

The Language of Local

Community papers survive by sweating the small stuff

BY BETTY JOYCE NASH

At the *Pilot* in Southern Pines, N.C., editor David Woronoff's office sits smack-dab by the front door. He brags about it.

"We are accessible, and I think that is what makes us unique," he says. The *Pilot*, a thrice-weekly newspaper with a circulation of about 15,000, finished 2008 with revenues up 5 percent over 2007, although Woronoff calls November and December receipts "dismal." Still, he's convinced that community news is a valuable commodity. "You can't get what we do anywhere else. That kind of unique selling proposition is what will keep community newspapers going for a very long time."

The big metro dailies are in trouble. Many have bailed out of covering satellite towns, and that's helping community papers like the *Pilot*, with circulation less than 30,000. The paper's circulation numbers are stable. It's surviving on community advertising and local news, including photos of 4-year-olds on their birthdays.

"Community newspapers have a franchise for local news that in most cases is not being invaded by some information source using the Internet," says Al Cross of the University of Kentucky's Institute for Rural Journalism and Community Issues. They've established a product that's valuable to a small group of people, the news in their local community.

Niche News

You don't have to read the fine print to see how the big metro dailies are struggling — they publish fewer pages, they've let staff go, they've had their lunch eaten (and dinner, too, since half of newspaper revenues came from classifieds) by Web outfits like Craigslist and Monster. Auto company and real estate woes have choked off the remaining classified revenue. To add insult to injury, there's even a Web site to chronicle their demise: www.newspaperdeathwatch.com.

But community papers, says longtime media analyst John Morton, are doing reasonably well. They have traditionally earned less than big metro dailies from classified ads (about 30 percent on average), which means they weren't as vulnerable when those ads migrated from print. Of course, the recession has eroded everybody's ad revenue, including electronic media, but community papers are "certainly not in any kind of calamitous state on their profit and loss statements." In fact, small papers in a metro daily's portfolio, like those in the New York Times Regional Newspaper Group, may subsidize bigger siblings like the *Times*, Morton says.

But a community newspaper isn't a daily. They are found in dense urban neighborhoods with retail, small towns out-

side cities, and rural communities, including very small towns. They can be weekly, twice, or thrice weekly and, by Cross' definition, circulate fewer than 30,000 copies. "Above that, and you're serving communities that don't have enough in common." They are typically subscription papers that cover at least the cost of postage, and in rural areas are delivered by mail.

This category usually does not include the pure "shopper," a paper that has no editorial content, and also excludes the alternative weekly — such as the *Washington City Paper* — which is in a category all its own. (Alt-weekly readership declined in 2008.)

Weekly Reader

A 2008 readership survey found that 86 percent of people over age 18 read a community paper every week in cities and towns served by these papers, defined as those with up to 25,000 in circulation. This Community Newspaper Readership Survey was based on a stratified sample of these newspapers and conducted by the Center for Advanced Social Research of the University of Missouri's School of Journalism.

Financials — in fact, any data for these small papers — are tough to track because most of them are in private hands and, frankly, don't want the competitor in the next town to know their business, says Brian Steffens of the National Newspaper Association (NNA), a lobbying group for community papers. Of NNA members, 54 percent are family owned, 24 percent corporate owned, and 21 percent are independent.

Even in publicly owned chains, numbers typically aren't broken out by property. Media General of Richmond, Va., for example, owns 275 community papers, 10 in North Carolina, but doesn't comment on earnings or individual papers, says spokesman Ray Kozakewicz. The company has cut its staff of 772 by about 22 percent from a year ago.

In markets where a community paper is the only game in town, they're thriving because advertising is local. National ad budgets get divvied up three ways: print, broadcast, and Internet. And in a small town, there's often no local television. "If it is, it's regional. Your television station might be from Kansas City or some other large city, but there's no real competing media," Steffens says.

Chris Stadelman, editor and publisher of the weekly *Parsons Advocate* in Tucker County, W.Va., says the paper he runs with his wife, Kelly, earned record revenues in 2008. As

“the only newspaper in the whole world published by and for the people of Tucker County,” the *Advocate* is prospering.

