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# Transition and upheaval: Readers switch from newspapers to Web news sites.

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**TRANSITION AND UPHEAVAL: READERS SWITCH  
FROM NEWSPAPERS TO WEB NEWS SITES**

**A Thesis**

**Presented to**

**The Faculty of the School of Journalism and Mass Communications**

**San José State University**

**In Partial Fulfillment**

**of the Requirements for the Degree**

**Master of Science**

**by**

**James DeTar**

**December 2009**

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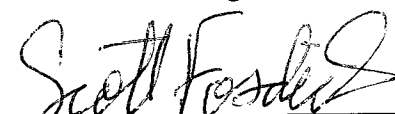
TRANSITION AND UPHEAVAL: READERS SWITCH  
FROM NEWSPAPERS TO WEB NEWS SITES

by  
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## **ABSTRACT**

### **TRANSITION AND UPHEAVAL: READERS SWITCH FROM NEWSPAPERS TO WEB NEWS SITES**

**by James DeTar**

This thesis provides an examination of the impact of the switch by news readers from print newspapers to news Web sites and other digital news media. The method is qualitative research in the form of a series of in-person interviews with top level editors at nine large national and regional U.S. newspapers. The consensus of the editors interviewed is that the rise of online news is a primary cause of the shrinkage of print news readership. Further, they agreed that print newspaper readership will continue to decline. Finally, most of the editors concluded that—although it presents opportunities—the impact of the transition has often been devastating and has added to the crisis in the American newspaper industry.



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## Chapter I

### Introduction

On February 7, 2008, the *Capital Times*, an afternoon daily newspaper in Madison, Wisconsin, announced it would move its daily news to an all-Internet edition and put out two free print editions a week (Madison.com, 2008). Joe Strupp, senior editor at *Editor & Publisher* magazine (2008), said in an article that *Capital Times*, with circulation of 16,500, was the first daily newspaper to basically switch to an all-Internet format. In October of 2008 the *Christian Science Monitor* followed suit. It said that as of April 2009 it would become the first large, national American daily newspaper to shut down its daily print news operations and switch to an online daily format (Cook, 2008).

On January 1, 2007, the oldest newspaper in the world shut down its printing presses. Sweden's *Post-och Inrikes Tidningar* newspaper had been in print continuously following its founding by Queen Kristina in 1645. The publication now exists in cyberspace, discontinuing its hard copy edition but continuing to publish through its Web site. Officials at the Swedish newspaper noted that circulation for the print version had dropped to about 1,000, and it was no longer economically viable as a print newspaper (*Post-och Inrikes Tidningar*, 2007).

The shifts at these newspapers from print publication to a Web site are indicative of what is happening in the newspaper industry in the United States. Fewer readers are choosing to obtain their news from print newspapers, and more are getting it from the Web and other digital media. Many in the newspaper industry are asking

themselves how the news of tomorrow will be delivered. Will the old ink and paper newspapers continue to exist in their present form? And if so, will they be relegated to a niche or will they still be considered mainstream media?

Even once dominant metropolitan newspapers, many in monopoly situations, are now endangered. As a result, some observers predict the demise of the newspaper industry in its present form. For example, Paul Starr (2009) wrote an article for the March issue of the *New Republic* magazine titled, “Goodbye to the Age of Newspapers (Hello to a New Era of Corruption).”

In the article, Starr noted that the monopoly positions that newspapers had in most metropolitan areas where there was usually only one large daily in the last part of the twentieth century are gone forever. Today, newspapers compete with a variety of media online, including broadcast networks, local television stations and radio stations, magazines, and others that have established Web news sites. In the case of TV and radio, they have traditionally not charged consumers for news and, by and large, are not doing so online. So the monopoly on news that newspapers enjoyed for many decades is gone. At the same time, news consumers do not have to shop via advertisements piggybacked onto newspaper news any more. They can go online and, using a search engine, shop locally or globally for the exact product they want at the best price. Consequently, newspapers are losing out at every point on the revenue chain. There is lower subscription revenue because of fewer subscriptions, lower advertising revenue because of fewer ads, and lack of leverage to establish a strong online presence against a multitude of online competitors (Starr, 2009).

An article in the online publication *Real Clear Markets* (Ellis, 2008) related the situation in the United States, where many Web companies like search provider Google have grown more powerful while newspapers are in decline. The article, headlined “Might Google Buy the *New York Times*?” noted that even the *Times*, considered by many media observers to be the best newspaper in America, was in a sorry state: “In the last five years, the *New York Times* has declined in value by an astonishing 70%. There is no indication that things will get better any time soon” (p. 1).

An examination of the literature on the shift from printed news to online outlets, both peer reviewed and mainstream news articles, indicates that no one has yet come up with concrete answers to these questions.

This thesis presents information from the recorded comments of those who are most likely to have insight into this issue—editors at the nation’s largest and most reputable newspapers—obtained via in-depth personal interviews. One of the publications included in this study is the *New York Times*, one of the oldest and most respected newspapers, often affectionately referred to by the public as the “Gray Lady” because of its age (founded in September 1851), and because the paper in the past had a “gray” look back when its style was to run dense copy and small art. Other large interviewed newspapers include the *Boston Globe*, *Chicago Tribune*, *Milwaukee Journal Sentinel*, and the *San Francisco Chronicle*.

#### *Purpose of the Study*

This benchmark study provides a status report on the impact that the steady

decrease in print newspaper reading and the parallel increase in the number of viewers/readers getting their news from the Web is having on newspapers. It is a thesis on the state of the migration, focusing on the impacts of increasing Web news site readership on traditional print newspaper readership and circulation, and the response by print newspapers to this changing environment. The thesis' scope is narrow, focusing only on print newspapers and online news Web sites, and the impact to newspapers of the switch by news consumers to news Web sites.

This thesis has been designed to answer the following critical questions related to this transition: Is the ongoing switch by readers from print newspapers to digital media affecting the quality of journalism? If so, in what ways? For example, now that most people get their news from the Web and other digital media, how will that affect civic functions and the way that democracy works in America? A complete list of the questions is included in the Method section and the Appendix.

Bogart (2004) posed the question: Can quality be measured? He concluded that quality is subjective. Further, quality journalism does improve newspapers. But improvement in quality does not always translate into measurably higher circulation or profits. One had only to look at the struggles of some of the once mighty newspapers such as the *San Francisco Chronicle* and the *San José Mercury News*, both of which went through round after round of layoffs, as circulation and advertising revenue fell. A February 24, 2009 story in the *Chronicle* said that the *Chronicle* lost \$50 million in 2008 and was on a pace to lose more than that in 2009. In a statement, parent company Hearst Corporation said it would implement significant cuts in staff and if it could not achieve them quickly, it



would seek a buyer and if none came forward it would close the *Chronicle* (“Hearst Wants ‘Significant Cuts,’” 2009).

Data compiled from in-depth interviews with newspaper editors is presented in a series of case studies in which editors provided firsthand comments about their experiences at their respective newspapers, along with historical and background data on each of the newspapers. These case studies also include their responses to the challenges their respective newspapers face, and what they are doing to overcome them. They were each asked to share their visions of the newspapers of tomorrow.

The goal of the research as a whole is to provide timely information to media researchers who are examining the upheaval and change in the newspaper industry as well as to newspaper editors and decision makers who are crafting and shaping guidelines that will be used to create business models for the newspapers of tomorrow. A secondary goal is that members of the general public who read this thesis will have a better understanding of the tremendous changes that are currently reshaping the newspaper industry and what impact those changes will have on them.

## Chapter II

### Literature Review

This study includes a review of academic literature on the question of what specific impacts the loss of print subscribers, and the related growth in the number of people who get their news from Web sites are having on newspapers.

When the Web first became popular in the mid-1990s, many in the newspaper industry said that newspapers had to learn to use the Internet to deliver news. But the process of adapting to digital media does not appear as simple as was once thought. Results so far are disappointing but the game is still young, noted the Project for Excellence in Journalism (2007): “Ultimately, the future may really depend on whether newspapers can produce a better, deeper, richer journalism online than they can in what some wags call the ‘flat’ medium of print. That is the promise of the Web” (p. 36).

Picard (2000) noted that online journalism depends in large measure on traditional newspapers. He examined various business models for online content services providers. He concluded that, although people sometimes applied the term revolution to the Web and the online content it brings to homes and offices, the content really was not part of the revolution. The real revolution was one of technology—the software, equipment, and infrastructure that enabled faster dissemination of content, not the content itself.

The new digital media still needed content, mostly provided by traditional news gathering organizations such as newspapers, magazines, television, and radio.

Computers combined with telecommunications equipment did not provide something new, such as the ability to transmit text, voices, photographs, and movies that came earlier, but rather a convergence of new software and hardware that increased the speed of communication.

A seminal 1960s study on newspaper readership by Westley and Severin noted that newspaper readership in the United States was at that time almost universal.

Westley and Severin (1964) began the study with the now-ironic statement:

Reading the daily newspaper is doubtless one of the most thoroughly institutionalized behaviors of Americans. Despite the inroads made by television, the newspaper continues to be the chief source of information for most of us. Elsewhere, as in Philadelphia, “nearly everyone” reads his newspaper every day.

Newspaper readership has declined dramatically in the ensuing four-plus decades. As print circulation has continued to fall, fears among print journalists and editors about the future of newspapers have mounted. An anonymous author in *The Economist* (“Newspapers and the Internet,” 1999) observed: “The idea that technology raises questions about their future is not news to those in the newspaper industry these days. What they want is answers. In their worst nightmares, they fear that newspapers may be to the communications business what the horse and cart were to transport” (p. 17).

*The Washington Post*, the nation’s seventh largest newspaper ranked by circulation, like other large national dailies, was jolted by circulation losses (BurrellesLuce, 2004, 2009). In 2004, it had a daily circulation of 760,034. By 2008, that figure had shrunk to 622,714. Along the way, the *Post* tried to turn the situation

around by holding focus groups and launching front-page zoning editions. The top editor required shorter stories, more art, and a jazzier page-one mix (Smolkin, 2005). But the slide continued.

Younger readers are reading fewer print newspapers than older readers. A Pew Research Center study found in early 2009 that only slightly more than a quarter of Americans under the age of 30, 27%, had read a newspaper the day before, compared to 55% of those over 62 years of age (Pew Research Center, 2009). In the Pew study, a 2008 news media consumption survey said 39% of respondents said they read a newspaper the previous day—either print or online—down from 43% in 2006. The number that read only the print version of a newspaper fell by roughly a quarter, from 34% to 25% over the two-year period.

Other media researchers have explored other factors that might explain the decline in print newspaper readership. For example, Rosenberry (2005) investigated whether content mix could account for variations in circulation penetration rates among newspapers. His primary finding was that content did not have a significant impact on circulation figures after controlling for market factors. In his study, Rosenberry referred to the groundbreaking study of non-newspaper readers by Westley and Severin in the 1960s. Rosenberry noted that what made Westley and Severin's research interesting was that it was performed at a time when most people read a newspaper every day.

Rosenberry (2005) concluded that quality of journalism was not a major determining factor in circulation increase or decrease: "The lack of statistically

significant relationships with respect to content and the large variance attributable to cycle and market characteristics can be most reasonably interpreted as meaning that these really are the controlling aspects of circulation performance.”

Although market characteristics may play some part in circulation increases, focusing on being a market-driven newspaper is likely not the best way to achieve higher circulation for newspapers. Beam (2001) found that market-driven journalism does not appear to yield higher circulation figures. He defined a market-driven newspaper as one that is overly concerned with understanding the wants and needs of its readers. Often it will use market research to better determine how to meet those wants and needs.

Beam surveyed senior editors at 215 daily newspaper companies by mail. He received responses from 406 editors at 183 newspapers. Based on their responses, Beam (2001) concluded: “That was not the case in this study, which unexpectedly found no association between market orientation and the four circulation-based performance measures.” He noted that a longer-term study might be useful in determining whether market-oriented journalism contributes to higher circulation or readership of daily newspapers.

Because newspapers are in a state of flux, there was not broad consensus among researchers and industry observers concerning the outcome of the ongoing shift to Web news. There were in fact, large differences in opinion. Ahlers (2006), Farhi (2005), Snedeker (2007), and others saw a bright future for newspapers. Ahlers (2006), voicing a minority opinion, wrote: “The hypothesized mass migration of news

consumption behavior is not supported by the facts.” Some readers had switched to online news consumption but the number was less than many believed. Ahlers (2006) noted that there had been a shift in reading habits but cautioned against panic in the newspaper industry. “This is not to say that pressures are not being felt, but they are not felt to an extent that warrants predictions of the demise of the traditional news media” (p. 29).

Similarly, Farhi (2005) was optimistic about the future of print newspapers: “Media accounts of the rise and fall of newspapers are greatly exaggerated, if not flat wrong” (p. 56). He noted that because of the depth of their reporting talent and historical position in American society, newspapers have the best chance of any of the so-called “old media” to survive in the new media age.

Snedeker (2007) wrote that media buyers—those who place advertising in newspapers—were optimistic about what 2008 held for newspapers. Citing results from a survey of media buyers, Snedeker noted that more than two-thirds, 67% of those surveyed, thought the big newspaper story in 2008 would be a push to fully integrate and print advertising in formats that would appeal to media buyers.

Snedeker’s (2007) survey respondents chose circulation decline as the number two big story of 2008, agreeing that there would be “far steeper declines in circulation as more readers go online or quit reading the paper altogether” (p. 1).

But there was no shortage of observers who foresaw the end of the traditional newspaper era (Crowther, 2007; Smith, 2006; Patterson, 2007).

Crowther (2007) stated that it is “hard to dispute that the newspaper is doomed

in the long run, as an inefficient and wasteful medium that technology can easily improve upon.”

In an April 12, 2006 address at San José State University, Terence Smith noted: “Newspapers around the country are closing, being sold off and cutting editorial staff.”

According to Harvard researcher Thomas Patterson (2007), the situation is getting worse. He noted that a July 2007 study showed that young people were more estranged from news, particularly newspapers, than in the past: “The newspaper, particularly, has little appeal to young Americans. Two-thirds of teens and young adults more or less ignore its news coverage” (p. 12).

### *Histories of the Internet and the Web*

Brief descriptions of the origins of the Internet and the World Wide Web are in order because they will be referred to throughout this study.

The Internet and the World Wide Web are not the same. The Internet is a collection of copper wires, fiber optic cable, network routers, and switches. The Web is the collection of documents, including operational software that sits on top of the Internet. The Internet provides access to the Web.

Both the Internet and Web are offshoots of what is today the Defense Advanced Research Projects Agency or DARPA, which was originally called the Advanced Research Projects Agency or ARPA. In a section of the DARPA Web site called “DARPA Over the Years,” the agency stated that ARPA was created in February 1958 in reaction to the launch of Sputnik 1, the first human-made earth

satellite, by the former Soviet Union on Oct. 4, 1957 (DARPA, 2007).

ARPA created a group it called the Information Processing Technology Office or IPTO. As recounted in the DARPA Strategic Plan on DARPA's Web site (2007b), the United States at the time was trying to conceive of a way to facilitate communications among its government organizations, universities, and other groups in case the U.S. came under nuclear attack. J. C. R. Licklider was selected to head the IPTO. His vision was not only a network for organizations to communicate, but also for a universal network that would enable global communications. Licklider's group conceived of a method of software packet switching to network two computers at great distances (DARPA, 2007b). ARPANET, the precursor to the Internet, went online on October 29, 1969. By the end of that year, four networks were connected to ARPANET (Leiner et al., 2008).

On January 1, 1983, the U.S. National Science Foundation inaugurated a university network it called the Computer Science Network, or CSNET, later called NSFNET (NSF.gov, 2003). This date is considered by some industry observers to be the birth date of the Internet because it hooked up the first node, ARPANET, with the second, NSFNET. In 1986, NSFNET went online and connected NSF's supercomputer centers at 56,000 bits per second, far slower than most of today's home personal computers (NSF.gov, 2003).

In the late 1980s, Tim Berners-Lee, a British physics researcher, was working at the European Organization for Nuclear Research, which was commonly known by its European initials, CERN. CERN was a basic research consortium created by 12



European countries, and situated on the French-Swiss border, just northwest of Geneva. In 1989, Berners-Lee designed the software for the World Wide Web. After further refinements, it became commercially available in 1991 (CERN, 2007).

Berners-Lee had created simple protocols, or computer software codes, including the hypertext transfer protocol, or HTTP, that enabled anyone, anywhere to send documents and later images to anyone else around the world. With the advent of Web browsers such as Netscape and Internet Explorer, consumers began to surf the Web. As word spread of its capabilities, the number of Web users increased at a rapid rate.

According to the Internet World Stats (2009) Web site, as of December of 2008, more than 1.57 billion people used the Internet. It was this rapid expansion in the number of users and amount of content such as music, news, encyclopedic information, and e-mail that posed a special challenge to newspapers. Newspapers had faced threats from various electronic media since radio and television started broadcasting in the early part of the twentieth century. Those evolved into newer forms, such as cable TV, which enabled 24-hour news broadcasting. But the Web was the most disruptive technology that newspapers had ever faced.

Newspaper companies were using new technologies to deliver their content both in print and online. One was digital editions, that is, exact replicas of print newspapers that users can read on their computer screens. Lasica (2003) noted that digital editions needed proper technology as a delivery vehicle. Attempts to simply copy the print edition onto a Web site attracted some Web readers, but not as many as

newspaper companies had hoped. Lasica (2003) noted that as of mid-2003, less than 1% of online readers were actually using digital editions:

Further out this decade, the long-awaited rollout of electronic paper—sheets thin as three human hairs and powered by batteries—also bodes well for digital editions. Both tablets and e-paper offer the prospect of rich interactive audio, video, and advertising on screen, especially as broadband becomes more pervasive.

Eveland, Marton, and Seo (2004) noted that there are elemental differences between the way that readers recognize and retain information gained through reading print newspapers and when reading Web news sites. For example, print newspapers organize stories with the most important story placed at the top of the front page. Online newspapers, however, generally organize similar content such that a group of the most important stories are ordered, but typically they each receive roughly equal space for copy and photos on the front page.

The focus of the Eveland, Marton, and Seo study was the hyperlinks that enabled readers to jump from a story to related stories or other news sources such as government or university Web sites. They noted that hypermedia systems like those used on the Web trace their roots back to the conceptual founder of the Web, Vannaver Bush, who in 1945 envisioned a machine that would mimic human memory in the ways that information is gathered and used.

Further, they noted that to some extent, hyperlinks mimic human thinking and may thus facilitate learning. However, they also noted that a study by Eveland and Dunwoody (2002) suggested that people who use hyperlinks may not retain as much information as those who get their news from print newspapers. The Eveland, Marton,

and Seo study shed more light on the way readers received and used news on the Web.

*Frequently used terms*

Two terms that will occasionally be used in this study are “new media” and “old media.” New media includes Internet-based Web sites, podcasts, and other messages sent from one digital device to another, along with cable and satellite television, and cell phone instant messaging. So-called old media, as defined here, includes print newspapers, magazines and books, as well as radio and broadcast network television.

Two additional and similar terms will be used in this study, “newspaper readership” and “newspaper circulation.” Newspaper readership includes all readers of an individual issue of a paper. For example, a subscriber might read the paper and then pass it along to family members or co-workers. Therefore, a single issue might have a readership of one to a dozen or more people. Circulation is defined as paid news subscriptions combined with single copy, newsstand sales. It does not include complimentary copies, copies sent to libraries, and pass-along readership. It refers solely to individual paid subscriptions and individual newsstand sales figures.

For print newspapers, this study used paid circulation figures as the primary measuring unit, as recorded by the Audit Bureau of Circulations, rather than readership. For Web sites, the main unit of measurement was number of unique viewers to a site, as measured by Web analytics firms such as Coremetrics and WebSideStory.

Some of the new media Web sites are owned by traditional—or old media—

print publications. For example, The New York Times Company, parent of the *New York Times*, and Rupert Murdoch's News Corporation, owner of the *Wall Street Journal*, own Web sites. Some Web sites are owned by other traditional non-print media organizations such as television networks including CBS (owned by CBS Corporation), NBC (part of the media company NBC Universal, a division of the French media conglomerate Vivendi SA), ABC (the Walt Disney Company's American Broadcasting Company subsidiary), and Cable News Network (a unit of Time Warner's Turner Broadcasting System). Independent Web sites have sprung up that are dedicated to news collection and distribution, such as San Francisco-based CNET Networks Inc., which was founded in 1993, and in the first three quarters of 2007 posted \$280.4 million in revenue (CNET.com, 2008). CBS Corp. bought CNET on June 30, 2008 for approximately \$1.8 billion cash. In a conference call that day, CBS President and Chief Executive Leslie Moonves said that, combined with CBS's other Internet properties, CBS was the eighth largest Web property worldwide in terms of monthly unique users, as measured by comScore (CBS, 2008).

