

## Commentary

### Why Newspapers are Here to Stay



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To social theorists predicting the collapse of newspapers, we've become more than an endangered species. We're prime evidence of the fading way the public consumes information.

Day by day, they argue, can no longer compete with minute by minute. The popularity of instant stories about crime, conflict, crackpots and celebrities prove it. No time to wait and read what the news means.

The result, these critics conclude, is a print industry going the way of the dodo bird.

But is that what's truly happening? Have news consumers become so impatient they no longer need nor want a little thought or judgment in their news of the day? Are newspapers, with their traditional appeal of reflective content, condemned to perish by a time-pressed public?

Only to those misguided souls who accept this shallow sentiment about the state of the newspaper industry, and devalue the importance of local news and advertising content to readers' lives.

Hard evidence tells a far different story, one that shows Americans still treasure reading newspapers. Consider these specifics:

- There are about 1,400 daily and 8,000 non-daily newspapers and newspaper Web sites in America. Overall, they're read by 100 million adults in the country, according to Scarborough Research. That's more people than bought a lotto ticket in the past month.
- By tradition, newspaper readers are fiercely loyal and spend, on average, about 20 minutes with the daily paper, and even more time with the Sunday paper and non-dailies. That's because newspapers are often considered like a member of the family.
- More than two-thirds of people in the 18-34 age groups read a newspaper during an average week, according to Scarborough. Even more visit newspaper Web sites. This finding debunks the myth that young people don't read newspapers.
- Newspaper readership increases with education. Research shows that two-thirds of college graduates read a newspaper regularly, and more than half of the nation's high school graduates do so. Readership also rises with income, job responsibility and family obligations.
- Newspapers remain profitable despite the economic recession. Not as profitable as they once were, but they're showing respectable margins of 10 to 15 percent this year, according to the Newspaper Association of America. Most Fortune 500 companies would gladly accept this profit level.

So how did the wrongheaded attitude about the present and future fate of newspapers develop?

The answer lies in the financial history of the newspaper business. For years, it was a growth industry. Increased revenue from advertising and circulation was dependably predictable. Newspaper values skyrocketed, and newspaper companies soon became the darlings of Wall Street.

This, in turn, led to a frenzy of mergers and acquisitions, happily funded by investment bankers bedazzled by the industry's history of strong cash flow and handsome profits. Consolidation flourished. Led by Gannett, group ownership became common. So did lots of bank debt.

Not a problem. Until the Internet – and especially free online classified advertising services such as Craigslist – began siphoning gobs of revenue from traditional newspaper sources. Then the Great Recession struck, making matters worse by causing a precipitous drop in advertising revenue for all ad-based businesses. Repaying debt obligations became an unexpected struggle.

Newspaper companies reacted quickly by reducing people and paper, the industry's two main cost items. That included trimming an expensive and yet necessary department to their survival: the newsroom. Doom and gloom stories about cutbacks and the death of newspapers spread fast and far.

Yet most newspapers adjusted to the extraordinary economic downturn. They began to reinvent themselves for the more challenging digital age, expanding their online skills and presence, and searching for new ways to raise revenue in print and on the Web.

Not all did. Lack of sufficient revenue to cover debt as well as operating costs forced some into bankruptcy to be reorganized and others out of business. Reduced revenue and debt commitments combined to create a survival of the fittest environment.

This is no different than what other industries are currently going through. And it is also not a new experience for newspapers. They have been buffeted by economic uncertainty in the past, especially in competitive markets, and some papers did not survive. Especially in big cities with more than one daily.

But the newspaper industry did. And it will again if it doesn't stray from its primary purpose: providing news and advertising content that readers want, need and find useful.

Newspapers will survive because they originate the news in thousands of cities and towns across America, bonding people together with a common information base upon which to debate and decide the issues of the day.

That's value news consumers can't get in a sound bite or from 140 words on Twitter

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