“Our total revenue is up more than 20 percent since we purchased the newspaper, the bulk of that from advertising.” The Stadelmans make up half of the paper’s four full-timers.

Community papers are as varied as the towns they occupy, defying the one-size-fits-all definition, says Cross. Some thrive on chicken-dinner coverage, news about feel-good events only; others keep a vigilant eye on local issues and win press awards for doing so. Many aim to do both. Stadelman reports that his paper has filed a Freedom of Information Act request for financial details about a federally funded clinic in town. In addition, the paper has “forced the mayor to admit inappropriate conduct in executive sessions.”

“At the same time, it’s even more critical to be fair to people in such a small community,” he says. “With 7,000 people in the county, we deal with a lot of the same faces on a regular basis.”

Legal Ads and the Phone Book Too

The *Pilot* was named the best small paper in the nation in 2002 by the Inland Press Association, a trade group. Woronoff, also part owner, says the paper will “always be small town and we will never be small time.”

Okay, so the *Pilot* has better-than-average expertise behind it. It’s owned by a former associate and the family of the *Raleigh News & Observer*. The McClatchy Co. bought the *N&O* in 1995. (McClatchy also owns the *Charlotte Observer*, the *Chapel Hill News*, the *Cary News*, the *Herald* in Smithfield, and the *Eastern Wake News* in Zebulon, N.C.) Woronoff’s relatives are silent partners and acquired the *Pilot* in 1996.

The *Pilot* set out to become indispensable for locals. After all, the residents of the area, the exact geographical center of the state, also can get the Charlotte, Raleigh, and Greensboro newspapers. “We’ve got to be able to offer a portfolio of products, be able to tell the community stories in different media, and be able to offer our business

community a variety of media to advertise in.”

The *Pilot* even started publishing the phone book 10 years ago, using big print and including community information. “We harnessed the marketing power of the newspaper, marketed the hell out of it, and now we dominate the Yellow Pages,” he says. “We make money on it. A lot of money.” And the newspaper has been on the Web since 1998, but still earns 92 percent of ad revenues from print. Site content is free because they want people to visit for updates, video, and slide shows.

For rural newspapers located in county-seat towns, and that includes the *Pilot*, legal and government notices provide significant revenue. Newspapers are more likely to close in noncounty-seat towns if the retail base dries up because they lack that steady advertising.

As for the quality of community papers — “a lot of them are really good newspapers and a lot of them are not,” Cross says. “A lot of them don’t practice accountability journalism in a meaningful way.”

In that case, the community can always demand a competitor.

Jerry Bellune’s story is unusual. He’s been in the community newspaper business in Lexington, S.C., since the 1980s. When relations with a business partner soured, he and his wife sold their interest, only to have the community beg him to return and start a competitor because they were unhappy with the new paper. He attributes his success with the new paper to its local-issues-only mission (and marketing to the legal community for public notices didn’t hurt either).

Ultimately, he bought his old paper back “for pennies on the dollar” and merged the two. Front page stories one day in January included news about a public hearing to consider a local smoking ban, among others. He says his ad revenue in 2008 fell by 50 percent over 2007, but his circulation of 5,000 is among the fastest-growing in the state. “We like to think we’re a small-town newspaper trying to do good things,” he says.

Talk the Talk

The *Carrboro Citizen* (circulation 5,000) is barely two years old, and its owners might not have heard that print is dead, even though they’re seasoned in the business. The paper grew out of



The Carrboro Citizen in Carrboro, N.C., covers local news for the town of 18,000, adjacent to Chapel Hill, N.C. The free weekly has a history of posting its front pages to its Web site and also updates news via its Web site, blogs, and Facebook.

dissatisfaction with coverage of Carrboro and a University of North Carolina at Chapel Hill class project, an Internet site called “The Carrboro Commons.” A stone’s throw from Chapel Hill, Carrboro (population 18,000) is nevertheless a “very different kind of town,” says editor and co-founder Kirk Ross.

Ross and publisher Robert Dickson met in the class and partnered in the *Citizen* venture. Dickson grew up in the newspaper business. He also owns the Raeford, N.C., *News-Journal*, started by his grandfather in 1905. The Carrboro paper, unlike the Raeford paper, is a free weekly. The circulation revenue for the Raeford newspaper pays for itself and that’s about it, Dickson notes, but in addition to ad revenue, they run legal and public notices. (The *Citizen* is restricted by state law from printing legal notices because it isn’t a subscription paper.)