One factor spurring old media to establish a presence on the Web is the well documented decline in print newspaper circulation.

#### *FCC mandate*

A contributing factor to newspaper circulation decline was the 2003 mandate by the Federal Communications Commission, in conjunction with the Federal Trade Commission, which curtailed telemarketing calls as of October 1, 2003 (Newspaper Association of America, 2003a). Under the new rules, citizens could opt out of

receiving telephone calls from any telemarketers, including newspaper solicitors, by adding their names to the national do-not-call registry. This move took away one of the most effective circulation-building tools used by newspapers.

Other reasons for declining newspaper readership are not as obvious. For example, a report by the Newspaper Association of America (2005) noted that the switch to morning newspapers, which began among readers more than 50 years ago, accelerated during the latter half of the twentieth century. In 1960, there were 24 million morning newspaper subscribers and 34.9 million evening subscribers. By 1985, that scenario had reversed, with 36.4 million morning readers and 26.4 million evening readers. As the trend continued, some former evening newspaper readers may have switched to other media as their primary news source, rather than switching to a morning paper.

However, the actual rate of circulation decline for dailies could have been even higher than official figures indicated. In 2003, the Audit Bureau of Circulations (ABC) changed the way it measured circulation to include bulk sales of newspapers to airlines and hotels that give newspapers away to passengers and hotel guests (ABC, 2008b). This was a major shift in circulation counting by the ABC because hotels and airlines give complimentary copies to their customers. A report on the Journalism.org Web site (2004) noted that 46% of total circulation (2.15 million) for the newspaper *USA Today* in 2004 came from bulk sales.

The circulation slump has not affected all newspaper groups, however. Weeklies, which are more in touch with local communities, continued to thrive.

According to Newspaper Association of America data (2008a), in 1996 there were 6,580 U.S. weekly newspapers, with a total circulation of 45.9 million. By 2005, the number of weeklies had increased to 6,659. Total circulation had increased to 49.5 million (p. 2).

Small and medium-size dailies, however, were in the same boat as larger counterparts like the *New York Times* and *San José Mercury News*. The medium-sized newspapers were also generally seeing circulation declines. For example, a study by McCleneghan (2005) explored circulation trends at southwestern daily newspapers with circulation under 15,000—the largest circulation category in the U.S. The results were unexpected. The small southwest dailies in the study showed dramatic circulation losses between 1996 and 2001. McCleneghan studied a sampling of 75 southwestern daily newspapers with circulation under 15,000, drawn from 1997 and 2002 *Editor & Publisher International Yearbook* data. Fifty-eight of those newspapers in the survey—77.3%—had documented circulation loss from 1996 through 2001. Only 17 of the 75 papers had no documented circulation loss.

Some researchers blamed the decline in U.S. print newspaper circulation almost exclusively on readers switching from newspapers to the Web, in particular to the large and growing number of online news sites. It is true that the number of people getting their news from the Web is growing. The NAA (2008b) noted on its Web site that unique visitors per month to all newspaper Web sites increased from 42 million in October 2004 to 53.1 million in 2005, 58.7 million in 2006, and 63.2 million in 2007. That is a 50% jump in three years.

For print newspapers, however, circulation in the U.S. had been in a slow, steady decline since it peaked in 1970 at 62.1 million readers (Angwin & Hallinan, 2005), well before the general use of the Web by large numbers of people began in the early 1990s.

Still, the rise of digital media readership appears to be clearly related to the rapid decline in print newspaper circulation. This switch of readers from newsprint to digital online media is an ongoing phenomenon, and it is not clear when the transition will be completed.

### *Theoretical and Academic Research*

In the most recent edition of his seminal 1962 book *Diffusion of Innovations*, Rogers (2003) wrote that “diffusion is the process in which an innovation is communicated through certain channels over time among the members of a social system” (p. 5). The widespread adoption of the Internet has changed the nature of the diffusion process. For certain types of innovations, the Internet greatly speeds up the process of diffusion. One negative example is Internet viruses, which can travel worldwide in a day or two. Rogers also noted that those who adopt any new idea can be categorized as innovators, early adopters, early majority, late majority, or laggards. Generally, innovators comprise only a small fraction of adopters, as few as 2.5% of adopters in some cases.

Rogers’ (2003) work on diffusion of innovations can be applied to the rate of adoption of the Web as a news source. The Internet has spread faster than any other technological innovation in history (Rogers, 2003). According to U.S. Census Bureau

figures, including the 2009 Statistical Abstract, between 1997 and 2007 the percentage of U.S. households with Internet access rose from 18% to 83.2%. Of the 220.8 million adults in the country, 183.9 million had access to the Internet either at work or home at the end of 2008 (U.S. Census Bureau, 2009).

### *Analytic Framework*

According to Rogers, the possible consequences of diffusion of an innovation can be categorized, but what is not possible to predict is when and how the consequences will occur. This thesis relates possible consequences to current findings about the shift of news readers from print newspapers to Web news sites.

The rate at which readers adopt Web news sites as their primary news source will, in part, determine the rate at which circulation for print newspapers will decline. Therefore, several of the questions that interview subjects were asked relate to the theory of diffusion of innovations. For example, interviewees were asked whether they consider news delivered via the Web to be a disruptive technology—originally defined by Bower and Christensen (1995) as a technology that is part of the cycles of life and death of the technological and market bases of any business—in relation to print newspapers. They were also asked whether newspapers and other news organizations that established Web sites early in the 1990s, when the Web was still in its early stages, have an advantage over newspapers, television stations, and other electronic media that came later.

### *The Impact of Newsroom Investment*

Chen, Thorson, and Lacy (2005) wrote that investing in higher salaries and



equipment for newsrooms increased circulation at a group of daily papers with circulations under 85,000. Meyer and Kim (2003) concurred, noting that above-average staff size helped newspapers retain circulation.

In the Chen et al. (2005) study, the authors noted that previous researchers assumed that circulation would decline if a newspaper's owners did not invest in the newsroom by keeping salaries commensurate with market rates and providing state of the art equipment to staff. They conducted a study using data from the Inland Press Association, which has gathered cost and revenue data from U.S. and Canadian newspapers since 1919. Each year, from 250 to 350 newspapers participate in the association's study. The authors stated that in all likelihood "the Inland data probably tell us more about the economic innards of American dailies than any other source" (p. 520).

Based on the Inland Press data, the study concluded that there was a moderate to strong association between newsroom investment and financial performance. The authors wrote that the results were consistent with previous studies demonstrating a correlation between higher newsroom investment and increased circulation. Consequently, the results of this study indicated that one way print newspapers could keep from losing circulation to Web sites or other media was to invest in their news product.

The Chen et al. (2005) study authors noted that "if the results of this study were found to be applicable to the newspaper industry, the failure to invest in the newsroom could be a form of slow-motion suicide" (p. 527).

St. Cyr, Lacy, and Guzman-Ortega (2005) researched whether investment made in newsrooms was associated with circulation change 5 and 10 years after the initial measurement of investment. They used a secondary research analysis of data on 41 daily newspapers with circulations of more than 25,000. They found that investment in the newsroom budget was no guarantee of circulation growth. St. Cyr, Lacy, and Guzman-Ortega (2005) held out the possibility, however, that if properly used such investment could affect circulation: "Editors and reporters must use the increased investment in ways that improve the paper from the perspective of readers if circulation is to increase" (p. 58).

In a detailed market study, Lacy and Blanchard (2003) examined another aspect of newsroom investment. They found that publicly-owned newspapers, usually part of a chain, produced higher profits than private ones. Public papers also had smaller, but higher paid staffs. Lacy and Martin (2004) wrote that competition is good for newspapers; it forces them to spend money on newspaper content. That, they wrote, improves quality.

Lacy and Blanchard (2003) studied 77 daily newspapers, each of which had a circulation between 25,000 and 100,000. The authors wrote that two trends reshaped the U.S. newspaper industry in the latter half of the twentieth century. The first was the trend toward increased control of newspaper companies by outside interests, and the second was the decline of competition among dailies. By 2001, fewer than a dozen markets had separately owned and operated daily newspapers within a city. Another 13 had joint operating agreements.

The authors noted the resignation of former *San José Mercury News* Publisher Jay Harris in early 2001 in protest of continuing salary cuts, and employee layoffs. As a public company, owned at that time by Knight Ridder, the *Mercury News* was obligated to its shareholders. Although understandable from a business point of view, cost cutting often runs contrary to the concept of quality news. Staffing cuts hinder the ability of newspapers to fully cover stories and to cover all major stories in their geographic regions.

In April of 2006, Knight Ridder sold the *San José Mercury News* and other publications to MediaNews Group, a private company owned by Dean Singleton, for \$737 million (“MediaNews Acquires,” 2006).

#### *Consolidation, Circulation, and Pricing*

Van Kranenburg (2001) also studied the relationship between consolidation of newspaper ownership and circulation. He focused on pricing. Van Kranenburg found that, despite consolidation of ownership in the Netherlands, total circulation was up significantly from 1950 to 1997. In 1950, 60 independent publishers were selling 112 newspapers with a total circulation of 2.78 million. By 1997, there were 13 publishers selling 53 newspapers, but total circulation had zoomed to 4.75 million.

Paterno (2006) wrote that the *New York Times* pumped \$35 million into the ailing *International Herald Tribune* after it bought the 50% it had not owned from the *Washington Post* in 2003: “In the last two years, the *Tribune* has undergone a transformation and its greatest expansion in the paper’s 118-year history” (p. 50).

Paterno's case study appeared to corroborate the research done by Chen, Thorson, and Lacy (2005). By acquiring the *Herald Tribune* and investing in it, the *New York Times* established itself as an international presence (p. 50). Although the *Times'* management indicated it saw a bright future for the *Herald Tribune*, it may come at a high cost for the *Times*, which saw its stock price drop from more than 50 in 2002 to 3.51 on Feb. 19, 2009 (Yahoo.com Finance, 2009a).

### *Research Questions*

Rogers' research on the diffusion of innovations, as well as research by Lacy and Blanchard, Lewis, and others on the economic consequences that diminishing circulation is having on newspapers, provide the background for the primary research question of this paper: What impact is the trend toward displacement of print newspapers by Web sites having on newspaper companies?

This thesis will examine in detail three aspects of the primary research question. They are:

1. What is the impact of the trend toward displacement of print newspapers by Web sites on the quality and journalistic integrity of news stories at newspapers?
2. What is the impact of the trend toward displacement of print newspapers by Web sites having on the methods of operation of newspaper companies?
3. Where is the focus of competition in the newspaper industry today? Do newspaper Web sites compete internally with the print side for resources? Is the focus primarily competition among newspaper companies for readers, or is it primarily between newspapers and other media on the Web?

## Chapter III

### Method

This paper primarily used qualitative research in the form of interviews with executives at print newspapers and newspaper Web sites. The method is a series of qualitative case studies based on the interviews. The interviews were done in person, at the offices of the selected editors. The interviews were recorded using a digital recorder, and a tape recorder as backup. The editors were each asked the same set of questions about the changes taking place in the newspaper industry. The questions are listed in the Appendix.

The case study method was chosen because there is a need for an in-depth look by knowledgeable insiders at what is happening to newspapers as Web sites draw away their readers. Newspaper editors were chosen because they are at the center of this transition and are knowledgeable about what changes are taking place, and the impact those changes are having on their respective newspapers.

The result of the qualitative research is the series of case studies on the various media outlets whose executives were interviewed for this study. The results section also relates the qualitative data gathered via the interview process with quantitative statistical data from the Audit Bureau of Circulations and other sources. There are 9 case study interviews with 10 editors at nine newspapers. Two editors were interviewed at the *San Francisco Chronicle*.

#### *Newspaper Selection*

The newspapers selected for study were chosen based on circulation size and

geographic distribution. The largest newspapers in the country were chosen to ensure that the newspapers would represent the largest number of readers possible. One smaller but prominent regional newspaper, the *Contra Costa Times*, was included. They were also chosen for geographic dispersal to reflect the state of the newspaper industry across as much of the United States as possible. The newspapers whose editors were interviewed are as follows: *New York Times*, *Boston Globe*, *Chicago Tribune*, *Chicago Sun-Times*, *Milwaukee Journal Sentinel*, *San Francisco Chronicle*, *San José Mercury News*, *Sacramento Bee* and *Contra Costa Times*.

Information gleaned from the interviews has been related to research data on the newspaper industry to provide as complete a picture of the state of the newspaper industry as possible, and to determine patterns of change that could indicate the direction the newspaper industry is going. The goal is to provide researchers and industry officials with as much data as possible to make decisions on the future of this important sector of American communications.

The switch by readers from print to Web news will likely play itself out for many years to come. It would be premature in this study to try to provide definite conclusions as to what the long-term consequences might be. The how of it—that is, the process and manner in which it is happening—continues to develop as the Web evolves at a rapid pace, and readers continue to migrate to Web sites and other digital media. What the final consequences of this transition of readers from print media to the Web will be cannot yet be fully known.

## Chapter IV

### Results

The dynamic nature of the newspaper industry is evident in the paths the interviewed editors have taken since their interviews in 2007. Martin “Marty” Kaiser, editor of the *Milwaukee Journal Sentinel*, was named editor of the year 2009 by *Editor & Publisher* magazine, a leading newspaper trade magazine.

John Yemma was a deputy managing editor at the *Boston Globe* at the time he was interviewed for this thesis. In June of 2008, Yemma was selected to be editor for the *Christian Science Monitor*, the nation’s first national daily newspaper to switch to an online-only format.

Owen Youngman was vice president of development at the *Chicago Tribune* at the time he was interviewed. Youngman left the *Tribune* in January 2009 to take the position of Knight Professor of Digital Media Strategy at the Medill School of Journalism at Northwestern University. Youngman left the *Tribune* slightly more than a month after the venerable Chicago newspaper declared Chapter 11 bankruptcy. According to the *Tribune*, plummeting advertising revenue in 2008 had left the company with little choice:

The move opens the most painful episode yet in a tumultuous period at the company that started when the former owners of the *Los Angeles Times*, which *Tribune* Company acquired in 2000, forced the company to seek a restructuring more than two years ago (Rosenthal & Oneal, 2008).

Across town at the *Chicago Sun-Times*, former managing editor Don Hayner (2007), who was interviewed for this thesis, was promoted to editor-in-chief on

February 18, 2009. Hayner (2007) said he has been with the *Sun-Times* for nearly 27 years: “This is a great news town. It’s been a privilege to work here as a reporter, and now it’s a privilege to work here as the paper’s editor.” However, Hayner does not have an easy job ahead of him. The *Sun-Times* is in a difficult financial position like many U.S. newspapers.

These and the other editors from across America who were interviewed for this thesis provide a broad spectrum of thinking about the challenges and opportunities facing the newspaper industry. On some issues they were in unanimous agreement, and on others there were splits and sometimes a wide variety of opinions. The first interview was with Jonathan Landman at the *New York Times*.

*New York Times: Jonathan Landman*

In early 2007, Arthur Sulzberger, chairman and publisher of the *New York Times*, shocked the newspaper industry with comments he made in *Haaretz*, an Israeli newspaper. In that interview, he said that the print edition of the *Times* might not be around longer than a few years: “I really don’t know whether we’ll be printing the *Times* in 5 years, and you know what? I don’t care either” (Arviel, 2007).

Sulzberger later clarified that what he meant was that the *Times* must be ready to support its operations mainly with Web revenue alone if need be, whenever that time comes (Palser, 2007). Still, his words were a wake-up call for those who think that the day when online news readership will eclipse print newspaper readership is still far off.



Sulzberger then took a major step toward making the *Times* primarily an online publication. On September 17, 2007, the New York Times Company ended its paid TimesSelect Web service and made most of its Web site available for free (Perez-Pena, 2007). The *Times* said the move reflected a growing view in the newspaper industry that subscription fees could not equal the potential advertising revenue on a free Web site.

In an interview, *New York Times* Deputy Managing Editor Jonathan Landman said that, like virtually every newspaper in the country, the *Times* is struggling to find a business model that works. “Nobody has figured out the business model on the Web yet. So all you can do is experiment and analyze and keep trying to find things that work” (Landman, 2007).

Landman noted circulation for the print version of the *Times* had gone down slightly in recent years. According to newspaper circulation tracking firm Burrelles Luce, the *Times*’ daily circulation hit 1,142,464 on March 31, 2006 and has gone down steadily since then, dropping to 1,000,665 as of the latest report that was released in March 2009 (BurrellesLuce, 2009).

Story quality, measured in terms of accuracy and readability, Landman said, had not yet suffered at the *Times* because staff size had not been affected appreciably by the overall downturn in newspaper readership. One reason Landman (2007) gave was the increasing ranks of readers for the online version: “There is no question that the Web has enlarged our audience enormously. Enormously. And into places that it otherwise wouldn’t reach.”

Like other newspapers though, Landman (2007) said, the *Times* had not come upon the right formula to consistently make money on the Web: “If we had to pay for our newsgathering operations out of Web revenues we couldn’t do it.”

In early March, 2008, the *Times* joined the growing ranks of newspapers that were laying off staff. Executive Editor Bill Keller told the *Times* staff that the paper was going to try to reduce newsroom head count by 100 positions by not filling jobs that went vacant, by voluntary buyouts—that is, retirement packages with large severance payouts, and—if necessary—layoffs (Kolbin, 2008).

*Times* reporter Richard Perez-Pena noted that the *Times* company had gone through a series of scattered buyouts and eliminated jobs. However, the number of newsroom employees in early 2008 had still risen to a record 1,332: “But with the industry’s economic picture worsening, the company is under increased pressure from shareholders” (Perez-Pena, 2008).

For 2008, the Times Company reported a loss of \$57.8 million on sales of \$2.9 billion (the New York Times Company, 2009). That compares with a profit of \$209 million for the year 2007, on revenue of \$3.2 billion (Perez-Pena, 2008). That revenue figure was down from \$3.29 billion in 2006 and \$3.37 billion in 2005 (Yahoo.com Finance, 2008b).

To raise capital in February 2008, the New York Times Company sold an additional 5% of the company to venture firm Harbinger Capital Partners, increasing Harbinger’s stake to 10% of the company (MediaPost, 2008).

Still, Landman (2007) said that, in general, the trend toward displacement of print newspapers by Web sites was having a positive effect at the *Times*: “It hasn’t affected yet the size of our news gathering operation. I believe in many ways it made us more nimble. It has made us work harder, for sure.”

Newspapers have to be able to deliver information in many forms so readers can get what they want, when they want it, across a broad range of topics. The *Times* has one of the more successful Web sites, with 49,110 unique visitors in January of 2009, compared to 48,000 unique visitors in May of 2008 (comScore Media Metrix, 2008, 2009).

In January of 2009 it was the No. 15 ranked U.S. Web site in terms of unique visitors, up from No. 36 in the June of 2007. However, the transition to electronic media has been difficult for the *Times*, Landman said.

One adjustment is to accommodate blogs and the increased public participation they bring. Sharing space on the newspaper page and the Web page with bloggers takes some getting used to, Landman (2007) said: “Citizen journalism is a term I don’t much like because it implies there is no such thing as professionalism and that professionalism doesn’t count. I believe that professionalism does count.”

#### *Quality and journalistic integrity*

For Landman (2007), journalistic quality is the result of a mixture of fixed, positive attributes: “Fundamental is your idea of what you are, of your commitment to facts, to truth, to a certain way of looking at and defining truth, to trust.”

He noted that the shrinking readership and revenue of the print newspaper

could have a negative effect on the *Times* ability to do investigative journalism. It is not the form in which news is delivered, be it print pages or Web pages, Landman said. Rather it is the information itself, and the distribution of it to readers that matters:

The attack on the business model (lower revenue from Web version than print version) means that if you don't solve those problems you won't be able to pay for the newsgathering. If you can't pay for that you won't have people looking at domestic spying programs and the CIA black operations and things like that. (Landman, 2007)

Technology, in the form of computers and the software that sits on top of it, has to improve, Landman said. The quality of conversation between the media and the public must improve significantly before it is at the level that is required for high quality journalism to sustain itself in this country, he said. Blogs enable this type of dialog between newspaper reporters and the newspaper's readers. But not all reader input is going to be interesting or high quality, Landman (2007) observed:

There are two ways to think about user generated content. One is as participation as a good in itself. The other is as content on your site. In the first category if people do it, it's good. In the second category, it's only good if it's good.

There are some sites that are doing an excellent job of moderating blog responses to increase the prominence of high quality reader comments. He cited Slashdot.com as a Web site that does a good job of using a combination of human and technological moderation to push its better comments up, and its worse comments down.

