

# Newspapers in the 21<sup>st</sup> Century

SUE CLARK-JOHNSON

I am a journalist. Retired perhaps, but still a journalist.

I love what journalism represents, what it means. I know you do, too.

I know Barbara Wall [Gannett VP and associate general counsel] and David Bodney [Steptoe & Johnson], and how deeply they believe in press freedom. Through them and the other media attorneys I have had the good fortune to be guided by in more than forty years in journalism, I know that you love representing the press and that you are as committed to the First Amendment and all its implications for a free society as I am.

I grew up in this business. Of late, I have been thinking a lot about my journalist father, who died the year I became managing editor at a small newspaper in Niagara Falls, New York. He started out working for William Randolph Hearst Sr. My father always said he wanted to see and report from a “box seat to life” . . . he wrote about what he saw on an old Underwood, and his stories were published in publications like the now-defunct *The American Weekly*.

During my forty-one years as a journalist, I too had a box seat, although oftentimes I was the first woman in some of them. Like my father, I saw and reported on life and witnessed and participated in the dramatic change in our business.

Everything *he* knew about this business has changed—just as everything I have known has changed.

Well, maybe not everything.

What this business *stands for* has not.

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We stand for truth and for the public's right to know . . .

In every town, every city across this country, dedicated newspaper reporters have done so for generations.

Since I retired last spring, I have been asked often what I am most proud of. It isn't being the first woman, or top positions I have held. It is being a participant in the good journalism that has helped rectify wrongs. As one example: when I was an editor in Niagara Falls, a reporter brought me a jar of what looked like black tar. He said people were dying in a neighborhood called Love Canal and they believed this black substance was the cause.

We had it analyzed and relentlessly wrote news stories documenting health findings and the suffering of families living there. The chemical company that had used that neighborhood as a dumping ground before houses were built put extraordinary pressure on the publisher to stop. So did the Chamber of Commerce. The publisher asked me whether I was absolutely sure we were right. I said yes . . . and you know the rest of the story.

That's what newspaper journalists did, what they are doing now, and what I believe they will continue to do. The words may come to you in print, on your laptop, or on your iPod. But the work will continue.

Journalists do not do this work by themselves. I have worked with media lawyers in many cities and newspapers. I have seen the passion in their eyes and in their legal arguments for doing the right thing.

I learned very early on the value of media lawyers. John Quinn, a revered news executive at Gannett during its growth heyday of the '70s and '80s, said that “courage and care must go together in aggressive journalism. No solid story should be blocked by the mere existence of risk, but no real risk should be bypassed in judging just how solid the story is . . . the rights of a free press must be, and will be, vigorously protected within Gannett newsrooms

with the best of editing and legal talent, each in its own province. Lawyers are not going to be allowed to play journalist—and vice versa.”

## Will Newspapers Survive?

So journalists and lawyers are aligned in our beliefs and in our fears. I am worried that the business of newspapering and the very foundation of a democratic society won't survive. So are you. I am going to take a few minutes to talk about how real the threat is, and let's see if you and I have reason to be worried.

A 2000 survey asked Americans what products they would want to see survive in the twenty-first century. The No. 2 product on the list of things people wanted to stay around was the newspaper. Oreos cookies were No. 1. Considering Americans' love of Oreos, I didn't think No. 2 was bad at all.

How could newspapers not survive? After all, we served such a crucial role in our communities. We had tremendous clout, and that clout was earned because we had credibility. We were the only media (and still are, really) that kept a close watch on how government spends your tax dollars. We reported on crime and courts and city councils and land use. We told people where they could go to have fun. We reported on their high school, college, and pro sports teams. We told people who was born, who was getting married, who had a baby, who got divorced, and who died. We told them what their stocks were doing and what businesses were opening and closing. We told them where to find good deals. We told them who was hiring and how to apply. We told them what houses were for sale and for how much. We were a marketplace of ideas and a marketplace for retailers and people to sell things. We brought communities together because just about everyone read the paper.

We anticipated survival well into the twenty-first century, although it was only in 1910 that the essential features of the recognizable modern American

newspaper emerged, according to *A Brief History of American Journalism*. The first successful newspaper was the Boston News-letter in 1704, which was heavily subsidized by the colonial government—so I guess government subsidies are part of our country's DNA after all. By the eve of the Revolutionary War, more than two dozen newspapers were in existence, and they were a major force that influenced public opinion regarding political independence. When the Bill of Rights was ratified in 1791, freedom of the press was guaranteed, and American newspapers began to take on a central role in national affairs.