Despite its fledgling status, the *Citizen* has won first-place awards from the North Carolina Press Association, one in 2009 for a hard-hitting story. “Just because we’re a small

paper, we don’t need to think small,” Ross says. He formerly worked for *The Independent*, an alternative weekly in Chapel Hill, known for investigative work.

He attributes the paper’s success, breaking even, to its language of local. “Almost all the successful community papers had a style, a voice, and felt like a friend,” he says. As big media firms bought small newspapers, they often brought in staff who didn’t “speak the language.” (Of the 180 small papers in North Carolina, more than 100 are owned by 23 media firms, including the New York Times Co., Cox North Carolina Publications, and the Gannett Co.)

The *Citizen*, though it’s a print publication, also has a presence on the Web. “We wanted to be at that party too,” Ross says. If they wanted to keep the status quo, they’d be sitting pretty. But the *Citizen* wants to expand into Chapel Hill. “We’re hearing the same thing from people in Chapel Hill and Pittsboro and Hillsborough — they want their local paper too. The big dailies aren’t covering them anymore.” **RF**

Help Wanted: Business Model for Hard News

BY BETTY JOYCE NASH

The Internet topped all other media except television as the preferred outlet for national and international news for the first time in 2008.

The Internet continues to challenge reliable public affairs coverage in the print world because Web sites like Craigslist, a free classified ad service, has usurped that revenue, formerly a subsidy for hard news coverage. Media and policy experts are looking at ways to save hard news by making the Internet an ally.

Hard news is a public good, expensive to create but cheap to disseminate via the Internet, even if it’s third-hand content originally published by the big papers. And on top of that, there is continued decline in newspaper readership that is fueling “creative destruction” among the big metro daily newspapers, historically the primary news hunter-gatherers of a democratic society. Media analyst John Morton points out that 1,350 of the roughly 1,400 dailies average a circulation of 30,000 and are healthy relative to the papers in large metro areas. The *Rocky Mountain News*, for example, ceased publication in February and the Tribune Co., which owns the *Baltimore Sun*, *Chicago Tribune*, and *Los Angeles Times*, filed for bankruptcy in late 2008. As late as 2003, the average operating profit margin for publicly reporting newspaper companies was about 22 percent, but by early 2008, the margin had fallen to 10 percent, only because of aggressive cost cutting, says Morton.

Historically, newspaper owners, often in monopoly or oligopoly markets, enjoyed power and prestige and were often willing to invest in public affairs coverage out of a sense of civic duty. But consolidation in ownership and the electronic revolution have shrunk sections and report-

ing staffs. Classified ads formerly made up 40 percent to 50 percent of revenues for newspaper firms. The Web site Monster, although it’s suffering now because of the economic downturn, has poached the newspapers’ help-wanted ads.

This kind of disaggregation, in which digital advertising splits from content, hurts newspapers, says Rick Edmonds of the Poynter Institute, a nonprofit school for journalists that owns the *St. Petersburg Times*.

If these publicly owned metros decline or disappear altogether, then who will assume hard news and public affairs coverage? Will fledgling nontraditional press organizations, profit or nonprofit, file Freedom of Information Act (FOIA) requests for access to records? Which groups will devote months to investigations that reveal wrongdoing or ineptitude? What role will private media organizations play?

“The journalism produced by the large newspapers has been greatly diminished,” Morton says, adding that those organizations traditionally cover weighty, nonlocal events that so many in our society depend on, including, by the way, bloggers.

If the “watchdog” and public affairs function is harmed, as shareholder demand drives publishers to serve segments of the population that don’t consume hard news, then that’s a market failure, says economist Jay Hamilton of Duke University. He calls hard news a “tough sell.” People don’t need or want national and international news the way they need facts about the local schools or their property taxes. But they do like knowing what entertainers are up to. So it’s nearly impossible for the detailed reporting that ultimately led to the U.S. Attorney General being forced to resign to create much

of a revenue stream for a media organization.