The *Times* sometimes receives more than 1,000 comments on a blog post by

one of its reporters. An editor looks at all of them, and responds if it is deemed appropriate. Despite this seemingly intense interaction with readers, Landman (2007) said the *Times* needs to do more to stay competitive in the changing media market: “I am not satisfied that we are doing it nearly as well as we could.”

#### *Impact on methods of operation*

Newspapers have tried to orient their products in ways to attract a younger reading audience. Landman (2007) said that has not been an effective method of boosting circulation in many cases:

The problem with explicitly going after young people is that what people do is they tend to treat young people like they’re stupid. And they put out an abbreviated version, shorter stories, lots of entertainment news. That’s not what readers of any age are there for.

To develop the kind of content today’s readers want, the *Times* has established a wide variety of partnerships on the Internet. In 2007 it partnered with NBC to provide coverage of the 2008 presidential election. Landman said the *Times* will continue to seek out such partnerships.

It is difficult to compare the number of readers of the *Times* print version to the number of viewers of its Web site. Landman noted it is difficult to measure because the readership and viewership metrics are quite different for newspapers and Web sites. As an example, the metric can be page views per day, week or month for news Web sites. Landman (2007) said no single standard has been set by the newspaper industry to measure Web viewership against print newspaper paid circulation: “It is very hard. It depends on what you mean by a reader. It is so hard to make those direct

comparisons. How do you translate 35 million unique monthly visitors into daily paid newspaper circulation?”

The transition of readers from print to online news sources has also caused *New York Times* management to make changes centered on the issue of resource allocation. Allocation refers not only to how much money a media outlet spends, but also ways that it divides resources between its print and online operations.

Traditional newspaper resource allocation questions are still applicable; for example, how many reporters to devote to beat coverage and how many to general assignment stories.

With the advent of online media, however, editors now also have to deal with questions such as: Would audio or video footage add to the story? Would it be appropriate to do a blog entry on the news item?

#### *Focus of internal and external competition*

Landman (2007) said there is definitely internal competition between the print newsroom and the Web staff for resources:

Well, in some sort of obvious ways, yes. You have limited resources. You have to decide how you are going to use them. So as a practical matter, when you try to expand or change from one thing to another, or expand into new areas, you have to have resources to do it. You know, it's just a fact of life.

Newspaper editors are confronted with a hundred new questions a day about the best way to handle stories, Landman observed. The answers to some of those questions come automatically because the practices are ingrained in editors.

At the same time, the business model for Web news is evolving and that injects

uncertainty and doubt into the newsroom. It makes it difficult for editors and the reporters who rely on them for guidance. Until a workable business model emerges, Landman said, this uncertainty will persist.

In the meantime, newspaper reporters and editors will continue to do the work they were trained for and to share new ideas as they come along:

People in this world (newspaper industry) talk to each other a lot and everybody has a pretty good idea of what everybody else is doing. All you can do is experiment and analyze and keep trying to find things that work. There is no magic there. (Landman, 2007)

*Boston Globe*: John Yemma

The cities of Boston and New York are rivals in many respects. They are both important seaports and business hubs that compete for international trade. One of their most intense rivalries is their sports teams—one of the all-time great major league baseball rivalries is between the New York Yankees and the Boston Red Sox. In the newspaper business, however, there is no competition. The biggest Boston daily newspaper in terms of circulation, the *Boston Globe*, is owned by The New York Times Company, parent to the *New York Times* newspaper.

Still, that is a recent development. The 125-year-old *Globe* had a long history and rich tradition of high quality journalism before the *Times* bought it in 1993. That tradition continues. According to its Web site, the *Globe* has won 20 Pulitzer Prizes since 1966. In 2008, *Globe* columnist Mark Feeney won the Pulitzer for criticism based on what the Pulitzer Committee termed “his penetrating and versatile command of the visual arts, from film and photography to painting” (Pulitzer.org, 2008).

The *Globe* was founded in 1872 by a group of six Boston businessmen who jointly invested \$150,000 to start the paper. The newspaper then hired retired General Charles H. Taylor, a 27-year-old Civil War veteran, as temporary business manager. The *Globe* had been struggling and Taylor managed to turn it around financially, according to the *Globe*'s history page on its Web site (Bostonglobe.com, 2008a). The paper named Taylor publisher, and he and his heirs ran the business side of the newspaper for the next 100-plus years. Benjamin B. Taylor, who was *Globe* publisher from 1997–1999, was the last publisher from the Taylor family. There have been tremendous changes at the paper since the 1990s when the Taylor family era ended.

On October 1, 1993, the *New York Times* purchased the *Boston Globe*. In the intervening years between then and now, under the guidance of the Times Company, the *Globe* has evolved into a multimedia operation. It was among the first newspapers to have a Web site, which it launched in 1995 (Bostonglobe.com, 2008a). Its Web site is consistently rated among the best in the country. In a June 3, 2008 report, financial news Web site 24/7 Wall Street rated it the 12th most read newspaper Web site in the country based on circulation (viewership) figures culled from an Audit Bureau of Circulations report (McIntyre, 2008). And Newsknife.com, a Web site that rates news Web sites, in May, 2008 rated it No. 6 in the country in relevance, based on Newsknife's "judgment and analysis" of the listings it recorded when it visited Google.com's news page and compiled statistics on the number of stories from various news organizations listed there and the number of times viewed (Newsknife.com, 2008).



The *Globe* struggled financially as newspaper industry fundamentals deteriorated at an increasing pace in the early years of the 21<sup>st</sup> century. According to Burrelles Luce, a newspaper circulation tracking firm that uses Audit Bureau of Circulations figures, the *Globe*'s print circulation declined at an accelerating rate from 2004 to 2008 (Burrelles Luce, 2004, 2005, 2006, 2007, 2008). At the end of first quarter 2007, for example, the *Globe*'s circulation was 382,503, a drop of 14% in the three-year period from 2004—2007. In the space of just one year, from spring of 2007 to spring of 2008, circulation fell precipitously, such that the cumulative drop-off in circulation from spring 2004 to spring 2008 reached 21%, and the *Globe*'s daily circulation plunged to 350,605 in May of 2008 (Burrelles Luce, 2008).

In early 2008, the *Globe* cut 48 jobs throughout the company via voluntary buyouts. In November of 2008, it laid off another 42 employees, mostly in advertising, circulation, and marketing (Boston.com, 2008b). The layoffs followed a staff reduction of 125 positions at the *Globe* in January of 2007, including 19 positions in the editorial department. Entering 2009, it was not clear whether the *Globe* would need to further reduce staff although the worldwide recession made the prospect likely.

John Yemma was deputy managing editor for the *Boston Globe* and editor of the newspaper's boston.com Web site in August of 2007, when he was interviewed for this thesis. He left the *Globe* in June of 2008 when he was named editor of the *Christian Science Monitor* (Cook, 2008b). A print publication when Yemma first worked there in the late 1980s, the Monitor announced on October 28, 2008 that it

would shift its daily print newspaper to an online-only daily news publication called csmonitor.com, starting in April 2009, although the Monitor still publishes a weekly print edition. Yemma (2007) has an extensive background in both print and online journalism, starting at a young age as a reporter for the *San Antonio Express*, which “was (media tycoon Rupert) Murdoch’s first acquisition, I’m happy to say.” Yemma spent most of his career in print journalism. In addition to the *San Antonio Express*, he previously worked at the *Dallas Morning News*, and at the *Christian Science Monitor* in the late 1908s, when it was still a print-only publication.

At the *Globe*, he was an editor on the *Boston Globe* Sunday Magazine, foreign editor, special projects editor, and political editor. He was named editor of bostonglobe.com in the fall of 2005. Yemma said, as the transition of readers to digital formats like the *Globe*’s Web site continues, economic conditions dictate that a mixture of Web and print news—although it will ultimately prove unworkable—will continue to be the most prevalent business model for newspapers. Although revenue and profits are declining for print newspapers, the revenue they generate is still much larger than what their Web sites generate. So for now they must offer both print and a Web site.

Asked whether he thinks print newspaper circulation will continue to decline, Yemma (2007) replied that the current shift by readers to Web news sites is a basic change in the news industry, one from which there is probably no turning back:

I don’t know that the external forces are going to be able to slow the decline. Internally, we can do everything we can with marketing and good journalism and presentation to make it a compelling newspaper every day. But I just don’t

know whether all of that is a holding action or whether you actually could see a growth in print circulation again.

*Quality and journalistic integrity*

How does this inability of the industry to escape from an old, increasingly unworkable but still profitable business model affect the quality of product that newspapers produce? There is an army of trained journalists, Yemma (2007) said, who can and will continue to produce quality journalism, despite the rigors of dealing with the transition:

Just as newspapers are being disintermediated by the Web by the kind of cheap, easy-to-publish aspect of the Web—anybody can be an editor or produce an online version of a print product—I think that large aggregations of journalists and editors are a resource that, I’m convinced of this, can exploit certain opportunities also.

For instance, with the technology barriers to broadcasting video on the Web falling rapidly, the *Globe* is increasingly training its print reporters to create video copy as an adjunct to their news stories. Yemma said he envisions a day when there is a *Boston Globe* video channel on the Web that is a partner to the online print stories.

The army of experienced journalists and editors is unique to newspapers and thereby is an asset in another respect, Yemma (2007) said: “I often think that newspapers are like the fattest guy in the lifeboat.” They therefore fare better than other media as the transition to digital news continues. Despite massive layoffs in recent years, newspapers still employ huge staffs compared to other media. Television and radio news staffs have also been disintermediated by the Web, perhaps to a larger extent than print newspapers. Today, Yemma (2007) said, even large urban television

and radio stations have just a handful of reporters and editors who report their news:

They have staffs of reporters you can usually count on two hands. Whereas with newspapers, it hurts to have gone through the kind of staff reductions we have gone through, and we may well go through. But we still have a pretty good core of people who have boots on the streets, who are out there reporting and writing and producing original news under standards that we all agree are the right kind of standards. It's not just, "I'm a blogger, trust me."

Yemma said the quality standards for newspaper Web sites are increasing.

That could enable newspapers to raise the prices they charge for advertising and ultimately help newspapers compete with bloggers and independent Web news outlets.

Yemma compared the situation to the first few generations of television. At television's inception, broadcast journalists did not understand the new medium they were working in. News reporting on television was often just a version of radio news with the image of a news reader on the TV screen. It took about a generation before real news reporting—that is, news that could be better expressed via video than in print and that had a high degree of viewer interest—emerged:

I think that is happening on the Web too. I think we are learning to be online storytellers. The more it delights readers and the more it draws intelligent readers, the more we reaggregate an audience that we may have been losing in print. (Yemma, 2007)

Still, Yemma (2007) said, the multiple rounds of layoffs of reporters and editors at American newspapers in recent years worry him. There is no substitute for experience. And with experienced reporters being laid off in large numbers, the staff that is left must work harder than ever:

I think everyone is running flat out. There is not a whole lot of bench depth (sports term referring to backup players). Or at least the bench depth that I used to think was there is not as deep. I think that's the big problem. The

basics are probably still getting covered in a good way. And we are probably more productive than we ever have been individually as journalists. I just worry that all of these other aspects of journalism including beautiful writing and long-term investigations will decline. Long term, I don't know what the trend lines are in the industry.

### *Impact on methods of operation*

Asked whether he can envision a day when the *Globe* would not put out a print version, Yemma (2007) replied: "Before we get to a kind of dramatic or even catastrophic steady state like that, I can see a number of different permutations."

Yemma said that the *Globe*, like other newspapers—and he referred specifically to the *Chicago Tribune* as having a similar strategy—has a niche publication strategy where it is looking to develop new print publications for niche markets. He said that there is an audience segmentation pattern emerging in the industry, based on personal interest, social groups and business groups. In addition, Yemma (2007) said that the physical format of print newspapers will get smaller in order to save money on printing costs and provide variety to readers: "I can imagine in some markets you could go to a tabloid or a Berliner size print product. And maybe the Sunday experience is the bigger experience for print." If so, it would make sense to devote more resources to that edition, and less to daily versions. As print formats continue to evolve, perhaps the newspaper would go to a magazine format, or a combination of print on weekends and an online-only paper during the week.

Similar to others interviewed for this thesis, Yemma (2007) said it is possible to aggregate a larger audience by producing a wider variety of products, rather than just having a traditional print daily newspaper:

Our audience reach has increased. And I am not in marketing, but as a sales scheme it is possible that if you can aggregate a bigger audience over a wider variety of products rather than just having this one print daily, traditional newspaper product you may be able to exploit that in some commercial way.

One big obstacle to success is that when newspapers first put their news on the Web, nearly everything on the Web could be accessed at no charge. Now it is hard to change that pattern, Yemma (2007) said:

Look, I'll be frank. I think that at some level newspapers have this conundrum, and that is that they decided—they sort of had to decide but I think it is the way their world is organized—back in the 1990s that they would essentially put their product for free on the Web.

The problem, he said, is they have not found a way to make enough money on the Web to offset the loss of revenue from print news.

#### *Focus of internal and external competition*

Yemma said there is internal competition at newspapers between the print and digital versions. However, it is to be expected in a situation like the newspaper industry is in, where an old model—print news—exists alongside a new model, digital news delivery. Just as in the past there was competition among various sections of print newspapers for internal resources, today there is competition between the print and Web versions:

There's always going to be internal competition for resources. It may be more dramatic because of the problems in the industry right now. But it is similar to the competition for resources within a newsroom even absent an online operation between, say, the living arts department and the business department. (Yemma, 2007)

Yemma said the *Globe* had already integrated its online and print operations into one continuous news operation. One aspect of that integration process was to

train all of the reporters, both print and online, to use multimedia tools such as digital cameras, notebook computers and BlackBerry-type handheld communication devices.

Yemma (2007) said both the *Globe* print paper and Web site fiercely compete with other newspaper Web sites: “It is true that online audience has increased as print audience has decreased. So, yeah there is competition externally too for audience.” He views that primarily as a competitive opportunity for newspapers, which now have both print and Web versions to attract and hold readers, rather than a situation of scarcity within individual newspaper organizations. The increasing pressures of external competition from other media and internal competition for resources necessitate strong cost-control measures, Yemma said.

Despite having a clear vision of some possible scenarios for the newspaper industry, such as those outlined above, Yemma says like most other industry insiders he still has no clear vision of what lies beyond the great transition the industry is going through. In the interview for this thesis, which predated his selection as the first editor for the Web-only, daily *Christian Science Monitor*, Yemma (2007) summed up the dilemma newspapers face:

Just looking at the industry in general, since newspaper circulation is not growing significantly, there is a need to cut costs. And the more costs that are cut the more you begin to get to a day when you might get to replace the huge baggage train of printing presses, ink, forests of paper, Teamsters’ union contracts, all of those things, with just the electronic publishing system and just support the journalistic core. But I don’t know how you get there. I mean that is a major refitting while the ship is underway. I don’t know how that is going to happen. But that is the trend line for what is happening.

*Chicago Tribune: Owen Youngman*

On December 9, 2008, the *Chicago Tribune* filed for Chapter 11 bankruptcy protection. *Tribune* Chairman Sam Zell said at the time that the *Tribune* was facing what he called a “perfect storm” of forces buffeting the newspaper industry and the *Tribune* (Rosenthal & Oneal, 2008). The filing was the culmination of a series of painful events for the newspaper, including a move in 2006 by the former owners of the *Los Angeles Times*, which the Tribune Company bought in 2000, to force the *Tribune* to begin to restructure. As a result of that pressure, Zell took the Tribune Company private in December of 2007. As the general economy first slipped into recession at the end of 2007, and then deeper into recession during 2008, the debt-laden Tribune Company had to declare bankruptcy.

The *Tribune* was not alone in facing the “perfect storm” of course. The *Associated Press* reported that in one week in mid-June of 2008, a half dozen newspapers planned to cut staff (Robertson, 2008). The Tribune Company, one of the country’s largest newspaper groups, was considering selling the iconic Tribune Tower, which served as its headquarters. *Tribune* management was also contemplating selling the headquarters building for the *Los Angeles Times*. It had earlier put another of its assets, the Chicago Cubs baseball team, up for sale. On August 31, 2009, a judge approved the sale of the team to the family of billionaire Joe Ricketts, founder of TD Ameritrade (Chase, 2009).

The Tribune Company, parent to the *Chicago Tribune* newspaper, is a privately held corporation that employs approximately 19,600 (Yahoo.com Finance,



2008c). In addition to the *Chicago Tribune*, it owns the *Los Angeles Times* and various other newspapers, radio and television stations.

In the summer of 2008, the Tribune Company made preparations to unveil a redesigned version of the *Chicago Tribune* on September 29 of that year (Saphir, 2008). Earlier efforts to improve the look of the newspaper and quality of journalistic work at the *Tribune* to retain readers and stem continuing losses had not worked. Company officials noted in an earnings conference call on June 5, 2008—after Sam Zell took the Tribune Company private in December of 2007—that it laid off more than 860 employees (seekingalpha.com, 2008).

The dire situation the newspaper industry found itself in was reflected in the dramatic and ominous title of a commentary by Robert Niles (2008) in the Annenberg School of Journalism's *Online Journalism Review*, "It's time for the newspaper industry to die."

In his commentary, Niles referred to a *Chicago Tribune* profile of violinist Rachel Barton Pine by reporter Howard Reich. Niles said it was a truly outstanding piece of reporting. One hundred and sixty readers responded to the piece in the newspaper's blog. Some comments were rude and abusive and some presented misinformation. Niles was astounded to find that no one from the *Tribune* engaged in that dialog. That lack of leadership had allowed the unregulated online debate to spin out of control.

Niles' comments are in accord with those of *San Francisco Chronicle* Editor-at-Large Phil Bronstein who, in an interview for this thesis, said newspapers have

abandoned the community-building function they once performed (Bronstein, 2007).

Niles (2008) concluded that if newspapers cannot perform that vital function, then other online news organizations will take it over and newspapers will fade into history:

Engagement with the public is something that's been budgeted out of too many newsrooms over the past generation. It's time to bring that back. It's time to do that online. And if a beloved label needs to be sacrificed to inspire innovation that will enable this effort, so be it. It's time for the "newspaper" industry to die. Because we all need the news industry to survive.

Owen Youngman, vice president of development for the *Chicago Tribune* newspaper at the time he was interviewed for this thesis, was the person responsible for implementing changes to try to return the Tribune Company to the prominence it once had in the Chicago area. Specifically, his job was to enable it to once again be successful both financially and as a community-building organization. In January 2009, Youngman left the *Tribune* to take the position of Knight Professor of Digital Media Strategy at the Medill School of Journalism at Northwestern University.

His position at the *Tribune* encompassed a variety of responsibilities.

Youngman was charged with creating products and services either inside the core newspaper or outside of it that would bring more readers to the newspaper.

Youngman (2007) said that circulation for newspapers, including the *Chicago Tribune*, will continue to decline:

As we create more choices and more avenues for people to satisfy their information needs and give advertisers a way to reach them, they will use those more and read our basic product, what we call the blue paper (*Chicago Tribune*), less.

Youngman said the question is not how to keep people reading the *Chicago*

*Tribune* instead of reading their news on the [chicagotribune.com](http://chicagotribune.com) Web site. Rather, it is how in an era of information proliferation and fragmentation, can a newspaper group such as the Tribune Company bring the maximum number of people into the overall franchise.

Youngman said that every research project the Tribune Company has conducted found indisputably that it was not the existence of a newspaper's Web site that cut into the companion print newspaper's circulation and readership. Youngman (2007) said it is the new online news companies that compete with existing newspapers that are drawing off readers: "It is not [chicagotribune.com](http://chicagotribune.com) sucking readers away. It is the Internet itself or other delivery channels that are diverting people"

The solution is simple, although not easy to implement, Youngman said. If readers are choosing alternative news products to the traditional daily print newspaper, give them what they want.

To implement this strategy, the Tribune Company has increased the number of print and online products it offers to Chicago residents, and it plans to further expand its portfolio. It will increase the array of choices so there will be a wider variety of targeted news products from which readers can choose. As a result, the company can reliably tell advertisers they can use the combined products to reach a larger percentage of the valuable consumer audiences they are trying to reach. Youngman said the goal is to put the Tribune Company on a path that will enable its circulation to grow over the long run.

### *Quality and journalistic integrity*

Increasing circulation is not the only consideration for newspapers, nor should it necessarily be the primary one. Integrity and commitment to honest, factual, thoroughly researched stories should be a top priority for newspaper companies.