Before the advent of newspapers in early seventeenth-century Europe, reports of events—in other words, news—were spread by word of mouth or by letters to friends and families. In its review of a recent Washington, D.C., exhibit of Renaissance journalism, the *New York Times* said that the story of how journalism became a public enterprise in Renaissance England is actually a history of how a public itself took shape . . . and how another kind of identity emerged out of a monarchical society, one based on increased literacy and impassioned written argument. The newspaper evolved as the creator and mirror of its public. *Political modernity, said the reviewer, is almost unimaginable without that relationship.*

And it is that relationship that you and I worry about surviving.

### The Color of Money

In short, for the last 400 years, newspapers were necessary. Newspapers mattered. And, because we mattered, we were also very profitable.

Citizen Kane, in responding to his top financial adviser that they had lost \$1 million that year, said, "You're right. I did lose \$1 million last year. I expect to lose \$1 million this year. I expect to lose \$1 million every year. At the rate of \$1 million a year, I'll have to close this place in sixty years."

That was sixty-eight years ago.

Today, most newspapers are still profitable, but not as profitable as in the past. I like to believe that we are still necessary and that we still matter despite the media noise of cell phone pictures, You Tube, Facebook, Sirius XM, 24/7 screaming cable talking heads, bloggers, twitterers, and flickers. *The Economist* observed last fall that, if

the 2008 election proved anything, it is that the media are hardly the monolithic, agenda-setting forces they may have been before the Internet and cable.

Today, citizens get to pick their filters. Human nature being what it is, many people opt for filters that feed their own preconceptions. In other words, ever-expanding new media permit people to ratify their own worldviews without straying too far afield. Conservatives watch Fox and listen to Rush. Liberals watch Keith Olbermann and Rachel Maddow.

The reports of the extraordinary negative influence of competing media noise on the future of newspapers are true. But, interestingly enough, it is the newspaper that still reaches the most people every day with the unmatched credibility of decades behind it. We're holding on to our audience better than our competitors. On a daily basis, according to the Newspaper Association of America, U.S. print papers reach 51 percent of all U.S. adults, ranking them the single largest media in virtually every market on any given day.

### The Perfect Storm?

But we are caught smack in the middle of that perfect storm of enormous systemic and cyclical factors. The systemic factors were already causing an unprecedented shift in the basic business model of the newspaper industry, changing the way that we generate, compile, and distribute news and information—and the way readers consume it. Then along came the economic upheaval, which has threatened to engulf many businesses, not just ours. For newspapers, the recession means serious declines in advertising revenue in addition to the revenue shifts from print to websites. Newspaper advertising is synonymous with cars, real estate, retail department stores, and banks. And we know what trouble they are all in.

Two of the fastest, and among the only, growing news magazines are *The Economist* and *The Week*, a weekly print aggregator of news culled from newspapers around the country and the world. This tells us something—people can get the day's headlines online, on TV, or both. But at some point, they want it synthesized and complete, ergo *The Week*, or analyzed and placed in context, thus *The Economist*.

### The Newspaper as Watchdog

But newspapers do have one thing that

other media don't.

We have an entrenched, valuable brand that, for all our foibles, is a fundamental cornerstone of the democratic process in this country.

We have a strong tradition and credibility as watchdogs and guardians of the First Amendment, a tradition that is getting stronger because of the new tools we have at our command. Last spring, the Pew Foundation reported that many of the top website destinations are traditional brands such as *USA Today*, the *New York Times*, and the *Washington Post*, thereby demonstrating, according to the Pew Foundation, that people still want what newspaper companies produce—good, credible reporting.

So, given all this, what about newspapers?

First, it's important to consider what makes a newspaper? Is it the "paper" or the "news"? If we can all agree that the news is the important part, then the paper is just the delivery mechanism, the way that you get the news.

Eduardo Hauser, a former media lawyer and entrepreneur who started *daily.me.com*, an online news aggregator, said at a recent Online News Association meeting that "journalism and newspapers are two different things and content creation can no longer be tied to a single platform . . . good journalism will survive and, in fact, the web will foster a golden age for journalism."