A ratio of searches to Web sites shows, Hamilton notes, that an audience is more likely to seek information that entertains or helps them make buying decisions than they are to seek out policy details to help make civic choices. These observations about information and democracy predate the Web and were detailed by economists such as Anthony Downs and Mancur Olson.

In general, people remain “rationally ignorant” and it’s not hard to understand why. The odds are slim that one person’s knowledge and subsequent action will influence policy, and so there’s no immediate payoff to learning the nuts and bolts of public affairs. But an immediate gain goes to the reader who finds information that helps buy a decent car at a good price.

As market forces work against hard news coverage today, it’s useful to recall that newspapers in the 19th century were subsidized by political parties because “they were after your vote,” Hamilton says. In the top 50 U.S. cities in 1870, Republican papers represented 54 percent of metro dailies and 43 percent of total circulation in those cities. Thirty-three percent of daily papers were Democratic and held 31 percent of circulation in those cities, according to Hamilton’s book, *All the News That’s Fit to Sell*.

Newspapers shed partisan politics, however, when they needed more subscribers and advertisers. The development of higher-speed (and more expensive) presses, cheap paper, and increased population meant that newspapers could print more copies more quickly and thus reach more readers. They could spread these higher fixed costs across many readers if that increased circulation; advertisers liked the idea, too, because they didn’t have to negotiate ads with multiple papers. Newspapers began to tout independence in political coverage so they could build circulation among readers of all political stripes, and often cut subscription rates to expand audience.

Today, Hamilton says, the biggest market failure is in local investigative reporting “because it’s costly but it’s valuable to the community, but perhaps not highly demanded.”

Alternatives are emerging as nonprofit Web sites proliferate and foundations fund public affairs reporting projects. Nontraditional and nonprofit newsrooms such as ProPublica have popped up on the Web to fill the gaps in watchdog coverage. The nonprofit Voice of San Diego’s mission statement says it “aims to increase civic participation by giving citizens the knowledge and in-depth analysis necessary to become advocates for good government and social progress.” Josh Marshall of the investigative blog Talking Points Memo in 2008 won a coveted journalism

award for reporting on a scandal in which U.S. attorneys may have been dismissed for political reasons.

“The question is how do you maintain the watchdog function of newspapers, not the newspapers themselves, but the function?” asks Hamilton, who also directs the new DeWitt Wallace Center for Media and Democracy at Duke. Possibilities include nonprofit ownership or subsidies to fund expensive investigations. For instance, the Knight Foundation grants money to local foundations to create information about causes they espouse.

An education foundation, for instance, might take up information slack in a city where an education reporter’s position has been cut. Ditto for health care via organizations such as the Kaiser Foundation’s health care news service. The nonprofit Sunlight Foundation since 2006 has funded sites such as OpenCongress and FedSpending, among others.

The DeWitt Center is examining these ideas and more. Complex algorithms, for instance, may ultimately cut the cost of “accountability journalism,” as more local reporters train to investigate public data by this method. That takes data-driven reporting farther and, as more public records go online, may mine information from many sources simultaneously. The Knight Foundation, for instance, has given a million dollars to Everyblock — five people in Chicago who transform government data into neighborhood-specific news on command. You want to know what the City Council of Charlotte, N.C., is considering for your neighborhood? Go to Everyblock and enter your address.

Government may play a role, too, by improving the FOIA process and information infrastructure throughout federal agencies, making data easier to obtain. In addition to nonprofit and government involvement, perhaps critical when maintaining a public good like public affairs coverage, policies such as tax code changes might encourage family or individual media ownership. Hamilton points out in *All the News That’s Fit to Sell* that individuals or families may “identify with the communities ... and try to encourage civic participation through information provision.”

Also under scrutiny is how poor people receive and use information to make choices about payday lending, mortgages, education, and health care.

Still, the big metro papers teeter on the edge of collapse now, and it’s too bad because when it comes to hard news, they are household names, says Morton, the newspaper analyst. They need that advantage. “It’s the brand name and standing that the dailies still have that is going to help them translate to the Internet,” he says. “Cutting back on journalism is going to hamper that effort.” **RF**

READINGS

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