers in the markets served by the media companies' dozens of communities.

More than 100 weekly circulars from the local and national advertisers are digitized and placed in a database and searched by millions of shoppers each week. ComScore named ShopLocal.com one of the most popular shopping comparison sites on the Web.

Consumers can shop by category, store, brand and item. Shoppers can compare prices, receive email alerts on their favourite items, and download coupons.

ShopLocal.com is attempting to level the retail playing field between big retail stores and smaller, independent local stores by giving shoppers a chance to compare their prices side-by-side.

Founded in 1999 by former CEO Brian Hand as CrossMedia Services, the ShopLocal Network is now made up of more than 200 affiliate media, search and shopping sites. The network aims to provide local advertisers with targeted access to consumers through online advertising. One way they do so is through services like SmartCircular, SmartCatalog, SmartMedia and MyStore. Retailers can distribute these electronic circulars and catalogs for local sales and promotional advertising to online customers.

“Much like our sister company, CareerBuilder.com, is to jobs, ShopLocal is becoming the virtual local shopping media for the newspapers,” said Bob Armour, ShopLocal's chief marketing officer.

Valued at \$85 million in 2006, ShopLocal.com is owned by a trio of media giants. In August of 2006, Gannett, the Tribune Company and the McClatchy Company announced an increase in each of their equity stakes in ShopLocal.com.

That agreement saw Gannett and Tribune pay \$13 million each to raise their stakes in ShopLocal.com to 42.5 percent each. McClatchy held steady at a 15 percent stake, following the completion of its June 27, 2006 purchase of newspaper company Knight Ridder. Twenty newspapers McClatchy acquired from Knight Ridder were already affiliated with ShopLocal, and McClatchy's 12 existing newspapers joined in the affiliation, adding more than 3.7 million visitors to the network.

Topix.net

Founded: 2002

Owners: Gannett, Tribune, McClatchy

Valuation: \$72 million (Topix estimate)

Network purpose: Distribution of local content categorized by 32,500 postal codes

When three of the largest U.S. media companies own nearly 80 percent of the nation's top news aggregation Web site, they can each benefit from the place of the others in the market. Topix.com, which calls itself the largest news community on the Web, has the benefit of maintaining operational control while relying on the deep pockets, credibility and experience of media giants Gannett, Tribune and McClatchy.

The media companies' investment has allowed the development of both editorial and classified advertising content, said Chris Tolles, vice president of marketing at Topix.

Topix was founded in 2002 and launched its current news aggregation product in 2004. It added blogs in 2005 and reader comments in 2006. By making the site more participatory, it doubled unique users to more than 10 million per month. More than 1 million people have posted more than 6 million comments, Tolles said.

Gannett and Tribune each own a 33.7 percent stake in Topix, while McClatchy owns 11.9 percent. Tolles said Topix jumped in 2006 from being among the top 45 news Web sites to the top 25, according to Hitwise statistics.

In April 2007, “we turned the site over to readers and made them editors,” he said. “Anyone who applies and meets our criteria can become an editor” for their local news.

The evolving site's latest platform “addresses the pent-up demand for local news in towns and cities across the country where traditional news media alone can't cover enough of the hyper-local events and issues that matter most to neighbors,” a Topix spokesman said.

Topix uses advanced algorithms to categorize news in 32,500 postal codes to help editors find and select local news stories. More than one person can edit a page, but for towns where editors are not active, Topix automatically refreshes the page with the area's top stories.

“Online communities are difficult to scale and sustain, but ... we think we have combined the best technology with the strongest local participation to create the best destination for local news and discussion,” said Rich Skrenta, Topix co-founder and CEO.

More network opportunities

By Michael Boland

Search and directories are two of the fastest-growing categories of revenue-making online, and newspapers have the chance to tap into them. Opportunities to join and build these networks are endless. Mobile content networks, Yellow Pages directory networks and local search directory networks are all within reach.

Aggregating news, classifieds, Yellow Pages content and reviews will allow online newspapers to approach the level of comprehensiveness of Google as a source of local and national news, while surpassing Google in other important areas such as local trust, editorial assets and sales forces.