There is a basic set of principles that most people who call themselves journalists traditionally have believed are immutable: accuracy, credibility and standing in the community among them. Youngman noted from that standpoint, there is no inherent competition between print journalists and Internet journalists, or between Web sites and print newspapers. If the values are the same, the various parts of a news organization will compete for excellence rather than for resources.

To create a diverse collection of high quality products, Youngman (2007) said, the *Tribune* has developed newspapers for niche markets:

Clearly, the momentum in information dissemination these days is for targeted audiences in niches. While newspapers still aggregate the largest number of people in the market on any given day, there are increasing opportunities to attract people in given niches and serve them well in areas of particular interest.

In contrast to online readership of [chicagotribune.com](http://chicagotribune.com), he said, readership and circulation of the print version of the *Chicago Tribune* newspaper are consistently down during the last decade. Despite the downward print readership trend, the *Tribune* introduced *RedEye* in 2002, a free daily tabloid newspaper targeted at young urban commuters, currently circulating 150,000 copies a day. The *Tribune* also publishes a Spanish language daily paper called *Hoy* ("Today"). Depending on the day of the week, it circulates between 65,000 and 211,000 copies of *Hoy*.

In terms of printed daily newspapers that the *Chicago Tribune* produces in the Chicago area, the circulation and readership of *Hoy*, *RedEye*, and the *Chicago Tribune* combined in 2007 was higher than the *Tribune* by itself in 2002, Youngman said. At that time, Youngman (2007) said, the *Chicago Tribune* was the only newspaper published by the Tribune Company:

The raw numbers of people who read the *Chicago Tribune* will go down. The amount they are willing to pay us will go up. And the economics will allow us to launch ever more niche products in print and online and mobile—and whatever else is coming.

Youngman noted that the *Chicago Tribune* is a general interest newspaper that takes its role of citizenship and leadership in the community seriously. For example, Youngman (2007) said it would not choose to sell its Sunday edition for five dollars a copy, rather than (as of September 2009) \$1.99 per copy, merely because it can:

It is the responsibility of those of us who think that the newspaper, or the entity that formerly was a newspaper and now is a news organization, needs to continue to emphasize its values, to emphasize what our name brand and our reputation stand for and to continue to deliver that across all media. That at least gives us a chance to be a voice that's heeded.

#### *Impact on methods of operation*

On August 21, 2008, the Tribune Company announced that Jane Hirt, the founding co-editor and later editor of the youth-oriented *RedEye*, would be the new managing editor of the flagship *Chicago Tribune* newspaper (Oneal, 2008). The thinking at the *Tribune* was that her success with *RedEye* could translate into an improved product—and higher readership—for the *Chicago Tribune*.

Youngman (2007) said that the *Tribune* and other large daily newspapers

around the country artificially support circulation numbers to retain advertising revenue. As total circulation once again increases, that will allow them to abandon that operational practice:

We and other newspapers that are similarly situated will be able to stop artificially supporting the circulation (figures) by selling and reselling the same customers in a never-ending cycle of discounting, expiring discounts, and then re-upping. It is a very inefficient way to spend millions of dollars a year.

Blogs can add to editorial quality or detract from it, depending in part on how well managed they are. Youngman (2007) noted that another operational change at the Tribune Company is that it is cautiously incorporating blogging into its product line: "Certainly I am willing to acknowledge the real value that can be brought by additional independent journalism. I mean Thomas Payne was a sort of protoblogger, right? So what is old is new again."

Newspapers are also trying to add more visual appeal, Youngman (2007) said, in an effort to compete with the highly visual Internet:

It may be that the print newspaper is the store window to the robust transactional environment that we offer online, and it becomes more of a directory to that, rather than a marketplace in and of itself. We are doing some of that now at the *Tribune* and we are trying to do it better over time.

#### *Focus of internal and external competition*

Youngman (2007) does not subscribe to the idea that newspapers are engaged in internal struggles between the legacy print side and the emerging digital side:

Well, journalism is journalism. I am not one who subscribes to the idea that modifying it by saying Internet or print or television or radio is meaningful. There is a basic set of beliefs that most people who call themselves journalists have that are immutable. So from that standpoint no. They do not compete.

Morale among staffers at the *Chicago Tribune* has remained high despite continuing decline in readership, Youngman said.

He noted that the *Chicago Tribune*, in what he termed a “bad week” could have roughly 3.3 million people reading some part of the newspaper. And in a good month, chicagotribune.com will have 1.8 million unique visitors. Staffers at the *Chicago Tribune* newspaper have accepted that readers are switching to online news and they are committed to helping make that change possible, Youngman (2007) said:

Does it sound to you like there is no value left in print? Or does it sound to you like, as one shrinks and the other grows, we need to continue to leverage them to drive value for the customers?

At the time of the Youngman interview in July of 2007, morale among reporters at the *Tribune* had gotten a boost from a story the newspaper had broken.

The *Chicago Tribune* and its sister Web site, chicagotribune.com, published a story on the front page on July 15, 2007 about a deal that was being cut by the state of Indiana for British Petroleum to dump waste into Lake Michigan. Indiana was permitting it in order to have 80 more jobs in that state, the story said (Hawthorne, 2007).

But dumping the waste would have an impact on the water supply of the Great Lakes states far greater than the benefit the 80 skilled jobs would bring, Youngman (2007) said:

It mobilized the Chicago metropolitan area because people really care about their lake. Seeing that story in the *Tribune* and on chicagotribune.com had a way different impact than it would have in some other unbranded, or less branded environment.

*Chicago Sun-Times*: Don Hayner

The *Chicago Sun-Times* was among the hardest hit of the large regional dailies by the transition to Web news. Like other dailies, the *Sun-Times* had to put up a Web site to try to draw readers to the publication, but at the same time it was dealing with declining readership, revenue and profits. Unlike most other dailies, the *Sun-Times* was also confronted by intense competition in its home city of Chicago from the much larger *Chicago Tribune*.

By the dawn of the twenty-first century, most large American cities had only one large daily newspaper. Chicago was fortunate to still have two competing morning dailies. The Tribune Company, parent to the *Chicago Tribune*, had revenue of \$5.06 billion for calendar 2007, its last full year as a public company (Yahoo.com Finance, 2008c), in contrast to the rival Sun-Times Media Group, parent to the *Sun-Times*, that recorded revenue of \$372.3 million for that period (Edgar Online, 2008). The *Sun-Times* is the largest newspaper in the Sun-Times Media Group, which owns 94 newspapers in the greater Chicago area, most of them weeklies (Sun-Times News Group, 2008b). It also owns the Chicago Sun-Times News Group (STNG), a successor to the City News Bureau, one of the first news bureaus in the country. Founded in 1890, the bureau was a cooperative news agency for the newspapers of Chicago (Editor & Publisher.com, 2006). The bureau had reporters covering all of the major beats: courts, city hall and police among them. It was a training ground for beat reporters, among them noted writer Kurt Vonnegut, who worked at the City News Bureau in the 1940s (Editor & Publisher.com, 2006). The City News Bureau closed



down in 2006. Shortly after that, the Sun-Times Group formed the Sun-Times News Group, patterned after City News Bureau. Sun-Times News Group hired former City News Bureau staffers and transferred reporters from the *Sun-Times* to the new entity, which serves all 94 papers owned by Sun-Times Media Group.

Weakened by the ongoing battle with the *Tribune*, the once mighty *Sun-Times* saw its stock price fall throughout the first years of the twenty-first century, to the point where it was a penny stock, valued at under \$1 in early 2008. As a result, it was delisted by the New York Stock Exchange (NYSE) on March 26, 2008 (Edgar, Online, 2008b).

The *Sun-Times* was also feeling the effects of a long battle with the Audit Bureau of Circulations (ABC), the privately held industry group that tracks circulation figures for newspapers and is considered the source of record for such data. In July 2004, the ABC censured *Sun-Times* and other Sun-Times Media Group newspapers for circumventing ABC's bylaws by using deceptive practices to try to inflate circulation numbers (ABC, 2004). The censure was injurious to the *Sun-Times* because advertisers use ABC figures to determine where they will place ads and how much they are willing to pay for them. The newspaper group corrected the figures, and the last of the Sun-Times Media Group newspapers to be on censure status with the ABC, the *Chicago Sun-Times*, was returned to good standing by the ABC in the first calendar quarter of 2008 (seekingalpha.com, 2008).

Despite its various competitive battles, the *Sun-Times* maintained a reputation

for quality journalism. In September of 2008, *Sun-Times* editorial staff won six awards in the Chicago Journalists Association's 69<sup>th</sup> annual Sarah Brown Boyden Awards competition. That was the highest number awarded to any print or electronics news outlet in the Chicago metropolitan area.

Don Hayner was managing editor of the *Sun-Time* when he was interviewed for this thesis. On February 18, 2009, the *Sun-Times* named Hayner editor-in-chief. Hayner is blunt and plain-spoken in his assessment of the newspaper industry. He unequivocally states that news readers are migrating to online news sources, and this transition is decimating newspapers financially because they earn less advertising revenue—the main source of revenue for newspapers—from their Web versions than they do from the print ones. For example, for the three months ended June 30, 2008, the *Sun-Times* earned \$82.97 million in revenue. Of that, \$62.7 million was derived from advertising, \$18.8 million from circulation, and the rest came from job printing and other sources. Despite its troubles, Hayner said there will still be need for a print version of the *Sun-Times* for many years to come.

Asked whether he thinks the *Sun-Times* will still offer a print version of the newspaper in 15 to 20 years, Hayner (2007) said:

I think everybody in this business right now is trying to figure that out. And they look out into the future and they just see a dense fog. Personally, I find it very hard to believe that there is not going to be some print (version) down the road.

An advantage that print newspapers have is that they can provide general news, whether local, national or international, whereas the Web is designed to provide

literally millions of different pipelines of information, to the point where it can overwhelm readers, Hayner (2007) said: “If you are looking for a general news feed, the Internet is like standing under a waterfall with your mouth open.”

*Quality and journalistic integrity*

Hayner (2007) said one technique the *Sun-Times* is using to increase circulation for its print newspaper is to focus on local news reporting: “We are not necessarily trying to be all things to all people, but we are trying to be all things to all people locally.”

The *Sun-Times* has strong sister newspapers, he said, that circle Chicago, from nearby Joliet out to Maryville, IN:

If something happens down in Joliet, where normally we would have to send someone from here (*Sun-Times* Chicago headquarters) down to Joliet, we have a great, hardy paper down there that is already on the scene getting the pictures, getting the reports. We can get that online relatively quickly. And that (process) will get quicker. (Hayner, 2007)

Hayner said all newspapers are scrambling to come up with new formulas for what news to cover and what geographic, socioeconomic, and political areas they are going to cover. As they do, there is what he termed a “drift away” from coverage of local government stories. Hayner said, because local and state governments are generally open bodies that hold open meetings and keep public records, covering them is often easier than doing investigative stories, for example, on the effects that a toxic waste site is having on neighborhoods near the site.

As a result, newspapers have in the past erred on the side of going too far in covering government, because it is an easily collectible news source. Today, with the

proliferation of news outlets on the Web, newspapers are being forced to focus more on analytical news. In the long run, that change of focus will improve quality of news coverage. As a result, there is a shift away from covering government meetings such as city council and county planning commission meetings, which are generally more spot news events than ones that lend themselves to analysis. Hayner (2007) said too little coverage could ultimately be as bad as, or worse than, too much coverage of government meetings: “I think that trend away from reporting on local government meetings is worrisome from the standpoint of our basic understanding of what is going on around us.”

However, there are ways to do an excellent job of covering local government activities, Hayner (2007) said, and at the same time make that type of story more interesting to today’s media-saturated readers:

To do that, you have to be more contextual to the everyday person. And I think there is a way to make a lot of those stories more contextual. I think that there is some good in all of that, to try to just force us to be more interesting and actually care more about our craft, which is writing.

Hayner said the proliferation of Web news sites could improve the quality of news coverage in other ways. For example, newspapers can use the Web to draw more people into the democratic process, and blogs, reader feedback on stories, and other features can draw in people who previously would not have been interested in stories about local government. However, for this trend toward greater democracy to succeed, Hayner (2007) said, readers need to make the distinction between legitimate news and rumor and innuendo served up by untrained bloggers with an axe to grind:

I think there are a lot of healthy aspects to this democratization of information. And I think what it does is make it a little tougher to gauge the accuracy of that information. But that is up to the reader for the most part. You either trust the reader or you don't on that matter.

### *Impact on methods of operation*

One way the *Sun-Times*, like other newspapers, tries to transition readers to its Web site is to “cue” them to it. It cues them by putting a Web site address into its print version stories where they can get more information about a story, or where they can find a list of related stories or a blog linked to the story.

Hayner (2007) said this technique occasionally makes readers angry—especially those who are not quite ready to transition to the digital information age:

We had a situation where a kid had written an essay that got him in trouble with his school. And we said in our story: For the full text of his essay, go online. And I got calls from people saying, “Hey, I don’t have a computer. Why are you telling me to go online?” So I think you have those kinds of problems that you have to iron out.

Hayner said in the long run, it boils down to methods of distribution. The old method for print newspapers of printing the newspaper using paper and ink, and then delivering it by truck, car, and bicycle, is fading.

The preferred method of distribution is inexorably becoming electronic media—primarily Web sites today delivered on laptop and desktop PCs, and increasingly on Web-connected cell phones and other handheld devices.

Hayner agreed with the majority of editors interviewed for this thesis that classified advertising is the business area at newspapers that is most impacted by the

reader transition to Web sites. However, when considering display advertising, print newspapers actually have “acute advantages.” One is convenience.

Readers can access a print ad in a few moments, simply by picking up the newspaper and turning to the advertising pages. The same is true of storing ads. Readers can tear out and retain print ads, Hayner (2007) said, whereas online display ads rotate frequently and could be difficult or impossible to retrieve at a moment’s notice:

You are going to get more pop (reader response) on certain things. Like retail display ads that you can rip out of the paper. They are going to give you a little more lasting endurance of that ad than a blinking annoyance online.

#### *Focus of internal and external competition*

When asked whether there is internal competition at newspapers between the print and Web versions for readers and revenue, Hayner (2007) gave a single-word, emphatically stated answer: “Yes.”

Asked to elaborate, Hayner said that it is obvious that specifically younger readers are getting more of their news online. Hayner (2007) said that contrary to many reports, older readers are increasingly turning to the Web for their news:

I think there is a difference generationally among those people who are going to be using a newspaper. I think we would still have the baby boomers, basically, as (print) news readers. But that is a generation that is pretty adaptable too. And they are migrating over to a place where there is much less revenue and a much smaller percentage of revenue. So that competition (between print and digital media for older readers) will remain there for a while.

However, he said that the competition is not so much inside the *Sun-Times* or inside any given newspaper. Rather, the Web site of one newspaper competes with

the print version of another. For example, Hayner said the primary competitor for the *Sun-Times* Web site is the print version of the *Chicago Tribune*.

Competition in the news industry has become diffused, Hayner (2007) said: “I think we have to view everything as competition now.” Newspapers dominated the news market in the early part of the twentieth century. Radio took a portion of that business away, but newspapers were still able to thrive. Television took another chunk of business away, and yet newspaper sales for decades after the advent of television news still grew at a healthy rate. The advent of digital electronic media—Web sites, news briefs on cell phones, and other still-emerging digital media such as in-vehicle car computers and so-called smart phones that are basically cell phone/personal computer combinations—vastly multiplies the number of competitors that newspapers face.

The way to counter the drain of readers from print newspapers is to join forces with the new media, Hayner (2007) said:

I think the more unification we have with our Web site, the better off we are going to be. We view them (Sun-Times Web site) as friends, not enemies. And I think that is what you have to do. And I think that is the way everybody has to do it right now.

As newspapers evolve, the strain of successive rounds of employee layoffs, along with decreasing circulation, revenue, and profits, and the continual search for a workable format and new business model can take a toll on staff members. Hayner (2007) urged patience while the industry as a whole develops a workable new business model: “The problem is with the pressures of finance. I do not think the industry as a

whole has a lot of patience. But I think patience is what is required here”

Looking toward the future, Hayner (2007) envisions the emergence of an electronic newspaper format that enables a newspaper formatted to an individual’s exact personality: “I mean formatted to exact reader needs, exact reader goals. You will subscribe after doing basically an informational questionnaire about yourself, and what you want. And you will be able to get a newspaper delivered to you electronically.”

*Milwaukee Journal Sentinel*: Martin “Marty” Kaiser

In April 1995, the former *Milwaukee Journal* and *Milwaukee Sentinel* merged into the *Milwaukee Journal Sentinel*, a newspaper distributed throughout the greater Milwaukee, Wisconsin area (JSOnline.com, 2008).

It was a situation where a struggling afternoon newspaper, the *Sentinel*, was taken over by a stronger morning newspaper, the *Journal*. The bright future that managers and editors at the newly merged *Journal Sentinel* may have envisioned in 1995 was overshadowed by a mega-trend in the newspaper industry. It was the dawn of the Internet news era, and along with the rest of the newspaper industry, the *Journal Sentinel* was about to be faced with fundamental changes that would shake the industry to its foundation.

The history of the two newspapers goes back further than the mid-1990s. In 1974, the Journal Company bought the *Sentinel* and it ran it and the *Journal* separately until 1995, when it merged them into the morning-distributed *Journal Sentinel*.

Journal Communications is the parent company to the *Milwaukee Journal*



*Sentinel*, which is its largest property in terms of generating revenue. Journal Communications also owns more than 90 community newspapers, along with other communications-related businesses including radio and television stations in Wisconsin, Nevada, Idaho, and California.

Revenue for Journal Communications has fallen in recent years, although extensive cost-cutting measures, including several rounds of layoffs, have increased company profits. Journal Communications revenue in 2005 was \$764 million. That figure fell to \$672 million in 2006, \$583 million in 2007, and \$545 million in 2008. Net profit of \$66 million in 2005 dipped slightly to \$64 million in 2006, jumped to \$110 million in 2007, and plummeted to a loss of \$224 million in 2008 (Yahoo.com Finance, 2009d).

The newspaper's Web site, JSOnline.com, is consistently among the top 30 viewed newspaper Web sites in the nation. According to a July of 2008 Nielson Online report, the *Journal Sentinel* had 1.45 million unique visitors in June of that year, up 33% from the same month the prior year (Saba, 2008). That made the *Journal Sentinel's* Web site No. 29 on the Nielson list. In contrast, the print version of the *Journal Sentinel* ranks No. 41 in circulation nationwide, with roughly 242,000 readers (Newspapers.com, 2007).

Martin "Marty" Kaiser is senior vice president and editor of the *Milwaukee Journal Sentinel*. The award-winning journalist was named 2009 Editor of the Year by Editor & Publisher magazine in February 2009. In an interview, Kaiser (2007) said that the *Journal Sentinel* has a circulation of roughly 225,000, more than the *Journal*

had by itself, but less than the combined circulation of the two newspapers in 1995 when the Journal Company combined them. He noted that people who read newspapers for news are still buying the *Journal Sentinel*. However, those who bought it to read classified advertisements and other related small items, Kaiser (2007) said, are now going to the Web:

The newspaper used to be the only place that had sort of little, basic information like what time the movies showed. Now, I can go online and get that just as well as I can from the newspaper. There are still plenty of people that do it that way [get basic information from newspapers]. But if we were the only place to get that sort of thing, it would be nice.

Kaiser (2007) noted that the problem of declining readership, revenue, and profits is not unique to the *Journal Sentinel*: “I think the (newspaper) business model is more broken than the news model”

Although the *Journal Sentinel* has been impacted by readers switching from print newspapers to Web news sites, Kaiser (2007) said it is faring better than most large newspapers:

One of the fascinating things about Milwaukee is we consistently have the highest penetration in readership (ratio of readers to total population in a newspaper’s distribution region) in the country. On Sundays we are usually No. 1 or No. 2 in dailies. And we way over-perform in circulation to where we are as a metropolitan region.

Asked whether he thought that newspapers would still be putting out print versions in 20 years, Kaiser (2007) said yes, especially for long-time readers because they are accustomed to print:

I have moments where I think that we in newspapers as an industry are a little bit too tough on ourselves with what is happening in the sense that reporters love to write about new things. Here is this new thing, the Internet, and it is

disruptive to newspapers. There is disruptive technology taking place to television and radio but they do not do shows about themselves because they do not have as big of a staff as newspapers do.

Kaiser said readers who are abandoning print newspapers are mostly single-copy buyers—the people who bought papers on Sundays because they were looking for ads for jobs.

The *Journal Sentinel* did focus groups in 2002, trying to determine how to make people who pick up the paper just occasionally pick it up more often. The results demonstrated that people who were picking it up occasionally were not interested in news. They were interested in advertising, Kaiser (2007) said, which makes it hard for newspaper editors to respond effectively: “I remember walking out of those sessions thinking there was nothing useable we could have done.”

