The News: Minding the Gaps

Ken Doctor
FTC News Media Workshop
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A Quick Look at the News Landscape

✓ After the Big Bang
✓ The New Local
✓ Mind the News Gaps
After the Big Bang
After the Big Bang

Numbers That Matter

• **10,000**: Daily newsroom jobs lost since 2006
• **20 million+**: Fewer daily copies over last 25 years
• **85%**: Or more of newspaper company revenues still come from print
• **10%**: Rough percentage of newspaper take of online ad pie. Compare to 20% in pre-digital world
$1.65 billion: Google’s 3Q, 2009 profits. Gannett -- largest news company in the US and second worldwide – reported total revenue of $1.3 billion, and profits of only $73 million.
Companies are now spending **$60 billion a year on self-marketing** (Outsell Research)

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<thead>
<tr>
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<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<tbody>
<tr>
<td>% ONLINE SPEND ON OWN SITE</td>
<td>33%</td>
<td>58%</td>
<td>61.8%</td>
<td>59%</td>
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<tr>
<td>$ ONLINE SPEND ON OWN SITE</td>
<td>$22.6B</td>
<td>$45.9B</td>
<td>$63.2B</td>
<td>$66.6B</td>
</tr>
<tr>
<td>$ OTHER ONLINE SPEND</td>
<td>$46B</td>
<td>$33B</td>
<td>$39B</td>
<td>$46B</td>
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Where the Readers Are

- **4 of 5:** Top news sites are search-aggregators
- **About a third:** Start their days with digital news
- **A majority:** Go online for immediate news
- **1 in 4:** Say local news is their primary interest
- **Almost 50%:** scan Google headlines without going to site
- **10%:** Say they’d consider paying for news

Source: Outsell, other sources
Ad Revenue Drop

$20+ Billion
We Don’t Know
What We Don’t Know

800,000 Stories
DOWNSIZED

✓ **Product:** 40%+ less newsprint than 5 years ago
✓ **Staff:** 20%+ down from three years ago
✓ **Capital:** Little to spend
✓ **Community Clout:** Diminished as products and staffs have shrunk.
Overall News Company
Advertising
2010

NO VISIBILITY: Budgeting flat to 5% up in
THE SPLIT

DIGITAL DOZEN

ABC
AP
BBC
Bloomberg
CBS
CNN
NBC
New York Times
News Corp
NPR
Reuters
Washington Post

THE NEW LOCAL

FREE
FOR
ALL

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Flanks Open
Dominance of the Monopoly
Daily Has Diminished
The New Local
Twin Cities, 1997
Twin Cities, 2009
Many New Competitors for Readers and Advertisers
Competing for Readers &Advertisers

From Ankle-Biters to Behemoths

✓ Ankle-Biters and Watchdogs
✓ Knee-Choppers
✓ Broadcasters, Mainly* Local
✓ The Pro-Am Aggregator Armies
✓ Digitized Public Radio
✓ The Hungry Searchers
✓ National Head-Bangers
Ankle Biters & Watchdogs
Knee Choppers?

- **Second generation** start-up sites emerging post-recession
- Bigger staffs, **broadcast partnerships**
- Paying “professional salaries”
Local Broadcasters
The Pro-Am Aggregator Armies
The Pro-Am Aggregator Armies

✓ Newsy Writing: Tens of thousands of semi-pro writers in databases.
✓ Ad Revenue Focus: Figure out where ad money is. (Hint: Not News)
✓ Mix & Match, using technology
✓ Now Producing tens of thousands of stories per week
✓ Voila: New “journalism”? 
Journalism as Manufacturing
(With as much or little value added)
Metro Public Radio Stations

• **Leaders**: MPR (Minnesota), KPCC (L.A.), WBUR (Boston), KQED (S.F.)
• **Mission**: Assert a new primary *online* news role
• **Splitting sites**: 1) News; 2) Program Guide
• **Partnering with NYT**, news start-ups
The Hungry Searchers

- Google, Yahoo, AOL, MSN all plot local and hyperlocal moves, targeting paid search business, local sponsorships
National Head-Bangers

Strategy: Last Print Standing?

• Moving into metro areas left vulnerable by dailies

• **NYT**: SF, Chicago

• **WSJ**: SF, NYC, Chicago

• **Bloomberg**: Seeking business news “sections”

• **Goals**: Print Retention, Targeted Regional Ads, Digital Down the Road
Newspapers Are Retooling

• Pricing up by 40%
• Taking Circulation Hit
• *Hiring! Stars, investigative & business news & adding back news space
• Becoming a

The Starbucks Buy
The Gaps
The Old Model of the Big Regional Newspaper Company Is Passed Into History

Unsustainable
Non-competitive
Disadvantage
LOCAL MARKETS UP FOR GRABS

- As monopoly daily journalism fades, gaps are created.

- **Coverage gap**: 800,000 stories year
- **News-ad gap**: The long-time *essential connection* between news and advertising is increasingly *frayed*
- **Content gap**: The *chasm* between market-driven *newsy* content and *public service content* is growing
- **Pay gap**: Pro-Am pay doesn’t produce dependable professional journalism.
- **Credibility gap**: As old worlds have blown apart, *trust* is uncertain.
Is the new market up to providing us with the local news we need?

If not, who or what is?
CONTACT

▪ Ken Doctor

▪ OUTSELL: www.outsellinc.com
▪ CONTENT BRIDGES: www.contentbridges.com
▪ kdoctor@outsellinc.com
▪ kdoctor@gmail.com