The New York Times is one of the first online newspapers to do this with "My Times", a personalized news reader that blends Times content with that of other news sources from around the Web via RSS feed. It's a

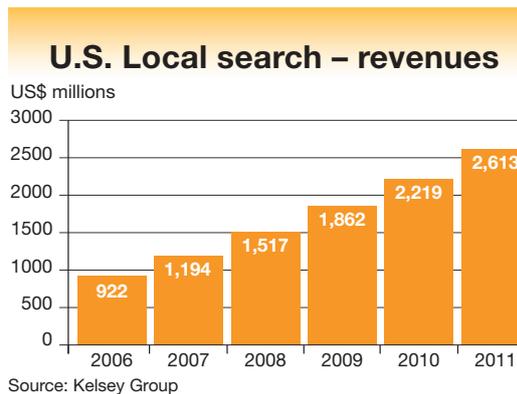
personalized, customizable page that will serve as a model for the direction newspapers could take online. The Los Angeles Times has also recently done this with the similarly named MyLATimes.

These offerings will grow in number and in functionality to become comprehensive local destinations for all things – news, weather, local classifieds, local sports, etc. This is similar to Yahoo!'s longstanding MyYahoo! personalized page, but it could have an additional dimension of local relevance because it comes from the newspaper.

Beyond the major national papers, the opportunity also exists for regional, metro and local papers to combine their assets with the search and aggregation capabilities of a technology partner to create portals within their markets.

Local and national search portals are two possible approaches. The global interactive directory market, including local search and interactive Yellow Pages, is expected to grow at 22.3 percent (compounded annual growth rate) from US\$4.1 billion to US\$11.1 billion. The U.S. figure will meanwhile grow 26.1 percent to US\$4.9 billion.

Michael Boland is a senior analyst with The Kelsey Group's Interactive Local Media program, which produces reports and conferences about local content and making revenue. www.kelseygroup.com



6. Conclusion

For newspapers, the word “local” has morphed from a geography-based term to a much broader definition. It now encompasses local community focus, topics of interest to readers that may not be geography-based, and national and international network exposure of local advertising and editorial content.

Newspapers worldwide are building new strategies around the expanded scope. Changing market forces have propelled the local newspaper market into a new strategy focused on the “Four Ns” – Newspapers, Neighbourhoods, Niches and Networks.

The catalysts for the shift are the ever-changing media landscape, new competitors, and the evolving news and information needs of consumers. Newspapers are responding by building new local products for print and digital channels that reach local audiences based on language, culture, political persuasion, sexual preference, gender, age and other demographics. Newspapers also are creating niche products for people seeking information on favorite sports and hobbies. Combined, this aggregation of content allows

newspapers to gain greater market shares and higher revenues.

Meanwhile, local news and information still is the top reason readers consume the newspaper. According to a study by Pew Research Center this year, local government, culture, crime and



Source: Shaping the Future of the Newspaper 2007

business are the top four reasons why people turn to the newspaper for news and information.

The message from many case studies in this report is that although local content has been a part of the local newspaper strategy since the beginning, there is still room for much innovation and expanded content localisation. Mediehuset Romerike in Norway has created an ultra-local focus for the content of its converged media house. Vorarlberger Medienhaus in Austria has taken cues from the Readership Institute in the U.S., which calls “intensely local, people-focused news” the top reason for newspaper reader satisfaction. The Dallas Morning News has launched a series of intensely local Web sites called GoNeighbor for 54 communities ringing its market area.

Innovative newspapers worldwide are breathing new life into their local strategies by adding new products, new local features and more intensive local focus and spending more resources on developing local content.