Kaiser (2007) said print newspapers have an advantage over Web sites when it comes to display advertising:

I still hear people say—and it is anecdotal—that ads on the Internet are sort of cluttered. And that the effectiveness of ads in the newspaper is strong. I do not think we have gotten that message across to advertisers.

#### *Quality and journalistic integrity*

Asked whether he thinks the proliferation of Internet news sites and the deterioration of newspaper readership could lead to degradation in news coverage by newspapers as they lay off staff and cut back in other areas, Kaiser (2007) said yes: “If you do not have as many journalists, you are not going to produce as many stories. And so you are not going to have as much coverage of what is going on.”

What newspapers have been is a vehicle to drive conversation about the big

stories in a city, region, country, or worldwide: “So if you had a big investigation or a big project, that is what drove the discussions” (Kaiser, 2007). Like other newspaper editors interviewed for this thesis, he expressed concern that newspapers have distanced themselves from that community-building function.

Further, as media compete for news, they may be splintering readers into dissimilar groups, Kaiser (2007) said, making it harder still to build a sense of community: “I am concerned that, as media sort of fracture and splinter, where is the place where the community comes together now?”

Kaiser explained that by “fracture” he meant—in addition to the proliferation of Web news sites—the parallel proliferation of television and radio stations as the digital revolution expands. If a television news consumer wants to find a Web site that expresses opinions similar to those held by the viewer, that is facilitated by the availability of literally millions of Web sites. Similarly, if a television viewer wants to find a broadcast station that reflects the viewer’s opinions and preferences, that is equally easy to do, with hundreds of channels available. However, the opposite is true with newspapers. Most large cities today, Kaiser (2007) said, have had a consolidation in the number of newspapers and are left with a single large daily:

And there are these individual regional newspapers (such as the *Milwaukee Journal Sentinel*) where we try to present all the views that we can. A lot of times —to show the diversity of views of people in a metropolitan area—I think that is one of the things that we can do. And I think that is why we are so important to democracy. It is all about being relevant, trying to get people information that they cannot get anywhere else, being connected to their community, being part of their community.

### *Impact on methods of operation*

Kaiser said one of the things that will be really important for print newspapers is going to be the design and layout of the papers.

For example, because a newspaper page is generally much larger than a personal computer screen, photos in newspapers can be larger and have a more dramatic impact than smaller versions on PC screens. Additionally, Web sites today generally use a small group of type fonts and layouts to not appear odd or unusual to first-time visitors to their sites. In contrast, newspapers can use varied fonts and layouts to attract readers' attention.

Kaiser said content is king, though. Newspapers must ensure, Kaiser (2007) said, that in the process of trying to look attractive while at the same time cutting costs by cutting staff, they do not lose sight of the goal of providing timely, complete, accurate news to readers: "We have to make sure that we still provide the quality news that is there."

Kaiser said the *Journal Sentinel* is committed to innovation in both its print edition and its online Web site as a method to overcome the loss of print newspaper readers, and the accompanying decline in circulation and advertising revenue. Among the steps the newspaper has taken is to devote significant resources to investigative reporting in recent years, at a time when overall reporter headcount at the newspaper was declining. As a result of its efforts, in September of 2008 the *Journal Sentinel* won the Associated Press Managing Editors' Innovator of the Year Award for launching an investigative reporting team that won a Pulitzer Prize for local reporting

earlier in 2008 (“Milwaukee Journal Sentinel wins,” 2008).

Kaiser (2007) said: “What we have tried to do, one of the ways we have responded is more what I would call investigative reports and projects that give you depth and understanding of what is happening in Milwaukee and Wisconsin” (2007).

Kaiser (2007) cited, as an example, a creative approach by a reporter who wrote an in-depth story for the *Journal Sentinel* and used his online blog to do a parallel piece on writing the main story:

One thing we did is a big project where a reporter wrote a blog about writing the story before the story appeared in the paper. He got the participants in the story to talk about their participation in the story along the way. It was his belief that it made his story much richer.

The *Journal Sentinel* has also diversified its operations by investing in regional magazines and community-based Web sites for small communities. Some of the content for the Web sites is being driven by users. For example, Kaiser (2007) said, the newspaper has a specialized Web site called [www.milwaukeeemoms.com](http://www.milwaukeeemoms.com), which is an online community for young mothers to share experiences and to get advice:

We are building a track record, and we have to get the advertisers to come along. We have thought of these community Web sites as sort of town squares where people can have conversations. The news content is aggregated from us and these community newspapers we own in metropolitan areas.

The *Journal Sentinel* in 2007 also signed a deal with online job search site Monster.com to provide job advertising content to both the *Milwaukee Journal Sentinel* newspaper and the JSOnline Web site (Journal Interactive, 2007). Kaiser said the key is to experiment, to try something and if it does not work, then to try something else.

For example, there are costs associated specifically with putting out a print newspaper. And there are others associated with creating and maintaining a Web site. There are trade-offs that for now favor the Web site in terms of costs, but the balance could shift as newspapers experiment and develop niche products such as community-based newspapers:

On the Web we do not have the cost of printing the paper. But in a lot of cases we are making deals with other vendors and splitting part of the revenue. I think there are costs on both sides of the equation. (Kaiser, 2007)

#### *Focus of internal and external competition*

Kaiser said there is competition among the *Journal Sentinel* staff, but it is a traditional type of competition. There is competition to see who can scoop whom, to write the best story possible. With the addition of digital media, there is also the concern of individual time budgeting; that is, what is the best way for a reporter to spend his or her time. But there is not systemic competition between the print and Web sides of the organization for resources and readers.

Kaiser said because the *Journal Sentinel* has continued to innovate, its profits have stayed higher than at many other comparable sized newspapers. The newspaper and its Web site are working closely together, consequently morale among editorial staff at the paper has remained high.

Kaiser (2007) cited, as an example, a case where a *Journal Sentinel* reporter was out covering an event in 2006, and he overheard a producer from the local TV station say: “No, no, that’s no good. You can’t use that because it has already been on the *Journal Sentinel*’s Web site. You have to go find some [unused] quote.”

Kaiser (2007) said *Journal Sentinel* reporters write stories for the Web site first, and then often write more detailed versions for the *Journal Sentinel*: “That’s pretty inspiring compared to a couple of years ago when, whenever the presses would start, that is when we could report our stories.”

Kaiser (2007) noted that the *Journal Sentinel* pushes reporters and editors hard to spend more of their time experimenting—“doing new things that will be good for them.” He said that being the only large newspaper that Journal Communications owns has helped to foster more experimentation:

You are not part of a chain newspaper. No one from 1,000 miles away is telling you, “Here is how to run your newsroom.” I think it creates a little bit more—I hope—opportunity. I am using it as opportunity for experimentation.

Kaiser (2007) said it is important for editors to set the tone at newspapers, that reporters will be enthusiastic if editors give them enough incentives:

I think the way to attack it, at least for editors, is: Be creative. Find new ways to do this. Let us argue that this is the chance to be the most creative that we have ever been in the industry.

Kaiser (2007) said he is not trying to deny that it is a disruptive time in the newspaper industry, possibly the most disruptive in its history. He noted that he, personally, had done better during times of disruption than at any other time in his career: “I have done very well when there has been upheaval or newspapers merged and things happened. So sometimes out of a lot of change, good can come.”

*San Francisco Chronicle*: Phil Bronstein and Stephen Proctor

Because the San Francisco Bay Area’s economy is focused heavily on the high technology industry, it was among the hardest hit regions of the country when the dot-



com bubble burst and the United States economy went into recession in the spring of 2000. Newspapers in the Bay Area were possibly the most impacted of any in the United States by the economic downturn. Revenues and profits at newspapers dropped, and they started laying off employees.

Instead of easing up as the Bay Area economy began to recover in 2001, the situation only worsened for area newspapers like the *San Francisco Chronicle* and *San José Mercury News*. One of the biggest blows from the Internet as a source of news has been in the area of classified advertising revenue. Classified ads are small, single-purpose print ads. Employment advertisements, cars, furniture, and other goods for sale have all been traditionally advertised in newspapers via classified ads. In 1995, as a hobby in his spare time, Craig Newmark founded an online business he called Craig's List. On the Web-based listing of classified ads, users could place their own ads at no charge.

Newmark garnered revenue from advertisements on the site. Because the site mainly offers free classified ads distributed locally and around the world, it has become immensely popular. Because Craig's List was founded in San Francisco and initially took in only local San Francisco Bay Area, it can be argued that Bay Area newspapers have been the most devastated by Craig's List and other online classified ad sites, because the Bay Area has been impacted longer than other regions of the country.

The flagship newspaper of the Hearst Corporation, the *San Francisco Chronicle*, suffered several rounds of layoffs in the early 2000s, unsuccessfully

attempting to reverse declining revenue and lack of profits because of losses of advertising revenue, rising production costs, and loss of subscription and newsstand income as news readers continued to switch from reading print newspapers to Web news sites. In addition, advertisements on the *Chronicle's* Web site, sfgate.com, generated much less revenue than print newspapers ads. *Chronicle* Managing Editor Stephen Proctor estimated that newspaper advertising fees are roughly one-third what their print counterparts charge. Consequently, newspapers cannot make up the revenue deficit by increasing their presence on the Web (Proctor, 2007).

Hearst Corp. bought the *San Francisco Chronicle* for \$660 million on Nov. 22, 2000 (Smolkin, 2005). Five years later, the *Chronicle* was losing \$62 million a year. Its daily circulation was 468,739 and Sunday circulation 510,844. By September of 2007, the *Chronicle's* circulation had fallen 29% to 365,234, and Sunday circulation was down 20% to 430,115 (ABC, 2008a). The *Chronicle* lost \$250 million between the time Hearst bought it in 2000 and the end of 2005 (Robertson, 2005).

*San Francisco Chronicle* Editor-at-Large Phil Bronstein joined the newspaper in 2000 when Hearst merged the newsrooms of the *Chronicle*, an evening paper, and the *San Francisco Examiner*, which until then had been a morning daily. The *Examiner* hired Bronstein as a reporter in 1980. He became an award-winning investigative reporter and foreign correspondent, and was named editor of the *Examiner* in 1991. Hearst simultaneously gave \$66 million to the Fang family to take over the *Examiner* as part of the *Chronicle* buyout in 2000. At that time Bronstein took over as editor of the *Chronicle* (Robertson, 2005), a position he held until

January of 2008 when he was named editor-at-large for the Hearst Corporation (Perez-Pina, 2008a).

In an interview, Bronstein (2007) noted that, in general, continuing circulation decline for print newspapers is inevitable, and could eventually lead to the demise of print newspapers, but more likely will lead to newspapers in new formats: “I have no idea how long the print product is going to be around. You know the print product will probably morph more than it will go away.”

In a separate interview, then *Chronicle* Deputy Managing Editor Stephen Proctor (2007) agreed with Bronstein’s observation: “The probability is that circulation for print newspapers will continue to decline. I think the long term probability is that almost all information will be delivered electronically in some manner.” The *Chronicle* named Proctor managing editor on January 24, 2009.

#### *Quality and journalistic integrity*

Bronstein (2007) said that print newspapers and their digital media counterparts (Web sites, podcast etc.) must work together if newspapers are going to continue to produce quality and accurate journalism: “We now have all these tools at our disposal if we use them properly.”

Bronstein said the tools he was referring include database mining, instantaneous communications using cell phones, cell phone cameras, digital cameras and other portable, digital devices. These reporting tools can be used by both print newspapers and news Web sites.

He cited, as an example, a scenario in which *Chronicle* urban design writer

John King would record walking tours and *Chronicle* restaurant reviewer Michael Bauer would recommend certain restaurants. A consumer with a Web-connected cell phone could call up the walking tour section and restaurant recommendations, and then plan a day walking tour just by going to the *Chronicle*'s Web site via a cell phone.

Proctor (2007) said that in-depth reporting at print newspapers will decline along with circulation:

If everything moves to the Internet and the financial equation doesn't change, then you're not going to be able to support any kind of legitimate newspaper staff that can do the kind of in-depth, responsible journalism that so many people take for granted, including Google and Yahoo.

Proctor (2007) noted that the potential decline in print newspaper reporting quality and quantity will have social ramifications as well:

I think it's a pretty important civic question too because, obviously, so much of our conception of our country is based on an informed citizenry. And we already are seeing less and less journalism produced by fewer and fewer journalists. I do think you get to a point where the paper's diminished. And I think that will hurt our society.

Bronstein (2007) noted that the Web is starting to perform a function that newspapers once performed: "The Web likes to talk about the creation of community. Well, newspapers in fact had those communities that were very devoted to them."

Bronstein (2007) said that newspapers have lost this community building function: "Even after the advent of radio and TV, which were supposed to kill the newspapers, the newspapers still created and commanded a sense of community. But I think that newspapers have forgotten that and have lost that in many ways."

Still, Bronstein expects that newspapers, delivered via new media channels, will continue to provoke discussions on political issues. He remarked that people always worry about loss of the public service component in translation to the Web, but the Web provides more opportunities to do public service than ever before. It can be on a computer screen, it can be on a cell phone, and it can be on paper.

*Impact on methods of operation*

Proctor noted most newspapers are multimedia operations now. The *Chronicle*, for example, has a Web-first strategy. With any breaking story, the *Chronicle* posts it on the Web immediately. Proctor (2007) noted the *Chronicle* has what he called separate philosophies for the print version and the Web version:

On what we call the Gate, or SFGate—our Web site, we write about what happened. In the newspaper we explain why it happened and what it means. We recognize there are multiple ways to tell stories now and we try to use all the tools at our disposal to tell them.

Proctor said he would like to see the newspaper industry figure out ways to get people to pay more for what they get on the Web. He noted that different methods have been tried, mostly with little success. He cited the TimesSelect paid Web news site as an example. The *New York Times* quit charging for its Web news site and made most of its stories available for free in September of 2007. He noted that, although information is costly to produce, people have the expectation now that it should be free. Readers have been conditioned to that expectation because in the early years of the Internet, its proponents tried to provide as much free material as possible to promote its adoption. Now businesses are struggling to generate income because

readers are used to getting news for free on the Web and less willing to pay for newspapers.

One possible revenue generator the *Chronicle* is considering is database journalism. Proctor cited as an example a possible database of all the crimes that take place in San Francisco. The *Chronicle* could match that with a map of the San Francisco Bay Area on its Web site. People could click on their street and find out how many crimes are committed there.

Despite the possibility of innovations, Proctor (2007) predicted the demise of at least one large American daily print newspaper by 2012: "I think that there's a very high probability that over the next five years one of the major newspapers in a large American city will close."

Proctor said in general, there is a future for newspaper companies. Perhaps it will be new technology such as tablet computers that people can hold in their hands while riding a bus or sitting on a beach that will take the place of print newspapers.

Proctor (2007) cited as an example of this new technology the Microsoft Reader, a software program that runs on tablet-style computers: "Better than anything I've seen, it evokes the feel of reading a newspaper." Proctor said if a newspaper company were able to get a large number of people to subscribe via the Microsoft Reader, it would eliminate a lot of the costs associated with producing newspapers. Among those costs are the paper on which the newspaper is printed, along with printing plant and delivery costs.

On February 27, 2009, the Hearst Corporation, parent company to the *San*

*Francisco Chronicle*, said it would introduce a wireless electronic reader late in 2009 (Copeland, 2009). It said the e-reader would have a larger screen than the popular Amazon Kindle, but would have similar features.

Proctor said if all people who read print newspapers switched at once to electronic media, newspaper companies could simply gear all of their production to the Web and to devices such as tablet computers. The big printing press operations—and expenses associated with them—would go away, and newspapers could possibly be profitable organizations again.

This switch from print to electronic news media is taking place, but it is a gradual transition. There are fewer and fewer print newspaper readers. At the same time, Bronstein (2007) said, newspapers need to supply news to the growing number of people who are getting their information from the Web and other digital media: “So it’s going to be a dicey transition for a lot of [newspaper] companies that are not patient and well funded.”

When the *Chronicle* created its SFGate ([www.sfgate.com](http://www.sfgate.com)) Web site in 1993, it was entirely separate from the print version of the *Chronicle*. Bronstein (2007) said the *Chronicle* was integrating its online operations with its print news staff:

Most (newspapers) are moving toward some integration, if not total convergence. We’re now in this integration process. We (*Chronicle* management) have a plan that we’ve all agreed on. For example, the newsroom people are being trained to use video cameras.

#### *Focus of internal and external competition*

Bronstein (2007) said most newspapers he has seen, including the *Chronicle*,

are trying to avoid a situation of internal competition for resources and readers between the print version and the Web site by merging their activities:

Here [at the *Chronicle*] it wasn't so much a question of competing with them. It was just that they were a mysterious and separate operation. When we started using multimedia content in the newsroom, no one was ever quite sure how it would be used, if it would be used. But speaking right today I can say that is changing. We have a [resources integration] plan we have all agreed on. But again, it is not so much a function of competing or sharing resources as it is instilling in the newsroom a Web sensibility.

Proctor (2007) agreed with Bronstein that the situation at the *Chronicle* is not a lack of resources or that there is competition for resources and readers, noting that it revolves around adjusting to technology changes and the new business models that are emerging:

I think if I was to try to draw a philosophy in a nutshell, it is that on the Gate, or SFGate—our Web site—we write about what happened. In the newspaper we explain why it happened and what it means. So I would not say there is a competition for resources. Everybody does multiple things. Many [print newspaper] reporters also blog.

Bronstein noted the transition from print to digital newspapers is far from over. It will continue to affect newsroom morale, to cause employees and managers consternation: “There will be much more grinding, gnashing of teeth, wringing of hands. That’s the only thing I can guarantee you.” (Bronstein, 2007)

He observed that the emergence of Web news sites was like throwing a stun grenade into the midst of the newspaper industry. In law enforcement use, Bronstein (2007) said, the purpose of a stun grenade is to briefly disable people so law enforcement can restore order: “All of this has acted like a stun grenade in our profession. I think there’s an opportunity to go in and rearrange some of the things



we're doing and maybe shed some bad habits.”

Bronstein said that breaking the staff into two separate entities, one to cover news for the print version and a second to cover it for the Web, is not a good idea. Bronstein (2007) noted that failing to equip all reporters with digital tools such as digital cameras and notebook computers and the knowledge of how to use them is the same as: “keeping your folks in the Stone Age. You’re basically not allowing them access to what everyone agrees is the future.”

Reporters have good reasons to be concerned about the future of their industry. More changes are coming, and the only way to deal with them is to change with the times, Bronstein (2007) said:

I understand the fear. And the fear is that the twelve-part Bartlett and Steele stories from the old *Philadelphia Inquirer* don’t translate well to the Web. That’s true. But there are other ways to tell those stories now that we have other tools to use to tell them.

*San José Mercury News: Jerry Ceppos*

For many years, the 157-year-old *San José Mercury News* was the flagship newspaper of the former Knight Ridder Corporation. In the last decade of the twentieth century and early years of the twenty-first century, the paper was buffeted by extraordinary events that reshaped the *Mercury News*, including the sale of the newspaper twice in 2006.

On March 13, 2006, it was announced that the McClatchy Company—then the second largest newspaper chain in the United States—would buy Knight Ridder. McClatchy immediately announced plans to resell the *Mercury News* and another San

Francisco Bay Area newspaper, the *Contra Costa Times* in Concord, California, to help finance the purchase of the rest of the Knight Ridder chain. On April 26 of that year, Denver, Colorado-based Media News Group agreed to buy the two newspapers for roughly \$1 billion, and the purchase was finalized on August 2, 2006 (“Media News acquires,” 2006).

Like other large daily newspapers, the *Mercury News* saw its print circulation fall steadily in the years leading up to its sale and resale. When management announced in July 1995 that it was dropping the afternoon edition due to low circulation, total circulation for both morning and evening editions was 292,500 (23,500 p.m. circulation, 269,000 a.m. circulation) (Coleman, 1995).

According to newspaper circulation tracking firm Burrelles Luce, by mid-2004 the *Mercury News*’ daily print circulation had dropped to 279,539 (Burrelles Luce, 2004). As the falloff in print newspaper readership accelerated, by mid-2008 its circulation had fallen to 234,772, nearly 20% below the 1995 figure (Burrelles Luce, 2008).

In response to the ongoing circulation slide, and resulting drop in advertising revenue, the *Mercury News* undertook a series of staff reductions that by 2008 had reduced the paper’s newsroom staff to less than half the 400 reporters and editors the paper employed in 2000 (Robertson, 2008). A March 7, 2008 staff reduction took the *Mercury News* editorial staff down to 175.

