

FTC to newspapers: We're from the government and we're here to help.

By Bill Forhan

A reader from Cashmere asked me to review the Federal Trade Commission's "Discussion Draft" on reinventing journalism. The document begins with a statement that seems innocent enough, "*We seek to prompt discussion of whether to recommend policy changes to support the ongoing 'reinvention' of journalism, and, if so, which specific proposals appear most useful, feasible, platform-neutral, resistant to bias, and unlikely to cause unintended consequences in addressing emerging gaps in news coverage.*" But a thorough reading reveals the real truth, having succeeded in nationalizing the automotive industry and the health industry, Federal bureaucrats are now setting their sights on the newspaper industry. The 47 page document ultimately degenerates to a massive expansion of the Corporation for Public Broadcasting and a raft of proposals that will exacerbate the economic problems of the very industry they claim to need to reinvent.

Want some specific examples? First the FTC claims the loss of advertising in traditional newspapers is responsible for the severe problems now facing the industry, but one of the solutions proposed by the draft is to change the tax code to require advertisers to spread the cost of their annual advertising expenditures over 5 years instead of writing them off against the current years operations. Second, the FTC calls for publishing legal notices on a government web site instead of paying to print them in the local newspaper.

While the document begins innocently enough in its concern for an industry that is vital to the maintenance of our democracy, its proposed solutions will clearly result in more government control of public information through new restrictions on copyrights, airwave licensing fees and publicly owned web sites for publishing the governments position on issues.

Don't get me wrong. The newspaper industry has experienced some significant problems. Those of us who have been in this business are fully aware of the issues we face and the challenges those issues pose for the future. I would agree that the industry is in the process of "reinventing" itself, but I see that process as one that will ultimately strengthen our connection with our local communities. The very technology that is threatening the big city dailies is a tool that will allow our small community newspapers to expand our frequency and provide our readers with vital breaking news we cannot provide with our weekly print format. Today we are experimenting with video technology we hope to implement on our web sites. Imagine a world where you can download local news broadcasts that you can watch on your PC while you're fixing dinner each day. Imagine a world where the local high school football, basketball, volleyball or soccer game can be watched live by grandma in Seattle. Those capabilities are not far off.

And contrary to the FTC discussion draft, advertisers do not pay newspapers to "bring together audiences." You have to have the audience to draw the advertising dollars. That is increasingly true as choices for advertisers have expanded over the years. The demands for advertising dollars has grown exponentially and advertisers are finding their budgets are more divided than ever. Smart advertisers are becoming much more demanding in evaluating which of their choices will be most effective for their business. And while the Internet is getting all of the attention as the newest, best and most cost effective way to advertise, the truth is most web sites are woefully ineffective in maintaining an audience.

Maintaining an interesting and engaging web site is labor intensive. And making sure that web site is properly positioned so search engines place it near the top of a users query requires constant maintenance. Recently I was in a Chamber of Commerce meeting where someone asked how many hits the web site had received. The response was, it has done really well, it received 1000 in the last quarter. Not bad, but our smallest newspaper site gets twice that in a week. The point here is the

Internet is only one option available to advertisers to promote their business. Many businesses and government agencies have spent a lot of money developing their web sites in an effort to “build an audience” among the clutter on the Internet. The problem with the Internet is unless the consumer bookmarks your web page, they have to search through that clutter to find your product, business or service. And in the process they may just come across your competitor’s site across the street or across the country.

Since we began building our newspaper group over ten years ago, we have invested heavily in modernizing our systems and improving our editorial product in order to maintain the interest of our readers or “build our audience.” We have maintained our newspaper circulation at from 60 percent to 75 percent of our target market households. Today, our advertisers can choose from a combination of product offerings that will help them maximize the reach of their message to their target audience. From a single market newspaper ad, the customer can add additional coverage in our regional free distribution shopper, add other community newspapers that may fit their market area, select from a number of regional visitor guides, or put ads on one or more of our web sites that can be linked directly to their own web site. In other words, we have built a system that puts our advertisers message in front of their most likely buyers in whatever way those buyers might choose to seek out local information.

Yes, our economy is in serious trouble right now. And we feel that pain just like our local friends in the real estate business who are suffering even more. But, we do not want help from the government. We believe it is more important that we are able to maintain our independence from government influence at all levels in order to serve our audience. Ultimately, our advertisers will be better served if their message is included in a service that is vital to their customers.

Sure we’ll still get pressure from the local politicians to spin the news their way. Whether it’s the local mayor pulling his businesses ad budget because we challenged his position on a local issue or the school superintendent refusing to give our reporter an interview because she didn’t like our report on the school budget, we need to be able to stand our ground. Having the government subsidizing our operations weakens that stance.