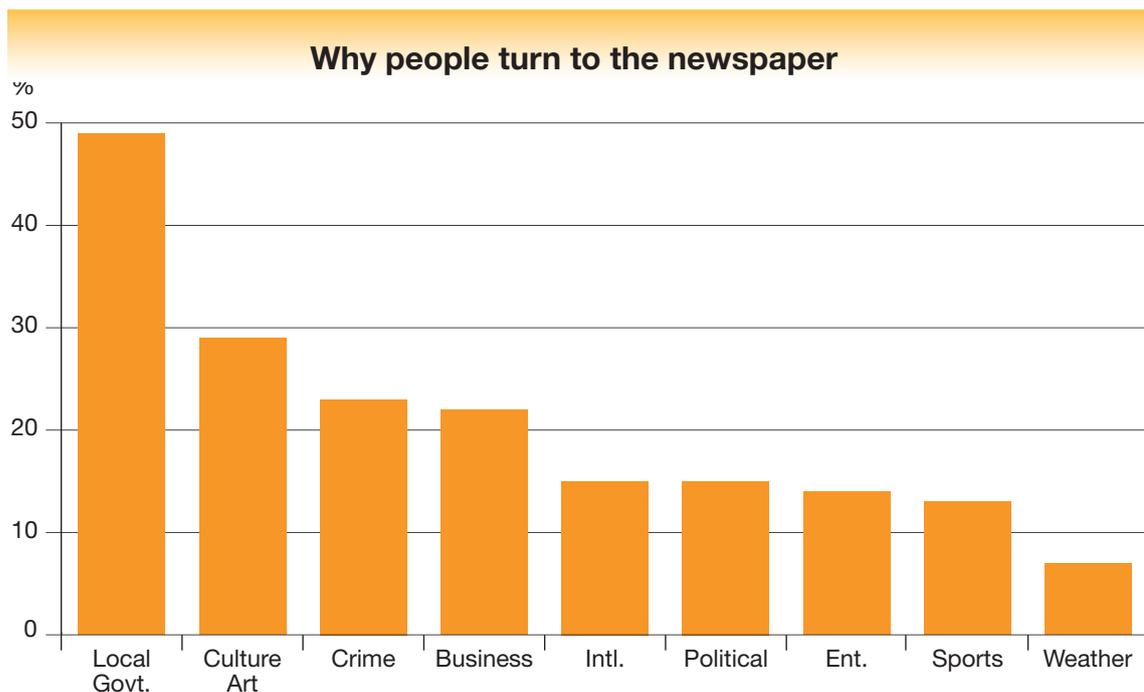
One of the most significant trends in local news today is the development of multiple hyper-local print and online editions, including journalism contributed by citizens. Some of the U.S. examples noted in this report include Bluffton Today in South Carolina, YourHub in Colorado, and GoNeighbor in Texas.

Publishers are finding success in niche

publishing strategies, sometimes called the “Long Tail” strategy. The San Antonio Express News’ MySA.com is one newspaper site that actively seeks to build its niche audience in order to accommodate the growing demand for more advertising inventory. The expansion of niche audiences is an important and powerful strategy for newspapers’ print and Web channels. The aggregation of many niches will allow newspapers to expand their market shares and revenue bases. Online, niche content opens up the world of high-value advertising, where the cost-per-thousand price rivals newspaper CPMs.

The network strategy also expands a local newspaper’s distribution of its content and advertising more efficiently and to exponentially more eyeballs. The network strategy is an opportunity for newspapers to carefully consider for their print and online advertising and content businesses.

Some of the interesting network opportunities include building and joining national networks focused on classifieds, online and/or print advertising, and partnering with large internet pure players like Yahoo! or Google. The two freshly minted deals with Yahoo! and Google are in their ascendancy, so it is too soon to evaluate their success. However, it is possible that both pure players will be interested in pursuing an expansion strategy outside the United States for each of their deals.



Source: Pew Research Center for People and the Press, 2007

THE PUBLISHER

World Association of Newspapers
7 rue Geoffroy St-Hilaire
75005 Paris, France
Tel.: +33 1 47 42 85 00
Fax: +33 1 47 42 49 48
E-mail: contact_us@wan.asso.fr

WORLD ASSOCIATION OF NEWSPAPERS CEO

Timothy Balding

SFN DIRECTOR

Martha L Stone
mstone@wan.asso.fr

EDITOR

Neil Chase

GRAPHICS AND PAGE DESIGNER

Marianne Audouard

GUEST WRITERS

Michael Boland
Robert de Heer
Arne Krumsvik
Leah McBride Mensching
Tom Mohr
Jan Schaffer
Steve Yelvington

World Association of Newspapers
© WAN May 2007

The contents of this report may be used in whole or part by publishers in the execution of their business. Use of any part of the content or intellectual property herein for the purpose of representation or consulting requires prior written consent of the author. Any reproduction requires prior consent of WAN.

Shaping the Future of the Newspaper



A World Association
of Newspapers
project supported
by five strategic
business partners



PUBLI*Groupe*