Reaction to that particular staff reduction by the Silicon Valley community at large and by newsroom employees at the *Mercury News* vividly illustrates the

conflicting situation in which not only the *Mercury News* but the newspaper industry found itself.

The *Mercury News* announced the March 7, 2008 cuts in the print version of the paper, as well as on its Web site (Robertson, 2008). That day, staffers dressed in black and gathered in the lunchroom to discuss the layoffs. In addition, there was considerable discussion of the staff cuts in the newspaper's blogs. Ironically, despite having its editorial staff significantly reduced, the paper was probably using more communications channels than ever before to get the new out about the staff cuts.

That same day, the *Mercury News* ran an Associated Press story by Jordan Robertson (2008) that was highly critical of the cuts in staffing. Robertson quoted Sylvia Ulloa, a *Mercury News* employee and then president of the San José Newspaper Guild: "It's like a morgue in here. The newsroom is really demoralized. A lot of people are angry at the shortsightedness of the cuts."

The *Mercury News* staff strongly protested the action that its board of directors had taken. The staff created a Web site to engage the community in an effort to keep the newspaper from going under. It was an extraordinary endeavor. One of the largest newspapers in the country was reaching out to its readers and to the community at large in an effort to, as the Web site name states, "Save The Merc." The "About" page of the site carried a statement of the group's purpose:

Save the Merc is a group of *Mercury News* employees working together with community leaders and individuals to preserve the paper's quality journalism and civic commitment to the community. This site is supported by the San Jose Newspaper Guild, which represents employees of the *Mercury News*. (www.savethemerc.com, 2009)

Among the features still listed on the site at the time of publication of this thesis was the: “Readers: what would you miss?” section that invites readers to write in telling what they would miss most if the newspaper were to cease publication. Readers are also invited to sign a statement of support. As of October 3, 2009, the site reported that more than 20,500 supporters had signed up (savethemerc.com, 2009). The home page for the site has as its main, above-the-fold story an article that is formatted to look like a newspaper story. Dated July 2, 2007, it is headlined “Black Monday at the Merc,” and recounts the layoffs of 40 employees on that date:

Today, the *San José Mercury News* loses the talents of more than 40 journalists in a combination of layoffs and resignations demanded by the California Newspaper Partnership, a consortium owned by MediaNews, Gannett and Stephens Media. These 40 journalists represent hundreds of years of service to the *Mercury News* and to hundreds of thousands of readers.

This would be a blow at any time but it comes on the heels of nearly two years of cost-cutting.

This bloodletting has to stop.

Jerry Ceppos spent 27 years working for Knight Ridder. In an interview, Ceppos (2007) said he agrees full heartedly with the concept that the: “bloodletting has to stop.” Ceppos served as executive editor of the *Mercury News* from 1996 to 2000, when he was named vice president of news for the Knight Ridder Company. He served two terms as president of the California Society of Newspaper Editors and he was a Pulitzer Prize juror in 1996 and 1997. Ceppos retired from Knight Ridder on August 31, 2005 (PRNewswire, 2005).

Ceppos said he is very concerned that newspapers in general are doing

themselves and the reading public a great disservice by reducing their editorial staffs to the point that news quality suffers. Ceppos said that having too many reporters and editors is not the main reason newspapers have seen revenue and earnings drop.

He noted several other factors that are keeping newspaper industry revenue and earnings down. First, most newspapers do not pay enough attention to their Web sites and therefore are not able to efficiently migrate readers from the print version to the Web site. Ceppos (2007) said: "I think most newsrooms have a love affair with print that they do not also lavish on their online sites." A consequence, Ceppos (2007) said, is that "the online product at a lot of newspapers is just not very good."

Without sufficient readership, neither the print site nor the Web site is able to attract sufficient number of advertisers to grow profits or, in some cases, to be profitable at all.

Another reason for the economic problems at many newspapers, Ceppos said, is that print advertising salespeople often do not know how to sell ads on the Web.

Ceppos, like other editors interviewed for this study, said he thinks newspaper circulation will continue to go down. He doubts that print will ever go away. In the meantime, Ceppos (2007) cautioned newspapers not to cut too deeply: "Don't destroy your newsroom and advertising staffs because print revenues are going down."

#### *Quality and journalistic integrity*

Newspapers have failed to set priorities as they have created Web news sites, Ceppos said. For example, in situations where there is a big breaking news story, it is mandatory to file it online:

It is just appalling to me how many times I will go to a newspaper Web site and if there is a big breaking story somewhere I would like to see how the local newspaper is covering it online. And often it is not covering it very well. (Ceppos, 2007)

However, there is a chance that online journalism could improve the overall quality of newspaper reporting, he said. If a reporter is filing various versions of a story for the Web all day while working on the print version, the reporter is perhaps gathering more details than a reporter who only files one version for the print edition.

A negative consequence of the inability of the newspaper industry to find a workable business model is ongoing layoffs, salary freezes and reductions. Ceppos (2007) said the newspaper industry might be in for a rough ride in what he termed “an era of declining salaries.” That trend toward lower wage rates than have prevailed in recent years could also reverse a move toward greater journalistic professionalism in recent years:

I think we have gotten to the point where extremely good columnists and extremely good news reporters were really making more than they ever thought they would make. I think that has helped professionalize journalism. And I worry that some of those people will now go into law or other things.

The way to counter the trend to lower circulation and advertising revenue at print newspapers, Ceppos (2007) said, is to improve the online product to ensure a smooth migration: “Making your online product a quality product is just so desperately important, so you can capture just a little bit of that revenue.”

#### *Impact on methods of operation*

Ceppos said editors need to carefully look through every day’s news story

budget, and to tell their staffs that the budget needs to be built with both the Web and the print newspaper in mind. He cited as an example a story that ran in the *Mercury News* in the summer of 2007 about a hot dog eating contest on Coney Island, New York. The paper devoted what he called “an immense amount of space” to the hot dog eating contest:

As an older reader, I wasn’t terribly interested. I can’t tell you why. I think that is one where I might have said, you know, I guess in print we should cover it. It is pseudo-news, but we should cover it. But on the Web I would probably have a lot of fun with it. (Ceppos, 2007)

He also recommended more training for newspaper journalists and advertising sales people on how to operate online. One problem there is that, as a result of layoffs, most employees are already working harder than in the past to do the work of the laid off staffers.

Layoffs accelerate the negative trends that are already in place, Ceppos said. It makes no sense to decimate the newsroom staff or advertising staff if a newspaper is then asking those people to devote more time to the online version. Ceppos (2007) has seen the industry from a corporate position as well as from the newsroom and he said he is convinced that layoffs are destructive to a company over the longer term:

And I still stick to my guns. You cannot destroy what you have. What did we say during the Vietnam War? You have to destroy the village to save it. It did not work there and it is not going to work in newspapers.

At the same time, editors and reporters need to get a lot more serious about online news, Ceppos (2007) said: “It has often been done the way we typically do things—tentatively. We say, ‘Let’s put a toe in the water.’ We are beyond that now.”

Ceppos said, if he had a 300-person newsroom, he might devote 100 or 150 people to making sure he has the best online product possible. Changing format and content is an easier process online, and that is a factor that can help smooth the process of switching from a print publication to an online one:

The cool thing about online is if I've made a terrible mistake by, for example, tilting it toward young readers, and it doesn't seem to work, tomorrow we can do something else. (Ceppos, 2007)

Ceppos said the *Washington Post* is an example of a paper with an innovative and cost-effective approach to online journalism. The *Post* gives readers of the Web version the option of a couple of different home pages. One is the paper's highly regarded national section home page; the second is a more local interest (Washington, DC) home page: "In print, that kind of zoning is so costly and labor intensive. And online it is far less so" (Ceppos, 2007).

Another change in method that Ceppos urged for newspapers is to become more advertiser-friendly, to make companies want to advertise.

One complaint that advertisers had in the past is that if they wanted to place a classified ad to hire an engineer in 50 newspapers around the country, they had to contact all 50 papers individually. Ceppos (2007) said that is why newspapers have begun contracting with online firms like job site Monster.com: "Clearly, it is past time for the industry to make it easy for advertisers to place ads. And that's what companies like Monster.com and CareerBuilder.com and HotJobs.com do."

Ceppos is also concerned about some of the more extreme measures newspapers are taking to get their finances back in line. For example, in early 2007,



James MacPherson, editor of an online newspaper called *pasadenanow.com*, took the controversial step of hiring a staff of writers in India (Editorsweblog.org, 2009; Rainey, 2008). MacPherson has entry level reporters in Los Angeles, who act as observers who record events via a digital voice recorder or video recorder. The paper sends the materials to India where a staff of writers, who earn \$7 to \$10 an hour, write the stories. Some observers have suggested that could help mainstream print/Web newspapers save money. Ceppos (2007) thinks it is a bad idea:

I just thought, oh my God. What is happening to journalism? I think that is a ridiculous idea. There may be some advertising functions and some composition that can be done that way. But not news gathering. I would keep that right here [in the United States].

*Focus of internal and external competition*

Ceppos (2007) said that there is no such thing as competition between the print side and the Web side for readers/viewers at most newspapers:

I don't see them as competing. I think it is a mistake to think of them that way, and I think they generally can be incredibly complementary. And I think papers need to think of them that way because otherwise you will not know where to spend your resources if you think of them as competing.

If newspapers are indeed losing young readers to blogs, news aggregators and other sources—which most analysts say is the case—one way to address that issue is to think of the Web as a complementary means to solve that problem. For that reason, Ceppos said, he would slant Web coverage toward young people.

Ceppos said the growth of online news is “a wonderful opportunity” to set up two complementary products. He noted that approach costs less than publishing a youth newspaper, like the *Chicago Tribune* does (with *RedEye*, a daily, free tabloid).

The verdict is still out, Ceppos (2007) said, on whether publishing print newspapers targeting younger readers works: “I would say no. Instead, let us purposely make our complementary Web site a companion, but a younger companion.”

Overall, Ceppos said, his biggest worry is that owners and managers are gutting newspapers by reducing editorial staff to the point that the amount of coverage of major news events is shrinking and the quality of journalism along with it. On the other hand, people will always want news, so news gathering and dissemination in some shape or form will always be needed:

Human beings seem to require news. And there is just a great demand to know what is going on. I never worry about a lack of interest in the news. That is why I think that owners—just to come back to that—may be selling the public a little bit short. (Ceppos, 2007)

*The Sacramento Bee*: Rick Rodriguez

Entering 2009, the *Sacramento Bee* faced yet another round of layoffs and serious budget cuts. Reports said it was among the hardest hit newspapers in the country by the recession that began at the end of 2007. The *Bee* had been through a couple of rounds of editorial layoffs in 2008, and was preparing for more staff cuts.

On February 23, 2009, the *Sacramento Business Journal* reported that additional staff cuts were likely at the *Bee*. Buyouts, layoffs, pay cuts and mandatory work furloughs were all on the table (Turner, 2009). By February of 2009, share price for the *Sacramento Bee*’s parent organization, the McClatchy Company, had dropped to 49 cents a share, despite the fact it was the second largest newspaper company in the country behind Gannett Company. It had recovered somewhat by fall of that year;

on October 2, 2009 it closed at 2.32 a share.

Management at the McClatchy Company met with representatives of the California Media Workers Guild in a 90-minute bargaining session in February of 2009. Management told the union that up to 10% of staff would need to be cut. Ed Fletcher, guild chairman at McClatchy's flagship newspaper, the *Sacramento Bee*, said after the meeting: "It's a scary time for everybody" (Turner, 2009).

The rapid decline of the *Bee* was a shock to some observers. The *Sacramento Bee* had seemed to be in a healthy financial state compared to other regional dailies a relatively short time earlier.

Rick Rodriguez presided over the *Sacramento Bee* as executive editor for nine year, from 1998 to 2007. The Stanford University graduate spent 28 years at McClatchy, working his way up from reporter to executive editor of the *Bee* and a senior vice president at McClatchy.

Rodriguez (2007) said in an interview that at that time the *Bee* had not laid off any employees and was strong financially: "We are a very, very healthy newspaper. Our profit margins—Exxon Mobil would kill to have our profit margins." The profit margin for McClatchy the previous year was approximately 25% and Rodriguez said he expected profits to be at that level again for 2007.

While he was executive editor of the *Bee*, the paper earned nearly every major journalism award possible, including two Pulitzer prizes, the last one in 2007 for Feature Photography. Rodriguez was the first Latino to serve as president of the American Society of Newspaper Editors. Rodriguez said he was the only Latino

editor of an American daily with circulation greater than 100,000 at the time of the interview. He resigned from his position at the *Bee* for personal reasons on October 18, 2007, two months after the interview. Today, he is Southwest Borderlands Initiative Professor at the Walter Cronkite School of Journalism and Mass Communication at Arizona State University.

After Rodriguez left the newspaper, its financial position deteriorated rapidly. On June 17, 2008, McClatchy announced it would lay off 10% of its 14,000 employees. A story in that day's edition of the *Bee* quoted analyst Edward Atorino saying: "McClatchy unfortunately is having the worst experience in the business" (Kasler, 2008). McClatchy said that day it would eliminate 1,400 jobs, including 86 at the *Bee*, in an effort to reduce expenses by \$95 to \$100 million a year.

In August of 2007, Rodriguez (2007) said he realized the overall economy was struggling, and the impact was especially hard on newspapers:

I don't think it's totally cyclical, that everything will come back like it was. But I also don't think that: A. Newspapers are obsolete or B. All of a sudden we're going to fall off the bottom of the world and we're going to be gone.

#### *Quality and journalistic integrity*

Rodriguez (2007) said he was concerned that shrinking advertising and subscription revenue could be having an effect on the quality of journalism in America:

"We [*Sacramento Bee*] are close to the one reporter per thousand [readers] that used to be the standard. So how do you maintain that standard when the business model really hasn't been figured out for the future?"

Rodriguez (2007) noted that strides toward greater gender and ethnic diversity in the newsroom could be set back because of budgetary constraints: “Are the advances in diversity in newspapers being lost? I think they are. Here we are in 2007 and among editors of papers with circulation over 100,000 I’m the only Hispanic in the whole country.”

Rodriguez noted that minorities are expected to rise as a percentage of the U.S. population. Consequently, the topic of diversity in the workplace, including newsrooms, is “one of the things that not many people are discussing yet. But it will be on the front burner of a lot of discussions in the next few years” (Rodriguez, 2007).

Rodriguez said the continuing migration of readers from print newspapers to online news sites is negatively affecting news coverage. He noted that there are fewer reporters and editors and those who are left have larger work loads. Whereas a story might have gotten three edits in the 1990s, by the last half of the first decade of the twenty-first century it was getting two or fewer edits.

In addition, the urgency of Web news reporting makes it difficult to maintain longstanding journalistic standards. For example, at the time Rodriguez left the *Bee*, it used different standards for editing breaking news online than for stories in the print newspaper. In the newspaper there was a tradition of editing every story at least twice, and online stories were edited just once.

Rodriguez (2007) said by putting multiple consecutive versions of a story on the Web as it unfolds—prior to publication of the print edition—newspapers have an opportunity to increase the quality of their journalism: “If the story flushes out, you

can go back and get more and you can add to it. You don't have to wait for the next printing cycle. So there are obvious advantages." He said newspapers can put up as many as 10 different versions in a 12-hour period. And if one of them is slightly off, the paper has the opportunity to fix it in the next version.

However, this opportunity to advance journalism standards is not without its own pitfalls. If approached haphazardly, it can cause problems. For example, if a newspaper rushes to get an updated version of a story on the Web, it may be prone to making more fact errors than in the past, when it was less rushed with print stories. If a *Sacramento Bee* editor or reporter rushed to get an update on the Web and in the process made mistakes, Rodriguez said, that person would be undercutting standards that may enable newspapers like the *Bee* to stand out in this competitive field.

Rodriguez (2007) is also concerned that the search for a workable new business model will cause owners, managers, and editors to take their eye off the ball in terms of maintaining high journalistic standards: "We have become so focused on what the model's going to be—are we going to be able to still have public service as a mission, a driver of newspapers?"

#### *Impact on methods of operation*

Rodriguez (2007) said the industry still has to figure out a way to charge Google and Yahoo for using news gathered and written by newspapers:

I think there is at least some tacit acknowledgement that there have to be some partnerships there. That is unless they want to get into the news information business. And I think that their attempts—at least Google's attempts—have not been successful.

The *Sacramento Bee* was one of the first newspapers to partner with Yahoo to provide news online. Rodriguez (2007) noted that has had limited success as a revenue generator, adding that the real money to be made online is for searches: “So we have to figure that out. Is there a local search component to all of this? I don’t know.”

On the advertising side, as of February 2009, Yahoo had signed up 796 newspapers, including the *Sacramento Bee*, for a joint advertising program (Barlas, 2009). The program generates revenue for newspapers in two ways. First, advertisers can use the program to reach specific geographic markets by advertising in a newspaper Web site in that area, generating revenue for the paper.

Second, Yahoo also hopes to leverage the newspapers’ sales people to sell ads on Yahoo’s Web site for specific interests such as autos and travel. Google had a similar program with more than 800 newspapers that it called “Print Ads.” It had not generated much income for Google or the papers; consequently Google ended the “Print Ads” program on February 28, 2009 (Barlas, 2009).

One aspect of the emerging newspaper business model that has become apparent, Rodriguez (2007) said, is that it must be a multifaceted operation:

Essentially you are now operating on multiple levels. The news side of it will be almost a wire service, with folks posting things throughout the day. The newspaper itself will be a little more analytical or in-depth. And hopefully it will put things in a second-day format so that it would advance the story.

Rodriguez (2007) said newspapers need to experiment with ways of presenting

news to readers: “I think you have to dabble in a lot of things. For example, we’re doing niche publications. And our total readership—if you take our online into account—our total viewership/readership is actually up. So that’s the good message.” He said he thinks newspapers in general will do more niche publications to suit the needs and tastes of various community segments.

That presents new challenges though. Some viewers of the Web site will be from out of the greater Sacramento area, for example, former Sacramento area residents, sports fans who follow the Sacramento teams, and others. Rodriguez (2007) noted that when the Sacramento Kings basketball team had basketball legend Vladimir “Vlade” Divac and another star player from the former Yugoslavia on the team, the *Bee* had “a huge number of hits” on its Web site by people from Eastern Europe:

So you have to re-look at your whole way of selling advertising. Is it national advertising you go for in your market? If advertisers have a traditional view, do they really want those eyeballs? They [readers outside Sacramento] are really not going to be shopping locally. So it does open up the world, but can you turn that into advertising dollars? I don’t know.

Another method of operation that will likely be associated with the new newspaper business model when it emerges is outsourcing, he said. Rodriguez (2007) noted that the *San José Mercury News* outsources part of its print production, as does the *San Francisco Chronicle*: “You are seeing other folks do that too. You end up cutting out structural costs.”

Newspapers will essentially become news organizations that sell advertising and gather and write news stories. Rodriguez (2007) said they will outsource distribution to others, whether print or online: “That is what I think will eventually



happen.” Rodriguez noted that the *Bee* outsourced its customer service calls to call centers in the Midwest and in the Philippines.

There are limits to outsourcing, however. Rodriguez said that outsourcing reporting and editing functions is letting a key journalistic function go beyond the newspaper’s control. Rodriguez (2007) said that it is hard to adequately cover a local school board or planning commission meeting from overseas:

If we do that, and we do local outsource [of news gathering and writing], it’s time to go. Turn out the lights because I think what is being lost in all of this that’s troubling is the public service aspect of journalism.

*Focus of internal and external competition*

Rodriguez said that in the early days of the Web there was internal competition between the Web site, [www.sacbee.com](http://www.sacbee.com), and the print side at the *Sacramento Bee* for resources because they were produced separately. During his tenure as executive editor, Rodriguez (2007) said he merged the two departments so that the *Bee*’s news department was responsible for content that goes on the Web site as well as the print edition: “So there is still a competition for resources. But it is not the same kind of siloed competition that it was before.”

The emerging model for the *Bee*, Rodriguez (2007) said, is to provide content, regardless of how and where it is distributed: “So the competition is: How do you maintain a newspaper that has won two Pulitzers in the last four years and still put out a whole bunch of new products? That’s the competition.”

*Contra Costa Times*: Kevin Keane

The *Contra Costa Times* is a regional newspaper in Northern California that serves Contra Costa County and surrounding communities. The *Times* competes with the two larger regional papers that distribute throughout Northern California: The *San José Mercury News* and *San Francisco Chronicle*.

The *Times* and *Mercury News* cooperate on stories because both are part of Bay Area News Group, also known as BANG. As of March 31, 2009, the *Times* had daily circulation of 185,699 and Sunday circulation of 194,445 (ABC, 2009). In addition to the two large regionals, the *Times* also competes with smaller daily and weekly city newspapers in Contra Costa County.