William Powers, the *National Review's* media critic and a 2006 Shorenstein Fellow, published a Harvard white paper with the catchy title "Hamlet's Blackberry: Why Paper Is Eternal," in which he reminds us that newspaper journalists produce the vast majority of the journalism that really matters—the groundbreaking work that illuminates the dark places in society and keeps governments honest. TV and radio follow the lead of newspapers. Most of the substantial reportage on Yahoo, Google, and similar sites is derived from newspaper fare. In a speech last year, John Carroll, former editor of the *Los Angeles Times*, estimated that no less than 80 percent of America's news originates in newspapers.

Dean Singleton, CEO of the Media-News Group, said earlier this year at an Aspen Institute forum on the media: "Don't feel sorry for the newspaper business. It's not a dying business; it's a changing one."

## A New Business Model?

We can't change the world around us, so we have to change ourselves. And we have been doing just that. Most of us are building new business models that are indeed transformative. In short, we have replaced our single print product with a full, rich media mix.

But the current recession is and will continue to take its toll: *The Seattle Post-Intelligencer* published its last print edition on March 17, 2009. The Scripps-owned *Rocky Mountain News* published its last issue on February 27, 2009, and Gannett-owned *Tucson Citizen* will close soon if buyers are not found. The Tribune Company, owner of the *Chicago Tribune*, the *Los Angeles Times*, and the *Baltimore Sun*, has declared bankruptcy as has the *Philadelphia Inquirer*. The *New York Times* is trying to sell most of its brand new building and has sold a \$300 million financial interest in the company to a Mexican billionaire. And I believe more newspapers, including metros, will close this year. Thousands of newspaper workers are being laid off across the country. The newspapers that survive this recession will continue to grow multiple delivery platforms and right-size cost structures that reflect the new realities, both media and economic. The business model will include:

- Core newspapers in some form and perhaps with a different frequency of distribution.
- Internet operations, including iPods, cell phones, twitter messages, streaming video . . . you name it.
- Niche print and online products and publications. When I retired last spring, Gannett had almost 1,000 print publications operating in our markets, targeted toward very specific audiences—by geography, by age, by interest. We were developing niche websites appealing to moms, kids, sports, and music, among others, and all geared toward local markets.

We are embracing the Internet for what it offers rather than simply as a new delivery mechanism for old content. The new digital platforms have become our friends, not our enemies, giving us the power to broaden our reach every minute of the day. *New York Times* publisher Arthur Sulzburger expects the

paper to stop printing in his lifetime. "I do not care when we print our last newsprint edition," he told USC's *Online Journalism Review*. "We will remain the major source of news and information in this country and perhaps the world."

The questions are these: Will advertising revenue move to the Internet? Can it support the newsgathering operation? Will both print and online subscribers be willing to pay for content of particular interest to them on the platform they desire? Can companies survive the recession to implement new business models successfully?

Muddying this dilemma is the fact that Internet advertising is in its infancy and not just for newspapers. Very few people have found profitability yet in the Internet. As of last summer, even Politico, the website that burst into prominence during the 2008 campaign, started a weekly print product, which is responsible for much of its revenue. And, as reported in company earnings during the fourth quarter of 2008, advertising has dropped for online companies as well. So the Web may not be the Holy Grail after all.

For those that survive the current fiscal crisis, I believe that we will find the right revenue-producing model for Internet. Print will survive in some form, also with a new business model of support. "Newspapers of the future will be very different, better and more profitable than ever," predicts a World Association of Newspapers report on newspapers in 2020, but only "if they embrace change and innovation without losing the core and soul of the business of journalism."

## What Will Newspapers Look Like?

Different. Newspapers are very expensive to write, print, and distribute seven days a week. A former Merrill Lynch newspaper analyst, Lauren Rich Fine, summed up what many believe. Newspapers need to get out of the print and distribution costs. If newspapers can find new business models that cut print and distribution costs while preserving the best of print on some days, they can theoretically offset the lower ad revenue from the online venue. Nearly a dozen or so newspapers have announced plans to scale back seven-day products to three, four, or five days a week.

Newspapers are getting smaller. Paper width size itself is shrinking. Remember when you had to hold your

arms out wide to read an open *Wall Street Journal*? And the number of pages is already far less than what it was, primarily as a factor of advertising. Fewer ads mean fewer news pages.

Unprofitable papers with strong brands will fold their print products and put their remaining resources, primarily the journalists, to work on the Web. The *Christian Science Monitor* has already announced such a plan. And newspapers aren't alone . . . magazines are struggling as well. Half a dozen, including *Domino*, a popular home design magazine, have closed. The Hearst Corp. shuttered *Cosmopolitan* after the December issue, but will keep and expand its website.