Bay Area News Group also includes smaller daily and weekly papers in the greater Bay Area region. It is owned by a national chain called MediaNews Group, headed by Chief Executive William Dean Singleton. Denver-based MediaNews Group, by its own estimation, is the fourth largest newspaper chain in the country (MediaNews Group, 2008).

MediaNews Group is a private company and does not reveal its revenue and profit/loss figures for its various newspapers. However, according to an October 3, 2007 MediaNews Group presentation at a Deutsche Bank conference, revenue for the 2007 fiscal year was \$1.6 billion (MediaNews Group, 2007). As of October 2009 it owned 54 daily newspapers in 11 states with a combined daily circulation of 2.4 million and a combined Sunday circulation of 2.7 million (MediaNews Group, 2009).

Like most newspapers, the *Times* and other MediaNews Group newspapers

have undergone a series of layoffs and buyouts. For example, Bay Area News Group-East Bay laid off 29 of its 226 employees in June of 2008 (Avalos, 2009). Those layoffs were not enough—on January 28, 2009, Bay Area News Group-East Bay Publisher David Rounds sent a memo to all employees notifying them of mandatory one-week, unpaid work furloughs for all employees between February 1 and March 31, 2009 (PoynterOnline, 2009).

As a small regional newspaper, the *Contra Costa Times* faces different pressures than its larger regional dailies competition. In one respect, the pressure is lessened because most people do not expect the *Times* to live up to the standards of the larger-staffed *San Francisco Chronicle* and *San José Mercury News*, in terms of breadth of news coverage and getting news “scoops” ahead of rivals. On the other hand, the *Times* is faced with intensified pressure as the newspaper industry consolidates and large chains absorb smaller chains and individual newspapers. Although it has not indicated in any way publicly that it plans to do so, in order to cut costs MediaNews Group could choose to shut down the *Times* and put out a Contra Costa County edition of the nearby *San José Mercury News* instead.

Because of budget constraints, the *Times* already shares resources with other Bay Area News Group newspapers, including the region-dominant *Mercury News*. *Contra Costa Times* Executive Editor Kevin Keane said in a 2007 interview he considers this a strength rather than a weakness. Keane said having reporters at other newspapers gather stories that can be used in the *Times* frees its reporters to focus on more local news and on reporting in new ways that have emerged as the digital era has

dawned, including video recording for the paper's Web site.

Although it is smaller than the *Mercury News* and *Chronicle*, the *Times* deals with some of the same issues they deal with, such as the question of whether to be a union-represented publication or not. Reporters at the *Contra Costa Times* and other East Bay newspapers in the group in June of 2008 voted to join the Northern California Media Workers Union (Temple, 2008). Despite the newspaper industry being in turmoil and reporters being laid off by the thousands every year across the country, the margin of victory for those voting for union representation was slim, with the final tally 104-92 in favor of joining the union (Avalos, 2008).

Keane (2007) said that newspapers have been seriously affected by the transition to online news, starting with the loss of classified advertising to craigslist.org and other online classified advertising Web sites: "Search-based (online) advertising clobbered us, and certainly classifieds would fall in that category."

The biggest challenge for newspapers, Keane (2007) said, is finding a way to increase revenue and make a profit on the Web:

Absolutely the biggest challenge facing newspapers is not drift [of readers from print to] online. It is getting the revenue from online because if we don't get the revenue from online then we are not going to be able to support the information gathering process.

Keane (2007) is still upbeat about the future of newspapers though and—in contrast to the position of *San Francisco Chronicle* Editor-at-Large Phil Bronstein and others interviewed for this paper—said he believes newspapers will not go totally digital. Asked whether he foresees a possible day in the future when the *Contra Costa*

*Times* could be strictly an electronic publication, Keane (2007) replied: “No, not at all. Because the experience of reading a newspaper is different from reading news online, you are always going to get people who have one preference over another.”

Although financially the *Contra Costa Times* is in a precarious position, Keane noted that taking into account combined print and online readership, the *Times*’ circulation is at an all-time high. Keane (2007) said that combined circulation figure will continue to climb: “There is no question that people have a huge appetite for information—credible information. So people want what we provide.”

#### *Quality and journalistic integrity*

Keane (2007) was equally confident that the quality of news coverage is not suffering to any significant degree because of the transition to digital news:

We are giving them [readers] more stories in more in-depth ways than ever before. Instead of just giving them words, photos and graphics, we give them video presentations and database resources and things they never had and [never] were able to do before that tell the story better.

The 25-year newspaper industry veteran started as a reporter and rose through the ranks to become executive editor of the *Times*. He joined MediaNews Group in 1997 as editor of the *Lebanon Daily News* in Lebanon, Pennsylvania. He was appointed executive editor of the *Times*, and vice president of news for Bay Area News Group-East Bay in August 2006.

He noted that newspapers in the 1980s and 1990s enjoyed strong profits and expanded their editorial staffs rapidly. Keane remarked that at some metropolitan newspapers, they were hiring so fast there were reporters sitting around trying to

figure out what their job was.

Those days are gone forever, Keane (2007) said: “That kind of redundancy, and that kind of bloated newsroom, is a thing of the past. Please don’t equate size of staff with quality of journalism.”

Newspapers can still engage in quality journalism with reduced staff, Keane said. They need to redefine their mission, to learn to do more with smaller news staffs. For newspapers that embrace that challenge, the result is higher quality journalism, he said. It is a myth, Keane (2007) said, to say the redefinition of newsrooms is having a negative impact on the quality of journalism: “Rather, it’s having an impact on the definition of our mission.”

Keane (2007) noted that shrinking revenue and profits have affected this search for a new mission: “In some ways, we have to reduce our mission, or redefine our mission” because of budgetary constraints. Overall, he said, quality is actually improving as a result of the transition of readers to online news:

Journalism itself has never been better. The writers are better. There is more narrative writing, different writing styles. The idea of looking at stories in different ways, in ways we never had before, the diversity of our staffs, the way they are willing to consider all sides—in many, many ways journalism has never been better.

#### *Impact on methods of operation*

He said that, although newspaper staffs today are more ethnic and gender diverse than in the past, newspapers including the *Times* still need to do more to promote greater diversity in their operations:

We’ve made great strides in diversity in the last 10 years. Our difficulty is

hanging onto the talent. And the fact of the matter is we need to do a better job with it at BANG-East Bay. And we are trying to make strides in it. We have a minority internship program that we have developed. We have minority-orientation programs we run during the summer. And we've used the Diversity Institute in Tennessee to develop talent. So we are reaching out in many ways. (Keane, 2007)

Keane (2007) is an advocate of newspapers quickly adopting new formats to present the news to readers. He cited the Microsoft Reader and the Amazon Kindle electronic readers as devices that could become popular ways for people to read newspapers:

We shouldn't be afraid of the fact our readers are looking for different experiences in the way they gather their news. Frankly, as a journalist I don't really care what format they are using, as long as they are reading. And as long as I get credit for it from the standpoint of getting revenue for it.

Keane said that one shift in method of operation that he expects will yield big returns is the formation of consortiums among newspapers. Yahoo formed a partnership with a consortium of 150 daily U.S. newspapers in November 2006 (Yahoo.com, 2006). Under terms of that agreement, Yahoo combined its Hotjobs job listings with those of the newspapers to provide job listings targeting what the partners said in a press release was one of the largest online audiences:

I think one thing that is going to happen is the aggregators, the people who benefit from our content, and I'm talking about the Googles and the Yahoos of the world, are going to realize they are nothing without us. The question becomes: What kind of restrictions are going to be placed on the ability of people to profit off of original content? That is the issue. (Keane, 2007)

Keane is confident the consortiums will be successful because news aggregators such as Google and Yahoo do not want to be content providers. Rather, he said, they want to be content disseminators.

Newspapers for many years were enormously successful selling print newspapers. So it should come as no surprise that they are reluctant to let go of the old model, Keane (2007) said: “The fact of the matter is light bulbs don’t go on that quickly in this industry.”

### *Focus of Internal and External Competition*

Keane sees the Web as a natural adjunct to print newspapers, and print newspapers as a companion to newspaper Web sites. The idea of internal competition for resources is a mischaracterization, Keane (2007) said, adding that it is more a matter of providing content in new ways:

The Web makes us better journalists. The Web allows us to tell stories in ways that we wouldn’t be able to tell them in before. As a result of that, journalists have come to the conclusion that to be on the Web is just an extension of a familiar role. So there is no internal competition now.

Asked what led journalists to that conclusion, Keane (2007) replied that the advent of Web journalism was traumatic for the industry: “It was a knock upside the head, frankly.”

There is very aggressive competition among newspapers to attract readers of their online and print products. At the same time, the newspaper industry as a whole competes with other news disseminators such as television, radio stations and the Web, where new types of news sources such as blogs and social networking sites are proliferating. If newspapers are to survive, they need to form alliances to find ways to make money on the Web. Keane (2007) said: “In some ways, the competitiveness between newspapers is a sham.” Newspapers need each other in lots of ways and



could do a lot of things with each other. Collaborations like the advertising partnerships formed by Yahoo and Google with newspapers consortium are one example, Keane (2007) said, of the ways newspapers can work together:

I know that we need to be and we always will be competitive from the standpoint of readership and circulation. And certainly in a newsroom environment we love to compete against the big boys, and we get great pleasure in that. I think on the news side we will always be competitive. But on the business side there are a lot of things we can do together. These are more trying times, but I don't think it's the death knell of newspapers.

## Chapter V

### Conclusion

The goal of this study was to provide a status report on the impact that the trend toward displacement of print newspapers by Web sites is having on newspaper companies. It was designed to be limited in scope, focusing only on print newspapers and online news Web sites, and to provide a thought-provoking examination of the topic from the perspective of editors who are deeply involved in this industry transition at their respective newspapers.

Overall, this thesis met the main goal of providing a status report on the impact that the switch is having on newspapers. Ten editors were interviewed face-to-face from nine daily newspapers across the country.

The newspapers were categorized as follows: East Coast metropolitan dailies, Chicago metros, a North Central U.S. metro, West Coast-San Francisco Bay Area metros, and two smaller dailies.

The East Coast metros were the *New York Times* and the *Boston Globe*. The Chicago metros were the *Chicago Tribune* and the *Chicago Sun-Times*. The North Central metro was the *Milwaukee Journal Sentinel*. The West Coast-San Francisco Bay Area metros were the *San Francisco Chronicle* and the *San José Mercury News*.

The *Sacramento Bee* in Northern California was considered separately from the *Chronicle* and *Mercury News*. The smaller *Contra Costa Times*, a central California daily, was also included, in part because it is a sister paper to the *San José Mercury News* in the MediaNews Group chain.

### *Summary of Findings*

A summary of responses to the main research question and related questions follows. Integrated into the summary are four lists that tally the thinking of the editors on four key questions that they were asked during the interviews. The results were grouped into four answers: yes, no, uncertain and other. Following each answer is a brief comment from the editor that elaborates on the answer. These lists are not offered as quantitative research data because the sample size is relatively small, and cannot be said to accurately reflect the thinking of American daily newspapers editors in general. Rather, the lists are taken from the qualitative interviews, and are meant to tally in a concise and easy-to-read format the thinking of this group of editors on several key questions related to the research topic.

The primary research question of this paper is: What impact is the trend toward displacement of print newspapers by online news sites having on newspaper companies?

Three aspects of the primary research question were examined in detail. They are: (a) What is the impact of the trend toward displacement of print newspapers by Web sites on the quality and journalistic integrity of news stories at newspapers? (b) What is the impact of the trend toward displacement of print newspapers by Web sites having on the methods of operation of newspaper companies? (c) Where is the focus of competition in the newspaper industry? (Do newspaper Web sites compete internally with the print version for resources? Is the focus primarily competition among newspaper companies for readers, or is it primarily between newspapers and

other media on the Web?)

On the primary research question, consensus of the editors interviewed is that the rise of online news is occurring simultaneously with, and is a primary cause of, the shrinking readership of print newspapers. A major impact of the trend toward displacement of print newspaper by online news sites thus far has been shrinkage of print newspaper circulation. In February of 2007—prior to the interviews for this paper—a Zogby poll showed that more people were already getting their news from Web sites than from newspapers (Zogby, 2007). In the Zogby poll, which had a margin of error of +/-1.4 percentage points, 40% of the 5,384 adults surveyed said they got their news from the Internet, 32% said from television and just 12% said they got it from newspapers, the same number that cited radio as their primary new source. There was nearly unanimous agreement among the interviewed editors that print circulation will continue to decline.

*Interview question: Do you expect print newspaper circulation to continue to decline?*

1. Bronstein at the *San Francisco Chronicle*—yes. “Realistically I think we can expect fewer people to read newspapers.”
2. Ceppos, former editor of the *San José Mercury News*—yes. “I don’t know how long it will go on but yes, I do expect it to continue to decline at most newspapers.”
3. Hayner at the *Chicago Sun-Times*—yes. “Many people are already turning to online rather than the paper.”

4. Kaiser at the *Milwaukee Journal Sentinel*—yes. “Yeah, it’s going to be tough. I was reading recently about the decline starting before the Internet, that the decline goes back to the demise of afternoon newspapers.”
5. Keane at the *Contra Costa Times*—yes. “Yes, I think that [print] circulation will continue its slow decline.”
6. Landman at the *New York Times*—yes. “Yes, by a small amount.”
7. Proctor at the *San Francisco Chronicle*—yes. “The probability is that circulation for print newspapers will continue to decline.”
8. Rodriguez, former executive editor of the *Sacramento Bee*—yes. “I look at the next dozen years—I think we might be a 225,000 circulation paper instead of a 275,000 circulation paper.”
9. Yemma, former *Boston Globe* deputy managing editor—other. “I don’t want it to.”
10. Youngman at the *Chicago Tribune*—yes. “I think it will, largely because we are creating more choices [niche publications] and more avenues for people to satisfy their information needs.”

Other impacts of displacement of print newspapers by Web news sites cited by the editors in this paper range from shrinking revenue and profits that are leading to editorial staff layoffs, to newspapers teaching reporters new skills like using a video camera, and reporting multiple versions of stories for the Web and the print edition. Newspapers are also creating new products such as weekly newspapers and Web sites for specific social groups including new mothers, young people, and Hispanics.

### *Quality and Journalistic Integrity*

On the question of the impact of the trend toward displacement of print news by Web sites on the quality of news coverage, there was general agreement—although not consensus—that quality of news coverage and basic journalistic integrity are declining because of the staff cuts at newspapers caused by lower advertising sales. Newspaper advertising sales and advertising rates are declining because readers are switching to online news sources. Responses were mixed, however, on the question of whether the switch is causing a drop in quality of journalism.

*Interview question: Is the quality of journalism at newspapers declining as a result of the switch of newspaper readers to online news?*

1. Bronstein—no. “I think the public service component could improve [as a result of the switch]. We now have all these tools at our disposal if we use them properly.”
2. Ceppos—other. “It certainly is going to suffer if you’re going to slash and burn your newsrooms. I don’t think we know [the end result]. If you’re slashing and burning and forcing people to do more and more with less and less, there is that possibility.”
3. Hayner—other. “I think there’s a little drift away from government stories, which I think is worrisome. But I also think that there’s some good in all that, to try to just force us to be more interesting and actually care more about our craft.”
4. Kaiser—yes. “I think the obvious answer is yes.”

5. Keane—no. “It’s hokey to think that. It’s a complete myth ... to think that the Web somehow distracts us from doing our job as journalists.”
6. Landman—other. “Not ours, at this point. ... It’s made us work harder, for sure.”
7. Proctor—yes. “Oh, there’s no question that that’s true. There’s no question.”
8. Rodriguez—yes. “I do think so because you have so many folks [in the newspaper editorial process] and that number is diminishing.”
9. Yemma—yes. “I can’t imagine that if you decrease a workforce overall across the nation by 10% or 20% that that’s not going to have an effect on the quality of journalism.”
10. Youngman—no. “After 15 years of active engagement in the Internet business and 25 years of being online, I remain persuaded, convinced and adamant that the value of print and interactive is greater together than separately.”

One consequence that is often cited is with the possibility of diminished political coverage by newspapers, democracy in America—which depends on the flow of accurate information about candidates and issues—could suffer.

The *San Francisco Chronicle*’s Proctor noted that there are fewer reporters and editors at nearly every newspaper in the country. “Almost none have foreign bureaus, except for the really large national papers like the *New York Times*” (Proctor, 2007). That could hurt international news and political news coverage, he said.

One key area of news coverage that several editors said has declined is investigative journalism. A significant investigative project can cost the salaries of

several reporters over the course of several months. Today very few newspapers can afford that cost. On the other hand, newspapers almost exclusively among all news media still have large enough numbers of trained reporters and editors to do investigative journalism. Although newspapers cannot match the speed of Web sites in breaking news stories, one possible effect of the transition is that newspapers will likely focus on more news analysis and in-depth reports on ecological, political, and socioeconomic issues. If or when a new business model emerges that will enable newspapers to be profitable again, there would almost surely be a renewed emphasis on in-depth reporting and investigative reports.

Several editors noted that the Web offers new possibilities to improve the quality of journalism by adding dimensions like video and audio clips to their Web sites, and interactive features like blogs and email addresses where readers can provide instantaneous feedback to reporters and editors.

#### *Impact on Methods of Operation*

The second issue that was examined was: What is the impact of the trend toward displacement of print newspapers by Web sites having on the methods of operation of newspaper companies? The primary response by the editors was that newspapers have established Web sites and have either merged their print and Web news operations or are in the process of doing so. Many newspapers are selling their printing presses and outsourcing print and distribution functions in order to focus exclusively on reporting and editing functions.

There was also consensus that the old business model whereby newspapers



generated revenue primarily by selling advertising, supplemented with a smaller portion of income coming from subscriptions and single copy sales, is broken. Former *Sacramento Bee* Executive Editor Rodriguez (2007) said although he is not clear on what the path to a new, more successful business model is, he thinks he knows one reason the old one became unworkable: “I’ve always thought we made a mistake by not charging for content [on the Web]. But you really can’t put the genie back in the bottle there.”

Various editors estimated that a Web site ad generates somewhere between one-tenth and one-third the revenue that a similar print ad would bring in. That, combined with increasing Web news viewing and decreasing print newspaper readership, is a major cause of newspapers continuing to see revenues and profits decline, or in some cases, losses increase.

*Milwaukee Journal Sentinel* Editor Kaiser is among the more optimistic editors. He said that simple things like page layout can still make a difference in newspaper readership. Large dramatic photos, variety of font type and impactful writing can capture and hold readers’ attention, Kaiser (2007) said: “At least for the time being, there are things that you can do at a newspaper that you can’t do online. We’re putting much more effort into the design of the paper.”

On the question of whether print newspapers will disappear completely in the next couple of decades, to be supplanted by online news, the editors had mixed opinions, with some editors stating that print newspapers will soon be replaced by online news sites. Others said that print and online news will coexist well into the

future, if not in perpetuity.

*Interview question: Will newspapers go all digital in the next 20 years?*

1. Bronstein—yes. “The printed page will morph into something else. Now whether that’s 2 years or 20 years I don’t know.”
2. Ceppos—no. “I doubt that print will go away.”
3. Hayner—uncertain. “That’s a great question, and I think everybody in this business right now is trying to figure that out. And they look out into the future and they just see a dense fog.”
4. Kaiser—no. “I think that there will be print newspapers. I think long-time readers, that’s what they’re used to. That’s what they want to consume.”
5. Keane—no. “You are always going to get a need for the print side, just like you are always going to have a need for the online side.”
6. Landman—uncertain. “I don’t know. If I was good at predicting the future I’d be rich and we wouldn’t be sitting here.”
7. Proctor—yes. “Yes, I think that’s absolutely possible [for the *Chronicle*]. And I think 15 years is probably a pretty long window. It might be sooner than that, maybe not just for the *Chronicle* but for other papers.”
8. Rodriguez—no. “I’ve got about 10 years, maybe if I stretch it I will have 13 years before I retire. I think (in 10 to 13 years) you’ll still be making more money on print than you probably will online.”
9. Yemma—uncertain. “Can I envision that day? Anybody who can extrapolate can envision almost any kind of a day. But I don’t know exactly how it’s

going to come out.”

10. Youngman—no. “There is nothing in any research that I have seen or participated in or read that indicates there won’t be an audience of some size for printed newspapers.”

Most of the editors interviewed agreed that targeted niche publications like the *Chicago Tribune’s RedEye* weekly will proliferate. The evolution from a single, large daily print version to a group of print and Web publications that appeals to different audiences is not likely to be a swift process, the *Boston Globe’s* Yemma (2007) said, because of the economics of the newspaper industry. Daily print newspaper advertising revenue in mid-2007 still far exceeded that of online ad revenue.

A cost-cutting move that has been increasingly adopted since the series of editor interviews for this thesis is content-sharing partnerships. For example, in mid-February 2009, five newspapers in the New York and New Jersey metropolitan area, including the *New York Daily News*, formed a content-sharing pact called the Northeast Consortium. In December of 2008, the *Washington Post* and *Baltimore Sun* announced a similar content-sharing agreement. McClatchy Co. has begun sharing foreign news stories with the new online-only *Christian Science Monitor*. And in 2008, eight Ohio newspapers formed a news-sharing service.

#### *Focus of Internal and External Competition*

The final research question consisted of the following three subquestions: Where is the focus of competition in the newspaper industry today? Do newspaper

Web sites compete internally with the print version for resources? Is the focus still primarily competition among newspaper companies for readers, or is it primarily between newspapers and other media on the Web?

The question of whether newspaper Web sites compete internally with the print staff for resources turned out to be largely irrelevant, because all of the newspapers had either already integrated their Web and print operations or were in the process of doing so. The majority agreed that there is no real internal competition for resources and for readers, although there is the traditional competition among reporters in various sections of the paper to scoop other reporters on breaking news.

*Interview question: Is there competition for resources within newspapers as a result of the transition to digital news?*

1. Bronstein—no. “It’s not so much a function of competing or sharing resources as it is instilling in the newsroom a Web sensibility.”
2. Ceppos—no. “I think it’s a mistake to see them that way [newspapers competing internally for resources]. I think they generally can be incredibly complementary.”
3. Hayner—no. “When you talk about competition between the two [print and Web sides] I don’t view it as competition as much, obviously, inside our paper.”
4. Kaiser—other. “I think the competition within the staff is just how to use your time. There are only so many hours in a day.”
5. Keane—no. “The Web isn’t a threat. The Web represents an opportunity. It’s

a different distribution vehicle.”

6. Landman—other. “As a practical matter, when you try to expand or change from one thing to another or expand into new areas, you have to have resources to do it.”
7. Proctor—no. “I wouldn’t say there’s a competition for resources. Everybody does multiple things. Many reporters also blog.”
8. Rodriguez—no. “There was internally a competition between the Web site and the newspaper for resources because they used to be done separately. Now at the *Sacramento Bee* the two departments have merged.”
9. Yemma—other. “There’s always going to be internal competition for resources. But it’s similar to the competition for resources within a newsroom even absent an online operation.”
10. Youngman—no. “They don’t compete.”

On the second part of the question—regarding external competition—there was general agreement that there is intensified competition in the newspaper industry because of the advent of online news. There is competition between newspaper chains and between individual newspapers, although it is different from the past when there were competing dailies in most major American cities. Today there is generally one daily paper per city or metropolitan area, although their geographic reaches often overlap, as is the case with both the *San Francisco Chronicle* and the *San José Mercury News*, which serve the San Francisco peninsula cities and other nearby cities in addition to their home cities.

### *About the Editors Who Were Interviewed*

At the time of the interviews, nine of the editors were all high-level editors of daily newspapers, and the tenth (Jerry Ceppos), a well-known former editor. Several were editors at their respective newspapers when they received a Pulitzer Prize, in some cases, multiple Pulitzers. *Milwaukee Journal Sentinel* Editor and Senior Vice President Marty Kaiser in February 2009 was named 2009 Editor of the Year by *Editor & Publisher*, a leading newspaper industry trade magazine.

Former *Boston Globe* Deputy Managing Editor John Yemma has changed jobs since he was interviewed for this thesis. At the time of his interview in August of 2007, in addition to his deputy managing editor position, Yemma was responsible for the *Globe's* Boston.com Web site. In October of 2008, the *Christian Science Monitor* announced that in April of 2009 it would be the first national newspaper to replace its daily print edition with a daily Web edition (Cook, 2008). In June of 2008, the Monitor named Yemma editor of the online *Christian Science Monitor* (Cook, 2008b). His new position is a pioneering one—to manage the *Monitor's* bid to survive and perhaps prosper in the emerging digital news environment. It is his second tenure at the *Monitor* where, 20 years earlier, he was a reporter.

A full list of the newspapers, the names and titles of the editors and brief biographies of each of them is included in the appendix.

### *Innovative ideas*

Because of their stature, and because of the in-depth nature of the face-to-face interviews, the editors' comments provide an original contribution to the large and

growing body of literature on the effects on the newspaper industry of the transition from print to online journalism. Some of them offered innovative ideas on how to handle the challenges posed by the switch.

For example, *New York Times* Deputy Managing Editor Landman said that newspapers are going to great lengths to attract readers to their Web sites, and this process requires innovative methods of operation. If a newspaper has a dozen sections in its print version, Landman (2007) said, on the Web it will in effect have hundreds of sections because it has to find a way to attract people who are interested in particular subjects:

So the notion of sections as organized in a newspaper doesn't have as much relevance. On the Web you have to, of course, play in different media realms, multimedia of all kinds. You want to be a reference source and you want to include the public in discussion and conversations.

Former *Boston Globe* Deputy Managing Editor Yemma (2007) said newspapers can exploit new technologies to improve their product:

The barrier to Webcasting is considerably lower now. The *Boston Globe* is a blue ribbon brand for news in this city. I can imagine a day when you could see *Boston Globe* broadcasting out of here [*Boston Globe* newsroom] via the Web.

Other innovative solutions are being explored nationally that are not discussed in detail in this thesis because of space limitations. For example, newspapers are using government grants to retrain employees to work on the Web. Two Minnesota newspapers, the *Duluth News Tribune* and the *St. Paul Pioneer Press*, will receive a share of state grants normally given to retrain workers in the manufacturing industry, a major employer in that area (Yahoo Finance, 2009). The newspapers will work with

the University of Minnesota's School of Journalism and Mass Communication to retrain staff with skills for the growing online news industry. Total funding by the state, the university and the newspapers for the retraining amounts to \$707,000.

### *Primary Conclusions*

This thesis is part of a large and growing body of literature on the tremendous changes shaking the news industry to its core. The topic of effects of the transition of readers from print newspapers to online news sites is a popular one. The daily Jim Romenesko column on the Poynter Online media news Web site (available at [www.poynteronline.com](http://www.poynteronline.com)) tracks changes in the news industry. Of the 18 items listed in the Romenesko column on February 25, 2009, roughly two-thirds were directly related to the problems newspaper companies were having due to the transition to online news and related issues. Headlines for items that day included separate reports on the possible sale of the *Boston Globe* and the *San Francisco Chronicle*. One headline read: "Hearst says it will sell *SF Chronicle* if cuts aren't made in a hurry". There was a story about a possible new business model for newspaper Web sites that would emulate the cable TV model: "Newspapers can take a lesson from 'status culture' by integrating it into their sites." And two reports chronicled newspaper layoffs, at the A.H. Belo-owned *Providence Journal* and the Hearst-owned *San Antonio Express*. That this is just a sampling of one day's headlines in one publication illustrates the high degree of interest in this topic, and the scope of the growing body of literature on it. There are similar stories daily on the Romenesko site and in the headlines of mainstream newspapers and in television and radio broadcast news.



Most of the editors interviewed for this study concluded that—although it presents opportunities—the effects of the transition up to the point of the interviews had often been devastating, and have added to the ongoing crisis of the American newspaper industry. Although the thesis focuses solely on the issues of the impact on newspapers of the switch by readers from print newspapers to online news sites, it is not easy to separate that issue from others affecting the news industry. Discussions of macroeconomic factors, such as the global recession that began in late 2007 in the United States, cannot be avoided. However, this event was not discussed in depth in this thesis. It should also be noted that American news consumers had already begun to read fewer newspapers before the advent of the World Wide Web. And although the questions asked, and the answers given by the editors interviewed for this paper, relate mostly to the editorial side of newspapers, unavoidably there is discussion of budgets and financial concerns related to staff layoffs and other cost cutting measures. However, every effort was made to focus questions and answers on the impact of the switch by news consumers from print to online news.

The interviews were all done face-to-face during a cross-country tour from July 6 to September 14, 2007. Prior to publication of this thesis, facts such as titles and duties of the editors interviewed were checked to make sure all information is current and correct.

The overall status of the newspaper industry at time of publication of this thesis remained very much like it was at the end of 2007. The newspaper industry is in flux and no definite direction has yet been determined. Therefore, the comments

provided by the editors are still highly relevant and mostly timely. It is likely that some of the solutions they suggested for the challenges posed by the transition to online media will be integrated into news gathering and dissemination processes, and new business models that will emerge in the months and years ahead.

Because the research was deliberately limited in scope, it does not provide a comprehensive overview of the changes taking place in the industry. Because of time and financial budget limitations, it was not possible to meet with editors at other large newspapers like the *Wall Street Journal*, *Washington Post*, *USA Today* and *Los Angeles Times*. Adding comments from those and other newspapers would have provided a broader, more detailed view of the changes in the American daily newspaper industry. As noted earlier, however, it was deliberately restricted to a select group of editors because of time and financial constraints.

#### *About the Author of this Thesis*

James DeTar received a B.A. in English from California State College at Stanislaus in Turlock, CA in 1977; a secondary teaching credential with concentration in English in 1978, also from Cal State Stanislaus; and a B.A. in Journalism from San José State University in 1981. Since 1981, he has worked as a full-time journalist, the last 10 years as a technology business reporter for *Investor's Business Daily*, a national, daily business newspaper with circulation of approximately 150,000.

As a full-time journalist for 28 years, the author approached this research project with a tremendous amount of interest. The answers given by this select group of newspaper editors contain information that will surely affect the careers of all

working journalists, including the author. It was rewarding to be able to sit down with editors of their stature to talk about a subject that both interviewer and interviewee were intensely involved in, and to discuss changes that will forever alter the American media landscape in ways that cannot yet be known. The author wishes to acknowledge the generosity of all of the newspapers approached for this project that made top level editors available, and of the editors who not only took the time to sit down face-to-face, but who all gave carefully thought out answers that reflected their many decades of collective experience in this field.

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- Youngman, Owen. (2007, July 24). Vice president of development, *Chicago Tribune*, at time of interview. Currently Knight professor of digital media strategy at the Medill School of Journalism at Northwestern University. Personal interview by author. Digital and tape recording. Chicago, IL.



## Appendix A

### *List of Interview Questions*

Below is the list of questions that were asked of editors. The questions have been arranged in subgroups that correspond as closely as possible to either the main research question or one of the three subquestions under the primary research question. For Web site editors, the subquestion about morale at newspapers is not included because they would have no direct knowledge of morale at the print newspapers.

#### *General interview questions:*

1. What impact is the migration of news readers from print newspapers to Web sites having on print newspapers?
2. Do you expect your print circulation to continue to decline? If so, when do you think the industry will cross over to a majority of news readers getting their news from Web sites?
3. In your opinion, what is the primary reason (or reasons) for the circulation decline?
4. What else would you like people to know about the migration of readers from print newspapers to Web news sites?

#### *Impact on quality and journalistic integrity of news stories*

1. Has the rise of Web-based journalism affected the quality of print journalism?
2. If the quality has changed, in what ways?

3. Can a democracy like the United States function as well without print newspapers? Why or why not?

*Impact on methods of operation*

1. In general, what is the main impact this rapid growth in number of readers is having on the organization and content of your newspaper?

2. Do you think that the rise of Web-based journalism has affected the way that print newspapers put stories together?

3. Are you doing anything specifically to attract younger readers?

4. Do you see an emerging business model that will enable newspapers to make money on both their Web sites and print versions? If so, what is it?

5. Do you consider the Web a disruptive technology in relation to print newspapers? Why?

6. Do you agree with the proposition that most newspapers have taken the print model and tried to fit it into a new technology as they designed their Web sites? Why or why not?

7. What has your newspaper learned in the process of launching a Web site?

8. If you had unlimited resources, in what ways would you change your newspaper?

9. In your opinion, will newspapers go all digital in the next 20 years?

*Focus of internal and external competition*

1. Where is the primary focus of competition for newspapers today?

2. Is there competition at newspapers between the print side and the Web side

for resources? If not, do they compete in other ways? If there is competition, how is that affecting overall operations?

3. Is the focus still primarily competition among newspaper companies for readers, or is it primarily between newspapers and other media on the Web?

4. In your opinion, in general has the ongoing loss of circulation at newspapers affected morale at the newspaper?

5. What is your newspaper doing to attract and retain high quality journalists?

## Appendix B

### *Biographies of Interviewed Editors*

List of editors by title and publication (in the order they are presented in the thesis), followed by brief biographies:

1. Jonathan Landman, deputy managing editor, *New York Times*.

Landman is the *New York Times*' deputy managing editor for digital journalism. In his 22 years (as of March 2009) at the *Times*, Landman has been assistant managing editor, culture editor, metro editor, "Week in Review" editor, deputy Washington editor and copy editor (among other jobs). Before that, he was a reporter at *Newsday* and the *Chicago Sun-Times*.

2. John Yemma, deputy managing editor at the time of interview, *Boston Globe*, responsible for Boston.com Web site. Currently editor of the online daily *Christian Science Monitor*.

In June 2008, Yemma was appointed editor of the *Christian Science Monitor*. His job is to lead the newsroom at the 100-year-old *Monitor*, which was the nation's first online large daily newspaper. Yemma rejoined the *Monitor* after 20 years at the *Boston Globe*, where most recently he was in charge of the *Globe*'s multimedia news operation. In that role, he managed the editorial operations of the *Globe*'s website, Boston.com, and led the newsroom in development of the *Globe*'s Web-video unit, immobile operations, Web search, database development, and media partnerships. In Yemma's earlier stint at the *Monitor*, he worked in the Washington bureau, was a correspondent in the Middle East, and was business editor.

3. Owen Youngman, vice president of development at time of the interview, *Chicago Tribune*. On January 20, 2009, Youngman was named Knight Professor of Digital Media Strategy at the Medill School of Journalism at Northwestern University.

Prior to coming to Medill, Youngman was a senior vice president at the *Chicago Tribune*, where he had a career as a journalist, and then directed the development of a variety of print and digital innovations, including Web site Metromix.com; *RedEye* (a weekly print newspaper for younger readers); *TheMash* (a weekly for Chicago public high school students); and social networking as a tool for linking journalism to a broader audience. Under his direction, *chicagotribune.com* was the first newspaper Web site to concurrently be named the industry's best news site by both *Editor & Publisher* magazine, and the Newspaper Association of America. Youngman is a Chicago native who grew up in Ashtabula, Ohio, and began his journalism career four decades ago as a sports reporter, photographer and editor at that town's *Star-Beacon*.

4. Don Hayner, managing editor at time of interview, *Chicago Sun-Times*. The *Sun-Times* named Hayner editor-in-chief on February 18, 2009.

Hayner, 57, has had a long history with the *Chicago Sun-Times*, where he has served in various capacities for nearly 27 years. At the *Sun-Times*, Hayner has been the metro editor, city editor, a general assignment reporter, a personal finance writer, a neighborhood beat reporter and a Sunday features writer. Before he was named the *Sun-Times* editor-in-chief, Hayner was its managing editor. He has won several awards for reporting including a national award for education writers. Prior to the

*Sun-Times*, Hayner practiced law for three years before switching careers to work as a reporter at City News Bureau. From there he went to the *Suburban Tribune*, a unit of the *Chicago Tribune*, where he was a reporter and later a columnist. For five years he co-hosted a Saturday morning talk radio show for WLS-AM (890). He also co-authored three books: *Streetwise Chicago, A History of Chicago Street Names*; *The Metro Chicago Almanac*; and *The Stadium: 1929–1994, The Official Commemorative History of the Chicago Stadium*. Hayner is a graduate of Ripon College in Ripon, Wisconsin, and John Marshall Law School in Chicago.

5. Martin “Marty” Kaiser, editor and senior vice president, *Milwaukee Journal Sentinel*.

*Editor & Publisher* magazine, a leading newspaper industry trade publication, named Kaiser 2009 Editor of the Year. Kaiser joined the *Milwaukee Journal* in 1994 and was named managing editor of the merged *Milwaukee Journal Sentinel* in 1995. He became editor in 1997. His tenure over the last decade has included investigations into Wisconsin’s drinking culture, the hazardous chemicals found in common household items, housing of Milwaukee’s mentally ill, dangers from invasive species in Lake Michigan, and the impact of chronic wasting disease on Wisconsin’s proud hunting culture. Under Kaiser’s leadership, the paper received the 2008 Pulitzer Prize for local reporting for a story on abuses within the Milwaukee County Pension System.

6. Phil Bronstein, editor and executive vice president at time of interview, *San Francisco Chronicle*. Currently editor-at-large and executive vice president for the

*Chronicle*.

Phil Bronstein began his career in San Francisco as a reporter and editor at the *Jewish Bulletin*, then moved on to reporting duties with KQED, a Bay Area public television station, and then the *San Francisco Examiner*. Specializing in investigative projects and foreign correspondence, he was a 1986 Pulitzer Prize finalist for his work in the Philippines, and went on to cover conflicts in other parts of Southeast Asia, El Salvador, Peru and the Middle East. He was named executive editor of the *Examiner* in 1991, having previously served as managing editor for news. When the bulk of the *Examiner* and the *San Francisco Chronicle* merged in November 2000, he was named senior vice president and executive editor of the paper, and became executive vice president and editor of the *Chronicle* in March 2003. In February 2008, Bronstein was named executive vice president and editor-at-large of the *Chronicle*.

7. Stephen “Steve” Proctor, deputy managing editor-news, *San Francisco Chronicle*.

Proctor, 51, is deputy managing editor for news, *San Francisco Chronicle*. He previously worked at United Press International as a reporter (1979–80); the *Baltimore Sun*, as reporter and various editing positions leading to deputy managing editor for sports and features (1980-2003); and he joined the *San Francisco Chronicle* in 2003.

Born in Riverdale, Maryland, Proctor earned a B.A. in journalism/history from American University in Washington, D.C. in 1979, and was John S. Knight Fellow at Stanford University in 1998–99.

8. Jerry Ceppos, former managing editor, *San José Mercury News*; and former chief news editor, Knight Ridder (Knight Ridder was purchased by McClatchy Company in

2006). Ceppos has been dean of the Reynolds School of Journalism at the University of Nevada, Reno, since February 4, 2008.

Ceppos spent most of his journalism career with Knight Ridder, at the time the second-largest publisher of American newspapers. He worked at the *Miami Herald* for nine years, leaving as assistant managing editor for news, and then joined the company's *San José Mercury News*. There he served as associate editor, managing editor and executive editor/senior vice president. After leaving the *Mercury News*, Ceppos was vice president for news of Knight Ridder, the top news position in the company. He oversaw news content of Knight Ridder's 32 daily newspapers as well as its Washington D.C. and foreign bureaus, and content of the Knight Ridder Tribune news service.

9. Rick Rodriguez, 55, executive editor and senior vice president at time of interview, *Sacramento Bee*. Today Rodriguez is Southwest borderlands initiative professor at the Walter Cronkite School of Journalism and Mass Communication, Arizona State University.

Prior to joining the faculty of the Cronkite School in March 2008, Rodriguez was the top editor at the *Sacramento Bee*, one of the 10 largest daily newspapers in the West. In 2007 the *Bee* won the Pulitzer Prize for Feature Photography. A native of Salinas, California, Rodriguez graduated from Stanford University with a bachelor's degree in communications. At 18 he began his career with his hometown newspaper, the *Salinas Californian*. Before going to the *Sacramento Bee* as a political reporter, Rodriguez worked for the *Fresno Bee*. He was the managing editor in Sacramento for



five years before being named executive editor. Rodriguez was the first Latino to serve as president of the American Society of Newspaper Editors.

10. Kevin Keane, executive editor, *Contra Costa Times*.

Keane is vice president/news for the California Newspaper Partnership, North; and executive editor of the *Contra Costa Times*. Keane oversees the MediaNews papers in the East Bay and Solano County, California, including the *Times* and ANG (Alameda Newspaper Group, owned by the MediaNews Group chain) newspapers, such as the *Oakland Tribune*. He was appointed to his current position in August 2006. Keane has worked for 25 years for daily newspapers, starting as a reporter. He grew up in suburban Philadelphia, one of 13 children, and earned a bachelor's degree in journalism from Pennsylvania State University. He worked as a reporter and editor at various daily publications in Philadelphia and South New Jersey, covering local and state politics. He has worked for MediaNews Group since 1997, when he was named editor of the *Lebanon Daily News* in Lebanon, Pennsylvania.