## What will newspapers look like? . . . Different.

Distribution will change. Fewer papers will be sent to home delivery customers, who will be selected by sophisticated demographic selection, geographic targeting, or both. That experiment is already underway in Detroit where newspapers are delivered only a few days a week, leaving subscribers with the option of buying single copies or relying on the Web.

Newspaper prices will increase. By and large, baby boomers will be able to afford price hikes so pricing alone will shrink circulation to more affordable cost structures. Consider this. High speed Internet costs \$50 a month. Cable TV runs at least \$50 a month. It costs \$4 a week or \$16 a month to have someone drop a newspaper on your doorstep, if you pay full price. It costs the newspaper more than \$4 a week to get it there. A full week of a home delivered paper costs about the same as a Starbucks vente latte.

Print products will change and shrink. Distribution will change and shrink. Most important, costs will shrink, hopefully to a level that can sustain credible journalists for reportage—on the Web. Politico is an example of one business model. Former *Vanity Fair* and *New Yorker* editor Tina Brown last fall launched a news aggregation site called the dailybeast.com, which mixes news and opinion.

According to Brown, “magazines can only survive if they try to look ahead, do investigative reporting that anticipates news.” She points to the financial crisis as one situation that good reporting could have robustly anticipated and explained. Ariana Huffington made \$10 million with her news and information site last year, HuffingtonPost.com. Some companies are seeking philanthropic grants. Laid-off reporters are forming investigative teams and seeking alternative funding sources, or finding news niches to fill. One such example is the recently launched GlobalPost.com, which hires foreign correspondents to cover cities overseas where newspapers have closed bureaus.

### **New Models, New Risks?**

But as we experiment with new modes of reporting and new models for journalism, new standards are appearing and that also brings legal risks.

Last fall, the SEC was reported to be “investigating the origin of a false report from a citizen journalist website, that Apple’s chief executive, Steven P. Jobs . . . had a heart attack and was hospitalized.” That anonymous statement “proved to be enough to send Apple’s stock plummeting. The company’s shares fell by more than 10 percent shortly after the report’s publication.” The shares did not rebound “until Apple representatives came forward to adamantly deny the claims . . . and the report was removed.” The AP pointed out that the website’s

“‘citizen journalists’ are not required to give their real name when registering.” And remember last fall when the *Orlando Sentinel* posted an outdated online story that carried no timeline date, causing United Airlines stock to plummet.

These examples reinforce the importance of credible journalism, and I believe provide a huge competitive advantage for newspaper company journalists. Yes, we’ll distribute the news and information differently, but one thing will not change: a free, open, and honest press that is a very cornerstone of a free society.

A few months ago, I heard a story on National Public Radio about an effort in Cambodia by American journalists to help a free press grow and prosper. One of the Cambodian journalists they were training said simply: “Journalism is to a free society what the sun is to the earth.”

The work we do—you and I—must continue. Who else will credibly shine light in dark corners? Who will fund and fight the First Amendment battles if not us?

The *Washington Post*’s Anne Hull commented last spring after the paper won a Pulitzer for the Walter Reed hospital stories: “As a journalist you go about your daily work life trying to get a story out or make someone’s life better or shine light on wrongdoing. . . . The Walter Reed stuff landed with a ferocious wallop. Washington—Congress, the Pentagon, the White House—all reacted in dramatic fashion. It was a

reminder to everyone in the *Post* newsroom that journalism is still this mighty tool for good.”

Reason enough for all of us to want, in fact, to demand the survival of credible newsgathering and reporting. Perhaps that will be in a different form. Perhaps not as a daily newspaper. But the substance and credibility and civility of what newspaper journalism has stood for are a treasure this country cannot do without.

It is my hope and belief that when we come out of this period of transition we will have transformed ourselves into something even better. After all, it was only nine years ago when the survey of Americans listed newspapers as the No. 2 product they wanted to stick around for the twenty-first century and beyond. Perhaps newspapers just didn’t change enough or fast enough in these past nine years.

But the makers of Oreos saw the need to change to keep up with consumer demands. We don’t just have one Oreo anymore. We have dozens. Oreo Wafer Sticks, Golden Oreos, Double Stuf Oreos, 100 calorie pack Oreos, and, yes, Mini Oreos, to list a few. We live in a world of niches. If there is an Oreo for every taste, maybe there needs to be a newspaper or trusted newspaper website for every type of news consumer. Our purpose and resolve are to do so. Our founding principles as a cornerstone of democracy demand nothing less. ☐